Labour Mobility in the Asia-Pacific Region
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The **APEC Business Advisory Council (ABAC)** was created by the APEC Leaders in 1995 to advise APEC on the implementation of its agenda and provide the business perspective on specific areas of cooperation. ABAC comprises of up to three members from each of APEC’s 21 member economies representing a range of business sectors. ABAC holds an annual dialogue with the APEC Leaders and regular discussions with APEC ministers in charge of trade, finance and other economic matters. For more details visit [http://www.abaconline.org](http://www.abaconline.org).

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Labour Mobility in the Asia-Pacific Region

Dynamics, Issues and a New APEC Agenda

A Survey and Analyses of Governance Challenges on Labour Migration for APEC Economies

Editors
GRAEME HUGO and SOOGIL YOUNG

Coordinated by KOPEC
Korea National Committee for Pacific Economic Cooperation

A Joint Study by the Pacific Economic Cooperation Council and the APEC Business Advisory Council

INSTITUTE OF SOUTHEAST ASIAN STUDIES
SINGAPORE
## Contents

*Foreword* ................................................................................................................................. vii  
*Preface* ........................................................................................................................................ ix  
*List of Tables* .............................................................................................................................. xiii  
*List of Figures* ............................................................................................................................ xv  
*List of Acronyms* ...................................................................................................................... xvii  
*Executive Summary* .................................................................................................................... xix  

Chapter 1 Demographic Change and International Labour Mobility in Asia-Pacific – Implications for Business and Regional Economic Integration: Synthesis  
*Graeme Hugo* ............................................................................................................................. 1

Chapter 2 Demographic Change and International Labour Mobility in Northeast Asia – Issues, Policies and Implications for Cooperation  
*Jai-Joon Hur* ................................................................................................................................ 63

Chapter 3 Demographic Change and International Labour Mobility in Southeast Asia – Issues, Policies and Implications for Cooperation  
*Chia Siow Yue* .............................................................................................................................. 93

Chapter 4 Demographic Change and International Labour Mobility in Australasia – Issues, Policies and Implications for Cooperation  
*Graeme Hugo, Paul Callister, and Juthika Badkar* ......................................................................... 131

Chapter 5 Demographic Change and International Labour Mobility in the Pacific Americas – Issues, Policies and Implications for Cooperation  
*Sherry Stephenson* ...................................................................................................................... 171

Appendix I: PECC Case Study Team on International Labour Mobility ................. 201  
Appendix II: PECC-ABAC Joint Task Force on International Labour Mobility .................. 203

*About the Contributors* ............................................................................................................... 205  
*References* .................................................................................................................................. 209  
*Index* .......................................................................................................................................... 223
Driven by demographic changes, and reinforced by intensifying globalization, international labour mobility has been on the rise in recent decades in the Asia-Pacific region. Demographic and economic projections show that labour migration in the region will, if anything, have to accelerate over time. It seems that, after trade and investment, labour mobility constitutes the final frontier for regional integration among the Asia-Pacific economies. Economic analyses show that the international movement of labour benefits both the net labour origin economies and the net labour destination economies, not to mention the migrant workers themselves. In reality, however, such flows are associated with political and social problems in both types of economies. Individual governments react and respond, often in ways that increase business costs, forego overall net benefit from labour movements, fail to protect migrants from exploitation, and fail to support the kind of educational and socialization efforts that would smooth the integration of migrants into new home communities.

Despite demonstrative needs for immigration in some Asia-Pacific economies, heavy dependence on migrant remittances in others, and heated domestic political debates over migration, to our knowledge, there has been no major region-wide discussion of the issues associated with international labour mobility in the Asia-Pacific region. The present volume seeks to fill this gap by offering synthesis papers stemming from the studies on international labour 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 Labour 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, Colombia, Mexico, United States, and Canada. These case studies were prepared by experts who were identified by the respective committees of PECC. These were presented in a joint PECC-ABAC conference held in Seoul, Korea, on March 25-26, 2008, which was organized by the Korea National Committee for Pacific Economic Cooperation (KOPEC). Senior officials of the International Labour Organization and the International Organization for Migration also attended this conference as did two participants from the business community. 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 present volume consists of these synthesis papers as well as the executive summary for the Synthesis Report. The reports of the individual case studies on the twenty Asia-Pacific economies have been uploaded on the PECC website (www.pecc.org).
This project was launched at the initiative of Dr. Soogil Young, Chair of KOPEC, who proposed and has coordinated the project with generous financial and administrative support from KOPEC. Ms. Doris Magsaysay-Ho of ABAC Philippines has helped in securing the support of ABAC for the project as well as injecting ABAC’s perspectives into the project, and into the Synthesis Report and its executive summary, in particular, in order to ensure its relevance to the business community in the region.

