Impact of Migration on Business Across Asia

June 2021

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IMPACT OF MIGRATION ON BUSINESS ACROSS ASIA

Afghanistan – Bangladesh – Cambodia – India – Indonesia – Japan – The Republic of Korea – Lao People's Democratic Republic (Lao PDR) - Malaysia – Nepal - Pakistan – The Philippines - Singapore - Sri Lanka – Thailand - Vietnam

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The Business Advisory Group to the Global Forum on Migration and Development (GFMD), endorsed at the 2015 GFMD Summit in Istanbul, brings the voice of business to the forum and to international debates on migration. Participation in the Business Advisory Group is open to all companies and business associations that share its goal: promote more transparent, effective and humane migration policies, taking into account labour market needs.

The Business Advisory Group on Migration is housed at the International Organisation of Employers (IOE), the largest network of the private sector in the world.

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Business advisory group on migration

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EXECUTIVE SUMMARY

This Research Paper is aimed for businesses to share and benefit from country-specific insights on the impact of migration policies on businesses in Asia (South Asia, South East Asia and Eastern Asia)[1]. It addresses the importance for the private sector of flexible and predictable migration pathways and provides an overview of how migration policies in the focal countries impacts on the business/economic climate, the state of play on the ground, as well as some of the challenges and positive developments at the country level. It provides recommendations including feedback from businesses on the ground that could inform the governments on the needs of businesses and enable improved and targeted dialogue and engagement towards enabling a mutually harmonized win-win approach to build back better from the pandemic.

Many of the recommendations that were made from the business representatives that participated in the research also corresponds to the Employers Declaration that 17 business and employers' federations in Asia adopted in July 2020 (Annex 1).

Since the onset of the Covid-19 pandemic in 2020 in almost all countries in the Asian region have imposed widespread, often ad hoc, restrictions on international and internal movements. The measures employed include the suspension of international travel, border closures, tightening visa and/or entry requirements, and mandatory internal lockdowns. Such skills/labour mobility restrictions have posed tremendous challenges and setbacks to businesses as they have been unable to access and retain the labour needed to meet their needs. Throughout the region, there are pathways for regular labour migration across different skill levels, but the current pathways are often too costly and complex for lower-skilled workers who invariable choose to use irregular channels. Furthermore, legal channels/pathways have not kept pace with employer demand for workers or the size of the labour pool seeking employment[2].

In 2021, one year after the start of the pandemic, Asian countries remain at different stages in battling the COVID-19 pandemic and its socioeconomic impacts. For companies, competing in today's global economy has been complex even before the start of the pandemic. Businesses require advanced technical and vocational skills, and access to a flexible workforce that can adjust to rapid shifts in demand. Skills at all levels held by migrant workers have enabled businesses to expand their workforce, to fulfil existing contracts and undertake new work. Businesses which did not face skills shortages have continued to be productive and profitable and migrant workers in most cases have been an important and often integral part of these companies' workforce.

Key recommendations

- **The need for predictable and transparent legal frameworks to end skills mobility restrictions**

2020 and the Covid-19 pandemic resulted in a sudden break in mobility across international borders. As in other regions, across the Asian region, the pandemic disrupted travel dramatically reduced cross-border movements of all kinds. Labour migration was either halted or greatly curtailed. In Asia, previously active migration corridors suddenly closed for several months as both origin and destination countries enforced strict entry rules to control the pandemic within their borders. Many countries in Asia witnessed declines in inflows and in-country availability of foreign workers, causing immense disruptions to businesses due to the lack of access to the labour skills needed. Many businesses in destination countries or cities had to cease operations, particularly in the tourism, hospitality, construction and garment sectors, which employ millions

[1] **South Asia** as used in this paper includes - India, Sri Lanka, Bangladesh, Nepal, Pakistan, and Afghanistan; **South East Asia** includes - Cambodia, Lao People's Democratic Republic (Lao PDR), Thailand, Malaysia, Vietnam, Philippines, Singapore, Indonesia; and **Eastern Asia** includes – The Republic of Korea and Japan.

[2] Asia Pacific Migration Report 2020

of migrant workers. In periods of crisis as well as in ordinary times, it is critical for businesses to be able to hire and recruit workers across borders as part of companies' regular business operations.

Businesses in the region called for more dialogue and increased engagement with policy makers in order for future policies to be more conducive for the private sector, especially on the skills needs and requirements from the various industries. The importance of having flexible pathways for employment that can support businesses to access the talent readily is critical to meet the fast-changing requirements of the business sector in the current pandemic scenario. As companies and the global economy struggle to survive the challenges faced by the Covid-19 crisis, it has been evident that most immigration systems in Asia need to be revamped in order to keep pace with the workplace changes. The need for "force majeur" policies to be in place that respond to emergency situations, such as a health-related pandemic, natural disasters and internal or external security risks, as well as arrangements between the sending and receiving countries to provide a basic travel insurance to repatriate workers left stranded with no income, provide access to low cost healthcare and ensure their safe return home were cited. In addition, upskilling or reskilling programmes for returning migrant workforces that allow them to reintegrate into the local workforce and contribute to the local economy were highlighted. Furthermore, businesses also called for the simplification of overly complex, costly or cumbersome and sometimes frequently changing regulatory goalposts that make it difficult for employers and workers to comply with national laws that need to be aligned and responsive to labour market needs.

- **Importance of responsible recruitment practices**

The need for better and effective regulations of the recruitment industry was stated as an important issue to be addressed. Today many countries have inadequate regulatory frameworks for these services, and/or simply do not enforce them. This allows for rogue players to deceive and trap jobseekers and workers into debt bondage and dangerous working conditions. Businesses stressed the need for appropriate and effective legislation at national level, together with the need for the adoption of national programmes or/and formalize bilateral agreement that would ensure the protection of migrant workers, including access to healthcare and protection of their rights

The Covid-19 crisis has shed light on 'informality' as being a serious concern to businesses in Asia: Most migrant workers that were most adversely affected were working in the informal sector or hired through informal channels. When regulated appropriately, private employment and recruitment services improve labour-market functioning by matching jobseekers to a decent job. Partnerships between source and host countries are needed to enable and foster portability of social security. Bilateral social security agreements are portability instruments that should be further developed in Asia. A process of national dialogue, with the participation of businesses should determine who covers the recruitment costs - the government, employer, recruiter or worker.

- **Develop and strengthen skills development programmes, skills recognition schemes and skills matching frameworks that respond to labour market realities**

The private sector requires support from the government towards the development of better guidelines and policies to promote greater skills mobility and responsiveness to local labour market needs. Doing so may help employers navigate labour market challenges more effectively. While governments have the sovereign right to determine migration policies, if the policies are to be effective and relevant, they need to be based on an assessment of needs for certified skills in the labour market in consultation with the private sector, which is the largest employer, along with other stakeholders. Across Asia, employers acknowledge the importance of mutual skills recognition agreements. Mechanisms for mutual recognition of certified skills offer win-win solutions for employers, jobseekers and economies at large. In Asia, Mutual Recognition Arrangements (MRAs) Framework has been formalized among ASEAN Member states for enabling easy mobility of candidates in 8 priority sectors[3]. Businesses in Asia require ‘government to government’ (G2G) collaboration that reflects the private sector views on improving skills development, skills certification, recognition and matching.

- **Establish simple technology solutions**

Options such as online systems to reduce processing times, facilitating the creation of online systems and electronic submission of applications and monitoring of its status enhance transparency and efficiency, minimize costs, and ensure consistency of migration processes. This would also enable the centralization of application processing and the effective implementation of regulatory changes across government departments and missions abroad.

The Covid-19 pandemic has accelerated our dependability on technology and this technology can be harnessed towards the digital transformation of immigration processes. GCC countries are employing technology this way and many other countries globally have introduced online application systems. Digitization can bring about integrated government systems nationally with possible regional implications as well. Given the current lack of reliable empirical data on foreign workers, technology can support government efforts to track and monitor worker status and gauge availability or non-availability of certain skills needed at the national level to support particular industries and sectors. Businesses believe that governments require appropriate technology to enable tracking of the whole migration process – from pre-departure, recruitment and return, thus enhancing transparency and efficiency. The in-country embassies should have a system to register migrants with their contact details, especially on temporary visas. Such systems would help locate migrant workers, improve transparency in the process, and direct them to cross-sectoral deployment. Furthermore, migrant workers, especially the lower skilled workers the majority of whom are currently choosing to seek employment via informal channels will be encouraged to register themselves at the national level as it would mean greater protection and safety throughout their employment.

> Lessons could be learnt from Sri Lanka’s “Skills Passport”[1] that is directly linked to the National Skills Database, and benefits employers, workers and the government. The Employers Federation of Ceylon (EFC) finds it to be useful as it facilitates the ability to recruit the right person for the job with the necessary skill set[1]. Companies are able to gain access to workers with international exposure and provides current details online, leading to less time and costs spent on lengthy recruitment processes. The private sector believes that the implementation of the Skills Passport is an example of good practice, which promotes reciprocal recognition of skills with other regions. The passport allows both the employer and skilled workers of Sri Lanka to identify their experience under the national skills assessment systems, explore job opportunities with an adequate wage, decent work conditions and further training for re-skilling and up-skilling.
>
> ***Skills Passport – A Gateway to Skills Recognition, Employers Federation of Ceylon***

On data collection, governments could begin compiling/publishing outgoing and incoming workers’ statistics. The employers should have access to such information to source required skills as and when needed. In addition, if employers’ also feed information on job availability, skills matching can be possible and be mutually beneficial[4].

[3] Asian Employers' position on migration - IOE, 2020
[4] Asian Employers' position on migration - IOE, 2020

- **Establish formalised processes for the regular and consistent engagement with the private sector**

The private sector has inherent experience and practical working knowledge of immigration laws, procedures, and policies, as well as the ability to identify future labour needs and skills needed for their industries and thereby strengthen the economy. As such they can be a valuable source of important information to governments both nationally and regionally. The participation of the private sector is not only essential to the development of well-regulated migration systems, but as a major stakeholder that can contribute towards a well-functioning economy.

Engaging closely with employers, businesses and industry associations and requesting their active participation in consultation processes to offer insights on the business perspective and need for an inclusive labour migration governance, would be a win-win strategy. Consultation mechanisms can help reflect on the future needs of the economy. They can bring together representatives from the ministries in charge of, for instance, migration, labour and development planning, industry associations and trade unions. Working jointly with businesses, public employment services and private recruitment agencies can also help policy makers better anticipate labour market needs.[5] Though governments may exercise their sovereign right to determine migration policies, if the policies are to be effective and relevant, they need to be based on an assessment of needs for certified skills in the labour market in consultation with the private sector, which is the largest employer, along with other stakeholders. In our globalized world and as all stakeholders will adapt to new realities, it is now high time for stronger collaboration between employers and government on labour migration issues[6].

[5] How Immigrants Contribute to Developing Countries' Economies, OECD 2018
[6] Asian Employers' position on migration – IOE, 2020

Introduction

Migration to, from, and within Asia is significant and on the rise. In 2019, Asia accounted for 60% of the world population. It hosted 30% of international migrants (83.6 million), and between 2010 and 2019, the region increased its migrants' stock by 0.2%[7]. (UN 2019). Labour mobility within and outside of Asia has grown exponentially over the last several decades and new systems of migration and regional governance are emerging. Most of Asia's labour migration that occurs within the region or in countries of the Gulf Cooperation Council (GCC), mainly comprises less skilled labour and is temporary in nature. However, Asian migrants remain an essential element of labour markets in OECD countries, and also contribute significantly to the most-skilled categories thereof[8].

Global skills mobility refers to the movement of workers of all skills levels for employment opportunities, including intra-company transfers, international recruits, and local hires[9]. As the migration boom within and beyond Asia evolves, labour migration continues to be a prominent feature and a key driver of economic growth and development; and the participation of the private sector remains essential to the development of well-regulated migration systems. The experience that businesses have with the practical workings of immigration laws, procedures, and policies, as well as knowledge of emerging market and staffing trends, can be a source of information useful to governments in managing migration, labour markets and their economies.

Today all countries are struggling with COVID-19-related challenges. Nationally, regionally and globally, employers require access to a skilled workforce for both the long- and short-term in order to enhance business competitiveness and economic prosperity. However, with the continuing Covid 19 pandemic, businesses continue to face disruptions due to border closures and restrictions that prevent migration flows via legal pathways. Freer frameworks for economic migration are good for business, catalysing innovation, investment and entrepreneurship - the building blocks of sustainable development[10]. It is therefore important to put in place well thought-out and practical policies for harnessing the developmental benefits of migration including by strengthening legal avenues for mobility, ensuring that recruitment is responsible, and promoting formal certified skills recognition schemes. The increasing scale of economic migration within, from and to Asia is undoubtedly of consequence for employers in the region, while all stakeholders must now manoeuvre in a with Covid-19 world.

The global death toll from COVID-19 now exceeds 1.7 million[11], and is expected to rise further as the outbreak continues to accelerate in many countries around the world. At one time or another, most countries have imposed partial or complete border closures to foreign nationals to contain the spread of the coronavirus. In periods of crisis as well as in ordinary times, it is critical for businesses to be able to hire and recruit workers across borders if they are needed in the course of the companies' regular business operations. The last two years have seen notable momentum in the global governance of migration that also presents positive opportunities for the business sector. The formation of the UN Network on Migration and the two global Compacts on refugees and migration – though not legally binding, represent broad international consensus on the issues requiring sustained international cooperation and commitment.

IOE continues to champion properly managed migration systems that benefit both business and communities, and has been in the forefront at national, regional and international forums to incorporate a business perspective into the narrative on migration. IOE and its 158-member business federations have been calling for the establishment of legal frameworks on migration that favours orderly and safe migration

[7] UN 2019
[8] Migration policies in view of changing employment landscape, GFMD publication, IOE February 2021
[9] IOE GFMD concept note, The need for Global Skills Mobility
[10] Migration policies in view of changing employment landscape, GFMD publication, IOE February 2021
[11] https://covid19.who.int/

flows and social stability. It has been calling for policies that facilitate the smooth movement of professional and specialised personnel across borders, especially as demographic and technological changes rapidly change the labour market landscape. Through its Business Advisory Group on Migration, an IOE managed business network, it provides concerted support to the private sector to contribute meaningfully to discourse on migration and development and contribute to discussions at State-led initiatives, such as the Global Forum on Migration and Development.

As countries and businesses strive to remain resilient against current and future external shocks it is hoped that this research will serve as a reference and provide greater understanding on the ground realities from across the Asian region.

COVID-19 and the Impact of Skills Mobility on Business

Asia has been notably home to some of the fastest-growing economies in the past decade. Unsurprisingly, a majority of businesses across multiple sectors and countries are experiencing a total change in business realities. COVID-19 has disrupted businesses of all sizes and industries across the region, causing huge losses, reversals and ongoing uncertainty. The impact of the pandemic poses serious challenges to businesses, especially in respect to labour mobility. This region has been experiencing declines in inflows and in stock of foreign workers, and thus many businesses have been negatively impacted due to labour shortages. In line with Objective 5 of the Global Compact for Migration[12], "Enhance availability and flexibility of pathways for regular migration", building back better calls for increasing the effectiveness of legal pathways—so that they can act as a disincentive for irregular migration. Labour mobility may be facilitated in line with labour market requirements, and the formal channels need to be streamlined to reduce time and cost[13].

In response to the spread of COVID-19, economic restrictions including lockdowns and border closure were implemented in host countries, which led to many migrant workers returning to their home countries, including those who were out of work and those who left to reduce the risk of contracting COVID-19. Migrant workers have often been the first to be laid off during this crisis.

While many Asian migrant workers had their contracts extended by their employers to compensate for the absence of new arrivals, numerous others were forced by circumstance or law to return to their home country. Working conditions in the destination country labour markets have also become more challenging, with breaches of labour rights and health rules due to the difficult circumstances[14].

Due to the pandemic and differing approaches towards its containment, there continue to be differences in the subsequent policy responses that impact on the most-affected sectors in different economies.[3] It should now be even more of a priority for governments to engage closely with businesses to develop a robust and conducive investment climate with appropriate policy incentives, improved infrastructure, skilled manpower base, and strengthened transport connectivity for efficient production and reduced cost of trade within and beyond the subregion. Migrant workers are critical to this aim as the way forward to 'build back better' requires countries to be equipped and responsive to meet labour market needs, not just for workers, but for workers with specific skills that are not available among the local labour force.

Companies are increasingly vocal about their experiences in hiring and managing mobile labour. Many are actively exploring new partnerships with governments, workers' unions and civil society which can balance the need for skills and talent with social welfare, integration and security objectives. The crisis has presented a challenge for the cross-sectoral mobility of workers, which is particularly hard for lower-skilled migrant workers, especially informal and undocumented workers. It is also challenging the idea that labour markets

[12] https://www.iom.int/global-compact-migration
[13] Labor migration in Asia -impacts of the covid-19 crisis and the post-pandemic future.
[14] ibid

can reach a natural equilibrium where workers move across borders as needed to meet business needs. The matching of supply and demand cannot occur where workers are unable to move.[15]

During the global financial crisis in 2007-2009, many migrant workers moved from construction to agriculture and retail. Such intersectoral movement may be difficult at this time because the sectors that most commonly need more workers—such as health and information technology—require specific skills and prior training[16].

Migration Governance in Asia

Well before COVID-19, a multi-level approach to migration governance has been evolving in Asia. The vastness of Asia as a region requires cooperation and dialogue at different levels. Migration will essentially continue to be governed by national policies crafted by governments. However key stakeholders such as businesses play a pivotal role and should be consulted. Furthermore, closer cooperation between countries would indeed help enhance existing policies.

