



PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

PHILIPPINE JOURNAL OF DEVELOPMENT

Number Seventy First and Second Semesters 2013 Volume XXXVIII, Nos. 1 & 2

SPECIAL VOLUME ON INTERNATIONAL LABOR MIGRATION

Introduction	Aniceto C. Orbeta, Jr.
Irregular Migration from Cambodia: Characteristics, Challenges, and Regulatory Approach	Hing Vutha, Lun Pide and Phann Dalis
Migration Outflow and Remittance Patterns in Indonesia: National as well as Subnational Perspectives	Palmira Permata Bachtiar
Managing International Labor Migration: The Philippine Experience	Aniceto C. Orbeta, Jr. and Michael R.M. Abrigo
Irregular Migrants and the Law	Azizah Kassim and Ragayah Hj. Mat Zin
Foreign Labor in Singapore: Rationale, Policies, Impacts, and Issues	Siow Yue Chia
Different Streams, Different Needs and Impacts: Managing International Labor Migration in ASEAN – Thailand (Emigration)	Yongyuth Chalamwong and Labor Development Research Team
Managing International Labor Migration in ASEAN: Thailand (Immigration)	Srawooth Paitoonpong

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES

EDITORIAL BOARD

Dr. Michael M. Alba	Dr. Jesus C. Dumagan
Dr. Roehlano M. Briones	Dr. Mario B. Lamberte
Dr. Ian Coxhead	Dr. Federico M. Macaranas
Dr. Shujiro Urata	

SPECIAL ISSUE EDITOR

Dr. Aniceto C. Orbeta, Jr.

MANAGING EDITOR

Dr. Sheila V. Siar

ASSISTANT EDITOR

Mr. Felipe F. Salvosa II

The Philippine Journal of Development is published twice a year by the Philippine Institute for Development Studies (PIDS). The views expressed in the journal are exclusively those of the authors and do not necessarily reflect those of PIDS. Articles in the journal may be quoted or reproduced provided proper acknowledgement is made. Annual subscription is P900 or US\$60 including mailing cost. Single copies are available at P400 without mailing cost.

This journal accepts for publication a wide range of issues that include not only studies on the economy but on other aspects of development. Thus, technical and policy-oriented issues related to business, political dynamics, public administration, foreign relations, and others that may or may not explicitly have a bearing on Philippine development will be considered for publication.

Inquiries, subscription orders, and other correspondence should be sent to the Editorial Staff, Philippine Journal of Development, Philippine Institute for Development Studies, 4th Floor, NEDA sa Makati Bldg., 106 Amorsolo Street, Legaspi Village, 1229 Makati City, Philippines, or to the following e-mail addresses: SSiar@mail.pids.gov.ph or publications@pids.gov.ph. Contributors should submit the electronic files of their manuscripts along with hard copies printed or typed double-space. More specific guidelines for the submission of manuscripts are outlined in the Guidelines in the Preparation of Articles found at the later part of this issue.

Printed in the Philippines, 2013

ISSN 0115-9143

RP 12-13-600

Production coordinators: Jane C. Alcantara and Kathrina G. Gonzales

PHILIPPINE JOURNAL OF DEVELOPMENT

Number Seventy First and Second Semesters 2013 Volume XXXVIII, Nos. 1 & 2

CONTENTS

Irregular Migration from Cambodia: Characteristics, Challenges, and Regulatory Approach	Hing Vutha, Lun Pide and Phann Dalis	1
Migration Outflow and Remittance Patterns in Indonesia: National as well as Subnational Perspectives	Palmira Permata Bachtiar	27
Managing International Labor Migration: The Philippine Experience	Aniceto C. Orbeta, Jr. and Michael R.M. Abrigo	57
Irregular Migrants and the Law	Azizah Kassim and Ragayah Hj. Mat Zin	85
Foreign Labor in Singapore: Rationale, Policies, Impacts, and Issues	Siow Yue Chia	105
Different Streams, Different Needs and Impacts: Managing International Labor Migration in ASEAN – Thailand (Emigration)	Yongyuth Chalamwong and Labor Development Research Team	135
Managing International Labor Migration in ASEAN: Thailand (Immigration)	Srawooth Paitoonpong	163

INTRODUCTION

International labor migration is a salient feature of regional economic integration and an integral component of development among countries in the Association of Southeast Asian Nations (ASEAN). It has brought benefits to migrants and their households, and to the wider economies in both receiving and sending countries. However, policy and institutional responses in managing labor migration flows in the region are varied, and in many countries uncoordinated and ad hoc. Furthermore, empirical research in the ASEAN countries is diverse and not clearly policy oriented.

The current economic crisis highlights the risk facing migrant workers that needs to be carefully considered in improving the management of migration flows. Balancing the costs and benefits is a continuing challenge for both the sending and receiving countries. ASEAN countries experience a wide range of problems in managing labor migration, requiring empirically based research to guide public policy choices. The ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers is a reflection of the mutual concern with social protection. However, country policies and regulations are not well-developed or implemented in this regard.

Countries in the ASEAN region experience a wide range of problems in managing labor migration flows. There is a need for sharing experiences in policy, institutional arrangements, and research results among ASEAN countries because sharing country experiences is one of the better ways of gaining empirical knowledge on specific aspects of labor migration. In an effort to look at the varied experiences of six countries on migration management issues, the Philippine Institute for Development Studies (PIDS) implemented a project entitled “Different Streams, Different Needs and Impacts: Managing International Labor Migration in ASEAN” with the support of the International Development Research Centre (IDRC) from July 2009 to December 2011. The project sought to build knowledge and understanding of existing policy and institutional arrangements for managing labor migration and its development impacts, to inform policy

discussions, regulatory design, and implementation decisions in these areas. In addition, the project implementation processes endeavor to strengthen research on policy linkages. The project has three main components, namely, (a) organization and stock-taking review, (b) conduct of research, and (c) dissemination. As part of the dissemination component of the project, the country study teams agreed to come up with an additional special issue of a journal to widely circulate the findings from each country study.

This special issue of the *Philippine Journal of Development (PJD)* focuses on the major findings and recommendations of the project covering three labor-receiving countries—Malaysia, Singapore, and Thailand; and three labor-sending countries—Cambodia, Indonesia, and the Philippines. Policy research institutions that have a track record of being players in domestic policy discussions were selected for each country. These are: Cambodian Research Development Institute, the SMERU Research Institute for Indonesia, the PIDS, the Institute of Malaysian and International Studies, Singapore Institute of International Affairs, and the Thailand Development Research Institute. It is envisioned that research collaboration among these institutions will flourish into a continuing collaborative effort in the study of international labor migration issues in the ASEAN.

The country studies involved understanding existing policy and institutional arrangements in managing international migration and remittance flows and their development impacts, with the objective of informing future discussions and decisions in these areas. Necessarily, these require inventory, consolidation, and integration of existing analyses of the impact of current and past policy and institutional arrangements on international migration and remittance flows and their subsequent impact on development at various levels—macroeconomic, sectoral/meso, and household.

The specific research issues for the cooperating countries include:

1. Hastening regularization of irregular international migrants in the Greater Mekong Subregion (Cambodia)
2. International migrant workers in a decentralized Indonesia: a review of local regulations on migrant workers
3. Policy on irregular migrants in Malaysia: an analysis of its implementation and effectiveness
4. Protecting international labor migrants: the Philippine experience
5. Managing unskilled and semiskilled worker inflows in Singapore
6. Emigration and immigration in Thailand

Seven themes on migration management can be gathered from the country studies. These include: (a) the importance of integrating international migration into national and regional development efforts; (b) the importance of both bilateral and multilateral agreements; (c) the importance of recognizing differences in labor market policies in sending and receiving countries in designing protection for migrant workers; (d) the need to consider general administrative capacities in designing migration regulatory efforts; (e) the importance of involving subnational bodies in migration management; (f) the need to broaden cooperation in handling irregular migration; and (g) the recognition that the protection envisioned by the state need not be the one “desired” by the migrant, hence, the need to check often to find out the effectiveness of protection measures. While many of these themes are not new, the experience of study countries as sending and receiving countries provides novel perspectives and specific insights.

From the research management and implementation side, the design to have researches and implementers collaborate in the design, implementation, and dissemination of the country studies has shown its fruits. The closer cooperation between researchers and implementers brought into the discussion not only specifications of proposals for change but also the difficulties of implementing changes given limits in administrative capacities.

Overall, within the two-and-a-half years, the project has recorded notable achievements through its implementation and partnerships. The achievements are found both in the content and conduct of research activities. Bringing in all the partner-institutions together and ensuring the completion of planned activities have guaranteed the success of the project. In addition, the project presents a well-documented report on migration policies and the administrative infrastructure in the region.

Finally, on behalf of the country study teams, we hope you find this special PJD edition both helpful and insightful on the topic of managing international labor migration in ASEAN.

ANICETO C. ORBETA, JR.

Irregular Migration from Cambodia: Characteristics, Challenges, and Regulatory Approach

HING VUTHA, LUN PIDE, AND PHANN DALIS¹

ABSTRACT

The study examines the characteristics, root causes, and challenges of irregular migration from Cambodia and then discusses the regulatory approaches and policy options to manage it. It employed mixed approaches, including a survey of 507 households in six high-migration villages, focus group discussions with returned and intending migrant workers, and in-depth interviews with government officers, migration experts, and local community chiefs.

Irregular migration has been the most popular form among Cambodian workers seeking jobs abroad. This method is widely regarded as relatively secure, convenient, and cheap: there are no waiting time, required documents, or complicated recruitment procedures. The causes of irregular migration are many, ranging from chronic poverty, lack of employment, and economic hardship in community of origin to restrictive immigration policies in labor-receiving countries and lengthy, complex, and expensive legal recruitment. Cambodian irregular migrants are increasing but there has been little discussion of it in the broader context of labor migration management and national development in Cambodia. Irregular migration has neither been fairly covered in policy and regulatory frameworks nor received sufficient social and legal protection in sending and receiving countries. This serious policy gap results in irregular migration largely uncontrolled and with a high risk of abuse, exploitation, and human trafficking. Addressing it is a priority

¹ Hing Vutha is research fellow, Lun Pide is research associate, and Phann Dalis is research assistant at Cambodia Development Research Institute.

policy issue, and it requires a holistic and comprehensive approach involving policy and program interventions at all stages of migration by those concerned. The success of managing irregular migration in Cambodia depends not only on the country's ability to transform "migration as survival" into "migration as choice", but also on how regional organizations like the Greater Mekong Subregion (GMS) and Association of Southeast Asian Nations (ASEAN) and the international community respond to this issue.

INTRODUCTION

Irregular migration is one of the most complex, sensitive, and intractable issues affecting global and national governance of labor migration (IOM 2010b). It is a management problem for sending and receiving countries because journeys are often made outside the regulatory framework of both countries, making them difficult to record and monitor. Irregular migration is also a protection problem. Their illegal status puts irregular migrants at the gravest risk of abuse and exploitation by employers, often without access to legal protection. Several studies into the living and working conditions of irregular migrants have shown a high incidence of exploitation, commonly through deception about wages, type of work and legal status, withheld wages, retained passports or identity documents, physical confinement, substandard working conditions, and threats of denunciation to the authorities. The seriousness of the problem has attracted policy debate and international initiatives to address irregular migration. The Bangkok Declaration on Irregular Migration adopted by states in the Asia-Pacific region, the establishment of several international consultative forums on migration² and advocacy and inputs of specialized agencies such as the International Labour Organization (ILO) and International Organization for Migration (IOM) in national and international policymaking are among the major responses.

In Cambodia, most migration is irregular. Aside from the predominant causes that include chronic poverty and economic hardship, issues in the legal method of migration itself push migrants to opt for irregular means. The imbalance between labor demand in the host country and quotas given, high initial costs, as well as the malpractice of legal recruitment are all recorded. Irregular migration in most cases is facilitated by pioneer migrants or brokers, and the process is much simpler and cheaper than formal recruitment. Cambodian irregular migrants are not exempt from abuse and exploitation; in the worst cases they are victims of human trafficking. A United Nations Inter-Agency Project on Human Trafficking

² The major informal consultation and cooperation efforts include the Bern Initiative, the UN High-level Dialogue on International Migration and Development, the Global Forum for Migration and Development, and the ILO tripartite consultation.

(UNIAP) report found that Cambodian men, women, and children are trafficked to Thailand, Malaysia, Macau, and Taiwan. Men are trafficked for forced labor in agriculture, fishing, and construction. Women are trafficked for sexual exploitation and forced labor in factories or as domestic servants.

Widespread migration problems can be partly attributed to a lack of sound policy and regulation. Cambodia is a latecomer in management and administration of labor emigration, its regulatory and institutional frameworks being seen as weak and ineffective. Regulation has been sporadic, limited, and lacking comprehensive coverage, especially in the management of the labor migration process, the protection of migrant workers, and the reintegration of returned workers. Public institutions are characterized by a lack of clear responsibilities and coordination and a shortage of financial and human resources. Regulatory and institutional weakness is compounded by exclusivity of irregular migration in many national and international legal instruments.

The serious gaps in policy and practice regarding irregular migration are a prime reason for in-depth analytical research on this topic. This research aims to provide a comprehensive migration analysis, with particular emphasis on irregular migration, assessing policies and regulation, and suggesting options to better address irregular migration.

The study proceeds further in five parts. The next section presents the data set. The third section examines the profile of Cambodian irregular migration, which includes the analysis of the situation and socioeconomic characteristics of migrant workers, the cause of irregular migration, and challenges facing them. The fourth section examines policy and regulatory framework governing migration; while the fifth section discusses the regulatory approach to irregular migration. The last section draws conclusions.

DATA

The primary data used in this study come from two sources. First is a household survey extracting a set of information for quantitative analysis of the socioeconomic status of migrant households and their migration decisions. The survey was conducted in late 2007 by interviewing 526 households in six villages with a high incidence of migration. Face-to-face interviews with heads of households used a questionnaire to capture information on demography, socioeconomic characteristics, assets, income, expenditure, costs and benefits of migration, and remittances. Table 1 provides the characteristics of the study villages.

The second source of data is qualitative in nature, derived from two approaches: a focus group discussion (FGD) and in-depth interviews. FGDs were conducted in the six villages with returned migrants and heads of household with members working abroad. Focus groups contained six to eight informants

Table 1. Characteristics of studied villages

Village	Number of Households	Estimated Percent of Migrating Households	Destination
1. Srama Meas (Battambang province)	330	>30	Malaysia
2. Krasang (Battambang province)	250	>30	Thailand
3. Kork Thnong (Banteay Meanchey province)	105	>70	Thailand
4. Rumduol (Banteay Meanchey province)	280	>50	Thailand
5. Siem Peay (Kompong Thom province)	185	>40	Thailand
6. Khnay (Prey Veng province)	110	>50	Thailand

Source: Chan (2009)

discussing issues including causes of migration, knowledge about migration, the migration process, costs and financing, and working conditions. Four FGDs were conducted in each village, facilitated by trained enumerators. In-depth interviews were conducted with officials from subnational administration (village, commune, and district level), senior officials from the Ministry and Provincial Department of Labor and Vocational Training (MLVT), technical experts from the ILO, IOM, UNIAP, and United Nations Development Fund for Women, the chairperson of the Association of Cambodian Recruitment Agencies, and representatives of private recruitment companies to obtain their assessment of Cambodia's policy and regulatory framework, labor migration management, and policy options to address irregular migration. Also interviewed were village chiefs and directors of provincial labor departments. FGDs and in-depth interviews were conducted in late 2010 and early 2011.

PROFILE OF CAMBODIAN IRREGULAR MIGRATION

Definition and situation

Irregular migration can be summarily defined as illegal movement to work in a country or movement without authorization to work. It includes the case of persons migrating legally but later losing their legal status (due, for instance, to overstaying) (UN General Assembly 1975; Brennan 1984; Global Commission on International Migration 2005; Lee 2005; LeVoy and Geddie 2010). The term "irregular" is used interchangeably with "undocumented", "unauthorized", "unofficial", "informal", or "clandestine". Most Cambodian irregular migrants travel without sufficient legal documents.

Informal recruitment has been the most popular form of cross-border movement among Cambodian workers seeking jobs abroad. This takes place outside the regulation of the sending, transit, and receiving countries. Informal recruitment can be divided into two categories. The first is short-distance migration along the Cambodian-Thai border. The jobs are usually agricultural,

which migrants learn about from pioneer migrant relatives, friends, or villagers. These pioneers facilitate job placement and form networks linking the primarily rural households and the destinations in Thailand. Migrant workers from Krasang village, Battambang province, for example, travel to the Bavel border gate by taxi and then cross into Thailand using a border pass. Employers then come to take them to their farms. This practice is widely regarded by migrants as relatively secure, convenient, and cheap. There is no waiting time, no required documents, and no complicated recruitment procedures. For those who buy a one-week border pass, known in local language as *Bat*, the initial cost of migration ranges from USD 3.00 to USD 5.50—the taxi ride costing USD 2.50 to USD 5.00 and the border pass costing USD 0.50. Migrants need to renew the pass every week at the border. Alternatively, they can purchase a one-year pass for USD 19.

The second category is long-distance migration to Thailand or Malaysia to work on fishing boats or as construction or factory workers. In most cases, migrants travel in small groups with a broker who escorts them to the workplace in Thailand. The basic services offered by brokers include transportation to the border and securing a work permit and a job in the destination country. Migrants have to pay the facilitation fee of USD 100–200 in advance. In some cases, migrants travel in a small group with assistance from pioneers who know the work situation and have good relationships with employers.

Thailand is the main destination of irregular migration from Cambodia. The IOM has said that there could be 180,000 Cambodians unofficially working in Thailand, mainly from Prey Veng, Svay Rieng, Kompong Cham, Banteay Meanchey, Battambang, and Pursat provinces. The Ministry of Labor of Thailand (in Paitoonpong and Sukaraji, forthcoming) estimates around 120,000 informal Cambodian migrants—comparable to informal migrants from Laos but far fewer than from Myanmar. According to the same source (Table 2), the largest numbers

Table 2. Irregular migrants in Thailand by industry, 2009

Industry	Number of Workers			
	Cambodia	Laos	Myanmar	Total
Fisheries	14,969	1,800	39,809	56,578
Fisheries-related	6,020	1,180	129,773	136,973
Farming and livestock	24,085	18,035	179,583	221,703
Farming and livestock-related	7,077	4,469	62,611	74,157
Construction	32,465	12,635	175,136	220,236
Mining/quarrying	61	35	1,747	1,843
Wholesale and retail	4,778	7,565	30,471	42,814
Food and beverage (salespersons)	4,483	13,074	36,668	54,225
Housemaid	6,578	21,267	101,945	129,790
Others	24,245	30,794	321,024	376,063
Total	124,761	110,854	1,078,767	1,314,382

Source: Paitoonpong and Sukaraji (forthcoming)

of irregular Cambodian migrants in Thailand are engaged in agriculture (42%) and construction (26%). Malaysia is the destination of the second largest number of undocumented Cambodian migrants, many of whom are from the Cham ethnic group. The most common route is to fly to Malaysia as a tourist and then seek a job without a work permit. The second way is to travel to Thailand and then cross into Malaysia. Most of the unauthorized migrants to Malaysia seek jobs in construction and manufacturing.

Socioeconomic characteristics of Cambodian irregular migrants

We discuss the socioeconomic characteristics of irregular migrants to compare them to nonmigrants and to determine the factors that drive informal movement. We utilize both quantitative data from the 2007 migrant survey and qualitative data from follow-up FGDs and semistructured interviews conducted in late 2010 and early 2011. We classify respondents as regular, irregular, and nonmigrant.

As shown in Table 3, more than half of the households in the sample have migrant family members, a large majority of them irregular. Females account for about a third of migrants. The large number of irregular migrants in the sample confirms the claim of migrants and local authorities that most migrants prefer the informal channel. It is important to note that the number of legal migrants in the survey sample is so small; hence the subsequent results are interpreted in light of this limitation.

The survey data reveal that a large proportion of irregular workers are employed in Thailand and along the Thai-Cambodian border. Those who travel deep into Thailand mostly engage in construction and agriculture (including fishing), whereas those along the border work in farms. Regular migrants, none of them stationed near the border, work in factories or at construction sites. Regular and irregular migrant workers in Malaysia have jobs in construction or manufacturing or as maids (Tables 4 and 5).

FGDs and interviews report that most irregular migrants' jobs are unskilled or low skilled. Their jobs are not wanted by local workers, who view them as of low status and unpleasant. In many cases their tasks require virtually no skills at all. For instance, in construction, the work is simply mixing and placing concrete

Table 3. Households and their migrant members

	Regular	Percent	Irregular	Percent	Nonmigrant	Percent	Total
Households	16	3	293	56	217	41	526
Migrants	19	4	494	96	-	-	513
Females	6	3	171	97	-	-	177

Source: Chan (2009)

Table 4. Migrants to main destinations, by type and gender

Destination	Irregular				Regular			
	Male		Female		Male		Female	
	N	%	N	%	N	%	N	%
Inside Thailand	173	53.5	76	44.4	12	92.3	2	33.3
Along Thai border	120	37.1	70	40.9	0	0	0	0
Malaysia	30	9.2	25	14.6	1	7.6	4	66.6
Total	323	100	171	100	13	100	6	100

Source: Authors' calculations based on survey data 2007

Table 5. Migrants by type of job and destination

	Construction	Agriculture*	Housework	Factory	Other	Total
Irregular						
Inside Thailand	104	89	22	12	22	249
Along Thai border	1	189	0	0	0	190
Malaysia	16	7	3	23	6	55
Total	121	218	25	35	28	494
Regular						
Inside Thailand	12	0	0	2	0	14
Malaysia	0	0	3	2	0	5
Total	12	0	3	4	0	19

* Including fishing

Source: Authors' calculations based on survey data 2007

or placing bricks. In agriculture, they watch the farm, spray pesticides, and pick crops. However, those who work in rubber plantations are able to acquire skills such as latex extraction and preservation or planting techniques.

As shown in Table 6, both regular and irregular migrants are predominantly in their late twenties. Their average household size is comparable to that of nonmigrants. The difference in education between regular and irregular migrants is significant.

From the survey it was observed that households of irregular migrants had a lower economic status than regular migrants and nonmigrants. Based on the availability and reliability of data, we chose consumption and value of assets as proxies for well-being. Table 7 provides a more detailed breakdown of the two variables for each household type. Irregular migrants spent 19 percent less on food than nonmigrants, but just slightly more than regular migrants; the latter difference is not statistically significant. Nonfood consumption of irregular migrants was around 40 percent less than that of regular migrants and 13 percent less than that of nonmigrants. Overall consumption of irregular migrants was 17 percent less than that of nonmigrants. The value of assets of irregular migrant households was about half that of regular migrants (in both 2002 and 2007).

Table 6. Social characteristics of migrants and nonmigrants

Migration Type	Regular	Irregular	Nonmigrant
Average household size	5.0	5.6	4.8
Number of dependants*	1.6	2.2	2.1
Average age of individual migrants	28.6	27.8	-
Average years of schooling of migrants	6.8	4.3	-

* Household members who are less than 15 or over 54 years old

Source: Authors' calculations based on survey data 2007

Table 7. Sample means of daily consumption and value of asset holding

		Mean			T-Value [†]		
		Regular (a)	Irregular (b)	Nonmigrant (c)	(b)-(a)	(b)-(c)	(a)-(c)
Consumption (riels/capita)	Food	1142.0 (478.5)	1168.6 (450.1)	1391.8 (469.4)	0.2	-5.3***	-2.0**
	Nonfood	1223.0 (752.46)	877.2 (578.8)	990.4 (668.2)	-2.2**	-1.9*	1.2
	Overall	2515 (1155)	2249 (1241)	2641 (1367)	-0.8	-3.3***	-0.3
Asset (000' riels/capita) [‡]	2002	818.9 (727.2)	371.2 (517.3)	433.9 (562.5)	-3.3***	-1.2	2.5**
	2007	1,265.9 (670.6)	665.5 (765.9)	721.1 (737.7)	-3.1***	-0.8	2.8***

Note: Standard deviation in parentheses. [†] Two-sample t-test of different means with equal variance;

* Excluding land and house; * Significant at 10 percent level; ** Significant at 5 percent level; *** Significant at 1 percent level.

Source: Authors' calculations based on survey data 2007

Causes of irregular migration

Reasons for irregular migration are mixed. Among other factors that will be described later, we argue that institutional issue is partly to blame for the huge flow of Cambodian informal migrants. This institutional proposition relies on the imbalance between the number of people seeking jobs in the host country and the limited work permits given by that country (Massey et al. 1993). The mismatch between labor demand and supply encouraged employers to recruit laborers from other countries. The black market then established networks to deliver workers in return for fees. This method endures partly because of lackluster law enforcement against employers who hire illegal workers. In the case of Thailand, which is the largest host country for Cambodian migrant workers, the imbalance is evident in the subsequent registration of irregular workers. Since 1992, due to a labor shortage, several rounds of registration have been carried out allowing for irregular workers, after which they were labelled “irregular but documented”, meaning they were not purely illegal (Paitoonpong and Sukaraji, forthcoming). As of 2009, 124,761 Cambodian informal migrants had been registered (*Ibid.*).

Problems in their homeland also push people out. Internal conflicts and political instability are no longer a major concern for Cambodians; economic issues, particularly poverty, are now primary. Consumption figures in Table 6 indicate that the migrants are living just below the poverty line. In comparison to 2007 national poverty line measured by daily consumption of KHR 2,367 (Knowles 2009), the poverty gap of regular and irregular migrants was over KHR 100. Nonmigrants were 10 percent above the line. Around 30 percent of Cambodians, most in rural areas, still live below the poverty line (*Ibid*).

“...we can survive because of the work in Thailand. Among 100 villagers, there are 70 working at Thai border.” (Returned migrants in Battambang, September 21, 2010)

Households migrate to escape economic distress by seeking wage employment where there are more job opportunities or where the return to skills is higher. Internal migration to urban areas is a choice, but jobs are limited to low-skilled, labor-intensive sectors such as construction and garments, while in Siem Reap, the main tourist destination, the demand is mostly for skilled labor in the hospitality industry. For cross-border migration, the nearest destination is Thailand, where established networks and demand for low-skilled workers attract Cambodians.

“Previously, young villagers went to work in Phnom Penh. Since they could not earn much like those going to Thailand, they then stopped [going to Phnom Penh] and followed others to Thailand.” (An official in Kampong Thom, March 10, 2011)

Why do people not opt for legal migration? Social characteristics other than education provide no inference that such aspects influence their decisions. In other words, those people are not born to be illegal workers; they choose the methods that are available and affordable to them. Chan (2009) argues that the high initial cost of legal migration is a main reason for the preference for illegal movement even though the net benefit from the former is higher. He finds that to secure work legally in Thailand, a worker needs around USD 700, an amount that most Cambodian rural workers cannot afford. Costs include passport fees, work permits, visas, and brokerage fees. Costs are around USD 100 or less if they migrate irregularly.

The qualitative data also confirm Chan’s argument in that poorer irregular migrants show no interest in seeking jobs through a legal recruitment agency. The concern is not only high costs but also complex procedures and a long wait before being sent (normally three to six months to Thailand, according to Chan). We will discuss details in the next chapter. Illegal migration takes only a few days and requires no or fewer documents.

Time and process are even more important than cost:

“The poor cannot wait two or three months ... they are hungry now and need to fill their stomachs sooner rather than later.” (An official in Battambang, February 15, 2011)

“... two villagers going through the recruitment agencies have been waiting nearly a year since their application was sent to Phnom Penh. They had to go back and forth since the application form was not correctly filled. They have not gone to work in Malaysia yet.” (An official in Banteay Meanchey, February 16, 2011)

“This was due to the reason that...the legal channel demands much money, time, and other administrative papers which illiterate people like us never understand.” (Returned migrants in Prey Veng, October 2, 2010)

Moreover, malpractice and unclear rules of the legal recruitment agency diminish people’s credibility in the formal channel. There are various complaints about the recruitment firms deceiving migrants, for instance, by not offering them the type of job the firms have promised. Issues of abuse which often happen among domestic maids in Malaysia further deter people from choosing the legal method.

“Recently, there was an issue of a house maid who was raped by her male employer in Malaysia. She was tortured violently everyday by [the male employer’s] wife because of jealousy...the victim family asked for compensation...the girl now was hidden from the authority by the recruitment agency... they said to take a good care of the girl and sent her back home after curing.” (An official in Banteay Meanchey, February 16, 2011)

Geographical proximity further fuels the flow of informal migrants (Battistella 2002). Cambodia shares an 803-kilometer land border with Thailand that has many informal entrances. In some places migrants have to walk through forest and sometimes have to stay there overnight. Travelling in the dark avoids the irregular border police patrols. Such a long border makes control difficult. Established networks also help facilitate the movement of irregular migrants, who often depend on friends or relatives who are working in the host country or who know how to secure them a job. In Cambodia, irregular movement started a decade ago when a few families migrated and came back with better living conditions, which then attracted more people. Those people were able to establish networks to share information and concerns on job prospects and conditions in the host country:

“We would not migrate if we didn’t know anyone in Malaysia. We have friends or relatives who are currently working there.” (A returned migrant in Battambang, February 14, 2011)

“We do not know the way to reach our work location inside Thailand because we were hidden in the truck each journey. That is why Mekhchol [broker] is needed.” (Returned migrants in Battambang, September 21, 2010)

Issues and challenges of irregular migration

Compared to legal migrants, irregular workers face a higher risk of being exploited and denied fundamental rights such as access to health care and education (IOM 2003). Abuse of irregular workers by employers is well-documented. The abuses include forced overtime, wage cuts, and sexual harassment. Lower-than-average wages (Shah 2009) and poor working conditions (Stoyanova 2008) are recorded. Irregular migration also involves human trafficking. Among Cambodian irregular migrants to Thailand, there emerge cases of exploitation, abuse, and human trafficking. Naro (2009) compiles case studies of Cambodian migrants mistreated by their employers, some of them having to work long hours for low wages, while others are physically harmed when they refuse to follow instructions. Marshall (2001) provides evidence of Cambodian children trafficked as beggars and flower vendors in Thailand, while female migrants are forced to be sex workers. According to UNIAP (2010), every year, thousands of Cambodians are trafficked to Thailand. Men are often trafficked to work on fishing boats or as construction workers. Women are trafficked to the entertainment industry, including prostitution.

Working on a sea fishing boat is the most dangerous and abusive job for male migrants majority of whom are from Cambodia and Myanmar. Besides being underpaid, the migrants experience harsh working conditions. They face severe physical punishment if they are found to commit a fault, for instance, by just taking a rest during working hours. They have to work long hours up to 15 hours a day and in some cases more than that, and there are reported cases of migrants being forced to take drugs to be able to withstand heavy work (ICSW 2007). Some of the migrants are trafficked and sold without knowing, hence they have to work many years to repay the debt (*Ibid*):

“Those who work on fishing boats faced a lot of risks, for instance, natural disaster like storm or being sick on the boat [means] they cannot be sent to hospital in time.” (Returned migrants in Prey Veng, September 30, 2010)

“There were a lot of Cambodian [migrants who] died in this type of job, [as fishermen].” (An official in Kampong Thom, March 10, 2011)

Recent FGDs also mention cases of Cambodian irregular migrants not being paid the agreed wages, which is also common among irregular migrants (Shah 2009). Some were robbed by gangs. Others were arrested due to lack of legal papers. The latter were fined and sent back to Cambodia. Cambodian

irregular migrants are marginalized and subject to abuses, while unable to access social services because avoiding authorities is the only way to secure their clandestine status:

“I was cheated by a foreman... he did not pay me wages... they threatened to report to the police about my illegal status.” (A returned migrant in Banteay Meanchey province, September 14, 2010)

“When they are sick they dare not go to hospital...they buy medicines from their fellow Cambodian migrants. They will find their way home if the illness becomes worse.” (An official in Battambang, February 14, 2011)

Another issue concerns education of migrants’ children. Normally, migrant parents leave their children in the home country if there are people to look after them—usually grandparents. But if there is no one, they have to take them along. In the foreign country, they cannot send children to school given their illegal status.

The trip through illegal means is never pleasant. Workers have to travel during the dark and walk across different routes before arriving at the desired workplace. There are reported cases of migrants abandoned by brokers in the middle of the journey, hence left to find their own way to reach the place or come back home if they are lucky enough to avoid Thai police:

“...forty migrants were deserted by a broker...no jobs provided...the government [then] helped get those migrants back home at the time of the conflict between Cambodia and Thailand.” (An official in Banteay Meanchey, February 17, 2011)

To pay the brokerage fee, most migrants take loans or incur a debt to the broker. It will be disastrous if they cannot find work in the host country or are apprehended by police and sent home. They have to pay off the debt by way of, for instance, selling household assets.

“...some workers came back with debt because they could not find work in Malaysia...their family sold the farm or even residential land to pay back the debt to the broker.” (Returned migrants in Battambang, October 5, 2010)

Irregular migration has become a hot topic for national policymakers in both sending and receiving countries because of its many negative consequences (Vutha et al. 2011). Rampant irregular movement threatens the country’s sovereignty and gives way to the formation of terrorists, posing risks to state security (Koslowski 2004; Koser 2005). Health problems caused by irregular migration are also noted by MacPherson and Gushulak (2004). Unlike legal migrants, irregular migrants’ health is not examined before departure; hence the potential to spread contagious diseases is a concern.

OVERVIEW OF POLICY REGULATION FRAMEWORK ON MIGRATION

Policy

Cambodian labor migration policy has been formulated recently to promote employment abroad as well as to manage, protect, and empower Cambodian migrant workers. The first policy document on labor migration can be found in the Labor Ministry's *Strategic Plan 2009–2013*. The plan sets a goal³ of promoting employment abroad for the growing labor force by (1) improving the management of overseas employment services through private companies; (2) creating an employment permit system; and (3) protecting migrant workers.

The second major policy document is the *policy on labor migration for Cambodia*. The policy highlights three challenges: migration governance, protection and empowerment of migrant workers, and migration and development. The migration governance challenges concern the development of a sound labor migration policy, a legal framework and management of migration based on international instruments, and social dialogue. The protection and empowerment challenges relate to a rights-based approach to preventing and protecting people against abusive migration practices, and the application and enforcement of national laws and regulations in accordance with international labor standards and regional instruments. The migration and development challenges concern: mainstreaming labor migration issues within the national development agenda; establishing a system of recognition for skills gained from labor migration; promoting the productive use of migrant worker remittances for community development; providing return and reintegration services; and establishing support links with the diaspora.

The policy on migration is widely seen as lacking in coherence and harmonization with the country's development plan. The socioeconomic development plans for 1995–2000 and 2001–05, the National Strategic Development Plan 2006–10, and the National Strategic Development Update 2009–13, which are Cambodia's only strategic guides for development, neither explicitly nor implicitly articulated action plans for labor migration. Policy harmonization between migration and other areas is also barely evident although migration falls within the authority of different ministries and institutions. Aside from the MLVT, migration is raised in neither sectoral nor community development plans. Lack of vertical and horizontal policy linkages has contributed

³ Six priority areas in the plan are: (1) creating jobs; (2) ensuring better working conditions; (3) promoting enforcement of the law on social security; (4) capacity building in technical and vocational skills; (5) gender mainstreaming in labor and vocational training; and (6) strengthening institutions, partnership, work efficiency, and accountability.

to insufficient information exchange, uneven interministerial consultation, and lack of joint programs. There is a big lack of consultation. There has been no regular comprehensive and informed dialogue on migration and development issues. This leads to a situation in which mutual trust and collaborative and complementary efforts are low.

Compounding low policy coherence is the fact that irregular migration is not included in the policy framework. Measures or plans in the policy matrix to address irregular migration are hard to find. Instead, most plans deal with improving the existing regulatory framework, monitoring and supervising recruitment and placement, protecting and empowering migrant workers, and harnessing labor migration for development. Although recommendations in migration policy interventions are important and necessary in administering and managing migration, such recommendations, if implemented effectively, will eventually indirectly and partly solve issues of irregular migration. They deserve equal attention from the policy agenda.

Legal framework

The primary national legal instrument governing migration is Subdecree 57 on the Sending of Khmer Workers to Work Abroad of July 1995. Aiming to formalize cross-border labor emigration by providing the MLVT the authority to permit companies to send Cambodian laborers overseas, the law provides a legal framework for cooperation between the ministry and labor recruitment companies and procedures, including proposals for recruiting workers, deposit requirements, employment contracts, and predeparture training.

Subdecree 57 is widely regarded as outdated and lacking comprehensive coverage. It has no provisions on mandates of organizations responsible for the administration of labor migration or responsibilities and obligations of recruitment agencies. It has no provisions on supervision of placement and training programs. Subdecree 57 is also seen as vague, most provisions being too broad and lacking clarity. For example, Article 10 refers to annual leave but not to the right to be correctly and fully informed, the right to liberty of movement, the right of access to education and health services, and the right to participate in cultural life. Article 20 states that any person who violates the provisions will be punished, but there is no mention of penalties. Article 14 says that both the MLVT and recruitment companies are responsible for preparing and conducting predeparture training. It is not clear whether such training is compulsory. The subdecree is now in the process of revision and it has been submitted to the Council of Ministers for review and approval.

The other national regulations relevant to migration include Prakas No. 108 on Education about HIV/AIDS, Safe Migration and Labor Rights for Cambodian

Workers Abroad, Subdecree 70 on the Creation of the Manpower Training and Overseas Sending Board, Prakas 012/07 on the Creation of a Labor Migration Task Force, and Subdecree 68/2009 on the cost of passports for migrant workers.

Bilateral memoranda of understanding (MoUs) on sending Cambodian workers abroad also govern labor migration. Although an MoU is not legally binding, many argue that it is a flexible mechanism for bilateral cooperation on cross-border movement (Vasuprasat 2008). Cambodia has signed MoUs with Malaysia, Thailand, the Republic of Korea, and Kuwait. By covering procedures for recruitment, protection, repatriation, and dispute settlement, MoUs provide a framework for cooperation in managing the flow of migrant workers.

Labor migration is also governed by international conventions. Cambodia is a signatory to a number of international and regional conventions. It has ratified all eight core ILO conventions: the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87); Right to Organize and Collective Bargaining Convention, 1949 (No. 98); Forced Labor Convention, 1930 (No. 29); Abolition of Forced Labor Convention, 1957 (No. 105); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Minimum Age Convention, 1973 (No. 138); and Worst Forms of Child Labor Convention, 1999 (No. 182). The country is a signatory to the UN Convention on the Protection of All Migrant Workers and Members of Their Families, one of the most significant on labor migration, and to the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, adopted on January 13, 2007. Cambodia is among 18 countries⁴ that adopted the Bangkok Declaration on Irregular Migration (the Bangkok Declaration) in 1999. Although these conventions are not legally binding, they are useful in holding signatory countries to their commitments and obligations.

REGULATORY APPROACH TO IRREGULAR MIGRATION

The analysis has suggested that while some migrants have improved their livelihoods, many have not or have even become worse off. The latter encounter abuse and exploitation and have very limited or no social and legal protection. Widespread migration problems pose a major protection challenge for the country of origin. There are serious policy and practice gaps in preventing irregular migration in the first place and in protecting the rights of irregular migrants. Irregular migration also affects the governance of labor migration in both sending and receiving countries. There is an international consensus

⁴ Australia, Bangladesh, Brunei Darussalam, Cambodia, China, Indonesia, Japan, Republic of Korea, Laos, Malaysia, Myanmar, New Zealand, Papua New Guinea, the Philippines, Singapore, Sri Lanka, Thailand, and Viet Nam.

that irregular migration needs to be addressed in a holistic and comprehensive manner by looking at its causes, responding to its effects, and improving international cooperation.

Addressing the causes of irregular migration

Extreme poverty and lack of employment opportunities, high costs of legal migration, rigid regulations of host nations, porous borders, malpractice by some private employment agencies, and activities of traffickers all push Cambodian workers to migrate irregularly. Interventions that address these push factors would reduce informal migration.

- *Strengthening the development of communities of origin.* The preceding analysis indicates that households choose migration to escape extreme poverty, unproductive farming, and scarce natural resources. We agree with the Bangkok Declaration that the causes of irregular migration are closely related to development, and efforts should be made to achieve sustained economic growth and development. Although there has yet to be firm empirical evidence on the relationship between community development and migration, development might diminish migration by helping to overcome the reasons migrants undertake irregular migration and make migration a free, positive, and legal choice.

Most rural communities in Cambodia are characterized by poor physical infrastructure and irrigation, lack of agricultural support services, and limited access to common natural resources. Strategies are needed to overcome community economic constraints and increase opportunities, especially for the disadvantaged. Possible priority measures include increasing agricultural assistance; improvement of rural infrastructure; increasing access to natural resources and community participation in management; strengthening public service delivery, especially education and health; community skills training; and microfinance services. Development assistance needs to be targeted at communities having a high migration rate.

- *Open legal migration opportunities.* Migration to work abroad through legal channels is complex, lengthy, and expensive. With few options available for regular migration, irregular migration has become the only affordable channel for most Cambodian migrant workers. There is international consensus, as expressed in the 2003 ILO Asia Regional Tripartite Meeting in Bangkok, that easy and transparent legal migration opportunities could be part of an effective response to irregular migration. While the country can always negotiate bilateral agreements with labor-receiving countries for larger quotas and improved cooperation, the most

important priorities for Cambodia's legal recruitment are to streamline administrative procedures, speed facilitation services, and reduce placement costs.

The process of recruiting Cambodian migrants to work in Thailand is lengthy. According to recruitment agencies interviewed, issuing passports, getting visas, and completing paperwork by the responsible authorities consume about half of this time.⁵ This delay reflects the lack of helpfulness and support services for migration. While little can be done to eliminate formalities, a lot can be done to reduce unreasonable delays. For example, the Department of Statistics and Passports should strictly follow Subdecree 195 on passports for migrant workers by issuing passports within 20 days. The Ministry of the Interior should also consider creating passport offices in provinces with high migration, i.e., Battambang, Banteay Meanchey, and Prey Veng. These provincial offices should handle passports only for potential migrant workers; this would considerably reduce time and costs of issuing passports. The time to issue a working visa should be halved.

Like Chan (2009), who made the bold suggestion to cut recruitment costs from USD 700 to USD 300, this paper urges the responsible institutions especially MLVT to track actual costs and make its best effort to reduce them further. The breakdown of the cost of sending workers to Thailand suggests that a significant amount (approximately USD 220 or 31% of the total) falls within "other expenses", which are not known. This makes it easy for opportunist officers or agencies to demand high fees. The information on the recruitment process and fees as well as costs allowable under the law should be publicized.

- *Regulating private employment agencies.* Repeated serious incidents of noncompliance and malpractice suggest an urgent need for strong regulation of recruitment agencies. At the moment, Subdecree 57 is the primary instrument. It lacks comprehensive coverage and clarity, especially regarding fees, training and workplace monitoring, supervision, compliance, and penalties. Recruitment and placement need to be regulated through the licensing system, in which the responsibilities of agencies, conditions for recruitment, and penalties for violation and performance guarantees should be clearly defined. The regulations should provide for cancellation of licenses in case of malpractice and for criminal proceedings against serious offenders. Good regulations are not meaningful if not enforced. They need to be accompanied by active monitoring to ensure maximum compliance.

⁵ Issuing of passports takes from 20 days to one month; issuing a work visa takes about one month; paperwork from Foreign Affairs takes about two weeks.

Monitoring should include:

- obtaining reports by agencies on job placement and employment status of those deployed;
 - periodic visits or inspections by state agencies or their representatives;
 - information identifying recruitment agencies or foreign employers blacklisted for violations of the law or abuses; and
 - efficient and competent review of migrant workers' employment contracts prior to signing and enforcement during their employment.
- *Combating human trafficking.* A UNIAP report on human trafficking in Cambodia reports that men, women, and children are trafficked for sexual and labor exploitation in Thailand, Malaysia, Macau, and Taiwan. Preventing trafficking will minimize child work and forced labor. It can also help reduce irregular migration and protect migrants from slavery and severe exploitation. This research does not attempt to elaborate policy to combat trafficking, but its prevention can be aided by the following measures:
 - strengthening legal and policy framework to address trafficking;
 - being active in regional initiatives, e.g., the Coordinated Mekong Ministerial Initiative Against Trafficking, and working more closely with major destination countries like Thailand and Malaysia;
 - more collaboration within the country with UN agencies, nongovernment organizations (NGOs), and employers;
 - strengthening law enforcement and the capacity of officers;
 - building a knowledge base through good data, accurate information, and research on human trafficking; and
 - intensifying advocacy and raising awareness.

Protection and well-being of migrant workers

- *Intensifying education and raising awareness.* Many migrants, especially irregular ones, are unaware of the practical, legal, social, and economic consequences of moving to another country. They are not well-informed about employment and life abroad, customs and traditions, labor and human rights, or laws of the destination country. Better information means better protection, and we therefore recommend intensified education and raising awareness before departure. Adequate preparation for the conditions of work abroad and information about their rights will be conducive to a better experience for migrant workers. Information can be disseminated through a combination of measures:
 - National and provincial migration resource centers to register prospective migrant workers and provide information. The centers should be focal points to disseminate information and a place that

migrants can call or visit for counseling. The information can be disseminated via booklets, posters, counseling, tours, mass media, meetings, workshops, and seminars. Good examples of predeparture education include Tajikistan's Information Resource Center for Migrant Workers, which provides information on employment conditions, travel and documentation requirements, registration, rights, maps and contacts, risks of trafficking, and smuggling and health risks.

- Educational campaigns targeting communities with a high rate of irregular migration need to be strengthened. The education should pay more attention to safe migration and the hazards and consequences of irregular migration, in particular the risk of trafficking for sexual and labor exploitation. Given the inadequate resources of district and provincial labor offices, community-based NGOs, and village or commune chiefs, monks and schoolteachers can play a vital role in providing information to migrants. The MLVT should work with international organizations to mobilize support for NGOs providing community-based education and information on migration.
- *Expanding support services.* There has been limited provision of support for the protection and empowerment of migrant workers, particularly irregular migrants. Posting labor attachés in countries where there are large numbers of Cambodian migrant workers is one way to strengthen support services. Their functions should include developing a strong working relationship with the host country on labor issues; monitoring the treatment of migrant workers; providing legal assistance against contract violations, abuse, or exploitation; providing advice on problems with contracts or employment; and ensuring that irregular migrants are protected and facilitated in repatriation. Labor attachés should be posted in Thailand and Malaysia, where most Cambodian migrants work, especially irregular migrants. Attachés should possess some basic knowledge and skills including understanding of international legal instruments, treaties, and agreements; knowledge of the host country's labor demand and supply; and knowledge of labor policies and laws in both countries.

Strengthening international cooperation

Migration is inherently a multilateral issue, making international dialogue and cooperation essential for orderly and regulated labor migration (ILO 2010). The Bangkok Declaration also recognizes irregular migration as a regional issue and states that addressing it requires concerted efforts based on equality, mutual understanding, and respect. Irregular migration can best be addressed in bilateral and regional frameworks complementing national policy.

- *Strengthening bilateral cooperation.* Cooperation between sending and receiving countries proves to be effective in addressing irregular migration. The MoU signed by Cambodia and Thailand in 2003 is a showcase of effective collaboration to address migration issues. While the primary goal is a framework for recruiting Cambodians to work in Thailand, the MoU also seeks to convert Cambodian undocumented workers to legal migrants. The two governments jointly undertook regularization by providing certificates of identity to undocumented workers with which they can apply for a two-year work permit. As of 2007, 48,362 Cambodian undocumented workers were targeted for legalization. Of the total, 24,783 were granted work permit extensions, 10,094 were issued national verification, and 12,461 did not show up for verification.⁶ While Thailand faces a shortage of low-skilled workers, its government should continue to work collaboratively with sending countries on regularization. After this successful experience, Cambodia should ask Malaysia to consider regularization for irregular Cambodian workers.

Another successful partnership in addressing irregular migration is the agreement between Cambodia and Thailand to issue daily cross-border passes to commuters and seasonal workers living in border provinces. With the pass, Cambodian nationals, mostly farm laborers, domestic helpers, and petty traders, can work in Thailand with less worry about detention. From the survey, irregular migrants who work as farm laborers near the border are less vulnerable to abuse and exploitation than those working in fishing, construction, or factories. This experience addresses irregular migration and thus shows that the countries should continue to collaborate to facilitate cross-border movements in border provinces.

- *Toward an integrated Greater Mekong Subregion (GMS) labor market.* Cross-border labor movement across the GMS has been so dynamic largely because of significant social and economic disparities and complementary labor market structures. Thailand is a major labor market destination, while Cambodia, Laos, and Myanmar are sources of supply of unskilled labor. Despite the magnitude of intraregional labor flow and its economic importance, there is no subregional regulatory or institutional framework to facilitate labor movement. Compounding this weakness, labor migration has not been included in the GMS cooperation program. It is anticipated that GMS cross-border labor migration will continue to grow in size and scope; thus it needs an integrated labor market.

⁶ Cited from ILO (2008).

This proposal can be of benefit to every participating country. For labor-scarce countries like Thailand, access to an integrated regional labor market that can guarantee a steady and reliable supply of workers is critical to sustaining competitiveness in many labor-intensive sectors. For labor-abundant countries like Cambodia, Laos, and Myanmar, easier and freer international movement of workers can ease unemployment pressures. The initial step to achieve this is to include labor migration in the GMS-wide development agenda and then create an expert forum to explore the feasibility and provide recommendations to leaders.

- *ASEAN economic integration and free movement of labor.* Unlike the European Union, ASEAN does not provide for the free movement of labor. Although migration and mobility should be among the priority issues in ASEAN, there has been little discussion of labor mobility or migration in meetings of labor ministers. Prior to 2007, several initiatives on migration mainly addressed human trafficking. Not until 2007 did ASEAN leaders sign a Declaration on the Protection and Promotion of the Rights of Migrant Workers. The ASEAN Declaration is perceived by many as an important first step toward greater protection and respect for migrant workers' rights. Notable progress has been made by the ASEAN Committee on the Implementation of the Declaration, established to follow up the declaration by adopting a work plan, drafting an ASEAN instrument on the protection and promotion of migrant workers, and creating an ASEAN Forum on Migrant Labor for regular consultation.

However, the ASEAN Declaration is not legally binding and contains no obligations on member-states. Civil society organizations strongly recommend that the ASEAN Framework Instrument be legally binding. It is guided by four central principles. First, it should include and cover all migrant workers in ASEAN. Second, it should recognize that the protection of the rights of migrant workers is a shared obligation of sending and receiving countries. Third, it should follow the principles of nondiscrimination in treatment of migrant workers and their families. Fourth, it should ensure that migration policy and practices are gender sensitive. The implementation committee has worked on the Framework Instrument through broad-based national and regional consultation. ASEAN labor ministers should seriously consider its recommendations and work toward a binding framework.

In addition to protecting migrant workers' rights, ASEAN needs to work toward a free flow of labor within the region. The ASEAN Economic Community Blueprint, a strategic action plan to achieve an ASEAN Economic Community by 2015, has provision for a free flow of skilled

workers only. Unskilled workers create the majority of labor movement, and ASEAN should treat migration as key to integration by facilitating the free circulation of skilled and unskilled labor.

CONCLUSION

Although irregular migration has emerged as a major issue in the management of international migration, there has been little discussion of it in the broader context of labor migration management and national development in Cambodia. Irregular migration has neither been fairly covered in policy and regulatory frameworks nor received sufficient social and legal protection in sending and receiving countries. Such serious policy gap resulted in irregular migration happening largely uncontrolled and with a high risk of abuse, exploitation, and human trafficking. Cambodia's irregular migration needs to be treated as equally important with regular migration. The widespread problems of irregular migrants and challenges to labor migration management create a strong need to address the issue. Managing irregular migration is complex and intractable. It can be best addressed in a holistic and comprehensive approach involving policy and programmatic interventions at all stages of migration, by a range of those concerned.

