Philippines-China Relations at 45
During the COVID-19 Pandemic:
New Discoveries, Recent Developments,
and Continuing Concerns

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Chapter 9

CHINESE RETIREES: EMERGING RISKS AND TRENDS OF THE CHINESE INFLUX IN THE PHILIPPINES

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Introduction

The Chinese have been part of the international migrating population for several centuries; and the "going out fever" (Pan 2001) of the Chinese from within China itself, persists today. According to the World Migration Report 2020, the number of Chinese migrants all over the world continues to rise. China is now the third-largest country of origin of international migrants following India and Mexico with its 10.7 million people all over the world.

Chinese migration to the Philippines is also not a new trend. The ethnic Chinese population in the Philippines is a product of old Chinese migration with migrants mostly hailing from Fujian province in China. Studies on Chinese migration have highlighted an array of reasons why the Chinese, from the early 15th century until the takeover of the Communist Party in 1949, came to the Philippines, the most common drivers of migration being economic factors (Ee 1961, 33-51; Sa-Onoy 1992; Ichikawa 2006, 111-132). These include searching for better opportunities, better futures, and better societal conditions. Many of them were laborers during the Spanish colonial period and rose as businessmen during the American colonization. They sailed across the southern seas to look for a better fortune for their families.

The migration of the Chinese to different countries from 1978, the year when China adopted an Open-Door Policy, led to the phenomenon of the "New Chinese Migrants" (NCMs) (Nyiri 1999). Unlike earlier migration patterns, the new Chinese migrants in the Philippines are not only from the poor provinces but also the national capital, from the rich cities, and the fast-developing regions of China (Ganadillo 2016). They are tourists, students, professionals, laborers, and missionaries, among others. Some of them live in Chinatowns and some are integrated with locals or other migrant districts.

While the Philippines' long history of Chinese migration yields also to a long history of people-to-people contact with China, it has not guaranteed a strong and continuous good relationship between the two countries and their peoples. Their relations are currently tested by the growing conflict in the South China Sea, where territorial and maritime disputes between China and the Philippines are challenges to cooperation between the two governments and among its citizens. Nevertheless, the two countries continue to cooperate at different levels of their economic, political, and socio-cultural areas.

Continuous Influx of Chinese in the Philippines

The Chinese rank first among the largest number of international migrants in the Philippines as of 2019, according to the UN DESA Report ("International Migration 2019," 2019).

The Americans, Japanese, Indians, and South Koreans follow them.

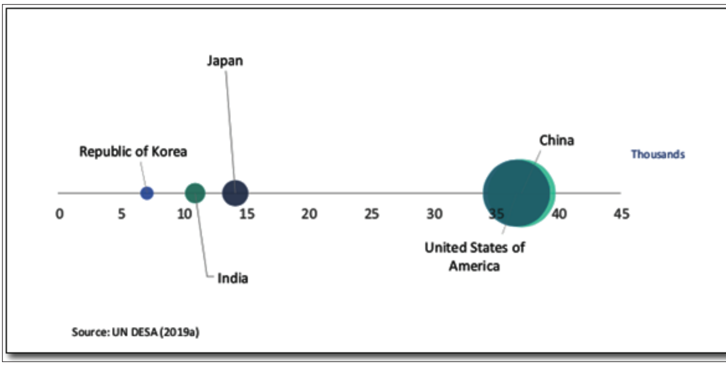


Figure 1. **Number of International Migrants in the Philippines By Top Countries of Origin, 2019**

The Philippine Bureau of Immigration (BI) Annual Immigrant and Non-Immigrant Visa Report shows that the Chinese nationals make up 25 percent of the foreign nationals apart from the 1,000 registered student visa holders as of May 2014. On the other hand, from the January to October 2020 BI press peleases (Bureau of Immigration 2020) a number of Chinese citizens were included in recent deportations who reportedly violated the Visa Upon Arrival (VUA) conditions.

Other reports include Chinese illegal workers in online gambling and mining companies. In 2019, the Bureau of Immigration said it has barred more than 7,700 unwanted aliens from entering the country – the highest in the agency's history. It was disclosed that 3,527 of these are Chinese, the biggest group on the list of the excluded aliens. These foreigners were found to be improperly documented, or ineligible to enter and stay in the Philippines after inspections.

