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# Skills Mobility and Development in ASEAN

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## I. Introduction: ASEAN Vision 2040 and the Role of Skills Mobility and Development

The North American Free Trade Agreement (NAFTA) break-up, Brexit in the European Union (EU), and the anti-globalisation wave are in part due to insufficient attention by policymakers and analysts for the distributional aspects of globalisation and regional economic integration. The angst felt by the middle class as they face income and wage stagnation and job and social disruptions have fallen mainly on the role of foreign competition and foreign labour and public perceptions have not given due recognition to the disruptive effects of technological change and the inadequate catch-up in skills development of the labour force.

The Association of Southeast Asian Nations (ASEAN) aspires and should continue to aspire in the foreseeable future towards a freer rather than free regional market for skilled labour or a free regional market for all labour. This is in recognition of the political and social sensitivities

associated with cross-border movement of people and labour amongst independent nation states (notwithstanding the rapid rise of cross-border tourism and student exchanges), and the particular huge diversities amongst the ten ASEAN member countries in geographic and demographic sizes, levels of economic development and wage incomes, and in socio-cultural-linguistic-religious characteristics of the population and labour force. While not recommending the free or freer movement of the less-skilled and unskilled-labour across the region, it is necessary to have an ASEAN framework to regularise and facilitate such movements to minimise the large numbers of irregular migrant workers found in many ASEAN countries and a code to protect the wellbeing of all regular and irregular, skilled, and unskilled foreign workers.

By 2040, ASEAN should strive for an integrated skilled-labour market characterised by an enhanced circulation of skills within the region, and enabled by a mutual recognition of educational qualifications, professional licenses, and work experience; a minimal list of restricted or prohibited occupations for ASEAN foreign workers; preferential recruitment of ASEAN nationals where labour market tests are deemed necessary; and use of digital technology to disseminate labour market information in every ASEAN country. In an integrated ASEAN labour market for skills, the private sector should be able to hire skilled workers from any other ASEAN country with minimal regulatory barriers, and skilled workers in ASEAN should be able to choose to work in any ASEAN country.

Also by 2040, the ASEAN region would have further embraced the service and knowledge economy and the digital age. ASEAN would require accelerated skill development in every ASEAN country so as to be internationally competitive, and economically and socially inclusive and cohesive. Countries can achieve the skills objective, not by working alone, but by cooperation and integration within the ASEAN Framework and the ASEAN Plus Frameworks.

Skills mobility cum development is a positive sum game for both receiving and sending countries in the ASEAN integration project. It

results in an expanded pool of human resources with multi-national and deeper skill sets for every ASEAN country.

## II. Why Skills Mobility and Skills Development are Important

Current demographic, economic, and technological trends mean that the economies of ASEAN Member States (AMS) by 2040 will reach high- and upper middle-income status, and have a growing labour force that is increasingly skilled (with declining working-age population in ageing societies offset by the youthful populations in other ASEAN countries). They will have achieved technological advances, particularly the digital revolution, e-commerce and industry 4.0, and demand an increasingly skilled labour force, including skills that are currently scarce across ASEAN (or even non-existent).

1. Skills mobility is essential to the ASEAN region's continuing rapid economic growth and industrial upgrading. It will require tapping skills and talent from everywhere in the ASEAN region and beyond. Fostering a freer intra-regional flow of skills will provide a competitive edge to the ASEAN region.
2. A freer movement of skilled workers is also necessary for deepening ASEAN services integration. As the region becomes richer, its consumers will demand a variety of cross-border services. Each AMS has unique services that can be demanded elsewhere in ASEAN. For example, ASEAN consumers may want to eat in restaurants run by Thai chefs, and access online education provided by Malaysian education sites and fintech services by Singapore financial institutions. With skills mobility, supplying these services becomes realisable and cost-effective.
3. Skills mobility is also crucial for achieving the ASEAN objective of inclusiveness and having a cohesive ASEAN community. Abilities and talents can be found throughout the ASEAN region. At the same time, opportunities to utilise these skills to their maximum potential are unevenly distributed across countries and geographic locations due to differences in level and rate of development and in economic

structure. Skills mobility can make ASEAN a region where a person's place of birth does not constrain his/her economic opportunities.

