

# International Labour Migration in East Asia and Scope for Regional Cooperation

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## The Issues...

- Growing economic integration in East Asia through trade, investment and capital flows, driven by market forces and in the past decade by government initiatives.
- Where do intra-regional labour flows fit into the picture? Do they supplant, complement, or substitute for flows in goods and services and in finance? What are the prospects and constraints for regional cooperation on labour flows?
- Growing phenomenon of intra-regional migration. What are the determinants? Sending and receiving countries? Trends and patterns? Economic, social and political impacts?

# International Labour Migrations

- Mainly concerned with temporary migration for work
- Professionals and highly skilled versus unskilled and semi-skilled
  - Talents and brains sought by all countries
  - Unskilled and semi-skilled overseas contract workers
- Individual versus family
  - Intra-company transferees, business migrants, family migrants, former students
  - Feminisation of migrant labour
- Legal versus illegal and undocumented
  - Distinction between overstayers and illegal entries

# Explanations of International Labour Migration..1

- Theoretical: Todaro-Lewis model or rural-urban migration applied to ILM –response to differential wages and employment opportunities
- Trade-investment-labour nexus, mode 4 in services
- Interactions of push-pull factors
  - Geographic proximity and porous borders
  - Lower transaction costs with better information search and cheaper transportation
  - Differences in population growth rates and economic development levels and growth rates, reflected in demand-supply labour imbalances and wage level differences across countries

# Explanations of International Labour Migration..2

- Policies of labour receiving countries
  - Policy options to resolve domestic labour scarcity
    - Increase domestic supply of labour --- raise birth rate, raise labour participation rates
    - Reduce domestic demand for labour --- change labour intensity of production, outward investment, outward business processing
    - Immigration to close the gap
      - ✓ Skills spectrum and source countries
      - ✓ Managing problem of illegal migrants

# Explanations of International Labour Migration..3

- Policies of labour sending countries
  - Policies to resolve labour surplus
    - Population growth control
    - Accelerated economic growth
    - Labour intensive production
    - Inward business processing
    - Labour export --- for employment and foreign exchange
  - Choice of destination countries ---geographical-historical, language-cultural factors
  - Protecting the welfare of workers abroad
  - Managing inward remittances

## Stocks of migrant workers from source countries

Philippines 2005	4.75 mill.	ME, Mal, Thai, Korea, HK, Taiwan
Indonesia 2001	2.0 mill.	ME, Malaysia, Singapore, Korea, Taiwan
Myanmar 2001	1.1 mill.	Thailand
South Korea 2002	0.63 mill.	Japan
China 2004	0.53 mill.	ME, Asia, Africa
Thailand 2002	0.34 mill.	ME, Taiwan, Myanmar, Singapore, Brunei, Malaysia
Vietnam 2004	0.34 mill.	Korea, Japan, Taiwan, Malaysia

## Stocks of migrant workers in receiving countries

Thailand 2004	1.6 mill.	
Malaysia 2004	1.4 mill.	
Japan 2004	0.87 mill.	
Taiwan 2003	0.6 mill.	
Singapore 2004	0.6 mill.	
South Korea 2004	0.42 mill.	
Hong Kong 2003	0.22 mill.	



# Population, income level, unemployment level, 2004

	Per capita income	Population	Unemployment rate
Japan	37,180	127.8	
Hong Kong	26,810	6.8	6.8
Singapore	24,220	4.3	3.4
South Korea	13,980	48.1	3.5
Taiwan	13,980	22.9	4.4
Malaysia	4,650	25.2	3.5
Thailand	2,540	62.4	2.1
China	1,290	1296.5	1.1
Philippines	1,170	83	11.8
Indonesia	1,140	217.6	9.9
Vietnam	550	82.2	5.6
Laos	390	5..8	
Cambodia	320	13.6	

