

THE MOVEMENT OF NATURAL PERSONS IN SOUTHEAST ASIA: HOW NATURAL?

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Abstract

This paper is a preliminary survey of temporary labour migration (TLM) in Southeast Asia (sometimes referred to as the ‘movement of natural persons’). The paper is set in the context of global patterns of international migration and policies towards migration in a multilateral context. We then discuss the inter-relationship between TLM and economic and social change in Southeast Asia over the past two decades. To a considerable extent, TLM in Southeast Asia is attributed to a widening gap in the level of national development among countries in the region, associated with contrasting economic growth performance. This contributed to a greater number, and a more varied mix, of job opportunities in the more developed countries, and associated much higher wage rates than in the lower income Southeast Asian countries.. In addition, we suggest that supply-side factors were important determinants of TLM out of less developed countries in Southeast Asia. The paper also examines national policies towards migration, and in particular how countries have coped with increasing numbers of undocumented (illegal) migrant workers. Later sections deal with the role of a regional agreement in services based on the multilateral General Agreement of Trade in Services (GATS) in facilitating the movement of skilled and professional workers, and business people within the region. It finds that agreements made by the Southeast Asian countries within the ASEAN regional grouping have made only modest new commitments to TLM beyond those made through GATS. They have also qualified those commitments quite heavily to ensure that the country retains, at least potentially, policy flexibility for the protection of domestic workers. The paper closes with a few brief suggestions regarding the directions of future research on TLM in Southeast Asia.

Key Words: International Migration, Labour Markets, GATS (General Agreement on Trade in Services), AFAS (ASEAN Framework Agreement on Services), Southeast Asia

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I. INTRODUCTION

Policy makers and commentators concerned with international economic reform have begun to pay increasing attention to temporary labour migration in the early years of the 21st century. For several decades, liberalisation of trade and investment dominated multilateral policy discussions. However, recent and widely publicised studies by Alan Winters et. al. (2003) and Dani Rodrik (2002) have drawn attention to the large potential gains from liberalisation of migration of temporary workers, both for developed and LDCs.¹ Temporary labour migration (or the movement of ‘natural persons’, in trade policy jargon) has also received considerable attention in the Doha round of trade negotiations, including representation at the World Trade Organisation Ministerial Meeting held in Cancun in September 2003.

Together these developments have given a new impetus to discussions of international migration at a multilateral and regional level – even if no informed observers are optimistic regarding the prospects for immediate liberalisation. The prospect of the movement of natural persons across national borders was being countenanced as much more natural than many had dared to suggest a decade or so earlier.

International migration of temporary workers has for some years been included in multilateral negotiations on trade liberalisation through ‘Mode-4’ in the General Agreement on Trade and Services (GATS) and related regional agreements. The issues have been addressed in negotiations at the regional level, such as through ASEAN in Southeast Asia, as well as in preferential trading agreements like NAFTA. In part, interest in temporary labour migration (TLM) has been sparked by political and economic reality of large international migration flows that takes place outside multilateral trade negotiations, many of which are undocumented or illegal (Stalker, 2001).

This has been a quite modest beginning for those who support liberalisation of international migration flows as one approach to raising living standards, especially in the Third World. The framework is narrow, applying only to the services sector and, in practice, negotiations have been

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¹ See OECD (2002a) and World Bank (2003) and World Bank (2003) for surveys of the literature. Models developed by Winters et. al. (2002, 2003), for example, suggest that a 3% increase in developed country work force would bring \$150 billion gain in world GDP, and only a relatively small one percent fall in developed country wages.

restricted to the business, skilled and professional migration. Even more than trade and capital flows, the gap between reality and what has been achieved in multilateral and regional agreements remains very large.

Southeast Asia is an interesting case study on these issues for a number of reasons. It is a region where flows of unskilled and skilled labour are large, and have increased markedly in recent decades, both within and outside the region. While trade and investment relations have mainly been with countries outside the region, intra-regional trade and investment have been promoted through regional trading arrangements, and have expanded as a result of rapid growth and economic differentiation in Southeast Asia in the past 30-40 years. The relationships between international and regional trade, investment and labour flows are neglected research areas. Finally, Mode-4 labour movements have been promoted at a regional level through the same mechanisms – agreements on services trade – as in GATS negotiations at the multilateral level. One pertinent question is whether orderly intra-regional migration flows can be promoted more effectively through such agreements rather than multilateral channels.

This paper is a preliminary examination of some of these issues. It is intended as a precursor to a more serious study of role of international migration in the context of globalisation and regional development within Southeast Asia. We start with a discussion of international migration patterns and trends, and the GATS framework for regulating these movements. The third section provides a brief overview of economic growth and structure, and trade and investment ties in Southeast Asia, all of which have affected migration flows in recent years. We then look at migration trends and policies, including Mode-4 relationships in Southeast Asia, in the subsequent two sections, followed by a brief concluding section.

II. THE INTERNATIONAL CONTEXT

More intensive global trade and investment links in the last two decades of the 20th century were associated with a steady rise in international migration world-wide, although on a smaller scale and different to patterns experienced during the golden era of international migration a century ago. Now, flows are dominated by temporary labour migration (TLM), in contrast to the earlier prevalence of permanent settlers to the new world (Hatton and Williamson, 1998).² Four patterns shape current flows:

- *First*, many international migrants have come from less developed countries (LDCs), seeking a growing number of low wage jobs in the developed world, many of which have been vacated by nationals, principally in western Europe and the USA. Many are employed on contract in domestic firms in declining industries. Such workers have also been prominent in seasonal jobs and non-tradable industries (health care, construction and household services), as well as in tradable industries.

² See various editions of *Trends in International Migration* (OECD), especially 2001 and 2002, and Stalker (1994, 2000, 2001).

- *Second*, unskilled and skilled workers mainly from LDCs have filled jobs as in the capital abundant Middle Eastern countries. Despite fluctuating political conditions in the Middle East, oil revenues have continued to provide job opportunities in services and construction, as well as in many more highly skilled activities, for mainly South and Southeast Asian workers (Stalker, 1994: 239-46; 2001).
- *Third*, mention there has been significant movement of skilled, professional and business workers both to and from LDCs. In contrast to out-migration of unskilled workers from LDCs,³ such skilled migration from developed countries have tended to be ‘easier’, consisting of a smaller accompanying both FDI and other capital outflows to LDCs.
- *Finally*, while the focus of much public debate on migration has been on these south-north movements, an equal if not greater number of movements of temporary workers has occurred between LDCs (or between poorer countries and their neighbours who have graduated to middle or high income status). Whereas south-north flows have increasingly consisted of documented (legal) workers, the anecdotal evidence suggests rising flows of undocumented (illegal or irregular) migrants **between** LDCs, as intra-regional income differentials have also widened in many parts of the developing world.⁴ This has especially been the case in East Asia, and specifically in Southeast Asia (see below), where living standards have diverged significantly (and hence the incentive to migrate increased) between neighbouring countries. Several countries have been transformed, remarkably, from less developed to developed country status in much less than one generation, while others are remain poor even by developing country standards.

The emphasis in this paper is on the last of these inter-regional flows, as well as on movements from Southeast Asia to other parts of the world, and migration in the reverse direction from other regions into Southeast Asia.

Factors behind many of these intra- and inter-regional movements have been similar to those that have underpinned flows to the USA, Europe and the Middle East. Both demand and supply factors, as well as improved and cheaper information flows and transport, have been important.

- At play on the demand side, have been the aging of more developed country populations and shrinking of the pool of potential applicants for low wage jobs (as in Europe and Japan)⁵, the demands of greater labour market flexibility in a more globalised environment, and shortages of workers in certain skilled jobs.
- Supply-side factors include better educated, more urban and mobile workers from poorer countries, periodic economic shocks, in some countries, and few (or a diminished number of) ‘better’ job opportunities back home, in others.

³ We use the term unskilled throughout this paper loosely to cover unskilled and semi-skilled/skilled blue collar workers, many of whom may be quite experienced in their trade or specific occupation.

⁴ See also Stalker (1994) especially the separate chapters on Asia, Latin America and Africa.

⁵ Such problems have not only arisen for demographic reasons. They also relate to the rejection of ‘3-D’ (dangerous, dirty and difficult) jobs on the part of many potential secondary workers, as well as and welfare and taxation systems which discourage low paid work in developed countries.

The coincidence of both sets of pressures is reflected in dramatically widening absolute, and often relative, income and wage differentials between the developed and developing nations within Southeast Asia, as well as between several countries in the region and the USA and Europe.

These intra-regional flows have been particularly large and had become a stable feature of labour markets in several countries from the 1980s and early 1990s. To give one example of rough orders of magnitude, the total number of illegal migrant workers in Malaysia and Thailand alone – around 2-3 million – was probably not much lower than the estimated number of all illegal foreign workers in Europe around the eve of the Asian financial crisis in 1997-98.⁶ The attention of the world's media or popular studies of migration would hardly suggest that Europe's 'migrant worker problem' was smaller, quantitatively, than in two middle sized Southeast Asian countries.

Migration Policies: Mode-4⁷

What policies have countries adopted to deal with increased temporary movements of workers?⁸ Both policies towards migration and the regulation of these migrant flows has been primarily a matter of policy for individual states, even in Europe.⁹ While inter-regional agreements have had migration clauses, these have been relatively minor, and often unrelated to the main flows of migrants between countries. There have been no stand-alone, multilateral agreements on migration, to mirror those in trade, largely because of the political sensitivity and different dimensions of the issue across countries and regions. Unlike in the case of trading arrangements, the more developed countries have had less interest in negotiating agreements on migration, which might result in opening their markets to workers from LDCs.

Nonetheless, there has been some attempt to establish rules for migration through regulations regarding multilateral trade in services. As is well known, the GATS – General Agreement on Trade in Services – found it necessary to incorporate a set of clauses on labour migration (the movement of natural persons, or MNPs) to facilitate trade and especially investment in services.¹⁰ Thus, the 'Mode-4' in GATS was born primarily as means of supporting the other three 'Modes' (1-3) in the same agreement.

- *the cross-border supply of services*
- *consumption abroad*
- *commercial presence* or foreign investment abroad

⁶ Before the Asian economic crisis in 1997-98, it was estimated that around two million unregistered migrants worked in Thailand and Malaysia, alone, largely from within the region, in addition to some one million registered migrants. This compares with an estimated 3 million illegal immigrants in Europe from around the globe around that time (estimate for Europe from Stalker, 2001); See Athukorala and Manning (1999) on undocumented workers in East Asia in the 1990s.

⁷ This section is based on Manning and Bhatnagar (pp. 11-12).

⁸ Note that we focus on temporary migration for work, and do not deal directly with several politically important although quantitatively smaller flows, such as trafficking in women and children, refugee movements and the migration of asylum seekers.

⁹ The European Commission has relatively recently taken steps to integrate member country policies with regard to third party migrants. Other regional trade and investment agreements, such as NAFTA, have also adopted special provisions with regard to TLM (See OECD, 2001).

