

▶ Chapter 5

Current Situation of the Flow of Laborers within the ASEAN Region —More laborers flowing into Singapore, Malaysia, and Thailand

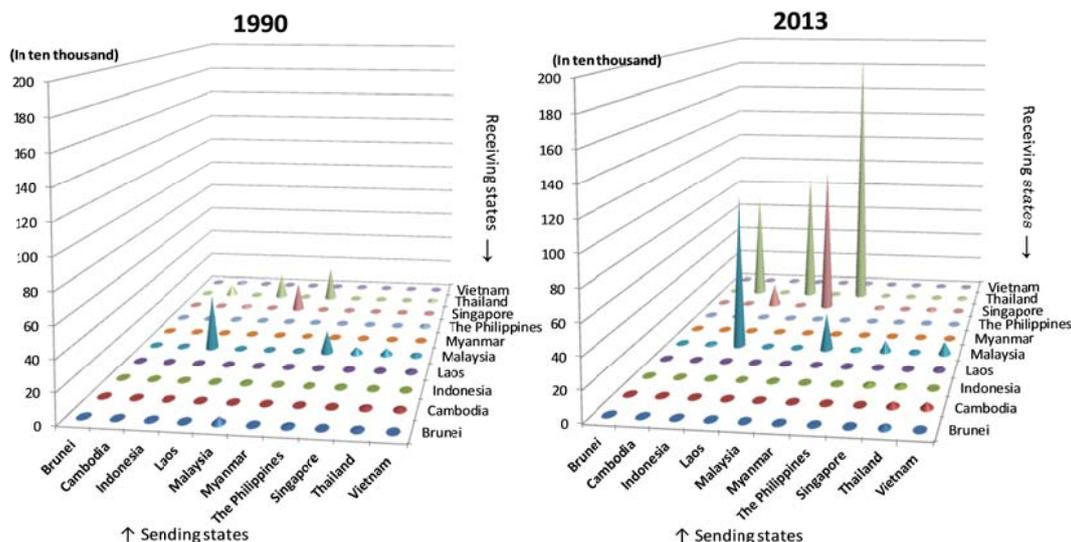
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【Key Points】

- The flow of laborers within the ASEAN region is increasing with two main trends: laborers are flowing into Singapore and Malaysia, and laborers from the three neighboring countries of Thailand are flowing into Thailand.
- The AEC does not include details on the flow of low-skilled or unskilled laborers. In reality, though, there is a flow of low-skilled or unskilled laborers based on bilateral agreements between the sending states and the receiving states, supported by economic gaps between various ASEAN countries. At the same time, de facto labor mobility outside the system (in other words, the so-called illegal workers who do not work under the proper legal procedures) is prominent.
- The way ASEAN's labor market is formed is important for ASEAN as a production base. It is necessary for the ASEAN Member States to draw up a legal framework and policies that would protect migrant workers. This will also benefit the maintenance and improvement in productivity.

Increase in the movement of persons within the ASEAN region



Note: Stock basis.

Source: United Nations Department of Economic and Social Affairs (2013). Created from the 1990 version and the 2013 version of Trends in International Migrant Stock: Migrants by Destination and Origin (United Nations database, POP/DB/MIG/Stock/Rev.2013)

1. Introduction

By 2015, ASEAN aims to establish a single market and production base to build a framework for smooth flow of goods and capital in order to expand the market. During this process, the shape of the labor market (which supports production) has been questioned.

Within the labor flow, the mobility of so-called high-skilled human resources into the labor market is considered to bring positive effects on social welfare and the economy within the region. Therefore, the free flow of this type of human resources is discussed at international negotiations. In ASEAN, the AEC Blueprint, which is a plan for economic integration by 2015, specifies the free flow of skilled laborers. In accordance with Article V of the AFAS (ASEAN Framework Agreement on Services), which is a framework agreement relating to services, Mutual Recognition Arrangements (MRAs) have been concluded for eight applicable types of jobs.¹ The Master Plan on ASEAN Connectivity (MPAC) – adopted in October 2010 – clearly outlined a plan for strengthening the mobility of the people within the ASEAN region

¹ MRAs for engineers were concluded in December 2005, nurses on December 8, 2006, architects and surveyors in November 2009, doctors, dentists, accountants in February 2009, and tourism professionals in November 2012.

