

# Migrating to Opportunity

Overcoming Barriers to Labor Mobility in Southeast Asia

Mauro Testaverde, Harry Moroz,  
Claire H. Hollweg, and Achim Schmillen



OVERVIEW

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### Overcoming Barriers to Labor Mobility in Southeast Asia

*by*

**Mauro Testaverde, Harry Moroz, Claire H. Hollweg,  
and Achim Schmitten**

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## Foreword

Southeast Asia stands out globally on the movement of people across national borders. Among the countries of the Association of Southeast Asian Nations (ASEAN), migration has continued to grow while the share of intraregional movements in most other regions has declined. Migrants from Cambodia, Lao PDR, and Myanmar head to Thailand to work in agriculture, domestic work, construction, and manufacturing. Indonesian migrants go to Malaysia for agricultural and domestic work. Malaysians themselves work in Singapore, many of them commuting daily across the narrow Straits of Johor. Malaysia and Thailand are among the few developing countries that have already become major destinations for migrants. Singapore (another major destination) and the Philippines (among the largest origin countries) have highly sophisticated migration systems. Migration within the region is expected to increase as the ASEAN Economic Community, which was launched in 2015, aims to promote the free mobility of professionals and skilled workers within the region.

These movements of people are a consequence of the region's rapid economic growth and its diversity as well as a contributor to its continued vitality. The intra-ASEAN differences are substantial: the region's wealthiest country is 25 times richer than its poorest. The median age of the oldest ASEAN country is nearly twice that of the youngest country. In some countries, labor shortages have already emerged while others struggle to produce adequate employment for their still-growing and youthful populations. Countries such as Singapore, Thailand, and Vietnam will be faced with a shrinking labor force while Cambodia, Indonesia, Lao PDR, Myanmar, and the Philippines are expected to see their labor forces grow in the next two decades. The mismatch in the supply and demand of labor will encourage people of working age to seek employment in different parts of the region. Migrants can already earn substantially more by

moving across borders. Average wages in high-income Singapore are at least five times those of any other ASEAN country while a Cambodian migrant can earn three times more by moving for work in Thailand. Migrants' remittances benefit their households at home and help reduce poverty. And this diaspora helps bring back capital, knowledge, and skills when the migrants return home. In receiving countries, migrants help address labor market shortages, boosting production and stimulating competitiveness.

Yet, as *Migrating to Opportunity* shows, there is potential for even greater gain—to migrants and their families as well as the countries they leave and the ones in which they work. Within ASEAN, inappropriate policies and ineffective institutions to manage migration mean that there are missed opportunities. These arise from credit constraints faced by the poorest households, lack of information about available jobs, and high recruitment costs. Restrictive migration policies and weaknesses in the systems to manage migration are particular culprits. As a result, many potential migrants, often the poorest and most vulnerable, are unable to migrate while others seek out informal, often more dangerous, channels to avoid the expense of using formal, safer routes.

*Migrating to Opportunity* also suggests policy solutions to reduce these barriers that have benefits for both sending and receiving countries. These include providing information to migrants about employment opportunities, offering migration orientation programs to improve employment experiences abroad, and linking migration admissions systems to labor market demand. Overall, the report argues that destination countries should work toward migration systems that are responsive to their economic needs and consistent with domestic policies. Sending countries, on the other hand, should work to balance protections for migrant workers with the imperatives of sustaining growth.

The report shows that this is the time for the countries of Southeast Asia to ensure that their migration policies better match the region's evolving economic needs. The initiation of the ASEAN Economic Community in 2015 was a significant step toward deeper regional integration and included measures to promote mobility within the region. However, as *Migrating to Opportunity* shows, more ambitious action is needed to realize even greater benefits for the migrants themselves as well as for the countries they leave and the countries that receive them.

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# Abbreviations

ADB	Asian Development Bank
AEC	ASEAN Economic Community
ASEAN	Association of Southeast Asian Nations
EPS	Employment Permit System
GDP	Gross domestic product
ILO	International Labour Organization
IOM	International Organization for Migration
MOU	Memorandum of understanding
OECD	Organisation for Economic Co-operation and Development
OWWA	Overseas Workers Welfare Administration
PEOS	Pre-Employment Orientation Seminar
POEA	Philippine Overseas Employment Agency
PPP	Purchasing power parity
REP	Returning Expert Programme
UN	United Nations



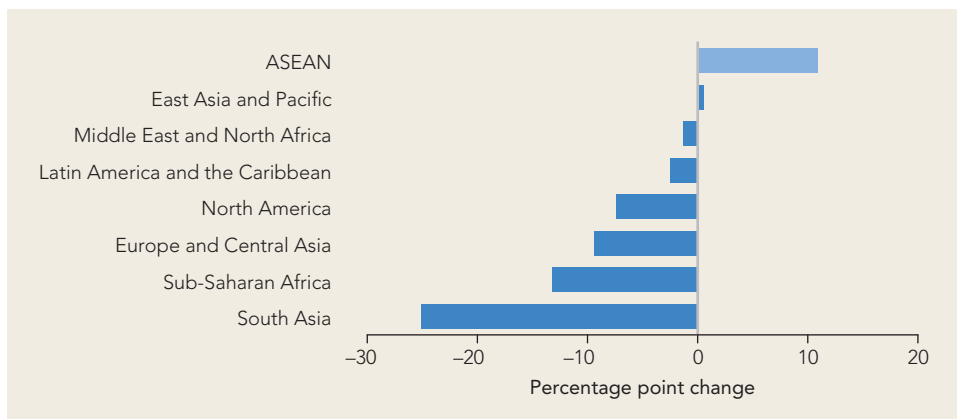
# Overview

## Workers in Southeast Asia are on the move

The movement of people in Southeast Asia is an issue of increasing importance. Countries of the Association of Southeast Asian Nations (ASEAN) send migrants throughout the world. But they are also important destinations for migrants from the region. ASEAN countries now supply 8 percent of the world's migrants, up from 6 percent in 1995. They host only 4 percent of the world's migrants, but intraregional migration has grown strongly. ASEAN is one of the few global regions in which the share of intraregional migration increased between 1995 and 2015 (figure O.1). This has turned Malaysia, Singapore, and Thailand into regional migration hubs (figure O.2a). These three countries are now home to 6.5 million ASEAN migrants, 96 percent of the total. Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, and Myanmar are the major regional senders of migrants (figure O.2b).

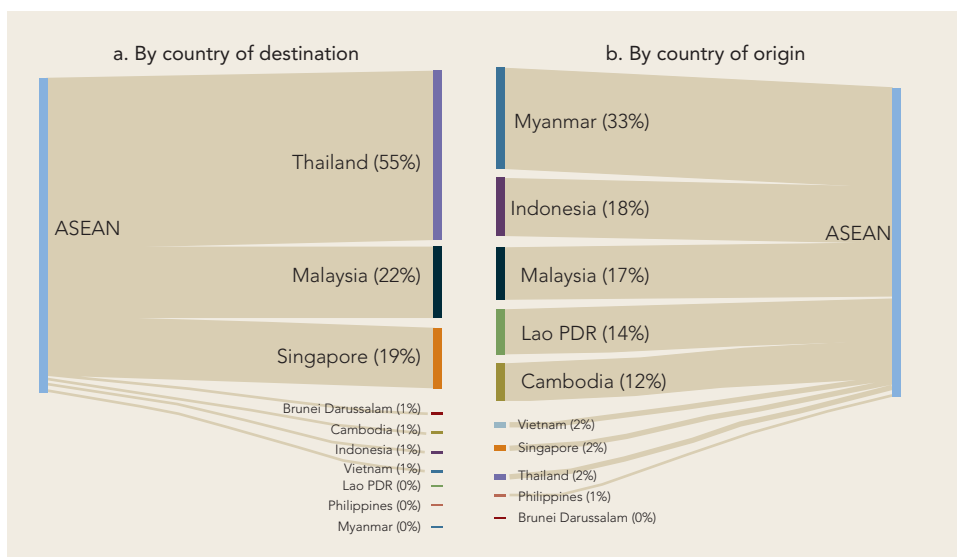
Workers move throughout Southeast Asia in search of economic opportunities. Most migration in the region consists of low-skilled, often undocumented, migrants looking for better-paying jobs. These opportunities manifest themselves in a variety of ways. Cambodia is a well-known sender of migrants, but Vietnam also sends migrants across the long border with Cambodia to work in fishing and construction (MMN and AMC 2013). The Philippines is not only a significant sender of migrants to the Middle East and the United States, but also the origin of about a quarter of the world's ship crews (IOM 2013). Malaysian workers commute each day across the narrow Straits of Johor to work in Singapore. Even though most migration in the region is low-skilled, Malaysia and Singapore have special programs to attract global talent.

**FIGURE O.1**  
**Change in share of intraregional migration, 1995–2015**



Source: UN 2015a.  
 Note: ASEAN = Association of Southeast Asian Nations.

**FIGURE O.2**  
**Intra-ASEAN migration stock, 2015**



Source: UN 2015a.

