

Discussion Paper:

Key Issues with Labour Mobility in Asia



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Executive Summary

Labour mobility appears to have accelerated within and from countries in the Asian region. Many factors are responsible for this phenomenon including the rapid growth of some countries and the uneven distribution of opportunities within them, the commercialization of migration as profit motivated enterprises progressively took over recruitment from state bodies, the opening up of more channels for migration by labour-short countries, the ease of moving across porous national borders, and rising aspirations of young workers. The challenges confronting states in regulating the escalating movements have grown in complexity but some of their interventions have had the unintended consequence of putting obstacles to mobility and reducing the gains that workers can reap from migration. Their efforts should instead be devoted to understanding the obstacles to mobility and finding the best means and strategies to reduce them.

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1. Introduction

This is a report of the on-line discussion of *Key Issues with Labour Mobility in Asia Pacific* held from 3 to 21 December 2012, under the auspices of the Asia-Pacific Migration Network (AP-Magnet). The online discussion was moderated by Manolo Abella, former Director of the ILO International Migration Programme, and sponsored by both the EU-funded *Decent Work Across Borders* project¹ and the CIDA-funded *TRIANGLE* project.²

This paper starts with a summary of the views contributed by various on-line participants³ followed by the background paper which reviews significant trends in labour mobility in the region, what forces are driving it, and what factors and conditions are shaping its dimensions and impact.

2. Asia Pacific Migration Network (AP-MagNet)

The Asia-Pacific Migration Network is an online community of practice initiated by the International Labour Organization's (ILO) Regional Office for Asia and the Pacific. This online platform, at www.apmagnet.ilo.org, provides a forum for professionals and practitioners to share and leverage technical and practical knowledge on migration, debate and discuss migration-related issues and strengthen a common agenda for managing migration for decent work in the region.

AP-MagNet was first conceived in 2010, and joined the ILO's four already existing regional communities of practice on Youth Employment, Green Jobs, Skills and Employability and Industrial Relations. It currently has more than 325 members from around the globe and holds a continuously expanding library of approximately 475 knowledge resources on migration-related topics.

One of the key ways in which this community of practice contributes to ongoing debates and discussions on migration is by hosting regular online discussions on topics of interest. While this paper provides a summary of the December 2012 discussion on Labour Mobility in Asia, past discussions have also examined issues such as the improvement and regulation of recruitment practices in Asia and the Pacific, public attitudes to migrant workers, the return and reintegration of workers, and circular migration of health workers.⁴ These discussions have generated more than 100 substantive contributions from around the globe, from participants from a variety of backgrounds, including government and non-government organizations, United Nations organizations, international NGOs, national and regional advocacy groups and academia.

3. Summary of Online Contributions

The online discussion on Key Issues with Labour Mobility in Asia generated 13 comments from 10 participants across South and South East Asia, Canada and the United Kingdom⁵. Following is a synthesis of the key issues raised by participants.

Left to the market, labour will move to where opportunities exist. The problem, according to Md. Ashadul Islam, Additional Secretary, Economic Relations Division of the Bangladesh Ministry of Finance, is created by states when they try to manage flows during booms and recessions. When they restrict inflows of workers from outside during booms they simply create artificial shortages or cause

¹For further information, see: http://www.ilo.org/asia/whatwedo/projects/WCMS_173607/lang--en/index.htm

² For further information, see: http://www.ilo.org/asia/whatwedo/projects/WCMS_145664/lang--en/index.htm

³ To read actual online discussion thread, see <http://apmagnet.ilo.org/discussions>

⁴ For further information on past discussions, including background papers and consolidated replies, see <http://apmagnet.ilo.org/discussions>

⁵ For full list of contributors, see Annex I of this report.

movements to take irregular channels. On the other hand, when the economy is in a downturn the public sentiment tends to turn against immigration in sending countries. Recruitment rules that are difficult to comply with also lead to malpractices.

Labour mobility is often constrained by the high cost of migration, which Mr Leelananda Ruhunage, Country Expert on Labour migration and former Additional General Manager of the Sri Lanka Bureau of Foreign Employment, blames on the huge charges demanded by recruiters for their services. Sri Lankan workers, for example, pay as much as US\$ 3000 to be placed in jobs in Cyprus and US\$ 5000 for jobs in Israel in spite of legal limits set by the Government. Inadequate supplies of skilled workers in Sri Lanka have also caused it to miss out on placing more skilled workers in 2010. The records show, according to Ruhunage, that Sri Lanka was only able to meet 16 per cent of the demand for 250,000 skilled workers. Lack of policies and effective measures to insure good working conditions discourage more workers from exercising their right to mobility.