4. Skills mobility is closely associated with production of skills for the regional, global, and future labour market. It is well known that employees of multinational corporations (MNCs), with work experience and socio-cultural-linguistic and management skills sets honed by international and regional postings are widely sought after by corporations (both big and small) seeking to venture or expand into new regional and international markets. A growing ASEAN labour force needs to be better educated and trained for the ongoing technological revolution and globalisation. No single ASEAN economy can efficiently rely on domestic production of all the required skills. As in the case of goods production, in the production of human capital there also exist comparative advantages and scale economies. There are large benefits to be gained by cooperating in the production of human capital and expanding the talent pool beyond national borders.
5. Looking towards 2040, ASEAN must consider the implications of the digital age for labour employment and mobility. E-commerce and other e-services can be provided across borders without physical movement of providers, resulting in 'virtual migration'. This would include telemedicine, business process outsourcing and call centres, online education and fintech services. These service providers can work in their home base without migrating. The increasing demand for virtual migrants would help to offset some of the concerns of receiving and sending countries and migrant workers themselves regarding physical labour mobility. However, ASEAN would need a framework governing the virtual employment of foreign workers.

### **III. Skills Mobility in ASEAN – Existing Measures and Challenges**

The importance of skills mobility is articulated in numerous ASEAN agreements and vision documents. The ASEAN Framework Agreement on Services (AFAS) and the ASEAN Economic Community (AEC) Blueprint indicate that labour mobility is considered an important part of the ASEAN integration project. In the Declaration of ASEAN Concord II in 2003, AMS are committed to 'facilitate movement of business persons,

skilled labour, and talents' for deeper economic integration. The AEC Blueprint in 2007 reflected this commitment by specifying key areas of collaboration amongst AMS, including the facilitation of working visas and the harmonisation and standardisation of qualifications, including Mutual Recognition Arrangements for professionals (MRAs). The ASEAN Agreement on the Movement of Natural Persons (AMNP) was signed in 2012 to enhance the flow of natural persons engaging in trade in goods, services, and investment. In 2014, ASEAN Economic Ministers endorsed the ASEAN Qualification Reference Framework (AQRF) to complement the MRAs by providing guidelines for comparing qualifications across member states, with voluntary referencing. The AEC Blueprint 2025 reaffirms that facilitating the movement of skilled labour and business visitors is a key element of a 'highly integrated and cohesive ASEAN economy' (AEC Blueprint, 2025).

Current practices in ASEAN contain obstacles on the hiring of foreign skilled professionals by the private sector and their ban in the public sector (with the notable exception of Singapore)

These include both formal and informal restrictions, including constitutional and legal restrictions and labour market tests, onerous and time-consuming procedures and various upfront payments. It would be helpful for employers and foreign workers if these restrictions are liberalised and made transparent and the procedures simplified.

While the AEC Blueprint focuses on enhancing the flow of skilled and professionals, they account for less than 10% of intra-regional labour flows, with Singapore the leading destination. The majority of intra-regional migrants are middle- and low-skilled and irregular, and are commonly found in construction, agriculture, and domestic work. There is no AEC coverage on them. ASEAN's major receiving countries are Malaysia, Thailand, and Singapore. Malaysia and Thailand host millions of irregular workers from neighbouring ASEAN countries. The ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, known as the Cebu declaration, makes commitments to protect migrant workers, but this is non-binding. ASEAN has reaffirmed this by signing the ASEAN Consensus on the Protection and Promotion of

the Rights of Migrant Workers, but the commitments remain voluntary (ASEAN Secretariat 2017).

