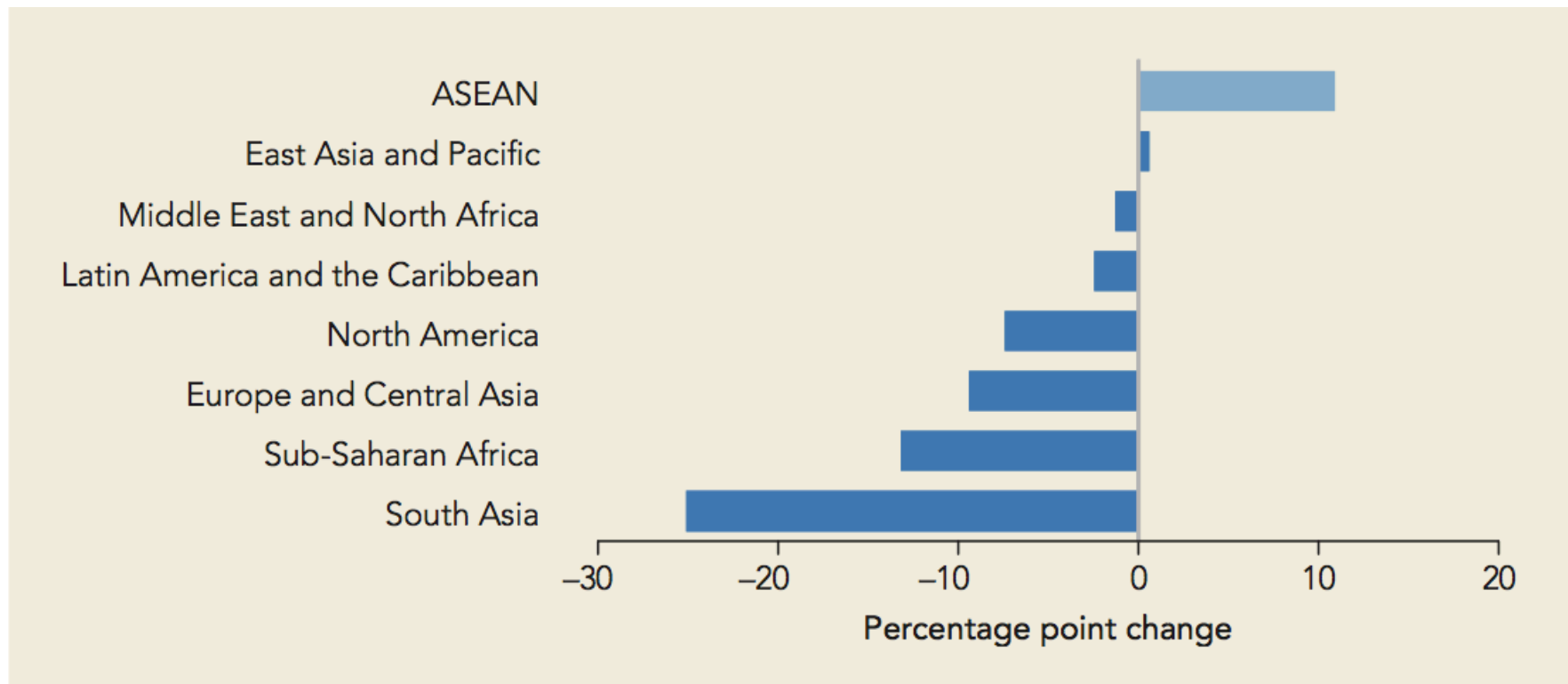


MIGRATING TO OPPORTUNITY

OVERCOMING BARRIERS TO LABOR MOBILITY IN SOUTHEAST ASIA



CHANGE IN SHARE OF INTRAREGIONAL MIGRATION, 1995-2015



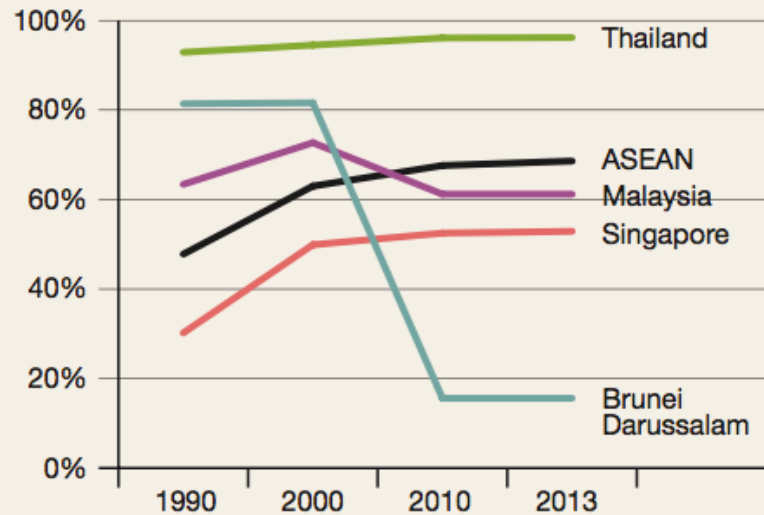
Source: UN 2015a.

Note: ASEAN = Association of Southeast Asian Nations.

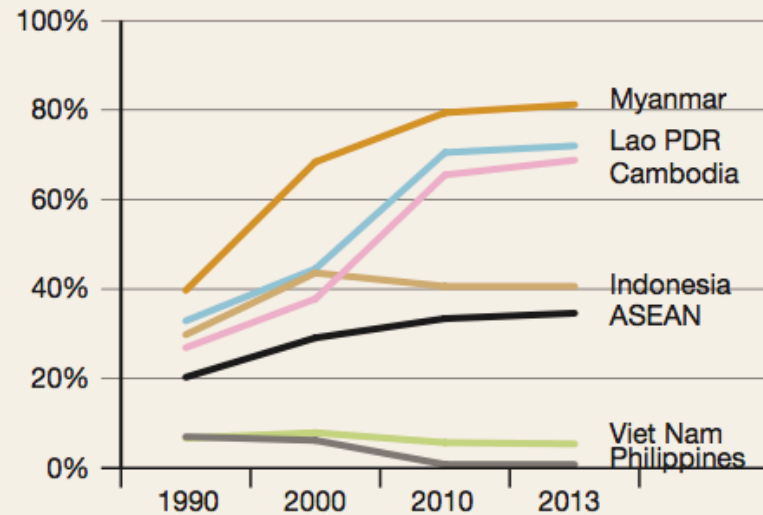
INTRA-ASEAN MIGRATION SHARE, 1990-2013 (PER CENT OF TOTAL)

