Asian workers on the move

Introduction

Asian workers are on the move. Not only do millions of Asians leave home in search of better economic conditions and opportunities in other regions of the world, there is now burgeoning international migration within Asia. Increasingly, Asia's high-performing economies are drawing on migrants to meet demands along the whole spectrum of skills. Labor migration has been an important safety valve in those countries where new jobs have failed to keep pace with labor force growth.

Across the region, labor migration issues are now taking on added significance. Receiving countries are concerned that immigrants should have relevant skills, that they comply with immigration and labor regulations, and that flows are regulated to meet domestic needs. Sending countries' concerns revolve around the regulation of outflows, the rights of their workers abroad, brain drain of skilled labor, and the impact and level of remittance income. (Migration also raises vexed social issues, but the interest in this chapter is squarely on its economic dimensions.)

At a macroeconomic level, the arguments for free labor mobility across countries parallel exactly those that apply within a country. By directing scarce labor resources to their highest value uses, migration generates benefits, improving global resource allocation. The presence of significant wage differences for the same type of qualified workers in developing and industrial countries—by a factor of 10 or more as against the price differences for goods and capital that rarely exceed 2:1—suggests that the gains from increased international labor mobility would be enormous (Rodrik 2002). As home to more than half the world's population, developing Asia has the potential to reap big gains from easier migration.

Gains will not materialize automatically: many frictions retard labor movement and obstruct opportunities. Regulations and policies are still quite restrictive in most countries and are certainly much less liberal than those governing the movement of goods or capital. Labor-abundant countries are certainly losers, but labor-receiving countries that impose onerous requirements on migrants may also be missing out.

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What then are feasible options for promoting greater labor mobility and are there gains to a regional—that is, developing Asian—approach? This chapter shows that in a context where the rich countries of the world are unlikely to significantly liberalize their immigration policies, Asian countries could reap important gains by working together.

In the section, *Migration trends and directions*, evolving patterns of international migration in Asia are reviewed. Reported migration data, which likely understate the true extent of movement, show rising flows within Asia. The underlying forces driving international movement of workers are examined in more detail in the following section, *Asia's labor migration dynamics*. These include divergences in opportunities and demography as well as Asia's rapid structural transformation. Revisions to immigration policies and laws have also had an influence.

The penultimate section, *Migration: A win-win proposition,* explores the potential of expanded intraregional labor migration flows in Asia. It sets out the major parameters of immigration policies in the region and the changes in policies that have occurred in the past decade. Liberalization has been slow, and migration policies have often had as much to do with sociopolitical as economic considerations. By quantifying the potential benefits of a more liberal posture toward labor movement, it shows the gains that could accrue if higher-income Asian countries liberalized their migration regimes.

The *Conclusions* suggest that cooperative regional arrangements that promote labor mobility merit serious consideration. It observes that the European Union has steadily moved toward greater intracommunity mobility of workers, and that Asia could benefit by following a similar path.

Migration trends and directions

Asians have for centuries traveled long distances for work and to set up new lives in foreign lands. The modern story of migration, though, began in the early 1970s when the oil price boom created an enormous demand for infrastructure workers in the Middle East. Hundreds of thousands of workers from India and Pakistan went to the Gulf to fill construction jobs. They were later joined by workers from the Philippines and then Bangladesh, Indonesia, and Sri Lanka. As the oil boom and the concomitant inflow of petrodollars substantially raised household incomes in the Gulf countries, demand for domestic service workers increased and those jobs were filled by Asian migrant labor.

The bursting of the oil bubble, the Gulf wars, and the completion of a large number of construction projects diminished the demand for workers in the Middle East from the mid-1980s. Yet it was at this time that labor migration within Asia began to expand, triggered by the rapid growth of East and Southeast Asian economies (Wickramasekera 2002). Japan, the newly industrialized economies (NIEs) of Hong Kong, China; Republic of Korea (hereafter Korea); Singapore; and Taipei,China, and some emerging regional economies such as Malaysia and Thailand became important destinations for Asian migrant labor, especially from Southeast Asia. In the last two decades, migration of domestic service, health, and information and communications technology (ICT) workers from Asia to North America has also significantly increased, boosted

by demographic changes in industrial countries and the booming "new economy" of the late 1990s.

Table 2.3.1 presents a taxonomy of Asian economies according to their international migration situation. With regard to migrant labor, regional

2.3.1 Migration status of Asian economies

Mainly emigration[a]	Main destinations[b]
Southeast Asia	
Indonesia	Malaysia, Saudi Arabia, Netherlands, Philippines
Lao PDR	United States, France, Thailand
Myanmar	Thailand, India, United States, Pakistan, Philippines
Philippines	United States, Saudi Arabia, Malaysia, Canada
Viet Nam	United States, Australia, Canada, France, Germany, Cambodia
South Asia	
Bangladesh	India, Pakistan, Saudi Arabia
Bhutan	India, Pakistan
India	United Arab Emirates, Saudi Arabia, United States, Bangladesh, Pakistan, United Kingdom
Sri Lanka	India, Saudi Arabia, Canada, Pakistan, United Kingdom, Australia
East Asia	
China, People's Rep. of	Hong Kong, China; United States; Canada
Korea, Rep. of	United States; Japan; China, People's Rep. of; Canada
Central Asia[c]	
Armenia	Russian Federation, Ukraine, United States
Azerbaijan	Russian Federation, Armenia, Ukraine
Georgia	Russian Federation, Ukraine, Greece, Armenia
Tajikistan	Russian Federation, Uzbekistan, Ukraine
Mainly immigration[d]	**Main sources[e]**
Brunei Darussalam	Malaysia, Philippines, Thailand, Nepal
Hong Kong, China	China, People's Rep. of
Japan	Korea, Rep. of; China, People's Rep. of; Brazil; Korea, Dem. Rep. of; Philippines
Singapore	Malaysia; China, People's Rep. of; India; Indonesia
Taipei,China	Thailand, Philippines, Indonesia, Viet Nam
Both emigration and immigration[f]	
Cambodia	Destinations: United States, France, Australia, Canada, Thailand
	Sources: Viet Nam, Thailand
Kazakhstan[c]	Destinations: Russian Federation, Ukraine, Uzbekistan
	Sources: Russian Federation, Ukraine, Uzbekistan, Germany
Malaysia	Destinations: Singapore, Australia, Brunei Darussalam, Philippines, United States, United Kingdom, Indonesia
	Sources: Indonesia; Philippines; China, People's Rep. of; India; Singapore; Thailand
Nepal	Destinations: India, Pakistan
	Sources: Bangladesh, India, Pakistan
Pakistan	Destinations: India, Saudi Arabia, United Kingdom, United States
	Sources: Bangladesh, India, Nepal
Thailand	Destinations: United States; Taipei,China; Malaysia; Cambodia; China, People's Rep. of
	Sources: China, People's Rep. of; Myanmar; Lao PDR
Turkmenistan[c]	Destinations: Russian Federation, Ukraine
	Sources: Uzbekistan, Russian Federation, Kazakhstan

[a] Economies having emigration rates at least twice as large as their immigration rates, except for India where the emigration-to-immigration ratio is close to 2.

