

LEVERAGING HUMAN CAPITAL: THE ECONOMIC BENEFITS OF SKILLED LABOR MOBILITY IN THE ASEAN REGION

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ASIAN DEVELOPMENT BANK

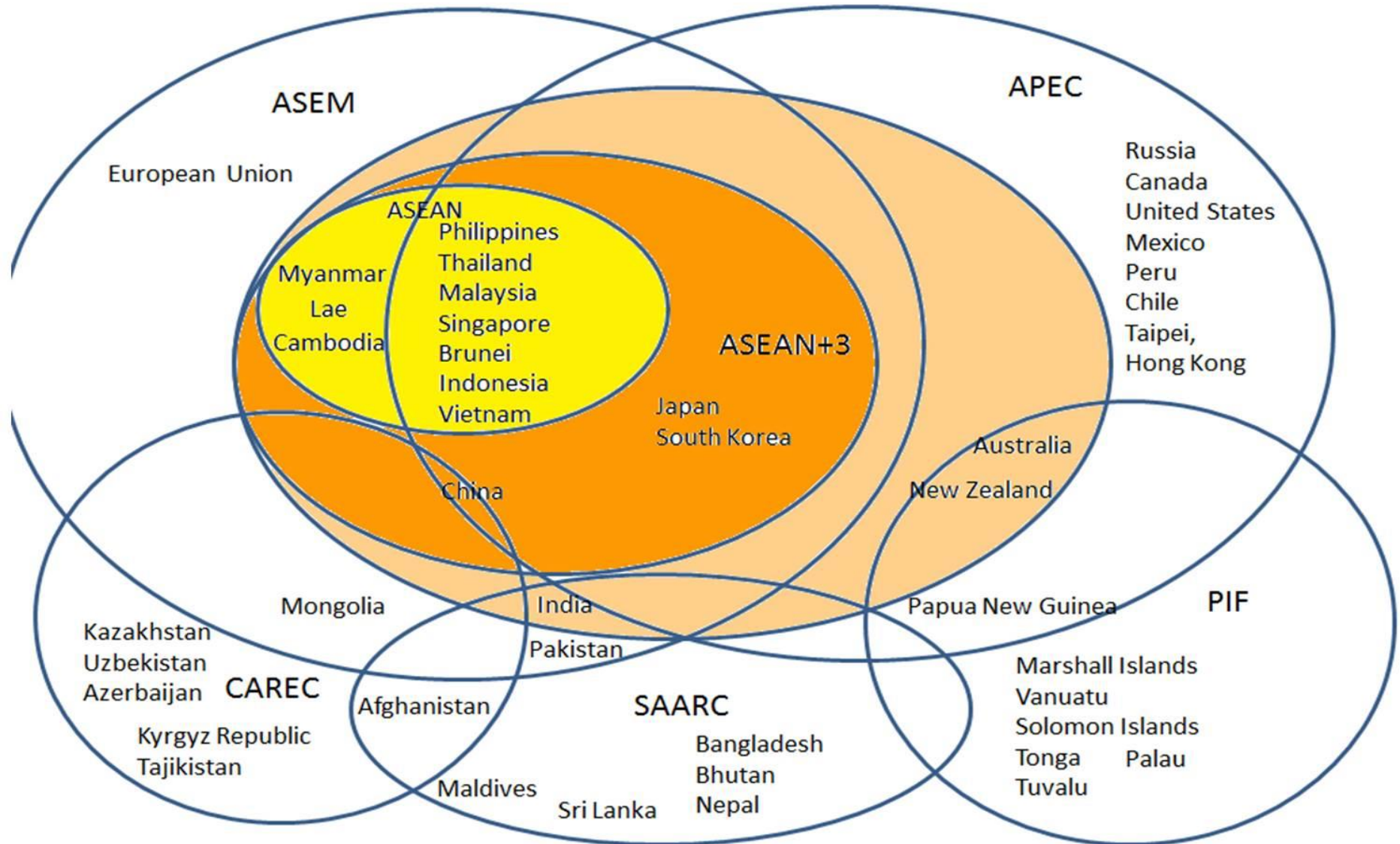


Japan
Fund for
Poverty
Reduction



ASEAN in the global context

Regional Economic Institutions in Asia-Pacific





The three pillars of ASEAN Community



ASEAN Community 2015
One Vision, One Identity, One Community

PEACE

Regional Peace and
Stability

PROSPERITY

Economic
Integration and
Cooperation

PEOPLE

Human and Social
Development

ASEAN Economic Community 2015 and beyond....

