Mobility, Labour Migration and Border Controls in Asia

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4
Coping With Cross-Border Labour Flows Within Southeast Asia

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Introduction

By the early twenty-first century Southeast Asia had emerged as a significant hub for the temporary migration of labour – both on an intra-regional and international scale. The shock of the Asian economic crisis in 1997–98 did not put a significant dampener on flows that had increased significantly in the last two decades of the twentieth century. If anything, structural relationships facilitating migration have become more entrenched. At the same time, most governments have sought to exert more control over cross-border labour movements through national policies and bilateral agreements. They have also facilitated certain kinds of movement through regional and multilateral trade agreements. Against this backdrop, this chapter discusses patterns of temporary labour migration, their impact on labour markets and policy initiatives to deal with migration in the region.

A great deal has been written on the international migration of Southeast Asians, especially Filipinos and Vietnamese, to the Middle East and developed countries. Much less is known of labour movements across national borders *within* Southeast Asia. This chapter focuses on the latter subject. It deals with the magnitude and regulation of movements of migrant workers within Southeast Asia, leading up to and since the Asian economic crisis. We examine the scope of national policies as well as the coverage of regional agreements, such as the Association of Southeast Asian Nations (ASEAN) Framework Agreement on Services (AFAS), which seeks to encourage temporary labour migration for services, trade and investment within the region. The chapter draws attention to some of the difficulties of both regulating and encouraging labour migration, in seeking to move towards an ASEAN Economic Community by the year 2020, the stated goal of ASEAN governments (articulated at the Bali Summit meeting in 2003).

In the second section, we start with a discussion of patterns and trends of international labour movement, and some dimensions of the multilateral framework for regulating mobility. The third section provides a brief overview of economic growth and structure in Southeast Asia, the framework for regional trade and investment relationships, and intra-regional economic ties. We then look at both trends and policies in labour mobility, including 'Mode 4' relationships associated with services trade in Southeast Asia, in the following two sections. This is followed by a brief concluding section.

The international context

Recent studies by Dani Rodrik (2002) and Alan Winters *et al.* (2003) have drawn attention to the large potential economic gains from liberalisation of temporary labour migration (TLM), both for developed and developing countries (OECD 2002a; World Bank 2003). These studies have been undertaken at a time when TLM has assumed a more prominent role in major multilateral forums for trade liberalisation, such as at the 2003 Cancun Ministerial Meeting, in the Doha round of trade negotiations. Together, they are part of a new impetus in discussions of international labour movement at a multilateral and regional level, in relation to broader patterns of trade liberalisation and globalisation – even if few informed observers are optimistic regarding the prospect for significant broad-based reform at these levels, in the immediate future.

The last two decades of the twentieth century witnessed only a very modest rise in world TLM, in contrast to ambitious, albeit carefully phased, plans for expansion envisaged by Winters *et al.*, and Rodrik. The increase has been on a much smaller scale and different to migration patterns experienced in the last decades of the previous century (Stalker 1994, 2000; OECD 2001, 2002b). Now, flows are dominated by temporary migrants, in contrast to the prevalence of permanent settlers to the 'new world' a century ago (Hatton and Williamson 1998). Many more have come from less developed countries (LDCs) seeking a growing number of low wage jobs in the developed world, principally western Europe and the United States, as well as in the capital abundant Middle Eastern countries.

Two points are worth noting with regard to recent developments in international TLM. Flows have been asymmetric between developed and developing countries. Labour 'exports' from developed countries have tended to be 'easier', consisting of a smaller number of movements of professionals and business people accompanying both foreign direct investment (FDI) and other capital outflows to LDCs. Labour 'imports' by the same group of countries (and 'exports' from the developing countries), on the other hand, have consisted of the much larger number of unskilled workers, many employed on contract in domestic firms in declining industries. Such workers have also been prominent in seasonal jobs and non-tradable industries (health care, construction and household services), as well as in tradable industries.

Second, while the focus of much public debate on the economic gains from TLM has been on these South–North movements, an equal if not greater number of movements of temporary workers have occurred between LDCs (or between poorer countries and their neighbours, which have now graduated to middle or high income status). Official and anecdotal evidence suggests increasing flows of contract and undocumented or illegal migrants *between* LDCs, as intra-regional income differentials have widened in many parts of the developing world in the last decades of the twentieth century (see Stalker 1994). This has especially been the case in East Asia, and specifically in Southeast Asia, where several countries have been transformed from low to middle or high income countries in less than one generation. In Southeast Asia, these intra-regional flows have been particularly large and had become a stable feature of labour markets in many countries from the 1980s and early 1990s.

TLM policies: Mode-4

What policies have countries adopted to deal with increased temporary movements of workers across national boundaries? Both policies towards and the regulation of these migrant flows has been primarily a matter of policy for individual states, even in Europe. Several regional agreements have had migration clauses, such as NAFTA, the Common Economic Relations between Australia and New Zealand and the Caribbean Community and Common Market (CARICOM), where 15 member states have committed to near-free movement of skilled workers in the region. Nevertheless, migration has generally been a minor subject in such agreements. There have been no standalone, multilateral agreements on TLM to mirror those in trade, largely because of the political sensitivity and different dimensions of the issue across countries and regions. Unlike in the case of trading arrangements, the more developed north has had less interest in negotiating agreements on TLM that would result, mainly, in opening their labour markets to workers from LDCs.