[b] Economies accounting for at least 5% of total emigrants. [c] Migration partly reflects the reclassification of internal migrants as international migrants at the breakup of the former Soviet Union. [d] Economies having immigration rates at least twice as large as their emigration rates. [e] Economies accounting for at least 5% of total immigrants. [f] Economies having emigration-to-immigration ratios (and vice versa) between 0.75 and 1.25.

Notes: Source and destination countries, for each row, are in descending order of importance. The immigration rate is defined as the ratio of the immigrant stock to the total population of the receiving country, and the emigration rate is defined as the ratio of the emigrant stock to the sum of the sending country's population and emigrant stock.

Sources: Hugo (2008), Table 15; University of Sussex and World Bank, *Bilateral Estimates of Migrant Stocks,* available: www.worldbank.org, downloaded 15 October 2007; Development Research Centre on Migration, Globalisation and Poverty, *Global Migrant Origin Database*, available: www.migrationdrc.org, downloaded 28 January 2008.

economies can be classified either as sources, destinations, or both. Large nations in East, Southeast, and South Asia, in which the transition to low fertility did not commence until the 1970s or later, remain labor-surplus areas. The Philippines sends the largest number of workers abroad, both to other Asian economies and elsewhere. Its migrant workers cover a broad range of skills levels and are spread widely throughout the world. For example, Filipino domestic service workers tend to flow to Hong Kong, China and the Middle East; ICT workers and nurses to Canada, United Kingdom (UK), and United States (US). Most South Asian countries are labor exporters, with the Middle East, and more recently, Southeast Asia, as major destinations.

Fifty years ago, Japan and the NIEs were labor-exporting countries. But rapid declines in fertility accelerated their demographic transition and helped their rapid economic catch-up. Labor shortages in these countries have seen them hosting large numbers of migrant workers.

Malaysia and Thailand are currently midway through their demographic transition and lag further behind the NIEs in their economic catch-up process. Both countries are sending significant numbers of workers to more developed regional neighbors such as Singapore and Taipei,China and at the same time are receiving significant numbers of immigrants from nearby labor-surplus nations. In Central Asia, Kazakhstan—the subregion's richest country—is a major destination for workers from neighbors, but it sends a significant amount of its workers abroad as well.

According to the United Nations and the bilateral migration data estimates of the University of Sussex and the World Bank, Asia was host to 26.3 million migrants, or about 13.8% of the world's total migrant stock, in 2005. Asia was much more important as a source of international migration, sending 54.2 million migrants abroad or 28.4% of the world’s total. The International Labour Office estimates that half of Asia’s migrants were workers (ILO 2004). Although the regional aggregate numbers suggest migrants represent only a small share of the regional population, these figures might be biased by the dominance of the People’s Republic of China (PRC) and India. As shown in Table 2.3.2, if the two population giants are excluded, the rates of immigration to and emigration from developing Asia more than double. In fact, for some regional economies, migrants represent a significant proportion of their populations. Table 2.3.2 shows that although immigrants account for negligible shares of the total population in large economies such as PRC, India, and Indonesia, they make up more than 40% of the populations of the two economies of Hong Kong, China and Singapore. For many small countries in the Pacific and Central Asia, emigration rates are substantial. Samoa, for instance, has over 35% of its population abroad, while for Armenia, the equivalent figure is 21.2%.

It should be noted that these official migrant stock numbers are likely to be underestimates because they are typically based on census data which excludes much temporary and undocumented migration. Most labor migrants in Asia are temporary and often return home at the end of their fixed-term contracts. They are not detected in most standard migration data collection systems, which are designed to gather information on permanent migration. Undocumented migration is

2.3.2 Rates of immigration and emigration of developing Asian economies, %

	Immigration	Emigration
Central Asia		
Armenia	7.8	21.2
Azerbaijan	2.2	14.0
Georgia	4.3	18.6
Kazakhstan	16.4	19.6
Kyrgyz Republic	5.5	10.6
Tajikistan	4.7	10.8
Turkmenistan	4.6	5.1
Uzbekistan	4.8	7.6
East Asia		
China, People's Rep. of	0.0	0.5
Hong Kong, China	42.5	9.2
Korea, Rep. of	1.2	3.3
Mongolia	0.4	0.6
South Asia		
Afghanistan	0.2	7.5
Bangladesh	0.7	3.1
Bhutan	1.5	5.8
India	0.5	0.9
Maldives	1.1	0.5
Nepal	3.0	2.7
Pakistan	2.1	2.1
Sri Lanka	1.9	4.7
Southeast Asia		
Cambodia	2.2	2.4
Indonesia	0.1	0.8
Lao PDR	0.4	6.8
Malaysia	6.4	5.4
Myanmar	0.2	0.9
Philippines	0.4	4.1
Singapore	42.6	5.0
Thailand	1.7	1.2
Viet Nam	0.0	2.6
The Pacific		
Fiji Islands	2.1	15.2
Kiribati	2.8	5.0
Marshall Islands, Rep. of the	2.9	15.2
Micronesia, Fed. States of	3.2	17.3
Palau, Rep. of	15.2	25.8
Papua New Guinea	0.4	0.8
Samoa	5.0	35.4
Solomon Islands	0.7	0.9
Timor-Leste, Dem. Rep. of	0.6	1.4
Tonga	1.2	34.3
Vanuatu	0.5	1.4
Developing Asia	0.7	1.5
Developing Asia (excl. China, People's Rep. of and India)	1.8	3.3

Note: The immigration rate is defined as the ratio of the immigrant stock to the total population of the receiving country, and the emigration rate is defined as the ratio of the emigrant stock to the sum of the sending country's population and emigrant stock.

Sources: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2006 Revision*, available: http://esa.un.org/unpp, downloaded 9 January 2008; University of Sussex and World Bank, *Bilateral Estimates of Migrant Stocks*, available: www.worldbank.org, downloaded 15 October 2007.

also common in Asia. Battistella (2003) estimates that there are at least 2.4 million unauthorized migrants from developing Asia in Japan; Korea; Malaysia; Singapore; Taipei,China; and Thailand. For Kazakhstan, it is believed that the number of irregular migrants is about 50 times higher than licensed migrants (Sadovskaya 2005). Official stock estimates of the Commission on Filipinos Overseas show that there were 8.23 million Filipinos abroad at the end of 2006, equivalent to 9.5% of the resident population and 4.6 million higher than the estimate made by the University of Sussex and the World Bank. Of the total, 3.56 million are permanent emigrants, 3.80 million are overseas contract workers, and 0.88 million are irregular migrants. Given the significant proportion of temporary and undocumented migrants, the impact of international labor migration on Asian countries is clearly much larger than that suggested by official migrant stock numbers reported by the United Nations.

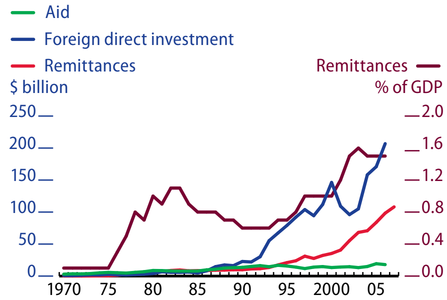
Some developing Asian economies have become increasingly reliant on migrant workers to fill domestic jobs. In Singapore, for instance, the share of nonresidents in the economically active population has risen from 18% in 1991 to 27.5% in 2006. In Malaysia; Hong Kong, China; and Thailand, the proportion of foreign workers in the mid-1990s exceeded 6% of their labor forces (Athukorala 2006). Migrant workers relieve labor and skill shortages in these economies, enabling them to fully exploit potential growth opportunities. The Singapore Government estimates that foreign labor contributed 3.2 percentage points to the annual GDP growth rate of 7.8% over the decade of the 1990s (MTI 2001). The supply of migrant workers is especially important for labor-receiving countries to sustain competitiveness particularly in labor-intensive sectors, including small and medium enterprises.