An assessment of the progress made by ASEAN in regional skilled labour mobility (Testaverde et al., 2017) concluded that, notwithstanding the commitments and framework agreements that regional leaders place on this issue, the slowness of actual implementation highlights the difficult political and regulatory landscape. The ASEAN agreements cover skilled workers and professionals, but there are several gaps in its provisions. They facilitate the issuance of visas and employment passes, and work to harmonise and standardise qualifications. However, most foreign skilled professionals are intra-corporate transferees, AFAS and AMNP do not cover individual professionals and skilled workers, and MRAs cover only a small segment of ASEAN professionals.

AMS have signed MRAs in six areas: engineering, nursing, architecture, medicine, dentistry, and tourism and framework agreements in surveying and accountancy. Conclusion and implementation of MRAs for professionals have been a long and arduous process, in part due to 'occupational protectionism'. There are genuine cross-country differences in what a professional must know to practice, and automatic recognition of foreign qualifications and work experience is rare. Partial recognition is usually possible with compensatory measures to bridge differences in training and quality standards and work experience, but this can be difficult and highly sensitive. The implementation of MRAs is time-consuming, technically demanding, and sometimes politically difficult as a wide range of stakeholders are responsible for different aspects of the recognition process. It requires support from the public and professional associations, which in turn rests on perceptions of benefits and threats posed by foreign professionals. More importantly, MRAs do not guarantee labour market access, which is still subject to national laws, regulations, and measures.

The challenges to ASEAN skills mobility have been categorised by Papademetriou et al. (2015) as follows:

- (i) Issues related to the recognition of credentials.
- (ii) Restrictions on hiring foreign workers in certain occupations and industries, and on employment visas.
- (iii) Perceived costly barriers due to cultural, language, and socioeconomic differences.

It is necessary to overcome each of these challenges to achieve full skills mobility. The second challenge and part of the first challenge can be achieved by reforming the laws and regulations and following through on commitments such as expanding MRAs on skills. However, a continuing challenge will require a positive change in perceptions and behaviours of individuals and businesses surrounding labour mobility within ASEAN, which would in turn influence people's economic decisions to move.

Without a serious effort to enhance ASEAN skills mobility, the region may lose its talent to other parts of the world. ASEAN's major sending countries are Indonesia, Myanmar, the Philippines, and Viet Nam, with major destinations in the Middle East, Europe, North America, and Australia–New Zealand rather than in ASEAN. It is important to note the reasons behind the extra-ASEAN preference and strategise to make ASEAN an attractive destination region of choice for skilled migrants. Rising job opportunities and wage levels, an increasingly open society that accepts foreigners, and an increasingly better living environment can make the ASEAN region an increasingly attractive destination.

#### **IV. Benefits and Costs to Sending and Receiving Countries and Migrant Workers**

Since labour market liberalisation is a politically sensitive issue, it is necessary to evaluate the benefits and costs to ASEAN countries and workers.

## **A. For Receiving Countries and Citizen Workers Affected**

Benefits include

- (i) relaxing domestic shortages of general and specific skills;
- (ii) upgrading and developing specific sectors of the economy (e.g., educational, medical, and information technology services);
- (iii) attracting foreign direct investment (FDI) and foreign MNCs by relaxing rules on intra-corporate transferees and business visitors;
- (iv) relaxing skill shortages faced particularly by small and medium-sized enterprises (SMEs) as compared to large and foreign enterprises;
- (iv) encouraging the development of private enterprise and entrepreneurship.

Concerns include

- (i) at the national level, countries and communities may be concerned about overcrowding and upward price pressures from increased demand for public spaces, housing, education, health and recreational facilities, and the displacement of local SMEs and professionals by FDI and foreign professionals;
- (ii) at the individual level, citizen workers may be concerned about job displacement and retrenchment, competitive pressure from foreign workers and dimmer prospects of job promotion.
- (iii) communities and individuals often cannot make the distinction between job displacement due to technological change and due to the entry of foreign firms and foreign workers.

Receiving countries could provide educational and training opportunities for foreign students to work after graduation; minimise discrimination against the foreign workforce in various areas of public policy; ensure the fair treatment of workers by employers; and provide better labour market information on areas with skills shortages. Ultimately, ASEAN should aspire to be a region characterised by the circulation of skills, with each country both receiving and sending skilled professionals in line with its economic structure.

