



ACHIEVING SKILL MOBILITY IN THE ASEAN ECONOMIC COMMUNITY

CHALLENGES, OPPORTUNITIES,
AND POLICY IMPLICATIONS

ACHIEVING SKILL MOBILITY IN THE ASEAN ECONOMIC COMMUNITY

CHALLENGES, OPPORTUNITIES,
AND POLICY IMPLICATIONS

Demetrios G. Papademetriou, Guntur Sugiyarto,
Dovelyn Rannveig Mendoza, and Brian Salant





Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)

© 2015 Asian Development Bank
6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Tel +63 2 632 4444; Fax +63 2 636 2444
www.adb.org; openaccess.adb.org

Some rights reserved. Published in 2015.
Printed in the Philippines.

ISBN 978-92-9257-117-7 (Print), 978-92-9257-118-4 (e-ISBN)
Publication Stock No. RPT157644-2

Cataloging-In-Publication Data

Asian Development Bank.

Achieving skill mobility in the ASEAN economic community: Challenges, opportunities, and policy implications.
Mandaluyong City, Philippines: Asian Development Bank, 2015.

1. Skill mobility. 2. Migrant workers. 3. Association of Southeast Asian Nations. 4. Economic Community.
5. Migration Policy Institute.
I. Asian Development Bank.

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned.

By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

This work is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)
<https://creativecommons.org/licenses/by/3.0/igo/>. By using the content of this publication, you agree to be bound by the terms of said license as well as the Terms of Use of the ADB Open Access Repository at openaccess.adb.org/termsfuse

This CC license does not apply to non-ADB copyright materials in this publication. If the material is attributed to another source, please contact the copyright owner or publisher of that source for permission to reproduce it. ADB cannot be held liable for any claims that arise as a result of your use of the material.

Attribution—In acknowledging ADB as the source, please be sure to include all of the following information:

Author. Year of publication. Title of the material. © Asian Development Bank [and/or Publisher].
<https://openaccess.adb.org>. Available under a CC BY 3.0 IGO license.

Translations—Any translations you create should carry the following disclaimer:

Originally published by the Asian Development Bank in English under the title [title] © [Year of publication] Asian Development Bank. All rights reserved. The quality of this translation and its coherence with the original text is the sole responsibility of the [translator]. The English original of this work is the only official version.

Adaptations—Any adaptations you create should carry the following disclaimer:

This is an adaptation of an original Work © Asian Development Bank [Year]. The views expressed here are those of the authors and do not necessarily reflect the views and policies of ADB or its Board of Governors or the governments they represent. ADB does not endorse this work or guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use.

Please contact OARsupport@adb.org or publications@adb.org if you have questions or comments with respect to content, or if you wish to obtain copyright permission for your intended use that does not fall within these terms, or for permission to use the ADB logo.

Photos in this publication are property of ADB.

Note: In this publication, “\$” refers to US dollars.



Contents

Figures, Tables, and Boxes	iv
Executive Summary	v
Acknowledgments	vi
I. Introduction	1
II. High-Skilled Mobility in the ASEAN Region: Where Are We Today?	3
III. Managing the Flow of Skilled Labor in ASEAN: Progress and Challenges in 2015 and Beyond	5
A. Making Qualifications Portable within ASEAN	5
B. Improving Access to the ASEAN Labor Market for Professionals	9
C. Promoting Intra-ASEAN Mobility among Professionals	11
IV. Opportunities for Reform: Building Greater Regional Cooperation on Education and Mobility	13
A. Short-Term Strategies: What Can We Do Now?	13
B. Looking to the Longer Term: Thinking of Human Capital as a Shared Regional Resource	16
V. Building a More Competitive ASEAN and Investing in Human Capital	17
VI. Conclusion	19
Appendixes	20
References	22

Figures, Tables, and Boxes

Box 1: Compensatory Measures: Insights from the France-Quebec Accord	7
Box 2: What is the Difference between Licensing and Accreditation?	8
Table A1: The Four Pillars of the ASEAN Economic Community	20
Table A2: Mobility Agreements across International Economic Communities	20
Figure 1: Proportion of Intra-ASEAN Migration Stock by Corridor, 2013	4
Figure 2: Four Components of Achieving Skilled Mobility within ASEAN: Progress, Challenges, and Opportunities	12



Executive Summary

Despite clear aspirations by the Association of Southeast Asian Nations (ASEAN) to create an effective framework to facilitate movements among skilled professionals within the ASEAN Economic Community (AEC) by December 2015, progress on the ground has been slow and uneven.

The challenge ASEAN Member States face is threefold. First, the complexity of the qualifications recognition process essentially discourages professionals who move within the region from having their professional and academic credentials assessed and recognized. Second, professionals face restricted access to the ASEAN labor market due to national-level barriers such as constitutional provisions reserving particular occupations for nationals, and complex and opaque requirements and procedures for employment visas. Finally, many professionals themselves have limited interest in moving within the region due to perceived cultural, language, and socioeconomic differences. All this is partly reflected in the fact that the region is a net-exporter of labor in the global market. The region contributed 18.8 million labor migrants in 2013 with 6.5 million of them moved within ASEAN. Despite these real and perceived barriers, the AEC aspiration to facilitate a “free flow of skilled labor” is a timely policy goal for ASEAN in line with the major demographic, economic, and social changes that are sweeping not only across the region but worldwide. The ASEAN region risks falling behind in a competitive and skills-driven global economy unless real progress is made in this area.

It is thus critical to lay out a realistic roadmap toward freer movement for the citizens of the region for the next decade and beyond. This will involve a two-pronged strategy. First, ASEAN Member States need to cooperate in the short to medium term to fully address the immediate challenges in recognizing the qualifications of mobile professionals and increase their access to the region’s labor market. Second, governments should also take a longer-term view by investing in national training and education systems that prepare workers in accordance with common ASEAN-wide standards. True progress often comes in fits and starts but a sustained effort and commitment at the highest levels is always required.

“Despite clear aspirations within ASEAN to create an effective framework to facilitate movements among skilled professionals within the ASEAN Economic Community (AEC) by December 2015, progress on the ground has been slow and uneven.”

Acknowledgments

This report has benefitted greatly from a roundtable discussion the Asian Development Bank and Migration Policy Institute convened on international mobility, education, skills development, and recognition of qualifications on May 11–12, 2015 in Bali, Indonesia. The following practitioners and experts are thanked for their contributions:

- Manolo Abella, Senior Research Associate, Centre on Migration Policy and Society (COMPAS), University of Oxford; former Director, International Labour Organization (ILO) MIGRANT Unit
- Jeanne Batalova, Senior Policy Analyst, Migration Policy Institute
- Richard Bedford, Professor of Population Geography and Pro Vice-Chancellor of Research, Auckland University of Technology
- Siow Yue Chia, Senior Research Fellow, Singapore Institute of International Affairs
- Maria Vincenza Desiderio, Policy Analyst, Migration Policy Institute Europe
- Yves Doutriaux, Counselor of State, Government of France
- Michael Fix, President, Migration Policy Institute
- Jeevakumar Govindasamy, Senior Manager, Special Projects, Talent Corporation Malaysia, Government of Malaysia
- Rana Hasan, Director, Economic Research and Regional Cooperation Department, Asian Development Bank
- Yoko Ishikura, Professor Emeritus, Hitotsubashi University, Japan; Member, World Economic Forum Global Agenda Council on Education and Skills
- Tan Sri Munir Majid, Chairman, CIMB ASEAN Research Institute and Chairman, Bank Muamalat Malaysia Bhd
- Dovelyn Rannveig Mendoza, Senior Policy Analyst, Migration Policy Institute

- Dionisius Narjoko, Economist, Economic Research Institute for ASEAN and East Asia (ERIA)
- Imelda M. Nicolas, Secretary, Commission on Filipinos Overseas, Office of the President of the Philippines
- Demetrios Papademetriou, President Emeritus and Distinguished Senior Fellow, Migration Policy Institute; President, Migration Policy Institute Europe
- Ana Carla Pereira, Head of Unit, Skills and Qualifications, DG Employment, European Commission
- Megawati Santoso, Vice Chair, ASEAN Task Force on the ASEAN Qualifications Reference Framework
- Guntur Sugiyarto, Senior Economist, Asian Development Bank
- Ichiro Tambo, Director, Japan International Cooperation Agency (JICA) Research Institute
- Eric Thérroux, Deputy Minister, Ministry of International and Francophone Relations of Quebec, Quebec Ministry of International and Francophone Relations
- Brenda Yeoh, Dean of Faculty of Arts and Sciences, National University of Singapore





I. Introduction

2015 is a milestone year for all countries in Southeast Asia as they inaugurate the ASEAN Economic Community (AEC). By December 2015, the AEC envisions the establishment of a single market and production base that creates better economic opportunities for the region's more than 600 million people by allowing, among other things, a "free flow of skilled labor." The Association of Southeast Asian Nations (ASEAN), a political and economic organization of 10 countries in Southeast Asia, has made significant progress in dismantling barriers to the movement of capital and goods, but progress in the movement of its most important resource—human capital—is still in an embryonic stage. Unless real progress is made in this area, the ASEAN region risks falling behind in a competitive, skills-driven global economy.¹

Harnessing the full potential of the region's human capital also requires much greater openness toward the mobility of its high-skilled workers.² Despite considerable efforts within ASEAN to create an effective framework to facilitate these movements, progress on the ground has been slow and uneven. For instance, between 2005 and 2012, ASEAN Member States signed mutual recognition arrangements (MRAs) in six sectors (engineering, nursing, architecture, medicine, dentistry, and

tourism) as well as framework arrangements on MRAs in two others (surveying and accountancy). Implementation has been lacking, however. Despite progress on paper, several technical and political barriers at national and regional levels impede professionals from moving and practicing their profession in other ASEAN countries.

