

# ASEAN INTEGRATION IN THE GLOBAL CONTEXT

# THE ASEAN ECONOMIC COMMUNITY

- i. A single market and production base
- ii. A highly competitive economic region
- iii. A region of equitable economic development
- iv. A region fully integrated into the global economy

# THE LABOR MARKET

- ❖ Labor supply, skills, wages and productivity
- ❖ Employment trends
- ❖ Social protection

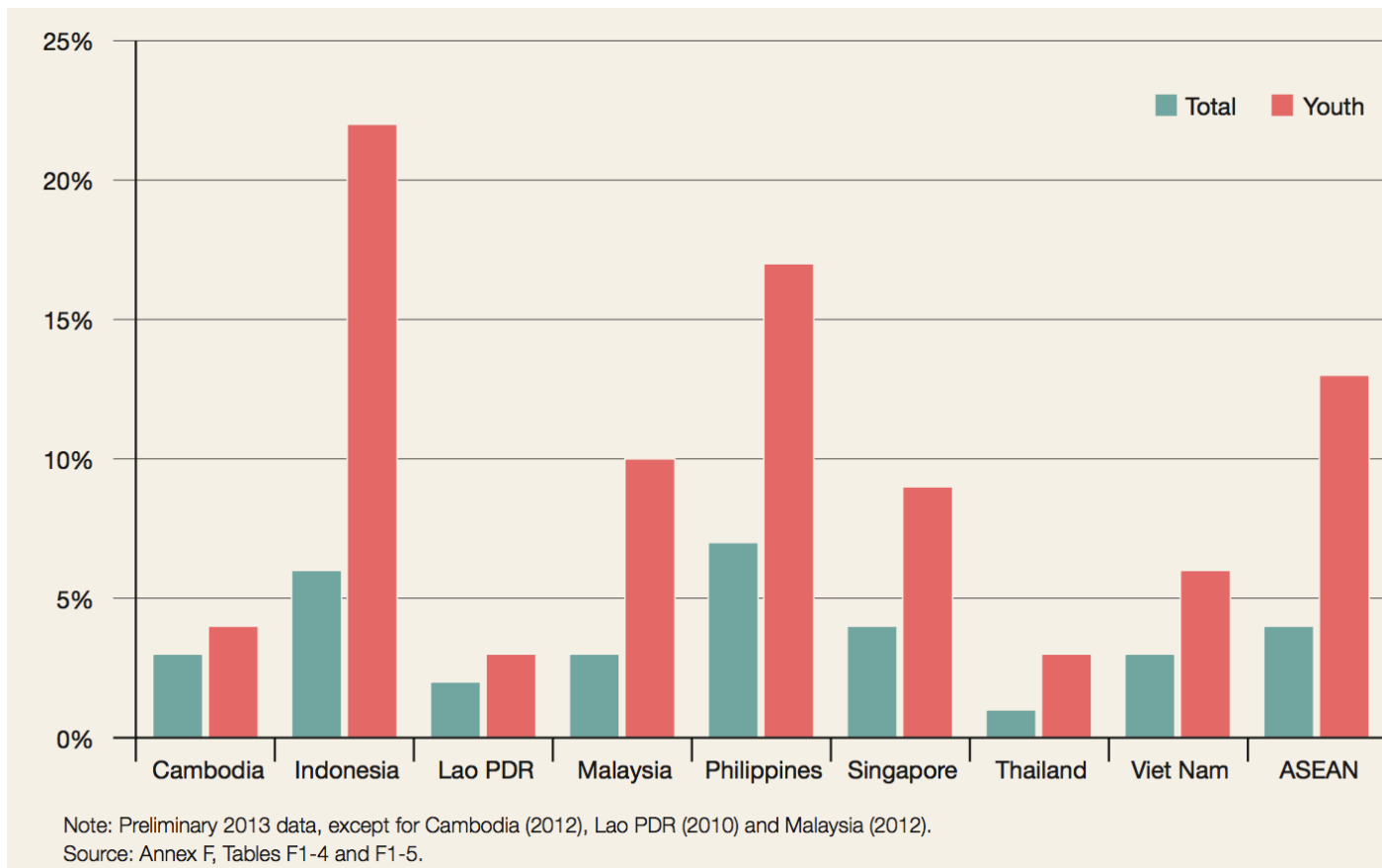
# SELECTED LABOR MARKET INDICATORS IN ASEAN, MOST RECENT YEAR

	Labour force (000s) <sup>(a)</sup>	Education and skills development <sup>(b)</sup>			Average monthly wage (\$) <sup>(c)</sup>	Labour productivity (constant 2005 international \$) <sup>(d)</sup>
		Literacy rate, ages 15+ (per cent)	TVET enrolment as share of total secondary enrolment (per cent)	Tertiary gross enrolment rate (per cent)		
Brunei Darussalam	186	95.4	11.4	24.3	...	100 015
Cambodia	7 400	73.9	2.3	15.8	121	3 989
Indonesia	118 193	92.8	18.0	27.2	174	9 848
Lao PDR	3 080	72.7	0.8	16.7	119	5 396
Malaysia	13 785	93.1	6.8	36.0	609	35 751
Myanmar	30 121	92.7	...	13.8	...	2 828
Philippines	41 022	95.4	...	28.2	206	10 026
Singapore	3 444	95.9	11.6	...	3 547	98 072
Thailand	39 398	93.5	15.4	51.4	357	14 754
Viet Nam	53 246	93.4	...	24.6	181	5 440

Note: "... " = data not available. 2013 labour force data, except for Brunei Darussalam (2011), Cambodia (2012) and Lao PDR (2010).