This report highlights how mobility affects the well-being of workers, the constraints workers face when migrating for better opportunities, and the solutions to ease these constraints. The diversity of economic development in Southeast Asia means that there are ample opportunities for workers to seek out better jobs that pay higher wages. The

report documents why workers are not always able to take advantage of these opportunities, what is lost when they are not able to take advantage of them, and potential policies that would expand their access to them.

### Overarching themes of this report

1. ASEAN countries are significant senders of migrants globally, but also important destinations for migrants from the region.
2. Large intra-ASEAN migration flows are the result of significant diversity in economic development within the region.
3. Significant costs of international and domestic labor mobility in ASEAN limit the ability of workers to change firms, sectors, and locations.
4. The impacts of migration in the region are generally positive, although some groups lose out, and domestic policies play an important role in shaping these impacts.
5. Making movement between and within ASEAN countries less costly would improve the welfare of ASEAN workers.
6. Weaknesses in migration systems increase the costs of international labor mobility, but policy reforms can help to resolve these problems.

The rest of the overview is structured as follows. After discussing the steps that ASEAN member states have taken to facilitate labor mobility in the context of economic integration, the overview explains the benefits of increased labor mobility; explores the barriers to international migration; and presents the components of the migration system and the potential breakdowns within these components. The final section concludes with a discussion of strategies to reduce the barriers to international labor mobility.

### The mobility of workers is an important part of economic integration in ASEAN

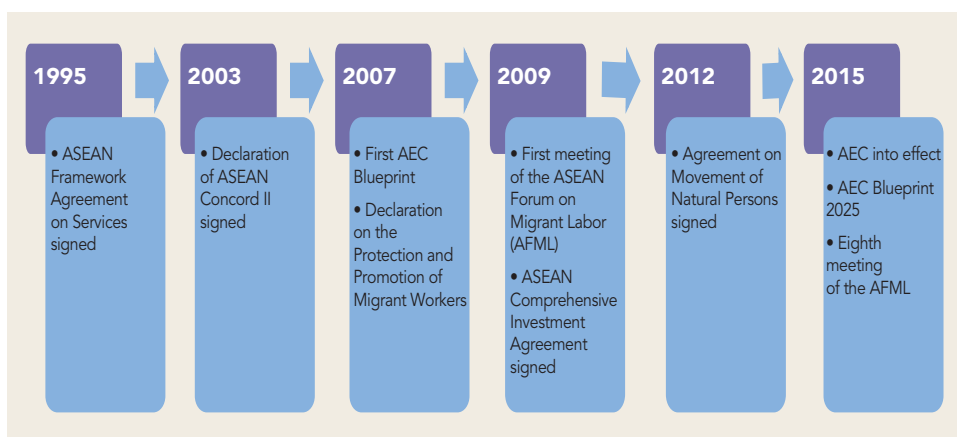
Through a series of agreements on subjects ranging from tariffs to harmonizing standards to the single regional market of the ASEAN Economic Community (AEC), the region has pursued an agenda of integration. In part as a result of these efforts, intraregional tariffs have declined significantly, and intraregional trade has increased from 17 percent of the region's world trade in 1990 to about 25 percent today (OECD 2016). However, regional integration is not complete. Nontariff barriers remain a significant issue, and ASEAN countries do not seem to be any more open to each other in the services trade than to countries outside the region (ASEAN Secretariat and World Bank 2015; OECD 2016). Indeed, according to recent research, incomplete integration is holding ASEAN back. Removing the remaining barriers to

integration would significantly boost gross domestic product (GDP), exports, and total employment; and it would hasten structural change in several countries (ILO and ADB 2014).

Workers, too, can benefit from the opportunities created by further integration, but how much they do will depend in part on their freedom of movement. Workers must be able to move across jobs, sectors, and even countries in order to take advantage of new economic opportunities. However, barriers to labor mobility make such moves costly. These barriers include time-consuming job searches; skill mismatches that occur when a worker's skills are not perfectly transferable across firms, occupations, or sectors; rigid employment policies such as employment protection legislation; restrictive immigration systems; and high recruitment costs. In the absence of such barriers, workers would be free to switch jobs in pursuit of higher wages. Instead, they frequently forgo large wage gains because the gains fail to outweigh the associated barriers (Hollweg et al. 2014).

ASEAN member states have taken steps to reduce the barriers to labor mobility as part of their efforts to promote deeper regional integration (figure O.3). The 1995 ASEAN Framework Agreement on Services provided for the temporary movement of skilled professionals across borders. Mobility-related commitments were later collected in the ASEAN Agreement on Movement of Natural Persons. One of the five pillars of the AEC, which envisions a single regional market, is the free movement of skilled workers alongside the free movement of goods, services, and investment, and the freer flow of capital. In laying out the vision for the AEC in the Declaration of ASEAN Concord II in 2003, ASEAN member states pledged to “facilitate movement of business persons, skilled labor, and talents” in order to promote economic integration. The 2007 AEC Blueprint laid out specific actions to accomplish this, including facilitating the issuance

**FIGURE O.3**  
ASEAN actions to facilitate labor mobility, 1995–2015



Note: ASEAN = Association of Southeast Asian Nations; AEC = ASEAN Economic Community.

of visas and employment passes and working to harmonize and standardize qualifications. The AEC Blueprint 2025 envisions reducing and standardizing documentation requirements and improving the mutual recognition of professional qualifications.

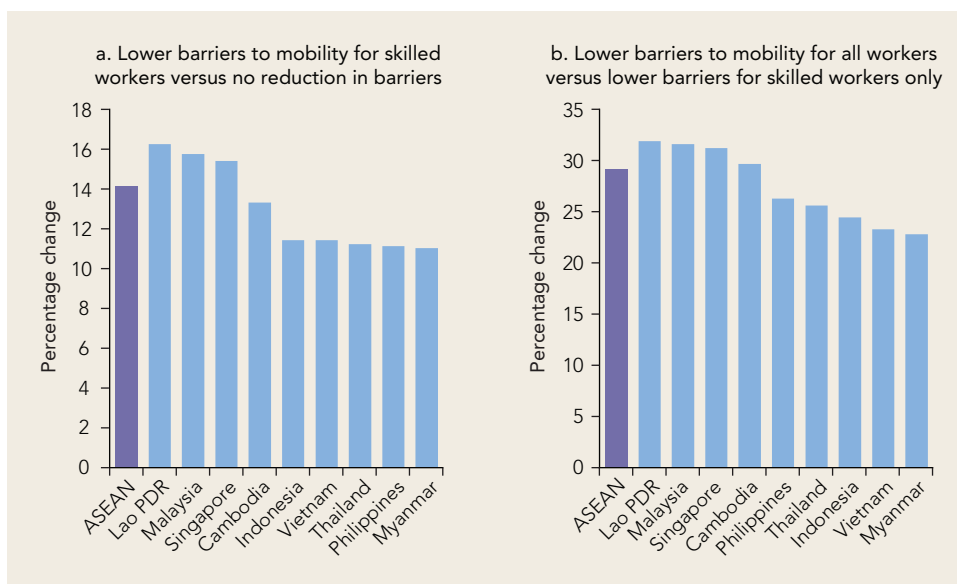
However, progress on implementing regional commitments related to labor mobility has been limited. Mutual recognition arrangements, in which multiple countries agree to recognize professional qualifications and facilitate the mobility of professionals in those fields, are the major steps the AEC has taken in this direction; but they are narrow in scope. These arrangements currently cover only doctors, dentists, nurses, engineers, architects, accountants, and tourism professionals, who account for about 5 percent of employment in ASEAN countries (Batalova, Shymonyak, and Sugiyarto 2017). Relatively onerous qualification and verification processes remain in place even for the covered professions. Finally, and perhaps most important, each state's migration procedures remain paramount, meaning that the decision regarding how many and what type of work visas to grant and whether to accept or reject an application for a visa continues to rest with individual ASEAN member countries. For instance, Thailand bans migrants from working in 39 occupations, including engineering, accounting, and architecture, which are covered by mutual recognition arrangements.

Moreover, the AEC's focus on high-skilled migration ignores the majority of ASEAN migrants, who are low-skilled and often undocumented. The AEC does not have plans to facilitate the migration of low- or mid-skilled migrants, although some regional dialogue has taken place. In the 2007 Declaration on the Protection and Promotion of the Rights of Migrant Workers (Cebu Declaration on Migrant Workers), ASEAN member states agreed to promote the dignity of migrant workers, including those who are not documented, and to set forth the obligations of receiving and sending countries and of ASEAN itself. The ASEAN Forum on Migrant Labor was created to promote implementation of the declaration and has representatives from member states, employers, workers, and civil society (Asia-Pacific RCM Thematic Working Group 2015). However, the Cebu Declaration is nonbinding and the instrument to protect migrant workers envisioned in it has not been adopted (Asia-Pacific RCM Thematic Working Group 2015; Martin and Abella 2014).