Philippines, a Country for Retirement

In Asia, the Philippines has been competing with its Southeast Asian neighboring countries in promoting its retirement packages. Vietnam and Malaysia are included in the top countries to retire in the 2020 International Living Retirement Index, although Vietnam has no retirement visa as of the moment ("The World's Best Places," 2020). The index ranking depends on the different aspects under the categories of housing, health care, and cost of living. The following is a summary of Southeast Asian countries' retirement packages:

Table 1. Retirement Visa Packages in Southeast Asian Countries

Country	Age	Min. Bank Deposit (Approx. US$)	Other Major Requirements	Visa validity	Multiple entry	Allowed to work	Dependents
Thailand	50 and up	$26,000	Health Insurance	1 year (renewable)	Yes	No	Allowed
Malaysia	50 and up		Income ($2,380)	10 years (renewable)	Yes	Yes (can apply work visa)	Allowed
		$36,000	Liquid Assets ($83,000)				
	Below 50	$71,000	Income ($2,380)				
			Liquid Assets ($120,000)				
Indonesia*	55 and up	None	Health Insurance	1 year (renewable)	Yes	No	Allowed
			Employ Indonesian domestic helper				
			Rental agreement of at least 1 year				
			Pension of at least $18,000/year				
Cambodia	55 and up	None	Varies from agent (no clear detail)	1 year (renewable)	Yes	Yes (can apply work visa)	
Philippines	50 and up	$10,000	With pension	Indefinite	Yes	Yes (can apply work visa)	Allowed
		$20,000	Without a pension				
	35 and 49**	$20,000					

*Applicable for selected countries only
**Different packages exist (min of $20,000)

Source: "Overview of Asian Retirement Visas," *Retire to Asia*, 2017.

The Philippines currently offers the lowest age and minimum bank deposits in terms of retirement visas. Cambodia's new retirement policy is fairly new and varies from agent to agent and has no clear published details, yet while Indonesia does not require bank deposits. In 2016, more than 1,000 Chinese retirees are accounted for Malaysia. According to reports, most of them are interested in the business climate, thus retiring is always connected to property investment (Ragavan 2018). On the other hand, Britons, followed by Americans, Germans, Chinese and Swiss pensioners are the main retirees as of 2018 in Thailand ("Surging Baht Shatters," 2020). Indonesia does not include Chinese for those who can apply for a retirement visa, while Cambodia states, it prefers retirees from developed nations.

Different international indices have recognized the potential of the Philippines as a retirement haven. The International Living (IL) Global Retirement Index (GRI) in 2015 placed the Philippines on the 23rd spot as one of the world's best places to retire ("Philippines," 2015). It scored a total of 76.3 percent from the following criteria:

Table 2. Philippines Global Retirement Index (2013-2015)

	Real Estate	Special Benefits	Cost of Living	Ease of Integration	Ent. & Amen.	Health	Ret. Infra.	Climate	Total
2013	78	57	100	87	79	83	84	69	79.5
2014	79	62	99	89	79	88	82	69	80.8
2015	73	57	92	92	86	80	66	64	76.3

Ent. & Amen. = Entertainment and Amenities
Ret. Infra = Retirement Infrastructure

Source: Global Retirement Index, 2013-2015.

The data shows that the top five categories, which retirees in the Philippines enjoy most are the low cost of living, ease of integration, health, retirement infrastructure, and entertainment and amenities. Most of the retirees appreciate the cost of living in which they can live well with USD 800 to USD 1,000 a month. In addition, according to IL, they also considered the availability of short cheap flights to go to different tourist destinations. The tropical marine climate of the Philippines and the friendliness of the Filipinos also make them feel safe, welcome, and comfortable living in the islands. For the same reasons, Forbes in 2015 has also included the Philippines in their top 20 best foreign retirement havens, and the Live, Invest, and Retire Overseas Index in 2014 has ranked Dumaguete City at seventh place for investment and retirement ("Annual Report 2015," 2015). However, the Philippine government through its Philippine Retirement Agency acknowledges that the country needs a huge improvement on these categories in order to be competitive with other Southeast Asian neighbors.