Countries across the region have been prominently active in the creation and results of some of the major international processes that have promoted cooperation in the field of migration over the past two decades. These non-binding processes include widely acclaimed leadership by the Philippines and Bangladesh, and strong engagement by Indonesia, Singapore and Thailand, among others, in processes of the two High-level Dialogues on International Migration and Development at the UN General Assembly in 2006 and 2013, the Global Forums on Migration and Development since 2007, and most notably, mobilizing towards achieving the unprecedented migration-related goals in the 2030 Agenda for Sustainable Development in 2015, the New York Declaration of the UN High-level Meeting on Refugees and Migrants in 2016, and the new Global Compact for Safe, Orderly and Regular Migration in 2018.

These last three milestones in particular—all adopted by UN Member States with either unanimous or near-unanimous votes—included explicit emphasis on migrant workers and labour migration. Each of these processes was developed through an open, transparent and inclusive consultations and negotiations and the effective participation of all relevant stakeholders, including the private sector,civil society, academic institutions, parliaments, diaspora communities, and migrant organizations.

The private sector plays an important role in achieving development outcomes and its engagement can help strengthen the link between displacement, migration and sustainable development[17]. In tandem, the States-led Global Forum on Migration and Development (GFMD), for which the International Organisation of Employers (IOE) organizes the participation of businesses, is an intergovernmental platform that convenes States, civil society, business and city leaders in regular and continuous dialogue at the international level, with exchange of practice, partnership and policy-building across the range of issues where migration and development intersect. The GFMD Business Mechanism, which IOE hosts, amplifies the voice of business by ensuring that companies and employers organisations participate directly in the GFMD, in particular to contribute their expertise, advice and strategically engage with governments on aspects of labour migration policy.

The 2030 Agenda and its broad-based Sustainable Development Goals (SDGs) apply both generally and quite specifically to areas in which businesses have a role in supporting States to achieve the goals and targets. Adopted in 2015, Goal 8, Decent Work and Economic growth; Target 10.7, Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies; and Goal 17, Partnerships, are particularly pertinent to the private sector[18]. Two of the goals elaborate targets with explicit significance for labour migration: Goal 8.8, to "protect labour

[15] ibid
[16] World Bank. (2020). COVID19 Crises Through a Migration Lens
[17] OECD 2019
[18] SDGs & Migration Brochure, IOM

rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment", and Goal 10.7, which calls on countries to "facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies."

Going forward, irrespective of the pandemic, labour migration in and from Asia will continue to remain an important phenomenon with major implications for both labour origin and labour destination countries and for employers and migrant workers. Targeted stakeholder engagement, especially between governments and businesses is critical in order to ensure dialogue on strengthening regular pathways for employment, potentially limiting movements of lower-skilled migrants through irregular channels. The lack of regulations or their implementation in high-skilled and low-semi-skilled employment and recruitment has long posed grave risks, with unethical practices causing losses to governments and businesses alike.

Presently there are several bilateral agreements for destination countries in Asia, aimed at facilitating a flow of labour that meets the needs of employers and industrial sectors, while providing for better management and promoting cultural ties and exchanges. For the countries of origin, these agreements ensure continued access to overseas labour markets and opportunities to promote the protection and welfare of their workers[19]. For example, Malaysia has Memoranda of Understanding (MOU)s with Bangladesh, China, Sri Lanka, Thailand, Pakistan, Vietnam and Indonesia to regulate recruitment processes and procedures. Thailand has MOUs with Lao People's Democratic Republic, Cambodia and Myanmar.[20]

[19] ILO, Bilateral agreements and regional cooperation
[20] ibid

Regional Overview – South Asia

Temporary labour migration is an integral component of the South Asian economies. The countries covered in this chapter include Bangladesh, India, Nepal, Pakistan, and Sri Lanka.

The South Asian Association for Regional Cooperation (SAARC)[21] has large migrant numbers as it includes some populous countries such as India and Bangladesh. It is estimated that almost half of South Asian international migrants are within the SAARC region itself. Despite a rapidly growing private sector in some of these economies, absorbing all these workers will remain a challenge. Overseas markets thus play an important role as a source of jobs[22].

Total annual outflow of labour migrants from the 5 main countries of origin in the region, i.e. India, Pakistan, Bangladesh, Nepal and Sri Lanka is estimated to be close to 2.5 million migrant workers,[23] with most migrating for work in the Middle east and Gulf countries. However, a considerable number of the region's migrants move predominantly for work in Malaysia, Thailand and Taiwan. Even with such a large migrant population, SAARC has made little progress including migration and labour mobility issues in its agenda. Over the years it has been said that SAARC is far behind ASEAN[24].

Remittances from migrant earnings constitute a major source of foreign exchange for South Asian countries and play an important role in boosting domestic consumption and investment, and thereby, contribute significantly to economic growth and poverty alleviation. Steady inflows of remittances also support financing the implementation of the SDGs in developing countries in the region. South Asia is the largest regional recipient of remittances in the world, accounting for 22% of the total.[25] Remittances are particularly important for Nepal where they account for over 30% of GDP, but they also account for a significant share of GDP in Pakistan, Sri Lanka and Bangladesh.

In April of 2020, the World Bank (2020) projected that remittances to South Asia would decline by 22 per cent in 2020 due to loss of jobs and falling wages of migrant workers in the host countries induced by COVID-19 and the collapse of crude oil prices that affect economic activity in the Gulf countries. Severe recession in the USA, UK, and EU countries has also rendered many migrant workers jobless. While some countries in broader Asia actually saw remittances rise in the first months of the pandemic, most notably Pakistan, at the time of this writing it is still too early to tell how much and for how long remittances to the region will drop.

The coronavirus crisis has affected both international and internal migration in the South Asia region. As the early phases of the crisis unfolded, many international migrants, especially from the GCC countries, returned to countries such as India, Pakistan, and Bangladesh—until travel restrictions halted these flows. Some migrants had to be evacuated by governments. While almost all were workers, and many skilled, they, their communities and countries of origin have encountered enormous difficulty finding work at home or prospects for returning to their jobs work abroad.

[21] SAARC countries include Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.
[22] Making migration safer and more productive for South Asia, World Bank Blog, Feb 2020
[23] ILO
[24] Wickramasekara, P. (2011). Labor migration in South Asia: A review of issues, policies and practices. In International Migration Paper, No 108. Geneva: International Labor Office.
[25] COVID-19 and South Asia, ESCAP 2020

BANGLADESH

Bangladesh is a developing country with a population estimated to be about 164 million in 2019[26] and a labour force of about 72 million people in 2020[27]. With rapid population growth and a significant percentage of its population being young and of working age far outstrip available jobs at home. Bangladeshis migrating overseas for work have helped alleviate the country's surplus of workers.

Bangladesh is primarily a country of origin when it comes to migration, but some incoming migration flows take place, due in part to the porous borders and cultural affinities with neighbouring countries in the region. Data on foreign workers to Bangladesh remain limited. However, a national publication in October 2020 reported that 'according to Home Ministry sources, a total of 85,486 people are employed in Bangladesh from 44 countries, but the figure is around 246,000 according to the Special Branch of police[28].

Growth in Bangladesh is expected to decelerate to 3.0 per cent in FY20, with declining garment exports, lower private investment growth and broader disruptions caused by COVID-19. Lower revenue collection and higher recurrent spending are projected to increase the fiscal deficit to 7.7 per cent of GDP in FY20. While growth is expected to recover over the medium term, downside risks remain, particularly from a domestic outbreak of COVID-19 and fragilities in the financial sector. In the absence of mitigation measures, poverty is expected to increase significantly. Bangladesh faces many challenges with its high dependence on a few products, such as readymade garments (which account for more than 84% of exports), limited markets such as the US and the European Union (EU), and little possibility of finding alternative markets for those products at home.

According to the Bangladesh Employers' Federation (BEF), April, May and June 2020 had been extremely critical months for Bangladesh. However, by July the situation had started improving. Buyers started reordering and replacing previous orders. Factories are now operating at 25 – 80 per cent capacity. Nevertheless, Bangladesh still faces immense challenges as many of the brands/buyers are aggressively negotiating for price reductions and asking for long-term credit of 6-9 months, making the situation quite untenable for local businesses who are trying to recover from the heavy losses incurred from the start of the pandemic and protect and pay their workers. Despite the government bail-out/loans that were offered to businesses, 1,900 garment factories have shut down to-date and over 200,000 workers have lost their jobs.

Within Bangladesh, labour force participation of Bangladeshi women is estimated to be about 31.5 per cent, a relatively high rate in Asia, but their representation among Bangladeshis in the international labour market in percentage terms is among the lowest in the region[29] .This is the result of a comprehensive ban imposed on women migration by the government of Bangladesh in 1997 in response to widespread reports of physical and sexual abuse of domestic workers in some of the destination countries, principally in the region comprising the Gulf Cooperation Council (GCC).

Impact of Covid-19 on Labour Mobility

BEF maintains that migration has been hard hit by the pandemic. In terms of foreign workers to Bangladesh, the numbers are low. The government admits technical experts, and professionals in senior supervisory roles predominantly in the apparel and leather sectors as well as in light engineering, as international workers/migrants to the country. Current numbers are apparently in the region of 200,000 – 500,000. At present most of the foreign workers, largely Chinese and Japanese, are contractually employed by the public

[26] World Bank 2019
[27] World Bank 2020
[28] Foreign employees taking a bite out of Bangladesh economy, 21 October 2020
[29] BBS 2009

sector on the government's mega construction projects, including Metro Rail, and extractives industries. Across March and April 2020, it is estimated that about 25 per cent of these foreign workers had returned to their home countries on the special evacuation flights during the pandemic.

The private sector has long been calling for the setting up for a database of returning workers that links with the local labour market. According to the BEF, Bangladesh has not been successful to-date in developing such a resource. Again, as with many other countries in the region, such migrant data is not readily available as the Ministry of Home Affairs does not divulge on the basis of national security. Nor do returning migrant workers have any online platform that focuses on their issues and needs, and currently there is no official body to undertake this responsibility. BEF strongly believes that having a centralized database of all workers is a 'must' in this 21st century, especially as there currently is no labour data available in digital format, and any available data is grossly outdated.

Furthermore, the BEF is highlighting the immediate need for the establishment of an independent training facility/hub that would provide training and induction to foreign workers (both in-coming and out-going) on areas such as basic conduct and language, that would be helpful to empower all workers and be of help to employers as the foreign workers would be able to integrate better into the workplace and communities and be more willing to remain in employment. BEF also cited the urgent need for an Investment Facilitation Centre that could provide practical support, information and business facilitation to both foreign and local businesses. Related bodies that exist today are apparently overrun with immense bureaucratic formalities that deter the private sector.

Government Response and Implications for Businesses

Bangladesh is looking to steadily increase the value of its human capital resource as an asset through training, skills development and market research programmes, and reap benefits from the labour migration process. This, however, presents a significant challenge given that low-skilled workers comprise about half of the migrants seeking employment abroad. These migrants generally lack basic education, and often do not have the opportunity to engage in further training to develop their skills. Currently, the skills development training facilities in the country, both in the public and private sectors, are limited. However, efforts are being made to enhance and develop the capacities of the existing 38 skills training institutions to ensure that migrants are better prepared for working overseas. In addition, the government has implemented initiatives in this area, such as the Skill Development Fund, to be used as a revolving fund to finance skills training programmes. The Bureau of Manpower Employment and Training (BMET) is now estimated to be able to train 50,000 workers annually in different trades[30].

Systematic research into overseas labour market prospects and trends is not well developed in Bangladesh, and overseas employment takes place predominantly on an ad hoc basis. As a result, the country lacks a well-managed labour migration policy which would match demand in specific sectors with the properly skilled supply of labour. Only recently, the government set up a market research unit in BMET.[31]

From an investor perspective BEF believes that the private sector is operating in an immensely uncertain environment, and that it will continue for at least a year. Contributory factors to this negative sentiment at the ground level include the weak health system that would not be able to cope effectively if the pandemic continues, the lack of related infrastructure, weak governance structures and transport. Furthermore, given the major dependency on the apparel sector as a source of Foreign Direct Investment (FDI) for Bangladesh, the country continues to be in a buyer-driven predicament in which the buyers consistently maintain the upper hand.

[30] BMET
[31] Situation Report on International Migration in South and South-West Asia, ESCAP, July 2020

Although the government has introduced various new policies to diversify its industry base, the primary focus remains on the apparel sector. In order to reduce the dependency on the apparel sector and develop and sustain the growth of other new sectors, such as leather and footwear, IT, processed food and pharmaceuticals, the government needs to provide more support to the private sector. According to the BEF, policy makers are not very interested in the development of new sectors such as IT. The other Business Chambers are said to be in dire straits in the midst of the pandemic. Although many companies need financial support this has not been forthcoming. Furthermore, due to bureaucracy and red tape with the development partners the reaction time has been extraordinarily slow.

In the midst of the pandemic last year, it is estimated that export orders worth US$ 3 billion were either cancelled or suspended by global garment retailers and brands, many in the US and EU, due to COVID-19. For the private sector, the government provided BDT 50bn (approx. USD 595m) stimulus package for export-oriented industries in March 2020. This included loan assistance for payment of salaries for the month April May and June. Borrower would repay the loan within 2 years including a grace period of six months at 2% interest[32]. In May 2020, Bangladesh Bank permitted foreign owned/controlled companies operating in Bangladesh to take short-term working capital loans, for the tenure of one year extendable to another one year, from their parent companies/shareholders for funding payments of 3-month salaries. The facility was not applicable for those companies availing loan from BDT 50bn stimulus package[33].

[32] KPMG, Government and institution measures in response to COVID-19

[33] KPMG, Government and institution measures in response to COVID-19

INDIA

India is the second most populous country in the world, with a population of 1.4 billion, and the world's largest democracy. It ranked 63rd out of 190 countries in the '2020 Doing Business report' published by the World Bank, a significant improvement from the previous year's spot, when it ranked 77th. [34]

Globally, India is the country of origin of the largest number of international migrants[35]. Indeed, there are over 30 million Indians overseas[36]. Over 90 per cent, most of whom are low- and semi-skilled workers, work in the Gulf region and South-East Asia. The contribution of migrant workers, both highly skilled and low skilled, has led to India becoming the top recipient of remittances in the world, with over $79 billion received in 2019[37].

> **India's aim to be among the top 50 countries of the world for investors**
>
> On 22 September the Indian government passed three Bills that complete the government's codification of 29 labour laws into four codes - the Industrial Relations Code, 2020, the Occupational Safety, Health and Working Conditions Code, 2020 and the Social Security Code, 2020. The first of the four codes proposed by the government, the Code on Wages, was passed by Parliament in 2019.
>
> Labour and Employment Minister Santosh Kumar Gangwar said the passing of the Bills would balance the needs of workers, industry and other stakeholders. These changes in the labour laws were needed for the welfare of workers and promotion of industries and for the first time, over 50 million workers of the organised and informal sectors as well as the self-employed are now covered under minimum wage and social security laws.
>
> This move to simplify the complex and archaic labour laws into just four codes are aimed to further enhance the ease of doing business in the country and position India to be among the top 50 countries of the world for investors.
>
> *NDTV, 16 July 2020*

Through 3 September 2020, India's official repatriation operation had facilitated the return of more than 1.3 million of its migrants stranded around the world because of COVID outbreaks, job losses, the closing of borders and air routes, and in many cases, costs of return that migrants simply could not afford[38].

As in the rest of this report, this section on India will refer to *international* migrants unless otherwise indicated.

Impact of Covid-19 on Labour Mobility

In the wake of the pandemic, the biggest impact of the slowdown in business within India is expected to affect India's micro-, small and medium enterprises (MSME), particularly in retailing, tourism and transportation[39]. The Confederation of Indian Industry (CII) indicated that more than half of the tourism and hospitality industry would lose large numbers of jobs if recovery in the industry took longer than October

[34] 2020 Doing Business Report
[35] UN DESA, 2019
[36] India Labour Migration Update 2018
[37] World Bank, 2018
[38] Indian Ministry of Civil Aviation, 2020
[39] ibid

2020[40]. Such a scenario would also affect the self-employed workers. The start-ups, which are in development stage would also be impacted, as their demand is not likely to pick up immediately after the lock down. At least for one year, any non-essential hiring will slow down, as the corporates take a conservative approach towards employment and expansion.

India's growth is estimated to have decelerated to 5.0 per cent in FY20 and it is expected to slow down again in FY21[41]. Structural and financial-sector weaknesses are compounded by severe disruptions to economic activity caused by the COVID-19 outbreak. Fiscal balances are also being affected by weak tax proceeds and high spending needs.

India is also stated to have lost export orders worth US $ 25 billion, with cancellation of 50 to 60% of orders of all sectors[42]. Moreover, sectors like apparel, leather (footwear), handicrafts and carpets actually saw cancellation of 80 per cent of orders during February-March 2020. Ordinarily, almost 80% of the gems and jewelry from India are exported to the US, Hong Kong, and China; the sector has seen a drastic fall with the cancellation of almost 25-30 per cent of its orders.

In a report published by the government in May 2020, titled 'Government of India's mega economic stimulus package'[43], it highlights the many ways in which the State supported different sectors of the economy to bound back from the setbacks caused by the pandemic. In order to boost Micro, Small and Medium Enterprises (MSMEs) $39 Bn was allocated as free automatic loans for businesses. As leading States, Gujarat, Madhya Pradesh, and Uttar Pradesh have reformed labour laws at the state level to ensure labour and industrial welfare. The government of Madhya Pradesh announced some reforms in labour laws to give employers more freedom to operate and invite new industries and investors into the state considering the recent pandemic. For example, the Industrial Employment Act which was earlier applicable to establishments with more than 50 workers will now be applicable only if the number of workers is 100 or more. Thus, MSMEs will now be able to hire and employ workers as per their requirements[44].