¹⁰ Several LDCs, especially India, viewed the matter differently – rather as an opportunity to open first world markets to third world workers.

From the point of view of Mode-4, the *cross-border supply* of services might involve consultant trips abroad to help improve services provided from abroad, *consumption abroad* might involve travel agents and tour-guides servicing their country-people in destination countries, or professors giving occasional lectures in off-shore courses, whereas *commercial presence* covers inter-company transfers, business migration and the temporary movement of highly skilled manpower and professionals.

Existing multilateral agreements, and especially Mode-4, have been more based on the perceived need to facilitate trade and investment, rather than to regulate migration flows *per se*, at least from the perspective of developed countries. As we shall see, the same is true of the regional agreements reached on trade in services in Southeast Asia, which has precisely the same structure as Mode-4 arrangements in GATS.

The GATS has adopted the above framework for differentiating between the 4 modes of supply. In particular, two types temporary migration are regulated under Mode-4. In WTO jargon, FDI and associated capital flows are related to ‘Commercial Presence’, for instance when a construction company opens a branch abroad and staff are provided by its own personnel, instead of hiring local workers. This type of movement mirrors TLM of skilled workers normally associated with foreign investment. A second type of Mode-4 movement takes place through ‘Contract Suppliers’, i.e. when a company supplies a service abroad by sending an employee overseas but the company does not have a commercial presence in the client’s country.¹¹ Migration through contract suppliers is likely to be more acceptable politically than through the commercial presence of a foreign investor, given strong opposition to the employment of foreigners in wage jobs in many countries,

Mode-4 as defined under GATS has a precise and narrow connotation. It relates to the temporary travel for a limited period by workers to perform a specific service abroad in connection with other foreign funded or traded activities in services. In particular:

- The GATS specifically disallows such workers from seeking permanent jobs in the labour market of the foreign country.
- It does not cover work outside the service industries, for example in mining, manufacturing and agriculture or even, seemingly, construction.
- Finally, in practice, it tends not to cover foreign workers engaged in wage employment in domestic service activities, although this issue is still a matter of controversy.

The GATS framework has one other distinguishing feature which is important for an area as complex as international migration. It follows a **‘positive-list approach’** with respect to commitments. This means that countries can pick and choose the services where they wish to make commitments to liberalize international trade¹². Similarly, they are only obliged to choose those the occupations that are regarded as suitable for migrant workers, rather than specify exceptions to a liberalised regime of labour migration.

¹¹ The supply of educational services to a foreign country through a Visiting Professor or the supply of information technology services by an Indian IT company to the USA through IT professionals travelling temporarily to the latter are examples of contract supply abroad.

¹² Under the alternative ‘negative’ list approach followed for trade liberalization in goods in the WTO, countries are expected to make broad liberalization commitments, list and gain agreement and make commitments on exceptions.

Criticism of the GATS Framework and Mode-4 for Promoting Migration

According to critics, especially from LDCs, several of these characteristics represent major “architectural” shortcomings.¹³ These help account for limited successes in liberalization of labour movements associated with trade services. Relatively few countries had made unqualified commitments for migration of any group of service providers, outside trips by business people between countries.¹⁴ Despite the importance of international migration to both sending and receiving countries, official statistics suggest that Mode-4 accounted for less than two percent of the total value of services trade (World Bank, 2003).

The somewhat timid approach to migration contrasts with the bolder steps taken in the multilateral forum on liberalizing trade in goods. Partly this relates to the GATS ‘positive list’ approach noted above, which ensures a piecemeal process of negotiation. But several relate specifically to challenges of establishing a workable multilateral or even regional framework for managing international labour migration. We deal with these in some detail, as they are relevant to our later discussion of labour mobility in the case of Southeast Asia.

Two sets of issues need to be addressed: the architecture (framework) on which Mode-4 is based and, secondly, fears regarding the predicted or even sometimes imagined impact on the labour markets of receiving and sending countries. Table 1 summarises this information, together with information on the distribution of benefits and costs from these architectural and labour market problems (especially between developed and LDCs) and possible solutions to some of the difficulties identified in the literature.¹⁵

Most of the problems in the architecture and labour market implications relate to application and extension of Mode-4 arrangements in developed countries. It is therefore small wonder that it was the LDCs led by India that have taken up Mode-4 proposals in the Doha round, and argued strongly for reform of international arrangements regarding international migration at Cancun. The developing country objections have highlighted the restriction in negotiations under Mode-4 largely to professional and highly skilled manpower, thus limiting opportunities for mobility of other middle-level skill groups – such as computer software analysts/engineers and health care workers – and especially semi-skilled and unskilled workers. Problems arise from limiting negotiations on international migration to the service sector. This means the exclusion of the important group of migrant workers in agriculture (especially seasonal), major mining projects and labour-intensive manufacturing in developed countries.¹⁶

Discussion of labour market effects has centred on the potential for depressing wages of local workers. Besides the direct effect of temporary workers on wages, observers have highlighted problems if they overstay, illegally, and *de facto* become permanent, thus potentially exerting a

¹³ Many have become especially vocal in the past few years as the Doha round in the WTO gathered momentum, with added emphasis on services (Chanda, 2002; UNCTAD, 2003).

¹⁴ Most commitments have been what is known as ‘unbound’ in WTO jargon, that is the receiving country does not agree to admission of temporary workers without imposing restrictions on the number, types of activity to be undertaken or other limitations for a particular category of Mode-4 migrants.

¹⁵ The most comprehensive discussion of these issues can be found in Chanda (1999). See also World Bank (2003) and Winters et al. (2003).

¹⁶ We shall see below that agricultural workers dominate temporary migration flows in Southeast Asia.

longer term, downward pressure on wages in the host economy. It is worth noting that neither fear appears to be well justified from the experience of Europe, but are more applicable to the case of the North America. Wages tend to be much lower than average wages in occupations and industries dominated by migrants, and permanent migrant workers are still a small share of the national economies in most European countries (OECD, 2002b; World Bank, 2003). In contrast, labour markets are more flexible and undocumented migration is more pronounced in North America where illegal migration of Mexicans in particular remains a major problem, even after NAFTA.

In contrast to the main concerns in the north, LDCs have been more worried about the ‘brain-drain’ effects of their professionals – especially scarce doctors and highly skilled engineers – seeking high-wage jobs abroad. Nevertheless, several studies have pointed out the benefits of reverse flows of professionals to their home countries after rapid industrialisation, especially where government have encouraged their nationals to return home (Korea, Taiwan and Singapore deserve special mention; see World Bank, 2003: 160).

In sum, although it an important start to liberalisation of temporary migration, Mode-4 arrangements at the present stage are a rather imperfect mechanism for regulating international migrant flows. A new international framework will surely need to be negotiated if the coverage of workers, sectors and jobs is to be broadened significantly, and made more relevant to the needs of LDCs in particular.

Questions remain, nevertheless, with regard to a multilateral approach to solving the problem, rather tackling it through regional and bilateral arrangements. One issue relates to whether it is politically feasible to de-regulate such migration flows on a multilateral basis. The effectiveness of a uniform set of regulations in very different socio-economic environments, which characterise different regions around the globe, is another concern.

We now turn to the case of Southeast Asia, and the AFAS agreement on trade in services within ASEAN, as one example of regional experience and agreements regarding temporary labour migration.

III. ECONOMIC GROWTH, STRUCTURE AND INTEGRATION IN SOUTHEAST ASIA

From the standpoint of international TLM, three prominent features of Southeast Asia bear mention: marked intra-regional differences in per capita income and economic structure, uneven size and geographical spread (ranging from quite concentrated to highly dispersed national populations), and a clearly defined regional political and economic organization, the latter evolving to its present structure during the 1990s.¹⁷

- *GDP per capita, and economic structure and growth.*¹⁸ Substantial differentiation in terms of per capital income, living standards and economic structure underpin TLM in the ten

¹⁷ There is no up-to-date general survey of the Southeast Asian or ASEAN economies as a group. However *The 2nd ASEAN Reader* (ISEAS, Singapore, 2003) has a valuable compilation of articles and the ASEAN Statistical Yearbook 2001 (ASEAN Secretariat, Jakarta) provides a useful compilation data.

¹⁸ See Appendix Tables 1-3 for data on several of these indicators.

economies of Southeast Asia. Appendix Tables 1-3 indicate some the key variations. Four broad groups can be identified: two high income countries (Singapore and Brunei Darussalam), two middle income countries (Malaysia and Thailand), two lower middle/upper lower income archipelagic states (the Philippines and Indonesia), and four lower income countries in mainland Southeast Asia, all part of the Greater Mekong region (Myanmar in the west, and the three former Indochina states, Vietnam, the Lao PDR and Cambodia in the East).

The wide range in per capita incomes between countries probably best captures these differences in living standards and economic structure. Per capita income was some 50 times higher in Singapore and Brunei, and some ten times higher in Malaysia and Thailand, compared with the low income Mekong River states of the region.¹⁹ Similarly, per capita incomes in Singapore and Brunei, and in Malaysia and Thailand, were, were 20-30 times and a 3-5 times higher than in the Philippines and Indonesia, respectively.

Agriculture with a preponderance of unskilled labour dominates the economies of the poorer states (see Appendix Table 1). In contrast, the Singapore economy is now service sector-led with a highly differentiated and well-educated work force, now ranked in the top 20% of all countries according the Human Development Index (Appendix Table 2). Intermediate were Malaysia, Thailand and Indonesia, all of which had quite a high share of manufacturing in GDP (around 45%), although a much smaller share of all workers were employed in this sector (see Appendix Table 3). Although labour force growth rates were quite high (generally above 2 per cent), unemployment rates were rather low, either because of the agrarian structure of the economics or generally high rates of labour utilization in the higher income states.²⁰

Most Southeast Asian countries are relatively open by world standards. International trade to GDP ratios were high across the region (in no country for which data are available were they lower than 50%), and especially in Singapore and Malaysia (see Appendix Table 3). Investment to GDP ratios were also relatively high (around 25%) in both these countries and Thailand but considerably lower in the poorer countries, with the exception of Vietnam. This is partly reflected in recent FDI flows (1999-2002), with the exception of quite low figures for Vietnam and a large negative figure for Indonesia (remaining high since the political upheavals and economic crisis in 1998).

- *Size and Geography.* The region has a large and spatially dispersed population. While Indonesia dominates with approximately 40% of the total population of some 500 million, four countries (Myanmar, the Philippines, Thailand and Vietnam) all have populations in the range of 50-80 million (see Appendix Table 1). The two archipelagic states of the Philippines and Indonesia have extremely porous borders. At the other extreme, is the tiny state of Brunei with less than half million people, and the Lao PDR and Singapore with only 4-5 million, the latter concentrated on a small island state. Three of the larger, lower income

¹⁹ Differences in PPP (cost of living) adjusted per capita income were smaller but still substantial: For example, PPP adjusted per capita incomes in Singapore (around US\$23,000 in 2001) were some 10-20 times those in the low income states in Southeast Asia.