in the form of physical connectivity, institutional connectivity, and people-to-people connectivity. Specific measures include: undertaking a study on progressive visa exemption for ASEAN nationals who travel within the ASEAN region; further mobilizing skilled workers within the region by further concluding and enforcing MRAs; concluding the MRA on ICT engineers by the end of 2015; and implementing a pilot project to build a pool of skilled laborers within the region. The ASEAN Agreement on the Movement of Natural Persons (MNP) was signed in November 2012. The MNP aims to facilitate the movement of natural persons engaged in the conduct of trade in goods, trade in services and investment between the Member States. The MNP states that natural persons are those who are business visitors, intra-corporate transferees, and contractual service suppliers. Although the MNP is an agreement on the movement of natural persons, it specifies the protection of: the integrity of the member states' borders, the domestic labor force, and permanent employment in the territories of the member states. This vividly illustrates ASEAN's policy of targeting the movement of only specific natural persons. In other words, the free flow of people – which the AEC lists as a goal – is actually limited to the free flow of professionals, persons engaged in trade or investment, or visitors.

Meanwhile, the free flow of the so-called low-skilled or unskilled laborers who do not belong to the abovementioned categories has not been included in the discussions at the negotiations for the AEC.² In reality, the ASEAN region is seeing a significant rise in the mobility of low-skilled and unskilled laborers, and this is influencing the politics, societies, and economies of the ASEAN Member States. The receiving states of migrant workers have respective labor migration policies that deal with which types of low-skilled or unskilled laborers to accept from outside the country and how to treat them.³ Similarly, the labor-sending states have a variety of labor export policies on how to send their own workers outside the country and how to protect their rights. It is clear that the process of developing and implementing policies to liberalize goods, capital, and people within the region in advance of the

² Workers who are not categorized by specific skills or qualifications are grouped as “low-skilled or unskilled workers.” They are also referred to as manual laborers.

³ In this chapter, “migrant workers” refer to “those who left the country or region where they were born, or those who moved to a country or a region that is not their country of nationality for the purpose of working.” Both policies of sending and receiving states regarding these workers in general will be referred to as “migrant worker policy.” Here, “migrants” will be used to refer to both immigrants and emigrants. It does not mean “migrants” in the narrow sense, as a legal term of a traditional immigrant nation of foreigners who were granted permanent residency when entering a country.

establishment of the AEC has not included discussions on the movement of low-skilled or unskilled laborers.

This chapter will examine the flow of the so-called low-skilled and unskilled laborers, which is already becoming more active, even though they are excluded from the AEC targets. There are no accurate and comprehensive data on the actual movement of laborers within the ASEAN region. Using the limited data available, this chapter will analyze the current situation of the movement of laborers in the ASEAN region.

2. Overview of labor mobility in the ASEAN region

2.1 Movement of the people in the ASEAN region

First, let us look at how the number of migrants (stocks) in two ASEAN countries account for compared to the total number of migrants, including those from outside the ASEAN region. This will be calculated using the United Nations' estimated database on the number of migrants by origin and by destination between each country and region. The number of migrant stock shown in this data does not strictly match the definition of the number of migrant workers (foreign workers) that this chapter focuses on. However, it gives a general overview of the trend of the outflow of migrants from an ASEAN Member State to another ASEAN Member State or outside the ASEAN region, and the inflow of migrants from the ASEAN Member States or outside the ASEAN region to an ASEAN Member State. If it is assumed that the percentage of ASEAN's intra-regional figure is higher than that of the world (including outside the ASEAN region), then that would mean that the de facto integration level regarding the movement of the people within the ASEAN region has increased. In this case, it can be observed that the intra-regional percentage has definitely risen from 1990, 2000, and 2013.⁴

From a viewpoint of sending countries, the number of ASEAN nationals who migrated to another ASEAN countries divided by the total number of ASEAN nationals who migrated to other countries (including ASEAN) was 20.1% in 1990, 28.8% in 2000, and 34.2% in 2013. From a receiving point of view, the number of

⁴ United Nations, Department of Economic and Social Affairs (2013). Versions of 1990, 2000, and 2013 of the Trends in International Migrant Stock: Migrants by Destination and Origin (United Nations database, POP/DB/MIG/Stock/Rev.2013) were used.

