

WHY THE DELAY IN THE FREE(R) FLOW OF SKILLED LABOR IN ASEAN?

by *Jovito Jose P. Katigbak*

On 31 December 2015, as envisaged in the ASEAN Economic Community (AEC) Blueprint, ASEAN will declare itself as a single market characterized by free movement of goods, services, investment, skilled labor, and freer flow of capital. But at the sidelines of the 2015 World Economic Forum, Malaysia's Trade Minister Mustapa Mohamed remarked that the free flow of skilled labor within the region would only come in 2020.

The Mutual Recognition Arrangements (MRAs) is the only mechanism covering intra-ASEAN skilled labor mobility, but these MRAs exclusively focus on the movement of highly-skilled workers and professionals leaving the bulk of workers uncovered. With this scenario, the said goal by year-end is least likely attainable; hence, ASEAN decided to delay deeper integration in the area of skilled labor mobility.

Managing intra-ASEAN migration

The United Nations reports that intra-ASEAN migrants increased from 1.5 million to 6.5 million between 1990 and 2013. Of this figure, 87 percent are irregular and unskilled. Despite this large number, ASEAN is yet to enforce mechanisms and policies concerning unskilled, low-skilled and semi-skilled migrants. Thus far, ASEAN has implemented frameworks on the managed mobility of professionals and highly skilled workers within the region.

Article V of the 1995 ASEAN Framework Agreement on Services (AFAS) particularly allows each ASEAN Member State (AMS) to "recognize the education or experience obtained, requirements met, or licenses or certifications granted in another AMS." Paragraphs 33 and 34 of the AEC Blueprint enable ASEAN to manage mobility or facilitate entry for natural persons involved in trade in goods, services, and investments. Most recently, the 2012 Agreement on the Movement of Natural Persons covers the temporary movement of persons pursuant to Mode 4 (Presence of Natural Persons) of the AFAS. Mode 4 operates when an ASEAN company sends its personnel temporarily to other AMS to provide service. AMS also enter into bilateral labor agreement and memorandum of understanding to strengthen cooperation on labor market access.

MRAs were introduced to facilitate trade in services and actualize the movement of professionals within the region. ASEAN believes that these MRAs would engender the transfer of new knowledge, skills and capacities, and technologies within the region, thus contributing to the better provision of skilled services and the objective of fostering a highly competitive ASEAN. Through MRAs, AMS can mutually recognize authorization, licensing, or certification of professional service suppliers by other signatory Member States, while considering relevant domestic regulations and market demand conditions. Then again, these MRAs are bilateral in nature.

From 2005 to 2012, AMS concluded MRAs in six occupations: engineering, nursing, architecture, medicine, dentistry, and tourism, and Framework Agreements on two other MRAs: surveying and accounting. An MRA on Accountancy Services has been finalized to replace the framework agreement, but it is yet to be signed by ASEAN Economic Ministers. The signing of the MRA on Tourism Professionals illustrates the 10-nation bloc's willingness in addressing the issue of mobility of unregulated professions, although it has not yet been implemented. The ASEAN Common Competency Standards for Tourism Professionals (ACCSTP) were formulated to cater to jobs in retail and wholesale travel companies, housekeeping, front office, and food and beverage service.

Progress or lack thereof

The most significant issue seems to be the slow and unequal progress in crafting and implementing MRAs since they enable the flow of professionals within ASEAN. The Association has specifically missed its deadline of completing MRAs for Priority Integration

Sectors of e-commerce, air travel, and logistics in 2008, and was also unsuccessful in identifying and developing MRAs for other professions in 2012.

Moreover, progress in implementing MRAs differs across sectors. For instance, implementation of MRAs for architectural and engineering services are regarded as advanced due to the number of ASEAN professionals already registered and certified by ASEAN-level Councils. A different discussion on health care is being undertaken due to the understanding that patient safety is of highest priority. For other MRAs, AMS are still in the process of exchanging information on their respective domestic policies and regulations.

It is likewise important to note that implementing MRAs does not automatically guarantee unrestricted labor market access. Foreign workers are still subject to highly restrictive domestic rules and regulations in many AMS. Particularly, AMS have various requirements for work visas and numerous restrictions that limit non-nationals' access to labor market. Chia Sow Yue (2011) finds that in Thailand, Cambodia, Lao PDR and Myanmar, foreign workers are obliged to transfer knowledge to the locals and that the latter will eventually replace the former. In the Philippines, the Constitution restricts foreign workers from practicing significant professions including accountancy, medicine, and engineering in the country. Exemptions are provided under foreign reciprocity provisions.

Another problematic area is harmonizing and standardizing core competencies and qualifications across AMS. The ASEAN Qualifications Reference Framework (AQRF) will be launched to allow comparisons of qualifications across participating AMS that are at varying levels of development. Applying the AQRF is voluntary in nature, and the referencing process will commence in 2016 and the latest by 2018. However, AMS still have different levels of competencies due to variations in education curriculum and training across the region. ASEAN's push to harmonize competencies and qualifications is further complicated by unequal competitiveness of AMS due to the development divide in the region (i.e. ASEAN6 and CLMV).

These challenges are also compounded by administrative and regulatory difficulties in issuing visas and employment passes for ASEAN workers. Many AMS still have high visa costs, complex application procedures, and lengthy processing time.

Looking for a common ground

The delay in the integration of freer skilled labor mobility in AEC only reaffirms the understanding that the establishment of an economic community is a gradual process. Necessary regional policies, strategies, and concrete actions must be undertaken by ASEAN as an organization while taking into consideration the respective domestic policies and regulations of each AMS. One strategy could be the identification, formulation, and implementation of common minimum standards in professional qualifications across ASEAN through various processes which would substantially contribute to the goal of fast-tracking and leveling the implementation of MRAs within the region. Furthermore, these common standards can serve as a baseline in crafting common policies and regulations across ASEAN. The AQRF and the ACCSTP are models which can be adapted by AMS to achieve convergence in qualifications and minimum standards.

More importantly, resolving the current challenges in managing the freer movement of skilled labor within ASEAN requires strong political will from AMS and their sustained commitment and willingness to build an AEC that is founded on stable institutions and well-functioning regulatory mechanisms. To quote Mr. Mohamed, "What's important is that we're committed, I'm not saying that we're backtracking." Commitment, however, must be coupled with concrete actions and a forward-looking perspective. ❁

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