²⁰ The exception was the Philippines where unemployment has hovered around 10% for some years.

states are major regions of net out-migration (Indonesia, the Philippines and Myanmar) whereas the five smaller states (which have a wide range of per capita incomes) are areas of net in-migration.

Obviously, however, total population is not necessarily closely correlated with the size of the economy and related employment opportunities for potential migrants. In terms of **total** GDP, five countries could be classified as quite large by developing country standards (Indonesia, Thailand, Malaysia, Singapore and the Philippines) with total GDP ranging from US\$145 billion to 71 billion in 2001. Although Indonesia was by far the most populous country, it was less than twice the size of all these countries (save the Philippines) in terms of total GDP valued at current market prices. Vietnam was intermediate in terms of total GDP, and Brunei, Cambodia and the Lao PDR were very small in comparison to the larger countries (with total GDP ranging from \$US 2-4 billion).

To understand the forces that link trade, investment and migration flows within ASEAN, it is useful to divide the economies of the region into **two** broad geographical groups. First, there are the Mekong River states consisting of relatively developed Thailand (per capita income of close to \$2000 in 2001-2), and the four lower income countries, Myanmar, Lao PDR, Cambodia and Vietnam (per capita income of around \$200-400). Three of the above countries – Myanmar, Lao PDR and Cambodia have common borders with Thailand, and both Lao PDR and Cambodia share borders with each other and Vietnam. The second group consists of what we might term the Malay-Filipino states, consisting of two high per capita income states, Singapore and Brunei Darussalam, middle income Malaysia and the lower income, island states of Indonesia and the Philippines. Singapore and the three other ‘Malay’ states have a common history of interaction through trade and migration, as has the Philippines with East Malaysia, and also with the northern provinces of Sulawesi and the Moloccus (Maluku), and East Kalimantan of Indonesia.

- *Political and economic organization.* The Association of Southeast Asian Countries (ASEAN) encompassing all ten countries of the region represents a loose political grouping of nation states. Political issues dominated ASEAN in the early years, and it took 25 to develop a regional trade agreement, AFTA (the ASEAN Free Trade Agreement) in 1992. AFTA was initially signed by the six more developed countries (often referred to as the ASEAN-6) and extended subsequently to all countries in the region by 1997 (Menon, 1998; Soesastro, 2003). All countries agreed on a target 5% tariff for goods and services under AFTA by 2005, although with a slower rate of tariff decline for several of those countries that joined late.

The ASEAN Framework for Agreement on Services, AFAS, modelled on GATS followed in 1995. Unlike the agreement on trade, this arrangement followed the GATS procedure of ‘positive listing’ commitments implying, potentially, a slower rate of liberalisation because. As noted above, countries can pick and choose the services which they wish to liberalise first. As we shall, this has important implications for commitments under Mode-4.

In 2002, the ASEAN countries agreed to work towards the formation of an ASEAN Economic Community by the year 2020, modelled on the European Union, although with a

more limited political authority. The union community would allow free movements of goods and investment within its borders. Its initial conception has also countenanced free movements of labour, although the it is envisaged that these will only extend skilled manpower, in addition to professionals and business travellers (see below; Soesastro, 2003).

What impact have the new trade arrangements had on economic relations between ASEAN countries? Since most tariff reductions were negotiated on an MFN rather than a preferential basis, it could be expected the effect was not large. Table 2 indicates, nevertheless, that the share of intra-ASEAN exports did rise in most countries from the 1970s through to 2000, although from a small base. If Singapore is excluded (since an unknown amount of exports were sent to Singapore for trans-shipment), then 6-7% of all exports went to other ASEAN countries by the second half of the 1990s from Indonesia, Malaysia, Thailand the Philippines, up from around half that share two decades earlier. Including Singapore, this share was closer to 20% for all these countries, except Malaysia where it had risen to 25%. The percentage of exports to destination countries also rose to the rest of East Asia but it tended fell to Japan and the North America.

What about foreign investment flows? Data compiled by the ASEAN Secretariat suggest that intra-ASEAN flows were similarly a small, and in this case a declining, share of all investment in the region from the mid 1990s to 1999-2000 (falling from 13 to 9%). The Japanese share of all FDI fell dramatically, counterbalanced by rising percentages from Europe and North America. Overall, total investment to the region almost halved, to a considerable extent influenced by quite large positive FDI inflows from Indonesia of around US\$5 billion before the economic crisis to around US\$-3.5 billion by the end of the decade.

In short, there has only been only a small change in the share of intra-regional trade and investment flows over two decades. Both trade and foreign investment links continued to be focussed on North East Asia, North America and Europe during the 1990s and into the 21st century. Nevertheless, these relatively constant shares should be viewed against a backdrop of rapid growth in the total values of both investment and trade in the region, leading to a substantial increase in both intra-regional trade and investment in **absolute terms**.

IV. TEMPORARY LABOUR MIGRATION IN SOUTHEAST ASIA IN THE 1990s

From the outset, it should be noted that there are major problems in the data on all categories of migrant workers in Southeast Asia. Partly this relates to a high proportion of irregular or illegal migrants in the major receiving countries and partly to under-developed and heterogeneous data recording systems even for regular/legal migrants, in both sending and receiving countries. An additional factor has been government wariness of releasing data on a sensitive social and political problem, especially in the major host countries.²¹ We abstract from these data problems in the following discussion of the magnitude and nature of TLM flows and stocks, bearing in mind that a more comprehensive data collection effort is required to document some of the patterns and trends more accurately.

²¹ One major problem relates to the frequent failure of data collection agencies to distinguish clearly between migrant flows and stocks in reported figures on migration.

Like much of the Third World, several of the economies of Southeast Asia were first exposed intensively to international migration during the colonial period. Surplus land and abundant natural resources drew in unskilled immigrants, the majority of whom worked in plantation agriculture. The post-war period brought important changes to the colonial pattern of migration. Many of the migrants were repatriated to their home countries in the early post-colonial period. The migration context began to change as several countries began to industrialise rapidly from the 1970s.²² It was not until the 1980s and 1990s, however, that TLM began to have a widespread impact on the economies of the region, both in terms of worker flows within the region and to and from the rest of the world (Table 3).

Over the past two decades, it is useful to distinguish between three kinds of TLM of relevance to economic development in the region:

- flows of unskilled workers associated with wage differentials between home and host countries
- flows of skilled workers related to both skill shortages/surpluses and wage differentials
- flows of business and associated professional and skilled manpower associated with FDI, inter-company transfers in TNCs and related capital flows.

Following Mundell and others, trade and capital flows have been conceived, theoretically, as a substitute for the flows of unskilled workers – although even here there is some debate in the literature (Ethier, 1996). However, TLM of both skilled and professional workers, often complement investment and trade, especially in services (see below). We will distinguish between these categories in the discussion of trends and policies below.

In Table 3, we estimate the aggregate migrant stocks at various points in time from the early 1970s, bearing in mind that the data on undocumented flows are based on guestimates by analysts in several of the countries. Two patterns stand out. First, in relation to the rest of the world, Southeast Asia has been a region of net-outmigration over the past three decades. Second, although several Southeast Asian countries – mainly from the Philippines and Indonesia – are well-known as labour exporters to the rest of the world, a number had become large labour importers, mainly from other countries within the region by the early 1990s. The number of temporary migrants working in Southeast Asian countries, either from within the region (outside their country of residence) or from abroad, probably peaked at around four million on the eve of the Asian crisis in early 1997 (see Table 3). If one discounts the populations of the three major out-migration countries Indonesia, Myanmar and the Philippines, this is a sizable number by international standards in relation to a total labour force of major **receiving** (host) countries of around 150 million.

In some respects, this pattern of substantial and increasing TLM from within the region is similar to the experience of other developing country regions such as Latin America (Stalker, 1994: 221-22). However, there is one important difference. As already noted, there has emerged a significant gap in living standards and wages between countries in the region from around the 1980s and increasingly into the 1990s. Besides the small, oil-rich Sultanate of Brunei, Singapore emerged

²² There appears to have been remarkably little intra-regional migration in the 1950s and 1960s which were years of reconstruction, nation-building and war.

quickly as a middle income economy in the 1970s and a high income economy by the latter half of the 1980s. There is a large gap in per capita incomes between Singapore and the next two countries, Malaysia and Thailand. But, rates of GDP and income growth were rapid and absolute incomes in the latter two countries were already much higher than the next tier of countries by the 1980s, let alone by around 2000 (see Appendix Table 1).

It was these three countries – Singapore, Malaysia and Thailand – that have become the main destination areas for migrants from within and outside the region (Table 4). As we shall see, however, this was an outcome of contrasting policy environments in the three countries. Migrants were ‘recruited’ as part of a carefully thought-out government economic strategy in the case of Singapore, TLM was partly planned and partly unplanned in the case of Malaysia, and more as a result of a direct response to market forces in the case of Thailand.

From the supply side, the Philippines, Indonesia and Burma have been the dominant countries of TLM since the Vietnam war ended and peace was restored to Indochina region in the second half of the 1970s (see Table 4).²³ Filipino migrant flows have been much larger outside than within the region (mainly to the Middle East) whereas both Indonesians and Burmese have moved mainly to neighbouring countries within Southeast Asia.

Unskilled Migrants

Movements of unskilled labour dominate the flows and within the region and to a lesser extent flows outside East Asia. As noted, TLM **within the region** has been associated mainly with an interaction between geographical proximity, on the one hand, and differing levels of per capita income (and associated economic structure and labour force deployment), on the other. One or several countries have acted as magnets for unskilled labour migration, and at the same time export capital and skilled and professional manpower to the other countries in the group, both among the Mekong River countries, and among the Malay-Filipino states. Thailand plays this role in the Mekong River states and three relatively small countries – Singapore, Malaysia and Brunei – play a similar part in relation to the poorer and more populous countries of Indonesian and the Philippines among the Malay-Filipino countries.²⁴

Two large bilateral flows of unskilled workers in each group, from Indonesia to Malaysia and Myanmar to Thailand dominate intra-regional migration in Southeast Asia. Two other bilateral flows (from both the Philippines and Indonesia to the Middle East) have been the predominant among total migrant stocks outside the region in recent years. As shown in Table 3, intra-regional stocks peaked during the boom years preceding the Asian economic crisis, whereas TLM outside the region has remained strong, and even tended to increase, to the Middle East. In the post-crisis period, Indonesians in particular have faced much less favourable labour market conditions at home than during the 1980s and 1990s, when unskilled jobs in manufacturing and services expanded rapidly (Manning, 2000).

²³ It is important to bear in mind that we are not dealing with permanent migration flows here. The out-migration of Vietnamese in the 1970s, in particular, and that of Filipinos to the USA and to other developed countries in earlier periods was fundamentally different in character to the temporary worker flows discussed here.

²⁴ See Athukorala, Manning and Wikramasekera (2000: 32-35) on estimates of investment and trade flows among the Mekong River states in the late 1990s.