## **Lower barriers to mobility would make the region's workers better off**

Lowering the barriers to mobility in ASEAN would increase the welfare gains workers receive from economic integration. Models of trade integration traditionally assume that workers are able to move seamlessly between jobs as integration creates new economic opportunities. However, workers' efforts to adjust to trade shocks can be disrupted by a wide range of barriers (Hollweg et al. 2014). Recognizing these barriers and incorporating them into models of trade integration can provide a more comprehensive picture of how workers are likely to be affected by integration. The economic modeling



**FIGURE O.4****Estimated change in welfare under ASEAN trade integration, by country**

Source: Hollweg 2016.

in this report shows that trade integration has a substantially larger positive effect across all ASEAN countries when barriers to mobility are lowered for skilled workers, as the AEC currently envisions.<sup>1</sup> Regionwide, worker welfare would be 14 percent higher if these barriers were reduced (figure O.4a). With lower barriers to labor mobility, workers would be able to take advantage of higher wages, new employment opportunities, and more options to move to those employment opportunities. Worker welfare would improve even more across all ASEAN countries if barriers to mobility were lower for *all* workers. Regionwide, worker welfare would be 29 percent higher if barriers to mobility were reduced for all workers rather than only for skilled workers (figure O.4b).

Welfare gains manifest themselves in a variety of ways. The substantial literature on the impacts of migration on labor market outcomes provides concrete examples of how labor mobility affects the welfare of workers in migrant-destination countries, of workers in migrant-origin countries, and of migrant workers themselves.

First, migration can have positive impacts on the employment and wages of workers in destination countries, although these effects are generally small. Most evidence from high-income countries finds that migration has small impacts on the labor market outcomes of locals (Docquier, Özden, and Peri 2014; Longhi, Nijkamp, and Poot 2010). Results are generally small in East Asia as well, although larger impacts have been found in some cases. In Malaysia, for example, an additional 10 immigrants to a given state has been found to result in the employment of an additional 5 Malaysians who relocate to that state (Del Carpio et al. 2015). The impacts of immigration on wages are small

and positive for local workers, but larger and negative for current migrants (Özden and Wagner 2016). In Malaysia, cheaper immigrant workers seem to lower production costs, which results in more output that, in turn, requires more employment.

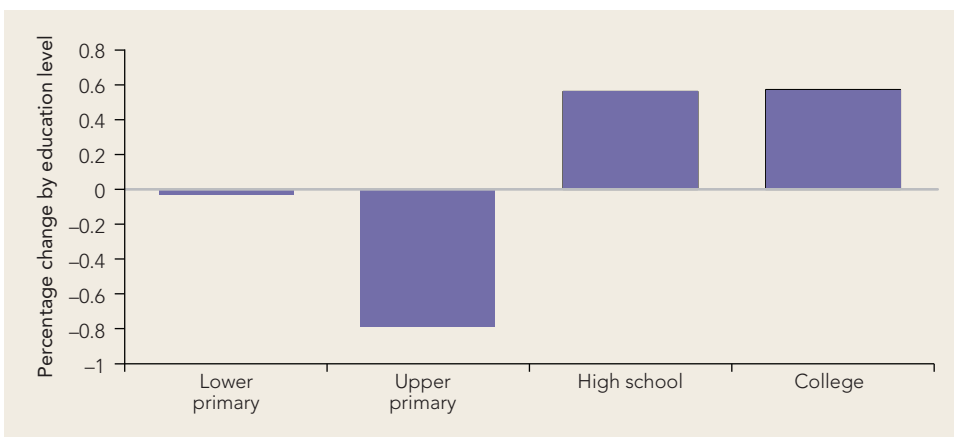
However, certain groups of local workers in destination countries, particularly low-skilled ones, can be negatively affected by immigration, although these impacts are generally small and can be the result of rigid labor markets. Typically, low-skilled workers who have skills that are similar to those of migrant workers are at a greater risk of experiencing less positive or negative impacts. In Thailand, the impact of immigration on wages is modestly negative for local workers with less education, but positive for those with more education (figure O.5). Domestic labor market policies may be responsible for negative impacts on local workers. Rigid labor markets characterized by strong employment protection legislation, such as rules regarding firing, temporary employment, and collective dismissal, can make it more difficult for workers to switch jobs, firms, and geographic location in order to adjust to and benefit from the presence of immigrant workers (Angrist and Kugler 2003; D'Amuri and Peri 2014).

Second, nonmigrating workers benefit because out-migration tends to boost wages in sending countries. Significant out-migration can result in a contraction of the labor supply, which reduces competition and increases the wages of nonmigrant workers. In Mexico, a 10 percent decrease in workers in a given skill group as a result of out-migration was found to increase average wages by about 4 percent (Mishra 2007). Similar impacts have been found in Honduras, Moldova, Poland, and Puerto Rico (Mishra 2014).

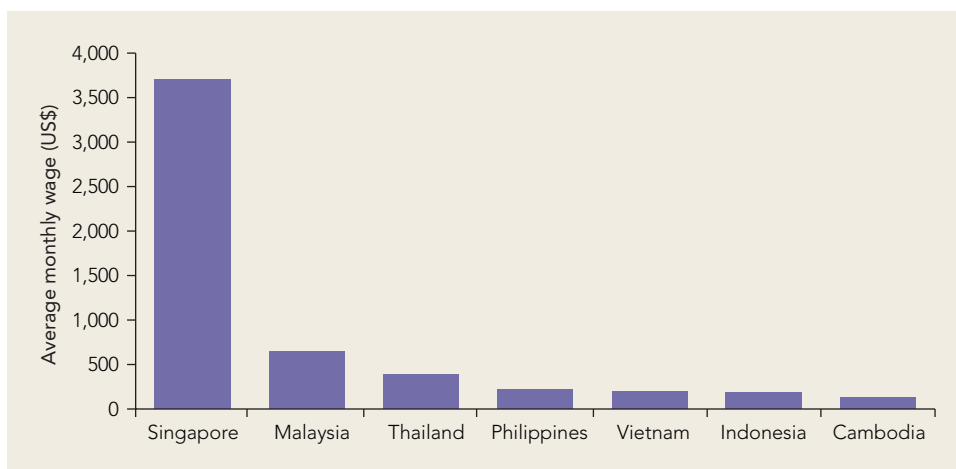
Third, migrant workers themselves benefit from migration because of significant differences in wages across ASEAN countries, which create opportunities for workers

**FIGURE O.5**

**Change in the wages of Thai workers due to the doubling of the size of the immigrant workforce in five immigration-intensive provinces**



Source: Lathapipat 2014.

**FIGURE O.6****Average monthly wages in ASEAN countries**

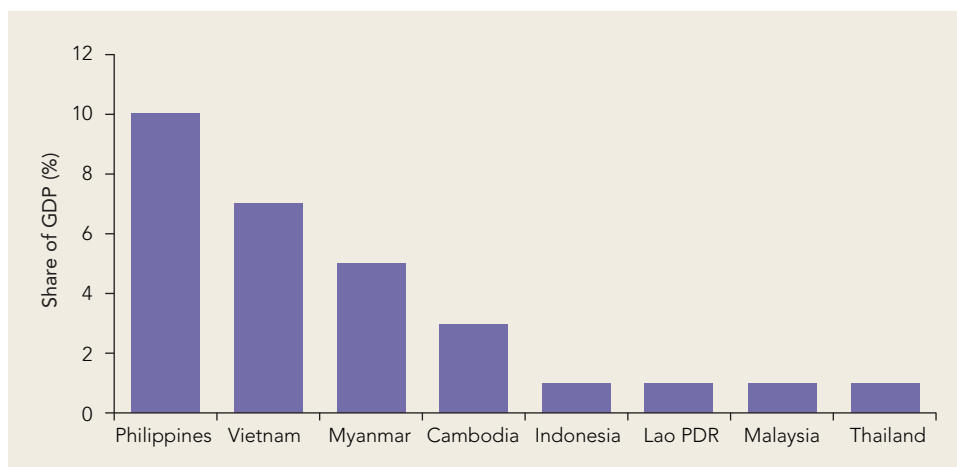
Source: ILO 2014.

Note: The year is 2013 for all countries except Cambodia for which the year is 2012. ASEAN = Association of Southeast Asian Nations.

in countries with lower wages to gain significantly simply by moving across borders (figure O.6). Singapore's average monthly wage of US\$3,694 in 2013 is more than 30 times that of Cambodia. Malaysia's average monthly wage is triple that of Indonesia, the Philippines, and Vietnam.

Even members of the household who do not migrate benefit from remittances that boost budgets and reduce poverty. Approximately US\$62 billion in remittances were sent to ASEAN countries in 2015. Total remittances are 10 percent of GDP in the Philippines, 7 percent in Vietnam, 5 percent in Myanmar, and 3 percent in Cambodia (figure O.7). Studying 71 low- and middle-income countries, Adams and Page (2005) estimate that a 10 percent increase in remittances is associated with a 3.5 percent reduction in the proportion of poor households. In the Philippines, households that are able to send a member abroad have twofold or threefold greater odds of escaping poverty (Ducanes 2015). Similar positive impacts on poverty have been found in Indonesia and Vietnam (Adams and Cuecuecha 2014; Nguyen 2008).