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

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

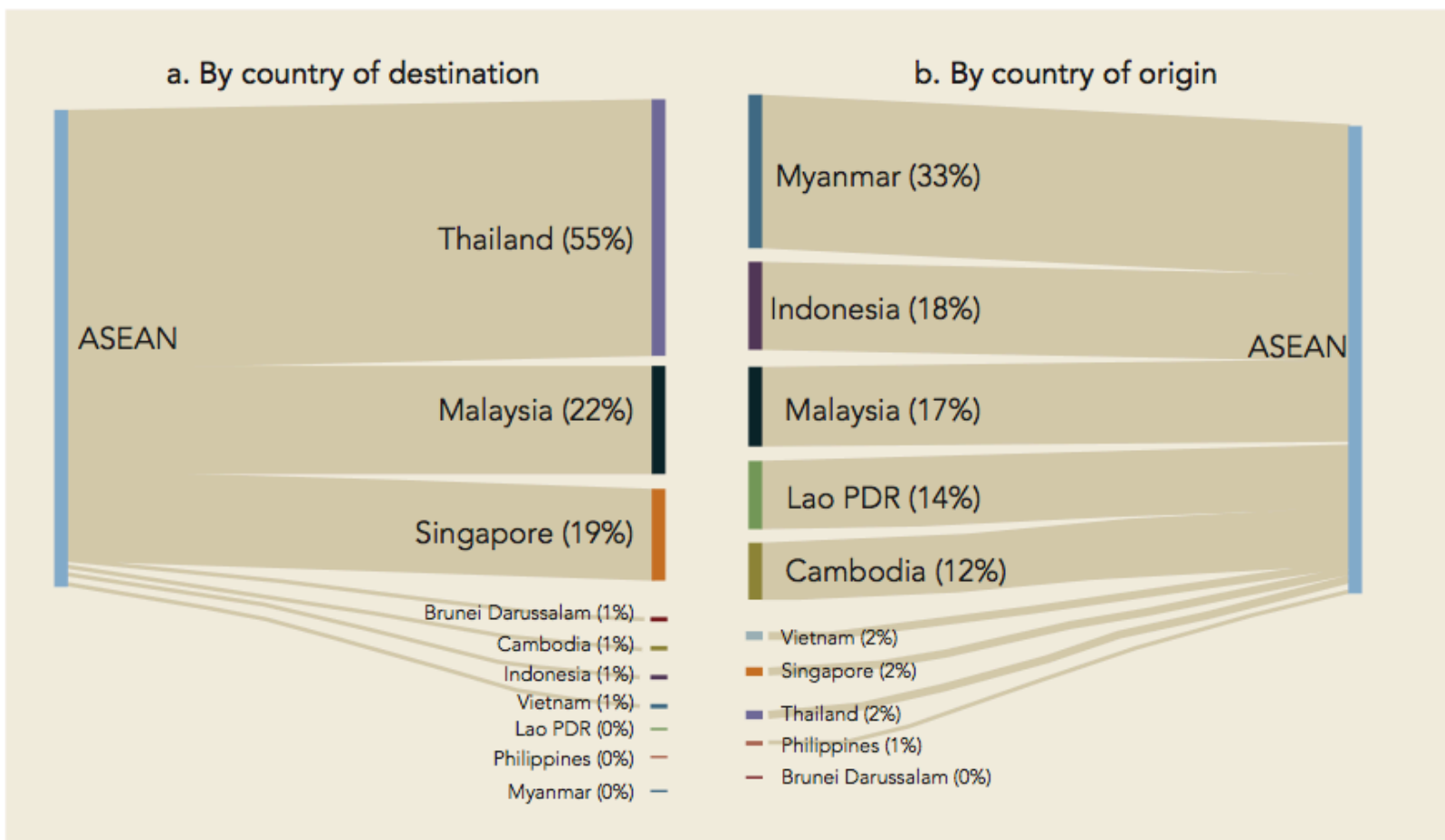


Panel B: Intra-ASEAN share of Member States' total nationals abroad



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.