Does the sectoral breakdown of these unskilled migrants suggest close connections with trade and investment flows within or outside the region? Not directly, with the exception of agriculture and fisheries. Non-tradable goods industries are as important if not more important as tradables as a source of employment for migrant workers (and as a share of migrants in the total workforce of receiving countries). With one major exception – Indonesians and Bangladeshis employed in the Malaysian electronics industry – none are concentrated in industries dominated by FDI.

Migrants were concentrated in three industries: agriculture and fisheries, domestic services and construction. In agriculture, migrant workers are mostly found in fisheries along the western border and in the coastal regions of Thailand, they are a significant share of the plantation work force in West and East Malaysia and are important in agriculture and fisheries in Cambodia (Athukorala and Manning, 1999; Athukorala, Manning and Wikramasekera, 2000). However, there is no direct connection with foreign capital even in these tradable industries, which are mostly domestic owned.²⁵

Unlike in other parts of East Asia, especially South Korea and Taiwan, migrant workers are not concentrated in 3-D jobs in labour-intensive and sometimes ‘sunset’ industries. Although manufacturing is not the main sector for TLM in Malaysia, the admission of migrant workers into the electronics industry is one exception. From the early 1990s, Malaysia began to recruit migrants from a range of countries into more labour-intensive segments of electronics.

Finally, among non-tradable industries, Filipino and Indonesia maids are prominent in Malaysia and Singapore, and similarly Indonesians are most prevalent among construction workers in Malaysia. In Myanmar, Burmese are significant in both the latter occupations.

Emerging wage differentials, which widened between countries in the region in the 1990s was clearly an important factor behind these TLM trends. Table 5 presents some data on these wage trends. Although some serious research needs to be undertaken on comparative wage movements and structure in Southeast Asia,²⁶ it is clear that Singapore wages rose fastest in the region from the 1970s, and as the table shows these increases were sustained in the following decade. Malaysian and Thai wages rose much less quickly, but in **absolute** terms the wage gap with Indonesia (and presumably also the Philippines and Myanmar) increased markedly.²⁷ To give an extreme example, Table 5 indicates that wages are reported to have risen only by around \$1000 in the Philippines and

²⁵ Many of the Malaysian plantations have had a long historical association with foreign capital and management, but are now under Malaysian control.

²⁶ Some recorded wage movements make little sense if compared with trends in other economic indicators. In particular, the relatively slow rate of wage increase in manufacturing in Malaysia and Thailand in the 1990s seems problematic, compared with trends in earlier decades when surplus labour from low productivity agriculture was much more prevalent (Athukorala and Manning, 1999: 167-172). One suspects that wage data sets are frequently not comparable across countries. Also, wage trends based on data in the more easily recorded series (such as US firms in manufacturing) may not capture substantial wage movements in lower productivity sectors. In such sectors they are also more likely to reflect government regulations than in other segments of manufacturing, and in less protected sectors.

²⁷ The data for the Philippines shown in Table 5 is an example of a trend which flies in the face of market developments. The Philippines manufacturing sector stagnated for much of this period and the data may well be tracking structural shifts within manufacturing.

\$100 in Indonesia, compared with Singapore where they rose by around \$15,000, in the decade from the first half of the 1980s.

Business, Skilled and Professional Workers

In contrast to unskilled TLM, professional, skilled and business migrants (higher level or more skilled manpower) in Southeast Asia have tended to be much more heavily engaged in tradable industries, in which foreign investment is prominent.²⁸ As might be expected, the number of more-skilled migrants is much smaller than unskilled migrants. They probably accounted for around 5% of all out-migrants and in-migrants among temporary workers in 2000-2001, although more-skilled workers accounted for a much higher 30-40% of all migrants who came from **outside the region** to work in Southeast Asian countries. Perhaps surprisingly, Southeast Asia has probably been a net importer of higher level manpower in recent years, despite the lure of high wage jobs in developed countries.²⁹ Singapore, Malaysia and Thailand hosted some 60-70,000 migrants, Indonesia and the Philippines permitted entry of a smaller 10-20,000 migrants and the other countries a smaller numbers of more skilled temporary workers from abroad in 2001-2002. These temporary migrants probably accounted for close to a quarter of all higher level workers in Singapore in the same year, around 5-10% in Malaysia and Thailand, although the shares would have been higher in the latter two cases, in particular, if the comparison was restricted to the private sector.

More skilled foreign workers employed in overseas firms or by domestic investors were increasingly recruited from a wider range of countries, prior to the crisis in the 1990s. For example, in the case of Malaysia, Thailand and the Philippines, Asians predominated in 2001-2. Amongst these, Japanese were the major group, who we can safely assume were mainly associated with Japanese investments – including Japanese government supported projects – in the region (Table 6). Koreans, Taiwanese and Indians were prominent among other Asian business and professional workers. Indians were especially important as employees in domestic and multinational firms in the electronics industry. Koreans and investors from Taipei-China not only employed managers and highly trained professional engineers but they also relied on middle level technicians. Finally, British and Americans were the largest group from outside Asia, and were probably more diverse in their occupational mix, including skilled manpower in a range of service industries, as well as employees of multinationals.

Skilled manpower movements were affected by the slow-down in FDI flows in several countries, such as Indonesia and Thailand. Employment of foreign higher level manpower was affected most in Indonesia where the number of skilled expatriates had fallen by more than 60%

²⁸ For simplicity, we use the terms ‘higher level’ manpower or ‘more-skilled’ workers interchangeably to refer to the three categories: professional, skilled and business migrants. In practice, there is a grey area which makes it difficult to distinguish between skilled and unskilled/semi-skilled manpower. The latter include, for example, most agricultural workers, maids, nurses aids, production workers in manufacturing and most construction workers but exclude trained nurses, technicians and teachers, in addition to all tertiary-trained professionals. Since the data rarely distinguish between skilled manpower and business migrants, we include both in the same category of higher level manpower.

²⁹ This would not be the case if we broadened the discussion to include all lifetime out-migrants by country of birth (both temporary and permanent), bearing in mind the large number of Filipino out-migrants, and also significant numbers of Vietnamese, Cambodians, Malaysians and Singaporese who left mainly in the 1960s and 1970s. See Pang (1993).

several years after the economic crisis.³⁰ Unlike Thailand, employment of expatriates has not recovered significantly since 1996-7. At the same time, foreign takeovers and asset sales to overseas investors (despite strong nationalist opposition to “fire-sales”) have almost certainly increased opportunities for foreign managers and professionals in Korea, and probably also in Thailand and Malaysia. In the latter countries, the net effect has been only a slight change in the number of skilled foreign workers employed.

V. TEMPORARY LABOUR MIGRATION POLICY IN MAJOR HOST COUNTRIES AND MODE-4

First and foremost, TLM in Southeast Asia has been driven by contrasting economic growth experience, and related large and increasing income and wage differentials within the region, and between Southeast Asian countries and other economies. However, the policies adopted by host economies have also played an important role. Some have been related to broader development goals. Others have more specifically targeted migrants. Where policies have directly aimed to influence the rate and structure of migration, most countries have adopted a unilateral approach, in accordance with national economic goals, as well as in response to political and social pressures. In some cases, bilateral agreements have been important. However, regional and international agreements have played a minor role, although the machinery is in place for them to be of greater significance in the future. We look briefly at how migration has been influenced by general development policies and strategy first, before turning to policies specific to migration and in particular at Mode-4 in both GATS and in the regional context, AFAS.

Economic Policy and TLM

The three major labour importing countries – Singapore, Malaysia and Thailand – have adopted differing policy mixes to manage the employment of foreign workers. These seek to balance various goals, in particular the tension between achieving longer term goals of industrial-upgrading and technological change, on the one hand, and maintaining competitiveness in the shorter-term, on the other.³¹ The key areas for policy have been in relation to FDI flows, employment of workers in low-wage, non-tradable industries, promoting education and health sectors, and prolonging the life of export-oriented labour-intensive industries. We deal briefly with each in turn.

- *FDI*. In contrast to Japan and Korea, the major importing countries in Southeast Asia have long had open-door policies to FDI (Athukorala and Hill, 1998). Permitting the entry of foreign business people and professional workers to accompany investment from abroad has been one element in that strategy. Singapore has gone well beyond linking a foreign worker presence to investment from overseas, more recently articulated in its ‘foreign talents’ policy of attracting foreign workers in a range of service and manufacturing industries (Low, 2002). It might seem paradoxical that the country with the largest stock of domestic human capital per capita is also the most open to foreign professionals. However, because of successful

³⁰ The number fell continuously to a low of 12,300 in 2001 and then recovered slightly to 18,400 in 2002, from a total of just under 50,000 expatriates employed in Indonesia in 1996 (Unpublished data, Ministry of Manpower, Jakarta)

³¹ The case of Cambodia, another large labour importer (of neighbouring Vietnamese), is rather different and not considered here.

industrial up-grading, Singapore probably offers the widest range of choices for foreign workers, and the policy aims at promoting complementarities between overseas and skilled domestic workers.

The lower income, mainly labour exporting countries (especially the Philippines and Indonesia), have also adopted an open door to FDI, although with more restrictions than in Singapore, Malaysia and Thailand (Athukorala and Hill, 1998). Both the Philippines and Indonesia impose a wider range of limitations on the temporary employment of foreign business and professionals (see below).

- *Low wage, non-tradable industries.* At the same time, however, the three labour importing countries have also promoted or allowed (or turned a blind eye to) the entry of large numbers unskilled and semi-skilled workers mainly into occupations which tend to be shunned by nationals, either because of low wages or the unsavoury nature of work.³² Singapore has the luxury of having one of the highest proportion of domestic helpers (maids) per capita among developed economies.³³ In this industry, as with construction, the admission of foreign workers helps put a break on increases in domestic costs in all three countries.³⁴
- *Health and education.* A more recent development in policy has been in the areas of health and education where several countries have sought to improve and extend services to domestic and international consumers through permitting the entry of professionals from abroad. Singapore has adopted an open door to overseas academics for several years and Malaysia has begun to liberalise work in this sector as has begun to promote English much more widely at tertiary level. Twinning arrangements between domestic and overseas universities has inevitably involved greater movement of professionals. Other countries in the region – in particular the Philippines, with a relatively well educated work force chasing limited job openings at home – have been more wary of competition from foreign service providers and professionals. Accreditation and recognition of professional qualifications through negotiations with, and involvement of domestic professional bodies is one key policy area for movement of foreign professionals into these sectors.
- *Tradable industries.* As touched on above, the objective of migration policy in tradable industries in some countries has partly been to control wage costs. In this case, the aim has been to maintain competitiveness in potentially declining ‘sunset’ industries, as wage rates rose and countries began to lose their competitiveness in labour-intensive processes. Plantation agriculture would probably not have remained internationally competitive if the sector had been dependent on domestic workers for a decade or more in the past in Malaysia. Difficult and dangerous coastal fishing in Thailand is now heavily dominated by migrants from across the border. Notably, industries where countries have sought to upgrade technology such as manufacturing have not featured as a major source of employment for

³² See especially Kasim (1995) and Chalamwong (1998).