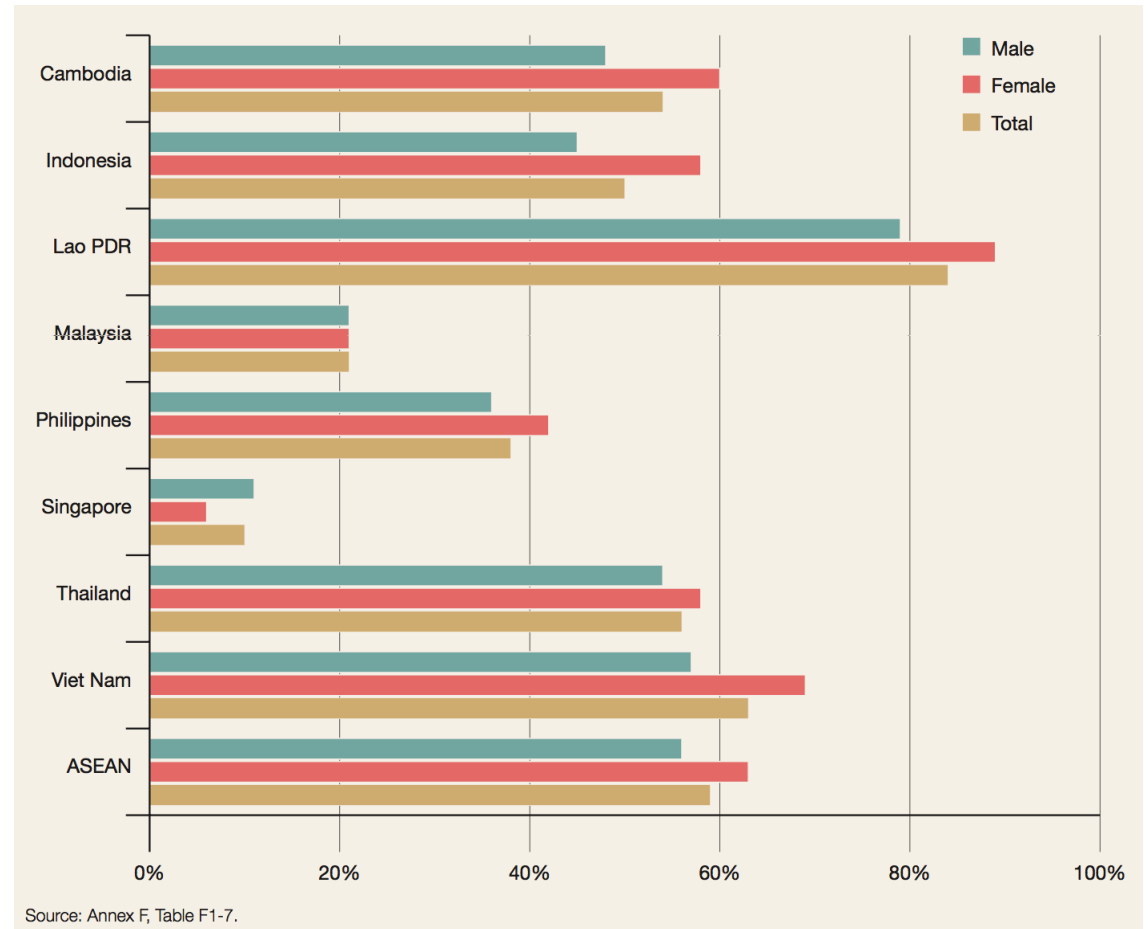
Source: (a) Official national sources; ILO estimates; (b) Chapter 4, Table 4-1; (c) Annex F, Table F1-8; (d) Annex F, Table F2-4.

# UNEMPLOYMENT RATE, TOTAL AND YOUTH, MOST RECENT YEAR (PER CENT)

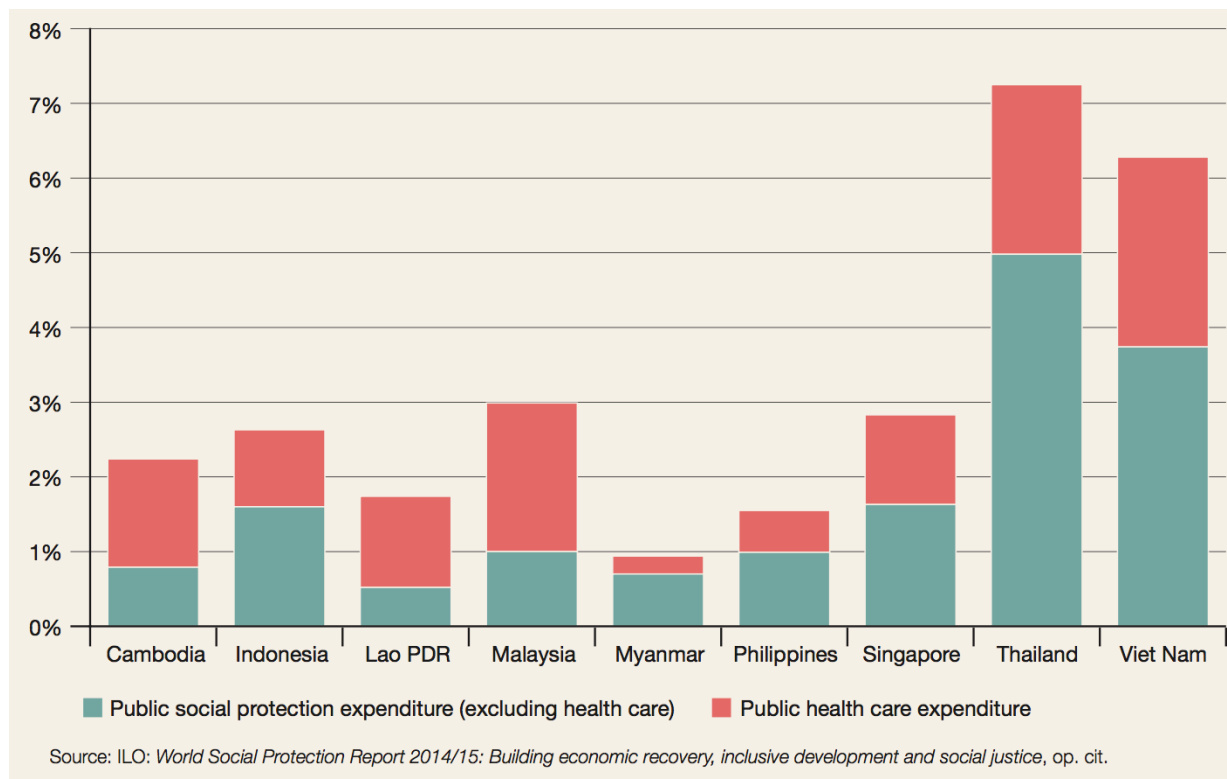


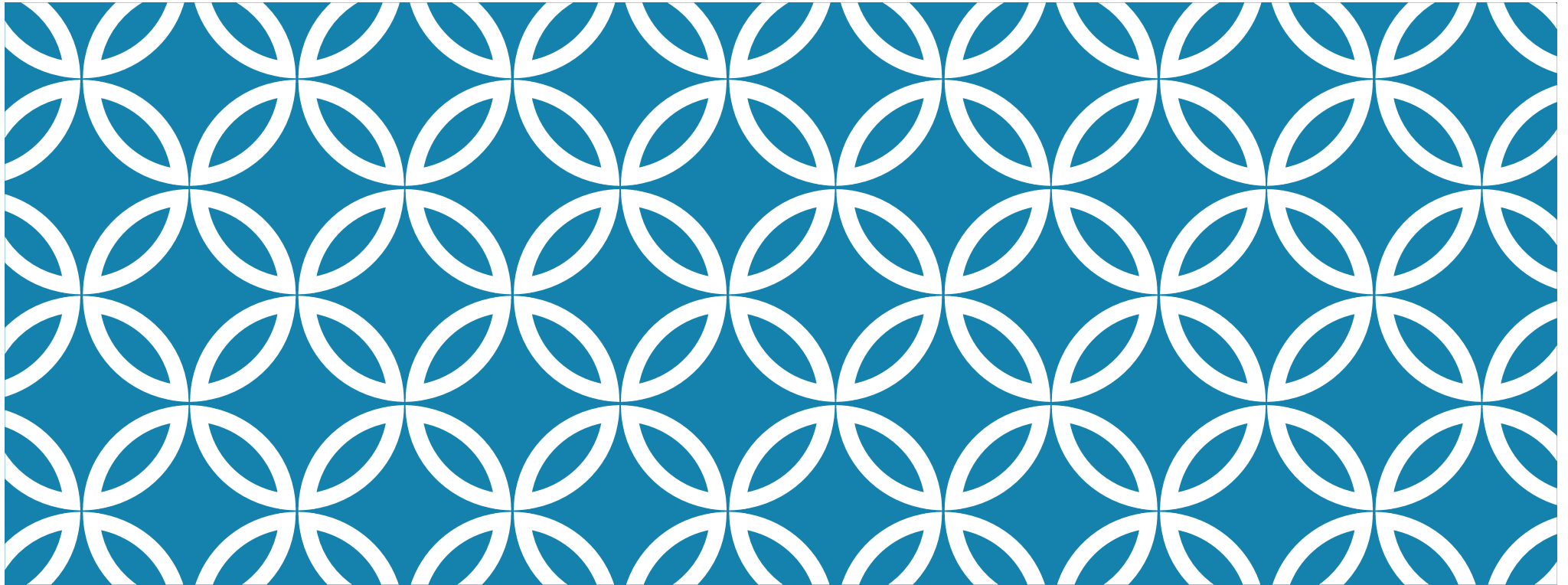
## VULNERABLE EMPLOYMENT AS A SHARE OF TOTAL EMPLOYMENT BY SEX, 2013 OR MOST RECENT YEAR (PER CENT)