For labor-sending countries, the most direct benefit from migration is the rise in incomes accruing to migrants and the consequent inflow of remittances back home. Over the past decade, remittances have become an integral part of developing Asian economies, surpassing the amount of official aid received by a large margin (Figure 2.3.1). In 2007, total remittance inflows to developing Asia are estimated to have reached $108.1 billion, accounting for over one third of total global remittance inflows. Remittance inflows to the top three recipients of the region—PRC, India, and the Philippines—comprise close to two thirds of the region's total receipts.

For some regional countries, remittances sent home by migrant workers represent a considerable share of GDP and create an important source of financing for their balance of payments. In Tajikistan, for instance, the inflows of remittances in 2006 were 36.2% of GDP (Figure 2.3.2) and 61.9% of exports. While there are also a large number of migrant workers abroad from the PRC, India, and Indonesia, their share of remittance inflows to GDP remains below 3% due to the sheer size of their economies. It should be noted, however, that these remittance figures represent only official inflows. Total remittances are believed to be much larger as there are likely to be substantial unrecorded remittance flows.

In some countries with high rates of population increase and low rates of economic growth, international migration has served as a crucial safety valve for reducing employment pressures and providing valuable financial resources. This is most evident in the Pacific island states and some

2.3.1 Aid, foreign direct investment, and remittances to developing Asia



Sources: Organisation for Economic Co-operation and Development, *Development Assistance Committee Statistics* database, available: www.oecd.org; World Bank, *Remittance data*, available: www.worldbank.org; United Nations Conference on Trade and Development, *World Investment Report* data, available: www.unctad.org; World Bank, *World Development Indicators* online; all downloaded 4 January 2008.

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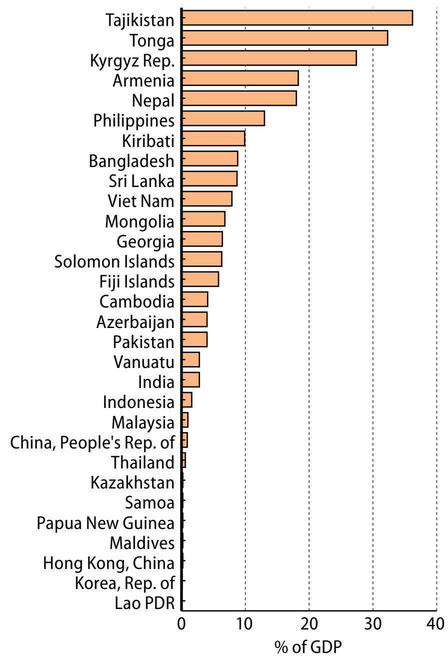
2.3.2 Remittance inflows to developing Asia, 2006



Source: World Bank, *Remittance data*, available: www.worldbank.org, downloaded 4 January 2008.

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Central Asian countries, where emigrants account for more than 10% of their population and remittances exceed 10% of GDP. But in recent years, the importance of international migration has substantially increased even in some large economies. For instance, the deployment of newly hired workers from the Philippines increased from 253,030 in 2000 to 308,122 in 2006. Correspondingly, remittance inflows more than doubled from $6.2 billion to $15.3 billion during the period. Although there is little evidence so far that the safety valve of international migration has enabled labor-sending countries to increase the effectiveness of national development efforts or to restructure their economies through the use of remittances (or both), migration does raise income levels for many poor, as well as benefits the wider community through the multiplier effects of increased spending and the associated stimulus to labor markets. Most empirical studies confirm that international migration and remittances contribute importantly to poverty reduction in Asian countries (Box 2.3.1).

Asia's labor migration dynamics

The dynamics of Asia's international labor migration has been shaped by various factors, grouped for our purposes under the rubrics of global demographic changes, disparities in incomes and wages, structural changes in labor-receiving countries, globalization and regional integration, and changes in immigration policies. Divergences in demography and regional economic opportunities have played the most important roles, which are discussed first.

Global demographic changes

The highly divergent rates of population growth between developing and industrial countries have been a key driver of labor migration from the former to the latter. The demographic transition in high-income countries starting in the 1960s has led to declining labor force growth rates there since the 1980s (Figure 2.3.3). In some countries like Japan, the labor force has already begun to shrink in recent years. In contrast, developing Asia as a whole is still at a stage of rapid population and labor force growth. Over the period 1995–2005, the labor force in developing Asia grew at an annual rate of 1.6%. In some labor-sending countries like Bangladesh, Cambodia, Pakistan, Philippines, and Viet Nam, the labor force growth rate exceeded 2% a year in the last decade (Figure 2.3.4). Millions of young people enter the job market each year in these countries, but many do not get absorbed. Some of the new entrants are either unemployed, or underemployed with extremely low pay (Felipe and Hasan 2006, and the chapter in Part 2, *Young Asians: A squandered talent*). The combination of "push factors" (absence of opportunity at home) and "pull factors" (presence of demand in other countries) makes migration an attractive alternative for many.

Changes in the population's age composition are also important in determining labor migration trends. Aging populations in the industrial world have created a huge demand for health-care workers, who are in extremely short supply in their domestic economies. Many nurses, physicians, and other health workers from developing Asia now move to industrial countries to fill health sector jobs. Between 1992 and 2006, the

2.3.1 Poverty impact of international migration: Evidence from developing Asia

There has been growing evidence of the poverty-reducing effects of international migration and remittances in the particular context of Asia. Jongwanich (2007) uses panel data of 17 Asian developing countries over the period 1993–2003 to examine the impact of remittances on growth and poverty, and finds that they have a significant direct effect on poverty reduction through increasing income, smoothing consumption, and easing capital constraints of the poor.

This cross-country regression analysis is well supported by some country-level studies using household survey data. Adams and Page (2005) estimate that remittances in Bangladesh have reduced the poverty headcount ratio by 6 percentage points. Similarly, migration and remittances accounted for about 10% of Nepal's total reduction in poverty in 1995–2004 (Lokshin et al. 2007). Analysis by Pernia (2008) of Philippine household and labor force surveys also shows that the share of remittances in household income raises the likelihood of a household climbing out of poverty.

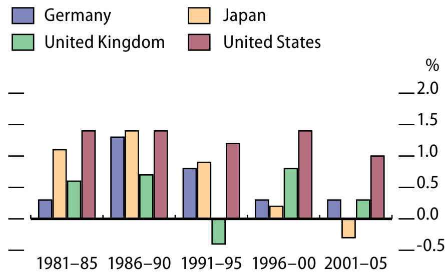
The poverty-reducing impact of remittances, however, is not limited to recipient households. Yang and Martinez (2005) find that in the Philippines, an increase in the value of remittances leads to a reduction in poverty in both migrant families and nonmigrant families. This is perhaps due to spillover effects from greater economic activity resulting from the larger inflow of remittances, as well as from direct transfers from households with migrant members.