Government Response and Implications for Businesses

India commenced the world's largest skilling programme in 2015 to train over 400 million Indians in different industry-related jobs. The vision was to create an empowered workforce by 2022 with the help of various schemes and training courses.

The Indian government also facilitated India's brain gain during the 2000s. Expatriates who had been living in the United Kingdom and the United States were returning to India, attracted by high salaries and entrepreneurship opportunities, but only enabled by the lifting of restrictions related to visas, investment, and the purchase of property by Indian nationals who were citizens of other countries.[45]

The Indian government also facilitated India's brain gain during the 2000s. Expatriates who had been living in the United Kingdom and the United States were returning to India, attracted by high salaries and entrepreneurship opportunities, but only enabled by the lifting of restrictions related to visas, investment, and the purchase of property by Indian nationals who were citizens of other countries

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[40] (Das, 2020)
[41] World Bank Macro Poverty Outlook for India, 2020
[42] Business Today, June 2020
[43] https://www.investindia.gov.in/siru/government-indias-mega-economic-stimulus-package
[44] ibid
[45] An investment perspective on global value chains, World Bank, 2020

As a result of the impact of COVID-19, over 2 million Indians have returned through the government repatriation programme, Vande Bharath Mission. Since many returning migrant workers have lost their jobs, the Government of India has introduced. the Skilled Workers Arrival Database for Employment Support to identify and record their skills profile. This database will help employers – both national and foreign – to recruit workers based on their skill profiles and the needs of these employers. It will also help support the reintegration of the returnees into the domestic labour market[46].

[46] Asia Pacific Migration Report 2020

NEPAL

Political instability and increasing unemployment in Nepal have been drivers for Nepalese to migrate for work overseas, and today the economy has become highly dependent on their inward remittances. These remittances have increased with an average annual growth rate of 11% during the last ten years, from US$ 3.1 billion in 2009/10 to US$ 7.8 billion in 2018/19[47].

Decades of diplomacy with neighbouring countries have increased opportunities for many Nepalese to migrate intra- and inter-regionally. For instance, migration was made easier by the Indo-Nepal Treaty of Peace and Friendship of 1950, which allowed Nepalese citizens to legally cross the border and take up work in India[48]. Indeed, over the years, many Nepalese have migrated to India to engage in agricultural work, and the country continues to be a major destination country for migrants from Nepal. As remittances from India are often made through informal channels, a good portion of them remain unrecorded. Notably, the proportion of remittances to GDP would be even higher if transfers through unofficial channels were included[49].

Malaysia is the main destination country for official labour migration through Nepal's Ministry of Labour. As of 2013/14, Malaysia had become the destination country with the largest number of Nepali migrants[50]. The Gulf region also receives large numbers of Nepali migrant workers. These migrants are almost all male to the main destination countries Malaysia, Saudi Arabia, and Qatar.

According to the most recent Nepal Population Census of 2011, the majority of the foreign citizens were from India (93.6%), followed by China (2.1%) and other countries (11.1%). Only 7.3 per cent were cited in the census as being in the country for business purposes[51].

In a paper published at the end 2017 by the ODI on the Nepal Labour Market[52], it illustrates how businesses find there is enough unskilled labour; workers, once trained, can fulfil tasks in the lower- to mid-skilled range of operations. However, once employees have enough experience, they tend to emigrate, leaving a high skilled labour gap in the market. It further states that in order to support job creation, interventions need to target economic fundamentals such as improvements to the private sector enabling environment (internal transport links and energy infrastructure, regulatory systems, etc.), which will simplify access to export markets through regulatory and infrastructure interventions. Once such issues have been resolved, the incentives to stay in a growing Nepalese market may reduce emigration[53]. It recommends interventions that would enable technical and vocational training more relevant to private sector needs by matching required skills with provided training and would incentivize these trainings by improving interactions between the current education system and the private sector through promoting internships and supporting on-the-job training activities[54].

Impact of Covid-19 on Labour Mobility

Economic growth slowed to 0.2 per cent in FY20 - mainly due to a national lockdown in response to the pandemic, reflecting projections of greatly reduced remittances, trade and tourism, and broader disruptions caused by the COVID-19 outbreak[55]. Risks to the outlook stem primarily from further loss of jobs and remittances of Nepalese working abroad, large-scale domestic transmission of COVID-19 inside the country

[47] COVID-19 and Remittance Flows in Nepal: Potential Turning Point for Development, Sep 2020
[48] IOM 2011, Tiwari 2010
[49] Situation Report on International Migration in South and South-West Asia, ESCAP, July 2020
[50] Labour Migration for Employment, 2013/14, Asia Foundation
[51] ibid
[52] https://set.odi.org/wp-content/uploads/2017/10/2.-SET-Nepal-The-Labour-Market-4-sector-case-study_Oct-2017-1.pdf
[53] ibid
[54] ibid
[55] The World Bank in Nepal, Oct 2020

and weak capacity of the government to implement emergency relief and recovery measures, including for their nationals returning and unable to find work at home.

According to the recent statistics of the Department of Labour and Occupational Safety (DoLOS) approximately 1,531 foreigners – 1301 male and 230 female – from Asia, Africa, Europe, Americas and Australia were legally working in Nepal in the last Fiscal Year 2018/19[56]. The pandemic has brought severe impact on the labour market and increased unemployment and loss of workforce for businesses. According to the Centre for the Study of Labour and Mobility in Nepal, 'Bharatmani Pandey, spokesperson for the Ministry of Labour, Employment and Social Security, had said there is a general policy to ensure that more Nepalis are employed instead of foreign workers, but no specific strategy has been made yet'[57]. According to the Federation of Contractors' Association of Nepal, one-third of the total 1.5 million construction workers employed annually in Nepal are foreigners, including Indians, Bangladeshis, and Chinese. The President of the Federation also maintains that most contractors would be happy to employ foreign workers, particularly Indian nationals, because they are more committed than Nepalis to work, and that It is also less costly for contractors to employ Indian workers''[58].

An independent study published in December 2020 on 'Impact of COVID-19 on Nepalese Small and Medium Enterprises'[59] identified some of the key issues and challenges of Nepalese SMEs amidst COVID-19. In Nepal 99 per cent of registered enterprises are micro, small and medium enterprises and 95% of employment are created by this sector[60] (Central Bureau of Statistics, 2019).

As in many other countries in the region and worldwide, Nepal also saw significant cancellation of export orders, especially in the handicrafts sector for which the EU and US are major markets, amounting to nearly US$ 165 million, leading to exporters holding unsold inventory and bank loans. The handicraft sector normally provides direct and indirect employment to more than 1.1 million people.

Industries are not fully running yet due to decrease of demand in the market, shortage of raw materials, and limited movement of people. However, large companies are in operation whilst most SMEs are facing acute problems. There is apparently no significant change in the business and investment environment[61].

Industrial sector growth is expected to decline because of lower industrial imports, supply chain disruptions, and shortages of skilled workers. The countrywide lockdown together with lower remittances and tourist arrivals is likely to impact services growth. Economic growth during FY21 is also likely to remain subdued due to the lingering effects of the pandemic and some recovery is expected in FY22.

Government Response and Implications for Businesses

According to the Federation of Nepalese Chambers of Commerce & Industry (FNCCI), policy reformation is being made to attract more investment. At a business and investment summit organised in 2018 attended by many investors from different countries, over a dozen foreign investors had shown interest in investing in Nepal. Around 1,400 billion USD investment was committed by the investors, and some had been in advanced processes. However, the progress on new business investments to Nepal was stalled due to the COVID pandemic.

To mitigate the economic upheavals caused by the pandemic, the Government allocated budgets with an objective to create about 6,00,000 additional employments through the Prime Minister Employment Programme, skill-based training, small farmers credit, and Youth and Small Entrepreneur Self Employment. The budget has also made provisions for the industries affected by COVID-19 such as tourism, agriculture

[56] Nepal lucrative for foreign workers, Aug 2019
[57] Plan to Replace Foreign Workers With Nepalis in Various Sectors Is Easier Said Than Done, Sep 2020
[58] ibid
[59] https://www.nepjol.info/index.php/jbssr/article/view/35230
[60] Nepal Central Bureau of Statistics 2019
[61] Federation of Nepalese Chambers of Commerce & Industry (FNCCI)

and, cottage and small-scale enterprises. In this context, a tax exemption from 25 to 74 percent have been provided for. This includes exemption in income tax, VAT and custom duties[62]. Nepal's central bank rolled out a number of measures to provide relief and revive the industries hit hard by the COVID-19 pandemic[63]. The repayment deadline of paying loan installments was extended by maximum one year to the worst affected industries. The industries that faced medium level impact from the pandemic could pay such installment till mid-2021.

The private sector representative organisations have been very vocal on demanding stimulus plans to help the private sector get back to business. The Government of Nepal has responded to COVID-19 through its budgetary policies. The Nepal Government has assigned a special low interest (5%) loan fund of 42 million USD in its fiscal plan for FY 2020/21. Likewise, it has provisioned 84 million USD for refinancing at 5% interest as an economic stimulus plan. It also has provisioned for skill development, strengthening domestic industries by enhancing productivity and employment promotion. The policy also focused on providing some subsidies on interest and loan schedules and availability of credits to SMEs[64].

The FNCCI maintains that the government of Nepal is very concerned about migrant worker issues. Safe migration from the country and security in destination countries are always issues of debate and discussion and employers' organisations and recruitment agencies are often consulted by the government about issues of effective enforcement and compliance of laws, regulation and procedures.

Furthermore, the Federation believes that there is a business-friendly and an enabling environment for businesses in relation to economic immigration. Government has made reformation a priority on various business-related laws and policies. The FDI Act, Company Act, and the Industrial Enterprise Act have been amended. Recently, the government has introduced new monetary and fiscal policies to facilitate investment processes and the labour law has been reformed with flexible provisions for worker recruitment. At the end of 2017 Nepal introduced new labour laws amendments[65]. Accordingly, the type of position for which a foreign national can be hired has been changed from "skilled technical position" to "skilled position". Therefore, foreign workers without technical skills can now work in Nepal – thus increasing the pool of eligible foreign nationals who seek to enter Nepal to work. Furthermore, since the maximum period for employment for a foreign national is yet to be prescribed by the new law, the rule that allows foreign nationals to work for up to five to seven years still applies[66].

In terms of recent developments, the government has prioritized the ‘employer pays model’, consistent with fair recruitment principles, to ensure that workers do not have to bear any costs and fees associated with their recruitment process. In particular, this includes the recruitment fees paid by the employer to the Nepali recruitment agency facilitating the recruitment[67]. In order to ensure that this model implemented effectively it is imperative that the government engages closely with the private sector stakeholders.

[62] A Review of the Economic Impacts of the COVID-19 Pandemic and Economic Policies in Nepal, July 2020
[63] Nepal unveils monetary policy to revive pandemic-affected businesses, July 2020
[64] Impact of COVID-19 on Nepalese Small and Medium Enterprises. Dec 2020
[65] New Labour Law implemented, Nepal – Fragomen, Dec 2017
[66] ibid
[67] Nepal Migration Report 2020

PAKISTAN

Pakistan's total population in 2020 is estimated at 220.9 million and is the world's sixth most populous country and the second most urbanized nation in South Asia[68].

Slow economic growth, high unemployment and inflation are among the main factors for labour migration from Pakistan. A disproportionate reliance on the performance of the textile industry also contributes to large-scale outward migration. In recent years, migrants from Pakistan have been predominantly male workers seeking employment in the countries of the Gulf - especially Saudi Arabia, and finding temporary work there.

In Pakistan there are approximately 1.5 million documented individuals from Afghanistan. In relative terms, immigrants represent 1.7 per cent of the total population of Pakistan [69]. However, due to porous borders and a lack of adequate infrastructure/resources to register foreigners over the past 50 years, there are also numerous undocumented migrants in Pakistan. The substantial population movements of refugees and displaced people from neighbouring countries have dominated recent migration to the country and have put stress on the labour market. Afghans residing in Pakistan, either as refugees or in a refugee-like situation, commonly work as low-skilled labourers in such areas as construction, waste collection and recycling, and in other sectors that utilize physically demanding labour[70].

China's growing interest in Pakistan has seen an increase in migration from China to Pakistan. Although the bulk of economic migrants came from Afghanistan there was a surge of Chinese highly skilled experts in the past few years, mainly to work on the projects under the China Pakistan Economic Corridor (CPEC). In addition, there are higher skilled foreign workers (expatriates) working with most developmental organisations and international schools.

Impact of Covid-19 on Labour Mobility

According to a July 2020 news brief by Deutsche Welle (DW) international media outlet[71], Pakistan's economy is set to shrink by $15 billion as a result of the pandemic. Furthermore a 10 per cent decline in gross domestic product (GDP) in the fourth quarter of the financial year 2020 was also predicted. A recent survey by Islamabad-based research organisation Gallup found that Pakistan's unemployment rate is predicted to surge to 28 per cent and the number of unemployed people in the country is estimated to reach 6.65 million during the fiscal year 2020-21, compared to 5.80 million in the outgoing financial year[72].

In discussion with a private sector representative in Pakistan, it was stated that in the near future he does not see a favourable business case for economic migration into the country unless the existing health systems in particular are strengthened. He believes that the more skilled cadre of workers/experts will be deterred from migrating for long term employment opportunities. Furthermore, he expressed that the migration policies are overly strict for foreign workers. "For instance, it is cumbersome for a foreign investor to invest or work due to stringent migration regulations. I would say the policies for low skilled workers appears to be very lax while skilled workers and expats have to renew work permits almost every year".

Rapid spread of the COVID-19 virus since February 2020 has brought economic activity to a near halt. Most of the country has been placed under a partial lockdown. The closure of non-essential businesses and domestic supply chain disruptions is having a significant impact on wholesale and retail trade and transport,

[68] World Bank 2010
[69] UNDESA, 2017
[70] ibid
[71] https://www.dw.com/en/how-the-covid-19-crisis-is-affecting-pakistans-economy/a-54292705
[72] ibid

storage and communication, the largest sub-sectors of the services sector. The drop in domestic and global demand is also compounding the woes of the industrial sector, which is hit by both supply and demand shocks. In addition, the country's main industrial sector – textiles and apparel – is highly exposed to COVID-19 related disruptions due to its labour-intensity.

Government Response and Implications for Businesses

In June 2020, the Pakistani federal government unveiled an economic recovery plan worth 1.2 trillion rupees and Islamabad announced support funds for businesses which include 100 billion rupees in tax refunds and an additional 100 billion rupees in deferred interest payments. The State Bank of Pakistan also cut interest rates for its borrowers by 225 basis points in mid-June, easing pressures for the federal government and businesses facing cash flow problems[73].

Amid the coronavirus crisis, in a bid to revive the economy, much of the onus seems to be turning to the private sector, which experts say could result in thousands of job cuts as the government is planning to shed a number of state-run enterprises. A representative from the private sector interviewed for this study stated that "currently, the government machinery is focused on keeping the economy afloat during the pandemic, so I feel a dialogue on labour migration will be low priority agenda, especially since Pakistan currently has one of the largest populations of young in its history i.e. 64 per cent is below the age of 30. Therefore, the public policy debate is more tilted towards providing employment opportunities to the skilled and unskilled youth. The incumbent government however is pursuing different programmes to devise new policies to address the enabling of an ease of business for economic migrants".

Other corporate representatives interviewed added that the business environment for economic migration can be improved much further, especially as foreign workers find it very difficult to set up businesses in the country. It was cited that one of the most tedious processes is that of funds transfer or receiving them. In order to create an enabling environment for businesses, such processes need to be fast-tracked to facilitate foreign workers or investors to work or invest in Pakistan. Furthermore, although the government of Pakistan has devised different programmes in collaboration with the International Labour Organisation and employers and workers organisations to promote decent work in Pakistan, initiatives such as these can be expanded to include more labour rights for foreign workers entering Pakistan. Businesses also feel that the unskilled labour force entering Pakistan should have access to training programmes as well.

It was also added that given the fallout from the pandemic and increasing numbers of skilled nationals returning to the country, the government could capitalize on the opportunity by creating an enabling business environment for them and benefitting from their contribution to reset the local economy post-pandemic. The businesses interviewed believe that the government is indeed cognizant of the importance of well-defined migration policies and the need to engage closely with businesses to mitigate negative consequences on the economy. However, its focus is predominantly on the Pakistani migrant workers working in different parts of the world. There is a specific shift in policy being observed where the Pakistan government is negotiating the terms with other countries to have better working conditions for their migrant workers and that they receive the best possible treatment there. However, for the foreign workers (who are much less in number), there seems to be no coherent policy framework available.

Although there seems to be fairly adequate measures being taken to prevent trafficking, bonded labour or unethical migration practices and relevant policies and guidelines, businesses feel that there should be strict monitoring of their implementation. The government has taken several measures including minimum wage and other protections given to low skilled workers. However, strict enforcement of these needs to be observed through a strong governance framework. Conditions have improved but still need more attention.

[73] https://www.dw.com/en/how-the-covid-19-crisis-is-affecting-pakistans-economy/a-54292705

The government announced relief packages for the poor and also provided subsidized loans to business for payroll financing. These proactive steps from the government resulted in a lower unemployment rate in Pakistan.

Businesses feel that for Pakistan, the pandemic has greatly affected the mobility of skilled workers to the country which in turn could impact businesses and projects there. It is anticipated that this will continue to be the trend in the coming months till the pandemic threat subsides. A key observation by the private sector is that issues like national security and other perceptions have discouraged skilled workers from coming to Pakistan as a preferred location. The need for strong and targeted media campaigns was highlighted as a remedy, especially in the global arena. Furthermore, it is possible that such a media strategy that highlights the positive aspects to attract foreign worker interest, may also spur the government to strengthen the business climate in the country and create a more of a level playing field for businesses.