Vulnerable employment in ASEAN may be explained by difficulties in transitioning from informal to formal employment




# PUBLIC SOCIAL SECURITY EXPENDITURE, MOST RECENT YEAR (PER CENT OF GDP)





# REAPING THE BENEFITS OF LABOUR MOBILITY

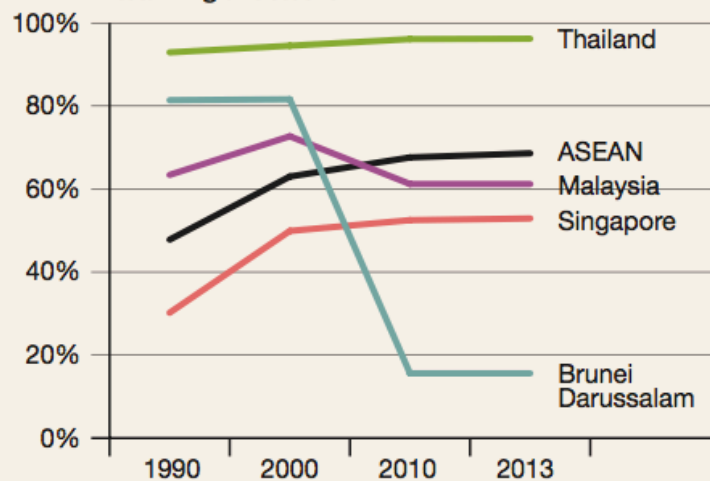
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2014

- 
- ❖ The ASEAN Economic Community envisages measures to facilitate the mobility of high-skilled workers, most of the region's migrant workers are low skilled and many are undocumented
  - ❖ If ASEAN member states are to reap the benefits of labor mobility they will need to manage all types of migration more effectively and provide sufficient protection for all migrant workers

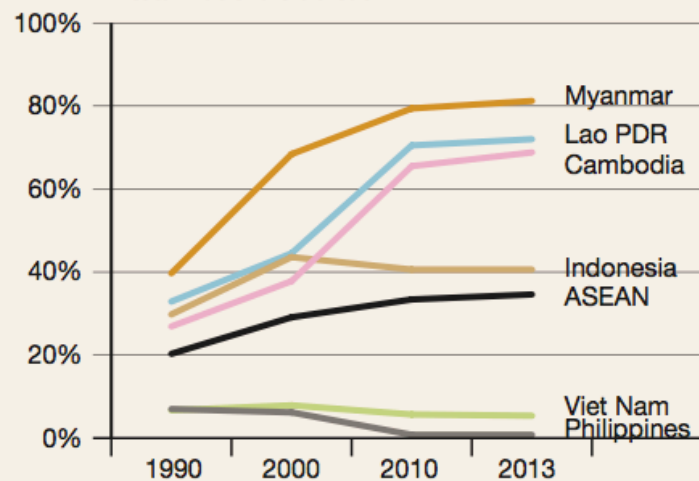
# INTRA-ASEAN MIGRATION SHARE, 1990-2013 (PER CENT OF TOTAL)

Figure 6-1 Intra-ASEAN migration shares, 1990-2013 (per cent of total)

Panel A: Intra-ASEAN share of Member States' total migrant stocks



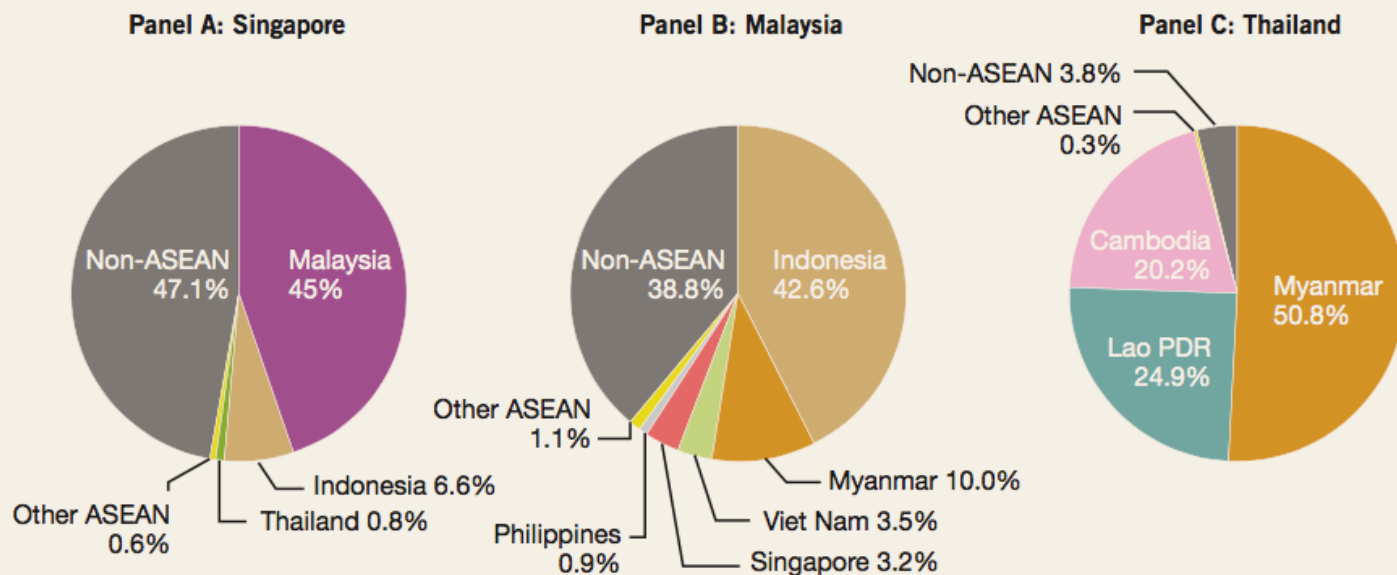
Panel B: Intra-ASEAN share of Member States' total nationals abroad



Note: Data on ASEAN give the aggregated shares for the region as a whole.  
Source: UN: Trends in International Migrant Stock: The 2013 Revision Database.

# ORIGINS OF INTERNATIONAL MIGRANT STOCK IN SINGAPORE, MALAYSIA AND THAILAND, 2013

Figure 6-2 Origins of international migrant stock in Singapore, Malaysia and Thailand, 2013



Source: UN: Trends in International Migrant Stock: The 2013 Revision Database.