Parallel results are evident in a recent study on remittances and poverty in Central Asia, where remittances are found to reduce inequality among households within the community (one village or a group of villages) (Brown forthcoming).

annual deployment of migrant nursing professionals from the Philippines rose from 5,747 to 13,525.

Demographic factors also play a role in determining intraregional labor migration in Asia. Asian countries are quite diversified in terms of population dynamics. The NIEs, PRC, and Thailand have experienced a remarkable decline in fertility from the 1960s to the 1990s. With the exception of Singapore, which has been populated by immigrants, population and labor force growth rates in these countries are less than 1% a year. However, in Cambodia, Lao People's Democratic Republic (Lao PDR), Philippines, and most South and Central Asian countries, the demographic transition came much later. These countries (and subregions) are expected to achieve rapid population and labor force growth rates in the next 20–30 years. The slow expansion of population and labor force in the NIEs, Kazakhstan, and Thailand, coupled with their relatively high income levels and rapid economic growth, make them important regional poles for labor migration.

2.3.3 Declining labor force growth in selected industrial countries



Source: World Bank, *World Development Indicators* online, downloaded 20 February 2008.

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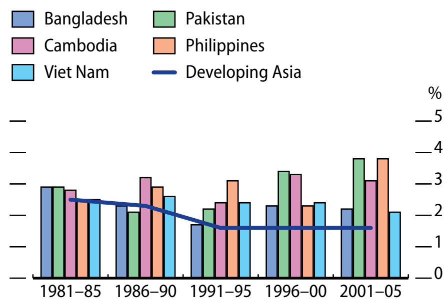
Disparities in incomes and wages

Income differences are a key determinant of international labor migration. Despite its impressive economic growth and a narrowing of its income gap with industrial countries in recent years, developing Asia as a whole is still far behind rich countries in terms of per capita income. In 2006, the per capita GDP of developing Asia was only 18.1% of the Organisation for Economic Co-operation and Development average in purchasing power parity terms and 6% in market exchange rate terms. Moreover, there have been significant cross-country variations in Asia's growth performance. The convergence over the past decades of developing Asia's per capita GDP with those of the high-income economies has largely been a result of the rapid growth of large countries such as the PRC and India. Meanwhile, some regional economies have suffered from prolonged slow growth. Their income gaps with fast-growing neighbors have generally grown rather than shrunk. As shown in Figure 2.3.5, even the per capita incomes of middle-income labor-receiving countries like Malaysia and Thailand could be 10 times those of neighboring low-income labor-sending countries. The persistently large income gap between most developing Asian economies and high-income countries, as well as rising intraregional income disparities, provide a powerful economic underpinning for expanding Asian migration flows.

Given the large income disparity between labor-sending and labor-receiving countries, and their demographic differences, the wage gains of migrant workers are usually substantial. Filipino nurses, for instance, earn $3,000–4,000 a month in the US, compared with $75–200 a month in the Philippines (IHPDS 2005). World Bank (2006) finds that migration increases the income of Tajikistan migrants 10 times compared to what they used to earn in their home country. Depending on their occupations, the average monthly income of Vietnamese migrant workers ranges from $150–200 in Malaysia, $300–1,000 in the NIEs and $1,250–2,500 in the US and UK, while the average monthly wage of a worker in Viet Nam is $55 in 2004 (Dang 2007). Despite being partly offset by migration costs, these significant wage gaps provide a strong incentive for Asian workers to migrate to reap higher lifetime earnings.

2.3.4 Labor force growth in selected developing Asian countries



Source: World Bank, *World Development Indicators* online, downloaded 20 February 2008.

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Structural changes in labor-receiving countries

Three main structural changes in labor-receiving countries—in the realms of services, female employment, and low-status jobs—have provided fresh impetus to the expansion of international labor migration. First, the past 20–30 years have witnessed the increasing significance of services activities in industrial countries. As income and living standards rise, the consumer demand for services, such as domestic and restaurant help and discretionary health services, has grown rapidly in these countries. They have to rely on immigrants to meet the growing services demand, because of slow indigenous labor force growth and the nontradable nature of these services. Also in services, fast-evolving technological changes have induced the rise of knowledge- and skills-based productive services industries (such as financial and ICT services), leading to a worldwide scramble for skills and larger flows of skilled and professional workers (see the chapter *Asia's skills crisis*).

Second, partly as a response to the labor shortage, female labor force participation rates have risen in most industrial countries over the past three decades (Figure 2.3.6). Greater employment among women has raised the demand for domestic services. In some economies like Hong Kong, China; Korea; and Singapore, authorities even have policies to encourage hiring of foreign domestic helpers to relieve local women with higher levels of education of their domestic chores.

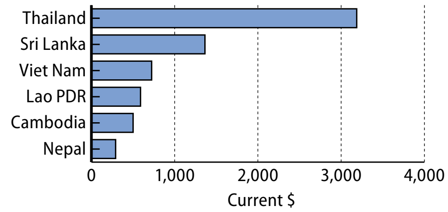
Finally, native workers become increasingly reluctant to work in jobs that have low status in their society, reflecting economic development and the increase in the education attainment of nationals. This has led to significant labor market segmentation in labor-receiving countries, in which migrants are employed in tasks, on the lower rungs of the employment ladder, that are shunned by local workers (Piore 1979, Massey et al. 1993). In Asia, the bulk of the low-skilled migrant labor correspond to this category, filling jobs that offer low status, low income, and little security.

Malaysia and Thailand are most evident examples of such labor market segmentation. More than a million unskilled workers from neighboring poor countries are concentrated in a narrow range of low-status jobs in each country (Figure 2.3.7). In turn, substantial numbers of Malaysian and Thai migrants work in the higher-income Asian economies of Japan; Korea; Singapore; and Taipei,China. Even in times of high unemployment and economic downturn, locals are reluctant to enter the sectors that are typically for migrants, such that demand for migrant workers is rigid even during those periods.[1]

Globalization and regional integration

Globalization and regional integration are important forces shaping international migration flows. Economic globalization has been associated with decreases in transportation, communications, and other transaction costs, which have been driven by rapid technological progress as well as efforts toward building regional infrastructure to widen and integrate markets. The costs of moving people have also fallen. Better communication, information dissemination through mass media, and the availability of faster and cheaper transport links have made migration that much easier. In Asia, increasing regional integration of trade and

2.3.5a Per capita income in Thailand and selected labor-sending neighbors



Source: World Bank, *World Development Indicators* online, downloaded 20 February 2008.

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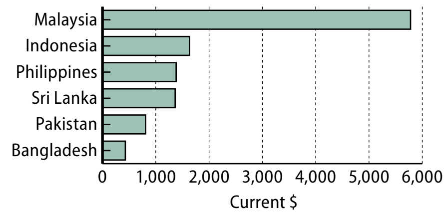
2.3.5b Per capita income in Malaysia and selected labor-sending neighbors



Source: World Bank, *World Development Indicators* online, downloaded 20 February 2008.

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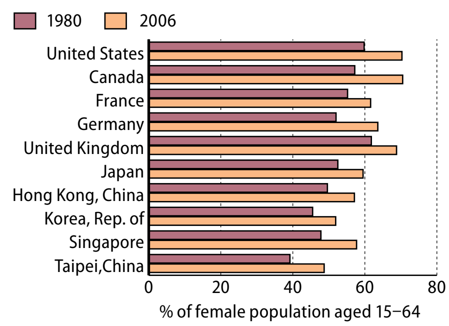
2.3.6 Female labor force participation in selected industrial and newly industrialized economies



Sources: World Bank, *World Development Indicators* online; http://eng.dgbas.gov.tw; both downloaded 20 February 2008.