³³ The decline in this occupation has often been viewed as a turning point in economic development and labour markets, associated with higher living standards and strong worker preferences for greater freedom.

³⁴ In all three countries and elsewhere, one motivation in the case of domestic help has been to ensure that more educated women remain in the labour force during their most productive years, and at the same time do not have to choose between having children and a career.

migrants in any of the three major labour importers, despite exceptions such as the electronics industry in Malaysia, and selected smaller-scale manufacturing in Singapore and in Thailand.³⁵

The formation of sub-regional economic zones has been one approach to sustaining relatively labour-intensive industries. These seek to combine relatively cheap labour with overseas capital and expertise. At the same time, they are a response to political sensitivity regarding a sizable presence of skilled and professional migrant worker in host countries. Batam, in the Riau islands close to Singapore, is the outstanding example in Southeast Asia. It provides opportunities for Malaysian businesses from Johor and Singapore firms to maintain competitiveness in relatively labour-intensive industries and processes through employing Indonesia workers, many of who migrated from the more densely populated island of Java (Smith, 1998). The regional government has had a strong interest in the success of this project. Its location quite far from Jakarta has insulated the foreign capita from criticism by national politicians, which has been especially relevant in the post-Soeharto era.³⁶

National Policies Towards Temporary Migrants

The labour importing countries differ significantly in the breadth and focus of TLM policy, and also in the extent to which it has been integrated into the broader economic and social policy-making framework.³⁷ Singapore stands at one extreme in developing a set of policies that are closely integrated into national development strategy. In several respects, Thailand's policies lie at the other extreme, with ad hoc arrangements designed to deal with the inflow of large numbers of undocumented workers. Malaysia lies somewhere in between.

Singapore. The Singapore policy stance and its effectiveness stands out from other countries in the region (except perhaps Brunei), related primarily to its size, cohesive government and effective security apparatus from the country's earliest years. The key ingredients of policy have been:

- the explicit inclusion of labour TLM as one central element of government economic strategy from the 1970s
- a clear distinction between policies towards unskilled and various categories of skilled manpower, reflected in both a differential migrant levy, and quotas on employment of unskilled migrants compared with a much more open approach to importing highly skilled manpower

³⁵ Malaysia restricted migrant worker participation in the large-scale electronics sector (where employment was dominated by Malays of rural origin) to low levels until 1992 when it first began to import large numbers of Bangladeshi workers to work in the industry (See Rudnik, 1996, on early policies towards foreign labour in manufacturing and also Athukorala and Manning, 1999: 188-191).

³⁶ Despite the economic crisis and a range of policies that have tended to discourage foreign investment in Indonesia, investment in Batam has grown and this small island accounted for almost half of Indonesia's manufacturing export growth in the 3-4 years following the downfall of Soeharto and the economic crisis (Personal communication, Kelly Bird, Jakarta, August, 2003).

³⁷ Much of the material in the following paragraphs is based on comparative studies by Pang (1993) and Athukorala and Manning (1999), and in country studies of Malaysia (Chin, 2002; Kassim, 1995, 2002), Singapore (Wong, 1997; Low, 2002; Yap, 2002) and Thailand (Chalamwong, 1998, 2002)

- an effective policy of administering and policing migrant inflows, apprehending overstayers, and punishing those implicated in migration fraud

As a consequence of this combination of policies, migrant workers at both ends of the skill range remained important in Singapore from the 1970s, although unskilled migrants were viewed partly as providing a buffer against economic fluctuations from the late 1980s (Pang, 1993: 49). At the upper end of the skill range, Singapore comes closest amongst countries in the region to offering employment contracts to temporary migrants that might be considered almost as secure as those offered to permanent residents in other countries.

Malaysia. Like Singapore, Malaysia has always followed a relatively open policy to foreign employees in FDI firms, although policies towards admission of professionals in other segments of the economy have been less open. The country first allowed in significant numbers of unskilled migrant workers (mainly from Indonesia) to rural public works programs in rural areas in the 1970s. Malaysia's porous borders and government ambivalence towards unskilled in-migration contributed to large numbers of undocumented migrants entering the country from that date onwards. Estimated stocks of all foreign workers rose from several hundred thousand in the mid 1980s to close to one million by the mid 1990s and closer to 1.5 million on the eve of the economic crisis in mid 1997.³⁸ At least half of the latter were probably undocumented, many of them working in East Malaysia. However, improved policing and various amnesties and subsequent crack-downs on illegals has subsequently reduced the number of undocumented workers to an estimated several hundred thousand, in comparison to one million regular, documented migrants in 2002.

Like in Singapore, Malaysia has also introduced a migrant levy for various categories of unskilled worker. But unlike Singapore, has not included TLM explicitly as part of its national development strategy. In addition, Malaysia has placed major restrictions on the sectors that are open for employment of foreign workers (agriculture, manufacturing, construction, domestic help and selected services). Foreign workers are specifically not allowed to work in 136 occupations, including semi-skilled jobs like welders, fitters, taxi drivers etc. Malaysian rules also specify country preferences with respect to semiskilled /unskilled foreign workers (earning less than RM 1200 or US\$ 320 per month), limiting a Visa Pass to just 13 countries, including 7 countries within ASEAN.³⁹

Thailand. Thailand too has encouraged the temporary migration of business and professional workers associated with FDI projects, exemplified in its 'one-stop' service centre involving immigration and several other government agencies in the processing of visa applications (Manning and Bhatnagar, 2003: 42).⁴⁰ Among unskilled workers, the number of sectors open to foreign workers was reduced from 27 in 1997 to 10 in 2001 and then just six in 2002, including agriculture and fisheries, construction, as unskilled workers in manufacturing, and as domestic helpers.⁴¹ Visas

³⁸ See especially Hugo (1993), Kassim (1995) and Athukorala and Manning (1999: 188-189).

³⁹ These include the relatively low wage countries of Indonesia, Thailand, Vietnam, the Philippines, Laos, Cambodia and Myanmar.

⁴⁰ Work permits are restricted according to a number of criteria, however, including the amount of taxes paid, the amount of registered capital and value of exports and the ratio of foreign to domestic workers (Manning and Bhatnagar, 2003: 41)

⁴¹ See the Thailand Office of the Administrative Commission on Irregular Migrant Workers, *Illegal Migration in Thailand*, Unpublished paper, December 2002)

were issued on an annual basis including a small levy introduced from 1996. But this has not prevented large numbers of workers remaining undocumented, or failing to renew their visas each year.⁴² The coordination of TLM policy through several departments and ad hoc special committees set up to deal with immediate policy flashpoints seem to be major obstacles to overcoming the illegal migrant problem.

Mode-4 and Migration Policy⁴³

Bilateral agreements between neighbours have been one approach to negotiating the rules governing cross-border movements (for example, recruitment policies and protection of workers in host countries). However, this has often not been an effective mechanism for making progress in liberalisation of TLM within the region.⁴⁴ No separate agreements have been made within ASEAN in some 35 years, outside the World Trade Organisation framework, and the extension of this agenda through the ASEAN Framework Agreement on Services, AFAS. Nevertheless, free flows of professional manpower within ASEAN and ‘regularisation’ of existing flows has been raised more recently, in the context of achieving the ASEAN Economic Community by 2020, although mechanisms for achieving this goal have yet to be put in place (Soesastro, 2003).⁴⁵

As noted in section II, ‘Mode-4’ is the key channel for multilateral negotiations on liberalisation of trade in services, through the General Agreement on Trade in Services, GATS, and through AFAS in ASEAN. The objective of the latter is to achieve a more open labour market in the region, specifically with respect to labour migration related to international trade and investment in the services sector.

What has been achieved through the multilateral framework initiated in Geneva and subsequent negotiations, at an ASEAN level.? Unfortunately, not a lot.. Arrangements at the regional level suffer from many of the same problems as those negotiated on a multilateral basis, as discussed in Section 2. Agreements on broad principles largely with respect to business and skilled manpower in services have not greatly facilitated TLM within the region. Nor have they done much to help provide a more orderly context for the significant flows that pre-dated the international agreements.

We look first at the GATS and AFAS commitments by countries in Southeast Asia, then at some of the shortcomings of the current rounds of negotiations in AFAS, and finally at opportunities

⁴² The 1997 data are from Athukorala, Manning and Wikramasekera (2000: 79). Following the registration process in late 2002, some 360,000 workers were recorded (80% from Myanmar, and 54% male), leaving an estimated 200-300,000(?) unregistered workers unaccounted for. While large, the latter figure is a significant fall from an estimated 700,000 undocumented workers before the Asian economic crisis in 1996.

⁴³ This section of the paper is based on field research and data reported in Manning and Bhatnagar (2003: 17-27).

⁴⁴ Tensions between the sending and receiving countries have hampered bilateral negotiations, especially in two of the major examples of cross-border migration in the region, between Indonesia and Malaysia, and Thailand and Burma.

⁴⁵ Soesastro (p. 505) notes that Mutual Recognition Agreements (MRAs) will need to be signed between countries for a large number of professional occupations, which is a major task. At the ASEAN Summit in Bali in October 2003, it was agreed that MRAs would be extended for a range of professional services such as for accountants, architects, surveyors and engineers in the region by 2008 (and specifically for architects and engineers by August 2004). Many of these will be signed on a bilateral basis initially (or on an ASEAN ‘Minus-X’ basis, meaning minimally signed by two ASEAN countries). Drawing up an ASEAN list (based on an earlier APEC listing) of qualified professionals, such as engineers, through the cooperation of professional organisations across countries, has been a first step in this process.

and prospects for more effective regional agreements with respect to TLM or the movement of 'natural' persons.

GATS and AFAS Commitments

The ASEAN Framework Agreement on Services was concluded in 1995, on the eve of the economic crisis. Its goal is to make commitments beyond those given by member countries under the General Agreement on Trade in Services, or GATS. Seven priority sectors were selected (from the 12 included within the GATS umbrella), including business services, communications, construction, financial services, sea and air transport and tourism/travel.⁴⁶ The commitments made by countries under Mode-4 in AFAS, the nature of those commitments in relation to previous commitments under GATS and the 'depth' of the commitments, and the nature of the limitations under Mode-4 are summarised in Tables 7-9.

WTO (GATS) and AFAS Commitments by Sector. The limited commitments towards freeing up labour mobility among ASEAN countries, over and above those made through GATS, are shown in Table 7. To September 2003, the core ASEAN-6 countries (excluding Myanmar and the Indochina states) had made very few extra commitments beyond those made under GATS, and those already made were in the relatively 'easy' category of business services. Among this group of six countries, no additional commitment was made in financial services, and only one in three of the other sectors.

A larger number of commitments under AFAS has been made by the other four nations. However, this is mainly because Vietnam and the Lao PDR are not members of the WTO, Cambodia only joined very recently and Myanmar, which has been a member of the WTO for some time, had initially made only one commitment to liberalisation of TLM (in tourism) under GATS.