Private recruitment intermediaries, according to Dr Jorge Tigno, Associate Professor of Political Science at the University of Philippines, play a big role in contemporary movements of labour, but they have to be properly regulated in order to protect the “common good”. However, Mr Manuel Imson, Project Coordinator, ILO-CIDA ASEAN TRIANGLE Project, points out, however, that there is a tension between two common objectives, protecting the workers on the one hand, and promoting more employment on the other. He observed that where recruitment intermediaries are allowed to operate there is a tendency in government to “over-regulate”. Because of concerns of over protecting workers, national authorities have a preference for government-to-government recruitment schemes (leaving out the private agencies), without considering the capacity of public recruitment agencies to effectively carry out its end of the arrangements. Experience has shown, Imson points out, that properly motivated and governed by sensible policies private intermediaries do contribute significantly to generating employment opportunities and enhancing labour mobility.

The mobility of labour within national borders has not been free of exploitation and abuse. Dr Priya Deshingkar, Research Director, Migrating Out of Poverty Research Programme Consortium, in the School of Global Studies at the University of Sussex, cited the case of bonded labourers who are also recruited by third party agents against an advance which is paid off through work. The agent is in a position of control and power over the workers and there are many instances of exploitation, but Dr Deshingkar points out that the agent does facilitate access to work for communities that would otherwise not have the resources, market intelligence or information to migrate. She laments that in many countries the official attitude is to discourage or restrain migration to the cities instead of accepting migration and planning for it so that migrants are not exposed to risks and costs unnecessarily. She points out that mobility is inherently desirable and migration is everywhere observed to be associated with improvement in well-being.

Finally, Catherine Vaillancourt-Laflamme, Chief Technical Advisor for the EU funded ILO project on Promoting Decent Work Across Borders underlined the responsibility of states to provide information that enable workers to make sound decisions about migration. States should cooperate to improve the flows of information (easily possible with IT) so that it is not used by intermediaries as a basis for profit-making. Once critical skills, such as nursing, are proven not to be in shortage, governments, in her view, should allow more direct recruitment and promote agreements between and among countries for the recognition of workers’ skills and qualifications.

4. Background Note to the Discussion

4.1 Trends in Labour Mobility in Asia

Although it is not yet reflected in the national census data of countries in the region, most observers agree that the last three or four decades have seen a very significant rise in the mobility of workers in the region.⁶ The large-scale movements of South and East Asian workers to the Gulf States have been well documented and still occupy much of contemporary debate about worker protection and development impact of remittances. Less noticed but equally significant is the movement across open borders between India and Nepal, and the not so open borders between India and Bangladesh. The movement of workers to the tiger economies of the region – Singapore, Republic of Korea, Malaysia, Thailand, Taipei and Hong Kong – has expanded rapidly since the early 1990s and is bound to continue into the future because of labour shortages and demographic ageing. China's transformation over a few decades from an agricultural economy to a large-scale production centre for the world's manufacturing has also triggered movements of workers in historic proportions from the hinterlands to the coastal cities.

The registered outflow of migrant workers from the Philippines rose from 662,000 in 2001 to 1.4 million in 2009, more than the yearly addition to its labour force. In Bangladesh, the increase was from 189,000 in 2001 to 875,000 in 2008; Indonesia from 294,000 in 2003 to 697,000 in 2007; and Vietnam from 28,000 in 2001 to 87,000 in 2008.

Table 1. Migrants as a Proportion of Population

	1990	1995	2000	2005	2010
North America	9.8	11.2	12.7	13.6	14.2
Europe	6.9	7.5	7.9	8.8	9.5
Asia	1.6	1.4	1.4	1.4	1.5
World	2.9	2.9	2.9	3	3.1

Source: UNDESA (2011) World Population Prospects: The 2010 Revision

Countries of origin have differed in how they managed the emigration of their nationals seeking employment abroad but the increases in registered flows suggest very strongly that most states have been liberal in allowing their workers to leave. In countries where the issuance of passports is still strictly controlled the outflows through regular channels appeared disproportionately small compared to actual outflows.

Many workers have simply found ways of exiting their countries without bothering to register with their own country authorities. Over a million Burmese workers are said to be employed in Thailand most without travel documents and permits to work. There is also much evidence of the growing presence of Chinese workers in other parts of the world including Africa.

