



**FREE FLOW, MANAGED MOVEMENT:  
LABOUR MOBILITY POLICIES IN  
ASEAN AND THE EU**

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## **Free Flow, Managed Movement**

### **Labour mobility policies in ASEAN and the EU**

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#### **Abstract**

*Europe has been at the forefront of labour mobility since 1957, when it enshrined the principle of free movement of workers in the treaty that created the European Economic Community. Over the years, the region worked to expand the rights of its mobile workers, mandating equal treatment and non-discrimination on the basis of citizenship. The concept of the "European Union citizen" was introduced in 1992, and by 2007, the free movement of labour in the region had become a fundamental right.*

*Fifty-eight years after Europe started its intraregional labour mobility effort, the Association of Southeast Asian Nations (ASEAN) is set to follow suit. Under the framework of the ASEAN Economic Community – an ambitious plan to create a common market for the 10 member states by the end of the year – ASEAN promotes 'free' flow of skilled labour within the region. ASEAN's approach to labour mobility, however, differs sharply from the EU's policies.*

*This paper explores the two regions' frameworks of intraregional movement of labour, looking into similarities and differences as well as the principles that led to the formulation of such approaches.*

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<sup>1</sup> The author was a visiting fellow of the European Institute for Asian Studies when the paper was written. It reflects the author's views and not those of the European Institute for Asian Studies.

## Introduction

For over half a century, Europe has been at the forefront of promoting intraregional labour mobility. Unrestricted flow of workers within the region is one of the foundations on which the European integration process is being built since 1957, when the treaty that established the European Economic Community was signed in Rome.<sup>2</sup>

Over the years, the European community went on to grant more rights to mobile workers in the region, mandating equal treatment and non-discrimination on the basis of citizenship in 1968, and then expanding the scope to include the self-employed, paid apprentices and seasonal workers throughout the 1970s. When the concept of the “citizen of the European Union” was introduced in 1992 through the Maastricht Treaty, nationals of EU member states were granted the right to freely move and reside in any territory of an EU country, further strengthening the principle of unfettered intraregional labour flows.<sup>3</sup>

By the time the Lisbon Treaty – which combined the treaties of Rome and Maastricht – was signed in 2007, the unrestricted flow of workers within the regional bloc had taken on the status of fundamental right, particularly among countries that acceded in 2004, during the biggest enlargement that the union has ever seen.<sup>4</sup>

Fifty-eight years after Europe made intraregional movement of workers a policy area, the Association of Southeast Asian Nations (ASEAN) is set to follow suit. The Southeast Asian bloc announced in 2004 that it was going to push for free movement of labour under the auspices of the ASEAN Economic Community (AEC) – an ambitious plan to create a common market by 2015. The model it has presented for the promotion of intraregional movement of labour is vastly different from the European Union’s approach.

What the AEC sets out to do for the mobility of workers in the region by the end of the year is to manage the movement of skilled labour.<sup>5</sup> The AEC’s goal is not to remove the barriers to labour mobility – to liberalise movement of workers, so to speak – but to establish a more systematic way of ensuring the intra-regional flow of professionals in certain sectors.

This paper explores the two regions’ approaches to intra-regional movement of labour—the EU’s open gates framework against the ASEAN’s exclusive and selected model – looking into similarities and differences, as well as the underlying principles that have led to the formulation of such approaches.

A discussion on the reasons people move from their home countries to work in another country within their region, as well as the gains made from allowing movement of labour, is followed by a section on obstacles that hinder labour mobility in general. The second part tackles the AEC’s model of labour mobility, then the EU’s approach to free flow of migrant

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<sup>2</sup> Cremers, J. (2012). Free movement of workers and rights that can be derived. In *Online Journal on Free Movement of Workers within the European Union* (4), (26). Luxembourg: Publications Office of the European Union

<sup>3</sup> Barslund M. & Busse M. (2014). *Making the Most of EU Labour Mobility: A report of the CEPS Task Force*. Brussels: Centre for European Policy Studies.

<sup>4</sup> Galoczi, B, Leschke, J & Watt, A. (2009). *Intra-EU labour migration: flows, effects and policy responses*. Working Paper 2009.03. Brussels: European Trade Union Institute.

<sup>5</sup> ASEAN Secretariat (2008). *ASEAN Economic Community Blueprint*. Jakarta: ASEAN Secretariat.

workers. The paper concludes by discussing points of convergence and divergence between the two approaches.