Single market and
production base

Competitive economic
region



Equitable economic
development

Fully integrated region in
the global economy

KEY COMPONENT OF AEC: SKILL MOBILITY

- Free Flow of Workers.... as part of the Single Market and Production Base.
- Foreign workers are really needed for:
 - A country cannot produce all skills needed.
 - Existing economic and demographic imbalances.
 - Overall condition of a country that can be rich or scarce in capital or labor creating capital or labor demand.

How to manage the skill mobility.....!!!

SKILL MOBILITY IN ASEAN UNDER AEC

- But ASEAN Leaders wanted for “Freer flows of Professionals” under the Managed and Transparent Skill Mobility System:
 - based on the existing supply and demand gaps
 - started from professional groups and expanded to other skilled workers.
- Therefore, the direct benefit of skill mobility in ASEAN under AEC is very obvious, augmenting the domestic production and increasing productivity.

OTHER DIRECT BENEFITS...

- Flexible and efficient labor market that would attract **investments** and **skill workers**.

Thus:

- Greater inflows of FDI
- Expanded trades in goods and services
- Rise in per capita income
- Narrower development gaps
- Competitive region...

OTHER POTENTIAL BENEFITS...

- Encourage mutual recognitions of skills and talents.
- Promote regional cooperation among training institutes, universities, and research institutions.
- Better paid and better job for Skilled workers.
- Services and firms will benefit from increased employment and productivity.
- Increase human capital and knowledge generation.
- Makes ASEAN attractive to investors and workers.

HOW TO ACHIEVE...

- Facilitate the skill mobility..
(visas and employment passes for business and skilled workers)
- Recognition of professional qualifications
(under the MRAs)
- Improve human resource development
- Strengthen labor market efficiency

POTENTIAL ECONOMIC IMPACT ...

Based on BAU + new measures in line with AEC
By 2025 AEC could lead to:

- A significant increase in output and job.
- GDP increase by 7.1 per cent from the baseline, with the largest gains for lower-income ASEAN Member States.
- A net increase of 14 million jobs in six ASEAN economies, accompanied by the expansion and decline of specific sectors (ADB-ILO 2014).

