



FRIEDRICH EBERT STIFTUNG AND MIGRANT FORUM IN ASIA

**REGIONAL INFORMAL WORKSHOP ON
LABOUR MIGRATION IN SOUTHEAST ASIA: WHAT ROLE FOR PARLIAMENTS?
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ISSUES IN LABOUR MIGRATION IN SOUTHEAST ASIA

Manolo Abella, ILO

A. Introduction

In 2005 the entire population of migrants originating from ASEAN countries was conservatively estimated at about 13.5 million, making up about 3 percent of their combined population. If one could put them together in one place they would constitute a country over 3 times larger than Singapore, and just slightly smaller than Cambodia. A large proportion of these mobile workers (39 percent or 5.4 million) are living and probably working in one or another ASEAN country, but over 1 in 4 is in the Middle East, about the same number are in the US, and almost 1 in 10 in the EU.

As one expects many migrants do not move further than beyond the border or to the next country. Of Myanmar's estimated total work force abroad of 1.6 million, 90% are in ASEAN, almost entirely in neighboring Thailand which has 8 times Myanmar's per capita income. A large plurality of the migrant work forces of Lao PDR and Cambodia are also in Thailand. Of Indonesia's total work force abroad of 2.3 million, 59% are in ASEAN mainly in Malaysia, which has 3 times its per capita income. Large reciprocal migration also occurs as in the case of Malaysia and Singapore, which account for a large share of each other's migrant population. Seventy-three percent of Malaysia's estimated 1.5 million workers abroad are employed in Singapore while about 40% of Singapore's 230 thousand emigrants are in Malaysia filling high-skill jobs.

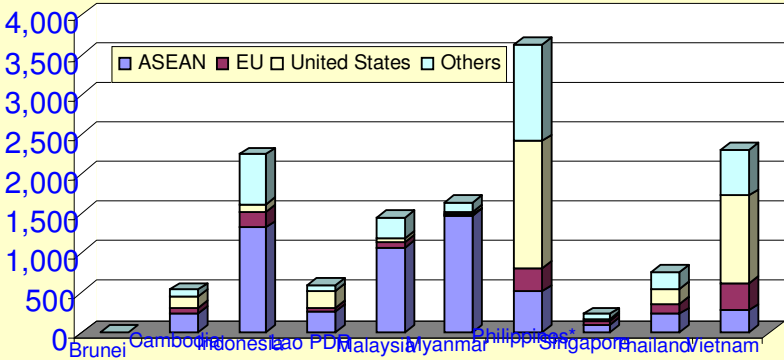
Dependence on foreign labour has become a structural feature of some of the region's more wealthy economies. In Singapore migrant workers already account for about 30 percent of the labour force while they account for slightly less, about 1 in 5 workers, in Malaysia. What is more important to note however is that the dependence on foreign workers appears impervious to the oscillations of economic fortunes. In Malaysia the number of registered foreign workers more than doubled in five years from 532,000 in 1993 to 1.1 million in 1998. The large repatriations in the wake of the financial crisis greatly reduced their numbers, but many of the Indonesians who were sent home have apparently found their way back to Malaysia as evidenced by the numbers reported to be without regular status when Malaysia declared another amnesty programme in October 2004.

The growth of labour outflows reported by some countries of origin has been remarkable. In Indonesia annual labour outflows in the early 1980s were estimated at a mere 36000 annually. By the late 1990s this had risen to almost 400,000 a year. The Philippines still remained the largest supplier of labour where the annual outflow of to all destinations at the turn of the century represented about 1.0 percent of the 30.9 million labour force.



The growth of migration is related to the widening income differences, rapidly growing cohorts of the young in origin populations, urbanization, and the formation of the so-called “network effects” when earlier migrants facilitate subsequent movements. These conditions are present in the region, suggesting that one should expect continued expansion of the labour migration system in spite of efforts by many governments to stem the flows. Expanding intra-regional tourism, growing integration of production in the shape of regional supply chains, linking of transport infrastructures, and the rapid ageing of work forces in the richer countries add more reasons to expect that migration will become a major phenomenon in the region.