## **Why move?**

Labour mobility, or the ability or willingness of workers to move to different geographical locations, has many benefits that have been extensively discussed.

On the personal level, workers see gains in moving if they can get higher wages in one location than in another.<sup>6</sup> The motivation to move to another country to earn more is particularly strong among workers of countries that have high levels of unemployment and poverty.<sup>7</sup>

The World Bank notes that wage levels in high-income countries, when adjusted for purchasing power, are around five times those in low-income countries for similar occupations. This provides a huge incentive to emigrate, especially when one considers that when migrants send a portion of their salaries back to their home countries, the amount can cover more goods and services than in the host country.<sup>8</sup>

Wickramasekara enumerates three other reasons that workers would want to move to a country they are not nationals of for employment purposes:<sup>9</sup>

- Getting lured by friends, relatives and social networks into destinations that the latter are already in, where they can serve as a support group to the newcomer;
- A sense of adventure or curiosity about countries that require labour; and
- The desire to flee from persecution and armed conflict.

The gains from labour mobility also extend to host economies. Chia notes that the inflow of migrant workers allows host countries to encourage foreign investment, address labour shortages, and fulfill commitments under the World Trade Organization and other trade accords.<sup>10</sup>

Migrant flows also raise the salaries of citizens of a high-income country, according to the World Bank, which ran simulations that show that a three per cent rise in the labour pool of a high income country could raise the incomes of locals by 0.4 per cent.<sup>11</sup>

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<sup>6</sup> Pritchett, L. (2006). *Let Their People Come: Breaking the Gridlock on International Labor Mobility*. Center for Global Development: Baltimore, p.2

<sup>7</sup> Wickramasekara, P. (2000). Asian Labour Migration: Issues and Challenges in an Era of Globalization. In: *Report and Conclusions: ILO Asia-Pacific Regional Symposium for Trade Union Organizations on Migrant Workers*, 6-8, December 1999, Kuala Lumpur, Malaysia, ILO. Bangkok, International Labour Office: Bureau of Workers Activities.

<sup>8</sup> World Bank (2006). *Global Economic Prospects: Economic Implications of Remittances and Migration 2006*. Washington DC : The International Bank for Reconstruction and Development/ World Bank

<sup>9</sup> Wickramasekara, P. (2000). Asian Labour Migration: Issues and Challenges in an Era of Globalization

<sup>10</sup> Chia, S Y (2014). Towards Freer Movement of Skilled Labour in AEC 2015 and Beyond. *Economic Research Institute for ASEAN and East Asia Policy Brief (2014-02)*.

<sup>11</sup> World Bank (2006). *Global Economic Prospects: Economic Implications of Remittances and Migration 2006*.

"In addition, high-income countries may benefit from increased labor-market flexibility, an increased labor force due to lower prices for services such as child care, and perhaps economies of scale and increased diversity," it adds.<sup>12</sup>

Various studies also point out that remittances sent by overseas workers to their home countries are a windfall to their countries of origin. The World Bank notes that remittances help to reduce the incidence and severity of poverty in home countries; directly increase the income of the recipients; and can help prevent disruptions in household consumption in cases of adverse events, such as crop failure or a health crisis.<sup>13</sup>

Remittances also allow a family to diversify its income sources, increase savings and source investments in education, entrepreneurship and health, "all of which have a high social return in most circumstances", the World Bank further notes.<sup>14</sup>

Free movement of workers also increases efficiency gains in the global economy. Clemens shows calculations that indicate that removing barriers to labour mobility can raise efficiency gains in the global economy by 67-122 per cent – and trillions of dollars – assuming that at least half the people in poor countries move to richer countries to work.<sup>15</sup> Efficiency gains are made if the world earns when costs are flat, or the world's earnings remain the same when costs go down.

Similarly, the World Bank calculated that a three per cent rise in the stock of migrant workers in high income countries could raise world wages by USD 356 billion, or by 0.6 per cent.<sup>16</sup>

## Challenges

These gains, however, are not easily attained. For migrants themselves, the move comes at a price, in the form of psychological costs, risks, exploitation or abuse.<sup>17</sup>

Governments tend to employ a schizophrenic approach to migrant workers; Taran points out that migration is "being simultaneously encouraged and combatted" in a number of countries.<sup>18</sup>

"[The] distance between policy pronouncements and de facto arrangements reflect a major contemporary contradiction in states' practices. Despite all the political rhetoric about illegal migration, numerous governments informally tolerate irregular migration while they officially reinforce controls against 'illegal' migrant workers."<sup>19</sup>

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<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Clemens, M. (2011). Economics and Emigration: Trillion dollar bills on the sidewalk? Working paper (264). Washington DC: Center for Global Development.