The cost of these barriers is staggering for the region. Without the ability, and real prospects, to move intraregionally, many ASEAN professionals are unemployed or, more typically, underemployed; that is, they take jobs significantly below their education and skill levels, leading to brain waste. Further, since talent is increasingly a global commodity, those who cannot move within ASEAN may move someplace else. As current data suggest, as many as 2 million professionals from ASEAN Member States live and work in many countries in Europe, Oceania, and North America, constituting a significant brain drain for countries in the ASEAN region.³ In fact, some countries in the region, such as Malaysia and the Philippines, are trying to attract talented members of their diasporas to return on a temporary or permanent basis. The availability and the ability of professionals and more broadly, skilled workers, to move across national borders within ASEAN also affects investor decisions about where to locate

¹ The free mobility of skilled workers is part of the four pillars of the Asian Economic Community (AEC). See Appendix.

² For the purposes of this report, the authors define "high-skilled" workers to mean individuals with a university education or its equivalent and/or workers with specialized skills, training, or knowledge that qualifies them to work in a professional occupation.

³ United Nations, Department of Economic and Social Affairs and Organisation for Economic Co-operation and Development (OECD), "World Migration in Figures" (paper presented at the UN High-Level Dialogue on Migration and Development, New York, October 3-4, 2013), 3, www.oecd.org/els/mig/World-Migration-in-Figures.pdf. Early literature consider outmigration of the highly-skilled as "brain-drain" as receiving countries are generally regarded to receive "brain gain" since the inflows augmented and supplemented domestic productions, removing domestic shortages, improving economic competitiveness and productivity, and facilitating structural transformation and industrial upgrading. The outflows, however, could also have positive effects on the sending countries by addressing their high unemployment rates, increasing economic gains through remittances, and improving human capital through returning migrants and increasing education and health spending among migrant families (Chia 2008, 20011, and ADB 2012).

skilled, and labor-intensive production processes—directly affecting regional competitiveness. Moreover, intra-ASEAN labor flows also occur independently of trade-related institutions, driven mainly by large inter-country differences in labor supply and demand, wage differentials, as well as demographic factors such as aging (Jurje 2015).

It is difficult to quantify the actual cost of barriers to skill mobility within ASEAN due to, among others, the limited available data on supply, demand, and movement of professionals in the region. Some studies suggest that the potential aggregate value of gross domestic product (GDP) squandered because of the countries' inability to meet labor demand due to various factors, including lack of mobility, could be staggering. For instance, a recent Boston Consulting Group study estimated the losses to the global economy due to labor shortages at US\$10 trillion by 2030, or 10% of the global GDP.⁴ Likewise, the World Bank projected that a 3% increase in migrant worker stock from developing to high-income countries by 2025 would yield gains to the global economy of US\$356 billion.⁵

This report launches a multiyear effort by the Asian Development Bank (ADB) and the Migration Policy Institute (MPI) to better understand the barriers to freer movement of professionals within ASEAN and develop strategies to gradually overcome these hurdles. Divided in four parts, the report begins by discussing what we know—and do not know—about the nature and extent of movement of professionals within ASEAN today, and where additional research and data are needed. Section two identifies the progress and challenges countries face in managing these flows. Section three outlines potential areas for policy reforms in the short,



medium, and long term. The report concludes by placing developments within the ASEAN region in a global context, particularly in light of the so-called global competition for talent. This publication is the first in a series of ADB-MPI products designed to outline a research agenda that can drive progress toward greater regional integration and situate the opportunities facing the ASEAN region in a broader, more global context.

⁴ In order to calculate the gains to mobility, the Boston Consulting Group (BCG) simulated workforce supply and demand in 25 countries by extrapolating gross domestic product (GDP) growth out to 2030. BCG then identified how many workers it would take to reach the GDP growth curve, and what the GDP would be at that point versus the GDP when the labor supply can meet demand without any extra inputs. Rainer Stack, Jens Baier, Matthew Marchingo, Shailesh Sharda, *The Global Workforce Crisis: \$10 Trillion at Risk* (Boston, MA: The Boston Consulting Group, 2014), 3, www.iberglobal.com/files/The_Global_Workforce_Crisis_bcg.pdf.

⁵ World Bank, *Global Economic Prospects 2006: Economic Implications of Remittances and Migration* (Washington, DC, 2005), 31, www.worldbank.org/content/dam/Worldbank/GEP/GEPArchives/GEP2006/343200GEP02006.pdf.



II. High-Skilled Mobility in the ASEAN Region: Where Are We Today?

According to the United Nations' most recent estimates, 70% of the 9.5 million migrants in the ASEAN region in 2013 (or 6.5 million people) were from other ASEAN Member States.⁶ This is considerably different from 1990, when 60% of ASEAN migrants emigrated beyond the region.⁷

While intra-ASEAN migration has grown substantially over the past two decades, most of it is concentrated in just a few highly traveled corridors, reflecting a serious imbalance of flows. About 97% of the 6.5 million intra-ASEAN migrants in 2013 circulated between just three countries: Thailand, Malaysia, and Singapore.⁸ And while the data from the United Nations identified 57 migration corridors involving intra-ASEAN migrants, the top five corridors—Myanmar to Thailand, Indonesia to Malaysia, Malaysia to Singapore, the Lao People's Democratic Republic (Lao PDR) to Thailand, and Cambodia to Thailand—represent 88% of the total intra-ASEAN migrant stock.⁹ Around 2 million migrants from Myanmar are in Thailand—accounting for almost one-third of the total intra-ASEAN migrant stock—while roughly 1 million migrants each from Indonesia, Malaysia, and Lao PDR have migrated to Malaysia, Singapore, and Thailand, respectively.¹⁰

Interestingly, long-term and permanent migrants from the two ASEAN countries with the largest populations abroad—the Philippines and Viet Nam—typically reside outside of the region, particularly in the United States, for obvious historical and related reasons. The Philippines is also one of the largest sources of *temporary* labor migrants in the world, but the majority of its foreign workers go to the Middle East, particularly to the Gulf States, since countries in this region have opened their borders to all workers, regardless of skill level. The Philippine experience suggests the importance of open-border regimes in shaping the international movement of workers.

Although the demographic profile of intra-ASEAN migrants is rather incomplete, one study estimates that nearly nine out of 10 are low-skilled workers, pointing to a very limited circulation of professionals.¹¹ Recruitment of low-skilled workers from within the region has been growing over the last 40 years. Specifically, the entry of low-skilled workers for temporary stays began in Singapore as early as the 1970s. Malaysia, which has long employed Indonesians on its plantations, saw the expansion of low-skilled labor migration in other sectors beginning in the 1990s, while Thailand is a more recent destination.

⁶ International Labour Organization (ILO) and Asian Development Bank (ADB), *ASEAN Community 2015: Managing Integration for Better Jobs and Shared Prosperity* (Bangkok: ILO and ADB, 2014), xiii, www.adb.org/sites/default/files/publications/42818/asean-community-2015-managing-integration.pdf; authors' tabulations of data from the United Nations, Department of Economic and Social Affairs, "Trends in International Migrant Stock: Migrants by Origin and Destination," 2013 Revision, <http://esa.un.org/unmigration/TIMSO2013/migrantstocks2013.htm>.

⁷ Authors' tabulations of data from United Nations, Department of Economic and Social Affairs, "Trends in International Migrant Stock: Migrants by Origin and Destination."

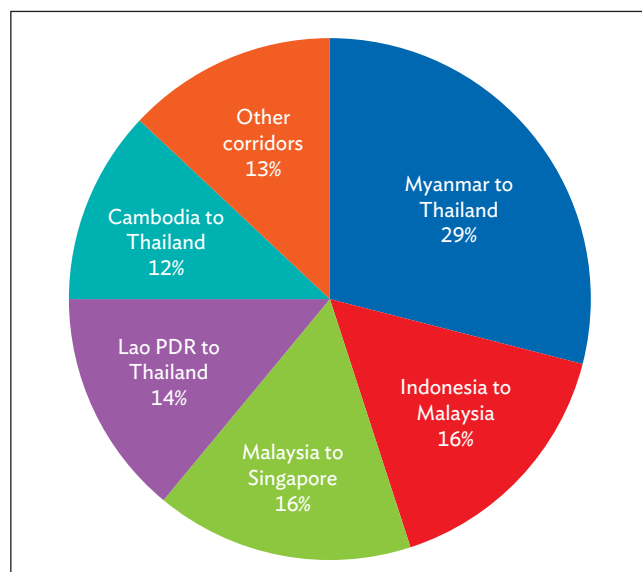
⁸ ILO and ADB, *ASEAN Community 2015: Managing Integration*, 84.