INTRA-ASEAN MIGRATION STOCK, 2015



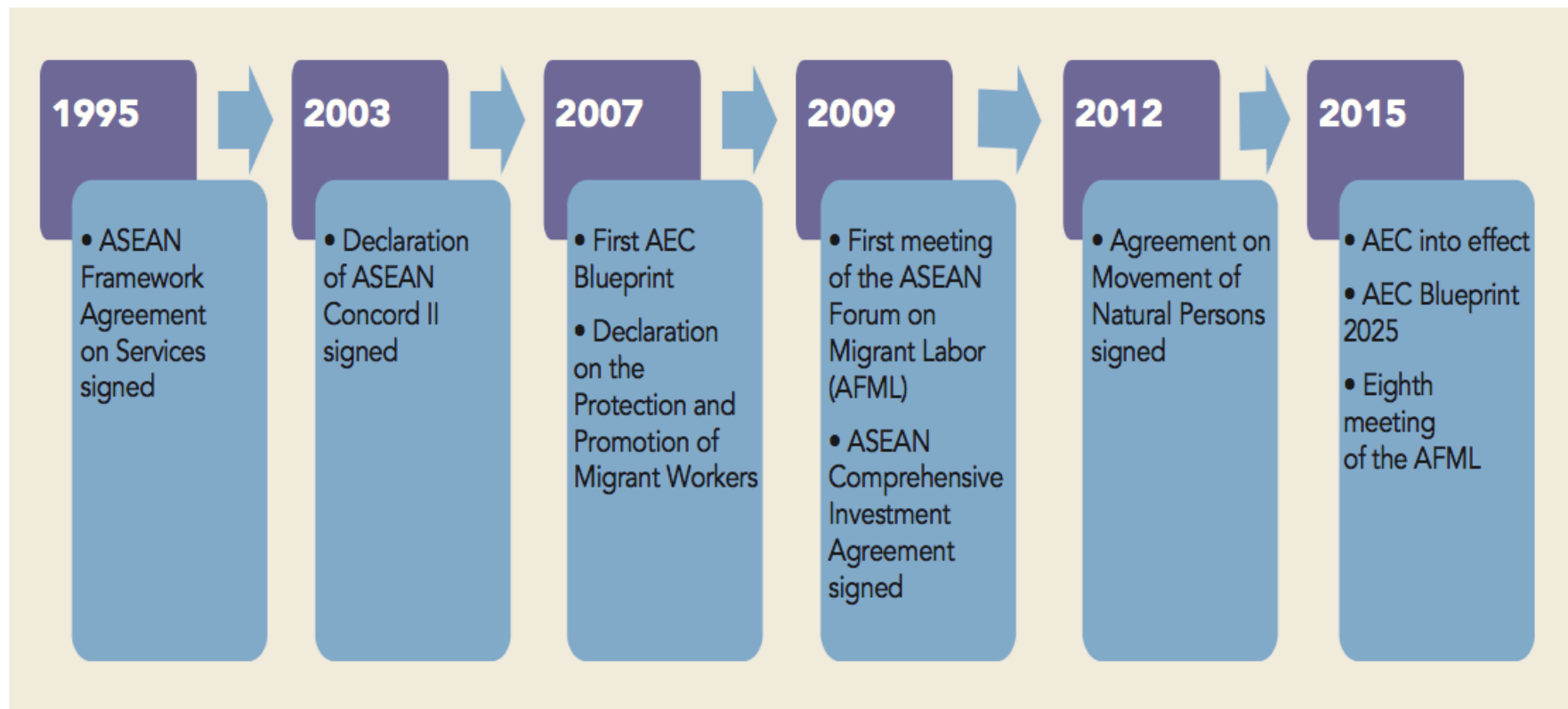
Source: UN 2015a.

OVERARCHING THEMES OF THIS REPORT

1. ASEAN countries are significant senders of migrants globally, but also important destinations for migrants from the region
2. Large intra-ASEAN migration flows are the result of significant diversity in economic development within the region
3. Significant costs of international and domestic labor mobility in ASEAN limit the ability of workers to change firms, sectors, and locations
4. The impacts of migration in the region are generally positive, although some groups lose out, and domestic policies play an important role in shaping these impacts

- 
5. Making movement between and within ASEAN countries less costly would improve the welfare of ASEAN workers
 6. Weaknesses in migration systems increase the costs of international labor mobility, but policy reforms can help to resolve these problems

ASEAN ACTIONS TO FACILITATE LABOR MOBILITY, 1995-2015

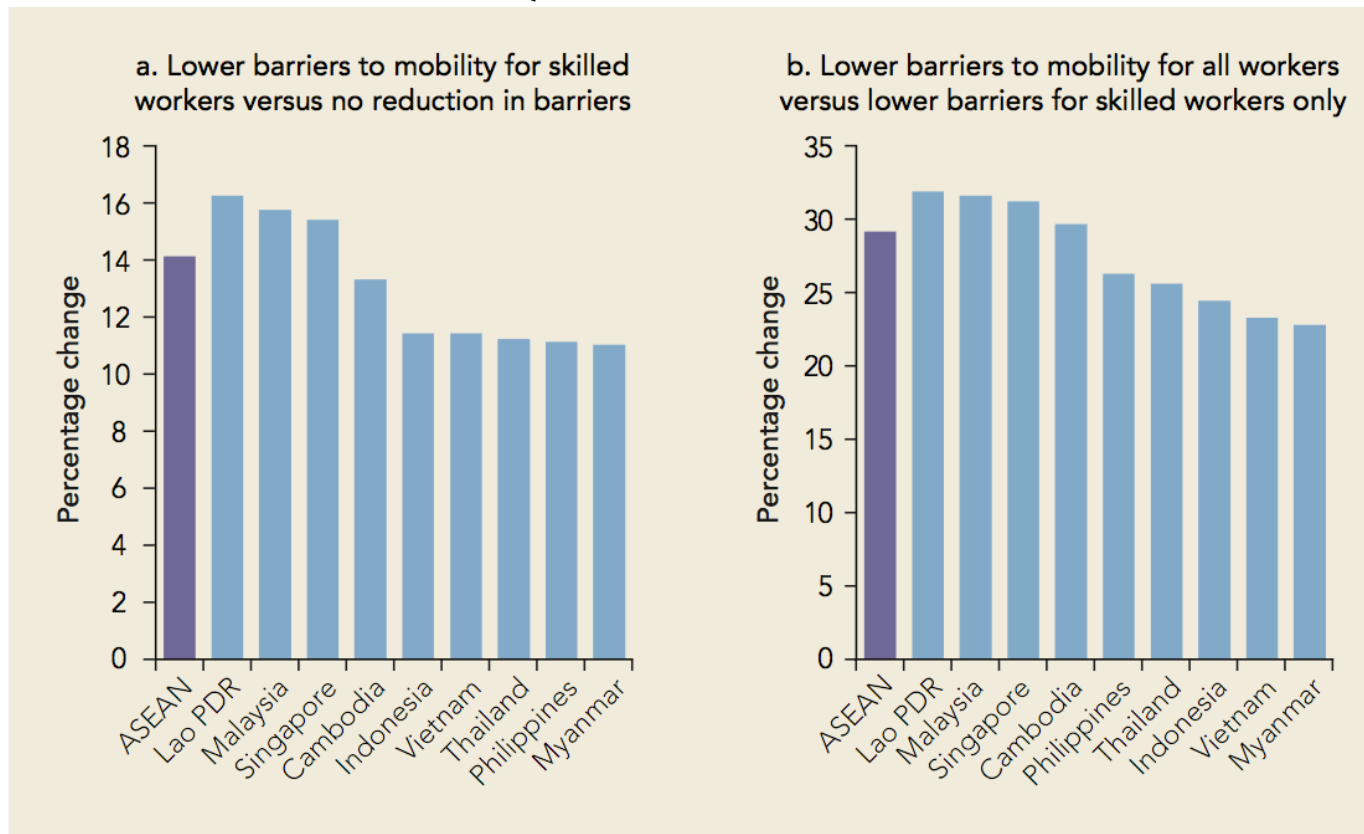


Note: ASEAN = Association of Southeast Asian Nations; AEC = ASEAN Economic Community.

