

# Demographic Change and International Labor Mobility in the Asia-Pacific Region— Implications for Business and Regional Economic Integration

SYNTHESIS REPORT

Authored by Graeme Hugo



A JOINT PECC-ABAC RESEARCH PROJECT



COORDINATED BY  
THE KOREA NATIONAL COMMITTEE FOR PACIFIC ECONOMIC COOPERATION



PACIFIC ECONOMIC COOPERATION COUNCIL  
APEC BUSINESS ADVISORY COUNCIL



KOPEC



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The **Pacific Economic Cooperation Council (PECC)** is one of the Asia-Pacific's most influential organizations. Since its foundation in 1980 it has been a policy innovator in trade, finance, information technology and capacity-building, among others. PECC brings together leading thinkers and decision-makers from government and business in an informal setting to discuss and formulate ideas on the most significant issues facing the Asia-Pacific. PECC is the only non-government official observer in APEC. For more details visit <http://www.pecc.org>.

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ISBN: 978-89-959841-1-6

Published in the Republic of Korea by KOPEC

Design and produced by Orom Systems Co., Ltd.

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# Acknowledgment

**T**he present report presents a synthesis of the findings, including implications for cooperation among APEC governments, from the studies on international labor migration in twenty Asia Pacific economies which were jointly undertaken by the Pacific Economic Cooperation Council (PECC) and the APEC Business Advisory Council (ABAC) in 2007-2008 under the theme of *Demographic Change and International Labor Mobility in the Asia Pacific Region: Implications for Business and Regional Economic Integration*.

The twenty case studies covered Japan, Republic of Korea, China, Hong Kong, China, Chinese Taipei, Mongolia, Thailand, Vietnam, Malaysia, Singapore, Indonesia, Philippines, Australia, New Zealand, Chile, Peru, Columbia, Mexico, United States, and Canada. Initial presentations were made of those case studies done by the experts identified by the respective member committees of PECC at a joint PECC-ABAC conference held in Seoul, Korea, on March 25-26, 2008, organized by the Korea National Committee for Pacific Economic Cooperation (KOPEC) in collaboration with the Korea Labor Institute (KLI). Senior officials of the International Labor Organization and the International Organization for Migration also attended this conference to present their respective organizational perspectives. Five synthesis papers were prepared subsequently, for the four ‘sub-regions’ of Northeast Asia, Southeast Asia, Australasia, and Pacific Americas each, as well as for the Asia Pacific region as a whole. The draft version of the overall synthesis paper was presented and discussed at the 2nd 2008 Meeting of ABAC held in Moscow, on May 12-14, 2008.

The present synthesis report, including the executive summary, has been prepared since then. A PECC-ABAC Joint Task Force was organized to discuss and adopt this report through on-line discussions as well as at their workshops held in Bangkok on July 24-25 and in Hangzhou, China, on August 2-6. The final version of the synthesis report was presented to the PECC Standing Committee Meeting held in Bangkok on July 26 as well as to the 3rd 2008 Meeting of ABAC held in Hangzhou.

The case study reports on the twenty Asia Pacific economies have been uploaded on the PECC website ([www.pecc.org](http://www.pecc.org)). A full report on the project, consisting of all

five synthesis papers in addition to the present report, is scheduled to be published by the Institute of Southeast Asian Studies (ISEAS) by the mid-November this year.

This project was launched at the initiative of Dr. Soogil Young, Chair of KOPEC, and has been coordinated by Dr. Young with generous financial and administrative support from KOPEC. Ms. Doris Magsaysay-Ho of the ABAC Philippines has collaborated closely with him, in order to secure the support of ABAC for the project as well as to inject ABAC's perspectives into the present report, thus ensuring its relevance to the business community in the region. In particular, Ms. Ho has exercised an active leadership in organizing and mobilizing the PECC-ABAC Joint Task Force. Mr. Eduardo Pedrosa, Secretary General of the PECC Secretariat, has been supportive of this project throughout, and in particular has helped bring PECC and ABAC together as partners.

Finally, and most critically, the intellectual leadership in preparing the present report has been provided by Dr. Graeme Hugo, Professor in the Department of Geographical and Environmental Studies, University of Adelaide, Dr. Chia Siow Yue, Senior Research Fellow, Singapore Institute of International Affairs, and Dr. Sherry M. Stephenson, Advisor, Economic Policy Issues and Chief, Institutional Relations, Organization of American States. Prof. Hugo, in particular, has authored the present synthesis report on behalf of the Joint Task Force. A distinguished authority on demography, Dr. Hugo is the author of over three hundred books, articles in scholarly journals and chapters in books, as well as a large number of conference papers and reports.

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## Executive Summary

**O**ne of the most remarkable and beneficial aspects of Asia-Pacific integration in the past half century has been the growing and massive international movement of people on a temporary and permanent basis. Such movements typically have brought tremendous economic benefit to the region.

Through people movements, net destination economies compensate for labor and skill shortages, and may deter industries from moving off-shore to more labor-rich locations. Investment would increase as a result. For net origin economies, individuals are provided with opportunities and income, remittance flows become an enormous source of foreign exchange earnings, and student and trainee movements have facilitated the acquisition of skills. Both net origin and destination economies benefit from circular migration flows involving the acquisition of skills and knowledge in the early career in a foreign economy and its transfer and use in the native economy later in the career. These labor flows enhance regional economic integration.

Private industries also benefit enormously from both highly skilled and lesser skilled flows by being able to maximize productivity through deploying human resources where they are most effective – whether they are highly or lesser skilled workers. At present there is a critical shortage of both skilled and unskilled workers in many APEC economies, and businesses are finding it increasingly difficult not only to find workers but also to deploy talent when and where it is most effective. Economic analysis tells us that in aggregate the benefits of enhanced labor mobility far outweigh adjustment costs and are an essential and crucial element in the Asia-Pacific growth story.

This will continue to be so. Demographic transformations, widening differences in levels of economic and educational development, and continued regionalization and globalization of industry, all suggest that Asia-Pacific economies will almost certainly require even greater international movements of labor in the future. However, in a time of both increased security concerns and economic insecurities, there is a tendency to politicize and restrict border flows, causing tensions and

policy incoherence in the region. This will not only be harmful to national economies, but also increase surreptitious and exploitative illegal labor flows.

It is the right of every government to regulate immigration policies. However, smart regulatory policies should be based on a sound understanding of the economic impact of labor flows and knowledge of the human dimensions of migrant flows. They will also be enhanced by an understanding of best and poor practices that have worked or failed for other economies. In our view, there is a compelling need for regional cooperation as a vehicle through which both origin and destination economies can maximize economic benefit, smooth economic and social adjustments for native citizens and immigrants, share policy experiences, and improve the protection and well-being of migrant communities.

Based on an extensive survey of Asia-Pacific labor migration practices and policies, our cooperative PECC-ABAC study team makes the following general recommendations:

- As a basis for smart policy, APEC economies need to have a fuller understanding of labor migration and its importance to national economies and regional integration. While some economies do have significant statistical and analytical capabilities, they are mostly devoted to national level issues. The regional flows, benefits, and adjustment challenges are much less understood. We urge the APEC economies to strengthen national and regional data collection and policy analysis of migration flows.
- Governmental capabilities to manage migration flows and to coordinate policies across different agencies and communicate them to their employees and migrants are frequently deficient. We recommend a regional survey of these capabilities in order to identify needed reforms and skills training programs, and sources of assistance to address these needs. Good governance in migration management is a key for protection of migrants and making international labor flows a win-win for the worker as well as both origin and destination economies. In some cases, wider labor market reforms and stronger labor institutions may be needed. We urge APEC to build capacity in migration management across the region.

- Best practices and policies on international migration should be studied and shared. The APEC region encompasses a wide variety of labor circumstances, practices, and legal and policy regimes, and each economy clearly needs policies addressed to its individual needs and situation. However, there is also much to share regarding practices and policies that can enhance remittance flows, strengthen circular migration patterns, reduce transaction costs for the migrants, provide legal protection for migrants, facilitate good social relations between migrant and established communities and mainstream migrants in national life, incorporate labor migration issues in trade and other bilateral agreements, technology transfer and training of workers, develop pension portability, and other issues. Regional institutions are often a more effective forum for knowledge sharing than global institutions, and APEC is a logical venue because of its focus on aspects of regional economic integration.
- We urge APEC to undertake a concerted effort to identify illegal and exploitative practices associated with the migration industry that are oftentimes the cause of illegal migration. These include egregious cases of human trafficking, forms of indentured servitude, passport and visa fraud, transportation that is risky, illegal payments, the practice of workers paying placement fees, and excessive over-charging for handling remittances and other normal and legal transactions.
- The APEC economies should develop processes for enhanced consultation on frameworks and policies affecting labor migration with the International Labour Organization, the Organization for International Migration, and other relevant international organizations.
- Public-private partnerships and private sector programs can often be tools to strengthen support and provide protection for migrant communities. Our case studies suggest valuable lessons from the international shipping industry and private sector projects to enhance electronic social networks among migrant communities and with family and friends in home economies. We urge APEC to undertake a full canvassing of the business community in order to allow for a wider range of suggestions and ideas to facilitate beneficial and equitable labor movements.

