

Policy Issues and Recommendations on:

- *Liberalisation of policies, regulations and mindsets on employment of ASEAN professionals and skilled workers*
- *Effective implementation of MRAs with labour market access*
- *Effective cooperation among tertiary institutions to facilitate academic exchange through the ASEAN University Network (AUN)*
- *Building of ASEAN centres of excellence*

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Towards Freer Movement of Skilled Labour in AEC 2015 and Beyond

By SIOU YUE CHIA

Movements of skilled labour in ASEAN have been largely from the lower income labour surplus economies to the higher income labour deficit economies in response to employment and remuneration differentials. The AEC Blueprint includes the objective of free flow of skilled labour to facilitate flows in services and investment. However, free flow is obstructed by differences in qualifications, standards and language proficiency as well as by national legal provisions and policies despite MRAs on professional services and the Agreement on Movement of Natural Persons. To facilitate free flows, their net benefits have to be emphasised; MRAs and labour market access be implemented effectively; and regional differences among tertiary institutions in standards, capabilities and English language proficiency be narrowed through academic cooperation and exchanges, and joint establishment of regional centres of excellence.

Introduction

Free flow of skilled labour is one of the avowed objectives included in the ASEAN Economic Community (AEC) Blueprint under the aegis of the ASEAN Framework Agreement on Services and of the ASEAN Comprehensive Investment Agreement. The former involves allowing the entry of foreign service suppliers while the latter involves allowing the employment of foreign corporate personnel.

Intra-ASEAN Flows of Professionals and Skilled Labour

Through the years, the flows of professionals and skilled labour within ASEAN have consistently increased. Two sets of factors explain this growing intra-ASEAN flows.

The first set includes disparities in educational and economic developments which create skills surpluses and shortages among ASEAN countries. Large disparities in wages and employment opportunities lead to flows from lower income and labour surplus countries to higher income and skill shortage countries. Employment opportunities, higher

remuneration and geographic-social-cultural-linguistic preferences determine the locational decisions of migrant skilled labour. Singapore, Brunei and Malaysia are net recipients while other ASEAN countries are net senders.

The second set refers to policy and regulatory factors that inhibit or facilitate outflows and inflows of skilled labour. Most ASEAN countries do not have an active policy with regard to outflows although some governments (particularly the Philippines) facilitate “labour export” to ease domestic unemployment pressures and earn foreign exchange. As to inflows, all ASEAN governments actively manage skilled worker inflows. Receiving countries are apprehensive of the impact of large inflows on their labour markets, social fabric, and social infrastructure. Thus, they manage inflows through the use of various instruments such as:

- Some countries (the Philippines and Thailand) have constitutional and legal restrictions on employment of foreigners. All countries have employment restrictions via employment visas, passes and permits. Some have sectoral and occupational restrictions including labour market tests, restricted period of employment, and the requirement for employers to undertake skills-transfer activities to eventually replace foreigners with locals. Some countries have ethnic and religious preferences and local language requirements.
- Quality assurances are required by governments, employers and professional associations. Governments require security and health clearance; employers require appropriate educational and training qualifications, experience, and professional and personal character references; and professional associations require licensing of certain professions.

Policies and Measures Facilitating Skilled Worker Inflows

As mentioned, all ASEAN governments actively manage inflows of skilled workers. As such, they have policies and regulatory measures that facilitate skilled worker inflows. Governments liberalise inflows of skilled workers to encourage inward foreign investment, meet short-term skills shortages (required for developing specific services), facilitate longer-term structural and industrial upgrading as well as fulfil commitments on “movement of natural persons” under the World Trade Organization (WTO) and various Free Trade Agreements (FTAs). Among the facilitating measures are: allowing entry of business persons and intra-corporate transferees of multinational corporations; recognition of foreign academic and professional qualifications; “national treatment” access to education, health and other public services; provision of improved living and working environment for foreigners (such as ensuring personal safety and access to recreational/entertainment activities); and even offers of permanent residence and citizenship.

How do all these measures and policies, however, compare with those outlined in the AEC Blueprint?