Figure1. Migrant Workers from ASEAN Countries by Destination



Sources: University of Sussex; World Bank; Malaysia Department of Statistics; Thailand Ministry of Labor; POEA
 *Estimate of the stock of migrants from the Philippines vary widely from the 3.6 million cited here to 8 million by the Philippine Overseas Employment Administration (POEA).

B. Issues raised by growing mobility of labour in Asia

1. Many in migrant workers in an irregular situation

For the region as a whole there may be as many as one out of every four migrant workers in an irregular status, but the ratio is much larger in some countries than others. In Thailand, for example, the situation reached a critical point when authorities estimated that in 2000 there were nearly 5.5 undocumented for each registered foreign worker, prompting the authorities to engage in large scale regularization programme. The problems have grown for a number of reasons - because borders are difficult to secure, because there is strong demand for labour especially in the informal economy, because of problems with enforcement of impractical regulations which easily turn regular into irregular migrants, and because there is money in trafficking and well-greased channels for clandestine or irregular migration. These all signal the immense dimensions of the problem of managing migration and of the gravity of the problem of protection since migrants in an irregular status are very vulnerable to exploitation and abuse.

The causes of irregularity are many and complex. It is normally associated with the growth of the informal economy which absorbs cheap foreign labour. Thailand and



Malaysia have long faced the issue of having many hundreds of thousands of foreigners without legal status through heightened border controls but these have proved ineffective and costly. The measures currently used include “day-passes in border areas”, temporary admissions under industry quotas, imposing mobility restrictions to certain areas and recently also through joint management with source country governments. Once the problem has reached certain dimensions, a common response is to declare amnesties with a view to registration and conversion into regular temporary migrants. These policies have noble aims, but administrative processes to implement them have unfortunately also led to other issues of human rights violations because they sometimes involve detention and mass deportations.

It is increasingly recognized that the problem needs to be addressed on a broad front since it is tied up with many social as well as economic objectives, some of them in conflict with each other such as: to provide protection to asylum seekers, to minimize burden on social welfare, to avoid displacement of unskilled native workers, to reduce labour cost in construction, to safeguard competitiveness in labour-intensive exports, to protect national security, to maintain friendly relations with neighbouring states, to protect human rights, to address the problem of “state-less” children of illegal immigrants, among others.

Irregular Migration in Thailand and Malaysia

Thailand and Malaysia both have large populations of migrant workers in an irregular situation which have remained as a major challenge and important issue of concern for the authorities of the two countries. As of 2005, Thailand is estimated to have 1.1 million irregular migrant workers, mainly from the neighboring countries of Myanmar, Lao PDR, and Cambodia (Thailand Ministry of Labor). Malaysia is estimated to have around 700 thousand irregular migrants as of 2006, 70% of whom are Indonesians, while most of the rest are Chinese and Indian nationals who overstay after entering the country legally as tourists (Kanapathy 2006).

Periodic amnesties and registrations are undertaken in Thailand and Malaysia but have so far proved ineffective in resolving the issue. Malaysia offered amnesty to irregular migrants in a 4-month period bridging 2004 and 2005, and only about 380,000 of an estimated 800 thousand to 1.2 million irregular migrants availed (Kanapathy 2006). Thailand undertook registration and offered amnesty to irregular migrants in July to August 2004 and around 1.3 million registered, but subsequent re-registrations attracted much fewer and fell to 344 thousand by June 2005.

To stem further irregular migration, the two countries have negotiated bilateral government-to-government arrangements with labour-sending countries. The mechanics of this approach to solving irregular migration are still being fine tuned and its effectiveness is not yet evident. Malaysia has decreed that workers could be imported only from 12 designated countries – Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Thailand, Vietnam, India, Nepal, Kazakhstan, Turkmenistan, and Uzbekistan – with the country of source still dependent on the sector of employment.