LOWER BARRIERS TO MOBILITY WOULD MAKE THE REGION'S WORKERS BETTER OFF

- ❖ Increase the welfare gains workers receive from economic integration
- ❖ Model of trade integration traditionally assume that workers are able to move seamlessly, between jobs as integration creates new economic opportunities
- ❖ The economic modeling in this report shows that trade integration has a substantially larger positive effect across all ASEAN countries when barriers to mobility are lowered for skilled workers, as AEC currently envisions

ESTIMATED CHANGE IN WELFARE UNDER ASEAN TRADE INTEGRATION, BY COUNTRY

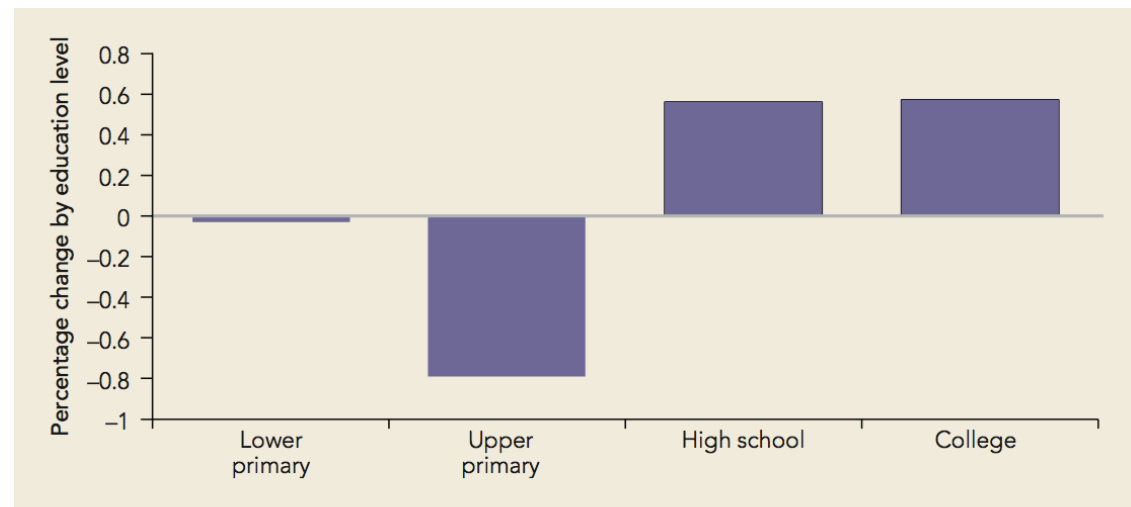


Source: Hollweg 2016.

HOW LABOR MOBILITY AFFECTS THE WELFARE OF WORKERS IN MIGRANT DESTINATION COUNTRIES, OF WORKERS IN MIGRANT ORIGIN COUNTRIES, AND OF MIGRANT WORKERS THEMSELVES

- ❖ Migrants can have positive impacts on the employment and wages of workers in destination countries, although these effects are generally small
- ❖ Certain groups of local workers in destination countries, particularly low-skilled ones, can be negatively affected by immigration

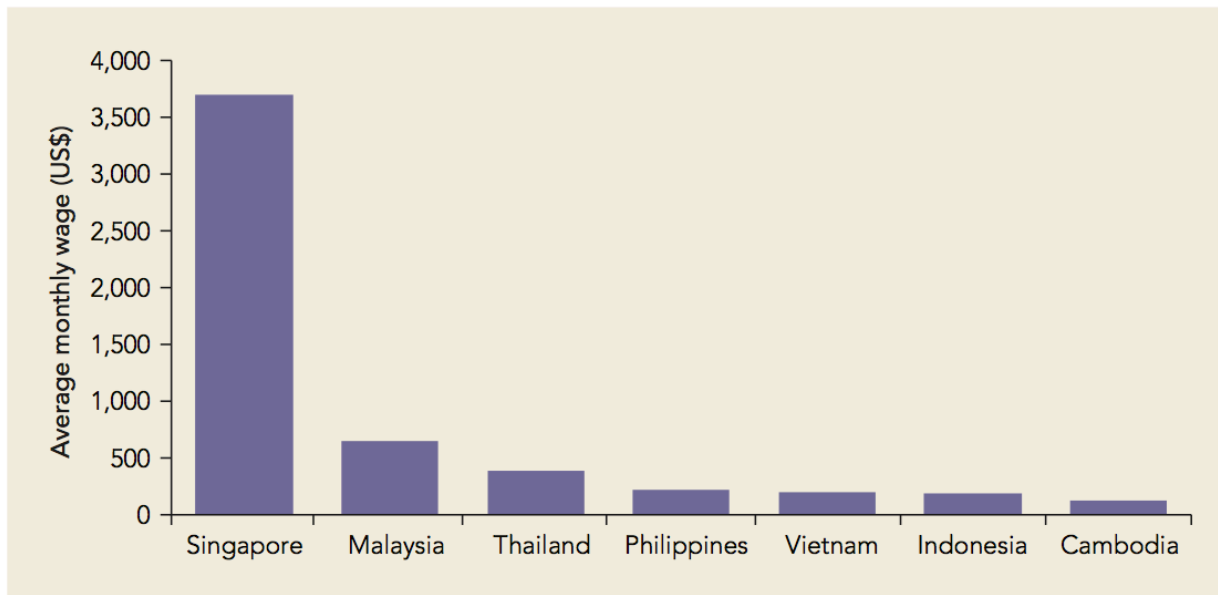
Change in the wages of Thai workers due to the doubling of the size of the immigration workforce in five immigration-intensive provinces



Source: Lathapipat 2014.