The Chinese Special Resident Retiree Visa Holders in the Philippines

The Philippine Retirement Authority (PRA) is a government-owned and controlled corporation created by Executive Order No. 1037, signed in 1985. It is an agency under the Department of Tourism (DOT) that manages the Special Resident Retiree's Visa (SRRV). Its vision is to make the Philippines a leading destination of the world's retirees and at the same time to contribute to socio-economic development and strengthen the country's foreign currency reserves. The SRRV is a special non-immigrant visa that entitles foreign nationals and natural-born Filipino citizens to reside in the Philippines indefinitely with multiple-entry privileges. This kind of visa has become one of the attractions for Chinese migration to the Philippines.

Since 1988, the SRRV has been one of the measures undertaken by the Bureau of Immigration's Amnesty Program to regularize and provide permanent residency to illegal and overstaying migrants in the Philippines. Its policies eventually developed and focused not only on retirement but also on investment and lifestyle. It expanded the coverage to attract the active group who are eligible to retire at the early minimum age of 35.

SRRV retirees have different options that they could avail of, depending on their age and primarily what they could afford. There are different packages and the lowest maintaining bank deposit is USD 20,000.00 in any of the PRA Accredited Banks.

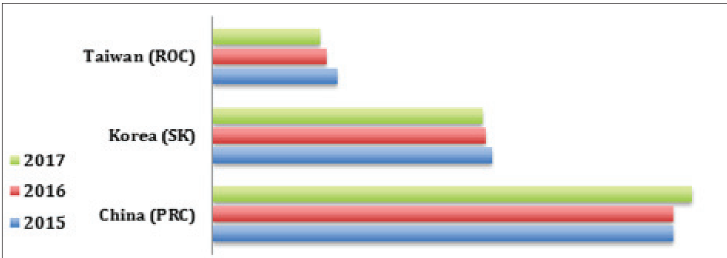
There are also packages where they can opt to have an active investment such as the purchase of a condominium unit or long-term lease of a house and lot. So, there is no wonder why there is a real estate business boom in the Philippines with the Chinese as one of the main clientele (Remo 2019).

Under SRRV, the PRA also grants benefits to the retirees. Some of the most important ones are special, non-immigrant status with multiple entry privileges; one-time exemption from customs duties and taxes of personal and household goods; exemption from the Bureau of Immigration Alien Certificate Registration Identification Card (ACR I-Card); pension and annuities remitted to the Philippines are tax-free; exemptions from securing the Student's Visa/Study permit; and free assistance in securing documents from other government agencies.

The PRA holds an annual promotional campaign in China with the support of the DOT office in Shanghai. The institution promotes the Philippines to foreign nationals as their choice for a second home. The PRA banners the Philippines' vibrant culture, hospitality, friendly English-speaking population, natural attractions, and tropical climate, in which retirees can expect a good life in the Philippines at an affordable cost. It also showcases the Philippines' world-class medical and health services. It promotes the country's healthcare facilities, medical personnel, caregivers, and the Filipinos as world-renowned excellent healthcare practitioners. Merchant partners are available for a wide range of service areas including consultancy, health clinics, education, recreation, legal, hotels, real estate, shopping, and travel and tours.

During the 2020 DOT budget hearing, the data presented show that currently the Chinese comprise the highest number of foreign retirees in the Philippines, with over 27,000, followed by Koreans at 14,000, and Indians at 6,000 ("Senators Question," 2020). From the PRA data in 2015, as of 31 December 2014, the Chinese mainlanders comprised 41 percent of SRRV enrollment (11,327 out of the 27,815 retirees) (Ganadillo 2016). From 1987 to 2014, if we include the principal holders as well as their dependents, the Chinese mainlanders were the top holders of SRRV in this long period. SRRV dependents include the spouses and children who are 34 years old and below. They have the greatest number of dependents, compared with other nationalities, and usually have one or more dependents who live with them in the Philippines.