<sup>16</sup> World Bank (2006). *Global Economic Prospects: Economic Implications of Remittances and Migration 2006*

<sup>17</sup> Ibid.

<sup>18</sup> Taran, P (2006). Globalization, Migration and Human Rights: Elements for an Agenda of Solidarity and Protection in Europe. *Migration and the Labour Market: The Dialogue Series 5*. Antwerp: Universitair Centrum Sint-Ignatius, p.17

<sup>19</sup> Ibid.

Because of this, the inflow of cheap labour continues while migrant workers continue to suffer from their inability to organise in the workplace, are unable to defend themselves or get decent work conditions, and don't have a proper support system, he adds.<sup>20</sup>

The sending country also faces the possibility of brain drain when its workers, particularly professionals, opt to move to another country for employment. Countries of origin lose their investment in human resources, which could in turn weigh on productivity.<sup>21</sup>

Discussing migration in Europe during the 1970s, Krane says citizens who could make a difference in a country's development were usually the ones who sought their fortunes outside. This, he adds, was critical for developing countries with chronic shortage of skilled labour, and which could not meet domestic requirements as a result of migrant outflows.<sup>22</sup>

Receiving economies also face political pressure to curb migrant employment in favour of local workers. Indicative of the sensitivity of foreign labour, a study points out that trade agreements on goods far outnumber deals on capital mobility.<sup>23</sup>

Further, countries deal with foreign labour through immigration authorities, which are concerned more with the regulation and restriction of entry of people and not its promotion.<sup>24</sup> This, however, does not guarantee that people are kept out – only that when legal means are not available, illegal forms of migration arise.<sup>25</sup>

Examples of political resistance to foreign workers abound in ASEAN. Singapore, for instance, has put in place measures to curb foreign employment to ensure that locals are given priority in job placement.<sup>26</sup> Among others, the city-state's Ministry of Manpower now requires companies to post their openings on the national job bank to allow locals to apply for them before they are opened to foreigners. It has also raised the minimum salary requirement for holders of employment passes, which are work permits issued to professionals.

Other member states in the region have also been tightening rules on the entry of foreign workers in recent years. Malaysian Trade and Industry Minister Mustapa Mohamed has time and again been quoted by media reports as saying that the country wanted to reduce its reliance on foreign workers.<sup>27</sup> <sup>28</sup> In May 2014, Brunei unveiled a series of measures to

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<sup>20</sup> Ibid.

<sup>21</sup> Wickramasekara, P. (2000). Asian Labour Migration: Issues and Challenges in an Era of Globalization. Also, Galoczi, B, Leschke, J & Watt, A. (2009). *Intra-EU labour migration: flows, effects and policy responses*.

<sup>22</sup> Krane, R. (1979). Introduction. In *International Labor Migration in Europe* (Ed: Krane, R). USA: Praeger Publishers

<sup>23</sup> Stephenson, S. & Hufbauer, G. (2011). Labor mobility. In Chauffour J. & Maur, J. (Eds.) *Preferential trade agreement policies for development: A handbook* (275-306). Washington DC: The International Bank for Reconstruction and Development / The World Bank

<sup>24</sup> Ibid.

<sup>25</sup> Nonneman, W. (2006). Sustainable Solidarity: Migration and Labour Market Reform. *Migration and the Labour Market: The Dialogue Series 5*. Antwerp: Universitair Centrum Sint-Ignatius.

<sup>26</sup> Singapore Ministry of Manpower (September 23, 2013). Firms to Consider Singaporeans Fairly for Jobs. (Press release).

<sup>27</sup> Kok, C (16 May 2012). M'sia aims to reduce low-skilled foreign workers. *The Star*.

<sup>28</sup> Chen, S. (5 March 2013). Malaysia plans to cut reliance on overseas workers. Bloomberg.

restrict foreign labour, including the cancellation of approved but unused quotas and the imposition of levies for hiring expatriate workers for certain positions in certain industries.<sup>29</sup>

In the EU, where free movement is placed under the competency of the institutions,<sup>30</sup> member-states' resistance to cross-border labour flows, notably post-2004, when the union was enlarged to 25 member states from 15, has also been noted.

