



Migration: Leveraging Human Capital in the East Asia and Pacific Region

A Companion Piece to the World Development Report 2023: Migrants, Refugees, and Society

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Social Protection & Jobs

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Social Protection and Jobs
East Asia and Pacific

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Abbreviations

APTC	Australia Pacific Training Coalition
ASEAN	Association of Southeast Asian Nations
BLA	bilateral labor agreement
COVID- 19	Coronavirus Disease 2019
EAP	East Asia and Pacific
ECA	Europe and Central Asia
EPS	Employment Permit System (Republic of Korea)
FDI	foreign direct investment
GCC	Gulf Cooperation Council
GDP	gross domestic product
GSP	Global Skill Partnership
HICs	high-income countries
ICT	information and communications technology
ILO	International Labour Organization
IOM	International Organization for Migration
LICs	low-income countries
MENA	Middle East and North Africa
MICs	middle-income countries
MOU	Memorandum of Understanding
MRA	mutual recognition agreement
NEET	not in employment, education, or training
OECD	Organisation for Economic Co-operation and Development
PALM	Pacific Australia Labour Mobility
PDR	People's Democratic Republic
PIC	Pacific Island Countries
SAR	South Asia region
SAR	Special Administrative Region
SSA	Sub-Saharan Africa
SSW	Specified Skilled Worker (Japan)
TESDA	Technical Education and Skills Development Authority (the Philippines)
TITP	Technical Intern Training Program
TVET	technical and vocational education and training
UN	United Nations
UN DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
WDR	<i>World Development Report</i>

Currencies

A\$	Australian dollar
RM	Malaysian ringgit
US\$	United States dollar

Overview

Migration in the East Asia and Pacific (EAP) region is growing in importance, shaped both by workers seeking opportunities abroad and by governments implementing policies to meet skills needs and stimulate economic growth. Most migrants in the region are economic migrants, voluntarily moving abroad in pursuit of opportunities. The region’s diversity, encompassing varying income levels, demographic structures, and types and amounts of human capital formation, is a driver of migration within the region (intraregional migration), especially for low-skilled workers. Rapidly aging populations in the region are accelerating this movement, with traditionally closed but aging countries like Japan and Korea increasingly easing visa restrictions and expanding labor migration quotas to address labor shortages. Origin countries are responding to this demand by creating official channels for their workers to pursue opportunities abroad. Such economic migration offers benefits for migrants and the countries involved, though challenges remain such as irregular migration and weak labor protections in destination countries. Governments also continue to grapple with the distributional impacts of migration and their political consequences, both in origin and destination countries. These opportunities and challenges underscore the need for policies that enhance the net gains of migration, and foster policy coordination and partnerships between origin and destination countries.

Migration in the EAP region is on the rise

Migration within the EAP region has expanded rapidly with immigrants more than doubling to 27.3 million and emigrants nearly tripling to 40.8 million between 1990 and 2020. Intraregional migration accounts for 68.6 percent of immigration into the region and is especially prevalent among low- and middle-income countries (LICs, MICs) (Figure 0.1). Low-skilled migration is the most common form of migration (Figure 0.2), but high-skilled migration and female migration are also expanding (see appendix C for a description of the *World Development Report 2023* Migration Database). While most economic migration in EAP is temporary, high-income countries (HICs) like Japan and the Republic of Korea¹ are creating pathways to permanent residency. By 2022, the number of permanent residents in Korea rose nearly tenfold since the reform of its immigration policies in 2008² (see appendix A for classifications of EAP countries as LICs, MICs, and HICs; appendix B for descriptions of EAP countries’ migration systems; and appendix E for country characteristics).

The EAP region is a natural migration hub given its regional integration and diverse economic, demographic, and human capital characteristics. It has some of the most rapidly aging countries in the world, such as Japan and Korea, as well as countries with a significant young population, like Papua New Guinea (PNG), Lao PDR, and the Philippines, where job creation has been slow and informal employment is prevalent (see Chapter 2).³ These demographic and economic disparities drive significant intra-regional migration, as demonstrated by a strong link between GDP per capita and out-migration—over 90 percent of low-skilled migrants in Thailand and Malaysia come from neighboring LICs. Wage differentials also fuel labor mobility: Indonesian manufacturing workers can earn 7 times more in Singapore; 11 times in Hong Kong, SAR China; and 14 times in Korea (Figure 0.3).