In sum, the PECC-ABAC International Labor Mobility Joint Task Force believes

that APEC can develop an action-oriented set of activities around the issue of international labor mobility that will significantly enhance the benefits to APEC economies, ease adjustment problems associated with migration, strengthen the transfer of human skills through migration, overcome increasing demographic and labor imbalances, and provide protection and enhanced well-being for those who migrate. In November 2007 APEC Leaders agreed to promote further economic integration in the Asia-Pacific region. Considerable progress has been made in liberalizing trade and financial flows; however progress in labor mobility has been limited. An initiative in the area of labor mobility would be consistent with the goals of APEC and could serve to facilitate business operations and greatly enhance the regional integration process.

We hope that APEC will adopt as part of its next work cycle an International Labor Mobility project with a midterm vision and specific action goals. ABAC and PECC are willing to join APEC in this program by sharing the knowledge, analyses, and conclusions that we have developed with government officials. More detailed analysis of migration trends, issues and challenges as well as policy recommendations are contained in a 50 page synthesis report which accompanies the present summary. A longer policy-relevant volume, consisting of detailed surveys and analyses of the international migration patterns, practices, issues and policies for the whole region as well as by subregions is being published later in the year. The individual economy case studies have been put on the PECC website (<http://www.pecc.org>).

# 1. Introduction

One of the most striking elements of Asia-Pacific integration over the past half century has been the growing movement of people, especially workers, between countries on a permanent and temporary basis. Such movements have not only provided opportunities for individuals and families but have brought economic benefit to the region. Nevertheless whereas APEC economies have been successful in improving global flows of goods, capital and information many barriers to the flow of people remain and the potential for migration to deliver win-win-win dividends to labor sending economies, labor receiving economies and migrant workers themselves is compromised. Moreover widening differences in levels of economic and educational development, demographic transformations and continued regionalization and globalization of industry all suggest that Asia-Pacific countries will require greater international movements of workers in the future.

Accordingly PECC has undertaken a study in collaboration with ABAC to assess the economic and business implications of this issue and to identify common challenges as well as possible cooperative responses.<sup>1</sup> The aim of the present paper is to provide a synthesis of the results of studies of international labor migration undertaken in twenty of PECC member economies.<sup>2</sup> Each of these studies covered the following topics:

- Assess the magnitudes, trends and patterns of labor migration in the Asia Pacific, focusing on temporary migration of labor.
- Examine the demographic situation, policies and practices related to demographic change in each economy and their implications for business and labor mobility.
- Assess the main impediments to the international movement of labor in

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1. The project has been coordinated by the Korea National Committee for Pacific Economic Cooperation (KOPEC) which has provided the organizational and administrative leadership, as well as a generous financial, support for the project.

2. These included Japan, Republic of Korea, China, Hong Kong, China, Chinese Taipei, Mongolia, Thailand, Vietnam, Malaysia, Singapore, Indonesia, Philippines, Australia, New Zealand, Chile, Peru, Columbia, Mexico, United States, and Canada. Preliminary case studies done on those economies were discussed at a joint PECC-ABAC conference held in Seoul, Korea, on 25-26 March, 2008, organized by KOPEC in collaboration with the Korea Labor Institute (KLI).

each economy.

- Analyze labor migration policies and practices.
- Highlight key issues and concerns pertaining to labor migration and demographic change.
- Compare labor migration experiences, policies and practices among economies.
- Examine business implications.
- Explore the scope for policy cooperation and labor migration.



## 2. The Demographic Context

**T**he Asia Pacific contains both high income and low income economies and their demographic trajectories have differed. On the one hand the high income economies are experiencing low (and, in a few cases, negative) natural increase of population because of an extended period of low fertility. This is resulting in slow natural growth and projected declines of their workforce age population as aging becomes more pronounced. On the other hand in low income economies of the region, fertility decline has been more recent although in most countries it has also been dramatic. These shifts have wrought significant changes in age structure and caused what has been called the 'Asian Youth Bulge' which consists of large numbers of adolescents and young adults who were born when fertility was high followed by declining numbers of children born after fertility declined' (Westley and Choe 2002, 57). In 1960, the Asia-Pacific youth population numbered 284 million and comprised 17 percent of the total population. However, by 1985 they had more than doubled in number and reached a peak of 21 percent of the total population. Subsequently, the growth of the age group has been lower as the effects of the decline in fertility have been felt. In 2000 they numbered 615 million but their proportion of the population declined to 18 percent. The outlook for the future is to increase slowly to 658 million in 2040 when they would make up 14 percent of the total population. This of course has implications for migration since the youth age groups are the most mobile.

While there is considerable variation between economies in the region many are currently experiencing a 'demographic dividend' whereby there is the opportunity to increase economic growth. This is because rapid and sustained declines in fertility has meant that the last large high fertility cohorts are entering the workforce ages while there are decreasing numbers of dependent children and there are still small numbers of dependent elderly aged persons. This has meant the ratio of working age to non-working age population has reached a peak. While this does not automatically confer a dividend of enhanced economic growth if there is an unfavorable policy environment there are several empirical studies of Asian countries which have confirmed that a dividend has resulted. For example, it has been shown that a high ratio of workers to dependents in China has contributed between 15 and 20 percent of economic growth during the reform era (Wang and Mason 2007).

It is not, however, just that the passage of the 'Asia-Pacific youth bulge' into the early workforce ages has created a highly favorable dependency ratio. Almost all Asia Pacific youth have experienced some formal education and are easily the best educated ever generation of young people in the region. While post school formal education has remained the prerogative of a privileged elite in many economies, there has been a spectacular increase in the intergenerational differences in educational attainment. This has meant that there are not only more workers for each dependent than in past generations but also that their per capita productivity is considerably greater.

The important point here, however, is that the same process which concentrates population in the ages which delivers a demographic dividend – the 20's and 30's – has important implications for migration. This is because one of the most universal of findings in migration research is that peak mobility is concentrated in the 20's and 30's age groups. The rapid growth of the 20's and 30's age groups in the region has coincided with unprecedented opportunities for international migration. This raises the issue as to what are the demographic dividend implications if a substantial number of the Asia Pacific youth bulge do not remain in their own economy. There are a number of potential impacts:

- Other things being equal it would seem that emigration of young workers would dampen the magnitude of the demographic dividend. This would occur not only because it would decrease the number of workers for each dependent but also because migration is selective of the more productive young workers.
- On the other hand the economies with net gains of immigrants will benefit as the demographic dividend passes from the origin to the destination economy and the ratio of workers to dependents would improve.
- However the increasing literature on migration and development (Lucas 2005; World Bank 2006) suggests that in many cases the emigration of workers does not necessarily mean that their contribution to their source economy is lost. This is because:
  - they send back remittances;
  - they encourage foreign direct investment;
  - they send back knowledge, information and new ways of doing things;
  - they return permanently, temporarily and virtually.

The literature suggests that the extent to which Asia Pacific economies can benefit from their demographic dividends is dependent on them putting in place a favorable macro-economic policy environment (Bloom, Canning and Sevilla 2003, 42). One of these policy elements which has gained little attention in the past how-

ever relates to migration. There is a real chance that for many poorer economies a significant part of their demographic dividend may accrue to more developed economies which are able to attract away young and skilled workers. Clearly coming up with an appropriate mix of macro-economic, human resource, social and migration policies is crucial to maximizing the efforts of the demographic dividend.

### **3. Changing Patterns of Labor Migration in the Asia Pacific**

#### **Traditional Migration Economies**

Taking first of all the four traditional immigration economies (USA, Canada, New Zealand and Australia) there has been an increase in permanent migration – much of it focused on workers. As a result the proportion of the workforce in these economies that are made up of migrants has increased. For example, between 1970 and 2006 the proportion of the USA workforce that were born overseas rose from 5.3 to 15 percent. There are three main flows of permanent migrants into the economies (workers and their families, family reunion migrants and refugees) and the economies vary in the proportion of their migrants made up of workers and their families with Australia having the highest proportion and the United States the lowest. There has been a tendency (especially in Australia and New Zealand) for worker migration to become more proportionally significant in immigration intakes over time. The permanent inflows are also changing in their composition with the Asia Pacific becoming a more important origin for all economies and South America becoming more significant in the North American economies. Undocumented migration is of particular significance in the United States where one estimate is that by 2004 that unauthorized workers numbered 6.3 million or 4.3 percent of the US labor force and 30 percent of all foreign workers (Martin and Lowell 2008). Another trend in immigration policy in the traditional migration economies has been an increasing focus on skill in selection of worker migrants making it more difficult for low skilled migrants to move to those economies.