❖ Migrant workers themselves benefit from migration because of significant differences in wage across ASEAN countries, which create opportunities for workers in countries with lower wages to gain significantly by moving across borders

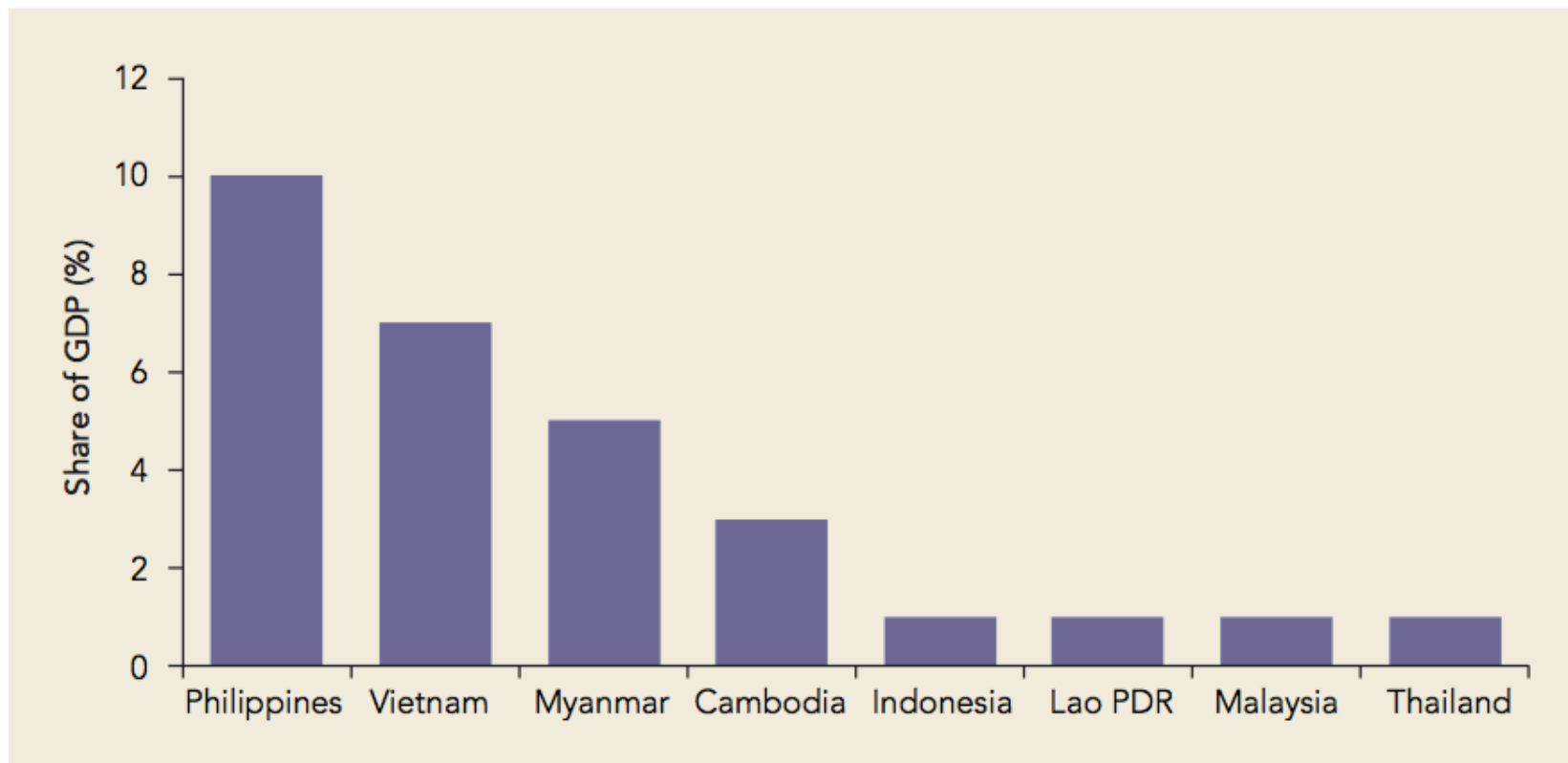
Average monthly wages in ASEAN countries



Source: ILO 2014.

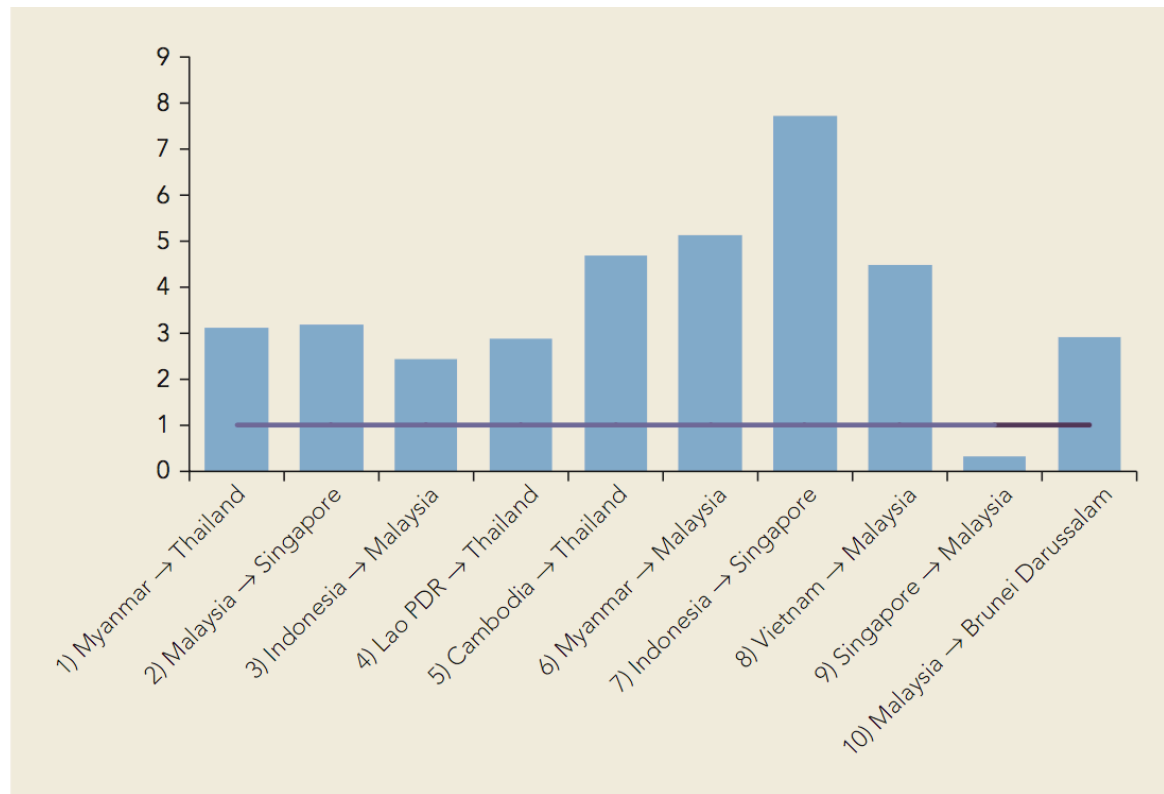
Note: The year is 2013 for all countries except Cambodia for which the year is 2012. ASEAN = Association of Southeast Asian Nations.