In terms of specific changes to regulatory frameworks that companies would like to see in Pakistan to promote greater responsiveness to local labour market needs, they believe that encouragement by the government in terms of uncomplicated processes to recruit foreign workers can improve skills mobility and help economic recovery. Helping companies/businesses recruit foreign employees by providing them a platform to do so while creating rapport with other countries would significantly add responsiveness to local labour market needs.

AFGHANISTAN

The population of Afghanistan is about 39 million, of which almost 80 per cent live in rural areas[74]. The country's population is growing about 2.8 per cent annually and is projected to exceed 65 million people by 2050[75].

Migration has long been part of the social landscape of Afghanistan, and many households often send at least one family member abroad to seek employment. This decision, made in the context of socio-economic and security conditions, is often viewed as a survival strategy. The wage disparity between Afghanistan and bordering countries, such as the Islamic Republic of Iran and Pakistan, and the countries of the Gulf Cooperation Council (GCC), is an important consideration for labour migrants seeking employment overseas. According to the International Monetary Fund (IMF), workers' remittances are set for a sharp decline. Investor confidence, already depressed by the armed conflict and political uncertainty, is likely to wane[76].

The limited number of jobs at home continues to be a strong push factor for migration from Afghanistan. However, the lack of options for regular channels of admission to other countries together with inadequate border controls, decades of war, and poverty make irregular and often dangerous migration the only path for many to move and work outside the country. This is exploited by increasingly sophisticated and well-funded transnational crime networks that engage in human trafficking of people out of the country, particularly of women and children[77].

Nearly one-fourth of the labour force is unemployed in Afghanistan, and 20.5% of those who are working are underemployed[78]. Despite the country's high unemployment rate, workers with skills lacking in Afghanistan are sought from other countries and employed especially in the construction industry.

Given that Afghanistan, in many ways like other countries worldwide, does not have enough skilled labour force needed to rebuild its economy, the country has been engaged in the active recruitment of migrant workers from other countries and attracting investment from foreign companies in specific sectors. This has been in line with one component of the Afghanistan National Development Strategy (ANDS). Particular sectors include mining and telecommunications, where much manpower with specific knowledge is required. In the construction sector foreign firms often obtain larger contracts and many bring in their own employees from abroad to fulfil them. The high number of permits granted to Pakistani nationals may be indicative of a growing trend of workers migrating to fill positions in the construction sector. The financial services and banking sector has also undergone formalization and expansion.

Immigration to Afghanistan for employment purposes has also long included foreign military and development staff[79].The vast majority of workers entering Afghanistan over the past three decades has actually been the repatriation of Afghans who left the country during periods of instability[80]. The government of Afghanistan and international organisations have initiated several projects aimed at increasing the return of qualified expatriates to Afghanistan. Principal among these is the Afghan Reconstruction Trust Fund (ARTF).

[74] Situation Report on International Migration in South and South-West Asia, ESCAP, July 2020
[75] https://worldpopulationreview.com/countries/afghanistan-population
[76] IMF Country Report No. 20/143, May 2020
[77] https://worldpopulationreview.com/countries/afghanistan-population
[78] A Survey of the Afghan People, 2019, The Asia Foundation
[79] Afghanistan Migration Profile, IOM 2014
[80] Monsutti 2006

More than 420,000 undocumented Afghans returned from Iran and Pakistan between 1 March 2020 and 29 August 2020. Of these, 117,145 Afghans had returned in the first two weeks of March 2020 alone[81] .

Impact of Covid-19 on Labour Mobility

The COVID-19 pandemic is expected to have major negative impacts on growth in 2020, due to border closures, reduced remittance flows, and economic disruptions associated with social distancing measures. Businesses continue to be adversely impacted due the deteriorating security situation in the country coupled with the pulling out of US troops. Foreign workers/experts will be deterred from migrating for long term employment opportunities if prospects remain highly vulnerable to political instability, worsening insecurity, and rapid declines in international grants. The economy is expected to contract by 3.8 per cent in 2020, mainly because of economic disruptions resulting from the COVID-19 virus, even assuming a rapid resumption of political stability.

Government Response and Implications for Businesses

Pursuant to the Regulation on Employment of Foreign Workers, Afghan nationals must be given priority for employment before foreign workers can be employed. Foreign workers may only be employed in specialised roles, especially if no national is available to carry out the role[82]. A work visa is granted upon presentation by the employer of an employment contract, identity documents and an Interpol clearance to the concerned business licensing authority and the Ministry of Interior, while a work permit is issued by the Ministry of Labor and Social Affairs. Work permits are valid for one year and may be renewed as long as the employee is retained in his or her job[83].

[81] IOM, 2020c
[82] https://practiceguides.chambers.com/practice-guides/employment-2020/afghanistan
[83] ibid

SRI LANKA

Sri Lanka is a both a country of origin and of destination (with over 2 million of its citizens working abroad), and to which they migrate – with a growing number of migrant workers from countries such as India and China arriving to work on large-scale infrastructure projects, such as new highways, seaports and airports. Such development is projected to further increase population mobility into and within the island. According to the Director General of the Employers Federation of Ceylon (EFC), the potential for growth in key industries in Sri Lanka such as information technology (IT) relies on skilled migrants to cater to the growing demand, and IT professionals from overseas, particularly from India, are brought in.

The Middle East continues to be the main destination for Sri Lankan migrant workers, accounting for around 88.2 per cent of the total departures[84].

Growth is estimated to have been 2.6 per cent in 2019, an 18-year low, partly explained by the impact of terrorist attacks in April. The COVID-19 outbreak is believed to have further weakened growth in 2020. An island-wide curfew and a lockdown of several hotspots is likely to have affected manufacturing and services activity. Tourism has also been severely affected by the closure of international airports for arrivals March 19. However, the EFC reports that even during the current pandemic situation Sri Lanka continues to operate as a transit destination both for migrant workers as well as for those who are transiting via the Sri Lankan ports. The change of several ship crews/sea farers has also taken place.

Impact of Covid-19 on Labour Mobility

In Sri Lanka itself, construction activities slowed down at the start of the year due to a shortfall of Chinese workers, and projects are at risk of being stalled. The apparel industry, which accounts for about half a million jobs, has announced significant job cuts due to low global demand and a shortage of raw materials. Meanwhile, agricultural production is expected to be largely undisrupted, amid government efforts to ramp up domestic production and import substitution. However, export-related subsectors will be negatively affected.

Abroad, and especially in the wake of the pandemic, Sri Lankan migrant workers face significant hardships. In addition to many losing or still at risk of losing their jobs, migrant workers risk losing their right to stay in the country of employment as visas and work permits are often linked to their specific employment. This means that in cases where employers do not pay for the migrant's safe return to their home country, and the migrant worker cannot afford the sudden return themselves, there is a significant risk that they become undocumented by overstaying their visa. In these instances, the migrants find themselves in an irregular situation—many stranded—without income, rights and protections and in fear of arrest, detention and deportation.

Government Response and Implications for Businesses

Policies regarding migration to Sri Lanka will continue to have an impact on business, considering the manpower needs of the country. It is unlikely that Sri Lanka will be able to bridge the gaps that exist – at least in the short/mid-term, in terms of its requirements for migrant workers in several key growth industries, including construction and IT.

For migration both to and from Sri Lanka, the EFC has had numerous constructive discussions with the government that have led to mutually beneficial outcomes. The EFC is also promoting the new "Skills Passport" that is directly linked to the establishment of the National Skills Database, including those of migrant workers. It is hoped that the Skills Passport when fully implemented will address many issues of

[84] Central Bank of Sri Lanka Annual Report, 2018

migrant workers whilst empowering them based on the concept of 'skill security'. The private sector believes that the implementation of the Skills Passport is an example of good practice, as it promotes reciprocal recognition of skills with other regions.

The government has been continuing its efforts to implement regular pathways for foreign workers entering the country by strengthening the 'work visa' as one measure. Once implemented, the one-window type of operation will enable employers to obtain approvals with the least amount of red tape. It is further hoped that unlawful and exploitative recruitment practices, corruption, forced labour, etc., will also be mitigated through this process. When reflecting on the future of global mobility, the EFC feels that the implementation of the recent Global Compact for Safe, Orderly and Regular Migration and the setting up of the new UN Network on Migration for Sri Lanka will be beneficial in terms of its engagement with the private sector. It is hoped that there will be a promotion of mutual recognition of skills between regions, as well as the establishment of a system of social protection which can also be recognized/implemented across borders. The business sector has expressed that the government is cognizant of the importance of well-defined migration policies and the need to engage closely with businesses to mitigate negative consequences on the economy. Looking ahead, the EFC believes that industries such as construction, IT, tourism and agriculture (including food processing) may increasingly require manpower from other countries to address evolving labour market realities.

Upon discussion with the Sri Lankan Minister for Foreign Affairs, Hon. Dinesh Gunawardane, it was clear that the government is very much committed towards ensuring that there is a business-conducive environment that provides regular and predictable pathways for companies to access labour for their operations. At the same time the Minister emphasized the duty of the State to create a Provident Fund to reskill returning migrant workers and to facilitate their access to loans and other benefits and recognize the important contribution migrant workers make towards the revival of the economy. He also stated that the government would be looking towards providing a pensionable fund for migrant workers that could provide matched funding for each dollar deposited by the migrant and supplement the pension fund.

REGIONAL OVERVIEW – SOUTHEAST ASIA

The countries included in this chapter are Indonesia, Malaysia, Cambodia, Lao People's Democratic Republic (Lao PDR), the Philippines, Singapore, Vietnam and Thailand.

The number of people moving within South East Asia/ Association of Southeast Asian Nations (ASEAN) region has increased rapidly over the years. Singapore and Malaysia constitute the largest migrant receiving countries, while Philippines and Indonesia are the largest source countries in ASEAN. Migrant data from 2020 reveal that the ASEAN region has 6.8 million intra-regional migrants accounting for two-thirds of the region's total international migrant population [85] .Migrant workers from countries such as Bangladesh, India, Indonesia, Myanmar and the Philippines play a vital role in the agriculture, livestock, seafood, manufacturing, hospitality and other sectors in Malaysia, Singapore and Thailand. Together, these three countries host 96 per cent of the total number of migrant workers in ASEAN, or 6.5 million people, according to the World Bank[86]. The establishment of the ASEAN Economic Community (AEC) in 2015 was a major milestone in the regional economic integration agenda in ASEAN, aiming to establish a free flow of goods and services, free mobility of business persons, skilled professionals and investments by 2025.

As the COVID-19 pandemic continues to disrupt labour migration throughout the region and globally, migrant workers remain disproportionately affected and are striving to protect their livelihoods and their health through the crisis. Businesses also remain adversely affected as border closures and travel bans significantly curtain labour mobility. Job losses and labour market contraction have occurred on a large scale globally, and in Asia and the Pacific, it is not surprising that this region accounted for approximately 80 per cent of the global reduction in working hours during the first quarter of the year[87]. The analysis of the survey also states that 'those who re-migrate or who migrate for the first time in the future may need to undergo quarantine in countries of destination, prolonging entry to the job market and resulting in a half month or more of no pay, and consequently no remittances to family or debt repayments at this time'.

[85] TRIANGLE in ASEAN Quarterly Briefing Note, July-Sep 2020
[86] ASEAN Post, 1May 2019 https://theaseanpost.com/article/aseans-migrant-workers-live-fear
[87] ILO Monitor: COVID-19 and the world of work. Sixth edition

INDONESIA

Indonesia, by population the world's fourth-largest country, has for decades been a major country of origin for labour migration, with its workers spanning locations in the Asia-Pacific and beyond. In recent years it has also been in the role of transit and destination country and continues to face challenges associated with its competing migration identities, such as protection of trafficking victims and asylum seekers. Migration and mobility are intrinsic characteristics of the many Indonesian cultures that shape its population of approximately 271 million people[88].

Indonesian migrant workers who work abroad earn on average four to six times more than in Indonesia. Remittances sent home improve the welfare of their families, while the new skills acquired help them find better jobs on their return. More than 9 million Indonesians are today employed abroad and more than three-quarters of them are low-skilled workers[89].

Compared with Indonesian labor migrants overseas, the number of registered foreign workers in Indonesia was relatively small at about 60,000−70,000 in 2014−2016. Distributed by region, about half of these foreign workers came from Northeast Asian countries—the PRC, Japan, and the Republic of Korea—while foreign workers originating from Southeast Asian countries came mostly from Malaysia (around 4,500) and a smaller number from the Philippines and Thailand. A range of Organisation for Economic Co-operation and Development (OECD) countries (especially Australia, the United Kingdom, and the United States) came next, and then India[90]. More than 70% worked as professionals, consultants, or managers in the trade, services, and industry sectors. Based on the 2016 National Labor Force Survey, foreign workers in Indonesia are most concentrated in Java, with more than 70% located in Jakarta and the industrial estates around Jakarta, where there is more developed infrastructure and a more modern economy[91].

Impact of Covid-19 on Labour Mobility

Indonesia is a destination for high-skilled migrant workers, but the government authorizes foreign employment only for positions that require qualifications, work experience, and skill sets not easily found in the domestic labour market. This includes teachers for the international schools and colleges. The number of immigrants working legally as English teachers, senior managers, and other professionals has declined in the last several years because of previous tighter government policies[92]. In order to ease the restrictiveness, a new Government Regulation set to come into force on April 1, 2021, will introduce several changes meant to simplify the process for hiring expatriate workers in Indonesia and in turn attract greater investment into the country[93].

GR 34/2021 introduces a significant change to the expatriate work permit application process, removing the Notification (*Notifikasi*) application from the process. Previously, employers were required to obtain a Foreign Worker Utilization Plan (*Rencana Penggunaan Tenaga Kerja Asing* or "RPTKA") and a Notification approved and issued by the Minister of Manpower ("MOM") prior to employing foreign workers. Now, GR 34/2021 removes the Notification requirement and adds one new step, the RPTKA appropriateness assessment ("RPTKA Assessment"). During the RPTKA Assessment, the MOM will determine within two

[88] World Bank 2019
[89] Indonesia's Global Workers, World Bank 2017
[90] Indonesia: Enhancing Productivity through Quality Jobs,ADB 2018
[91] ibid
[92] ibid
[93] New Regulation Looks to Ease Process of Hiring Foreign Workers in Indonesia, SSEK, Feb 2021

business days whether the submitted information and documents are correct and complete[94]. Employers in Indonesia will be required to submit an annual report to the MOM on their employment of foreign workers. The report will cover the implementation of (i) foreign workers employment, (ii) the education and training of Indonesian Co-Workers, and (iii) knowledge and technology transfer from foreign workers to Indonesian Co-Workers. Employers must also submit a report to the MOM when completing or terminating the employment relationship with their foreign workers[95].

In the current COVID-19 scenario many businesses see a steep drop in revenues and/or profits, and the priority is almost inevitably cost reduction. Foreign workers can command a larger share of business expenses on a per person basis so many companies would have to make difficult decisions between retaining talent (local and/or foreign) and being able to survive the challenges without certain talent. The demand for Indonesian workers overseas is showing a decline as Indonesia has been the country with the highest number of COVID-19 infections and deaths in Southeast Asia[96].

An article dated May 12, 2020[97]reports that there are 98,902 foreigners holding work permits in Indonesia, and the biggest country represented is China, with 35,781 workers (36%), followed by Japan, South Korea, India, Malaysia, Philippines, United States of America, Australia, Great Britain, Singapore and 15,187 workers from other nations. The Employers Association of Indonesia (APINDO) added that businesses would benefit from more information regarding the current economic migration landscape in the country/region and if the government and private sector could engage in a more systematic manner. Businesses often gather their market intelligence when news stories are published in local newspapers.

Government Response and Implications for Businesses

Given the current stance of the government that does not prioritize the need for a large pool of foreign talent, coupled with bureaucratic processes for obtaining work permits for foreigners in Indonesia, some companies have found it convenient to base their regional operations centre in more investor and foreign worker-friendly nations such as Singapore, Malaysia, Thailand, Vietnam and China, including Hong Kong. These then serve as the regional hub and/or head-office for ASEAN / Asian business and/or operations, and staff—whether locally sourced or from outside the business domiciled country—will be pooled there.

It is not unusual for Indonesians to be hired by such companies (based outside of Indonesia) to then serve the Indonesian market from outside Indonesia, and become adept at it, using the latest telecommunications and internet technologies. Some Indonesians are hired at the management level and some to be supervisors and trainers. Other Indonesians are hired in foreign countries at the rank-and-file/clerical staff level to serve the Indonesian market. Some countries in the region such as Vietnam and China support these efforts as their schools provide Indonesian language training.

By 2030, 70 per cent of Indonesia's population is projected to be of working age, presenting an opportunity and a test for the country[98]. The main benefit to society would be in the case that Indonesians are able to live more prosperously at home by working and earning an income. But this hinges on the creation of enough gainful employment opportunities for the 2 million or so workers who enter the job market each year.

The Employers Association of Indonesia maintains that if Indonesia places protectionist barriers, it is actually dis-incentivizing companies to set-up their regional centers in Indonesia. Instead, companies/investors establish operations in neighbouring countries. In doing so, less support staff are hired, fewer vendors are

[94] ibid
[95] ibid
[96] https://www.csis.org/programs/southeast-asia-program/southeast-asia-covid-19-tracker-0
[97] https://nasional.kontan.co.id/news/jumlah-tenaga-kerja-asing-di-indonesia-98902-tka-china-terbesar-berikut-datanya
[98] Migration Policy Institute, September 19, 2018

able to service these regional centres and fewer taxes are collected. In operating this way Indonesia is, ironically, making it more difficult for migrant workers and local businesses to thrive off foreign investments.

Businesses feel that Indonesia and other governments should begin sharing a database based on labour mobility as this will allow countries, companies and people to forecast demand and supply in order to fill their respective needs and have a better life for themselves. Such database(s) can also reduce illegal movement of labour, such as human trafficking and other abusive practices.