A defining feature of worker migration to the traditional immigration nations has been the increasing significance of temporary migration. This inflow has greatly enhanced the migrant contribution to the labor force in traditional migration economies. Moreover the temporary worker schemes are highly focused on skill. A particularly significant group in the temporary immigrants are foreign students a high proportion of whom make the transition to become permanent residents.

## New Net Immigration Nations

The other net immigration economies of the study (Hong Kong-China, Chinese Taipei, Republic of Korea, Japan, Thailand, Malaysia, Singapore) have a shorter history of net labor migration gains than the traditional migration economies and have broadly two systems of labor migration. The smaller system involves highly skilled workers and this is increasing with the internationalization of labor markets. Economies generally have become more welcoming to skilled migrants as it is realized that skilled workers are crucial to increasing productivity and lack of such workers can be a substantial constraint on development. Most skilled workers enter Asian immigration economies as temporary migrants although permanent settlement is increasing.

The largest system of labor migration influencing Asian immigration economies involves low skill workers who are employed in low status, low paid jobs which have been characterized as 3D (Dirty, Dangerous and Difficult). The demand for workers in these areas is fuelled by the demographic forces mentioned earlier but also the fact that in tight employment-rapid economic growth contexts these jobs are being eschewed by local workers. Accurate estimation of the scale of these flows, both skilled and unskilled, is not possible.

The overall numbers of migrants in each APEC economy in 2000 and 2005 according to official figures are presented in Table 1. However these data include all migrants regardless of when they arrived in several economies and include refugees and other types of migrants. Moreover temporary migrant workers are not included in some official statistics. An example is provided by the country of the Republic of Korea which Table 1 indicates had 551,000 overseas-born residents in 2005, down from 597,000 in 2000. Nevertheless Korean government figures put the number of resident foreigners as being almost twice that figure in 2006 (910,149). Moreover this does not include some 200,000 irregular migrants in the economy (*Asian Migration News*, 15-30 June 2007). The government predicts that the numbers of foreigners residing in Korea will increase to 3.6 million or 7.2 percent of the population by 2030 (*Asian Migration News*, 15-30 June 2007).

Table 1. Stocks of International Migrants in APEC Member Economies, 2000 and 2005 (Thousands)

Region/Country	2000	2005	Percent Change 2000-2005
China	513	596	16.2
Hong Kong, China	2,701	2,999	11.0
Japan	1,620	2,048	26.4
Korea, Republic of	597	551	-7.7
Brunei	104	124	19.2
Indonesia	397	160	-59.7
Malaysia	1,392	1,639	17.7
Philippines	160	374	133.8
Singapore	1,352	1,843	36.3
Thailand	353	1,050	197.5
Vietnam	22	21	-4.5
Australia	4,705	4,097	-12.9
Canada	5,826	6,106	4.8
Chile	153	231	51.0
Mexico	521	644	23.6
New Zealand	850	642	-24.5
Papua New Guinea	23	25	8.7
Peru	46	42	-8.7
Russian Federation	13,259	12,080	-8.9
USA	34,988	38,355	9.6

Source: United Nations 2002a; 2006.

## Net Labor Emigration Countries

More than a half of the economies in the study (China, Mongolia, The Philippines, Indonesia, Vietnam, Mexico, Chile, Peru and Columbia) are unequivocally net labor exporters and emigration of workers, most of them temporary, has increased in recent times. Dealing first with Asia, there are two main sets of destinations. Firstly there is a longstanding movement to the Middle East, especially from the Philippines and Indonesia. More recently there has been increasing movement to the Asian immigration economies discussed earlier. Data on stocks of emigrant workers from Asian destinations are poor but some estimates are presented in Table 2 and indicate the substantial scale of largely unskilled and semi skilled migration out of Asian economies. One of the most significant trends has been the so

called ‘feminization’ of that migration. International labor migration, here as elsewhere, is a fundamentally gendered process and interlinked closely with changes in the role and status of women in the Asia Pacific migration.

Table 2. Asia: Estimates of Stocks of Migrant Workers in the World

Origin Countries	Number	Main Destinations	Source of Information	Year
Burma/Myanmar	1,840,000	Thailand	<i>BurmaNet News</i> , 8 January 2007	2006
Thailand	340,000	Saudi Arabia, Chinese Taipei, Myanmar, Singapore, Brunei, Malaysia	<i>Migration News</i> , March 2002, Scalabrini Migration Center 1999	2002
Laos	173,000 <sup>b</sup>	Thailand	<i>Migration News</i> , January 2005	2004
Cambodia	183,541	Thailand	Lee 2006	2006
Vietnam	400,000	Korea, Japan, Malaysia, Chinese Taipei	Migration News, October 2007	2005
Philippines	8,233,172	Middle East, Malaysia, Japan	Philippines Overseas Employment Agency	2006
Malaysia	250,000	Japan, Chinese Taipei	Asian Migrant Center 1999	1995
Singapore	150,000 <sup>a</sup>		Yap 2003	2002
Indonesia	2,700,000 <sup>a</sup>	Malaysia, Saudi Arabia, Chinese Taipei, Singapore, Korea, United Arab Emirates	Ananta and Arifin 2008	2007
China	530,000	Middle East, Asia and the Pacific, Africa	Ma 2005	2004
Total	14,799,713			

a. Documented

b. Undocumented

Turning to the pattern in Latin America there has been an ‘unprecedented’ increase of permanent migrants (or those with more or less fixed residence) from Mexico to the United States increasing from 5.4 million in 1970 to 26.7 million in 2003. In addition there is substantial temporary migration (Morales 2008) to make the Mexico-US movement the largest international labor migration flow in the world.

## 4. Drivers of the New Labor Migration

### The Three Ds

The Global Commission on International Migration has identified widening disparities between economies with respect to ‘demography, development and democracy’. These have been of fundamental importance in the increasing scale and impact of international migration in APEC nations. While income disparities are a well established driver of international migration (Massey *et al.* 1993) and fundamental to migration theory it is perhaps the demographic disparities which give us the greatest confidence in predicting further increases in Asian labor migration. While it would be incorrect to adopt a ‘demographic determinism’ view of future migration in the region, it is crucial to appreciate the demographic underpinnings of current and impending migration within, into and out of the region. With respect to economic gradients, Table 3 shows that there are wide differences between the origin and main destinations in income levels. These steep gradients are obviously an element in driving labor migration in the region.

Despite the reduction in the proportions living in poverty the gap between living standards in high and low income economies continues to increase. Widening income differentials between nations remains one of the fundamental drivers of migration between them. These differentials are better known by potential migrants now than ever before because of the exponential development of communication systems and global media. Moreover the new youth generation are better educated and better informed about alternative opportunities than any earlier group entering these age groups. Young adults have always been more prone to migrate and the new youth generation are more prepared for international migration.

There are however other drivers which have encouraged, and will continue to encourage, international labor migration in Asia. One of the most important is what has come to be known as the global ‘war of talent’. As Kuptsch and Pang (2006) have pointed out, an economy’s prosperity is dependent upon its stock of human capital and as a result global competition for skilled workers has intensified. Economies, especially high income economies seek to increase their stocks of human capital not only through their education systems but also through immigration.



Table 3. Asia-Pacific: Gross National Income Per Capita (\$US), 2006

Origin		Destination	
Cambodia	480	Australia	35,990
Chile	6,980	Brunei	Estimated to be \$11,116 or more
China	2,010	Canada	36,170
Columbia	2,740	Hong Kong, China	28,460
		Japan	38,410
Indonesia	1,420	Korea, Republic of	17,690
Laos	500		
Mexico	7,870	Macao, China	Estimated to be \$11,116 or more
Peru	2,920	New Zealand	27,250
Philippines	1,420	Singapore	29,320
Vietnam	690	Origin and Destination	
Myanmar	Estimated to be less than \$905	Malaysia	5,490
		Thailand	2,990

Source: World Bank 2007a

## Labor Market Segmentation

A process which is playing an important role in international labor migration is labor market segmentation (Piore 1979; Massey *et al.* 1993) which involves migrants dominating particular jobs which are not attractive to the native population. The bulk of temporary labor migrants fill jobs which are of low status, low income and have little security and they concentrate in particular occupations. The reasons for labor market segmentation are complex but it is clear that in societies which have experienced substantial economic development that workers become increasingly reluctant to work in jobs which have low status in their society. Piore (1979) argues that labor market segmentation is a structural feature of developed nations which exerts an increasing 'pull' on workers in less developed economies.

## The Immigration Industry

In examining both undocumented and documented labor migration it is important to recognize that there is an element of '*self perpetuating momentum*' which

has developed so that while movement is influenced by economic trends and policy it is, to some degree, independent of them. In particular, two elements are important in this momentum. One relates to the involvement, of the complex varied group of recruiters, travel agents, lawyers, agents of various kinds, travel providers, immigration officials and an array of gatekeepers of various kinds. Much of the migration in the region is at least facilitated, and often initiated, by these crucial intermediaries and this is especially the case for international labor migration and especially for the segment of that movement which is clandestine. While recruitment activity has also been significant in the North American context it would appear to be *more* important in the contemporary Asian situation.