The growth in labour mobility has been equally impressive if not more dramatic within national borders. This has been the case in the two continental states of the region – China and India – where much of the mobility has been internal or within their own territories. China alone is said to have a floating migrant

⁶ UN Statistics show, for example, that for the Asian region the proportion of the population represented by migrants actually declined from 1.6 percent in 1990 to 1.4 percent in 2000, and to 1.5 percent in 2010. The emigration rate (stock of emigrants as a percent of total resident and non-resident population) for Asia is only 1.7 in 2000-2002 compared to 5.7 for the European Union

population estimated at anywhere from 80 to 200 million, depending on how migration is defined. In India, a recent study estimates that close to 100 million people are engaged in short-duration migration within the country (Deshingkar and Akter, 2009).⁷

4.2 Driving Forces

These trends in the direction, volume and composition of migration appear to support the assumption that they are mainly shaped by market forces. This is very clear in the case of the flows to the Gulf States, where migration has largely fluctuated with spending on public and private construction, and comprises of skilled and unskilled labour needed in this sector. The migration of labour in Southeast Asia has followed similar patterns. Migrants flowing to Thailand from neighbouring countries take up jobs left by Thais in agriculture, fishing, construction, low-skill services including household work, and increasingly in labour-intensive manufacturing. In Malaysia widespread labour shortages especially in occupations no longer attractive to nationals have prompted the government to open up its gates and to organize the admission of workers for rubber and palm oil plantations, construction, commerce and services, and household work.

Excess supply, on the other hand, creates pressure for migration and this may occur in certain segments of the labour market even if shortages occur in others. In East Asia excess supplies of college educated young workers is a growing phenomenon because increases in enrolment at tertiary levels have outstripped the growth of demand. For example, highly educated young Koreans and Japanese, aside from Filipinos and Malaysians are leaving their countries in search of jobs elsewhere.

Indeed, irrespective of immigration policies, the foreign labour population in countries of the region has grown in tandem with the economy. Singapore, for instance, imposed a special foreign worker levy to discourage enterprises from becoming dependent on foreign labour. At the same time, it structured the levy to discriminate against employing low-skilled workers except in non-tradable like construction. Changing conditions in the labour market as incomes rose did not lead to lower dependence on foreign labour. Today, foreign workers in Singapore represent as much as 30 percent of the labour force, compared to 8 percent when the foreign worker levy was first imposed over two decades ago.

Thailand did not at first open legal avenues for the admission of unskilled foreign labour but over a decade ago government authorities realized that the country was already employing over a million foreign workers, almost all of them illegally. The immediate response was to launch a registration programme which offered foreign workers a chance to work for six months (later extended to one year), after which they had to leave or apply for legal entry. Since the mid 1990s there have been no less than four amnesty programmes, each successive one offering more liberal terms than the previous.

⁷ Deshingkar, P. and S. Akter (2009) "Migration and Human Development in India" in UNDP Human Development Research Paper (2009/13) New York

Box 1 Benefits from Labour Mobility

In addition to its political motivation, labour mobility can bring benefits for the economy, and for these reasons, geographic labour mobility is also an important goal of the Lisbon Strategy:

First, it can lead to a more efficient labour market with a better job matching across the Union;

Second, it provides a useful adjustment channel in the face of asymmetric shocks for members of the monetary union;

Third, in countries where they do not face obstacles to their employment, immigrants can lower structural unemployment by lowering the reservation wage of local workers. Immigrants may also target regions and sectors where labour demand is strong, thereby reducing labour market pressures.

These two effects “grease the wheels of the labour market” and lower the structural rate of unemployment (Borjas, 2001; Saleheen and Shadforth, 2006; Blanchflower et al, 2007). However, the opposite can happen where high minimum labour costs combined with high social transfers generate unemployment traps.

Fourth, emigration countries can benefit from labour mobility. Movers who return after acquiring human capital in more advanced countries can boost productivity (Heinz and Ward-Warmedinger, 2006). Remittances from emigrants can also be a sizeable source of income for their family members in emigration countries. In addition, emigration can serve as an adjustment channel in the wake of unfavourable asymmetric shocks.

*Source: OECD Economic Surveys: European Union 2007 Removing obstacles to geographic labour mobility
DOI: 10.1787/eco_surveys-eur-2007-10-en*

Neither Japan nor Korea wanted to admit unskilled foreign workers because of concerns that social integration would be difficult and problematic in their homogeneous societies. Since both have invested heavily in education both had ample supplies of highly educated native workers. However, Korea's booming economy quickly revealed labour shortages, especially in SMEs which could not hold on to their native employees who found better alternatives in Korea's manufacturing champions like Samsung and other “*chaebols*”. Under pressure from powerful small business associations the Government adopted a scheme to admit unskilled foreign labour under the guise of “trainees”. Under conditions of labour shortage, it did not take long before the foreign trainees found better paying jobs as regular workers in other establishments, and many left their sponsors in violation of their immigration status. The “trainee” door eventually served as the channel for illegal migration as trainees took other jobs or overstayed their visas. This forced the Government to adopt a temporary foreign workers scheme (so-called Employment Permit System) for the low-skilled to be admitted legally to work in the country.