Nonetheless, there has been some attempt to establish rules for TLM through regulations regarding multilateral trade in services. The GATS – General Agreement on Trade in Services – found it necessary to incorporate a set of clauses on TLM (the movement of 'natural' persons) to facilitate trade and especially investment in services (Chanda 1999). Mode-4 in services trade agreements was thus created to regulate temporary travel for a limited period – usually up to two years – by workers to perform specific services abroad in connection with trade or foreign investment. Its main focus is on the employment in service areas such as tourism, telecommunications, air and sea transport, in which foreign capital and trade are prominent. In particular, Mode-4 does not cover workers seeking permanent jobs in a foreign country. Nor does it encompass work outside the service industries, for example, in mining, manufacturing and agriculture.

In promoting more temporary migration, it has been argued that two sets of issues need to be addressed: the architecture (framework) on which Mode-4 is based and, second, fears regarding the predicted or even sometimes imagined impact on the labour markets of receiving and sending countries (Chanda 1999; Winters *et al.*, 2003; World Bank 2003). Regarding the *architecture*, developing country objections to Mode-4 have highlighted restriction in negotiations largely to professional and highly skilled manpower, thus limiting opportunities for mobility of other middle-level skill groups – such as computer software analysts and nurses – and especially semi-skilled and unskilled workers. Limiting negotiations to the international mobility of workers to the service sector means the exclusion of the important group of migrant workers in agriculture (especially seasonal workers), major mining projects and manufacturing.

Discussion of *labour market effects* has centred on the potential for wage-depressing effects of the movement of temporary workers into permanent status and creating low-wage pockets in the host country economy. Developing countries, on the other hand, have been more concerned about the treatment of nationals working overseas and the 'brain-drain' effects of their professionals – especially scarce doctors and highly skilled engineers – seeking high-wage jobs abroad. At the same time, several studies have pointed out the benefits of reverse flows to countries ('brain circulation') that have industrialised quickly and encouraged their nationals to return home (Korea, Taiwan and Singapore deserve special mention; [World Bank 2003:160]).

Given these concerns, the question arises as to whether such TLM flows related to trade in services might be better regulated through regional negotiations rather than through multilateral arrangements. Before dealing with this subject, however, we first look at trends in migration and the policies adopted to cope with increased pressure from migrant workers in neighbouring states in Southeast Asia.

Development and economic integration in Southeast Asia

Marked intra-regional differences in per capita income and economic structure, combined with dispersed land areas and populations, have encouraged migration within Southeast Asia in recent decades.

GDP per capita, and economic structure and growth. Substantial differentiation in terms of per capital income, living standards and economic structure underpin labour supply pressures for substantial TLM in Southeast Asia. Table 4. A1 indicates some the key variations. The wide range in per capita incomes between countries probably best captures the differences in living standards and economic structure. Per capita income was some 50 times higher in the mainly service sector economies of Singapore and Brunei, and some ten times higher in Malaysia and Thailand, compared with the low income, mainly agricultural-based countries the region (differences in PPP [cost of living] adjusted per capita income were smaller but still substantial).

All the high-income economies grew rapidly from the 1970s. Rising incomes in turn, are associated with substantial and growing absolute wage differentials over time, acting as a powerful incentive for cross-border movements of labour (Manning 2002).

The ratio of trade and investment to GDP ratios are high and foreign investment flows substantial, especially in the major migrant receiving areas in Southeast Asia, such as Singapore and Malaysia, and to a lesser extent in Thailand. In these relatively open economies, there is a strong incentive to maintain international competitiveness. As we shall see, temporary migration has been one strategy adopted in pursuit of this goal.

Nevertheless, trade and foreign investment links developed by Southeast Asian countries continue to focus on Northeast Asia, North America and Europe. Table 4.1 indicates, for example, that the share of intra-ASEAN exports have been small, although they did rise in most countries from the 1970s (see column 1, bearing in mind that much of the trade through Singapore was likely to consist of transhipments). According to officia data, intra-ASEAN investment flows were similarly small, and in this case a declining share (falling from 13 to 9 per cent) of all investment in the latter half of the 1990s (ASEAN Statistical Yearbook 2003).

Economic and migration ties within ASEAN. In thinking about the forces that link trade, investment and migration flows within ASEAN, it is useful to divide the economies of the region into two geographical groups. First, there are the Mekong River states consisting of relatively developed Thailand (per capita income of close to $2000 in 2001–02), and the four lower income countries, Burma, Lao PDR, Cambodia and Vietnam (per capita income of around $200–400). Three of the above countries – Burma, Lao PDR and Cambodia have common borders with Thailand, and both Lao PDR and Cambodia share borders with each other and Vietnam.