The findings from the Cambodian case study on irregular migration align with international literature suggesting a combination of at least three sets of measures: addressing the causes, strengthening protection, and enhancing international cooperation. The first two sets have a lot to do with national sovereignty and development priorities involving community development, improving the regulatory framework to make legal migration more transparent and more widely accessible, and enhancing support services of information, consultation, and legal protection. The third set of measures involves bilateral, regional, and international cooperation. Cooperation between Cambodia and labor-receiving countries on regularization or making legal migration more accessible can be part of an effective response to irregular migration. In the long run, irregular migration can be solved through a more integrated labor market in the GMS, supported by subregional regulations and institutions as well as through an ASEAN Economic Community that sets a legal framework for a free flow of labor. To achieve such regional initiatives requires leaders to treat migration, especially irregular migration, as part of the broader labor market and not only as a legal and security issue. The success of managing irregular migration in Cambodia depends not only on the country's ability to transform "migration as survival" into "migration as choice" but also on how regional organizations like GMS and ASEAN and the international community respond to this issue.

REFERENCES

- Battistella, G. 2002. Unauthorized migrants as global workers in the ASEAN region. *Southeast Asian Studies* 40(3):350–371.
- Brennan, M.E. 1984. Irregular migration: Policy responses in Africa and Asia. *International Migration Review* 18(3):409–425.
- Chan, S. 2009. Costs and benefits of cross-country labour migration in the GMS: Cambodia Country Study. Working Paper No. 47. Phnom Penh: Cambodia Development Research Institute (CDRI).
- Chiuri, M.C., G. de Arcangelis, and G. Ferri. 2005. *Crisis in countries of origin and illegal immigration into Europe via Italy*. Geneva: Global Commission on International Migration.
- FitzGerald, I. and S. Sovannarith. 2007. *Moving out of poverty? Trends in community well-being and household mobility in nine Cambodian villages*. Phnom Penh: CDRI.
- Global Commission on International Migration (GCIM). 2005. *Migration in an interconnected world: New directions for action*. Geneva: GCIM.
- International Council on Social Welfare (ICSW). 2007. *Trafficking and related labour exploitation in the ASEAN region*. Utrecht: ICSW.
- International Labour Organization (ILO). 2010. *International labour migration: A rights-based approach*. Geneva: ILO.
- . 2008. Interstate cooperation on labor migration: Lessons learned from MOU between Thailand and neighboring countries. Working Paper No. 16. Bangkok: ILO.
- International Organization for Migration (IOM). 2010a. *Analyzing the impact of remittances from Cambodian migrant workers in Thailand on local communities in Cambodia*. Phnom Penh: IOM.
- . 2010b. *World Migration Report 2010 – The future of migration: Building capacities for changes*. Geneva: IOM.
- . 2008. *World Migration Report 2008*. Geneva: IOM.
- . 2003. *Labour migration in Asia: Trends, challenges, and policy responses in countries of origin*. Geneva: IOM.
- Knowles, J.C. 2009. *Poverty profile and trend in Cambodia: Findings from the 2007 Cambodia Socio-Economic Survey (CSES)*. Washington D.C.: The World Bank.
- Koser, K. 2005. *Irregular migration, state security, and human security*. Geneva: GCIM.
- Koslowski, R. 2004. Possible steps towards an international regime for mobility and security. Paper presented at the Workshop on Global Mobility Regimes, June, Stockholm.

- Lee, C.C. 2007a. Exploitative labour brokerage practices in Cambodia: The role and practices of private recruitment agencies. Unpublished paper.
- . 2007b. Female labour migration in Cambodia. In *Perspectives on gender and migration*, edited by the United Nations Economic and Social Commission for Asia and the Pacific. Bangkok: United Nations.
- Lee, L.T. 2005. *Statelessness, human rights and gender: Irregular migrant workers from Burma in Thailand*. Leiden: Koninklijke Brill NV.
- LeVoy, M. and E. Geddie. 2010. Irregular migration: Challenges, limits and remedies. *Refugee Survey Quarterly* 28(4):87–113.
- MacPherson W.D. and B.D. Gushulak. 2004. *Global migration perspectives: Irregular migration and health*. Geneva: GCIM.
- Maltoni, B. 2006a. *Review of labour migration dynamics in Cambodia*. Phnom Penh: IOM.
- . 2006b. Impact of remittances on local communities in Cambodia: The case of Prey Veng Province. Unpublished paper. World Bank.
- Marshall, P. 2001. *Globalization, migration and trafficking: Some thoughts from the South-East Asian Region*. Kuala Lumpur: UN Inter-Agency Project on Trafficking in Women and Children in the Mekong Subregion.
- Massey, S.D., J. Arango, G. Hugo, A. Kouaouci, A. Pellegrino, and J.E. Taylor. 1993. Theories of international migration: A review and appraisal. *Population and Development Review* 19(3):431–466.
- Ministry of Labour and Vocational Training (MLVT). 2010. *Policy on labour migration for Cambodia*. Phnom Penh: MLVT.
- . 2009. *Action plan to implement the Rectangular Strategy, Phase II 2009–2013*. Phnom Penh: MLVT.
- Ministry of Water Resource and Meteorology (MWRM). 2009. *Strategic Development Plan 2009–2013*. Phnom Penh: MWRM.
- Naro, N. 2009. Human trafficking in Cambodia: Reintegration of the Cambodian illegal migrants from Viet Nam and Thailand. Working Paper No. 181. Singapore: S. Rajaratnam School of International Studies.
- Paitoonpong, S. and C. Sukarui. Forthcoming. *Managing international labour migration in ASEAN*. Bangkok: Thailand Development Research Institute.
- Royal Government of Cambodia (RGC). 1995. *Subdecree No.57 on Sending of Khmer Worker to Work Abroad*. Phnom Penh: RGC.
- Rukumnuaykit, P. 2006. *A synthesis report on labour migration policies, management, and immigration pressure in Thailand*. Bangkok: ILO.
- Shah, N. 2009. *The management of irregular migration and its consequences for development: Gulf Cooperation Council*. Working Paper No. 19. Bangkok: ILO.

- Stoyanova, M. 2008. *Challenges of irregular migration*. Geneva: Friedrich Ebert Stiftung.
- UN General Assembly. 1975. Resolution 3449: Measure to Ensure the Human Rights and Dignity of All Migrant Workers. <http://www.un.org/documents/ga/res/30/ares30.htm> (accessed August 27, 2010).
- United Nations Inter-Agency Project on Human Trafficking (UNIAP). 2010. *Human Trafficking Sentinel Surveillance: Poipet, Cambodia 2009–2010*. Bangkok: UNIAP.
- . n.d. UNIAP report on human trafficking in Cambodia. <http://www.humantrafficking.org/countries/cambodia> (accessed February 20, 2011).
- Vasuprasat, P. 2008. Interstate cooperation on labour migration: Lessons learned from MOUs between Thailand and neighbouring countries. Working Paper No.16. Bangkok: ILO.
- Vutha, H., L. Pide, and P. Dalis. 2011. Labour migration situation and policy framework in Cambodia. *Annual Development Review 2010–2011*.
- World Bank (WB). 2011. *Migration and Remittance Factbook 2011*. 2nd ed. Washington D.C.: WB.

Migration Outflow and Remittance Patterns in Indonesia: National as well as Subnational Perspectives

PALMIRA PERMATA BACHTIAR¹

ABSTRACT

The article compares and contrasts the scale and composition of workers' outflow and remittance flow from 1994 to 2012 at the national level and in East Java and West Nusa Tenggara (WNT)—two big migrant-sending provinces. Analysis over the longer period gives a better understanding of contemporary characteristics of volatility in labor deployment. We argue that level of deployment is not only explained by substantive factors—such as economic shocks, government policy, and epidemic—but also by technical factors, such as the recording system. If flawed records are not immediately corrected, policymakers will not be well informed in establishing correct policy relevance. Labor dispatch to the Asian region outnumbered that to Middle East countries from 1994 to 2005. However, from 2006 onwards, the opposite happened. Evidence also indicated the ever-increasing number of destination countries, particularly when we consider the data from returned migrants rather than that from deployed ones. The article demonstrates the potential impacts of remittance on the economic development of sending districts. Although decreasing over time, for the period 2006–2009, the magnitude of remittance at the district level was indeed higher than that at the national level. The article highlights the discussion on the limitation of outmigration statistics, making it impossible to accurately indicate the real cross-country mobility of the workers.

¹ Palmira Permata Bachtiar is a senior researcher at the SMERU Research Institute.

INTRODUCTION

The phenomenon of Indonesians working overseas has become one of the important recent development issues. Qualitative evidence even implies that one can now easily find Indonesians in various economies (Ananta and Arifin 2008). Indeed, Indonesia has been categorized as one of the biggest sending countries in Asia following Sri Lanka and the Philippines (Hugo 2009). Every year, hundred thousands of Indonesians flow overseas. Massive flow has shaped the feature of emigration in the last 15 years. Compared to 1994, the 2012 figure increased more than 300 percent; the magnitude of which is extremely difficult to manage. In terms of stock, moderate figures of Indonesian overseas workers amount to four to six million people.²

From the economic point of view, remittances make up a significant element of the country's revenue. Workers' remittances increased by 4 percent in 2012 compared with 2011, contributing to 21 percent of gross inflows in the current account. In 2012, the level of remittances made up 12 percent of foreign direct investment (FDI) inflows and was even higher than official aid (Table 11). Bank Indonesia (2013a) reported that workers' remittances in 2012 reached USD 6.998 million and were directly sent to the villages.

It is therefore not surprising if issues related to emigration receive increasing attention from policymakers as well as civil society organizations in Indonesia. Nevertheless, literature examining the trend and pattern of migration outflow has been limited, mostly because data on outmigration have not been collected regularly and consistently, and are not publicly accessible. Therefore, comparison over longer periods has been by and large nonexistent. Meanwhile, policy on emigration should be based on evidence underlying the emigration trends.

Hence, this article aims at filling the knowledge gap and understanding on the issue of patterns and magnitude of migration outflow as well as the remittance flow in Indonesia. It describes a relatively dynamic movement of people to various receiving countries for the sake of better welfare by remitting money to the family back home. Data from field work in East Java and WNT was brought in to add the perspectives of two big sending areas of migrant workers. Field work in East Java was carried out in June 2010, and that in WNT in November 2010.

² The guesstimate of the total migrant stock varies from four million (Jakarta Post 2012) to six million (Kompas 2012).

RECENT TRENDS IN EMIGRATION

Not much is known about the Indonesian history of migration before the colonial government. The period after 1887, however, recorded the precedence of overseas contract laborers owing to the enforcement of permit.

“The colonial administration, which was opposed in principle to the migration of laborers to other colonies, was unable to prevent the mass movement to Malacca.³ Neither the mandatory passport nor the agreement that had been drawn up with the British colonial administration in 1893 had much impact on slowing down the migratory flow. During that year, it was agreed that immigrants to Malacca coming from the Netherlands Indies would only be contracted for work in the British colonies and nowhere outside their borders. In the Netherlands Indies itself, the administration put strict limits on recruitment for work abroad. After 1887 a special permit was required for such work (IS 1887: 8). Some recruitment was permitted on Java and every year a few thousand recruited labors left for agricultural estates and mines on British Borneo, Malacca, New Caledonia, German New Guinea, Cochin China, and Surinaam” (Gooszen 1999, 31).⁴

The formal management of migration only took place in 1970 when the Ministry of Labor issued Government Regulation No. 4/1970 concerning Labor Mobilization (Humaidah et al. 2006). The mid-1970s marked the onset of a major influx of foreign workers, mostly construction workers, to oil-rich countries. The oil boom there also created the emergence of middle class and, with that, a new lifestyle and demand for domestic helpers, such as housemaids, drivers, security officers, etc. (Naovalitha n.d). Quoting Silvey (2004), Ananta and Arifin (2008) said that the path of Indonesian workers to work in Saudi Arabia was opened in 1980s alongside the onset of cooperation between the two countries. Afterwards, the deployment to Saudi Arabia and other Gulf countries shaped the overall emigration figures.

Volatility of annual deployment

The emigration figures reveal volatility over time (Table 1). The first and most obvious fluctuation is the case in the years 1994–1997. Hugo (2000) explained that the government established PT Bijak—a state-owned enterprise—to send workers in 1994. PT Bijak competes with private recruitment agencies (PPTKIS) in recruiting and sending people abroad. However, PT Bijak’s documentation was not included in Kemnakertrans data. PT Bijak only started in 1995 to report the

³ Malacca is the British colonies comprising the present states of Malaysia and Singapore.

⁴ Cochin China is the southern part of the Republic of Viet Nam in the former French Indochina.

Table 1. Official deployment from 1979 to 2012

Year	Official Deployment	Year	Official Deployment	Year	Official Deployment	Year	Official Deployment
1979	10,378	1988	61,419	1997	235,253	2006	680,000
1980	16,186	1989	84,074	1998	411,609	2007	696,746
1981	17,604	1990	86,264	1999	427,619	2008 ^a	644,731
1982	21,152	1991	149,777	2000	435,222	2009	632,172
1983	29,291	1992	172,157	2001	295,148	2010	575,803
1984	46,014	1993	159,995	2002	480,393	2011	586,082
1985	55,664	1994	175,187	2003	293,865	2012	494,609
1986	68,360	1995	120,886	2004	380,690		
1987	61,092	1996	517,169	2005	474,310		

Source: Hugo (2000), Depnakertrans (2009); BNP2TKI (2012); BNP2TKI (2013)

Note:

^a BNP2TKI (2012) released different record for 2008 deployment. However, we use the version of the Ministry of Labor and Transmigration since it gives more details on categories of deployment. The total placement in 2008 excludes 20,137 sailors reported by Ministry of Transportation and Marine.

deployment to Kemnakertrans.⁵ Therefore, we suspected that the total deployment by PT Bijak in 1996 and prior to 1996 was accumulated in the year 1996. It was not disaggregated annually. This could partly explain why the trends declined in 1994–1995, skyrocketed in 1996, before falling again in 1997. If this was the case, high volatility of placement between 1994 and 1997 was only a matter of recording system.

Otherwise, one can associate this fluctuation in 1996 from the labor dispatch to Malaysia. Compared with the 1995 figure, the deployment to Malaysia increased more than 10 times in 1996: from 23,909 to 321,756 people (Table 3). Quoting Kassim (2000), Hugo (2000) wrote that the sharp increase of workers in 1996 included about 300,000 irregular/undocumented workers that applied for amnesty from the Government of Malaysia.

The economic crisis in 1997/1998 was also said to have triggered a sharp heap indicating escalating tension to work abroad (Djelantik 2008; Tjiptoherijanto and Harmadi 2008). A village-level study by Romdiati et al. (1998) showed that working overseas became a survival strategy even more obviously during the economic crisis, with more participation of women in the labor market. Another study in Subang Utara and Cirebon Timur by Breman and Wiradi (2002) elaborated that during economic crisis, the brokers put more efforts to find prospective workers, particularly women, in the village to send abroad. Even the village head had become a broker for the private recruitment agency in the city.

⁵ Hugo (2000) gave illustration of the operation of PT Bijak. Quoting Setiawati (1997), he said that PT Bijak sent 36,247 workers to Malaysia between September 1995 and October 1996. It also placed about 9,000 people to Korea.

Table 1 also showed the growing tendency to work overseas took place between 1997 and 2000. In 2001, however, placement reduced quite sharply, but increased again in 2002. Why would outmigration drop after a steady increase in four years from 1997 to 2000? When traced domestically, we found that two ministries—the Ministry of Labor and Ministry of Transmigration—were merged in 2001. Along with this merger, the Directorate-General of Placement of Indonesian Workers was divided into two separate directorates-general (DG), namely DG Domestic Placement and DG Overseas Placement. The institutional change in that year most probably disrupted the recording system, although in reality the deployment might have proceeded normally.

The year 2003 experienced plummeting outmigration. There are some sources of decline. First, Malaysia imposed a new regulation suspending workers' entrance. In 2002, there had been massive deportation of Indonesian workers who were said to have caused social and criminal problems in Malaysia (Nagib 2002). Deployment to Malaysia was cut down quite significantly in 2003.⁶ The tragedy during the deportation, which took quite many casualties, had set the government off in applying tighter rules of emigration, not only to Malaysia but also to other countries (Ananta and Arifin 2008). Second, 2002 marked an important path in emigration governance in which the Ministry of Labor and Transmigration (Kemnakertrans) issued Ministerial Decree No. 104A/MEN/2002 concerning Placement of Indonesia Migrant Workers. For the first time, the government imposed a quota in the placement of female domestic helpers and caregivers. Quota was allocated to PPTKIS based on performance and the PPTKIS-owned facility, such as a dormitory and training unit. While this was a good movement, the quota could be regarded as another source of decline in outmigration in 2003.⁷ Third, early 2003 witnessed the outbreak of severe and acute respiratory syndrome (SARS) in some Asian countries, in particular Hong Kong, Taiwan, and Singapore. This epidemic reduced the mobility of people in and out of the Asian region, including migrant workers, which made its impact certainly significant.

A case of ever-increasing outmigration occurred during the period 2004–2008 (Table 3). This happened not only in the placement to the Asia-Pacific region but also to Middle East. However, workers' deployment plunged in 2009 as a consequence of the global financial crisis in late 2008. At the same time, Indonesia suspended the placement to Malaysia on June 26, 2009 and to Kuwait on September 14, 2009 (Ahnier and Pratomo 2011; Ari 2011). Moratorium to Malaysia was ordered following the increasing abuse of workers, particularly

⁶ Indeed, massive repatriation took place twice: in 2002 and 2004 (Humaidah et al. 2006). However, the impacts of official deployment to Malaysia were only distinctive in 2003 and it recovered in the following years.

⁷ The quota system did not last long. It was immediately forgotten as soon as Law No. 39/2004 was issued. The law stipulated nothing of such system.

the death of Munti binti Bani (Maulia 2009). Meanwhile, workers in Kuwait suffered not only from low salary (USD 140 per month instead of USD 200 per month that the government had proposed) but also from being moved to various employers (Andrian 2011). All together, the credit crunch and the moratorium left a significant impact on total deployment in 2009.

Afterwards, the statistics of regular/documented placement reveals no significant recovery. On July 29, 2010 the government banned dispatch to Jordan as a consequence of low salary and lack of social protection (Maruli 2011). Furthermore, suspension was also imposed on deployment to Saudi Arabia on August 1, 2011 following the beheading of Ruyati, a female domestic helper, and to Syria on August 9, 2011 due to increasing political tension (Hariyanti 2011; The Jakarta Post 2012).

The impact of the moratorium is observable in Tables 2 and 3. The dispatch to two biggest host countries—Malaysia and Saudi Arabia—was cut back by half in 2010 and 2011, respectively. The data demonstrated that the effect on Jordan and Syria was more dramatic compared with Kuwait implying deployment of Jordan and Syria was strongly dominated by female domestic helpers.

However, doubt was cast on the effectiveness of the moratorium. No less than the head of the National Agency for Placement and Protection of Indonesian Migrant Workers (BNP2TKI) echoed that one of the negative effects of the moratorium was the increasing number of careless prospective migrants and unscrupulous middlemen. These migrants evaded the suspension to Saudi by departing from Batam to Singapore or Malaysia before flying to Saudi (Bukhori 2011c; Toha 2011).

Comparison of outflow to main destinations

Table 3 presents much older statistics of overseas employment as kept by Hugo (2000). The data enable us to compare the composition of Malaysia and Singapore on the one hand and the Middle East on the other.

Table 2. Deployment to countries with moratorium

	Official Deployment					Moratorium to Send Female Domestic Helpers
	2008	2009	2010	2011	2012	
Malaysia	187,123	123,886	116,056	130,134	134,023	26 June 2009
Kuwait	29,218	23,041	563	4,733	2,518	14 September 2009
Jordan	11,155	10,932	5,695	0	0	29 July 2010
Saudi Arabia	234,644	276,633	228,890	137,097	40,655	1 August 2011
Syria	0	1,155	6,381	5,952	1	9 August 2011

Source: BNP2TKI (2012; 2013)

Note: BNP2TKI (2013) substantially corrected the figures in BNP2TKI (2010), particularly for Malaysia in 2008, Kuwait in 2011, Jordan in 2011, and Syria in 2011.

Table 3. Overseas migration of Indonesian workers (1979–2012)

	Malaysia	Malaysia and Singapore	Total Asia Pacific	Saudi Arabia	Gulf Countries ^b	Others
1979		720			7,651	2,007
1980		564			11,231	4,391
1981		1,550			11,484	4,570
1982		7,801			9,595	3,756
1983		5,597			18,691	5,003
1984		6,034			35,577	4,403
1985		6,546			45,024	4,094
1986		20,349			45,405	2,606
1987		7,916			49,723	3,453
1988		6,614			50,123	4,682
1989		18,488			60,456	5,130
1990		38,688			41,810	5,766
1991		51,631			88,726	9,420
1992		62,535			96,772	12,850
1993		38,453			102,357	19,185
1994	41,712	57,390	74,769	96,533	98,710	1,708
1995	23,909	46,891	71,477	43,521	48,355	1,054
1996	321,756	352,991	381,349	127,137	135,336	484
1997	36,248	71,735	102,810	121,965	131,734	709
1998	132,950	173,995	230,839	161,062	179,521	1,249
1999	169,177	204,006	271,287	131,157	154,636	1,696
2000	191,700	217,407	305,695	114,067	129,168	359
2001	74,390	108,314	178,496	99,224	116,597	55
2002	152,680	168,751	238,364	213,603	241,961	68
2003	89,439	95,542	109,893	171,038	183,770	202
2004	127,175	136,306	160,987	203,446	219,699	4
2005	201,887	226,974	297,291	150,235	177,019	-
2006	219,658	248,319	326,678	281,087	353,179	143
2007	222,198	259,694	351,682	257,217	343,319	1,745
2008 ^a	187,123	208,930	311,518	234,644	333,109	104
2009	123,886	156,963	256,773	276,633	375,300	99
2010	116,056	155,679	267,852	228,890	307,432	519
2011	130,134	169,756	332,783	137,097	217,744	35,555
2012	134,023	175,579	351,145	40,655	116,847	26,617

Sources: Hugo (2000); Depnakertrans (2009); BNP2TKI (2012; 2013)

Notes:

^a BNP2TKI (2012) released different records of 2008 deployment. However, we use the version of Depnakertrans since it gives more details. The total placement in 2008 excludes 20,137 sailors reported by the Ministry of Transportation and Marine.

^b The values for 1994–2011 include Africa.

From 1979 to 1993, the average share of the two Southeast Asian countries—Malaysia and Singapore—accounted for 21 percent while that of the Gulf countries was 67 percent. In longer periods, from 1979 to 2012, the average share of workers' placement to Malaysia and Singapore amounted to 30 percent while that to the Gulf countries decreased to 55 percent. Compared to the figures in 1979, the outflow to these two Asian countries some decades later moved significantly closer to that of the Gulf countries. During the period 1994–2012,

the statistics of Malaysia and Singapore was even higher, which was 38 percent compared to 45 percent of the Gulf countries.

This was explained by decrease in deployment as a consequence of moratorium as well as global financial shock in the period 2009–2011. While moratorium was enforced to both Malaysia and some Middle East countries, its impacts were harsher to the latter simply because of higher dependence on deployment of female domestic helpers. In the case of Malaysia, the impact of moratorium could be counterbalanced by the steady dispatch of male plantation workers.

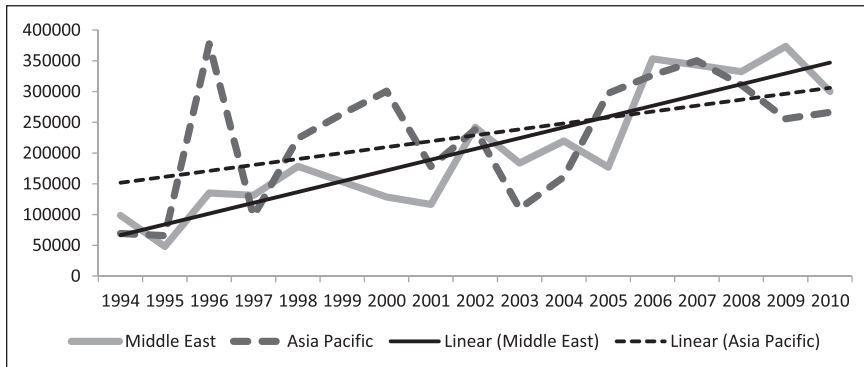
The period covering 1994–2012 revealed that Malaysia and Saudi Arabia have been two major destinations within the Asia-Pacific region and the Gulf countries, respectively. Particularly in 1994, workers' dispatch to Malaysia and Saudi Arabia contributed 56 percent and 98 percent to their corresponding regions, respectively; and 24 percent and 55 percent to total dispatch in 1994, respectively. However, the magnitude of deployment of these two countries in their respective regions as well as in total deployment seemed to decrease over time. Malaysia reached the lowest share of 38 percent to Asia-Pacific in 2013 and 20 percent to total deployment in 2009 and 2010. Meanwhile, the contribution of workers' heading for Saudi Arabia compared to the Gulf countries and to total deployment in 2012 fell to 35 percent and 8 percent, respectively.

Changing destination: Asia vs. the Middle East

With regard to some Southeast Asian countries, Wickramasekera (2002) concluded that there existed a changing destination of Asian workers: from predominantly Middle East to intra-Asian countries. He observed the deployment data from the Philippines, Indonesia, and Thailand over the period 1990–1997. In 1990, the dispatch to Asian countries was only a third of the dispatch to the Middle East. In 1995, labor movement heading for East Asia was the same with the Middle East, and finally in 1997, the number of workers in East Asian destinations was higher by 15 percent compared to that in the Middle East.

We compared Wickramasekera's conclusion with Indonesia in the period 1994–2010 by establishing the general trend (Figure 1). We took seven countries in Asia (Malaysia, Singapore, Brunei, Hong Kong, Taiwan, South Korea, and Japan) and seven Arab countries (Saudi Arabia, UAE, Kuwait, Bahrain, Qatar, Oman, and Jordan). The trend divides the data into two parts: the period from 1994 to 2006 when the slope of the Asian countries was above that of the Arab countries, and the period afterward from 2006 to 2010 when the opposite took place.

If we look closer at Table 3 we see a higher flow of workers to Asia instead of the Middle East, particularly from 1998 to 2002. This was most probably

Figure 1. Trend of Indonesian outmigration to Asia-Pacific and Middle East (1994–2010)

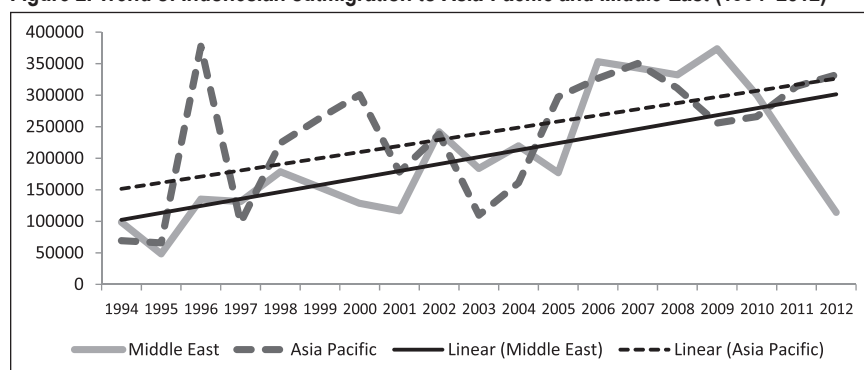
Sources: Depnakertrans (2009); BNP2TKI (2012, 2013)

because following the crisis, it became much cheaper to get to the neighboring countries than to the Middle East. The data showed that labor dispatch to Malaysia, Brunei, Hong Kong, and Taiwan increased while that to Saudi, United Arab Emirates (UAE), and Kuwait decreased. This was similar to the observation of Wickramasekera (2002). Our field findings in East Java and WNT demonstrated that even within one country, for example, Malaysia, the plantation sector demanded more Indonesian workers while the construction sector laid them off. Moreover, 2005 marked the trend of changing destination from Asia to the Middle East, which was different from the prediction of Wickramasekera (2002). In general, fluctuation to Asia from 2002 onward was more obvious than that to the Middle East.

However, if we add the trend to cover the years 2011 and 2012, the trend changed significantly. With a dramatic drop of deployment to Middle Eastern countries, the trend in both regions became two parallel lines (Figure 2). It is then very difficult to establish the trend due to high volatility in annual deployment.

More diverse destination countries

Increasing deployment of Indonesian workers over time was also accompanied by increasing number of destination countries. From 1994 to 1998, the destination economies in Asia-Pacific were limited to Malaysia, Singapore, Brunei, Hong Kong, Taiwan, and South Korea. In the Middle East, only two countries were known to demand workers from Indonesia: Saudi and UAE. However, the period following the economic crisis saw a rising number of countries in the Middle East that hired Indonesian laborers. For example, following the economic crisis, Kuwait began to recruit bulk of the workers in 1998; Bahrain and Qatar followed in 2001; and Oman and Jordan in 2002. By 2006, the number of countries in the Middle East and Africa requiring Indonesian workers had expanded to

Figure 2. Trend of Indonesian outmigration to Asia-Pacific and Middle East (1994–2012)

Sources: Depnakertrans (2009); BNP2TKI (2012, 2013)

Table 4. Old and new host economies from 2007 to 2009 based on deployment statistics

Asia and the Pacific	Middle East and Africa	Europe
Malaysia*	Saudi Arabia*	Italy*
Taiwan*	UAE*	Spain*
Hong Kong*	Kuwait*	Netherlands*
Singapore*	Qatar*	Germany*
Brunei Darussalam*	Yordania*	UK*
South Korea*	Oman*	
USA*	Bahrain*	
Japan*	South Africa*	
Macau*		
Trinidad	Yemen	Gibraltar
China	Libya	Rumania
Maldives	Syria	Czech
Palau	Nigeria	Cyprus
Saipan	Algeria	Ireland
Timor Leste	Seychelles	Monaco
Australia	Congo	Poland
Cayman Island	Zambia	Greek
Canada	Mauritania	Russia
New Zealand	Turkey	Mauritius
India	Angola	Slovakia
Thailand		

Note: * old economies

Source: BNP2TKI (2010)

include Saudi, UAE, Kuwait, Bahrain, Qatar, Oman, Jordan, Egypt, and Cyprus (Depnakertrans 2009).

Starting 2007, the list of receiving countries became longer with 34 new economies in addition to 22 old economies (Table 4). When referring to data from the returned migrants that BNP2TKI collected from 2008 to 2011,

we found even more host countries (old and new economies) totaling 117 (Appendix 1).

The increasing number of destination countries certainly brings additional burden to the government in managing overseas workers. Government has to devise protection measures, such as an evacuation procedure for migrants working in the African countries that are vulnerable to war and political instability. This was the case in Egypt in early February 2011 and in Libya in early May 2011 when the government had to rush to save workers from being trapped in political conflict (Bukhori 2011a; 2011b).

WORKERS DISPATCHED FROM SUBNATIONAL LEVELS

Table 5 outlines the data from the subnational level. We discuss this table to emphasize again that volatility of outmigration could be a matter of recording system. Table 5 was developed from the report of the Agency for Placement and Protection Services of Indonesian Migrant Workers (BP3TKI) at the provincial level. However, it does not necessarily reflect the real outmigration from the corresponding province. For example, majority of migrants is recorded to come from Jakarta, but it does not mean that it is the biggest sending province. Meanwhile, the importance of West Java—with Bandung as the capital city—as a major sending province is not noticeable in the statistics. In 2009, for instance, BP3TKI Bandung did not register any migrant.

In fact, majority of migrants heading for the Middle East register in Jakarta. It is also true that majority of private recruitment agencies for Middle East is located in Jakarta.⁸ Thus, Table 5 simply shows the migrants whose documentations are processed through BP3TKI. It does not imply number of migrants originated from the provinces.

Table 5 also demonstrated volatility of outmigration from Jakarta, which grew twice in 2006 compared to 2005, in line with increasing outmigration to the Gulf countries (Table 3) but sharply decreased in 2009. This trend needs to be interpreted carefully. The decrease can be explained by the fact that majority of migrants heading for the Gulf countries in 2009 registered through Kemnakertrans instead of BP3TKI Jakarta. Dual registration took place following the establishment of BNP2TKI in 2008, through BP3TKI and Kemnakertrans.

In Table 5, volatility of migrants registered in BP3TKI Medan and BP3TKI Pekanbaru was also noticeable. Medan and Pekanbaru used to be the closest transit areas to Malaysia and Singapore. However, their importance diminished after the establishment of BP3TKI Tanjung Pinang in 2007. Migrants who used to report in BP3TKI Medan and Pekanbaru simply shifted to BP3TKI Tanjung Pinang.

⁸ The Saudi Embassy only issues visa to domestic helpers who have gone through training sessions and acquired skill certificate, and eventually acquired passport from the Immigration Office in Tangerang (near Jakarta).

Table 5. Official deployment at the national and provincial levels (2006–2009)

	2005	2006	2007	2008	2009
Medan ^{a)}	20,284	25,563	11,322	14,429	10,938
Pekanbaru	36,708	43,516	5,277	4,629	2,730
Palembang	1,858	3,844	3,135	2,784	1,655
Jakarta	209,454	414,391	388,902	314,378	89,043
Bandung	1,510	11,256	13,076	16	-
Semarang	7,774	11,811	29,106	25,583	25,620
Yogyakarta	2,687	5,362	4,829	5,137	3,963
Surabaya	56,033	40,744	59,041	59,525	46,418
Pontianak	2,823	2,571	4,831	2,859	2,516
Banjarbaru	615	1,699	1,921	1,471	-
Nunukan	83,393	69,966	72,439	29,490	6,554
Makassar	1,454	704	1,622	2,141	4,929
Mataram	42,061	39,958	45,880	52,273	53,731
Kupang	7,656	8,224	10,028	10,966	7,499
Tanjung Pinang ^{b)}	-	-	37,375	26,404	12,957
Non-BP3TKI	-	391	4,653	92,156	361,057
Indonesia	474,310	680,000	696,746	644,731	632,172 ^{c)}

Source: BNP2TKI (2012)

Notes:

^{a)} Including BP3TKI Aceh^{b)} Including BP3TKI Kuala Tungkal^{c)} Including 2,252 migrants of G to G scheme

Outmigration from East Java and West Nusa Tenggara

The data show that the global crisis has affected East Java and West Nusa Tenggara differently. We can observe the differences, particularly in 2009, in terms of the outflow to certain destination countries as well as certain occupations.

In 2006–2009, the employers of East Javanese migrants were dominated by various Asian countries—Malaysia, Hong Kong, Taiwan, Singapore, and Brunei (Table 6). Only minority of workers worked in the Middle East. Over the years from 2006 to 2009, the total outflow increased and fell sharply in 2009. Major contributor to this drop was the dispatch to Malaysia which amounted to 43 percent in 2009 compared to 2008. Two reasons were the credit crunch in late 2008 which hit Malaysia and the issue of moratorium on domestic helpers in June 2009. Being the biggest users of workers, any shock related to Malaysia would have huge impact in workers' deployment. There was a decrease in deployment to Brunei in 2009 responding to a lower demand of workers. Brunei also experienced crisis as Brunei was the main exporter of oil. However, this reduction had a minimal impact since Brunei was not the major importer of workers from East Java. Fortunately, workers' demand by other main destinations—Hong Kong and Taiwan—was relatively stable.

Table 6. Destinations of East Javanese migrants (2006–2009)

Destination	2006	2007	2008	2009
Malaysia	25,868	27,500	26,746	15,379
Singapore	2,306	2,909	3,454	3,706
Hong Kong	13,159	13,446	13,616	14,226
Taiwan	9,316	8,738	11,842	12,020
Macau	-	39	213	236
Brunei	7,602	5,834	2,898	1,720
Middle East	295	582	656	858
Others	1	-	100	25
Total	58,547	59,048	59,525	48,170

Sources: UPTP3TKI Jawa Timur (2010), BP3TKI Mataram (2010)

Table 7. Destinations of West Nusa Tenggara migrants (2006–2009)

Destination	2005	2006	2007	2008	2009
Malaysia	32,196	26,963	25,145	29,831	33,111
Other Asia	459	108	27	105	72
Saudi Arabia	9,047	16,493	17,409	21,946	19,752
Other Middle East	365	372	553	331	796
Total	42,067	43,936	43,134	52,213	53,731

Sources: UPTP3TKI Jawa Timur (2010), BP3TKI Mataram (2010)

The outmigration from West Nusa Tenggara has been increasing over the period of 2005–2009 (Table 7). Similar with East Java, Malaysia made up the biggest chunk of total dispatch while Saudi Arabia came second. The dispatch to Malaysia witnessed significant decrease from 2005 to 2007 and only recovered in 2008 and 2009. On the contrary, dispatch to Saudi Arabia increased dramatically. The growth of workers to Saudi was 83 percent in 2006, 6 percent in 2007, and 26 percent in 2008. In 2009, number of Saudi workers fell by 10 percent but was balanced out with 11 percent increase in number of workers to Malaysia. West Nusa Tenggara did not, therefore, suffer from the impact of global financial crisis. Neither did it bear the consequence of Malaysian moratorium of domestic workers since the workers in Malaysia were predominantly male working in plantations.

Table 8 shows occupation pattern in East Java and West Nusa Tenggara. With Malaysia and Saudi Arabia as two main destinations (Table 7), two main occupations of West Nusa Tenggara migrants are strictly segregated: plantation workers in Malaysia and domestic helpers in Saudi Arabia (Table 8). This is in contrast to East Java workers whose dominant occupation is in construction and industry and increasing numbers of caregivers, which did not appear as the occupation of West Nusa Tenggara workers.

Table 8. Occupations of East Java and West Nusa Tenggara migrants (2006–2009)

	2006		2007		2008		2009	
	EJ	WNT	EJ	WNT	EJ	WNT	EJ	WNT
Domestic helper	21,054	16,912	25,853	18,124	30,743	22,393	22,142	20,646
Agricultural worker	30,638	26,151	745	24,214	1,312	29,429	16,600	32,894
Caregiver	4,499	0	0	0	0	0	9,255	0
Factory and construction worker	2,356	873	32,450	796	27,470	451	173	191
Total	58,547	43,936	59,048	43,134	59,525	52,273	48,170	53,731

Sources: UPTP3TKI Jawa Timur (2010), BP3TKI Mataram (2010)

EJ – East Java; WNT – West Nusa Tenggara

Table 9. Placement of migrants in four districts (2006–2009)

	Blitar	Ponorogo	East Java	Lombok Barat	Lombok Tengah	WNT
2006	5,518	3,401	58,547	6,571	14,095	43,936
2007	5,103	3,993	59,048	5,866	13,406	43,134
2008	6,082	3,974	59,525	6,887	16,418	52,213
2009	5,000	4,432	48,170	5,636	16,989	53,731

Source: UPTP3TKI Jawa Timur (2010), BP3TKI Mataram (2010)

Since the impact of global financial crisis on agriculture was not as immediate as that on construction and industry, the total placement in West Nusa Tenggara did not share the same pattern with that in East Java.

District-level data

Resembling the pattern at the national and provincial level, migration outflow at the district level demonstrates an increasing trend from 2006 to 2008 (Table 9). From 2008 to 2009, however, the districts had a different experience.

Total worker outflow in Blitar and Lombok Barat in 2009 dropped by 18 percent compared with the previous year, bringing these districts to a level lower than the 2006 figure. The opposite happened to Ponorogo and Lombok Tengah, with both sharing the experience of West Nusa Tenggara province where total sending of workers continued to grow following the credit crunch in 2008. Overseas employment in Ponorogo and Lombok Tengah in 2009 grew at the rate of 3 percent compared to 2008.

Table 9 also highlights the strong influence of Lombok Tengah in dictating the provincial overseas employment figure. In 2009, for example, Lombok Tengah made up 32 percent of total placement in West Nusa Tenggara. The three remaining districts—Blitar, Ponorogo, and Lombok Barat—only contributed 9–10 percent to their respective province in the same year. According to UPTP3TKI Jawa Timur (2010), Blitar and Ponorogo Districts were among three biggest contributors to

Table 10. Remittance flows to Indonesia (USD million) from 1992 to 2011

Year	Remittance	Migrant Stock (People)
1992	229.00	
1993	346.00	
1994	449.00	
1995	651.00	
1996	796.00	
1997	725.00	
1998	958.00	
1999	1,109.00	
2000	1,190.00	
2001	1,046.00	
2002	1,259.00	
2003	1,489.00	
2004	1,699.00	925
2005	5,296.00	4,248
2006	5,560.25	4,679
2007	6,003.82	4,337
2008	6,617.93	4,445
2009	6,617.62	4,385
2010	6,730.79	4,201
2011	6,735.88	4,088
2012	6,998.00	4,022

Source: Bank Indonesia (2009, 2013a)

East Java placement. However, their role becomes less important compared with the sum of other 36 districts all together.

REMITTANCE FLOWS

The contribution of migrants in terms of remittances is noteworthy (Table 10). Despite the declining stock of migrant workers in 2007, remittance still recorded greater inflows. Apparently, this was due to improving salary rates in several Asian countries, such as Hong Kong, Singapore, and Macau, and in Middle East countries (Bank Indonesia 2009). The milder impact of the crisis was also due to the fact that the workers who were laid off by the factories in some East Asian countries were still given opportunity to search for work before their visa expired and, hence, workers were still able to remit money back home during the global financial crisis. This was the qualitative evidence drawn from interviews with former overseas workers in East Java.

Compared to other balance-of-payment (BOP) indicators with higher volatility, workers' remittances demonstrated steadier growth over time (Table 11). In fact, when most indicators experienced significant contraction in 2009, workers' remittances remained stagnant. Consequently, the contribution of remittances increased in 2009, making up 32 percent of FDI inflow and the export of oil and gas, and 30 percent of current account inflows. This implies insignificant

Table 11. Workers' remittances and other balance-of-payment indicators (in USD million)

Year	Workers' Remittances (Inflow)	Export of Oil and Gas (FOB)	FDI in Indonesia (Inflow) *	Services, Income, and Current Transfer**	Official Aid (Program and Project Aid)	Share of Remittances***
2001	1,046	12,560	2,295	15,795	2,482	7
2002	1,259	12,858	5,163	15,690	2,299	8
2003	1,489	15,234	3,164	16,456	1,837	9
2004	1,699	16,285	10,336	16,473	2,519	10
2005	5,296	20,243	15,218	21,257	2,598	25
2006	5,560	22,950	14,111	20,186	3,588	28
2007	6,004	24,872	19,121	22,757	4,004	26
2008	6,618	31,720	23,683	26,191	4,944	25
2009	6,618	20,616	20,810	22,317	5,529	30
2010	6,735	28,659	33,224	26,227	5,375	26
2011	6,736	38,067	45,280	30,843	3,428	22
2012	6,998	35,571	56,546	33,751	3,332	21

Source: Bank Indonesia (2009, 2013b)

Notes:

*Gross inflow of foreign investment

** Including workers' remittances

*** Compared to services, income, and current transfer

impact of the global financial crisis on remittances at the national level despite reduction in migrant stock (Table 10).

Unfortunately, following the moratorium to major destination countries since 2009, the estimate of migrant stock further decreased in 2010 and afterwards impacting the remittances which only grew insignificantly. Nevertheless, the value of remittances was greater than the amount of the official aid. Due to continuous reduction in aid since 2005, its level became less than half the estimate of workers' remittances in 2012.

However, there were doubts on the importance of remittances. Some scholars, for example Ananta (2009), argue that remittances might not be significant for Indonesia. He based his argument from the *Migration and Remittances Factbook* (World Bank 2008) which compiled data for, among others, top remittance-receiving countries. India, China, Mexico, Philippines, and France were mentioned as the top recipient countries of recorded remittances in 2007. However, small countries such as Tajikistan, Moldova, Tonga, the Kyrgyz Republic, and Honduras were the largest recipient countries taking into account remittances as share of the gross domestic product (GDP). Ananta (2009) argued that remittance might not be significant for Indonesia since it only contributed 1.6 percent of GDP in 2006. He maintained that this contribution is much lower than that of the Philippines' which reached 13 percent of GDP in the same year.

At the district level, the magnitude of remittance is indeed very significant. In the districts where most migrants originate, remittances certainly help

the households cope with daily expenses and provide them with investment alternatives. For example, at village-level focus group discussions (FGDs), remittances were always mentioned as the element of international migration with positive impact on the family and the neighborhood. It was unanimously stated that overseas migration had enabled the family to improve their welfare, send the children to school, renovate their home, acquire a farmland, and start a small business. With remittances, migrants were able to contribute to building and renovating the nearby mosque, and to help the community financially when needed. Indirectly but ultimately, remittances help the migrants gain higher social status in the village.

To see the magnitude of remittance at the district level, we show its comparison with some social economic indicators in 2006.

Table 12 shows the ratio of remittance to gross regional domestic product (GRDP) at the district level is also much higher than the national level, which is 1.6 percent (Ananta 2009). The magnitude, however, decreased over time, particularly for Blitar and Ponorogo where the value of formal remittance slightly decreased while the GRDP and local government expenditure increased. Similarly, ratio of remittance to District Government Budget can also give us insight on the magnitude of remittance at the district level. Interestingly, Lombok Tengah was the only district with the lowest value but highest increase of remittance from 2006 to 2009. At the same time, its migrant outflow magnitude was the highest (Table 9).

Although Ponorogo experienced a drop in the value of remittances in 2009 compared with 2008, Blitar suffered even more with a continuous slump over the last three years (Table 13). Only districts in West Nusa Tenggara, particularly Lombok Barat, thrived in their worker remittances.

Table 12. Magnitude of remittance and migrant outflow at the district level

		Blitar	Ponorogo	Lombok Barat	Lombok Tengah
Remittance/GDRP (%)	2006	n a	n a	10.68	0.25
	2007	2.39	3.41	6.37	0.24
	2008	1.83	3.17	6.80	0.29
	2009	1.06	2.72	11.11	0.27
Remittance/Local government expenditure (%)	2006	n a	n a	74.03	1.43
	2007	27.67	27.28	46.07	1.28
	2008	28.27	29.49	58.43	2.74
	2009	12.40	22.31	82.59	1.56
Migrant outflow/1,000 people	2006	5	4	8	17
	2007	5	4	7	16
	2008	6	4	8	19
	2009	5	5	9	20

Sources: Kantor Bank Indonesia Kediri (2008, 2009, 2010); Kantor Bank Indonesia Mataram (2010); BPS (2010)

Table 13. Remittances in Blitar, Ponorogo, Lombok Barat, and Lombok Tengah 2007–2009 (Rp million)

	Blitar	Ponorogo	Lombok Barat	Lombok Tengah
2007	207,544.00	170,422.00	237,503.39	7,211.17
2008	184,621.00	184,075.00	289,509.81	10,250.56
2009	117,222.11	179,135.00	394,589.04	10,876.63

Source: Kantor Bank Indonesia Kediri (2008, 2009, 2010); Kantor Bank Indonesia Mataram (2010)

Contrasting facts, however, are clearly observable in comparing Table 13 and Table 9. Lombok Barat registered a spectacular amount of remittances despite lower contribution to total provincial outmigration. On the contrary, the highest worker outflow of Lombok Tengah was reflected on its remittance values. Indeed, remittance of Lombok Tengah was the lowest compared with the other three districts.

The reason behind this fact was that most workers of Lombok Tengah had completed their administrative requirements, including opening a bank account in Lombok Barat and Mataram City prior to their departure. Most probably, their home address was registered under the location of their bank account.

Otherwise, there was a middlemen factor in the pattern of remittances. Our field visit demonstrated the important role of middlemen in the emigration process.⁹ An interview with an officer of a private recruitment agency and with a nongovernment organization (NGO) activist revealed that the workers trust the middleman so much that they even used the middleman's bank account to channel their wages to their families.¹⁰ In West Nusa Tenggara, this is known as account taxi (in Indonesian "ojek rekening"). Under this system, the workers do not have to open bank accounts and therefore are free from monthly administration fees. Whenever they use the middleman's account they will be charged certain fees. Most probably, the bank account of the middlemen is located in Lombok Barat and Mataram City and therefore remittances are booked here, rather than in Lombok Tengah where most workers reside.

Moreover, based on an interview with an official in Bank Indonesia Mataram Office, we found out that the statistics of remittances in West Nusa Tenggara was only based on remittance reports from the banks.¹¹ Remittance

⁹ The role of middlemen is more important in West Nusa Tenggara than in East Java. In East Java, the private recruitment agencies put banners in front of their office, attracting the workers to come to the office directly in order to get some money. Apparently, agencies in East Java intend to cut the use of middlemen. In West Nusa Tenggara, on the contrary, the private recruitment agencies even encourage the workers to use the service of the middlemen. In an FGD among men in West Lombok, a respondent said that he once tried to come to the office of the recruitment agency by himself. The officer of the agency, however, said that he needed to go to the middleman first before coming to the office.

¹⁰ Interview with Ahmad (male, about 55 years old) on October 26, 2010; interview with Budi (male, about 30 years old) on November 3, 2010

¹¹ Interview with Bank of Indonesia officer in Mataram: Sony (male, 28 years old) on October 25, 2010

reports from Western Union located at the post office were not included. This was different from statistics in East Java where all offices of Bank Indonesia had built a partnership with the post office to incorporate their remittance reports.

With further data collection from Western Union officers, we received information that remittance transfer through Western Union has been very high.¹²

Table 14 compares remittance values channeled through Western Union in post offices and through banks. More importantly, Western Union data demonstrated increasing values of remittances over time from October 2009 to September 2010, while remittances sent through banks tended to decrease. This implies that overseas workers are more interested in sending their money home through nearby post offices. With this table, we recommend Bank Indonesia Mataram Office to consider integrating the reports from Western Union Post Office into its monthly remittance report.

Finally, low remittance values sent to Lombok Tengah through formal channels can also mean that workers in Lombok Tengah prefer informal channels, for example, through hand carry by friends, relatives, or neighbors when they return home. Certainly, this channel is difficult to capture in remittance reports.

ISSUES ON MIGRANT WORKERS STATISTICS¹³

Governance of migration includes management of a database which depicts the reality of in- and outmigration. Regular and consistently collected data which is publicly accessible will enable research institutes and civil society organizations

Table 14. Remittance transfer through Western Union and through banks (Rp million)

	Remittance Reports from Western Union	Remittance Reports from Banks	
		Lombok Barat and Mataram City	Lombok Tengah
Oct-09	17,929.70	26,768.58	681.52
Nov-09	21,652.33	30,350.91	1,012.99
Dec-09	22,286.83	31,194.20	999.72
Jan-10	21,881.47	22,064.15	1,106.80
Feb-10	20,541.47	20,186.55	613.71
Mar-10	21,787.10	28,743.49	1,028.67
Apr-10	23,029.03	20,577.76	867.04
May-10	23,364.85	23,437.93	582.43
Jun-10	23,831.73	21,201.31	803.05
Jul-10	25,971.98	20,480.97	957.99
Aug-10	32,366.69	36,441.10	1,405.20
Sep-10	29,311.26	18,737.45	929.88

Source: PT Pos Indonesia Mataram (2010); Kantor Bank Indonesia Mataram (2010)

¹² Unfortunately, PT Pos Indonesia only keeps remittance data from Western Union for one year. Data from more than one year is automatically deleted from the system.