At the same time, irregular migration is a significant issue in EAP, particularly in destinations like Thailand and Malaysia, where many low-skilled migrants enter or stay without legal authorization. Factors contributing to irregular migration include misalignment of migration policies with labor demand, lengthy migration processes, and the high cost of regular migration, which make informal migration channels more attractive despite long-term disadvantages like lower wages and lack of social protection. Restrictive policies, exploitative work conditions, and

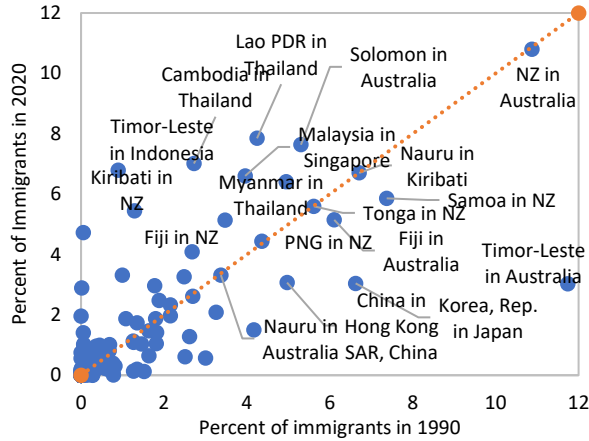
¹ Hereafter, the Republic of Korea is referred to as Korea.

² Korean Government (2024).

³ ILO (2024).

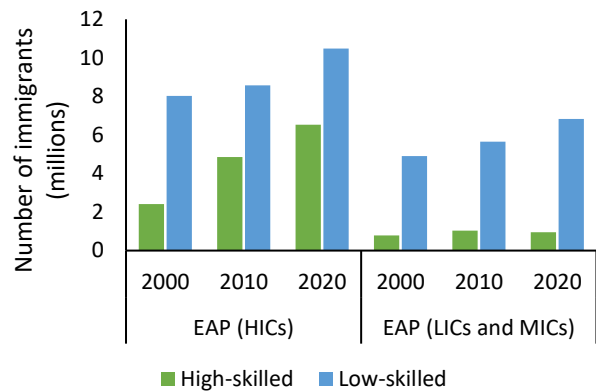
difficulties in changing employers also drive workers into irregular status (see Chapter 1). Effective reforms, like those that have formed part of Korea's Employment Permit System and which promote better governance, transparency, and social protections, have shown promise in reducing irregular migration and improving public perceptions of immigrants. However, challenges remain, with limited cooperation between origin and destination countries often complicating efforts to address irregular migration flows and improve labor protection.

Figure 0.1. Migration within the EAP region has expanded, except in some corridors



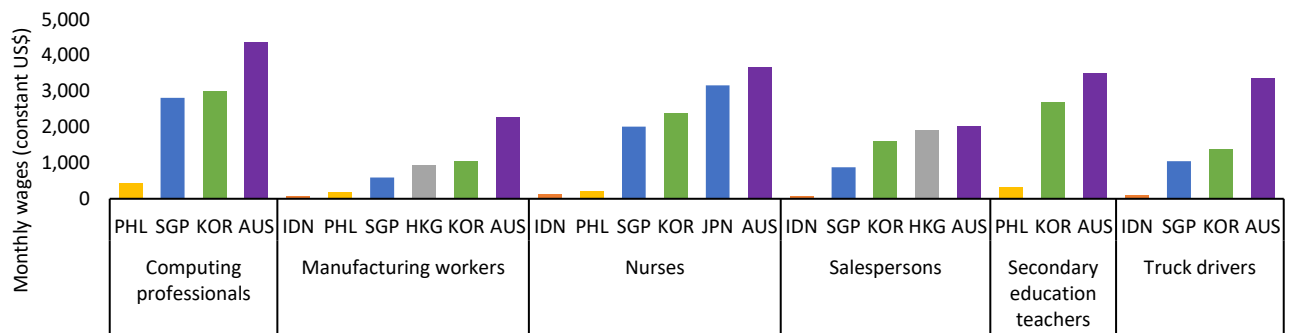
Sources: UN DESA (United Nations Department of Economic and Social Affairs) and World Bank, *World Development Report 2023* Migration Database.
 Note: EAP = East Asia and Pacific; NZ = New Zealand; PNG = Papua New Guinea.