In addition to benefiting workers and their families directly, international migration can have broader positive impacts on entire economies. The impact of migration on economic growth is important because it determines whether those who gain from migration can compensate those who lose (Felbermayr and Kohler 2009). Most evidence from ASEAN suggests that immigration has a positive impact on economic growth. In Malaysia, for instance, simulations find that a 10 percent net increase in low-skilled immigrant workers increases real GDP by 1.1 percent (Ahsan et al. 2014). In Thailand, recent analysis finds that, without migrants in the labor force, GDP would fall by 0.75 percent (Pholphirul,

**FIGURE 0.7****Remittances received as a percentage of GDP in ASEAN countries in 2015**

Source: World Bank Bilateral Remittance Matrix (database).

Kamlai, and Rukumnuaykit 2010). Despite mixed evidence on the productivity impacts of immigration in ASEAN, there is no strong evidence that low-skilled migrants have a negative impact. In some cases, migrants seem to have facilitated the upgrading of local skills—for example, in Malaysia, significant immigration flows have coincided with rapidly increasing educational attainment.

While there is concern about the potential negative effects of “brain drain” in sending countries, these effects may be overstated and outweighed by “brain circulation.” The emigration rates of high-skilled individuals in several ASEAN countries are quite high, at 15 percent in Cambodia and Lao PDR and around 10 percent in Singapore and Vietnam. Emigration of these highly skilled individuals is often perceived as costly because source countries pay for training that is used abroad and are depleted of the human capital necessary for economic growth. However, there are several reasons why the negative impacts of brain drain may be overstated and why brain circulation may be a more accurate description of high-skilled migration. First, high-skilled emigrants can have complex, nonlinear patterns of education, work experience, and migration in which training and work experience occur inside and outside of their country of birth (Özden and Phillips 2015). Second, high-skilled emigration can incentivize human capital formation in source countries by increasing the perceived returns to education, which are larger abroad, and encouraging nonmigrants to invest more in education. Research has found this to be the case for some, though not all, ASEAN countries (Beine, Docquier, and Rapoport 2008). Finally, migrants continue to engage with their source country in ways that can reduce the cost of transferring knowledge, ideas, and capital, leading to increased trade flows, larger foreign direct investment flows, and better institutions (Docquier and Rapoport 2012).

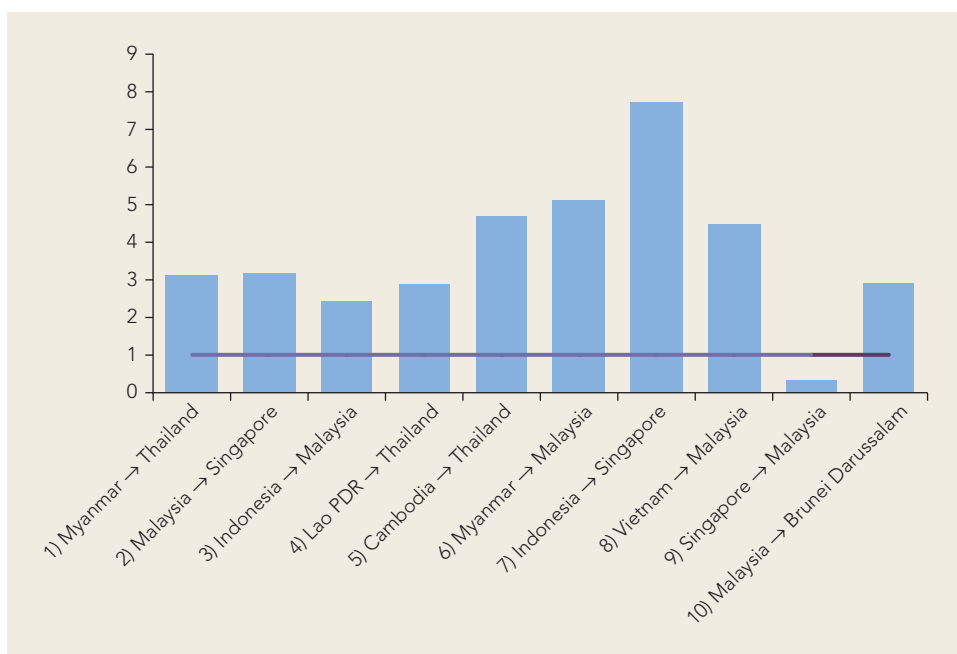
## Workers still face significant costs to move

ASEAN's economic diversity means that there are significant opportunities to migrate for work. Many ASEAN countries have been part of the region's impressive growth, but large within-region disparities in income and population aging remain, making migration inside of ASEAN an attractive option. As noted, Singapore's average monthly wage is more than 30 times that of Cambodia (ILO 2014). Regional disparities in GDP per capita adjusted for purchasing power are similarly large: in all but one of ASEAN's 10 largest migration corridors, the GDP per capita of the destination country is at least twice that of the origin country (figure O.8). Different rates of population aging also affect the movement of people for employment in ASEAN. The working-age populations of Singapore, Thailand, and to a lesser extent, Malaysia will shrink in the coming decades, creating employment opportunities for migrants from countries with younger populations. For example, in 2015 the median age of Singapore and Thailand was higher than that of all of the main countries from which they received migrants (figure O.9).

However, barriers to labor mobility in the region limit the welfare gains from migration by preventing some people from moving for work and leading others to migrate

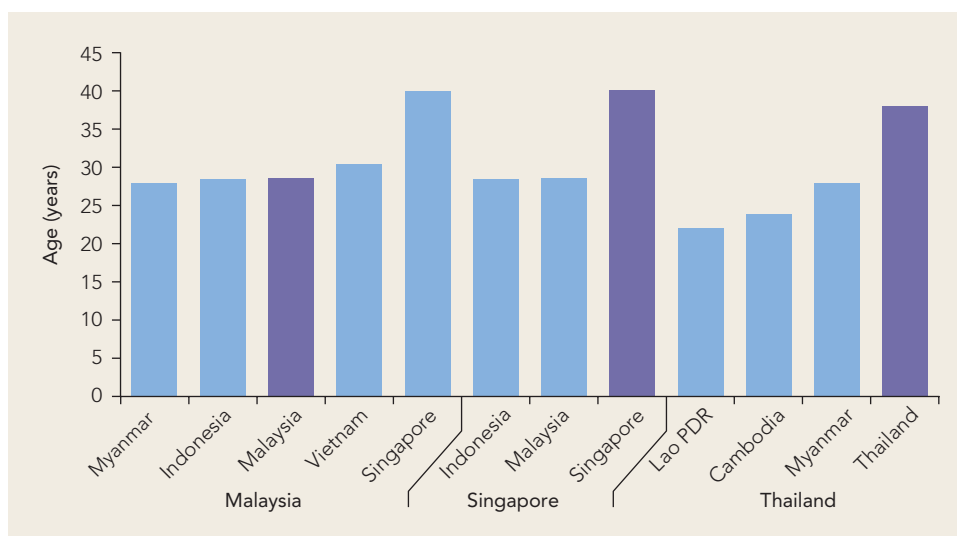
**FIGURE O.8**

**Ratio of destination- to origin-country GDP per capita in ASEAN's 10 largest migration corridors in 2015**



Source: UN 2015a; World Development Indicators (database).

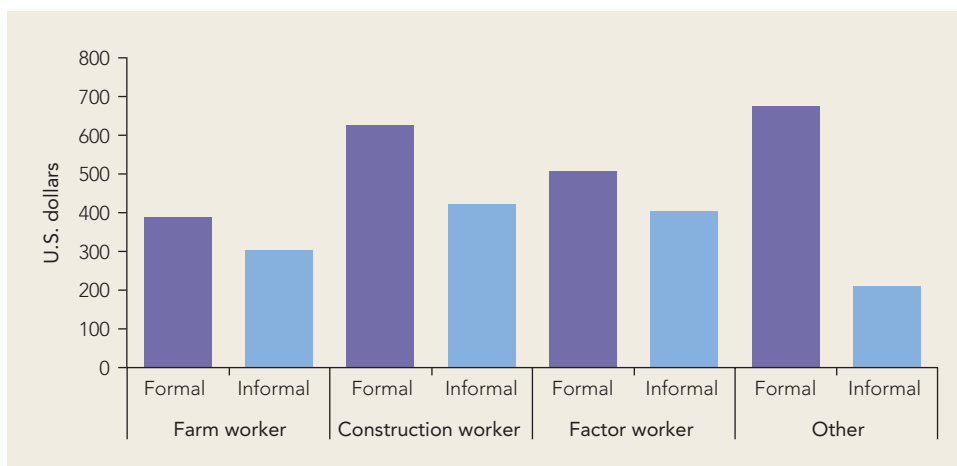
Note: The horizontal line indicates parity between destination- and origin-country GDP per capita, which is in purchasing power parity (constant 2011 international dollars).

**FIGURE O.9****Median age in ASEAN's major migration corridors in 2015**

Source: UN 2015b.

informally. The costliness of international migration can mean that the poorest households are unable to afford migration. Migration processes that are overly procedural and require significant time and resources can lead migrants to seek out informal channels. In these cases, migrants avoid excessive time and monetary costs by crossing borders unofficially, entering countries to work with nonwork visas, and overstaying work passes. Male Indonesians who migrate to Malaysia through irregular channels take less time to migrate and also face lower monetary costs than their counterparts who migrate through regular channels (figure O.10). Informal migration is a significant issue in ASEAN, where most migrants in Thailand and many of them in Malaysia are informal.