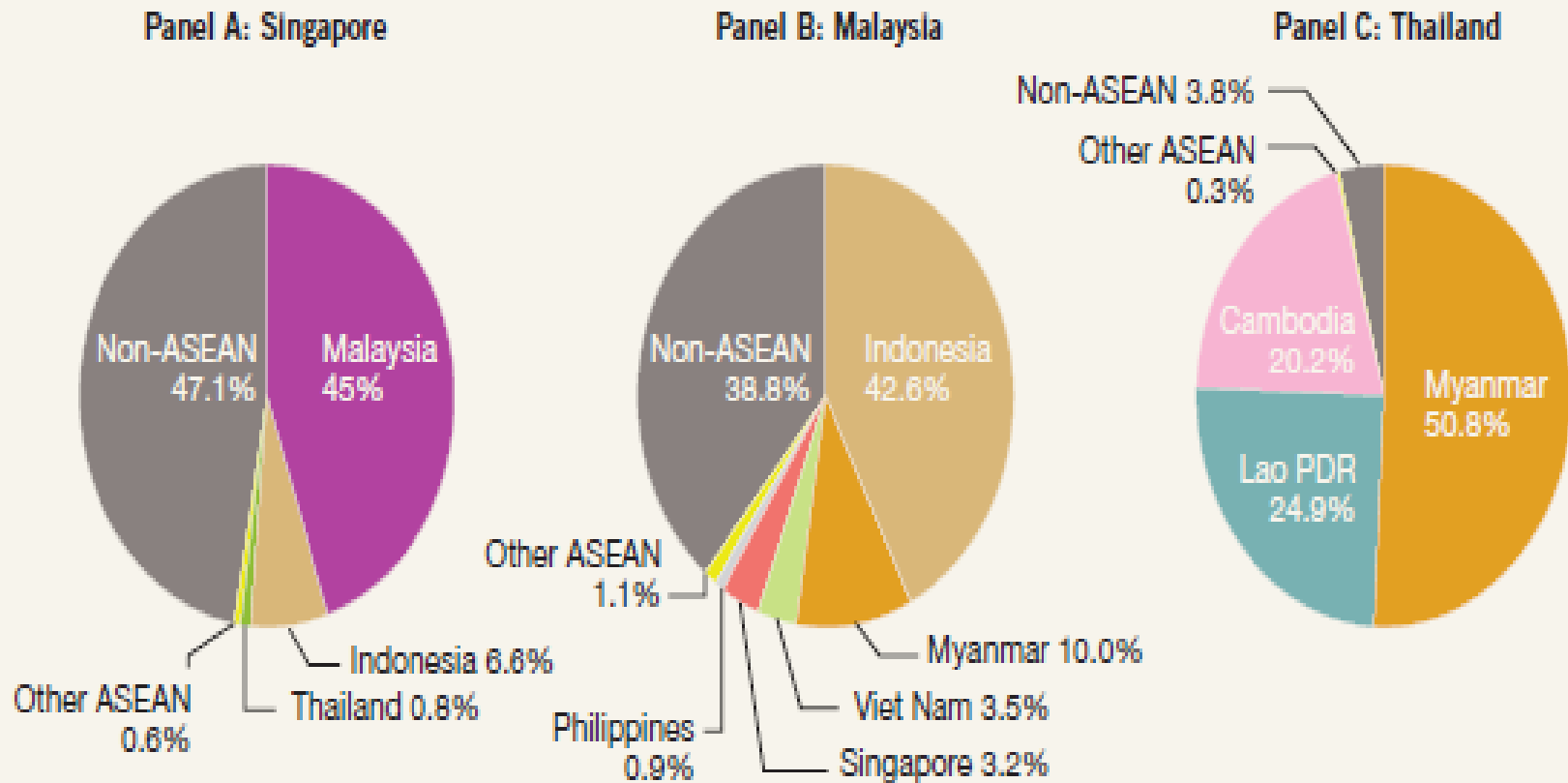
POSITIVE FACTORS CONTRIBUTING TO THE IMPACTS ...

- The labor migration in ASEAN is also occurs independently of trades, driven by the large inter-country differences in labor supply/demand, wage differentials, and demographic factors.
- The labor migration in ASEAN is temporary due to the “contract” nature and national regulations limiting permanent migration.
- The intra ASEAN-migration:
 - has been increasing and it tends to continue to increase after 2015.
 - Has a long term historical link and dynamic response to economic fluctuations.

OTHER COUNTER FACTUAL SUPPORTING THE IMPACTS ...

- Some 6.5 million ASEAN citizens were reported to reside in other ASEAN states (UN Global Migration Database 2013).
- A significant number of non-ASEAN workers working in ASEAN countries
- Significant number of ASEAN university student studying abroad, including to other Asean countries (OECD report on Talent...good for knowledge transfer creating win-win situation).