ASEAN national migrants in ASEAN countries divided by the total number of migrants from all over the world (including ASEAN) was 47.8% in 1990, 63.0% in 2000, and 68.6% in 2013. This indicates that the movement of the people within the ASEAN region has certainly been increasing over the last 20 years. Whether it is outbound or inbound, the movement of the people of the ASEAN region has increased in number and in percentage in the world total, which also show that the movement of the people within the ASEAN region is becoming more active.

However, there are significant differences between the ASEAN countries that have high and low ratios of migrants from other ASEAN nations. For instance, as the country of origin (or migrant-sending state), the Philippines' ASEAN ratio is low at under 10% and is decreasing every year. This illustrates that Filipino people are migrating more to non-ASEAN countries rather than to other ASEAN countries. Another sending state, Myanmar had a high ratio of over 80% in 2013. On the other hand, the percentage of ASEAN nationals in Singapore, a destination country of migrants (or a receiving state) was 30% in 1990, 50% in 2000, and 53% in 2013. Similarly, the percentage of ASEAN nationals in Thailand, another receiving state, was high at 93% in 1990, 95% in 2000, and 96% in 2013.

2.2 Overview of the movement of workers in the ASEAN region

The movement of workers in the ASEAN region can be divided into two main movements: workers moving to Singapore and Malaysia, and workers moving to Thailand. As of 2013, there were 1.32 million foreign workers in Singapore and 2.11 million foreign workers in Malaysia, the two main receiving states. The Singapore government's statistics do not reveal the number of migrant workers by origin country, but the data on labor-sending countries within the ASEAN region can be used to estimate that many foreign workers in Singapore are from Malaysia, Indonesia, and Myanmar. In Malaysia, 40% of foreign workers (approximately 940,000 people) are from Indonesia and from other ASEAN countries, with 120,000 workers coming from Myanmar. While Singapore and Malaysia receive workers from outside the ASEAN region, Thailand restricts the country of origin to be Myanmar, Laos, and Cambodia. As of October 2014, the number of migrant workers in Thailand totaled 2.77 million people, with approximately 1.7 million coming from Myanmar, 270,000 from Laos, and 800,000 from Cambodia.

The destinations for workers migrating outside the ASEAN region are mainly

to the Middle East, Taiwan, Hong Kong, and South Korea. A striking number of migrant workers from outside the ASEAN Member States are from South Asian countries such as Bangladesh, Nepal, India, and Sri Lanka.

2.3 The structure of laborer-receiving states vs. laborer-sending states in the ASEAN region

As stated in Chapter 1, although the gap is being reduced, there is still an economic gap between the ASEAN Member States. This economic gap has resulted in the workers move from a lower GDP per capita country to a higher GDP per capita country. As stated earlier in this chapter, there are two main trends for the movement of laborers. The first one is the movement of laborers from Indonesia and other countries to Singapore and Malaysia. The second one is the movement of laborers from Myanmar, Laos, and Cambodia (Thailand's three neighboring countries) to Thailand.

The ASEAN Member States can be categorized into the following three groups in terms of their policies on the movement of laborers, based on their economic development stages (RTWG 2008). The countries in the first stage of economic development are those with a high population growth rate and a high birth rate, but a relatively young population and a low urbanization rate. These countries are namely Cambodia, Indonesia, Laos, Myanmar, the Philippines, and Vietnam. The policies on labor migration in these countries focus on how to send their people to foreign countries as laborers, how to protect their own people in foreign countries, and remittances to their original countries. By contrast, countries in the third stage of economic development have a low population growth rate and a low birth rate, but an aging population, a high urbanization rate, and a high GDP per capita. These countries include Brunei, Singapore, and Malaysia. The policy challenges for these countries are how to manage migrants who flow in, the outflow and inflow of skilled human resources, migrant integration in the receiving societies, and measures against undocumented migrants (the so-called illegal migrants who do not have legal documents). The sole country in the second stage of economic development is Thailand. Thailand's characteristics are decreasing population growth, an increasingly aging population, a high urbanization rate, increasing GDP per capita, and a lower birth rate compared to the countries in the first stage. Thailand faces policy challenges of countries in both the first stage and the third stage.