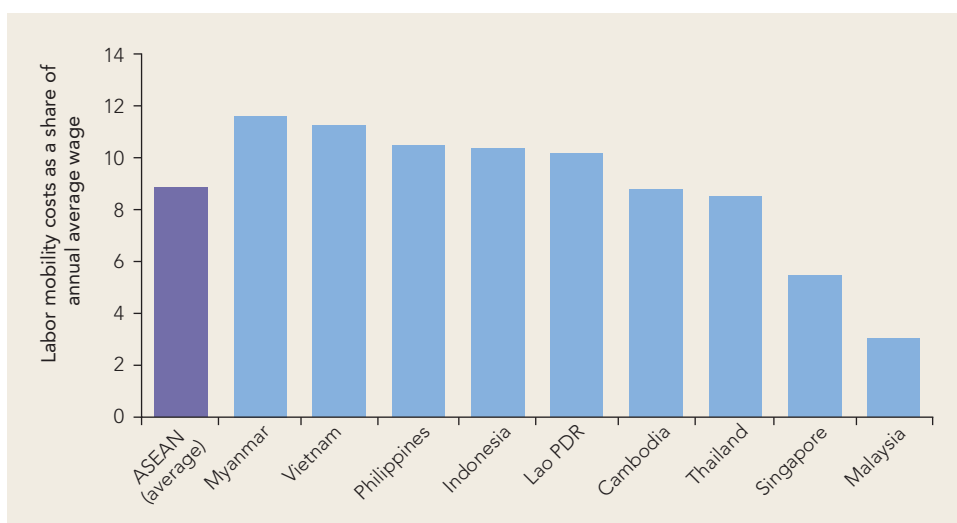
Labor mobility costs quantify the barriers that workers face when seeking to change jobs across firms, sectors, or countries. These barriers involve costs that are faced domestically and arise from job search, employment protection legislation, distance, and even mismatched skills. International migrants face the same costs as domestic migrants but confront additional ones as well, including direct monetary costs such as documentation requirements and recruitment fees, indirect costs created by restrictive migration policies, and opportunity costs from wages not earned while complying with migration procedures. The overall costs faced by workers moving domestically and internationally can be approximated by comparing observed wage differences between jobs—a measure of their attractiveness—with data on actual job flows. For instance, if a country has high wages but few workers are moving to it for work, the labor mobility costs are likely high. In other words, labor mobility costs can be approximated by comparing how well workers are able to respond to signals—high wages—of economic opportunity.

**FIGURE O.10****Average monetary migration costs for male Indonesian migrants in Malaysia**

Source: World Bank 2016.

Note: 2014 exchange rate US\$1 = Rp 11,865.

ASEAN countries that are more open to globalization and have developed more advanced migration systems tend to have lower costs of international labor mobility. Malaysia and Singapore have the lowest international labor mobility costs in ASEAN (figure O.11).<sup>2</sup> In the 2000s, workers entering Malaysia faced labor mobility costs equal to 3 times the annual average wage, while those entering Singapore faced costs equal to

**FIGURE O.11****International labor mobility costs in ASEAN in the 2000s**

Source: Hollweg 2016.

5 times the annual average wage. Workers migrating to Myanmar and Vietnam, in contrast, confronted costs equal to more than 11 times the annual average wage. The lower costs of international mobility in Malaysia and Singapore reflect their openness to globalization, their efforts to develop migration systems that meet labor market needs, and their geographic centrality in the region. Thailand, another major migrant-receiving country in ASEAN, has a much less developed migration system, high levels of undocumented migration, and high costs of international labor mobility. ASEAN's major migrant-sending countries tend to impose restrictions on immigrants, including high-skilled workers, which is reflected in their high mobility costs. No matter where workers wish to migrate in ASEAN, they face mobility costs several times the annual average wage, suggesting that weaknesses in the migration process may make migrating for work difficult.

In summary, barriers to labor mobility, measured by labor mobility costs, are preventing ASEAN countries from reaping the full benefits of international migration. Lowering the barriers to mobility by decreasing the cost for workers to cross borders in search of economic opportunities would increase the welfare gains for workers as regional integration proceeds. How can these barriers be lowered?

## Weaknesses in migration systems increase migration costs

Migration systems reconcile the sometimes divergent needs of sending and receiving countries, employers, and migrants themselves. Receiving countries such as Malaysia, Singapore, and Thailand need both low- and high-skilled migrants to fill labor shortages. But policy makers are cautious of public attitudes, which can be skeptical of low-skilled migrants. Employers in receiving countries also use migrants to fill shortages, but their objective is to maximize profit. Sending countries such as Cambodia, Lao PDR, and Myanmar can gain from migration through skills transfers, lower unemployment, connections to international business networks, and remittances but also are concerned about the loss of human capital through brain drain and the treatment of their migrants while they are abroad (Ratha, Yi, and Yousefi 2016). Finally, migrants themselves benefit from employment opportunities and higher wages, but often face significant up-front costs to migrate.

Migration systems are generally composed of the governance of the system and four additional components. These components work together to reconcile the needs of host and source countries, employers, and migrants.

- The **governance** of the migration system refers to the *legal* and *institutional framework* organizing the system, and to *bilateral agreements* between sending and receiving countries. The roles of actors in the migration system—migrants, employers, and sending and receiving countries—are structured by migration-related objectives included in national economic and migration plans and in national migration, labor, and other legislation and regulations. These roles are also coordinated by bilateral labor agreements, which govern migration between two countries.