MALAYSIA

Malaysia has been benefitting greatly from the employment of migrant workers in several economically important sectors - largely concentrated in physically demanding categories of the economy such as agriculture and construction[99]. During the last two decades, these workers have helped to provide the labour that has fueled the country's emergence as an upper middle-income country.

With close to full employment since 1990 and high educational attainment among nationals, the Malaysia economy relies heavily on migrant workers to perform low-skilled jobs. Approximately one-third of workers in the services sector and 25 per cent in agriculture are migrants. Malaysia is the main destination for Indonesian workers, hosting half of Indonesia's estimated 3.7 million workers abroad in 2019[100]. Migrants from Bangladesh are one of the largest other groups of migrant workers in Malaysia with 573,000 registered in September 2019[101] .

The manufacturing sector employs the highest number of foreign workers (35.3%), followed by the construction (21.7%) and plantation (13.4%) sectors. These sectors rely on foreign workers to meet the shortage of low skilled workers. The plantation industry, in particular its palm oil component, is dependent on foreign workers as locals are not attracted to work in the estates. However, palm oil producers are beginning to recruit local workers and pursue automation as the industry reels from the foreign worker shortage brought on by COVID-19.

According to the Malaysia Employers Federation (MEF), Malaysia has for many years relied heavily on workers from other countries to fill the domestic labour shortages, principally in 2 categories: "foreign workers" who are employed particularly in the low-skilled jobs in key economic sectors, and the so-called "expatriates" who are highly skilled. MEF states that according to a recent Parliament report there are 1.54 million registered foreign workers as of May 2020. However, it is believed that the figures could be much higher if what Malaysian authorities call "illegal" foreign workers are included, and estimates suggest that there are 4 million foreign workers in Malaysia both legal and irregular.

Impact of Covid-19 on Labour Mobility

As of 7 May 2020, Malaysia reported 6,467 COVID-19 infections. The reported number of recovered patients was 4,776, while 19 individuals were in intensive care units (ICUs), and 107 people dead from the disease.[102]

Malaysia saw a sharp decline in the issuance of new visas to expatriate workers arriving, in April and May; visa issuance resumed in June 2020. Malaysia suspended the admission of foreign nationals in March 2020, but gradually eased these restrictions for certain categories, such as employment pass categories I–III and professional visit passes, subject to specific individual authorization[103]. Malaysia's Ministry of Human Resources indicated in April 2020 that layoffs should prioritize foreign employees[104]. Since then, closures have been reported for example in the garment and apparel sector, causing unemployment among migrant workers[105].

While COVID-19 screening of local Malaysian workers was not mandated, the Ministry of Works stated that workers and employers who are non-nationals in the construction industry and security services at the Federal Territories and Selangor must undergo COVID-19 screening. This could be done via the Social Security

[99] Foreign workers in Malaysia, KNOMAD
[100] Central Bank of Indonesia data (Table 30).
[101] Immigration Department, Ministry of Home Affairs
[102] COVID-19: Impact on migrant workers and country response in Malaysia, ILO 8 May2020 update
[103] Labor migration in Asia - impacts of the covid-19 crisis and the post-pandemic future, ADB/OECD/ILO, Jan 2021
[104] Government of Malaysia, Ministry of Human Resources 2020
[105] ILO 2020

Organisation's (PERKESO's) Prihatin Screening Programme. In relation to foreign workers in other industries, employers were required to comply with the government's Standard Operating Procedures (SOPs) directives and announcements as they are released.

Government Response and Implications for Businesses

The role that migrant workers play in filling the demand for low skilled workers has not been readily accepted by the government and for many years targets have been set and policies introduced to reduce the dependency on migrant workers. Employers have complained of severe shortages in some industries when more restrictive policies have been applied[106].

Political and public discourse have regularly dovetailed in portraying migrant workers as a potential threat to national security and detrimental to the country's long-term social and economic development. Labour migration policy in Malaysia has tended to be formulated largely from the standpoint of immigration controls rather than labour administration.

Employers found guilty of hiring foreigners without valid permits will be given the maximum penalty of RM50,000 fine and jail up to 12 months or both for each undocumented immigrant employed, and those hiring more than five will also be given the rotan (caned).

Malaysia has benefitted greatly from the employment of migrant workers in several economically important sectors. During the last two decades, these workers have helped to provide the labour that has fuelled the country's emergence as an upper middle-income country. MEF states that industries, and particularly SMEs, depend on foreign workers to increase production and exports. Foreign workers provide support to the work of highly-skilled local workers. ''It is a fallacy that employers prefer to recruit foreign workers instead of local workers because it is cheaper to recruit foreign workers. Though employers prefer to recruit local workers and do not have to pay high recruitment fees, they are left with no alternative other than to depend on foreign workers to fulfil industry demands because local workers are not willing to perform the jobs that the foreign workers are hired to do''.

In July 2020 the government took the decision to reduce the pandemic's impact on local employment without hurting key industries the government by limiting foreign labour hiring to the construction, agriculture and plantation sectors[107].The plantation sector had been facing a shortage of about 62,000 workers[108], and the government had previously frozen intake of new foreign workers from July to December 2020. The plantation industry is expected to suffer losses amounting to RM 12 billion (nearly USD 3 billion) due to shortage of workers. On 13 November, the Star Newspaper in Malaysia reported that the Home Minister had announced that employers in the construction, manufacturing, plantation and agriculture sectors will be allowed to legally employ undocumented foreign workers under the Labour Recalibration Plan for undocumented immigrants[109].

Recently the government decided to allow re-employment of foreign workers still in the country who are no longer required by their existing employers. Conditions for re-employment are that the foreign workers must have a valid work permit, and re-deployment is restricted to within the same sector.

However, this new move poses challenges as many foreign workers would be unable to be redeployed as existing employers would only release their foreign workers after the terms of their permits expired, and restricting re-employment of foreign workers to within the same sector would not optimise utilisation of foreign workers.

[106] TRIANGLE in ASEAN Quarterly Briefing Note, Malaysia January-June 2020
[107] Reuters, July 2020
[108] The Malaysian Reserve, 14 September 2020
[109] Move to address foreign worker issue, The Star, 13 November 2020

The employment of foreign workers in Malaysia is fraught with issues and inconsistencies that negatively impact industry's efficiency and productivity. MEF has consistently called for the government to resolve issues and challenges related to the employment of foreign workers. Together with 23 industry organisations, MEF submitted joint memoranda on the various issues relating to recruitment and management of foreign workers. In response to ad hoc policies and regulations proposed by the government, MEF has also articulated their concerns effectively through various media channels such as newspapers, TV and social media platforms.

Businesses in Malaysia believe that an enabling business environment and comprehensive policy in relation to foreign workers recruitment and management will go a long way to support the development of industries, particularly the SMEs which constitute 98% of businesses in Malaysia. At present, employment of foreign workers is managed based on perceptions of security risks rather than from the demand for human resources. The current system in Malaysia cites a one-stop centre for the recruitment of foreign workers in Malaysia to deal with the complex and bureaucratic processes involving many parties and government agencies both in the source and destination countries. However, the reality is that there are still many challenges as it certainly does not function as a single approving authority. There are multiple ministerial and agencies involved in the approval process, including agents overseas.

A positive development for businesses has been the government's adoption of a government-to-government (G2G) mechanism as a pilot programme with Bangladesh, through signing of a MOU for the recruitment of foreign workers. Businesses welcome such a G2G system and recommend a similar one should be established between Malaysia and all approved source countries. This would enable greater transparency, and intermediary recruitment companies can be discontinued. Private sector employers would then need to deal with the government only on matters pertaining to foreign workers.

Businesses require the support of the government to strengthen regular pathways for migrant labour and to minimize risks to businesses by measures to mitigate risks of irregular migration, potential unlawful practices, including trafficking, slavery, informal and unethical recruitment, corruption and forced labour.

MEF together with other businesses have called on the government to establish a holistic and end-to-end system with specific modules at various stages of the ecosystem that is simple, transparent, efficient and cost-effective to manage foreign workers. Businesses will find it beneficial if there could be a single and comprehensive centralised database comprising biometric information of foreign workers and electronic submissions that is open and accessible to all stakeholders, with notification updates and alerts, including secure financial transaction interface. It would further help businesses if the administrative procedures on managing foreign workers could be streamlined into a single dashboard that is accessible to employers to perform all required transactions, including application for Visa with Reference (VDR), insurance, renewal of work permit and payments. Besides reducing waiting time for the approval process, the foreign workers would benefit from an online centralised system that could also function as a platform for channeling grievances to the relevant agency or body, for issues such as non-payment of wages, under payment of wages, and unhygienic accommodation.

Businesses also call on the government for regular awareness programmes that reach out to the corporate sector on topics such as forced labour conventions and best practices adopted by companies to manage foreign workers. At these forums the engagement with businesses is crucial and the knowledge gained will enable the adoption of right policies and procedures that enable businesses to comply to the laws and international standards.

Apart from the recommendations as stated above, the MEF and businesses in Malaysia believe that employment of foreign workers will be drastically changed by the impact of COVID-19 pandemic, in particular with lockdowns and closing of international borders, and there is great uncertainty on the duration of the pandemic. As such the uncertain climate requires different skills to be adapted to the "new normal" with remote working and agile teams. In particular, businesses require the adoption of responsible recruitment systems and the promotion of certified recognition across borders.

MEF has stressed to the government the importance of sustained private sector engagement where employers are consulted and contributing within the policy making body, given that they are the ones who will directly employ the foreign workers. As such, the views of the employers can be taken into account when policies are made, further ensuring broad buy-in.

PHILIPPINES

According to the World Bank, Philippines had approx. 109 million people in 2019[110]. The country recorded a GDP growth rate of -11.5 per cent in the third quarter of 2020, compared to the previous quarter's growth rate of -16.9 per cent[111]. The eruption of Taal Volcano in early January, the spread of the COVID-19 outbreak in the region, and the rise of COVID-19 infection cases in the Philippines in March, forced the economy to a near halt in the latter part of March due to severe disruptions in manufacturing, agriculture, tourism and hospitality, construction, and trade. Unemployment remained at 5.3 per cent in January 2020 while the underemployment rate reached its lowest level in a decade at 14.8 per cent. These were a result of job creation in the agriculture and services sectors while employment in industry contracted in January 2020, consistent with the slower growth in construction and manufacturing[112]. The impact of existing labour market policies on migration decisions indicates that government employment agencies are hardly used by job seekers, while vocational training programmes seem to encourage people to emigrate and are often used by people to find jobs abroad.

It has been highlighted that training programmes often do not match the needs of the domestic labour market. According to the Philippine Association of Service Exporters (PASEI), the Philippine laws restrict human resources from overseas and only senior professional expatriate workers for positions such as senior managers and company presidents/chairmen are facilitated. Apart from the highly skilled category of foreign workers, there are lower skilled migrant workers that are brought in specifically for construction projects of the government.

> The Government must take a balanced approach between policies that flatten the infection curve to save lives and those that flatten the recession curve to save livelihoods. It is important that the policies prevent temporary shocks from having permanent effects, which is very relevant considering that the foreseeable economic contraction in 2020 is likely to cause increase in poverty.
>
> Philippines Economic Update- Braving the New Normal, 2020

Impact of Covid-19 on Labour Mobility

The Philippine government's efforts to halt the spread of the coronavirus by banning travel to several countries—including Taiwan, South Korea, and China, including Hong Kong, was short lived amid resistance from overseas Filipino workers concerned about potential job losses if they were unable to travel back to their host countries after home visits. The government announced that new deployment to these countries and mainland China would be scaled down while deployment to the GCC countries was expected to fall amid travel bans imposed by the GCC.

As of April 30, 2020, 1677 overseas Filipino workers had tested positive for COVID-19, of which 451 had recovered and 201 had died. Only workers barred from travelling to China were entitled to a subsidy of 10,000 pesos (about $198), which had not been extended to those affected by travel bans, particularly in Qatar and Kuwait. Remittance fees to the Philippines are among the lowest in the East Asia and Pacific Region.

From May 2021 the Philippines will ease its entry ban for foreigners and allow more categories of foreign nationals to enter the country. The groups include holders of most visas, such as investor visas and visas issued by the state agencies. "In compliance to the the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) ruling, foreign residents, students, investors, and workers who are

[110] World Bank 2019

[111] Philippines Statistics Authority

[112] Philippines Economic Update- Braving the New Normal

holding valid and existing visas may now return to the Philippines. Additionally, foreign nationals qualified under the government's Republic Act No. 6768 or the Balikbayan Program may also be allowed to enter visa free[113]".

Government Response and Implications for Businesses

The Technical Education and Skills Development Authority (TESDA) which is the vocational training arm of the government, offers training and upgrading of skills for the labour market. Foreign and local companies are able to access a Registry of Certified Workers, access Labour Market Intelligence Reports, and find technical and vocational service providers.

According to PASEI, since the pandemic over 200,000 workers have already returned to the Philippines – more than half facilitated by the government, which is very active in steps to reintegrate the workers into the local market, including with grants and loans. Banks provide soft loans. In the wake of the pandemic and the high rates of COVID-19 cases, the Philippines has been perceived as a 'high risk' country and the demand for workers from the country is on the decline. Furthermore, in order for more businesses to enter the Philippines and invest in the country, the employer associations strongly recommend that the government offers better tax concessions and maintains that labour supply is not an issue. In turn, the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act)[114], was passed into law on March 26 this year. The Act's purpose is to grant tax relief for companies in financial need, provide transparent tax provisions, and further increase the competitiveness of the Philippines. The Act is part of corporate fiscal reforms undertaken by the country since 2019. The CREATE Act was previously named the Corporate Income Tax, and Incentives Rationalization Act (CITIRA), which was then approved in September 2019[115]. From July 2020 to 2022, foreign companies will be eligible for a reduction in the corporate income tax (CIT) rate to 25 percent compared to the regular rate of 30 percent — the highest in ASEAN[116].

[113] Press Release: http://www.immigration.gov.ph/images/News/2021_Yr/04_Apr/2021Apr30_Press.pdf
[114] https://taxreform.dof.gov.ph/about-tax-reform/
[115] The Philippines CREATE Act Comes into Effect, Pushing for Accelerated Economic Recovery, ASEAN Briefing, April 2021
[116] ibid

SINGAPORE

Singapore is home to more than 300,000 low-wage foreign workers from countries such as India and Bangladesh, mainly employed in construction and manufacturing industries. Their right to live in Singapore is tied to their job and their employer must provide accommodation. As of 2020, foreign workers make up some three quarters of the whole construction industry, half of manufacturing, and 30 per cent of services[117].

Various policies and incentives are used to attract foreign talent to Singapore. 'Contact Singapore' was launched in 1997 by the International Talent Division of the Ministry of Manpower, beginning with six offices worldwide, to facilitate the inflow of international talent to Singapore[118]. The Singapore Talent Recruitment (STAR) Committee was formed in November 1998 with the aim of attracting foreign talents to Singapore. Other similar programmes include Manpower[119] launched in 1999, and the International Manpower Program of the Economic Development Board[120].

Singapore has always been an open economy recognizing the need for foreign talents. It is also an aging population, and hence acknowledging the need for the skills of younger and talented workforce. In particular, construction, waste management, supply chain and logistics, and ICT are sectors that both contribute overall to the economy in Singapore and have a strong migrant worker focus, requiring a more targeted approach regarding skills needs and labour market realities[121]..

Impact of Covid-19 on Skills Mobility

In Singapore, the number of migrant workers fell by more than 5% in the first half of 2020—equivalent to more than 70,000 fewer migrant workers. The decline was greatest (8.5%) among work permit holders in jobs other than domestic work and construction[122].

At the end of 2020, Singapore has reported more than 58,000 COVID-19 cases since the pandemic started[123],the vast majority occurring in the migrant worker housing facilities that accommodate mainly South Asian low-wage workers. Indeed, having had early success in containing the coronavirus among its residents, the country saw a new surge in cases from a previously overlooked source. Over three-quarters of these new cases were related to low-skilled migrant workers housed in dormitories. There were more than 200,000 migrant workers from Asia residing in a total of 43 dormitories in the country. Over 95 per cent of the confirmed cases in Singapore by 19 June 2020 were migrants, with over 93 per cent of the total cases being related to migrant worker dormitories[124]. Despite a downward trend in the number of new cases, as of 4 September 2020, residents of dormitories continued to account for over 94 per cent of the cumulative number of cases in Singapore[125].

On February 16, 2021, Singapore's government announced its 2021 national budget[126] where it allocated S$11 billion (US$8.3 billion) for a new fiscal package, named the COVID-19 Resilience Package, which extends existing schemes to help businesses and save jobs by subsidizing wages of workers, providing access to working capital for businesses, and supporting targeted industries like aviation. The second part of the

117 "Singapore's packed workers' dorms pose new challenge in virus fight". *South China Morning Post*. 9 April 2020. Retrieved 11 April 2020.
118 Nathan, Dominic (31 July 1997). "New global drive starts, to attract foreign talent". *Straits Times*
119 Singapore seeks foreign workers". *International Business Asia*. Factiva. 13 September 1999.
120 Ristelhueber, Robert (1 March 1998). "HQ Singapore". *Electronic Business* (3 (Vol 24)). Gale Group.
121 Interview with SNEF, 2020
122 Labor migration in Asia - impacts of the covid-19 crisis and the post-pandemic future, ADB/OECD/ILO, Jan 2021
123 Reuters, 15 December 2020
124 Singapore Ministry of Health, 2020
125 ibid
126 https://www.mof.gov.sg/singaporebudget

package focuses on support for businesses and workers through the extension of the Jobs Support Scheme (JSS). JSS was introduced in 2020 to provide wage support for employers to retain their employees during this period of economic uncertainty. Companies in the tourism, aerospace, and aviation sectors that are currently receiving 50 percent JSS support, will receive 30 percent support for wages from April to June 2021, and 10 percent support for wages paid from July to September 2021[127].