The region-wide synthesis paper, the most important output from the project, has been authored by Prof. Graeme Hugo. Prof. Hugo expresses his gratitude to the members of ABAC and PECC who have given support to the project, and especially, the members of the PECC-ABAC Joint Task Force who have commented on his work. Prof. Hugo has also done most of the arduous editing work for the present volume. We thank him for those contributions of critical importance to the successful conclusion of the project including the publication of this volume. We also thank all those who participated in the Seoul conference including the authors of the case studies, the members of the synthesis group, the guest participants from ILO, IOM, and the business community, for their respective contributions, as well as KOPEC and all other PECC member committees for their support for this project.

It is our hope that the findings from the project that are reported and produced in this volume will help bring about a better appreciation of the many dimensions of international labour mobility in the Asia-Pacific and its valuable contribution to national and regional economic growth.

Charles E. Morrison
International Chair
PECC

Soogil Young
Chair
KOPEC

Doris Magsaysay-Ho
ABAC Philippines
Preface

This report presents the results of a project initiated by PECC-ABAC and proposed, financed and organized by the Korea National Committee for Pacific Economic Cooperation (KOPEC). The object of the project was to survey experiences of the economies in the APEC region in managing permanent and temporary international movement of labour with some focus on the problems and policy responses associated with temporary workers and further to examine the business implications, identify common challenges and possible cooperative responses to them. Each of these studies was asked to cover the following topics:

- Assess the magnitudes, trends and patterns of labour migration in the Asia-Pacific, focusing on temporary migration of labour.
- Examine the demographic situation, policies and practices related to demographic change in each economy and their implications for business and labour mobility.
- Assess the main impediments to the international movement of labour in each economy.
- Analyze labour migration policies and practices.
- Highlight key issues and concerns pertaining to labour migration and demographic change.
- Compare labour migration experiences, policies and practices among economies.
- Examine business implications.
- Explore the scope for policy cooperation and labour migration.

Accordingly papers were prepared on 20 economies in the APEC region and presented at a meeting organized by KOPEC in Seoul, South Korea on 25-26 March 2008. These papers and authors are as follows:

Opening Session

- Prof. Graeme Hugo, Keynote Address – Demographic Change and Its Implications for Labour Mobility in Asia and the Pacific.
- Mr. Manolo Abella, Keynote Address – Challenges to Governance of Labour Migration in Asia-Pacific.

Northeast Asia Session

- Prof. Liu Yanbin – Demographic Change and International Labour Mobility Implications for Business and Social Development in China.
- Prof. Wong Siu-lun, Dr. Markéta Moore and Prof. James Chin – Hong Kong: Demographic Change and International Labour Mobility.
- Drs. Jai-Joon Hur and Kyuyong Lee – Demographic Change and International Labour Mobility in Korea.
Preface

- Prof. Yasushi Iguchi – Declining Population, Structural Change in the Labour Market and Migration Policy in Japan.
- Dr. Bolormaa Tsogtsaikhan – Demographic Changes and Labour Migration in Mongolia.

Southeast Asia Session
- Prof. Tereso S. Tullao – Demographic Changes and International Labour Mobility in the Philippines: Implications for Business and Cooperation.
- Dr. Yongyuth Chalamwong – Demographic Change and International Labour Mobility in Thailand.
- Ms. Vijayakumari Kanapathy – Managing Cross-Border Labour Mobility in Malaysia: Two Decades of Policy Experiments.

Australasia Session
- Prof. Graeme Hugo, Ms. Juthika Badkar and Dr. Paul Callister – International Labour Mobility in Australia and New Zealand.