The number of immigration agents and lawyers is growing rapidly in both origin and destination areas. They operate both within and outside existing legal constraints. These agents have extensive networks on both sides of the border. The illegal migrant is passed from one intermediary to another in a chain of contacts linking origin and destination. While large scale organized crime plays an important role there are also many legitimate agents and many small scale operators. The juxtaposition of legal 'migration' as being wholly good and undocumented migration as being always bad is faulty. Often undocumented systems offer a safe and trusted network because it starts in the home village with a recruiter who has to bear the results of a failure in the system or of exploitation of the migrant. In most movement there is an array of labor recruiters, agents, immigration officials, document forgers, travel providers etc. who are involved at various stages of the labor migration process, usually with some cost having to be paid by the migrant worker. In some economies the 'legal' recruitment and migration process has become overly complex because of the requirements imposed by the government of the sending economy.

## **Social Networks**

It is not sufficiently acknowledged that the majority of international movers in the Asia Pacific move along well trodden paths, which, if they have not traveled along them before themselves, have been traversed by family members and friends. Migrants tend to travel with friends or family and have a range of contacts at the destination. The networks that are established linking origin and destination become key elements in sustaining and enhancing population flows between them. These networks inject a self-perpetuating dynamism into flows of population, which allows movement to continue long after the original economic reasons for the flow

have been superseded or rendered redundant. Whenever a person immigrates, every individual that they know acquires social capital in the form of a contact at the mover's destination which can be 'cashed in' at any time to obtain help in getting a job or accommodation and social support while adjusting to the destination. The networks established by earlier generations of movers from families and localities act as conduits to channel later generations of movers to those destinations in an atmosphere of certainty.

## **Increased Government Involvement**

In recent years there has been an increase in the involvement of governments in the migration process, not only from the perspective of destination but also origin economies. There is the two sided response of most destination governments that seek to attract high skill migrants who are prized for their potential to fill gaps in the labor market, develop innovations and carry out entrepreneurial activity. On the other hand, most seek to place barriers to other types of movement, although there may also be gaps in local unskilled labor markets which attract such migrants, especially in large cities. However, in so-called 'labor exporting' economies, governments also have become increasingly active because they see the sending of workers temporarily to labor shortage nations:

- Reducing pressure on national and regional labor markets.
- Enhancing foreign exchange earnings and addressing balance of payments problems.
- In some cases providing its workers with skills and training.

A whole range of policies mostly directed at enhancing the outflow and maximizing remittance flows have been attempted across countries with varying results. Initially, such movement was seen as a 'temporary solution' to labor surplus problems in these economies, however there is evidence that such 'labor export' strategies are being structurally built in to economies of some countries on a long term basis. Training institutions (e.g. for nurses in the Philippines) are being established to provide students with qualifications which will enable them to work in foreign countries. Targets for sending workers away and for capturing remittances are being built in to long term national and regional development plans.

## 5. Labor Migration and Development

**I**n addressing the impacts of migration in origin and destination communities it is important to recognize that migration can and does have both negative and positive impacts. Simplistic pronouncements of migration being an unfailingly positive (or negative) influence on poverty reduction or economic and social development are not helpful. Migration can both support and undermine attempts to alleviate poverty. The crucial issue is that migration can play a positive role and this provides scope for policy intervention which can on the one hand facilitate and enhance those elements of migration which have positive effects and on the other reduce or ameliorate those which have negative impacts. The development of such interventions requires a deep understanding of the complex interrelationship between migration on the one hand and development and poverty alleviation on the other.

### Brain Drain

The discourse on the effects of migration on development are polarized around two schools of thought. On the one hand the 'brain drain' perspective sees migration impact on origin areas being negative because emigration is selective of the 'best and the brightest' providing a diminution of human capital which is a constraint on development. Alternatively others point to the inflow of finance, information and ways of doing things which result from the outflow as being positive for development. In fact both perspectives have relevance in contemporary APEC labor migration.

Recent analyses (e.g. Carrington and Detragiache 1998; Dumont and Lemaitre 2005) have confirmed that emigration rates in low income countries in APEC are higher for skilled groups and that several economies experience a significant brain drain. A comprehensive analysis (Dumont and Lemaitre 2005) has calculated emigration rates of highly qualified persons (with a university education) and they are low for large nations such as Indonesia (1.9 percent), Thailand (1.9 percent) and China (3.2 percent) but much higher for small nations. It would be incorrect however to assume that brain drain does not have negative impacts. Particularly significant is the net loss of doctors, nurses and other health personnel.

## Remittances

Remittances come from two main types of migrants. Firstly, there is a diaspora of permanent settlers, and secondly the temporary labor migrants who almost all remit money to their families in their home. However the measurement of remittances is problematical and this difficulty is exacerbated in many contexts by the illegality of much movement, the isolation of the home areas and the long history of remitting money through non-formal, traditional channels. The World Bank (2007b) estimated global remittances in 2006 to be US\$268 billion and as Table 4 indicates, developing economies accounted for 199 billion (74.3 percent) of this. Moreover remittances to developing economies increased by 17 percent in 2004-05 and by 161 percent between 2001 and 2005. Some 45 billion dollars were received in East Asia and the Pacific and 53 billion dollars in Latin America and the Carib-

Table 4. Global Flows of International Migrant Remittances (\$ Billion)

<i>INFLOWS</i>	2000	2001	2002	2003	2004	2005	2006e	<i>Change 2005-06</i>	<i>Change 2001-06</i>
<b>All developing countries</b>	<b>85</b>	<b>96</b>	<b>117</b>	<b>145</b>	<b>163</b>	<b>188</b>	<b>199</b>	<b>6%</b>	<b>107%</b>
Low-income countries	22	26	32	40	41	46	47	2%	81%
Middle-income	63	70	85	105	123	142	152	7%	116%
Lower MICs	43	48	61	75	86	95	101	6%	110%
Upper MICs	20	22	23	30	37	47	51	9%	128%
East Asia and the Pacific	17	20	29	35	39	44	45	3%	125%
Europe and Central Asia	13	13	14	17	23	31	32	5%	149%
Latin America and the Caribbean	20	24	28	35	41	48	53	12%	119%
Middle-East and North Africa	13	15	16	21	23	24	25	5%	64%
South Asia	17	19	24	31	30	35	36	3%	86%
Sub-Saharan Africa	5	5	5	6	7	7	7	0%	62%
High income OECD	46	50	52	59	66	68	68	0%	37%
<b>World</b>	<b>132</b>	<b>147</b>	<b>170</b>	<b>205</b>	<b>230</b>	<b>257</b>	<b>268</b>	<b>3%</b>	<b>83%</b>
<i>OUTFLOWS</i>	2000	2001	2002	2003	2004	2005		<i>Change 2004-05</i>	<i>Change 2001-05</i>
All developing countries	12	14	21	25	32	37		17%	161%
High income OECD	76	83	88	98	111	119		7%	44%
High income non-OECD	22	22	22	21	20	21		5%	-3%
World	110	118	131	144	163	177		9%	50%

Source: World Bank 2007b

bean – over 36 percent of the global total. Official remittances to less developed countries are now more than twice as great as official Development Assistance and almost as large as Foreign Direct Investment. Remittances are the largest source of external funding in the several APEC countries.

In Latin America as a whole official remittances are three quarters as large as Foreign Direct Investment and five times larger than Official Development Assistance.

Remittances can and do have an impact on the balance of payments of nations. Table 5 relates official estimates of remittances to the value of total merchandise exports and imports over the last two decades in several major migrant origin economies in Asia and the effects vary considerably. Remittances are generally small in relation to export earnings in the largest economies of the region, especially China and Indonesia. An exception though is the Philippines where remittances have made up a major share of foreign exchange earnings for many years.

Table 5. Main Asian Labor Exporting Economies: Workers' Remittances Relative to Exports and Imports in US\$ Million, 1980-2006

Economy	Year	Workers' Remittances	Total Merchandise		$\frac{R}{X}$	$\frac{R}{M}$
			Exports (X)	Imports (M)	X	M
Indonesia	1980	33	21,908	10,834	0.2	0.3
	1992	264	33,815	27,280	0.8	1.0
	2006	5,722	183,964	78,393	5.5	7.3
Philippines	1980	421	5,744	8,295	7.3	5.1
	1992	2,538	9,790	15,465	25.9	16.4
	2006	15,200	47,028	51,980	32.3	29.2
Thailand	1979	189	5,240	7,158	3.6	2.6
	1992	1,500	32,473	40,466	4.6	3.7
	2006	1,333	130,575	128,600	1.0	1.0
China	1982	564	21,875	19,009	2.6	3.0
	1992	739	84,940	80,585	0.9	0.9
	2006	23,319	969,073	791,614	2.4	2.9

Source: Hugo 1995; *World Bank Development Report*, various volumes and Remittances dataset, [http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData\\_Nov07.xls](http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_Nov07.xls)

## Diaspora and Development

There are a number of ways in which the diaspora can be mobilized to advance the interests of the home economy.