## Labour force trends, 2005-2050 projections

	2005 LF	2020 LF	2030 LF
Japan	66.5	63.5	58.9
China	782.8	824.4	795.9
South Korea	24.1	26.3	25.1
Hong Kong	3.7	4.0	3.7
Taiwan			
Indonesia	108.4	137.3	151.5
Malaysia	11.0	15.2	17.2
Philippines	37.1	54.6	63.7
Singapore	2.2	2.5	2.3
Thailand	35.7	39.8	40.6
Vietnam	44.6	55.9	59.0
Laos			
Cambodia			

# Trends and Patterns..1

- Historical labour migration in East Asia
  - Migrations from Japan, China and Philippines to North and South America
  - Migrations in Northeast Asia
  - Migrations from China and India to Southeast Asia and flows within the Southeast Asian archipelago
    - Impacts on Southeast Asia --population dynamics; plural societies; ethnic minorities

## Trends and Patterns..2

- Post-1960 regional labour migration trends
  - Japan and first tier Asian NIEs as recipient countries, followed by Malaysia and Thailand
  - Sending countries -- Korea and Southeast Asia, to Middle East during oil boom years
  - Sending countries – China and South Asia
  - Intra-ASEAN flows
    - Indonesia to Malaysia, Philippines, Singapore; Malaysia to Singapore; Philippines to Malaysia, Singapore; Thailand to Singapore; Myanmar to Thailand

## Trends and Patterns..3

- Mainly sending economies
  - Indonesia, Philippines, Cambodia, Laos, Myanmar, Vietnam
- Mainly receiving economies
  - Japan, Hong Kong, Taiwan, Singapore
- Both sending and receiving economies
  - Korea, Malaysia, Thailand

# Measuring Economic and Social Effects

- Severe data problems – lack of comprehensive coverage and data comparability
- Macro-effects on sending/receiving country versus micro-effects on individuals, households, and businesses
- Differential effects of skilled/ versus unskilled migrant labour on wage levels, employment and productivity
- Direct and indirect effects, short-term and longer-term effects
- Economic, political, social, and psycho-cultural effects

# Effects on Sending Countries

- What happens to population dynamics?
- What happens to labour market and wage levels in sending countries?
- What happens to skills availability and human resource development in sending countries?
- What happens to the migrants' families? Serial migration? Higher income and social status? Local income distribution? Dysfunctional families?
- Worker remittances raise domestic savings and investments and lessen foreign exchange constraints. Dutch disease effect?

# Effects on Receiving Countries

- What happens to population dynamics?
- What happens to the labour market?
  - Impact on structural change and “labour saving” options
  - Impact on employment, wage levels, productivity
  - Foreign workers as cyclical buffer
- Social impacts
  - Increased demand for public and social services
  - More complex social structure
  - Concern over terrorism, crime and disease



## Scope for Regional Cooperation ..1

- Labour flows are treated partially in the WTO under GATS V and concern mainly skilled and professional flows and intra-corporate transferees. Members unwilling to undertake quantitative and permanent commitments and non-discriminatory treatment.
- APEC focused on facilitating mobility of business persons – APEC Business Travel Card; Advanced Passenger Information System

## Scope for Regional Cooperation ..2

- Partial treatment of labour flows in regional trading agreements. In North-South agreements, South countries ask for better market access for their labour
  - Most replicate GATS V and focus on professional and highly skilled, intra-corporate transferees
  - ASEAN Economic Community --- restrict to “free flow of skilled labour”. ASEAN Plan of Action on Immigration
  - Japan’s bilateral agreements with Philippines, Thailand and Indonesia ----limited entry into Japan of trainees in certain professions
  - US bilateral agreement with Singapore --- relaxation of certain visa categories

## Scope for Regional Cooperation ..3

- Labour migration issues that require bilateral, regional, multilateral cooperation
  - Collecting comprehensive and comparable labour migration statistics
  - Efficient management of labour flows from surplus to deficit economies
    - Establishing common standards and MRAs for various professions and skills; common training programmes
  - Protect the rights of foreign workers
  - Facilitate adjustment of foreign workers in host economies
  - Manage the problem of illegal migrants