Government Response and Implications for Businesses

Singapore announced that from January 2021, a new insurance scheme would be introduced to cover migrant workers against critical illnesses and nonwork-related deaths, with the employers needing to pay premiums of $9 a year per worker[128].

According to the South China Morning Post[129], in a bid to kickstart the economy and attract foreign revenue and skilled short-term workers, Singapore will start a new travel lane for business officials and high economic value travelers to come to the city state without quarantining for short-term visits, and stay in a dedicated 'bubble' facility near the airport. Commencing such measures even at a small scale conveys Singapore's commitment and support for businesses to recommence foreign worker engagement as well as potential high value tourists to the country.

In terms of initiating dialogue with the government on addressing business needs on labour migration governance, the Singapore National Employers' Federation (SNEF), acclaims that the government in Singapore certainly listens to the private sector. However, the private sector needs to be patient and provide relevant facts and figures and continue to be persistent with the relevant official departments in order to facilitate sustained engagement. SNEF maintains that a business-friendly and enabling environment exists for businesses in relation to economic migration, as the government and employee unions are pro-business and a strong tripartism is already in place. The private sector requires support from the government towards the development of better guidelines and policies to promote greater skills mobility and responsiveness to local labour market needs. Doing so may help employers navigate labour market challenges more effectively.

[127] ibid

[128] hermesauto (30 September 2020). "New insurance scheme to cover migrant workers against critical illnesses, non-work related deaths from 2021". *The Straits Times*.

[129] South China Morning Post, 15 December 2020

THAILAND

Over the last two decades, Thailand has become a key destination for migrant workers from neighbouring countries, and increasingly from further afield in ASEAN. As of December 2019, there were 2,788,316 registered migrant workers in Thailand[130]. Male and female migrant workers make a substantial contribution to Thailand's economic performance. According to a study by the ILO and OECD, migrants were responsible for 4.3 - 6.6 per cent of Thailand's GDP in 2010, while representing 4.7 per cent of the employed population [131]. These migrants are predominately employed in low-skilled jobs, including fishing, agriculture, construction, manufacturing, domestic work, and other services. Thailand is also a country of origin for migrant workers. As of February 2020, 148,048 Thai nationals had migrated overseas for employment[132].

According to the Employers Confederation of Thailand (ECOT), Thailand is the main destination country for migrant workers in ASEAN, especially from Myanmar, Cambodia and Lao PDR.

CP Foods – An example of ethical migration management in Thailand

CP Foods: Food processing

Origins of migrant workers: Myanmar, Laos, Cambodia.

EMERGING BEST PRACTICES

1. POLICY: The company adopts a forward -facing policy on ethical recruitment

2. DIRECT RECRUITMENT: The company establishes a direct recruitment system.

3. BEYOND COMPLIANCE: The company provides additional benefits to its workers to ease the burden of cross-border employment costs, including housing and transportation allowances that surpass industry average benefits.

4. LEADERSHIP: The company cooperates with the government through government-Industry coalitions.

Source - Best Practice Guidance on Ethical Recruitment of Migrant Workers, Interfaith Centre on Corporate Responsibility, 2017

Impact of Covid-19 on Skills Mobility

The economic disruptions caused by COVID-19 are having a huge impact on the Thai economy as tourist figures and merchandise exports continue to be severely affected by the pandemic. According to Siam Commercial Bank's Economic Intelligence Centre (EIC) latest projection, Thailand's GDP could contract by 7.3 per cent in 2020[133].

Since March 22, a large outflow of foreign migrant workers returning to Cambodia, Lao PDR, and Myanmar took place. This outflow was triggered by a partial lockdown of Bangkok, travel restrictions including border closures and unemployment as a result of business closure. As Thailand and its neighbours —like most of the world— were not well prepared for such sudden and massive disruption, many migrant workers remained at both sides of the borders, increasing the fear of a spread of the pandemic[134].

For most of this year, Thailand has kept its borders closed to migrants from Lao PDR, Myanmar and Cambodia in its efforts to limit the spread of the pandemic by restricting the movements of foreign workers looking to enter the country. ECOT states that despite the economic disruptions causing a huge impact on the Thai economy, there is still the need for migrant workers in key sectors such as construction, fishery and manufacturing, but now with reduced demand.

[130] Ministry of Labour 2019
[131] ILO/OECD, 2017
[132] Department of Employment, 2020
[133] COVID-19: Impact on migrant workers and country response in Thailand, ILO, July 2020
[134] ibid

The registration of work permits for foreigners in Thailand—excluding certain categories of persons already in the country—fell to about one-third their pre-pandemic levels starting in April 2020[135].

Government Response and Implications for Businesses

Despite transitioning from being a net emigration to a net immigration country during the 1990s, Thailand's labour migration governance framework has long been and remained largely ad hoc and bilateral.

In 2002 and 2003, the Royal Thai government signed Memoranda of Understandings (MOUs) on employment cooperation with the governments of Cambodia, the Lao People's Democratic Republic (Lao PDR), and Myanmar, which established a channel for regular labour migration to Thailand from neighbouring countries. Up to recently however, only a small proportion of migrants have entered Thailand through the MOU process due to the complicated, lengthy, and expensive procedures involved.

In 2015 and 2016, Thailand revised the MOUs to broaden cooperation on labour issues, including skills development and social protection, and signed a new agreement with Vietnam[136]. Overall, an increased number of migrant workers have been recruited through these formal channels from Cambodia, Lao PDR, and Myanmar. The government has announced that with the new legal framework, low-skilled migrant workers from Cambodia, Lao PDR, Myanmar, and Vietnam will only be recruited through MOU channels or border employment.

On 12 March 2020, the government set up the "COVID-19 Epidemic Management Centre" which is chaired by the Prime Minister. The Centre aims at ensuring integrated and unified response as the evolving pandemic situation requires fast and prompt action. It has already introduced two economic stimulus and social protection packages to assist business and individuals since April 2020. Measures include assistance to affected workers, with enhanced social security benefits, cash transfers for unemployed informal workers, tax breaks, and other actions.

With regards to migrant workers in the country, the relief enabled temporary stay in the country and work for registered migrant workers (entering the country through MOU agreements between Thailand and governments of partner countries), and family members whose visas have expired to continue their temporary stay in Thailand until 30 June 2020. The fine for overstay was suspended. The Department of Employment of the Ministry of Labour estimated that 1.2 million work permits were renewed or approved under the relief measure for registered migrant workers and their families.

At the end of 2020, foreign labour work permits issued by the MOL allows for foreign workers from Cambodia, Laos, and Myanmar to work in in all categories except occupations forbidden to foreigners residing in the kingdom of Thailand. These are also applied to foreigners who are granted work permits according to immigration laws and MoUs between the Thai government and foreign governments[137].

According to the Employers Confederation of Thailand (ECOT), the restrictions imposed by the government in the wake of the pandemic have been immensely challenging for their members' operations. Therefore, they would like the government to consider the following business recommendations that could facilitate a business-conducive environment:

- In view of potential labour shortages as the Thai economy is beginning to open up, the government should consider ensuring that currently unemployed migrant workers are given access to unemployment schemes and other social protection benefits making it possible for them to remain

[135] Labor migration in Asia - impacts of the covid-19 crisis and the post-pandemic future, ADB/OECD/ILO, Jan 2021
[136] TRIANGLE in ASEAN, Quarterly Briefing Note – April/June 2020
[137] https://www.bangkokpost.com/thailand/pr/2085143/foreign-workers-granted-permits-to-work-except-in-40-prohibited-occupations

in Thailand under acceptable conditions. Consider extending the 30 days grace period allowed to find new employment before work permit expires for all workers, including domestic workers.

- Given that a large number of migrant workers returned home at the beginning of the COVID-19 outbreak, the government should consider waiving visa fees, including re-entry visa fees for returning migrant workers as a mean to lessen the financial burden on migrant workers, and to facilitate reduction of labour shortages as the economy is opening up. This will also increase the incentives for regular migration.
- Continue to run public information campaigns targeting migrant workers and include information on the specific needs of women on matters relating to the COVID-19 pandemic in appropriate migrant languages.
- Ensure that employers of migrant workers in essential services identify and mitigate all risks of exposure arising from COVID-19.
- Urgently develop occupational health and safety guidelines in Thai and migrant languages for both employers and workers. These should take needs of specific occupations such as domestic workers, construction, those involved in home-delivery etc. into consideration.
- Ensure that all migrant workers, including irregular migrant workers, have access to legal remedies and compensation for unfair treatment, abuse and interpretation services to assist in their access to justice in these cases.

CAMBODIA

Cambodia is a major country of origin for migrants. With a total population of 15 million in 2019, over 700,000 are officially reported to be living abroad[138]. Most seek work outside of the country due to lack of sufficient employment opportunities available domestically and the significant wage differentials in employment overseas. The primary destination country for Cambodian migrant workers is Thailand, with workers commonly migrating into the fishing, agriculture, livestock, construction, manufacturing and service sectors, including domestic work[139].

Only a small per cent of these workers use regular channels to migrate due to the high cost, considerable time investment, and administrative complexities involved. According to a recent survey conducted by the ILO and IOM, less than a third of Cambodian migrants use regular channels to migrate, with the majority relying on social networks and unlicensed brokers (53 per cent) to go abroad[140]. Since 2010, the Republic of Korea has been the second most popular destination for regular Cambodian migrant workers. Cambodia also has a Memorandum of Understanding (MOU) with Japan, but far fewer migrants travel there for work. MOUs with the governments of Kuwait and Qatar were signed in 2009 and 2011 but so far, no Cambodian migrant workers have been sent through these channels.

The shortage of skilled workers in Cambodia has been reflected in various surveys, including one by the National Employment Agency in 2017. It found that 77.9 per cent of employers in the hospitality sector faced recruitment difficulties. Altogether, almost half of the 605 employers in the survey who had vacancies had problems finding suitable staff[141].

Impact of Covid-19 on Labour Mobility

Cambodia is one of the very few countries in Asia that has apparently been spared a health crisis due to the COVID-19 pandemic. According to a recent report by the ILO[142], while there are no recorded COVID-19 related deaths, and the number of infections has been relatively low, the pandemic has affected jobs and employment. While some migrant workers continue to return home due to job losses, others have begun (re)migration, with reports of migrant workers crossing the border to Thailand despite restrictions on entry, and reports of some pilot programmes to bring Cambodian migrant workers back to sectors desperately in need.

The Asian Development Bank (ADB) has revised its 2020 growth forecast for Cambodia in an upward trajectory, given the country's improved agricultural performance and an increase in volume in non-garment manufacturing exports such as bicycles and electronics[143]. A sharp drop in orders from Europe and North America led to shutdowns in one-third of Cambodia's garment, footwear, and travel goods factories during the first half of 2020. However, increased production of bicycles and electronics pushed up Cambodia's non-garment manufacturing exports by 30.3% year-on-year in the first half of 2020. Total industrial output is projected to rise by 5.1% in 2020 if exports of garments, travel goods, and footwear continue to recover. However, COVID-19 has had a severe impact on Cambodia's tourism sector. International visitor arrivals had fallen by 98.1% year-on-year in the second quarter, forcing 3,000 businesses to close and 45,000 workers to lose their jobs[144].

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138 UNDESA
139 TRIANGLE in ASEAN Programme Quarterly Briefing Note, Cambodia April-June 2020
140 ILO and IOM, 2017
141 National Employment Agency 2018. Skills shortages and skills gaps in the Cambodian Labour Market: Evidence from employer survey 2017. http://www.nea.gov.kh/images/survay/ESNS%202017-Final-05282018.pdf
142 TRIANGLE in ASEAN Programme Quarterly Briefing Note, Cambodia July- September 2020
143 The *Asian Development Outlook (ADO) 2020 Update*
144 ibid

A total of 433 factories and tourism-related businesses across the country have temporarily closed down according to the Ministry of Labour and Vocational Training[145]. These suspensions have left some 135,000 garment workers and 17,000 tourism workers unemployed.

According to the latest data from IOM and WHO, as of June, it is reported that more than 90,000 Cambodian migrants crossed the border to return from Thailand. During the reporting period, the Cambodian government lifted some travel and movement restrictions.

Government Response and Implications for Businesses

The Cambodian government has granted a tax exemption from 6 months to 1 year to the garment, footwear and bags sector, for factories severely impacted by the lack of raw materials due to supply-chain issues caused by COVID-19 and/or the suspension of the EU concession entitled Everything But Arms' (EBA)[146]. With the closedown of some factories, the government will offer $40 for each laid-off worker and the factory owners will offer another $30, totaling $70 per month[147].

In January 2020, in a further move towards ensuring legal and safe pathways to migration for both sending and destination countries, the Cambodian government issued a Code of Conduct[148] for recruitment companies to adhere to. Labour Minister Ith Samheng, stated that "This code will contribute to strengthening the effectiveness of protection, promotion of labour rights as well as looking after the welfare of workers both locally and abroad."[149]

In August 2020, the Ministry of Labour and Vocational Training issued Prakas No. 277 to allow owners or directors of enterprises to employ foreign employees in excess of 10% of the total number of their Cambodian employees. Under this Prakas, if owners or directors of enterprises (under the scope of Article 1 of the Law on Labour) need to employ someone but is unable to find a suitably qualified Cambodian worker for that workplace, work type, or work shift, they can request for the special use of foreign employees exceeding 10% of the total number of Cambodian employees. The Cambodian Labour Migration Policy and Action Plan (2019-2023) outlines the government's commitment to leveraging the benefits of labour migration for the country's long-term development. The policy is unique within South-East Asia in applying a holistic and multi-ministerial approach to labour migration governance. [150]

[145] Open Development Cambodia, September 2020
[146] "Cambodia update: Relief provided for businesses affected by Covid-19 and EBA", 26 February 2020
[147] ibid
[148] Khmer Times, Jan 2020
[149] ibid
[150] TRIANGLE in ASEAN Programme Quarterly Briefing Note, Cambodia July- September 2020

LAO PEOPLE'S DEMOCRATIC REPUBLIC (LAO PDR)

Lao People's Democratic Republic is a landlocked country located in the Greater Mekong Subregion (GMS), bordering Thailand, Cambodia, Vietnam, China and Myanmar with a population of approx.7.1 Million[151]. The country's geographical location and its move towards greater economic integration with its neighbours has led to the development of large infrastructure projects to increase and improve regional trade.

There are currently 12 Special Economic Zones (SEZs) in Laos, as of May 2018, comprising 11,097 foreign workers and 9,002 Lao workers – totaling 20,099[152]. The establishment and expansion of SEZs has also attracted further numbers of both internal and external migrant workers, in some cases posing risks to workers' rights.

Major international companies have begun to invest in Lao Special Economic Zones, particularly near Savannakhet and Vientiane. Investors include Toyota, Nikon, and Essilor. Coca Cola opened a bottling plant in 2015. GE opened a representative office in June 2017 to develop opportunities in the energy – specifically, hydropower – and medical equipment sectors.[153] In 2019 over 42,000 foreign workers had registered in Laos, mainly from Vietnam, China and Thailand[154].

Labour migration remains an important livelihood option for the Lao workforce, including increasing numbers of Lao women. It is estimated that there are 0.9 million Lao nationals living abroad, of whom 56 per cent are women[155]. Patterns of migration in Lao PDR are complex, including both inbound and outbound flows of migrant workers. Thailand is the largest destination country for Lao migrants, primarily driven by wage differentials. The current monthly minimum wage in Lao PDR is LAK900,000 (around US $110) and the Thai minimum is more than double this amount. Lao migrant workers in Thailand are predominantly employed in domestic work, construction, manufacturing, agriculture, and entertainment work, mainly in neighbouring border provinces and larger cities. Financial remittances from migrant workers are a significant source of income within Lao PDR. An estimated US$254 million in remittances was received in 2019 [156].

Impact of Covid-19 on Labour Mobility

In March 2020 the Lao National Chamber of Commerce and Industry (LNCCI) - the national focal point for businesses - initiated a survey to evaluate the economic impact of COVID-19, in close collaboration with provincial chambers and the Ministry of Industry and Commerce. According to data collected in April 2020, from 474 business across provinces and sectors, mainly from Vientiane capital. Survey findings show that Lao businesses have suffered heavily due to the pandemic, across all economic sectors. Over a quarter (27%) of respondents, report a drop in revenue of more than 80% in the first quarter of the year, as compared to the same period in 2019.

It is estimated that almost half a million people have lost their jobs to-date. The official unemployment rate has risen from 9.4 to 23.4 per cent[157].The recently published *Asian Development Outlook (ADO) 2020 Update*[158] of September forecasts gross domestic product (GDP) to contract by 2.5% for Lao PDR this year—marking its first negative economic growth since 1986 and 1987.