- The diaspora can be both a direct source of FDI and be effective ‘middlemen’ to channel FDI towards the home economy. In China and Chinese Taipei the spectacular economic growth of recent years has been heavily influenced by investment from a diaspora of perhaps 30 million overseas Chinese (Lucas 2003).
- The diaspora can be a bridgehead into expansion of the economic linkages of the home nation. Korean Americans were the bridgeheads for the successful penetration of the United States market by Korean car, electronics and white good manufacturers. Canadian based studies have shown that a doubling of skilled migration from Asia saw a 74 percent increase in Asian imports to Canada (Head and Reis 1998; Lucas 2001).
- Diaspora networks have become important in transmitting information both formally and informally. This dimension is largely confined to skilled migrants. Lucas (2001: 22) has shown how professionals in origin and destination economies have maintained strong linkages so that ideas flow freely in both directions.

## **Return Migration**

The main way in which net emigration countries have attempted to recoup the human capital of skilled emigrants is through return migration. Some of the major attempts to encourage expatriates to return have been made by Asian governments. Korea and Chinese Taipei (Englesberg 1995), for example, initiated programs to encourage a ‘reverse brain drain’ (Chang 1992; Hugo 1996) with some success (Yoon 1992), although it is not clear the extent to which this was due to the programs and how much was a result of rapid economic development (Lucas 2001, 41).

There is a substantial return movement among immigrants to several APEC members (Hugo, forthcoming). There can be significant dividends to the home economy if expatriates return, especially when they are highly skilled in areas in demand in the local labor market and have expanded their knowledge and experience while overseas and return with a network of overseas contacts that can benefit their work at home. While there has not been much research into return migration, it is apparent that many emigrants desire to return although there are often barriers which prevent return. Nevertheless, there would appear to be some scope for policy intervention to encourage return migration.

## **Circular vs Permanent Migration**

In the contemporary migration and development discourse two opposing views on circular migration have been put forward. One group of researchers and policy makers are strongly opposed to guest worker migration. Vertovec (2006, 43) has listed the major questions which surround these programs:

- Migrant workers can get locked in to modes of dependency and exploitative relationships with employers.
- Such schemes lock in migrant workers to particular employers increases the chances of exploitation.
- It is associated with closing of labor markets which cut off opportunities for others.
- Enforcement mechanisms are often draconian.
- The rights of most workers at the destination are restricted so they are socially excluded.
- Such schemes foster illegal migration (Martin 2001).

There are also other considerations:

- They can lead to driving down workplace conditions, wages etc. which forces out local workers.
- They involve long separation from family which can have significant negative social consequences.

However in the recent growth in discussion on the relationship between migration and development there has been increasing advocacy for circular migration as a mechanism which can deliver benefits for migrants and both destination and origin economies simultaneously. There are four reasons for this:

- Potentially at least circular migration can deliver a 'win-win-win' outcome from emigration since migrant workers return to their origins and bring with them the skills, experience and money they acquire at the destination.
- There is a new recognition that remittances can have positive development outcomes and circular migrants remit a much larger proportion of their income to their homes than permanent migrants.
- Policy makers in destinations see temporary migration as being more acceptable to public opinion than permanent migration.
- Many policy makers believe that new technical knowledge and improved border control systems facilitate tracking of temporary migrants so that the problem of 'running away' and becoming an illegal settler in the destination is reduced.



The reality is that both permanent and temporary migration can play a positive role in development and in fact a judicious mix of different types of migration is in many cases advisable. The key is having structures which protect the rights of migrants whether they are permanent or temporary.

## **6. Labor Migration Issues in APEC**

### **High Skilled vs Low Skilled Migration**

One of the defining features of contemporary global migration is the 'Janus', two faced way in which countries regard migrants. For high skilled migrants, professionals and business people the face is a welcoming one but for unskilled workers it is the opposite. There are high skill friendly visas as countries seek to build their stocks of human capital and become more internationally competitive. For low skilled workers, however, even when there is manifest demand for their labor, entry is restricted. Even if it is granted it is usually for limited periods under considerable restriction. Thus in APEC, as elsewhere, there is little debate about the wisdom of attracting high skilled workers and indeed several countries have specific visas for such workers (HB1 in the United States, 457 in Australia) and have specific programs for recruiting and attracting skilled migrants. They often have ready access to gaining permanent settlement in destinations and have few, if any, restrictions on their activity. For low skilled migrants it is quite different. In several nations, even though there is increased demand for low skilled labor there are no documented structures for them to enter the country. Where there are such programs they rarely allow them to apply for permanent residence and have considerable restrictions on them while they are at the destination.

### **Increased Feminization of Migration in APEC**

Women are becoming increasingly significant in migration flows globally as well as in the APEC region. This applies to both skilled and unskilled migration. It is in low skilled labor migration that women have become particularly prevalent with many such flows from countries like the Philippines and Indonesia having a substantial majority of women. International labor migration is very definitely a gendered process and interlinked closely with changes in the role and status of women in the APEC region. While the skilled migration of women is increasing most movement of women for work involves them working in low skilled occupations. Moreover among women there is greater occupational segregation than

for men. Particularly significant is the movement to work as domestics and carers in the homes of high and middle income groups in destinations. Such workers are subject to considerable exploitation as are those who move to work as entertainers or sex workers.

## **Documented vs Undocumented Migration**

There is a high level of labor mobility in APEC which occurs outside of legal channels. This is partly because several governments of countries in need of migrant workers do not provide adequate channels for legal migration. It is difficult to estimate the scale of undocumented migration but some estimate it to be similar in scale to the documented migration. Trafficking, especially of women and children, remains substantial and combating it remains an important priority.

Policing solutions to combating undocumented migration alone are often inadequate. Of course at the extreme of the continuum trafficking, people smuggling and severe exploitation of migrant workers must be the subject of such action. However it may be that some undocumented migration systems can provide valuable lessons in how migration can be managed in an efficient and equitable way. The challenge becomes to develop documented migration systems which meet the labor needs of destinations while being fair and equitable in their treatment of workers so that the documented option becomes more attractive to migrant laborers.

## **Transaction Costs**

A major problem in labor migration is the region lies in the excessive amount of rent-taking involved in many systems. At every stage of the process – recruitment, preparation to travel to the destination, in transit to the destination, at the destination and upon return to the home country – migrant workers are subject to making payments for services and to gatekeepers. Of course some such costs are legitimate but the reality is that many of the costs imposed are not necessary or far in excess of the value of the service provided. In some counties unofficial charges made by gatekeeping officials are imposed while the immigration industry providing recruitment, placement, training, travel and immigration services remains unregulated and able to charge fees which are far too large. The result is that many migrant workers and potential migrant workers are forced to take on a substantial debt to migrate which, if the migration fails for some reason, can leave their families in a more impoverished situation than before. Moreover it is

siphoning off money away from the migrants and their families and away from its potential developmental impact in the region. Excessive fees are also frequently charged for sending remittances home again diverting money away from its potential poverty alleviation and positive developmental role.

## **7. Labor Migration Policy in APEC**

### **Introduction**

One of the defining characteristics of international migration in the Asia Pacific has been the increasing involvement of government in seeking to influence the pattern of immigration or emigration influencing their economies. Some in the region argue that it is paradoxical that whereas freeing up of regulations over the last two decades has seen an exponential increase in flows of capital and goods between economies, there has not been a similar breaking down of barriers to international movement of the other factor of production – people. It could be argued that one of the most pressing needs in the Asia Pacific elsewhere is for migration in general, and international labor migration in particular, to be considered by governments in a more objective way. It is clearly an emotional issue but in many cases, especially in destination economies, there is widespread misunderstanding and misinterpretation of the nature, scale and effects of contemporary international migration of workers.

### **Policies in Net Labor Immigration Countries**

The main impediments to the international movement to labor in the APEC region are viewed as being in the role of the receiving rather than the sending countries. Policy regarding immigration in ‘receiving’ economies of the Asia Pacific is an increasingly contested discourse. This is evident, for example, in the United States where many commentators and indeed the government have backed reform of the US immigration system but the Congress has not been able to get enough votes to push reform through.

In their efforts to increase their skill base the traditional immigration economies have introduced and expanded temporary work visa categories as an increasingly important vehicle for the admission of foreign workers, in particular skilled foreign workers. These programs are intended to provide employers with access to the global market of highly skilled workers in short supply locally. Within receiving economies there is debate between those that want the number of temporary skilled

migrants increased to cover skill and labor shortages and those that perceive them to be driving down work conditions and displacing potential native workers.