Pacific America Session
- Drs. Susan Martin and B. Lindsay Lowell – International Labour Mobility in the United States.
- Ms. Catherine Sas – Canada: Overview of Economic Immigration Program.
- Dr. Ofelia Woo Morales – Mexico Case Study: Demographic Change and International Labour Mobility in the Asia-Pacific Region.
- Dr. Claudia Martinez – Labour Mobility: The Case of Chile.
- Dr. Anibal Sanchez – Case Peru: Demographic Change and International Labour Mobility in the Asia-Pacific Region.
- Mrs. Jaifa Mezher El Kareh and Nestor Ordóñez – Colombia Case Study: Colombian Labour Migration.

Business Perspectives
- Ms. Doris Magsaysay-Ho – Implications for Business and Cooperation in the Region.

Implications for International and APEC Cooperation
- Dr. Piyasiri Wickramasekara – Cooperation on International Migration and Labour Mobility: ILO Perspectives.
- Mr. Federico Soda – Cooperation on International Migration.
The editors would like to thank all the authors for their informed and authoritative inputs at the conference, many of which have been incorporated in the present book. They would also like to express their appreciation to Ms. Joanna Rillo who expertly and efficiently prepared the camera-ready manuscript for the book and Ms. Maria Fugaro for preparing the index. In addition we would like to express our great appreciation to Ms. Shinhye Hwang of KOPEC and Ms. Janet Wall of the University of Adelaide for all the work they have put into bringing this book to fruition.
Editors' Preface
List of Tables

Table 1.1. APEC Economies Population Aged 15-24, 1960-2005 and Projected 2020 and 2040 .................................................................4
Table 1.2. APEC Members: Projected Growth of the Population Aged 15-64, 2005-10, 2010-20, 2020-30 .........................................................5
Table 1.3. APEC Economies: Projected Growth of the Population Aged 15-34, 2005-10, 2010-20, 2020-30 .......................................................6
Table 1.4. Changing Proportion of Workforce Made Up of Foreign-Born – Selected Economies .................................................................9
Table 1.5. Australia, USA and Canada: Growth of the Asia-Pacific-Born Population, 1971 to 2006 (Thousands) .................................................10
Table 1.6. Entries of Temporary Workers in Selected OECD Members by Principal Categories, 2004 .................................................................10
Table 1.7. International and/or Foreign Students in Tertiary Education, 2000 and 2004 ...............................................................................11
Table 1.8. Stocks of International Migrants in APEC Economies 2000 and 2005 (Thousands) .................................................................12
Table 1.9. Korea: Number of Foreign Visitors and Resident Foreigners, 1990-2006 ..............................................................................13
Table 1.10. Asia: Estimates of Stocks of Migrant Workers in the World .........15
Table 1.11. Selected Asian Outmigration Economies: Proportion of International Labour Migrants Who are Women .......................16
Table 1.12. Stock Estimate of Overseas Filipinos as of December 2007 ..........17
Table 1.13. Philippines: Skill Categories of Newly Hired Overseas Contract Workers, 1998-2003 .........................................................18
Table 1.14. Selected APEC Countries: Gross National Income Per Capita (SUS), 2006 ..............................................................................20
Table 1.15. Selected APEC Countries: Poverty ..........................................21
Table 1.16. Global Flows of International Migrant Remittances ($ Billion) .........................................................................................29
Table 1.17. Main Asian Labour Exporting Economies: Workers’ Remittances Relative to Exports and Imports in US$ Million, 1980-2006 ..........32
Table 1.18. Australia: Settler Arrivals and Permanent Departures (Australia- and Overseas-Born) to APEC Member Countries, 1993-94 to 2005-06 .........................................................37
Table 1.19. Views and Policies of Asia-Pacific Governments Regarding Immigration, 1976-2005 ...............................................................43
Table 1.20. Views and Policies of Asia-Pacific Governments Regarding Emigration, 1976-2005 .................................................................43
Table 1.21. Summary of Asia-Pacific Government Policies Toward Labour Migration .................................................................................45
Table 1.22. Alternative Regimes for Taxing Flows of Human Capital ............51
Table 2.1. Remittances, Percentage of GDP as of 2006 ................................66
Table 2.2. Population, Population Growth, TFR and Ageing Indices ..........66
Table 2.3. Remittances with Respect to Exports, Imports and GDP, as of 2006 (Unit: US$ million)..............................................................71
Table 2.4. Summary of Government Policies Towards Labour Migration .....74
Table 3.1. Population, Population Growth, TFR and Population Ageing Index..............................................................................................97
Table 3.2. Estimated Stocks of Migrant Workers from and to Southeast Asia..............................................................................................100
Table 3.3. Summary of Government Policies Toward ILM............................112
Table 4.1. Projections of Australia’s Aged and Working Age Population.....134
Table 4.2. Outcomes of Australia’s Humanitarian Program by Component and Category from 1997-98 to 2006-07.................................142
Table 4.3. Australia: Occupation of Settler Arrivals 2006-07 and 1992-93 .................................................................145
Table 4.4. Australia: Settler Arrivals – Top 10 Source Countries of Birth ....150
Table 4.5. People Approved for Residence, Skilled/Business Stream 1997/98 to 2007/07 (Top 10 Source Countries as at 06/07)....152
Table 4.6. People Approved for Residence, Family Sponsored Stream 1997/98 to 2006/07 (Top 10 Source Countries as at 07/06) .....152
Table 4.7. People Approved for Residence, International/Humanitarian Stream 1997/98 to 2006/07 in the Top 10 Countries in the 06/07 Financial Year.................................................................153
Table 4.8. Principal Applicants Granted Work Permits in the Top Twelve Countries Since 1999/00*...............................................................157
Table 4.9. Principal Applicants Granted Labour Market Tested Work Permits Since 1999/00*.................................................................158
Table 4.10. Principal Applicants Granted Student Permits Since 1999/06* ....159
Table 4.11. Australia: Visa Category of Permanent Additions, 2000-01 to 2006-07 .................................................................160
Table 5.1. Colombia: Remittances, 2000-2006 ..............................................184
List of Figures