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

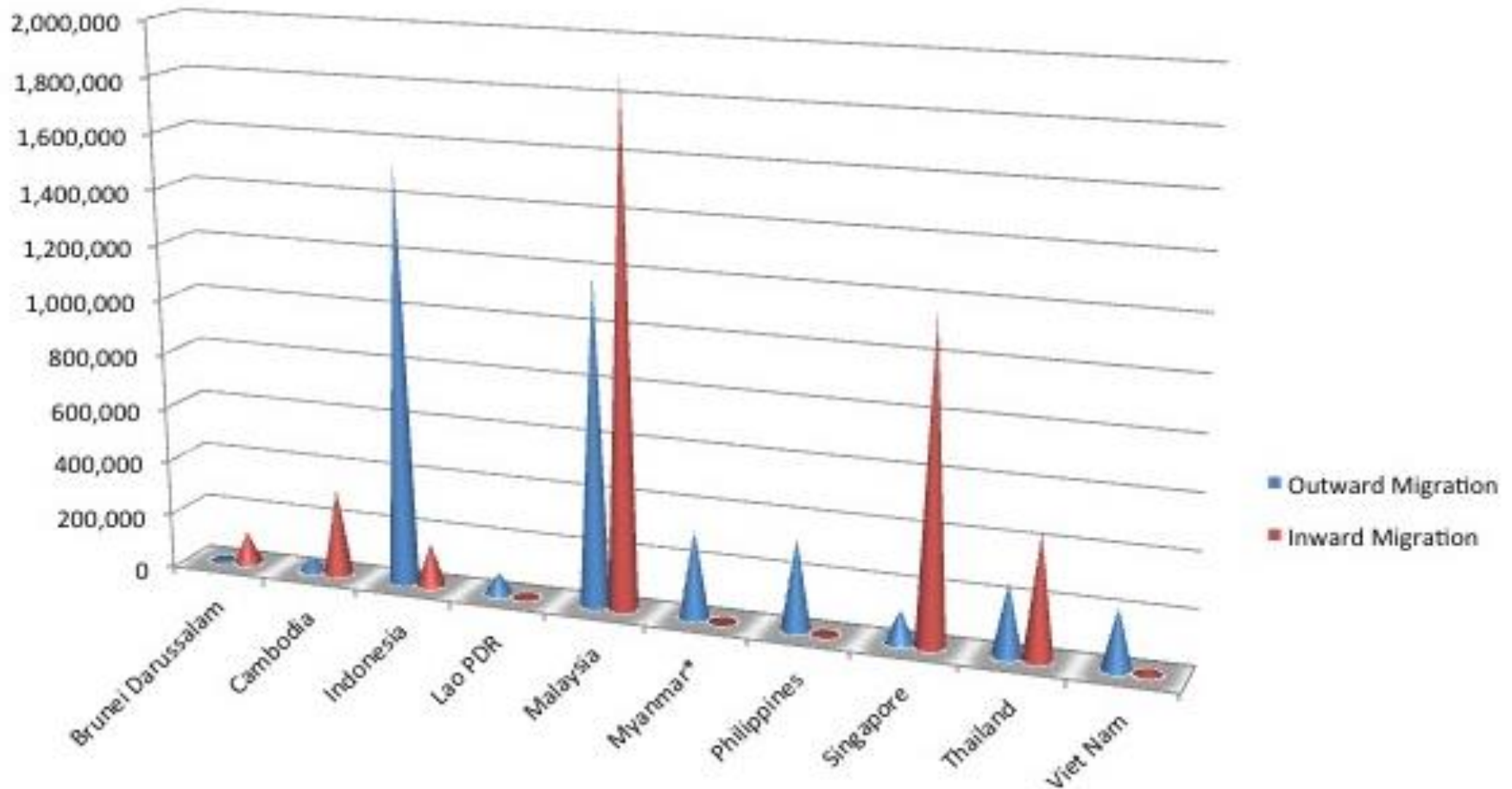


Source: UN: Trends in International Migrant Stock: The 2013 Revision Database.

ESTIMATE OF ASEAN AND INTRA-ASEAN INTERNATIONAL MIGRANT STOCKS IN 2000-13

Source	Year	Total migrants in ASEAN	ASEAN migrants from another Member State	Intra-ASEAN share of ASEAN migrants (per cent)
World Bank: Global Bilateral Migration Database	2000	4 517 322	2 729 908	60.4
UN: Trends in International Migrant Stock Database	2000	5 265 008	3 315 514	63.0
Migration DRC: Global Migrant Origin Database (v.4)	2000-02	4 888 742	2 504 719	51.2
World Bank: Bilateral Migration Matrix	2010	6 700 932	3 954 547	59.0
UN: Trends in International Migrant Stock Database	2010	8 683 940	5 871 325	67.6
UN: Trends in International Migrant Stock Database	2013	9 497 690	6 513 354	68.6