Figure 0.2. Low- and high-skilled migration in EAP has increased



Sources: World Bank, *World Development Report 2023* Migration Database.
 Note: EAP = East Asia and Pacific; HICs = high-income countries; LICs = low-income countries; MICs = middle-income countries.

Figure 0.3. Wage differences for the same occupation within the region are striking



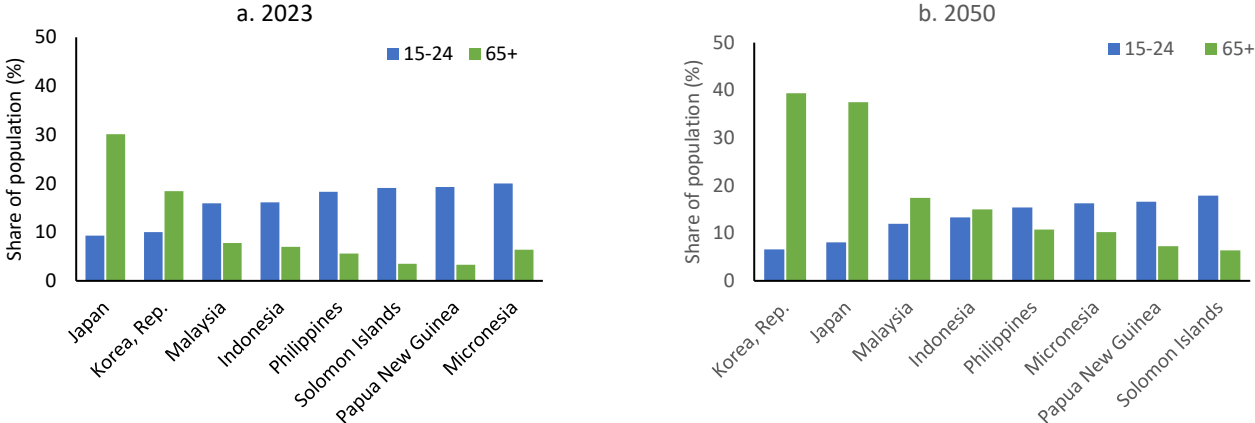
Sources: World Bank staff calculations based on Occupational Wages around the World (OWW) Database.
 Note: Data are for the most recent year available, either 2006 or 2008. AUS = Australia; HKG = Hong Kong SAR, China; IDN = Indonesia; KOR = Republic of Korea; PHL = the Philippines; SGP = Singapore.

Labor migration is a priority for rapidly aging countries in EAP

Demographic changes will likely continue to drive migration in the EAP in coming decades, given their implications for labor markets (Figure 0.4). Aging countries like Korea, where about 40 percent of the population is expected to be elderly by 2050, will increasingly face a shrinking labor force and growing old-age dependency

ratios, the effects of which technological change is likely to only partially mitigate (Figure 0.4). Meanwhile, countries like the Philippines, PNG, and Solomon Islands are projected to see growing youth populations (ages 15-24) until 2050 (Figure 0.4). These labor supply and demand differences will impact labor market dynamics and wages, driving migration in the process.

Figure 0.4. Many EAP countries are undergoing a transition from aging to aged and super-aged status



Source: UN DESA (United Nations Department of Economic and Social Affairs), medium fertility variant.

Economic modelling undertaken for this report illustrates that migration can potentially benefit both origin and destination countries in coming decades, particularly when involving the movement of labor from surplus to deficit countries. The report’s new purpose-built macroeconomic model shows how a moderate increase in migration to a rapidly aging country like Japan could slow GDP decline, boost labor force participation, and expand the tax base (see appendix D for details on the macroeconomic model and assumptions). More low-skilled migration could also slow relative wage increases in the non-tradable sector, thereby preventing a loss of overall productivity in the economy by keeping resources in the (more productive) tradable sector. Origin countries in turn could benefit from GDP growth driven by resulting remittances, regardless of the skill composition of migrants. While illustrative, the model highlights that migration can benefit both origin and destination countries with different labor and capital stocks.