In the case of Japan, labour reserves in agriculture were already exhausted by the 1980s, while demographic ageing has worsened labour shortages, especially in construction, low-skill services and small-scale manufacturing. One of the responses of firms is to offshore labour-intensive manufacturing abroad through foreign direct investments. However, this response was not feasible for non-tradeables like construction and services. With continuing concerns over social integration Japan found a solution in the existence of large overseas Japanese communities in other parts of the world, especially South America. From the formalization of policy on Japanese descendants (known as Nikkeijins) in 1990 the Government started offering opportunities for second and third generation Japanese living in countries like Peru and Brazil to work in Japan, bring their families with them and become permanent residents and acquire citizenship. The Nikkeijin scheme seemed to be an immediate success as they came by the thousands, easing the labour shortage. By 2006 some 370,000 were registered, of whom 241,000 were

workers. However the scheme has not been without its own set of problems.⁸ In recent years high unemployment has prompted the Government to offer subsidies for those who lost their jobs to return to their countries of origin.

4.3 Commercialization of migration affects labour mobility

While it raised the cost of migration to the workers, there is little doubt that the overall impact of the commercialization of migration processes is increased labour mobility. Private head-hunters were the first ones to get involved in the business of moving managerial talents across national borders, often on behalf of multinationals, but they were soon followed by downright “body-shoppers”. Every country in Asia including communist China and Vietnam have allowed private or semi-private job brokers to operate since they have proven much more adept adapted than public employment exchanges in finding employers abroad. Three decades ago, it would have been inconceivable to think that outflows would someday be as big as they are today.

Public employment exchanges depended on job openings arranged by governments through bilateral agreements and these were few and far between. In contrast, private recruiters quickly found employers, developed their pools of workers of all sorts of skills, took care of registering contracts with local authorities and securing “no objection certificates”, obtained work visas, and arranged for the travel of the workers to their work sites. In Indonesia, the recruiters of house helpers have even established training centres where basic housekeeping skills and Arabic language are taught to those being prepared for emigration.

Although notorious for fraud and profit-making, these agencies have proliferated in the region, from Islamabad in Pakistan to Xiamen in eastern China. Most are “rent-seekers” not content to charge a regular fee for their services but seek to extract the most they can from the wage differentials that exist between countries of origin and countries of employment. The high rents exacted by these agents raise the cost of mobility, thus serving to reduce the number of workers who can be mobile. In our online discussion, Mr Leelananda Ruhunage, Country Expert on Labour migration and former Additional General Manager of the Sri Lanka Bureau of Foreign Employment, pointed out that fees have risen due to the fact that foreign recruiters charge high commissions. Sri Lankans seeking to work in Cyprus, for example, usually shell out US\$3000 to get a job, and up to \$5000 to go to Israel.

National authorities have tried to curb the abuses by setting limits on recruitment fees, but without much success. For this reason Bangladeshi workers, according to one study, pay more for recruitment to work in Dubai or Kuwait than their counterparts in India or Pakistan (Shah, 1996)⁹. Entry into the business requires hardly any capital, government licensing requirements are fairly liberal, and regulating their activities is difficult, so fly-by-night operators are ubiquitous in Asia. They have their counterparts in the destination Gulf States. Known as *khafeels* these are well-connected individuals who act as job brokers for the employers in the Gulf. While some are legitimate agents and even direct employers, most are simply individuals who are able to take advantage of their ability to secure authorization to bring in foreign workers. Most are known to sell work visas to recruiters in source countries who then pass on the cost to interested job-seekers. This is largely responsible for the high cost of emigration. Many of the abuses suffered by migrant workers, from excessive fees to forced labour, have been blamed on the *khafeels*.

⁸ There has been a high drop-out rate in school among children of Nikkeijin families who came from Latin America. Youth delinquency has also become a serious concern.

⁹Shah, Nasra (1996) “The Role of Social Networks in Migration to Kuwait Among South Asian Males” IOM/UNPA Policy Workshop on Emigration Dynamics in South Asia.

4.4 How state regulations affect mobility

The opening of foreign labour markets has eased the unemployment problems of many countries as well as increased incomes but it also has its costs. It became immediately evident that in the absence of regulation, the contracting of workers across borders increased the risks of fraud and exploitation because the information necessary for making sound decisions is often deficient if at all available, a weakness that some parties can easily take advantage of. Many job-seekers have in fact fallen victims to fraudulent job offers and got stranded in foreign countries, or accepted employment conditions much inferior to what were provided for in their contracts, or paid enormous sums for recruitment in the expectation that they can save much of their earnings being unaware of the real cost of living in host countries.