# MIGRANT POPULATION AND EMPLOYED MIGRANTS, MOST RECENT YEAR

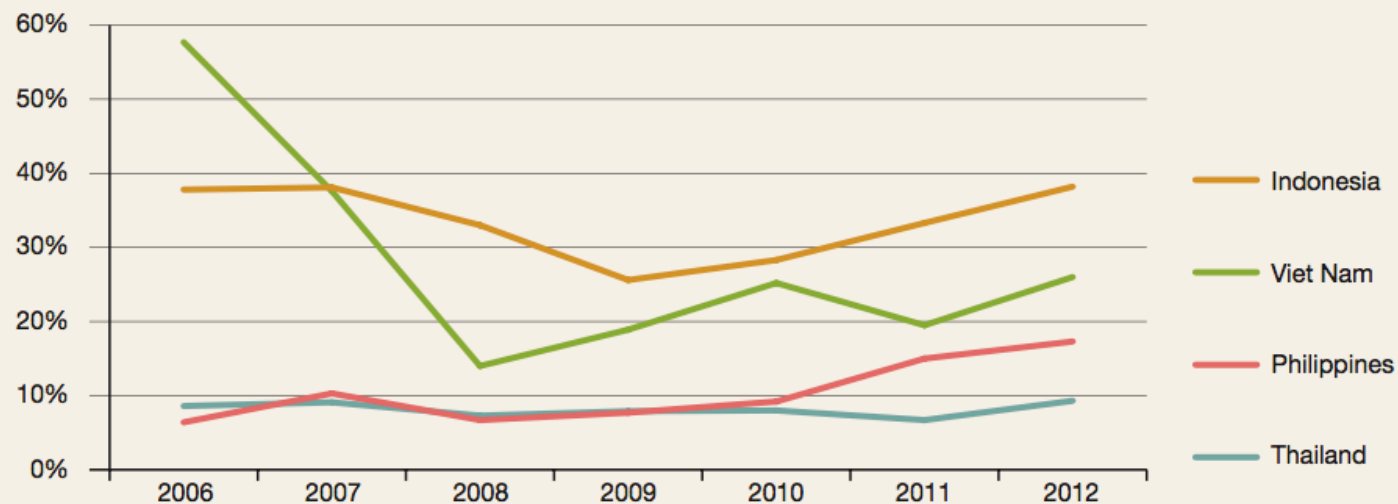
	Year	Migrant population			Employed migrants			Nationals abroad		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
Brunei Darussalam	2012	113 300	...	...	87 110	69 570	17 540	...	...	...
Cambodia	2012	68 434	27 207	41 227	50 176	22 433	27 743	133 269	60 541	72 728
Indonesia	2010	73 217	45 353	27 864	...	...	...	...	...	...
Lao PDR	2005	13 577	7 046	6 531	20 942	...	...	...	...	...
Malaysia	2012	2 342 200	1 421 700	920 400	1 727 000	1 245 100	481 900	...	...	...
Myanmar	2010	72 363	36 553	35 810	...	...	...	...	...	...
Philippines	2010	177 365	100 602	76 763	...	...	...	2 109 000	1 098 000	1 011 000
Singapore	2012	1 494 200	...	...	1 268 300	...	...	200 000	...	...
Thailand	2010	2 702 164	1 494 095	1 208 069	1 145 159	675 644	469 515	1 039 032	...	...
Viet Nam	2009	10 044	6 293	3 751	3 620	2 389	1 232	...	...	...

Note: Migrant population includes ages 0 and above; employed migrants include ages 15 and above. "... " = data not available.

Source: Preliminary estimates based on ILO: Statistical Inquiry on Labour Migration Statistics in the ASEAN Member States, Mar. 2014.

# INTRA-ASEAN SHARE OF OUTFLOW OF INTERNATIONAL MIGRANT WORKERS, 2006-12 (PER CENT OF TOTAL)

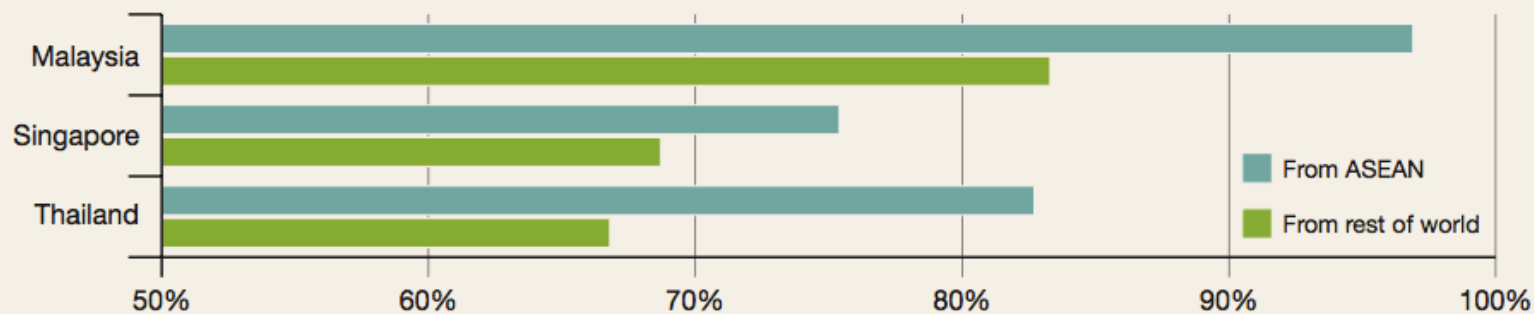
Figure 6-3 Intra-ASEAN share of outflow of international migrant workers, 2006-12 (per cent of total)



Source: Indonesia: administrative records of the National Authority for the Placement and Protection of Indonesian Overseas Workers based on the annual number of workers placed abroad; the Philippines: administrative records of the Philippine Overseas Employment Administration based on daily departures of land-based overseas Filipino workers (including new hires and rehires); Thailand: administrative records of the Department of Employment, Ministry of Labour, including all registered workers; Viet Nam: administrative records of the Department of Overseas Labour, including only workers under contract-based employment.

# ESTIMATED SHARE OF THOSE WITH LOWER THAN TERTIARY EDUCATION AMONG THE STOCK OF MIGRANT WORKERS IN MALAYSIA, SINGAPORE, AND THAILAND, 2007 (PER CENT)

**Figure 6-4 Estimated share of those with lower than tertiary education among the stock of migrant workers in Malaysia, Singapore, and Thailand, 2007 (per cent)**