REMITTANCES RECEIVED AS A PERCENTAGE OF GDP IN ASEAN COUNTRIES IN 2015



Source: World Bank Bilateral Remittance Matrix (database).

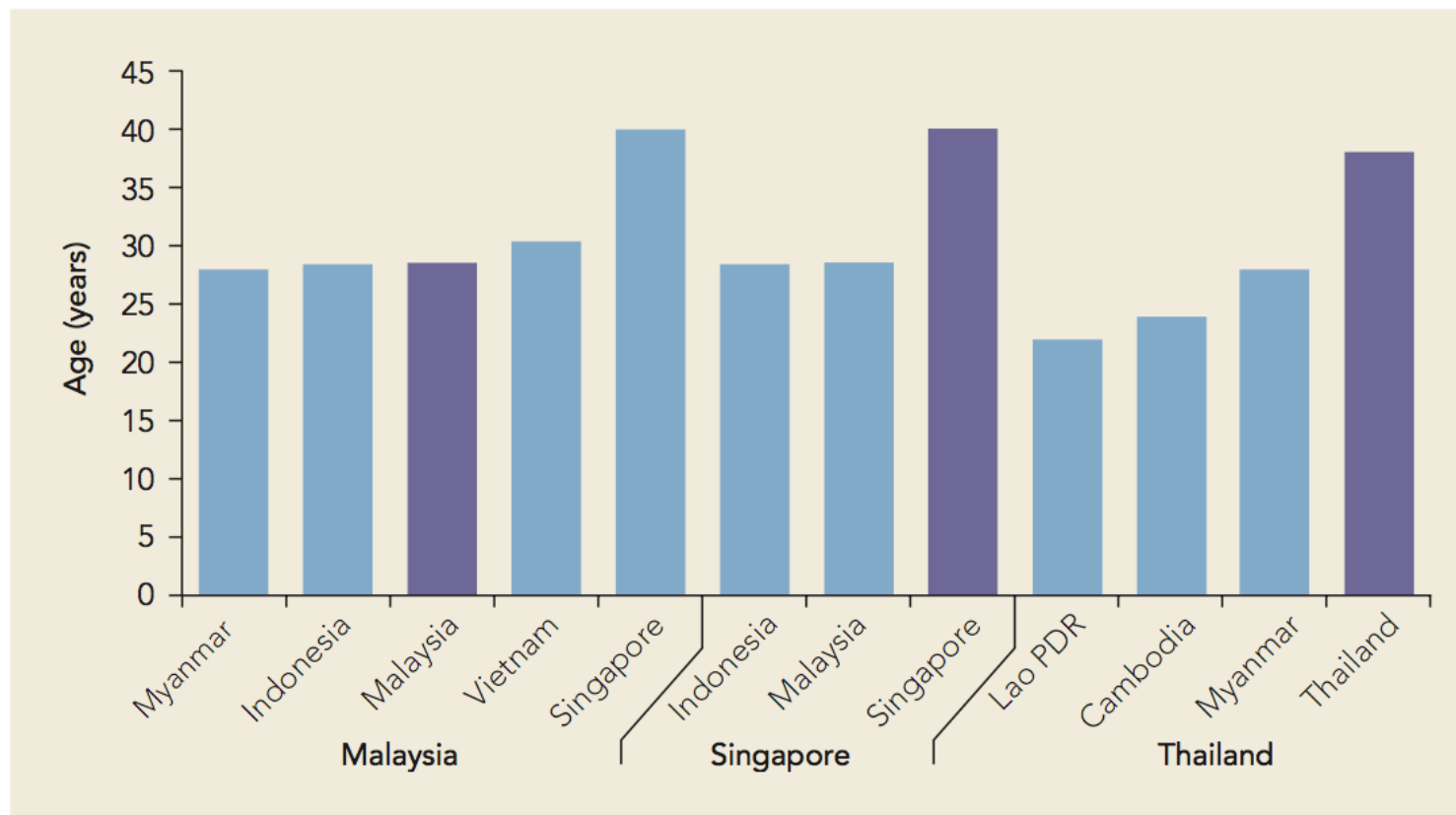
RATIO OF DESTINATION-TO-ORIGIN GDP PER CAPITA IN ASEAN'S 10 LARGEST MIGRATION CORRIDORS IN 2015



Source: UN 2015a; World Development Indicators (database).

Note: The horizontal line indicates parity between destination- and origin-country GDP per capita, which is in purchasing power parity (constant 2011 international dollars).