INTRA-ASEAN MIGRATION, 2010

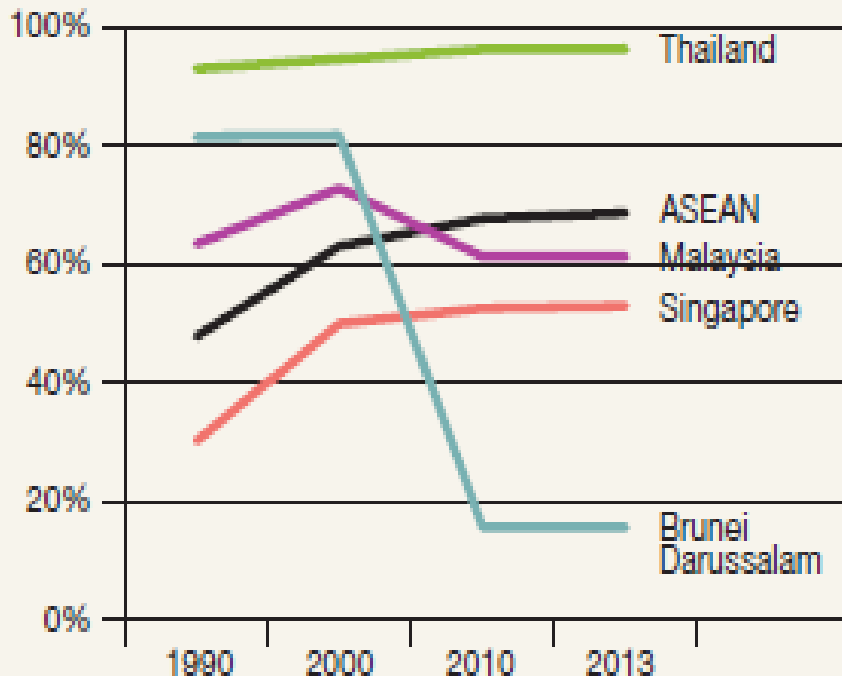


Notes: Data was based on 2007 World bank estimates while the rest of the data are based on 2 released data; <http://go.worldbank.org/JITC7NYTTO>

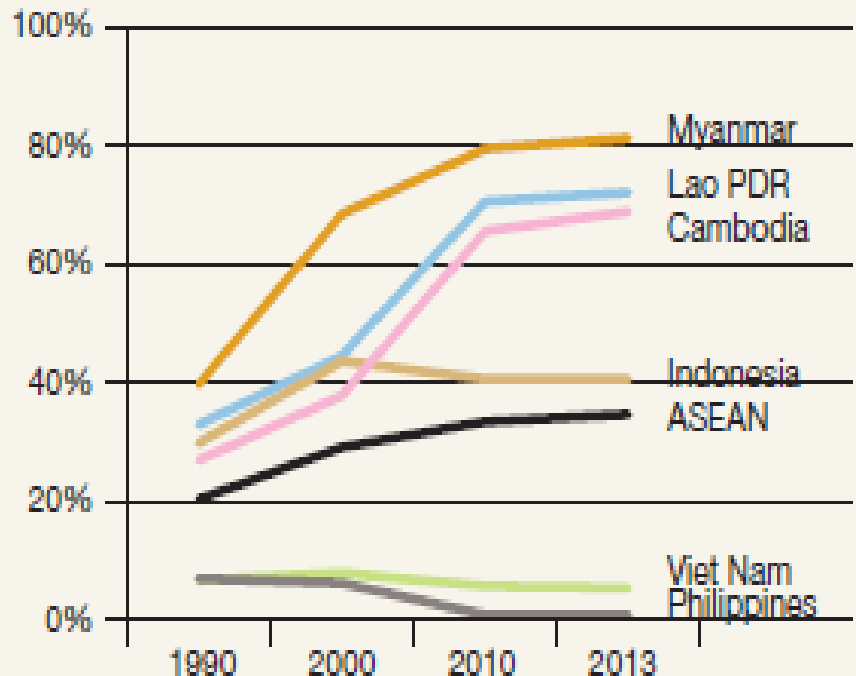
INTRA-ASEAN MIGRATION SHARES

1990-2013 (PERCENT OF TOTAL)

