

**Social-Cultural Community
Skilled Labour**

Issue: How can ASEAN address the concerns arising from the free movement of skilled labour among member states?

1. Welcome Note

Dear Delegates,

A warm welcome to SRE-Youth Model ASEAN Conference 2017.

We are Chris and Jie See, your Committee Chairs for the issue on “How can ASEAN address the concerns arising from the free movement of skilled labour among member states?”

Chris and I are both Year 2 students from Singapore Polytechnic. Chris is studying Applied Drama and Psychology while I am studying Accountancy. As your Committee Chairs, we will work to ensure that our committee sessions run smoothly. We will do our best to clarify any doubts you may have about conference protocol and to ensure that all of your views are heard and respected.

We look forward to meeting you during this conference and we hope that you

will have an enriching and superb time with us!

All the best,
Chris and Jie See

2. Introduction

The ASEAN Economic Community (AEC) was initially established in 2003, setting the economic goals of ASEAN for the next decade. Modeling itself after other major trading blocs like the European Union and North America, ASEAN envisioned a fully integrated economy with a single market and production base. One major promise of the AEC is the free movement of skilled labour amongst member states.

As of today, ASEAN has implemented Mutual Recognition Arrangements (MRAs) in eight professions. A foundation for the formation of institutional mechanisms has been laid out by the ASEAN Agreement on the Movement of Natural Persons (MNP).

Despite the signing of the MRAs, there has been a struggle for implementation due to several reasons including:

- i) Existing national legislations and regulations in AMS continuing to complicate migration of skilled labour— Requirements pertaining to minimum years of experience and labour market tests coupled with onerous domestic immigration procedures mean that the AEC is still far from guaranteeing labour mobility for skilled workers, albeit shifting the mobility scale from ‘very difficult’ to ‘easier but still complicated’;
- ii) The wide economic development gaps among ASEAN member states (AMS) necessitates that ASEAN tread cautiously when approaching issues of immigration to prevent complications of ‘brain drain’ of highly educated workers to richer countries, small wealthy nations being overrun by poor migrants, and the destabilisation of fledgling industries.

With these reasons in mind, the AEC is unlikely to move quickly to realise the goal of free movement of skilled labour in ASEAN. However, while it is important to see the barriers for what they are, focus should be on the opportunities that the AEC will come to provide. Even for now, there is already a wider talent pool for ASEAN businesses to consider, and increased mobility for certain professionals. As small but sustained developments are ongoing in the enabling of free

movement of skilled workers, the AEC unabatingly serves as a strong platform for the future facilitation of movement, management and protection of ASEAN labour. In time, there remains the possibility that the AEC will follow the lead of the EU and turn free movement of skilled labour into reality (James, 2016).

In preparation for the arrival of free movement, ASEAN must be fully aware and equipped to deal with the potential issues arising from the free movement of skilled labour among AMS. Such problems include, but are not limited to,

- i) Lack of consistency for recognition of skills across AMS
- ii) Maintaining competitiveness of native-born skilled labour
- iii) Prevalence of ‘brain drain’

What can ASEAN do to ensure that member states address these issues?

3. Definition

In the context of this issue:

3.1 Free Movement refers to an enhanced mobility of professionals and skilled people engaged in cross-border trade and investment related activities (ASEAN, 2008; ASEAN, 2015)

3.2 Skilled Labour refers to professionals authorized, licensed or certified by the respective AMS authorities within the framework of the eight ASEAN MRAs, covering engineering, architecture,

accountancy, surveying, nursing, medicine, dentistry, and tourism (ASEAN, 2015)

3.3 Brain Drain refers to substantial outflow of skilled workers, both in absolute numbers and as a percentage of the initial stock of skilled workers, and this can have an adverse impact on the source countries (Wong, 2010).

4. History

The Formative Years (1995-2003)

1995: The *ASEAN Framework Agreement on Services* enters into force, laying the foundation for elimination of restriction in trade of services amongst member states in all modes of supply, including the movement of natural persons (ASEAN, 1995).

2003: The *ASEAN Economic Community* (AEC) was declared to be the goal of regional economic integration (Bali Concord II). The AEC will establish ASEAN as a single market and production base, transforming ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital (ASEAN, 2003).

Significant Milestones (2005-2014)

Between 2005 and 2007, four MRAs were signed as part performance of the 1995 AFAS to enhance cooperation among AMS to improve the efficiency, competitiveness and supply of services, and liberalise trade

in services (ASEAN, 1995). The MRAs signed were for professionals in Engineering, Nursing, Architecture, and Surveying.

2005: Signing of the ASEAN MRA on Engineering Services. The first MRA signed was the ASEAN MRA on Engineering Service. Its objective was to facilitate the mobility of engineering services professionals in ASEAN and to enhance the exchange of information among AMS in order to promote the adoption of best practices on standards and qualifications in ASEAN (ASEAN, 2005).

2007: Formal Adoption of the AEC Blueprint (2008-2015). The AEC Blueprint was to be abided by and implemented in each AMS by 2015, to transform ASEAN into a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy. In creating a Single Market and Production Base, ASEAN must achieve these five core elements: (i) free flow of goods; (ii) free flow of services; (iii) free flow of investment; (iv) freer flow of capital; and (v) free flow of skilled labour (ASEAN, 2008).