⁹ Guntur Sugiyarto and Dovelyn Rannveig Agunias, *A 'Freer' Flow of Skilled Labour within ASEAN: Aspirations, Opportunities and Challenges in 2015 and Beyond* (Bangkok and Washington, D.C.: International Organization for Migration and Migration Policy Institute, 2014), 7, www.migrationpolicy.org/research/freer-flow-skilled-labour-within-asean-aspirations-opportunities-and-challenges-2015.

¹⁰ Authors' tabulations of data from the United Nations, Department of Economic and Social Affairs, "Trends in International Migrant Stock: Migrants by Origin and Destination," 2013 Revision.

¹¹ Aniceto Orbeta Jr., "Enhancing Labor Mobility in ASEAN: Focus on Lower-skilled Workers" (Discussion paper 2013-17, Philippine Institute for Development Studies, February 2013), www.pids.gov.ph/dp.php?id=5153, and ILO and ADB 2014.

Figure 1. Proportion of Intra-ASEAN Migration Stock by Corridor, 2013



Lao PDR = Lao People’s Democratic Republic.
 Source: Guntur Sugiyarto and Dovelyn Rannveig Agunias, A ‘Freer Flow of Skilled Labour within ASEAN: Aspirations, Opportunities and Challenges in 2015 and Beyond’ (Bangkok and Washington, DC: International Organization for Migration and Migration Policy Institute), 7., www.migrationpolicy.org/research/freer-flow-skilled-labour-within-asean-aspirations-opportunities-and-challenges-2015.

Data on professional movements are harder to ascertain. There are serious knowledge and data gaps on the mobility of the highly skilled,

particularly when it comes to data disaggregated by occupation and/or sector. Information on migration background in government surveys is patchy, and the administrative datasets that contain valuable information are incomplete and difficult to access.

The data that are available from key destination countries in the region support the general sense that most intra-ASEAN migration is low-skilled. While Singapore has one of the highest proportions of foreign workers in the world—rising from 3% of the population in 1970 to 35% in 2010—skilled workers and professionals accounted for less than one-quarter of Singapore’s total nonresident workforce of 1.3 million workers as of 2012.^{12 13} Apart from Malaysians, the majority of skilled and professional workers come from beyond the ASEAN region, such as the People’s Republic of China (PRC), India, the United States, The United Kingdom, France, and Australia. In Malaysia, the International Labour Organization (ILO) reports that although more than half of migrants are from the region, only 10% are working in high-skilled occupations.¹⁴ Similarly, in Thailand, nearly all migrants (97%) are from other ASEAN countries, but only 3% of these workers are considered to be highly skilled.¹⁵



¹² Brenda Yeoh and Weiqiang Lin, “Rapid Growth in Singapore’s Immigrant Population Brings Policy Challenges,” *Migration Information Source*, April 2012, www.migrationpolicy.org/article/rapid-growth-singapores-immigrant-population-brings-policy-challenges.

¹³ Orbeta, “Enhancing Labor Mobility in ASEAN,” 5; ILO and ADB, *ASEAN Community 2015: Managing Integration*, 85, 86.

¹⁴ ILO and ADB, *ASEAN Community 2015: Managing Integration*, 83, 86.

¹⁵ *Ibid.*, 86.



III. Managing the Flow of Skilled Labor in ASEAN: Progress and Challenges in 2015 and Beyond

There is a stark contrast between the actual scale of movements of professionals within ASEAN and the region's goal of a free flow of skilled labor. What explains this gap? Despite clear aspirations within ASEAN to facilitate skill mobility, there are concrete barriers that impede professionals from moving within the region and utilizing their skills. The challenge they face is threefold: the first relates to the complexity of the recognition process, which essentially discourages those professionals who do move within the region from having their qualifications assessed and recognized. The second, and larger, issue pertains to the limited access that high-skilled foreign workers have to the ASEAN labor market due to domestic regulations and practices that make it difficult, if not impossible, for one to reside and work in another ASEAN country. The last, and especially difficult, issue is the limited interest by many professionals to move within the region and by ASEAN employers to hire them, due to perceived cultural, language, and socioeconomic differences.

A. Making Qualifications Portable within ASEAN

ASEAN policymakers face a key challenge in identifying ways to make professional and academic qualifications portable between educational institutions, employers, and countries. Professionals wishing to migrate typically find their skills and education either underutilized or undervalued because their qualifications are not easily recognized at destination.

The recognition process for licensed occupations is often onerous, and in some cases requires foreign-trained professionals to repeat years of education or undergo extensive supervised work experience. In the absence of explicit policy decisions and appropriate protocols for understanding and evaluating the decisions of licensing and certification bodies in other countries, regulators in destination countries must typically assess foreign-trained candidates on a case-by-case basis.

Despite these difficulties, there has been significant progress. As noted earlier, ASEAN Member States (AMS) signed MRAs beginning in 2007 to make the recognition process more transparent and systematic in certain sectors. The MRAs in engineering, nursing, architecture, medicine, dentistry, and tourism have created rules for recognizing professionals who move, which reduces (or in the case of tourism eliminates) the need for case-by-case assessment, although full implementation has been difficult.

By setting clear and consistent rules for granting recognition to professionals within AMS, MRAs can significantly reduce the uncertainty over recognition procedures and outcomes for (prospective) migrants and employers, and facilitate smooth skills circulation among participating countries. The arrangements ensure that skills are accurately assessed and compensated by employers and by government regulators. The signing and implementation of MRAs could also help improve the educational system in the region as a whole as educational institutions adopt higher-quality standards.

If implemented according to the letter of the agreement, ASEAN professionals in 32 tourism-related occupations will be granted automatic recognition as they move within the region. Professionals in engineering, nursing, architecture, medicine, and dentistry are eligible to apply for recognition after completing compensatory measures intended to make up for gaps in qualifications standards and working practices between the origin and destination country.

ASEAN-wide joint coordinating committees to facilitate and institutionalize implementation have also been created as part of the MRAs. The ASEAN Joint Coordinating Committee on Dental Practitioners (AJCCD), for example, is composed of up to two appointed representatives from the professional dental regulatory authority of each country. The MRAs that cover engineering and architecture go a step further, with the creation of ASEAN-wide registries—the ASEAN Chartered Professional Engineers Register (ACPER) and the ASEAN Architect Council (AAC)—to streamline and centralize the recognition and certification process.

In August 2014, AMS also established the ASEAN Qualification Reference Framework (AQRF) to measure levels of educational or training achievement covering all sectors under the MRAs and create more transparent career ladders. The AQRF aims to make the regulatory arrangements between participating countries comparable by developing national qualifications frameworks (NQFs) based on a common reference framework. Similar to the European Qualifications Framework, established in 2008, the AQRF is a common regional reference point and a translation grid that will make it easier to understand, compare, and recognize qualifications across the different systems of AMS. If properly and widely utilized, the AQRF could promote the mobility of workers and students within ASEAN.

These two complementary initiatives are not easy to operationalize, however, mainly for five reasons.

First, the resistance to recognizing qualifications is not just an “occupational protectionism” problem; there are genuine differences between countries in what a professional must know to practice his or her profession. Simply signing an MRA between governments is not enough since concrete implementation measures may require detailed occupation-by-occupation analysis and negotiations of a highly technical, and in many ways “political,” nature. Even within broad occupations (for example, engineering), many subfields exist with different training systems and standards that must be considered separately. Another compounding factor is that beyond qualifications, the scope of the activities a particular professional is expected to perform often varies between countries. An occupation is also sometimes regulated in some countries and not in others, further complicating the recognition process across the region.

Second, discussions between governments have focused on how to grant automatic recognition for each occupation across each of the signatory countries, which is a much more difficult goal to attain than partial recognition of qualifications. Automatic recognition—which happens when regulatory bodies accept a professional licensed in a signatory jurisdiction without any additional assessment or training—is the gold standard in MRAs and is quite rare. Besides the seven “automatic system” professions within the European Union—architects, dentists, doctors, midwives, nurses, pharmacists, and veterinary surgeons—automatic recognition can be found in only a few instances, such as between Australia and New Zealand (for all occupations), and the medical professions between Canada and the United States.

In regulated occupations, the full recognition of professional qualifications and the authorization for foreign-qualified professionals to practice are generally conditional on compensatory measures designed to bridge differences in training and quality standards between foreign and domestic qualifications. Such measures are typically rooted in the principle of protection of the public and are

in most cases justified by the less-than-perfect comparability between foreign credentials and local qualifications and standards.

There is a belief among practitioners and government actors alike that professionals within ASEAN will feel offended or discouraged if required to meet compensatory measures. The challenge for policymakers thus is not in determining which qualifications are equivalent, but what to do about those that are not—and how to close gaps fairly and efficiently through additional education, training, and/or mentorship and apprenticeships. Indeed, partial recognition of qualifications is a much more practical and feasible option in the context of the Quebec-France Accord (see Box 1).