¹³ See Bachtiar (2012) for the shorter version of this subchapter.

to supply policymakers with robust evidence and analyses of effective protection regulations for migrant workers. However, the absence of a timely and accurate database is not a unique experience to Indonesia since migration data is only available in a minority of developed economies (Hugo 2006), and if available, its overall process at the international level remains unreliable (Adams 2003).

Nevertheless, Indonesian emigration statistics have been particularly criticized by some scholars. Ananta and Arifin (2008), for example, pointed out that the statistics were biased toward low-skilled workers and were far from accurate. Meanwhile, Sukamdi (2008) echoed that the population census had focused more on internal mobility of people and therefore had failed to capture the issue of international migration, except for those born outside the country.

Moreover, there are several reasons why Indonesian emigration statistics are rather disorganized. On one hand, there are too many government institutions collecting migrant workers' data and therefore a simple summation would result in double counting. On the other hand, those working abroad for the second time or are employed independently, not to mention undocumented migrants, are examples of cases showing that statistics are understated.

Data collected by the ministries and national agencies

In general, the Ministry of Labor and Transmigration (Kemnakertrans) and BNP2TKI are the two main institutions with the mandate to collect data on outmigration. A power struggle between the two influences the availability of outmigration statistics.

According to Law No. 39/2004 (Article 22), one of the responsibilities of PPTKIS is to collect data on migrants. Law No. 39/2004 (Articles 12 and 13) states that PPTKIS must get a permit from Kemnakertrans and renew the permit every five years upon completing the requirements. Article 14 of the law specifies that one of the requirements is to submit a report periodically to Kemnakertrans.¹⁴ Hence, Kemnakertrans should be powerful enough to force every PPTKIS to release the specified data of the workers at regular intervals.

However, Kemnakertrans is not willing to exercise its power to gather data from individual PPTKIS and insurance companies.¹⁵ If at all, it gets only the annual headcount of outmigration. Worse, it requires data only when cases facing workers arise.

On the other hand, BNP2TKI has become the most prepared data-collecting institution even though Law No. 39/2004 does not explicitly state

¹⁴ Source of Kemnakertrans data can also be the insurance company. Kemnakertrans should be able to request individual data from the insurance company periodically because the appointment of the company is Kemnakertrans' authority.

¹⁵ Interview with Annie, staff of Kemnakertrans (female, about 50 years old), on January 20, 2012.

that keeping data is BNP2TKI's responsibility. As a vertical agency, BNP2TKI has 19 provincial representatives, or the so-called BP3TKI, and 14 small district posts called Post for Placement and Protection Services of Indonesian Migrant Workers (P4TKI). BNP2TKI keeps the border statistics collected at the point of departure based on report from BP3TKI. It also gathers information at the point of entry back home, namely, Terminal 4 Selapajang Tangerang as well as the airports of major sending provinces.

With all these facilities, BNP2TKI does not update the emigration data regularly, even the most basic headcount data. Worse, the time lag of data release can reach more than one year. Meanwhile, individual data is neither analyzed nor made publicly accessible.

In addition to Kemnakertrans and BNP2TKI, other ministerial institutions that collect data are: (i) the Ministry of Transportation (Kemenhub); (ii) the Ministry of Law and Human Rights (Kemkumham); and (iii) the Ministry of Foreign Affairs (Kemlu). Kemenhub keeps data specifically on sailors and workers for commercial ships. However, it is not clear whether data from Kemenhub is accommodated in overall annual national data. Kemkumham definitely keeps the records of the workers that come from the immigration offices. Because migrant workers' passports are different from common peoples', the immigration offices are able to generate the migrants database. Kemlu is assumed to receive data from the Indonesian Embassy. Law No. 39/2004 (Article 71) instructs PPTKIS to report the arrival of the migrants to the Indonesian Embassy. The latter then holds a database of migrant workers to be submitted to the Kemlu.

Meanwhile, Indonesian Statistics (BPS) conduct village potential census (Podes) every three years. Since 2005, Podes has included a single question on the number of workers abroad. So, statistics of migrants in every village have appeared in Podes 2005, 2008, and 2011.

Data collected by subnational governments

Table 15 summarizes various government institutions collecting migrant workers' data. At the provincial level, the BP3TKI is the key actor in data collection. Individual data is generated from the overseas employment ID card (KTKLN) and predeparture training (PAP). Both have been the responsibilities of the BP3TKI. The provincial Labor and Transmigration Office (Disnakertrans) also has its own statistics which come from either the report of the PPTKIS located in the province or simply a copy of the BP3TKI report. One can also gather information from immigration offices at the subnational level.¹⁶ At the district level, the

¹⁶ The subnational level of the immigration office does not necessarily correspond with that of the administration level. Thus, an immigration office might have one or more immigration office(s).

Table 15. Institutions collecting data of migrant workers

Level of Authority	Agency in Charge	Source of Data
Destination country	Indonesian Embassy	Report of PPTKIS, Report of migrants
National level	Kemnakertrans	Report of PPTKIS, Report of insurance company
	BNP2TKI	Report from BP3TKI
	Kemhub	Report of sailors/workers in commercial ships
	Kemkumham	Report from immigration offices at the provincial level
	Kemlu BPS	Indonesian Embassy village potential census (Podes)
Provincial level	BP3TKI	Report of PAP, KTKLN
	Provincial Disnakertrans	Report of PPTKIS, report of BP3TKI
	Immigration office	Migrant workers' passports
District level	District Disnakertrans	Passport recommendation, report of PPTKIS, report of BP3TKI

Disnakertrans keeps its own record, which is generated from workers asking for a passport recommendation. Under Law No. 39/2004 (Article 51, Illumination f), the immigration office can only issue passports for migrants upon submission of the recommendation from Disnakertrans at the district level.¹⁷

Quality of data

The quality of data is inherently problematic. Too many institutions are collecting data, and each set is partial, incomplete, and probably overlaps. This has raised the issue of data harmonization. For example, the outflow figure at the provincial level is simply added up to get the national record while workers might be registered not only in the original province but also at the transit area, i.e., at the location of the PPTKIS. At the same time, the figure only reflects the national record and has little to do with the provincial one.

One example is Jakarta, in which majority of the PPTKIS are located, appears to be the highest contributor of workers.¹⁸ Nunukan of East Kalimantan province and Tanjung Pinang of Kepulauan Riau are among the biggest placement units for workers heading to Malaysia. But this does not mean that the overseas workers come from these provinces. The reality is workers come from one province but leave the country from another province, and their statistics are counted from the embarkation point. In this case, calculation based on province might not reflect the real condition of workers' provincial origin.

¹⁷ This requirement is interpreted differently by the immigration office. Interview with the official from the immigration office of Madiun Region (Rudi, male, 50 years old, on June 29, 2010) revealed that the recommendation can come from the district Disnakertrans where the PPTKIS is located and not necessarily from the district Disnakertrans where the migrant is domiciled.

¹⁸ According to the informant from PPTKIS association, about 90 percent of workers that PPTKIS sends to the Middle East are located in Jakarta (male, about 50 years old, December 15, 2009).

This phenomenon also takes place at the provincial level when calculation is disaggregated based on district outflow. It appears that the provincial capital, such as Kupang District and Lombok Barat District, also has a much higher number of migrants than the rest of the districts simply because these are where PPTKIS or branch of PPTKIS is located. Thus, workers come from one district but are registered in another district.¹⁹

If the workers are counted in the embarkation point, such as Jakarta, Nunukan, and Tanjung Pinang (across province) or in the capital city of the province (across districts within one province) while at the same time they are also counted in their origin districts, we could expect a double-counting statistics to take place. This could be serious if it involves major destination countries such as Saudi Arabia and Malaysia. To avoid double counting, the solution is to have the village-level data. This is provided by the Statistics Indonesia. Podes data, which includes overseas workers, is started in 2005, and every three years afterwards included a single question on the number of workers abroad. Podes data is generated from the interview with the village head. By and large, it relies on the memory of the village leader rather than on hard evidence. Although the question is about the stock of emigrants, the village head might confuse it with the flow. This helps clarify why, in the total stock of migrant workers, the number reached only 1,117,816 in 2005 and 1,362,363 in 2008. In comparison, the estimate of Kemnakertrans amounted to six million (Hugo 2009), and that of the Bank Indonesia, 4.0 million. To overcome this, Podes should, if possible, include both the questions of stock and flow of overseas workers.

Since Podes can only produce records every three years, we suggest that Statistics Indonesia also collect basic statistics on migrant workers. The National Labor Survey (Sakernas) conducted quarterly should include some questions relevant to working abroad, and this would not be difficult. This way, Sakernas integrates overseas labor market statistics with the domestic one. Statistics Indonesia must also conduct analyses and release information to the public. The benefits are threefolds: (i) the data is timely and publicly available; (ii) estimate can be made at least for provinces and the national level; and (iii) estimate includes the contract workers leaving for the second and third times, irregular/undocumented workers, as well as professional workers that are not captured by the present statistics.

Ultimately, statistics are not the goal but the means and tools for better management of international migration. Improvement of overseas workers' governance encompasses many aspects, one of which is improvement of the

¹⁹ At the provincial level, there is also discrepancy between statistics made by BP3TKI and Disnakertrans. The first bases its statistics on number of workers with KTKLN and the latter on number of workers asking for Disnakertrans recommendation for passport application.

statistics. Limitations of emigration statistics and access to them have imposed a major constraint in research efforts.

CONCLUSION AND RECOMMENDATION

We observed the more complex phenomena of international migration. The most tangible one is deployment volatility as a consequence of government policy and economic shock both at the origin as well as the destination countries. Volatility makes it more difficult to understand trends over a longer period. Complexity is intensified by the fact that volatility could simply be a matter of recording system. This is a serious issue since governance of migration includes the management of a database that should be regular and consistently collected and be made publicly accessible. Although data has been collected by various government institutions, efforts to integrate them are still lacking.

Other phenomena such as changing destination and expanding destination countries bring with them the need for a higher level of government responsibilities in protecting the overseas workers. Again, the planning and budgeting for proper protection will only be possible if data is available. Hence, a strong call for improvement in the recording system is needed.

As there have been many cases facing domestic workers lately, the government enforced moratorium which intensified the volatility of deployment. Indeed, moratorium has characterized the international migration in Indonesia in the last four years particularly because domestic workers make up a lion's share of overseas workers' dispatch.

At the subnational level, the migrants in East Java and West Nusa Tenggara were affected differently by the financial crisis and moratorium due to different occupational structure. From the remittance point of view, the sending districts receive more significant value of remittances compared to GRDP and Local Government Budget, which implies considerable potential of remittance for local development. Therefore, local governments in sending areas need to work more closely in facilitating and protecting the workers so that working overseas is truly beneficial to the workers, their family, and the society.

Finally, taking into account significant scale of undocumented/irregular migrant workers, we recommend that the Statistics Indonesia conduct a nationally representative household survey covering relevant information on emigration, including workers' profile such as gender, age, address, profession, education, wage, and destination country. The survey should incorporate workers that are preparing to depart, working, and have finished their work contract.

REFERENCES

- Adams, R.H. Jr. 2003. International migration, remittance, and the brain drain: A study of 24 labor export countries. World Bank Policy Review Working Paper 3069. Washington, D.C.: World Bank.
- Agency for Placement and Protection Services of Indonesian Migrant Workers (BP3TKI). 2010. Placement of migrant workers in WNT, 2006–2009. Mataram: BP3TKI Mataram.
- Ahniar, N.F. and H.B. Pratomo. 2011. Countries with migrants sending highest amount of remittance. *Vivanews*, June 23. <http://fokus.vivanews.com/news/read/228758-negara-paling-banyak-remitansi-dan-jumlah-tki> (accessed January 29, 2012).
- Ananta, A. 2009. Estimating the value of the business of sending low-skilled workers abroad: An Indonesian case. Paper presented at the XXVI IUSSP International Population Conference, September 27–October 2, Marrakech, Morocco.
- and E.N. Arifin. 2008. Demographic and population mobility transitions in Indonesia. http://www.pecc.org/resources/doc_view/689-demographic-and-population-mobility-transitions-in-indonesia (accessed September 2, 2010). Revised paper after PECC-ABAC Conference on “Demographic Change and International Labor Mobility in the Asia-Pacific Region: Implications for Business and Cooperation”, March 25–26, Seoul, Korea.
- Andrian. 2011. Private recruitment agency accept migrant moratorium to Kuwait. *Suara karya Online*, November 6. <http://www.suarakarya-online.com/news.html?id=239282> (accessed January 29, 2012).
- Ari. 2011. Socialization of revoke of Malaysian moratorium. *Buruh Migran*, November 3. <http://buruhmigran.or.id/2011/11/03/sosialisasi-pencabutan-moratorium-tki-ke-malaysia> (accessed January 29, 2012).
- Bachtiar, P.P. 2012. Chaotic statistics of Indonesian migrant workers. *The Jakarta Post*, January 26. <http://www.thejakartapost.com/news/2012/01/26/chaotic-statistics-indonesian-migrant-workers.html> (accessed January 29, 2012).
- Bank Indonesia. 2013a. Estimates of Indonesia’s remittance and migrant stock 1992–2012. Unpublished.
- . 2013b. Indonesia’s balance of payment. <http://www.bi.go.id/web/en/Statistik/Statistik+Ekonomi+dan+Keuangan+Indonesia/Versi+HTML/Sektor+Eksternal/Sektor+Eksternal.htm> (accessed March 3, 2013). Jakarta: Bank Indonesia.
- . 2009. *Report on national survey of remittance pattern of Indonesian migrant workers 2008*. Jakarta: Bank Indonesia.

- Breman, J. and G. Wiradi. 2002. Good times and bad times in rural Java. *The Journal of Developing Areas* 37, 1(Autumn 2003):175–177.
- Bukhori, I. 2011a. 1500 overseas workers are still stranded in Egypt. <http://bnp2tki.go.id/berita-mainmenu-231/3945-1500-tki-banyuwangi-masih-tertahan-di-mesir.html> (accessed January 29, 2012). Jakarta: BNP2TKI.
- . 2011b. 253 overseas workers in Libya are now being evacuated. <http://bnp2tki.go.id/berita-mainmenu-231/4058-253-wni-tki-di-libya-mulai-dievakusai.html> (accessed January 29, 2012). Jakarta: BNP2TKI.
- . 2011c. Revision of Law No. 39/2004 Solution to Migrant Problems. <http://www.bnp2tki.go.id/berita-mainmenu-231/5795-perubahan-uu-392004-diharap-dapat-menjawab-problema-tki.html> (accessed January 29, 2012). Jakarta: BNP2TKI.
- Department of Labor Force and Transmigration (Depnakertrans). 2009. Placement of Indonesian migrant workers 2005–2009. <http://pusdatinaker.balitfo.depnakertrans.go.id/katalog/download.php?g=2&c=17> (accessed November 11, 2009). Jakarta: Depnakertrans.
- Djelantik, S. 2008. Indonesian women migrant workers: Problems and solutions. Paper presented at the AusAID Scholarship Alumni Conference “Global Challenge, Local Solution”, October 21–23, Jakarta, Indonesia.
- Gooszen, H. 1999. *A demographic history of the Indonesian archipelago 1880–1942*. Leiden: KITLV Press.
- Hariyanti, D. 2011. Indonesia enforces migrant moratorium to Syria. *Jurnas.com*, August 9. http://www.jurnas.com/news/36844/RI_Lakukan_Moratorium_TKI_ke_Suriah/1/Ekonomi/Ekonomi (accessed January 29, 2012).
- Hugo, G. 2009. Governance and institutional issues in migration in Asia and the Pacific. Draft paper for East-West Centre Project on Cross-Border Governance. <http://www.snap-undp.org/lepknowledgebank/Public%20Document%20Library/Governance%20and%20Institutional%20Issues%20in%20Migration%20in%20Asia%20Pacific%202009.pdf> (accessed May 29, 2012).
- . 2006. Improving statistics on international migration in Asia. *International Statistical Review* 74 (3):335–355.
- . 2000. Knowledge on HIV of the Indonesia overseas contract workers. Bangkok: United Nations Development Programme.
- Humaidah, L.N., T. Krisnawaty, T. Kuswandari, and Y. Setioso. 2006. Guidelines to formulate local regulation regarding right-based and gender-based protection of migrant workers. <http://www.komnasperempuan.or.id/2010/08/panduan-menyusun-peraturan-daerah-tentang>

- perlindungan-buruh-migran-indonesia-berperspektif-hak-asasi-manusia/ (accessed May 29, 2012). Jakarta: Komnas Perempuan.
- Indonesian Statistics (BPS). 2010. Districts/municipalities' gross regional domestic product (GRDP) in Indonesia 2005–2009. Jakarta: Badan Pusat Statistik.
- Kantor Bank Indonesia Kediri. 2010. Report of remittance of overseas workers in Region Kediri and Madiun, 2009. Kediri: Bank Indonesia.
- . 2009. Report of remittance of overseas workers in Region Kediri and Madiun, 2008. Kediri: Bank Indonesia.
- . 2008. Report of remittance of overseas workers in Region Kediri and Madiun, 2007. Kediri: Bank Indonesia.
- Kantor Bank Indonesia Mataram. 2010. Remittance report of overseas workers. Unpublished. Mataram: Bank Indonesia.
- Kompas. 2012. Recruitment and placement process being improved.
- Maruli, A., Editor. 2011. No lift on Jordan moratorium. *Antaranews.com*. <http://www.antaranews.com/berita/1324204821/moratorium-tki-ke-yordania-tidak-akan-dicabut> (accessed June 15, 2012).
- Maulia, E. 2009. President visit Malaysia to discuss migrant worker issues. *The Jakarta Post*, October 29. <http://www.thejakartapost.com/news/2009/10/29/president-visit-malaysia-discuss-migrant-worker-issues.html> (accessed January 29, 2012).
- Nagib, L. 2002. Placement and protection system of overseas workers: Issues and improvement. *Population and Development XIII* (2). Jakarta: Indonesian Institute of Sciences (LIPI).
- Naovalitha, T. n.d. Complexity of placement mechanism of overseas migrant workers: Some problems and alternative solutions. Jakarta: World Bank.
- National Agency for Placement and Protection of Indonesian Migrant Workers (BNP2TKI). 2013. Data on placement of overseas workers. Jakarta: BNP2TKI.
- . 2012. Data on placement of overseas workers. <http://www.bn timer2tki.go.id/statistik-mainmenu-86/data-penempatan-mainmenu-87.html> (accessed March 29, 2012). Jakarta: BNP2TKI.
- . 2011. Database of returned migrants (2008–2011). Unpublished.
- . 2010. Data on placement of overseas workers, 2004–2009. Jakarta: BNP2TKI.
- PT Pos Indonesia Mataram. 2010. Remittance report of Western Union in 23 post offices in Mataram City and Lombok Barat, and 3 post offices in Lombok Tengah: October 2009–September 2010. Unpublished.
- Romdiati, H., T. Handayani, and S. Rahayu. 1998. Implementation of social safety net in employment sector: Some important issues from quick assessment

- in West Java. Jakarta: Puslitbang Kependudukan dan Ketenagakerjaan, LIPI.
- Sukamdi. 2008. Indonesia. *Asian and Pacific Migration Journal* 17 (3–4):325–334.
- Technical Implementation Unit for Placement and Protection Services of Indonesian Migrant Workers (UPTP3TKI) Jawa Timur. 2010. Placement of migrant workers in East Java, 2006–2009. Internal document (unpublished).
- The Jakarta Post*. 2012. Ministers set to discuss labour export ban, employment. <http://www.thejakartapost.com/news/2011/06/27/ministers-set-discuss-labor-export-ban-employment.html> (accessed January 29, 2012).
- Tjiptoherijanto, P. and S.H. Harmadi. 2008. Indonesian migrant workers: Analysis of trends, issues, policies, and proposed solutions. Paper presented in seminar on “Governance in a Triptych: Environment, Migration, Peace and Order”, October 23–25, Manila, Philippines.
- Toha. 2011. Head of BNP2TKI spontaneously visit Batam Port. <http://www.bnp2tki.go.id/berita-mainmenu-231/6108-kepala-bnp2tki-lakukan-sidak-di-pelabuhan-batam.html> (accessed January 29, 2012).
- Wickramasekera, P. 2002. Labour migration in Asia: Trends and issues. [http://www.ilo.org/public/english/protection/migrant/download/imp/imp57e .pdf](http://www.ilo.org/public/english/protection/migrant/download/imp/imp57e.pdf). International Migration Paper 57. Geneva: International Labour Organization.
- World Bank. 2008. *Migration and Remittances Factbook 2008*. Washington D.C.: The International Bank for Reconstruction and Development, The World Bank.

APPENDIX

List of host countries based on BNP2TKI statistics of returned migrants (2008–2011)

Albania	Hungary	Puerto Rico
Algeria	Iceland	Qatar
American Samoa	India	Russia
Angola	Iran	Rwanda
Aruba	Iraq	Samoa
Australia	Ireland	San Marino
Austria	Israel	Saudi Arabia
Azerbaijan	Italy	Serbia and Montenegro
Bahamas	Jamaica	Seychelles
Bahrain	Japan	Sierra Leone
Brazil	Jordan	Singapore
Bangladesh	Kazakhstan	Slovakia
British Indian Ocean Territory	Kiribati	Solomon Islands
Brunei Darussalam	Kenya	South Africa
Cambodia	Korea	Spain
Canada	Korea Selatan	Sri Lanka
Central African Republic	Kuwait	Sudan
Chile	Lebanon	Suriname
China	Liberia	Swaziland
Congo	Libya	Switzerland
Croatia (Hrvatska)	Luxembourg	Syria
Cyprus	Macao SAR	Taiwan
Czech Republic	Madagascar	Tajikistan
Denmark	Malawi	Thailand
East Timor	Malaysia	Trinidad and Tobago
Ecuador	Maldives	Tunisia
Egypt	Malta	Turkey
Eritrea	Mali	Uganda
Ethiopia	Mauritius	Ukraine
Estonia	Mauritania	United Arab Emirates
Fiji Islands	Mayotte	United Kingdom
France	Mexico	United States
Gambia	Moldova	United States Minor Outlying Islands
Germany	Morocco	Uruguay
Greece	Nigeria	Uzbekistan
Heard Island and McDonald Islands	Oman	Viet Nam
Haiti	Pakistan	Yemen
Honduras	Philippines	Zambia
Hong Kong	Portugal	Zimbabwe

Source: BNP2TKI (2011)

Managing International Labor Migration: The Philippine Experience

ANICETO C. ORBETA, JR. AND MICHAEL R.M. ABRIGO¹

ABSTRACT

This paper reviews the Philippine international labor migration management infrastructure using the Regulatory Impact Analysis (RIA) framework. Thirty years of government experience in managing high-volume labor migration has resulted in a network of institutions and policies dedicated to promote the welfare of migrant workers. This paper seeks to describe the migration management infrastructure based on laws and regulations promulgated governing international labor migration, as well as the mandates of public institutions created and the procedures that were introduced. Consistent with the RIA framework, it also describes the impact of policies on the overall international migration sector as well as on a specific component—household service workers. Although the Philippines is considered by many as the global model in managing international labor migration, indicative weaknesses in the system are recognized. The paper highlights the need for greater coordination among public institutions, as well as the strengthening of their workforce composition. It also highlights the fact that policy initiatives (such as the move to professionalize the household service workers sector) can miss their mark, and are either largely ignored or not known to migrant workers concerned.

¹ Senior research fellow and research specialist, Philippine Institute for Development Studies (PIDS). The authors may be contacted at aorbeta@mail.pids.gov.ph and mabrigo@mail.pids.gov.ph. This study received financial support from the International Development Research Centre (IDRC). All opinions here, however, are solely of the authors and do not necessarily reflect those of PIDS or IDRC. This paper has benefited from the comments of participants during the Regional Technical Workshop held in Manila on January 13, 2011. In particular, they would like to acknowledge the helpful comments of Mr. Ricardo Casco, Mr. Tomas Achacoso, and Dr. Charles Harns. It has also benefited from the comments of participants at the National Policy Forum held on March 10, 2011. In particular, they acknowledge the inputs provided by the Philippine Overseas Employment Administration (POEA) through Director Nini Lanto. All remaining errors are the sole responsibility of the authors.

INTRODUCTION

Forty years² of continuously deploying overseas migrant workers has made international migration an enduring feature of Philippine development. Whether part of a deliberate development strategy or simply tolerating citizens seeking work abroad because of the lack of jobs domestically, the country deploys a continuously rising number of migrant workers to 192 countries. Deployment has exceeded a million workers annually since 2005. Official remittance stood at over 9 percent of the gross domestic product in 2010, which is greater than the contribution of many of the traditional industries. Given this background, it is not surprising that international migration is a continuing national concern.

The long experience of deploying a large number of workers has earned accolades for the country as a global model for managing the deployment of workers (e.g., IOM 2005; Martin 2006). Nonetheless, as argued earlier (Orbeta et al. 2009) and by others (Agunias 2008; COA 2008), there are limitations that need to be highlighted. This paper reviews the migration management infrastructure using the Regulatory Impact Analysis (RIA) framework. Specifically, it describes the migration management infrastructure from the mandates of migration institutions and the procedures put in place to fulfill the mandate. It also reviews the “letter” of the laws and regulations. Finally, it describes the impact of the regulations on a specific sector—the household services workers (HSWs).

The paper finds several indicative cracks on the internationally acclaimed migration management infrastructure of the country. For one, there are mounting cases of unresolved illegal recruitment indicating, at least, lagging administrative capacity to handle cases. There is also a glaring indication of lack of coordination between branches of government crafting laws as shown by the apparent re-enactment in the most recent migration law (Republic Act or RA 10022) of a provision earlier rendered unconstitutional by the Supreme Court. Finally, the main provisions of the 2006 package of reforms to professionalize the HSW sector is either ignored or not known to migrant workers concerned. What is even more telling is that even the minimum wage provision in the package was apparently violated officially by the POEA Governing Board, allowing another agreement covering similar workers, which stipulates a lower minimum wage, to proceed.

The paper is structured as follows. The next section provides a description of the methodology. It is followed by a description of the flows of migrant workers through the years. A description of the migration management infrastructure with a focus on the deployment agency – the Philippine Overseas Employment Administration (POEA) – follows. This section also includes a summary of the

² It was in the 1970s that the number of workers deployed increased rapidly although the flow of migrant workers dates back to the Spanish period, when Filipinos manned the ships of the Manila-Acapulco trade (Samonte et al. 1995).

legal review done. The fourth section describes the impact of the regulations, in general, and on HSWs, in particular. The final section provides a summary and policy implications.

METHODOLOGY

The paper uses RIA to examine the prevailing migration management infrastructure. RIA essentially looks at the costs and benefits of introducing regulation. This can be done both qualitatively and quantitatively if data allow. Jacobs (2006) argued that the most influential ones are those involving quantitative analyses. Given the data limitations,³ mainly qualitative analysis was done here. Specifically, it starts with a description of the regulation infrastructure. A document survey and interviews were done to understand the mandates of migration institutions as well as the procedures adopted to implement these mandates. Simultaneously, a legal review was done to examine the “letter” of the migration laws and regulations, as well as describe the gains through the years, the remaining gaps, and prospects for protecting migrant workers. Finally, the impact of regulations needs to be understood. Given limited resources and data, we could only discuss general indications of impact, such as disposition of cases involving overseas Filipino workers (OFWs). We had a more in-depth determination of the impact on a specific sector—household service workers—which is consistently the largest single group among the new hires and considered one of the most vulnerable. This particular component of the study used a combination of focus group discussions, key informant interviews, and a minisurvey of migrant workers.

The legal review was done by lawyers Ambito and Banzon from a legal research institution—the Initiatives for Dialogue and Empowerment through Alternative Legal Services, Inc. The analysis of the impact of migration regulations on home service workers, on the other hand, was done by Battistella and Asis of the Scalabrini Migration Center.

FLOW OF LABOR MIGRANTS

Organized labor migration from the Philippines has been in existence for at least 400 years, based on historical accounts dating as far back as the Spanish colonial

³ For instance, the background paper done by Battistella and Asis noted that the cost estimates of applying for an overseas job are unreliable, confirming the observation in an earlier study. We also tried to obtain establishment data from the National Statistics Office's (NSO) Establishment Survey. NSO was not willing to release the raw data because they have determined that, at the level of disaggregation required by the study, identity of the firms would already be revealed, thus violating the confidentiality rule. The published data, on the other hand, are at the four-digit level class 7810, which refers to activities of employment placement agencies. This class includes labor recruitment and provision of personnel, local (78101); labor recruitment and provision of personnel, overseas (78102); online employment placement agencies (78103); casting agencies (78104); theatrical booking agencies (78105); and others n.e.c. (78109). Hence, data for recruitment agencies for overseas employment are not readily available.

period (1521–1898) during which natives manned ships in the Manila-Acapulco galleon trade (Samonte et al. 1995). There were subsequent notable movements mostly to the United States, facilitated by the special colonial relationship between the two countries. However, it was not until the 1970s when the number increased rapidly, coinciding with the construction boom in the Middle East as a result of the rise in oil prices in 1973–1974. From a low of around 50,000 migrant workers in 1975, the Philippines has been deploying more than a million Filipino workers throughout the world annually since 2005 (Table 1).

Temporary migrant workers dominate the flow of Filipino migrants, accounting for more than 90 percent of total deployment annually in more recent years. The preference of employers for migrant workers with prior international experience is evident in the increasing proportion of rehired land-based workers. From around 38 percent of total annual flow in 1985, rehired workers constituted more than half of the migration flow in 2010.

Traditionally, the Middle East, followed by the rest of Asia, has been the destination of migrant workers, still reflecting the dominance of temporary migrant workers by volume. More recent deployment statistics show a significant proportion of the annual flows going to Europe and North America, the traditional destination of permanent migrants. From a low of 1,500 migrant workers who left the country for the Middle East in 1975, deployment rose to more than 300,000 by 1983. The number fluctuated in the 200,000–300,000 band in the 1990s and was observed to be gradually rising in recent years to over 400,000 by 2007. After the oil price hikes in 1973–1974, Middle East countries went into massive infrastructure development financed by their oil wealth. This led to the construction boom that caused an unprecedented increase in temporary migrant workers between 1975 and 1985. The subsequent decline was due to several reasons, among which are (a) policies to restrict foreign workers and encourage use of local workers; (b) completion of most of the basic construction projects (IOM 2005); and (c) the Gulf War in 1990–1991. Some of the reasons for the recent resurgence are (a) failure of policies to restrict flow of non-nationals and to encourage nationals to take up work done by foreigners (Shah 2008); and (b) increase in emigration of Arabs into other regions, e.g., OECD countries (IOM 2008).

Meanwhile, the flow of migrant workers to the rest of Asia, especially East and Southeast Asia, in the late 1980s and early 1990s was conditioned primarily by the labor demand of newly industrialized countries in the region which resorted to labor importation to sustain their economic growth (Asis 2005). The Asian financial crisis in 1997–1998 affected the flow but the restriction on the flow of entertainers both by POEA and destination countries, notably Japan, is an important reason for the reduction in recent flows to the region.

Table 1. Flow of migrants, 1975–2010

	Levels			Annual Growth (%)						
	1975	1985	1995	2005	2010	1975–2010	1975–1985	1985–1995	1995–2005	2005–2010
Total	50,527	418,053	709,816	1,057,643	1,470,826	9.6	21.1	5.3	4.0	6.6
Permanent	14,492	45,269	56,242	69,028	86,075	5.4	11.4	2.2	2.0	4.4
Temporary, land-based	12,501	320,494	488,173	740,632	1,123,676	13.0	32.4	4.2	4.2	8.3
New hire	na	160,815	214,157	289,981	341,966	na	na	2.9	3.0	3.3
Rehire	na	159,679	274,016	450,651	781,710	na	na	5.4	5.0	11.0
Temporary, sea-based	23,534	52,290	165,401	247,983	347,150	7.6	8.0	11.5	4.0	6.7
Percentage (%) to total										
Permanent	28.7	10.8	7.9	6.5	5.9					
Temporary, land-based	24.7	76.7	68.8	70.0	76.4					
New hire	na	38.5	30.2	27.4	23.2					
Rehire	na	38.2	38.6	42.6	53.1					
Temporary, sea-based	46.6	12.5	23.3	23.4	23.6					

Note: Data flow for temporary land-based workers for 1975 refers to processed contracts.
Source: Commission on Filipinos Overseas (CFO), Philippine Overseas Employment Administration (POEA)

In terms of occupation, the dominant groups are professionals, service workers, and production process workers, transport workers, and laborers. The dominance of professionals in 1975 was replaced by a notable spike in production process workers, transport workers, and laborers in the 1980s and by service workers in recent years. In 2005, around half of newly hired workers were deployed as service workers (Table 2).

Service workers are dominated by HSWs in the low- to semiskilled class, deployed around the world, but with large concentrations in the Middle East and East Asia. In the early 1990s, as much as 80 percent of service workers were HSWs, although this has declined in recent years (Battistella and Asis 2011). Indeed, among new hires, HSWs comprise a substantial proportion (28%) as shown in Table 3.

Table 2. Distribution of temporary migrants and labor force by usual occupation

	1975	1980	1985	1995	2000	2005	2010
Professional and technical workers	53.5	15.4	22.5	20.4	31.1	22.5	12.3
Managerial workers	0.6	0.5	0.4	0.2	0.1	0.2	0.4
Clerical workers	1.8	3.4	4.5	1.6	0.9	1.9	3.1
Sales workers	0.4	0.3	0.8	0.9	0.8	1.5	2.1
Service workers	22.0	14.8	27.1	37.8	36.0	47.1	45.4
Agricultural workers	0.9	1.0	0.4	0.5	0.2	0.1	0.3
Production workers	20.8	64.2	44.4	38.5	22.8	26.3	35.5
For reclassification	0.0	0.0	0.0	0.1	7.9	0.4	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: 1975–1985 figures refer to processed workers. 1990–2010 refer to new-hire workers only.

Source: POEA Compendium of Statistics, various years.

Table 3. Deployed new-hire overseas Filipino workers: top ten skills by sex, 2010

	2010			% Share to Total
	Male	Female	Total	
Household service workers	1,703	94,880	96,583	28.4
Charworkers, cleaners, and related workers	2,612	9,521	12,133	3.6
Nurses professional	1,828	10,254	12,082	3.6
Caregivers and caretakers	543	8,750	9,293	2.7
Waiters, bartenders, and related workers	4,393	4,396	8,789	2.6
Wiremen electrical	8,576	30	8,606	2.5
Plumbers and pipe fitters	8,391	16	8,407	2.5
Welders and flame-cutters	5,037	22	5,059	1.5
Caretakers building / housekeeping and related service workers	701	4,098	4,799	1.4
Bricklayers, stonemasons, and tile setters	4,478	29	4,507	1.3
Other skills	116,415	53,606	170,021	50.0
Total deployment-new hires	154,677	185,602	340,279 ¹	100.0

¹ Covers only 95 percent of total deployed landbased new hires

Source: 2008 POEA Compendium of Statistics.

INTERNATIONAL MIGRATION MANAGEMENT SYSTEM

Rationale for regulation

Deployment of migrant workers is a job-matching problem. Viewed as such, on one hand we have workers seeking the best wage, benefit, and working condition package available given their skills and labor market conditions and, on the other, employers seeking the best workers available at least cost (Martin 2006). With full information for both parties, the most efficient job-matching institution will be the one having the most information on employers seeking workers and workers seeking jobs. Matching is better if there are more choices of both jobs and workers available to match. Thus, there are economies of scale in job-matching. This has justified the preference for public (no-fee) employment services in the early years of deploying migrant workers. In recent years, however, the private sector has been dominating the recruitment industry. Public employment service only deploys a very small proportion since the latter can no longer handle or can only handle less efficiently a growing volume of migrants (ILO 2007).

Full information is often a strong assumption to make. The job-matching problem can be characterized better as a case of asymmetry of information. Compared with the recruitment agency, the workers know their skills and capabilities better but know little of the jobs available. Jobseekers know little about the quality of placement services offered by recruitment agencies until after they have purchased those services. This is particularly true for first-time jobseekers using placement services. The opposite is true for the recruitment agencies as they know better the jobs available but know little about the skills of the applicants. The recruiter will not know what kinds of workers are deployed until deployment services are bought. This can lead to inefficiencies when the information problems are not resolved. The classic market solutions to asymmetric information problems are signaling and screening (Akerlof 1970). The parties can look for a signaling mechanism that can reveal the type of the other party. In screening, the less-informed party can use a screening mechanism to induce the other party to reveal information. Relatedly, it is also argued that recruiters generally have more information than migrants (Martin 2006). Thus, there can be imbalance in bargaining power between recruiters and applicants. This imbalance in bargaining power will also generate inferior results. For instance, in the face of desperate and less-informed applicants, recruiters can easily resort to offering nonexistent jobs and even to smuggling and trafficking with full cooperation from the worker. This will lead to illegal recruitment cases. In general, the recruitment fee will be some fraction of the difference in wages between the labor-sending and labor-receiving country.

The worker would likely agree to pay higher recruitment fees if there are more benefits beyond the work being considered, e.g., prospects for settlement abroad and experience in more sophisticated working conditions; if it is more difficult to find work through other means such as social networks or illegally; and if there are more workers seeking jobs than what is available. With asymmetry in information and/or imbalance in bargaining power, the recruiter can extract more than what the worker should be paying.

Matching workers and employers across national borders complicates the information problem. For one, there will be less standardization in the absence of bilateral agreements, multinational recruitment firms, and government oversight of contracts (Martin 2006). Another important issue is the difficulty of enforcement of the terms of the contract. Obviously, institutions in sending countries do not have jurisdiction in receiving countries unless there is a bilateral agreement binding the two countries.

These problems provide the reasons for regulations on international migration.

Components of the migration regulation system

The components of the Philippine deployment regulation system can be grouped into three: (1) limiting entry, (2) regulation on fees and employment standards, and (3) monitoring and redress.

Limiting entry

At the forefront of protective measures against offenses committed against migrant workers is the predetermination of who may participate in the overseas employment program, by setting minimum qualifications among the parties involved. The participants are bound by rules and regulations on how recruitment and overseas placement shall be conducted.

Local private recruitment and manning agencies. The POEA reserves the privilege of recruiting and placing workers for overseas employment positions in agencies that are at least 75 percent owned and controlled by Filipino citizens. Agencies with proprietors, partners, or members of the board with derogatory records at the National Bureau of Investigation or the Anti-Illegal Recruitment Branch of POEA are disqualified from participating in the overseas recruitment program. Agencies with proprietors, partners, or members of the board who are engaged in the operation of travel agencies or are sales agencies for airline companies are likewise barred from participating.

Although the requirement on minimum capitalization of agencies as prequalification for participation has been maintained since the introduction of the registration and licensing of recruitment and manning agencies in 1974,

the actual amount has increased through the years. From PHP 500,000 (USD 11,084)⁴ in 1985 to PHP 1 million (USD 22,168) in 1991, POEA raised the minimum capitalization requirement for agencies wishing to participate in the overseas employment program to PHP 2 million (USD 44,336) in 2002 for recruitment agencies, and in 2003 for manning agencies (Table 4). A certificate of bank deposit and a verified copy of income tax return in the last two years preceding the application are likewise required to prove the financial capacity of proprietors, partners, or corporations wishing to participate in the overseas employment program.

In addition, a recruitment and manning agency must also submit an authenticated statement stating, among others, that it shall assume full and complete responsibility over all claims or liabilities arising from the use of the license; that it shall assume joint and solidary responsibility with the foreign principal or employer for all claims and liabilities arising from the

Table 4. Schedule of fees and other requirements (partial) for application of license

	1985	1991	2002 Recruitment Agencies	2003 Manning Agencies
Minimum capitalization	PHP 500,000 (USD 11,084)	PHP 1 Million (USD 22,168)	PHP 2 Million (USD 44,336)	PHP 2 Million (USD 44,336)
Proof of financial capacity <i>Certificate of Bank Deposit amounting to at least</i>	PHP 250,000 (USD 5,542)	PHP 250,000 (USD 5,542)	PHP 500,000 (USD 11,084)	PHP 500,000 (USD 11,084)
Proof of marketing capability <i>Manpower request or visa approval of at least</i>	-	50 workers (50 seafarers)	100 workers	50 seafarers
Filing fee	To be deter- mined by POEA	PHP 5,000 (USD 111)	PHP 10,000 (USD 222)	PHP 10,000 (USD 222)
License fee	PHP 6,000 (USD 133)	PHP 30,000 (USD 665)	PHP 50,000 (USD 1,108)	PHP 50,000 (USD 1,108)
Bonds*	PHP 250,000 (USD 5,542)	PHP 150,000 (USD 3,325)	PHP 100,000 (USD 2,217)	PHP 100,000 (USD 2,217)
Escrow deposit	-	PHP 200,000 (USD 4,434)	PHP 1 million (USD 22,168)	PHP 1 million (USD 22,168)
License validity (maximum)	1	2	4	4

Source: POEA Rules and Regulations Governing Overseas Employment, various years

* Aggregate amount of required bonds, i.e., surety and cash bonds (1985 and 1991 POEA Rules and Regulations)

⁴ All calculations of USD equivalent from here forward use the 2010 annual average exchange rate of PHP 45.11=USD 1.00

implementation of workers' employment contracts; and that it shall repatriate deployed workers and their belongings when needed. Joint and solidary responsibility of foreign employers and local recruitment or manning agencies ensures that local recruitment agencies will choose their principals well. This, together with the Filipino ownership requirement, also enables redress of legitimate grievances in the Philippines, where the employment contract of workers is executed (Sto. Tomas 2005).

Only licensed agencies are allowed to conduct recruitment activities. However, licensed recruitment or manning agencies may only do so at the address stated on their licenses or in their POEA-acknowledged additional offices. Recruitment activities at places other than registered offices require prior approval by POEA and supervision by them, the Department of Labor and Employment (DOLE), or representatives of the local government unit where the recruitment activity will be held. Advertising for verified workforce requests and for workforce-pooling purposes are likewise governed by rules and regulations set by POEA. Recruitment and manning agencies may only charge a placement fee equivalent to at most one month's salary of the worker per contract processed.

With the enactment of RA 10022, amending RA 8042, recruitment and manning agencies are required to shoulder the insurance coverage⁵ of each migrant worker deployed. The insurance will be effective for the duration of the contract of the worker and should include: survivor's benefit of at least USD 15,000 for accidental death and USD 10,000 for natural death; disability benefit of at least USD 7,500; subsistence allowance benefit of at least USD 100 per month for a maximum of six months for migrant workers involved in cases or litigation involving their rights in the host country; and money claims arising from the employer's liability equivalent as settled by the National Labor Relations Commission (NLRC) and awarded to the worker. In addition, insurance coverage should likewise include a compassionate visit by one family member in case of hospitalization of migrant worker, medical evacuation, and medical repatriation.

Foreign principals. Foreign principals, employers, projects, or placement agencies wishing to hire Filipino workers require registration with and accreditation by POEA. Documentary requirements for registration are first verified by the Philippine Overseas Labor Office⁶ (POLO) nearest to the worksite to ensure conformity with the minimum standards set by POEA or legislation in the host country. In countries or worksites where there are no POLOs, the verification of documents and accreditation of foreign principals are conducted at POEA through the foreign principal's partner, a licensed local recruitment, or

⁵ This is in addition to the existing insurance coverage already provided to workers, e.g., OWWA, PHIC, etc.

⁶ POLOs act as the operating arm to administer and enforce the adopted policies and programs of the DOLE on international labor affairs. As of December 2008, there were 34 POLOs around the world (DOLE 2008).

manning agency. Documentary requirements for prequalification for accreditation include: recruitment or service agreement with a local recruitment agency, master employment contract, workforce request, and a valid business license, registration certificate, or an equivalent document.

Under the rules and regulations of POEA, foreign principals of land-based workers shall pay for the visa, airfare, POEA processing, and Overseas Workers Welfare Administration (OWWA) membership of workers that will be employed by them. Foreign employers of seafarers, meanwhile, shall be charged a manning fee that covers services rendered in the recruitment and deployment of the worker.

Foreign employers of land-based workers in war-risk areas declared by POEA have to purchase war-risk insurance with coverage of not less than PHP 200,000 (USD 4,497) during the duration of the employment contract for every worker hired. All foreign principals and licensed manning agencies are required to report to the POEA within 24 hours of significant incidents involving employed Filipino seafarers, including death, injury, or illness, and detention or abandonment in foreign ports. They must also report those who are missing or have abandoned their posts.

Foreign governments. The POEA maintains an in-house recruitment facility that primarily caters to government-to-government hiring of Filipino workers. Standards for foreign governments are not as well developed (Agunias 2008) as those for other (private) recruitment and placement facilities under the supervision or regulation of POEA. Although the terms of employment vary by government or by project, governments hiring through a government-to-government arrangement must contribute to the Guarantee Trust Fund, which covers monetary claims by workers arising from noncompliance with contractual obligations.

Workers. The government recognizes that the possession of skills is the ultimate protection of workers. Thus, POEA, in coordination with other government agencies, strives for the standardization, assessment, and certification of skills (Agunias 2008). Recruitment and manning agencies are only allowed to recruit and place workers who are medically and technically fit as part of their verified undertaking with POEA.

Skilled and semiskilled workers are required to secure from skills-testing centers accredited by the Technical Education and Skills Development Authority (TESDA) a certification that attests to their skill and competency. For instance, domestic helpers need to secure a National Certificate for Household Service Workers, while overseas performing artists must secure an Artist Accreditation Card before they can apply for overseas employment.

Professional workers are required to submit proof of having completed requisite courses from the Commission on Higher Education (CHED). In instances where a license is required to practice such profession, such as the case

of nurses and architects, the worker must show proof of having passed the required licensure examination from the Professional Regulatory Commission (PRC) [Sto. Tomas 2009]. In accordance with the “1978 Standards for Training, Certification, and Watchkeeping Convention”, seafarers are required to hold a valid national certificate for the specific maritime position prior to their employment.

Prior to their deployment, workers bound for abroad are required to attend pre-employment and predeparture orientation seminars, which will brief them on country-specific labor and cultural practices, their rights and obligations under their employment contracts, and how to cope with their overseas situation (Sto. Tomas 2005).

Direct hiring of workers for overseas employment is prohibited by POEA, unless otherwise allowed by the Secretary of the DOLE or by pertinent issuances. Name hires, or those workers who have found employment without assistance from POEA or from private recruitment agencies, and direct hires, when allowed, are required to be registered with POEA, subject to similar procedures as those workers hired through local recruitment agencies, and likewise subject to the approval of POEA.

Destination countries. A recent addition to limit entry is the requirement of certification by the Department of Foreign Affairs (DFA) that the country has safeguards to protect the rights of the Filipino migrant workers. This is mandated in RA 10022. The criteria for the certification include: (1) the receiving country has existing labor and social laws protecting the rights of migrant workers; (2) the receiving country is a signatory to and/or ratifier of multilateral conventions, declarations, or resolutions relating to the protection of migrant workers; (3) the country has concluded a bilateral agreement or arrangement on the protection of the rights of overseas Filipino workers; and (4) the receiving country is taking positive and concrete measures to implement the first three criteria. By law, the deadline for this was supposed to be on November 11, 2010 for those with embassies and on December 11, 2010 for those without embassies. The effectivity was, however, suspended for 60 days by Vice-President Jejomar Binay, who also acts as the presidential adviser on OFW concerns. As of May 2011, only 76 countries have been certified out of 192 countries where the Philippines deploy workers. It is noteworthy that two of the top destination Gulf Cooperation Countries (GCC) are not yet certified—the Kingdom of Saudi Arabia and the United Arab Emirates (UAE). There are those of the opinion that this provision may be difficult to implement because of its implications on diplomatic relations with concerned destination countries.

Regulation on fees and employment standards

POEA prescribes country-specific and skill-specific employment contracts in

the hiring of Filipino workers. Although many of the provisions are negotiated with host countries through bilateral agreements or arrangements, POEA adopts minimum provisions for employment contracts, especially for land-based workers (Table 5). Provisions in the standard employment contract for seafarers are in accordance with international maritime practices and standards.

Except for HSW, POEA does not prescribe a strict minimum wage for Filipino overseas workers. Instead, POEA establishes benchmarks to determine the minimum wage. The amount should not be lower than the highest of any the following: minimum wage in the host country, minimum wage standards set in the bilateral agreement or arrangement, or minimum wage in the Philippines.

Other minimum provisions in employment contracts for land-based workers include free transportation to and from the worksite, and free food and accommodation or offsetting benefits. The POEA likewise guarantees just/authorized causes of termination of workers through the use of standard employment contracts.

Another new provision introduced in RA 10022 is the mandatory compulsory insurance for OFWs. This is on top of the OWWA coverage. The guidelines⁷ were released in October 2010 and took effect 15 days later. This is to be paid for by the recruitment agencies. The report as of December 30, 2010 showed a considerable decline in processed applications a week after the regulation took effect.

Table 5. Minimum provisions in standard employment contracts prescribed by POEA

Provision	1985	1991	2002 Land-based Workers
Guaranteed wages and overtime pay, as necessary	X	X	X
Free transportation to and from worksite	X	X	X
Free emergency medical and dental treatment/facilities	X	X	
Just/authorized causes for termination	X	X	X
Workmen's compensation and war hazard protection	X	X	***
Repatriation of workers' remains/properties in cases of death to the point of hire	X	X	*
(Assistance in the) Remittance of worker's salaries, allowances, or allotments to his/her beneficiaries	X	X	
Adequate board and lodging facilities	X	X**	X**
Grievance machinery for workers	X	***	***

Source: POEA Rules and Regulations Governing Overseas Employment, various years

* Included in the verified undertaking of recruitment and manning agencies

** Free; Or compensatory benefits

*** Guaranteed by POEA through other mechanisms set by the administration even if not specified in the employment contract

⁷ MC No. 9 series of 2010.

Although earlier rules and regulations by POEA prescribe more minimum provisions for inclusion in standard employment contracts, standard employment contracts for workers under specific categories include the same provisions. Seafarers, for instance, are covered by their employer for work-related sickness or injuries, and are entitled to sickness allowance equivalent to his/her basic wage. HSWs deployed in the UAE are likewise provided with health care treatment by their employers. In addition, HSWs are expected to be helped by their employer in remitting part or whole of their salaries to their beneficiaries.

POEA allows parties in the employment contract to stipulate additional provisions, provided that the total employment package will be more beneficial to the worker and that it is not contrary to existing laws, public policy, or morals.

Monitoring and redress

POEA provides mechanisms to ensure that actors in the international employment program adhere to the set rules and regulations by the administration. For local participants, POEA has separate branches within its organizational structure that document, screen, and monitor participation of private agencies and of workers. POEA employs the assistance of POLOs to monitor compliance of foreign principals, among others.

POEA has original and exclusive jurisdiction over all cases, excluding money claims,⁸ arising out of violations of contractual obligations, as well as of recruitment rules and similar cases. Cases may be filed against any of the parties involved in the overseas employment of a worker, i.e., workers, foreign principals or employers, or the local recruitment agency. Offenses are classified depending on the gravity of the offense, i.e., serious, less serious, light. There is a schedule of penalties, ranging from suspension to permanent disqualification from the overseas employment program, depending on the number of times the offense has been committed.

Conciliation services are offered on a voluntary basis at Philippine embassies and consulates and at POEA to parties in a dispute who wish to settle amicably. Instead of an adjudicator deciding on a case, parties agree to resolve the dispute among themselves with the help of a conciliation officer/arbitrator. Cases that are not settled through conciliation are settled at the Adjudication Office of POEA.