Perhaps not surprisingly, by far the largest number of commitments to Mode-4 liberalisation under GATS and AFAS have been made by the more open economies of Singapore and Malaysia, followed by Indonesia and Thailand. However, a large number of these pledges have been made in a range of business services rather in some of the more difficult areas of negotiation (see column 2 in the table). On the other hand, the Philippines has made the least number of commitments among the ASEAN-6, a country that has long maintained a more restrictive trade regime than the other core ASEAN countries. More generally, the number of commitments suggests that the AFAS process has not achieved much in terms of tangible outcomes five years, despite having already completed 3 packages of commitments from 2 rounds of negotiations. Singapore, Malaysia, Indonesia and Thailand have only marginally improved upon their GATS pledges. Although there may have been important steps forward in administrative procedures,⁴⁷ such slow progress on the policy front can be viewed as an obstacle to achieving the broader objective of greater economic integration through the movement of workers via Mode-4.

⁴⁶ The sectors not included in for negotiation in the AFAS context include distribution, education, health, the environment, recreation and 'other'. Notably, health and education services, two areas with potential for multilateral and regional freeing up of labour movements among professionals, are not included in the list.

⁴⁷ However, it is important to point out, according to some observers, that less tangible, 'non-policy' progress has been made through discussions among bureaucrats in various countries, facilitating more uniform administrative and bureaucratic procedures on visa policy and the like.

The Depth of AFAS Commitments. Mode-4 commitments mirror those for all other modes of supply for services trade in ASEAN. But they carry a large number of restrictions. In GATS terminology, there is little ‘depth’ to pledges made by ASEAN countries to a freer regional labour market. Table 8 indicates that the large majority of commitments were of a partial nature, that is some limitations were placed on each countries pledges, usually related to some aspects of special access to domestic workers (or quotas) to work in a particular sub-sector.⁴⁸ While Thailand and the Philippines had made unqualified commitments (category ‘none’) in 25% of their pledges by mid 2003, commitments of this category were limited in other countries in Southeast Asia.⁴⁹ Perhaps the only encouraging aspect of the depth of these commitments is the relatively small category of ‘unbound’ pledges. This means countries have followed up the listing of sub-sectors as open for negotiation with some, but not unlimited, restrictions.

Across countries in the region, Thailand would appear to have the highest quality or greatest depth of AFAS commitments. While the Philippines has made as many unqualified commitments, it also has the highest share of sectors (22% - see the last column in the table) that have been listed but to which no pledges have been made. Singapore, Brunei and Malaysia have made a few commitments without restrictions whereas Indonesia, Vietnam, Cambodia and Laos have placed restrictions on all of their Mode-4 commitments.⁵⁰

The Nature of Limitations under Mode-4. What has been the character of the limitations placed by ASEAN countries, which might adversely affect the quality of the commitments to facilitate increased movement of workers across the ASEAN region? Table 9 lists 13 main restrictions imposed by countries on their Mode-4 commitments under AFAS, along with the frequency of application. While some such as limitations on the right to purchase land or on the durations of stay are to be expected and are unlikely to greatly affect TLM, others are more important.

- Nearly all countries have restricted their commitments on entry of foreign workers to skilled occupations, such as like specialists or senior managerial personnel (column 2)⁵¹.

⁴⁸ In the trade literature, referred to as limitations on ‘national treatment’ or the failure to remove restrictions that discriminate between domestic and foreign suppliers of a service.

⁴⁹ Thailand, for instance, has committed to unrestricted national treatment for foreign suppliers of Aircraft Repair and Maintenance Services, Engineering services, Computer related services, Construction services, Maritime transport services, Telecommunication services, Tourism services and Other business services related to agriculture and mining. The Philippines has committed to unrestricted Market Access and National Treatment in Air Transport services, some Maritime transport and Financial services and full National Treatment in Tourism services.

⁵⁰ Singapore has committed to full national treatment of foreign suppliers of Computer related services and Tourism services. Brunei has allowed full market access and national treatment in selected Maritime and Air Transport services. Malaysia has a single national treatment commitment related to financial services.

⁵¹ This, of course does not mean that the country will not import unskilled workers. Singapore for instance, allows a significant number of seafarers from the Philippines to enter on a temporary basis every year. However, by not making a commitment, it reserves the right to refuse their entry and thus retain a degree of flexibility in controlling labour market conditions. Lack of any commitment on Mode-4 under Maritime Transport services for example, on the other hand, disadvantages Singapore-based shipping companies who (as prospective employers) may not be able to plan their staffing pattern on a long term basis, given the uncertainty about the direction of the government’s future decisions on foreign seafarers. One economic objective of having a schedule of commitments in an international agreement like GATS or AFAS is precisely to remove this kind of uncertainty for business planning and decision-making.

- Employer of foreign workers commonly are required to undertake a programme for upgrading the skills of local workers who would eventually replace the foreign workers in due course (column 6).
- A third of the countries have made entry subject to labour market/economic needs tests or linked entry to commercial presence (column 12).
- A similar proportion of countries has placed pre-employment conditions or has made entry contingent upon the recognition of qualifications (column 4).
- Most countries have also explicitly imposed restrictions on the duration of stay, understandably, bearing in mind that though Mode-4 commitments apply only to temporary movements of workers across countries (column 8)
- Approximately 50% of countries have also imposed restrictions on the purchase of land by the temporary foreign worker (column 7).

On an inter-country basis, Table 9 shows that the widest range of restrictions have been used by Malaysia (10 out of 13) followed by Vietnam (9)⁵². Singapore has imposed the least number of restrictions (5). Cambodia, Laos and Myanmar have each used just 3 out of the 13 restrictions listed in the Table. But they, along with Indonesia have subsumed all or many of their commitments under a generic clause “domestic regulations”, which dilutes the impact of their commitments in the specific sectors.⁵³

Administrative Constraints. These include a plethora of arrangements in which regional agreements presumably should have a comparative advantage over multilateral processes. Thus, for example:

- Visa and work permit fees vary widely among countries within the region; in the case of visas, there is a strong argument for setting up different structures outside the immigration departments, which are typically concerned with permanent and other forms of migration (refugees, trafficking, etc.), and less with the economic and labour market effects of temporary migration. An ASEAN visa, for professionals and business persons (along the same lines as the proposed GATS visa and the current APEC Visa for business people), would be one means of achieving more standardised visa arrangements.
- In some ASEAN countries, a work permit is issued only after the worker enters the country on a social/tourist entry visa (rather than through his/her employer, **before** entering the country), thus creating uncertainty for the foreign worker;
- Member states have imposed a number of financial costs on the employer of foreign workers, which are often passed on to workers themselves, thus depressing wages
- There is also a tendency for service sector negotiations under AFAS dealing with Mode-4 to be led by Ministries of Trade and Foreign Affairs, sidelining the role of Labour Ministries. This can lead to conflict, especially where the labour ministries responsible for protecting domestic workers have little understanding of the implications of progress in Mode-4 as part of a broader package of trade negotiations.

⁵² Malaysia, having made the maximum number of commitments among all ASEAN countries to liberalize trade in services, appears to have tried to safeguard its position by imposing a large number of restrictions.

⁵³ However, as indicated in the discussion of the depth of commitments. These countries (along with Brunei) have covered 100% of their commitments with one restriction or the other.

- Experience also suggests that veto power can be costly if it rests with individual technical ministries, although they are central to solving technical problems during the negotiation processes. For example, there has been relatively little liberalization in Financial Services and Air Transport Services under AFAS, seemingly partly because the technical ministries have controlled the process.
- And, finally a wide range of crucial differences in terminology often create misunderstandings in regional negotiations.

In sum. Successive rounds of negotiations on liberalisation of migrant worker movements have extended the multilateral agreements to the regional setting of Southeast Asia only to a limited extent. There have been relatively few additional sectors opened beyond GATS commitments, those that have been liberalised most commonly still have one or more restrictions attached to them, related to national treatment or domestic access. Such restrictions cover a wide range of fields.

It is useful to relate the discussion back to our earlier treatment of the prospects for the internationalisation of labour markets through Mode-4. The Southeast Asian context mirrors some of the shortcomings both in the architecture and perceived problems on the part of host governments regarding the labour market impacts of migration policy.

- The negotiations largely exclude unskilled workers which have dominated migrant flows within Southeast Asia and with the rest of the world, even in service sectors such as construction and domestic help (further, by definition, they exclude employment in agriculture and manufacturing).
- While limitations on the duration of stay is logical for temporary workers (although contracts might be more liberal), a wide range of restrictions invoked to protect domestic workers – especially labour market, pre-employment and economic needs tests – are less defensible in terms of the objectives of the GATS and AFAS goals. However, some of these restrictions on multilateral and regional commitments are imposed partly because of fears about the potential effects of downturns in the labour market, and the difficulty of repatriating migrant workers to ensure jobs for nationals under such circumstances.

VI. CONCLUSIONS AND DIRECTIONS FOR FURTHER RESEARCH

We have seen how temporary labour migration (TLM) across national borders has increased significantly with globalisation in Southeast Asia in the 1980s and 1990s. Despite the quite recent establishment of an international protocol under GATS for regulating the international migration of ‘natural persons’, most had moved outside the guidelines which governed these movements in Southeast Asia. Increasingly, there has been little that is unnatural about such movements, even though many have been undocumented or illegal. The large majority of migrants were unskilled or semi-skilled and moved within the region, although sizable numbers also sought jobs outside Southeast Asia. Most of the regulations dealing with temporary migration were introduced unilaterally by countries within the region, although some had entered into bilateral ties with neighbours to try and control the, sometimes, seemingly unrestrained process of migration among less skilled workers.

Skilled, professional and business migrants tended to move in a more orderly process, mostly from countries from outside the region to Southeast Asia. In contrast to movements of the unskilled, some of these flows were regulated through ‘Mode-4’ in the international and regional agreements in services trade – GATS and AFAS – although a significant number were probably unaffected. Moreover, those who sought to move across national boundaries under Mode-4 were regulated quite tightly in all ASEAN countries. Understandably, the more developed mainly net labour-receiving economies (especially Singapore, Malaysia and Thailand) took a more liberal approach than other countries in the region. With respect to professionals, mutual recognition of standards is one area in which ASEAN is seeking to make significant progress over the next four years. In particular, we have highlighted a range of restrictions attached to seemingly liberal commitments which would need to be reviewed if cross-border migration even of more-skilled workers is to increase significantly.

Given growing international interest in liberalising temporary labour migration, what issues should be the focus of future research, based on our survey of migration patterns and policies in Southeast Asia? Most important, a more rigorous study is needed of the relationship between trade and investment and patterns of international migration, both within and outside the region. We have suggested that TLM has increased partly in response to policies adopted to cope with challenges posed by higher living standards and wage rates in labour receiving countries, which have gone hand in hand with increased globalisation. Some labour movements have been directly related to foreign investment, and some can be expected to have close links with more intensive trade in the services sector.