MEDIAN AGE IN ASEAN'S MAJOR MIGRATION CORRIDORS IN 2015

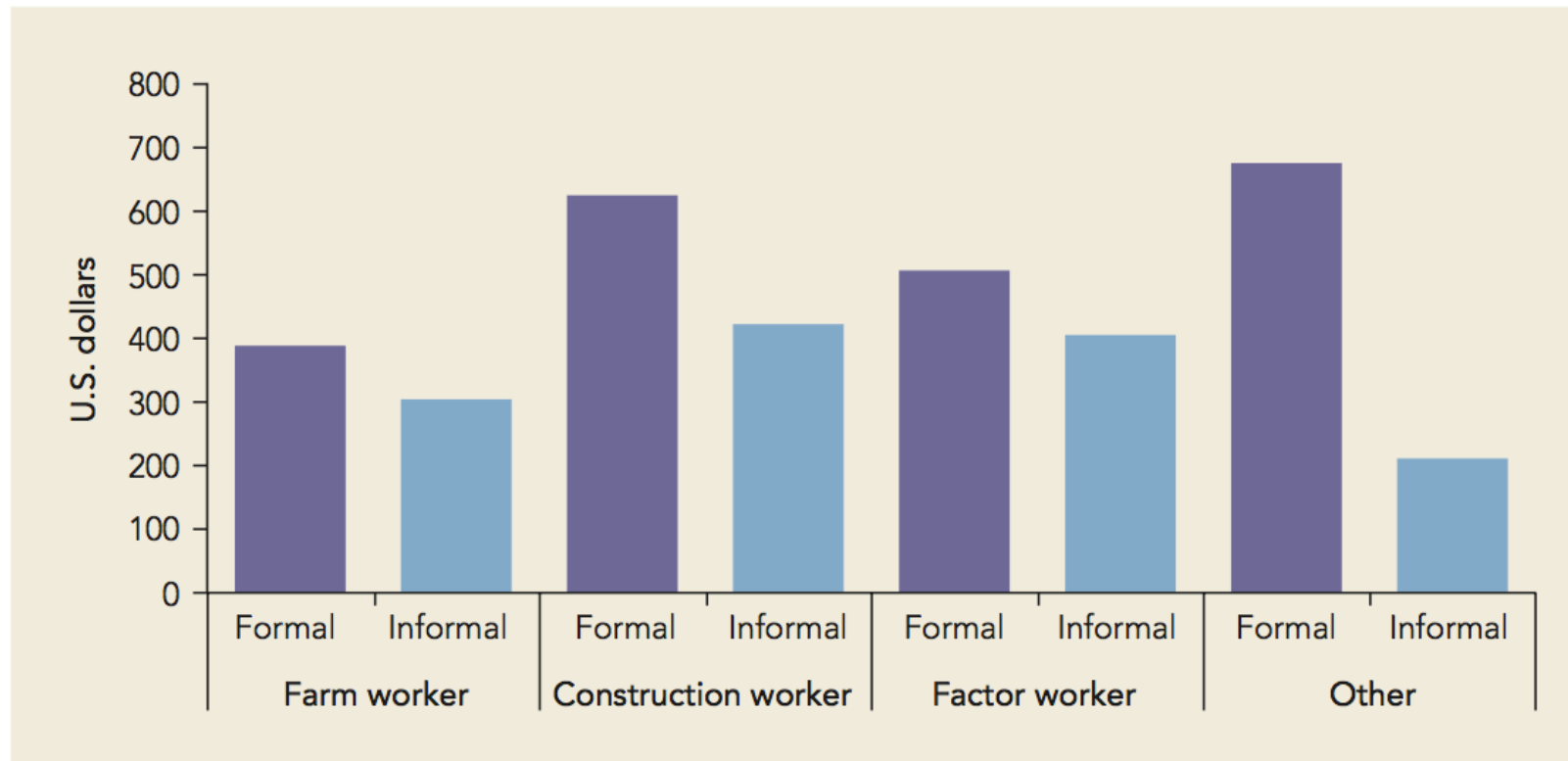


Source: UN 2015b.

WORKERS STILL FACE SIGNIFICANT COSTS TO MOVE

- ❖ The costliness of international migration can mean that the poorest households are unable to afford migration
- ❖ Migration processes that are overly procedural and require significant time and resources can lead migrants to seek out informal channels
- ❖ Migrants avoid excessive time and monetary costs by crossing borders unofficially, entering countries to work with nonwork visas, and overstaying work passes