Labor migration contributes to higher incomes and human capital development, but not all benefit

As discussed extensively in the World Development Report 2023 (World Bank 2023), migration generates large income gains, and resulting remittances support livelihoods, reduce poverty and build human capital in migrant households and communities. Migrating allows workers to earn significantly higher incomes. Elementary job workers, such as laborers and helpers, can potentially earn over ten times more in Australia than in some PICs, twice as much in Thailand than in Myanmar; and 3.4 times more in Malaysia than in Indonesia. Higher-skilled workers can see even greater earnings - Filipino nurses and doctors earn 12.8 times more in the United States and Vietnamese skilled workers earning 16.5 times more. Resulting remittances provide stable foreign exchange in the origin country, supporting household consumption, boosting investment in education and health care. In Cambodia, international remittances have increased total daily per capita consumption by 12 percent to 14 percent, reducing poverty by 5 percentage points to 6 percentage points.⁴ In Viet Nam, remittances increase schooling, reduce child labor, and increase children’s grade completion.⁵ But high remittance costs reduce these

⁴ Roth and Tiberti (2017).
⁵ Binci and Giannelli (2016) and Nguyen and Nguyen (2015)

benefits. Some corridors in the EAP region, especially in the Pacific, continue to face stubbornly high remittance costs, due to limited competition and regulatory and compliance costs, among other factors.

The impact of migration on human capital varies across countries. In destination countries, migrant workers often fill labor gaps and shortages, enhancing the economy’s human capital, although they may also create competition with native workers (as discussed below). In origin countries, migration can lead to brain drain, especially in small Pacific Island Countries (PICs), and in critical sectors like healthcare. The impact of brain drain depends on the context. However, evidence from EAP suggests that migration can also result in “brain gain” by increasing spending on education and healthcare through remittances and incentivising higher education and skill development, as seen in the Philippines and Fiji (see Chapter 3). The scale of such impacts depends on factors such as flexibility of education systems and time horizons in question. At the same time, common mismatches between skills obtained in origin countries and jobs in destination countries can lead to brain waste.

Despite the net economic benefits of migration, these are not equally distributed. In destination countries, while high-skilled workers may see a small positive effect on wages, low-skilled workers whose skills are similar to those of migrants can potentially face unemployment and reduced wages (see chapter 3). The labor market effects of migration vary: for instance, migrants in caregiving services for children and the elderly can allow native women more time to work, thereby boosting female labor force participation, but may also compete with native or existing migrant women who are employed in such work. Migrants working in low-skilled occupations that natives are unwilling to take (such as construction and low-skilled services) can complement native workers and help them to specialize, yet they can also substitute for native or existing migrant workers, impacting labor market outcomes. Although these distributional impacts are generally less pronounced in HICs in EAP, partly because inflows of low-skilled workers are targeted at vacancies not filled by existing workforce, concerns remain, especially in MICs like Malaysia which host large numbers of foreign workers. These can influence public support for migration, making it essential to address potential negative impacts through coordinated migration policies.

In origin countries, not all directly benefit from migration. Labor outflows can ease pressures on unemployment and may increase wages for workers with similar skills. But the wage impact and distributional consequences of migration depend on who migrates. In the Philippines, emigration during the 2000s led to a rise in real wages in the manufacturing sector.⁶ In Myanmar, high emigration rates from Mon State to Thailand increased wages of unskilled agricultural workers, with evidence that this in turn prompted farmers to adopt cost-savings technologies, improving labor productivity and leading to skills upgrading.⁷ By the same token, out-migration also has the potential to lead to labor and skills shortages in the short-term, especially in areas or in sectors with high migration. This effect is exacerbated where internal migration within the country is limited, making it hard to fill such shortages, and where education systems are inflexible to changes in labor market demand.

The poorest in origin countries may lack access to migration opportunities due to burdensome migration costs. Many workers from low-income households lack financial resources to cover migration expenses such as recruitment agency fees, medical clearance, and travel costs. Workers from EAP countries tend to incur less burdensome costs than their counterparts from South Asian countries, but some low-skilled workers nonetheless incur costs equivalent to several months of earnings in their destination countries (see chapter 2). This financial barrier prevents the poorest from accessing overseas opportunities, worsening economic inequality and can also lead to irregular migration.⁸

⁶ World Bank (2006)

⁷ Filipski, Thome, and Davis (2020)

⁸ While there is no universally accepted definition, irregular migration in this report refers to crossing international borders without legal authorizations or staying in a host or transit country without valid legal status.