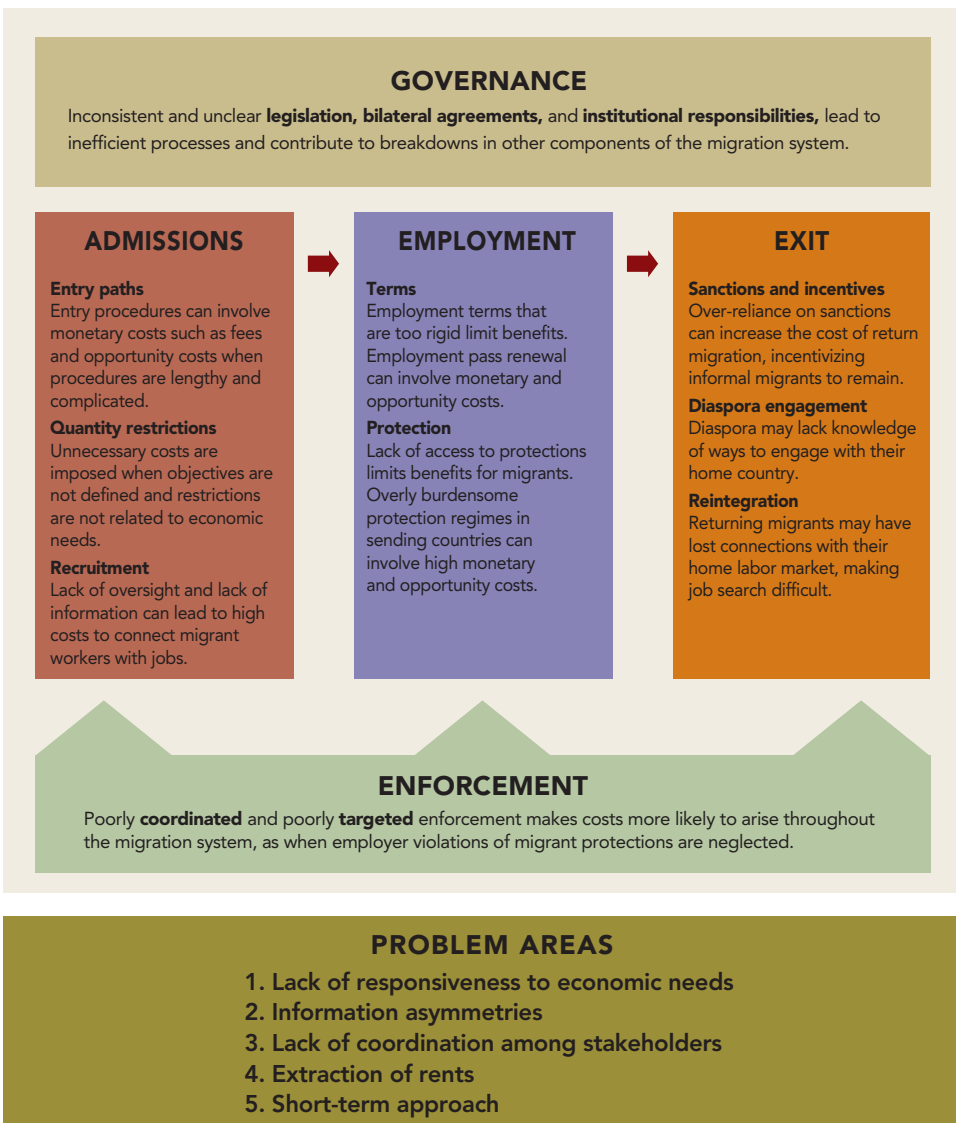


- The **admissions component** determines who migrates and in what numbers through *entry paths*, *quantity restrictions*, and *recruitment*. Immigration systems in receiving countries frequently construct different paths for migrants of different skill levels. For low-skilled immigrants, in particular, entry paths can be restricted to certain source countries and/or to certain sectors or occupations of employment. Migration systems in sending countries can also influence entry paths through bilateral agreements. Quantity restrictions either set immigration targets or impose restrictions on the number of immigrant workers. These restrictions can be imposed in the form of numerical caps or in the form of levies that employers or foreign workers must pay. Recruitment is the process of matching migrant workers with employers. Though public recruitment occurs in some places, private recruitment by recruitment agencies and brokers, which charge a fee for facilitating labor migration, is dominant in ASEAN.
- The **employment component** involves the *terms* of employment and the *protection* provided to workers. Immigration policies governing the employment of migrant workers are closely related to admissions entry paths. Entry paths frequently determine the conditions of employment, with more generous employment terms—including contracts of longer duration and the ability to migrate with dependents—generally offered to more highly skilled migrants. Protections available to migrants while they are working in the host country include coverage by the minimum wage, the ability to change employers, eligibility for social protection benefits, and availability of complaint mechanisms in case of violations of these protections. Protections also include efforts by sending countries to prepare out-migrants for employment abroad prior to departure through predeparture training and vetting of employment contracts and after departure through labor attachés posted in the host country.
- The **exit component** involves the return of migrant workers to their source countries. The exit stage encompasses *sanctions and incentives* in the host country designed to punish temporary migrants who overstay their employment passes and to reward those who return; *diaspora engagement* undertaken by sending countries to form connections with diaspora; and *reintegration* policies used by sending countries to help returning migrant workers reenter labor markets.
- The **enforcement component** involves implementation of migration policy and oversight of the other components of the migration system. Enforcement involves oversight of the emigration and immigration processes to ensure that workers migrate legally, of recruitment agencies to ensure that recruitment is done legally, and of employers to ensure that migrants are treated according to the law. In particular, enforcement involves efforts to *coordinate* the implementation of migration policy across government agencies and levels of governments and the *targeting* of oversight to border and interior enforcement, and to employers and migrant workers.

Breakdowns and weaknesses in each component of the migration system increase the cost of international migration (figure O.12). Migration costs emerge from cumbersome

**FIGURE O.12**

The migration system and costs arising in each of its components



entry procedures and quantity restrictions that do not reflect economic needs. Costs associated with recruitment can be significant, particularly fees for recruitment agents paid to match workers with employers. Employment terms that are too restrictive limit the benefits of migrating, as occurs when employment terms are overly short. Numerous costs are related to protection for migrants during employment abroad. Wages and benefits that are less than expected, particularly less than specified in a contract, or that violate a legal minimum wage, create a cost for migrants, as do employment protections

and benefits that are not enforced. Costs also arise prior to a migrant's departure as part of a sending country's protection regime. These include financial costs such as contributions to migrant welfare funds and the opportunity costs of obtaining necessary documentation. Costs are also incurred if opportunities to use newly acquired skills are not available to migrants when they return home. The governance and enforcement of the migration system impact the costs that arise in all of the other components of the system. This occurs when legislation is unclear and when institutional responsibilities are duplicative or misaligned. Weak enforcement undermines even the best legislative and institutional frameworks, allowing costs to arise in each of the areas discussed above.

Breakdowns and weaknesses in the migration system can be grouped into five major problem areas that increase the costs for migrants seeking employment abroad.

1. Migration systems often have difficulty responding to economic needs. Restrictions on the number of migrants a country can receive are frequently not aligned with the needs of the labor market. For instance, Malaysia imposes a levy on foreign workers in part to control the number of low-skilled migrants who enter the country; however, even as the economy has evolved, the levy has been left unadjusted for significant periods, for example, in 1999–2005, 2005–09, and 2011–16.
2. Information asymmetries arise among migrants and employers. Migrants in ASEAN are heavily dependent on recruitment agencies and informal labor brokers to reduce these asymmetries. Recruitment agencies are critical intermediaries that guide migrants from Cambodia, Lao PDR, and Myanmar through the complicated migration process created by memorandums of understanding (MOUs) governing formal migration to Thailand.
3. Employers and recruitment agencies are able to exploit these information asymmetries to extract rents from the migration system. Labor brokers capture a significant portion of the difference in wages between sending and receiving countries simply for connecting employers and migrant workers (Ahsan et al. 2014). In Thailand, labor brokerage fees are hundreds of dollars higher for migrants from Cambodia and Lao PDR who choose to migrate formally than for those who do so informally (Jalilian and Reyes 2012).
4. There is a lack of coordination within sending and receiving countries as well as among these countries, employers, trade unions, workers, and migrants. In Indonesia, lack of clarity in the responsibilities of the main agencies responsible for migration has led to interagency disputes, uncertainty among migrants about which agency to seek out in case of need, and duplicative processes. Although some bilateral agreements have been formulated to coordinate migration between sending and receiving countries in ASEAN, the agreements often lack transparency and input from employers and migrants.
5. Both sending and receiving countries tend to focus on the short-term benefits and costs of migration. Thailand, for example, has struggled to formulate a long-term

migration policy. Periodic regularizations of undocumented migrants and a nationality verification process have been used as de facto migration policy. Sending countries have begun to consider the potential benefits of migration for labor markets and economic development more generally. However, programs to support returning migrants and to connect with their diaspora are in their infancy.

## Better policies can lower the barriers to labor mobility

Interventions throughout the migration system can reduce labor mobility costs by addressing breakdowns and weaknesses in each component of the system. Appropriate policies vary across countries, depending on whether they primarily send or receive migrants, the maturity of their migration management system, and their level of development. This section discusses potential interventions in each component of the migration system that are broadly applicable across countries.

Reforms of domestic labor market policy can work alongside migration policies. While not the focus of this report, domestic labor market policies can reduce internal mobility costs by making it easier for local workers to switch sectors, occupations, or locations at home rather than abroad. Such reforms include reducing rigidities in labor markets such as the costs and requirements governing dismissal and restrictions on the use of temporary workers (World Bank 2014). These policies can help reduce any negative effect immigrants may have on locals.

## Governance

**National migration strategies.** National migration strategies can guide policy making in both sending and receiving countries. A national migration plan should set both short- and long-term objectives for migration and be comprehensive in covering all aspects of migration and coordinating migration policy with other human capital strategies. In primarily receiving countries, a migration strategy could provide clarity to employers and other labor market stakeholders about how policy makers view immigrant workers and how they plan to adjust their numbers and skill levels to meet longer-term economic objectives. The plan could also acknowledge the potential negative impacts of immigration on some workers, particularly low-skilled ones, and highlight efforts to assist them. In East Asia, immigration systems were generally constructed assuming that immigration would be a temporary phenomenon. However, the increasing evidence that migration is a structural feature of the region's economy means that longer-term plans are needed to coordinate migration and other labor supply policies. A long-term vision for immigration can provide some clarity to employers and workers about the potential path of policy so that they are informed about the implications for production and employment. In primarily sending countries, a migration strategy could describe how policy makers view the role of out-migration and lay out strategies for protecting migrants while they are abroad. Such a document could also

consider longer-term objectives such as using emigration as a strategy for economic development, which would involve setting out policies for diaspora engagement and reintegration of returning migrants.

The Republic of Korea's national migration plan and Cambodia's experience developing a national migration strategy provide models. Korea introduced a national migration strategy in 2008. Its First Basic Plan for Immigration Policy (2008–12) sought to improve cooperation among government agencies and lay out a longer-term, consistent immigration policy. The plan clearly states objectives, identifies priorities, lays out roles and responsibilities of different agencies, and identifies areas for collaboration. The Second Plan (2013–17) included an assessment of the First Basic Plan in relation to several targets. Cambodia has developed two national migration plans. The Policy on Labor Migration for Cambodia 2010–2015 establishes the main objectives for labor migration policy, while the 2015–18 policy introduces specific actions and the agencies responsible for implementing them. Unlike the first strategy document, the 2015–18 document was conceived with other national employment and development strategies in mind.

**Institutional framework.** Clearly defined institutional responsibilities are important to reduce time-consuming bureaucratic procedures and to better serve migrants. One receiving country (Singapore) and one sending country (the Philippines) are good examples of migration systems with clearly defined institutional responsibilities. In Singapore, the Ministry of Manpower develops and implements foreign labor policies. Divisions and departments within the ministry oversee issues related to the welfare of foreign labor, work permits, and enforcement of regulations regarding foreign manpower. In the Philippines, several migrant-focused agencies are housed mostly within the Department of Labor and Employment. Their roles and responsibilities are well defined, with the Philippine Overseas Employment Agency responsible mainly for managing migration and the Overseas Workers Welfare Administration responsible mainly for protecting migrants.