## **B. For Sending Countries and Workers Seeking Foreign Employment**

Benefits include

- (i) reduced socio-political pressures from a large pool of educated unemployed and underemployed persons;
- (ii) inward remittances contribute to improved household incomes, and the balance of payments;
- (iii) mobility of labour (as well as tourism) improves knowledge, understanding, and appreciation of ASEAN neighbours and is an excellent way of building an ASEAN Community.

Concerns include:

- (i) brain drain, although this can be offset by eventual returnees (and their skills, experience, and financial assets) and growing role of virtual migration;
- (ii) concern over lack of protection of their rights and welfare of nationals working abroad;
- (iii) for individuals, migration for work is largely an economic decision made by balancing the costs and benefits of seeking work abroad. Benefits include opportunities for a better income and career advancement, to travel and gain work experience in a different environment, and in some cases the opportunity to migrate permanently. Costs include financial, social, and psychological costs such as adapting to a foreign environment, family disruptions, and the difficulty of re-integrating upon return.

Sending countries could improve educational standards, curricula, and the linguistic skills of potential migrant workers; seek recognition and accreditation of their degrees and diplomas; improve knowledge and understanding of the cultures and social norms of other ASEAN countries; improve the provision of information about the labour market in destination countries; facilitate exit procedures and minimise exit costs of obtaining passport, visas, transportation, and accreditation; and troubleshoot problems and attend to the needs of its nationals abroad through its embassies and labour attaches

## V. Lessons from the North American Free Trade Agreement and the European Union

NAFTA and the EU have very different models of managing labour mobility and its interplay with trade liberalisation, corresponding to each bloc's economic and policy objectives. Their provisions offer useful lessons for the ASEAN labour mobility objective.

### A. NAFTA now defunct and replaced by the US, Canada, Mexico Agreement (USCMA)

NAFTA focused on trade integration, with relatively narrow provisions for skilled labour mobility. The NAFTA Treaty established a new migration category in the US available exclusively to workers from Mexico and Canada pursuing jobs in 70 highly skilled occupations (e.g. accountants, architects, computer systems analysts, economists, engineers, hotel managers, etc.). The lack of a quota and an easier application process made the NAFTA Treaty visa more attractive than the US global H1-1B visa. However, NAFTA did not include specific provisions to facilitate the movement of low-skilled labour. The US and Canada offered limited avenues for the legal temporary employment of foreign low-skilled workers.

Applicants from Canada and Mexico with college degrees and job offers in the US were eligible to apply and there was no numerical quota. Employment was for 3 years, and the visa was renewable indefinitely. Migrants could bring their dependents. Canadian applicants could apply on entry to the US with only proof of a job offer and proof of education; there was no requirement for a labour market test in which employers certify that US workers were unavailable to fill positions. On the other hand, Mexican applicants must apply for the visa in Mexico and the employer must go through a labour market test.

### B. The EU

The EU has broader integration objectives and guarantees the four fundamental freedoms on movement of goods, services, capital, and

workers. Citizens of any EU country and their families have the right to live in any other EU country for up to 3 months; after which they must be working, enrolled in full-time education, or able to demonstrate financial independence. After 5 years of residence, they earn the right to permanent residence. Citizens of any EU country are also generally permitted to work freely in the job and country of their choosing.

The EU has also implemented various policies to facilitate the movement of workers of any skill level. These include mutual recognition of common forms of documentation and relative streamlining of entry processes; and the portability across the EU of various social rights and entitlements, including access to health care, social welfare, and pensions. In actuality, migration flows have generally been rather subdued despite the accession of Central and Eastern Europe countries, possibly due to various other barriers. Also, EU member countries may restrict access to their labour markets for public sector jobs and 'in an emergency' with approval from the European Commission; and may impose temporary mobility restrictions on citizens of new EU members.