Where before EU citizens' intra-regional mobility was not an issue, the EU-15 with the exception of the UK, Ireland and Sweden in 2004 decided to suspend full access to their labour markets, during which the old member states imposed a transitional period of up to seven years on the 10 new member states "due to fears of mass influxes and negative outcomes for the local labour market."<sup>31</sup> The EU-10 states were required to end the transitional period on 30 April 2011, whereas for Romania and Bulgaria, which joined in 2007 – it ended on 31 December 2013.<sup>32</sup> For Croatia, which acceded to the EU in 2013, the temporary restrictions are still in place. Other member states are required to lift the restrictions by 2020.<sup>33</sup>

Today, labour movement issues are taking centre stage in the region along with the more general migration concerns. The United Kingdom has announced it would hold a referendum to determine if it would remain in the EU after it found regional policies on migrants in general, but also those governing EU migrant labourers' access to social benefits, no longer acceptable.

UK Prime Minister David Cameron, in a speech delivered in 2014, stressed that freedom of movement "has never been an unqualified right", and called for tighter measures for EU jobseekers, including ensuring that they have job offers before entering the country.<sup>34</sup>

Besides already removing housing benefits for jobseekers and limiting benefits claims of EU jobseekers who do not have job prospects, Cameron also outlined other measures that the UK wants to implement, including:

- Changing the country's welfare system so that non-UK EU citizens would not have immediate access to it;
- Limiting the time that jobseekers can stay in the country to look for a job;
- Suspending free movement for new EU member states until the acceding countries' economies are more closely aligned to those of the existing EU member states;

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<sup>29</sup> Economist Intelligence Unit (June 30, 2014). Country Report: Brunei. Retrieved from <http://country.eiu.com/article.aspx?articleid=191966003&Country=Brunei&topic=Economy&subtopic=Forecast&subsubtopic=Economic+growth&u=1&pid=141744398&oid=141744398#> on February 10, 2015.

<sup>30</sup> Dr Andreas Vasilache in a classroom lecture on February 9, 2015 at University of Malaya, Malaysia.

<sup>31</sup> Galoczi, B., Leschke, J. & Watt, A. (2009). Intra-EU labour migration: flows, effects and policy responses.

<sup>32</sup> European Commission (2011). Frequently asked questions: The end of transitional arrangements for the free movement of workers on 30 April 2011. *Memo/11//259* (Press release). [http://europa.eu/rapid/press-release\\_MEMO-11-259\\_en.htm](http://europa.eu/rapid/press-release_MEMO-11-259_en.htm)

<sup>33</sup> European Commission (n.d.). <http://ec.europa.eu/social/main.jsp?catId=1067&langId=en>

<sup>34</sup> David Cameron's EU speech: full text (28 November 2014). Retrieved from <http://www.bbc.com/news/uk-politics-30250299>.

- Granting child benefits and tax credits only to those whose children live with them in the UK; and
- A four-year residency requirement for social housing and other benefits.

This reluctance to accept foreign workers – which Nonneman calls ‘xenophobia’<sup>35</sup>– has been partly attributed to persistent unemployment in the host country, which in turn leads politicians and constituents to use foreigners and migrants as “easy scapegoats”.

According to Pritchett (2006): “The ideas of rich-country citizens—for instance, the idea that immigration will harm the poor in rich countries—are the obstacle to larger mutually beneficial flows of labor between rich and poor countries. Increased labor mobility will have winners and losers in rich countries—which is true of nearly every economic policy—and the key is to minimise the perceived losses to the poor citizens of rich countries.”

### **AEC: Managing entrants**

When the Association of Southeast Asian Nations announced that it was going to integrate economically and form a single market by 2015, it also said that “free movement” of skilled labour was going to be one of the pillars of the ambitious plan.

The region has a long history of mobility of workers that pre-dates even the formation of the ASEAN in 1967. The pre-colonial and colonial regimes that existed in the region had moved constituents around to satisfy labour needs for developmental projects or as part of state formation.<sup>36</sup>

Historians also note that movement of goods and people was not restricted in Southeast Asia until colonial powers divided the region into distinct and discrete territories.<sup>37</sup>

More recently, data from the International Labour Organization show that intra-ASEAN movement of workers has been rising in the past 13 years, from 1.5 million in 1990 to 6.5 million workers in 2013.<sup>38</sup> It is believed that the figure is grossly underestimated,<sup>39</sup> as a significant number of migrants in the region are undocumented. The rise in intraregional labour movement is expected to continue through to 2025 as ASEAN’s integration processes – including, but not limited to, the AEC – take place.<sup>40</sup>

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<sup>35</sup> Nonneman, W (2006). Sustainable Solidarity: Migration and Labour Market Reform.