Thailand has Memoranda of Understanding with its 3 major source countries - Myanmar, Cambodia, and Lao PDR, wherein nationals of these countries are allowed to work legally in Thailand but they have to be issued IDs and go through regular established procedures for recruitment in their countries of origin and registered with the Thai authorities.

Sources:
Kanapathy, S. (2006). Migrant Workers in Malaysia: An Overview. Paper prepared for the Workshop on an East Asian Cooperation Framework for Migrant Labour, Kuala Lumpur, 6-7 December 2006.
Martin, P. (2007). The Contribution of Migrant Workers to Thailand: Towards Policy Development. ILO Bangkok.



2. Commercialization of migration processes

Private intermediaries may be credited for the rapid rise of worker mobility but there have been serious problems with fraud and abuse making migration a high cost and risky undertaking for many migrant workers. Many governments of origin countries have had to take strong measures to address problems of fraudulent job offers or organized schemes for smuggling workers clandestinely through borders, and to put limits on fees charged from workers, but seldom with any significant effect. These have only proven successful where actions by authorities of destination countries give more teeth to measures taken by their counterparts in countries of origin. The matter is complicated by the fact that the organization of migration is largely in the hands of the private sector, in particular the private recruitment agencies that have mushroomed all over the region.

Governments have to take strong measures to curb fraud in recruitment, misinformation, and contract substitution which have acquired a significance not found elsewhere. Checking on the *bona fide* character of foreign employers and the validity and adequacy of employment offers, regulating fees charged the workers, registering contracts, penalizing malpractices and prosecuting unlicensed recruiters, and resolving disputes between workers and intermediaries present formidable tasks for administrative bodies. Most countries of origin have laws granting ministries of labour (and specialized bureaus under them) with powers to assume these responsibilities and perform the necessary regulatory functions, but the growth of labour migration has everywhere put established systems under stress, especially on account of the inadequacy of their budgetary resources. This is often compounded by lack of coordination, indeed sometimes even conflicts, among agencies with shared responsibilities and functions.

Origin countries also had to come up with measures to provide for contingencies such as failure of recruitment and the forced return of workers, the legal defense of nationals involved in costly court litigations in countries of employment, medical care for injured workers abandoned by their employers, and conciliating disputes with employers. Some countries like the Philippines pioneered the establishment of “contributory” funds and a specialized agency to use the funds for providing services to migrant workers and their families. Similar institutions have since been established in Thailand. They have proven extremely helpful to meet the afore-mentioned contingencies since few origin country governments allocate public funds for such purposes. However, some of these welfare funds have also been the object of criticisms because the contributions of ordinary migrant workers may end up benefiting only a few, and sometimes not even the migrants or their families (i.e. scholarships and establishment of colleges which only benefit a handful of rich migrants).

3. Guest workers, not immigrants

The regional migration system is largely built on temporary foreign worker policies since attitudes to immigration, especially of the unskilled, remain fairly closed. No country in the region considers itself open to permanent immigration except to the highly qualified or to family members of citizens. The admission of foreign workers is viewed in the region mainly as a cyclical measure to meet temporary shortages in the labour market. Since this is out of sync with the interest of the employer and the migrant worker, both of whom stand to gain from prolonging their relationship, states had to come up with various



strategies to prevent settlement of unskilled foreign workers such as exclusion of temporary worker migrants from membership in social security, tying workers to specific employers through their work visas, restricting their mobility to certain locations, and not allowing family reunification.