[151] ibid
[152] IOM
[153]https://2016.export.gov/thailand/doingbusiness/laos/index.asp
[154] Lao gov't mulls foreign worker regulations
[155] UNDESA, 2019
[156] World Bank 2019
[157] Lao News Agency, December 2020
[158] *Asian Development Outlook (ADO) 2020 Update*

Government Response and Implications for Businesses

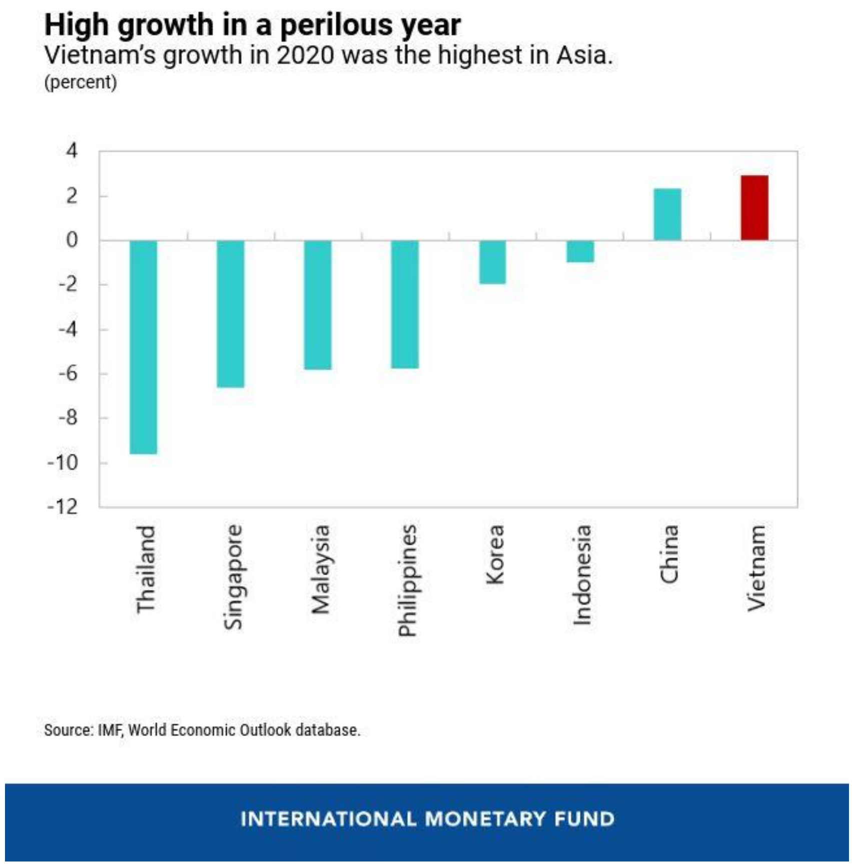
According to KPMG[159] the Lao government is attentively assisting and creating a favorable condition during this coronavirus crisis to a wide range of business units, in a form of companies and organizations, by implementing tax breaks or exemptions for a certain type of taxes and business size and delaying tax payments.

In June 2020 Laos announced an easing of entry and exit rules effective 1 June as the country attempts to revive investment projects and the economy following setbacks from Covid 19. The update published by Vientiane Times, the government's official newspaper outlet, outlines government measures to ease restrictions and enable businesses to resume operations. Companies that are involved in investment projects are now allowed to bring in foreign technical staff, but they must comply with the procedures imposed by the relevant ministries. [160]

[159] Government and institution measures in response to COVID-19, KPMG, June 2020
[160] Laos updates entry and exit rules, June 2020

VIETNAM

Vietnam has been an attractive destination for foreign workers and investors in recent years. Business confidence in the country has been on an upward trajectory over the last ten years. Vietnam's economy (GDP) grew by 2.9 percent in 2020[161], despite a pandemic-induced slowdown, and the International Monetary Fund expects it to expand a further 6.5% this year on "strong economic fundamentals[162]." Retail has boomed in Vietnam over the past decade as export manufacturing creates jobs and fosters a middle class among the 96.5 million population. According to the Vietnam Chamber of Commerce & Industry (VCCI), the number of employees with informal jobs in the third quarter of 2020 was 20.7 million - an increase of 1.2 million people against the previous quarter and an increase of 149 thousand people over the same period in 2019.



The Covid 19 pandemic resulted in stringent measures being taken by Vietnam government to curb the infection rate—from social distancing to national lockdown which included the closure of businesses, that significantly affected employers, workers and the economy. Specifically, the revenue from groups of industries including aviation services; hospitality sector, food and beverage services and other services dramatically decreased to 50 per cent and 23.6 per cent respectively, compared to the same period last year[163]. According to the General Statistics Office of Vietnam, in the first 6 months of 2020, the number of enterprises suspending business for a definite time was nearly 39,000, while nearly 20,000 enterprises stopped were mainly on the service sector.

[161] World Bank in Vietnam, 2020
[162] Vietnam: Successfully Navigating the Pandemic, IMF March 2021
[163] COVID-19 Employment Crisis in Vietnam: Global Issue, National Solutions, Dec 2020

Impact Of Covid-19 On Labour Mobility

According to the Ministry of Labor, Invalids, and Social Affairs (MOLISA) the lack of foreign workers during the COVID-19 pandemic has seriously impacted on the progress of domestic projects in Viet Nam. MOLISA reported that as of late March 2021[164], there were 101,550 foreign workers in the country. Of this nearly 12 per cent of them are managers, 8 per cent CEOs and around 58 per cent are experts – mainly from China, the Republic of Korea, Japan, and Chinese Taipei.

Earlier, In January 2021 the government issued Decree No 152/2020/ND-CP which includes regulations on foreigners working in Viet Nam and the recruitment and management of Vietnamese working for foreign organizations and individuals in the country, which came into force on February 15, 2021. Employers are now able to recruit foreign workers especially in the categories of experts, managers, or technicians. Foreign workers are able to enter Viet Nam for up to 30 days no more than three times in a year may be exempted from a work permit. Foreign workers married to Vietnamese citizens and living in Viet Nam are also exempted from work permits[165].

VCCI maintains that although the Vietnamese legal system has been extensively renovated and rebuilt, it still lacks uniformity. Between laws prepared by different ministries, enacted at different times, and there are many overlaps and conflicts with each other. Law enforcement still has many problems that must be reformed, the gap between the law in writing and the law in practice is still large.

Most businesses are very concerned about reputational risks arising from the lack of adequate national/institutional mechanisms governing the movement and employment of lower skilled workers and the avoidance of unlawful practices. These include trafficking, modern slavery, forced labour, and unethical recruitment practices. VCCI believes that the social responsibility of large enterprises has been appreciated and progress is there, but in small businesses, the compliance with the labour law, remains weak.

Government Response and Implications for Businesses

The Vietnamese government has launched a support package worth more than 62 trillion VND (about 2.7 billion USD) support for businesses severely affected by the Covid-19 epidemic, to support them to stabilize production and keep their workers as much as possible[166].

The Ministry of Labor, Invalids and Social Affairs (MOLISA) in its guidance issued in March 2020 on applying the labour laws during COVID-19 indicated that businesses that need to temporarily transfer employees to other jobs or departments, due to the pandemic, are permitted to do so but for not more than 60 working days a year unless the employee agrees. If the new wage is less than the previous job, the employee is entitled to receive the previous wage for 30 working days before receiving the new wage, however, this must be at least 85 percent of the previous wage and not less than the regional minimum wage[167].

The Vietnamese government will also cover all costs for workers that are in quarantine or are recovering from COVID-19. This applies to compulsory quarantine and medical isolation. Employers are not liable and the government's social insurance (SI) fund would be used. Furthermore, MOLISA issued a document allowing businesses impacted by COVID-19 to suspend payments into the retirement and death gratuity funds of social insurance until June 30 2021. If the pandemic lasts longer businesses will be able to apply for an extension. This applies to companies where 50 percent of staff have lost their jobs. However, to terminate labor contracts, the business must give advance notice requirements, which is 45 days for indefinite term contracts and 30 days for definite term contracts and pay severance allowances[168].

[164] http://news.chinhphu.vn/Home/COVID19-Worsens-Foreign-Labor-Shortages-for-Viet-Nam/20214/43532.vgp, April 2021
[165] ibid
[166] VCCI
[167] https://www.vietnam-briefing.com/news/covid-19-managing-human-resources-vietnam.html/
[168] ibid

On 30 December 2020, the Vietnamese government officially issued the Decree No.152/2020/ND-CP ("Decree 152") providing guidance on implementation of some articles of the Labour Code No. 45/2019/QH14 with regard to foreign workers working in Vietnam and recruitment and management of Vietnamese labourers working for foreign organisations or individuals in Vietnam[169]. It is the first time the co-operation between the Ministry of Public Security and the Labour Authority has been formalised in a legal document. Decree 152 specifies certain cases which will be exempt from requiring a work permit, including foreign experts, managers, CEOs, and skilled workers going to work in Vietnam for less than 30 days per trip and no more than three trips per year and foreigners coming to Vietnam to set up a commercial presence of a foreign entity in Vietnam among others[170]. The Decree re-confirms that the maximum term of work permit or work permit exemption certificate is two years and foreign workers are only permitted to renew once for a further two-year term. Thereafter, it is understood that foreign workers are required to start a fresh work permit/work permit exemption application to continue to work in Vietnam. By virtue of the Decree, the government is adopting a stricter control over foreign workers in Vietnam, especially those who apply for short-term business visas for multiple times during a year to Vietnam. With this new regulation, the Labour Authority will have more information to enhance the monitoring and management of foreign workers[171].

In an effort to support businesses hit by the pandemic, in April 2020 The National Assembly in Vietnam ratified Resolution No. 42/NQ-CP[172] which provides zero interest on loans from Vietnam Social Policies Bank granted to employers (maximum duration of 12 months) with the maximum amount of 50% regional minimum salary/month/employee for settling salary for employees who are suspended from work in the period from April to June 2020 (as long as the employers have paid 50% of the salary). Furthermore, Resolution 84/NQ-CP[173] enables a 2% reduction in interest rates for direct loans, indirect loans for small- and medium-sized enterprises (SMEs) from the development fund for SMEs. It allows foreign experts, enterprise managers, investors, highly skilled foreign workers working on investment and business projects in Vietnam to enter Vietnam to maintain production and business activities of enterprises whilst ensuring compliance with the regulations on pandemic prevention. The resolution strictly forbids discrimination against foreigners living and working in Vietnam. Furthermore, it allows for the renewal of work permits for professionals, enterprise managers, technical workers who are foreigners working in enterprises; issues new work permits to experts, enterprise managers, highly skilled foreign workers to replace those who are not allowed to enter or return to Vietnam.

[169] Vietnam – New Labour Regulations on Work Permits for Foreign Workers, KPMG, Jan 2021
[170] ibid
[171] ibid
[172] Vietnam's Stimulus Package—Tax Measures, Bloomberg, Nov 2020
[173] ibid

REGIONAL OVERVIEW – EASTERN ASIA

Countries in Eastern Asia covered in this paper include Japan and the Republic of Korea.

Both countries are undergoing significant demographic change, experiencing low fertility rates and ageing populations, creating both pressures to revise and actual revisions of immigration policies. Japan is already experiencing negative population growth, while the Republic of Korea's fertility rate is well below the replacement rate of 2.1 required to sustain a population.[174] It is noteworthy that internal migration continues to be a significant feature across Eastern Asian countries, involving unprecedented movement of people from rural areas to urban centres, and rapid urbanization over the last couple of decades.

JAPAN

Japan provided limited opportunities for admission of workers in elementary and middle-skilled occupations until recently. An ageing population and increased demand for care workers, labour shortages in small and medium-sized enterprises, limitations of the industrial trainee scheme, and the 2021 Olympics were key factors leading to recent policy revisions[175].

In June 2018, the Government announced a new "Specified Skills" visa, with a plan to admit 500,000 migrant workers by 2025[176]. The target for the next five years is 345,000 migrant workers across 14 industries, with nursing, hospitality and construction as priority employment sectors. Nine MoUs on labour migration have so far been signed under the new policy, including with Cambodia, Nepal, the Philippines and Viet Nam. The new law has plans for two admission streams. One for lower-skilled workers with basic Japanese competency that are allowed a maximum stay of five years,but cannot bring family members; and a second for persons with higher skills, and knowledge of the Japanese language and culture that are allowed to bring their families and apply for citizenship after living in Japan[177].

Given that the COVID-19 crisis is adding strain to the new visa programme, as a temporary measure the Immigration Services Agency of Japan is permitting unemployed foreign workers to work in sectors not covered by the new visa programme. In addition to the maintenance of employment, the measure is aimed at transferring foreign workers from manufacturers and other businesses that are cutting back on operations to sectors that are acutely short-handed, such as agriculture and nursing care.

Impact of Covid-19 on Skills Mobility

Entries to Japan were sharply curtailed by Covid-19-related restrictions. For example, these restrictions were reflected in the figures for April to August 2020, when the number of foreigners entering Japan on work visas, excluding re-entry, decreased from 123,000 to 627 compared to the same period in 2019.[178]

According to the Japan Business Federation, owing to COVID19, many foreign workers have been unable to enter Japan. Therefore, some industrial sectors receive compensation from the government. Due to the fallout from the pandemic, the number of migrant workers is decreasing, compared to last year. However, the government is apparently very focused on increasing the number of foreign workers to at least 3 million.

[174] IOM World Migration Report 2020
[175] Asia Pacific Migration Report 2020
[176] ibid
[177] ibid
[178] Labor migration in Asia - impacts of the covid-19 crisis and the post-pandemic future, ADB/OECD/ILO, Jan 2021

Technical intern trainees who were dismissed due to the impact of COVID-19 on employment who were unable to continue their training, were supported by the Immigration Services Agency for re-employment in 14 specified industrial fields—including agriculture—and allowed to stay in Japan for up to 1 year. Foreign nationals with the status of residence of "technical intern training" were permitted to change their status to "designated activities" and continue to stay and work in Japan for 6 months after their original visa expires[179].

Japanese immigration law is said to be so strict that there are very few cases of irregular migration in Japan. Of course, some migrants whose authorized term of stay expire remain in Japan irregularly. However, the Japanese government sends many back to their home countries. Japan started to allow business people to enter the country from July 2020, although initially limiting travel from some countries, including from Thailand and Viet Nam[180].

As indicated above, following the Japanese immigration law revision, Japan is very focused on expanding the number of migrant workers to the country. In the revised law, there are articles that specify that the labour conditions of migrant workers should be as same as those for Japanese workers.

Government Response and Implications for Businesses

A major challenge for foreign migrant workers is the language barrier in Japan. Some large companies have foreign language speakers but few small businesses do. However, some large trading companies and manufacturers make full use of migrant workers as high-value talent.

Japan has no training system focusing specifically on migrant workers, who acquire any further skills that they may need mainly through on-the-job training. However, there are no skill training systems in Japanese external labour market. They also learn their skills through on-the-job training.

In the revised Japanese Immigration law in 2019, there are articles that specify that low-skilled workers such as technical intern trainees should be protected. The new law makes provisions to prevent abuses such as underpayment of wages, poor working conditions, inability to change jobs and withholding of passports. Migrant workers are to be protected from exploitative brokers by direct employment[181].

In late October 2020, Japan eased travel curbs for China, Australia, South Korea and six other countries and regions, as Tokyo stepped up efforts to revive its economy while preventing the spread of the coronavirus. Singapore and Japan launched a "residence track" for business executives and professionals who are work pass holders, as well as a reciprocal green lane, or "business track", catering mainly for short-term business travellers and official travel between both countries[182]. The objective was to help restore connectivity and support economic recovery for Japan and Singapore, both nations' Foreign Affairs ministries said in an earlier joint statement.

[179] Immigration Services Agency of Japan 2020
[180] Government of Japan, Ministry of Foreign Affairs 2020
[181] Asia Pacific Migration Report 2020
[182] The Straits Times, 30 October 2020

REPUBLIC OF KOREA

Today Korea is the fourth largest economy in Asia and the 11th largest in the world. It is a major exporter with a strong current account surplus and is home to many highly competitive multinational corporations producing a vast variety of products in the automotive, IT and other industries. This also leaves the country vulnerable to global market volatility and protectionist tendencies. The overall unemployment rate remains low at 3.7. However, Korea's labour-market participation rate remains below average, and the lack of social mobility is causing an increasing degree of concern, particularly among the younger generation.

Prior to 1990, there were almost no labour migrants in Korea. More recently, the Korea Employers Federation (KEF) noted that prior to the pandemic, using the Employment Permit System (EPS), the number of businesses hiring migrant workers had been 66,593. The total number of non-professional foreign workers (E-9) was 223,058.

Based on bilateral agreements with 16 sending countries (Vietnam, Philippines, Thailand, Mongolia, Indonesia, Sri Lanka, China, Uzbekistan, Pakistan, Cambodia, Nepal, Myanmar, Kyrgyzstan, Bangladesh, East Timor, Lao PDR as of 2020), foreign workers have been working in construction, agriculture and livestock, fishery, manufacturing and service sectors. Korean SMEs are highly dependent on foreign workforce since companies in rural areas have difficulties hiring Korean workers due to aging problems there.

The relationship between foreign and Korean workers in the Korean labour market is considered a supplementary one. Given the decline in the working-age population, foreign workers, many of whom are members of the core working age group, are employed in sectors with an insufficient supply of native workers.

There are two main categories of temporary labour migration to Korea: non-professional and professional. There has been a steady increase in the inflow of temporary foreign non-professional workers – first as trainees and later under the two main categories of temporary non-professional work permits. This group now is split into foreign workers admitted under bilateral agreements (EPS) and ethnic Koreans from outside the country admitted on a Working Visit permit (H-2 visa). The recruitment process for the EPS workers begins each year with the Korean government issuing quotas for that year on the number of migrant workers that will be accepted from each of the 16 EPS sending countries and for each sector (manufacturing, construction, agriculture, services, and fisheries).

Impact of Covid-19 on Skills Mobility

Korea's market experienced a dramatic decline beginning with the first reported COVID-19 case on January 20, 2020, but a swift and effective policy response was widely acclaimed for containing the spread of the virus. Notably, Korea was able to avoid the extensive lockdowns of many other countries, although as in many cases, the situation was subject to change.

Through the Employment Permit System (EPS), Korean manufacturing SMEs have been hiring around 40,000 foreign workers every year. Nonetheless, no foreign worker was able to enter Korea between April and July due to the pandemic. Labour shortages have surged in many Korean SMEs. According to the newest statistics from the Ministry of Employment and Labour (MOEL), the number of foreign workers in Korea declined to 199,451, in 63,495 businesses.

