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Managing Labour Mobility: Stronger ASEAN Integration?

By Phidel Vineles

Synopsis

ASEAN should introduce appropriate policy measures for managing labour migration so that foreign competition does not result in job losses but promotes growth.

Commentary

MIGRATION WITHIN Southeast Asia is expected to increase because of the ASEAN Economic Community's (AEC) aim of promoting freer mobility of skilled workers across the region. Better labour mobility would help AEC to achieve its goal of having a highly integrated and cohesive ASEAN economy. However, there are some barriers that hinder migration within the region.

Restrictive migration policies are the main reasons behind the slow pace of movement of skilled workers within ASEAN. Due to these inappropriate policies, mismatch between the supply and demand in the labour market is not properly addressed, which resulted in a quixotic view in some countries that foreign workers steal jobs. Hence, what policy measures are needed to allow ASEAN member states grab the opportunities of labour migration?

Labour Mobility in Southeast Asia

There exists a discrepancy between the nature of intra-ASEAN labour mobility and regional governance mechanisms. A study by the World Bank Group said that migration in the region mainly consists of low-skilled migrants looking for better opportunities. According to another study by the International Labour Organisation (ILO), around 87% of intra-ASEAN migrants are low-skilled workers.

The structure of labour mobility in the region consists of receiving and sending

countries. Malaysia, Singapore, and Thailand are regional migration hubs of 6.5 million ASEAN migrants, equivalent to 96 percent of the total migration. Major regional senders of migrants across the region are Cambodia, Indonesia, Laos, Malaysia, and Myanmar.

Interestingly, the ILO study said that there are five main corridors of intra-ASEAN migrants: Myanmar to Thailand, Indonesia to Malaysia, Malaysia to Singapore, Laos to Thailand, and Cambodia to Thailand. The Myanmar-Thailand corridor is the largest one, with two million migrant workers representing one-third of the intra-migration in ASEAN. There are around one million migrants each from Indonesia, Malaysia, and Laos moving to Malaysia, Singapore, and Thailand respectively.

However, these low-skilled workers are not governed by regional arrangements. ASEAN mutual recognition arrangements (MRAs) only cover eight high-skilled professions which are doctors, dentists, nurses, engineers, architects, accountants, surveyors, and tourism professionals. According to ILO, the existing MRAs only represent 1.5% of labour force across the region.

As most intra-ASEAN migrant workers are unskilled and not governed by formal agreements, an issue of informal labour occurs. Some of the migrant workers desperately seek out informal channels to avoid procedural processes and monetary costs.

Overcoming Barriers

To better facilitate intra-regional low-skilled labour movement, ASEAN should expand the coverage of its MRAs to address the issue of informal migration. Informal workers are prone to experience lack of employment protection that could deprive them of social protection benefits and minimum wage coverage.

However, increasing the number of MRAs requires ASEAN states to base their migration systems on the structure of the group's labour mobility, which consists of receiving and sending countries. The regional migration hubs within ASEAN – Malaysia, Singapore, and Thailand – should align their migration systems with their economic needs. In other words, migration systems of receiving countries must be linked with their labour demand, especially those skills that cannot be supplied by their domestic population.

Meanwhile, sending countries must be well-informed about the employment opportunities in the regional migration hubs. Knowing this will allow them to determine what specific programmes they should provide for their labour force. These training programmes must equip their labour force with necessary skills to grab employment opportunities in receiving countries.

It is also a responsibility of the sending countries to ensure the protection of their citizens who are working abroad. Hence, an oversight committee must be established to avoid unlicensed recruitment agencies abusing migrant labour. This of course entails collaboration with other ASEAN member states to build up public awareness and disseminate information against erring recruiters.

Building Stronger Integration

Greater labour mobility helps to boost economic growth across ASEAN because it helps to create more jobs both in the receiving and sending countries. It also strengthens economic integration by allowing ASEAN member states to address the issues of labour shortage, poverty, and unemployment.

If migration is linked with labour demand in receiving countries, job creation is expected in regional migration hubs. For instance, according to the World Bank's study, labour migrants help to lower the production costs in Malaysia, which in turn creates employment opportunities in the country.

Poverty reduction is also the expected outcome of labour mobility. Workers in countries with low wages are provided with better employment opportunities in Malaysia, Singapore, and Thailand. According to the World Bank's study, Singapore's average monthly salary in 2013 was more than 30 times that of Cambodia, while Malaysia's average monthly wage was thrice that of Indonesia, the Philippines, and Vietnam.

Need For Policy Measures

However, all these opportunities are achievable if ASEAN member states implemented important policy measures. One of these is the establishment of a body within the ASEAN Secretariat, which will be tasked to design a migration system responsive to labour demand in receiving countries.

Achieving this type of migration system requires linking labour deficit and surplus in the region. The labour deficit in receiving countries should be matched with labour surplus in sending countries. Also, this migration system can help to identify other services sectors that should be regulated under an MRA to further facilitate greater labour mobility across the region.

Moreover, expanding ASEAN MRAs across the region greatly requires skills development of migrant labour. Sending countries should launch training programmes to equip their labour force with in-demand skills in regional migration hubs. Meanwhile, collaboration with receiving countries will help labour migrants to meet job qualifications or requirements in Malaysia, Singapore, and Thailand.

2018 is the third year into AEC2025 – the vision of a highly integrated and cohesive economic community by 2025; labour mobility is necessary for achieving a cohesive and integrated regional economy. However, ASEAN should exert more efforts in making the region's migration system responsive to labour demand so that both receiving and sending countries will benefit.

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