

Regional Labour Mobility – Patterns, Policies and Challenges

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**IMF-Hitotsubashi Seminar on
Advances and Challenges in Regional Integration
Tokyo 3-4 March 2016**

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Presentation Outline...1

1. Regional pattern of labour migration – what do we know.
2. Policies towards labour migration – regional and national
 - Provisions on MNP and MRAs in GATS
 - Provisions on MNP and MRAs in the EU
 - MNP and MRA Provisions in AFAS and AEC
3. Challenges in advancing regional labour mobility
 - Issue of Brain Drain and Brain Gain
4. Conclusion

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Patterns of Cross-Border Labour Flows

- ❖ Permanent (seeking settlement) , temporary and circular (seeking work contracts with repeats), irregulars
 - Permanent settlement – not allowed under GATS and RTAs
 - Temporary and circular, for work – allowed under GATS and RTAs
 - Irregulars – illegal foreign workers, who overstayed their tourist visas or entered host country illegally.
- ❖ By skill types
 - Highly skilled, including professionals and entrepreneurs , relatively small in number, mainly into developed and high income countries of Japan, Korea, Taiwan, Hong Kong, Singapore; also intra-corporate transferees into less developed economies of ASEAN
 - Low skilled contract labour ---large flows mainly from less developed economies of ASEAN and China (excluding Singapore and Brunei) into rest of ASEAN, Hong Kong and Taiwan

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Determinants of Regional Labour Flows

- ❖ Demographics & education:
 - Differential growth in population and labour and economic growth resulting in labour surpluses and shortages
 - For the highly skilled, differential HRD impacting supply
- ❖ Economics:
 - Significant differences in employment opportunities and remuneration levels between sending and receiving countries
 - High income and labour deficit economies are Japan, South Korea, Taiwan, Hong Kong, Singapore, Brunei
- ❖ Political/social environment:
 - Push of negative political/social environment at home and pull of positive environment abroad
 - Students staying on after graduation to gain experience and enjoy the economic/social environment

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Country Policies and Regulatory Frameworks on Labour Outflows

- ❖ From laissez faire to “concern” to pro-outflow policies –some distinction between outflows of high-skilled versus low-skilled
- ❖ Policies expressing “concerns”
 - Addressing why citizens want to migrate
 - Efforts to encourage returnees and connect with diaspora
- ❖ Philippines: facilitate outflows and protect overseas workers
 - Roles of POEA, TESDA, and Philippine embassies and consulates
 - Concern over exodus of healthcare professionals impacting on domestic supply and quality of healthcare; but private sector incentivise to educate and train more professionals for overseas employment
 - Positive effect of remittance receipts
- Labour export policies --- Vietnam and Indonesia

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Country Policies and Regulatory Frameworks on Skilled Labour Outflows

- ❖ Policies to mitigate effects of substantial brain outflows?
 - A brain drain tax a la Bhagwati?
 - Restrict emigration? – impacting democratic rights
 - Bonding of scholars to ensure “repayment” of government investment
 - Policies to maximise benefits of remittances received
 - Policies to encourage returnees and diasporas ---they bring increased human capital and experience, financial and entrepreneurial resources and business and social networks
 - A dynamic economy and ample job opportunities will discourage outflows and encourage returnees

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Country Policies and Regulatory Frameworks on Labour Inflows

- ❖ Policies/regulations *restricting* inflows and employment
 - Constitutional/legal provisions barring foreigners from certain sectors and professions ---eg Philippines, Thailand
 - Entry and employment restrictions via visa issuance, employment passes and work permits, labour market tests, taxation liabilities, restrictions on length of stay
 - Performance requirements via educational and professional qualifications, language proficiency, code of good conduct, understudy training of nationals
- ❖ Policies/regulations *facilitating* inflows and employment:
 - Facilitate FDI inflows; meet short-term skill-shortages, longer term restructuring and industrial upgrading; meet commitments under GATS and FTAs; establish services hubs eg in education and healthcare
 - Extending “national treatment” to foreign talents
 - Improving the working and living environment for foreign talents

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Skills Mobility- Issue of Brain Drain and Brain Gain