3. Institutional framework on the labor mobility within the ASEAN region

As mentioned in the beginning, ASEAN does not have a multilateral system in the form of regional cooperation regarding low-skilled and unskilled laborers. Each ASEAN Member State holds individual policies relating to the receiving of foreign workers or sending of workers from their own country. Therefore, there exists a mixture of bilateral agreements and memoranda between the receiving and sending states like a spaghetti ball.

3.1 The lack of framework in ASEAN and varying legal systems in each ASEAN Member State

Since there are multiple policy targets, the migrant labor policies in each ASEAN Member State vary in provisions and implementation of laws and regulations. As a basis for sending laborers, Indonesia, one of the biggest sending country, has the “Placement and Protection of Indonesian Workers Abroad” (Law No. 39/2004), which focuses on the protection of Indonesian workers. On the other hand, Cambodia, a newly emerging labor-sending country, has “Sub Decree 190 on the Management of the Sending of Cambodian Workers Abroad Through Private Recruitment Agencies” , which does not state many stipulations on the protection of Cambodian workers.

With regard to the labor-sending agencies, the Philippines – which has traditionally been a labor-sending country – established the Philippine Overseas Employment Agency, which is exclusively in charge of sending Filipino workers overseas under the Department of Labor and Employment. On the other hand, while Indonesia – which is trying to imitate the policy of the Philippines – established the National Board for the Placement and Protection of Indonesian Overseas Workers, several government agencies manage the sending of industry-specific workers. In Cambodia and Vietnam, the Department of Labors handles issues on sending workers.

Regarding the legal systems of the labor receiving states, while Malaysia has included titles and sections on the employment of foreign workers in their general law on employment, Singapore and Thailand have separate laws on the employment and working of foreign workers. Compared to the sending of workers, the receiving of workers involves more government agencies. This shows that the receiving of foreign workers impacts the society, economy, and politics of the receiving country, and at the same time, shows the difficulty of forming consensus on their policies.

What connects the labor-sending countries and the labor-receiving countries is plural bilateral agreements and memoranda within the ASEAN region. With regard to the policies on migrant workers in the ASEAN Member States, both the labor-sending countries and the labor-receiving countries look at migrant workers primarily from an economic standpoint as the premise for policies. The receiving states of migrant workers focus on the temporary supply of workers and place migrant workers as a buffer for a flexible labor market that fluctuates with the economy. Bilateral memoranda enable migrant workers to find jobs and become employed based on prescribed procedures. It is also supposed to function to restrict and manage the outflow and inflow of migrant workers by each government. However, in reality, a long-term dependency on foreign workers is becoming more persistent. Furthermore, there are a number of so-called illegal workers who depart, enter, and work without legal documents and not through the prescribed routes as provided by bilateral agreements.

Figure 1: Laws Relating to the Sending of Workers Overseas from ASEAN’s Sending States and Laws Relating to the Employment of Foreign Workers in ASEAN’s Receiving States

Laws of the Sending States Relating to the Sending of Workers Overseas and the Employment of Foreign Workers

Indonesia	Placement and Protection of Indonesian Workers Abroad (Law No. 39/2004)
The Philippines	Migrant Workers and Overseas Filipinos Act of 1995
Vietnam	Law on Vietnamese Guest Workers (2006)
Cambodia	Sub-Decree 190 on The Management of the Sending of Cambodian Workers Abroad Through Private Recruitment Agencies (2011)
Myanmar	The Law Relating to Overseas Employment of 1998 (The State Peace and Development Council Law No. 3/99)

Laws of the Main Receiving States Relating to the Employment of Foreign Workers

Singapore	Employment of Foreign Manpower Act (1990)
Malaysia	Employment Act 1955 (Part XIIIB: Employment of Foreign Employees, amended in 1998)
Thailand	Alien Working Act (2008)

Source: Created by the author.