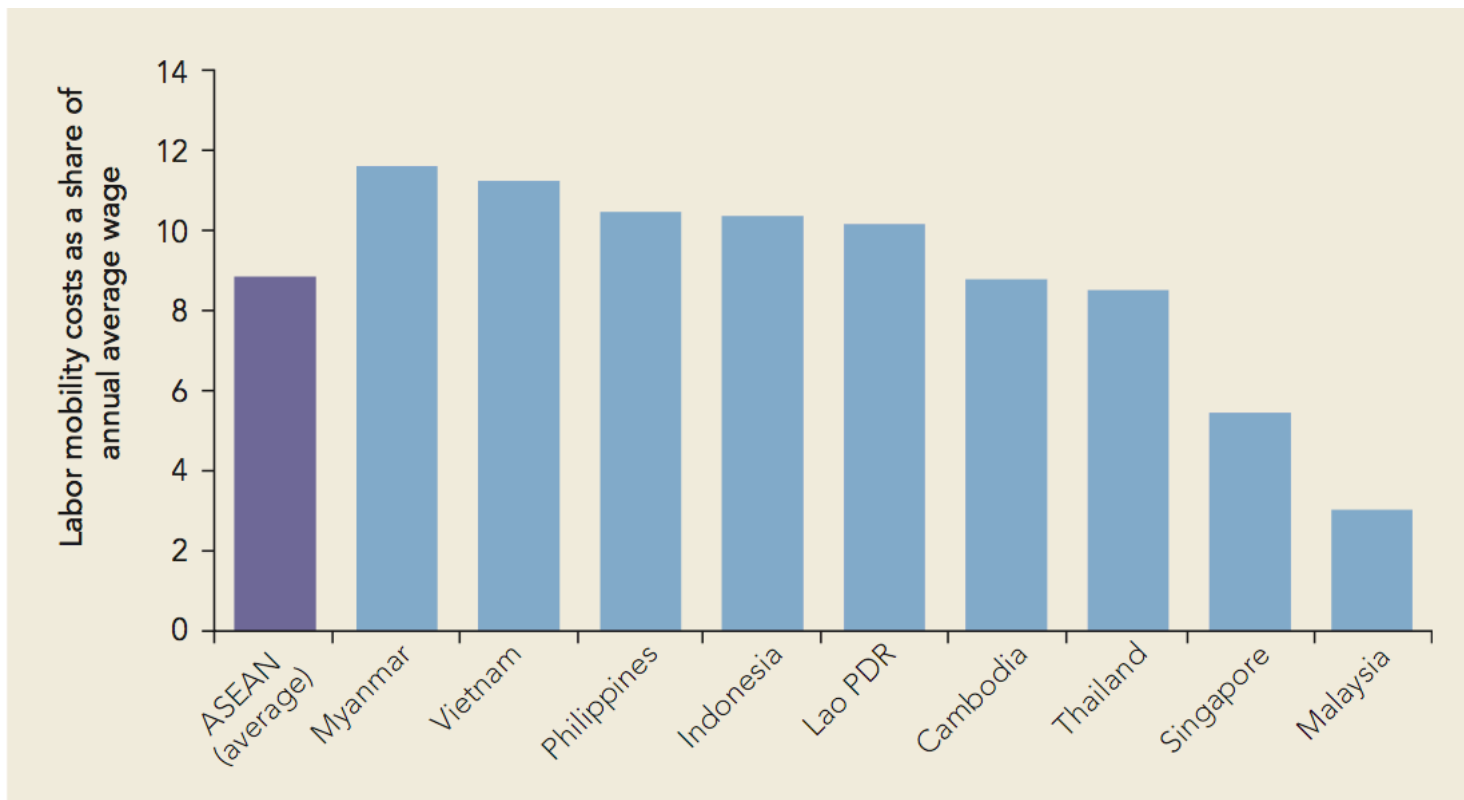
AVERAGE MONETARY MIGRATION COSTS FOR MALE INDONESIAN MIGRANTS IN MALAYSIA



Source: World Bank 2016.

Note: 2014 exchange rate US\$1 = Rp 11,865.

INTERNATIONAL LABOR MOBILITY COSTS IN ASEAN IN THE 2000S



Source: Hollweg 2016.

WEAKNESSES IN MIGRATION SYSTEMS INCREASE MIGRATION COSTS

- ❖ Governance
- ❖ Admission component
- ❖ Employment component
- ❖ Exit component
- ❖ Enforcement component

THE MIGRATION SYSTEM AND COSTS ARISING IN EACH OF ITS COMPONENTS



BREAKDOWNS AND WEAKNESSES IN THE MIGRATION SYSTEM

1. Migration systems often have difficulty responding to economic needs
2. Information asymmetries arise among migrants and employers
3. Employers and recruitment agencies are able to exploit these information asymmetries to extract rents from the migration system
4. There is a lack of coordination within sending and receiving countries as well as among these countries, employers, trade unions, workers, and migrants
5. Both sending and receiving countries tend to focus on the short-term benefits and costs of migration

BETTER POLICIES CAN LOWER THE BARRIERS TO LABOR MOBILITY

Governance

- ❖ National migration strategies
- ❖ Institutional framework
- ❖ Bilateral agreements

BETTER POLICIES CAN LOWER THE BARRIERS TO LABOR MOBILITY

Admissions

- ❖ Entry paths
- ❖ Quantity restrictions
- ❖ Recruitment

Employment

- ❖ Employment terms
- ❖ Protections for migrant workers

BETTER POLICIES CAN LOWER THE BARRIERS TO LABOR MOBILITY

Exit

- ❖ Sanctions and incentives
- ❖ Diaspora engagement
- ❖ Reintegration

Enforcement

- ❖ Coordination of enforcement
- ❖ Targeting of enforcement

COUNTRY-SPECIFIC PRIORITIES: DESTINATION COUNTRIES

- ❖ With very low levels of informal migration and a sophisticated system of productivity-linked entry paths, **Singapore** will need to continue working to build public trust in the migration system and to improve protections for migrant workers
- ❖ With high levels of informal migration but a less sophisticated admissions system than Singapore, **Malaysia** will need to work to make its immigration system more responsive to economic needs and to collaborate more closely with both employers and sending countries

- ❖ With high levels of informal migration, **Thailand** will need to work to formalize its large population of undocumented migrants, rationalize entry procedures that are costly and time-consuming, and rethink immigration policies such as levies and a repatriation fund, which exist in law but not in practice, undermining the credibility of the migration system
- ❖ As the sultanate seeks to encourage private sector employment among locals, **Brunei Darussalam** will need to ensure that a relatively complex system of quotas and levies based on geography, sector, and employer supports this goal, while also meeting economic needs.

COUNTRY-SPECIFIC PRIORITIES: SENDING COUNTRIES

- ❖ **The Philippines** has a highly developed support system for migrant workers that is a model for other sending countries. To build on this status, the country should continue to evaluate and improve its migration management system, including oversight of recruitment agencies, programs for returned migrants, and data sharing and interoperability.
- ❖ **Indonesia** should work to improve coordination among the agencies responsible for managing labor migration and to streamline exit procedures for migrants to encourage documented migration.

❖ **Vietnam** will need to evaluate its current policies for incentivizing out-migration to determine whether they are meeting the country's needs. While the intention of these policies is laudable, other reforms are also necessary, including review of recruitment agencies' frequent and at least tacitly sanctioned practice of requiring migrant workers to pay a security deposit to guarantee their return, which is frequently not repaid

❖ Lower-capacity **Cambodia, Lao PDR, and Myanmar** should continue considering how migration can fit into their economic development strategies, shaping programs to make out-migration less costly and more formal, and creating connections with diaspora to facilitate the transfer of knowledge and capital accordingly

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	
Main destination countries										
Singapore	•	•		•	•		•	•	•	No
Brunei Darussalam	•	•		•	•		•	•	•	No
Malaysia	•			•	•			•	•	Yes ^(b)
Thailand	•	•	•	•	•	•	•	•	•	Yes
Main source countries										
Cambodia ^(a)	•	•		•	•		•	•	•	Yes
Indonesia	•	•		•	•			•	•	Yes
Lao PDR ^(a)	•	•	•	•	•	•	•	•	•	Yes
Myanmar ^(a)	•	•	•	•	•	•	•	•	•	Yes
Philippines	•	•		•	•		•	•	•	Yes ^(b)
Viet Nam ^(a)	•	•	•	•	•		•		•	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

Migrating to Opportunity

Overcoming Barriers to Labor Mobility in Southeast Asia

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