The admission of nonprofessional workers participating in the Republic of Korea's employment permit system, as indicated in entries from January up to August stood at 5,600. The annual quota foresees 56,000 new workers under the scheme, but admissions fell short of this target by more than 30,000, deferring the arrival of these workers to 2021[183].

According to the survey conducted by the Korea Federation of SMEs (KBiz) among member companies that requested employment permits for foreign workers (E-9), 86.9% of the companies said they were concerned about disruption in manufacturing: 57.7% were already experiencing disruption, 17.7% were concerned about possible disruption within 1 or 2 months, and 11.5% concerned about possible disruption within 3 or 4 months. When asked about needs for lifting the entry ban placed on foreign workers, most of the companies (80.3%) responded that the entry ban should be lifted, 59.5% saying that the ban should be lifted as soon as possible along with enhanced disinfection and quarantine measures, and 20.8% saying that the ban should be lifted this year even though the pandemic is not over.

KEF maintains that most companies are willing to pay COVID-19 testing costs for foreign workers entering Korea, but they require government support for self-quarantine facilities. Only a small number of SMEs are able to provide their own facilities to workers for self-quarantine. Concerns are growing that companies would face more difficulties with labour shortage since the companies are already experiencing decrease in demand due to COVID-19 recessions. Many realize the urgency to bring foreign workers into Korea and avoid having to set up offshore bases to conduct business operations.

Government Response and Implications for Businesses

Eligibility and processes for employing foreign employees in Korea are outlined in Korea's *Act of Foreign Workers Employment* (Act)[184]. According to the official Act (translated in English), its purpose is to achieve the smooth supply and demand of manpower and the balanced development of the national economy by systematically introducing and managing foreign workers. The Act applies to foreign workers and businesses or workplaces which employ or intend to employ foreign workers.

In response to disruptions by COVID, the government announcement of a third rescue package in mid-April intended to protect businesses from failing. In all, Korea has spent or announced plans to spend 135 trillion Korean won ($110 billion USD) in its COVID economic rescue effort, or around seven per cent of GDP.

The business sector is of the opinion that the existing migration policy of Korea is inadequate and is limiting the number of workers per sectors. Employers have long been asking the government to increase the quota given to companies for the recruitment of foreign workers as well the sectors to which foreign workers can be recruited for. The EPS have certainly helped many SMEs, but there is still room for improvement.

The KEF has been in dialogue with the government regarding labour migration policy and has seen positive improvement. Fundamental rights at work, social protections, and wage systems which are applied to Korean workers are also applicable to foreign workers. Recently, the government introduced severance pay for foreign workers, where an employee who has worked for a company for more than 15 hours a week for more than a year must be given severance pay upon leaving the company. Opportunity also exists for foreign workers planning to return to their home country to obtain employment opportunities at Korean companies there. KEF believes that there is a conducive, business- friendly environment to hire foreign workers in Korea,

183 Labor migration in Asia - impacts of the covid-19 crisis and the post-pandemic future, ADB/OECD/ILO, Jan 2021
184 https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/64966/74091/F1751155741/KOR64966%202013.pdf

that the circumstances have been changing for the better since the pandemic, and that the systems and regulations are already well formulated

KEF promotes among its member companies the value of better, regular pathways for migrant labour.. The government is aware of the importance of relevant policies and the need to engage with business. The Korean businesses have been speaking to the government to improve the policy framework to ensure the sustainability of both business and the workers. Although the policy still has room for improvement, the government has been showing that it has reflected and taken on board the views from the corporate sector to inform on their policy implementation strategy. For example, to prevent spread of the virus and alleviate the immediate labour shortages that companies are facing, the government extended the sojourn period of foreign workers not needing to visit administrative agencies.

As a result of the ongoing dialogue between businesses and the Korean government, the government is now reviewing possible options to allow entry for more foreign workers whilst keeping the spread of disease under control. Korean businesses are also making their best effort to overcome the situation in cooperation with the government.

2021 and the way forward

Businesses increasingly require a well-designed migration system which is predictable, efficient transparent and encompass a range of mechanisms to meet their labour needs at all skill levels. The corporate sector is a critical stakeholder to proactively engage with policy makers to share the business rationales and realities that can effectively guide policy deliberations towards ensuring safe, orderly and regular migration that benefits all. The active and consistent participation of the private sector is essential to the development of well-regulated migration systems.

It is clear that the pandemic is far from over as global regions continue to be hit by consecutive waves of the pandemic and the evermore virulent variants of the virus. Although the demand for foreign migrant workers may continue as the pandemic gradually subsides and more nations are safely vaccinated, restriction of movement amid additional public health measures and limited travel options will still exist, posing challenges to businesses. The costs of migration, which are incurred by employers and/or migrants, are also expected to rise, with limited travel options and additional health procedures and immigration paperwork. There is no silver bullet remedy for the labour mobility challenges in Asia

Therefore, it is critical that there is increased clarity on migration governance processes and that the constant shifting of goal posts when it comes to migration procedures caused by frequent changes in recruitment and visa procedures end. Failure to do so would increase irregular forms of migration, such as human trafficking and forced labour. Governments at both ends of migration need to set clear policies and guidance to respond to the “new normal” in cross-border movement of workers.

Support to employers to help retention and hiring of laid-off worker including foreign workers can contribute to the smooth recovery of the economy by ensuring workforce availability and the reduction of further spread of the virus. Efforts to add flexibility in the processes renewing migrants’ working visas, as exemplified by some of the countries featured in this paper will require national and regional leadership and cooperation. The pandemic has also demonstrated the critical importance of exchanging data, sharing information on good practices, and strengthening collaboration. These are testing times for policy makers, but with the support and proactive engagement with businesses and employer/industry organisations governments will have the resilience

Resilience also remains an important mantra for the private sector in these times of economic downturn and global lockdown, and potential innovative business practices will inform and shape migration trends and mobility corridors, cooperation modalities and skills priorities for the future.

As countries look to build back better from the COVID-19 pandemic, It is also intended that this document will facilitate tangible ‘whole of country’ approaches towards economic recovery and sustainable and responsible business practices. Surveys of businesses frequently report that business leaders regard having the right talent/workforce to be the most critical factor for their business growth. Therefore, business leaders must look decades ahead to align skills availability with innovation and market opportunities and work hand in hand with governments and all stakeholders.

ANNEX 1

ASIAN EMPLOYERS' POSITION ON MIGRATION – JULY 2020

Migration policies in view of changing employment landscape

A call from Asian employers' organisations to policymakers for stronger dialogue

Building on:

- the outcome of the meeting of South Asian Forum of Employers (SAFE) and ASEAN Confederation of Employers (ACE) members of November 2019 in Kuala Lumpur, hosted by the International Training Centre/ILO,
- the Delhi Resolution on Migration, agreed by SAFE in February 2019,
- the International Organisation of Employers' (IOE) position paper on migration, published in December 2018,
- the statement of the Employers' Organisations in the Asia-Pacific region, delivered in November 2017 as part of the negotiation process of the Global Compact for safe, orderly and regular migration (GCM),

the Asian employers' organizations listed below[i] present the following position addressed to policymakers, which will serve to input:

- national and regional dialogues on migration, as governments implement the GCM,
- the ILO regional meeting for Asia to be held in Singapore in 2021,
- the Global Forum on Migration and Development Summit, to be held in Dubai in 2021.

Current context:

Migration to, from, and within Asia is significant and on the rise. In 2019, Asia accounted for 60% of the world population. It hosted 30% of international migrants (83.6 million), and between 2010 and 2019, the region increased its migrants' stock by 0.2% (UN 2019). Most of Asia's labour migration that occurs within the region or in countries of the Gulf Cooperation Council (GCC), mainly comprises less skilled labour and is temporary in nature. However, Asian migrants remain an essential element of labour markets in OECD countries, and also contribute significantly to the most-skilled categories thereof. Many medium and high-income Asian countries are also attracting significant numbers of high-skilled individuals from the region.[185]

The impact of the Covid-19 on the economy and societies will drastically change the migration landscape in a way that is still difficult to predict. How the future in a world with Covid-19 will look like is still unclear; will employers have a need for more or less migrant workers? Will employers need different skills and competencies? Will employers be able to absorb the returning migrants into their labour force? Will Governments and Employers take necessary steps to provide opportunities, for instance through online platforms, for the most vulnerable migrants such as youth of working age, women, persons with disabilities, LGBTI etc? What remains clear however is that for a sustainable business, employers need flexibility and agility in both volumes of workforce, diversity as well as in skills and competencies.

Freer frameworks for economic migration are good for business, catalysing innovation, investment and entrepreneurship - the building blocks of sustainable development. It is therefore important to put in place well thought-out and practical policies for harnessing the developmental benefits of migration including by strengthening legal avenues for mobility, ensuring that recruitment is responsible, and promoting formal

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[185] *"Innovative approaches for the management of labor migration in Asia", ADBI, OECD, ILO, 2020* http://www.oecd.org/migration/innovative-approaches-for-the-management-of-labor-migration-in-asia-be84707b-en.htm

certified skills recognition schemes. The increasing scale of economic migration within, from and to Asia is undoubtedly of consequence for employers in the region, while all stakeholders must now manoeuvre in a with Covid-19 world.

In this context, **four priorities** drive the Asian business position on migration:

1. **The need for predictable and transparent legal frameworks for the mobility of skills**

Businesses need to transfer and deploy people quickly, but tax, social security and immigration requirements often act as barriers to the movement of people cross-border for work. We encourage states to address these hindrances and make migration eco-systems more efficient and business friendly. Mobility strategies must be agile, and adaptable to meet the fast-changing requirements of the business and different groups of employees.

Further, migration systems should be predictable and transparent and be comprised by a variety of mechanisms to meet the need for human resources at all skill levels. Different instruments should be in place for different categories of migrants including high skilled workers who help organizations fill managerial, executive and top research jobs with the most qualified candidates; intra-corporate transferees; and those on short-term assignments.

Most immigration systems in Asia need to be revamped based on the current migration and employment patterns. Migration law, policy and administration have not kept pace with the workplace changes. This is particularly striking, as companies and the global economy struggle to survive as a consequence of the Covid-19 crisis; flexible pathways for employment support businesses in accessing the needed talent in sector which most need them.

The recent pandemic has highlighted the challenges related to the repatriation of migrant workers to their home countries, and their reintegration into struggling economies. On repatriation, governments should have "force majeur" policies in place that respond to emergency situations, like health-related pandemic, natural disasters and internal or external security risks. In view of the current Covid-19 crisis, we would encourage an arrangement between the sending and receiving countries to provide a basic travel insurance to repatriate workers left stranded with no income, provide access to low cost healthcare and ensure their safe return home. In addition, upskilling or reskilling programmes for this returning migrant workforce will be needed, to allow them to reintegrate into the local workforce and contribute to the local economy.

To support Governments in the implementation of **GCM Objective 5 – "Enhance availability and flexibility of pathways for regular migration"**, we call for more dialogue on skills mobility policies between policy-makers and employers' organisations to better understand the skills needs and requirements from the various industries.

2. **Responsible recruitment practices**

In addition to ensuring better migration experiences for workers, there is also a strong business case for companies to uphold responsible recruitment practices. Hiring in an unethical or opaque manner can result in enormous administrative, legal and reputational costs for businesses. Further, fair recruitment guarantees selection of meritorious candidates over those who merely have the ability to pay high recruitment costs. This contributes to higher productivity, efficiency and competitiveness.

The Covid-19 crisis has shed light on a serious concern to businesses in Asia: informality. Most of the migrant workers who are now in difficult situations were working in the informal sector or hired through informal channels. When regulated appropriately, private employment and recruitment services improve labour-market functioning by matching jobseekers to a decent job. Today many countries have inadequate regulatory frameworks for these services, and/or simply do not enforce them. This allows for rogue players to deceive and trap jobseekers and workers into debt bondage and dangerous working conditions. Appropriate and effective regulations at national level are required.

Partnerships between source and host countries are required to enable and foster portability of social security. Bilateral agreements should be put in place to ensure proper calculation of social security contributions, its availability in times of public crisis, enhance security of workers, and to protect employers against retroactive impact. This is of particular relevance in times of crisis when employers struggle to keep their workforce in place. Bilateral social security agreements are portability instrument that should be further developed in our region.

The ILO operational guidelines for fair recruitment, as well as its related definition of recruitment fees and related costs, provide a sound framework to inform the work of organizations, national legislatures, and social partners in the area of promotion of fair recruitment. A national dialogue should determine who covers the recruitment costs, either the government, employer, recruiter or worker. In this regard, we urge Governments to find solutions to reduce these costs to a minimum.

To support Governments in the implementation of **GCM Objective 6 – "Facilitate fair and ethical recruitment and safeguard conditions that ensure decent work"**, we call for greater dialogue between countries of origin and destination, as well as employers and recruitment agencies to collectively find solutions to mitigate risks, by enhancing social security and recruitment frameworks.

3. Skills development programmes, skills recognition schemes and skills matching frameworks that respond to labour market realities

To remain competitive in global markets, employers require a readily available pool of talented workers equipped with the right knowledge and skills to be employable and work in productive, secure jobs which grow enterprises and economies. To this end, mechanisms for mutual recognition of certified skills offer win-win solutions for employers, jobseekers and economies at large. In Asia, Mutual Recognition Arrangements (MRAs) Framework has been formalized among ASEAN Member states for enabling easy mobility of candidates in 8 priority sectors. MRAs serve as a good example of a dynamic regional labour force, despite some challenges in its implementation. There is also a need to review certain skills categories. . In addition to G2G agreements, greater collaboration between Employers' Organisations will be ensured aiming at partnerships between employers of the region.

National education systems often do not align with labour market needs. Despite high GDP percentage allocated to public education and training in many Asian countries, this does not lead to employment. This situation fosters national skills mismatch, youth not suitably prepared for national and/or international labour market and mobility due to mismatch (not skills in demand) and migrant workers utilised for low skilled employment.

To support Governments in the implementation of **GCM Objective 18 – "Invest in skills development and facilitate mutual recognition of skills, qualifications and competences"**, we call for G2G collaboration that reflects employers' views to improve skills development, skills certification, recognition and matching.

4. Leverage the use of technology to improve migration management

The Covid-19 crisis has shed light on our dependability on technology. We must collectively work toward smart uses of technology through the digital transformation of immigration processes. Whilst GCC countries are leading the way in this space, many countries globally have introduced online application systems. A key outcome expected from this digitization will be more integrated government systems nationally with possible regional implications as well. This will eventually enable governments to manage compliance and track foreign nationals’ status more effectively and contribute to more decisions based on data. This has also been borne out in the inability of many governments to provide immigration services in lockdown or remote working environments.

Governments should have eco-systems that track the whole migration phases, including pre-departure, recruitment and return. The in-country embassies should have a system to register migrants with their contact details, especially on temporary visas. Such systems would help locate migrant workers, improve transparency in the process, and direct them to cross-sectoral deployment.

The GCM calls for innovative approaches, including through technology, to better manage migration in many of its objectives. We call for a digital transformation of immigration processes, and migration systems.

Employers’ call:

In our globalized world and as all stakeholders will adapt to new realities, it is now high time for stronger collaboration between employers and government on labour migration issues. The private sector relies extensively on mobile human resources. In this framework, Asian Employers call for an institutionalised mechanism for **regular and organised dialogue between the private sector employers’ organizations and government**, as well as **investment in data collection to make a stronger case for improved regulations**.

The consultations should not only happen in times of crisis. More importantly, Health and Disaster Risk Management **mechanisms at national level should be put in place to ensure that this dialogue is a continuous process to prevent and/or better manage upcoming crisis**. Consequences of a lack of consultations include: business discontinuity, resulting in diminished productive capacities, resulting in a more complex path to regaining economic and productive growth. Consequences will also be seen on increased illegal migration with its related negative impacts.

Despite the obvious advantages for businesses, in many countries the private sector has largely been absent from global debates on migration policy. Inclusion of businesses in global dialogues on migration is a relatively new development embodied by the creation of a separate Business Mechanism at the Global Forum on Migration and Development (GFMD), coordinated by the International Organisation of Employers (IOE)[186]. To be effective at global level and to improve the relevance and impact of any policy initiatives, this dialogue is required at regional and national levels first.

On data collection, governments could begin compiling/publishing outgoing and incoming workers’ statistics. The employers should have access to such information to source required skills as and when needed. In addition, if employers’ also feed information on job availability, skills matching can be possible and be mutually beneficial.

Given that businesses form the backbone of economies, it would serve governments well to ensure that any decisions on migration policies are made in consultation with the private sector, through employers’ federations. While governments have the sovereign right to decide immigration and emigration policies, if these policies are to be effective and relevant, they must be based on an analysis of needs for certified skills in consultation with various stakeholders, including the private sector employers.

In order to increase and strengthen cooperation between national authorities and private sector employers on migration issues, we call on Governments to form coordinating institutions at the country level, as a National Task Force on migration, which would include the participation of the representative

[186] More information on global private sector engagement on migration through the Business Advisory Group on migration, hosted by IOE: www.gfmdbusinessmechanism.org

national employers' federation, and which would be responsible for the implementation of this declaration.

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[i] This call is endorsed by the following Employers' Organisations in Asia, including all SAFE and ACE members:

- Bangladesh Employers' Federation
- Cambodian Federation of Employers & Business Associations
- Confederation of Indian Industry
- Employers' Federation of India
- Standing Conference of Public Enterprises - India
- The Employers' Association of Indonesia
- Japan Business Federation KEIDANREN
- Korea Enterprises Federation
- Lao National Chamber of Commerce and Industry
- Malaysian Employers' Federation
- Federation of Nepalese Chambers of Commerce & Industry
- Employers' Federation of Pakistan
- Employers' Confederation of the Philippines
- Singapore National Employers Federation
- Employers' Federation of Ceylon
- Employers' Confederation of Thailand
- Vietnam Chamber of Commerce and Industry

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