Not all migrants gain from migration, and weak social protection for migrant workers can leave them in precarious situations. Some migrants, especially low-skilled ones, are underpaid, with employers making unreasonable and often illegal deductions from wages or ignoring minimum wage agreements.⁹ Restrictions on changing employers can further exacerbate the vulnerability of migrant workers. Female migrants can be particularly at risk of gender-based violence. Irregular migrants generally face poorer conditions due to their exclusion from formal labor and social protection, highlighting the importance of ensuring that there are regular channels in place where labor markets are in need of migrant workers.

Policy reforms are urgent to harness the benefits of migration

Migration outcomes are shaped by policies that determine who migrates (including who can/cannot migrate); where they migrate to; and the conditions linked to such migration (for example, job matching, employment rights and duration of migration). These policies are the product of compromises between the conflicting interests and perceptions of various actors (including the general public), and in turn, of different policy objectives, including national security and economic objectives.¹⁰ Globally, disaffected groups who are (or are perceived to be) adversely affected by migration in many cases have a significant influence on migration policy. Managing these impacts, and supporting those who do not benefit from migration, is important.

In many EAP countries, migration policies increasingly focus on economic objectives, including addressing labor market needs – notwithstanding the disaffection with migration that is seen in other parts of the world. This is most evident in countries that are aging and in need of migrants, such as Japan and Korea, which have increased their migrant worker intake and introduced more pathways to permanent residence.¹¹ Many origin countries also support or even promote migration with the goal of advancing economic development or alleviating poverty, or both. Viet Nam, for example, has provided loans and other support for migration; Cambodia aims to upskill workers who migrate overseas, as part of its efforts to increase remittances; and many Pacific Island governments have established labor-sending units to facilitate international labor mobility. The Philippines stands out globally for having one of the most developed and comprehensive systems for supporting and protecting migrants.

A mapping of migration pathways in EAP undertaken as part of this report shows that low-skilled migrants face more restrictions than high-skilled migrants – though this is changing in some EAP HICs (Figure 0.5). High-skilled migration schemes, aside from skills qualifications, tend to have fewer restrictive measures, with 5 to 11 measures related to entry, stay, and welfare conditions, compared to 11 to 16 for low-skilled migrants. Beyond entry barriers like labor market tests, high-skilled schemes are more likely to offer permissive residency conditions and pathways to permanent residency or citizenship. But the situation is not static, with EAP countries that face significant demographic pressures reducing their restrictions on low-skilled migration and creating pathways from low- to higher-skilled migration channels – signaling a greater focus on the economics of migration.

Another key difference between high- and low-skilled migration pathways in the EAP region is their regulation. High-skilled migration schemes are typically implemented unilaterally by destination countries, whereas low-skilled pathways are commonly governed by Memorandums of Understanding (MOUs) between the governments of origin and destination countries. The latter approach increasingly aims to protect vulnerable low-skilled migrant workers: the Philippines and Indonesia, for instance, have agreements with the Malaysian government regarding a minimum wage and other terms of employment.¹² But the impact of such measures ultimately depends on the extent of implementation by signatories of MOUs.

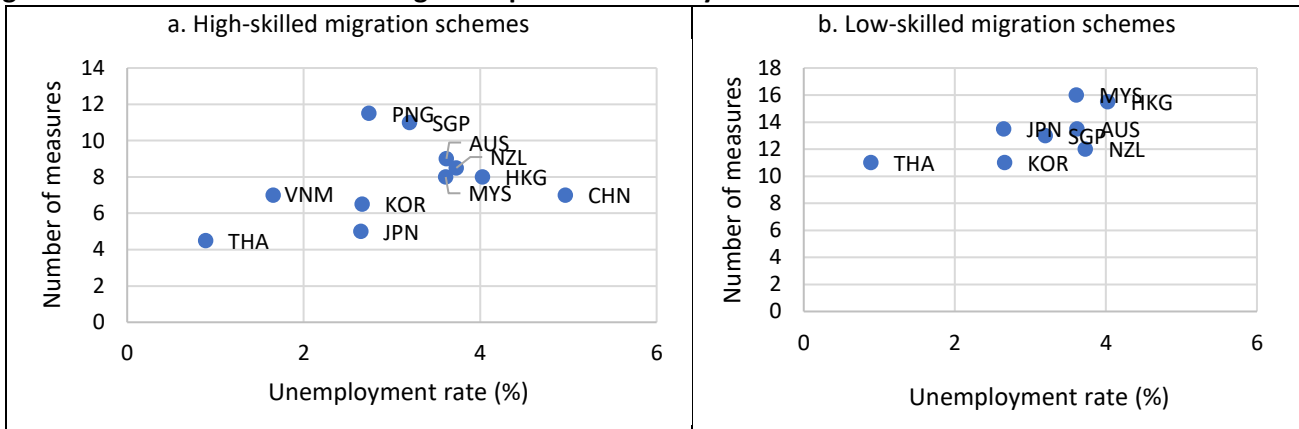
⁹ Alffram et al. (2023).