The second group consists of two high per capita income states, Singapore and Brunei Darussalam, middle income Malaysia and the lower-income island states of Indonesia and the Philippines. Singapore and the three other 'Malay' states have a common history of interaction through trade and migration. Similarly, the Philippines has long had close economic interaction with East Malaysia, and also with the northern provinces of Sulawesi and the Moloccus (Maluku), and East Kalimantan of Indonesia.

Cross-border labour flows

Like much of the Third World, the economies of Southeast Asia were first exposed intensively to international migration during the colonial period,

Table 4.1 Exports from the ASEAN-6 to Other ASEAN-6 countries and the rest of the world, 1975–80 to 1995–2000* (in percentage)

Year/ exporting country	Destination country/region: All ASEAN excl. Singapore	Singapore	*Sub-Total*	Japan	Other East Asia	North America	Rest of the world	Total
1975–80								
Brunei	4.9	2.6	7.6	71.9	0.0	8.8	11.7	100
Indonesia	1.5	10.5	12.0	44.4	2.4	23.7	17.5	100
Malaysia	3.3	17.8	21.2	21.6	5.0	17.8	34.5	100
Philippines	3.0	1.8	4.8	26.6	6.1	32.5	29.9	100
Singapore	26.8	–	26.8	9.1	9.9	15.0	39.2	100
Thailand	9.0	7.8	16.8	20.4	7.9	11.6	43.4	100
1985–90								
Brunei	13.1	6.8	19.9	61.6	8.3	4.5	5.7	100
Indonesia	2.1	8.2	10.4	43.3	8.5	17.7	20.1	100
Malaysia	5.8	19.9	25.7	18.4	9.6	17.5	28.8	100
Philippines	4.5	3.4	7.8	19.2	7.7	38.2	27.0	100
Singapore	24.6	–	24.6	8.8	10.5	23.7	32.5	100
Thailand	4.5	7.8	12.3	16.0	8.6	22.2	40.9	100
1995–2000								
Brunei	13.2	7.7	20.9	49.3	16.1	6.5	7.1	100
Indonesia	5.7	10.1	15.8	23.2	13.7	14.6	32.7	100
Malaysia	6.9	18.7	25.6	12.3	10.6	21.0	30.4	100
Philippines	6.9	6.8	13.7	15.1	8.6	33.5	29.1	100
Singapore	27.6	–	27.6	7.4	14.7	18.9	31.3	100
Thailand	6.8	10.5	17.3	15.2	10.3	21.2	36.1	100

* The ASEAN-6 countries include the six original ASEAN countries, Singapore, Malaysia, Brunei, Thailand, Indonesia and the Philippines.

Source: IMF, Direction of Trade Data, various years.

when unskilled immigrants from China and India worked mainly in plantation agriculture and mining projects (Kaur 2004). Many of the migrants returned to their home countries in the early post-colonial period and it was not until the 1980s that TLM began to have a significant impact on most of the economies of the region, both in terms of worker flows within the region and to and from the rest of the world.

Table 4.2 assembles data from a variety of sources to provide an estimate of migration trends since the 1970s. The number of temporary migrants working in Southeast Asia from other countries in the region, or from abroad, probably peaked on the eve of the Asian crisis at around four million. As already noted, this is a sizable number by international standards, especially in relation to a total labour force of major receiving (host) countries of around 120 million. Although in relation to the rest of the world Southeast Asia as a whole has been become a significant labour exporter – mainly from the Philippines and Indonesia to the Middle East – several *countries*

Table 4.2 Estimated temporary labour migration within and outside Southeast Asia from the 1970s to the early twenty-first century (approximate stocks)[1]

	Early 1970s	Early 1980s	Early 1990s	1996–97	2001–02
Within Southeast Asia (1,000 persons)	300–500	500–1,000	2,000–2,500	3,000–3,500	3,000–3,250
To/from countries outside Southeast Asia					
1. *Out-migrants* (1,000 persons)	500–750	1,000–1,500	2,500–3,000	3,000–3,500	3,500–4,000
DISTRIBUTION (%)					
Other East Asia	10	15	25	30	20
USA	30	20	15	10	10
Europe	20	15	10	10	15
Middle East	10	25	40	35	45
Australia	25	20	10	10	5
Other	5	5	5	5	5
	100	*100*	*100*	*100*	*100*
2. *In-migrants* (1,000 persons)	50–100	100–200	500–750	750–1,000	500–750
DISTRIBUTION (%)					
Other East Asia	15	30	40	35	25
South Asia	10	10	20	25	30
USA	40	20	15	10	5
Europe	25	20	15	15	15
Other	10	20	10	15	25
	100	*100*	*100*	*100*	*100*
Net Labour Emigration from SEAsia (1,000 persons)[2]	450–600	900–1,200	2,000–2,250	2,250–2,500	3,000–3,250
Ratio of Intra-regional SEAsian Migrants to Out-migrants[3]	0.6–0.7	0.5–0.7	0.8	1.0	0.8.–0.9
Memo Item: SEAsian Population (millions)[4]	275	350	430	490	530

Notes

1. Refers to the estimated number of migrants working in each country. Includes an estimate of the number of undocumented or illegal migrant workers.
2. Numbers of emigrants working outside Southeast Asia minus the number for immigrant workers from outside the region employed in Southeast Asia.
3. The number of migrants from destinations within Southeast Asia employed in the region, divided by the estimated number of Southeast Asians employed abroad.
4. Rounded to the nearest five million, for years 1970, 1980, 1990, 1997 and 2002.