3.2 The ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers of 2007

The ASEAN region has already experienced an active movement of workers;

however, as previously mentioned, there is no reference to low-skilled or unskilled laborers in the plan for economic integration by 2015. The ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers of 2007 (which was adopted at the 12th ASEAN Summit) is a declaration that will serve as a common ground for both the labor-sending countries and the labor-receiving countries in the ASEAN region. At the same time, the declaration is a compromise between the sending states and the receiving states. The sending states demand the protection of human rights and the improvement of the employment environment of the workers sent from their countries. On the other hand, the receiving states desire to manage migrant workers because they fear negative impacts on their own social economies; therefore, they are only willing to accept as many migrants as will help their economies. The declaration calls for cooperation, but does not make the member states bear legal obligations between the countries. Still more, the scope of the declaration does not include undocumented migrant workers and, as is clearly stated, it does not intend to regularize undocumented migrant workers.⁵ This demonstrates the cautious attitude of the member states, particularly receiving states in ASEAN.

3.3 Drafting by the ASEAN Committee on the Implementation of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers (ACMW) – will it transform from a declaration to a treaty?

The ASEAN Committee on the Implementation of the Declaration on the Protection and Promotion of the Rights of Migrant Workers (ACMW) was established in April 2007 by the ASEAN Ministers of Foreign Affairs in order to implement the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers of 2007. The aim of the ACMW is (1) to ensure commitments made under the Declaration on Migrant Worker Rights are implemented and (2) to develop an ASEAN instrument for the protection and promotion of the rights of migrant workers.

Under the ACMW, an ASEAN drafting team (ACMW-DT) was convened. The drafting team was composed of representatives from Malaysia and Singapore (receiving states) as well as the Philippines and Indonesia (sending states) and the first meeting was held in Bangkok in April 2009. In 2010, the ACMW-DT was expanded to

⁵ “4. Nothing in the present Declaration shall be interpreted as implying the regularisation of the situation of migrant workers who are undocumented.”

include all the ASEAN Member States in order to break the deadlock of the drafting process. In 2012, a “Zero-Draft” was completed and since then, negotiations in achieving consensus among the Member States on each article have taken place. As of writing, there is still no consensus on two stipulations. One is whether the instrument should be legally binding and the second matter is whether the scope the instrument should include undocumented migrant workers.

Figure 2: Agreements in ASEAN Relating to Migrant Workers

1997	ASEAN Declaration on Transnational Crime	Cooperation by the Ministers of Interior/Home Affairs on illegal migration and the trafficking of persons
1998	Hanoi Plan of Action	Replacing the Hanoi Plan of Action, a document that includes commitments to develop an ASEAN instrument on the protecting and promoting the rights of migrant workers
1999	Bangkok Declaration on Irregular Migration*	Commitments relating to addressing migration, particularly irregular migration, in a comprehensive and balanced manner, and preventing trafficking of persons.
2004	ASEAN Declaration Against Trafficking in Persons Particularly Women and Children	Regional cooperation to prevent and combat trafficking in persons
2004	Vientian Action Programme	Successor of the Hanoi Plan of Action. It is an evolving document that includes commitments for promoting and protecting the rights of migrant workers
2007	ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers	Commitments on the protection and promotion of the rights of migrant workers
2009		The abovementioned declaration is stated in the ASEAN Socio-Cultural Community Blueprint.

*In addition to ASEAN Member States, Australia, Bangladesh, China, Japan, South Korea, New Zealand, Papua New Guinea, Sri Lanka, and Hong Kong have signed.

Source: <http://humanrightsinasean.info/asean-committee-migrant-workers/about.html>

4. The current situation of foreign workers from the viewpoint of major receiving states

4.1 Singapore

As of 2013, Singapore’s population was 5.3 million. Out of 3.36 million workers as of the end of 2012, about 38% (or 1.27 million people) were foreign workers. In 1968, Singapore introduced the foreign workers permit system as it was

experiencing a shortage of workers due to industrialization. Although workers mainly came from Malaysia when the system was introduced, it has since shifted to include Thailand, India, Bangladesh, the Philippines and Indonesia. In the 1980s, Singapore started managing the employment of foreign workers by imposing a Foreign Worker Levy and setting an upper limit on the total number of migrant workers. For example, the “Employment of Foreign Manpower Act (Chapter 91A)” enacted in 1990 requires foreigners to obtain work passes. Professional and skilled workers are issued Employment Passes (EPs), mid-skilled workers are issued S passes, and low-skilled workers are issued Work Permits (WPs). Singapore specifies types of work passes that the foreigners can obtain by their country of origin. For instance, Singapore specifies that WP holders must be from Malaysia, a traditional source of unskilled labor that has had a long history with Singapore, and from non-traditional sources such as India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines.