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



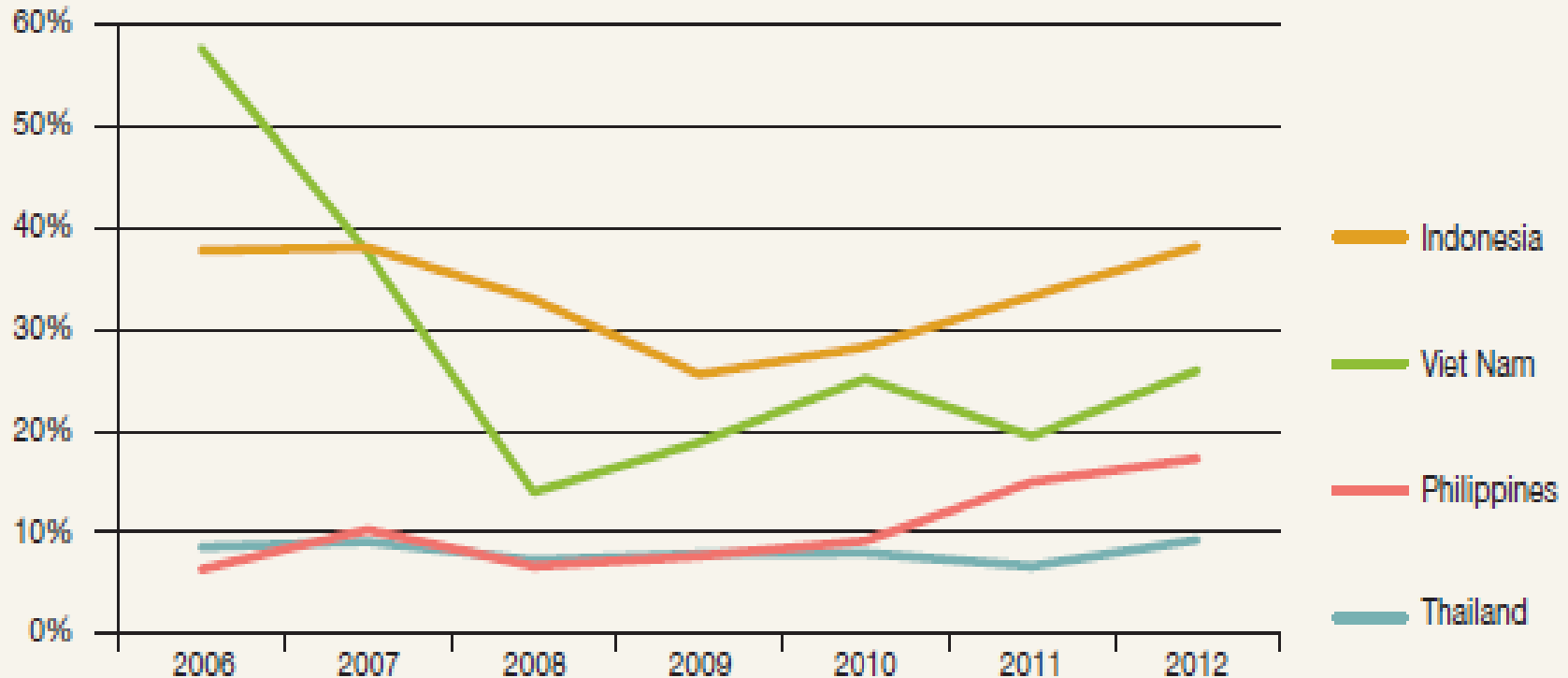
Panel B: Intra-ASEAN share of Member States' total nationals abroad



Note: Data on ASEAN give the aggregated shares for the region as a whole.