Sources: Based on official sources and estimates from Ministries of Labour/Manpower for 2001 and 2002, and various estimates of illegal migration cited in Stahl (1999), Athukorala and Manning (1999), Manning (2002), OECD (2001, 2002a), Battistella (2002) and Hugo (2003), and numbers reported in various numbers of *Asian Migration News* (Manila: Scalabrini Migration Centre); Population data are from the ASEAN Statistical Yearbook (2003).

within the region are large labour importers, principally from elsewhere in Southeast Asia.

From the supply side, the Philippines, Indonesia and Burma have been the dominant countries of labour out-migration since the Vietnam war ended and peace was restored to Indochina in the second half of the 1970s (Table 4.3). Filipino migrant flows have been much larger outside than within the region (earlier focusing on the United States and more recently the Middle East), whereas both Indonesians and Burmese have moved mainly to neighbouring countries within Southeast Asia.

Table 4.3 Main countries of origin and destination for temporary migrants within Southeast Asia and abroad (Estimated stocks, circa 2000–01. (Thousands)[1]

Country of origin	Main destination countries within Southeast Asia				Outside SE Asia
	Malaysia	Thailand	Singapore	Sub-total[2]	
Indonesia	1,500	n.a.	200	1,700	1,000
Burma	5	500	5	505	100?
Philippines	300	10	*150*	460	2,000–2,500
Thailand	30	n.a.	30?	60	200
Malaysia	n.a.	5	*300*	305	200
Indochina states	25	*75*	5	105	50
Total	1,860	590	660	3,135	3,550–4,000

Notes
1. As with Table 2, includes an estimate of undocumented migrant workers.
2. Excludes workers from each of the main sending countries working in another main sending country, or in Brunei. These numbers are likely to be quite small (almost certainly less than 100,000 overall), with the exception of a large number of 'temporary', undocumented Vietnamese workers resident in Cambodia.
n.a. = not available.

Sources: See Table 4.2.

Unskilled migrants

As noted, TLM among unskilled workers *within the region* has been associated with an interaction between geographical proximity, on the one hand, and contrasting economic structure and labour force deployment, related to different levels of per capita income, on the other (Pang 1993; Athukorala and Manning 1999; Athukorala *et al.*, 2000).

As shown in Table 4.2, intra-regional migrant stocks are estimated to have peaked during the boom years preceding the Asian economic crisis. One or several countries acted as magnets for unskilled labour migration, both in the Mekong region states, and among the remaining ASEAN countries. At the same time, major host countries for migrants tend to export capital and skilled and professional manpower to the other countries in the group. Thailand has played this role in the Mekong River states. Three relatively small countries – Singapore, Malaysia and Brunei – are in a similar position in relation to the poorer and more populous countries of Indonesia and the Philippines in the second group. Two large bilateral flows, mainly of unskilled and undocumented workers within Southeast Asia – from Indonesia to Malaysia and Burma to Thailand – predominate, and have been one of the causes of tensions between source and destination countries in recent years.

Given low levels of intra-regional trade and investment, one would not expect a close relationship between trade and investment flows and international labour migration (ILM) within Southeast Asia. 'Non-tradable' activities in which foreign investment plays a minor role, especially construction and domestic service, have been a major source of employment for migrants. Women from the Philippines and Indonesia dominate domestic service in Malaysia and Singapore. Similarly, Indonesians have played a major role in the construction industry in Malaysia. In Thailand, migrants from Burma were significant in both the latter occupations in 2001–02 (Chalamwong 2002).

Alternatively, among tradable industries, agriculture and fisheries attracts large numbers of migrant workers in Thailand, and plantation agriculture in Malaysia. However, unlike in other parts of East Asia (especially South Korea and Taiwan) migrant workers have not been concentrated in 3-D jobs in labour-intensive and sometimes 'sunset', manufacturing, industries (Athukorala and Manning 1999). Participation of migrant workers in electronics in Malaysia and in small-scale manufacturing in Thailand and Singapore are an exception, allowing firms to remain competitive in low-wage, niche markets.

Business, skilled and professional workers

In contrast to the patterns for unskilled workers, skilled and business migrants have tended to be much more heavily engaged in tradable industries where FDI is prominent in the region. Many fewer skilled than unskilled workers migrate temporarily within the region. They probably accounted for only around 5 per cent of all TLM in 2000–01, although skilled and business workers accounted for a much higher share (probably around 30–40 per cent) of all migrants who came from outside the region to work in Southeast Asian countries.