Third, recognition of a school diploma is not the same as recognition of qualifications or the right to practice in regulated occupations. As Box 2 below highlights, licensing in regulated occupations tends to also require work experience, not just diplomas. Recognition of work experience is much harder since the differences in training are often greater and the learning outcomes harder to judge. For instance, to attain full recognition under the MRAs, ASEAN dental and medical practitioners must show that they have been in active practice for five continuous years or more in the country of origin, while nurse practitioners must be in active practice for at least three years. Similarly, engineers must have seven years' experience after graduation, of which two years must involve significant engineering work, while architects must have been in practice for at least 10 years, five of them after receipt of an architecture license. These requirements create additional barriers to entry.

Fourth, follow-through is labor-intensive, technically demanding, and sometimes politically difficult. Governments seeking to simplify and reduce barriers for foreign professionals through MRAs face a highly complex system with a wide range of stakeholders responsible for different aspects of the recognition process.

Box 1: Compensatory Measures: Insights from the France-Quebec Accord

The 2008 France-Quebec Accord on the Mutual Recognition of Professional Qualifications provides one of the most instructive examples of striking the balance between the need to protect the public and the goal of facilitating the mobility of professionals. To date, more than 80 mutual recognition arrangements covering a broad range of professions and skilled trades have been concluded under the France-Quebec Accord. One-third of these require compensatory measures.

Under the accord, full recognition may require compensatory measures only if substantial differences exist in the scope of practice for a given profession, or in formal qualifications and training programs applied in each country. If compensatory measures are required, regulatory authorities give preference to adaptation periods—i.e. short internships designed for the foreign-qualified professional to acquire host-country-specific professional skills—or tailored testing, while additional training is prescribed only as a last resort.

For instance, to obtain full qualifications recognition and access to professional practice in Quebec, French-qualified nurses and medical doctors must perform a three-month internship in a Quebec hospital. These measures are not reciprocated and an adaptation period is not required in France. Similarly, to be granted full access to professional practice in Quebec, French engineers need to work under the supervision of a mentor in Quebec for one year. This is not a requirement in France where engineering is not a regulated profession.

Sources: Interview with public officials from France and Quebec by Migration Policy Institute Europe Policy Analyst Maria Vincenza Desiderio, July 2015; Maria Vincenza Desiderio, "Improving the Recognition of Foreign Qualifications in Europe" (Discussion paper prepared for the European Commission Expert Group on Migration, April 2015), <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3253&NewSearch=1&NewSearch=1>.

Box 2: What is the Difference between Licensing and Accreditation?

Licensing is a process by which a regulatory body or a governmental authority grants permission to an individual practitioner or organization qualified in a regulated profession to operate or to practice the profession. Licensure regulations are generally established to ensure that an organization or individual meets minimum standards to protect public health and safety. Licensing to individual professionals is generally granted after some form of assessment of education and professional experience and the inscription in a professional register.

Accreditation has a much broader meaning and can refer to diplomas, curricula, organizations, etc. By definition, accreditation is a formal process by which an authorized body assesses and recognizes that an organization, a diploma, or a training/education curriculum meets applicable predetermined standards. Unlike licensing, accreditation is often a voluntary process rather than one required by law and regulation and does not grant a right to practice.

Since practitioners and employers understand the training process and the requirements critical to fulfilling a job, they must be involved both in the negotiations and in the technical analysis of qualifications. In unregulated occupations, employers simply do not trust statements of “equivalence” that aren’t credible, while in regulated occupations, professional bodies or even national regulators are often skeptical about other systems’ qualifications and thus reluctant to implement MRAs in good faith.

Lastly, public support and enthusiasm for the implementation of the MRAs and the AQRF, which have lagged, will improve only with strong government leadership and when both employees and employers see real benefits. A much stronger case has to be made for the benefits of high-skilled mobility within ASEAN. Absent that, national professional associations in the region will continue to be concerned about the implications of the MRAs and AQRF, and see more threat than benefit for their profession and members. For instance, a 2011 study on the implementation of the MRA in engineering

services revealed that many engineers in the region do not perceive any significant benefit from registering in ACPER.¹⁶ The lack of a clear path and opportunities for promotion within the register itself is a key issue highlighted in the study.

Employers also have limited awareness of and interest in the MRAs. Their engagement in the implementation of the MRAs and AQRF has been intermittent at best, and extremely timid. A recent survey of employers of accountants in Thailand, for instance, found that only 16% had both knowledge and understanding of the MRA.¹⁷ Similarly, an ASEAN-funded regional survey of 240 tourism stakeholders conducted in 2013 found that less than 30% were knowledgeable about the MRA.¹⁸ Another study, focusing on the tourism sector in Jakarta, noted that hotel managers were not aware of or did not place importance on the MRA, which has led to workers lacking an interest in obtaining recognition.¹⁹ Similar concerns seem to affect the AQRF, focused on whether businesses will actually be using it in their hiring decisions.

¹⁶ Ir. Dr. Gue See Sew, “APEC Engineer Register, Challenges and the Way Forward to Promote Mobility of Engineering Services” (discussion paper, APEC 43rd Industrial Science and Technology Working Group Meeting, Taipei, China, August 2012), 6, www.gnpgeo.com.my/download/publication/2012_01.pdf.

¹⁷ Tiyadah Pichayasupakoon, “The Impact of the ASEAN Economic Community (AEC) on the Recruitment of Accountants: A Case Study of Listed Firms on the Stock Exchange of Thailand,” *Silpakorn University Journal of Social Science, Humanities, and Arts* 14, no. 2 (2014): 1–24, www.journal.su.ac.th/index.php/suij/article/view/428.

¹⁸ Alan Hickman and Jim Irwin, *Gap Analysis on Implementation of MRA on Tourism Professionals* (Jakarta: ASEAN Australia Development Cooperation Program Phase II, 2013), 38, <http://aadcp2.org/tr-gap-analysis-on-implementation-of-mra-on-tourism-professionals/>

¹⁹ Nila Krisnawati Hidayat, “Analysis of the Adoption of ASEAN MRA on Tourism Professional at Jakarta Five Star Hotel Towards the Human Resources Global Competitiveness,” *SSRN Electronic Journal*, December 2011, 15.

B. Improving Access to the ASEAN Labor Market for Professionals

Above and beyond issues of recognition of qualifications is the much larger issue of restricted access to the ASEAN labor market. Even with the advent of the AEC, there is no guarantee of full labor mobility among professionals within the region. Moreover, the contribution of the MRAs to efficient human-capital transfers across borders depends on the specific features of their design and implementation, as well as on whether they are embedded in a broader policy framework (such as trade agreements and immigration regulations) that supports the mobility of professionals across member countries. In short, MRAs alone do not give ASEAN Member States (AMS) access to each other's labor market.

In 2012, AMS signed two milestone agreements to streamline the movement of certain individuals within the region. The ASEAN Agreement on the Movement of Natural Persons (MNP) provides the legal framework to facilitate the temporary cross-border movement of people engaged in the conduct of trade in goods, services, and investment—such as business visitors, intracorporate transferees, and contractual service suppliers. Another agreement, the ASEAN Comprehensive Investment Agreement (ACIA), grants entry, temporary stay, and work authorization to investors, executives, managers, and board members of corporations in the process of “committing a substantial amount of capital or other resources.”

Neither MNP nor ACIA, however, apply to individuals seeking employment, temporary or permanent residence, or citizenship in another AMS. ACIA, in particular, applies only to individuals employed by a registered company in the country



of origin. Even in the absence of solid data, there is agreement among experts that most movements among professionals in the region involve intracorporate transferees.²⁰

ASEAN thus is not nearly as open as the North American Free Trade Agreement (NAFTA), which allows professionals in 63 occupations to move between the United States, Mexico, and Canada with a simple work contract. It is also less ambitious compared to more limited regional groupings such as CARICOM (the Caribbean Community and Common Market, a political and economic organization of 15 Caribbean nations and dependencies), which allows for visa-free entry among the highly skilled. And of course it is vastly less ambitious than the European Union (EU) or the European Economic Area (EEA), where a citizen can freely move, reside, and seek employment in any Member State, regardless of skill level. (See Appendix Table A-2 for more detail.)

²⁰ Consensus among experts attending the Roundtable of High-Level Experts: Achieving Skill Mobility in the ASEAN Economic Community: Challenges, Opportunities, and Policy Implications, convened by ADB and the Migration Policy Institute (MPI) on May 11–12, 2015 in Bali.



As noted, even full implementation of the MRAs does not guarantee mobility by professionals within these occupations. At best, MRAs enable professionals registered or certified within the region to be recognized and be able to practice their profession on an equal basis in other AMS. The agreements do not usher in the unrestricted free flow of foreign professionals. MRAs, in other words, and contrary to common perception, *are not migration tools*. Beyond the mutual recognition of qualifications, there are barriers at the national level that impede professionals from moving within the region and practicing their skills. These include:

- Constitutional provisions reserving particular occupations for nationals.
- Complex and opaque requirements and procedures for employment visas, including limits on spousal employment of the highly skilled.

- Restricting of certain sectors and occupations to non-nationals by using numerical caps on foreign professionals and skilled manpower.
- Economic and labor market tests intended to demonstrate that there are no local/national workers available for a job opportunity before permission for employing a foreign worker can be granted.
- Requiring employers to replace foreigners with local workers within a stipulated timeframe—in effect requiring employers to train local workers for available jobs.
- Local language proficiency requirements.