Regulation of emigration

Over the past three decades many origin country governments trying to cope with the challenges posed by growing migration have experimented with various measures and institutions to regulate the labour market. Most of these measures have the effect of limiting mobility. Workers are not allowed to accept employment contracts that provide for terms inferior to state-determined minimum standards.

Some states do not allow foreign employers to hire their nationals directly; they must do it through authorized or licensed recruitment agencies. Workers may be barred from accepting employment in some countries, notably those where their safety cannot be assured. Workers below a certain age, especially women, are not allowed by some countries to accept employment abroad. A large variety of state regulations now surround the processes of labour emigration, from the requirement that workers pass HIV tests, to contributing to a welfare fund and going through a pre-departure briefing

Box 2 Malaysia: Nationalities admitted for work, by sector		
Approved Sectors:	Nationals of:	
<i>Manufacturing</i>	<i>Indonesia</i>	<i>Pakistan</i>
<i>Plantation</i>	<i>Cambodia</i>	<i>Sri Lanka</i>
<i>Agriculture</i>	<i>Nepal</i>	<i>Thailand</i>
<i>Construction</i>	<i>Myanmar</i>	<i>Turkmenistan</i>
<i>Services sector</i>	<i>Laos</i>	<i>Uzbekistan</i>
	<i>Vietnam</i>	<i>Kazakhstan</i>
	<i>Philippines</i>	
	<i>(male only)</i>	
Approved Sectors	Nationals of:	
<i>Services</i> <i>(cooks, wholesale/retail,</i> <i>barber, metal/scrap/recycle,</i> <i>textiles)</i>	<i>India</i>	
<i>Construction</i> <i>(fixing of high voltage cable only)</i>		
<i>Agriculture</i>		
<i>Plantation</i>		

Immigration policies

Immigration policies of countries of employment are clearly the most important factor impacting on labour mobility. Labour shortages have prompted several states in the region like Singapore, Malaysia, the Republic of Korea, Brunei Darussalam, Taiwan (Prov of China), and Hong Kong to open legal channels for the admission of all types of foreign workers though not for all nationalities. Japan has long adopted a policy of admitting foreign professionals but not unskilled workers (except for Nikkeijins).

India is a special case because in spite of labour surpluses it maintains an open border with Nepal where many agricultural workers in its north-eastern regions come from. Other Asian states limit their admission of foreign workers to professionals and remain formally closed to the admission of less skilled and unskilled labour.

The free movement of labour is not allowed even in the ASEAN region where the member states have already agreed on having a single market for goods and services by 2015. Agreements on mutual recognition of professional qualifications have however been reached preparatory to allowing the free movement of such professionals between member states - medical practitioners (14 June 1997), professional engineers (9 Dec 2005), nursing (8 Dec 2006), dental workers (26 Feb 2009); accountancy (26 Feb 2009).

Where they exist, temporary foreign worker schemes in the region (and in many others) effectively “tether” migrant workers to their employers since their work visas do not allow them to change employers. Some countries do allow a change in employers, but only with the prior approval of the labour authorities and the process is such that few actually make the effort. The conditions are worsened by the practice, now prohibited by some governments, of employers withholding the travel documents of the workers. Other limitations to mobility include the short duration allowed for contractual employment of foreign workers. Migrant workers with one or two year contracts have no prospects for gaining seniority in their employment or bargaining for higher pay or position with their employers. An obligatory return after expiration of their work visas effectively disenfranchises workers in the labour market.

Cost of regulation

State regulations which raise the cost of migration also effectively serve as barriers to mobility especially of the poor. In many countries those seeking to work abroad must go through licensed job brokers instead of applying directly with foreign employers, undergo medical tests especially for HIV which are often very expensive, obtain all the documentation required for the issuance of passports, supply proof of educational qualifications or vocational skills, pay fees for registering their work contracts, contribute to the migrant welfare fund and obtain life and invalidity insurance, pay fees for pre-departure briefing or orientation, and show return air tickets.¹⁰ All these in addition to the fees charged by the recruiters for their services often gravely set back the worker and his or her family financially even before the migrant member starts working and earning abroad. It is not uncommon to hear of workers having to spend the equivalent of six months’ salary abroad just to meet these expenses. Many get into debt with informal money lenders who charge usurious interest, and are only able to recover by working abroad for many years often in violation of their immigration status.