The emphasis on skilled workers in the temporary labor migration programs is increasingly contested by those who argue that there are significant low skilled labor shortages. Hence Canada has introduced a 'Low Skill Worker Program' which allows for low skilled workers to come to Canada for a period of up to two years with a chance of repeating. New Zealand has for several years had special programs with a small number of Pacific countries and has recently introduced a special temporary worker program to recruit 5,000 seasonal agricultural workers from the Pacific. Similarly Canada has special programs with Columbia, Mexico and Costa Rica for temporary movement of agricultural workers. The United States has special categories of temporary visa for agricultural and other seasonal workers. On the other hand Australia has resisted calls for a low skilled temporary visa program although such a program with the Pacific is currently being considered.

In the United States a major policy issue relates to undocumented migration and a policy of placing an emphasis on enforcement against illegal entry and compliance has been pursued, especially in the House of Representatives, while skirting around the issue of reforming legal admission categories. There are important bills to reform the US migration system under consideration to streamline both family and skill based admission of migrants.

Overwhelmingly the new immigration economies have adopted migration policies which are focused on temporary migration, restricting the rights of migrant workers and the length of time they can spend in the destination. This attitude remains in place for low skilled workers but some economies are now encouraging the permanent settlement of skilled foreigners. There is a clear difference in the immigration avenues open to high skilled and low skilled workers. This is most clear in Singapore where low skilled workers gain entry on a strictly temporary basis and have limited rights whereas high skilled workers have the same flexibility as Singaporeans and can apply for permanent residency. One category of permanent migrants becoming increasingly important in Japan, Korea, Chinese Taipei and Singapore are foreign spouses (mostly female).

As in the United States undocumented migration is a policy issue among the new immigration economies. One country with a significant number of irregular migrants is Malaysia where it is estimated that there are 700,000 in Peninsular Malaysia and 150,000 to 200,000 in Sabah (Kanapathy 2008), three quarters of them from neighboring Indonesia. There are ongoing efforts to reduce the number of irregular workers through both enhanced compliance efforts and expansion of the legal migration program. In Malaysia, as in many destinations however, the

high transaction costs of legal migration (the foreign worker levy and other formal and informal costs) make it cheaper for migrants to move irregularly, despite the exploitation and threat of deportation which hangs over them.

Abella (2008) has argued that the Asia-Pacific region faces a major challenge in the governance of migration:

- How to address illegal migration?
- How to manage the demand for labor?
- In the medium to long term, how to deal with the problem of ageing and the consequences of declining labor supply?
- How to make migration not a necessity but a choice?

The first three of these challenges are squarely in the destination economies and there can be no doubt that there are pressing needs to improve the governance of migration in the region.

## **Policies in Labor Sending Economies**

### ***Managing the Volume and Direction of Outflows***

Each of the study economies has their legal framework for sending international labor migrants abroad. Several governments (e.g. Indonesia) explicitly factor international labor migration into their development plans with the objective of reducing unemployment, encouraging an inflow of foreign exchange and way of skills acquisition. However, most economies also have undocumented migration which does not go through official government channels.

One of the elements in the policy framework for emigration of workers in the sending economies is the control of migration agents who play a key role in the labor migration process.. Transaction costs vary within and between economies but there is a high level of excessive charging of migrants. Government efforts to control their practice vary in their success. In the Philippines the system set up to facilitate the recruitment and deployment of seafarers has been effective in making employers meet all recruiting costs so that the migrant workers do not pay any such costs. However this is the exception rather than the rule and the Indonesian study (Ananta and Arifin 2008) found that around US\$200 million is made each year by the middlemen in the official labor migration process.

### ***Training of Migrant Workers***

Some governments in the region have policies which specify that workers sent

abroad have to meet minimum health and skill requirements. They also have programs to provide training and orientation to intending migrant workers or have regulations which force private sector agents to provide this. Pre-departure training to empower workers to adjust to foreign work and living conditions are a feature of most programs but they vary greatly in their quality and effectiveness.

### ***Protecting Workers' Rights***

Labor sending economies vary in the extent they have set up institutional mechanisms to protect migrant workers. The Philippines has the most developed system to protect its overseas workers (Tullao 2008). This includes:

- Mechanisms to protect the rights of migrant workers.
- Licensing and regulation of recruitment agencies.
- Developing programs to ensure quality employment.
- Provide a provident fund.
- Provide accident protection.
- Repatriation programs.
- Negotiating bilateral labor agreements.

Other economies have at least some of these programs but protection of workers remains a significant issue, especially at the destination. Many OCWs are outside the reach of protection institutions because of their undocumented status or the nature of their work situation (e.g. housemaids). There is a need for better protection of OCWs.

### ***Expatriate Policies***

In addition to the policies relating to temporary migrant workers some countries also have policies which are aimed at expatriates who are more permanently established at the destination. Governments have varied in whether they have engaged their diaspora, the extent of engagement and as Newland (2004, 3) points out, involvement has ranged from active courting of them through indifference to hostility. However, with the rapid growth of expatriate communities and new forms of information and communication technology, more nations are actively attempting to engage their diaspora, and it is being seen as a policy area which may assist development efforts in developing economies which experienced significant emigration. Moreover, there has been a substantial shift occur in the attitude of developing economies toward their diaspora. In the Philippines, for example, the high level of emigration of contract labor and permanent settlers was depicted in local discourse in the 1970s and early 1980s as a 'national shame' (Aguilar 1996). This migration



was seen as a temporary phenomenon which had to be endured while the Philippines made the transition to a more developed economy. The fact that millions of Filipinos were forced to seek their destiny overseas was perceived as a 'national failure'. However, in the last decade, Filipinos overseas have been hailed as 'national heroes' (Rosales 1999) who are making a crucial and important contribution to development. This represents a major turnaround and the Philippines now has a suite of policies and programs to support their diaspora and encourage them to maintain strong linkages with, and return to, the Philippines. A similar transition was experienced in Mexico in relation to the large scale migration to the United States. This maturation has led to governments of the Philippines and Mexico accepting that emigration is a structural feature of their societies and economies and putting in place policies and programs to enhance its positive effects and ameliorate its negative consequences.

### ***Return Migration***

Some countries with substantial diasporas have developed programs to bring home expatriates. Some of the major attempts to encourage expatriates to return have been made by Asian governments. Korea and Chinese Taipei (Englesberg 1995), for example, initiated programs to encourage a 'reverse brain drain' (Chang 1992; Hugo 1996) with some success (Yoon 1992), although it is not clear the extent to which this was due to the programs and how much was a result of rapid economic development (Lucas 2001, 41).

## **8. Existing Cooperation on Migration in APEC Economies**

**T**here is general agreement that in the new ‘age of migration’ economies cannot aspire to stop migration flows but they are best advised to develop effective management of that mobility which maximizes benefits while preserving the integrity of borders and human rights. Effective management of migration is very much dependent on international cooperation, bilateral, regional and multilateral. The development of regional economic blocs such as NAFTA and the EU, has seen massive shifts which have facilitated regional flows of investment, trade and finance but initiatives regarding flow of people have been fewer. In Asia the global trend toward regional organization development and regional cooperation is in evidence in the development of organizations like APEC (Asia Pacific Economic Cooperation) and ASEAN (Association of South East Asian Nations). However, little has been achieved with respect to regional agreement on international migration issues. The 1995 ASEAN Framework Agreement on Services (AFAS) provides *inter alia*, for regulatory convergence and regulatory harmonization, including Mutual Recognition Agreements. ASEAN members may recognize the education or experience obtained, requirements met and licensing or certification granted by other members. However, progress in Mode 4 (GATS-speak) on movement of natural persons and progress on mutual recognition arrangements (MRAs) has been slow. The Bali Concord II in 2003 called for completion of MRAs for qualifications in major professional services by 2008 to facilitate free movement of professionals and skilled labor within ASEAN. Cooperation is still limited on core migration issues such as orderly recruitment of migrant workers; protection of the rights of migrant workers; facilitating circular migration; facilitating remittance flows; harmonization of migration information collection. The ASEAN Economic Community to be realized by 2015 includes only free movement of skilled labor.

A major step forward in ASEAN recognizing the significance of migration was the ‘ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers’. This contains commitments among other things to share data, promote ‘decent humane, productive, dignified and remunerative employment for migrant workers’, control smuggling and people trafficking and extend assistance to migrant

workers caught in conflict situations.

APEC, too, has introduced a number of measures particularly to facilitate the mobility of professionals and business people. These initiatives include:

- The *APEC Business Travel Card Scheme* simplifies the entry of cardholders into the participating members (with special lanes at airport immigration control), and reduces the time and costs for applying for entry visas and permits.
- APEC has also agreed on a service standard for processing applications for, and extensions of, temporary residence permits for executives, managers and specialists transferred within their companies to other APEC economies.
- The *APEC Advanced Passenger Information (API)* systems enable all passengers to be processed in advance of arrival in destination economies by instituting the check at the point of checking in to board aircrafts and sea vessels at the point of origin.
- APEC has also initiated *Mutual Recognition Arrangements (MRA)* for certain occupations and skills to facilitate international and regional labor mobility.

