

Movement of Human Resources: An Avenue for Regional Integration*

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I. Introduction

- A. World Bank Study
 - 1. Increased number of migrants in most net-labor importing countries
 - 2. Approximately 300,000 migrants within Southeast Asia in the 1970s
 - 3. Approximately 4 million migrants in Southeast Asia
 - 4. Approximately 2 million foreigners are working in Northeast Asia
- B. Contributing factors to the massive movement of people across national boundaries
 - 1. Globalization through the liberalization of services
 - 2. Responses of nations to regional economic and demographic asymmetries
- C. Regional Labor and Demographic Asymmetries
 - 1. Potentials for regional advancements
 - 2. Movement of people is a very sensitive issue for receiving countries
 - a) Impact of the inflows of foreigners on labor markets
 - b) Heavy pressures on social infrastructure
 - 3. Movement of people incurs social costs on sending countries.
 - a) Over-dependence on remittances from overseas employment
 - b) Overvaluation of the real exchange rate
 - c) Displacement of labor and domestic industries
 - d) Brain drain

II. Framework of Analysis in the Regional Movement of People

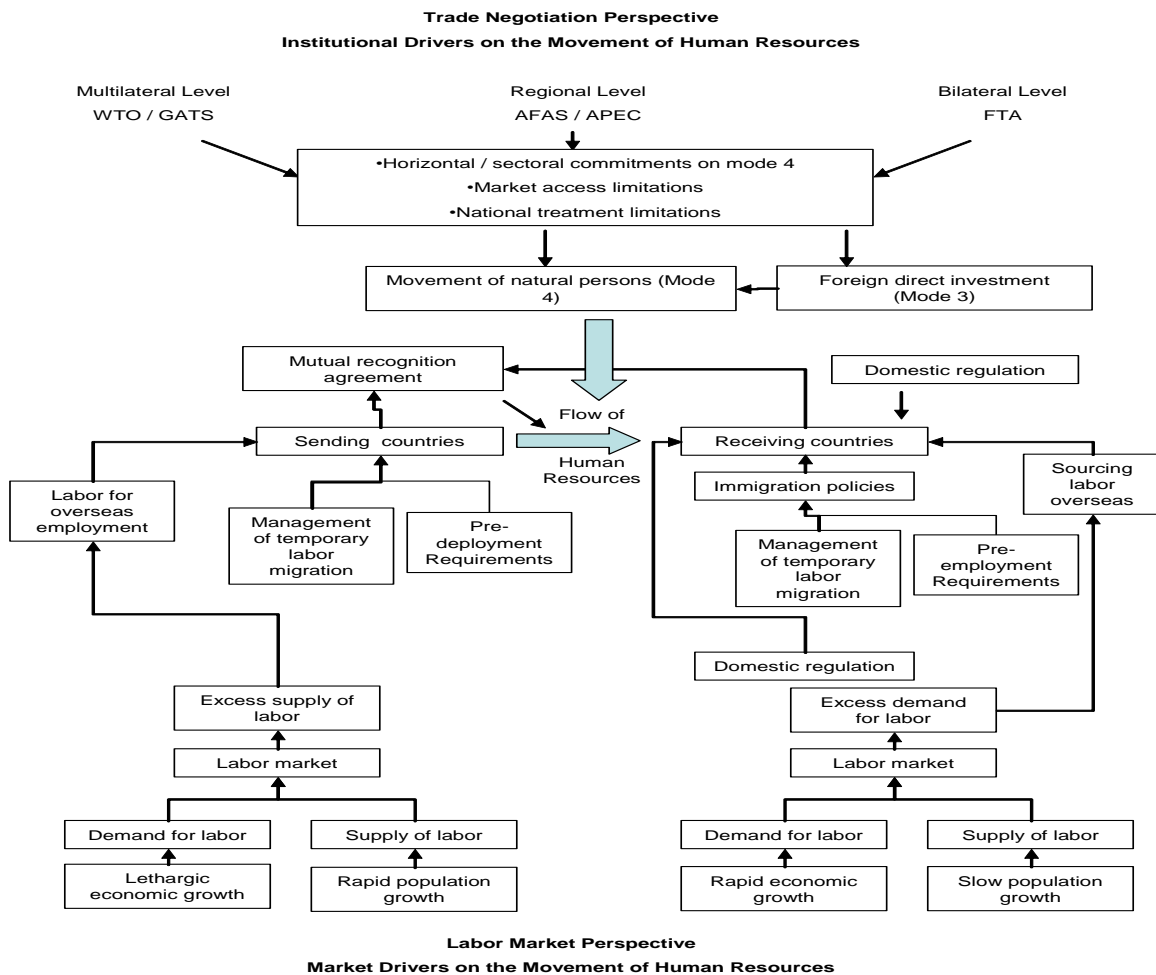
- A. Trade Negotiation Perspective
 - 1. Refers to the role of trade negotiations at various levels in facilitating or restricting the flow of human resources across the region.
 - 2. General Agreement on Trade in Services (GATS)
 - 3. ASEAN Framework Agreement on Services (AFAS)
 - 4. Asia Pacific Economic Cooperation (APEC)
 - 5. Bilateral Agreements
 - a) Free Trade Agreements (FTA)
 - b) Preferential Trade Agreements (PTA)
 - 6. Components of agreements at various levels of trade negotiations
 - a) Horizontal and sectoral commitments
 - b) Market access limitations