¹⁰The Indian authorities at one time required proof that employers, rather than workers, paid for the airfare. The unintended consequence of the policy is to make it more expensive for the workers who end up paying for it anyway through salary deductions. Prior to the policy the recruiters only deducted the equivalent of a discounted fare. With the policy they started deducting the equivalent of a higher regular economy airfare even if the worker actually travels on a discounted fare.

4.5 Other obstacles to labour mobility

Information

Workers are likely to be more mobile the better the information they have about employment opportunities. It is costly to move, especially where crossing national borders is involved, hence reliable information is essential to making sound decisions about migration. However, there is usually an asymmetry in labour market information. Employers, on the one hand, know more than potential workers about the requirements of the jobs they offer; while workers, on the other hand, know more about their abilities than potential employers. This asymmetry is amplified in the case of cross-border recruitment because of each side's unfamiliarity with standards and conditions in the other.

Employers can be expected to try to minimize the risk (and costs) of mistakes by ascertaining skills through trade tests, relying on referrals or getting the services of professional recruiters. In any event they will try to pass on such recruitment costs to workers and, in a buyer's market, they will tend to offer wages lower than what they would have offered had there been better information. Workers with proven skills may be able to negotiate higher wages over time, but the fact that the contract labour system is based on limited periods of employment means that it is hard for even very proficient workers to renegotiate the terms of their contracts.

Governments can help reduce the information asymmetry by making information about jobs and about workers easily available and accessible through public employment exchanges. Almost all governments operate such exchanges that are supported by general tax revenues. These exchanges (known as Employment Service in most countries) post job vacancies and maintain lists of workers seeking jobs. However, public Employment Services have not fared well in the international labour market for two major reasons. First, there are few internationally recognized job descriptions and no global system to recognize and verify the credentials of workers gained outside the country of employment.¹¹ Second, the information and services they provide are often not adequate to satisfy employers. Many rely on private recruiters who are able to provide additional services, from screening and testing the skills of workers to securing for them the necessary travel documents and visas.

Language

It is self-evident that proficiency in a foreign language, just like in an occupational skill, enhances labour mobility. According to the UN globally about six out of ten move to a country with same religion, and four out of ten move to a country with same language. Language and cultural propinquity has helped hundreds of thousands of Sumatrans and Javanese to cross the border and find employment in Malaysia, and similarly Laotians and Cambodians to cross over to Thailand, even if they can only be employed illegally. The same language advantage is possessed by the Nepalese and Bengalis who enter India to engage in trading or find employment.

On the other hand, differences serve as effective barriers to labour mobility. Japan, for example, has no numerical limits on the admission of foreign professionals provided they have employment offers and are in occupations not otherwise barred to foreigners by law or professional regulations. However, the number of foreign professionals employed in Japan has remained an insignificant proportion of all professionals employed largely because these jobs require proficiency in Japanese. In recent years,

¹¹There is an effort to standardize education in some fields, including accounting, IT, and health care, and to speed the assessment and recognition of credentials earned outside the country of employment, but this nascent training and job standardization is mostly confined to professionals arriving in some industrial countries.

shortages in medical workers have prompted the Japanese Government to include the admission of nurses in its free trade agreements (FTAs) with the Philippines and Indonesia. Filipino and Indonesian nurses who meet basic qualifications are brought to Japan for language training, but only a handful have so far passed the proficiency tests.

It is interesting to note however that the language barrier can be overcome by the way employment is organized. Lack of knowledge of Arabic language has not prevented millions of South and East Asian workers from working in the Gulf States. What made this possible is the way work and living was organized in most activities. In the early years large western and Korean contractors brought in construction workers organized much like army units with their respective officers (or supervisors). Indeed in the case of Korea many of the workers were demobilized soldiers who received training for construction to help them get jobs. They were billeted in project camps away or separate from the local communities. They were given assignments by and reported to non-local supervisors.

This so-called “project-tied” migration was followed later by other contractors from Pakistan, the Philippines, China and India. The same could not be followed however in other sectors where jobs have to be performed individually and necessarily entailed direct contact with the local population. In some occupations such as clerical work in stores or in hotels knowledge of English helped with mobility (English-speaking Filipinos as hotel clerks) but even English is not enough in other occupations where most clients or customers do not speak the language.

Overcoming the language hurdle to labour mobility is not something that governments of most origin as well as destination countries have shown any interest or readiness to support and subsidize unlike in countries of immigration like Canada or Australia. The cost of acquiring the language in countries of employment is usually borne by the prospective migrant and can be very costly in terms of opportunity cost or income foregone while studying, plus the actual tuition fees.