Local private recruitment and manning agencies. POEA conducts inspections to monitor the compliance of local recruitment and manning agencies to overseas employment rules and regulations. Before agencies are issued a license, POEA inspects the premises and facilities as well as

⁸ Which is under the jurisdiction of the NLRC.

documents of recruitment agencies to ensure conformity with the standards set by the administration. In addition to regular inspections, spot inspections are conducted when POEA receives a complaint or report of violations committed by agencies. The POEA maintains a system of classification and ranking of agencies to inform the public of recruitment and manning agencies that are in good standing and those that are delinquent.

Foreign principals. The government employs more than 200 labor attachés and welfare officers overseas that monitor the employment conditions of Filipino workers outside the country (Sto. Tomas 2005). A system of reporting by foreign principals, especially those who employ workers in the low/semiskilled category, has also been established by POEA. Foreign principals, employers, or projects reported to be in breach of contractual obligations may be suspended from hiring Filipino workers, and, upon final judgment in disciplinary action, may be excluded from the overseas employment program.

Workers. Documentation of OFWs prior to migration is one of the key mechanisms through which POEA is able to perform various functions at the same time. In line with its thrust of protecting the rights and promoting the welfare of Filipino temporary migrant workers, the role of POEA in the deployment of Filipino workers abroad may be summarized into three main functions. These functions ensure that: (a) workers possess the necessary skills and competencies, as well as physical, mental, and psychological fitness, to perform their employment duties abroad; (b) workers' rights and welfare are safeguarded at destination through various instruments; and (c) legal remedies are available once a problem arises.

During documentation and registration at POEA, the worker shows proof of his (her) skills and competencies, good health, and employment at destination. Besides the POEA OFW Information Sheet, these documents include the employment contract, passport and entry document(s), medical certificate, attendance in the predeparture orientation seminar, proof of OWWA and PhilHealth membership, and other job-specific and country-specific requirements. Upon submission of complete requirements and payment of necessary fees, POEA issues an Overseas Exit Clearance (OEC) to the worker. The OEC serves as a travel exit clearance in country exit points for departing OFWs. It likewise exempts OFWs from payment of the terminal fee at Philippine airports, one of the privileges of OFWs under the law.

Documents required of workers by POEA serve specific purposes, namely:

1. *OFW Information Sheet.* This registration form provided by the POEA summarizes information about the OFW. Personal information, including demographic characteristics and legal dependents, and contract particulars are gathered through the OFW Information Sheet. All information provided

are encoded into the POEA database and cross-referenced with other documents provided by the worker. Information from OFWs is important and a necessary input for POEA in formulating effective policies.

2. *Employment contract.* This ensures that the worker has sure employment at destination even prior to migration. This presupposes that the employment contract contains minimum provisions required by POEA. Contract substitution at destination is subject to fines, ranging from suspension to permanent disqualification of the foreign employer and local agency from future participation in the Philippine overseas employment program.
3. *Passport and entry document(s).* Possession of valid entry document(s) ensures that the worker will be allowed by the host country to enter as a foreign worker. Entry (exit) in any country port of entry (exit) is documented through the worker's passport.
4. *Medical certificate.* Workers must show proof that they are mentally, physically, and psychologically fit to assume employment abroad. Physical and medical examinations are conducted only in Department of Health (DOH)-accredited facilities, and in accordance with the requirements of the foreign employer.
5. *Attendance at predeparture orientation seminar (PDOS).* PDOS is given for free by POEA to government-to-government and direct-hire workers, and by OWWA to workers hired through country-specific programs, e.g., Canada and UAE. Likewise, the PDOS is provided to workers by accredited nongovernment organizations (NGOs), which charge sending recruitment and manning agencies PHP 100 (USD 2.22) per attending worker to cover operational costs.
6. *OWWA and PhilHealth proof of membership.* Membership in the OWWA and the Philippine Health Insurance Corporation (PhilHealth), both required by law, allows the worker to benefit from the services provided by the two government agencies. OWWA provides medical/health care, disability and death benefits separate from that provided by PhilHealth. OWWA likewise provides education and training benefits, and social services and welfare assistance to OFWs and their dependents, as well as assistance and on-site services to OFWs abroad. OWWA membership is valid for the duration of the employment contract up to a maximum of two years. PhilHealth coverage is valid for one year. PhilHealth reimburses medical costs equivalent to Level 3 hospital benefit rates of OFWs admitted in medical facilities abroad, provided that supporting documents are submitted to PhilHealth 180 days from discharge from the hospital. PhilHealth beneficiaries of OFWs may likewise claim PhilHealth benefits in the Philippines. The

OWWA membership fee is USD 25 (or PHP equivalent), while PhilHealth membership costs PHP 900 (USD 19.95).

7. *Other job-specific and country-specific requirements.* Job-specific requirements include certification given by the Department of Education (DepEd), TESDA, CHED, the Maritime Industry Authority (MARINA), PRC, or other Philippine government certifying agencies attesting to the skills and competencies of the worker. This ensures that the worker has the necessary skills needed to perform his (her) duties at work abroad. Country-specific requirements include other job-specific requirements or administrative procedures to be followed during registration.

A REVIEW OF MIGRATION LAWS⁹

The Philippines has passed over 10 migration-related laws and signed 37 Bilateral Labor Agreements (BLAs) in the past four decades. The overseas employment program was officially recognized with the passage of the Labor Code of the Philippines in 1974. More recently, RA 10022, which amended RA 8042, or the Migrant Workers and Overseas Filipinos Acts was signed into law. Migration-related laws and regulations range from provisions of the Philippine Constitution, laws passed by Congress, and administrative issuances by executive departments particularly the Governing Board of the POEA and the Board of Trustees of OWWA. The legal review pointed out some issues of concern, as follows:

The review shows that the Joint and Several Liability (JSL) rule, the banner component of the country's regulation, is not all encompassing. For instance, it will not be applicable to rehires that usually negotiate renewal of contract directly with their employers and no longer through an agency. In addition, the JSL does not apply also to Government Place Bureau (GPB) hires of the POEA since OFWs cannot sue the government. The Guarantee Trust Fund is supposed to cover the claims by GPB hires. It has also been pointed out that the bond is a fixed amount and is not related to the volume of deployment. Thus, victory in cases of money claims is often only on paper, because the bond has already been exhausted. There is a rule that the bond should be replenished and maintained. However, this may be insufficient if there are simultaneous claimants.

RA 10022 may have re-enacted an unconstitutional provision. In particular, it provides that the worker is entitled to the full reimbursement of his placement fee and the deductions made with interest at 12 percent per annum, plus his salaries for the unexpired portion of his employment contract for three months for every year of the unexpired term, whichever is less.¹⁰ The

⁹ Draws heavily from Ambito and Banzon (2011).

¹⁰ Section 7.

clause “or for three months for every year of the unexpired term, whichever is less” was deemed unconstitutional by the Supreme Court in a case decided in 2008.¹¹

RA 10022 has encouraged the forging of BLAs with receiving countries. The BLAs should specify the rights and obligations of the countries including grievance procedures, rules on settling claims, and the venue of action. Resorting to informal agreements such as Memoranda of Understanding (MOU) that are not legally binding on countries should be avoided. In addition to the BLAs, Bilateral Social Security agreements to cover social security and equal entitlements to benefits granted to nationals of the host country and vice versa should also be pursued.

IMPACT OF REGULATION

As mentioned earlier, the RIA methodology ultimately looks at the cost and benefit of introducing a regulation. This, however, requires quantification of costs and benefits. Since there are no data that will allow a cost-benefit analysis, we utilized some useful indications of the general impacts and had a more in-depth analysis of a specific sector—the household service workers. These are discussed in this section.

General

One important indicator of the impact of the regulations is the number of disputes recorded and how fast the system is able to dispose of cases involving OFWs. Table 6 shows the ratio of the number of cases to deployment. One observation that can be made is that while illegal recruitment and adjudication cases appear to be stable at a little more than one and a little over 10 cases per thousand deployed, respectively, the welfare cases shot up to as many as 100 cases per thousand deployed after 2005, from less than 10 cases. This coincides with the transfer of welfare cases to OWWA from POEA and appears to have no special significance besides being a break in the series.¹²

Table 7 shows the cases handled and disposed of by the different agencies concerned. The table shows that the system is performing respectably in welfare and adjudication cases. This is not true, however, in the case of illegal recruitment, wherein pending cases have mounted as the disposition rate rapidly declined.¹³ The disposition rates for welfare and adjudication cases are well above 50 percent but for illegal recruitment, the figure has gone down to less than 20 percent in

¹¹ Antonio M. Serrano v. Gallant Maritime Service, Inc., et al. March 24, 2008.

¹² In 2005, jurisdiction over welfare cases was transferred to OWWA from POEA. Adjudication cases involving money claims are under the sole jurisdiction of the NLRC. All other cases are handled and processed by POEA.

¹³ Ambito and Banzon (2011) mentioned 20,000 unserved warrants of arrests for over 200 large-scale illegal recruiters by the Interagency Task Force Against Illegal Recruitment.

Table 6. Cases per thousand deployed workers, 2000–2009

	2000	2002	2004	2006	2008	2010
Deployed ('000)	842	892	934	1,063	1,236	1,471
Cases per thousand deployed						
<i>All cases</i>						
Illegal recruitment	0.7	1.1	1.6	1.4	1.4	1.1
Welfare	5.6	6.0	6.4	105.2	77.0	59.3
Adjudication	10.4	15.4	13.9	12.4	10.2	10.5
- With money claim	5.6	6.2	6.3	6.5	4.8	5.1
- Without money claim	4.8	9.2	7.6	5.8	5.3	5.4
<i>New cases</i>						
Illegal recruitment	0.5	0.8	0.9	0.5	0.3	0.2
Welfare	3.4	3.1	3.6	98.7	69.2	45.3
Adjudication	6.6	8.5	8.3	8.6	7.3	6.3
- With money claim	4.0	4.3	4.4	5.0	3.7	4.0
- Without money claim	2.6	4.2	3.9	3.6	3.6	2.3

Source of basic data: POEA, OWWA, Bureau of Labor and Employment Statistics (BLES)

Table 7. Status of cases involving OFWs, 2000–2010

	2000	2002	2004	2006	2008	2010
Illegal recruitment						
Total cases handled	573	956	1,462	1,504	1,687	1,648
Pending cases (beginning)	137	205	594	992	1,285	1,427
Cases received	436	751	868	512	402	221
Total cases acted upon/disposed	446	610	650	350	329	283
Disposition rate (%)	78	64	44	23	20	17
Welfare cases						
Total cases handled	4,733	5,391	5,939	111,738	95,127	87,275
Pending cases (beginning)	1,854	2,603	2,603	6,889	9,563	20,622
Cases received	2,879	2,788	3,336	104,849	85,564	66,653
Total cases acted upon/disposed	2,130	2,788	5,939	95,683	80,607	61,312
Disposition rate (%)	45	52	100	86	85	70
Ajudication cases						
NLRC						
Total cases handled	4,707	5,569	5,870	6,934	5,991	7,561
Pending cases (beginning)	1,358	1,696	1,716	1,665	1,356	1,706
Cases received	3,349	3,873	4,154	5,269	4,635	5,855
Total cases acted upon/disposed	3,283	3,935	4,130	5,138	4,710	5,725
Disposition rate (%)	70	71	70	74	79	76
POEA						
Total cases handled	4,064	8,187	7,141	6,215	6,586	7,896
Pending cases (beginning)	1,836	4,465	3,514	2,358	2,149	4,506
Cases received	2,228	3,722	3,627	3,857	4,437	3,390
Total cases acted upon/disposed	2,977	4,673	3,996	4,621	3,554	3,835
Disposition rate (%)	73	57	56	74	54	49

Source: 2006–2008 Welfare Cases figures from OWWA Policy and Programs Development Office (2009); all others from BLES (2010, 2011)

2010. Of course, these do not consider the relative difficulty in disposing of the different types of cases.

There are many reasons for unresolved cases. An obvious one is that there may not be enough personnel to handle the cases. Comparing the number of cases handled and the personnel handling it would be informative. Table 8 shows the POEA services and corresponding staff support for 2010.¹⁴ The table shows that the illegal recruitment branch is not the smallest one but its processing rate¹⁵ per person is the lowest among the different POEA branches. This can be taken to indicate that the bureaucracy is lagging behind regulations that are in place and needed to be enforced.

The case of domestic workers¹⁶

The focus on domestic workers is driven by three motivations: (a) it is the skill with the highest proportion of new hires in recent years; (b) it is considered one of the most vulnerable groups of migrant workers;¹⁷ and (c) the POEA¹⁸ also considers it the group that can indicate the efficacy of migration regulations.

Table 8. POEA services and staff support, 2010

Services	POEA Processing Unit	Processed	Personnel	Processed/ Man-day
Contract processing				
Land-based workers		1,205,734		
New hires		424,977		
GPB hire	Government Placement Branch	6,576	24	1.04
Private agency hire	Land-based Center (Agency-Hires Group)	398,452	37	40.79
Name hire	Name-Hire Unit	19,949	11	6.87
Rehires	Balik-Manggagawa Division	780,757	17	173.97
Sea-based workers	Sea-based Center (Agency-Hires Group)	438,705	31	53.61
Illegal recruitment cases				
Illegal recruitment cases	Anti-Illegal Recruitment Branch	1,648	28	0.22
Adjudication cases	Adjudication Branch	8,173	13	2.38

GPB – Government Place Bureau

Source of basic data: POEA Planning Branch

¹⁴ Until the paper was written, we have not received from POEA the data requested on staff support across the years, which could have been useful for comparing performance across the years.

¹⁵ Processing for illegal recruitment only means cases handled and not necessarily disposed of.

¹⁶ Draws heavily from Battistella and Asis (2011).

¹⁷ It has been argued that while the proportion of home workers is not larger than the 20 percent of the flow of migrant workers, it contributes 80 percent of the migrant problems.

¹⁸ In our consultations with the POEA officials during the design of this study, they have pointed this out as a good indicator of the efficacy of the regulation protecting workers.

A series of decisions by the POEA Governing Board in 2006¹⁹ pertaining to HSWs became known as the HSW Reform Package. The provisions include setting the minimum age²⁰ at 23, requiring the departing HSW to secure a National Certificate for Household Workers from TESDA and a country-specific Language and Culture Certificate of Competence issued by OWWA, waiving the payment of placement fees, and requiring a minimum salary of USD 400. These reforms were thought to be a deliberate effort to professionalize domestic work and minimize vulnerabilities of HSWs. In some way, these stringent measures can be considered a compromise between a ban, which will not work anyway, and an unregulated flow of HSWs. Ostensibly the reform package was to improve protection of HSWs but some claim that the real agenda was really to discourage deployment of this type of workers.

It was pointed out that the flow of HSWs was increasing until the introduction of the reform package in 2006. The flow was found to have declined in 2007 and 2008²¹ presumably as a result of the stringent regulations in the reform package, but rebounded in 2009.

To determine the impact of the reform package on HSWs, a series of primary data gathering consisting of a focus group discussion, key informant interviews, and a minisurvey was conducted with a selected set of respondents that included HSWs, recruitment agencies, government officers, and NGOs both in the country and in Singapore.

On the minimum salary of USD 400, the respondents in Singapore said this was not honored and domestic workers already knew before leaving the country that they would not get the minimum salary, and that it was acceptable to them. There may also be a softening of the official stand on the minimum salary for HSWs. It is noteworthy that the POEA Governing Board²² allowed the implementation of the MOU between DOLE-ARMM and a group of recruiters in Malaysia that set the minimum wage at USD 300, USD 100 lower than the minimum wage in the reform package.

The reaction of the recruitment industry to the reform package is of two types. One is to reprocess the domestic workers as workers having some other skills (e.g., cleaners) to circumvent the stringent requirements for the deployment of the HSWs. The other is to lobby for a ladderized salary system where totally unskilled workers are paid USD 200, and the high skilled at a rate of USD 400.

¹⁹ POEA Memorandum Circulars 10, 11, 12, and 14 series of 2006.

²⁰ This has been changed several times. It was 25 years in 1994, 21 years in 1998, 18 years in 2001, 25 years in 2006, and, finally, 23 years old in 2007.

²¹ Although the decline may have been artificial, it has been pointed out that there may be reprocessing of workers to work around the requirements for domestic workers.

²² Resolution No. 5 series 2010.

Note that the first method constitutes illegal recruitment. The second one, however, is an imaginative way of complying with and/or circumventing the regulation on minimum salary. It is interesting to note that the recruitment industry does not find the deployment of HSWs problematic and claims that problems only happen when deployment is done illegally.

Rather than discourage deployment of HSWs overseas, the higher minimum wage may encourage more workers to apply as HSW as some may find it remunerative.

The interviews with HSWs revealed the following:

At predeparture. All migrant workers are required to attend the PDOS that lasts for a day. For HSWs, however, the reform package requires them to attend a Comprehensive Pre-Departure Orientation Program, which, in addition to PDOS, includes Language and Culture Training and a Stress Management course. This is administered by the OWWA together with accredited NGOs. The program lasts from three to six days depending on the country of destination, and is largely determined by the language and culture aspect of the program. This represents additional cost. There has been no assessment if it has really been beneficial to HSWs. For one (as explained below), HSWs generally leave the terms of the contract to the employer, which goes to say that the PDOS has not educated them enough to be able to negotiate the terms of employment themselves.

During application. Shelling out money for the placement fee is considered the most difficult task to comply with. Most of the respondents (66%) say they took a loan to pay for the placement fee.

A considerable number (17 out 200) claimed they experienced illegal recruitment, ranging from contract substitution, not being able to leave, paying money without being able to work abroad, leaving as tourists, and dealing with an unlicensed recruitment agency.

This study and an earlier one by Asis (2005) show that it is difficult to establish the cost of applying for a job abroad.

There appears to be a low percentage of respondents who claim satisfaction with their experience in dealing with the various agencies while completing their requirements. This indicates the need for improvements in the manner of delivering these services to migrant workers.

On contract-related matters. About 50 percent of the respondents said that their agency explained their contract to them, and the other half said no explanation was provided. Almost half (47%) were paid lower than USD 400, 13 percent around the minimum level (USD 400), while 37 percent reported a higher amount. Again, nearly half (41%) had no idea about their working hours; 23 percent mentioned eight hours, 17 percent more than eight hours, and 17 percent were not definite. Only a third (36%) said they could use a cellphone; the rest

indicated that they either could not keep a cellphone or did not know whether they could keep one. Only 28 percent said they could keep their passport; the rest indicated that they either could not or they did not know whether they could keep their passport.

It was found that workers leave considerable discretion to their employers in defining the terms of their contracts. Considering that they had completed the PDOS which is supposed to explain to them that they have the right to negotiate the terms of their contracts, it appears that this message did not sink in.

It appears the “no placement fee regulation” is not being honored. About half of the respondents (49%) admitted that they will have salary deductions and 46 percent claimed they had no salary deductions, while the rest did not know if they had salary deductions. Those who claimed they had no salary deductions could have meant that there is really no salary deduction, or there is also the possibility that they had paid their placement fee in full before being deployed. It should be noted that, as mentioned earlier, most take out loans to pay the placement fee.

On knowledge about the 2006 HSW reforms. Knowledge about the regulations on placement fee, minimum salary, and minimum age is low. Only 13 percent said there is no placement fee, 51 percent specified an amount, and 36 percent did not know that there is a government policy on the matter. Knowledge on the minimum salary is very low. Only 13 percent of participants were able to approximate the correct minimum salary (USD 400), 47 percent thought it was lower, and the rest thought it was higher. Knowledge of the minimum age (23 years) was relatively high—46 percent correctly specified the minimum age, while 19 percent indicated a younger age and 30 percent specified a higher age.

The role of the unique characteristics of a receiving country: Singapore

Singapore does not require a visa for short visits, as a member of ASEAN.²³ This contributed to the easier travel to Singapore. The emergence of budget airlines opened travel opportunities between the Philippines and Singapore, and also led to the departure of Filipino workers without going through POEA.

Unlike other destination countries, Singapore does not require a work permit from POEA for workers to be able to work legally in the city-state. The primary requirement is a work permit from the Ministry of Manpower (MOM) of Singapore. Once a work permit from MOM is secured, the Filipino worker is a legal worker in the eyes of the Singapore government. However, from the point of view of the Philippine government, they are considered unauthorized/undocumented workers.

²³ It was pointed out by one of the participants in a policy forum that Singapore may not be a good case for migrant workers, particularly HSWs, because of this no-visa requirement for Filipino migrants for short visits.

Work in Singapore can be arranged by a network of family and friends or by employment agencies. Getting work through Singaporean employment agencies is expensive. The usual payment consists of six to eight months of salary, and there are no days off for the duration of the salary deduction period. Again, the Singaporean government is not inclined to intervene.

Singapore's *laissez faire* and free-market approach may not be helpful to migrant workers. Minimum wage is difficult to push considering that there is no minimum wage in the city-state, and Singaporeans are not covered by it. The government does not also want to intervene on the issue of day off, preferring to let the employer and domestic worker negotiate. Singapore's no-pregnancy rule²⁴ has resulted in abortions among foreign domestic workers, but the government similarly does not want to change the policies requiring bi-annual and medical-cum-pregnancy check up.

It is noteworthy that the Singaporean method of protection of foreign workers is by prescribing rules on working conditions and job requirements and enforcing these by strictly imposing punishment, including imprisonment, on erring employers. It has also used social pressure such as naming and shaming erring employers in Singapore newspapers (Chia 2011).

These highlight the role of receiving countries in protecting migrant workers. This likewise shows the importance of the provision in RA 10022 that requires that DFA certify the existence of worker protection laws in receiving countries before deployment is allowed. It is well-known that many of the GCC where majority of our short-term workers go do not have basic worker protection laws.

SUMMARY AND POLICY IMPLICATIONS

This paper reviews the migration management infrastructure using the RIA framework. Specifically, it describes the migration management infrastructure from the mandates of migration institutions to the procedures put in place to fulfill the mandate. It also reviews the "letter" of the laws and regulations. Finally, it describes both the general impact of the regulations and its impact on a specific sector—the household services workers.

The review finds some indicative cracks in our internationally acclaimed migration management infrastructure that need to be highlighted. The main ones are enumerated below.

The number of disputes per deployed worker is stable during the last decade in spite of changes in laws. The resolution on welfare and adjudication cases appears to be satisfactory. However, mounting unresolved cases of

²⁴ Pregnancy for domestic workers is a ground for deportation.

illegal recruitment indicate, at least, lagging administrative capacity to handle cases. There may be a need to designate special courts to try and prosecute these cases.

The main provisions of the 2006 package of reforms to professionalize the HSW sector are either ignored or not known to migrant workers concerned. What is more telling is that even the minimum wage provision in the package was apparently violated officially by the POEA Governing Board by allowing another agreement covering similar workers that stipulates a lower minimum wage. The no-placement fee provision is also ignored or hidden through salary deductions.

It has been pointed out that expanding the PDOS for HSWs to include Language and Culture and Stress Management training lengthened this predeparture requirement from one day to as long as six days, with obvious impact on the cost of deployment for workers. As far as the authors know, there has never been an assessment whether this change is worth the additional costs. Perhaps, future regulation proposals should be subjected to RIA so that costs and benefits can be understood, and be quantified, if data allow. The interviews of HSWs in Singapore have shown that they have allowed their employers a free hand to define the terms of their employment contracts, when the PDOS is supposed to have oriented them on their rights to negotiate their contracts.

The re-enactment of a provision that has been rendered unconstitutional by the Supreme Court is an indication of lack of coordination between branches of government.

Finally, the characteristics of the destination countries, as illustrated by Singapore, determine whether protection of migrant workers is achieved or not. The current requirement of DFA certification that the country has safeguards to protect the rights of Filipino migrants should be able to address this special concern.

REFERENCES

- Agunias, R.D. 2008. Managing temporary migration: Lessons from the Philippine model. *Insight: Programs on migrants, migration, and development*. www.migrationpolicy.org/pubs/insight_poea_oct07.pdf (accessed February 2, 2008).
- Ambito, J. and M. Banzon. 2011. Review of Philippine migration laws and regulations: Gains, gaps, prospects. PIDS Discussion Paper No. 2011-37. Makati City: Philippine Institute for Development Studies.
- Akerlof, G. 1970. The market for lemons. *Quarterly Journal of Economics* 84(3):488–500.
- Asis, M. 2005. *Preparing to work abroad: Filipino migrant's experiences prior to deployment*. Quezon City: Scalabrini Migration Center.

- Battistella, G. and M. Asis. 2011. Protecting Filipino transnational domestic workers: Government regulations and their outcomes. PIDS Discussion Paper No. 2011-12. Makati City: Philippine Institute for Development Studies.
- Chia, S.Y. 2011. Foreign labor in Singapore: Trends, policies, impacts, and challenges. PIDS Discussion Paper No. 2011-24. Makati City: Philippine Institute for Development Studies.
- Commission on Audit (COA). 2008. Government's overseas workers welfare program. Management Series Report No. 2007-01, Sectoral Performance Audit. Quezon City: COA.
- Department of Labor and Employment (DOLE). 2008. Philippine overseas labor offices. <http://www.dole.gov.ph/> (accessed October 30, 2008).
- International Labour Organization (ILO). 2007. Guide to private employment agencies - regulation, monitoring, and enforcement. Geneva: ILO.
- International Organization for Migration (IOM). 2008. *World Migration Report 2008: Managing labor mobility in the evolving global economy*. Geneva: IOM.
- . 2005. *World Migration Report 2005: Costs and benefits of international migration*. Geneva: IOM.
- Jacobs, S. 2006. Current trends in regulatory impact analysis: The challenges of mainstreaming RIA into policymaking. <http://www.regulatoryreform.com/> (accessed October 30, 2008).
- Martin, P. 2006. Regulating private recruiters: The core issues. In *Merchants of labor*, edited by C. Kuptsch. Geneva: International Labour Organization.
- Orbeta, A., Jr. and M. Abrigo. 2009. Philippine labor migration in the past 30 years: Trends and prospects. PIDS Discussion Paper No. 2009-33. Makati City: Philippine Institute for Development Studies.
- Orbeta, A., Jr., M. Abrigo, and M. Cabalfin. 2009. Institutions serving Philippine labor migrants. PIDS Discussion Paper No. 2009-31. Makati City: Philippine Institute for Development Studies.
- Samonte, E., C. Maceda, M. Cabilao, B. del Castillo, and M.P. Zuleta. 1995. Issues and concerns of overseas Filipinos: An assessment of the Philippine government response. Quezon City: Center of Integrative Studies and UP Press.
- Shah, N.M. 2008. Recent labor immigration policies in the oil-rich Gulf: How effective are they likely to be? ILO Asian Regional Program on Governance of Labor Migration Working Paper No. 3. Geneva: International Labour Organization.
- Sto. Tomas, P. 2009. Protecting migrant workers from the Philippines. <http://www.ilo.org/public/libdoc/ilo/2009/431865.pdf> (retrieved from the ILO

database on May 8, 2009). Working Paper No. 21. ILO Asian Regional Programme on Governance of International Labour Migration.

- . 2005. Filipinos working overseas: Opportunity and challenge. *World Migration Report 2005: Costs and benefits of international migration*. Geneva: International Organization for Migration.

Irregular Migrants and the Law

AZIZAH KASSIM AND RAGAYAH HJ. MAT ZIN¹

ABSTRACT

This paper examines Malaysia's policy on irregular migrants and its implementation, and discusses its impact. A survey and interview covering 404 respondents was conducted between July 2010 and June 2011 to ascertain the real situations surrounding irregular migrants in Malaysia, which is one of the major host countries of international migrants from developing nations. The policy on foreign workers was formulated in the mid-1980s to deal with the large number of irregular migrants and their many negative impacts, which had posed a serious challenge to the security, economy, and political stability of Malaysia. Legalization was done in stages, the first of which was in 1985 following the signing of the Medan agreement with Indonesia in 1984. Other legalization exercises were implemented in subsequent years. Legalization and amnesty exercises are problematic in some ways. Legalization is aimed at irregular migrant workers only, and does not take into consideration nonworking family members who are with them. In contrast, amnesty targets all irregular migrants, and the purpose is to enable them to go home legally without being charged or asked to pay a compound. However, there are those who are ignorant of how to legalize themselves, and many employers are also opposed to legalization and amnesty because these exercises are disruptive to production and could raise their costs as legalized workers are paid higher wages and given benefits. Discussion is still needed to develop legal systems and mechanisms of implementation to control irregular migrants in Malaysia.

¹ Azizah Kassim and Ragayah Hj. Mat Zin are principal research fellows at the Institute of Malaysian and International Studies, Universiti Kebangsaan Malaysia (UKM), Bangi, Selangor, Malaysia.

INTRODUCTION

Malaysia is now one of the major host countries for transnational migrants among developing countries. In the last four decades there has been a rapid increase in the inflow of foreign nationals into Malaysia, legally and otherwise. A large proportion of the inflow is composed of workers, both the managerial and professional group (expatriates) and the low-skilled, classified as foreign workers. Both groups are being administered separately and subjected to different rules and regulations. In 2009, there were over 1.9 million legally recruited foreign workers in the country, accounting for over 16.5 percent of the Malaysian labor force. In addition, there are large numbers of irregular migrant workers whose actual number cannot be ascertained. The Department of Immigration Malaysia estimated their number between 500,000 and 1.8 million in 2011, a figure highly contested by many quarters such as employers' associations and trade unions, who believe the actual figure is much higher. The presence of foreign workers contributes significantly to Malaysia's economic development, but their large number, especially as irregular migrants, left a trail of negative impacts which are of grave concern to the public and the government. Malaysia welcomes legally recruited foreign workers but imposes tough sanctions against irregular migrants/workers.

This study outlines Malaysia's policy on irregular migrants, the implementation of the policy and its impact on respondents to a survey made in connection with this paper, as well as their responses. Research was carried out between July 2010 and June 2011. The next section explains the concepts, methodology, and literature review. The third section provides an outline of the policy and the fourth section focuses on policy implementation and its limitations. The findings of our survey are presented in the fifth section while the last section concludes the paper.

CONCEPTS, METHODOLOGY, AND LITERATURE REVIEW

Defining irregular migrants

In the Malaysian context, the term "irregular migrants" is rarely used in official and academic discourses, as the popular term used is "illegal immigrant" or "illegal immigrant workers" if they are employed. In this paper, the phrases "illegal immigrants" and "irregular migrants" will be taken as synonymous. Illegal immigrants include the following:

- i. foreign nationals who came clandestinely without any travel documents (also referred to as the undocumented);
- ii. children born to foreign nationals in Malaysia and whose births have not been officially documented;
- iii. foreign workers whose work passes have expired;

- iv. pass abusers and contract defaulters;
- v. overstayers, who may or may not be in the workforce;
- vi. foreign nationals in possession of false documents or holding genuine documents obtained fraudulently;
- vii. asylum seekers and refugees as Malaysia is not a signatory to the Geneva Convention on Refugees 1951/New York Protocol 1967; and
- viii. refugees in Sabah who have been granted permission for temporary stay under a special pass, the IMM13 (P) which is to be renewed annually. If the pass is not renewed, the refugees become illegal immigrants.

Thus, irregular migrants are heterogeneous in their composition and an understanding of their various categories is important in the formulation of measures to combat their expansion.

Methodology

This study adopts a triangulation method that combines quantitative (gathering information through a quantitative survey) and qualitative (based on interviews and focus group discussions) approaches. The survey covers 404 respondents composed of 340 (84.2%) from the Ministry of Home Affairs (MHA) depot and *Pusat Tahanan Sementara* (Temporary Detention Center) under the Special Federal Task Force, as well as 64 (15.6%) respondents from those at large. The former are those that have been apprehended and housed at the depot while waiting for deportation. There are 17 such depots in Malaysia² and permission was given to conduct interviews in seven of them: Belantik, KLIA, Lenggeng, Pekan Nenas, Ajil (all in the Peninsula), Papar (Sabah), and Semuja (Sarawak). The survey is not representative because it is not randomly selected, as the exact population of irregular migrants is unknown. Moreover, it is difficult to get the cooperation of those at large as they were afraid we might betray their presence to the authorities. Thus, we mostly interviewed those in the depots subject to the number and location allowed, as well as their rules and regulations. We tried to get proportionate representation of their nationalities and gender, and to ensure that all nationalities at each particular depot were represented. Problems encountered also included language barriers, hence restricting the choice of respondents to those who could communicate or if someone could act as translators. Time was also a limiting factor. Interviews were also carried out with various government agencies in charge of keeping out, controlling, and managing irregular migrants to understand their roles and operations.

² There are eleven MHA depots in the Peninsula, two in Sarawak, and four *Pusat Tahanan Sementara* in Sabah.

Literature review

Studies that focus solely on the illegal immigrants are few and far between and none have examined the issue from the angle of how policy measures are implemented on irregular migrants. One of the earliest was Dorall (1988), who explained that the large-scale inflow of Muslim asylum seekers from the Philippines into Sabah and of Muslim Indonesian undocumented workers into the Peninsula were viewed with suspicion and feared by many non-Malays based on alleged discoveries that many illegal immigrants were given citizenship. This would benefit the Malay political parties as these citizens were expected eventually to assimilate with the Malay population and vote for these parties. However, part of the Malay population was also opposed to the presence and employment of illegal immigrants as they pose a security threat and competition with the locals for infrastructure, social amenities, and business opportunities.

Liow (2003, 2004) discussed the securitization of the illegal Indonesian migrant workers in Malaysia and argued that solutions to the problem of illegal Indonesian labor remained elusive. This was because of the lack of political will on the part of both governments to compromise as well as the negative implications for Malaysia's economic competitiveness. Nor Azizan (2004) also highlighted the problems caused by the presence of Indonesian illegal immigrants, the various measures taken to curb their expanding population, and how the implementation of some of these measures were blown up by the Indonesian media, eliciting much resentment and anger from the Indonesian public that dented Malaysia-Indonesia relations as a result. As preventing the illegals from entering Malaysia is very costly, this problem must be resolved to improve relations between the two countries.

Focusing on Filipino illegal immigrants in Sabah, Sadiq (2005) attempted to show how the Sabah state treatment of irregular migrants deviated from the conventional norms. Governments usually monitor, control, and restrict illegal immigrants' entry and access to citizenship. Sabah did otherwise by encouraging the illegal inflow of the Filipinos and incorporating them into the state electoral rolls, which altered the political outcome in favor of the state government.

Azizah (1995a) focused on the implementation of the amnesty and legalization measure that was gravely problematic as the Immigration Department's limited number of staff had found it impossible to legalize the large number of illegal immigrants. There was also strong resistance to legalization from illegal immigrants and the employers, the former due to the high cost and the latter to the prospect of reduced profit because of the extra expenditure that would be incurred on the legalized workers. Thus, amnesty and legalization were not effective means of combating the expanding number of illegal immigrants.

Azizah (1995b) explained the steps taken by the government to stem the flow and expansion of irregular migrants and the problems faced as regards implementation in the early 1980s in the Peninsula. Focusing on Sabah, Azizah (2004) tried to account for the continued presence of the irregular immigrants despite various measures taken by the Malaysian authorities to stem their inflow and expansion. It explained the many ways in which foreigners could become irregular migrants and examined their survival strategies and the dynamics of their relationships with the authorities and other stakeholders. The author concluded that a proper understanding by Malaysian authorities of the concept of irregular migrants and their survival strategies was necessary to formulate an effective policy on them. In a subsequent paper, Azizah (2008) attempted to explain the persistence of illegal migrants in Malaysia and concluded that one major cause of their continued presence is the inherent weakness of the policy itself.

Similarly, Kanapathy (2008) emphasized Malaysia's experience in controlling irregular migration by outlining the Malaysian government policy to stem irregular migrants. She attributed the persistent presence of irregular migrants to several factors, including lower transaction costs of migration, greater freedom and flexibility to work with any employer and any job, the low pay that irregular migrants were willing to accept, ineffectiveness of enforcement, and the existence of a ready secondary job market for irregular migrants.

Abdul Halim and Abdul Aziz (1997) concentrated on illegal foreign workers in the construction industry in Johor, Penang, and Kuala Lumpur. Based on information from 270 illegal workers found among their sample of thousands of respondents, they showed how these workers were integrated into and circulated within the construction industry. The authors provided a profile of the workers and argued that their wages were well below that of legally recruited foreign workers. These workers were recruited through the social/ethnic networks of employees, while their work organization involved the use of contractors, subcontractors, and sub-subcontractors for specific jobs. The nature of the industry, the recruitment system, and work organization as well as official uncertainties in dealing with the illegal immigrants were some of the domestic factors that perpetuated the employment of irregular migrants.

A BRIEF OUTLINE OF POLICY MEASURES

The policy on foreign workers was formulated in the mid-1980s to deal with the large number of irregular migrants and their many negative impacts which posed a serious challenge to the security, economy, and political stability of Malaysia. The policy has two interrelated objectives of encouraging legal recruitment of foreign workers and stemming the expansion of illegal immigrants. For the second objective, initial strategies included regularization, amnesty, border surveillance

and control, rooting out irregular migrants already in Malaysia, and deportation. In 1998, the government amended the Immigration Act 1959/63 and Passport Act 1966 to impose heavier penalties and introduce caning for those in breach of immigration law. In 2002, the Immigration Act was again amended to provide sanctions against trafficking, harboring, and employing of irregular migrants as well as for falsification of official documents. The policy on irregular migrants is managed by separate agencies. In Sabah and Labuan, it is managed by the Federal Special Task Force for Sabah and Labuan under the National Security Council in the Prime Minister's Department. In the Peninsula and Sarawak, it is under the purview of the Department of Immigration, Ministry of Home Affairs.

The foreign worker policy was fully implemented in early 1992 and since then Malaysia's stand on the issue of irregular migrants remains constant. Irregular migrants working and residing in the country are seen as a security threat and as "public enemy number 2".³ They have no basic rights as residents or workers and they must be apprehended, charged in court, sentenced, and then deported. To accelerate the disposal of court cases related to irregular migrants, the government established a special court for irregular migrants (*Mahkamah PATI*) in 2006, located within or close to holding centers for irregular migrants.

With the introduction of the Anti-Trafficking and Anti-Smuggling of Migrants Act (2007),⁴ irregular migrants who are victims of human trafficking and smuggling have recourse to justice. Those who claim to be victims of human trafficking and smuggling will first be investigated under the Anti-Trafficking and Anti-Smuggling of Migrants Act (2007). If they are found to be genuine victims, they will not be "arrested", but "rescued" and sent to one of the five shelter homes, while the perpetrators are charged in court. In cases where the victims of forced labor have not been paid, they can lodge a report to the Department of Labor who will help them claim their wages. They will be sent home once their cases are resolved.

The latest exercise against the irregular migrants was implemented in July 2011, when the government launched what was described as a "comprehensive program", known as the 6P program. The 6P refers to the Malay terms *Pendaftaran* (registration), *Pengampunan* (amnesty), *Pemutihan* (legalization), *Pemantauan* (monitoring), *Penguatkuasaan* (enforcement), and *Pengusiran* (deportation). The program will run for six months until 10 January 2012 (*New Straits Times*, October 19, 2011).

³ Immigration Department 2005 and Mohd Zamberi (2011). Public enemy number one is the scourge of drug addiction.

⁴ The act was initially referred to as Anti-Trafficking Act 2007. It was amended in November 2010 to include antismuggling.

IMPLEMENTATION OF POLICY STRATEGIES AGAINST IRREGULAR MIGRANTS

Legalization was done in stages, the first was in 1985 following the signing of the Medan agreement with Indonesia in 1984. Two more legalization exercises were implemented between 1987 and 1989 to pave the way for full implementation of the foreign worker policy in 1992. More were carried out in the subsequent years as and when the government found it necessary to do so. The Ops Nyah 1, an ongoing program designed to curtail border intrusion by foreigners into Malaysia, was introduced in January 1992. It involves patrolling of the land border by the army and the General Operation Force (or GOF, which ceased its border surveillance duties in 2010) as well as the sea border by the Marine Operation Force (MOF) and the Malaysian Maritime Enforcement Agency (MMEA).

In July the same year, another ongoing exercise, the Ops Nyah 2, designed to root out irregular migrants already in the country, was implemented. The lead agency for this program is the Division for Enforcement in the Immigration Department with the assistance of other agencies such as the police, National Registration Department (NRD), and urban enforcement authorities. Since then, thousands of small-scale operations targeted at specific groups of irregular migrants were carried out annually. In 2010, for example, 6,017 operations were implemented under different code names depending on the target groups such as *Ops Sayang* and *Ops Sapu*, etc. Irregular migrants nabbed under the Ops Nyah 1 and Ops Nyah 2 are sent to any of the holding centers where they will be charged in the special court, and depending on the nature of their offense, they will be sentenced and later deported.

The legalization and amnesty exercises are problematic in some ways. Legalization is aimed at irregular migrant workers only, and does not take into consideration nonworking family members who are with them. Moreover, a legal worker has to pay the annual levy and several administrative fees that vary between RM445 for domestic workers and over RM2,000 for those in the services sector. Payment of the levy was the workers' responsibility before April 2010. Thereafter, the government made it a compulsory responsibility of the employers. As many migrant workers are poorly paid, they cannot afford to be legalized. Even if an irregular migrant is legalized, the work permit has to be renewed annually. The worker may revert to illegal status after a year if he or she fails to renew the work permit.

In contrast, amnesty targets all irregular migrants and the purpose is to enable them to go home legally without being charged or pay a compound.⁵ From

⁵ A compound is a legal term referring to an agreement not to prosecute in return for a consideration, which in this case is an agreed amount of payment to be made by the irregular migrant to the state for violating the immigration law.

time to time, the government launched legalization or amnesty exercises, each period at less than two weeks or longer, as was the case in 2004–2005 when the amnesty that was to run for three weeks was extended three times to over a year at the request of Indonesia.⁶ However, not all took up the offer to be legal workers or participated in the amnesty exercises as they involved costs that many could not afford. The amnesty exercise in 2004–2005 also shows that amnesty can be implemented for temporary migrant workers, but not for those who have settled in Malaysia for decades, such as Filipino refugees and the Indonesian economic migrants. For these migrants, the cost of going home is very high especially if a worker has several dependents, has invested in a house, and has a stable source of income. Consequently, many irregular migrants did not participate in the legalization and amnesty exercises.

There are also those who are ignorant of how to legalize themselves. Many employers are also opposed to legalization and amnesty because these exercises are disruptive to production as well as raise their costs, as legalized workers are paid higher and given benefits.

FINDINGS OF THE SURVEY

How do the irregular migrants interface with the law? Findings from our survey will illustrate where they are normally apprehended, the reasons, the duration of their detention, who arrested them, and their responses to law enforcement.

Place of arrest

Under the Ops Nyah 2, impromptu checks are made in work places where migrants tend to concentrate and their residential areas in squatter colonies and other migrant enclaves (see among others, Junipah 1996; Azizah 1999; and Zulkifli 1999) as well as at road blocks or in public areas. The most common target is the *kongsi* or construction coolie lines that are usually raided in the night when the occupants are asleep and there is little chance of escape. Table 1 shows that Ops Nyah 2 has been much more effective in nabbing irregular migrants (96.0%) compared with Ops Nyah 1 (4.0%). The latter involves arrests at the Malaysia–Thai border in Bukit Kayu Hitam in the northern states of Kedah and Perlis. Ten people were caught at the border on their way home. Under the Ops Nyah 2, the largest number (49.9%) was arrested at home, followed by those at work (25.9%), travelling (10.2%), and on the way to work (0.8%). A few surrendered to the police, immigration officers, and their respective embassies while seeking help, but they were arrested and sent to the MHA depots instead.

⁶ The request was made partly due to Indonesia's inability to process and manage the huge number of irregular migrants coming home within the stipulated period of two weeks, and also because of the tsunami that badly hit Indonesia's Aceh province in late 2004.

Table 1. Place of arrest

Location	Frequency	Percent	Cumulative (%)	Types of Strategies
On entering Malaysia				
Malaysia-Thailand border at Bukit Kayu Hitam, Kedah	3	0.8	0.8	Ops Nyah 1 - Border control
In sugarcane plantation, Perlis	2	0.5	1.3	
On leaving Malaysia				
Bus terminal	3	0.8	2.1	Ops Nyah 1 - Border control
CIQ complex	2	0.5	2.6	
Airport	5	1.4	4.0	
On the road				
While travelling	37	10.2	14.2	Ops Nyah 2 - Internal weeding-out exercises
On the way to work	3	0.8	15.0	
Place of work				
At a restaurant	9	2.5	17.5	Ops Nyah 2 - Internal weeding-out exercises
Karaoke lounge	4	1.1	18.6	
Hotel	2	0.5	19.1	
At sea	4	1.1	20.2	
Workplace (not specified)	181	49.9	70.1	
Official centers				
Police station	6	1.6	71.7	Ops Nyah 2 - Internal weeding-out exercises
Immigration office	1	0.3	72.0	
Embassy	2	0.5	72.5	
Others				
Shopping complex	6	1.6	74.1	Ops Nyah 2 - Internal weeding-out exercises
At home	94	25.9	100	
Total	364	100.0		

Source: Survey

Note: 40 respondents have never been arrested.

Reasons for detention

Table 2 shows that the majority (300 or 88.5%) of respondents were arrested for the violations of the Immigration Act 1959/63 and Passport Act 1966, mostly without documents (49.0%) or working without permit/visa abuse (66 or 19.4%). Although a large number of respondents were employed when they were apprehended, the number of those arrested for working without work permit was low. It is difficult to charge a foreigner for working illegally unless they are caught red-handed, since such employment is difficult to prove in court. Hence, many such workers are charged for other immigration offenses instead, such as not having any travel documents. The main reason for not having work permits is the high cost of the levy and the time-consuming bureaucratic process involved. Many workers are often recruited informally especially by subcontractors or through informal social networks. Some respondents claim their employers or their agents have collected money from them to secure their work passes. But they had no idea the passes were not

Table 2. Main reasons for present detention at MHA depot

Reasons	Frequency	Percent	Valid (%)	Cumulative (%)
Violations of Immigration Act 1959/63 and Passport Act 1966 (N=300 / 88.5%)				
No travel document	166	41.0	49.0	49.0
Overstaying	43	10.6	12.7	61.7
Passport held by employer	7	1.7	2.1	62.8
Did not take along passport	1	0.2	0.3	63.1
Expiry of work permit	17	4.2	5.0	68.1
Working without work permit/Abuse of visa	66	16.3	19.4	88.5
Violations of FW policy (N=19 / 5.6%)				
Abuse of work permit-Change of employer/job sector	14	3.4	4.1	92.6
Ran away from employer	5	1.2	1.5	94.1
Criminal and other offenses (N=14 / 4.1%)				
Possession of false IC	2	0.5	0.6	94.7
Falsifying documents	5	1.2	1.5	96.2
Having false work permit	1	0.2	0.3	96.5
Having forged visa	2	0.5	0.6	97.1
Drunk and causing public disorder	2	0.5	0.6	97.7
Narcotic-related offense	1	0.2	0.3	98.0
Stealing	1	0.2	0.3	98.3
Other reasons (N=6 / 1.8%)				
UNHCR card not recognized	1	0.2	0.3	98.6
Fishing in Malaysian waters	2	0.5	0.6	99.2
Do not know why	3	0.7	0.8	100
Subtotal	339	83.9	100.0	
Not applicable*	65	16.1		
Total	404	100.0		

Source: Survey

Notes: * Respondents from outside MHA depot; FW = foreign workers

acquired until they were arrested. The number of overstayers was significant (43 or 12.7%), but those arrested due to their passports being kept by their employers were negligible (7 or 2.1%). This contradicts the allegations made by many nongovernment organizations and foreign embassies that one major reason for the arrest of migrant workers was the withholding of their passports by their employers.

Only 19 (5.6%) of respondents violated the terms and conditions of the foreign worker policy. Of these, 14 (4.1%) abused their work permits by changing the job sector or employers, while the rest ran away from their employers. The reasons given for the violation include nonpayment of wages, employers' failure to honor the promised wages and other fringe benefits, and moving to better-paying jobs offered by other employers.

Fourteen respondents (4.1%) were charged for criminal offenses, with 10 for possession of fake documents and for falsifying official documents.

The desperate need to avoid arrest and to gain access to jobs and housing induced many to purchase fake documents. A few were arrested for crimes such as stealing and causing injury to others. The types of criminal offenses revealed were light because we were not allowed access to hardcore criminals at the MHA depot for safety reasons. The actual number of criminals among the inmates at the MHA depot is high as they are sent there once they have served time in jail to wait for deportation. It has been reported that hardcore criminals account for more than 4,000 foreign detainees at these camps (*New Straits Times*, August 24, 2010), which include robbers, rapists, and murderers. This is corroborated by official statistics from Malaysian prison authorities that show foreigners in Malaysian prisons accounted for 34.5 percent of the inmates in 2008. The percentage declined to about 31.5 percent in 2009 and 27.9 percent in 2010.⁷

Other reasons for detention include fishing in Malaysian waters, nonrecognition of a refugee's UNHCR registration card as a "proper document", and reasons unknown. The latter are three respondents who claimed they were tourists enjoying themselves when they were arrested at a spa. Our investigation reveals that they were apprehended for visa abuse as they entered Malaysia on tourist visas and worked as guest relations officers (GROs) at the spa. In Malaysia, the term GRO is a euphemism for sex workers. They are illegal.

A few of the respondents at the MHA depot can be categorized as victims of forced labor who should have been investigated under the Anti-Trafficking in Persons and Smuggling of Migrants Act (2007). Examples are domestic maids who ran away from their employers because of physical abuse and nonpayment of wages and then sought the intervention of authorities. As victims of forced labor, they should instead be in shelter homes for protection and rehabilitation run by the Ministry of Women, Family and Community Development (for women and child victims) and by the MHA (for male victims). Administrative oversight on the part of enforcement officers and/or their ignorance of the new Anti-Trafficking and Anti-Smuggling of Migrants Act denied the victims their rights to be "rescued" and placed at a shelter home. They also missed the opportunity to claim their unpaid wages from their previous employers and to help the public prosecutor charge these employers for exploitation.

Duration of present stay at the MHA depot

For the majority (180 respondents or 53.1%), the duration of stay at the depot is relatively short, having been at the depot less than a month, while another 72 or 21.2 percent have been there for less than two months (Table 3). Only 19 or 4.7 percent have been detained between seven months and a year, and another

⁷ Data provided by the Director-General of Prison, Malaysia, via a letter dated June 30, 2011.

