



AEC BLUEPRINT 2025 ANALYSIS

LIBERALISATION IN THE MOVEMENT OF SKILLED LABOUR AND BUSINESS VISITORS

Foreword

The following report is part of a series which attempts to provide a detailed analysis on the ASEAN Economic Community (AEC) Blueprint 2025. Each report will cover a single element of the blueprint, providing a comprehensive look at past achievements, present problems, and the future plans of the AEC. Special attention will be placed upon the strategic measures outlined in the AEC Blueprint 2025. This report aims to provide insight into the viability surrounding regional economic integration under the AEC.

A. Past Plans

What were the targets in the AEC 2015 Blueprint?

Another characteristic of ASEAN's single market and production base is the free flow of skilled labor within ASEAN. ASEAN has taken a two pronged approach to open the door towards the movement of skilled labor:

- (1) Allow managed mobility or facilitated entry for the movement of natural persons engaged in trade in goods, services, and investments, according to the prevailing regulations of the receiving country;
- (2) To facilitate the free flow of services (by 2015) by harmonisation and standardization

1. AEC Blueprint 2015

- a. Mutual Recognition Arrangements (MRAs) for major professional services, including PIS services sectors by 2008, MRAs constitute the following objectives:
 - Form the main policy tool for skilled labor mobility in ASEAN
 - Do not override local labor policy
 - Provide a local license for regulated professions
- b. Facilitate issuance of visas and employment passes for ASEAN professionals and skilled labor who are engaged in cross-border trade and investment related activities.
- c. Enhance cooperation amongst ASEAN University Network (AUN) members in terms of mobility.
- d. Develop core competencies of skills and qualifications for job skills required in:
 - 12 Priority services sectors by 2009
 - All other identified services sectors by 2015

Priority Services Sectors

1. Agro-based products
2. Air travel
3. Automotive
4. E-ASEAN
5. Electronics
6. Fisheries
7. Healthcare
8. Rubber-based products
9. Textiles and apparels
10. Tourism
11. Wood-based products
12. Logistics Services

2. ASEAN Agreement on The Movement of Natural persons (MNP)

- a. Signed in 2012, the MNP Agreement hopes to capitalise on MRAs by providing a legal framework to facilitate the temporary cross-border movement of people engaged in the trade of goods, services, and investment.
- b. The MNP Agreement details streamlined procedures for the migration of business visitors, intra-corporate transferees, and contractual service suppliers.

3. ASEAN Qualifications Reference Framework (AQRF)

- a. Finalised in 2014, the AQRF unifies education frameworks across ASEAN member states to enable the mobility of students and professionals in the region.

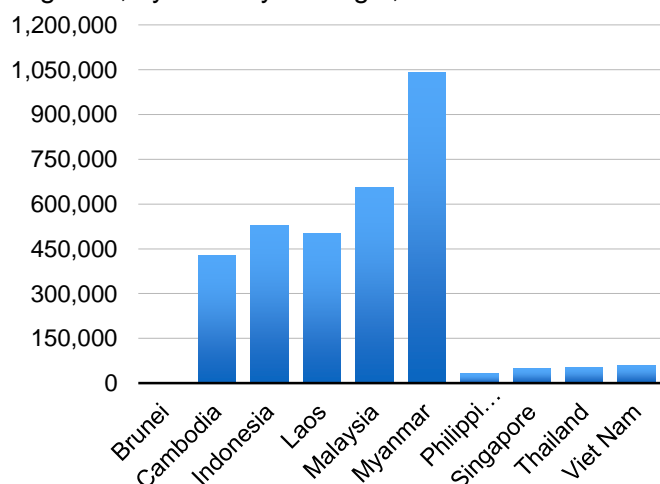
- b. Although not a legal framework, the AQRF is designed to develop transparency amongst national qualifications in education, facilitating easier access to schools, colleges, and universities; ultimately, the AQRF is aimed at helping workers practice their professions across ASEAN.

B. Past Achievements

What has been achieved?

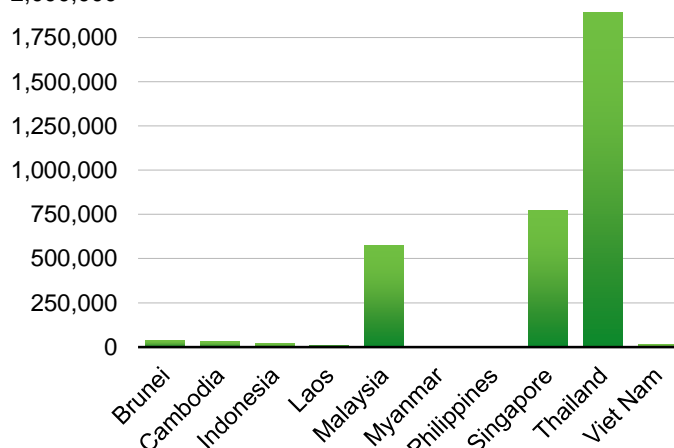
1. Unskilled labour

Figure #1: Number of Intra-ASEAN Migrants, by Country of Origin, 2015



Source: UN Department of Economic and Social Affairs (2016)

Figure #2: Number of Intra-ASEAN Migrants, by Country of Destination, 2015



Source: UN Department of Economic and Social Affairs

- As illustrated by Figures #1 and #2, the intra-ASEAN flow of labor is largely focused on several main corridors with concentrated destinations in Thailand, Singapore, and Malaysia.
- The top corridor flowing from Myanmar to Thailand currently represents 28.8% of all intra-ASEAN movement.
- More than 87% of intra-ASEAN migrants are unskilled workers.