Following the adoption of the AEC Blueprint, ASEAN expanded its definition of skilled labour by recognising professionals in three more fields — Dentistry, Medicine, and Accountancy — with the signing of

three more MRAs in between 2008 and 2014 (ASEAN, 2008; ASEAN 2014).

2012: *Signing of the ASEAN Agreement of Movement of Natural Persons (MNP)*. The MNP was signed in complement to the MRAs. It was intended to facilitate the movement of natural persons engaged in the conduct of intra-ASEAN trade by streamlining business visa procedures for business visitors, intra-corporate transferees, and contractual service suppliers (ASEAN, 2012). Freer movement would be achieved as investors and people engaged in the trade of goods and services would be able to enjoy eased access for temporary cross-border stay (Koty, 2016).

5. Recent Developments

Since 2012, ASEAN has continued its efforts to further facilitate free movement of skilled labour. ASEAN's more recent ventures include implementing the *ASEAN Qualification Reference Framework* and refreshing the *AEC Blueprint* for this decade.

ASEAN Qualification Reference Framework

2015: *Endorsement of the ASEAN Qualification Reference Framework (AQRF)*. The AQRF was developed and endorsed between 2014 and 2015 to serve as a common reference framework for AMS and enable a broad comparison of education qualifications across ASEAN (ASEAN

Qualifications Reference Framework: Governance and Structure, 2015).

2017: *Establishment of the AQRF Committee*. The AQRF Committee was established specifically to implement the AQRF. The committee is responsible for considering referencing reports submitted by participating AMS, applying the AQRF as an informational tool to understand each level of qualification in the qualification systems of AMS and facilitate the recognition of qualifications (ASEAN, 2017).

ASEAN Economic Community

2015: *Adoption of the AEC Blueprint 2025*. In the updated AEC Blueprint, ASEAN redefined its goal of achieving 'Free Flow of Skilled Labour' to become 'Facilitating Movement of Skilled Labour and Business Visitors' (ASEAN ECONOMIC COMMUNITY BLUEPRINT 2025, 2015). While this change suggests a less ambitious end-goal for AEC, ASEAN's approach to enable freer movement of skilled labour remains consistent.

2017: *Endorsement of the AEC 2025 Consolidated Strategic Action Plan (CSAP)*. The CSAP outlined strategic measures to be undertaken to facilitate freer movement of Skilled Labour and Business Visitors. Two strategic measures were listed:

- i) Expand and deepen commitments under the ASEAN Agreement on MNP where appropriate, and
- ii) Reduce, if not standardise, documentation requirements.

It was also mentioned in the CSAP that ASEAN would consider the feasibility of adding new MRAs (ASEAN Economic Community 2025 Consolidated Strategic Action Plan, 2017).

6. Scope of Debate/ Problems

Considering the myriad of problems that arise from the free movement of skilled labour, and that the aim of the committee-in-sessions would be to reach a consensus, the scope of this debate must be limited to a number of key issues. Delegates are encouraged to consider the issues outlined below.

6.1 Lack of Consistency for Recognition of Skills

Firstly, the committee should address the lack of consistency for recognition of skills across AMS after the implementation of free movement of skilled labour. ASEAN professionals from one AMS may face difficulties maximising their skills and employability in another AMS due to limited recognition of the qualifications they hold from their home countries.

6.2 Maintaining Competitiveness of Native-born Skilled Labour

Furthermore, delegates should discuss national policies relating to maintaining the competitiveness of native-born skilled labour. Many topics fall under this key issue, including improving educational standards to produce higher calibre graduates, enhancing English education to equip graduates

with the necessary business *lingua franca*, and providing technical and vocational training tailored to skilled workers for skills upgrading.

6.3 Brain Drain

Finally, countries should seek to implement policies to address brain drain. This scope may include discussions about labour retention, policies to manage outflow of high-skilled workers from LEDC countries to MECD countries, as well as helping new immigrants assimilate into their new community financially, socially and culturally.

Delegates should also do well to note that this discussion is limited to the problems that arise from the implementation of free movement of skilled labour. This means that challenges faced in implementing free movement should not be discussed extensively. An example of such a problem may be member states' lack of political will to commit to achieving free movement of skilled labour for fear of the consequences of brain drain. It is presumed that the free movement of skilled labour will happen and hence the committee's focus should be placed on addressing the issues that arise from it. Delegates should look in that direction when exploring viable solutions.

7. Proposed Solutions

Delegates are urged to consider the following solutions when formulating declarations:

7.1 Commitment to Consistent Recognition of skills

ASEAN should commit to the AQRF to systematize the comparison of professional qualifications across the region. The scope of the AQRF can be expanded to include relevant checks and balances to ensure consistent recognition of skills amongst the eight professions recognised by MRAs across ASEAN.

7.2 Raising Educational Standards

AMS should strengthen human resource development by improving the quality of higher education and vocational education and training. Better quality education and workforce training will raise the competency of native-born skilled labour in AMS, ensuring the labour competitiveness of individual AMS.

7.3 National Policy

AMS should implement domestic frameworks to regulate the inflow and outflow of skilled labour to prevent brain drain. Some possible solutions may be implementing an exit tax and setting quotas to control the rate of intake of foreign workers in AMS.

8. Guiding Questions

How can AMS ensure that ASEAN remains committed to their promises stated in the AQRF?

How can ASEAN manage the flow of skilled labour migration to ensure that AMS benefit from the free movement of skilled labour?

How can ASEAN balance the interests of all AMS in a single market with free movement of skilled labour?

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