Table 3. Duration of present stay at MHA depot by country of origin

Source Country	Duration of Present Stay at MHA Depot									Total (%)
	1-6 days	1-4 weeks	1-2 months	3-4 months	5-6 months	7-8 months	9-10 months	11 months -1 year	>1 year	
Myanmar	2	4	11	8	3	2		1	1	32 (9.4)
Bangladesh		22	6	2						30 (8.8)
Indonesia	20	73	28	7	4	3	3	1		139 (41.0)
Philippines	3	9	6	5	6	1	2	3	1	36 (10.6)
Viet Nam		6	4	2	1					13 (3.8)
Thailand	6	11	4	2	2					23 (6.8)
Sri Lanka		2	2	2	1					7 (2.1)
Somalia					1					1 (0.3)
Nigeria			1	1					1	3 (0.9)
Morocco		1								1 (0.3)
Cambodia	2	5	3	6	3	1				20 (5.9)
Nepal	1	2	2		1					6 (1.8)
India	1		1	3	2	1		1		9 (2.7)
Pakistan	1	5	1	3	1					11 (3.2)
Brazil		1								1 (0.3)
Ghana			1		1					2 (0.6)
China		2								2 (0.6)
Liberia			1							1 (0.3)
Taiwan		1								1 (0.3)
Turkey			1							1 (0.3)
Total (%)	36 (10.6)	144 (42.5)	72 (21.2)	39 (11.5)	26 (7.6)	8 (2.4)	5 (1.5)	6 (1.8)	3 (0.8)	339 (100)

Source: Survey

three or 0.8 percent for more than a year. The presence of the special court for illegal immigrants enables quick disposal of their cases and deportation. The delay in deportation is usually caused by difficulties in deciding the nationality of the irregular migrants and/or the lack of cooperation from the respondents' respective embassies/consulates in validating their nationalities and processing their travel documents. Officers from one foreign embassy interviewed at the MHA depot in Belantik, Kedah took three months before they came to process the travel documents of their nationals held at the depot. As the depot is far from Kuala Lumpur, the officers will not come unless many of their nationals are due for deportation to ensure that it is cost effective. They usually waited until there were about 30 to be deported before they came to process their documents. The case of Filipino irregular migrants in Sabah is more complex as many of the irregular migrants at the depot were born in Sabah but have no birth certificates to prove their nationalities. While Malaysia insists that they are Filipinos, the Philippine authorities believe otherwise. Consequently, some are now languishing in the Malaysian temporary detention centers. The absence of a Philippine Consulate in Sabah also delays the deportation of their nationals from the state.

In the case of refugees such as the stateless Rohingyas from Myanmar, their relatively long stay at the depot is due to the lack of a clear guideline for enforcement agencies on what to do with them as they cannot be returned to Myanmar or sent elsewhere. There was also a case of respondents categorized as "source country unknown", involving two sisters who were arrested at the no man's land between Sarawak and Brunei several years ago. They claim to be descendants of an ancient Indonesian kingdom but were born in Switzerland. They were jailed for trespassing and sent to the MHA depot in Semuja, Sarawak before deportation. However, as their nationality remains unclear, it may take a long time before they can be deported.

Looking at their country of origin, those that have been at the depot for more than six months were Indonesians (7), Filipinos (7), Myanmarese (4), Indians (2), and one each from Nigeria and Cambodia. Quick deportation is possible if the prospective deportee or his consulate/embassy can pay for the cost of the passage home, but many consulates/embassies refuse, causing further delay and leaving the Malaysian authorities to foot the bill. In 2010, for example, over 42,622 irregular migrants were deported. This imposes a heavy burden on the Malaysian government that also has to bear the cost of maintaining them at the depot at RM35 per day for each person. The Deputy Minister of the MHA was reported to have said that the daily maintenance cost for foreign inmates was RM350,000 for 2009 (*Utusan Malaysia*, December 2, 2010).

Arresting agencies

Table 4 shows the distribution of respondents by the agencies responsible for their arrest and the sectors where they were employed. Most were arrested by immigration officers (56.1%) and the police (35.5%). The role played by other agencies was minimal although RELA (People's Volunteer Force) has been accused and demonized by many (see, among others, SUARAM Annual Reports) as the major agency for arresting and abusing irregular migrants. A substantial number (37.3%) of those arrested are from the service sector, followed by the construction workers (25.2%). The small number from agriculture and plantation sectors is due to the difficulties in gaining access to these areas as the plantations are large and both sectors tend to be located in remote areas far from the urban-based enforcement officers. The enforcement officers are also not free to enter private homes where the domestic maids are working. Although manufacturing is the major user of foreign workers in Malaysia, its foreign worker recruitment and placement management is usually well-regulated and is less likely to breach the immigration laws. If the data is analyzed by gender, then 137 or 37.6 percent of them are women and most have been arrested by immigration officers or the police.

Table 5 shows the number of times the respondents have been arrested and the types of punishment meted out. As those at the depot are still waiting for their hearing or sentences, the types of sentences enumerated here are those of their previous arrests. Only 227 respondents provided such information, and of these 89 percent had one previous arrest, 8.4 percent had two, 2.2 percent had three, and 0.4 percent had four previous arrests. Moreover, 69.2 percent had served time in prison between one day and more than a year while others had been caned (11.5%), fined (2.6%), made to pay a compound ranging between RM300 and RM15,000 (4.0%) and faced immediate deportation (12.7%). Caning is only confined to adult males below 55 years of age. This indicates that the sentences meted out do not deter them at all from becoming irregular migrants.

The respondents were also asked who paid for the cost of their deportation in the previous arrests. Of the 29 who responded, 11 said it was paid for by the Malaysian government, eight paid for themselves, seven were paid for by their relatives, and one each by their friends or their embassy/consulate. One respondent did not know who paid for his passage, but most likely it was paid for by the Malaysian government. Willingness to pay for their own passage home will allow them to be deported sooner. However, only nationals of Malaysia's immediate neighbors can afford to do so as the costs for those from far away countries are expensive.

Table 4. Previous arrest by enforcement agency and job sectors

Agency	Man.	Cons.	Serv.	DM	Agri.	Plant.	NI	Total (%)
Police	13	31	42	10	13	5	14	128 (35.3)
RELA	1	1	6	1				9 (2.4)
Immigration	28	58	81	12	4	2	19	204 (56.1)
Military			1		1		1	3 (0.8)
MMEA			1		2			3 (0.8)
MOF					3			3 (0.8)
ASU		2						2 (0.5)
NAAD			1					1 (0.3)
Islam Department			1					1 (0.3)
DRT							1	1 (0.3)
Surrender*			3	5	1			9 (2.4)
Total	42 (11.5)	92 (25.2)	136 (37.3)	28 (7.6)	24 (6.6)	7 (1.9)	36 (9.9)	364 (100)

Source: Survey

Notes: * To the police, immigration, and embassy; NI = No Information; Man. = Manufacturing; Cons. = Construction; Serv. = Services; DM = Domestic maid; Agri. = Agriculture; Plant. = Plantation; MMEA = Malaysian Maritime Enforcement Agency; MOF = Marine Operation Force; ASU = Anti-Smuggling Enforcement Unit; NAAD = National Anti-Narcotic Agency; DRT = Department of Road Transport

Table 5. Sentences meted out to respondents in previous arrest

Types of Sentence	1st Arrest	2nd Arrest	3rd Arrest	4th Arrest	Total
Sent to prison	146	11	-	-	157 (69.2%)
Fine	5	1	-	-	6 (2.6%)
Caning	22	3	1	-	26 (11.5%)
Compound	6	2	1	-	9 (4.0%)
Deported	23	2	3	1	29 (12.7%)
Total	202 (89.0%)	19 (8.4%)	5 (2.2%)	1 (0.4%)	227 (100.0%)

Source: Survey

Respondents' reactions to law enforcement

It is interesting to note that a high number of the respondents are reasonably well informed of the various circumstances that can cause a foreigner in Malaysia to change his legal status to an irregular migrant. They were also well aware of the many problems that irregular migrants face, the most important being the constant fear of arrest, which limits their freedom to go out of their home and workplace (Tables 6 and 7).

It is important to note that only 40.6 percent of the respondents believed that they would have difficulty in getting a job in Malaysia if they were irregular migrants. A substantial number (31.4%) thought that those without proper documents would have little difficulty in going home, indicating that illegal entry and exit can easily be done through the many unauthorized entry points

Table 6. Awareness of how foreigners can become irregular migrants

Types of Violation	Yes	Percent
Staying in Malaysia without a valid document	350	86.6
Overstaying	330	81.7
Running away from an employer	248	61.4
Use of false document	306	75.7
Abuse of one's visa	266	65.8
Unregistered children of irregular migrants	210	52.0

Source: Survey

Table 7. Problems faced by respondents without proper documents

Problems Faced	Frequency	Percent
In constant fear of arrest	288	71.3
Not free to go out	275	68.1
Difficult to get a job	164	40.6
Problems in returning to home country	127	31.4
Low pay compared to legal workers	115	28.5
Difficulty in dealing with banks	121	30.0
Difficult to buy vehicles	104	25.7
Cannot get a driving license	96	23.8
Difficulty in renting a place to stay	87	21.5
Employers withholding pay	67	16.6

Source: Survey

in Malaysia and the source country. It appears that they are not deterred by the numerous reports about the tragic accidents in the Straits of Melaka where hundreds of Indonesian irregular migrants died while on their way home because the unauthorized boats they took sank due to overloading or bad weather (*Utusan Malaysia*, June 23, 2010).

A lesser number also believed that they would have little difficulty in dealing with the banks, getting a driver's license, renting a place, or that their irregular status would affect their pay. This reflects their perception that there are always some employers and members of the public who are willing to flout the Malaysian immigration and employment regulations for monetary gains. There are some truths in these perceptions as some irregular migrants have bought cars and motorcycles in their Malaysian friends' names, and drove these vehicles without a license or with a false license. Many Malaysians rent out accommodations to irregular migrants who are willing to pay more than the market price. Such practices were done at the expense of the local poor and were in violation of Section 55E of the Immigration Act which prohibits the harboring of illegal immigrants.

To lessen the possibility of arrest, many irregular migrants have confined their daily activities to their living and work space and mix only with members of their own ethnic community. For many respondents, this is not a problem as they are working most of the time and have little time to spare for social activities. But for those not in the workforce, this is a self-imposed exile. They will only go out for specific purposes such as shopping for their groceries. They will also try to dress, behave, and speak like the locals or in English (Table 8). In multi-ethnic Malaysia, where the population is composed of ethnic Malays, Indians, Chinese, and others, the presence of new migrants is not easily discernible. Many of them bear similar physical features as well as share a common language, religion, and customs with some sections of the local population.

Possibility of return after deportation

As all the inmates in the depot will eventually be deported, the respondents were also asked whether they would return to Malaysia after deportation. Some 175 (43.3%) answered they would while 64 (15.8%) were not sure. Of those who wished to return to Malaysia, 165 (40.8%) would do so legally so as to avoid being apprehended and to be free to move. They also wanted to work in a peaceful environment and without fear, to get better wages, and to be able to seek help from their embassies if they got into trouble.

However, entering Malaysia legally to work does not guarantee that their legal status will be sustained as many such workers failed to renew their work permits. Only 10 respondents said they would re-enter Malaysia illegally as it is fast, convenient, and cheap. They are not deterred by the prospect of being apprehended because if they get arrested again, they will eventually be deported once more and the cost of passage will be paid by the Malaysian government. We were informed that the penalty for breaking Malaysian immigration laws is preferable to a life of unemployment and poverty back home.

Table 8. Irregular migrants' ways of avoiding arrest

Method	Yes	Percent
Refrain from leaving home unnecessarily	263	65.1
Mix with own ethnic group only	144	35.6
Dress like the locals	81	20.0
Only speak in Malay or English in public space	73	18.1

Source: Survey

CONCLUDING REMARKS

Most of the respondents understand how foreigners can become irregular migrants in Malaysia, what problems they will face, and how to avoid being arrested. Yet more than 90 percent have been apprehended, with over 56 percent of them more than once. Many have endured caning, have been fined, made to pay a compound, and deported. Still, a substantial number said they would return to Malaysia after being deported. A few would even come illegally again. This raises some very important questions as regard to policy. Is the penalty not grave enough to deter foreigners from coming as undocumented workers, overstay, and abuse their visas and passes after arriving here legally? Is the cost of legal recruitment so high that they would rather risk, and if caught later, endure the penalties for breaching the Malaysian immigration laws? Or, are there other factors that account for their penchant for irregularity? The answers to these questions require a review of the policy and its implementation, strengthening those that work but overhauling and replacing those that do not.

REFERENCES

- Abdul, H. and A.R. Abdul Aziz. 1997. Illegal foreign labor in Malaysia in the construction industry. Paper presented at the 1st International Malaysian Studies Conference, August 11–13, University Malaya, Kuala Lumpur, Malaysia.
- Azizah, K. 2008. Managing strangers in our midst: A critical analysis of Malaysia's foreign worker policy. Paper presented at the Malaysian Social Science Conference (MSC6), August 5–8, Kuching, Sarawak, Malaysia.
- . 2004. Illegal immigrants in Sabah: Their metamorphosis and survival strategies. In *Dynamics of border societies in Southeast Asia*, edited by Koji and Miyazaki. Research Institute for Languages and Cultures of Asia and Africa (ILCAA), Tokyo University of Foreign Studies, Tokyo, Japan.
- . 1999. Indonesian immigrant settlements in Peninsular Malaysia. *Sojourn* 15, No.1:100–122.
- . 1997. Illegal alien workers in Malaysia: Its influx, utilisation, and ramifications. *Indonesia and the Malay world*. Oxford: Oxford University Press.
- . 1995a. Amnesty for illegal foreign workers in Malaysia: Some attendant problems. *Manusia dan Masyarakat*, New Series, Vol. 9. Department of Anthropology, Universiti Malaya, pp.9–26.
- . 1995b. From neglect to legalization: The changing state response to the inflow of illegal labour into Malaysia. Paper presented at the Conference on Globalisation: Local Challenges and Responses, organized by the

- Malaysian Social Science Association, January 19–21, Universiti Sains Malaysia, Penang.
- Dorrall, R.F. 1988. Pendatang haram: Issues and implications of present illegal economic migration to Malaysia. Occasional Paper. Kuala Lumpur: Center for Migrant Workers.
- Junipah, W. 1996. Pendatang Indonesia di Selangor: Proses Penghijrahan dan Penyesuaian. MA thesis, Universiti Malaya.
- Kanapathy, V. 2008. Controlling irregular migration: The Malaysia experience. Working Paper No. 14. ILO Regional Programme on Governance and Labour Migration, Regional Office for Asia and the Pacific.
- Liow, J. 2004. Malaysia's approach to its illegal Indonesian migrant labour problem: Securitization, politics, or catharsis? Paper presented at IDSS-Ford Workshop on Non-Traditional Security in Asia, September 3–4, Singapore.
- . 2003. Malaysia's illegal Indonesian migrant labour problems: In search of solutions. *Contemporary Southeast Asia* 23(1):45–64.
- Mohd Zamberi, A.A. 2011. Pendatang asing tanpa izin: Dasar dan pelaksanaannya. Paper presented at the Seminar Pekerja Asing dan Pendatang Asing Tanpa Izin di Malaysia, May 5, Bangi, Institut Kajian Malaysia dan Antarabangsa, Universiti Kebangsaan Malaysia.
- Nor Azizan, I. 2005. Hubungan Malaysia Indonesia dan isu pendatang tanpa izin. In *Politik dan Keselamatan* edited by D. Siti and O. Zarina. Bangi, Selangor: Penerbit Universiti Kebangsaan, pp.146–168.
- Sadiq, K. 2005. When states prefer noncitizens over citizens: Conflict over illegal immigration in Malaysia. *Harvard Asia Pacific Review* 5(1):127–146.
- Suara Rakyat Malaysia Suara Rakyat Malaysia (SUARAM). Various years. Malaysia Human Rights Report. SUARAM.
- Zulkifli, H. 1999. Pendatang Filipina di Kampung Bakau, Lahad Datu Sabah: Satu kajian sosio-politik. MA thesis, Jabatan Antropologi & Sosiologi, Universiti Malaya, Kuala Lumpur.

Official Reports/Documents

- Akta Imigresen 1959/63 (Akta 155) & Peraturan-Peraturan Dan Akta Pasport 1966 (AKTA 150)*. International Law Books Series, Petaling Jaya, Selangor.
- Government of Malaysia, Anti-Trafficking in Persons Act 2007*.
- Jabatan Tenaga Kerja Semenanjung Malaysia. 2006. *Dasar, Prosedur Dan Syarat-Syarat Penggajian Pekerja Asing Di Malaysia*. Putrajaya.
- Jabatan Imigresen Malaysia *Laporan Program Khas Pengampunan Tahun. 2004–2005*. Putrajaya.

New Straits Times:

October 19, 2011 “Jan 10 cut-off to legalise foreign workers”

August 24, 2010 “Ticking time bombs: Security woes at detention centres housing foreign criminals”

Utusan Malaysia:

Disember 2, 2010 “RM350,000 sehari tanggung banduan asing”

June 23, 2010 “Tragedi bot karam: 2 mati, 15 hilang dipukul arus deras di Port Dickson”

June 23, 2010 “Kami ditipu tekong, janji feri tapi hanya bot pancung”

Foreign Labor in Singapore: Rationale, Policies, Impacts, and Issues

SIOW YUE CHIA¹

ABSTRACT

Singapore has one of the most open economies in Asia in terms of trade, capital inflows, and foreign labor inflows. The foreign labor policy is dual track, with measures to attract foreign talent and control the inflow of low-skilled labor through work permits and levies and dependency ceilings. In 2010, foreigners accounted for a high 34.7 percent of the labor force, as a result of buoyant labor demand and deficit labor supply due to declining total fertility rate, as well as a foreign labor policy reflecting lack of xenophobia and labor protectionism. Foreign labor is needed to increase the population, mitigate population ageing, maintain gross domestic product (GDP) and per capita GDP growth, meet general and specific shortages in labor supply and skills, and contain wage costs to maintain international competitiveness. Heavy dependence on foreign labor, however, has also delayed economic restructuring and adversely affected productivity performance. Going forward, Singapore has to limit its dependence on foreign labor and depend on productivity growth as a growth driver, because of physical and social constraints on the influx of foreign labor.

INTRODUCTION

The phenomenon of international labor migration is increasingly engaging the attention of international agencies, policymakers, social activists, and researchers.

At the international level, the International Labour Organization has the mandate on “the promotion of social justice and internationally recognized human and labor rights”. At the World Trade Organization, the issue of international labor flows is only partially dealt with under the “movement of natural persons”

¹ Senior research fellow, Singapore Institute of International Affairs.

in trade in services. Nationally, there appears to be a dichotomy of positions between developed economies (largely migrant labor recipients) and developing economies (largely migrant labor suppliers). Host countries are reluctant, for political, economic, and social reasons, to allow free inflow of foreign labor, particularly the low-skilled, despite the requirements of the labor market. Sending countries want freer flows of foreign labor and national treatment, and are dependent on labor outflows to mitigate high domestic unemployment and on inward remittances, as well as concerns over the welfare and labor rights of their emigrant labor.

Resource-poor Singapore achieved robust economic growth after political independence in August 1965, through policies emphasizing economic openness and efficiency, human resource development, and sound economic management. It is a multi-ethnic, multireligious, and multilingual society, with comparatively little evidence of xenophobia. Economically, there is no discriminatory treatment of foreign businesses and investors under Singapore law. Foreigners also account for over one-third of Singapore's labor force, the highest ratio in Asia (with possible exception of Brunei). Socially, Singapore's political leaders emphasize the crucial importance of social harmony. Singapore has four official languages (English, Chinese, Malay, and Tamil), but English is the unifying language of business, government, and tertiary education, creating a level playing field for all ethnic groups and giving Singapore an edge in internationalization. The open policy of government and the lack of xenophobia of Singapore society reflect Singapore's immigrant history and its role as a regional and global hub for services and transportation.

This paper focuses on the rationale, policies, and challenges of Singapore as a host of large numbers of foreign high-skilled and low-skilled labor. Singapore is a densely populated city-state with only 712 square kilometers of land and a resident and nonresident population of 5.1 million. Despite a rapidly declining fertility rate (reaching 1.15 in 2011), the population grew, largely due to immigration, by 32.2 percent in the 1990–2000 decade and by a further 26.0 percent in the 2000–2010 decade. Why is the Singapore economy so dependent on foreign labor? What are the policies and measures adopted to attract and manage the large foreign labor inflows? What are some of the economic and social impacts? Are foreign workers protected under Singapore laws? What are the possibilities of regional and bilateral cooperation to resolve conflicts and problems?

RATIONALE FOR IMMIGRATION AND FOREIGN LABOR POLICIES

Immigration has been an important part of Singapore's short demographic history and helped shaped the acceptance of substantial immigration in present times. Historically, migration from China, India, and the surrounding countries was the

main contributor to population growth. The period of free immigration ended during the Great Depression of 1929–1932 when the economic slump in Singapore led to high unemployment. Immigration stopped completely during World War II. Postwar, a new immigration law in 1953 admitted only those who could contribute to the social and economic development of Singapore, although migrants from Malaya continued to have unrestricted entry. Following political independence in 1965 and in response to the high unemployment rate, strict controls were imposed on inflows of foreign unskilled workers. A decade later, labor shortages following robust economic growth led to relaxation of restrictions. Large numbers of low-skilled workers in the manufacturing, construction, and domestic service sectors came from “nontraditional sources” such as the Philippines, Thailand, Indonesia, and South Asia (India, Bangladesh, Sri Lanka). Singapore also attracted large numbers of foreign professionals and skilled labor from the growing presence of foreign multinational corporations (MNCs).

In sum, Singapore needed immigration and foreign labor in recent decades for the following reasons: First is to grow the Singapore population beyond the size determined by a declining total fertility rate. Second, is to mitigate rapid population ageing and the consequent loss of societal dynamism and rising health care costs. Third is to increase labor supply and skills, so as not to constrain economic growth and economic restructuring. Fourth is to act as buffer for cyclical demands for labor. Fifth is to contain rising wage cost of businesses and maintain international competitiveness. Finally, there is a need to fill vacancies in lowly paid and “dirty, demeaning, and dangerous” (3D) jobs shunned by better-educated and increasingly affluent Singaporeans.

DEMOGRAPHIC AND LABOR FORCE TRENDS

Table 1 shows Singapore’s population by residential status (citizens, permanent residents, and nonresidents) according to various censuses from 1970 to 2010. Population growth has increasingly been from immigration, so that the share of noncitizens rose from 9.6 percent in 1970 to 36.4 percent or 1.8 million by 2010. The population has been ageing steadily and the proportion of the elderly (age 65 and over) is expected to reach 20 percent of the total population by 2030.

Singapore’s demand for migrant labor stems from short-term needs of the business cycle as well as longer-term needs of economic growth and restructuring. Table 2 shows the Singapore labor force by residential status for the period 1991–2010. The total labor force grew at an annual rate of 3.4 percent during 1991–2010, the resident labor force at 2.1 percent, and the nonresident foreign labor force at the much faster rate of 7.0 percent. As a result, the residents’ share of the labor force declined from 82 percent in 1991 to 65.3 percent by 2010, with citizens accounting for only 58.3 percent.

Table 1. Singapore: population growth by residential status

Census Year	Total Population	Singapore Residents			Nonresidents
		Total	Citizens	Permanent Residents	
Million					
1970	2.0745	2.0136	1.8748	0.1388	0.0609
1980	2.4139	2.2821	2.1943	0.0878	0.1318
1990	3.0471	2.7359	2.6237	0.1121	0.3113
2000	4.0279	3.2734	2.9859	0.2875	0.7545
2010	5.0767	3.7717	3.2307	0.5410	1.3050
Percent distribution					
1970	100.0	97.1	90.4	6.7	2.9
1980	100.0	94.5	90.9	3.6	5.5
1990	100.0	89.8	86.1	3.7	10.2
2000	100.0	81.3	74.1	7.1	18.7
2010	100.0	74.3	63.6	10.7	25.7
Absolute change (million)					
1980	0.3394	0.2685	0.3195	-0.0510	0.0709
1990	0.6332	0.4538	0.4294	0.0243	0.1795
2000	0.9808	0.5375	0.3622	0.1754	0.4432
2010	1.0488	0.4983	0.2448	0.2535	0.5505
Average annual growth rate (%)					
1980	1.5	1.3	1.6	-4.5	8.0
1990	2.3	1.7	1.7	2.3	9.0
2000	2.8	1.8	1.3	9.9	9.3
2010	1.8	1.0	0.9	1.5	4.1

Source: Singapore Department of Statistics, Yearbook of Statistics

The number of foreigners working in Singapore fluctuated at around 600,000 in 1998–2004 and rose to more than one million in 2008–2010, excluding those who had become permanent residents (PRs) and citizens. As shown in Table 3, the resident unemployment rate rose to 5.9 percent in the recession year of 2009, fuelling concerns that foreigners were taking away jobs, as the foreign labor force showed double-digit growth in 2006–2008.

SOURCES, SECTORAL AND OCCUPATIONAL DISTRIBUTIONS

Singapore has a multiracial population, and the government and public are concerned about maintaining ethnic harmony. Ethnic compatibility is important in a high-density city-state as the presence of a large number of foreign workers

Table 2. Singapore: resident and foreign labor force

Year	Total (Thousand)	Resident (Thousand)	Foreign (Thousand)	Foreign % of Total	Resident Growth (%)	Foreign Growth (%)
1991	1673.7	1372.9	300.8	18.0		
1992	1733.6	1409.9	323.7	18.7	2.7	7.6
1993	1762.7	1421.7	341.0	19.3	0.8	5.3
1994	1842.2	1456.1	386.1	21.0	2.4	13.2
1996	2024.9	1511.5	513.4	25.4	3.8	33.0
1997	2116.0	1538.3	577.7	27.3	1.8	12.5
1998	2187.9	1546.5	641.4	29.3	0.5	11.0
1999	2208.7	1595.9	612.8	27.7	3.2	-4.5
2000						
2001	2330.5	1644.3	686.2	29.4	3.0	12.0
2002	2320.6	1667.9	652.7	28.1	1.4	-4.9
2003	2312.3	1706.4	605.9	26.2	2.3	-7.2
2004	2341.9	1733.4	608.5	26.0	1.6	0.4
2005						
2006	2594.1	1880.8	713.3	27.5	8.5	17.2
2007	2750.5	1918.1	832.4	30.3		
2007 adjusted	2710.3	1878.0	832.3	30.7	-0.1	16.7
2008	2939.9	1928.3	1011.6	34.4	2.7	21.5
2009	3030.0	1985.7	1044.3	34.5	3.0	3.2
Compound growth rate (%)	3.55	2.19	7.60			

Source: Singapore Yearbook of Manpower Statistics (2009)

whose culture and work ethos are noticeably different from the local population and workforce may create social problems. Hence, Singapore has a preference for some source countries. However, with globalization and the growing need for talent, this has been somewhat relaxed.

Data on the number of foreign workers by source country are not available in the public domain as the government considers them to be “sensitive” information and such data are released only on an ad hoc basis. Singapore has always welcomed professionals and entrepreneurs with industrial experience and capital. Highly qualified and wealthy entrepreneurs and investors from Southeast Asia and Northeast Asia are readily granted employment passes and permanent residence. In addition, skilled and professional workers also come from developed countries in Europe, North America, Australia-New Zealand, and Japan and are commonly employed by MNCs in Singapore as well as in various services and professions in the private and public sectors.

Source countries of Singapore’s low-skilled work permit holders are largely developing Asian countries with lower wages than Singapore, namely, Malaysia, rest of Southeast Asia, the People’s Republic of China (PRC), and South Asia. Until the late 1970s, neighboring Malaysia was the main source because of geographic proximity and shared history and

Table 3. Singapore: resident and foreign employed

Year	Employed				Unemployment	
	Total (Thousand)	Resident (Thousand)	Foreign (Thousand)	Foreign % of Total	Resident Growth (%)	Foreign Growth (%)
1991	1645.0	1345.0	300.0	18.2		
1992	1692.1	1369.8	322.3	19.0	1.8	7.4
1993	1721.1	1381.6	339.5	19.7	0.9	5.3
1994	1801.2	1416.1	385.1	21.4	2.5	13.4
1996	1976.4	1464.8	511.6	25.9	3.4	32.8
1997	2075.8	1499.8	576.0	27.7	2.4	12.6
1998	2133.8	1493.8	640.0	30.0	-0.4	11.1
1999	2129.3	1518.3	611.0	28.7	1.6	-4.5
2001	2267.3	1582.5	684.8	30.2	4.2	12.1
2002	2232.2	1573.7	649.5	29.2	-0.6	-5.2
2003	2208.1	1605.4	602.7	27.3	2.0	-7.2
2004	2238.1	1632.1	606.0	27.1	1.7	0.5
2006	2505.8	1796.7	709.1	28.3	10.1	17.0
2007	2631.9	1803.2	828.7	31.5	0.4	16.9
2008	2858.1	1852.0	1006.1	35.2	2.7	21.4
2009	2905.9	1869.4	1036.5	35.7	0.9	3.0
Compound growth rate (%)	3.40	1.96	7.57			

Source: Singapore Yearbook of Manpower Statistics (2009)

Note: Data for 2000 and 2005 not available as the Labor Force Survey was not conducted in these two years.

culture. As this source dried up following Malaysia's own successful economic development, Singapore had to source from other parts of Asia. They were generally allowed to work in construction, marine, and retail sectors. For domestic maids, preferred sources are countries in the Association of Southeast Asian Nations (ASEAN) and South Asia.

Table 4 shows the sectoral distribution of foreign workers. Manufacturing's share of foreign workers has been largely stable, while the shares of construction and services have been rising, in part reflecting the structural change in manufacturing out of labor-intensive and into capital- and technology-intensive industries. However, the sectoral dependence on foreign labor, as measured by the sectoral foreign/total employment share, has been rising for manufacturing and services. The construction sector has the highest sectoral dependence on foreign labor. In addition to statistics in Table 4, ad hoc ministerial statements and media reports provide absolute numbers of foreign workers for selected occupations.²

Singapore's industrialization began in the early 1960s. It welcomed skilled immigrants with industrial experience and capital and high-net-worth individuals

Table 4. Distribution of foreign workers by sector

	1998	1999	2000	2001	2002	2003
<i>Sectoral distribution (%)</i> :						
All sectors	100	100	100	100	100	100
Manufacturing	23	24	25	25	26	27
Construction	36	33	31	28	25	23
Services	40	42	44	47	48	50
<i>Foreign share in sector (%)</i> :						
All sectors	30.8	30.1	30.9	30.9	29.2	28.1
Manufacturing	35.0	35.6	38.3	38.6	38.8	38.4
Construction	70.0	67.7	67.3	66.1	62.9	59.6
Services	19.7	19.9	20.9	21.7	20.8	20.3
	2004	2005	2006	2007	2008	2009
<i>Sectoral distribution (%)</i> :						
All sectors	100	100	100	100	100	100
Manufacturing	29	30	31	30	28	25
Construction	21	21	20	21	24	26
Services	49	49	49	48	48	49
<i>Foreign share in sector (%)</i> :						
All sectors	28.2	28.9	30.3	33.0	35.8	35.2
Manufacturing	40.5	42.1	44.6	48.1	50.6	48.4
Construction	58.7	59.3	60.4	64.4	69.3	69.9
Services	20.2	20.7	21.6	23.5	25.6	25.4

Source: Yap (2010)

² It was reported that of total foreign labor in 2010, there were 856,000 or 82 percent work permit holders, 115,000 employment pass holders, and 82,000 S pass holders; there were 245,000 construction workers and nearly 200,000 foreign domestic workers (FDWs).

who can be absorbed without much difficulty into Singapore society. With the launch of economic restructuring in 1979, the search for foreign professional and skilled immigrants intensified.³ The welcome policy further intensified in the late 1990s with the roll-out of the Manpower 21 Plan to help Singapore achieve a knowledge-based economy. *Contact Singapore*, jointly established by the Singapore Economic Development Board and the Ministry of Manpower (MOM), was tasked to attract “foreign talent”, and provided information on career opportunities in Singapore. It has offices in major cities in Canada, Australia, United States, China, India, and Europe.

EVOLUTION OF FOREIGN LABOR POLICIES

Singapore’s immigration and foreign labor policies have evolved over recent decades in response to changing demand-supply conditions and policy priorities. Foreign labor management in Singapore since 1965 can be divided into four distinct stages.

The *first period* from the mid-1970s was characterized by labor shortage and large inflows of foreign labor from Malaysia. Work permits were introduced, accompanied by levies for foreign workers in the construction sector. Immigration was extended to non-Malaysian sources. In general, permits for Malaysians were much less restrictive than for foreigners from other countries. Work permits were also extended to foreign domestic workers (FDWs).

The *second period* began in 1981 with a policy announcement that foreign workers were to be phased out completely by 1986 (except in construction, shipbuilding, and domestic services) to incentivize businesses to restructure. But Singapore businesses found it difficult to wean off dependence on foreign labor and the “no foreign labor” policy had to be abandoned. The government then followed with a series of measures to manage the inflows. First, work permits were introduced under the Employment of Foreign Workers Act, and violators were subject to fines and/or imprisonment. Rising labor demand was met by extending work permits to migrant workers from a wider group of Asian countries. As the economy moved toward more technology-intensive industries, the booming construction sector became the main absorber of foreign labor growth. When the economic recession hit, the foreign labor inflow was reversed. Second, a comprehensive worker levy system was implemented in 1987 and dependency ceilings were introduced, with foreign workers limited to 50 percent of a firm’s total employment. Levies were viewed as a flexible pricing mechanism to equalize the costs to employers

³ For example, immigration rules were liberalized to attract Hong Kong and PRC citizens in the aftermath of the 1989 Tiananmen Square incident.

of foreign and local labor. In 1989, levies were extended to Malaysians, the dependency ceiling was lowered to 40 percent, and the criteria for issuing employment passes and granting permanent resident status were liberalized, particularly to attract Hong Kong residents in the wake of the Tiananmen Square crackdown in China.

The *third period* in the 1990s was marked by robust economic growth and hence a strong demand for labor. Foreign labor grew rapidly, facilitated by easing immigration restrictions, with dependency ceilings raised to 45 percent in manufacturing and up to a 5:1 ratio in the construction sector. A two-tier worker levy system was implemented in the manufacturing sector, in which the quantum of the levy depended on the dependency ratio. During the 1997–1998 Asian financial crisis, there was no explicit mass repatriation of foreign workers, as labor unions called for wage reductions in lieu of retrenchments. In 1998, a new permit allocation system and stricter enforcement measures were introduced in the construction sector, in which permit entitlements were issued to main contractors, who were then required to employ and accommodate workers laid off and abandoned by subcontractors. Additional adjustments were made to encourage higher productivity in the construction sector through increases in the monthly levy on unskilled workers (from S\$440 to S\$470), and sharp cuts in the levy on skilled workers (from S\$200 to S\$100) to incentivize employers to hire more foreign workers with skills.

The *fourth period* from 2009 heralded a more restrictive foreign labor policy in response to the 2009 recession as well as growing unhappiness of citizens with the large influx of permanent residents and foreign workers in the past decade, particularly in 2006–2008. Employment of foreign workers (excluding permanent residents) grew by 21.4 percent in 2008 while that of residents (citizens and permanent residents) grew by only 2.7 percent, and the unemployment rate of citizens rose to 4.9 percent in 2009. There were heightened perceptions of foreigners displacing local workers as well as crowding out public recreational spaces and public transportation and health services, and contributing to escalating housing prices. This led to a series of announcements by the government, starting in August 2009, that it would slow down the entry of foreigners. The Economic Strategies Committee (ESC) report⁴ released in February 2010 emphasizes productivity growth for Singapore and recommends restricting the number of foreign workers to one-third of the labor force. This was followed by measures announced in the

⁴ The ESC was set up by the government in 2009 to study the long-term economic transformation of Singapore and was headed by then Finance Minister Tharman Shanmugaratnam.

February 2010 budget to raise foreign worker levies effective July 1, 2010 over a three-year period.⁵

MANAGEMENT OF FOREIGN LABOR

Work visas, work permits, and employment passes

Government legislation to manage and regulate the entry, employment, and departure of foreign labor include the Employment of Foreign Workers Act, Immigration Act, Employment Agencies Act, Employment of Foreign Workers (levy order), Employment of Foreign Workers (fees) regulation, and Work Permit (exemption, consolidation) notification. The main government agencies involved are the Immigration and Checkpoint Authority under the Ministry of Home Affairs, which exercises border controls; and the Ministry of Manpower, which issues work passes, enforces regulations, and sees to the well-being of foreign workers. Singapore provides largely visa-free entry for business and social visitors (except from certain specified countries), but have three types of visas for employment.⁶ Foreigners working in Singapore are divided into three main categories—employment pass holders (EP) who are professionals and skilled workers; work permit holders who are low-skilled or unskilled migrant workers; and in-between S pass holders with mid-level talents such as technicians, and those with specialized skills.

Foreign labor policies have been fine-tuned to include a mix of worker levy (price), work permit and dependency ceiling (quota) employment pass, and education and skills criteria (quality control). Employers are required to apply for employment passes and work permits and pay levies for work permit holders; quotas are imposed on firms employing foreign unskilled and semiskilled workers; education and skill requirements are imposed on professionals and skilled manpower. Work permits are differentiated by skill level, sending country, permit duration, and sector of work. A variable levy is charged according to the differentiation. Issuance of work permits and

⁵ The changes took effect on July 1, 2010 with a modest increase in levy rates of S\$10–S\$30 for most work permit holders, with further adjustments in levy rates in 2011 and 2012. Together the three-year increase in levies per worker in manufacturing and services average about S\$100. The construction sector, where there is much scope for productivity improvements, was subject to a larger levy increase. For S pass workers, two levy tiers were set at S\$100 and S\$120 in July 2010, up from a single rate of S\$50, with further adjustments phased in until the rates reach S\$150 and S\$250 in July 2012. The overall dependency ceiling remained unchanged to allow some flexibility for employers faced with genuine needs in relation to foreign workers.

⁶ First, for semipermanent residents with semipermanent work passes who are allowed to take any job anywhere in Singapore (valid for five years; they can apply for citizenship and face no restrictions in the labor market and can bring their families). Second, for foreign professionals with employment passes for specific jobs and for a specific duration of one to five years (with the possibility of renewal). Third, for short-term contract workers issued work permits, usually valid for two years (with the possibility of renewal).

employment passes is adjusted depending on market demand. The management of these different categories is analyzed below.

Foreign professional and skilled labor

Professionals and highly skilled labor are internationally mobile and keenly sought by many countries. In deciding on the country of employment, these individuals consider the remuneration, personal income tax regime, quality of life, amenities, and the environment. Singapore and Hong Kong are serious competitors in Asia for these potential migrants.

Singapore's large pool of foreign professionals and skilled workers (or foreign talent) reflect the important role of intracorporate transferees from the thousands of western and Japanese MNCs based in Singapore. In upgrading toward a knowledge-based economy, Singapore needs a large and expanding pool of "foreign talent", even though "local talent" is being developed with the rapid expansion and revamp of tertiary education and training institutes. Hence, foreign talent is being recruited through liberalized immigration policies, easier requirements for permanent residence and citizenship, award of scholarships and research fellowships at tertiary institutions, improved living and cultural attractions, and an attractive tax regime. Recruitment missions are sent to the main centers of learning by government agencies. In addition, *Contact Singapore* was launched in 1997 by the Ministry of Manpower. The *Singapore Talent Recruitment (STAR) Committee* and *Manpower 21* followed in November 1998 and in 1999, respectively. The *International Manpower Program* of the Economic Development Board was also formed to facilitate inflow of foreign talent.

The EPs for professionals and skilled workers are defined by educational and skill qualifications and salaries. Employment passes are valid for up to five years and are renewable. There is no foreign worker levy or dependency ceiling quota as with work permit holders (except for S pass holders). They are also eligible to apply for a dependent pass (DP) for spouses and unmarried children. Except for the Q and S pass holders, they may also apply for a long-term social visit pass for next-of-kin.⁷ The employment pass is also tied up to a specific employer, except for the new personalized employment pass. Employment pass holders may apply to become Singapore permanent residents or citizens. There are several categories of EPs.

- ***P passes*** are issued to foreigners who hold professional qualifications, and are generally issued to those with university degrees, or have skills and years of work experience. They are also issued on a case-by-case basis to investors and entrepreneurs who can contribute to the Singapore economy

⁷ These include spouse, unmarried children, parents, and parents-in-law.

as well as to persons of exceptional ability in the arts, sciences, and business. *P1 passes* are issued to applicants with fixed monthly salaries of S\$8,000 or more, while *P2 passes* are issued to those with fixed monthly salaries of S\$4,000–S\$8,000. *Q1 passes* are issued to foreigners of lesser but acceptable degrees, professional qualifications, and specialist skills, with lower fixed monthly salaries of S\$2,800 to under S\$4,000.

- *Personalized employment pass (PEP)*: The PEP is not tied to any employer and holders can take on employment in any sector (with some exceptions). They do not need to re-apply for a new pass when changing jobs and can remain in Singapore for up to six months in between jobs. The PEP is nonrenewable and is valid for five years and available for certain categories of P1, P2, and Q1 pass holders.
- *Spass* was introduced in 2004 for mid-level skilled foreigners. It has a lower monthly fixed salary requirement (S\$2,000). Other criteria are educational qualifications, skills and job type, and work experience. The number of S pass holders a company can employ is capped at a dependency ceiling of 25 percent of the company's total workforce. S pass applicants with fixed monthly salaries of more than S\$2,500 per month may apply for DPs for their family members.
- In January 2008, two new categories were introduced for professional visit passes, which are valid for six months. The original two groups covered professionals who possess specialized skills such as commissioning new equipment or are involved in business arbitration or mediation services. The new categories are Work Permit (Performance Artists), which applies to foreign performers wanting to work at nightspots; and Miscellaneous Work Permit, which applies to key organizers of religious, ethnic, and community gatherings, and foreign journalists covering events.

Table 5 summarizes the conditions for employment passes.

Permanent residence and citizenship have been granted to growing numbers of foreigners. Applicants for citizenship are limited to foreigners who are at least 21 years and have been PRs for at least two to six years immediately prior to the date of application. According to immigration authorities, citizenship applicants must be “of good character”, intend to reside permanently in Singapore, and be able to support themselves and their dependents financially. However, many long-time PRs fail to take up Singapore citizenship. Only ad hoc information on the numbers of new citizens is available in the public domain.⁸ As shown earlier in

⁸ In the early 1990s, with the impending return of Hong Kong to Chinese rule resulting in an exodus of Hong Kong residents (mainly to North America), the government offered permanent residence status to 25,000 skilled workers from Hong Kong to entice them to settle in Singapore. However, the uptake was below government expectations. In 2005, nearly 13,000 people became new citizens.

Table 5. Different eligibility schemes for employment pass holders

Type of Pass	Eligibility - Factor One	Eligibility - Factor Two	Eligibility - Factor Three	Eligible for Dependent's Pass	Eligible for Long-Term Social Visit Pass
P	P1	Fixed monthly salary of S\$8,000 and above	and professional, managerial, executive, specialist jobs	Yes	Yes
	P2	Fixed monthly salary of S\$4,000 and under S\$8,000	and professional, managerial, executive, specialist jobs	Yes	Yes
Q	Q1	Fixed monthly salary of S\$2,800 and under S\$4,000	and recognized qualifications	Yes	No
			In lieu of recognized qualifications, may also consider compensatory factors such as skills and years of work experience		
PEP	P1 pass holders			Yes	Yes
	P2 pass holders with at least two years working experience on a P pass	and earning a fixed annual salary of at least S\$30,000 in preceding year		Yes	Yes
	Q1 pass holders with at least five years working experience on a Q1 pass	and earning a fixed annual salary of at least S\$30,000 in preceding year		Yes	No
	Foreign graduates from tertiary institutions in Singapore with at least two years working experience on a P or Q1 pass	and earning a fixed annual salary of at least S\$30,000 in preceding year		Yes	
S	S passes are for mid-level skilled foreigners with monthly salary of at least S\$2,000	and degree or diploma-level qualifications. Technical certificates can be considered		Yes, if monthly fixed salary is more than S\$2,500	No

Compiled from the Ministry of Manpower website

Notes:

1. P passes are for foreigners who hold acceptable degrees, professional qualifications, or specialist skills and are seeking professional, administrative, executive, or managerial jobs.
2. Dependent's passes are issued to the children (under age 21) and spouses of EP holders, entitling them to live in Singapore with the EP holder.
3. The long-term social visit pass accords long-term visit entitlements to parents, parents-in-law, stepchildren, spouses, handicapped children, and unmarried daughters over age 21.

Table 1, the number of PRs grew by a sharp 11.5 percent in 2009.⁹ Responding to citizenry concerns, the government announced (reported in *Business Times* on March 5, 2010) that it would raise the quality of immigrants into Singapore which could mean a reduction in the number of PRs awarded. In 2008 there were 79,200 PRs and 20,500 new citizens, but in 2009 this fell to 59,500 PRs (with 58,923 applications rejected) and 19,000 new citizens.

Unskilled and semiskilled foreign labor

Their presence in Singapore has persisted for various reasons. First, although skills are increasingly demanded as the Singapore economy restructures, there is complementary demand for foreign low-wage service workers such as clerks, drivers, delivery personnel, cleaners, and maintenance workers to help contain business costs and keep Singapore economically competitive. Second, demand for home care and health care services has grown due to the personal needs and lifestyles of the increasingly affluent middle class and the ageing population. Growing female labor force participation raises the demand for FDWs. Third, with better education and growing affluence, local workers appear unwilling to perform low-paid service work and manual work in the booming construction and shipyard sectors (3D jobs).

While government policy toward “foreign talent” is open arm, the policy toward low-skilled foreign labor is one of trying to control their numbers through work permits, levies, and dependency ceilings.

Work permit. In 1968, work permits were introduced for foreign unskilled and semiskilled workers. Administrative controls were relaxed during periods of economic boom (1968–1973, 1981–1984, first half of 1990s, and 2006–2008) and tightened during economic downturns. Employers are allowed to apply for work permits for foreign workers earning less than S\$2,000 a month (as of July 2011). A work permit is issued initially for two years and can normally be renewed up to six years. There are two categories of work permits. The RI work permit is for the semiskilled with at least SPM qualification or equivalent, or NTC Grade 3 (Practical) or other suitable qualifications, while the R2 work permit is for the unskilled. Work permit holders cannot change employers or occupation, cannot bring their families, and cannot marry Singapore citizens or PRs. Termination of employment results in the immediate termination of the work permit and departure

⁹ There are various PR schemes in Singapore. The Professionals/Technical and Skilled Worker scheme is for foreign professionals who are working in Singapore at the time of application for Singapore PR, and must have stayed and worked in Singapore for at least six months. The scheme for capital investors requires an investor to invest at least S\$2.5 million in a new business start-up or expansion of an existing business operation, or invest at least S\$2.5 million in a GIP-approved fund. The scheme for Foreign Artistic Talents is aimed at attracting artistic talents to promote Singapore as an arts hub. The Landed Permanent Residence scheme is for individuals with top-notch education or a professional background.

from Singapore. Employers found harboring those without valid work permits are severely punished. Punishment includes fines and imprisonment.

Worker levy. First introduced in 1980, it has been fine-tuned over time to meet changing market conditions. Initially, a flat levy of S\$230 was imposed on non-Malaysian workers employed in the construction sector. In 1982, the levy scheme was expanded to include all nontraditional source workers and Malaysian block permit construction workers. Since 1992, a two-tier levy has been enforced—the levy for a skilled worker (R1) is lower than that for the unskilled worker (R2). The use of work permit levies, together with work permits, are aimed at controlling the number of foreign workers, but these had to be fine-tuned and revised upwards over the years. The monthly foreign worker levy can range from S\$100 to S\$470, depending on the state of the economy, the economic sectors, the skills of the foreign workers, and the dependency ratio of the companies concerned. Worker levies were again raised in July 2010 and July 2011 and further raised in July 2012. These levies narrow the gap between domestic wage levels and the foreign workers' reservation wage, and thus serve to protect jobs for Singaporean workers. The use of levies has been argued as allowing greater flexibility than quotas alone, as employers who need more foreign workers can obtain more workers by paying a higher levy.¹⁰

Dependency ceiling. In 1987, the proportion of foreign workers that a firm can employ in relation to its total workforce was introduced as another instrument to minimize the preference of employers for lower-wage foreign workers. All sectors have dependency ceilings except for households employing FDWs. The dependency ceiling is sector specific and firm specific, and can range from 10 percent to 80 percent. For example, in the manufacturing sector, employers can have 40 percent of the workforce on work permits, subject to a maximum ceiling of 65 percent. The worker levy rises with the firm's dependency ceiling. Across sectors, the dependency ceiling is highest for the construction and process sectors (7 foreign workers:1 local worker) and lowest in the services. The higher dependency ceiling for the construction sector reflects the difficulty of recruiting local workers. Employers that exceeded the dependency ceiling have to pay a higher levy as a disincentive. The dependency ceiling has been adjusted over time to meet changing economic conditions. For example, in November 1988, the government lowered the dependency ceiling to 40 percent from 50 percent. Likewise, with a tightening labor market, the government raised the manufacturing sector's dependency ceiling to 60 percent from 50 percent and the services

¹⁰ The rationale for not being too tight on controls was offered by the Manpower Minister, who argued that if controls were too tight, it might choke growth and drive investments to competing destinations, while ensuring that companies meet their manpower needs would translate into greater opportunities and benefits for Singapore and Singaporeans.

dependency ceiling to 40 percent from 30 percent in July 2005. Dependency ceilings were cut in July 2010 and July 2011 and will be further cut in July 2012.

Man-year entitlement (MYE). For the construction sector, the MYE allocation system was introduced in April 1998 to allocate construction workers from non-Malaysian sources. The number of foreign workers permitted to work in any construction project is determined by the MYE allocation formula. Only the main contractor can apply for MYE and all subcontractors obtain their MYE allocation from their main contractor. MYEs are then converted into one- to two-year work permits. For example, if the main contractor's MYE entitlement is 100 man-years, he may have 100 men on one-year contracts or 50 men on two-year contracts. The system is designed to give the main contractors better control over the allocation of foreign workers and ensure greater responsibilities toward foreign worker management by their subcontractors.

Skills qualifications. Work permit holders and the amount of worker levies payable are determined by skill qualifications. Skilled work permit holders (R1 work passes) are those who possess the relevant academic or skills-based test qualifications and certificates, and they are subject to a lower worker levy than those without. The Basic Skills Certificate (BSC) and Skills Evaluation Certificate (SEC) schemes were implemented in 1998 to raise the skill level of the construction workforce and are issued to non-Malaysian workers who have passed the required skill tests in their home countries. The scheme sets a basic skills standard as an entry criterion. A foreign worker with only the BSC will not be allowed to work for more than a cumulative period of four years. A worker with the SEC is liable for a lower worker levy and can work up to 15 years. Skills upgrading is available for unskilled workers in different sectors. Skills qualifications have also been introduced for FDWs. They have to produce recognized educational certificates as documentary proof that they have a minimum of eight years of formal education and are required to pass a written English test upon arrival in Singapore, with failure resulting in repatriation; however, in response to requests from employment agencies, this test requirement would be withdrawn in mid-2012. More recently, efforts were directed at improving the skill levels of FDWs, particularly in areas such as elderly care.

Table 6 shows information on work permits, worker levies, and dependency ceilings, updated to incorporate changes in July 2011.

Major changes to foreign labor policy in 2011 were encapsulated in the Ministry of Manpower Addendum to the President's Speech in October 2011. First, the government will balance a welcome to foreign businesses and talents to create and sustain good jobs with meeting the rising aspirations and capabilities of Singaporeans. The foreign workforce will be kept at no higher than one-

Table 6. Work permit, worker levy, and dependency ceiling for unskilled and semiskilled foreign workers

Permit/Category of Foreign Worker	Sector	Dependency Ceiling	Monthly Levy (S\$)
R1: skilled worker R2: unskilled worker	Manufacturing	Up to 30 percent of total workforce	Skilled = 190, Unskilled = 290
		Above 30–50 percent of total workforce	Skilled = 270; Unskilled = 370
		Above 50–65 percent of total workforce	Skilled and Unskilled = 450
R2: domestic worker	Construction	1 local full-time worker to 7 foreign workers	Higher skilled and on MYE = 200
			Experienced and exempted from MYE = 450
			Basic skilled and on MYE = 300
	Marine	1 local full-time worker to 5 foreign workers	Skilled = 190; Unskilled = 300, Skilled and on MYE = 180
	Process	1 local full-time worker to 7 foreign workers	Experienced and exempted from MYE = 380 Unskilled = 300
	Services	Up to 20 percent of total workforce	Skilled = 210, Unskilled = 310
		Above 20–30 percent of total workforce	Skilled = 330, Unskilled = 430
		Above 30–50 percent of total workforce	Skilled and Unskilled = 470
	Domestic	Not applicable	Normal rate = 265
			Concessionary rate = 170
S pass holders		Up to 15 percent of total workforce	Skilled = 160
		Above 15–25 percent of total workforce	Skilled = 250

Compiled from the Ministry of Manpower website

Note: MYE refers to man-year entitlements. Companies are subject to MYE when employing non-Malaysian workers.

third in the long term because of social, economic, physical, and infrastructural constraints. The government had begun to tighten the growth in foreign workers in June 2009, through a combination of higher levies, tightened entry and qualifications criteria, and higher qualifying salaries. Qualifying salaries for employment passes were raised in July 2011 and will be raised further in January 2012, and applicants need to have better educational qualifications. Second, a new policy removed foreigners from entitlement to medical subsidies, and reduced subsidies for PRs. Education fees were also increased for foreigners and PRs. The government and employers are also providing alternative housing and recreational facilities for foreign workers. The government is also tightening foreign ownership of landed property.