The North America Free Trade Agreement (NAFTA) is one of the oldest, largest and most successful FTAs involving the USA, Canada and Mexico. It includes considerations of temporary movement but only of highly skilled persons. The categories of workers are specifically defined. One of the original considerations in developing NAFTA was that it would encourage Mexican development and thereby reduce migration to the United States. The migration component of NAFTA has been the Trade NAFTA (TN) visa which has been uncapped for Canada since 1994 and Mexico since 2004. Applicants need to have appropriate qualifications and a job offer within the recognized skill area. However Martin and Lowell (2008) point out that NAFTA has provided:

‘an environment for constructive engagement, rather than endless recriminations, in addressing issues of migration concern. One by-product of NAFTA has been the strengthening of a range of bilateral mechanisms to address migration matters’.

This has also been observed of APEC (Hugo 2004) and may be one of the most important achievements of such agreements. Bringing key immigration officials together in a non-threatening atmosphere to discuss issues of mutual interest can build up mutual trust and confidence which can be the basis for more detailed later engagement.

There are growing indications that bilateral negotiation and agreement may be a useful first step in achieving better migration outcomes. Destination countries are wary of what they see as open ended agreements which they perceive to chal-

lenge the sovereignty of their nation state. Bilateral agreements can be specific and demonstrate that a regularized, fair and equitable migration system can work to the benefit of the destination country, origin country and the migrants themselves. Such agreements can take out the role of many rent seeking agents who thrive in the contemporary situation and reduce the transaction costs of migration. Importantly, too, it provides migrant workers with security at their destination. The transaction costs of migration, which are predominantly borne by the migrant workers themselves, will not be reduced without state intervention. Such intervention will necessitate close cooperation between origin and destination economy governments.

It has been argued (United Nations 2002b, 21) that 'the adoption of the General Agreement on Trade in Services (GATS) during the latest rounds of the General Agreement on Tariffs and Trade (1993) provides a general framework for trade related temporary movements of people based on government to government agreements. So far, no such agreement has yet been worked out as GATS contains no clear specific rules regarding the movement of labor. However, a number of developed economies, including the EU as a whole, have taken steps toward the formulation of agreements'. Hence there are some promising signs of a recognition of the structural nature of non-permanent migration in many developed economies and its long term significance and importance.

Many of the existing Bilateral Free Trade Agreements (FTAs) contain provision for the 'movement of natural persons'. The liberalization of services trade has prompted the need to guarantee free mobility of professional workers and service suppliers. However in the region the extent to which FTAs have been used to facilitate international labor migration has been limited.

## 9. Recommendations

**T**here is every indication that international population movements in to, out of and within the region will continue to increase in scale and significance. While there is a great deal of variation between economies, it is clear that demographic, economic and social changes within the region will continue to favor an increase in international movement, as will differences between the Asia Pacific and other regions.

International migration is ‘here to stay’ in the Asia Pacific as a permanent structural feature of economies and societies and must no longer be considered as a temporary, ephemeral phenomenon. As Castles (2003, 22) argues, there is a need for the elites of many economies to make a ‘conceptual leap’ with respect to international migration policy involving in part the recognition of the long term significance of migration and settlement in the region. This conceptual leap ... ‘is not likely to happen quickly, but the human costs of delay may be high’. Migration has the potential to improve the situation of people in poorer economies and to facilitate their development. However, making this happen will be in part dependent on the formulation of a judicious range of migration policies within countries of origin and destination and in achieving a greater degree of cooperation between sending and receiving countries.

The PECC-ABAC study has developed an initial set of recommendations to facilitate progress toward migration in the region being a more effective, efficient and equitable process.

### 1. Improving Governance of Migration Systems

In several countries in the region there is a need to not only reform international migration systems but for wider reform of labor market policies and development of strong labor institutions which involves migrants along with employers and non-migrant workers. It is clear that poor governance is an important barrier to migration delivering potential development dividends to both origins and destinations as well as the migrants themselves. There are several specific elements which need to be considered:

- (a) *Capacity Building.* A major constraint to the harnessing of the potential of people movement to assist in the achievement of positive development outcomes has been a lack of the appropriate infrastructure and human resources to manage migration. The development of this capacity is a fundamental building block if migration and development objectives of achieving a win-win-win outcome for migrants, origins and destinations are to be achieved. There would seem to be a role here for economies like Canada, the United States, Australia and New Zealand which have considerable capacity and experience in development of migration policy and its operationalization which can be passed on to countries with less experience in dealing with migration.
- (b) *Compilation and Exchange of Better Information on Migration.* Comprehensive, accurate and timely data and information are necessary for effective migration management. Moreover effective exchange of information between countries is necessary if countries are to be able to monitor and study both immigration and emigration.
- (c) *Develop and Strengthen Migration Institutions and Procedures.* Development of a sound labor migration structure can render undocumented migration unnecessary while effectively meeting labor shortages in destination economies.

## **2. Strengthening Bilateral, Regional and Hemispheric Consultative and Cooperation Mechanisms**

To achieve maximum benefits from labor migration it is becoming increasingly apparent that cooperation between economies is necessary. However the transition of governments' thinking about migration primarily in terms of sovereignty, self-interest and unilateral policy making to recognizing the value of international co-operation and co-ordination is difficult and slow. Yet this recognition is occurring. It may be that the current high interest in security may facilitate wider co-operation on migration issues. The existing mechanisms for dialogue are in the early stages of development and for their rich promise to be fulfilled will require careful nurturing and management. Beginning with basic, relatively non-controversial things like exchange of data and information, curbing trafficking and people smuggling, etc. can build up a relationship of trust between economies which can be the basis for eventually moving to more contested subjects.

### 3. Remittances

The World Bank (2006; Terry and Wilson 2005) is placing considerable emphasis on the development of policies to maximize the amount of money remitted by migrants to their home area and the effective capturing of these resources to facilitate poverty reduction and development. There are therefore two areas of policy concern:

- To maximize the inflow of remittances.
- To mobilize remittances to enhance development.

With respect to the first, one issue is the exorbitant costs which have often been involved in the process of sending money home. In 2000 the average cost of sending remittances to Latin America was 15 percent of the value of the transaction. However since then greater competition, advances in technology and greater awareness among relevant government agencies has halved the costs and made available an additional US\$3 billion each year to receiving families (Terry 2005, 11). The fact remains, however, that transaction costs are often too high and remitters are at the mercy of predatory institutions and individuals both at sending and receiving ends.

Turning to the second issue of how to mobilize remittances to enhance development, it has been shown that there is significant developmental impact if there is an increase in the proportion of remittances that flow through formal financial systems (Terry 2005, 12). Yet what is clear is that government authorities (national, regional and local) in origin countries have often failed to create contexts which can lever remittances to achieve developmental goals.

### 4. Develop and Exchange Best Practices for the Implementation and Management of Bilateral Temporary Labor Migration Programs among APEC Economies

Non-permanent migration strategies can deliver significant development dividends to origin economies as well as destinations and the migrants themselves. However this benefit is not always delivered. Careful consideration needs to be given to developing circular migration systems which do not exploit the migrant and maximize the benefits to all concerned. Much of the controversy surrounding circular migration relates to low skilled workers. Undoubtedly there have been negative experiences associated with many such programs in the past within and outside the region. It is recommended here that consideration be given to establish-

ing best practice models for labor migration and shared between APEC economies. Some of the elements that need to be considered in developing best practice models are the following:

- (a) *Reducing the Transaction Costs of Migration.* At present the transaction costs of migration in the Asia Pacific, especially those of low skilled groups, are high and they constrain the extent to which migrants can deliver benefits to their home economy. The interests involved in the migration industry are many and it is a huge challenge to attempt to reduce those costs. Nevertheless those costs are a major brake on the potential for migration to assist in development of origin areas.
- (b) *Protection of Migrant Workers.* Ensuring that the basic rights of migrant workers are not violated.
- (c) *Development of a Model Design for Bilateral Agreements to Foster the Temporary Movement of Lower Skilled Workers.* Some APEC economies have been negotiating bilateral agreements for the temporary exchange of lower skilled workers, independently of FTAs. It would be helpful for APEC economies to examine these agreements and design Model Bilateral Agreements similar to the Model Measure on Temporary Entry for Business Persons for the temporary movement of skilled professionals and business persons within FTAs that is being elaborated by the APEC Group on Services and the CTI.
- (d) *Establishing of Training Programs for Migrant Workers.* A training component to the temporary stay of migrant workers would be a useful policy measure that could be jointly designed by both sending and recipient countries in APEC. For example, workers could receive instruction part time and gain hotel or hospitality management skills or skills in construction concurrently with their employment. They could earn a certificate for a higher level of skills, ultimately providing the opportunity for better employment in either the recipient country, or later, in their home country. Such training programs could also include orientation and placement, as well as the opportunity for language learning and/or computer skills.
- (e) *Work Towards Developing Agreements on Pension Portability.* Some countries in the Americas have signed agreements that begin to address the important issue of pension portability, although currently such agreements are limited to pension exports and complementation of contribution periods. This is, however, a critical area where ABAC, together with APEC member economies, could work together to discuss and design



such agreements, with the long-term aim of allowing for full pension portability for workers in the region.