Figure 1.1. International Migration by Category of Entry, Selected OECD Countries, 2005, Standardized Data.................................................9
Figure 1.2. Changes in Status from Temporary Categories to Permanent Type Worker Migration, Selected OECD Members, 1996-2005.................................................................12
Figure 1.3. Remittances and Capital Flows to Developing Countries .....30
Figure 1.4. Growth of Remittances to the Philippines, Thailand, Indonesia, Pakistan and Mexico, 1980-2007.................................31
Figure 1.5. A Continuum of Undocumented International Labour Migration in Asia.................................................................42
Figure 2.1. Population Pyramids of Six Northeast Asian Economies (Unit: thousand persons)...............................................................67
Figure 4.1. Permanent-Type Inflows, Standardised Statistics, 2005 (Number per thousand persons in the population)..................132
Figure 4.2. Australia: Total Population Growth Showing the Natural Increase and Net Migration Components, 1901-2007...............135
Figure 4.3. Australia: Settler Arrivals by Region of Last Residence, 1947 to 2006................................................................................136
Figure 4.4. Australia: Region of Birth of Humanitarian Settler Arrivals, 1996-97 to 2006-07.................................................................143
Figure 4.5. Australia: Migration Program Outcomes by Stream, 1989-90 to 2006-07 .................................................................145
Figure 4.6. Australia: Family Stream Outcomes by Visa, 1982-83 to 2006-07 .................................................................146
Figure 4.7. Australia: Arrivals of New Zealand Citizens and New Zealand-Born Persons, 1981-82 to 2005-06.................................147
Figure 4.8. Australia: Asia-born Settler Arrivals by Region, 1994-95 to 2006-07 ...........................................................................149
Figure 4.9. Australia: Sex Ratios of Settler Arrivals, 1959-2007..........151
Figure 4.10. Migrant Flows into New Zealand Through the Three Residence Streams, 1997/98 to 2006/07 – Approvals.................151
Figure 4.11. Temporary Migration to Australia by Category, 1986 to 2007 ...........................................................................155
Figure 4.12. Overseas Students in Australian Universities, 1983 to 2006 ....156
Figure 4.13. Australia: Onshore Residence Visa Grants, 1989-90 to 2005-06 .................................................................160
Figure 4.14. Australia: Number of Skilled Stream Outcome Principles with Points for Australian Qualification by Citizenship, 2004-05 ...........................................................................162
Figure 4.15. Permanent and Long Term Departures of Residents from Australia, 1959-60 to 2006-07...........................................................................163
Figure 4.16. Australia: Total Permanent Departures, 1993 to 2006.............164
List of Figures