In addition to specific policies aimed at foreign workers, complementary policies were put in place to help low-skilled and low-wage local workers and to help local businesses adjust to a tighter labor market. First, low-skilled and low-wage Singaporeans faced with marginalization and retrenchment from economic restructuring and wage depression and job competition from foreign workers are being assisted by the Workfare Income Supplement (WIS) scheme.¹¹ In addition, the Workfare Training Scheme (WTS) was introduced to help low-wage workers train and upgrade. Second, a S\$2 billion National Productivity Fund was established to help industries implement specific road maps to improve productivity through market and business development, automation, better use of IT, job and process redesign, and training. To address the concerns of small and medium enterprises (SMEs), the government introduced specific initiatives to help SMEs re-engineer their operations and reduce their reliance on labor.

Illegal foreign labor

Compared with its bigger neighbors, Singapore has relatively less problems with illegal foreign labor. This reflects the following: First is the small land size of Singapore and its well-patrolled borders and the relative absence of rural informal sectors in which illegal workers can seek refuge and find employment. Second is the transparent and efficient implementation of immigration regulations and work permit requirements and processes. Third is the severe penalties imposed on the illegal migrants as well as their human smugglers and businesses and households that employ them. The illegal foreign workers may “benefit” from gaining employment in Singapore, but are vulnerable to exploitation as they are not covered by Singapore’s protective legislation and benefits that legal foreign workers enjoy. Errant employers may “gain” from avoiding paying levies. Under the 1991 Employment of Foreign Workers Act, such employers are liable to be fined and imprisoned. Locals who harbored illegal immigrants and overstayers such as landlords and housing agents are also punishable. Apart from enforcement actions, the Singapore Ministry of Manpower has also intensified efforts to inform and educate employers and foreign workers on the penalties of infringing employment and immigration rules and regulations. Such outreach programs have included sending information to source countries.

¹¹ The WIS scheme supplements the wages and Central Provident Fund (CPF) savings of older low-wage workers and encourages them to stay employed. The WIS has been revised—with maximum payment raised to S\$2,800 starting January 2010 from S\$2,400—to encourage older low-wage workers to seek and remain in employment. The maximum qualifying average monthly income was also raised to S\$1,700. WIS is complemented by the WTS scheme which helps low-wage workers train and upgrade.

IMPACTS ON THE SINGAPORE ECONOMY

Foreign labor as supplement, complement, and substitute

The impacts of foreign workers on various Singapore stakeholders are summarized in Table 7.

Buoyant economic growth and consequent higher demand for labor, together with the slow growth in citizen labor supply, have increased Singapore's dependence on noncitizen labor. Measures to reduce overall labor demand could include: upgrading the economic structure away from labor-intensive activities and incentivizing businesses to adopt labor-saving operations and improve productivity. Measures to increase labor supply could include: increasing the labor force participation rates of females and the elderly and allowing the inflow of foreign labor. Measures to increase skills supply could include: further expansion of postsecondary and tertiary education, further expansion of training facilities and programs to upgrade those already in the labor market, and inflow of foreign talent. Increasing the inflow of foreign labor should focus increasingly on foreign talent which can help Singapore improve productivity.

Table 8 shows the educational attainment of Singapore's resident population (that is, citizens and permanent residents) by age groups from the 2010 population census. The poor educational attainment of the age groups starting from 45 and above reflects the inadequate investments in postsecondary and tertiary education in the 1960s to the mid-1980s. Emphasis on diploma and university education in later decades supplemented by inflows of foreign talents (who subsequently

Table 7. Foreign labor and Singapore stakeholder interests

Stakeholders	Positive Impact	Negative Impact
Singapore economy	Skilled labor accelerates economic restructuring; enables higher GDP growth; enables innovation and entrepreneurship	Low-skilled labor delays economic restructuring and results in lower productivity performance
Singapore government	Improved economic performance; improved government revenue from taxes and levies	Increased government expenditures on public infrastructure and services
Singapore business sector	Availability of skilled and low-skilled labor; lower labor cost	Delays business operations upgrading with negative productivity impact
Singaporean labor	Complements foreign labor—gain from employment opportunities	Substitutes to foreign labor—loss from job competition and wage suppression
Singaporean households and public	Quality of life improves with better retail/health care services and FDWs; lower cost of housing and medical and transportation costs	Quality of life declines with crowding out of public spaces and public services

Table 8. Singapore residents aged 25 and over by qualifications attained, 2010

Qualifications	Total	25–34 Years	35–44 Years	45–54 Years	55 Years and Over
	Percent Distribution				
Below secondary	42.6	6.1	16.4	37.4	65.6
Secondary	24.6	12.4	19.3	26.8	17.2
Postsecondary	9.9	10.7	12.0	10.2	6.2
Diploma	11.1	24.2	17.8	10.1	4.8
University	11.7	46.5	34.6	15.4	6.1
Total	100.0	100.0	100.0	100.0	100.0

Source: Singapore Population Census 2010 report

became citizens and PRs) is reflected by the fact that 70.7 percent in the age group 25–34 years and 52.4 percent in the age group 35–44 years had diploma/university qualifications.

Table 9 shows the educational attainment of employed Singaporeans. Since 2001, there has been a dramatic improvement in the educational attainment of the citizenry workforce, with the diploma/degree holders rising to 40.9 percent from 27.7 percent and the share of PMETs (professionals, managers, executives and technicians) rising to 48.7 percent from 42.2 percent in a decade.

Has foreign labor substituted for Singaporean workers? Chia et al. (2004)¹² found that foreign labor complements Singaporean labor through their role in enabling industrial development beyond Singaporean capabilities. As the economy experienced a tight labor market and full employment from the late 1970s, foreigners eased labor shortages. Foreigners also help to facilitate structural changes toward a knowledge-based economy by augmenting skills in short supply. From 1992 to 1997, Singapore's GDP growth averaged 9.7 percent annually and foreign labor contributed 29.3 percent of that growth. GDP growth decelerated to an average 3.1 percent in the subsequent period 1997–2002 and the foreign labor contribution fell to 0.1 percent. The flexibility of the labor market is very much facilitated by the swift adjustment of foreign employment. The study found that a 1-percent change in work permit holders supports employment for 2.6 percent of skilled Singaporeans and 1.4 percent of unskilled Singaporeans, while a 1-percent change in employment pass holders supports employment for 1.9 percent skilled Singaporeans and 0.2 percent for unskilled Singaporeans.¹³

¹² *Economic Survey of Singapore, 2004 First Quarter.*

¹³ The numbers include direct incremental Singaporean job creation, spillover of Singaporean employment benefits arising from foreign participation, and the implicit opportunity cost in terms of Singaporean jobs that would have been lost had foreigners not been allowed in.

Table 9. Employed citizens by education, 2001 and 2010

	Percent Distribution	
	2001	2010
<i>Education:</i>		
Below secondary	34.3	24.3
Secondary	29.0	21.8
Postsecondary	9.3	12.9
Diploma/professional	13.3	18.0
Degree	14.4	22.9
Total	100.0	100.0
<i>Occupation:</i>		
PMET (professional, manager, executive, and technical)	42.2	48.7
Non-PMETs	57.8	51.3
Total	100.0	100.0

Source: Department of Statistics (2011)

Impacts on GDP growth and productivity performance

A country's GDP growth is dependent on growth of factor inputs (land, labor, capital) and total factor productivity (TFP). A secular decline in the total fertility rate means a lowered GDP growth path unless offset by inflows of foreign labor and productivity improvements. Hence foreign labor raises Singapore's potential GDP size beyond the limits set by its population growth. A positive impact of foreign labor on productivity performance would further enhance it but a negative impact would lower Singapore's GDP growth. Singapore's record on productivity growth has been a dismal 1 percent per year over the past decade. Easy access to foreign labor has disincentivized firms from the need to upgrade.

Wu and Thia (2002) found that Singapore's overall TFP growth could have been significantly higher if not for foreign labor. The "labor churning" practice of replacing foreign workers by new batches on expiry of their work permits, has meant foreign workers are unable to improve productivity through training and accumulating work experience. The authors found that for 1992–2002, TFP growth adjusted to exclude work permit holders in the construction sector and FDWs, resulted in an adjusted annual TFP growth of 1.60 percent compared with the result of 0.94 percent that includes these workers.

Facilitating economic restructuring

While the Singapore government played a major role in economic restructuring through its visionary industrial policy by attracting foreign MNCs and other investors, it also has to assure these investors that Singapore has the necessary labor supply and skill sets. Creating the required skills supply for the new industries and services requires a long gestation period of education, skill acquisition, and experience. It took time to establish technical institutes, polytechnics, and

universities to generate engineers and business professionals and an even longer time for these diploma/degree holders to acquire the necessary experience. In the interim, Singapore had to depend on inflows of foreign talents. Singapore had to liberalize inflows of investors (GATS Mode 3 on right of establishment) as well as inflows of professionals, managers, executives, and technicians (PMETs under GATS Mode 4 on movement of natural persons) through intracorporate transferees of MNCs as well as individual service suppliers.

Helping contain wage and labor costs and fill “3D” jobs

Beyond the 1980s, as wages rose in Singapore with robust economic growth and increasing labor scarcity, foreign labor (both PMETs and the low-skilled) were necessary to ensure that Singapore remained a key node of regional production and distribution networks and that labor-intensive industries did not relocate out of Singapore too quickly to cause hollowing-out and de-industrialization.

The influx of low-skilled workers contributed to wage suppression in Singapore. The wage/GDP share in Singapore is substantially lower than those in economies with comparable per capita incomes and in Hong Kong, South Korea, and Taiwan. In 1980, the wage/GDP share was a low 38 percent but rose to and peaked at 48 percent in 1985 (due to the implementation of the high-wage policy). Since then the wage share has moderated and stood at 44.9 percent in 2008. The large inflows of low-skilled workers have depressed wages for the low-skilled Singaporean workers. The worker's levy is an effort to prevent domestic wages dropping to the level of the foreign workers' reservation wage. The introduction of the WIS is a tacit recognition that the problem is serious.¹⁴

In making comparisons between Singapore and neighboring countries in terms of attracting foreign direct investment, high labor costs often stand out as the key factor that makes Singapore less competitive. However, this does not mean that Singapore should compete on the basis of labor costs alone. Productivity growth holds the key to rising incomes and improving living standards.

A large concentration of foreign low-wage workers are to be found in 3D jobs in the construction sector, marine sector, service occupations such as cleaning and maintenance, retail sales, and as FDWs. These occupations are unpopular among Singaporeans but are popular in nontradable sectors that could not be readily outsourced. Reducing dependence on foreign workers in these sectors and occupations require automation and mechanization and job redesign to make them more productive, less unattractive, and able to sustain higher wages.

¹⁴ The WIS scheme supplements the wages and CPF savings of older low-wage workers and encourages them to stay employed. It is complemented by the WTS scheme, which helps low-wage workers train and upgrade. In January 2010, the maximum payout for WIS was raised to S\$2,800 per year from S\$2,400, while the maximum qualifying average monthly income was raised to S\$1,700 from S\$1,500.

Role of cyclical buffer

Migrant workers are used as a cyclical buffer in many receiving countries other than Singapore. Theoretically, the “foreign tap” can be turned on in times of boom and off in times of recession. But in practice, the management of foreign workforce as a buffer was never easy, as noted by Chew and Chew (2008). In the 1998 recession, the economy lost about 24,000 jobs, but almost 27,000 locals lost their jobs while 4,000 new jobs went to foreign labor. In the 2002 recession, the economy lost 23,000 jobs, but almost 20,000 locals were able to get jobs at the expense of foreign workers. In the 2005 economic boom, 113,000 jobs were created of which 63,500 went to locals and almost 50,000 went to the foreign workforce. Measures that are not carefully calibrated according to cyclical ups and downs in labor demand could result in perceptions that foreigners are taking away jobs from Singaporeans during recessions. At the same time, Singapore’s use of foreign labor as a cyclical buffer could aggravate the unemployment situation in source countries that are similarly undergoing recession when these foreign workers are repatriated and new recruitments slow down.

RESOLVING PROBLEMS FACING FOREIGN UNSKILLED AND SEMISKILLED WORKERS

Foreign professionals and skilled workers are usually accorded national and favorable “expatriate” treatment by host-country government policies and employers, are not susceptible to exploitation by recruitment and placement agencies, and are better aware of the laws and regulations and their rights and bargaining powers. Their major concern is the recognition of their educational and professional qualifications and work experiences that determines their eligibility for employment passes and their entry salaries. Mutual recognition arrangements (MRAs), as incorporated in many free trade agreements (FTAs), help facilitate their cross-border movements. For intracorporate transferees of MNCs, their terms and conditions of service are the result of negotiations with their employers, subject to the laws and regulations of the host countries.

Problems faced by foreign labor pertain primarily to unskilled and semiskilled workers and particularly FDWs, and engender concerns from social activists and nongovernment organizations (NGOs). In Singapore, employers of unskilled and semiskilled foreign workers are responsible to apply for the work permit; pay the foreign worker levy; arrange for the foreign worker’s medical examination; pay the medical care and hospitalization expenses (through medical insurance coverage); provide work injury compensation insurance; send the foreign worker in the construction industry for Safety Orientation Course; provide upkeep, maintenance, and eventual repatriation; provide acceptable housing; put up a S\$5,000 security bond for non-Malaysians; and ensure that the foreign worker’s

welfare and interests are looked after, including proper orientation, social and recreational needs. The worker levy liability ceases upon expiry or cancellation of the work permit. In the event of nonpayment of levy to the government, a late payment penalty is charged against the employer, the existing work permit is cancelled, the employer is not allowed to apply for new work permits or renew existing ones, and legal proceedings will be taken to recover the unpaid levy liability. The MOM investigates and takes action against errant employment agencies and employers who flout Singapore laws and regulations.

Problems in the recruitment and placement process

At times, foreign workers are misled by recruiters in their home countries of the job opportunities in Singapore and the wages and salaries they can earn. These job-seekers have to incur heavy placement costs payable to various recruiters and middlemen in their home country as well as transportation and living expenses along the way. These costs can amount to several months of their potential wages in Singapore, leading them into debt before they even start working. For those with jobs, they fear retrenchment before they even recover their costs and prefer to become illegal workers when faced with retrenchment and repatriation. The government has enacted the Employment Agencies Act, which screens applications for licenses for employment agencies to protect foreign workers from exploitation by these agencies in Singapore.¹⁵ Most employment agencies are accredited by the Association of Employment Agencies (Singapore) or CaseTrust (a branch of the Consumers Association of Singapore). The accreditation bodies have introduced guidelines on services and charges as well as sample service agreements between employers and agencies and employment contracts between foreign workers and employers. The Singapore Employment Agencies work with counterparts in sending countries to source workers. Many Singapore employers also use the services of foreign agents to recruit workers. On complaints of excessive charges paid by foreign workers, the problem usually lies with the source countries, but MOM jurisdiction extends only to employment agencies in Singapore.

Welfare, occupational health, and safety issues

The working and living environment in Singapore is generally of a high standard and better than the source countries of the unskilled and semiskilled foreign workers. There is political and social stability, law and order, a clean environment, little public sector corruption, and efficient public service provision of energy,

¹⁵ An applicant must be a Singapore citizen or permanent resident; furnish a security deposit of S\$20,000 during the in-principle approval stage; have appropriate operating premises; and pay a license fee of S\$350 after the application is approved. Applicants for licenses must not have any record of previous court convictions.

transport, and health care. There are no restrictions on transfer of remittances and banking and financial services are well developed to facilitate such remittances. In addition, foreign workers in Singapore have the opportunity to upgrade their skills and to acquire formal certification of competency in a trade. Employers are encouraged to offer skill improvements to their foreign workers as the levy is lower for better-skilled foreign workers.

Over the years, Singapore has been faulted by human rights groups and NGOs for low wages, substandard accommodation, and lack of recreational facilities and occupational safety for its foreign workers. Policies and measures have been introduced to improve working and living conditions and occupational safety. All workers, local and foreign but excluding FDWs, are protected by the Employment Act and the Workmen's Compensation Act.¹⁶ In addition, under the Employment of Foreign Workers Act, employers are required to pay all wages due to workers before repatriation, provide acceptable accommodation and a safe working environment, and provide prior notice of termination. For FDWs, the employer must also agree to pay for repatriation costs of the worker, purchase a minimum S\$10,000 personal injury insurance policy, and employ her only for domestic duties in the household registered for the permit. Breach of work permit conditions by the employer may result in prosecution, imprisonment for up to six months, a maximum fine of S\$5,000, revocation of the work permit, and a prohibition from employing FDWs in the future and forfeiture of the S\$5,000 security bond.

Work permit holders, excluding FDWs, are housed in dormitories and other residential premises. To meet demand for foreign worker housing, the Singapore government has been launching new sites for dormitories since 2007. The MOM has been prosecuting errant employers and stepped up inspections of housing accommodation provided by employers to ensure that workers are accommodated in decent and environmentally clean dormitories. Employers have also been taken to task by the authorities for transporting foreign workers from dormitories to work sites in trucks that do not have safety features installed to prevent accidental falls.

The Singapore news media have reported FDWs facing problems of occupational safety and physical abuse. Most FDWs originate from the rural areas and are unfamiliar with high-rise living in Singapore and there have been incidents of them falling to death from high-rise apartments in the course of their work. To

¹⁶ The Employment Act protects labor rights such as a minimum of one rest day per week, maximum working hours per week, mandated days of paid sick leave, and limits on salary deductions. The Workmen's Compensation Act provides compensation for workplace injuries and occupational illnesses. All employers of FDWs must also take out personal accident insurance coverage of at least S\$10,000 for each FDW since these workers are not entitled to workman's compensation.

raise awareness about safe working conditions and legal obligations, the MOM has published a guide for employers of FDWs and introduced two compulsory programs—an orientation for new employers focusing on safe workplace practices and acceptable employment practices, and a safety awareness seminar for all new FDWs. Employers who physically abuse their FDWs have also been punished by courts, and their cases have been highlighted in the media to shame them and to serve as a warning to others. At the same time, the Singapore courts have also handled a number of cases wherein FDWs had injured or murdered the elderly and young children in their care due to psychological stress. To mitigate such psychological problems, new requirements for FDWs include a minimum age of 23 years, some English language speaking proficiency, and formal education of eight years.¹⁷

A Ministry of Manpower 2010 study, “FDW and FDW employer”, conducted face-to-face interviews with 900 randomly selected FDWs and 450 employers. Nine in 10 foreign maids said they were satisfied with working in Singapore, almost nine in 10 would like to continue working for their current employer, while seven in 10 expressed an interest in continuing to work in Singapore after their contracts expire. Ninety-nine percent of the maids said they were given sufficient food and 97 percent said they were given adequate rest. However, only 53 percent said they were given at least one rest day per month. So far, the MOM has rejected calls to extend the Employment Act to FDWs to guarantee them standard working conditions (including one rest day a week), arguing that it is difficult to enforce such working conditions in the home environment. The ministry is leaving it to FDWs to negotiate with their employer households for time-off or monetary payment in lieu of time-off. Critics contend that this exposes FDWs to long working hours, lack of weekly rest days, and unequal access to employment benefits. This has led the Philippine government to unilaterally require Filipinas seeking employment as FDWs to sign on to its standard contract which stipulates minimum wage and rest days, etc. Singapore households that are reluctant to abide by this Philippine contract have to seek FDWs from other source countries.

It is noted that there is no minimum wage legislation in Singapore for all categories of workers and there have been calls to implement a minimum wage, particularly as Hong Kong has already done so. The government has so far stood firm against calls to introduce minimum wage legislation, arguing that wages are best determined by market forces, and low-income households and individuals

¹⁷ These requirements are to ensure that FDWs are mature workers and to minimize language misunderstandings between the FDWs and their employers. The English language proficiency has apparently caused distress among some prospective Indonesian FDWs who had failed the test and had to be repatriated. These tests will be abolished in 2012.

can be assisted by other measures, such as the WIS scheme.¹⁸ It is also noted that FDWs in Singapore are paid less than their counterparts in Hong Kong and Taiwan, the two other major destinations in Asia of FDWs. Employers of FDWs in Singapore argue that the cost of employing FDWs is equivalent, as they have to pay the worker levy.

CONCLUSION

Singapore has become increasingly dependent on foreign workers (professionals, skilled, semiskilled, and unskilled). This has been occasioned by the need to grow the population, mitigate population ageing, and supplement domestic labor supply in view of the sharp and continuing decline in the total fertility rate. Singapore also needs inflows of foreign talent to supplement the limited domestic supply due to past inadequacies in human resource development. Additionally, foreign workers act as cyclical buffer, help keep wage costs down for labor-intensive businesses, and provide workers in low-wage 3D jobs in the construction, marine, and retail sectors shunned by Singaporeans.

Singapore's dependence on foreign PMETs, and innovators and entrepreneurs will have to continue as the Singapore economy further upgrades and globalizes. Maintaining foreign labor at one-third of the total labor force (the government's declared objective) will require a structural shift toward a rising proportion of foreign PMETs, innovators, and entrepreneurs, and a declining proportion of foreign low-skilled workers. As with Singapore's continuing welcome of foreign MNC investments, foreign PMETs are the yeast that will keep the Singapore economy innovative, competitive, and internationally connected. It should be recognized that Singapore will have to compete with many other countries for this globally mobile foreign talent and will have to offer the best terms to attract the best. At the same time, Singaporean PMETs should also increasingly seek regional and global experience and this will be facilitated by the numerous regional and bilateral FTAs that Singapore is signatory to, as most of them have provisions for liberalization of investment and of services (including Mode 3 on right of establishment and Mode 4 on movement of natural persons). The ASEAN Economic Community has provisions for the free movement of skilled labor and MRAs have been concluded for several professions. This will facilitate the movement of these professionals between Singapore and other ASEAN countries. A growing number of Singaporean PMETs are working not only in ASEAN but also in China, Hong Kong, Taiwan,

¹⁸ Singapore also has no unemployment benefits and retrenched workers cannot withdraw their savings in the CPF to tide over periods of unemployment, forcing workers to seek employment or else depend on non-CPF savings and the family to tide them over.

Japan, North America, Europe, and Australia, gaining valuable international and regional experience.

Singapore's dependence on low-skilled foreign workers cannot continue to grow indefinitely. For one, Singapore has to prepare for the day when surplus labor from preferred sources dries up as these source countries undergo demographic transitions and become developed. For another, the ready availability of low-skilled and low-wage foreign labor has delayed economic restructuring, slowed down productivity growth, and suppressed wages of comparable Singaporean workers. Singapore has to accelerate economic restructuring and productivity improvement and phase out labor-intensive industries, services, and business operations. Additionally there are space and social constraints to a continuing foreign worker influx, as demonstrated by the growing unhappiness of some Singaporeans who perceive foreigners as crowding them out of jobs, public and recreational spaces, and public services such as transportation, health care, housing, and education.

Reducing the demand for foreign low-skilled workers over the medium and long term will require the use of incentives and disincentives and a change in mind-sets. Businesses need to pay higher worker levies to pressure them to upgrade and use less labor, more particularly less foreign labor. The largest need for work permit holders are currently in the services, marine, and construction sectors, particularly in 3D occupations. Industrial processes and occupations will have to be redesigned, including more comprehensive use of IT, to economize on labor use. 3D jobs will have to be redesigned to be less dangerous, less dirty, and less boring, and better paying to attract more Singaporean workers. Singaporeans also need more education, training, and retraining to better equip them for PMET jobs. And the FDW levy can be calibrated to contain Singaporean households' growing dependence on FDWs. Full-time, live-in maids should be made available to households with young children, and disabled and elderly persons; other households should make do with part-time help to perform household chores.

Greater cooperation between receiving and sending countries are needed to resolve the problems of illegal foreign workers, repatriating foreign workers in a recession, high transaction costs and exploitation of foreign workers by recruitment and placement agents, and concerns over foreign worker safety and welfare. The issue of minimum wage for foreign workers is difficult to resolve since Singapore has no minimum wage legislation covering local workers. The issue of working hours and rest days for live-in maids not covered by the Employment Act could be resolved by including FDWs in the Employment Act and providing exemptions, with adequate compensation to be negotiated between the household employer and the FDW. The ASEAN Declaration on

the Promotion and the Protection of the Rights of Migrant Workers (2007) sets out commitments and obligations of labor-sending, labor-receiving countries, and ASEAN, including commitments to intensify efforts to protect fundamental human rights, promote the welfare, and uphold human dignity of migrant workers. ASEAN should collectively ensure implementation of these commitments by all ASEAN labor-sending and labor-receiving countries. Finally, FDWs would not work abroad if they can secure employment and the same working conditions from employers in their home countries.

REFERENCES

- Chew Soon, B. and R. Chew. 2008. Singapore: Case study by economy. Paper presented at the PECC-ABAC Conference, March 25–26, Seoul, Korea.
- Chia, B., S. Thangavelu, and T. Mun Heng. 2004. The complementary role of foreign labour in Singapore. Feature article in *Economic Survey of Singapore, First Quarter 2004*. Singapore: Ministry of Trade and Industry.
- Chia, S.Y. 2011. Foreign labour in Singapore: Trends, policies, impacts, and challenges. Final report submitted to the Philippine Institute for Development Studies.
- . 2008. Demographic change and international labour mobility in Southeast Asia: Issues, policies, and implications for cooperation. In *Labour mobility in the Asia-Pacific Region: Dynamics, issues, and a new APEC agenda*, edited by G. Hugo and S. Young. Joint study by the Pacific Economic Cooperation Council and the APEC Business Advisory Council. Singapore: Institute of Southeast Asian Studies.
- Singapore Department of Statistics (DOS). 2011. Singaporeans in the workforce. DOS Occasional Paper. Singapore: DOS.
- . Various years. *Yearbook of Statistics*. Singapore: DOS.
- Singapore Ministry of Manpower (MOM). 2010. FDW and FDW Employer Study 2010, report of findings. Singapore: MOM.
- . Various years. *Singapore Yearbook of Manpower Statistics*. Singapore: MOM.
- . Various years. Report on labour force in Singapore. Singapore: MOM.
- Wu, F. and J.P. Thia. 2002. Total factor productivity with Singaporean characteristics: Adjustment for impact of housing investment and foreign workers. Feature article in *Economic Survey of Singapore, Third Quarter 2002*. Singapore: Ministry of Trade and Industry.
- Yap, M.T. 2010. Singapore's system for managing foreign workers. Draft paper presented at the World Bank-IPS Conference, June 1–2, Singapore.

Different Streams, Different Needs and Impacts: Managing International Labor Migration in ASEAN – Thailand (Emigration)

**YONGYUTH CHALAMWONG AND LABOR DEVELOPMENT
RESEARCH TEAM¹**

ABSTRACT

For decades, Thailand has had a strong labor market in both supplying and demanding labor resources. Since the 1970s, Thailand has sent workers to the Middle East, Japan, Taiwan, Singapore, and Malaysia, among others. Based on the Socio-Economic Survey, emigrant workers come from households with low income and wealth; therefore they are heavily indebted. It can be concluded that poverty and indebtedness are push factors that had forced the migration of Thai labor, while higher income and better lives in destination countries were pull factors.

The major institution for managing emigration in Thailand is the Ministry of Labor. Under the Ministry of Labor, the Thailand Overseas Employment Administration (TOEA), a unit of the Department of Employment (DOE), was established as one-stop center to facilitate overseas job-seekers in both employment and financial issues.

In consideration of national policies, Thai overseas workers have been protected by the Constitution of the Kingdom of Thailand B.E. 2550 (2007) and the Employment and Job-Seeker Protection Act B.E. 2528 (1985). Overseas employment and its management are mentioned in Chapter 3 and Chapter 4 of the Act. The “Fund for Job-

¹ This paper was prepared by Associate Professor Yongyuth Chalamwong (PhD), Sasitorn Archapiraj, Khanittha Hongprayoon, Lalita Lason, and Jidapa Meepeen of Thailand Development Research Institute.

Seekers Working Abroad” was established under the Act to help Thai overseas workers.

As for bilateral agreement and regional policies, there have been G-to-G (government to government) cooperation and private-to-private cooperation. Under G-to-G, Thailand has signed bilateral agreements for labor cooperation with several countries, including Israel, Japan, South Korea, Malaysia, United Arab Emirates (UAE), and Taiwan. For private-to-private arrangements, private agencies have agreed to participate in labor transfer while government agencies only act as regulators and facilitators.

OVERVIEW OF EMIGRATION IN THAILAND

The early phase of international labor migration in Asia started in the 1970s. In the mid-1970s, the Middle East was the prime destination of overseas job-seekers (Tsay 2002). In 1982, there were 117,341 Thais registered to work overseas, 90 percent of which were found in the Middle East and North Africa, according to the Thai Ministry of Labor and Social Welfare. Saudi Arabia was the most popular destination. It had more than 45,000 Thai workers, 40 percent of the total number of Thai overseas workers at that point.

However, the number of Thai workers in the Middle East and North Africa declined dramatically to 27,392 in 1990 from 86,761 in 1989. As a result, the corresponding market share declined to 43 percent in 1990 from 71 percent in 1989 (Tsay 2002). It was due to the oil crisis in the early 1990s. The subsequent drop in the oil price was partly accountable for the decrease in demand for labor in the oil-producing countries. However, there were also other non-economic factors involved. Saudi Arabia, the biggest host for Thai labor during that period, stopped issuing working visas for Thais after a diplomatic incident in the late 1980s. While the labor market in the Middle East was declining, there came an increasing need for foreign labor in the Asia region. Many countries in Asia were undergoing rapid economic and industrial growth since the 1960s. With such rapid development especially in the manufacturing and industrial sectors, many countries in East Asia experienced labor shortages, giving rise to new job opportunities.

In 1993, there were 118,600 Thai laborers who went to work in the Asian region. This represented 86 percent of the total number of Thai overseas job-seekers (137,950). Those who went to work in the Middle East went down to only 17,019 or 12.3 percent. Other countries accounted for 2,321 workers or 1.7 percent. In the period between January and September 1999, there were 71,486 Thai workers working in Taiwan, 3,668 in Japan, 1,781 in Singapore, and 1,322 in Malaysia (TOEA 2000).

In 1997, the Asian financial crisis started in Thailand with the collapse of the Thai baht and the government's subsequent decision to float the currency. Currency devaluations spread throughout South Asia and Japan, causing stock markets to decline, reducing import revenues, and even causing political upheavals in some countries. Employment opportunities after the crisis varied between the destination countries. In Malaysia, there were still job opportunities in some sectors, such as the manufacturing and service sectors. Seasonal agricultural work was also available. In Japan, semiskilled jobs in the service sector were still available, although the matter needed to be negotiated while unskilled works were discouraged. Prior to the financial crisis, Taiwan had the largest amount of Thai labors outside Thailand. Taiwan also experienced a decline in construction work; this would have caused considerable problems if steps were not taken (Supang 2001).

The global financial crisis that broke out in 2008 had several impacts on Asian economies and the labor market. While it appeared that many Asian economies continued to grow rapidly in 2008, recent data show the Asia and Pacific region were under considerable stress as a result of the global economic crisis. Economic growth in the region declined to 5.1 percent in 2008 from 8.0 percent in 2007.² The impacts of the global financial crisis on developing economies were noticeably less than that of developed economies in the region. As regards the labor market, this crisis has resulted in an increase in the number of job losses. Recent national data show significant employment impact in the manufacturing sector in many countries. Unemployment rate in Thailand increased to 2.1 percent in 2009 from 1.7 percent in early 2008. Unemployment rates in destination countries for Thai workers also increased, affecting the numbers of Thai overseas workers.³

Political unrest in Tunisia which climaxed in early 2011 has triggered political upheaval in various countries in the Middle East and North Africa. Situations in some countries such as Egypt and Libya have escalated; this made a huge impact on Thai overseas workers working in such countries.

When the situation in Libya, where there was a considerable amount of Thai workers, turned violent, the Thai government reacted by launching an evacuation plan to remove all its nationals from the main trouble spots to nearby countries such as Tunisia, Egypt, and Italy. Thais stranded in Tripoli were evacuated by ships to nearby countries before they were transported back to Thailand by charter flights. The government then supported and encouraged these workers to work in Taiwan, Algeria, and UAE (Figure 1).

² International Monetary Fund (IMF) World Economic Outlook Database, April 2009.

³ Huynh et al. (2010)

Figure 1. Estimates of the number of Thai overseas workers in top destinations in the Middle East and the amount of remittance sent back, 2010

Countries	Number of Thai Workers (Person)	Remittance Sent Back in 2010 (Million baht)
Libya	23,000	3,450
Bahrain	5,000	840
Iran	400	58
Yemen	350	55

Source: Kasikorn Research Center (2011)

Current trends in labor emigration

In 2008, there were 162,034 Thai overseas workers. Out of that number, 68,252 or 42 percent re-entered work overseas, and 93,782 or 58 percent entered overseas countries to work for the first time. The emigration application channels of first-time overseas workers are displayed in Figure 2.

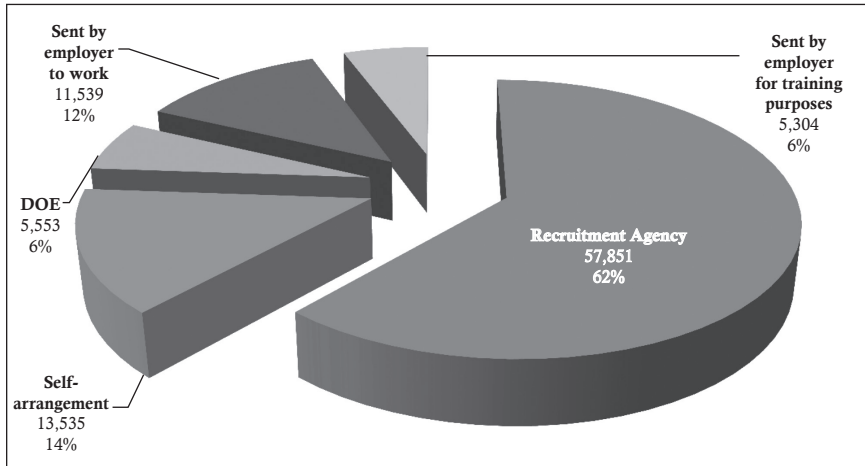
Figure 2 shows that in 2008, there were 93,782 Thais applying to work overseas for the first time; 57,851 or 62 percent went to recruitment agencies, while 13,535 or 14 percent arranged to work overseas by themselves. Meanwhile, 11,539 or 12 percent were sent by their employers, 5,553 (6%) used the services provided by the DOE, and 5,304 (6%) were sent by their employers with the purpose of being trained.

According to the aforementioned data, more than a hundred thousand workers sought jobs overseas annually *ad hoc* after the financial crisis. However, it should be noted that in 2008, Thailand's population was 63,389,730, therefore the number of Thai workers emigrating to work overseas only accounted for 0.26 percent of the total population. It is still somewhat surprising that there are such numbers of people emigrating. Many would have thought that Thailand has reached the turning point of return migration since its economy has grown considerably over the past decades.

It is somewhat interesting to see that only 6 percent of the total number of overseas workers used the services provided by the DOE. The services provided by the DOE are more time-consuming, but it is less costly than recruitment agencies. Also, a large proportion of Thais were re-entering to work abroad. This could suggest that those workers had found the working condition, working environment, or return favorable.

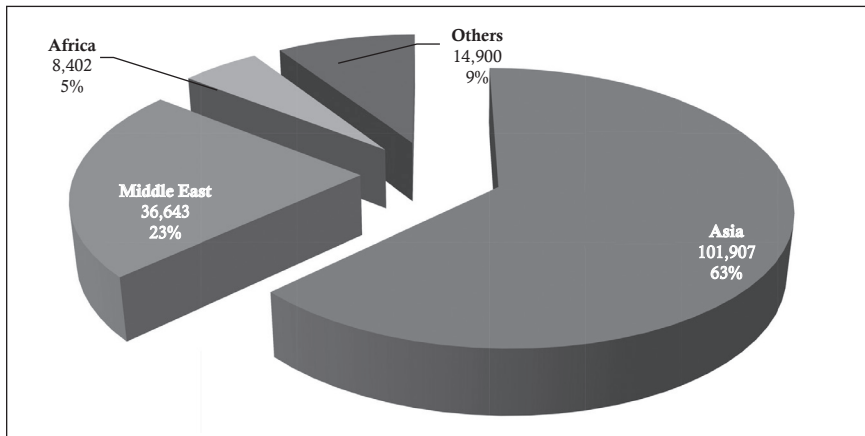
Additionally, it should be noted that the recent world financial crisis that broke out in 2008 had several impacts on Asian and Pacific economies and their labor situation. Though the impacts were minimal compared with the 1997 financial crisis, the figures are likely to be affected to a certain extent.

Figure 2. Number of Thai overseas workers (first entry) classified by their emigration application channels in 2008



Source: Ministry of Labor (2008)

Figure 3. Number of Thai overseas workers in 2008 classified by continental region



Source: Ministry of Labor (2008)

Statistics show that Asia and the Middle East ranked as the top two destinations for Thai emigrants in 2008. However, the number of Thai overseas workers in Asia became higher than those working in the Middle East. This was due to the fact that the countries in the Asian region, i.e., Taiwan, South Korea, Hong Kong, and Singapore are newly industrialized countries (NICs). These countries have been developing rapidly over the past decades, especially in the industrial and construction sectors, providing job opportunities for Thai laborers.

Figure 4 shows the number of Thai overseas workers in 2008 classified by receiving countries. Taiwan received 45,088 Thai workers accounting for 28 percent of the Thai overseas labor market. Singapore received 14,934 workers or 9 percent; Japan, 5 percent; Israel, 4 percent; and Malaysia, 2 percent. Fifty-two percent went to other countries.

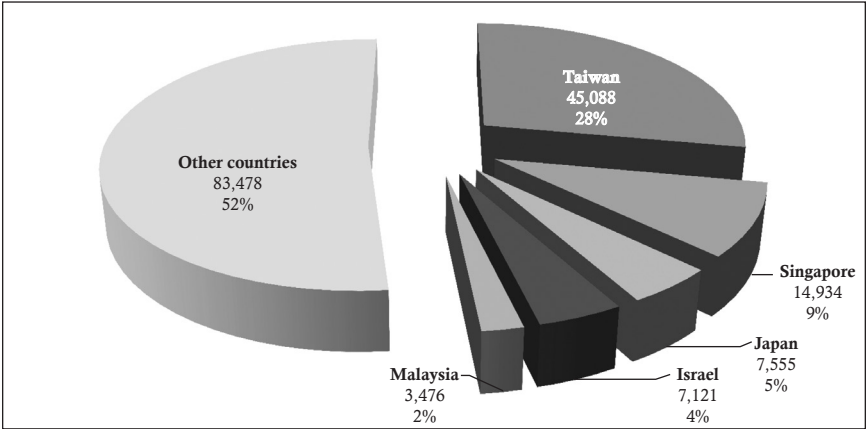
Figure 5 shows the number of Thai overseas workers in 2008 classified by types of jobs. The four largest types of jobs which employed the most Thai overseas workers were skilled, unskilled, and the industrial and service sectors. These four types accounted for 87.8 percent of the total labor market. In 2008, there were 59,689 skilled workers out of 161,852 or 36.88 percent; 31,176 unskilled workers or 22.97 percent; and 31,634 industrial workers or 19.54 percent. The service sector employed 13,662 Thai workers overseas or 8.44 percent of the total.

Figure 6 shows the number of registered applicants who applied to work overseas in 2008 classified by levels of education. We found that 41 percent of Thai overseas workers were equipped with high school qualifications, 40 percent with primary education, and 11 percent with vocational education. Only 8 percent were equipped with undergraduate qualifications.

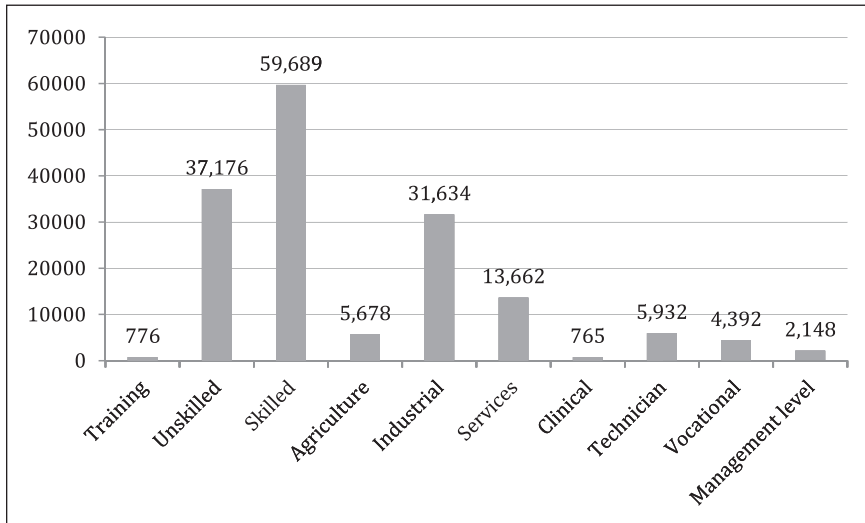
Factors influencing emigration

Various studies have pointed out that migration has followed the “push” and “pull” hypothesis. Everett S. Lee (1996) described “push” factors as negative factors or conditions that drive people to leave their homes, and “pull” factors as positive factors attracting a person to move. Martin (2007) suggested that the reasons for

Figure 4. Number of Thai overseas workers in 2008 classified by receiving countries

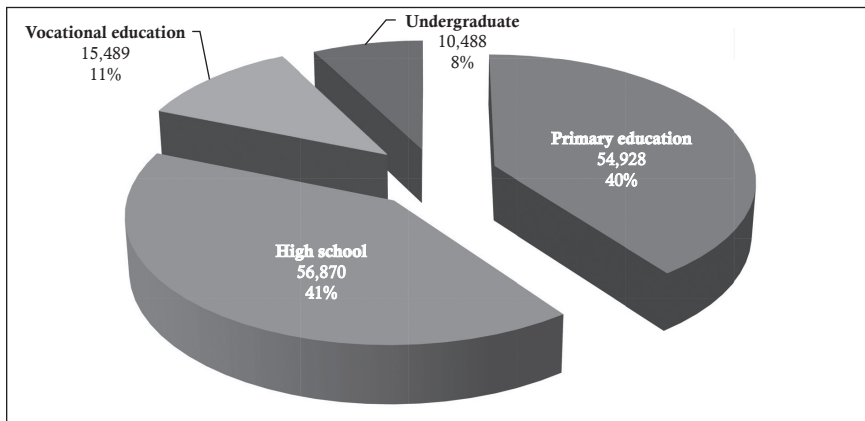


Source: Ministry of Labor (2008)

Figure 5. Number of Thai overseas workers in 2008 classified by job type

Sources: Ministry of Labor (2008)

Note: Skilled means working in construction, mining, welding, machining, printing, etc.

Figure 6. Number of Thai overseas workers in 2008 classified by levels of education

Sources: Ministry of Labor (2008)

a person to migrate could be divided into two categories: economic and non-economic. Factors encouraging a person to migrate can be divided into three main categories; demand pull, supply push, and networks. Indeed, Thai labor, to a certain extent, has followed this model. However, the actual reasons are more complex. In reality, there are also individual factors, conditions in the destination countries, and barriers between origin and destination involved.

Empirical evidence⁴ has shown that poverty is one of the most important factors pushing people to migrate for work abroad. For many poor rural households, access to land is very limited. With low level of wealth, their access to new farming technologies, inputs, and extension services are also limited. As a result, productivity remains low, making it difficult for them to escape poverty. Hence, they migrate to find better work opportunities elsewhere.

Indeed, one of the solutions to escape poverty and to improve the future prospect of the household is to migrate for work abroad. A comparative study between households with at least one emigrating member and households without an emigrating member for the past 10 years has shown that households with at least one emigrating member have higher income, predominantly from remittance. Nevertheless, results also showed that households with at least one emigrating member tend to have fewer assets and higher debts (including over-the-counter lending) than households without an emigrating member. It is interesting that higher income do not translate to higher assets. Case studies suggested several plausible reasons: 1) It has been found that generally, it is the poorer households that send workers to migrate abroad. With the skills they have, they can earn a higher income from working abroad than from working in Thailand. However, because they came from poorer households, many had to take loans to pay for the costs of going to work abroad. As a result, a large part of their incomes had to be spent on debt repayment. 2) In some cases, even when emigrant workers sent back enough money, it was not used to pay for debt repayments due to lack of discipline from other family members. 3) Lack of entrepreneurship skills meant that the money earned while working abroad were not saved or invested wisely.

Proportions of spending on luxurious goods and current consumption have increased over the years. Various trends in expenditure can be explained by materialistic culture. Materialism has been spreading and even influencing lifestyles of those residing upcountry. Marketing gimmicks and advertising campaigns have caused people to struggle and spend in order to keep pace with such dynamic changes, while risking their long-run welfare.

However, economic factors alone cannot explain all of the migration flows. A lot of the decisions rely on “personal reasons”. Findings from our study have pointed out that factors related to household heads such as gender, marital status, education level, and household size have significant impacts on decisions and welfares.

⁴ Socioeconomic survey

Impacts of emigration

Migration has a socioeconomic impact on both migrants and their families (Laodumrongchai et al. 2001). The following sections address the economic and social impacts of emigrant workers.

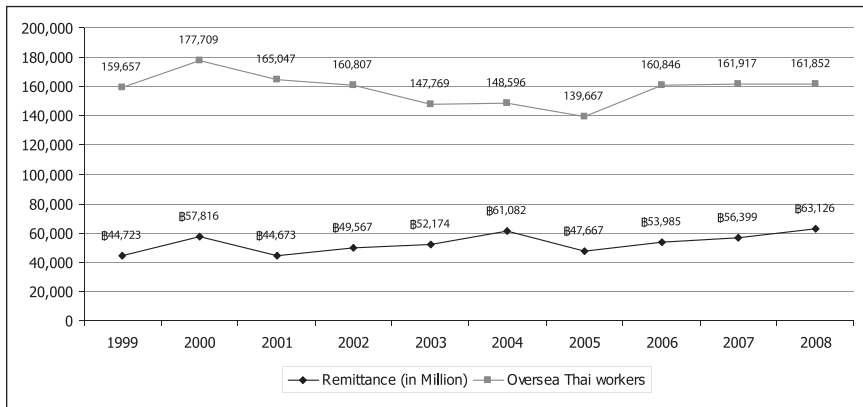
Economic impact

Remittance

The desire for higher income is one of the important pull factors. With unemployment rates climbing in countries throughout the world, numerous people from poorer countries migrate to richer countries to find better or higher-paid jobs. These workers send money back to their families in poorer countries. This adds to household consumption and boosts gross domestic product (GDP). This money is called remittances. Though Thailand's share of the global remittance market has been small, it is still a significant source of income for numerous households.⁵ According to the Human Development Report (HDR) of the United Nations Development Programme (UNDP) in 2009, remittance inflows were equivalent to 0.7 percent of Thailand's GDP.

Remittances also accounted for 1 percent of the export receipts of Thailand. It is surprising that the value of remittances was more than the exporting value of communication devices, which was around 3,616 million baht per month in 2009. The value of remittances was close to the exporting value of transformers, which was approximately 47,501 million baht per month during that year.

Figure 7. Number of Thai overseas workers and the amount of remittances sent back



Source: Bank of Thailand (2009)

⁵http://www.readbangkokpost.com/easybusinessnews/work_and_careers/remittances_from_workers_abroad.php, February 3, 2011.

Remittances can be an important source of external financing. In the Philippines, remittances account for an even higher percentage of GDP at 10 percent (World Bank 2009, Determinants of overseas labor migration and of remittances in the Philippines):

In the past decade, remittance income transfers became the largest source of external funding for the country surpassing that of either Official Development Assistance (ODA) or foreign direct investments. With a declining ODA and highly volatile foreign development investment (FDI), remittances sustained its principal role as a source of external development finance in the country.

Social impacts

The social impacts of migration can be categorized into two parts.

Insufficient mechanism to protect overseas workers

At times, migrants are victims of human trafficking. This term is not restricted to children and women; men can also suffer from human trafficking. Problems of human trafficking arise because migrant workers lack knowledge and are unaware about the law, regulations, and their rights. Recently, there was a case of labor trafficking of Thai labor known as the 2009 Blueberry Fiasco in Sweden. The case involved the abuse of several Thai farmers from rural villages in the north and northeast of Thailand, who had travelled to Sweden with tourist visas to pick wild blueberries.

Often, Thai workers overseas receive wages lower than the minimum wage rate and endure long working hours under severe working conditions. It has been found that at various times, workers used visiting visas instead of working visas in an attempt to cut down the cost. Therefore it has been difficult for governments to regulate emigration and take measures against human trafficking.

Reintegration

Social problems must not be overlooked. Migrants may find it hard to cope with changes in the environment. However, the impact depends on the individual migrant, particularly how well he or she can adapt to these changes. Various problems such as gambling, infidelity, and drugs are not uncommon among returning migrants.

MANAGING EMIGRATION IN THAILAND

Government agencies

The Ministry of Labor is the main governing body and consists of the following departments:

- Department of Employment
- Department of Skill Development
- Department of Labor Protection and Welfare
- Office of Social Security

Under the DOE, the main office tasked to take charge of Thai overseas workers is the TOEA. TOEA was set up to link the public and private sectors during the process of recruiting and sending workers abroad. The office consists of staff members from the DOE, National Police Bureau, and the Ministry of Foreign Affairs. TOEA helps facilitate job applications of Thai overseas workers, thereby reducing the costs associated with middlemen or recruitment agencies.

Thai workers, recruitment agencies, and foreign employers can tap the TOEA in the following ways:

- use of the Overseas Job-Seekers Registration Center which is a labor bank for overseas employers and recruitment agencies that can be used to select workers. Job-seekers from all over the country who want to work overseas must register themselves at this center to have access to job postings;
- issuance of passports by the Ministry of Foreign Affairs;
- grant of permission to proceed with the process of overseas placement by private recruitment agencies;
- application for the Aid Fund for Overseas Workers;
- grant of permission to set up an overseas recruitment agency;
- investigation of criminal records of Thai workers in cooperation with the National Police Bureau;
- use of the Predeparture Training Center; and
- provision of the overseas public employment service, free of charge.