Besides direct policy, many supportive programmes facilitate movement within the EU. The Erasmus Programme began in 1987 as a student exchange programme for Europeans, while the parallel Erasmus Mundus Programme is oriented towards non-Europeans. Erasmus Plus (2014–2020), which succeeded Erasmus, incorporates all EU schemes for education, training youth, and sport. It provides grants to give students and teachers or trainers a unique opportunity to participate in different European countries. Previously, these opportunities were restricted to applicants who had completed at least 1 year of study at the tertiary level, but are now also available to secondary school students. Participants study at least 3 months or do an internship for a period of at least 2 months and up to 1 academic year in another European country. The period spent abroad is recognised by their university when they return. Students do not pay extra tuition fees to the host institution and can apply for an Erasmus grant through the home institution to help cover the additional expenses of living abroad. Millions of European students in thousands of higher education institutions participate in Erasmus across 37 European countries. The main benefit of the programme is that it fosters learning and understanding of the host country, as both a time

for learning and a chance to socialise and bond with other European students.

Similarly, the Bologna Process is based on an intergovernmental agreement with membership extended beyond the EU. The 1999 Bologna Declaration committed 29 European governments to pursue complementary higher education reforms and establish a European Higher Education Area of compatible national systems. Participation and cooperation are voluntary. Bilateral agreements between countries and institutions oblige signatories to recognise each other's degrees, moving from strict convergence in time spent on qualifications towards a competency-based system. National reforms have made university qualifications more easily comparable across Europe. Country scorecards (reports, conferences, communiqués, and policy declarations) are closely monitored at the European-level and structured around a series of biennial ministerial meetings.

The European Commission has played an active role in this process. The EU Credit Transfer and Accumulation System (ECTS), first piloted within the Erasmus networks, has become the European standard. The European Commission also provides financial incentives for higher education cooperation and reform projects in line with the Bologna objectives, as well as funding national Bologna Promoters, and informational activities. It also promoted joint degrees and the bachelor/master structure through its Erasmus Mundus programme and other pilot studies.

Likewise, the European Qualifications Framework (EQF) aims to relate different national qualifications systems to a common European reference framework. Individuals and employers use the EQF to understand and compare more easily the qualification levels of different countries and education and training systems. This means that there is no need for individuals to repeat this learning when migrating. The core of the EQF comprises eight reference levels (1–8) describing what a learner knows, understands, and is able to do ('learning outcomes'). Levels of national qualifications are placed at one of the central reference levels. This makes it much easier to compare national qualifications.

ECTS credits are a standard means of comparing the 'volume of learning based on the defined learning outcomes and their associated workload' for higher education across the EU and collaborating European countries (European Commission, 2017: 10). ECTS credits are used to facilitate transfer and progression throughout the EU.

## **VI. The Role of ASEAN in Regional Skills Mobility and Development**

### **1. Emphasise the welfare gains from ASEAN skilled labour mobility**

The economic benefits of cross-border labour mobility are numerous. For destination countries, positive impacts include better employment opportunities and higher wages for workers; however, low-skilled workers could have negative impacts in rigid labour markets. For sending countries, out-migration boost wages for those remaining behind, migrant workers benefit from higher wages received, and their households benefit from remittances. Overall, there are economic benefits from improved economic growth and from remittances. The negative effects of 'brain drain' in sending countries are offset by 'brain circulation' and eventual returnees.

The EU and NAFTA experiences indicate that intra-regional skills mobility remains limited even in the absence of legal and policy barriers. The same may hold true in the ASEAN region. Additionally, when skills migration takes place, a preference for non-ASEAN destinations may emerge, linked to permanent migration to North America, Western Europe, Australia, and New Zealand.

There is a need to emphasise the benefits of working in another ASEAN country, which include closeness to home and cultural similarities; diversity of work, linguistic, and cultural experiences, which can enhance soft skills; and the facilitation of ASEAN-community building. Familiarity with other ASEAN countries can be enhanced by intra-ASEAN student and staff exchanges and tourism. For employers, businesses, and professional groups, more exchanges and cooperation promote business

activities and intra-ASEAN FDI and services, leading to the employment and re-deployment of staff who are ASEAN nationals.