Figure 5.1. Population Pyramids for the Pacific Americas, 2005, 2020 and 2040 ................................................................. 173
Figure 5.2. Evolution of the Dependency Ratio in the Pacific Americas .... 174
Figure 5.3. Origin of Foreign Born Population in the United States .......... 176
Figure 5.4. Canada: Foreign-Born Population, 1930-2001 ..................... 176
Figure 5.5. Origin of Immigration to Canada, 1991-2001 (in percent) ........ 177
Figure 5.6. Chileans Abroad, 2003-2004 (in percent) ............................. 179
Figure 5.7. Colombians Abroad, 2005 (in percent) ................................. 179
Figure 5.8. Peruvians Abroad, 2006 (in percent) .................................... 180
Figure 5.9. Summary of Government Policies Towards Migration in the Americas ................................................................. 190
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3D</td>
<td>Dirty, Dangerous and Difficult</td>
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<tr>
<td>ABAC</td>
<td>APEC Business Advisory Council</td>
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<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<td>ABTC</td>
<td>APEC Business Travel Card</td>
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<td>ACMECS</td>
<td>Aerawadee Chaopraya Mekong Economic Cooperation Strategies</td>
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<tr>
<td>AFAS</td>
<td>ASEAN Framework Agreement on Services</td>
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<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>BOI</td>
<td>Board of Investment</td>
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<td>CEPA</td>
<td>Closer Economic Partnership Arrangement</td>
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<td>CIIES</td>
<td>Capital Investment Entrant Scheme</td>
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<td>contractual service suppliers</td>
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<td>DANE</td>
<td>Departamento Administrativo Nacional de Estadistica</td>
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<td>DIAC</td>
<td>Department of Immigration and Citizenship</td>
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<td>Department of Immigration and Multicultural Affairs</td>
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<td>DIMIA</td>
<td>Department of Immigration and Multicultural and Indigenous Affairs</td>
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<td>DFID</td>
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<td>DPs</td>
<td>Displaced Persons</td>
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<td>European Free Trade Association</td>
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<td>Economic Partnership Agreement</td>
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<td>GNI</td>
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<td>Gross National Product</td>
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<td>HSIP</td>
<td>Hinschu Science-Based Industrial Park</td>
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<td>Interim General Skills Category</td>
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<td>ILM</td>
<td>International labour migration</td>
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<td>KIEP</td>
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<td>MICs</td>
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<td>MNCs</td>
<td>Multinational Corporations</td>
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<td>Acronym</td>
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<td>MRAs</td>
<td>Mutual Recognition Arrangements</td>
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<td>NYC</td>
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<td>OAS</td>
<td>Organization of American States</td>
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<td>OCWs</td>
<td>Overseas Contract Workers</td>
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<td>Official Development Assistance</td>
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<td>OECD</td>
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<td>Overseas Workers Welfare Administrations</td>
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<td>Philippine Overseas Employment Administration</td>
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<td>permanent residents</td>
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<td>State Specific and Regional Migration</td>
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Executive Summary

One 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 labour and skill shortages, and may deter industries from moving off-shore to more labour-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 labour 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 labour 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 labour 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 labour 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 labour 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.
Executive Summary

Based on an extensive survey of Asia-Pacific labour 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 labour 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 labour flows a win-win for the worker as well as both origin and destination economies. In some cases, wider labour market reforms and stronger labour 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 labour 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 labour 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 labour migration with the International Labour Organization, the Organization for International Migration, and other relevant international organizations.
Executive Summary

- 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 labour movements.

In sum, the PECC-ABAC International Labour Mobility Task Force believes that APEC can develop an action-oriented set of activities around the issue of international labour 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 labour 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 labour mobility has been limited. An initiative in the area of labour 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 Labour 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. The individual economy case studies have been uploaded on the PECC website (http://www.pecc.org).