Furthermore, there are 13 labor affairs offices in 11 countries to assist Thai overseas workers:

- | | |
|-------------------------|-------------------------|
| 1. Riyadh, Saudi Arabia | 8. Singapore |
| 2. Jeddah, Saudi Arabia | 9. Malaysia |
| 3. Israel | 10. Brunei |
| 4. Japan | 11. South Korea |
| 5. Hong Kong | 12. Germany |
| 6. Taipei, Taiwan | 13. Geneva, Switzerland |
| 7. Kaohsiung, Taiwan | |

The main responsibility of these overseas offices is to protect workers' rights. Furthermore, these offices have to:

- provide basic knowledge about the countries, such as labor laws, tax filing, cultures, etc.;

- analyze the labor market situation and trends of a certain region;
- meet with both employers and Thai workers to improve their relationships and solve problems between the two parties; and
- look for labor expansion opportunities.

Since government offices are limited in manpower, many Thai workers in countries such as Hong Kong established volunteer project system to help government and Thai workers.

National policies toward emigration

Remittances from overseas workers amount to approximately 50,000 million baht annually. Prior to the 5th National Economic and Social Development Plan in 1982, there was no policy to assist the transfer of labor. Thereafter, promoting overseas labor became one of the national strategies. The 10th National Economic and Social Development Plan focused on the freedom of migration amid an increasingly globalized world.

The Ministry of Labor has established TOEA, a one-stop service office, to help overseas job-seekers in both employment and financial issues. Thai overseas workers became one of the 10 targeted groups for further development under the master plan of the Ministry of Labor during the period 2007–2010. Various measures have been established to assist Thai overseas workers. International policies have been directed to promote new overseas labor market channels. The following is the list of emigration-related laws and national policies:

- **Constitution of the Kingdom of Thailand B.E. 2550 (A.D. 2007)**
The Constitution states that “everyone has equal rights and freedom.” Therefore, this applies to the processes of job applications.
- **Employment and Job-Seeker Protection Act B.E. 2528 (A.D. 1985)**
Provisions concerning overseas employment and its management are mentioned in Chapter 3 and Chapter 4 of the act. These provisions include procedures for sending Thais to work abroad and the “Fund for Job-Seekers Working Abroad”.⁶

Forms of sending Thai workers to work abroad

Hiring by recruitment agencies

The act protects employees from deception by recruitment agencies. A person who wants to register as a recruitment agency will be carefully screened by government officials. Recruitment agencies must pay 5 million baht to the government as a

⁶ <http://www.ipd-doe.com/content/WebboardAnswer.asp?GID=13640> (accessed on September 20, 2011)

guarantee in case they do not follow the agreement.⁷ An agency can immediately make job announcements once it has a license.

With the increase in the number of illegal recruitment agencies, the DOE advises prospective employees to be cautious. The TOEA recommends that prospective employees:

- recheck the name of the recruitment agency with the DOE;
- inquire to see the original permit license;
- pay overhead cost via money transfer; and
- immediately contact the DOE if the agency does not call back for one month.

According to the act, a recruitment agency shall act as follows;

- submit the employment contract which is concluded by and between recruitment agency and a job-seeker, and conditions of employment which are concluded by and between the overseas employer or his authorized agents and a job-seeker as well as JorNgor 32—a contract between the recruitment agency and workers that comprises information on the recruitment agency, workers, and employers in destination countries as well as the conditions of the employment—to the Director-General for consideration;
- ask the job-seeker to undergo medical examination;
- send the job-seeker for skill testing with the Department of Skill Development;
- send a selected job-seeker who had passed skill testing to get training on laws, customs, and traditions of the receiving country, and working condition from the DOE;
- submit a list specifying name and workplace of job-seeker, together with the employment contract to the DOE within seven days from the departure date of job-seeker;
- notify, in writing and together with a list specifying the names and workplaces of job-seekers, the Thai Labor Office in the receiving country within 15 days from the arrival date of the job-seeker/s. In case there is no Thai Labor Office in such country, the notification shall be made within the aforementioned period to the Royal Thai Embassy or the Royal Thai Consulate or other persons tasked with taking care of Thais; and
- report monthly to the DOE within the 10th day of the following month in case a job-seeker fails to go to work abroad under the employment contract.

⁷<http://www.thailawonline.com/en/thai-laws/laws-of-thailand/205-employment-and-job-seeker-protection-act-be-2528-1985.html> (accessed on October 7, 2011)

Self-arrangement

“Self-arrangement” employees have to contact their employers in the receiving countries directly. Employees have to report their status before leaving Thailand, after arriving at the destination, and during their vacation in Thailand to the TOEA. Self-arrangement can be categorized into two types: first-time emigration and re-entry. For first-time emigration, they must report to the Office of Labor Affairs at either the Royal Thai Embassy or the Royal Thai Consulate after arriving at the receiving countries.

Hiring through the Department of Employment

This is the safest and cheapest way to apply for work overseas, although the process may be time consuming. There is no service fee from DOE; employees are however responsible for their expenses such as airplane ticket, visa fee, physical check-up, etc. After government officers have finished with the documents and background check, the prospective employees can file for their working visa. Training will be provided by the DOE before they leave Thailand.

The Ministry of Labor has designated the DOE as the main organization in sending Thai workers abroad. This is due to the fact that foreign employers are not permitted to recruit for employees directly unless they have contacted recruitment or government agencies.

The TOEA was assigned by the DOE as a representative for foreign employers. TOEA is responsible for recruiting employees and sending them to foreign employers. In addition, TOEA helps with travel documents for employees, without fees. The process of sending Thai workers to work abroad can be divided into five steps, as follows:

Step 1: Employers prepare documents

1.1 Overseas employers must prepare the following documents:

- letter of power of attorney to certify that they have assigned DOE as their representative in sending employees;
- requisition letter or demand letter which states the type of work, nature of work, number of workers, qualification, and working conditions. In addition, the document must state wages, working hours, duration of hiring, and benefits and welfare;
- copy of corporate registration;
- employment contract that specifies the condition of work; and
- documents issued by governments of employers' countries that permit the employer to employ foreign workers, and allow foreign workers to work in their countries.

- 1.2 Employers must submit the aforementioned documents to the office of TOEA or the Royal Thai Embassy or Consulate in their respective countries for checking.

Step 2: Employer submits the request form to the DOE

- Employers submit the documents as mentioned in 1.1 to the DOE. The documents may be sent directly to the DOE or the Royal Thai Embassy or Consulate.

Step 3: The application

- Workers are selected from E-Job centers or general announcements.
- Related documents of workers are checked.
- Workers' qualifications are checked (five minutes per person).

Step 4: Recruitment

- DOE recruits workers. In this step, the DOE may work with foreign employers.

Step 5: Report for duty

- Workers who have passed the recruitment process must report and submit their documents to TOEA. The process takes one to two days.
- Medical examination
- Criminal Records Check (CRC). To be coordinated with the Criminal Investigation Division (CID), this process may take 10–15 days.
- Workers will receive the document submitted for visa. It takes between one and two days.
- TOEA will reserve airline tickets for employees. TOEA may coordinate with employers so the latter can pick up the employees. The process takes three to five days.
- Employees must apply for the Fund for Helping Thai Workers that provides insurance if an emergency occurs. The process takes one day.
- Employees must attend the one-day training program provided by TOEA.
- TOEA sends employees to work abroad.

Procedures to be followed by Thai employers in sending Thai workers abroad

Employers sending employees directly to work abroad

Employers who wish to expatriate their employees to work abroad must file the following documents: letter from the overseas company, work contract, and name list to the DOE. After the documents are approved, the employer must bring their employees to the training program provided by the DOE.

Employers sending their employees abroad for training purposes

The process is similar to that of an employer who sends employees abroad to work. There are two categories: (1) more than 45 days, and (2) less than 45 days. The processes have to be approved by the DOE.

There are various reasons for emigrating. Data from TOEA show that the proportion of Thai workers going abroad for training or skill development is only around five percent of Thai migrant workers (TOEA 2009). Workers sent abroad for the purpose of skill development have to work for their employers when their training programs finish. Employers are required to inform the Director-General of the DOE within 15 days after their employees return to work. There are two main categories:

- Employers sending their employees to train abroad for less than 45 days. These employers are required to inform the Director-General of the DOE or a representative before sending their employees abroad.
- Employers sending their employees to train abroad for more than 45 days. These employers are required to ask permission from the Director-General of the DOE or a representative.

Employers must have the necessary documents, namely, contracts between employers and the training providers in the destination countries, and letter of confirmation that permits workers to be trained in the destination countries. The duration of the training program must not be longer than one year. Employees are required to attend an orientation and pass the process of the Inspection and Job-Seekers Protection Division. Because workers have been sent for training purposes, employers must pay their employees' salaries at the rates they would have obtained for work in Thailand. Allowance and welfare benefits must be provided for employees at the rates set by DOE:

- for employees attending training programs in Europe, North America, and Australia, the allowance benefit and welfare must be no less than 20,000 baht per month;
- for training in Japan, Taiwan, Korea, Israel, and Hong Kong, no less than 12,500 baht per month;
- for training in Singapore, Brunei, Malaysia, Saudi Arabia, Bahrain, United Arab Emirates, Oman, Qatar, Kuwait, and Libya, no less than 8,000 baht per month;
- the allowance benefit and welfare for employees attending training programs abroad must be no less than 6,000 baht per month; and
- during the training program, travel expenses, food, accommodation, and medication fees must be paid for by employers.

Fund for job-seekers working abroad⁸

The Fund for Job-Seekers Working Abroad is mentioned in Chapter 4 of the Employment and Job-Seeker Protection Act, B.E. 2528 (A.D.1985). It aims to assist current and prospective Thai overseas workers. The fund consists of money and other properties as follows:

- government subsidy;
- money remitted to the fund by the recruitment agencies, employers, or job-seekers under the act;
- interest of the fund;
- money or other properties donated by others; and
- security devolved to the fund under Section 34.

The fund will support the following:

- arranging for job-seekers abandoned abroad to return to Thailand;
- assisting job-seekers working or are going to work abroad or their statutory heirs; and
- selecting and organizing skill testing and predeparture training, in accordance with regulations determined by the minister.

Bilateral agreements and regional policies

Bilateral agreements are likely to be of mutual benefit to both labor-receiving and labor-sending countries. Labor-receiving countries are likely to benefit from bilateral agreements by addressing the workforce needs of employers and industrial sectors; promoting cooperation in the management of migration, both regular and irregular; and promoting cultural and political ties and exchanges. For labor-sending countries, bilateral agreements could ensure continual access to the labor market of receiving countries, therefore easing unemployment pressures, promoting the protection and welfare of workers, and obtaining foreign exchange through worker remittances (Go 2011).

Government to government (G to G)

With the ongoing process of globalization and increasing economic integration, the factors of production, including labor, have been increasingly mobile. Thus it would be mutually beneficial for countries to engage in labor cooperation to avoid human trafficking and to improve the regulation of migration flows. Such agreements would be beneficial to workers by providing more

⁸ "The Fund for Job-Seekers Working Abroad was established to help Thai overseas workers who face problems in their receiving countries to return to Thailand. The fund is also used for organizing skill training course and predeparture orientation. The fund is contributed by employers or recruitment agencies. In addition, the fund has a credit facility to enable job-seekers to borrow money to work abroad" (IOM 2003).

job opportunities and better regulations; therefore generally better working conditions. The Thai government has signed bilateral agreements for labor cooperation with several countries:

Israel

The DOE of Thailand signed a memorandum of understanding (MoU) with Israel via the International Organization for Migration (IOM) for labor migration in agriculture sector in September 2007.

Data for the year 2007 showed that there were 33,517 Thais working in the agriculture sector in Israel, or 21 percent of all foreign workers. (There were 21,765 workers out of 33,517 or about 65% who used recruitment agencies as their channels, while 11,752 or 35% were self-arranged.)

Under this MoU, the Thai Labor Ministry is responsible for recruiting and keeping records of migrants while the IOM oversees the whole process. It is guaranteed that laborers will not pay fees higher than that required by law. The agreements stipulate that a Thai citizen who wishes to work in Israel will be required to pay a maximum of USD 1,800 for flights and USD 600 for expenses including work permit, medical examinations, and vaccinations. No other fees and services will be charged from the DOE. Currently, Thai migrants pay approximately USD 8,000, which is divided between agents abroad and in Israel. The MoU does not prohibit workers from using recruitment agencies; the MoU only offers an alternative channel for workers.

Japan

The first version of the MoU was officially signed by the DOE of Thailand and the Association for International Manpower Development of Medium and Small Enterprises (IMM) in July 2003. The revised version was signed in 2008. IMM was founded to establish international cooperation and transfer technology and human resources among small and medium enterprises. Based on a report from IMM on July 31, 2003, there were 1,292 Thai trainees working in 377 Japanese companies in 32 provinces. Applicants sought are males aged 20–25. The programs are open only for the following areas: welder, mechanic, electrical power technician, electronic technician, and mason.

The first round of the selection process involves four tests: (1) abilities test—a paper exam that measures basic knowledge, intelligence, and aptitude of each candidate; (2) physical test—measures the physical conditions of the candidates; candidates are required to run three kilometers within 15 minutes and do 35 sit-ups and 25 push-ups; (3) interview—which takes place after the candidates pass the first two tests; it screens for candidates with enthusiasm and some knowledge of Japan, and figures out the candidates' objectives for

participating in the program and their plans after returning to Thailand; and (4) final test—candidates provide verification to prove their capability to go through the training and their eligibility to take part in the programs. Candidates must pass all four tests to become trainees.

Four months of training will be provided by the Thai government before the candidates are sent to Japan. There will be 560 hours of training on the Japanese language and 150 hours of training on the Japanese lifestyle, working style, and culture. Additionally, there will be 50 hours of physical education. After completion of training in Thailand, trainees will spend another four weeks of training in tools and equipment in Japan. Trainees who fail the test will be sent back to Thailand.

The trainings will take place during the first, second, and third years. Practical training will be conducted in the first year. During the second and third years the Technical Intern Training Program (TITP) will be conducted. Trainees will receive ¥80,000 as their monthly salary in the first year. The IMM and the private sector will provide accommodations and insurance. Trainees will receive at least the minimum wage during their second and third years as technical trainees. However, they will be responsible for the costs of their accommodation and transportation while the IMM and the private sector will continue to cover their insurance. At the end of the third year, trainees will receive certifications and support funding worth ¥600,000. However, trainees have to bear partial expense of the program: approximately 4,500 baht for the passport, physical check-up, visa fee, Japanese dictionary, etc.

South Korea

The Ministry of Labor of Thailand and South Korea have an MoU regarding the transfer of labor. The purpose of this MoU is to establish frameworks for the provision of labor transfer under the Employment Permission System (EPS) for foreign workers. Under this MoU, the DOE of Thailand is responsible for selecting candidates to be sent to South Korea while the Human Resources Development Services (HRD) handles the task on the Korea side.

The government of both countries will act as an agency. EPS Thailand will send the name list of qualified candidates who met the basic requirements and passed the Korean language test to HRD Korea. The DOE will not guarantee that all qualified applicants will get a job offer; job offers depend on employers in South Korea. The Korean government will send the names of selected employees to the DOE for them to be trained. The DOE will send the Certificate Confirmation of Visa Insurance (CCVI)—a vital document for the visa application of prospective employees. After arriving in South Korea, the Korea International Labor Foundation (KOILAF) will provide three days of training covering important

issues such as law and culture. Migrants will be responsible for their expenses prior to departure: visa fee, EPS Korean language test, Language and Culture Training, airplane tickets, etc.

Under this MoU, contracts will allow Thai workers to work for one year. A contract can be renewed but must not exceed three years. Minimum wage will be guaranteed at 700,600 won. Foreign laborers will be protected under the same labor laws as the locals.

Malaysia

Thailand signed an MoU on Thai labor with Malaysia in 2003, aiming to offer greater protection for Thai workers working in Malaysia, and to ensure the continual supply of quality labor to the Malaysian private sector. The agreement acts as a framework for Thai labor in Malaysia, setting the minimum level of qualifications that workers need to have, requiring employment contracts, and outlining the responsibilities of employers, employees, and employment firms. Additionally, the agreements aim to reduce the fees that Thai workers pay to recruiting agencies.

UAE

The government of Thailand and the UAE government signed an MoU in the field of manpower in November 2007. The purpose of this MoU is to cooperate in labor protection, welfare, and rights. Three languages—Thai, English, and Arabic—are obligatory in the working contract. All conditions are defined in detail to avoid any misapprehension.

Taiwan

Taiwan has bilateral labor agreements with Thailand and Viet Nam for the hiring of Thai and Vietnamese workers.

Private to private

Recruitment agencies are used by the largest number of Thai workers working overseas. Despite the fact that Thailand has signed MoUs with various countries, the number of overseas workers using DOE services are still lower than that of other channels. The government has therefore shifted its policies toward encouraging private agencies to participate in labor transfer, while government agencies would only act as regulators and facilitators.

Recruitment agencies must register and get a license from the DOE. Upon request by employers from overseas, agencies are required to bring their candidates to the skills tests at the Department of Skills Development. Those who pass the tests will be allowed to do physical check-ups at public hospitals listed by

the DOE. Predeparture orientation by the DOE will be provided for prospective employees with no charge. Prospective employees must be accommodated by their agencies while attending the custom process at the port exit.

Excluding the recruitment agency and the DOE services, there are three other channels: private to private, self-arrangement, and the direct deployment by employers of laborers for work or training. These channels are less distrustful since there is no middle man in the process.

Limitation of managing emigration in Thailand

Government policies

The act mentioned in the previous section specifies the process of obtaining a license for, and establishing, legal recruitment agencies. Parties who violate the law will receive penalties. The aim of this act is to protect workers who wish to work overseas and to regulate recruitment agencies. The limitation of this act is that it cannot protect workers after their arrival in the destination countries. Other policies include the following:

- **Labor Protection Act B.E. 2551 (2008)**
Workers sent by their employers to either work or train will be protected under this act.
- **Skill Development Promotion Act B.E. 2545 (2002)**
Prospective employees required to take skills tests must take them at the Institution of Skills Development. This act aims to encourage skills development to enhance skills and capabilities.
- **Protection of Thai workers abroad under MoUs**
Under the MoUs, the governments will monitor exploitation and labor trafficking. These MoUs will protect emigrant workers in the following ways:
 - i. Work contract has to be defined in at least two languages (Thai, and the receiving country's language and/or English). Name of employer, workplace, and business type and job description will be indicated in the contract. It will guarantee the employee's position and prevent the employer from receiving unqualified employees. It also prohibits employees to work across industries or businesses until they have been cleared by the present and new employers.
 - ii. Duration of work is agreed under an MoU. This can protect the employee from exploitation. For example, the duration set by the IMM is three years; for the EPS, one year extendable up to three years; for Israel, work should be no more than five years. The MoU can guarantee that a worker will receive no less than minimum wage.

For example, the EPS will guarantee minimum wage of at least 700,600 won.

Limitations of sending processes

1) G to G

Many countries welcome foreign laborers since they can be considerably cheaper than local labor. Cheap labor can give countries a competitive edge to compete globally; governments permit and encourage business to employ foreign laborers. Under G-to-G schemes, governments of two countries will act as middle men, from the process of recruiting workers to the process of sending workers to the destination countries. Compared with other processes, this process takes longer but the expenses are considerably lower. However, lower cost could also mean that workers have a lower commitment to jobs and are likely to quit easily when they encounter work or nonwork-related problems.

While working abroad, workers are likely to experience various types of problems such as the nature of the job, different corporate culture, and heavy workload. The workload can be different from their expectations before leaving Thailand. Workers are also likely to encounter nonwork-related problems such as severe weather, cultural shocks, etc. Language is one of the main problems for Thai overseas workers. Despite the fact that the government has provided prospective employees with some language training, workers may still face problems with language barriers when it comes to the practical usage.

2) Private to private

Private to private channels could be precarious for workers since the rights of the workers while working abroad are not guaranteed. Exploitation is common—agencies asking for higher fees than that required by law, laborers being mistreated, etc. Deportation and instances of breach of the contract are not uncommon.

Profit maximization is clearly the aim of both employers and recruitment agencies. Hence it is their objective to minimize costs. Various strategies have been used to lower costs, for instance, the practice of workers applying for visiting visas rather than working visas. Moreover, recruitment agencies and employers can deduct from workers' incomes expenses for food and accommodations as well as service fees. Workers could face inferior working conditions and have insufficient training, etc.

CONCLUSION AND RECOMMENDATIONS

The recent economic downturn has led many Thai citizens to look for jobs overseas. However, it was felt by the majority that Thailand still lacks adequate and effective measures to protect Thai emigrants from exploitation overseas. Indeed, Thai labor law has not always been regarded as the most effective; we have various issues regarding human rights, compliance, and even corruption of those enforcing the labor law. For Thai overseas workers, mistreatment, neglect, and financial exploitation are common. Recruitment agencies are undeniably responsible for most of the cases.

The majority of Thai overseas workers have relatively low levels of education, typically primary and lower secondary education. The Department of Skill Development, DOE, and recruitment agencies could cooperate to equip workers with the skills demanded by foreign employers. They could cooperate to prepare workers with necessary skills and understanding of the language, culture, and lifestyle of destination countries, as well as the terms and agreements regarding their work contracts.

Studies show that the reason workers from rural parts of Thailand have migrated to work overseas was to escape poverty and indebtedness (push factor) so that they could gain higher income and have better lives in destination countries (pull factor). Generally, emigrant workers came from households with low income and wealth; therefore they are heavily indebted. They have to use almost all of their savings from working abroad to pay back their debt and fees charged by recruitment agencies. As a result, the prospects of households with emigrating members are not that much better off than households without any emigrating members.

The DOE has taken some measures against these recruitment agencies. Recruitment agencies have to officially register and be verified by the government before they are granted licenses permitting them to make job announcements. At present, there are over 250 registered recruitment agencies. However, this measure alone is not enough to solve the problem. Perhaps, enforcing the law fairly and strictly would help to alleviate it.

Recommendations

TOEA and labor attachés can perform random inspections of recruitment agencies both in Thailand and in destination countries. This would certainly help in assessing the standards of the services provided by recruitment agencies. Labor attachés could observe if any of the agreements have been broken and whether overseas workers have been neglected by their agencies. Labor attachés could be of assistance to ensure that those agencies have properly assisted Thai workers during their stay overseas.

Countries importing and exporting labor could cooperate to reduce the cost of fees and the number of procedures required to transfer workers between countries. Maximum level of fees required should be clearly stated to avoid confusion and financial exploitation by agencies.

Workers with overseas experience could be of assistance to the DOE by sharing their experiences with prospective overseas workers and giving them advice.

The Department of Skill Development could assist recruitment agencies in the provision of training programs to equip workers with skills that are in demand. Thailand could adopt a voluntary system of skill standards, assessment, and certification to enhance the capability of the Thai workforce.

Countries could cooperate to set the competency standards and the level of skills that are universally accepted by labor-importing countries. This would increase the ability of the workforce as well as wages.

The Association of Southeast Asian Nations (ASEAN), ASEAN+3, and other labor-importing countries should cooperate to increase the efficiency of the procedures for provision of working visas, working permits, and necessary documents especially for skilled labors. This would help increase the flexibility of the labor force.

REFERENCES

- Asian Research Center for Migration (ARCM). 2006. Labor migration in the Greater Mekong Subregion: Thailand policies towards migrant workers from Myanmar. Submitted to the World Bank, Thailand.
- . 2002. Thailand: Improving migration policy management with special focus on irregular labor migration – construction sector. Unpublished paper prepared for IOM/ILO project.
- Bank of Thailand. 2009. Labor situation indicator. <http://www2.bot.or.th/statistics/BOTWEBSTAT.aspx?reportID=111&language=TH> (in Thai) (cited December 3).
- Bryant, J. and P. Rukumnuaykit. 2007. Labor migration in the Greater Mekong Subregion: Does immigration to Thailand reduce the wages of Thai workers? Bangkok, Thailand.
- Go, S.P. 2011. The role of bilateral labor and similar agreements in Asian labor migration: The post-crisis context. Presented at the ADBI-OECD Roundtable on Labor Migration in Asia: Recent Trends and Prospects in the Post-Crisis Context, January 18–20, Tokyo, Japan.
- Huynh, P., S. Kapsos, K.B. Kim, and G. Szirazki. 2010. Impacts of current global economic crisis on Asia's labor market. ADBI Working Paper No. 243. Tokyo: Asian Development Bank Institute.

- International Organization for Migration (IOM). 2009a. *International migration in Thailand 2009*. Bangkok: IOM.
- . 2009b. *Migration Information Note*, Issue 3 (November). Bangkok: IOM.
- . 2008. *Migration News*, January-March 2008. Bangkok: IOM.
- . 2003. *Labour migration in Asia: Trends, challenges, and policy responses in countries of origin*. Geneva: IOM.
- Kasikorn Research Center. 2011. The unrest in the Middle East and its impact on Thai workers. *Economic Review* 17, No. 3050:1–4 (in Thai).
- Khine, N.K. 2007. Migration as a development strategy: A case study of remittances flows from Thailand to Mawlamyine, Mon State, Myanmar. M.A. thesis in Development Studies. Chulalongkorn University, Bangkok, Thailand.
- Kritaya, A. and P. Kerdawang. 1997. How women workers from neighboring countries become prostitutes in Thailand. Institute for Population and Social Research, Mahidol University, Bangkok, Thailand (in Thai).
- Kritiya, A. and K. Vajanasara. 2009. Employment of migrant workers under the Working of Aliens Act 2008 and the List of Occupations Allowed to Foreigners. The Institute for Population and Social Research, Mahidol University, Bangkok, Thailand.
- Laodumrongchai, S., S. Chantavanich, M. Than, A. Wong-a-thitikul, W. Chaiyapa, and C. Ariyasuntorn. 2011. *Rapid assessment: The impacts of the global economic downturn on workers in Thailand*. Bangkok: Asian Research Center for Migration.
- Lee, E.S. 1996. A theory of migration. *Demography* 3, No.1:47–57.
- Marshall, P. 2001. Globalization, migration and trafficking: Some thoughts from the Southeast Asian Region. Paper presented during the Globalization Workshop, May 8–10, Kuala Lumpur.
- Martin, P. 2007. The economic contribution of migrant workers to Thailand: Towards policy development. Geneva: International Labour Organization.
- Ministry of Foreign Affairs. 2007. Thailand and the UAE sign the MOU on labor cooperation. <http://www.mfa.go.th/web/2746.php?id=24433&depid=249> (accessed December 3, 2009).
- Ministry of Labor. 2008. *Labor Situation Report* Vol. 4, Issue 5 (January–December). (In Thai.)
- . 2007. *Master Plan 2008–2012* (in Thai). Bangkok: Ministry of Labor.
- , Department of Employment. 2005. The process of sending Thai workers to the Republic of Korea under EPS System. Bangkok: Thailand Overseas Employment Administration (in Thai).
- Ortip, R. and C. Kosalakorn. 2008. System development of sending Thai workers overseas for enhancing competitiveness to the world labor market. Bangkok: Ministry of Labor (in Thai).

- Pearson, E., S. Punpuing, A. Jampaklay, S. Kittisuksathit, and A. Prohmmo. 2006. Unpaid, overworked, and overlooked: The realities of young migrant workers in Thailand. *The Mekong Challenge*. Bangkok, Thailand.
- Piyasiri, W. 2006. Labor migration in Asia roles of bilateral agreement and MOUs. JIPLT Workshop on International Migration and Labor Market in Asia, February 17, Tokyo, Japan.
- Pracha, V. 2009. Policies towards the social inclusion and protection of all migrant workers in Thailand. National Conference on Labor Migration, June 17, Amari Watergate Hotel, Bangkok, Thailand.
- . 2007. Interstate cooperation on labor migration: Lesson learned from MOUs between Thailand and neighboring countries. Regional Workshop on Managing Labor Migration in East Asia: Policies and Outcomes, May 15–18, Singapore.
- Secretariat of the Cabinet. 2010. Cooperation between Ministry of Labor and International Organization of Migration (IOM) in sending Thai workers in agricultural sector to Israel. Cabinet Resolution, July 17. Bangkok, Thailand.
- Sovannarith, S. 2001. International migration: Some issues in Cambodia. *Cambodia Development Review* 5, Issue 1 (January–March):5–9.
- Srawooth, P. 2007. CCAS Working Paper No. 9. Center for Contemporary Asian Studies, Doshisha University.
- Srawooth, P. A1. 2008. Economic costs and benefits of cross-border labor migration in the GMS: Thailand. Submitted to Development Analysis Network (DAN).
- Supang, C. 2007. Factor affecting Thailand immigration policies during 1992–2004. Paper presented at the 2007 Conference on International Migration, Multi-local Livelihoods and Human Security: Perspectives from Europe, Asia, and Africa, August 29–30, Institute of Social Studies, the Hague.
- . 2001. *Thai migrant workers in East and Southeast Asia: The prospects of Thailand's migration policy in the light of the regional economic recession*. Bangkok: Asian Research Center for Migration.
- . 2000. Cross-border migration and HIV/AIDS vulnerability at the Thai-Cambodia border Aranyaprathet and KhlongYai. Bangkok: Asian Research Center of Migration and Institute of Asian Studies, Chulalongkorn University.
- Thailand Development Research Institute (TDRI). 2007. Reviewing the poverty impact of regional economic integration in the Greater Mekong Subregion. Final Country Report (first draft).

- . 2002. Thailand: Improving migration policy management with special focus on irregular labor migration: agriculture sector. Unpublished paper prepared for IOM/ILO project.
- Thailand Overseas Employment Administration (TOEA). 2009. *Thai overseas workers in 2009*. Bangkok: TOEA.
- . 2000. *Thai overseas workers in 2000*. Bangkok: TOEA.
- Tsay, C. 2002. Labour migration and regional changes in East Asia: Outflows of Thai workers to Taiwan. Paper presented at the IUSSP Southeast Asia's Population in a Changing Asian Context, June 10–13, Bangkok, Thailand.
- Vitit, M. 2005. The Mekong challenge employment and protection of migrant workers in Thailand: National laws/practices versus international labor standards? Bangkok: International Labour Organization.
- World Vision Foundation of Thailand (WVFT). 2004. Research report on Migration and deception of migrant workers in Thailand. In collaboration with Asian Research Center of Migration, Bangkok.
- Yongyuth, C. 2008. Demographic change and international labor mobility in Thailand. Draft paper presented at the PECC-ABAC Conference on Demographic Change and International Labor Mobility in the Asia Pacific Region: Implications for Business and Cooperation, May 25–26, Seoul.
- . 2006. *International migration in Thailand (1992–2005)*. Bangkok: Thailand Development Research Institute.
- and R. Prugsamat. 2009. The economic role of migration, labor migration in Thailand: Recent trends and implications for development. *TDRI Quarterly Review* (September 2009):3–9.

Managing International Labor Migration in ASEAN: Thailand (Immigration)

SRAWOOTH PAITONPONG¹¹

ABSTRACT

This paper aims to review the policies on international migration in Thailand and discuss difficulties in implementation. Today, Thailand is the host country of international migration from neighboring countries. Most legal migrant workers are professionals, but there are also illegal migrants from Cambodia, Lao PDR, and Myanmar (CLM). It is difficult to measure the impacts of migration on wages and employment choices of local workers. Yet some studies assert that illegal CLM migrant workers are paid less than the minimum wage or they are not treated equally with Thai workers. As a result, CLM workers work under poor labor conditions. Moreover, CLM migrants are blamed for various kinds of social problems, presenting an obstacle to social integration, among others. To cope with such problems, the government of Thailand has enacted laws to regulate migrant workers and provide policy frameworks for legal migrant workers on the aspects of supply and demand, and taking into account many dimensions and principles such as national security, human rights, and social protection, among others. However, the implementation of such policies is not easy, and the situation had often been beyond control in many respects. The registration process requires a concerted effort from various government offices and consultations at the senior official and/or ministerial level. In addition, the entry of alien workers is very costly. Thus, it is still imperative to promote human resource development in administering admission policies on illegal migrant workers and to enforce consistent foreign labor policies.

¹¹ Senior research fellow, Human Resource and Social Development Program, Thailand Development Research Institute.

INTRODUCTION²

In the context of international labor migration, Thailand has transformed from a net labor emigration to net labor immigration country during the past decade when taking into account undocumented workers from neighboring countries. The country receives more than a million migrant workers from Myanmar, Lao PDR, Viet Nam, Cambodia, and other countries. This has been mainly due to the fact that the Thai economy achieved remarkable development during the mid-1980s and early 1990s. The increase in cross-border labor immigration has become more evident especially before the economic crisis. The existence of a tight labor market during periods of economic boom with low level of unemployment, increasing wage, and better living standard until the mid-1990s was a major pull factor. The structural change of the labor market was interrupted shortly by the economic crisis. The transition from low-end, labor-intensive operation to more capital- or technology-intensive manufacturing could not be achieved by all producers.

The objectives of this paper are mainly to review and analyze policies and management of international labor immigration in Thailand as part of regional cooperation initiatives and bilateral or multilateral agreements, and recommend solutions for regularization of undocumented migrants. Because of the scale and complex nature of the problem, an emphasis is given to irregular migrant workers from three neighboring countries of Thailand, namely, Cambodia, Lao PDR, and Myanmar (hereafter referred to as CLM).

OVERVIEW OF LABOR IMMIGRATION IN THAILAND

Legal migrant workers: trend and composition

By Thai law, a legal migrant worker is an alien who temporarily and legally enters the Kingdom under the Immigration Law³ and receives a work permit under the Alien Employment Act (AEA). Legal migrant workers can be classified into six types according to the conditions specified by law (OFWA 2010):

1. *Temporary or general permit migrant* – An alien who is granted a work permit to work in the occupation stipulated by the ministerial regulation under Section 7 (of AEA 2008). In December 2010, there were 70,449 migrant workers with temporary work permits.
2. *Permanent resident or lifetime permit migrant* – An alien who had resided in the Kingdom under the Immigration Law, had worked before December 13, 1972, receives a work permit issued under Revolutionary Order (RO) No.

² The present study is confined to international labor migration of Thailand excluding refugees, asylum seekers, displaced persons, and temporary border immigrants (under Section 7 of the Working of Alien Act B.E. 2551).

³ The Immigration Act B.E. 2522.

322 dated December 13, 1972 (OFWA 2010). From 1937 to 2007, 962,819 foreigners were granted permanent resident status, of whom 705,463 died, left the country, or changed nationalities. As of December 2010, there were 14,423 migrants with permanent resident status (Sciortino and Punpuing 2009).

3. *National verification permit migrant* – A formerly illegal migrant worker from CLM who has changed his or her status from illegal to legal through a process of national verification (NV) and has received a temporary passport or a Certificate of Identification. As of December 2010, there were 210,044 CLM workers under this category.
4. *Migrant worker under Section 11 or MOU* – A migrant worker from CLM who is imported under the memorandum of understanding (MOU) between Thailand and the CLM. The MOU was signed with Lao PDR in 2003 and with Cambodia and Myanmar in 2004, but its implementation has underperformed (Sciortino and Punpuing 2009). As of December 2010, there were 26,525 CLM migrants under the MOU.
5. *Migrant worker under Section 12 or BOI* – A migrant worker who comes to work in the Kingdom under Investment Promotion Act or related laws. As of December 2010, there were 23,245 workers under this category.
6. *Migrant workers under Section 14 or border workers* – A migrant worker who has residence and nationality of the country borders with Thailand and temporarily enters Thailand with travel documents (passport or border pass) and is permitted to work temporarily or seasonally in the border area. Statistics for this category are not available.

Migrant workers in 1 to 3 are under Section 9 of AEA 2008.

In addition, there are other groups of working foreigners who are not covered by AEA 2008 due to diplomatic privileges. According to Section 4, this act does not apply to (1) a member of a diplomatic mission; (2) a member of a consular mission; (3) a representative of member-countries and official of the United Nations and specialized institutions; (4) a personal servant coming from foreign countries to work regularly for the person under (1) or (2) or (3); (5) a person who performs duties or missions in accordance with agreements between the Government of Thailand and a foreign government or international organization; (6) a person who performs duties or missions for the benefit of education, culture, art, sports, or other activities as may be prescribed by the Royal Decree; (7) a person permitted, with or without any condition, by the Cabinet to enter and perform any duty or mission.

The trend of legal immigration into Thailand (excluding CLM migrants) during 1997–2010 was closely related to foreign direct investment (FDI) and

economic cycles. During 1997 when there was a global financial crisis, the number of legal migrant workers was very low (63,582 persons). The trend recovered in later years corresponding to economic recovery in Thailand, and dropped again during the period 2008–2010 reflecting the economic downturn in Thailand possibly due to the subprime crisis in the United States. The sharp drop of the trend of migrants from all major FDI countries was possibly due to the subprime crisis in 2008–2009. The trend, however, started to rise again in 2010 with 117,706 migrants.

According to Sciortino and Punpuing (2009), Filipinos had the fastest growth in the number of legal migrants since 2003. In 2010, about 65 percent of Filipinos were teachers or lecturers and about 11 percent were in the entertainment industry (OFWA 2010).

The composition of legal migrant workers reflects countries which significantly invest in Thailand, namely, Japan, China, Britain, India, and the United States. Japan, the largest long-term investor in Thailand, had the largest share at 23 percent, followed by China, India, and the United Kingdom.

More than 90 percent of legal migrant workers (from countries other than CLM) were professionals, executives, managers, and technicians. The proportion of production or operation managers was the largest with 42.8 percent of the total number of legal migrant workers. The proportions of low- or semiskilled workers were only 1.4 percent and 1.3 percent for domestic workers and office clerks, respectively. The majority of legal migrant workers were in Bangkok and vicinity and the Central region.

Illegal migrant workers: trend and composition

Migrant workers in Thailand are dominated by CLM migrant workers, both legal and illegal. In 2010, there were 1,168,824 CLM workers, accounting for 89.9 percent of the total migrant workers. Migrant workers from other countries and minorities reached 108,117 persons and 23,340, respectively.

CLM workers came to Thailand beginning 1988, starting with the Burmese. Those from Lao PDR and Cambodia followed when Thailand changed its policy from “battle field to market places” in 1989. In 2010, illegal migrant workers were required to go through a national verification process. By February 24, only 200,000 migrants registered for verification and the Thai government extended the deadline until March 2. By this date 850,000 migrant workers from CLM had visited local employment offices and signed agreements to complete the procedure by March 31, whereupon they were given two-year work permits (Slipper 2011). As of December 2010, the number of CLM migrant workers was reduced to 932,255 persons consisting of 812,984 Burmese, 62,792 Laos, and 56,479 Cambodians. The top three

industries that absorbed the most CLM illegal migrant workers were farming and livestock (171,857 workers), construction (148,211), and fisheries related (101,849).

On April 26, 2011, the Cabinet approved five measures submitted by the Ministry of Labor to tackle the problems of illegal migrant workers from CLM, including another round of registration for those who missed the February 2010 deadline.

Impact of immigration⁴

It has been asserted that CLM immigration prolonged the life of agricultural industries, which had been under threat of extinction because of high labor costs and labor shortages. CLM migrant workers had also contributed to the growth of regional economies. It had reduced the costs of structural change and the transition to higher-technology industries. This especially applies to work in the low-cost or nontradable activities like construction, which supports both the building industry and improved communications necessary for industrial upgrading. Some labor-intensive firms in industries such as garments have survived largely due to migrant labor (Athukorala et al. 2000).

The presence of migrant workers has been found to reduce wages and slow structural change (Martin 2007). CLM migrant workers contribute positively to real national income, averaging 2.3 percent, or 760 million baht (about USD 25.3 million) per year (Pholphirul and Rukumnuaykit in Sciortino and Punpuing 2009). The same study also asserted that employing migrant workers increases country competitiveness, with migrant unit labor costs lower at an equal level of productivity than those of Thai workers (*Ibid.*). Migrant workers' expenditures in Thailand increased Thai GDP by USD 2 billion (Martin in Sciortino and Punpuing 2009).

However, according to Martin (in Sciortino and Punpuing 2009, 75), "it is difficult to measure the impacts of migrants on the wages and employment choices of local workers. Migrants can have little effect on wages, if all or many workers in the industry or occupation are paid the minimum wage, which can prevent wage depression when migrants in fact receive the minimum.⁵ Migrants are both substitutes and complements for national workers. Their presence

⁴ For a good review of studies on the impacts of immigration from CLM into Thailand, see Sciortino and Punpuing 2009.

⁵ This assumption may not hold in the case of Thailand. A study (Paitoonpong et al. 2008) found that illegal CLM migrant workers are paid less than the minimum wage by at least 50 percent. A study by Chalamwong (2007) said that the migrant workers' wage rate is less than the Thai workers'. Survey results from the Asian Research Center for Migration (ARCM 2000 in Pholphirul et al. 2010) at Chulalongkorn University indicate that migrants are not treated equally in terms of wage compensation. According to the study, migrants were being paid, on average, around 70 percent of the wage paid to Thai workers.

affects both the wage rates and employment options of local workers, and the degree to which migrants are substitutes for or complements to national workers varies with factors that range from migrant and national workers characteristics to technologies of production and the nature of labor and product markets.” The impacts of migrant workers on local wage are questionable if the demand for labor curve is not smooth or kinked in particular sectors with the schedule more elastic at higher wage rates and more inelastic at lower wage rates. As migrants are removed from the labor market, wages rise, but at some critical wage (in the part of elastic demand for labor), the quantity of labor demand falls sharply with less proportion of the wage rise. In other words, the removal of migrant workers will raise wage rates very little in such a case (Martin in Sciortino and Punpuing 2009).

In 2010, Pholphirul et al. (2010) examined seven economic impacts of foreign migrant workers on the Thai economy, namely, production, productivity, labor cost, competitiveness, innovation, skill development, and investment. Through various methodologies, it was found that migrant workers had affected the Thai economy and the labor market.

The social impacts on Thailand are more difficult to measure. CLM migrants are scapegoats for various kinds of social problems—from drug trafficking to illegal logging as well as spreading diseases and perpetrating crime—even if reliable evidence to substantiate such claims is lacking (Paitoonpong et al. in Sciortino and Punpuing 2009). Examples of social impacts caused by or related to CLM migrants include security and crime, contagious diseases, HIV/AIDS, human trafficking, prostitution, child labor, poor labor standards, drug trafficking, illegal logging and timber trafficking, ethnic minorities and the Mekong River ecosystem monitoring, rural or agricultural economy, way of life and community, stateless children, public task forces, and social integration.

GOVERNMENT POLICIES

Labor immigration policy on illegal migrant workers, particularly from CLM, can be classified into two major groups: policies on the employment of migrant workers, i.e., on the management of migrant workers; and policies toward the social inclusion and protection of migrant workers in Thailand. The first group of policies has implications, to some extent, on the latter policies. This study focuses on the former.

Laws and regulations

According to AEA 2008 (Section 13), there are two major groups of illegal migrant workers in Thailand: migrant workers from CLM and ethnic minorities.

Regulations of these different groups of migrant workers differ, particularly in details. The regulations can be grouped into four major topics, namely, (1) immigration law or requirements, (2) AEA 2008 or work permit, (3) irregular migrant worker registration, and (4) MOU on the employment of workers from CLM. In addition, migrant workers are also protected by the Labor Protection Act B.E. 2541 and B.E. 2551, the Social Security Act B.E. 2533, and the Criminal Code.⁶

Immigration law

According to the 1979 Immigration Act, entry into Thailand requires an entry visa except for the case of special agreements such as the Association of Southeast Asian Nations (ASEAN) cross-border agreement that allows the people of ASEAN member-countries to enter Thailand without a visa for a given period. Basically, those entering without visa and/or acting in breach of the immigration law are illegal and may be deported and or penalized by other sanctions. Thus, migrant workers who enter without visas or work without work permits are liable to be deported. However, Section 17 of the act provides the Minister of Interior with discretion in applying (or not applying) the strictures of the act. This has provided a window for exempting irregular migrant workers from being deported, at least when they come out into the open to be registered. Thus the various cabinet decisions noted above offer leverage in applying the act and interplay with the half-open door policy which was practiced in recent years toward migrant workers (Muntarbhorn 2005).

Thailand has two major types of visa: tourist visa and non-immigrant visa. A tourist visa is issued to applicants wishing to enter the Kingdom for tourism purposes. The holder of the visa is not allowed to work or conduct business. A tourist visa is valid for 60 days and can be extended by 30 days. The fee is 1,900 baht. Most western countries do not need a tourist visa.

A non-immigrant visa is required for a foreigner who wants to stay or work in Thailand. With reference to Section 34 of the Immigration Act B.E. 2522, this type of visa has 12 categories: diplomatic visa (D) is for those employed by an embassy; business visa (B) or a mass media visa (M) are for accredited business or press representatives; expert visa (EX) is for those performing skilled or

⁶ With regard to labor relations, there are the Labor Relations Act 1975 and the State Enterprise Labor Act 2000. There is some differentiation between Thais and non-Thais with regard to these laws. Under the first act, membership of the board of such union is only open to Thai nationals (Section 101). Also, only Thai nationals can set up a trade union in a state enterprise under the second act (Section 41). There is no prohibition against foreign nationals becoming members of such unions. In practice, a migrant worker with an irregular status is unlikely to be accepted as a member (Muntarbhorn 2005).

expert work; investor visa (IM)⁷ is for foreigners who had set up their companies under the Board of Investment (BOI); study/education visa (ED) is for teachers or for educational study or observation; official (F) is for performers of official duties (involving the Thai government); investment (with concurrence of the ministries and departments concerned), BOI (IB); missionary work (R); scientific research or training, or study in an educational institution in the Kingdom (RS); participation in an officially recognized sports event (S); and others (O) which include dependents and retired persons (<http://www.thailawforum.com/database1/immigration-law-mejesty-5.html>; accessed on July 1, 2011).

In addition are the transit visa, immigrant visa, nonquota immigrant visa, and courtesy visa (www.thaijaidee.com/forum; accessed July 1, 2011).

For commuters in the border areas along Cambodia and Lao PDR, other forms of visa are applied. At the Khlong Luek gate in Sa Kaeo, for example, the documents used are passport (A passport holder could go anywhere in Thailand and Cambodia), border pass (A Cambodian border pass holder can work in Sa Kaeo and nearby provinces), temporary border pass (A Cambodian temporary border pass holder can cross the border to work, on the daily basis, in Rong Kluea market only. The pass costs 10 baht per entry. There is a special temporary pass for a cart pusher and a trader, allowing him to cross [in and out] the border four times per day [two round trips per day], and to cross [in and out] the border two times per day [one round trip per day] respectively). Recently the Cambodian immigration authority allowed temporary border pass holders to pay the fee by week.

In practice, regulations are not usually followed. Those with tourist visas are not permitted to work but they sometimes do. To get away with the visa length of stay, a tourist has to leave the country every three months to renew his/her visa. Some people have been making quarterly “visa runs” to cities in nearby countries like Vientiane or Penang and returning to the country to resume paid employment for many years. According to the law, tourists can come into the country for three months at a time as long as they keep their tourist visas current. This can be done as long as they do not work. It is illegal to work under a tourist visa.

If the tourists wish to stay on and get a job, they need to have their tourist visa changed to a non-immigrant visa for business. Or they need to have the right visa in the first place before entering the country. Some “tourists” do not even try to renew their visa but “overstay” and do not report to the Thai authority, thus becoming a type of illegal migrant worker.

⁷ A new category of visa with issuance controlled by the Board of Investment. This visa can carry a residence permit for the applicant and his or her immediate family if a specified amount of capital is brought into Thailand for investment.

Alien Employment Act

The first Thai law dealing specifically with the employment of foreigners was probably RO 281 (1972) announced on November 24, 1972. Article 3 defines “alien” or “foreigner” as a normal person or legal body who does not have Thai nationality, and Article 7 specifies the qualification of an eligible foreigner. Article 4 forbids a foreigner from 12 occupations under List A, and 36 occupations under List B. Exemptions for occupations under these lists can be done through a royal decree. There are 14 occupations under List C that a foreigner can apply for with permission from the Director-General of Trade Registration.

On December 13, 1972, RO 332 was promulgated to deal directly with foreign workers. First, this decree defined “alien” or foreigner simply as “a regular person who does not have Thai nationality” and “work” or employment as any work performed by using physical ability or knowledge for oneself or other for income or other compensation. Second, the enforcement of the law was placed under the jurisdiction of the Minister of Interior and Director-General of Labor. Third, different types of work permit were specified. Article 19 established a “Committee on Employment of Alien” composed of representatives of various civil ministries except the Ministry of Defense. Article 5 stipulated that occupations prohibited to aliens must be specified by a royal decree. RO 332 is probably the origin of the Alien Employment Act B.E. 2521.

In 1978, RO 281 was amended by an act (called An Amendment of the 28 November B.E. 2515 Revolutionary Order 281 B.E. 2521) to include irregular migrant workers or foreigners who had unlawfully entered the Kingdom. Under this law, the permission for irregular migrants to perform an occupation is under the Cabinet, instead of the Director-General of Trade Registration. (RO 281 was amended again in 1992 to redefine foreigner legal body.)

On July 8, 1978 the Alien Employment Act B.E. 2521 was promulgated. Article 3 abolished RO 332. In essence, this act was the same as RO 332. Article 12 is similar to RO 281, the amended B.E. 2521, which dealt directly with irregular migrant workers or foreigners who had unlawfully entered the Kingdom. The enforcement of the law was the same as RO 332 which was under the jurisdiction of the Minister of Interior and Director-General of Labor. The act was amended in 2001 by the (Second) Alien Employment Act B.E. 2544 to fix fees for extension of work permits.

The introduction of the Alien Employment Act B.E. 2551 (2008) replacing the Alien Employment Act B.E. 2521 (1978) is another step in creating a sound and comprehensive body of legislation for managing labor migration in a more targeted manner, taking economic and security needs into account. The new legislation contains four sections, namely, (i) type of work allowed for migrant workers to engage; (ii) repatriation of foreign worker funds; (iii) committee to

review the employment of migrant workers; and (iv) committee to review appeal on work of migrant workers, monitoring and oversight, penalties, and provisional clauses. The act does the following: (1) define the categories of immigrants eligible for engaging in temporary employment; (2) establish a list of occupations which are allowed for migrant workers; (3) set up the deportation fund; (4) collect the levy from employers; (5) allow migrants to change employers and workplaces; and (6) provide the involvement of trade unions and employers in the committees to review the employment of migrant workers and to appeal the employment of migrant workers. The controversial provisions include allowing the authority to enter and search the workplace, without any court warrant, for irregular migrant workers; rewards for apprehension of illegal migrant workers; and deduction from wages of migrant workers for the deportation fund (Vasuprasat 2009).

Moreover, the act formally regulates the hiring of low-skilled and semiskilled migrant workers from CLM, structuring their contract employment through a Singapore-type system of dependency ceiling, sector-specific restrictions, and employer levies (Chalamwong 2008). The act also gives permission to employ cross-border contract workers on the border or in areas adjacent to the border (IOM 2008).

Labor Protection Act

From the angle of protection of all workers, the Labor Protection Act 1998 provides the most comprehensive coverage and is, to a large extent, consistent with international labor standards. In principle, it applies to all migrant workers, irrespective of their migration status. The law includes the following key provisions:

- General provisions which cover collateral funds and their redemption, gender equality in employment and remuneration, termination of work contract, and sectors exempted from the coverage of the act;
- Employment provisions which cover hours of work, overtime work, annual leaves, maternity leaves, and holidays;
- Employment of women, child labor, and youth which covers the prohibitions of women, children, youth in engaging in certain kinds of jobs, and the limitation on number of working hours and age of the children and youth;
- Wage, overtime, and compensation for holiday work;
- Establishment of the National Minimum Wage Committee, the National Labor Welfare Committee, the Enterprise-based Welfare Committee, the National Occupational Safety and Health Committee, the Enterprise-based Occupational Safety and Health Committee, and the National Employee Welfare Funds to assist workers in distress situations; and

- Other provisions such as suspension from work, payment of severance, lodging complaint mechanism, labor inspections, and penalty clauses.