Figure 3: Foreign Workforce Numbers in Singapore
(By pass type, in number of people)

Pass type	2007	2008	2009	2010	2011	2012	2013
Employment Pass (EP)	99,200	113,400	114,300	143,300	175,400	173,800	175,100
S Pass	44,500	74,300	82,800	98,700	113,900	142,400	160,900
Work Permit (WP)	757,100	870,000	856,300	871,200	908,600	952,100	985,600
Work Permit (foreign domestic worker)	183,200	191,400	196,000	201,400	206,300	209,600	214,500
Work Permit (construction)	180,000	229,900	245,700	248,100	264,500	293,400	319,100
Total	900,800	1,057,700	1,053,400	1,113,200	1,197,900	1,268,300	1,321,600

Source: Created from “Foreign Workforce Numbers” published by the Ministry of Manpower.

<http://www.mom.gov.sg/statistics-publications/others/statistics/Pages/ForeignWorkforceNumbers.aspx>

4.2 Malaysia

In 2014, it is estimated that Malaysia’s population exceeded 30 million people. As of September 2013, the number of legal foreign workers in Malaysia reached 2.11 million. By industry, 733,000 foreign workers have jobs in manufacturing, which accounted for 35% of the total number of foreign workers in Malaysia. By nationality, Indonesian workers make up the largest share with 935,000 people, which accounted for 44% of the total.⁶

⁶ The Malaysian Indicator, “Malaysian, not foreigners, behind most crimes, says Home Minister” 30 October, 2013.

In the latter half of the 1980s, Malaysia experienced a full-fledged industrialization and had a shortage of workers. In the 1990s, Malaysia allowed foreign workers to be employed not only in sectors such as plantation, agriculture, construction, and domestic labor, but also in manufacturing and services. In 1998, the Employment Act of 1955 was amended to include Part XIIB, “Employment of Foreign Employees.” As a result, the employment of foreign workers was institutionalized, a situation which has continued through today. The five sectors in which foreigners are allowed to be employed in Malaysia are (1) manufacturing, (2) plantation, (3) agriculture, (4) construction, and (5) services. Currently, foreign workers are allowed to obtain permits to work in 3 subsectors of services: (1) restaurant (cooks), (2) cleaning and sanitation, and (3) resort island. Only nationals of the listed 14 countries are allowed to work in Malaysia, and within those, ASEAN Member States are Indonesia, Cambodia, Myanmar, Laos, Vietnam, Thailand, and the Philippines. Another type of work is a domestic helper and for this, a separate procedure is necessary.

Figure 4: Malaysia’s Approved Foreign Worker Source Countries in the Designated Sectors

	Thailand, Cambodia, Myanmar, Laos, Vietnam, Kazakhstan, Nepal, Pakistan, Sri Lanka, Turkmenistan, Uzbekistan	The Philippines	India	Indonesia	
Gender	Both male and female	Male only	Both male and female	Male	Female
Sectors					
Manufacturing	○	○	–	–	○
Plantation	○	○	○	○	○
Agriculture	○	○	○	○	○
Services	○	○	○ (Restaurants)	○	○
Construction	○	○	○ (High-tension cable)	○	○

Source: Created from “Service Information” from the Foreign Workers Management Division of Ministry of Home Affairs.

<http://www.moha.gov.my/index.php/en/bahagian-pa-maklumat-perkhidmatan>

4.3 Thailand

In 2012, Thailand’s population was 66,780,000 people with a total workforce of 39,530,000. The flow of migrant workers from Myanmar, Laos, and Cambodia (Thailand’s three neighboring countries) has increased since the early 1990s, when Thailand advocated changing the Indochinese Peninsula from a battlefield to a market