<sup>36</sup> Saptari, R & Elmhirst, R. (2004). Studying Labour in Southeast Asia: Reflections on structures and processes (15 – 43) in *Labour in Southeast Asia: Local processes in a Globalised World*. Elmhirst, R. & Saptari, R. (Eds.) RoutledgeCurzon: New York.

<sup>37</sup> In a workshop on maritime conflict and cooperation in Southeast Asia hosted by the Indonesian embassy to Belgium Luxembourg and the European Union 4 June 2015, Prof Pierre-Yves Manguin discussed how the seas facilitated movement of goods, artefacts and religion around Southeast Asia. Prof Tim Harper, on his part, noted that it was only in the 19<sup>th</sup> century, when colonial powers came, that borders – which have become ‘extremely durable’ over time – started taking shape in the region.

<sup>38</sup> International Labour Organization and Asian Development Bank (2014). *ASEAN Community 2015: Managing integration for better jobs and shared prosperity*. Bangkok: ILO and ADB

<sup>39</sup> Huelser, S. & Heal, A. (2014). Moving Freely? Labour Mobility in ASEAN. *Asia-Pacific Research and Training Network on Trade Policy Brief (40)*.

<sup>40</sup> Plummer, M, Petri, P, & Zhai, F. (2014). *Assessing the impact of ASEAN economic integration on labour markets*. ILO Asia-Pacific Working Paper Series.

ASEAN's current labour migration profile is divided into two categories: the net exporters of labour and the net importers of manpower. Of the 10 member states, four—Thailand, Singapore, Malaysia and Brunei—host the workers, while six—Myanmar, Laos, Cambodia, Indonesia and the Philippines—supply them.<sup>41</sup>

The AEC Blueprint limits the promotion of labour mobility to professionals, or "skilled labour". It also states in no uncertain terms that the managed mobility or facilitated entry of the movement of people engaged in trade in goods, services and investments shall be "according to the prevailing regulations of the receiving country".<sup>42</sup>

The blueprint, which outlines the framework for economic integration in the region, is silent on the transferability of social security of intraregional workers. The prevailing mechanisms that allow some countries in the region to continue providing social protection to their migrant workers – the Philippines, for instance, allows migrant workers to continue paying contributions to the provident fund even while they are working outside the country – are done outside of any bilateral or regional agreements.<sup>43</sup>

Based on the blueprint, ASEAN's promotion of the flow of skilled labour will not entail the removal of documentary requirements, but will be done through facilitating visa and employment pass issuance for ASEAN citizens who are engaged in cross-border trade and investment-related activities.<sup>44</sup> This implies that migrant workers and investors are guests who are expected to leave when their contracts are over or their visas run out.

ASEAN's main tool for free movement of skilled labour are the mutual recognition agreements (MRAs) its member states have signed for "major professional services".

In 2007, the AEC Blueprint identified these sectors as: architectural services, accountancy services, surveying qualifications, medical practitioners (by 2008), and dental practitioners (2009).<sup>45</sup> Also stipulated in the AEC was the development and identification of MRAs for other professions by 2012, to be completed this year.

As of 2014, eight occupations were covered with ASEAN-wide MRAs. These are: engineering services, which saw the agreement signed in 2005; nursing services (2006); architectural services, and surveying qualifications (2007); medical practitioners, dental practitioners, and accountancy services (2009); and tourism professionals (2012).<sup>46</sup>

Professionals in seven of these sectors make up a negligible share of the total employment in ASEAN – only between 0.3 per cent and 1.4 per cent of total employment in the 10 member states.<sup>47</sup> The ILO and ADB note that tourism professionals have no occupational category by which their share in the total jobs in the region could be computed.

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<sup>41</sup> Pasadilla, G (2011). Social Security and Labour Migration in ASEAN. *Asian Development Bank Institute Research Policy Brief (34)*.

<sup>42</sup> AEC Blueprint (2007, 15).

<sup>43</sup> Pasadilla, G (2011). Social Security and Labour Migration in ASEAN. *Asian Development Bank Institute Research Policy Brief (34)*.

<sup>44</sup> AEC Blueprint (2007: 15)

<sup>45</sup> AEC Blueprint (2007: 38)

<sup>46</sup> ASEAN Community 2015: Managing integration for better jobs and shared prosperity.