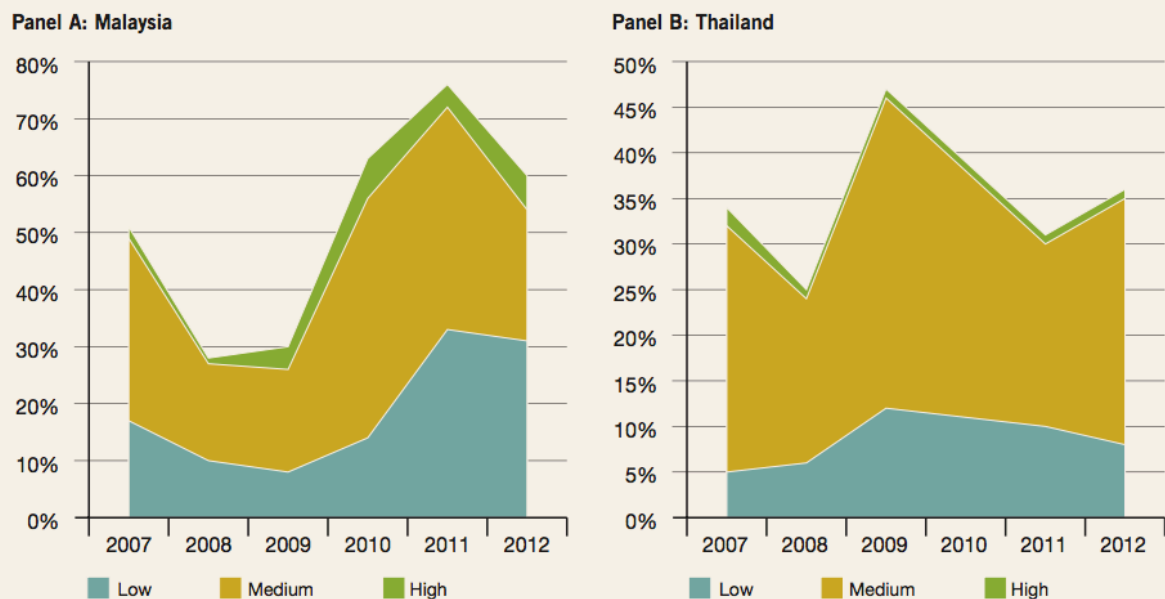


Note: The figures given for ASEAN include migrants from Timor-Leste, due to data limitations.

Source: A.C. Orbeta: *Enhancing labour mobility in ASEAN: Focus on lower-skilled workers*, Philippine Institute of Development Studies Discussion Paper Series No. 2013-17 (Makati City, Philippine Institute of Development Studies, 2013).


# ANNUAL INFLOW OF MIGRANT WORKERS TO MALAYSIA AND THAILAND BY OCCUPATIONAL SKILL LEVEL, 2007 – 12 (THOUSAND)

Figure 6-5 Annual inflow of migrant workers to Malaysia and Thailand by occupational skill level, 2007-12 (thousand)



Note: Skill level is defined according to the International Standard Classification of Occupations (ISCO-08), as outlined in Chapter 4. Malaysia covers those residing in private living quarters (this excludes persons living in institutions such as hotels, boarding houses and hospitals, among others). Thailand data measure those who migrated to Thailand within the previous year so may include some Thai-born or native return migrants; there is a series break between 2009 and 2011, where the figure for 2010 was interpolated assuming a linear trend.

Source: Department of Statistics Malaysia: *Migration Survey* (Putrajaya, various years); Thailand National Statistical Office, Ministry of Information and Communication Technology: *Thailand Labour Force Survey* (Bangkok, various years); Thailand National Statistical Office, Ministry of Information and Communication Technology: *Migration Survey* (Bangkok, 2011 and 2012).

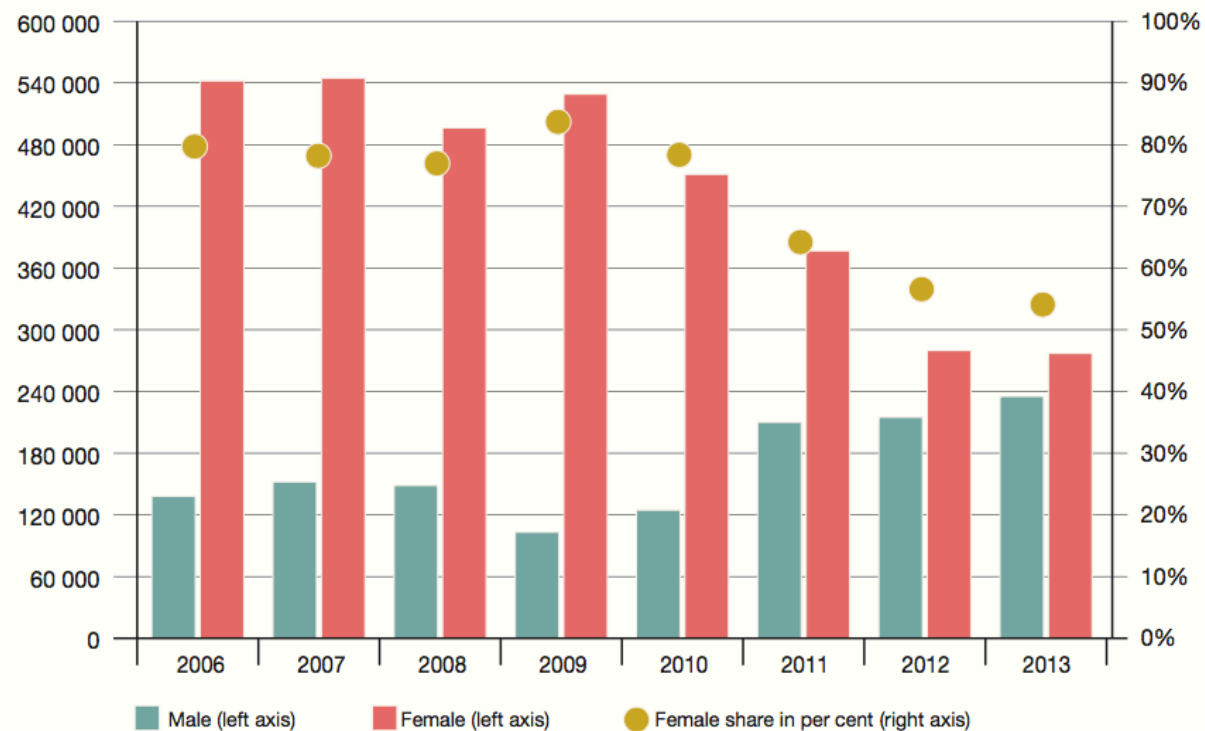


❖ Most of the new arrivals work at the lower end of medium skill occupations - as plant and machine operators and assemblers, and skilled agricultural, forestry and fishery workers and in the low-skilled elementary occupations

❖ Majority having attained lower than tertiary education and many having only achieved the primary level or below

# INDONESIA: RISING FORMAL EMPLOYMENT FOR WOMEN MIGRANTS

Box Figure 6-1 Flow of workers from Indonesia to the rest of the world by sex, 2006-13



Source: National Agency for the Placement and Protection of Indonesian Workers.