## **2. Incentives to attract ASEAN foreign professionals and skills as well as safeguarding the interests of citizen workers**

The key advantages of ASEAN destinations include closeness to home and less pronounced sociocultural diversities relative to destinations in North America, Europe, Australia, and New Zealand. It is necessary to minimise visa procedures and labour market access restrictions so that ASEAN professionals can access better employment and income opportunities in the region. ASEAN migration should also entail less financial and time costs of labour mobility and family disruptions. ASEAN can also provide a centralised database of job market information. To attract foreign skills and talents, policy and practice should provide a welcoming environment, including availability and competitive cost of housing, transport and education, competitive taxation rates, portable social security plans, ease of sending remittances overseas, and a safe and unpolluted living and working environment. For skills and talent seeking eventual migration and permanent settlement, availability of permanent residence schemes is an important attraction.

Governments are elected by citizens, hence concerns over foreign competition should be addressed in parallel to the welcome mat for foreigners, and that the foreign presence should not undermine social cohesion. In all countries, employment of nationals has priority over employment of foreigners but such 'protectionism' should not lead to shortages of skilled personnel that ultimately prevent the country from achieving its economic growth and upgrading potential and fail to enhance the wellbeing of its citizenry. Policy and practice would have to ensure that citizen workers have developed technical, social and linguistic skill sets that enable them to compete effectively with foreigners within their country or abroad. Policy and practice would also have to ensure that citizen workers are not discriminated in the recruitment, employment and promotion processes of private sector employers.

### **3. Accelerate the ASEAN-wide accreditation system for universities and training institutions**

The process of comparing and recognising academic and training credentials within a country is complex enough but the issue becomes even more problematic and sensitive across the 10 diverse ASEAN countries. To hire a foreign skilled worker or professional from another ASEAN country, the prospective employer must assess the merits of the paper qualification and work experience. For top-end jobs, employers can resort to expensive head-hunting recruitment agencies. But for lower-level jobs, an ASEAN-wide accreditation of education and training institutions would be a tremendous help to employers in their assessment of suitable candidates for employment and promotion.

### **4. Providing an equal opportunity for developing relevant skill-sets**

An individual born anywhere in ASEAN needs to be given equal opportunity to develop skill sets that are in demand in the region.

At the national level, this means a comprehensive education and training system available to all.

Financing and finding the teachers put tremendous strain on low-income countries and policymakers will need to prioritise and seek foreign assistance (in ASEAN, amongst ASEAN dialogue partners, international and regional institutions). It is essential that the education and training process results in the production of marketable skill-sets, embodying some quality-standard and relevance to the present economic structure of the country as well as its future evolution. While expanding the enrolment and scope of tertiary institutions, all ASEAN countries would need to improve the quality dimension of its institutions so that they can eventually compete with the best in the world.

In this respect, the Singapore experience may offer some useful lessons for some ASEAN countries. Singapore's school system has been

producing students that achieve high Programme for International Student Assessment (PISA) test scores run by the Organisation for Economic Co-operation and Development (OECD) and Singapore's leading universities are ranked by various international ranking agencies as amongst the best in Asia. Also, Singapore's education and training system is being revamped to prepare students for the technological requirements of future jobs. Singapore has achieved this level of educational excellence through continuous effort in developing Singapore's human resources, learning from the best institutions and examples the world has to offer, entering into partnerships with world-renowned institutions, and recruiting from the world's best from the advanced industrial countries, China and India to teach and research in its universities, research institutes, and training centres. The Singapore education and training system is currently being revamped to meet the future job requirements brought on by technological changes.

At the ASEAN regional level, this offers tremendous opportunity for cooperation and integration in a win-win framework. ASEAN countries that are more educationally advanced, with educational and training institutions of international standing and repute, could build physical campuses in other ASEAN countries and also offer online education (currently undertaken in the ASEAN region mainly by non-ASEAN universities and colleges).