Instead of providing incentives for migrant workers to return most countries seek to insure temporariness of stay by excluding them from long-term benefits. An example is social security where temporary employment already makes it difficult for most migrant workers to qualify for old age pension benefits, but it is not uncommon to find laws that exclude them from such benefits even if they were to have the required number of years for qualification. This has put migrant workers who spend a considerable part of their working lives in foreign countries at a distinct disadvantage unless their own governments set up special schemes in their social security systems to cater to nationals employed abroad. As demonstrated in other regions such disadvantages are not inevitable since arrangements can be made that would allow short-term migrants to accumulate the right to old age benefits and to have an equitable sharing of the cost of meeting such contingencies among countries.¹ Unfortunately exclusion in social security and other entitlements is often considered a necessary component of strategies to insure rotation among migrants and to discourage settlement even if there is no evidence that such exclusion actually makes any difference to length of stay. Positive measures like end-of-service bonus which increase with migrants' contributions to social security are likely to have more impact on motivating return and making it a real and durable option for migrants.

4. Employer-driven admissions

Levels of admission of foreign workers are rarely pre-determined by law or policy through quotas, but almost always at the instance of employers. Labour immigration policy is thus effectively a means for increasing short-term labour market flexibility, aimed at reducing labour costs for domestic enterprises. The consequence has been to foster dependence on cheap foreign labour. Both Singapore and Malaysia have sought to reduce the proportion of foreigners in its labour force through a foreign worker levy or a tax to discourage employers from employing non-nationals. Since there are ways of passing on the burden of the tax on to the workers, the policy has not worked. Both countries now have a much larger proportion of foreign workers in their workforce than in the 1980s.

5. Denial of some basic labour rights

In almost all Asian countries the basic labour rights (to organize, to bargain collectively, to be protected against forced labour, and against discrimination) are supposed to apply to all migrant workers. However, this right is not always enjoyed in practice where labour institutions are weak, or where private contracts of employment provide otherwise. There are also instances where certain rights are explicitly denied under bilateral agreements entered into by their governments. In the case of migrants in an irregular status, their

¹ One hopeful sign is the fact that at the last Asian Regional Conference there was a call from some ASEAN countries for establishing such arrangements among its member states. In response to an earlier request the ILO in 1989 drafted a multilateral treaty on social security protection for migrant workers for the ASEAN countries. Unfortunately, in spite of considerable progress made and three technical meetings held among the countries, reservations by one member state prevented the conclusion of a treaty.



precarious immigration situation effectively excludes them from enjoyment of these rights. Most migrant workers are denied the possibility of better employment because there are restrictions on changing employers, even after many years of continuous legal employment. Migrant workers in some countries find themselves in a situation of virtual slavery because the practice of confiscating passports and travel documents by employers upon the worker's arrival is widely tolerated, despite policies to the contrary. Worse still are regulations which make continued stay and employment of a woman migrant worker contingent on not becoming pregnant.

6. Unequal treatment

Legal or regular status is not always a guarantee of better protection against discrimination, exploitation, and hazards to health and safety. Studies in different countries have repeatedly revealed that migrant workers are paid much less than native workers (often only half of the latter's) for doing the same job, not to mention their exclusion from social security protection and other worker benefits and entitlements. Being often concentrated in the less regulated sectors of the economy women migrant workers tend to suffer especially from excessive hours of work without overtime pay, from denial of weekly rest days, and not infrequently even from physical abuse. Governments are not unresponsive to these problems but few have systems in place (like for labour inspection) to monitor problems affecting migrant workers and to bring solutions. At the same time the availability of migrant labour at very low wages has had the unintended outcome of distorting the market, creating incentives for investments in labour-intensive industries and building interests and stakes in expanding the admission of foreign workers.

7. Need for cooperation in managing migration

There are signs that some countries already see value in cooperative management of migration. In order to put more order in the movements of workers from its neighboring countries Thailand has recently signed 'memoranda of understanding' with Lao People's Democratic Republic (October 2002), Cambodia (May 2003), and Myanmar (June 2003) which required the active participation by governments of both sides.² Under the terms of these agreements the employment of workers requires prior permission of the authorized agencies of the respective countries, the submission by one country of a list of available jobs and by the other of a list of selected applicants for these jobs, and supervision by both sides to insure that appropriate visas and work permits are issued, that workers comply with requirements for health insurance, that contributions are paid to a savings' fund, that taxes are paid, and that workers have employment contracts.