C. Promoting Intra-ASEAN Mobility among Professionals

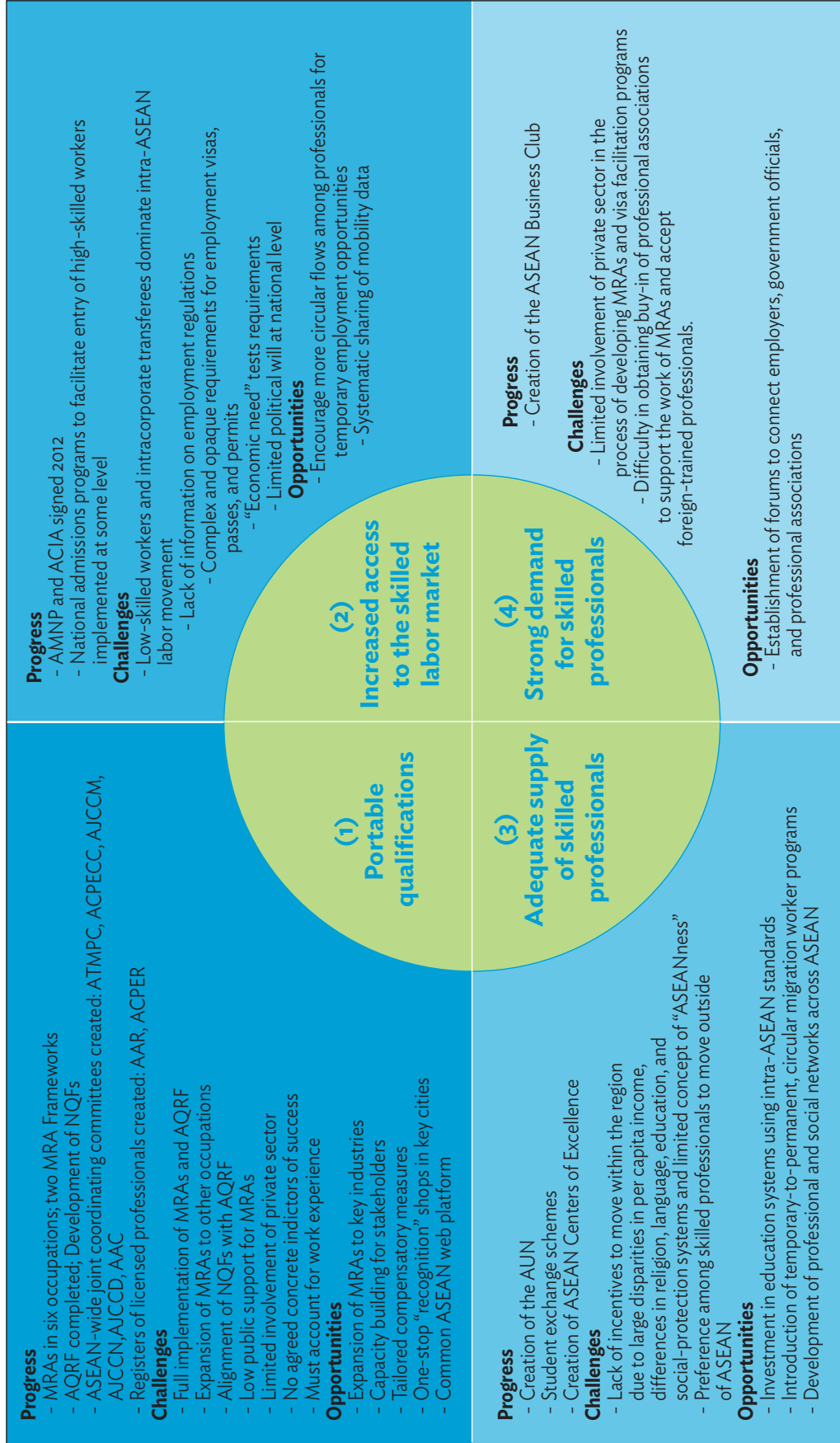
The third challenge goes beyond the problem of lack of access to entry and employment for those who wish to move but how to increase the interest among professionals to move within ASEAN in the first place.

Social, cultural, and economic differences, among them large disparities in per capita income between some countries and differences in religion, language, education, and social protection systems, discourage movement in the region by professionals. For instance, current efforts to encourage student exchange across ASEAN, a key precursor to professional mobility, have been hampered by language-related issues and the differing quality of education and educational experience. ASEAN Member States sought to collectively address this issue as early as the 4th ASEAN Summit in 1992, when they called to

“hasten the solidarity and development of a regional identity through the promotion of human resource development” and “strengthen the existing network of leading universities and institutions of higher learning in the region.” Three years later, they supported the creation of the ASEAN University Network (AUN), which more recently has focused on promoting collaborative study, research, and educational programs in the priority areas identified by ASEAN. Recent years have also seen the creation of various centers of excellence in the region. Despite these clear developments, however, for many observers ASEAN has yet to develop the strong regional identity and consciousness present in other more integrated economic communities.

Skill mobility also arises from the private sector’s interest in moving people. Currently, employers and professionals associations are not fully involved in the implementation of MRAs and visa-facilitation programs, although the creation of the ASEAN Business Club and the ASEAN Business Advisory Council to provide private-sector feedback and guidance are steps in the right direction.

Figure 2: Four Components of Achieving Skilled Mobility within ASEAN: Progress, Challenges, and Opportunities



Notes:

AAC - ASEAN Architect Council, AAR - ASEAN Architect, ACIA - ASEAN Architect, ACPER - ASEAN Comprehensive Investment Agreement, ACPER - ASEAN Chartered Professional Engineers Register, ACPECC - ASEAN Chartered Professional Engineering Coordinating Committee, AJCCD - ASEAN Joint Coordinating Committee on Dentistry, AJCCM - ASEAN Joint Coordinating Committee on Medicine, AJCCN - ASEAN Joint Coordinating Committee on Nursing, AMNP - ASEAN Agreement on Movement of Natural Persons, AQRF - ASEAN Qualifications Reference Framework, ATPMC - ASEAN Tourism Professional Monitoring Committee, AUN - ASEAN University Network, MRAs - Mutual Recognition Arrangements, NQF - National Qualifications Framework

Source: Author's framework.



IV. Opportunities for Reform: Building Greater Regional Cooperation on Education and Mobility

The ASEAN region is not alone in facing these challenges. Attempts elsewhere, such as the European Union, to make progress on facilitating the mobility of skilled workers have also encountered technical and political barriers.²¹ These include agreements being signed but not achieving full implementation or failure to reduce mobility barriers sufficiently to have a meaningful impact on movement.

The handful of successful MRAs, such as the Quebec–France Accord, have typically met two requirements: (1) the political will to drive the process forward despite the time-consuming and technical nature of the task, and (2) persistence in gradually working through technical details and obstacles—an incremental process that can take many years. Political will appears to be present at the highest levels of government within ASEAN. Leaders of AMS have already signed MRAs in a number of key occupations, created the ASEAN Qualification Reference Framework (AQRF) and, most importantly, have agreed to further their economic integration.

A. Short-Term Strategies: What Can We Do Now?

A key step forward now is to cultivate a much broader regional discourse in which the mobility of skilled workers is understood as a strategic resource

that is at the heart of regional development and competitiveness. Toward this end, AMS could cooperate in the short to medium term to fully address the immediate challenges in recognizing the qualifications of mobile professionals and increase their access to the ASEAN labor market.

There are several areas where regional cooperation is most feasible now, of which six are highlighted below.

- **Promoting early labor market access in regulated professions when compensatory measures for recognition apply.** Since no country is self-sufficient on educated and skilled people, AMS may have to make concessions to accommodate the entry of needed professionals from within the region. To make MRAs work, it is important to accept that in most cases recognition of qualifications will be partial, and need not be totally reciprocal, as long as there are compensating measures that are reasonable and cost-effective. Governments could offer tailored compensatory measures specifically designed to test and fill skills gaps. These can include tailored professional exams for foreign-qualified applicants, bridging courses, mentoring, on-the-job training, supervised or conditional work, and reasonable adaptation periods. Measures that can be considered “punitive” should be avoided at all costs. The most egregious

²¹ Madeleine Sumption, Demetrios G. Papademetriou, and Sarah Flamm, *Skilled Immigrants in the Global Economy: Prospects for International Cooperation on Recognition of Foreign Qualifications* (Washington, DC: Migration Policy Institute, 2013), 7, 10, 12, http://www.migrationpolicy.org/sites/default/files/publications/CredMRAs-FINAL_0.pdf.

and wasteful such measures require mobile professionals to repeat much of their general education and/or training in the destination country.

- **Generating and improving access to quality information on recognition procedures and outcomes.** A key area for regional cooperation is improving the quality of information on recognition procedures and outcomes and making this knowledge accessible to regulators, employers, mobile professionals, and other relevant stakeholders, including civil society. Although simplification efforts have been undertaken in response to the MRAs, complexity in the governance of the recognition process can only be reduced up to a point. It is thus important to raise awareness and provide guidance on recognition practices.