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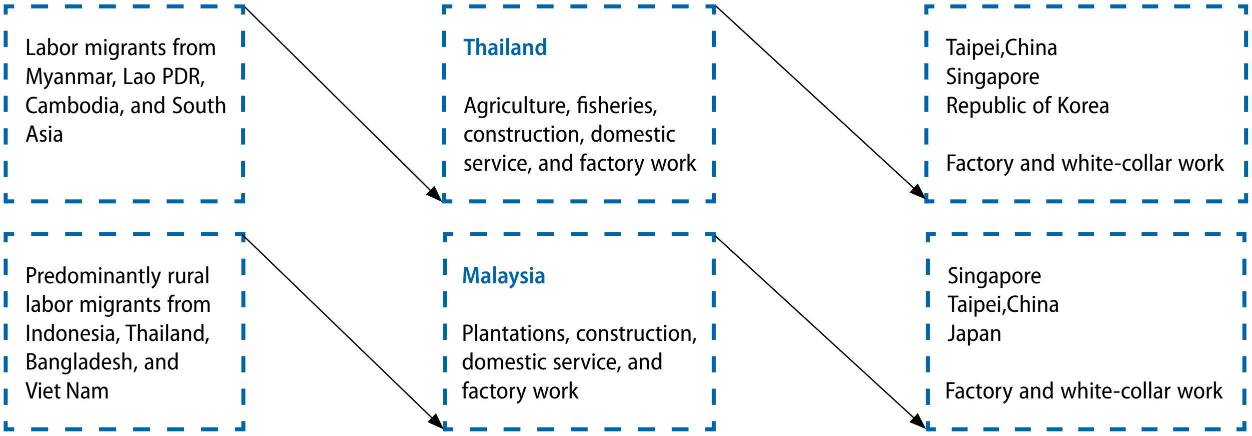
2.3.7 Labor immigration and labor market segmentation, Malaysia and Thailand



Source: Hugo (2008).

investment has especially boosted intraregional movement of skilled labor, as regional production networks of multinational corporations pave the way for intracorporate transfers of managers and professionals among varying locations.

But globalization can also dampen international labor migration. Research on migration during the early period of globalization suggests that capital movement substituted for migration and served to narrow factor price differentials (Williamson 1998). This effect can also be observed in Asia. The relocation of manufacturing production from regional high- and middle-income economies (Japan, Malaysia, the NIEs) to some low-cost countries (particularly the PRC) has lowered demand for manufacturing workers in labor-receiving countries, and reduced emigration pressures by creating jobs and raising incomes in labor-sending countries.

Similarly in the services sector, advanced telecommunications facilities and the development of the Internet enable companies to outsource a range of labor-intensive services jobs (broadly classified under ICT services and business process outsourcing) to developing countries, implying much greater expansion of services trade without involving the physical movement of people. This negative effect of services outsourcing on skilled migration is particularly evident in India, where the booming outsourcing industry has slowed the emigration of ICT workers and even triggered return migration from the US and other rich countries (Khadria 2004).

Changes in immigration policies

Certain changes in international migration policies have helped expand Asia's migration flows. For example, selectivity, favoring skilled workers, has played a pivotal role in the increase in inflows of skilled immigrants to rich countries. During the 1990s, in view of intensified labor and skills shortages, most industrial countries in North America and Europe adopted more liberalized immigration policies toward skilled workers. In the US, the annual number of visas issued for highly skilled professionals (H-1B visas) increased from 110,200 in 1992 to 355,600 in 2000. Some European countries have also enacted legislation to secure inflows of skilled workers, such as the 2000 "Green Card" initiative for information

technology specialists in Germany and the 2002 Highly Skilled Migrant Programme in the United Kingdom. Asia is an important beneficiary of the relaxation of skilled labor migration restrictions in industrial countries. In 2005, Asia accounted for around 70% of all the new H-1B workers to the US, with India, PRC, and Philippines ranking as first, second, and fourth primary sources, respectively (USCIS 2006).

In Asia, robust economic growth in the late 1980s and early 1990s tightened the supply of labor, leading some countries to open their doors to migrant workers. The Singapore Government, for example, has long recognized the importance of foreign workers in sustaining economic growth and views its migration policy as a key element of the national development strategy. Since the late 1980s, it has devised an innovative immigration policy, using a combination of the price mechanism and employment quotas, to regulate inflows of workers in line with domestic labor market conditions. Taipei,China officially adopted a labor migration policy intended to bring in additional workers for major construction projects in 1989, with the Employment Services Act of 1992 the major legal basis for the entry of such workers. In recent years, the authorities there have emphasized foreign workers as a means of promoting targeted industries and upgrading economic infrastructure, going beyond the initial objective of using these workers to alleviate temporary labor shortages (Athukorala 2006).

Some Asian economies do not have explicit policies to encourage the entry of foreign workers, but resort to irregular migrant workers drawn from tourists, students, refugees, trainees, etc. to meet their labor demand. Governments may turn a blind eye to these practices for a time, especially in economic boom times (Wickramasekera 2002). For example, although Thailand has never allowed unskilled foreign workers to be employed in the country, its policy toward irregular migration has been tolerant. The Government has introduced several amnesty programs to allow illegal migrants from Cambodia, Lao PDR, and Myanmar to work in specified jobs that local workers do not want to perform. Japan and Korea are also examples of countries that have highly restrictive labor migration policies but that permit some back-door entry through trainee programs.

Migration: A win-win proposition

The increased prominence of intraregional labor migration has been a key feature of the development of international migration in Asia. Between 1995 and 2000, 40% of the 2.6 million–2.9 million Asian migrant workers went to other Asian countries to seek employment (ILO 2006). This is quite different from the situation two decades ago, when the bulk of Asian migrant workers sought employment mainly in countries outside Asia. Widening income gaps and divergent demography within Asia explain much of this.

Migration pressures arising from demographic differences within Asia are expected to become even more accentuated in the future. During the next 10–15 years, the working age populations in the NIEs, Thailand, and even PRC are expected to shrink. Meanwhile, in most South and Southeast Asian countries, the same age group will keep on growing over

the next three decades (Figure 2.3.8). These divergent population trends are illustrated in Figure 2.3.9, which shows the widening gap between the shrinking share of the working age population in East Asia and the rising share of the working age population in South Asia. A similar pattern can also be found at the subregional level, such as between Thailand and Cambodia, Lao PDR, and Myanmar, as well as between Singapore and its Association of Southeast Asian Nations (ASEAN) neighbors (Figure 2.3.10). This growing imbalance in the distribution of labor resources in regional countries is likely to serve as a powerful engine for intraregional labor migration pressure over the next two decades.

The future pattern of regional economic development is also likely to fuel expanded labor migration in Asia. Despite the recent growth pickup in most South Asian countries and some Southeast Asian labor-sending countries such as the Philippines and Viet Nam, their per capita income levels remain well below the region's high-income countries. The large income disparities between labor-sending countries and labor-receiving countries are a persistent phenomenon in Asia and will spur workers to seek employment abroad over a long period. In addition, the continuing economic development and poverty reduction in some low-income regional economies will ease the constraints that poverty imposes on potential emigrants, further driving migration pressures.