Perhaps surprisingly, it appears that Southeast Asia has been a net importer of skilled manpower in recent years despite the lure of high wage jobs in developed countries. Singapore, Malaysia and Thailand hosted some 60,000–70,000 migrants; Indonesia and the Philippines permitted entry of 10,000–20,000 workers; and the other countries a smaller numbers of business, skilled and professional temporary workers from abroad in 2001–02 (Unpublished data, Ministry of Manpower, Jakarta). Foreign professionals employed by FDI firms by domestic investors were increasingly recruited from a wider range of countries, including North East Asia and India, prior to the crisis in the 1990s (Table 4.4).

Skilled manpower movements were more affected by the slow-down in FDI flows in several countries after the economic crisis, especially in Indonesia where numbers dropped from close to 60,000 in 1996–97 to less than 20,000 in 2001–02. At the same time, foreign takeovers and asset sales

Table 4.4 Distribution of skilled and professional migrants by country of origin in selected Southeast Asian Countries, 2002

	Malaysia	Thailand (Number)	Philippines	Malaysia	Thailand (Percentage)	Philippines
Japanese	10,791	13,675	3,576	18.0	23.3	33.3
Taiwan	2,739	3,681	506	4.6	6.3	4.7
Korean	n.a.	n.a.	1,900	n.a.	n.a.	17.7
Sub-total	13,530	17,356	5,982	22.5	29.6	55.7
Chinese	4,050	4,593	1,098	6.7	7.8	10.2
Indian	12,864	5,135	589	21.4	8.8	5.5
Sub-total	16,914	9,728	1,687	28.2	16.6	15.7
Filipino	2,938	2,337	x	4.9	4.0	
Singaporean	4,177	n.a.	144	7.0	n.a.	1.3
Sub-total	7,115	2,337	144	11.8	4.0	1.3
British	3,990	5,148	584	6.6	8.8	5.4
American	2,079	4,099	515	3.5	7.0	4.8
Australian	2,354	2,089	226	3.9	3.6	2.1
German	n.a.	1,783	301	n.a.	3.0	2.8
Sub-total	8,423	13,119	1,626	14.0	22.4	15.1
Other	12,649	14,513	1,300	21.1	24.8	12.1
Total	60,069	58,597	10,739	100.0	100.0	100.0

Source: Unpublished data provided by the Government Immigration Offices/Labour Ministries in each country, July–December 2003.

to overseas investors (despite strong nationalist opposition to 'fire-sales') have tended to increase opportunities for foreign managers and professionals in Korea and to a lesser extent also in Thailand and Malaysia. In these countries, the net effect is likely to have been only a slight change in the number of skilled foreign workers employed.

Migration policies in host countries and Mode-4

Although contrasting economic performance and associated income and wage differentials have been strong facilitating factors, the policies adopted by host economies have also played a role in migration outcomes. We look briefly at how migration has been influenced by development policies and strategy first, before turning to policies specific to migration and, in particular, at Mode-4 in the regional context of AFAS.

National policies and bilateral agreements

The three major labour-importing countries – Singapore, Malaysia and Thailand – have adopted differing policy approaches to foreign workers. These have sought to balance the tension between achieving longer-term goals of industrial-upgrading and technological change, on the one hand, and maintaining competitiveness in the shorter-term, on the other. Key areas of policy have focused on four areas: employment of workers in low-wage 'non-tradable' industries; prolonging the life of labour-intensive, export-oriented industries; FDI flows; and the promotion of education and health. We deal briefly with each in turn.

Maintaining competitiveness in non-tradable industries. The three labour-importing countries have promoted (or turned a blind eye to) the entry of unskilled workers mainly domestic helpers and construction workers, which have often been left by nationals, either because of low wages or the unsavoury nature of jobs. The presence of foreign workers in these activities has enabled Singapore, Malaysia and Thailand to slow the increase in domestic labour costs.

Maintaining competitiveness in labour-intensive tradables. As touched on above, the objective of migration policy in tradable industries has similarly been to control wage costs. In this case, the aim has been to maintain competitiveness in some potentially declining industries, as wage rates rose and countries began to lose their competitiveness in labour-intensive processes. Plantation agriculture would probably not have remained internationally competitive from the 1980s if the government had forced the sector to depend on domestic workers in Malaysia. Similarly difficult and dangerous coastal fishing in Thailand has remained internationally competitive partly because the government has permitted a large inflow of migrants from Burma. Government policies also targeted some low-wage, manufacturing activities in all three countries (Athukorala and Manning 1999).

Promoting FDI flows. In contrast to Japan and Korea, the major importing countries in Southeast Asia have long had open-door polices to FDI. Permitting the entry of foreign business and professional workers to accompany investment from abroad has been one element in this strategy (Athukorala and Hill 1998). Singapore has gone well beyond this, more recently articulated in its 'foreign talents' policy of attracting foreign workers in a range of service and manufacturing industries (Low 2002).

Meeting skilled labour shortfalls in health and education. In health and education, several countries have sought to improve and extend services to domestic and international consumers through permitting the entry of professionals from abroad. Both Singapore and Malaysia import doctors and nurses from other countries in the region. Singapore has adopted an open door to overseas academics for several years. Malaysia has begun to liberalise work in this sector and has begun to promote English much more widely at tertiary level. Twinning arrangements between domestic and overseas universities has inevitably involved greater movement of professionals. Other countries in the region – in particular the Philippines which has a relatively well-educated workforce chasing limited job openings at home – have been more wary of competition from foreign service providers and professionals.