2. Development Issues

1. Benefits from huge remittance incomes

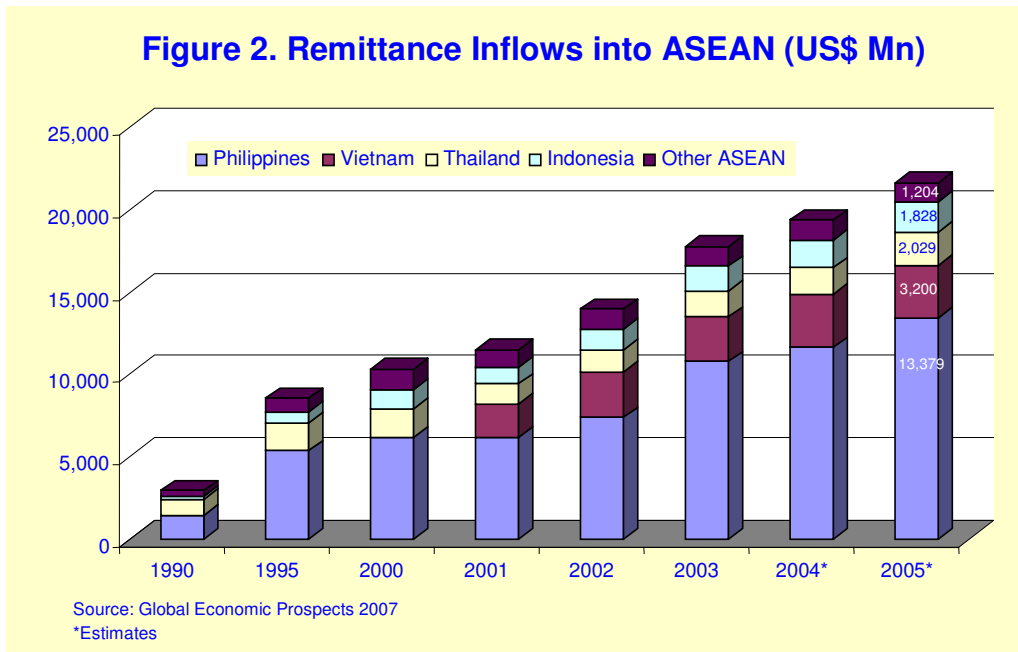
In Southeast Asia the significance of migrants' remittances rose steeply, representing anywhere from 2 to over 10 percent of GNP. The Philippines reported receiving well over \$12 billion last year from all sources. These remittances have enabled migrants' families (most of whom come from low to middle-income groups) to have higher

² The Malaysian Government concluded Memoranda of Understanding with Bangladesh, China, Sri Lanka, Thailand, Pakistan, Vietnam and Indonesia to regulate recruitment processes and procedures.



standards of living and better education for their children, improved transport and other services available to local communities, and supported the stability of national currencies in spite of large deficits in trade. The investments by migrants in housing have very significant impact on local economies because of their “*multiplier effects*”.

There remain some doubts on how remittances affect income distribution, but its impact on poverty reduction seems clearly positive. A recent econometric study (World Bank) reveals that a 10 percent increase in share of international migrants in a country’s population will lead to a 1.6 percent decline in poverty count. A 10 percent increase in share of remittances in GDP leads to a 1.2 percent decline in share of people living on \$1 a day.