For all nationalities, PRA principal retirees (upon the time of enrollment) classified by age bracket were mostly from 50 to 64 years old, followed by 40 to 49 years old and 35-39 years old. However, in 2015, 80 percent of the Chinese principal retirees are within the age bracket of 35 to 49 years old. The 90 percent of this Chinese SRRV holders came from Fujian province, 75 percent established their businesses, and most of them stayed in Binondo, the Chinatown area. The trend of Chinese enrollment to the PRA retirement packages from 1987 to the present has continued to grow (Ganadillo 2016). The following figure shows the most recent number of SRRV holders published in the PRA annual report from 2015 to 2017 (PRA 2017) :



	China (PRC)	Korea (SK)	Taiwan (ROC)
2017	36.80%	20.80%	8.32%
2016	35.37%	20.98%	8.77%
2015	35.42%	21.43%	9.55%

Fig. 2. Top Nationalities (SRRV Holders)

Source: "Annual Reports, 2015-2017," *PRA*, 2017.

In the recent years, 2015, 2016, and 2017, it jumped from 36.80 percent (no number of enrollees available), to 17,001 (35.37 percent) then 19,849 (35.42 percent) total Chinese enrollees, respectively. This excludes Hong Kong (HK-SAR) that has a big number, too. They are usually followed by Koreans, Taiwanese, and the Indians who ranked third in 2017.

SSRV Contribution to the Philippine Economy

Since 1994, the PRA has been a self-sustaining government corporation. It has able to financially sustain its operations, and regularly remits dividends to the government. The foreign currency generated from its programs is its direct contribution to the Philippine economy. In 2017, PRA generated an amount of USD 49,242,556,86 visa deposits in foreign currency. With this amount, PRA's cumulative (1987 to 2017) net visa deposits reached USD 575,585,556.86.

Table 1. Foreign Currency Generated Through SRRV

YEAR	CUMULATIVE*	FOR THE YEAR ONLY**
1985-2012	US$ 384,820,500.00	
2013	US$ 413,306,500.00	US$ 28,486,000.00
2014	US$ 452,114,500	US$ 38,808,000.00
2015	US$ 488,249,500.00	US$ 36,135,000.00
2016	US$ 526,343,000.00	US$ 38,093,500.00
2017	**US$ 575,585,556.86**	**US$ 49,242,556.86**

* Cumulative - from 1985 to 2017.
** For the year only - for 2017 only.

Source: "Annual Reports, 2017," *PRA*, 2017.

The PRA has also expanded its partnership with private sectors through accrediting different business establishments as "merchant partners" or "marketers" and dwelling facilities as its accredited "retirement facilities." These companies provide their products and services to the SRRV enrollees. As of 2017, there are 282 accredited marketers, 41 accredited retirement facilities, and 28 accredited merchant partners located nationwide. These are composed of hotels, medical and dental facilities, travel agencies, resorts, car rentals, spa and wellness services, and remittance service. Aside from DBP and LBP, it also maintains a partnership with nine private banks, which service the investment requirement of the enrollees.

Issues and Challenges

Just as news emerged on the huge number of Chinese retirees in the Philippines through the PRA Special Resident Retirement Visa (SRRV), I started reading again netizens describing the presence in the country of the Chinese with words such as "economic competition," "communists," "invasion." These are also common comments on the Philippine offshore gaming operations (POGOs) with Chinese employee.

Senator Richard Gordon expressed his astonishment at the PRA's retirement policies and asserted that a huge number of Chinese in the country is a "national security concern" ("Senators Question Gov't," 2020). Other senators also conveyed their worries on the capability of the agency to monitor the activities of the foreign retirees. The PRA's visa policy for 35 years old has been questioned as they said it gives the possibility for these visa holders to be working at POGOs. Other issues raised include Chinese tourist visa holders who were caught working in the Philippines, and the presence of Chinese workers in government infrastructure projects. These were all brought up and were connected to the SRRV holders ("Senators Question Gov't," 2020). As the influx of Chinese retirees has been seen alarming by some Senators, it pressured the PRA to suspend and consider amending the issuance of SRRV (Rocamora 2020).