<sup>47</sup> Ibid.

Moreover, the provisions of the MRAs are not uniform, with the ILO and ADB noting that the stipulations vary on a per-sector basis. “The MRA on nursing, for example, explicitly promotes the exchange of expertise, experience, and best practices while those on accountancy and surveying only lay down some broad principles and frameworks for negotiating agreements,” they note.

The ILO and ADB warn about the difficulties in implementing the agreements, noting that:

- The educational system as well as requirements for the issuance of professional recognition in member states vary significantly;
- professional organisations are reluctant to alter existing standards or admit potential competitors from abroad; and
- Requirements for the practice of certain professions require licences in some of the countries, and not in others.

The provisions in the MRAs are seen more as obstacles that restrict, rather than facilitate, the movement of labour in the region.<sup>48</sup> Sugiyarto and Agunias note that apart from those in the tourism sector, the MRAs require professionals to have minimum years of experience before they can register as ASEAN professionals. Dental and medical practitioners, for instance, must have worked five consecutive years in their home countries before they can qualify to apply elsewhere in the region, while nurses need three years of working experience; engineers need seven, and architects, 10.<sup>49</sup>

Another issue that has been raised is that mutual recognition of qualifications and experience of professionals “does not ensure market access” in ASEAN.<sup>50</sup>

Chia identifies the following hurdles to market access in the region: constitutional limitations in hiring workers in sectors considered to be sensitive; caps and quotas on foreign professionals; policies that require foreign manpower to be replaced with local workers after a given period; licensing regulations of professional associations; and language proficiency requirements. These are not addressed by the AEC Blueprint, which promotes free movement of labour only insofar as it does not impinge on the prevailing regulations of the member states.

“Countries should cooperate to minimise the impediments. More information exchange and transparency and simplifying visa and employment pass applications would help,” Chia emphasizes.<sup>51</sup>

## **EU: worker mobility as a right**

In the European Union, the right to unfettered movement of people is a fundamental part of regional integration. The policy for labour mobility has not changed much since 1957, when it was enshrined in the Treaty Establishing the European Community. By and large, the EU

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<sup>48</sup> Sugiyarto & Agunias (2014). A 'freer' flow of skilled labour within ASEAN: Aspirations, opportunities and challenges in 2015 and beyond. *Issue in Brief (11)*. International Organization for Migration and Migration Policy Institute.

<sup>49</sup> Ibid.

<sup>50</sup> Chia, S Y (2014). Towards Freer Movement of Skilled Labour in AEC 2015 and Beyond.

<sup>51</sup> Ibid.

categorically states that except for employment in public service and as transitory measures, movement of workers within the union should not be restricted.

The Union mandates the abolition of nationality-based discrimination of workers “as regards employment, remuneration and other conditions of work and employment”.<sup>52</sup>

Nationals of EU countries do not need work permits for employment in any member state, with the current exception of Croatians working in other EU states and EU nationals working in Croatia.<sup>53 54</sup> Data from the Migration Policy Institute Europe show that EU nationals who seek jobs in other EU territories enjoy unconditional right of residence in the new country for three months; beyond this, their right to live in the host country depends on their chance of employment, although they can only be expelled from the country on grounds of public policy or public security.<sup>55</sup> Likewise, those who are employed can only be expelled from their host country if they become a threat to public policy or security. Once they have stayed in the host country for five years, they automatically become permanent residents, with an unconditional right to reside in the member country they work in.<sup>56</sup>

Where ASEAN recognises state sovereignty over labour flow policies, the EU mandates member states to remove administrative procedures resulting from national legislation or previously signed agreements that pose obstacles to the liberalised movement of workers. ‘Qualifying periods and other restrictions’ regarding the free choice of employment<sup>57</sup> are also to be eradicated.