## **5. Consideration of ‘Development Friendly’ Migration Policies in Destinations**

The focus in the migration and development literature is largely on what Less Developed origin countries can do to enhance the contribution of their expatriates and migrant values to economic and social development at home. However, since higher income nations espouse a wish to encourage and facilitate the progress of less developed nations, it is important to ask whether there are some policies and programs relating to migration and the diaspora which can facilitate and enhance their positive developmental impacts in origin economies. In other words can destination economies make their immigration policies more ‘developmentally sensitive’?

## **6. Changing Perceptions of Migration in the Region**

One of the most important barriers to the development of a more effective and equitable international migration system in the APEC region and elsewhere are the inaccurate perceptions held and disseminated by policy makers, the media and the community generally about the significance and impact of migration. An important task is to facilitate a more informed discourse about migration in the region. Business communities can play an important role in assisting in the development of migration friendly contexts in destination countries.

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## **PECC-ABAC Conference**

### **Demographic Change and International Labor Mobility in the Asia Pacific Region: Implications for Business and Cooperation**

*Venue: Hotel Shilla, Yeongbin-Gwan Hall (Ruby Room), Seoul, Korea*

*Date: March 25 (Tue.) - 26 (Wed.), 2008*

***Organized by Korea National Committee for Pacific Economic Cooperation (KOPEC)***

#### **PROGRAM**

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#### **Monday, March 24**

- 17:00- Participants arrive and register
- 18:00-20:30 ***Welcoming Dinner Reception*** hosted by Dr. Soogil Young, KOPEC Chair  
(Topaz Room)

#### **Tuesday, March 25**

##### **Opening Session**

- Chair: Dr. Soogil Young, KOPEC Chair

- 08:30-08:50 Opening Remarks, by Dr. Soogil Young, KOPEC Chair  
Congratulatory Remarks, by Dr. Charles Morrison, PECC International Chair  
and Ms. Doris Magsaysay-Ho, ABAC Philippines Member
- 08:50-09:15 Keynote Address I, by Prof. Graeme Hugo, Federation Fellow, Professor of  
Geography, and Director, National Centre for Social Applications of GIS,  
University of Adelaide, on Demographic Change and Its Implications for  
Business and Labor Mobility in Asia Pacific
- 09:15-09:40 Keynote Address II, by Mr. Manolo Abella, Chief Technical Adviser,  
International Labour Organization (ILO) Asian Regional Programme on  
Governance of Labor Migration, on Governance Challenges on Labor  
Migration in the Asia Pacific Region
- 09:40-10:00 Q&A
- 10:00-10:20 *Group Photo (in front of Yeongbin-Gwan Hall) and Coffee Break*



## **Part I. Economy Case Studies**

### **Session I. Northeast Asia Session**

- Chair: Dr. Chia Siow Yue, Senior Research Fellow, Singapore Institute of International Affairs

10:20-11:50 Case Studies (15 min. each)

- China, by Mr. Liu Yanbin, Institute for International Labor Studies
- Hong Kong China, by Prof. Wong Siu-lun, University of Hong Kong
- Chinese Taipei, by Dr. Ke-Jeng Lan, National Chung Cheng University
- Korea, by Drs. Jai-Joon Hur and Kyuyong Lee, Korea Labor Institute
- Japan, by Prof. Yasushi Iguchi, Kwansei Gakuin University
- Mongolia, by Dr. Bolormaa Tsogtsaikhan, National University of Mongolia

11:50-12:50 Regional Overview

- Presentation (20 min.), by Dr. Young-Ki Choi, President, Korea Labor Institute
- Discussion

**13:00-14:00** *Luncheon hosted by Mr. Younghoon David Kim, Chairman and CEO, Daesung Group, and Member, ABAC Korea (Topaz Room)*

- Guest Speech, by Mr. Jae-gap Lee, Director General, Ministry of Labor, Korea, on Korean Policy on Labor Migration

### **Session II. Southeast Asia Session**

- Chair: Dr. Narongchai Akrasanee, Vice-Chair, Thailand National Committee for Pacific Economic Cooperation

14:10-15:40 Case Studies (15 min. each)

- The Philippines, by Prof. Tereso S. Tullao, Jr., De La Salle University-Manila
- Indonesia, by Drs. Aris Ananta and Evi Nurvidya Arifin, Institute of Southeast Asian Studies
- Thailand, by Dr. Yongyuth Chalamwong, Thailand Development Research Institute
- Vietnam, by Mr. Phung Quang Huy, Vietnam Chamber of Commerce and Industry to be presented by Mr. Dao Trong Khang, DTK Consulting Co., Ltd.
- Malaysia, by Ms. Vijayakumari Kanapathy, Institute of Strategic and International Studies
- Singapore, by Profs. Chew Soon Beng and Rosalind Chew, Nanyang Technological University



- 15:40-16:40      Regional Overview
- Presentation (20 min.), by Dr. Chia Siow Yue, Senior Research Fellow, Singapore Institute of International Affairs
  - Discussion

16:40-17:00      *Tea Break*

### **Session III. Australasia Session**

- Chair: Dr. Sherry Stephenson, Advisor, Economic Policy Issues, and Chief, Institutional Relations, Organization of American States (OAS), Washington D.C.

- 17:00-17:30      Case Studies
- Australia and New Zealand (30 min.), by Prof. Graeme Hugo, University of Adelaide, Australia, Dr. Paul Callister, Victoria University of Wellington, and Ms. Juthika Badkar, Department of Labour, New Zealand

17:30-18:00      Discussion

- 18:30-21:30      *Welcoming Dinner hosted by the Federation of Korean Industries (Topaz Room)***
- Guest Speech, by Mr. Tae-yul Cho, Deputy Minister For Trade, Ministry of Foreign Affairs and Trade, Korea, on the Prospect of an FTAAP and the KORUS FTA

Wednesday, March 26

### **Session IV. Pacific America Session**

- Chair: Mr. Manolo Abella, Chief Technical Adviser, ILO Asian Regional Programme on Governance of Labor Migration, Bangkok

- 09:00-10:30      Case Studies (15 min. each)
- United States, by Drs. Susan Martin and B. Lindsay Lowell, Georgetown University
  - Canada, by Ms. Catherine Sas, Q.C., Immigration Law Centre
  - Mexico, by Dr. Ofelia Woo Morales, University of Guadalajara, to be presented by Dr. Sherry Stephenson, Organization of American Studies
  - Chile, by Dr. Claudia Martinez A., University of Chile, to be presented by Dr. Sherry Stephenson, Organization of American Studies
  - Peru, by Dr. Anibal Sánchez, National Institute of Statistics and Informatics, to be presented by Dr. Sherry Stephenson, Organization of American Studies
  - Colombia, by Mrs. Jaifa Mezher El Kareh, Director, and Néstor A. Ordúz Cárdenas, Advisor, Colombia Nos Une Program, Ministry of Foreign Affairs



10:30-10:50      *Coffee Break*

10:50-11:40      Regional Overview

- Presentation (20 min.), by Dr. Sherry Stephenson, Advisor, Economic Policy Issues, and Chief, Institutional Relations, Organization of American States (OAS), Washington D.C.
- Discussion

## **Part II. Implications for International and APEC Cooperation**

### **Session V. Business Perspectives**

- Chair: Dr. Charles Morrison, PECC International Chair

11:40-12:30      Business Perspectives

- Implications for Business and Cooperation in the Region, by Ms. Doris Magsaysay-Ho, ABAC Philippines
- Views of a Global Firm, by Ms. Lori Forman, Microsoft, Singapore
- Discussion

**12:40-13:50      *Luncheon* hosted by Dr. Young-Ki Choi, KLI President (Topaz Room)**

- Guest Speech, by Dr. Kil-Sang Yoo, President, Korea International Migration Association (KIMA), and Professor, Korea University of Technology and Education, on Demographic Transition and Labor Migration

### **Session VI. Implications for International and APEC Cooperation**

- Chair: Dr. Charles Morrison, PECC International Chair

14:00-14:40      Presentations

- The Views of the International Labour Organization, by Dr. Piyasiri Wickramasekara, Senior Migration Specialist, International Labour Organization (ILO), Geneva
- The Views of the International Organization for Migration, by Mr. Federico Soda, International Organization for Migration (IOM), Bangkok

14:40-15:20      Discussion

15:20-15:40      *Tea Break*

### **Concluding Session**

- Chair: Dr. Soogil Young, KOPEC Chair



- 15:40-16:40      Concluding Discussions
- Wrap-up Comments by the Synthesis Authors
  - Discussion
- 16:40-17:00      Closing Remarks
- Dr. Charles Morrison, PECC International Chair
  - Ms. Doris Magsaysay-Ho, ABAC Philippines Member
  - Dr. Soogil Young, KOPEC Chair
- 18:30-20:00      *Farewell Dinner hosted by Dr. Soogil Young, KOPEC Chair (Topaz Room)***

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