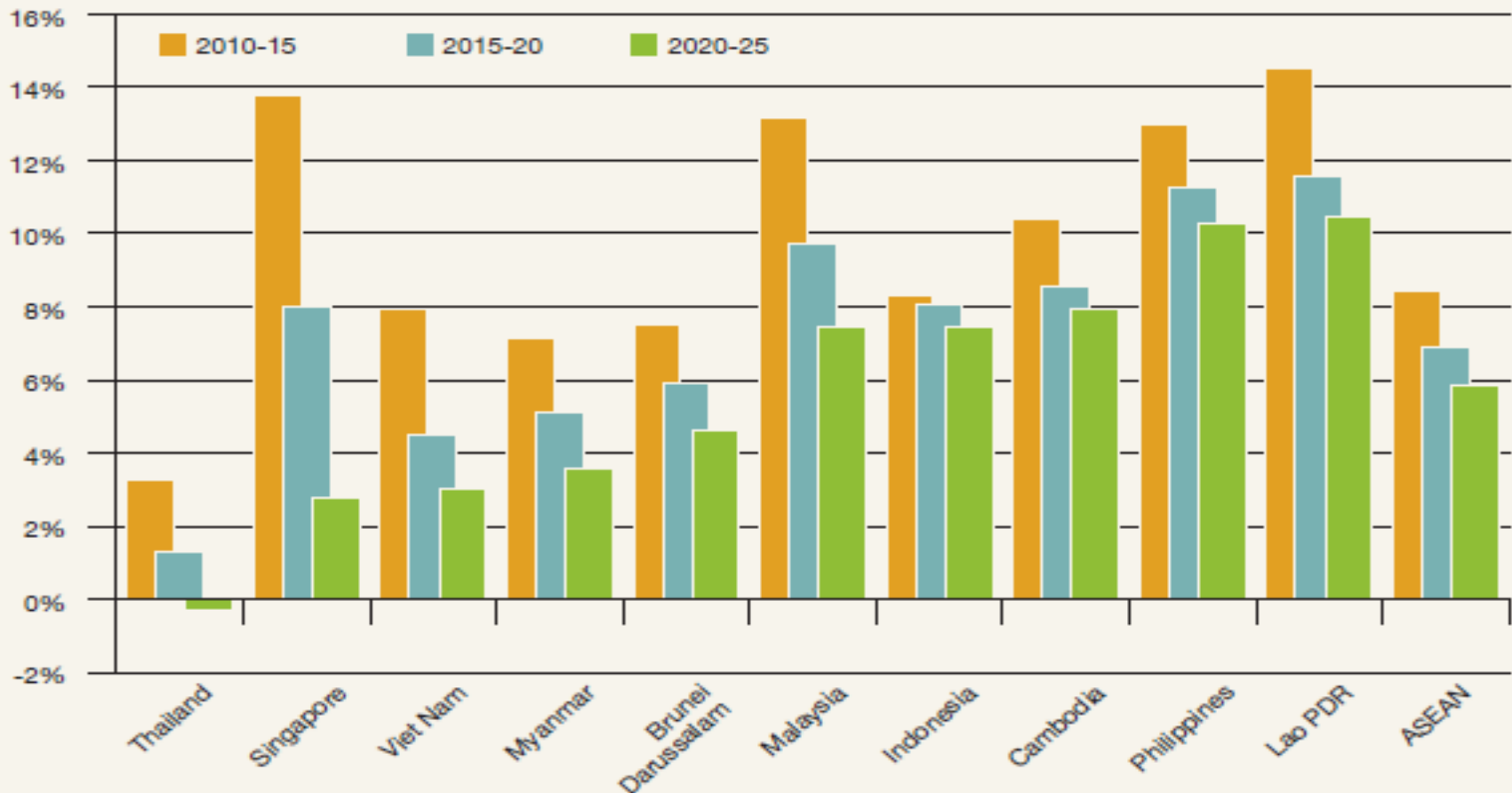
Source: UN: Trends in International Migrant Stock: The 2013 Revision Database.

INTRA-ASEAN SHARE OF OUTFLOW OF INTERNATIONAL MIGRANT WORKERS, 2006-12 (% OF TOTAL)



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

STILL RELATIVELY YOUNG POPULATION: PROJECTED GROWTH OF LABOR FORCE 2010-15, 2015-20, AND 2020-25 (%)



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

TRENDS IN THE FUTURE...

- Changes in the sectoral distribution of employment will shift occupation demand. The largest demand will continue to be for low- and medium-skill workers, but the demand for skill workers will increase faster.
- Bigger and more integrated market will under AEC will create more demand for different types of labor increasing employment and reducing skill mismatch.
- The skill mobility will attract more skills and mobility, creating a productive self reinforcing mechanism.

Thank you...!