It was surprising to hear the reactions of the Senators and their ignorance on the legality of the presence of Chinese retirees based on the PRA retirement policies. What exacerbates the situation more is that the Chinese SRRV holders are immediately singled out among other nationalities, and how their privileges and benefits as multiple-entry visa holders are said to be "dangerous" ("Senators Question Gov't," 2020) This whole situation fuel more the stereotyping and stigma for the Chinese. This also reflects how unprepared the government institutions in handling migration issues.

On the other hand, from the economic point of view, as also one of the primary concerns, does Chinese presence and investment impact the Philippines?

Despite the growing presence of Chinese in the Philippines, according to Alvin Camba (2019), the country's Foreign Direct Investment is still mostly coming from Japan, the United States, and the Netherlands. Nevertheless, he added that since 2016, real-estate companies, tours, hotels, and entertainment have received the most amount of Chinese FDI, after wholesale and retail. It is noteworthy that the biggest recipient of the Chinese FDI has still been the online or offshore gambling industry. Although Camba argues this does not largely benefit the Filipino, he also said it has its unintended socioeconomic spillovers and has a positive economic multiplier effect in construction and real estate industries. He states that the Philippines would benefit more if it will be directly taxed and regulated.

Why the Chinese choose to migrate in the Philippines?

My recent research (Ganadillo 2016)) on new Chinese migrants in the Philippines, which includes documentation of personal narratives of Chinese in the Philippines, reveals the diverse background and motivations of Chinese for moving and staying in the Philippines. There are some NCMs who moved with their entire family and become part of the sectors of working professionals and students. There are those who are capable of investing their money and do business. There is also a small percentage of new migrants who are undocumented.

Their motivations for moving to the Philippines are summarized as follows:

1. to explore possible economic opportunities;
2. to obtain personal, professional, and career growth and development;
3. to escape from social and academic pressures;
4. to have a better physical environment;
5. to enjoy religious freedom; and
6. to be reunited with family or relatives.

On their decisions to stay in the Philippines, their reasons include 1) opportunities of making personal choices and decisions against the pressure of traditional norms and culture and government intervention; 2) a sense of belonging with the ethnic communities and people with the same values and beliefs; 3) ease of adaptation to the society's culture and norms; 4) comfort of living in the new physical environment; and 5) and access to health and education facilities.

It reveals that more than the economic considerations, these migrants give additional importance to intangible things that matter most in their lives. This is evident in the following:

1. (for working professional) desire to move to the Philippines without considering the monetary value but for personal growth and development;
2. (for migrant families) desire to settle in the Philippines to provide better academic opportunities and moral values to their children; and

3. to have access to a safer and healthier physical and social environment, despite the fact the some were from prime cities of China (better economically than Manila) or that they were capable of re-migrating to other developed countries. Nonetheless, it is noteworthy that although economic needs or factors cannot be ignored as part of migration decisions.

Philippine Migration Policies

The Philippines has been a point of departure as well as a destination for migration but the gap is present, especially in our policies on receiving international migrants.

Looking at the data, the danger or threat may come from the undocumented migrants, those who violate their visa conditions, and those engaged in illicit activities. The Philippine Retirement Authority's SRRV policies should also be reviewed to avoid confusion on its retirement and investment policies for foreigners. Whether the age 35 threshold for retirement is too low or has other implications deserves a review. The migration streams of the future could bring problems in the years ahead if the economic and cultural issues will not be addressed. The negative image of the NCMs, particularly the undocumented migrants, and those engaged in illicit activities could pose significant challenges to the Philippine government and the two countries' relations in the future.

The Philippines should continue strengthening its cooperation on immigration policies and mechanisms for monitoring and preventing the recurring flow of illegal migrants and illegal activities especially those that create tensions in the local economy and industries. Continuous cultural and people-to-people exchange should also be encouraged to lessen the negative stereotyping between the nationals of the two countries. On the other hand, PRA has been continuously contributing to the country's supply of foreign currency and also has a positive multiplier effect on its private partners. As the Philippines' retirement packages attract more foreign nationals, the current policies are worth evaluating to make it more competitive and beneficial to the Philippines. Apart from these, improving all the factors that affect the Philippines' socioeconomic status – from health, transportation, cost-of-living, to tourism – would profitable growth.

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