Remittances have been a stable source of development finance and are often larger than flows of foreign direct investments. The Gulf Crisis and the more recent Asian financial crisis demonstrated that remittances rose during periods of economic recession, suggesting that remittances are a stabilizing factor in origin economies, as noted by recent World Bank studies

2. Growth of employment and productivity

The autonomous and voluntary movements of workers from lower to higher wage countries means that the region’s human resources are being allocated from less to more productive employment. These movements have undoubtedly helped strengthen the position of the region’s economies in global production systems. For the countries of employment the availability of scores of low-cost foreign labour made possible the dramatic modernization of their physical infrastructures over a very short period of time, stabilized prices during periods of rapid growth, reduced the cost and made available all kinds of services, and enabled countries to meet ambitious targets for public health and education, not to mention the expansion of mining, agriculture and manufacturing, and



even tourism. Most have also been able to minimize the social costs of hosting immigrant workforces.

3. Transfers of know-how

Contemporary flows encompass a very large variety of skills, from the humble domestic helpers employed in Saudi Arabia to the hotel managers Hong Kong, the engineers in off-shore oil platforms, the money managers in Singapore, and the scientists employed in Japan to participate in ground-breaking research in high-speed computers. Asian capitals are now visibly multicultural centres where managers and bankers, academics, hoteliers and entertainers, journalists, and many others come from all parts of the region and from elsewhere. They are purveyors of know-how and expertise, as well as beneficiaries of new information and experience from their employment as global workers.

Table 1. Bilateral Estimates of Migrant Stocks in ASEAN (in thousands), 2006

Source country	Destination										ASEAN
	Brunei	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam	
Brunei	0	0	0	0	0	0	1	0	0	0	1
Cambodia	0	0	0	2	7	0	0	0	232	0	240
Indonesia	6	0	0	0	1,215	0	5	96	1	0	1,323
Lao PDR	0	1	0	0	0	0	0	0	257	0	258
Malaysia	68	1	0	0	0	0	0	994	3	0	1,066
Myanmar	0	0	0	0	92	0	0	0	1,382	0	1,475
Philippines	23	1	0	0	353	0	0	136	3	0	516
Singapore	3	1	0	0	87	0	0	0	2	0	92
Thailand	11	129	0	3	86	0	0	0	0	0	229
Vietnam	0	157	0	15	86	0	1	0	20	0	279
ASEAN	111	290	0	20	1,925	0	8	1,226	1,900	0	5,480

Sources: University of Sussex; World Bank; Department of Statistics Malaysia; Ministry of Labor Thailand; Philippine Overseas Employment Agency

Table 2 Estimated Annual Emigration of Labour from Southeast Asian Countries

	Data available	Recorded average annual labour emigration ¹ (in 000's)	Adjustment ⁵ required for excluded or undocumented flows (in 000's)	Main destination countries/regions
Indonesia	2002	480	+ 50	Gulf States, Malaysia
Philippines	2002-03	265 ³	+ 25	SE Asia, Gulf, US, Europe
Thailand	2001-02	160		Taiwan, Japan, Israel
Vietnam	2003	75		Malaysia, Japan, Korea
Others (Myanmar, Malaysia, Laos)		32	+ 120	Thailand, Singapore, Australia, Europe
China	2003	530 ⁴	+ 100	Japan & Korea, SEA, US

¹ Sources: Official government statistics on workers registering employment contracts before departure. These do not include those emigrating for permanent settlement in foreign countries, students who work, undocumented workers leaving under guise of tourism, business or other non-work purposes..

³ Philippine law requires all departing migrant workers to register with authorities including those who have previously registered and are renewing contracts. The figure shown is based on "new hires" only in order to avoid counting again re-hired workers every year.

⁴ In 2003 Chinese contracting companies posted 520,000 employees abroad. To this we add reported annual placement of 10,000 by authorized overseas employment service agents.

⁵ Adjustments are based on several sources including destination country data on foreign nationals admitted on temporary work visas like the H1B in the US, the numbers "overstaying" their visas, registration by undocumented foreign workers (e.g. in Thailand and in Malaysia), and estimates of undocumented foreign workers in other regions.