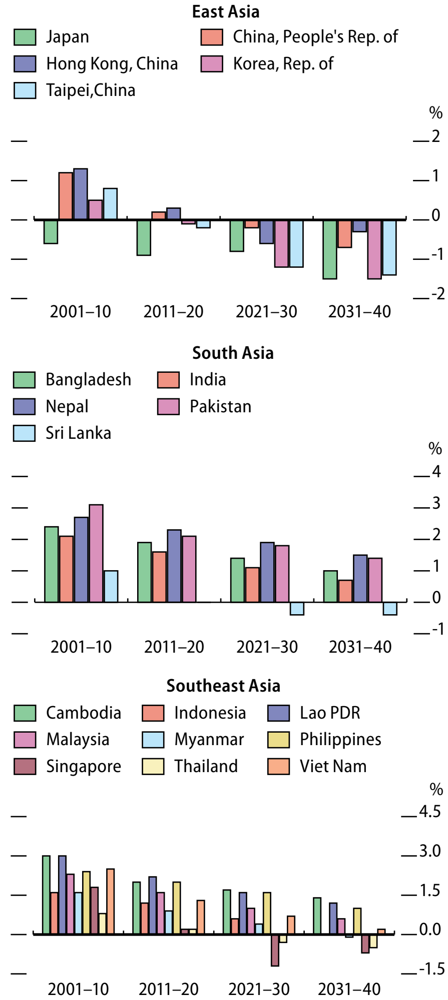
The substantial potential for intraregional labor migration created by economic and demographic fundamentals offers an opportunity for Asian countries to reap the gains through efforts toward greater integration of regional labor markets. More liberalized movement of labor, combined with the region's already significant growth, has the potential to alleviate excess demand for labor, create decent and productive jobs for millions, and facilitate further economic growth. Migration promises an improvement in the welfare of both sending and recipient economies, but to achieve it, the immigration policies of host countries must be appropriately attuned.

Dimensions of immigration policy

In the last few years, three major trends have emerged in the labor migration policies of Asia's six major labor-receiving economies (Japan; Korea; Malaysia; Singapore; Taipei,China; and Thailand).

First, policies toward immigrant workers have shifted from a reaction to short-term needs to an active structural approach to meet long-term labor demands. When intraregional labor migration started booming in the early 1990s, most labor-receiving countries had no long-term strategy. Their governments either ignored migration, or introduced temporary policy measures. The underlying belief was that the employment of migrant workers would be a temporary phenomenon associated with cyclical economic booms, and that there would be no need for long-range planning (Chantavanich 2007). However, the facts have since shown otherwise and migration has persisted. International labor migration has proven deeply rooted in the structural features of countries' growth experiences that have endured over long periods. Even large economic shocks have done little to upset migration flows. For example, the Asian financial crisis set off a series of regulations in host countries that aimed to protect local workers by stemming the inflow of foreign workers and

2.3.8 Annual growth of working age population: United Nations median projections



Sources: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2006 Revision* and *World Urbanization Prospects: The 2005 Revision*, available: http://esa.un.org/unpp; http://eng.dgbas.gov.tw; downloaded 20 February 2008.

Click here for figure data

repatriating irregular migrants. Many of these restrictions, however, had limited impact, and migrant workers again poured in during the postcrisis years.

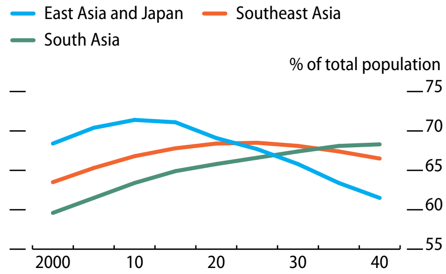
Singapore is the first regional country to establish a conscious and explicit policy toward foreign workers. It manages migrant workers through an industry-specific quota system and the imposition of a levy on employers for the hiring of less-skilled foreign workers, with the objective of spurring economic growth but limiting dependence on unskilled migrants. Taipei,China has followed Singapore's example in building formal institutional arrangements for labor migration, but it remains at an early stage of implementation. Recently, Korea has introduced a more formal employment permit scheme to replace its industrial trainee program, in an effort to manage foreign workers more effectively. Malaysia and Thailand are moving toward a more formal policy and legislative framework for migration management, but the effects have so far been limited because of a large presence of undocumented migrant workers. Their governments have tried to bring more foreign workers into the official management system through both amnesties for and crackdowns on irregular migrants (Chantavanich 2007, Kanapathy 2006).

Second, following the global trend for increased selectiveness in labor immigration policy, Asian labor-receiving countries are adopting a more open policy for professional and highly skilled foreign workers, but are attempting to limit labor migration at lower skills levels. This has been driven by increasing global competition in attracting talented people, as well as rising concern that the large influx of unskilled and low-skilled foreign workers may create social friction. Widening domestic wage inequality between skilled and unskilled labor in most regional economies in recent years may have also contributed to barriers toward lower-skilled migrants.

The governments of host countries manage unskilled and semiskilled migrant workers through measures such as visa controls, work permit systems, and foreign worker levies, keeping them on a transient basis, subject to repatriation during periods of economic downturn. Unskilled and semiskilled foreign workers are often confined to limited sectors or occupations, with the purpose of protecting the employment of local workers. Some countries such as Malaysia and Singapore intend to reduce their dependency on low-skilled migrant workers by shifting their economies toward knowledge-based activities (Wongboonsin 2003).

Third, bilateral agreements have been increasingly used by labor-receiving countries to liberalize and regulate labor migration. Such accords provide labor-receiving countries a country-specific, tailor-made solution to labor mobility. Through them, host economies can determine the sources of migrant workers based on their political and strategic interests or historic and cultural links. For example, Taipei,China has only recruited foreign workers from a limited number of countries, such as Indonesia, Mongolia, Philippines, Thailand, and Viet Nam, and has signed with each sending country a special bilateral agreement (Lee 2006). Bilateral agreements can also serve as an important tool to secure labor-sending countries' cooperation in managing irregular migration. This is true for example of Malaysia and Thailand, which have sought bilateral agreements with large sending countries to manage

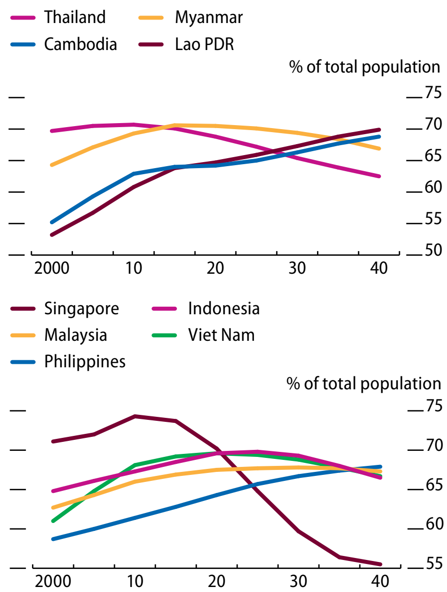
2.3.9 Working age population in Asia: United Nations median projections



Sources: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2006 Revision* and *World Urbanization Prospects: The 2005 Revision*, available: http://esa.un.org/unpp; http://eng.dgbas.gov.tw; downloaded 20 February 2008.