at the end of the Cold War. Thailand's border – which had been closed up to that point – opened and it shifted its economic policy to export-oriented industrialization. As the movement of workers from rural areas to Bangkok or industrial areas accelerated, unskilled laborers needed in a labor-intensive industries were scarce, and so to fill that vacancy, workers from neighboring countries flowed into Thailand. The number of migrant workers has been increasing along with Thailand's economic growth. In the early 1990s, the Thai government did not have policies that officially allowed unskilled migrant workers. However, due to the demand from the business community that needed to employ migrant workers from Myanmar, Thailand introduced a system in 1992 to codify the existing state of affairs, in which unskilled workers from Myanmar could register and be granted work permits. Thailand concluded a bilateral memorandum regarding the employment of workers with Laos in 2002, and with Cambodia and Myanmar in 2003. Thailand has limited foreign workers to only these three countries. Foreign workers in Thailand can be categorized into the following legal statuses. (1) Foreign workers who use a legal route to enter and work in accordance with the bilateral memorandum, (2) foreign workers who illegally entered and work in Thailand without official documents, but who have completed the legal processes which requires to prove their nationalities as prescribed by the Thai government, and (3) foreign workers who have not completed the abovementioned process, but have registered.⁷ As of October 2014, the number of foreign workers who have entered and are working in accordance with the bilateral memoranda between Thailand and the sending states are 248,964 people. The number of foreign workers who have completed the proof of nationality and are legally staying and working in Thailand is 1,084,978 people. There are 1,437,037 people who have registered but not yet completed the process. The total number of foreign workers from the three neighboring countries in Thailand is 2,077,979 people as of October 2014.⁸

The main sectors in which migrant workers work are agriculture, fishing, food processing, manufacturing, construction, and domestic labor.

Approximately 60% of the total foreign workers in Thailand from the three countries are from Myanmar. More Burmese workers work in the marine product processing industry than any other industry in Thailand; they account for over 90% of the foreign workers in Thailand's marine product processing industry. Laotian people

⁷ See Yamada (2014) for details on Thailand's labor receiving policies.

⁸ Sources from Thailand's Department of Employment (DOE), Ministry of Labor.

account for approximately 10% of the total foreign workers from the three countries. A significant number of Laotian people work in the domestic labor sector, and following that are agriculture and construction. Most Cambodian workers work in construction, then agriculture and fishing.

According to Thailand's Ministry of Labor, the official percentage of foreign workers in Thailand's workforce is low compared to countries that are large receiving states of foreign workers. Therefore, the government sees Thailand's economy as mainly driven by domestic labor power and a part of its economic growth has been supplemented by inexpensive low-skilled workers from the three neighboring countries (ILO 2013, 49). Although it is not reflected in the official statistics, the reality is that Thailand is heavily dependent on foreign workers.

5. Current situation of overseas labor from the viewpoint of the sending states⁹

5.1 Indonesia

The movement of labor from Indonesia to Malaysia is one of the big trends of labor mobility within the ASEAN region. In 2012, Indonesia had a population of 246,086,000 people. Compared to this abundant labor force, employment opportunities in Indonesia are limited. Since the 1990s, Indonesia has become a major sending state of workers in Southeast Asia on par with the Philippines. Since 2000, Indonesian workers participating in the nursing and caretaker industry have significantly increased and account for nearly 70% of foreign domestic workers and nurses in East Asia. In Singapore, about 100,000 people (which is half of the 200,000 foreign domestic workers) are Indonesians, and in Malaysia 280,000 people (80%) out of approximately 350,000 foreign domestic workers are Indonesians. Indonesia has frozen the sending of workers to Malaysia since 2009 due to the frequent abuse of Indonesian domestic workers in Malaysia. Therefore, the number of new workers sent to Malaysia peaked in 2007 at 222,203 Indonesians. Since then, it has decreased to 133,904 Indonesians in 2011. Although the trend has been downward, Indonesian workers still account for the majority of foreign workers in Malaysia.

Indonesia regards the labor-sending policies of the Philippines leading in terms of the protection of nationals working overseas. Furthermore, Indonesia signed

⁹ In this section, details on Indonesia came from Okushima (2014), details on the Philippines came from Chibana (2014), and details on Vietnam came from Ishizuka (2014).

the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (ICRMW) in 2004 and ratified it in 2012. Indonesia and the Philippines are the only countries to ratify the ICRMW, not only in ASEAN but in all of Asia.