EU member states do not impose quotas on the number of EU citizens who may come to work.<sup>58</sup>

Social security benefits of EU nationals who work in member states other than their country of origin can also be ‘exported’ –they can take benefits with them when they move to another country.<sup>59</sup> The Migration Policy Institute also points out that besides being exportable, social security benefits are also aggregated so that contributions made in other EU countries that a citizen has worked in count towards the benefits; EU also gives mobile EU citizens the same rights and duties as nationals in the countries they live in. It also

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<sup>52</sup> *Treaty Establishing the European Community as Amended by Subsequent Treaties (1957)*. Article 48, Chapter 1, Title III, Part III: Community Policies. Retrieved from <http://www.hri.org/docs/Rome57/Part3Title03.html#Pt3TitIIICha3>

<sup>53</sup> European Commission (2015). Work Permits. Retrieved from [http://europa.eu/youreurope/citizens/work/work-abroad/work-permits/index\\_en.htm](http://europa.eu/youreurope/citizens/work/work-abroad/work-permits/index_en.htm)

<sup>54</sup> Croatia is currently under the transition phase, having only joined in 2013. All restrictions to movement of people will be lifted in 2020. See European Commission (n.d.). <http://ec.europa.eu/social/main.jsp?catId=1067&langId=en>

<sup>55</sup> Benton, M (2013). Reaping the benefits? Social security coordination for mobile EU citizens. *Migration Policy Institute Europe Policy Brief Series (3)*.

<sup>56</sup> European Commission (2015). Permanent residence (>5 years) for EU nationals. Retrieved from [http://europa.eu/youreurope/citizens/residence/documents-formalities/eu-nationals-permanent-residence/index\\_en.htm](http://europa.eu/youreurope/citizens/residence/documents-formalities/eu-nationals-permanent-residence/index_en.htm)

<sup>57</sup> *Treaty Establishing the European Community as Amended by Subsequent Treaties (1957)*. Article 49 (b) and (c).

<sup>58</sup> Eurostat Statistical Books, European Commission (2011). *Migrants in Europe: A statistical portrait of the first and second generation*. Luxembourg: Publications Office of the European Union

<sup>59</sup> Benton, M (2013). Reaping the benefits? Social security coordination for mobile EU citizens. Also, European Commission (n.d.) retrieved from <http://ec.europa.eu/social/main.jsp?langId=en&catId=850>

adheres to the principle of non-duplication, meaning workers are only entitled to coverage one country at a time.<sup>60</sup>

EU citizens living in countries other than their own are indefinitely eligible for non-contributory benefits if they have worked for more than one year in the host country. If they held a job for less than a year, they are entitled to avail of the benefits for six months. Those who are in the workforce can contribute to their pension even if they are not in their home countries. EU nationals working in other EU countries are also entitled to medical benefits, after registering for healthcare in their countries of residence.<sup>61</sup>

Benton notes: "The system of social security coordination is at the heart of intra-EU mobility. It seeks to ensure EU citizens are not penalised by losing benefits and entitlements as a result of moving."<sup>62</sup>

But while the system is aimed at ensuring that mobile workers do not lose social benefits, critics have pointed to loopholes that can be exploited. It has been argued that differences in the social models of the EU countries, as well as the disparities in the pay scale, open some of them to "benefits tourism".<sup>63</sup>

Benton, however, insists that this criticism is unfounded.<sup>64</sup> Likewise, according to the European Commission, mobile workers within the EU – who are usually younger and more economically active than their counterparts in their host countries – receive lower benefits than their share in the whole labour force.<sup>65</sup>

It has also been pointed out that the assumptions used by the EU in drafting its rules for social security may be flawed, insofar as the union assumes that member states send out as many people as they receive. Realistically, the movement of workers is more asymmetrical due to the differences in salary levels and economic prospects of countries.<sup>66</sup>

Another quirk of intra-EU migration is what the European Commission terms as "serial short-term migration", or "circular migration". Eurostat points out that because travel between country of origin and host country is quite easy, EU migrant workers return to their country of origin after short-term projects in other EU countries. And because there are no restrictions on immigration, migrant workers retain the right to live and work in another EU country while returning to their home countries.<sup>67</sup>

Advocates of keeping up fences to prevent the entry of people may find a supporting argument in observing intra-regional migrant flows in the EU, because despite the ease at

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<sup>60</sup> Benton, M (2013). Reaping the benefits? Social security coordination for mobile EU citizens.

<sup>61</sup> Ibid.

<sup>62</sup> Ibid.

<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> European Commission (September 2014). Labour Mobility within the EU (Press release). Retrieved from [http://europa.eu/rapid/press-release\\_MEMO-14-541\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-541_en.htm).

<sup>66</sup> Eurostat Statistical Books, European Commission (2011). *Migrants in Europe: A statistical portrait of the first and second generation*. Luxembourg: Publications Office of the European Union

<sup>67</sup> Ibid.

which its nationals could move around, labour mobility in the union is not much higher than that of ASEAN.