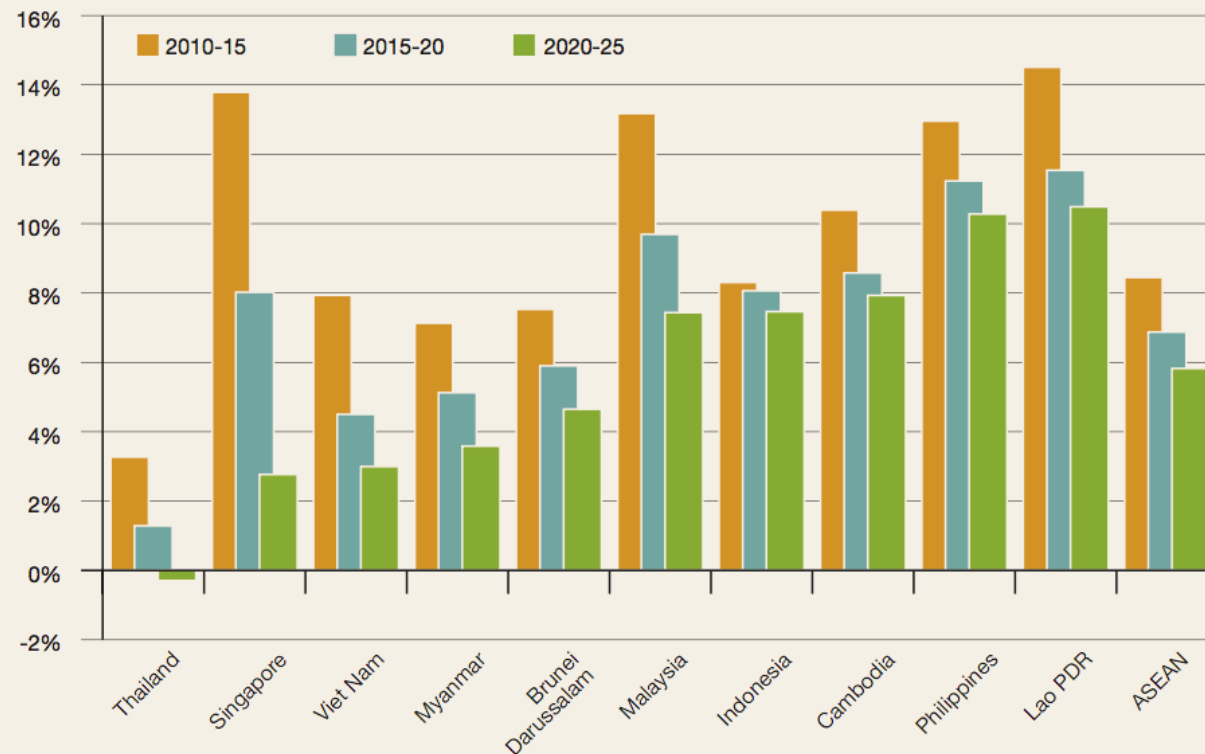
# STRUCTURAL CAUSES OF MIGRATION

## Demography

- ❖ aging population - Labor shortages
- ❖ Rising youth populations – job creation, unemployment, and underemployment

# PROJECTED LABOR FORCE GROWTH, 2010-15, 2015-20, AND 2020-25 (PER CENT)

Figure 6-6 Projected labour force growth, 2010-15, 2015-20, and 2020-25 (per cent)




Source: Official national source; ILO: Estimates and Projections of the Economically Active Population (EAPEP), Jan. 2014; ILO: ILOSTAT database.

# YOUTH UNEMPLOYMENT RATE BY GENDER, 2010-13 (PER CENT)

	Total				Male				Female			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
ASEAN	14.7	13.0	12.8	13.1	14.1	12.8	12.7	12.9	15.3	13.3	13.0	13.4
Brunei Darussalam	...	...	...	...	...	...	...	...	...	...	...	...
Cambodia	...	...	3.8	...	...	...	3.9	...	...	...	3.6	...
Indonesia	21.4	20.0	19.6	21.6	21.0	19.3	19.4	21.3	22.0	21.0	19.8	22.1
Lao PDR	3.1	...	...	...	3.2	...	...	...	3.1	...	...	...
Malaysia	11.4	10.0	10.3	10.4	11.0	9.4	9.8	12.0	12.0	10.8	11.0	9.3
Myanmar	...	...	...	...	...	...	...	...	...	...	...	...
Philippines	17.6	16.3	16.2	16.6	16.5	15.2	14.9	15.2	19.5	18.3	18.3	19.0
Singapore	9.9	9.2	8.9	9.4	7.6	6.6	6.4	6.1	12.5	12.0	11.8	13.3
Thailand	3.9	2.9	2.7	3.4	3.7	2.2	2.4	2.8	4.2	3.8	3.1	4.4
Viet Nam	7.0	5.2	5.5	6.2	5.9	4.3	4.6	5.4	8.3	6.2	6.6	7.1
China	...	...	...	...	...	...	...	...	...	...	...	...
India	10.2	...	10.7	...	9.8	...	10.4	...	11.6	...	11.6	...
Japan	9.2	8.4	7.9	6.8	10.4	9.4	8.8	7.7	8.0	7.3	7.1	6.0
Korea, Rep. of	9.8	9.6	9.0	9.3	11.2	12.1	9.7	9.8	9.0	8.1	8.5	9.0

Note: Ages 15-24; 2013 figures are preliminary estimates or refer to a quarterly period, may indicate a series break and are not strictly comparable to figures from previous years; India and Malaysia: ILO calculations based on official national data. "... " = data not available.

Source: Official national sources; ILO: ILOSTAT Database; ILO: Trends Econometric Models, Jan. 2014.



❖ As demographic dividend continues in some of these countries in the medium term, a strong focus on education coupled with outward migration (driven by foreign demand) may provide a viable route for lowering unemployment and setting up foundation for future growth

❖ Benefits would come to such countries from personal remittances received, and when migrants return home with new ideas, skills and professional networks – a brain gain via a brain drain

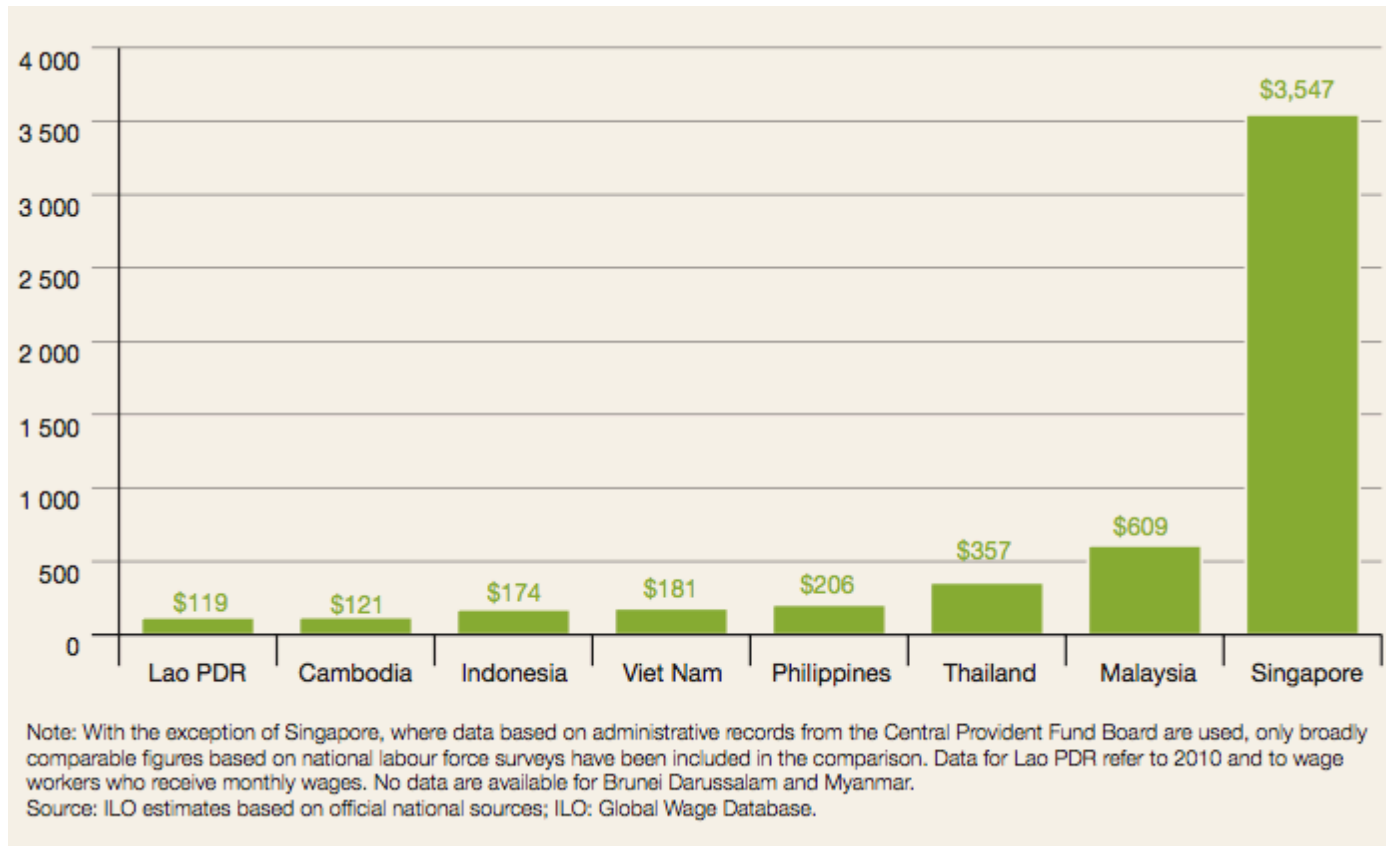
## GDP PER CAPITA, PPP, 2007-2013 (CONSTANT 2005 INTERNATIONAL \$)