When the Republic of Korea opened the gates to foreign temporary contract workers under its Employment Permit System introduced in 2005 a key qualification imposed is for workers to pass a Korean language test. Except for Thailand and Mongolia, none of the source country governments offered free or subsidized training in Korean language. Because many workers aspire to work in Korea it spawned hundreds of private Korean language schools in the region, from Kathmandu to Surabaya. The Korean Government recently announced that one million Asians have already taken the Korean language test. However, the quality of teaching is generally low and few actually acquire enough proficiency in Korean language to pass the original test administered by Human Resource Korea. It is interesting that whenever the labour market tightens in Korea, the minimum passing grade for the language test is lowered.

Regulation of professions

While all states claim to be open to the admission of the highly skilled, especially for those in medical and scientific professions, the fact remains that few foreign professionals other than those in managerial occupations are actually able to practice in another country. The obstacle is not one on entering another country but on being able to practice one’s profession in another country. Restrictions to the practice of professions are present everywhere, thanks to rules established by professional regulatory bodies. Restrictions are prominent in the fields of law, medicine, nursing, architecture, engineering, and accountancy. Justified as a means to protect consumers where information about the quality of professional service (i.e. services of a cardiologist) is costly to obtain, restrictions are imposed on entry into certain professions by regulatory bodies. The main instrument for doing so is the requirement for a

license. License is only granted to those who pass nationally supervised tests and who make the grade. There may be other requirements as well which vary from one country to another and from one profession to another.

The desired consequence is to reduce supply, whether of nationals or non-nationals in the profession, and to raise professional fees. In almost all countries there are powerful lobbies for restricting the ability of foreign professionals to practice even where they come from countries with well respected and recognized licensing standards such as the US or Germany. Indeed the restrictions may apply to nationals of the same country. In Canada, a dental hygienist licensed to practice in Ontario will still need a license to practice in British Columbia, and there may also be restrictions on the location where one can establish a clinic. The intention is evidently to reduce competition.

Box 3 Causes and Consequences of Regulating Professions

“The regulation of professional activities may achieve a variety of policy objectives. From an economic perspective, however, regulatory restraints on competition, including in relation to professional services, may also, in the words of the Bureau, “erect barriers to entry and expansion, distort the allocation of resources, limit access to professional services and discourage innovation and change.” This may in turn result in higher prices, poorer services and less consumer choice.

Entry restrictions may operate to protect consumers by ensuring suitable professional qualifications. Entry restrictions may also, however, limit competition by reducing the number of service providers and reducing consumer choice and supply. In the trade association context (e.g., where a professional regulatory body does not have legislative authority), restricting entry into an association or refusing to provide association services may raise criminal conspiracy issues. While there is relatively little case law in Canada, some U.S. cases have considered the antitrust aspects of association membership restrictions, characterizing the exclusion or expulsion of members from associations as an illegal boycott.”

Source: Sandra M. Knowler “Self-Regulated Professions Under Competition Bureau Spotlight” Spring 2007 Lang Michener Competition & Antitrust Brief <http://www.mcmillan.ca/93936>

4.6 Official barriers to Mobility in Asia

Compared to other regions the Asian states appear to be slower in breaking down official barriers to people movements. In West Africa, the ECOWAS countries have already adopted a common passport to enable nationals of member states to move freely across borders, although they still have to obtain permission if they intend to seek employment or establish a business. The Andean countries in Latin America no longer require passports for crossing each other’s national borders. In Asia steps towards removing official barriers are still confined to movement of people in certain categories, and in some cases official barriers remain almost insurmountable due to territorial disputes (i.e. India and Pakistan). In Asia-Pacific, under the auspices of the Asia-Pacific Economic Cooperation Council (APEC), travelling for business purposes has been facilitated by the adoption of a common APEC card which serves as a visa in crossing the borders of participating countries. However, the qualifications for obtaining the APEC card are such as to limit its use only to the wealthy few.

More significant from the standpoint of labour are the negotiations for liberalizing trade in services in the ASEAN. It is envisaged that starting from 2015, ASEAN service providers like engineering contractors, hospitals, law and accountancy firms, and similar businesses can move their staff within the region to render their services in the consumer or buyer's country. Towards this end, ASEAN member states have reached agreement on enabling their trained and licensed professionals to practice in each other's country. These agreements are on mutual recognition of professional competences. As earlier noted, the ASEAN member states have already signed up to mutual recognition of competences in professional engineering, medical practitioners, nursing, dentistry, architecture, and accountancy provided certain conditions are met. The objectives and key provisions of the Mutual Recognition Agreement for Medical Practitioners are shown in the Box 4 below.