5.2 The Philippines

The Philippines is the largest labor-sending state among the ASEAN Member States due to an abundant labor force. In 2012, the population of the Philippines was 96.7 million. In 2001, the number of Filipino workers sent overseas was approximately 870,000, but in 2010, it increased by about 1.7 times to 1.47 million people. The main receiving state of Filipino workers has continuously been the Middle East. In 2010, approximately 680,000 Filipinos were sent to the Middle East, and Saudi Arabia accepted the largest number at 293,000 Filipino workers. Hong Kong follows Saudi Arabia with approximately 100,000 Filipino workers. Within the ASEAN region, the Philippines sent approximately 70,000 workers to Singapore, 10,000 workers to Malaysia, and approximately 8,000 workers to Brunei.

A labor-sending system was stipulated by the “Republic Act No. 8042 Migrant Workers and Overseas Filipinos Act of 1995.” For a country where remittances by workers overseas support 10% of the GDP, the protection of Filipino workers overseas is an important policy issue that leads to a stable support base of the administration. The Philippines ratified the ICRMW before the rest of the world, and within the ASEAN region, it has taken a lead in establishing a framework on the protection and promotion of the rights of migrant workers.

5.3 Vietnam

In 2012, Vietnam’s population exceeded 90 million. In the 1980s, unskilled laborers were sent overseas due to the labor agreements held between Vietnam and socialist countries such as the Soviet Union and East Germany. With the dissolution of the Soviet Union, the Vietnamese government changed its policy on migrant workers. In 1991, Decree 370 allowed for licensed labor-export businesses and Vietnam started to actively export their workforce overseas. The Law on Vietnamese Guest Workers was enacted in 2006 and includes details on recruitment agencies sending workers overseas, contracts, fees, guarantors, and the repatriation and reintegration of workers after their return to Vietnam. In recent years, Vietnam has been sending approximately

100,000 workers abroad annually and Taiwan receives the most Vietnamese workers, followed by Malaysia.

Vietnam concluded a bilateral agreement with Malaysia in 2003 and started to officially send workers. Ninety percent of Vietnamese workers who are sent to Malaysia work in manufacturing. Due to work related accidents, frequent deaths of workers, and lower wages in Malaysia compared to East Asian countries such as Taiwan, fewer Vietnam workers are currently being sent to Malaysia. In turn, more Vietnamese workers are moving to Taiwan.

6. Outlook and challenges of the future

The ASEAN Economic Community – which is scheduled to be established by 2015 – aims to develop ASEAN that is a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy. For all of these targets, the way the labor market is shaped and the availability of the workforce matter inevitably. In order to establish a single production base, the free flow of workers within the region should be possible along with the liberalization of goods, capital, and services. A common policy on mobility of workers in the ASEAN region is extremely important. However, as previously mentioned, in the current framework of the AEC, the intra-regional mobility of workers is not discussed with the exception of certain professional jobs. Each ASEAN Member State with different industrial structures and demographics has individual policies and systems regarding the receiving of foreign workers and the sending of its own citizen workers overseas. Although there is a system of bilateral agreements between the receiving states and the sending states, there has been no discussion on establishing a framework of ASEAN as a whole in terms of the mobility of workers because of the conflict of interests between the receiving states and the sending states. In reality, mutual dependency is high between the two in ASEAN Member States. In particular, Thailand – which is limiting the origins of workers to the three neighboring ASEAN countries – has a significantly high dependency on these workers. However, since policies on migrant workers in each country assume that foreign workers are temporary workforce, questions remain about the rights and welfare of the workers.

The workers in the ASEAN region are integrated into the production network, which exists to let other ASEAN countries take advantage of wage gaps between countries. Burmese workers are working at an outsourced factory of a Japanese-affiliated company in Malaysia, and Cambodian workers are employed by a subcontractor of a contracted construction company in Thailand. It is necessary for those investing in ASEAN to further deepen their knowledge about the employment of foreign workers in order to secure workers in the local labor market. The demand for foreign workers is not only rising within the ASEAN region, but also from outside the region. In order for ASEAN to become an attractive single market and production base, it is necessary to secure high quality workers, or in other words, a sound labor market. Whether member states can agree on a legally binding regional instrument regarding the protection and the promotion of the rights of migrant workers – which is currently under discussion – is an extremely important question that will decide how ASEAN can move forward toward further integration.

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