	2007	2008	2009	2010	2011	2012	2013
ASEAN	4 317	4 455	4 468	4 750	4 907	5 125	5 313
Brunei Darussalam	48 154	46 420	44 862	45 319	45 643	45 979	46 026
Cambodia	1 789	1 882	1 857	1 937	2 040	2 150	2 260
Indonesia	3 425	3 581	3 695	3 873	4 071	4 271	4 458
Lao PDR	1 896	2 002	2 108	2 242	2 376	2 522	2 682
Malaysia	13 122	13 510	13 072	13 767	14 223	14 775	15 192
Myanmar	1 223	1 258	1 313	1 373	1 443	1 521	1 611
Philippines	3 295	3 375	3 357	3 554	3 620	3 801	3 991
Singapore	48 438	48 099	46 609	52 291	53 790	53 358	54 139
Thailand	7 438	7 610	7 423	7 987	7 972	8 463	8 663
Viet Nam	2 415	2 543	2 654	2 807	2 945	3 063	3 195
China	5 174	5 635	6 115	6 708	7 286	7 805	8 356
India	2 606	2 672	2 861	3 122	3 277	3 341	3 444
Japan	31 766	31 417	29 673	31 054	30 885	31 502	32 058
Korea, Rep. of	25 486	25 911	25 833	27 302	28 146	28 563	29 219

Note: 2013 figures are preliminary estimates.

Source: UN: World Population Prospects: The 2012 Revision Database; World Bank: World Development Indicators, 2013.

# AVERAGE MONTHLY WAGES, 2012 (\$)



# FREE MOBILITY OF PROFESSIONAL

- ❖ Policies for managing migration flows under the AEC are confined to high-skilled workers
- ❖ The main tools for achieving labor mobility under the AEC are likely to be the mutual recognition arrangement (MRAs)
- ❖ In support of the MRAs, ASEAN is developing the ASEAN Qualifications Reference Framework (AQRf) that will enable qualifications to be compared across Member States while providing a coherent benchmark for current national qualifications frameworks

# LABOR MOBILITY UNDER OTHER REGIONAL INTEGRATION AGREEMENTS

- ❖ CARICOM –The Caribbean Community’s Single Market and Economy among 15 Caribbean nations and dependencies
- ❖ ECOWAS – The Economic Community of West African States’ 2010 Common Market Protocol (Article 10) includes a Protocol on the Free Movement of Persons
- ❖ EU – has 28 Member States whose citizens are entitled to equal treatment in access to employment, working conditions and all other social and tax advantages



## ❖ MERCOSUR

- ❖ In 1991, Argentina, Brazil, Paraguay, and Uruguay –later joined by Venezuela-created the Mercosur, which aims to achieve free trade in goods and services and the free movement of factors of production
- ❖ The Mercosur Social and Labor Declaration, 1998, guarantees the fundamental rights of all workers in the region, including migrant workers
- ❖ The 2002 Free Movement and Residence for State Party Nationals grants nationals of the signatory countries the right to reside and work in Mercosur Member States as well as Bolivia and Chile

- 
- ❖ NAFTA – the North American Free Trade Agreement aims to liberalize trade and investment between the United States and Canada and Mexico
  - ❖ SADC – the Southern African Development Community is comprised of 15 countries which aim to promote, among other activities, regional cooperation through worker and student mobility, with a focus on achieving migration management through the harmonization of economic, social and legal policies

# EMPLOYMENT IN THE SEVEN OCCUPATIONS COVERED BY ASEAN MRAS, VARIOUS YEARS

	Employment in the seven occupations (thousand)			Share of seven occupations in total employment (per cent)		
	Total	Men	Women	Total	Men	Women
Cambodia (2012)	70.1	45.5	24.7	1.0	1.2	0.7
Indonesia (2010)	355.3	203.9	151.5	0.3	0.3	0.4
Lao PDR (2010)	37.8	21.2	16.6	1.3	1.4	1.1
Philippines (2011)	454.5	209.5	245.0	1.2	0.9	1.7
Thailand (2010)	295.0	124.6	170.4	0.8	0.6	1.0
Viet Nam (2012)	735.7	345.2	390.5	1.4	1.3	1.6

Note: Sex-disaggregated figures may not add up to total due to rounding; the seven occupations refer to accountants, architects, dentists, engineers, medical doctors, nurses and midwives, and surveyors.

Source: ILO estimates based on official national sources.