ASEAN Member States, for instance, can jointly establish one-stop-shops in their larger cities with the objective of increasing the numbers of those applying for qualifications recognition. In addition, they can establish a common ASEAN web platform, a user-friendly interactive tool providing clear multilingual resources on qualification-recognition concepts and terminology and national recognition rules, procedures, and good practices. Such a platform would greatly help to reduce persisting confusion on the nature, characteristics, and goals of the recognition process. It would also allow employers, migrants, regulators, and recruiters to access and compare up-to-date information on qualification-recognition procedures and outcomes in each AMS and facilitate the dissemination of good practices.



- **Promoting recognition of foreign qualifications for migrants at the earliest possible point in the migration trajectory.** Early access to recognition will also significantly improve the efficiency of recognition processes. The longer mobile professionals have to wait to start the recognition procedure or obtain results, the lesser the likelihood that they will seek and get recognition for their foreign-acquired qualifications.²² Moreover, AMS can jointly provide predeparture support for the recognition of foreign qualifications, including providing premigration credentials evaluations. Although evaluation of foreign credentials cannot grant access to professional practice in regulated occupations, it can help put mobile professionals on a path toward recognition at the earliest possible stage of the migration process.
- **Increasing mobile professionals' access to the ASEAN labor market through "positive circularity."** MRAs are also likely to be most effective when concluded as part of a broader package of policy measures that

²² Maria Vincenza Desiderio and Kate Hooper, *Improving migrants' labour market integration in Europe from the outset: A cooperative approach to predeparture measures* (Brussels: Migration Policy Institute Europe, 2015), 12-15, www.migrationpolicy.org/sites/default/files/publications/MPI-Europe-INTERACT-Predeparture-FINAL-WEB.pdf.

facilitate access to the labor market through visa and work-permit policies that facilitate orderly and circular flows of professionals between countries. ASEAN governments could commit to thoughtful collaboration that allows for the circulation of professionals needed in a given labor market. Encouraging more circular flows allows workers to take advantage of temporary employment opportunities in the region, thus broadening the menu of opportunity for employers and employees alike.

- **Skill mobility schemes connecting cities:** One idea is to explore skill mobility schemes at the city level. More than 40% of ASEAN GDP growth through 2025 is expected to come from 142 cities with populations between 200,000 and 5 million.²³ There is great potential to more fully explore priorities, needs, and training opportunities in these cities and in identifying the role the mobility of skilled professionals in the region can play in meeting them.

- **Linking development goals with mobility:** There is also room to inject development goals into the discussion on recognition of qualifications. For instance, several countries in the region are seeking to improve health and education services, particularly in rural areas. There is thus ample room for far greater cooperation among ASEAN governments in facilitating the mobility of ASEAN professionals working in these critical areas, by reducing entry restrictions, waiving some of the compensatory measures, and fast-tracking the recognition process.

- **Continued and meaningful involvement with the private sector.** The private sector plays a vital role in developing human

capital and establishing mechanisms for skilled labor mobility because employers can drive the policy process when recruiting workers beyond the country in which they are located. For MRAs to be most effective, they must mirror business needs—and processes—for recruiting workers.

Employers desire a certain amount of predictability and stability with respect to rules and processes while at the same time preserving flexibility in terms of the skills and workers they need. When companies choose to relocate core businesses, their decision rests greatly on the availability of skills and the ability and ease of bringing in new skills for the foreseeable future. International companies will not locate their businesses in areas where public policies on skill acquisition change frequently.

Governments in the region could start by maintaining a continuous dialogue with key private-sector actors. Additional cooperation between schools and businesses is also needed in order to ensure that educational systems develop the right curricula and teach skills that encourage a broader range of careers. This could be a joint effort between the private sector and government. Firms can also help in ensuring that potential workers get accurate information that highlights the opportunities for the sort of work that particular industry requires.

- **Sharing information and jointly monitoring success.** Lastly, the free movement of skilled labor is the only AEC goal that does not have a target for specific outcomes. The ASEAN Economic Community Blueprint, which laid down the strategy for the run-up to 2015, called for the signing of the MRAs but there was no specific mention of measuring the extent of their implementation and/

²³ Vinayak HV, Fraser Thompson, and Oliver Tonby, “Understanding ASEAN: Seven things you need to know” (McKinsey & Company Insights & Publications, May 2014), www.mckinsey.com/insights/public_sector/understanding_asean_seven_things_you_need_to_know.

or use among AMS. Part of the problem stems from a lack of clear understanding of how the highly skilled move (or do not) across ASEAN countries—a reality that hampers initiatives to operationalize the MRAs. Moreover, existing data on mobility are patchy. For example, there seems to be little information on the role of employers with respect to intracorporate transfers as opposed to decisions by individuals as the drivers of skills mobility. Indeed, there is room for sharing mobility data more systematically within the region and jointly monitoring success in facilitating such mobility.

B. Looking to the Longer Term: Thinking of Human Capital as a Shared Regional Resource

Ultimately, the essence of any region's competitiveness lies in robust education and training systems that respond smartly to changing economic needs. ASEAN cannot be the exception and succeed internationally. Despite much progress, educational and workforce-training systems need to do much better in equipping many more of the region's citizens with the knowledge and skills demanded by today's economy, and that are essential to tomorrow's economic growth and competitiveness. Thus, it is also important to take a longer-term view by investing in national training and education systems that prepare workers in accordance with common ASEAN-wide regional standards.

Indeed, the choices and investments public and private-sector decisionmakers and individuals make every day about education and training will ultimately determine the region's fate in a dynamic, competitive, and skills-driven global economy.

For the ASEAN region to continue on its path to development, it is critical to nurture and support:

- **social institutions** (such as schools at all levels, worker organizations, and civil society writ large) that adapt fluidly to shifting economic environments;
- **employers** that understand that investing in their workforces is the key to productivity, innovation, and competitiveness;
- **governments** that create predictable policy environments and encourage and reward the private sector's socially responsible actions;
- **families and households** that understand that upward mobility is directly tied to better education and training; and
- **individuals** who constantly invest in themselves and their future.



V. Building a More Competitive ASEAN and Investing in Human Capital

The AEC aspiration to facilitate a “free flow of skilled labor” is a timely policy goal for ASEAN. It is also in line with the major demographic, economic, and social changes that are sweeping across the region, and indeed the world.

Most migration experts predict that more rather than less mobility will take place in the next two decades, but destinations will gradually change.²⁴ An increasing number of countries are building their own human capital more systematically while also attracting skills from the global talent pool. The BRICS—Brazil, the Russian Federation, India, People’s Republic of China, and South Africa—along with Turkey, Mexico, Morocco, and an increasing number of African countries will all be fishing in the same talent pool as high-income countries do now. Particularly interesting will be developments in the People’s Republic of China as it moves inexorably toward becoming an older country, with 250 million Chinese over 60 years old by the 2030s—the first country in history not to fully enjoy the demographic dividends that come from a long demographic transition. Singapore and, to a lesser extent, Thailand, are also facing similar sets of challenges. Singapore’s elderly population will triple to 900,000 by 2030 according to government estimates, with

growth in the working-age population set to slow from 48% between 2000–2015 to just 4% between 2015–30.^{25,26} Similarly, Thailand’s aging population is expected to increase to 17 million by 2040, accounting for 25% of the population.²⁷

As a result, ASEAN will have to compete for the same workers with countries and other regions whose policies yield more predictable outcomes for the protagonists in this policy area and offer better “employment and immigration packages.”²⁸ Well-prepared and talented people will have many more destination options than they do now. The ability to practice one’s profession will thus be front and center in how mobile professionals and other skilled workers will decide where to go.

Emerging economies that are still small migration players will continue to grow in importance and will become large actors both as senders and receivers of high-skilled migrants within and beyond their immediate regions.

Meanwhile, when strong economic growth in high-income countries returns, the demand for migrants across the skills continuum will also return for three reasons:

²⁴ Demetrios G. Papademetriou, Will Somerville, and Hiroyuki Tanaka, *Talent in the 21st-Century Economy* (Washington, DC: Migration Policy Institute, 2008), 1, www.migrationpolicy.org/sites/default/files/publications/Talent.pdf.

²⁵ Chia Siow Yue, “Foreign Labor in Singapore: Trends, Policies, Impacts, and Challenges” (Discussion Paper 2011-24, Philippine Institute for Development Studies, December 2011), 4, <http://dirp3.pids.gov.ph/ris/dps/pidsdps1124.pdf>.

²⁶ Elena Duggar and Madhavi Bokil, *Special Comment: Population Aging Will Dampen Economic Growth over the Next Two Decades* (New York: Moody’s Investors Service, 2014), 8, www.veille.tn/wp-content/uploads/2014/08/Moodys_PBC_173599_6.8.2014.pdf.

²⁷ HelpAge International Global Network, “Ageing Population in Thailand,” accessed August 29, 2015, <http://ageingasia.org/ageing-population-thailand1/>.

²⁸ Such packages include clear, fair, and transparently applied immigration rules, recognition of foreign credentials, and opportunities for family members. See Papademetriou, Somerville, and Tanaka, *Talent in the 21st-Century Economy*, 23.