A serious quantitative study of these relationships is long overdue, despite the problems associated with incomplete migration data needed for such a study. Part of the study should focus on the relationship between changing international wage differentials and migration. As mentioned in this paper, such research will need to deal with the vexing problem of international comparisons of movements in wage rates (and associated employment) related to varying patterns of change in labour market structure in different countries over time. Only then will researchers be in a better position to examine the relationship between labour market conditions in both sending and receiving countries and TLM.

This research might be set in the context of three important **policy** issues.

- **First**, the issue of **sequencing**. Winters et al. (2003) have stressed that large world gains are to be had from liberalising the temporary migration of **unskilled** workers. This raises the question of the sequencing of policy initiatives. Should multilateral or regional endeavours be put **first** into efforts to liberalise unskilled workers, or should they focus initially on skilled workers? Negotiations at the WTO through GATS, and also in ASEAN through AFAS, have hitherto paid most attention to the latter. In the Southeast Asian case, these deliberations have brought only small gains so far.

Winters and colleagues may well be right about focusing on the unskilled first. From a global perspective, policy action is most urgently needed regarding TLM of unskilled labour, especially in relations between developed and LDCs. But what about from a regional perspective, such as within Southeast Asia, where the reality is substantial migration of unskilled workers within the region. Some flows are regulated through multilateral and

regional arrangements but most are not. How are countries like Singapore, Malaysia and Thailand, with large numbers of potential migrants on their doorstep, likely to react to proposals for liberalisation of unskilled TLM or the movement of natural persons? So far, these countries have stressed freer movements of skilled workers, and largely eschewed mention of unskilled migrants, as part of the vision of achieving an ASEAN Economic Community by 2020.

A **second** policy issue which might underpin further study is the **form** of employment associated with TLM. Since there is strong opposition in many countries to wage employment of unskilled migrants in many countries, what has been the experience of international migrant workers employed as wage employees in contrast to those with jobs on contract ('contract suppliers') for a given service delivery. Is there potential for the expansion of the latter kind of contract arrangement in the Southeast Asian region?

Research on two subjects related to the effect of migration on wage employment might draw on the Southeast Asian experience. First, what has been the impact of migrant levies, particularly in Singapore and Malaysia, on the price of relatively unskilled migrant labour to employers? And, second, what has been the response of organised labour, and how have governments that have permitted the entry of a high proportion of migrants in selected occupations been able to respond to opposition from domestic workers (for example, to what extent have migrant levies been used to compensate losers, and thus lessened opposition to employment of unskilled migrant workers)?

- A **final** policy issue relates to lessons from negotiation of mutual recognition agreements (MRAs) on the skills and experience of foreign workers from within ASEAN so far. This is a key area of current policy interest in ASEAN. There is now considerable experience in certain professions such as engineering, architecture and medicine to assess what are potential incentives and what are potential constraints to MRAs through professional organisations and governments.

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TABLE 1: KEY ISSUES RELATED TO MODE-4 IN GATS

Issues/Complaints related to Mode 4	Distribution of Benefits/Costs	Comment	Possible Solution to Mode 4 Problems
<p>Architectural Issues <i>Mode 4 relates mainly to skilled/professional workers</i></p> <p><i>Broad ‘horizontal’ commitments not sufficient – need to commit on specific occupations</i></p> <p><i>MFN rights implicit in Mode 4 undermine regional or bilateral arrangements</i></p> <p><i>The agreement is restricted to services</i></p>	<p>Benefits mainly to DCs</p> <p>A basic problem for all groups, related to complex labour markets and job structures</p> <p>Countries with large, bilateral labour export/import flows adversely affected (USA, Mexico; Malaysia/Indonesia)</p> <p>Both DCs and LDCs</p>	<p>Structural problem in linking migration to trade and investment in services</p> <p>Problem of cross-sectoral agreements; especially difficult for migration since activities are specific to certain jobs/occup.</p> <p>Poses a major problem for Mode 4, if major trading and labour import/export countries do not sign up to agreements with MFN clauses</p> <p>Mode 4 was designed with a specific purpose in mind: to facilitate trade and investment in services</p>	<p>Draw up a separate agreement to unskilled workers or broaden the scope of Mode 4</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">↓</p> <p>Broad principles worked out in Mode 4, and other multilateral forums, sectoral/occupational left to bilateral negotiation</p> <p style="text-align: center;">↑</p> <p style="text-align: center;">↑</p> <p style="text-align: center;">↑</p> <p>Negotiate a new agreement which includes a ‘new’ Mode 4 related to trade/FDI in agric., mining & manufacturing</p>
<p>Labour Market Issues <i>Temporary migrants tend to become permanent</i></p> <p><i>Depress wages/increase inequalities in host countries</i></p> <p><i>Continued Over Page</i></p>	<p>Mainly a concern among DCs with regard to unskilled immigrants</p> <p>DCs (mainly due to unskilled migrants)</p>	<p>No evidence that this is a major problem – even in Europe the number of permanent intra-EU migrants is small compared to temporary migrants</p> <p>Migrants crowd into low-wage jobs vacated by nationals; in the long-run, prolong low- wage jobs and under-investment in less desired jobs (eg. nursing)</p>	<p>Emphasise the temporary nature of movements, and limit rollovers to specific time periods (eg. max. 2 times, each contract max. 2 years)</p> <p>Any agreement involving unskilled labour needs to be phased in over time, and integrated with domestic restructuring programs</p>

Issues/Complaints related to Mode 4	Potential benefit or harm to which group of countries	Comment	Possible Solution to Mode 4 Problems
<i>Difficult problem during economic downturns</i>	Mainly DCs although unexpected return migration/fall in remittances a problem for LDCs	Migrants can be repatriated at the end of their contracts (maximum 2 years?).	Agreements safeguard against premature repatriation to safeguard downturns. Insurance schemes funded by employer levies in good times
<i>Brain Drain</i>	LDCs – especially loss of professionals/higher quality skilled manpower	‘Brain circulation’ – many professionals return to their home countries, especially if economic/labour market conditions improve	Ensure domestic conditions facilitate return-migration, in general and for specific occupations (remove pay rigidities, support job mobility)

DCs=Developed Countries; LDCs= Less Developed Countries

Table 2: EXPORTS FROM THE ASEAN-6 TO OTHER ASEAN-6 COUNTRIES AND THE REST OF THE WORLD, 1975-80 TO 1995-2000

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

Source: IMF, Direction of Trade Data, various years

TABLE 3: ESTIMATED TEMPORARY LABOUR MIGRATION WITHIN AND OUTSIDE SOUTHEAST ASIA FROM THE 1970s TO THE EARLY 21ST CENTURY (APPROXIMATE STOCKS)

MIGRATION FLOWS	Early 1970s	Early 1980s	Early 1990s	1996-97	2001-2002
Within Southeast Asia (000 persons)	300-500	500-1000	2000-2500	3000-3500	3000-3250
To/From Countries Outside Southeast Asia					
<i>Out-migration</i> (000 Persons)	500-750	1000-1500	2000-2500	2000-2500	2500-3000
DISTRIBUTION (%)					
Other East Asia	10	15	25	30	20
USA	25	20	15	10	10
Europe	20	15	10	10	15
Middle East	5	25	40	35	45
Australasia	25	20	10	10	5
Other	5	5	5	5	5
<i>In-migration</i> (000 persons)	50-100	100-200	500-750	750-1000	500-750
DISTRIBUTION (%)					
Other East Asia	15	30	40	35	25
South Asia	10	10	20	25	30
USA	40	20	15	10	5
Europe	25	20	15	15	15
Other	10	20	10	15	25
Net Labour Emigration in Southeast Asia (stocks)*	450-600	900-1200	1500-2000	1250-1500	2000-2250

* Numbers of emigrants working outside Southeast Asia minus the number for immigrant workers employed in Southeast Asia.

Sources: Based on estimates in Athukorala and Manning (1999), Manning (2002), OECD (2001, 2002a), Stahl (1999) and various numbers of *Migrant News* (Scalapino Institute)

TABLE 4: COUNTRIES OF ORIGIN AND DESTINATION OF MAIN TEMPORARY
MIGRANT STOCKS WITHIN SOUTHEAST ASIA AND ABROAD
(Estimates circa 2000-2001)

COUNTRY OF ORIGIN	DESTINATION					Outside SE Asia
	Within Southeast Asia				Total	
	Malaysia	Thailand	Singapore	Other		
Indonesia	1500	na	200	50	1750	1000
Burma	5	500	2	5	512	100?
Philippines	300	10	150	20	480	2000-2500
Malaysia	xx	5	300	10	315	200
Indochina states	25	75	5	5	110	50
Other	10	5	2	20	37	300
Total	1840	595	659	110	3204	4000-5000

Sources: See Table 3.

TABLE 5: LABOUR COSTS PER WORKER IN MANUFACTURING IN EAST ASIA
(1980-1984 AND 1990-1994)

	US\$ per year		Index of Wages				Index PPP Adjusted* 1990-94
	1980-84	1990-94	Indonesia=1.0		Singapore=1.0		
			1980-84	1990-94	1980-84	1990-94	
NET LABOUR EXPORTERS							
Indonesia	898	1008	1.00	1.00	0.16	0.05	0.14
Philippines	1240	2459	1.38	2.44	0.22	0.11	0.41
NET LABOUR IMPORTERS							
Thailand	2305	2705	2.57	2.68	0.41	0.13	0.30
Malaysia	2519	3429	2.81	3.40	0.45	0.16	0.35
Korea	3153	15819	3.51	15.69	0.57	0.73	0.95
Hong Kong	4127	13539	4.60	13.43	0.74	0.63	0.65
Singapore	5576	21534	6.21	21.36	1.00	1.00	1.00

* Adjusted for PPP prices, 1993 exchange rates and prices (for Malaysia PPP prices for 1995); (Singapore=100).

Source: Reproduced from Manning (2002). Original source, World Bank (2000), *World Development Indicators 1999* (Tables 2.6 and 4.12)

TABLE 6: DISTRIBUTION OF SKILLED AND PROFESSIONAL MIGRANTS BY COUNTRY OF ORIGIN IN SELECTED SOUTHEAST ASIAN COUNTRIES

	Malaysia	Thailand	Philippines	Malaysia	Thailand	Philippines
	<i>Number</i>			<i>Percentage</i>		
Japanese	10791	13675	3576	18.0	23.3	33.3
Taiwan	2739	3681	506	4.6	6.3	4.7
Korean	n.a.	n.a.	1900	n.a.	n.a.	17.7
<i>Sub-total</i>	<i>13530</i>	<i>17356</i>	<i>5982</i>	<i>22.5</i>	<i>29.6</i>	<i>55.7</i>
Chinese	4050	4593	1098	6.7	7.8	10.2
Indian	12864	5135	589	21.4	8.8	5.5
<i>Sub-total</i>	<i>16914</i>	<i>9728</i>	<i>1687</i>	<i>28.2</i>	<i>16.6</i>	<i>15.7</i>
Filipino	2938	2337	x	4.9	4.0	x
Singaporean	4177	n.a.	144	7.0	n.a.	1.3
<i>Sub-total</i>	<i>7115</i>	<i>2337</i>	<i>144</i>	<i>11.8</i>	<i>4.0</i>	<i>1.3</i>
British	3990	5148	584	6.6	8.8	5.4
American	2079	4099	515	3.5	7.0	4.8
Australian	2354	2089	226	3.9	3.6	2.1
German	n.a.	1783	301	n.a.	3.0	2.8
<i>Sub-total</i>	<i>8423</i>	<i>13119</i>	<i>1626</i>	<i>14.0</i>	<i>22.4</i>	<i>15.1</i>
Other	12649	14513	1300	21.1	24.8	12.1
Total	60069	58597	10739	100.0	100.0	100.0

Source: Unpublished data provided by the Government Immigration Offices/Labour Ministries in each country.