The labour-importing countries differ significantly in the breadth and focus of TLM policy, and also in the extent to which it has been integrated into the broader economic and social policy-making framework (Manning and Bhatnagar 2004b: Table 4 A1). Singapore stands at one extreme in developing a set of policies that are closely integrated into national development strategy through a sophisticated set of migrant levies on less-skilled workers, incentives for highly skilled manpower and strict policing. In regard to unskilled workers, policies adopted by the Thai government lie at the other extreme. Regular registration and repatriation has sought to stem the inflow of unrecorded migrants from neighbouring states, since the mid-1990s. Malaysia lies somewhere in between.

Bilateral agreements between neighbours have also been one means of negotiating rules governing cross-border movements (e.g., recruitment and repatriation policies, and protection of workers in host countries). For example, Thailand initiated a set of bilateral talks with neighbouring countries of Cambodia, the Lao PDR and Burma in 2002–03, in an attempt to regularise the recruitment of migrant workers in places of origin (rather than after undocumented arrival in Thailand). In May 2004, after a longer period of conflict over undocumented migration, Malaysia and Indonesia signed a memorandum of understanding (MOU) to provide more safeguards in the recruitment, placement, repatriation and the treatment of migrant workers. While it is too early to assess the impact of these arrangements, they face strong vested interests in favour of illegal recruitment and placement of migrant workers in both receiving and sending countries.

Mode 4 and migration policy

Historically, ASEAN negotiations on international economic relations have kept away from sensitive migration issues within the region. No separate agreements have been made within ASEAN in some 35 years. Building on a framework set out by the World Trade Organisation, a liberalisation agenda in services has been pursued through the ASEAN Framework Agreement on Services (AFAS), signed in 1995 (Manning and Bhatnagar 2004b:16–26). However, improving the flow of professional manpower within ASEAN including mutual recognition of qualifications (or MRAs) have been mentioned in the context of achieving the ASEAN Economic Community by 2020, although mechanisms for achieving this goal have yet to be put in place (Soesastro 2003). For several years, negotiations have been under-way to extend MRAs for selected occupations, including surveyors, accountants, engineers and health care workers in the region, although it seems likely that most progress will be made on a bilateral basis, at least initially.

AFAS can thus be considered the first step towards a region-wide agreement on migration issues. Removal of restrictions on temporary labour migration in services has been viewed as one means of facilitating a more open market in services trade in the region. We look briefly at progress made in this area since 1995.

AFAS commitments by sector. One goal of AFAS was to go beyond commitments made by member countries under the General Agreement on Trade in Services, or GATS, at the World Trade Organisation. Seven priority sectors were selected from the 12 included within the GATS umbrella, including business services, communications, construction, financial services, sea and air transport and tourism/travel. The sectors not included in for negotiation in the AFAS context include distribution, education, health, the environment, recreation and 'other'. Notably, health and education services, two areas with potential for multilateral and regional freeing up of labour movements among professionals, are not included in the original list (although the movement of healthcare workers has subsequently been given higher priority).

In general, commitments towards freeing up labour mobility among ASEAN countries, over and above those made through GATS, have been limited (Table 4.5). Up to late 2003, the core ASEAN-6 (excluding Burma and the former Indochina states) had made very few extra commitments, and those that have been made were in the relatively easy category of business services. Among this group of six countries, no additional commitment was made for migrant participation in financial services, and only one undertaking was given in three of the other sectors. Perhaps surprisingly, the other four less-developed nations are recorded as having made more commitments under AFAS. However, this is mainly because two are not members of the WTO, Cambodia only joined very recently and Burma which has been a member of the WTO for some time had initially made only one commitment to liberalisation of TLM (in tourism) under GATS. Comparing countries within the region, the largest number of commitments to Mode-4 movements of skilled manpower were made by Singapore and Malaysia, followed by Indonesia and Thailand, under GATS and AFAS combined.

The Depth of AFAS Commitments. In addition to limited Mode-4 commitments in AFAS beyond that achieved through the WTO, pledges made up to late 2003 carried a large number of restrictions on the movement of skilled manpower. In GATS terminology, there was little 'depth' to undertakings made by ASEAN countries to a freer regional labour market. Table 4.6 indicates that the large majority of commitments were of a partial nature, that is some

Table 4.5 AFAS and GATS (WTO) commitments under Mode 4 by sector[1]