2. Skilled labour

The eight completed MRAs cover 1.5% of the total ASEAN labor force (ADB-ILO, 2014)

a. MRA Implementation Progress:

The MRAs can be broken into four main groups with different implementation processes:

- **Architectural and Engineering Services**

The two service lines have MRAs which establish an ASEAN level council which has the power to declare vetted professionals as ASEAN chartered professionals; ASEAN chartered professionals have their qualifications recognised by member states. As the most straightforward of the ASEAN MRAs, this group has seen the most success in implementing their MRAs. (Fukunaga, 2016)

- **Medical, Dental, and Nursing Services**

MRAs relating to these service lines do not establish an ASEAN level council but rather leave the qualification of foreign professionals to national legislation. Instead, these MRAs act as touchstones for

Completed MRAs

1. Engineering Services (2005)
2. Nursing Services (2006)
3. Architectural Services (2007)
4. Framework for Surveying Qualifications (2007)
5. Medical Practitioners (2008)
6. Dental Practitioners (2008)
7. Framework for Accounting Services (2009)
8. Tourism Professionals (2012)

qualification equivalents. Implementation is therefore harder to measure, and is liable to domestic policy shifts. (ERIA, 2012)

- **Accounting and Surveying Services**

Largely frameworks rather than actual agreed upon MRAs, these still need to go through a thorough vetting process and agreed upon by all member states before being actionable.

- **Tourism Services**

The first MRA to deal with an unregulated profession, this MRA focuses on competency standards rather than a certified qualification. As such, this MRA is largely open to the interpretation of host countries and instead acts as a best practice guideline.

C. Present Challenges

What are the current issues?

- ASEAN's focus on ensuring the freedom of mobility of service professionals does not address the majority of actual labor movement in the region, as highlighted by the large proportion of unskilled migrant workers and the low coverage of MRAs.
- Labor mobility is still highly limited in comparison to other regional unions such as the European Union and the Australia/New Zealand Closer Economic Relation Agreement. While these latter unions allow for the general movement of people, ASEAN member states are still constrained by immigration regulations, which act as further barriers even where MRAs have been implemented.
- With national legislation taking precedence over MRAs, the possibility of policy progress backsliding has not been addressed.

D. Future Plans

What new measures are included in the AEC 2025 Blueprint?

Whilst the ASEAN 2025 Blueprint does not contain any explicit shifts in focus or policy, the deepening and expanding of existing MRAs, the MNP Agreement, and reduction of documentation may help to address existing shortfalls.

E. AEC 2025 Blueprint Analysis

What do the measures entail?

Strategic Measure	Analysis
1 Expand MNP Agreement	
<ul style="list-style-type: none"> • Expand and deepen ASEAN Agreement on MNP 	<ul style="list-style-type: none"> • As the current MNP Agreement focuses on the temporary movement of identified professionals, it would make sense that future developments would include provisions for further service sectors as well as non-services sectors • Currently the ASEAN Agreement on MNPs does not extend to non-services sectors such as manufacturing; this could change with shifts in demand for labour following the greater integration of ASEAN economies (ERIA,2015)
<ul style="list-style-type: none"> • Reduce/standardise documentation requirements 	<ul style="list-style-type: none"> • Currently, ASEAN's focus on the facilitation of visas and recognition of qualifications does not address immigration barriers within the region. • A reduction of documentation for qualifications as well as immigration requirements would be a step in the right direction in ensuring the free movement of skilled labor.

2 | Improve Existing MRAs

- Consider further improvements to existing MRAs
 - The conversion of accounting and surveying frameworks into actionable MRAs will likely be addressed in the next decade.
 - Medical, dental, and nursing services will need regional legal agreements to be truly effective, as currently national legislation informed by existing MRAs has done little to ensure the true mobility of medical professionals.
- Consider feasibility of new MRAs
 - The introduction of the tourism services MRA indicates a shift in focus for ASEAN MRAs; as a profession with little to no standardised regulated qualifications, it shows that ASEAN may attempt to pursue creating frameworks for unregulated service lines.
 - In turn, this may show ASEAN's willingness to address less skilled service lines than it has in the past.

F. Conclusion

What does the AEC 2025 Blueprint mean in terms of the movement of skilled labor?

- The AEC 2025 Blueprint does little to expand on the objectives of the AEC 2015 Blueprint in regards to the movement of skilled labor. Issues such as the movement of unskilled labor, the limited scope of MRAs, and immigration policy barriers are sensitive issues that have not been addressed.
- ASEAN needs to address a crucial skills gap which may derail the AEC ambition. It is projected that there is a **undersupply** of 9 million skilled and 13 million semi-skilled workers by 2030 in Indonesia and Myanmar alone (World Bank). Recent research suggests that, based on current trends, **more than half of all high-skill employment** in Cambodia, Indonesia, Laos, the Philippines, Thailand, and Vietnam could be filled by workers with **insufficient qualifications** by 2025 (McKinsey).

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