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- c) National treatment limitations
- B. Labor Market Perspective
 1. Refers to the market drivers on the regional flow of human resources
 2. Creating excess supply of labor: sending countries
 - a) Lethargic economic performance
 - b) Rapid population growth can create an excess supply of labor.
 3. Creating excess demand for labor: receiving countries
 - a) Rapid economic growth
 - b) Slow population growth
 - c) Other effects of the demographic dividend
 4. Domestic regulations
 - a) Institutions and agencies involved in the management of external flows of human resources
 - b) Imposition of Taxes
 - c) Managing the cost of temporary labor migration
 - d) Programs for the protection of overseas workers

Figure 1: Framework of Analysis in the Regional Movement of Human Resources



III. Facilitating and Restraining Factors of the Regional Movement of Human Resources

A. Trade Negotiation Perspective

1. AFAS Liberalization Measures

- a) Expanded the coverage of liberalization compared with the liberalization measures committed by ASEAN countries in WTO
- b) Reduction in the level of restrictiveness in intra-ASEAN services trade
- c) Made moderate progress in improving transparency and predictability in trade in services especially in cross border transactions and consumption abroad supply modes
- d) Reduce the unbound commitments in various sectors and modes of supply and in reducing the restrictions under Mode 3 and Mode 4

2. Measures in addressing the regulatory differences

- a) Regulatory Heterogeneity
 - (1) Inadequate information
 - (2) Capture
- b) Regulatory Homogeneity
 - (1) Regulatory Convergence
 - (2) Mutual Recognition
 - (3) Regulatory Harmonization

3. Extension of preferential arrangements in AFAS

B. Labor Market Perspective

1. Regional Economic Dynamism

- a) Significantly improved income of people
- b) Improved standard of living
- c) Expanded trade
- d) Attracted Foreign Direct Investments (FDI)
- e) Stimulated the flow of people across the region

2. Market Driven Factors

- a) Substantial rise in FDI
- b) Rise of Global Production Networks (GPN)

3. Pressures of economic and demographic asymmetries

- a) Heightened economic and demographic asymmetries among countries
 - (1) Net importers of labor services in the region
 - (2) Ageing population
 - (3) Demographic dividends
- b) Push factors for overseas employment
 - (1) High paying jobs in economically advanced countries
 - (2) Domestic economic problems
 - (3) Rapid population growth

4. Stringent immigration policies and pre-employment policies

- a) Discrimination
 - (1) Immigration policies
 - (2) Pre-employment policies
- b) Singapore
 - (1) Gives incentives to employers in hiring highly skilled professionals

- (2) Imposes heavy levies on unskilled workers in less preferred industries and sectors
- c) Brunei
 - (1) Balance the need for foreign manpower and the need to maintain national security
- d) Vietnam
 - (1) Rationalized the issuance of work permits to attract FDI and highly skilled foreign workers
 - (2) Eliminated work permit fees
 - (3) Extended the period of engagement
 - (4) Removed the requirement of local workers

IV. Conclusion and Recommendations

- A. Establishment of mutual recognition agreements
 - 1. Evaluate the capability of the service provider to render the services in order to safeguard public interest and the welfare of the consumers.
 - 2. At the regional level, improvements in market access on the movement of natural persons can proceed through the establishment of MRAs on specific professions and occupations.
- B. Lifting market access and national treatment limitations
 - 1. Impediments to further trade in services through MNP
 - a) Limited market access
 - b) National treatment
 - c) Preference for traditional sources of supply
 - 2. Future rounds of negotiations under the AFAS
 - a) Reduce unbound commitments in various sectors and modes of supply
 - b) Reduce restrictions under Mode 3 and Mode 4
 - c) Further liberalization in Mode 3
 - 3. De-linking of Mode 4 from Mode 3 in trade accords
 - 4. Move towards regulatory homogeneity
 - a) Regulatory convergence
 - b) Mutual recognition
 - c) Regulatory harmonization.
 - 5. Liberalization measures or management of temporary migration
 - a) Subjecting foreign workers to immigration laws and labor market tests
 - b) Market perspectives
 - (1) Exploiting the opportunities offered by the labor markets
 - (2) Bilateral labor agreements should be pursued by concerned countries to manage inflows and protect the overseas workers

V. References

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