The AEC Blueprint lists the following actions for ASEAN Member States (AMSs) in managing mobility and facilitating entry of foreign professionals and skilled workers: (a) facilitating issuance of visas and employment passes; (b) enhancing cooperation among ASEAN University Network (AUN) members to increase academic mobility; (c) developing core competencies and qualifications for jobs/occupations/skills required in the service sectors; (d) strengthening the capabilities of ASEAN countries in promoting skills, job placements, and developing labour market information networks; (e) completing mutual recognition arrangements (MRAs) for major professional services; and (f) implementing the 2012 Agreement on Movement of Natural Persons. The

latter is limited to the temporary entry of business visitors, contractual service suppliers, and intra-corporate transferees and other categories (as specified in the Schedule of Commitments of AMSs) and requires ASEAN countries to allow for their entry with some exceptions.

In the assessment of the implementation of the measures listed in the AEC Blueprint vis-à-vis the AMSs' commitments, as conducted through the AEC Scorecard Project, the results show and highlight implementation shortfalls in various areas, including those pertaining to free flow of skilled labour. In view of this, the AEC needs to go further than the Blueprint to effect skilled labour mobility.

Recommendations

In light of the above, the following are some recommendations that should be effected to achieve the objective of intra-ASEAN freer flow of skilled labour:

- **Liberalisation of policies, regulations and mindsets on employment of ASEAN professionals and skilled workers.** Governments and societies need to change their mindset with regard to skilled labour mobility. Skilled labour mobility is not a zero-sum or negative-sum game. In fact, skilled labour mobility is essential for services development and investment attraction and should have a positive synergistic effect on domestic talents and should improve domestic consumer choice of service suppliers. In addition, cultural diversity and international work experience is a competitive advantage in the globalisation era. Ultimately, it is the question of how widely accepted the vision of an ASEAN community is since intra-ASEAN movement of natural persons for employment is at the core of regional community building.
- **Effective implementation of MRAs with labour market access.** ASEAN MRAs are now reinforced with the adoption of the Agreement on Movement of Natural Persons (MNP) which becomes an instrument for skilled labour mobility. Negotiating MRAs, however, is complicated by the wide diversity in education and licensing systems and standards and the different functional languages among ASEAN countries. Moreover, MRAs and the MNP Agreement can ensure labour market access and skills mobility *only if* ASEAN countries waive their constitutional and legal objections to the employment of foreigners.
- **Effective cooperation among tertiary institutions to facilitate academic exchange through the ASEAN University Network (AUN).** Obstacles lie in differences in the language medium, curricula and standards among ASEAN tertiary institutions as well as limited financial resources. A greater use of English would facilitate academic exchanges as well as achieve wider regional and international recognition for ASEAN tertiary institutions. Two European programmes worthy of study by ASEAN are the **Erasmus Programme** which started to be implemented in the European Union (EU) in 1987 and is funded from the EU budget to promote student exchanges for short-term study and internship (covering some 3 million students as of end of 2013), and the **Bologna Process** designed to ensure comparability in the standards and quality of higher education qualifications in the European Higher Education Area by making use of the European Credit Transfer and Accumulation System.
- **Building of ASEAN centres of excellence.** ASEAN should look into developing centres of excellence based on comparative advantages for various sectors and sub-sectors across countries. For example, Indonesia, Malaysia and Thailand could focus on centres of excellence in the agro-forestry-fishery sector, with ASEAN research scientists engaging in collaborative research.

Likewise in healthcare, Singapore, Malaysia and Thailand could develop niche specialties cooperatively. The Philippines, Malaysia and Singapore could cooperate on developments in IT hardware and software. In such a scenario, there will be no zero-sum game, only cooperative efforts to build ASEAN brand names.

Conclusion

Free movement of skilled labour is essential not only for facilitating services trade and investment flows but also for realising the concretisation of an ASEAN Community. Despite the AEC provisions, nationalistic mindsets, legal provisions and policies continue to pose hindrances. Additional measures to facilitate freer movement would include effective implementation of AEC provisions through domestic reforms; changing official and societal mindsets towards foreign personnel; narrowing differences in qualifications, standards and English proficiency; more academic exchanges to promote understanding and transfer of knowhow; and joint establishment of centres of excellence. ■

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