Box 4 ASEAN Mutual Recognition Arrangement on Medical Practitioners, 14 June 1997

The objectives of this MRA are to:

1. *facilitate mobility of medical practitioners within ASEAN;*
2. *exchange information and enhance cooperation in respect of mutual recognition of medical practitioners;*
3. *promote adoption of best practices on standards and qualifications;*
4. *provide opportunities for capacity building and training of medical practitioners.*

A Foreign Medical Practitioner may apply for registration in the Host Country to be recognised as qualified to practise medicine in the Host Country in accordance with its Domestic Regulations and subject to the following conditions:

1. *in possession of a medical qualification recognised by the PMRA of the Country of Origin and Host Country;*
2. *in possession of a valid professional registration and current practising certificate to practise medicine issued by the PMRA of the Country of Origin;*
3. *has been in active practice as a general Medical Practitioner or specialist, as the case may be, for not less than five (5) continuous years in the Country of Origin;*
4. *in compliance with CPD at satisfactory level in accordance with the policy on CPD mandated by the PMRA of the Country of Origin;*
5. *has been certified by the PMRA of the Country of Origin of not having violated any professional or ethical standards, local and international, in relation to the practice of medicine in the Country of Origin and in other countries as far as the PMRA is aware;*
6. *has declared that there is no investigation or legal proceeding pending against him/her in the Country of Origin or another country; and,*
7. *in compliance with any other assessment or requirement as may be imposed on any such applicant for registration as deemed fit by the PMRA or other relevant authorities of the Host Country.*

4.7 Conclusions and Issues for Discussion

This Background Note aimed to provide a quick and by no means an exhaustive survey of the state of labour mobility in the Asian region. We found ample evidence that labour mobility has been rising in the

region through both regular and irregular or clandestine channels. Long-term developments like demographic ageing and structural change help explain the scale of these movements, but one has to look at the unbalanced nature of economic growth among the countries in searching for explanations for the timing and direction of labour movements across borders.

At the same time, social changes resulting from development help explain the composition by skill and gender of the movements. Labour-short states have opened legal channels for admission of workers, but not in all states have responses been adequate or timely, leading to situations where movements pass through informal channels. This has in turn created serious issues for labour protection.

As elsewhere, the tensions between market realities and politics continue to challenge the capacity of many Asian states, both origin and destination, to effectively use labour mobility in support of productivity enhancement and growth, as well as a means to adjust to external shocks. Fortunately migration has so far served, and been seen to serve, as a positive factor for growth and stability even in countries where migrant labour already accounts for a very large proportion of the work force.

The path is however often slippery and mistakes can serve as flash points in conflicts between countries. There have already been recent incidents where one ASEAN country put a stop to the migration of its nationals for work in another ASEAN country because of perceived violations of migrants' rights. It goes without saying that governments should build structures and capacities for managing labour mobility in a manner respectful of migrants' human rights while pursuing narrow economic interests.

With this objective in mind, the participants are invited to address the following questions:

1. In the Asian region what remain as the most important obstacles to the mobility of labour?
2. How can the adoption of international standards on the treatment of migrant labour be best promoted in Asian countries? Will this lead to less or more mobility of labour?
3. What would be the likely impact of regional economic integration on the mobility of labour? What lessons might be drawn from the experience in other parts of the world in enhancing labour mobility within regional economic blocs?

Background Paper Annex Table 1. Emigration Rates 2000-2002

	<i>Rate</i>
<i>OECD</i>	3.9
European Union (EU27)	5.7
Very high human development	3.4
Very high: OECD	3.2
Very high: non-OECD	11.6
High human development	6.0
Medium human development	1.9
Low human development	3.9
<i>Asia</i>	1.7
China	0.5
India	0.8
Indonesia	0.9
Pakistan	2.2
Bangladesh	4.5
Philippines	4.0
Vietnam	2.4
Thailand	1.3
Singapore	6.3
Republic of Korea	3.1
Japan	0.7
<i>Oceania</i>	4.9

Source: UNDP Human Development Report, Table A, p.146

Background Paper Annex Table 2 Annual Labour Emigration as Percent of Labour Force

	<i>Emigration (000)</i>	<i>LF (million)</i>	<i>% of LF</i>
Bangladesh	875 (2008)	56	1.5
India	641 (2009)	360	0.17
Pakistan	287 (2007)	55	0.52
Sri Lanka	247 (2009)	7	3.52
Indonesia	697 (2007)	115	0.6
Philippines	1422 (2009)	37	3.84
Thailand	150 (2009)		
Vietnam	87 (2008)	37	0.23

Source: author's own calculation from government reports on worker deployment

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