- **Demographics.** The “one-two punch” of low birth rates and an increasing elderly share of the population will result in higher dependency ratios with serious tax and social support implications.
- **Economics.** Increasing skill mismatches and worker shortfalls (primarily in the elder-care sector) will increase the pressure to attract migrants, strengthened by an emerging narrative that there is no such thing as “too much” human capital.
- **Humanitarian Impulses.** Rights-based advocates will continue to argue for more channels for family migration and asylum/refugee resettlement.

As emerging economies continue to grow, and as their immigration policies become less bureaucratic and cumbersome, a much greater choice of destinations will open up for mobile professionals—intensifying what some have characterized as the “global war for talent.”

In light of these developments, ASEAN Member States will now have to think more carefully than ever about how they engage with the region’s skilled workforce. If the region’s most promising industries are to become and remain globally competitive, and if broad-based economic development is to advance further within the region, ASEAN Member States, along with other stakeholders, must learn to build and harness the region’s existing human capital to advantage. In a competitive and skills-driven global economy, human capital stands as the one resource that can propel firms and economies to the top tier of competitiveness. Winning the global competition for talent thus requires developing and embracing a longer-term vision for the intersection of human-capital development and economic growth, and the role that skill mobility across the region can play in making that vision a reality.



With a growing, vibrant market of more than 600 million consumers and a combined gross domestic product (GDP) of nearly USD \$3 trillion, the ASEAN region stands to gain from adopting more comprehensive approaches to facilitating skill mobility and drawing out the full benefits of the human capital that mobile workers bring with them. A recent study by ADB and ILO suggests that closer integration under the AEC could lift aggregate output by as much as 7% by 2025 and generate around 14 million additional jobs.²⁹ Countries in the region will also witness significant productivity gains with greater skill mobility, allowing the region to compete in global markets through higher productivity rather than on the basis of lower labor costs. Output per worker could double in Cambodia, Indonesia, Lao People’s Democratic Republic, Thailand, and Viet Nam, while Malaysia and Thailand could reach high-income status, avoiding a middle-income trap.³⁰ These projected developments can be achieved through much greater emphasis on skill development and mobility which, in turn, will accelerate the demand for skilled workers throughout the region.

²⁹ ILO and ADB, *ASEAN Community 2015: Managing Integration*, xii.

³⁰ *Ibid.*, 70.



VI. Conclusion

In the absence of a well-trained workforce, businesses cannot prosper, economic sectors cannot be competitive, individuals cannot build lives that can set them on a course to opportunity, and investors, foreign and domestic, will not invest more in an economy. ASEAN-wide regional economic growth and competitiveness demand that countries in Southeast Asia think harder about what each can contribute to the region's economic attractiveness and how they can build complementary physical and human-capital infrastructures that can contribute to that goal.

It is critical to lay out a realistic roadmap toward freer movement for the citizens of the region for the next decade and beyond. This will involve a two-pronged strategy: First, ASEAN Member States need to cooperate in the short to medium term to fully address the immediate challenges in recognizing the qualifications of mobile professionals and increase their access to the ASEAN labor market. Toward this end, policymakers in the region can focus on the following six goals that are ripe for regional cooperation:

1. Promoting early labor market access in regulated professions when compensatory measures for recognition apply.
2. Improving access to and generating quality information on recognition procedures and outcomes.
3. Promoting recognition of foreign qualifications for migrants at the earliest possible point in the migration trajectory.
4. Increasing mobile professionals' access to the ASEAN labor market through "positive circularity."
5. Continued and meaningful involvement with the private sector.
6. Sharing information and jointly monitoring success.

Second, governments should also take a longer-term view by investing in national training and education systems that prepare workers in accordance with common ASEAN-wide regional standards. Educational and workforce-training systems in the region need to do much better in equipping many more of the region's citizens with the knowledge and skills demanded by the labor market.

Progress toward the first goal is being made. But for progress to become palpable and create the virtuous cycles that generate ever greater progress, ASEAN policymakers must internalize the fact that MRAs are living documents that require continuous revision, improvement, and renegotiation. The goal must become to fully implement the MRAs, scale up, and commit the sustained political will and try to incorporate the discussion of MRAs at the highest levels of governance. Achieving skill mobility is quintessentially a political and long-term process that will benefit from closer coordination at various levels of governance, the presence of country champions to set deadlines and bring bureaucracies in tow, and continued and meaningful engagement from ever broader sets of actors, especially employers, professionals interested in exploring mobility options, and professional associations that understand the benefits of mobility for their members. In this process, it might not be necessary for all countries to move forward in lock-step, but rather to demonstrate that milestones are met and that mobility has measurable benefits at regional, national, and household levels. True progress often comes in fits and starts, but a sustained effort is always required.

Appendixes

Table A1: The Four Pillars of the ASEAN Economic Community

Pillar 1	Pillar 2	Pillar 3	Pillar 4
Single Market and Production Base	Competitive Economic Region	Equitable Economic Development	Integration into the Global Economy
<ul style="list-style-type: none"> Free flow of services Free flow of investment Free flow of capital Free flow of skilled labor Priority Integration Sectors (tourism) Food, agriculture, and forestry 	<ul style="list-style-type: none"> Competition policy Consumer protection Intellectual property rights Infrastructure development Taxation E-Commerce 	<ul style="list-style-type: none"> SME development Initiative for ASEAN Integration 	<ul style="list-style-type: none"> Coherent approach toward external economic relations Enhanced participation in global supply networks

Table A2: Mobility Agreements across International Economic Communities

Region	Regional Bloc	Mobility Agreement(s)	Implementation Status
Agreements that Provide for Full Labor Mobility			
Africa	Common Market for Eastern and Southern Africa (COMESA) (in principle)	Protocol on the free movement of labor and capital from May 2001, not yet realized. African Union, State of Integration in Africa: 82, http://ea.au.int/en/sites/default/files/SIA%202013(latest)_En.pdf .	Awaiting implementation
Africa	Economic Community of West African States (ECOWAS)	1979 ECOWAS Protocol A/P.1/5/79 provides for Free Movement of Persons, Residence and Establishment. This provides the right of Community citizens to enter, reside, and establish themselves in the territory of any Member State. To date, only the right of entry and abolition of the need for visas for stays up to 90 days has been implemented. http://documentation.ecowas.int/legal-documents/protocols/ .	Partially implemented
Oceania	Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)	Since 1983, citizens of New Zealand and Australia are allowed to live and work in the other country. In 1998, the Trans-Tasman Mutual Recognition Arrangement allows a person entitled to practice an occupation in one country to practice an equivalent occupation in the other, without the need for further testing or examination. http://dfat.gov.au/trade/agreements/anzcerta/pages/australia-new-zealand-closer-economic-relations-trade-agreement.aspx .	Fully implemented
South America	Mercado Común del Sur (MERCOSUR)	6 December 2002 – <i>Acuerdo sobre residencia para nacionales de los estados partes del Mercosur, Bolivia y Chile</i> . Treaty between members + Chile and Bolivia allows citizens to obtain work and residence in participating countries without a visa. This now also includes Colombia. Must show proof of employment. www.mercosur.int/innovaportal/v/6425/5/innova.front/residir_y_trabajar_en_el_mercosur .	Partially implemented

continued

Table A2 continued

Region	Regional Bloc	Mobility Agreement(s)	Implementation Status
South America	Andean Community (CAN)	2003 Andean Instrument on Labor Migration (Decision 545) provides for free movement of workers in the region irrespective of their occupation. www.comunidadandina.org/Documentos.aspx .	Not implemented
Africa	East African Community (EAC)	Common Market Protocol and associated annexes (2009). Annex on Free Movement of Workers allows workers from any Partner State to accept employment in another EAC country, grants them social security benefits and freedom of association. Citizens can establish a business in any Partner State, and self-employed individuals are eligible for social security benefits. www.commonmarket.eac.int/ .	Protocol has yet to be fully implemented
Europe	European Union (EU)	EU Citizenship granted in 1992 Maastricht Treaty. Since 2006 Directive 2004/38/EC, which replaced inter alia the directive of 1968/360/EEC, any Union citizen can move, reside, and seek employment in another Member State if they are not a burden. www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuld=FTU_2.1.3.html .	Fully implemented
Agreements that Provide for Labor Mobility in Certain Professions			
North America	NAFTA (63 professionals)	The nonimmigrant NAFTA Professional (TN) visa allows citizens of Canada and Mexico, as NAFTA professionals, to work in the United States in prearranged business activities for U.S. or foreign employers. http://travel.state.gov/content/visas/english/employment/nafta.html .	Full implemented
Melanesia (South Pacific)	Melanesian Spearhead Group (MSG)	Melanesian Spearhead Group Skill Movement Scheme adopted in 2012 allows for the temporary movement of skilled MSG nationals for the purposes of taking up employment. Access to employment based on skilled professions. To access the SMS, MSG nationals will first need to be offered a contract to work in another participating MSG country. http://www.msgsec.info/index.php/publicationsdocuments-a-downloads/msg-skills-movement-scheme .	Partially implemented
Caribbean	Caribbean Single Market and Economy (CARICOM CSME)	1996 – University graduates allowed to move freely within the region if they have obtained a Certificate of Recognition of CARICOM Skills Qualification. Limited to skilled labor and members of certain trades. http://www.caricom.org/jsp/single_market/skill.jsp?menu=csme .	Partially implemented (skilled labor/certain professions, some countries)
Asia	Asia-Pacific Economic Cooperation (APEC)	APEC Business Travel Card (ATBC) scheme, granting a three-year visa-free travel permit for business people. Not for long-term employment outside country of origin. (business professionals/certain professions) http://www.apec.org/About-Us/About-APEC/Business-Resources/APEC-Business-Travel-Card.aspx .	Fully implemented
Asia	South Asian Association for Regional Cooperation (SAARC)	Visa Exemption Scheme was introduced in 1992, giving individuals in certain professions a visa sticker valid for one year. This visa is not for employment outside country of origin. http://saarc-sec.org/saarc-visa-exemption-scheme/100/ .	Implemented
Asia	Association of South East Asian Nations (ASEAN)	The ASEAN Economic Community (AEC) will be inaugurated on 31 December 2015. The free flow of skilled labor is a core element of the AEC's first pillar, the Single Market and Production Base. http://www.asean.org/communities/asean-economic-community/item/asean-sectoral-mras .	Partially implemented

Source: Authors' research, with links to each agreement included in the table.