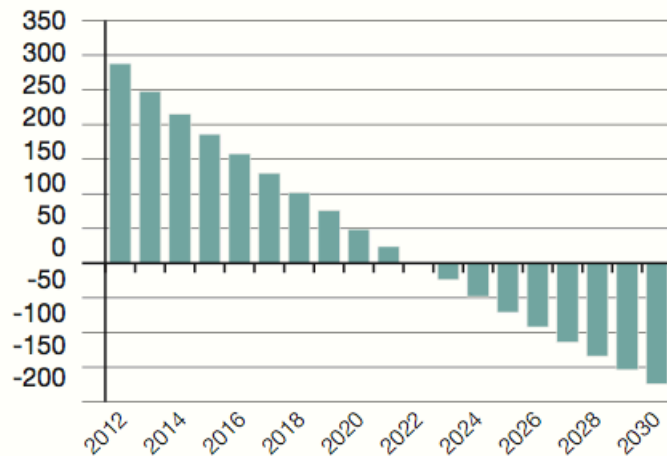
# MOBILITY OF LOW-SKILLED WORKERS

- ❖ Migration humps
- ❖ ASEAN migration hubs such as Malaysia, Singapore, and Thailand
- ❖ Flows of low-skilled migrant workers are likely to continue in the short and medium term because of demographic factors and existing economic disparities

# THAILAND: HEADING TOWARDS LABOR SHORTAGE — THE NEED FOR MORE MIGRANT WORKERS

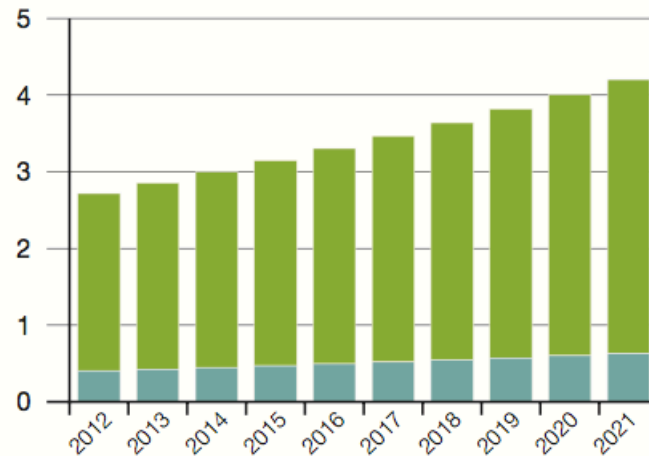
**Box Figure 6-3 Projections of labour force growth and demand for migrant workers in Thailand**

**Panel A: Net labour force growth, 2012-30**



■ Absolute change in thousand

**Panel B: Demand for migrant workers, 2012-21 (million)**



■ High-skilled

■ Low- and medium-skilled

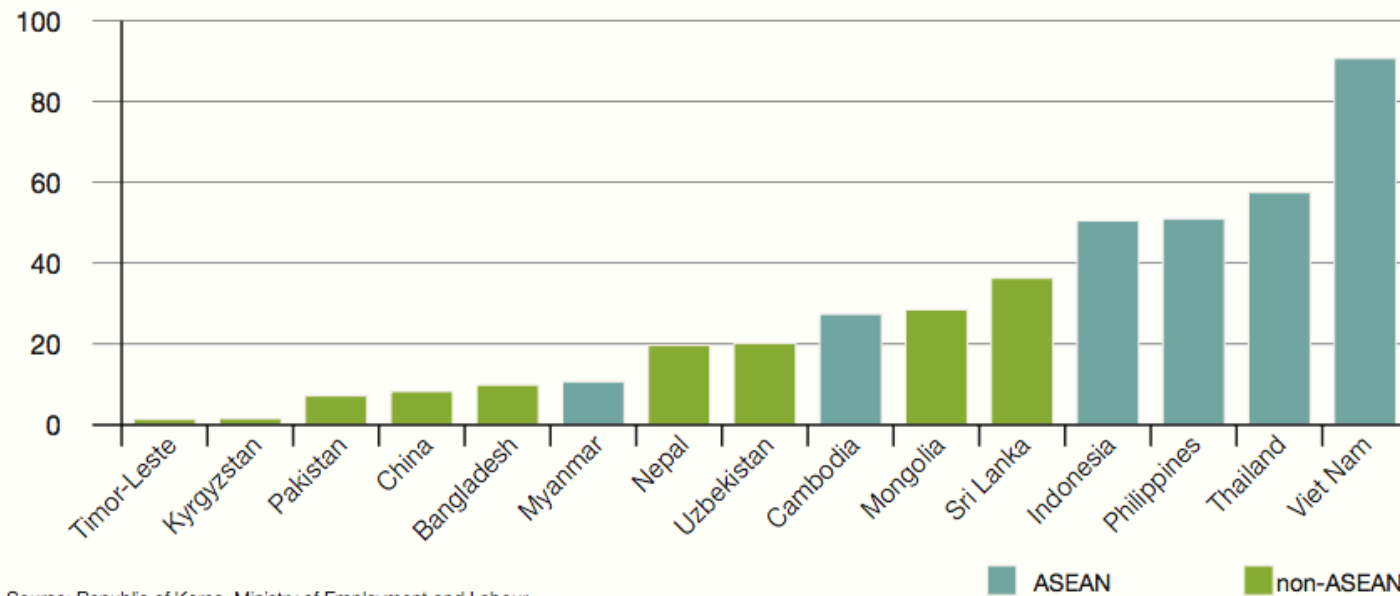
Source: Annex F, Table F1-1; ILO: ILOSTAT Database; NESDB: "Labour demand projection in Thailand", NESDB presentation based on the Labour Market Study for the Ageing Society Project (2014).

# PROTECTING MIGRANT WORKERS

- ❖ The opportunity for benefitting migrant workers and local employers mutually through a well-designed system for managing labor migration is evidenced in the Republic of Korea's Employment Permit System

# THE REPUBLIC OF KOREA'S EMPLOYMENT PERMIT SYSTEM

Box Figure 6-4 Total migrant workers received under the Employment Permit System by source country, 2004-13 (thousand)



Source: Republic of Korea, Ministry of Employment and Labour.

# EXTENDING THE COVERAGE AND PORTABILITY OF SOCIAL SECURITY

- ❖ The right to social security is included in the Universal Declaration of Human Rights (1948), Article 22, and was recalled in the Cebu Declaration on Migrant Workers
- ❖ Ensuring that migrant workers – in both formal and informal employment- enjoy equal access to social security benefits under contributory and non-contributory scheme is important

# COVERAGE OF MIGRANT WORKERS UNDER SOCIAL SECURITY BY COUNTRY AND BRANCH, 2014

Country	Branch of social security provided overall									Do these cover migrants?
	Medical care	Sickness	Unemployment	Old age	Work injury	Family	Maternity	Invalidity	Survivors	
<b>Main destination countries</b>										
Singapore	•	•		•	•		•	•	•	No
Brunei Darussalam	•	•		•	•		•	•	•	No
Malaysia	•			•	•			•	•	Yes <sup>(b)</sup>
Thailand	•	•	•	•	•	•	•	•	•	Yes
<b>Main source countries</b>										
Cambodia <sup>(a)</sup>	•	•		•	•		•	•	•	Yes
Indonesia	•	•		•	•			•	•	Yes
Lao PDR <sup>(a)</sup>	•	•	•	•	•	•	•	•	•	Yes
Myanmar <sup>(a)</sup>	•	•	•	•	•	•	•	•	•	Yes
Philippines	•	•		•	•		•	•	•	Yes <sup>(b)</sup>
Viet Nam <sup>(a)</sup>	•	•	•	•	•		•		•	Yes

Note: Information is based on social security laws and acts but does not consider any sub-level decrees or regulations that might hold relevant provisions; (a) Social security laws have been adopted though the implementing legal texts are still in draft form. (b) Excludes medical care. "Yes" means migrant workers are covered equally with non-migrants. "No" means only nationals and/or permanent residents are eligible. "•" indicates a branch of social security is provided within a given country.

Source: ILO compilation from official national sources.

# SOURCE

ASEAN Community 2015: Managing integration for better jobs  
and shared prosperity

Bangkok, Thailand: ILO and ADB, 2014