## **5. Develop strong regional consciousness through travel and study experiences**

Migration and interest in migration often begin when individuals are studying abroad, and many ASEAN students who study overseas remain abroad for work experience and opportunities. There is more limited student movement amongst ASEAN countries, in part due to a dearth of scholarships and financial assistance schemes, and a lower profile of ASEAN tertiary educational institutions. Therefore, ASEAN should encourage student exchange through the ASEAN University Network (AUN), and Singapore's ASEAN scholarships, amongst others. This can be achieved by improving the global rankings of ASEAN universities and training institutes.

## **6. Manage a gradual approach towards ASEAN labour mobility and integration**

Given the diversity of the AMS, ASEAN should adopt a more gradual approach towards an integrated ASEAN skilled labour market.

Ideally, a regional framework based on binding bilateral agreements would be preferable, perhaps within a subset of AMS. Such an 'ASEAN minus X' approach would provide some flexibility. However, a voluntary regional approach may be appropriate to accommodate the diverse sensitivities in ASEAN.

A more inclusive and equitable ASEAN and AEC could emphasise regional and bilateral cooperation instead of binding integration agreements. AMS have different priorities and face different socioeconomic realities. However, when political leaders and policymakers formulate and implement national visions, plans, and policies, they should also consider impacts on other ASEAN countries and, whenever and wherever possible, adopt positive-sum, not zero-sum, strategies.

The ASEAN body need to take a leadership role in driving the discussion around mobility. However, countries at the top end of economic development (Malaysia, Singapore, and Thailand) could also play a more pro-active role in driving skills mobility and development.

## **VII. Concluding Summary**

Due to demographic, economic, social, and technological changes in the ASEAN region and globally, ASEAN needs to move forward with skills mobility to build competitive and knowledge-driven economies. This will help maintain a united ASEAN and will contribute towards ASEAN centrality.

A single ASEAN market for skills and talent will require free movement for various occupations and non-discriminatory treatment for foreign

workers in national legislations and policies, employment practices, employment remuneration and benefits, and common quality assurance and qualifications recognition.

A single ASEAN market for skills and talents by 2040 pre-supposes the establishment of a single market for goods and services in ASEAN. A single market for goods appears more likely than a single market for services as services delivery requires Mode 3 (right of establishment) and Mode 4 (temporary movement of natural persons). Mode 4 covers contractual service suppliers (self-employed independent service suppliers and employees of foreign service suppliers), intra-corporate transferees and persons directly recruited by the foreign affiliate, and service sellers or persons responsible for setting up a commercial presence. While intra-corporate transferees are well taken care of with the liberalisation of FDI, liberalising Mode 4 would take care of other service suppliers as well. Service-market integration will complement the skilled labour-market integration.

The digital age makes possible virtual migration with an important impact on ASEAN skilled labour mobility. Many more services are being delivered online with short visits by service suppliers, and do not require the physical movement of service suppliers. This would remove some of the concerns over overcrowding or sociocultural disruptions by an influx of in-migrants (although the same is felt about large influxes of tourists) and concerns over brain drain caused by large outflows of the skilled.

The economic importance of labour market integration cannot be overstated. Yet, it is necessary not to integrate hastily and acknowledge political and social concerns. First, a liberalised skills market, coupled with a strong push towards upskilling of the domestic labour force, can be an effective strategy for achieving rapid growth without leaving anyone behind. Second, given the vast differences amongst ASEAN countries in geographic and population sizes and in levels of economic development and wage incomes, free movement of all labour is politically unrealistic. Third, many ASEAN countries are still engaged in post-independence nation building and are struggling with managing plural societies and may not welcome more cultural, religious, and linguistic diversity. Some

are looking outward beyond ASEAN. Some are internally divided and prioritise national cohesion over regional cohesion. There are also growing concerns related to security and terrorism prompting stricter immigration controls. A concerted effort is needed to instil a sense of common destiny amongst ASEAN countries.

Moving forward, AMS could agree on an ASEAN-wide framework for governing the movement of skilled workers, with provisions for bilateral (preferably binding) agreements between AMS to operationalise the framework. Such bilateral agreements could be gradually expanded to cover ASEAN as a whole so that the region can achieve meaningful skills mobility.

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