References

- Asian Development Bank. 2012. *Global Crisis, Remittances and Poverty in Asia*. Manila, the Philippines.
- Chia, Siow Yue. 2011. *Foreign Labor in Singapore: Trends, Policies, Impacts, and Challenges*. Discussion Paper 2011-24, Philippine Institute for Development Studies, December 2011. <http://dirp3.pids.gov.ph/ris/dps/pidsdps1124.pdf>.
- Chia, Siow Yue. 2011. Free Flow of Skilled Labor in AEC, in Urata, S. and M.Okabe (eds.), *Toward a Comparative ASEAN Single Market: Sectoral Analysis*. ERIA Research Project Report 2010-03, pp.205-279. Jakarta: ERIA
- Chia, Siow Yue. 2008. Chapter 4 Demographic Change and International Labour Mobility in Southeast Asia – Issues, Policies and Implications for Cooperation” in *Labour Mobility in the Asia-Pacific Region: Dynamics, Issues and a New APEC Agenda* edited by Graeme Hugo and Soogil Young. Singapore: ISEAS.
- Desiderio, Maria Vincenza. 2015. *Improving the Recognition of Foreign Qualifications in Europe*. Discussion paper originally prepared for European Commission Expert Group on Migration, April 2015. <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3253&NewSearch=1&NewSearch=1>.
- Desiderio, Maria Vincenza and Kate Hooper. 2015. *Improving migrants’ labour market integration in Europe from the outset: A cooperative approach to predeparture measures*. Brussels: Migration Policy Institute Europe. www.migrationpolicy.org/sites/default/files/publications/MPI-Europe-INTERACT-Predeparture-FINAL-WEB.pdf.
- Duggar, Elena and Madhavi Bokil. 2014. *Special Comment: Population Aging Will Dampen Economic Growth over the Next Two Decades*. New York: Moody’s Investors Service. www.veille.tn/wp-content/uploads/2014/08/Moodys_PBC_173599_6.8.2014.pdf.
- Hickman, Alan and Jim Irwin. 2013. *Gap Analysis on Implementation of MRA on Tourism Professionals*. Jakarta: ASEAN Australia Development Cooperation Program Phase II. <http://aadcp2.org/tr-gap-analysis-on-implementation-of-mra-on-tourism-professionals/>.
- HelpAge International Global Network. N.d. *Ageing Population in Thailand*. Accessed August 29, 2015. <http://ageingasia.org/ageing-population-thailand1/>.

- Hidayat, Nila Krisnawati. 2011. Analysis of the Adoption of ASEAN MRA on Tourism Professional at Jakarta Five Star Hotel Towards the Human Resources Global Competitiveness. SSRN Electronic Journal, December 2011.
- HV, Vinayak, Fraser Thompson, and Oliver Tonby. 2014. Understanding ASEAN: Seven things you need to know. *McKinsey & Company Insights & Publications*, May 2014. www.mckinsey.com/insights/public_sector/understanding_asean_seven_things_you_need_to_know.
- International Labour Organization (ILO) and Asian Development Bank (ADB). 2014. *ASEAN Community 2015: Managing Integration for Better Jobs and Shared Prosperity*. Bangkok: ILO and ADB. www.adb.org/sites/default/files/publication/42818/asean-community-2015-managing-integration.pdf.
- Jurje, Flavia and Sandra Layenex, 2015. ASEAN Economic Community: What Model for Labour Mobility? NCCR Trade Working Paper No. 2015/02. National Centre of Competence in Research on Trade Regulation, the World Trade Institute of the University of Bern, Switzerland.
- Orbeta Jr., Aniceto. 2013. Enhancing Labor Mobility in ASEAN: Focus on Lower-skilled Workers. Discussion paper 2013-17, Philippine Institute for Development Studies, February 2013.
- Papademetriou, Demetrios G., Will Somerville, and Hiroyuki Tanaka. 2008. *Talent in the 21st-Century Economy*. Washington, DC: Migration Policy Institute. www.migrationpolicy.org/sites/default/files/publications/Talent.pdf.
- Pichayasupakoon, Tiyyadah. 2014. The Impact of the ASEAN Economic Community (AEC) on the Recruitment of Accountants: A Case Study of Listed Firms on the Stock Exchange of Thailand. *Silpakorn University Journal of Social Science, Humanities, and Arts* 14 (2): 1-24. www.journal.su.ac.th/index.php/suij/article/view/428.
- See Sew, Ir. Dr. Gue. 2012. APEC Engineer Register, Challenges and the Way Forward to Promote Mobility of Engineering Services. Discussion paper, APEC 43rd Industrial Science and Technology Working Group Meeting, Taipei, China, August 2012. http://www.gnpgeo.com.my/download/publication/2012_01.pdf.
- Stack, Rainer, Jens Baier, Matthew Marchingo, Shailesh Sharda. 2014. *The Global Workforce Crisis: \$10 Trillion at Risk*. Boston, MA: Boston Consulting Group, 3. www.iberglobal.com/files/The_Global_Workforce_Crisis_bcg.pdf.
- Sugiyarto, Guntur and Dovelyn Rannveig Agunias. 2014. *A 'Freer' Flow of Skilled Labour within ASEAN: Aspirations, Opportunities and Challenges in 2015 and Beyond*. Bangkok and Washington, D.C.: International Organization for Migration and Migration Policy Institute. www.migrationpolicy.org/research/freer-flow-skilled-labour-within-asean-aspirations-opportunities-and-challenges-2015.
- Sumption, Madeleine, Demetrios G. Papademetriou, and Sarah Flamm. 2013. *Skilled Immigrants in the Global Economy: Prospects for International Cooperation on Recognition of Foreign Qualifications*. Washington, DC: Migration Policy Institute. www.migrationpolicy.org/sites/default/files/publications/CredMRAs-FINAL_0.pdf.
- United Nations, Department of Economic and Social Affairs. 2013. *Trends in International Migrant Stock: Migrants by Origin and Destination, 2013 Revision*. New York: United Nations. <http://esa.un.org/unmigration/TIMSO2013/migrantstocks2013.htm>.
- United Nations, Department of Economic and Social Affairs and Organisation for Economic Co-operation and Development. 2013. *World Migration in Figures*. Paper presented at the UN High-Level Dialogue on Migration and Development, New York, October 3-4, 2013. www.oecd.org/els/mig/World-Migration-in-Figures.pdf.

World Bank. 2005. *Global Economic Prospects 2006: Economic Implications of Remittances and Migration*. Washington, DC: World Bank, 31. <http://www.worldbank.org/content/dam/Worldbank/GEP/GEParchives/GEP2006/343200GEP02006.pdf>.

Yeoh, Brenda and Weiqiang Lin. 2012. Rapid Growth in Singapore's Immigrant Population Brings Policy Challenges. *Migration Information Source*, April 2012. www.migrationpolicy.org/article/rapid-growth-singapores-immigrant-population-brings-policy-challenges.

Achieving Skill Mobility in the ASEAN Economic Community

Challenges, Opportunities, and Policy Implications

Despite clear aspirations by the Association of Southeast Asian Nations (ASEAN) to create an effective and transparent framework to facilitate movements among skilled professionals within the ASEAN by December 2015, progress has been slow and uneven. This report examines the challenges ASEAN member states face in achieving the goal of greater mobility for the highly skilled, including hurdles in recognizing professional qualifications, opening up access to certain jobs, and a limited willingness by professionals to move due to perceived cultural, language, and socioeconomic differences. The cost of these barriers is staggering and could reduce the region's competitiveness in the global market. This report launches a multiyear effort by the Asian Development Bank and the Migration Policy Institute to better understand the issues and develop strategies to gradually overcome the problems. It offers a range of policy recommendations that have been discussed among experts in a high-level expert meeting, taking into account best practices locally and across the region.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to the majority of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



Japan
Fund for
Poverty
Reduction



From
the People of Japan



ASIAN DEVELOPMENT BANK

6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org