	Sector of activity																
	Business services (46)		Telecommun-ications services[2] (24)		Construction and related eng. services (5)		Financial services[3] (17)		Air transport services (35)		Maritime transport services (12)		Tourism/travel services (4)		Total[4] (104)		Grand total (104)
	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO + AFAS
ASEAN-6																	
Singapore	22	1	9	1	5	0	16	0	0	0	3	0	3	0	58	2	60
Malaysia	27	2	12	0	5	0	15	1	0	0	3	1	3	1	65	5	70
Brunei	7	4	8	3	0	5	4	1	1	1	0	2	0	1	20	17	37
Thailand	14	2	8	0	3	2	13	0	1	1	4	2	3	1	46	8	54
Indonesia	9	3	9	0	4	1	14	0	0	0	2	0	3	1	41	5	46
Philippines	0	5	4	0	0	5	14	0	3	0	4	0	3	0	28	10	38
ASEAN-4																	
Burma	0	5	0	9	0	5	0	0	0	0	0	0	1	1	1	20	21
Vietnam	–	5	–	13	–	5	–	4	–	2	–	4	–	1	–	34	34
Cambodia	–	4	–	7	–	5	–	0	–	1	–	2	–	1	–	20	20
Lao PDR	–	7	–	12	–	5	–	1	–	1	–	2	–	1	–	29	29

Notes

1. Includes both commitments made in GATS and extended to non-WTO ASEAN members, as well as additional commitments made under AFAS. Numbers in brackets in each column refer to the total number of sub-sectors.
2. May be understated on account of additional commitments made under the Agreement on Basic Telecommunications signed after the conclusion of the GATS negotiations.
3. May be understated on account of additional commitments made under the Financial Services Agreement (Fifth Protocol) signed after the conclusion of the GATS negotiations.
4. May be understated as the table has been constructed using the GATS service classification list that mainly uses the 4-digit CPC. It therefore excludes the commitments made by some countries at the 5-digit level.

Source: Constructed from specific schedules of commitment under the ASEAN Framework Agreement on Services, www.aseansec.org.

Table 4.6 The 'depth' of AFAS commitments under Mode-4

	Number of services[1]	Number of services with commitments[2]	Number of services with commitments mode 4	Depth of mode 4 commitments	
				% 'None'[3] (No restrictions) *6*	% partial commitments *7*
Singapore	104	62	60	7	93
Malaysia	104	81	70	2	98
Brunei	104	39	37	8	92
Thailand	104	57	54	28	72
Indonesia	104	48	46	0	100
Philippines	104	49	38	25	75
Vietnam	104	41	34	0	100
Cambodia	104	20	20	0	100
Lao PDR	104	30	29	0	100
Burma	104	31	21	18	82

Notes
1. Number of services contained in the seven sectors under which ASEAN countries made commitments in the first two rounds of negotiations.
2. Implies commitments under any mode of supply.
3. Any commitment that has specified 'None' under either the market access or national treatment column has been counted. Only Burma has unconditionally liberalized both market access and national treatment for two kinds of Business services and for amusement parks. However, as *all* countries have placed horizontal limitations that apply across all sectors, there is really no unconditional liberalisation of Mode 4 by any country in any service at all under the AFAS.

Source: Manning and Bhatnagar (2004b: Table 8). Constructed from the 'Specific Schedules of Commitments' under AFAS.

limitations were placed on each country's pledges, usually related to some aspects of special access given to domestic workers (or quotas) to work in a particular sub-sector.

While Thailand and the Philippines had made unqualified commitments (referred to as 'none' – no restrictions) in 25 per cent of their pledges, undertakings of this category were limited in other countries in Southeast Asia. Thailand, for instance, has committed to unrestricted national treatment (i.e., no discrimination between nationals and foreigners) for employment of non-nationals in a range of services. These included foreign suppliers of aircraft repair and maintenance, engineering, computer related services, construction, maritime transport, telecommunication, tourism and other business services related to agriculture and mining. Similarly, Singapore, Brunei and Malaysia had made a few commitments without restrictions whereas Indonesia, Vietnam, Cambodia and Laos have placed restrictions on all of their Mode 4 commitments.

What kinds of limitations have been imposed by ASEAN countries? In all, some 13 main restrictions have been imposed by countries on their Mode 4 commitments for the employment of foreign workers in 2003 (Manning and Bhatnagar 2004a:Table 9). Most importantly, nearly all countries have restricted their commitments to entry of skilled workers like specialists or senior managerial personnel, they have imposed restrictions on the duration of stay and required employers of foreign labour to undertake a programme for upgrading the skills of local workers. This, of course does not mean that the country will not import unskilled workers. Singapore for instance, allows a significant number of seafarers from the Philippines to enter on a temporary basis every year but it reserves the right to refuse their entry.

A third of the countries have also made entry subject to labour market/economic needs tests, or linked entry to commercial presence. A similar proportion of countries has placed pre-employment conditions or has made entry contingent upon the recognition of qualifications.

Across countries, the widest range of restrictions were used by Malaysia (10 out of 13) followed by Vietnam (9) in 2003. Singapore imposed the least number of restrictions (5). Cambodia, Laos and Burma each used just 3 out of the 13 restrictions listed in the table. But along with Indonesia, they subsumed all or many of their undertakings under a catch-all clause 'domestic regulations', which effectively dilutes the impact of their commitments to employment of overseas employees in the specific sectors.

In addition, entry of foreign workers is hampered by a plethora of administrative constraints. There have been large variations in visa and work-permit arrangements and fees. For example, the issue of work permits is given only after potential employees have entered under a different visa status in some countries. Similarly, the direct financial costs imposed on the employers of foreign workers differ substantially across countries.