Data from the EU Commission show that seven million EU citizens worked and lived in an EU country other than their own in 2013, just slightly higher than ASEAN's official intra-regional migrant worker count of 6.5 million. These EU nationals represented 3.3 per cent of total employment in the region.<sup>68</sup>

Historical data also show that labour mobility in the regional bloc was so much lower before the central and eastern European member states had full access to EU labour markets. Data from the Centre for European Policy Studies show that in 2009, EU citizens living in countries other than their own made up 1.8 per cent of the population. Annually, 400,000 nationals of EU member states – or 0.1 per cent of the population – leave their countries to live in other EU member states, it said, adding that this was constant between 2002 and 2012.<sup>69</sup> One reason for the lower migration level was that the average income in the country that paid the most was only 2.6 times higher than the average income in the country that had the lowest income level, and EU nationals felt that was not enough of an incentive for them to move out of their countries.<sup>70</sup>

It was only after the EU-10 gained full access to the regional labour market and the Eurozone crisis hit that citizens in the eastern and southern states started seeking jobs in northern Europe. These raised intra-EU labour mobility, the European Commission states.

## **Conclusion**

The difference in the way the AEC and the EU approach labour mobility is yet another indication that there is no single model for regional integration. Where the EU has in the past 57 years advocated for unhindered movement of all workers, the AEC is setting up a policy for managing intra-regional flow of professionals in specific job sectors. The EU employs a more migrant worker-friendly approach in its policies for the transportability of social security, an aspect that the AEC Blueprint has been silent on. And while both integration models promote mutual recognition of qualifications, the AEC's method, which entails the formulation of mutual recognition agreements on the industry level, has stringent requirements, including, in some specific sectors, extensive experience in the field.

The restrictions imposed by AEC on intra-regional labour movement have prompted scholars to tweak the terminology for the principle, which is one of the pillars for the creation of a common market. For scholars, the AEC's model does not advocate free flow of labour, but rather a "freer flow" of workers.<sup>71</sup>

The difference in the two regions' methods of labour mobility stems from the fundamental difference in which both approach regional integration. For the EU, ceding some aspects of sovereignty to supranational institutions is a given. The so-called 'ASEAN Way', meanwhile,

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<sup>68</sup> European Commission (September 2014). Labour Mobility within the EU (Press release). Retrieved from [http://europa.eu/rapid/press-release\\_MEMO-14-541\\_en.htm](http://europa.eu/rapid/press-release_MEMO-14-541_en.htm).

<sup>69</sup> Barslund M. & Busse M. (2014). *Making the Most of EU Labour Mobility: A report of the CEPS Task Force*. Brussels: Centre for European Policy Studies.

<sup>70</sup> Ibid.

<sup>71</sup> Sugiyaro & Aguinas (2014). A 'freer' flow of skilled labour within ASEAN: Aspirations, opportunities and challenges in 2015 and beyond.

puts heavy emphasis on respecting the sovereignty of the member states, and on the principle of non-interference.

The differences in the philosophies behind the two models, however, lose their significance when the spotlight is focused on the number of mobile workers who work within their region. Statistics from the EU and the ASEAN show that both have around the same number of intra-regional migrant workers.

Further, in the case of the EU, intra-regional migration for economic purposes only significantly increased when the central and European countries joined, as well as when the Eurozone crisis hit and citizens from the southern countries searched for jobs elsewhere in the European bloc. This indicates that at least among the original EU-15, moving to another country for work is not an attractive option, despite the ease at which they could do so.

The EU has its work cut out for it –despite over half a century’s effort to make it conducive for workers to move around the region, restrictions in labour mobility are still found, not in regulations, but in the lack of motivation of workers themselves as well as in the political concerns of host countries.

On the other hand, the ASEAN is only about to implement its policies on labour mobility, and the question of how the regional labour landscape will change remains unanswered. It is apparent, however, that the success or failure the ASEAN Economic Community would be measured by how well this pillar is implemented.

The ADB notes: “The true success of the AEC... will ultimately depend on how much each ASEAN citizen prospers from deeper economic integration. While the economic and political-security domains have taken precedence in prior ASEAN initiatives, the social and labour dimensions may now be critical in determining the success of current and future ASEAN region integration efforts.”<sup>72</sup>

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<sup>72</sup> International Labour Organization and Asian Development Bank (2014). *ASEAN Community 2015: Managing integration for better jobs and shared prosperity*. Bangkok: ILO and ADB

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