Click here for figure data

2.3.10 Working age population in Southeast Asia: United Nations median projections



Sources: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2006 Revision* and *World Urbanization Prospects: The 2005 Revision*, available: http://esa.un.org/unpp, downloaded 20 February 2008.

Click here for figure data

such migration and try to ensure orderly labor movement. Malaysia has signed bilateral agreements with Bangladesh, PRC, Indonesia, Pakistan, Sri Lanka, Thailand, and Viet Nam. In 2003, Thailand entered into agreements with Cambodia, Lao PDR, and Myanmar for government-to-government recruitment of migrant workers. Korea has also forged bilateral labor agreements with Indonesia, Mongolia, Philippines, Sri Lanka, Thailand, and Viet Nam under its Employment Permit System, partly motivated by the desire to reduce irregular labor migration.

Asian regional economic integration has been associated with a rise in bilateral trade agreements that cover broad objectives beyond traditional trade policies of tariff and nontariff barriers. These free trade agreements often include provisions for services liberalization and labor mobility. For example, the India-Singapore Comprehensive Economic Partnership Agreement has extensive coverage of the movement of people and the recognition of qualifications for identified occupations and categories of workers. In addition, the Japan-Philippines Economic Partnership Agreement has incorporated a commitment regarding visa allocations for the movement of health-care workers.

The impacts of liberalizing labor migration in Asia

To evaluate the potential benefits to Asia of enhanced regional labor market integration, a simulation was conducted using a global computable general equilibrium model (Box 2.3.2). The simulation posits that labor immigration restrictions in Japan; Korea; Singapore; and Taipei,China are eased so as to raise the number of both skilled and unskilled workers in these four economies by 3% through increased numbers of migrants during the period 2007–2012. Additional migrant workers are supplied by the less-developed Asian economies in proportion to their share of the host countries' migrant population. In the baseline for the time horizon between 2001 (the model's base year) and 2012, the status quo is maintained and the share of migrant workers in the host population is fixed at the base-year level.

The simulation results show that over a 6-year period the liberalization of labor migration in high-income Asian economies leads to an increase in intraregional migrant workers by 3.2 million (Table 2.3.3). Japan receives the largest portion (62.9%) of the additional migrant workers. The vast majority of the additional migrant workers are unskilled, accounting for nearly three fourths of totals. But there are some cross-country variations. Nearly 40% of the additional immigrant workers to Singapore are skilled, while the equivalent share in Taipei,China is only 12%. In terms of the sources of these increased migrant workers, the PRC and Korea are the two largest suppliers. Yet despite a 771,000 increase in immigrant workers in Korea due to its liberalization, its emigrants increase by almost the same amount due to its large migrant stocks in Japan. The Philippines, Thailand, and the rest of East Asia are also the primary suppliers of these additional migrants, with more modest contributions from India and other South Asian countries.

Most labor-receiving countries gain in terms of real GDP as a result of the labor migration liberalization (Table 2.3.4). Korea is the only exception in which the negative impact of the emigration of its own

2.3.2 GMig2: A model of global migration

The model used, GMig2, is based on the GTAP model (Hertel 1997), adjusted to take into account bilateral labor, wage, and remittance flows. It is documented in Walmsley et al. (2007).

The database used with GMig2 has 2001 as its base year. It is taken from the GTAP 6.2 Data Base (Dimaranan 2006) and is augmented with the bilateral migration database developed by Parsons et al. (2007), skill data from Docquier and Marfouk (2005), and remittance data from the World Bank (Ratha 2003). For the simulation, the GMig2 database has been aggregated into 10 sectors and 21 countries/regions.

The model tracks both the home (sending) and host (receiving) region of each person and each skilled and unskilled worker. An increase in the number of migrant workers from one region to another would reduce the number of workers in the labor-supplying region and increase the labor force of the labor-importing region. The populations would change in a similar way, although it is assumed that migrant workers move with their families.

Changes in the number of migrants occur exogenously through changes in quotas imposed by the host economies, and these migrant workers are supplied by designated home countries according to the share of migrant workers from the home country in the migrant pool of the host economy. There is no unemployment or pool of unemployed to replace lost migrant workers. All labor (by skill type), regardless of origin, is assumed to be perfectly substitutable, although migrants are assumed to have different initial productivities and wages from domestic workers.

Migrant workers are assumed to gain 50% of the difference between their nominal wages at home and the nominal wages in the host region, reflecting the fact that their productivities also change as they move from the home to the host region and interact with the resources and technology of that host region. Remittances are assumed to be a constant proportion of the income received by migrant workers and flow out of the host country back to the permanent residents of the home country.

2.3.3 Migrant stock changes resulting from liberalization by high-income Asian economies, 2012

	Number of additional migrants (000's)	Skilled (000's)	Unskilled (000's)
Total	3,180	837	2,343
Received from abroad			
Japan	2,000	581	1,419
Korea, Rep. of	771	190	581
Taipei,China	344	40	304
Singapore	65	25	40
Sent abroad			
Korea, Rep. of	738	214	524
Taipei,China	0.34	0.19	0.15
Singapore	3	1	2
China, People's Rep. of	1,094	297	797
Rest of East Asia	340	100	240
Indonesia	137	29	108
Malaysia	44	17	27
Philippines	278	73	205
Thailand	291	45	246
Rest of Southeast Asia	135	29	106
India	26	8	18
Rest of South Asia	94	24	70

Source: GMig2 simulations.

workers due to the liberalization of migration by other countries is large enough to offset the real GDP gains due to its own liberalization. Indeed, on balance, Korea receives 57,000 additional unskilled workers, but loses 24,000 skilled workers (Table 2.3.3). All the exclusively migrant-sending economies experience negative changes in real GDP. The magnitude of the real GDP declines depends on the extent to which the fall in labor reduces the endowment of skilled and unskilled labor at home. Those countries with low migration stocks relative to their home populations (PRC, India, and Indonesia) experience lower losses in real GDP, while those sending high proportions of their labor forces experience larger losses.

The story is different for changes in GDP per capita. As shown in Table 2.3.4, in per capita terms, the labor-sending countries' GDP rises as a result of their smaller resident population and higher marginal productivity of labor inputs. The labor-receiving economies experience relative losses in per capita GDP because the migrant workers are assumed less productive than local workers.

Labor-sending economies gain in real income from the liberalization of labor movement into high-income Asia due to the increase in remittances sent home by new migrants and the rise in real wages of skilled and unskilled workers at home. The real income gains for the rest of East Asia and the Philippines are most significant, representing 1.6% and 4.3% of their GDP, respectively, mainly due to their relatively large migration flows to the four recipient economies. These gains are typically larger than those they may reap from Asia-wide regional trade liberalization.[2] For other labor-sending countries, the income gains range from 0.1% to 0.6% of GDP. Given the relatively small scale of the liberalization, which is limited to only four regional high-income economies, the simulation indeed confirms that easing restrictions on labor movement can bring a large boost to regional economies.