**Bilateral agreements.** Bilateral agreements can facilitate cooperation between sending and receiving countries. Sending and receiving countries have overlapping but different objectives for migration, which often result in inefficiencies in the migration process. Efforts to reduce these inefficiencies are constrained by the limited reach of domestic laws and regulations. Bilateral agreements and MOUs provide the basis for sending and receiving countries to reconcile their interests and align their legislative and institutional frameworks, although these agreements can suffer from the same inefficiencies. When they work best, these agreements formalize an ongoing process of negotiations related to the management and protection of migrant workers. The success of an agreement depends on its ability to adjust to emerging labor market needs, continued engagement between sending- and receiving-country representatives, and the complementarity of national migration and employment frameworks (KNOMAD

2014). Model employment contracts, wage protection measures (such as mechanisms for the automatic deposit of wages into migrants' bank accounts), transparency about the content of MOUs, involvement of public employment services in sending and receiving countries, consideration of gender-specific issues, and concrete implementation and evaluation measures are all good practices in bilateral agreements and MOUs (Wickramasekara 2015).

## Admissions

**Entry paths.** Admissions processes work best when they are transparent and when entry paths are clearly defined. Application processes that are confusing and opaque create inefficiencies, increase migration costs, and lead to doubts about the integrity of the admissions process. Increasing transparency and ensuring that both employers and migrants are aware of the eligibility requirements and the selection criteria for entry are critical. Systems that allow employers and migrant workers to track their progress toward entry can strengthen confidence in the system and help officials to make changes when bottlenecks are discovered. New Zealand has used an “expression of interest” system, which involves selecting qualified migrants from a pool of applicants who have registered their interest in migrating and meet an initial set of requirements. This system has helped to eliminate backlogs of applicants through the initial screening and periodic expiration of registrations (Bedford and Spoonley 2014). Clear criteria to differentiate entry paths can target different types of workers for different streams. Singapore has three well-defined entry streams for lower-, middle-, and higher-skilled workers, which use salary and education requirements to distinguish workers with different skill levels. These entry streams work in conjunction with employment terms, with the more stringent entry requirements linked to more beneficial employment terms.

Shortage lists are a useful mechanism to improve the responsiveness of the admissions system to labor market needs. Shortage lists address the question of which potential immigrants should be allowed entry. The lists are data-driven approaches to identifying labor market shortages, which draw on quantitative and qualitative evidence, including labor force surveys, administrative data, and stakeholder consultations. Using data to identify labor market shortages creates a feedback loop between the immigration system and the labor market, which helps to target migrant workers to the occupations in which they are most needed. Shortage lists can ensure that employers are able to fill gaps in both their high- and low-skilled workforces that cannot be filled by local workers. The lists also reassure the public that policy makers are closely monitoring the labor market and immigration. Finally, shortage lists can expedite the entry process by exempting employers from the requirement to advertise jobs locally. Shortage lists have been used in Australia, New Zealand, and the United Kingdom and in Malaysia. Malaysia's critical occupations list identifies sought-after, hard-to-fill, and strategic occupations by sector and is used to inform both immigration and human resource development policies.

**Quantity restrictions.** Quantity restrictions are immigration targets or, more frequently in ASEAN, caps or levies on the number of immigrant workers. Setting and revising quantity restrictions should rely on an evidence-based approach. Quantity restrictions should reflect economic needs and be adaptable to changing economic conditions. Setting the restrictions should rely on measurable indicators that come from survey data, administrative data (including programmatic and budgetary data), and innovative sources such as real-time labor market information. Analysis and input from stakeholders, including employers, unions, and other groups, is needed to determine a price for or a cap on immigrant labor. An independent research body can be charged with analyzing technical data and gathering input from stakeholders. A tripartite body can then review inputs from the independent research body and provide recommendations to policy makers.

**Recruitment.** Improved oversight of the recruitment industry, including additional licensing requirements, can both reduce labor mobility costs and improve protections for migrants. Additional licensing requirements and better monitoring of compliance can help to ensure that recruitment agencies provide good services to migrant workers, although the effectiveness of these measures depends on capacity and resources. In Singapore, recruitment agencies are required to undertake a training program prior to being licensed and must retake it if the agency commits a certain number of violations. In the Philippines, recruitment agencies must attend an orientation seminar prior to receiving a license and a continuing education seminar for license renewal. Finally, sending countries may consider making licensed agencies responsible for claims made by migrants against employers, as occurs in the Philippines. Still, any stricter licensing requirements must be balanced against the capacity for enforcement and deterrence of private sector involvement. Overly stringent rules may encourage informal brokers.

Expanding access to information can reduce information asymmetries, improving matches between employers and workers while also diminishing the need for recruitment agencies. Strategies to improve migrants' access to information include public employment services that provide potential migrants with job opportunities abroad and training courses that provide detailed information about migration procedures. Korea's Employment Permit System (EPS) has a user-friendly website that provides information for foreign workers in their native language. The Philippines provides a listing of job opportunities available abroad through the job advertising site JobStreet.com and offers an orientation program to workers who are contemplating migration. The Pre-Employment Orientation Seminar (PEOS) includes modules on working overseas, job search, illegal recruitment, allowable fees and the essential provisions of the employment contract, and country-specific information. The PEOS is mandatory for potential migrants, but can be completed online at no cost. As an example from outside the region, Morocco's National Agency for Promotion of Employment and Skill promotes the employment of skilled individuals and registers foreign employers and Moroccan youth for job matching.



Expanding access to information can also improve oversight of recruitment agencies and protections for migrants. Both sending- and receiving-country governments can use public information to improve oversight of recruitment agencies. Systems to license and regulate private recruitment agencies are the norm in ASEAN. However, public agencies charged with oversight frequently lack the staff and resources to conduct regular inspections of recruitment agencies. A low-cost complement to this approach is to make information about recruitment agencies publicly available. This information can include recruitment violations, the worker retention rate, and worker placement, as occurs in Singapore. Singapore has announced a system to allow employers of foreign household workers to rate employment agencies on their performance in explaining the application process, providing advice, and selecting workers. A more comprehensive system would also permit workers to rate the agency. Associations of recruitment agencies can be encouraged to adopt codes of conduct, rate the performance of individual agencies, and publish the results of these ratings. The International Labour Organization has worked with recruitment agencies in several ASEAN countries to do so. Good performers can be awarded publicly for their effectiveness, as in the Philippines, or even receive expedited processing of licenses or a waiver of license renewal obligations.

## Employment

**Employment terms.** Well-designed employment terms are calibrated with entry paths to differentiate migrants by skills and productivity, have flexible terms, and are easily renewable. Receiving countries can offer more generous terms to more highly skilled migrants, including lengthier employment passes and the ability to bring dependents. Singapore follows this model, with employment terms dictated by different skill levels. More generous employment terms can also be used to reward improved productivity. Another improvement to employment terms would be the introduction of flexibility, allowing foreign workers to change employers rather than tying them to a single employer, as is currently the case for many foreign migrants. Such rigidity in the labor market for foreign workers likely limits productivity by preventing better matches between employers and workers, and it makes foreign workers vulnerable to mistreatment by employers, who can, in essence, revoke their employment passes. In Korea's EPS, foreign workers are able to change jobs up to three times, and both Malaysia and Singapore offer a type of employment pass for very highly skilled migrants that is not employer-specific.

**Protections for migrant workers.** Predeparture orientation and financial literacy programs may improve migrant workers' employment experience abroad. Most ASEAN countries provide orientation programs for migrants prior to their departure for employment abroad. These programs seek to improve protection for migrant workers by expanding their knowledge of their rights, of the destination country, and of available complaint mechanisms. The Philippines is generally lauded for its commitment to increasing the knowledge of migrant workers. Some good practices identified with Philippine orientation programs are involving local government partners and nongovernmental



organizations to incorporate a rights perspective, creating a postarrival orientation seminar to ensure that learning does not stop at departure, developing orientation programs for recruiters, and providing migration information at the local level (Asis and Agunias 2012). Use of a standardized curriculum and oversight of implementation seem to be important elements of success. A pilot program providing financial literacy training to migrant domestic workers in the Greater Malang area and the Blitar District of East Java in Indonesia increased budgeting behavior, savings, financial knowledge, and awareness of mandatory migrant insurance among nonmigrating household members, although it did not increase the amount or frequency of remittances (Doi, McKenzie, and Zia 2014). Notably, effects were generally most pronounced when both the migrant and the family member received training, less pronounced when just the family member received training, and absent when only the migrant received training.

Sending countries could also consider providing loans to migrant workers to assist them with the cost of migration. Several sending countries have or are starting predeparture loan programs for migrants, including Bangladesh, Nepal, Sri Lanka, and Vietnam. There is some evidence that easing financial constraints may generate additional migration, suggesting that providing migration incentives may be effective in generating additional migration among households wishing to migrate (Angelucci 2015; Bryan, Chowdhury, and Mobarak 2014). However, experience with predeparture loans emphasizes the importance of implementation, as there have been reports of problems with repayment in Sri Lanka, and a loan program in the Philippines was terminated due to lack of repayment (Martin 2009). Information campaigns, in contrast, do not seem to increase out-migration (Beam, McKenzie, and Yang 2015).