However, the gap between law and implementation has been frequently witnessed for noncompliance in accordance with the minimum wage and overtime regulations, uncompensated extended working hours, the use of child labor, practices tantamount to forced labor in the factory and in fishing industries, and the termination of contracts of pregnant migrants. In addition, the law does not cover some occupations in sectors for which migrants are usually hired, such as agriculture, domestic work, transport, fishing, etc.

The challenge for the Thai government is to revise the law/regulations to provide more comprehensive protection to migrant workers, especially to extend the coverage to sectors outside the jurisdiction of the present act. The government should ensure the participation of migrant workers in the Enterprise-based Welfare Committee, the Enterprise-based Occupational Safety and Health Committee, and the National Employee Welfare Fund (Vasuprasat 2009).

The Labor Protection Act 1998 was amended and replaced by the Labor Protection Act (Second) B.E. 2551 (2008). The new law does not have a significant change with regard to migrant workers. Article 11/1 may have an implication on migrant workers in the sense that subcontracted or leased migrant workers become the responsibility of the owner of an establishment, not the subcontractor.

Other labor laws

As regards labor relations, which deal with the freedom of association and collective bargaining, the relevant law is the Labor Relations Act 1975. It provides some differentiation between nationals and non-nationals in connection with the formation of a trade union. Under this act, membership of the board of the trade union is only open to Thai nationals. While there is no prohibition against foreign nationals becoming members of such unions, only a few migrant workers are accepted as members of Thai trade unions (Vasuprasat 2009).

Process of immigration from CLM

In addition to overstaying or visa runs, illegal migrant workers from CLM can enter Thailand illegally in many ways mainly because Thailand has long borders with Cambodia, Lao PDR, and Myanmar.⁸ Between Cambodia and Thailand there are a few international gates which are officially monitored while there are a

⁸ Thailand has a land boundary of approximately 5,656 kilometers: 2,401 of which are shared with Myanmar, 1,810 kilometers with Lao PDR, 798 kilometers with Cambodia, and 647 with Malaysia. The sea boundary is about 1,840 kilometers on the Gulf of Thailand side and 865 kilometers on the Andaman side (www.chatvariety.com/space/read.php?tid=10997; accessed January 4, 2011).

number of informal or cultural gates which are usually open for cross-border trade during the weekend or daily. These informal gates are not strictly controlled. In some of the international gates, there are uncontrolled crossing tracks which can be used as channels to cross the border without a border pass or travel documents. In some cultural gates, villagers from both sides can cross borders virtually freely. Similarly, borders between Thailand and Lao PDR and Myanmar consist of both official international gates and informal gates where border crossings can be done. In addition to these types of access, a considerable number of illegal migrants are smuggled or trafficked into Thailand through jungles or rivers. There are many occasions in which some of them die during the process of “transportation”.

In the case of Burmese migrants, there were three major phases of the flow from Myanmar (Caouette et al. 2000 in Martin 2004). First, between 1945 and 1983, there were ethnic minorities on the Thailand-Myanmar border who fought the central government in Yangon especially after Myanmar declared itself a socialist country in 1962. Burmese who fled to Thailand before March 9, 1976 were called “displaced persons of Burmese nationality”. Second, from 1984 to 1987, there was a Thai-Burmese rapprochement that led to fighting between Karen and Mon and the Government of Myanmar, and resulted in many Burmese near the Thai border fleeing to Thailand. Third, since 1988, the State Law and Restoration Council in Myanmar promoted Thailand’s investment in Myanmar. Many Thai and foreign investors chose to invest in Thailand near the Thai-Myanmar border; so that products such as garments could be made with Burmese labor in Thailand and exported from Thailand, avoiding sanctions on Burmese exports. Since 1988 onward, migrant workers from Myanmar keep coming to Thailand mostly through arrangements by agents or trafficking. In the early 1990s, regional integration and its economic and demographic dividend produced a strong increase for intraregional immigration to Thailand and a shift in the nature from politically caused to economically induced (World Bank 2006 in Sciortino and Punpuing 2009).

International labor migration policy

Committee on Illegal Migrant Workers Administration (CIMWA)

The main body in charge of irregular migrant workers is the CIMWA established by the Office of the Prime Minister, with regulations released in 2001 and revised in 2003. The major responsibility of the committee is to formulate policies, guidelines, work plans, and measures to manage and monitor actions against illegal migrant workers both in the short run and long run. The responsibility also includes preventive actions, suppression, and other necessary measures to manage illegal migrant workers.

CIMWA consists of eight subcommittees responsible for each strategy, as follows:

- 1) Overall Illegal Migrant Workers Administration Subcommittee chaired by the Minister of Labor with the Director-General of the Department of Employment acting as its secretary;
- 2) Subcommittee on the Prevention of Illegal Migrant Workers chaired by the Chief of Staff (of the Royal Army) with the Director of Policy and Planning Agency, Directorate of Operation, Ministry of Defense acting as its secretary;
- 3) Subcommittee on the Employment System and Standard Setting of Illegal Migrant Workers chaired by the Chief of the National Competitiveness Section, Ministry of Labor with the Director of the Office of Migrant Workers Administration acting as its secretary;
- 4) Subcommittee on Public Relations chaired by the Permanent Secretary of the Prime Minister Office with the Executive Director of National Policy and Planning Development Office, Public Relation Department acting as its secretary;
- 5) Subcommittee on Suppression, Arrest, and Prosecution chaired by the Deputy Commissioner General (Special Task Force), Royal Thai Police with the Commissioner of Crime Suppression Division, Royal Thai Police acting as its secretary;
- 6) Subcommittee on Repatriation chaired by the Commissioner, Immigration Bureau with the Commander, General Staff Division, Immigration Bureau acting as its secretary;
- 7) Subcommittee on Monitoring and Evaluation chaired by the Permanent Secretary, Ministry of Labor with the Director of the Office of Migrant Workers Administration (OWFA) acting as its secretary; and
- 8) Subcommittee on Directing and Cooperating Security Measures Related to Solving Problems of Illegal Workers of Laos, Cambodia, and Myanmar chaired by the Secretary of Internal Security Operation Command with the Director of the Security Coordination Center, Internal Security Operation Command acting as its secretary.

In addition to the eight subcommittees, there are three task forces working on illegal migrant workers, namely, Task Force on Expediting the Certification of Identification of Illegal Migrant Workers from Lao PDR, Cambodia, and Myanmar; Task Force on Developing a Database on Illegal Migrant Workers from Myanmar, Lao PDR, and Cambodia; and Task Force on the Allocation of the Nonregular Fund for Administrate Illegal Migrant Workers.

In addition to CIMWA, its subcommittees, and task forces, there are other government agencies working hand in hand to regulate and monitor the employment of illegal migrant workers. The key responsible agencies are 1) Ministry of Interior; 2) Ministry of Labor; 3) Ministry of Public Health; 4) Ministry of Defense; 5) the Royal Thai Police; and 6) Ministry of Foreign Affairs.

As put by an expert on migrant workers, “The Illegal Alien Workers Management Committee, an umbrella of 22 agencies, really doesn’t work. It has very little budget and is a smokescreen for decisions clearly made elsewhere.

The ministry is put forward as the face of migration management in Thailand but everyone knows it is clearly not the brains behind it all” (Hall 2011).

On April 26, 2011, the cabinet approved five measures submitted by the Ministry of Labor to tackle the problems of illegal migrant workers from CLM, including the reopening, registration, and restructuring of the CIMWA secretariat to become a department under the ministry, with subcommittees at the subnational level (*The Nation*, April 27, 2011). Under the new measures, immigrant workers are allowed to bring in their children under 15 who can stay for one year with each permit. Those due for repatriation are allowed to work temporarily in Thailand under a case-by-case permission. Drastic action is threatened on Thai employers or those providing illegal migrant with shelter, and the workers themselves who do not cooperate by registering, including blanket inspections and arrests at local factories, together with heavy fines and alternative imprisonment.

Direct employment of workers from Lao PDR, Myanmar, and Cambodia is encouraged in Thailand to reduce the number of illegal immigrants and their subsequent smuggling into Thailand jointly by smugglers and corrupt officials.

Provincial and regional committees will be set up to work on immigrant worker issues under the supervision of a national board through integration. The former CIMWA secretariat was proposed to be upgraded to a new department in MOL but has not been approved by the Office of the Public Sector Development Commission.

Labor immigration policies

In the past, there were frameworks for the employment of foreigners in order to preserve some occupations for Thai nationals (RO 218 and RO 322, 1972). As a result, legal migrant workers in Thailand had always been skilled workers in higher positions. Such frameworks have been relaxed since 1988 after political situations in neighboring countries became more stable and Thailand’s policy of “turning battle fields to market places”. Particularly, the economic boom in Thailand during that period resulted in increasing demand of the private sector for lower-skilled labor, particularly in construction and fishery. The labor migration policies were relaxed to allow illegal migrants to work temporarily under Section 17 of the Immigration Act 1978.

Indeed, the formulation of government policies on irregular migrant workers is a long-term process, and is reflected through various channels such as laws and regulation, subregional or bilateral agreements on the matter, and short-term interventions. By and large, as already reviewed in section II, the Thai government policies on irregular migrant workers are lenient and considerate.

During the past 20 years, the Thai government has formulated several policies and measures to cope with irregular migration problems that include

regional policy, bilateral policy, and national policy to deal with illegal migrant workers (Huguet 2008). As the number of illegal migrant workers was rising, policymakers became concerned about the migrants for two major reasons: national security and trafficking, as shall be discussed later. The approach has been taken by successive governments to gain control and better manage this type of immigration by regularizing the desired magnitude, type, and location of migration. The key concern for policymakers has been to prevent illegal migration and to encourage migrants to return home after their work permits expire.

In April 1999, Thailand organized an International Symposium on Migration and the symposium adopted “The Bangkok Declaration on Irregular Migration”. The declaration stated that “international migration, particularly irregular migration, has increasingly become a major economic, social, humanitarian, political and security concern for a number of countries in the Asia-Pacific region”, and “comprehensive, coherent and effective policies on irregular/undocumented migration have to be formulated within the context of a broader regional framework based on a spirit of partnership and common understanding” (Huguet 2008, 5).

However, the implementation of such policies is not easy and the situation was beyond control in many respects. Recently, efforts have been made to register irregular migrant workers with the Department of Employment and allow them to work in specified occupations. However, migrant workers are often cited as a threat to national security and attempts have been made to arrest them and send them home. Nevertheless, up to now the Thai policy on illegal migrant workers has been lenient, resulting in an increasing number of illegal migrant workers mainly from CLM. According to Martin (2004, 16) “Thai law prescribes fines and jail terms for employers of unauthorized foreign migrants, and for unauthorized migrants. However, border and interior enforcement have not prevented the estimated number of migrants from rising steadily in the 1990s.” Another study said that “Thailand’s domestic policy development is not comprehensive; as a result, its migration policies and programmes are marked by omissions and ambiguities (Hueget and Punpuing 2005, 7; Huguet 2008, 9). The assessment is still valid up to now although in the author’s view, Thailand’s policies on irregular migrant workers are consistently pro-employers (*Matichon*, March 9, 2011).

MOU

An integral part of Thailand’s new policy in regulating irregular migrant workers are MOUs that Thailand had signed with Myanmar, Lao PDR, and Cambodia concerning cooperation on migrant workers. This development opened the door to a more systematic approach to manage migration and migrant workers, interlinking supply and demand source and destination countries.

The MOU between Lao PDR and Thailand was signed on October 18, 2002. It set up channels of cooperation to send back the names of migrant workers to the country of origin to verify identity and nationality. The conversion of irregular status to regular status for the purpose of employment covers only those who are already registered as workers in Thailand. There will be more control over employment agencies while there will be protection of the migrant workers themselves. Countries will assist each other in the return process concerning migrant workers whose employment contract has ended or has been terminated. There will also be suppression of illegal migration and illegal employment, as well as follow-up between officials under the MOU. The first follow-up meeting took place on June 28, 2003.

The MOU between Thailand and Cambodia was signed on May 31, 2003, with a duration of five years. It provides a governmental channel for sending and receiving migrant workers, guaranteeing their basic rights, while emphasizing that they must abide by local laws. Safety of workers is ensured, and the workers are entitled to send their income home. Employment contracts can be terminated for a variety of reasons, including poor health of the workers and HIV/AIDS.

The MOU between Thailand and Myanmar was signed on June 21, 2003. Like the other MOUs, it established a channel to manage migration and to exchange list(s) of potential migrant workers. The implementation of the MOUs, however, was not successful, especially in the case of Myanmar and national verification. More discussion of the national verification (NV) implementation is given in Section V.

MANAGEMENT OF LABOR IMMIGRATION

Government agencies involved

For the general management of migrant workers in Thailand, the OFWA under the Department of Employment is the main office taking care of migrant workers, as the secretariat of CIMWA.

OFWA has the following roles and responsibilities:

- Processing work permit applications of migrant workers who are currently working in the country or who wish to enter the country for work in both formal and informal sectors. It also assists employers in applications for migrant works.
- Processing cases related to illegal entry and illegal migrant workers who are currently working and residing in the country. By law, OFWA has no right to arrest an irregular migrant worker. It has to report the case to the Royal Thai Police.

- Managing migrant workers who are working in the country by coordinating with all relevant parties and agencies and following up on all cases related to their work and their employers.
- Disseminating all relevant and important information to all concerned parties about relevant policies, laws, systems, developments, and changes related to the registration system and work permit application. This also extends to educating migrant workers about their rights and privileges along with the relevant policies and laws that they have to follow and abide by.
- Working with other agencies and authorities in gathering relevant information about migrant workers residing and working in Thailand, including studying and analyzing employers' needs, labor market situations, migration trends, and other important statistics and data related to migrant workers.

However, OFWA is not responsible for the prevention or suppression of irregular migrant workers. The duty of prevention of cross-border migration is discharged to another subcommittee of CIMWA, particularly the National Security Council, while the suppression duty belongs to another subcommittee, particularly the Immigration Office.

On April 26, 2011, the cabinet approved the proposal of the Ministry of Labor to upgrade OFWA to a new department in the MOL (*The Nation*, April 27, 2011), but the proposal was not approved by the Public Sector Development Commission (<http://www.siamhrm.com/report..php?max=4402>; accessed May 14, 2011).

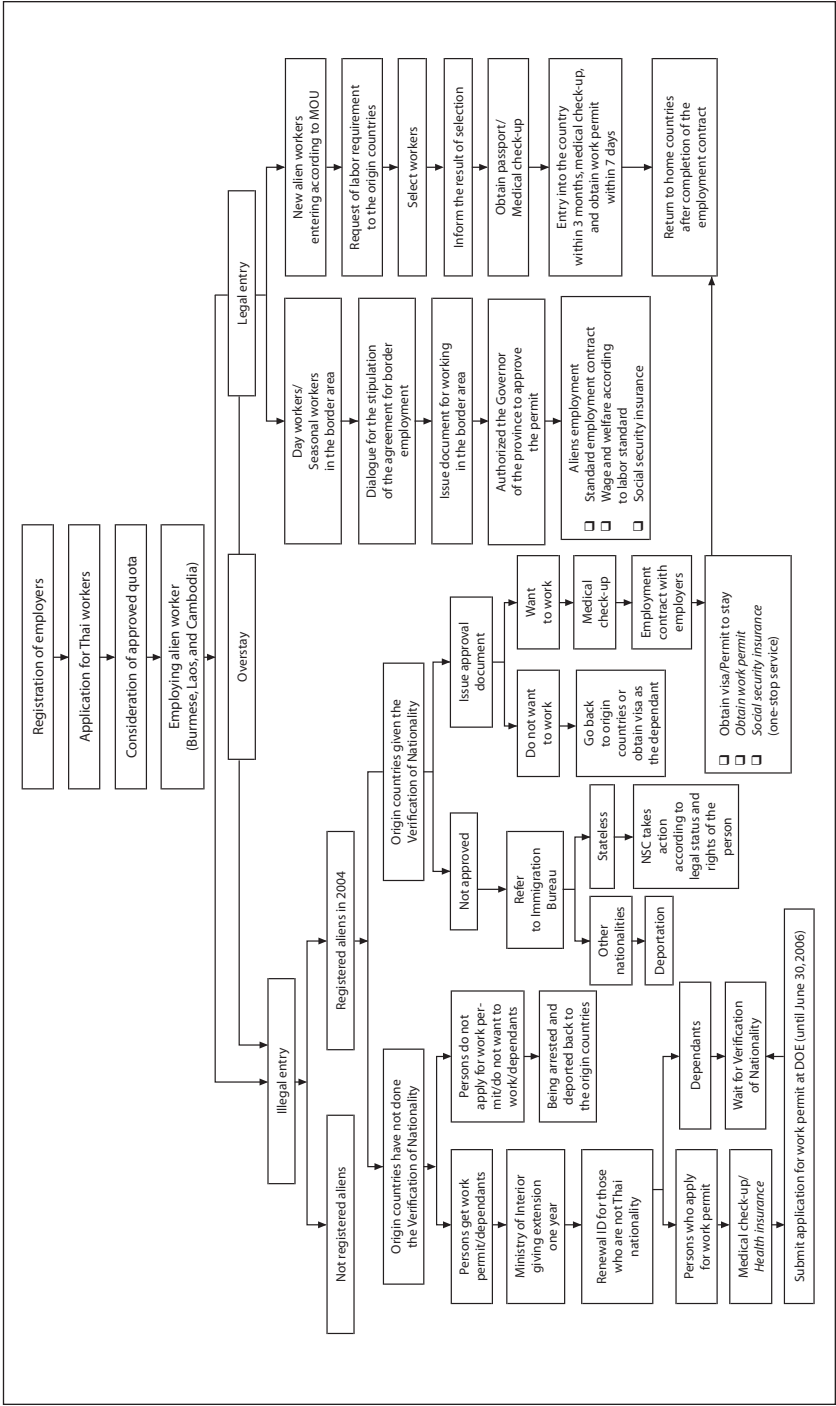
Regulating illegal migrant workers

Figure 1 depicts the process of regulating migrant workers from the CLM in Thailand in 2005. In the figure, migrant workers from CLM are classified into two major groups, the legal ones (day workers and MOU workers) and illegal ones (registered and unregistered).

From 1992 to 2002 there were seven registrations of undocumented migrant workers from CLM. The policy prior to 2003 for regulating irregular migrant workers was ad hoc and reactive, rather than systematic and proactive. In 2003 there was a move toward a less ad hoc approach with a new cabinet decision on August 19, 2003 and related announcement from the Ministry of Labor on September 16, 2003 to the effect that those who re-register would be permitted to work for another year until September 25, 2004, with the implication that this is a transition toward a new policy. This extension covered some 409,000 migrant workers, but some 12,000 persons working in factories were not covered. The re-registration only covered migrant workers from CLM.

In 2003, work/employment for migrant workers was only permitted in six sectors, i.e., general labor such as in transportation activity; labor in fisheries-

Figure 1. Overview of alien worker management in Thailand as of 2005 (adjusted from World Bank 2006)



related activities; labor in factories with some exceptions in relation to health; domestic service; labor in animal husbandry; and labor in relation to plantations. This coverage was applied for the whole country; there was no geographic limitation. The figures of those who had turned up to re-register in 2003 were 288,780 (September 2003) according to the MOL. The policy undertone was that after the extension of re-registration for one year under the 2003 cabinet decision, another approach would be tried. The new approach was to adopt a more “open door” policy to manage rather than reject migrant workers. It was worked out with the National Security Council, with the blessing of the Prime Minister, and was forwarded to the cabinet for approval at the end of 2003. The MOL proposed seven strategies to deal with the problems, namely, prevention or interception, suppression, repatriation, regulation, determination of employment standard, public relations, and monitoring the implementation of strategies. The cabinet approved the strategies in 2004.

Four key measures were proposed as part of the above strategies:

1. *Registration of employers.* This was, then, totally new for Thailand as the policies before that were targeted to registering workers rather than employers. Under this strategy, employers will have to provide details of the types and number of workers that they were employing and the manpower gaps to be filled.
2. *Openings for Thai workers.* Thai workers will be given the opportunity to apply for jobs responding to the manpower gaps identified by employers. The MOL will help advertise positions on this front, and the period open for job applications is 15 days.
3. *Permission to employ migrant workers.* Where there are not enough Thai applicants to fill the manpower gaps noted, the committee vested with the power to consider the employment of migrant workers will assess the situation and allow the relevant employers to employ migrant workers as appropriate. Employers are obliged to employ the latter within a year of receiving the permission.
4. *Employment of migrant workers.* Where an employer receives permission to employ migrant workers, other procedures, particularly linked with various MOUs concluded between Thailand and neighboring countries come into play. These include identification of the nationality of migrant workers (NV) and issuance of a document by the country of origin as evidence of the status of migrant worker(s) to facilitate issuance of a visa and a work permit by Thailand. Where the nationality of the persons cannot be identified, these cases could be cross-referred to the Ministry of Interior to verify whether they fall into the 18 groups of minorities (in Thailand) listed by authorities.

The approach was adopted by cabinet decisions of March 2, 2004 and April 27, 2004, covering migrant workers from CLM, with three key stages for the regularization of migrant worker status: registration of both migrant workers and their employers, medical test which migrant workers have to pass, and grant of work permit for one year.

The 2004 registration time (initially) expired on July 1, 2004 but was extended until November 15, 2004. It was not strictly enforced even at the beginning of 2005.

By the end of 2004, an estimated 1,284,000 migrant workers from CLM needed to come forward to register. Some 1,220,000 came forward to have their photographs and fingerprints taken for the purpose of registration, while some 160,000 did not.

The use of cabinet resolutions as the regulatory mechanism for CLM migrant workers had been based on the general belief that their employment would be temporary and that more substantial legislative changes were unnecessary (Chantavanich 2007). As this belief proved incorrect, in 2002/2003 the Thai government signed MOUs on Cooperation for the Employment of Workers with CLM that allow nationals of these countries to enter and work legally in Thailand as contract labor for up to two terms for a total of four years. The MOUs further aimed to regulate migrant workers already registered in the country by having their nationalities verified before the grant of stay and work permits. In addition to the MOUs, the government, taking note of high concentration of migrants along the border, authorized border provinces to negotiate cross-border agreements for employment of daily and seasonal laborers (IOM 2009).

The government remained lenient to those who received work permits and allowed another year of extension during 2005–2008. In addition to the yearly work permit renewal, the government also opened a new round of registration to allow unregistered migrant workers to obtain a temporary stay registration and a work permit, such as from a new round of registration in the Special Development Zone for Migrant Workers in the five southernmost provinces (Yala, Pattani, Narathiwat, Satun, and four districts in Song Khla) to solve severe labor shortages due to the unrest, and to keep industries in the area in business in 2007.

In 2009, the Royal Thai government (RTG) continued to regulate low-skilled migrant workers from Cambodia and Lao PDR and took new steps to start the process with the government of Myanmar. In addition to work permit renewal which allowed migrants to renew it for a year, the RTG announced in July 2009 the opening of a new registration round to allow unregistered migrant workers the opportunity to obtain a temporary stay registration (Tor/Ror 38/1) and a work permit. Work permits were renewed/issued until February 28, 2010 and migrants had to complete the NV process by this date. A valid work permit was

required to apply for NV and to get a temporary passport and visa. If migrants had successfully completed the NV by February 28, 2010, they were allowed to lawfully live and work in Thailand for up to four years. If they did not complete the NV by the end of February 2010, they were deported. NV for Cambodians and Laotians started in 2006, while for Myanmar nationals it only started in July 2009 (IOM 2009).

On January 19, 2010,⁹ the cabinet approved a resolution to extend the national verification deadline and to extend for two more years the work permits of CLM migrant workers whose work permit would expire on January 20, 2010 and February 28, 2010. Other major developments in immigration policy include the enrollment of migrant workers in the social security system, the idea of repatriating pregnant migrants, and the collection for the repatriation fund.

The collection for the repatriation fund was very provocative. The government announced the collection of the repatriation fee of 2,100–2,400 baht per worker to be effective as of December 27, 2010, with the first installment of the fee due on January 15, 2011. There were protests from a few employers which resulted in the postponement of the collection until March 1, 2012.

According to a senior MOL official, the RTG planned to take a tough measure to repatriate CLM migrant workers if they did not show up for NV. “This is enough now. If migrants still refuse to comply with government rules, then we must send them home” (Hall 2011). The source referred to a February 28, 2010 deadline for 1.3 million migrants to enter national verification. The same official said on June 26 that “preparations are now under way to set up a committee to suppress alien workers which will be completed by the end of 2010 so new workers can be brought in legally from neighboring countries to replace illegal aliens” (*Ibid.*). In this connection, the RTG issued an order in June 2010 to set up a committee to arrest and deport migrants who had missed the NV deadline. With the Mae Sot-Myawaddy official deportation route closed, law enforcement officials had nowhere to send Burmese workers, so they either demanded money for their release or handed them to traffickers or people smugglers during deportation. Workers were thus returned to Thailand. In mid-September 2010, after months of debate, the BOI relaxed rules for companies receiving government incentives to employ migrants, citing massive low-skilled labor shortages and despite an ongoing crackdown.¹⁰ Stringent conditions were attached to revocation of the rule for

⁹ The recap of situation in 2010 and 2011 was mainly excerpted from Hall (2011).

¹⁰ With a condition that the company must have invested in Thailand for a period of not less than 10 years.

BOI companies to employ only Thais. At the end of the same month, the MOL changed positions on migrant policy in the midst of the crackdown. The ministry stated publicly it was considering reopening migrant registration in the face of massive low-skilled labor shortages. In the meantime, officials still apparently were trying to work out how to ensure effective deportation of undocumented workers and rapid import of legal workers to replace them in one seamless process.

In October, the government issued a fourth migrant crackdown order and created yet another committee. This was likely a response to petitions to the visiting United Nations Secretary-General about deportation and trafficking links in Ranong. The Prime Minister said the Ranong issue would be investigated and stopped. Reports suggest nothing has changed there.

In January 2011, the MOL officials went to Burma. Burma's delegation raised concerns on exploitation of Burmese workers in Thailand which were "unfortunately being reported too often in the media". They also apparently suggested a new registration was better than a crackdown, agreed to increase NV centers in Thailand, and requested the RTG to reduce the NV fee from 600 baht.

In March, the MOL confirmed plans to import migrants from Bangladesh and Indonesia to replace undocumented migrants who would be deported in the ongoing crackdown. With only around 30,000 workers imported legally over eight years from neighboring countries (only around 1,500 from Burma), labor shortages were threatening Thailand's national and economic security. Most migration observers laughed off the prospect of employers shelling out hefty airfares to bring such workers in and coping with the cultural difference they would encounter with less passive workers. The importation of workers from Bangladesh and Indonesia could likely be just a media tactic intended to push Burma on the import issue.

A new migrant registration in April 2011 was recommended for approval to the cabinet by CIMWA. Meanwhile, an unregistered migrant worker crackdown continues, NV is ongoing, and plans for the fresh import for workers from Indonesia and Bangladesh remain in place. In 2011, there was another round of registration to extend the work permit of those whose permit would expire on January 20, 2011 and February 28, 2011.¹¹ The extension will last two more years.

Problems and obstacles in implementation

Thailand has constantly used the registration of migrant workers as a tool to

¹¹ The registration was held between July 15 and August 14, 2011.

enable them to work legally. From the first registration in 1996 to the most recent one in 2010, the process repeatedly covers the registration of migrant workers by employers, health examination, the photo ID card and finger print procedures, and the issuance of a work permit. In each registration, the government announced the policy through cabinet resolutions. The process required concerted effort from various government offices.

Registration system

Despite more than a decade of experience, the registration system has pitfalls and obstacles as follows:

- i) *Registration fees.* As of 2009, in order to register, the employer had to pay fees of 3,780 baht, including 80 baht for a photograph and documents for registration (Tor Ror 38/1), 600 baht for medical check-up, 1,300 baht for medical insurance, 100 baht for the application for a work permit, and 1,800 baht for a one-year work permit. This does not include other costs such as transportation and the opportunity cost of time to go through the tedious process. Many employers were not willing to pay because they found the fees to be expensive and registration a waste of time, although they deducted monthly installments from their employees (ARCM 2002).
- ii) *Awareness of registration.* In the past, awareness of the registration system was low. At present, this problem ceases partly due to the availability and wide use of mobile phones among migrant workers. Migrant workers can learn from their peers through mobile phone.
- iii) *Discontinuity of the measures in the registration policy.* From registration in 1992–2009, the government policy on registration continued in different measures.
- iv) *Inadequate capacity of government officials.* In 2006, about 500,000 migrant workers from CLM illegally crossed the border to Thailand, and the number increased to 1.31 million migrant workers in 2009. The figures suggest that the trend of irregular migrant workers is rising every year and there are more requirements for registration staff.
- v) *Tedious process of registration.* Employers or workers have to spend a lot of time to go to different places for registration. They have to go to the Employment Services Office, the local administration office, the hospitals for check-up, the hospital again to get the medical examination certificate, and back to Employment Services to submit the result of physical examination and again to finally get a work permit.
- vi) *Corruption among government officials.* Some employers who hire illegal migrant workers have been ignored by government officials because of bribery.

- vii) *Ineffective mandates of registration.* For every registration, there has always been a mandate of registration time, duration of work permits, repatriation warning, etc. These mandates have been ineffective due to the fact that there have been registrations over and over and the mandates have never been successfully implemented.

MOU

The process of MOU is also facing some implementation problems. The system requires consultations at the senior official and/or ministerial level. Temporary employment of workers is conducted through the permission of authorized agencies of the respective countries. The MOU states terms and conditions, such as the employment of worker shall not exceed two years, which may be extended for another two years. A worker who has completed a four-year contract must take a three-year break before the next round of application can take place. According to the MOU, the employing country shall set up and manage a savings fund, that every MOU worker makes 15 percent of his or her monthly wage contribution. This individual savings plus interest earned will be given back to the workers within 45 days after the end of their employment. In addition, both governments are responsible for ensuring the return of workers to their permanent address at the end of employment.

In addition, the entry of alien workers under the MOU entails a relatively high cost. For example, agency and management fees in Laos are about 10,000 baht. Additional expenses when they arrive in Thailand reach about 5,000 baht—1,800 baht a year for work permit, 100 baht for an application fee, 600 baht for medical check-up, and transportation costs from the borders to the workplace. Although it is required that prospective employers assume all expenses, all the expenses are forwarded to the migrant who will pay in installment.

Of the MOUs, the most difficult to implement is that between Thailand and Myanmar due to the precarious political situation in the latter country. There is also the fact that since there is an ongoing struggle between various minorities and the Myanmar authorities, it is improbable that migrant workers from minority communities will come forward to be managed by a regime with which they disagree. Collection of fees under all three MOUs also needs to be realistic, and bureaucratic red tape needs to be minimized. If the fees are too hefty and if there is too much red tape, they may drive potential applicants underground and again fuel illicit channels of migration.

Up to December 2009, the number of workers from Lao PDR and Cambodia brought into Thailand under MOUs reached 27,187 migrant workers (11,957 from Lao PDR and 15,230 from Cambodia). And since 2006 until December 3, 2009, a total of 121,203 migrant workers had their nationality verified. Of these,

58,430 were Laotians and 59,238 Cambodians. Only 3,535 Myanmar nationals successfully completed the process,¹² and only 0.4 percent of them got approval for nationality verification. The important causes of the limited progress were from rumors among migrants and employers concerning i) unofficial tax collected from the relatives of migrants in the origin community; and ii) the possibility of the migrants being arrested by the Myanmar government. To get rid of such rumors, Thai and Myanmar governments launched various campaigns to eradicate these rumors (Holumyong and Punpuing 2010).

Like the registration system, the effectiveness of MOUs is also questionable. Obstacles remain in implementing these bilateral agreements, including:

- i) *High recruitment expense and fees.* Under the MOU, a migrant has to pay about 10,000 baht for agency and management fees in Lao PDR. Additional expenses when they arrive in Thailand reach about 5,000 baht—1,800 baht a year for work permit, 100 baht for an application fee, 600 baht for a medical check-up, and transportation costs from the borders to the workplace. Although it is required that prospective employers assume all expenses, all the expenses are forwarded to the migrant who will pay back in installment. The wide disparity between the recruitment expenses incurred under the MOU and the informal channel could be a major factor temping prospective migrants to illegally travel to Thailand for employment.
- ii) *Long and complex procedure in processing/obtaining documents within and between the receiving and the sending country, especially identity verification, passport, and other documents.* The whole recruitment process in Laos normally takes three months or in the worst case over six months before the migrants can travel to the destination country. The duration may be less or longer than three months depending on the search process duration in Lao PDR and the processing duration in Thailand. The complexity in processing of documents and unavailable support services at the provincial level have greatly contributed to high cost of recruitment (Vasuprasat 2007).
- iii) *Lack of experience among agencies.* Lack of experience in the recruitment process among agencies of origin country causes disputes between migrants and their employers and recruitment agencies. The dispute has arisen from being misinformed about actual working conditions (especially agreed wage, working hours, and facilities) and the recruitment processing duration.
- iv) *Inadequate capacity of government administration to provide support to both the host and the origin country.* The complexity of the recruitment

¹² The process of national verification for Myanmar nationals only started on July 15, 2009 (IOM 2009).

process and the absence of a standard of documentation disrupt employers. Moreover, the lack of main government agencies in sending countries to take care of MOUs delays coordination between agencies.

- v) *Agencies in the origin country do not have networks in villages.* Agencies do not have their network presence in the local areas to identify and screen the prospective workers from the villages. Rather, they depend on local authorities to assist in searching for the prospective migrants, who may not necessarily be the right candidates for the job (Vasuprasat 2007).
- vi) *Restrictive regulations in the labor-sending countries.* Lao PDR prohibits the recruitment of migrants to work as domestic helpers and employment abroad has to be processed through local agencies (Vasuprasat 2007). In Cambodia, a passport is issued to migrants aged not more than 35 years although they already work in Thailand.
- vii) *Returning prematurely.* Not all migrant workers under MOUs are successful. There were a number of migrant workers who had ended their work contracts and returned to origin countries prematurely. Three percent of Lao migrant workers under MOUs ran away and returned home compared with the rate of Cambodia migrant workers of 30–50 percent. The dispute is due to being misinformed about the actual working conditions.
- viii) *Limitation of migrant workers.* Most of Laos's migrant workers are farm laborers and have no experience in working in the factory environment. Hence, they find it difficult to adjust to the new work environment.

Moreover, as put by Hall (2011), "...the management systems creating all this are clearly not working. Thailand remains without a long-term migration policy that integrates human, national and economic security". CIMWA, an umbrella of 22 agencies, really does not work. It has very little budget and is a smokescreen for decisions clearly made elsewhere. It is put forward as the face of migration management in Thailand but everyone knows it is clearly not the brains behind it all.

On April 26, 2011, with a view to improving the policy implementation, the cabinet approved five measures to tackle the problems of illegal migrant workers from CLM submitted by the MOL. The measures are:

i) *Registration.* Reopening of registration for those who missed the February 2010 deadline. Under new guidelines, the registration includes immigrant workers' children under 15. The registered migrants and their children can stay temporarily in Thailand for one year while waiting for repatriation. Those due for repatriation are allowed to work temporarily in Thailand under a case-by-case permission.

ii) *Prevention and suppression.* The measure will be strengthened with serious and continued enforcement both before and after the new registration, and for both illegal migrants and unlawful employers of illegal migrants.

iii) *Encouragement of importing workers legally.* Under the cabinet resolution of December 20, 2005, legally importing workers from CLM is encouraged and will be expedited.

vi) *Measure to restructure CIMWA.* The major restructure is to add CIMWA subcommittees at the central and provincial levels.

vi) *Upgrading the CIMWA secretariat.* The secretariat will be upgraded to a department status¹³ (*The Nation*, May 27, 2011).

The management of CLM migrants has also been criticized to be poor. With a cycle of exploitation, corruption, and unrealistic targets for migrant deportation and import and protection for around 2–3 million migrants, assistance to good employers as well as the national, economic, and human security of Thailand and its people are undermined. The situation has been the same since the 1980s, with the exception now of increased focus on NV and imports. The re-opening of registration for up to one million CLM migrants is commendable. But the migration management systems are clearly not working. Thailand remains without a long-term migration policy that integrates human, national, and economic security. The re-opening of migrant registration in 2011 proves that the government's previous migration management strategies have dramatically failed (Hall 2011).

CONCLUDING REMARKS AND RECOMMENDATIONS

Since the mid-1980s, the country has received millions of migrant workers from Burma, Lao PDR, Viet Nam, Cambodia, and other countries. Immigration has also become an issue for policy debate, in particular, the pros and cons of migrant workers with implications on labor policies and implementation. The Thai government has been trying to cope with the problems both from the supply and demand sides, and from many dimensions and principles such as national security, human rights, social protection, etc. This is evident in policies and actions to regulate irregular migrant workers such as a series of registrations, MOUs with sending countries, and the amendment of the Alien Employment Act (1978) with the Migrant Workers Employment Act (2008). Yet, the problem of labor immigration is a complicated one that cannot be solved by one solution, one dimension, or one side by the Thai government alone. Although there is regional cooperation such as the ASEAN Community Blueprint which is aimed at free movement of skilled workers by 2015, it does not seem to be able to solve the problem of the movement of low-skilled workers.

In conclusion, Thailand's migration policy is inconsistent but pro-employer. There have been endless rounds of registrations that do not promote a good climate for regularization of migrant workers and do not let the MOU or levy system work.

¹³ This measure was not realized.

There have been no effective preventive and/or suppressive measures or other supporting measures to discourage dependency on migrant workers. In addition, the regulation of labor protection law on migrant workers is questionable.

To mitigate the problems of labor immigration management, the following are recommended:

- 1) long-run and consistent foreign labor policy and measures;
- 2) strong leadership and effective secretariat for CIMWA;
- 3) adequate financing for the management of foreign workers;
- 4) more effective enforcement of related laws;
- 5) punishment for perpetrators and elimination of trafficking of foreign workers; and
- 6) an international policy for low-skilled workers in ASEAN.

REFERENCES

- Archavanitku, K. and K. Vajanasara. 2009. *Employment of migrant workers under the Working of Aliens Act 2008 and the List of Occupations Allowed to Foreigners*. Nakhon Pathom: The Institute for Population and Social Research, Mahidol University.
- Asian Research Center for Migration (ARCM). 2006. *Labor migration in the Greater Mekong subregion: Thailand policies towards migrant workers from Myanmar*. Bangkok: ARCM.
- . 2002. *Thailand: Improving migration policy management with special focus on irregular labour migration: construction sector*. Bangkok: ARCM.
- Athukorala, P., C. Manning, and P. Wickramsekara. 2000. *Growth, employment, and migration in Southeast Asia: Structural change in the Greater Mekong countries*. Massachusetts: Edward Elgar.
- Bryant, J. and P. Rukumnuaykit. 2007. *Labour migration in the Greater Mekong subregion: Does immigration to Thailand reduce the wages of Thai workers?* Bangkok: The World Bank.
- Chalamwong, Y. 2008. Demographic change and international labor mobility in Thailand. Draft paper presented at the PECC-ABAC Conference on Demographic Change and International Labor Mobility in the Asia-Pacific Region: Implications for Business and Cooperation, May 25–26, Seoul.
- . 2007. Costs and benefits of migrant workers in Thailand. In *Awareness on the labour protection of migrant workers*. International Organization for Migration (IOM) in collaboration with Asian Research Center for Migration (ARCM). Bangkok: IOM.

- Chantavanich, S. 2007. Factor affecting Thailand immigration policies during 1992–2004. Paper presented at the Conference on International Migration, Multi-local Livelihoods and Human Security: Perspectives from Europe, Asia and Africa, August 29–30, Institute of Social Studies, The Hague.
- . 2000. *Cross-border migration and HIV/AIDS vulnerability at the Thai-Cambodia border Aranyaprathet and Khlong Yai*. Bangkok: Asian Research Center for Migration and Institute of Asian Studies.
- Hall, A. 2011. A positive U-turn, but still no real long-term solution. *Bangkok Post*. <http://bangkokpost.newspaperdirect.com/epaper/viewer.aspx> (accessed January 5, 2011).
- Holomyong, C. and S. Punpuing. 2010. Thailand’s regulatory, institutional, and governance system for managing foreign workers: A perspective on a cost-benefit of the migration status of migrants. Paper presented at the IPS and World Bank Labor Mobility and Development Conference, June 1–2, Singapore.
- Huguet, J.W. 2008. *Do international migration policies in Thailand achieve their objectives?* Bangkok: Regional Office for Asia and the Pacific.
- . 2007. Thailand’s policy approach to irregular migration. Paper presented at the Joint Conference on Managing Labour Migration in East Asia: Policies and Outcomes, May 16–18, Singapore.
- and S. Punpuing. 2005. *International migration in Thailand*. Bangkok: International Organization for Migration.
- International Organization for Migration (IOM). 2009. *Migration Information Note* Issue 3 (November). Bangkok: IOM.
- . 2008. *Migration News* January–March. Bangkok: IOM.
- Khine, N.K. 2007. Migration as a development strategy: A case study of remittances flows from Thailand to Mawlamyine, Mon State, Myanmar. M.A. Thesis, Chulalongkorn University.
- Lathapipat, D. 2010. *The absorption of immigrants and its effects on the Thai wage structure*. Bangkok: Thailand Development Research Institute.
- Marshall, P. 2001. Globalization, migration and trafficking: Some thoughts from the Southeast Asian Region. Paper presented at the Globalization Workshop, May 8–10, Kuala Lumpur, Malaysia.
- Martin, P. 2007. *The economic contribution of migrant workers to Thailand: Towards policy development*. Bangkok: International Labour Organization Subregional Office for East Asia.
- . 2004. *Thailand: Improving the management of migrant workers*. Bangkok: International Labour Organization.

- Ministry of Labour. 2010. *Labour situation*, 3rd Quarter 2010. Bangkok (in Thai).
- Muntarbhorn, V. 2005. The Mekong challenge employment and protection of migrant workers in Thailand: National laws/practices versus international labour standards. Bangkok: International Labour Organization.
- National Economic and Social Development Board (NESDB), National Security Council (NSC), and Khonkaen University. 2004. Draft Plan for the Management of Foreign Migrant Workers. Bangkok (in Thai).
- Office of Migrant Workers Administration (OFWA). 2010. Annual report on foreigners who are permitted to work in the Kingdom, 2009. Department of Employment, Ministry of Labour, Bangkok (in Thai).
- Paitoonpong, S. 2011. *Policies on illegal migrant workers*. Bangkok: Matichon (in Thai).
- . 2006. Thailand's cross-border trade in the GMS: Some issues never solved. *TDRI Quarterly* 21(1):11–19.
- , Y. Chalamwong, T. Intarachote, C. Sukaruj, and M. Chakrasirionont. 2007. A guideline for setting foreign worker levy rates. Bangkok: Office of Migrant Workers Administration, Ministry of Labour (in Thai).
- , Y. Chalamwong, C. Sukaruj, and A. Piamkulawanich. 2008. Economic costs and benefits of cross-border labor migration in the GMS. Bangkok: Development Analysis Network.
- Peace way Foundation. 2010. *Annual report of project development on the quality of life of migrant workers and stateless persons*. Bangkok: Peace way Foundation (in Thai).
- Pearson, E., S. Punpuing, A. Jampaklay, S. Kittisuksathit, and A. Prohmomo. 2006. Underpaid, overworked, and overlooked: The realities of young migrant workers in Thailand. Bangkok: International Labour Organization.
- Pholphirul, P., P. Rukumnuaykit, and J. Kamlai. 2010. Do immigrants improve Thailand's competitiveness? Report submitted to the World Bank under the Project entitled Managing Cross-Border Labor Mobility in East Asia and the Pacific.
- Sciortino, R. and S. Punpuing. 2009. *International migration in Thailand 2009*. Bangkok: International Organization for Migration.
- Slipper, L. 2011. Migrant workers on the border: The current situation of Burmese migrant workers in Mae Sot. http://www.burmaissues.org/index.php?option=com_content&view=article (accessed March 2011).
- Sussangkarn, C. 1996. Macroeconomic impacts of migrant workers: Analyses with a CGE model. *TDRI Quarterly Review* 11(3):3–11.
- Thailand Development Research Institute (TDRI). 2007. Reviewing the poverty impact of regional economic integration in the Greater Mekong

- Subregion. Final Country Report submitted to the Asian Development Bank. Bangkok: TDRI.
- . 2002. Thailand: improving migration policy management with special focus on irregular labour migration – agriculture sector. Unpublished paper prepared for IOM/ILO project.
- United States Agency for International Development (USAID). 2003. HIV/AIDS in the Mekong Region: Cambodia, Lao PDR, Thailand, and Viet Nam. Policy Project for Bureau for Asia and the Near East. Washington, D.C.: USAID.
- Vasuprasat, P. 2009. Policies towards the social inclusion and protection of all migrant workers in Thailand. Paper presented at the National Conference on Labour Migration, June 17, Bangkok, Thailand.
- . 2007. Interstate cooperation on labour migration: Lesson learned from MOUs between Thailand and neighboring countries. Paper presented at the Regional Workshop on Managing Labour Migration in East Asia: Policies and Outcomes, May 15–18, Singapore.
- World Vision Foundation of Thailand (WVFT). 2004. Research report on Migration and deception of migrant workers in Thailand, in collaboration with Asian Research Center of Migration. Bangkok: WVFT

GUIDELINES IN THE PREPARATION OF ARTICLES

Articles on economic development, business, political dynamics, public administration, foreign relations and other related subjects, which are policy-oriented and may or may not explicitly have a bearing on the Philippines, will be considered for publication in the *Journal*.

All contributions are refereed for quality and relevance based on the Institute's publication guidelines. Time normally allowed for the review process is two months. All submitted articles must be original and unpublished. Papers that are simultaneously being considered in other journals may not be accepted. Such simultaneous consideration must therefore be brought to the attention of the editorial staff.

Manuscripts must be typed double-space and should be accompanied by an abstract of not more than 500 words. The full text of the manuscript should not exceed 8,000 words.

Book reviews are also accepted. The theme or topic of the book should fall within the scope of the articles accepted for publication in the *Journal*. Book reviews must also be typed double-space and should not exceed 1,500 words. The electronic file of the manuscript must also be submitted.

Spelling and mathematical notation

1. American rather than British spelling is preferred. Webster's International Dictionary is the standard reference for spelling.
2. Mathematics should be avoided but where unavoidable, addition, subtraction, multiplication, and division of factors should be written on a single line; thus, for example:
 $a + b = c$; $dy/dx = B$; $[(a - b)(c + d)]/(m + n) = r$.

References in text

3. The author-date format without comma in between is used for reference citations in text (e.g., Krugman 1993). Only references cited in the text, tables or figures should appear under "References."
4. If two or more references by the same author(s) from the same year are cited, these should be listed as ...a, ...b, and so on; for example, 2000a, 2000b.
5. For multiple author books, the names of the second, third and succeeding authors are designated as "et al." in text. However, in the reference list, all the names of the authors should be given.
6. Semicolon is used to separate different authors; for example, (Santos 1978, 1979; Bell 1982, 1984; Alcantara 1993). Chronology has precedence over alphabet.

Reference list

7. All references should be arranged in alphabetical order according to author's (family) name, or, where there is no identifiable author, by the name of the sponsoring body or organization. Place the first and middle initials—with period without space in between—after the family name. For two or more authors, after the senior author's name, give the names of the other authors by writing first the initials followed by the family name.
8. For successive references by the same author or author team, use a 3-em dash in place of the author's name. List them in chronological order, according to year of publication.
9. Do not use a 3-em dash when the co-author(s) in the succeeding references is (are) different. Repeat the name(s) then arrange the references in alphabetical order.
10. Book and journal titles should be italicized; title of journal articles, conference/workshop paper, working paper, or document should be neither italicized nor set in quotation marks or single inverted commas. Only the initial word and proper nouns in the titles of books, journals, articles, and papers should be in upper cases.
11. Electronic sources (databases, online journals, web sites or pages, newsgroups, web or e-mail-based discussion groups, and web or e-mail-based newsletters) used as references should also be listed. The preferred format is given below:

Online document

Author, A. 2000. Title of work. <http://sourcepath> (access date).

Online periodical

Author, A. B. Author and C. Author. 2000. Title of article. Title of periodical xx(xx):xx-xx. <http://sourcepath> (access date).

Five complimentary copies of the *Journal* and 24 offprint copies of the paper are given to each author whose paper is included in the issue. Where there is more than one author, copies will be divided equally among them. For additional copies, the author(s) may place orders at discounted rates with the editorial staff.

Contributions sent via e-mail are also accepted. First, the abstract may be submitted to the Managing Editor (SSiar@mail.pids.gov.ph). On notification by the Managing Editor that the abstract looks promising, the contributor may forward the full text via email to the Managing Editor.

All manuscripts may be handcarried or mailed to the following address: The Managing Editor, Philippine Journal of Development, Philippine Institute for Development Studies, Fifth Floor East Wing, NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, 1229 Makati City, Philippines. For e-mail submissions or inquiries, please address them to the Managing Editor at SSiar@mail.pids.gov.ph or to the Editorial Staff at publications@pids.gov.ph.

(Please photocopy for your use)

SUBSCRIPTION FORM
PHILIPPINE JOURNAL OF DEVELOPMENT

Local: P900/year; Foreign: US\$60 (including mailing and handling cost)

Name: _____

Address: _____

ZIP _____

Payment must accompany order.
Please make all checks payable to
Philippine Institute for Development Studies
Remittances for foreign orders must be in US funds

Please send this form to:
The Research Information Staff
Philippine Institute for Development Studies
Fifth Floor, NEDA sa Makati Building, 106 Amorsolo Street,
Legaspi Village, 1229 Makati City, Philippines
Telefax: +632 8942584
E-mail address: publications@pids.gov.ph
URL: <http://www.pids.gov.ph/>

SUBSCRIPTION FORM
PHILIPPINE JOURNAL OF DEVELOPMENT

Local: P900/year; Foreign: US\$60 (including mailing and handling cost)

Name: _____

Address: _____

ZIP _____

Payment must accompany order.
Please make all checks payable to
Philippine Institute for Development Studies
Remittances for foreign orders must be in US funds

Please send this form to:
The Research Information Staff
Philippine Institute for Development Studies
Fifth Floor, NEDA sa Makati Building, 106 Amorsolo Street,
Legaspi Village, 1229 Makati City, Philippines
Telefax: +632 8942584
E-mail address: publications@pids.gov.ph
URL: <http://www.pids.gov.ph/>

PHILIPPINE JOURNAL OF DEVELOPMENT

Number Sixty-Nine

Second Semester 2013

Volume XXXVII, No. 2

ARTICLES

Investigating the Presence
of Regional Economic Growth Convergence
in the Philippines using Kalman Filter

Dennis S. Mapa,
Monica Florida B. Sandoval,
and David Joseph
Emmanuel B. Yap II

Do FDI Inflows Have Positive
Spillover Effects? The Case of the Philippine
Manufacturing Industry

Rafaelita M. Aldaba
and Fernando T. Aldaba

A New Model for Constructing Poverty Lines

Nanak Kakwani

Profiling Poverty with Multivariate
Adaptive Regression Splines

Christian D. Mina
and Erniel B. Barrios

Estimating Total Factor Productivity Growth
from the Input-Output Table: an Illustration
in the Poultry Sector of the Philippines

U-Primo E. Rodriguez,
Liborio S. Cabanilla,
and Antonio Jesus A. Quilloy