- ❖ Receiving countries perceive to enjoy brain gain and sending countries suffer brain drain
 - Brain gain --- positive effects of augmenting pool of human capital; facilitating FDI inflow, economic restructuring, and productivity growth; but negative effect of competition for jobs , crowding out public-social services and social integration problem.
 - Brain drain ---negative effects of depleted human resources resulting in reduced growth potential; but positive effects of incentivising more human capital creation and remittance inflows.
 - Reverse brain drain --- temporary circular migration lead to positive effects of returnees with enhanced human capital and financial resources and diaspora networks
 - Issue of social security portability --- help with retirement in home country

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Low Skilled Mobility- Issues of Host and Home Countries, Migrant Workers

- ❖ Host countries ---ready availability of low wage foreign labour delays economic upgrading; overcrowding in public spaces; negative social behaviour and health hazards; issue of irregular workers breaking the law through overstay and illegal entries.
- ❖ Home countries ---concern over exploitation and mistreatment of overseas workers; retrenchments and returns during economic downturns.
- ❖ Migrant workers ---misrepresentation and exploitation by recruitment and employment agencies; mistreatment, abuse and non-wage payment by employers.

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Movement of Natural Persons & MRAs in GATS

- ❖ GATS Mode 4 on movement of natural persons
 - Business travellers
 - Traders and investors
 - Intra-corporate transferees
 - Professionals including healthcare professionals, lawyers, accountants, engineers and surveyors and IT specialists
- ❖ GATS and MRAs
 - Allows members to recognize qualifications and experience , licences or certifications granted ---recognition may be achieved through harmonisation or otherwise
 - Commitment to allow access for a particular type of foreign professional ---MFN requirement to extend same commitment, including verification competence, to all WTO members
 - Market access commitment of foreign professionals is subject to domestic regulatory framework

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Movement of Natural Persons & MRAs in EU...1

- ❖ A single labour market is a fundamental objective of EU integration. Every EU citizen has right to move, reside and seek employment within any EU country, subject to limitations of public policy, public security and public health. Free mobility is extended to EEA, EFTA countries.
- ❖ But actual intra-EU skill labour mobility is low ---factors include high cost of physical relocation, loss of country-specific human capital when people move, lack of portability of social security benefits, loss of cultural-linguistic identities, lack of adequate job market information, problems of skills and qualifications recognition; also, availability of unemployment benefits deter moving to seek jobs
- ❖ Different labour mobility regimes in the EU:
 - EU15: right of residence and employment in another EU country on same basis as nationals, excepting portability of social security benefits, qualifications recognition and language proficiency requirement
 - 2004 accession countries: transitional restrictions from EU9 liberalising their labour markets with 2-3 year grace period

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Movement of Natural Persons & MRAs in EU...2

- 2007 accession countries (Bulgaria and Romania): EU15 states except Sweden and Finland, restrict access into their labour markets
- Schengen Area Agreement: 22 EU and 4 EFTA countries abolished passport and immigration controls at their common borders
- ❖ EU has separate regimes for high-skilled and low-skilled labour
 - High-skilled (IT, healthcare and research) ---Blue Card provides freedom of movement, immediate family reunification, and 3-month grace period if employment is lost
 - Low-skilled (agriculture, cleaning-caring, construction, manufacturing) -- -circular migration with return to home country, family reunion limited
- ❖ Qualifications recognition for professionals:
 - Except for some professions, recognition not automatic --- case-by-case evaluation of qualification applications costly; difficulties of accessing necessary information
 - ❖ EU Professional Card & Engineering ING card for engineers

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MNP and MRAs in AFAS and AEC...1

❖ AFAS on qualifications:

- In sectors where specific commitments on professional services are undertaken, provide for adequate procedures to verify competency of professionals
- May recognise education and experience or licences or certification granted

❖ AEC Blueprint has “free flow of skilled labour”

- Facilitate issuance of visas and employment passes
- Facilitate free flow of services, develop core competencies and qualifications for job/occupational and trainers skills
- Enhance cooperation among AUN members
- Strengthen research capabilities of ASEAN countries by promoting skills, job placements, and labour market information networks