TABLE 7: AFAS SECTOR-WISE COMMITMENTS UNDER MODE 4¹

1	2		3		4		5		6		7		8		9	
	Business Services		Telecomm. Services²		Construction & related Eng. Services		Financial Services³		Air Transport Services		Maritime Transport Services		Tourism & Travel Services		Total⁴	
	(46)		(24)		(5)		(17)		(35)		(12)		(4)		(104)	
	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS	WTO	AFAS
Singapore	22	1	9	1	5	0	16	0	0	0	3	0	3	0	58	2
Malaysia	27	2	12	0	5	0	15	1	0	0	3	1	3	1	65	5
Brunei	7	4	8	3	0	5	4	1	1	1	0	2	0	1	20	17
Thailand	14	2	8	0	3	2	13	0	1	1	4	2	3	1	46	8
Indonesia	9	3	9	0	4	1	14	0	0	0	2	0	3	1	41	5
Philippines	0	5	4	0	0	5	14	0	3	0	4	0	3	0	28	10
Myanmar	0	5	0	9	0	5	0	0	0	0	0	0	1	1	1	20
Vietnam	-	5	-	13	-	5	-	4	-	2	-	4	-	1	-	34
Cambodia	-	4	-	7	-	5	-	0	-	1	-	2	-	1	-	20
Lao PDR	-	7	-	12	-	5	-	1	-	1	-	2	-	1	-	29

* Figures in brackets refer to the number of sub-sectors.

1 Includes both commitments made in GATS and extended to non-WTO ASEAN members as well as additional commitments made under AFAS.

2 May be understated on account of additional commitments made under the Agreement on Basic Telecommunications signed after the conclusion of the GATS negotiations

3 May be understated on account of additional commitments made under the Financial Services Agreement (Fifth Protocol) signed after the conclusion of the GATS negotiations.

4 May be understated as the table has been constructed using the GATS service classification list that mainly uses the 4-digit CPC. It therefore excludes the commitments made by some countries at the 5-digit level.

Source: Manning and Bhatnagar (2003: Table 4)

TABLE 8: DEPTH OF AFAS COMMITMENTS UNDER MODE 4

COUNTRY	Number of services ¹	Number of services with commitments ²	Number of services with Mode 4 commitments	% “Unbound”	Depth of Mode 4 commitments % “None” ³	% partial commitments
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Singapore	104	62	60	3	7	93
Malaysia	104	81	70	14	2	98
Brunei	104	39	37	6	8	92
Thailand	104	57	54	5	28	72
Indonesia	104	48	46	4	0	100
Philippines	104	49	38	22	25	75
Vietnam	104	41	34	17	0	100
Cambodia	104	20	20	0	0	100
Lao PDR	104	30	29	4	0	100
Myanmar	104	31	21	32	18	82

1 Number of services contained in the seven sectors under which ASEAN countries made commitments in the first two rounds of negotiations.

2 Implies commitments under any mode of supply.

3 Any commitment that has specified “None” under either the Market Access or National Treatment column has been counted. Only Myanmar has unconditionally liberalized both Market Access and National Treatment for two kinds of Business services and for Amusement Parks. However, as *all* countries have placed horizontal limitations that apply across all sectors, there is really no unconditional liberalization of Mode 4 by any country in any service at all under the AFAS.

Source: Manning and Bhatnagar (2003: Table 5). Constructed from ‘specific schedules’ of commitments under AFAS.

TABLE 9: NATURE OF THE LIMITATIONS ON MODE 4 COMMITMENTS

COUNTRY	Types of restrictions along with frequency of application (%)												
	Entry restricted to skilled/senior workers	Numerical Quotas	Labour market test	Pre-employment	Transfer of technology ¹	Restriction on purchase of real estate	Limited period of stay ²	Subject to commercial presence	Residency requirement	Linked to creation of local employment	Economic needs test	Subject to domestic regulations	Subject to recognition of qualifications
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>
Singapore	100	-	-	100	-	-	100	100	-	100	-	-	-
Malaysia	100	100	100	100	100	-	100	6	3	-	-	-	100
Brunei	100	-	6	100	6	-	100	100	-	-	-	6	-
Thailand	100	25	-	100	-	100	100	-	-	-	100	-	-
Indonesia	100	17	-	-	9	100	100	-	-	-	100	100	-
Philippines	-	-	100	-	43	100	43	-	-	-	-	3	11
Vietnam	100	4	-	-	100	100	100	-	4	-	4	100	4
Cambodia	100	-	-	-	-	100	-	-	-	-	-	100	-
Lao PDR	100	-	-	-	100	-	-	-	-	-	-	100	-
Myanmar	50	-	-	-	-	-	50	-	-	-	-	50	-

1 The usual way this is stated in the schedules is in the form of a requirement to train local workers to eventually take over the work done by an expatriate.

2 Temporary movement is by implication subject to a limit in the duration of stay. Countries like Cambodia & Lao have not specified any time limit in the schedule but have subjected all their commitments to domestic regulations which would invariably contain some time limitation on the stay of the foreign worker

Source: Manning and Bhatnagar (2003: Table 6). Constructed from Specific and Horizontal Schedules of commitment under AFAS, www.aseansec.or

APPENDIX TABLE 1: KEY ECONOMIC INDICATORS IN ASEAN CIRCA 2001-2002.

Population		Gross National/Domestic Product (GDP/GDP)					International Trade	Investment	
		GNP per Capita	GDP Growth	Total GNP	% of GDP in Agriculture	% of GDP in Manufacturing		Trade in goods as a % of GDP	Gross Domestic Investment
COUNTRY	2001	2001	1999-2002*	2002	2002	2002	2001	1999-2002*	1999-2002*
	(m.)	(\$US)	% p.a.*	\$b.	%	%	(% p.a.)*	(% of GDP)	(\$m., p.a.)
SOUTHEAST ASIA									
THE MEKONG STATES									
Thailand	63	1970	4.0	115	9	34	111	23	3345
Vietnam	79	410	4.9	33	23	21	94	26	372
Lao PDR	5	310	6.1	2	50	19	50	21	38
Cambodia	13	270	6.4	3	36	20	92	16	95
Myanmar	51	NA	NA	NA	57***	8***	NA	12	NA
OTHER SOUTHEAST ASIA									
Singapore	4	24740	3.9	86	0.2	19	278	27	4417
Brunei	0.3	12245	2.3**	5***	2	(56)****	NA	NA	NA
Malaysia	24	3640	4.8	88	16	23	184	24	2009
Philippines	80	1050	3.9	71	37	10	89	17	1190
Indonesia	214	680	3.2	145	44	13	60	15	-2552
OTHER SELECTED COUNTRIES IN ASIA									
Taipei,China	22	13380	3.2	309	2	25	NA	20	-2020
Korea	47	9400	7.4	421	4	30	69	27	2457
China	1271	890	7.6	1063	15	(44)*****	44	38	38461
India	1018	460	5.1	455	25	15	20	24	2636

Notes: NA= Not available; data for Myanmar is not available or not reliable according to conventional measures.

* Unweighted mean of annual rates and levels.

** 1999-2001; *** 2001; **** All industry (manufacturing plus mining, utilities and construction). ***** Includes mining and utilities

Source: Asian Development Bank, *Development Indicators*, various years; ASEAN Secretariat (2002) *ASEAN Statistical Yearbook 2001*; World Bank, *World Development Indicators*, 2003.

APPENDIX TABLE 2: VARIOUS SOCIAL AND ECONOMIC INDICATORS IN ASEAN (1995-2002)

	Population Growth		Gross Secondary Enrolment (%)			Human Development Index 2000	
	1995-2000	2001-2002	Female	Male	year	Index	Rank
SOUTHEAST ASIA							
<i>MEKONG STATES</i>							
Thailand	1.0	0.8	80	84	(2000)	0.762	70
Viet Nam	1.6	1.3	64	70	(2000)	0.688	109
Lao PDR	2.6	2.8	31	44	(2000)	0.485	143
Cambodia	4.8	2.6	13	24	(2000)	0.543	130
Myanmar	2.3	2.0	38	40	(2000)	0.552	127
<i>OTHER SOUTHEAST ASIA</i>							
Singapore	2.6	0.8	73	75	(1996)	0.885	25
Malaysia	2.4	2.1	74	67	(2000)	0.782	59
Philippines	2.2	2.1	81	74	(2000)	0.754	77
Indonesia	1.6	1.2	56	58	(2000)	0.684	110
OTHER SELECTED COUNTRIES IN ASIA							
Taipei,China	0.8	0.5	100	98	(2000)	n.a.	n.a.
Korea, Rep. of	0.8	0.6	94	94	(2000)	0.882	27
China, People's Rep. of	0.9	0.6	60	66	(1999)	0.726	96
India	1.7	1.8	40	57	(1999)	0.577	124

Note: No data are available for Brunei.

Source : Asian Development Bank (ADB), *Key Indicators 2003*.

APPENDIX TABLE 3: LABOUR FORCE GROWTH 1995-2000 AND LABOUR MARKET INDICATORS IN ASEAN, 2001

	Labour Force		Employment (%)		Unemployment Rate (%)
	Number (million)	Annual growth % (p.a.)	Agriculture	Manufacturing	
SOUTHEAST ASIA					
<i>MEKONG STATES</i>					
Thailand	34	0.7	46	14	2.6
Viet Nam	38*	2.1**	66*	9*	4.4*
Cambodia	5*	n.a.	74*	7*	2.5*
Myanmar	25	3.3	63***	9***	4.1****
<i>OTHER SOUTHEAST ASIA</i>					
Singapore	2	4.4	0.2	19	2.8
Malaysia	10	3.5	16	23	3.1
Philippines	33	2.0	37	10	9.8
Indonesia	99	1.8	44	13	3.3
OTHER SELECTED COUNTRIES IN ASIA					
Taipei, China	10	1.3	8	28	4.6
Korea, Rep. of	22	1.4	10	20	3.8
China, PRC	744	1.4	45	12	3.6
India	461	n.a.	5*	24*	n.a.

Notes :

No data are available for the Lao PDR.

* Data for 2000

** Data for the period 1998-2000

*** Data for 1997

**** Data for 1999

Source : Key Indicators 2003, Asian Development Bank (ADB).