## Exit

**Sanctions and incentives.** Sanctions and exit incentives can work together in destination countries to encourage voluntary repatriation at the end of a migrant's employment term. In addition to negative incentives for employers to encourage on-time return, as in Malaysia and Singapore, wages might also be withheld or deposited in a compulsory savings scheme until workers return to their source country. In Korea, employers are required to enroll in departure guarantee insurance and workers to enroll in return cost insurance. The employer's monthly contribution is available to workers when they depart Korea or change employer, while return cost insurance is only available on completion of the employment term. Outside the region, Canada's Seasonal Agricultural Workers Program requires workers to contribute to a compulsory savings scheme that is only available on a worker's return to the source country. Careful design of such policies is critical, however, because withholding funds increases the risk for migrant workers who are employed by unscrupulous employers that allow the work permits of their employees to expire (OECD 2013). Thus, the design of these policies is critical. Positive incentives for return also exist and can be effective. This type of incentive includes tax rebates, guarantees of future employment, or assistance with transportation, medical examinations, and document preparation (OECD 2013). EPS workers in Korea can receive free vocational training and job counseling during

employment, job-matching services with Korean employers in their home country, and access to returnee networks, which Korea has fostered to expand job opportunities.

**Diaspora engagement.** Sending countries can benefit from actively engaging their diaspora. Return migrants bring both financial and human capital resources with them. Members of the diaspora who remain abroad can be sources of learning for local experts and of financial connections to destination countries. Diaspora engagement policies help to construct diaspora networks, which circulate ideas, technology, and even capital (Dickerson and Özden, forthcoming). Programs such as Argentina's Research and Scientists Abroad program, Thailand's Reverse Brain Drain project, and Ethiopia's Diaspora Volunteer Program seek to create linkages with talented members of the diaspora to assist in the host country. Jamaica has a database of migrants currently working abroad, which employers can use to identify potential workers (McKenzie and Yang 2015). India's Overseas Indian Facilitation Center engages in investment facilitation and the creation of knowledge networks; the Financial Services Division in the Ministry of Overseas Indian Affairs provides advice on investing in India (Thimothy et al. 2016). Return migration policies seek to break down policy barriers to return and to incentivize return through tax benefits, citizenship or residency benefits for the returned migrant or their spouse or dependents, or recognition of professional qualifications (Dickerson and Özden, forthcoming). A recent impact analysis of Malaysia's Returning Expert Programme found positive results of such a policy. The program, which provides incentives for high-skilled Malaysians abroad to return, was found to increase the probability of return by 40 percent for applicants with an existing job offer, with only a modest fiscal impact (Del Carpio et al. 2016). Effective implementation of these programs is important to ensure cost-effectiveness. Clear objectives, a targeted diaspora group, a defined budget, and clear program terms are important elements of success (Dickerson and Özden, forthcoming).

**Reintegration.** More research into how sending countries can help to reintegrate returning workers into their labor markets is necessary. Source countries can offer reintegration benefits to returning migrants, including active labor market policies to help them to find jobs or start businesses on their return. This type of intervention may be necessary to reintegrate migrants into a labor force in which they have lost the networks to find jobs. However, little research has been conducted on the effectiveness of reintegration programs. Audits of programs offered in the Philippines have found significant challenges.

## Enforcement

**Coordination of enforcement.** Enforcement of immigration laws should involve coordinated internal and border enforcement actions and coordinated use of data among agencies responsible for migration. Ensuring that immigrants do not enter and work without proper documentation requires more than border control, which, while effective in some cases, is also costly, particularly along lengthy borders like Thailand's borders with Lao PDR and

Myanmar. Interior enforcement measures that target employers to ensure that they are using documented labor and are treating immigrant workers appropriately can be effective. Agencies charged with managing labor migration (which often hold data on migrant workers and their employers) and agencies charged with border enforcement (which hold data on the exit and entry of migrants) can leverage this knowledge to undertake joint enforcement efforts. Systems that are synchronized across agencies can assist with assessing risk and tracking noncompliance through the development of risk-based monitoring to guide enforcement. In low-capacity environments, coordination is even more important to ensure that limited staff and resources are leveraged to the greatest extent possible.

**Targeting of enforcement.** Targeting enforcement to employers in addition to migrant workers can improve compliance with immigration laws. Migrant workers are often at greater risk of sanction for immigration violations than their employers. Korea and Singapore have worked to strengthen enforcement of sanctions on employers. In Korea, the Ministry of Justice undertakes raids at job sites and fines employers found to be employing undocumented migrants. Those found violating labor laws or EPS-related rules are subject to fines and loss of eligibility to participate in EPS. Inspectors proactively seek to resolve conflicts between workers and employers. Singapore imposes significant fines on employers, with jail terms possible for repeat offenders. Efforts to increase compliance with migration regulations among employers should also involve policies to reward compliance. In some high-income countries, accreditation or sponsorship schemes are used for this purpose. These systems evaluate compliance with relevant employment and immigration laws, employers' history of approved applications, their recruitment of workers, their resources and training systems, and their recruitment and training of local workers (OECD 2013). Benefits of participating in the schemes vary. For example, New Zealand exempts accredited employers from the labor market test of whether a local can fill a job opening, while Australia offers priority processing.

### Country-specific priorities: Destination countries

Destination countries should work to develop migration systems that are responsive to economic needs and consistent with domestic policies.

- With very low levels of informal migration and a sophisticated system of productivity-linked entry paths, **Singapore** will need to continue working to build public trust in the migration system and to improve protections for migrant workers.
- With high levels of informal migration but a less sophisticated admissions system than Singapore, **Malaysia** will need to work to make its immigration system more responsive to economic needs and to collaborate more closely with both employers and sending countries.
- With high levels of informal migration, **Thailand** will need to work to formalize its large population of undocumented migrants, rationalize entry procedures that are costly and time-consuming, and rethink immigration policies such as levies and a

repatriation fund, which exist in law but not in practice, undermining the credibility of the migration system.

- As the sultanate seeks to encourage private sector employment among locals, **Brunei Darussalam** will need to ensure that a relatively complex system of quotas and levies based on geography, sector, and employer supports this goal, while also meeting economic needs.

### Country-specific priorities: Sending countries

Sending countries should work to balance protections for migrant workers with the needs of economic development.

- The **Philippines** has a highly developed support system for migrant workers that is a model for other sending countries. To build on this status, the country should continue to evaluate and improve its migration management system, including oversight of recruitment agencies, programs for returned migrants, and data sharing and interoperability.
- **Indonesia** should work to improve coordination among the agencies responsible for managing labor migration and to streamline exit procedures for migrants to encourage documented migration.
- **Vietnam** will need to evaluate its current policies for incentivizing out-migration to determine whether they are meeting the country's needs. While the intention of these policies is laudable, other reforms are also necessary, including review of recruitment agencies' frequent and at least tacitly sanctioned practice of requiring migrant workers to pay a security deposit to guarantee their return, which is frequently not repaid. A national migration strategy could help to guide reforms.
- Lower-capacity **Cambodia, Lao PDR, and Myanmar** should continue considering how migration can fit into their economic development strategies, shaping programs to make out-migration less costly and more formal, and creating connections with diaspora to facilitate the transfer of knowledge and capital accordingly. These countries can look to the experience of the Philippines in their efforts to develop institutions serving migrants and services such as predeparture orientation programs.

### Regional priorities

The ASEAN Secretariat can support domestic efforts by serving as a clearinghouse for best practices and as a coordinating body. The secretariat could collect bilateral agreements and MOUs from ASEAN and the rest of the world to share best practices and provide technical assistance in the development of agreements and their key components. Drawing on the efforts of the ASEAN Forum on Migrant Labor and the Cebu Declaration, along with international conventions and regional best practices, it might

consider developing a common, but flexible framework for bilateral agreements, guidelines for the protection of migrant workers, and even model contracts. Finally, ASEAN may consider creating a labor market information portal to provide potential migrants with information about job openings and employment regulations and practices in destination countries.

## Notes

1. Enhanced trade integration within ASEAN is modeled as the removal of intraregional tariffs, the liberalization of nontariff barriers in goods and services, and the introduction of advanced trade facilitation measures. The model underpinning the simulations, unlike standard trade models, does not assume that workers can change jobs without friction. Mobility is possible, but costly.
2. The exact magnitude of the estimated labor mobility costs depends on several assumptions. Because of this sensitivity, comparison of the relative magnitude of labor mobility costs across countries is more informative than the absolute magnitude.

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The movement of people in Southeast Asia is an issue of increasing importance. ASEAN countries are now the origin of 8 percent of the world's migrants. These countries host only 4 percent of the world's migrants, but intraregional migration has grown strongly, turning Malaysia, Singapore, and Thailand into regional migration hubs that are home to 6.5 million ASEAN migrants. However, barriers to mobility limit the ability of workers to cross borders for work in ASEAN. High migration costs mean that some individuals, often the poorest, are unable to migrate and that others seek out informal channels.

*Migrating to Opportunity* discusses the barriers that workers face when seeking to migrate for work. The book takes an innovative approach to estimate the costs for workers to migrate internationally and studies the implications of these costs for worker welfare under the increased economic integration planned for ASEAN. *Migrating to Opportunity* argues that strengthening migration systems can help reduce international labor mobility costs, and provides a toolkit of policy reforms for migrant-sending and migrant-receiving countries. Destination countries should work toward migration systems that are responsive to economic needs and consistent with domestic policies. Sending countries should work to balance protections for migrant workers with the needs of economic development.