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MNP and MRAs in AFAS and AEC...2

❖ ASEAN University Network:

- Strengthening cooperation to increase mobility of students and staff.
- Learn from EU Erasmus Programme and Bologna Process

❖ ASEAN Agreement on Movement of Natural Persons

- To facilitate MNPs in trade in goods and services and investment, streamlined and transparent procedures for applications
- Covers business visitors, intra-corporate transferees, contractual service suppliers and other categories specified in schedule of commitments.
- Agreement does not apply to measures affecting applications for market access, citizenship, permanent residence and permanent employment

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MNP and MRAs in AFAS and AEC...3

- ❖ **ASEAN MRAs and MRA Frameworks**
 - Aims at facilitating mobility of professionals; also promoting exchange of information and enhance cooperation on mutual recognition, adoption of best practice on standards and qualifications, opportunities for capacity building and training
 - Concluded for engineering, nursing, architecture, surveying, medical practitioners, dental practitioners, accountancy, tourism professionals
- ❖ **Slow progress in MRA negotiations and implementation**
 - Wide differences in educational systems and standards among countries
 - Some governments and professional associations not convinced MRAs would benefit them, given the limited prospects of exporting their professional expertise because of standards and language barriers
 - Constraints on labour market access---constitutional and legal constraints on employment of foreigners, stringent employment visas and employment passes, requirements for labour market tests etc

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Labour Mobility in ASEAN-Japan, ASEAN-Korea, ASEAN-China FTAs/EPAs

- ❖ **ASEAN-Japan EPA and bilaterals**
 - Limited entry into Japan for health, language and cultural professionals from Philippines, Thailand and Indonesia --- constraints of quota, sitting for Japanese professional and language exams.
- ❖ **ASEAN-Korea FTA and bilaterals**
- ❖ **ASEAN-China FTA and bilaterals**

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Conclusion on AEC Labour Mobility...1

- ❖ Skilled labour mobility is essential for services liberalization (Mode 4) and FDI liberalization (intra-corporate transferees) as well as deep integration to build an ASEAN Community. AMSs have to improve their implementation on the free flow of skilled labour by demonstrating greater political will, minimize conflicts between national regulations and practices and ASEAN commitments, and improve on implementation capacity.
- ❖ Need more effective cooperation among tertiary institutions and facilitate exchange of students and staff ---greater use of the English language to facilitate educational cooperation and help the international competitiveness of ASEAN professionals; collaborate to improve curriculum and standards through role models and sharing of best practices and joint programmes; more student exchange eg the European Erasmus programme
- ❖ Need to liberalize and facilitate entry/employment of ASEAN professionals and skilled ---change mindset that labour mobility is a zero or negative sum game; facilitate/expedite issuance of visas and employment passes

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Conclusion on AEC Labour Mobility...2

- Accelerate development of AQRF and NQRFs
- Establish one-stop government bilingual labour market websites with information on skill shortages/employment opportunities and transparency on restrictions on employment of foreigners such as work visas, employment passes, legal/constitutional constraints, labour market tests, opportunities for contract extension, permanent residence for self and family, portability of social security benefits, availability and cost of housing and education and tax liability
- ❖ Need more effective negotiation and implementation of MRAs --- more networking among ASEAN professional bodies to foster understanding of each other's professional requirements and facilitate harmonisation of standards and procedures.
- ❖ Need to improve labour market access ---transparency on these restrictions; minimise constitutional/legal restrictions on employment of foreigners and explore waivers such as reciprocity provisions

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Conclusion on AEC Labour Mobility...3

- ❖ Restricted mobility on low-skilled labour
 - Political-economic-social sensitivities toward free flow of all labour in ASEAN
 - Substantial existing flows of low skilled into certain sectors (agriculture, fisheries, construction, domestic maids) and in border areas between Malaysia and Indonesia, Malaysia and Thailand, Malaysia and Philippines and Thailand and Myanmar
 - Need for regional and bilateral cooperation to protect workers from exploitation by recruitment agencies in home countries and employment agencies in host countries, and to prevent human trafficking

End of Presentation

Thank You