Conclusion

Temporary labour migration (TLM) across national borders rose significantly with globalisation in Southeast Asia in the 1980s and 1990s. In this respect, Southeast Asia appears to have gone against international trends, at least in the 1990s. TLM increased partly in response to challenges posed by rapidly rising living standards and wage rates in labour-receiving countries in the region. Most migrants were unskilled or semi-skilled, and by the 1990s the numbers moving to destinations within the region, seems to have matched the number seeking jobs outside Southeast Asia. A large share of intra-regional migrants was undocumented or illegal, and hence largely unprotected by labour legislation in receiving countries. We have highlighted the movement of many migrant workers into non-tradable, service industries, in addition to finding work in low-wage manufacturing. Greater integration of trade *within* Southeast Asia had had a relatively minor impact on cross-border labour flows.

Overall, host countries have found it difficult to cope with labour supply pressures that underpinned migration from neighbouring countries. What was their policy response? Regulations dealing with temporary migration were mostly introduced unilaterally, although some countries had entered into bilateral ties with neighbours, seeking to control the seemingly unrestrained movement of less-skilled workers. It was also noted that while Singapore, in particular, had made major progress, the other major 'importing' countries, Malaysia and Thailand, were still grappling with major problems of undocumented migration. Multilateral and regional arrangements played a much smaller role in regulating migration flows. Even in services, most workers who sought temporary jobs abroad moved outside the guidelines set out in multilateral and regional trade agreements.

The migration of skilled, professional and business people tended to be more organised and integrated with trade and investment, mostly with countries from outside Southeast Asia. Some of these flows were regulated through 'Mode-4' in the international and regional agreements in services trade – GATS and AFAS – although a significant number of migrant workers were unaffected. We also found that regional arrangements under ASEAN did not lead to significantly more commitments than had already been made in multilateral trade negotiations through the WTO. Thus despite the potential for substantial economic gains (especially for poorer countries) highlighted by trade reformers, the AFAS process might have been expected to achieve more after having already completed three packages of commitments from two rounds of negotiations. Those sectors opened beyond GATS still imposed many restrictions on potential migrants.

Not surprisingly, the more open and developed economies Singapore, Malaysia and Thailand took a more liberal approach than other countries in the region. Nevertheless, many of the restrictions which effectively limit the movement of unskilled workers will need to be reviewed even in these countries, if cross-border migration is to increase further and to be conducted on a more orderly manner. The same applies to labour market, pre-employment and economic needs tests, and limitations on the duration of stay in visa arrangements that now apply to skilled workers.

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Appendix

Table 4. A1 Key economic indicators in ASEAN, Circa 2001–02

Country	Population 2001 (m.)	GNP per Capita 2001 ($US)	GDP Growth 1999–2002[1] % p.a.	Total GNP 2002 $b.	% of GDP in agriculture 2002 %	% of GDP in manufact. 2002 %	International Trade: Trade in goods as a % of GDP 2001 (% p.a.)	Investment: Gross Domestic Investment 1999–2002[1] (% of GDP)	Investment: Foreign Direct Investment 1995–96[1] ($m., p.a.)	Investment: Foreign Direct Investment 1999–2000[1] ($m., p.a.)
The ASEAN-6										
Singapore	4	24,740	3.9	86	0.2	19	278	27	9,580	6,794
Brunei	0.3	12,245	2.3[2]	5[3]	2	(56)[4]	n.a.	n.a.	619	598
Malaysia	24	3,640	4.8	88	9	32	184	24	4,628	1,607
Thailand	63	1,970	4.0	115	9	34	111	23	2,202	4,790
Philippines	80	1,050	3.9	71	15	23	89	17	1,498	1,301
Indonesia	214	680	3.2	145	16	26	60	15	5,270	−3,648
The (mekong) ASEAN-4 states										
Vietnam	79	410	4.9	33	24	21	94	26	2,366	1405
Lao PDR	5	310	6.1	2	51	18	50	21	128	76
Cambodia	13	270	6.4	3	39	17	92	16	223	135
Burma	51	n.a.	n.a.	n.a.	57[3]	8[3]	n.a.	12	294	254
Other selected countries in Asia										
Taipei, China	22	13,380	3.2	309	2	25	n.a.	20	1,712	3,927
Korea	47	9,400	7.4	421	4	30	69	27	2,051	9,309
China	1,271	890	7.6	1,063	15	(44)[5]	44	38	41,777	38,576
India	1,018	460	5.1	455	25	15	20	24	2,285	2,241

Notes

n.a. = not available; data for Burma is not available or not reliable according to conventional measures.

1. Unweighted mean of annual rates and levels.
2. 1999–2001.
3. 2001.
4. All industry (manufacturing plus mining, utilities and construction).
5. Includes mining and utilities.

Source: Asian Development Bank, *Development Indicators*, various years; ASEAN Secretariat (2002) *ASEAN 2001 Statistical Yearbook 2001*: World Bank, *World Development Indicators*.

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