2.3.4 Impacts of liberalization by high-income Asian economies on GDP, income, and remittances, 2012 (changes relative to baseline)

	Real GDP (%)	Per capita real GDP (%)	Rise in real income of permanent residents (as % of baseline GDP)	Inward remittances ($ million)	Outward remittances ($ million)
Japan	1.0	-1.9	0.4	1	5,259
Korea, Rep. of	-0.6	-0.5	0.0	788	844
Taipei,China	0.9	-1.9	0.1	3	928
Singapore	0.9	-2.4	-0.3	21	250
China, People's Rep. of	-0.1	0.0	0.1	1,340	5
Rest of East Asia	-1.7	0.6	4.3	1,353	1
Indonesia	-0.0	0.1	0.2	354	1
Malaysia	-0.2	0.1	0.2	179	5
Philippines	-0.4	0.3	1.6	1,425	31
Thailand	-0.2	0.5	0.6	859	1
Rest of Southeast Asia	-0.1	0.0	0.2	203	0
India	-0.0	0.0	0.0	224	0
Rest of South Asia	-0.0	0.0	0.2	522	8

Source: GMig2 simulations.

Real incomes for permanent residents also rise in three of the recipient economies. While liberalization of unskilled migrants yield the greatest real income gains for Japan and Taipei,China, for Korea real income increases because of remittances. Singapore experiences falling real incomes due to the pressures that inward migration create on skilled and unskilled wage income, relative to increasing income from capital.

Table 2.3.5 presents the impacts of migration on real wages by skills level, and decomposes them into changes caused by liberalization of skilled labor migration only, by unskilled labor migration only, and by both skilled and unskilled labor migration. It shows that the real wages of skilled and unskilled workers in Japan; Singapore; and Taipei,China fall as a result of the increase in supply of skilled and unskilled migrant labor. Though migration retards real wages, slow labor force growth would still imply rapid wage growth in these countries. Migration pares back gains, it does not eliminate them.

As others (Shi and Tyers 2005, for example) have concluded, it is unlikely that migration will be able to solve the problems associated with declining population growth rates in many of the industrial economies, although it can be used to alleviate some of the pressures. In labor-sending countries, real wages of both skilled and unskilled workers rise as expected, with the largest increase occurring in the Rest of East Asia and the Philippines. The wage impacts of liberalization of labor migration are, generally, more notable in recipient countries than in source countries.

The analysis suggests that intraregional policies can offer an important alternative mechanism by which Asian economies can reap some of the gains from liberalizing migration, particularly given the likelihood that the US and Europe will continue to strictly limit numbers of immigrants. The scenario of opening up labor migration in high-income Asian economies has shown that the economic benefits to labor-recipient economies (from liberalizing the movement of both skilled and unskilled workers) outweigh the economic costs. And, although labor-sending countries may suffer from lower economic growth in the short run due to the decreased labor supply, they clearly gain in terms of higher real income when they send migrants abroad and receive more

2.3.5 Impacts of liberalization by high-income Asian economies on wages (% changes relative to baseline)

	Liberalization of unskilled labor migration		Liberalization of skilled labor migration		Liberalization of unskilled and skilled labor migration	
	Unskilled wage	Skilled wage	Unskilled wage	Skilled wage	Unskilled wage	Skilled wage
Japan	-0.8	0.5	0.3	-1.0	-0.5	-1.0
Korea, Rep. of	0.6	-0.3	-0.2	1.0	0.4	0.7
Taipei,China	-0.9	0.2	0.3	-1.0	-0.6	-0.8
Singapore	-1.1	0.1	0.2	-1.8	-1.0	-1.6
China, People's Rep. of	0.1	0.0	0.0	0.6	0.0	0.5
Rest of East Asia	1.7	0.7	-0.1	5.9	1.6	6.6
Indonesia	0.1	0.0	0.0	0.2	0.1	0.2
Malaysia	0.2	-0.1	0.0	0.5	0.2	0.4
Philippines	0.9	0.7	0.3	0.7	1.1	1.3
Thailand	0.6	0.0	0.0	0.5	0.6	0.5
Rest of Southeast Asia	0.1	0.0	0.0	0.2	0.1	0.2
India	0.0	0.0	0.0	0.0	0.0	0.0
Rest of South Asia	0.0	0.0	0.0	0.1	0.0	0.1

Source: GMig2 simulations.

remittances. Growth in labor-sending countries might even accelerate in the long run if they reinvested a significant share of remittance income.

Conclusions

Over the past two or three decades, demographic, economic, and policy changes have conspired to produce burgeoning migration flows in Asia. These trends are likely to be further amplified in the future, leading to an even larger number of Asian workers on the move.

The mounting pressures for greater international labor migration present opportunities for significant economic gains, but will also lead to policy challenges. More Asian countries are likely to take a strategic approach to managing migration and will shift their focus from policies that focus on temporary migration flows to more formal, long-term policy frameworks that recognize the deeply embedded structural factors that are driving migration. These frameworks can be expected to attempt to maximize national interest while minimizing the social friction that is sometimes associated with large-scale migration. But there is also a need for greater cooperation.

Existing frameworks are inadequate and the construction of yet more barriers to the migration of unskilled workers is at odds with underlying realities and economic opportunities. The persistently large presence of undocumented migrant workers not only demonstrates the institutional weakness of existing arrangements but also that there are all-round economic gains to be made from more liberal regimes.

Effective management of cross-border labor migration is highly dependent on effective international cooperation. Asia is well positioned to pursue greater regional liberalization of labor mobility to address the growing imbalances in its labor markets. The quantitative scenarios presented earlier illustrate the potential gains and suggest that labor mobility issues warrant closer attention. Existing bilateral agreements are certainly more useful instruments than ad hoc or unilateral approaches to the management of migrant flows. But they can be distortionary (in the same way that bilateral trade agreements are) and are often linked to

the closeness of sociopolitical ties rather than the potential for economic gains. Moreover, bilateral accords make it hard to get countries together to agree on common standards on issues related to workers' rights or other regulations.

Asia has seen some tentative movements toward greater regional cooperation in managing and facilitating labor migration flows. The Asia-Pacific Economic Cooperation grouping has identified measures to facilitate the mobility of business people within that region. In May 2003, the Senior Labor Officials' Meeting of ASEAN nations agreed to begin liberalizing their labor markets by opening up certain sectors to workers from other ASEAN countries. There has also been a significant increase in policy dialogue and cooperation among labor-sending economies and among labor-receiving economies, and between the two sets. These efforts are still very much at early stages. Regional governments need to cooperate more to further open up their labor markets, promote orderly and managed labor flows, and minimize the transaction costs of migrant workers.

As Asian countries are gearing up efforts to intensify regional economic integration, the experience of Europe may be relevant. The free movement of labor between EU member states is a principle underlying its Single Market Programme. Following decades of progress in trade and financial integration, the EU has also steadily moved toward greater intracommunity mobility of workers. The increased labor mobility helps member countries dampen the effects of country-specific shocks and alleviate the structural pressures from long-term demographic changes. Though Asian countries have made substantial progress in integrating their goods markets and are now beginning to make some headway on capital markets (see Part 1), a vision of an "integrated Asian labor market" is yet to emerge. Still, efforts to promote regional cooperation and liberalization in labor migration, to complement deepening integration in goods and capital markets, hold great promise for the future.

Endnotes

1 The Government of Thailand has made attempts to give migrants' jobs to local workers, but all such moves failed regardless of the incentives that were offered (Battistella 2003).

2 A separate modeling analysis using ADB's GEMAT model finds that the income gains of the Philippines from an Asian free trade area is 1.1% of its GDP. See ADB (2006).

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