¹⁰ Australian Government (2023a); Testaverde et al. (2017).

¹¹ Yamaguchi (2024); OECD (2023).

¹² ILO (2019).

Figure 0.5. The restrictiveness of migration policies varies by skill level



Source: World Bank, original research for this publication, based on original database on migration policies in East Asia and Pacific (EAP).

Note: AUS = Australia; CHN = China; HKG = Hong Kong SAR, China; JPN = Japan; KOR = Korea, Rep.; MYS = Malaysia; NZL = New Zealand; SGP = Singapore; THA = Thailand; VNM = Viet Nam.

Bilateral and regional collaboration on migration governance could be further enhanced. When done well, collaboration between countries has an important role to play in improving migration outcomes. Priorities include:

- *Establish skill partnerships to enhance human capital for both origin and destination countries.* Through such partnerships, destination countries invest in education and training in origin countries. These arrangements ensure that migrant workers have skills/qualifications in demand (and in short supply) in destination labor markets, leading to a better “match,” while easing the fiscal burden of training in origin countries—a common concern.
- *Strengthen the availability of migration data, especially on migration costs to reduce irregular migration,* contributing to evidence-based migration policies and reducing recruitment fees, with cooperation between origin and destination countries serving as an important complement to the unilateral measures discussed next.
- *Foster social protection for migrants, including pension portability* (allowing migrant workers to transfer pension benefits between countries), which would also reduce migration costs.

Governments, in both origin and destination countries can also take measures unilaterally to enhance migration outcomes, especially for low-skilled migrant workers. Such measures include:

Destination countries

- *Align migration systems with labor demand, ensuring a multi-stakeholder process.* This includes regular assessments of labor market trends and needs to identify skill shortages and sectoral demands, which inform migration quotas and policy frameworks. Policies should incentivize migrants to upskill. In parallel, countries should improve recognition of skills and qualifications obtained abroad to reduce brain waste.
- *Manage the distributional impacts of migration for the native population.* Priorities include supporting reskilling and upskilling programs that enable those whose employment is adversely affected by migration to move into new roles; and ensuring adequate social protection is in place. Such measures are important for both economic and equity reasons and also for ensuring a political consensus around migration policy.
- *Improve integration services for migrant workers,* especially tailored integration programs for marginalized low-skilled migrants. These focus on language training, job placement, and cultural

orientation to facilitate their smooth entry into the society. Support programs should also create pathways for migrants to access social services and legal protections.

Origin countries

- *Integrate skills development in migration policies* by establishing programs that enhance the employability of aspiring migrants, ensuring their skills match labor market needs in both origin and destination countries. Partnerships with educational institutions and employers are key to provide training that align with international job market requirements. Countries can encourage households to invest in education by providing matching grants and creating competitive environments to reduce remittance fees.
- *Enhance transparency in labor migration by leveraging technology for job matching and simplifying migration governance structures.* Countries should strengthen the enforcement of regulations on recruitment, addressing weak implementation and exploitative recruitment practices through informal channels.
- *Improve migrant protection and reintegration for returned workers by implementing comprehensive support systems,* including pre-departure training, grievance mechanisms, and legal assistance. For effective reintegration, public employment service, vocational training, and financial support are essential, especially low-skilled returnees or those returnees from failed migration. The Philippines, for example, provides counseling, job search assistance, business development loans, skills training, and support for distressed returnees.

National, bilateral, and region policies such as these are essential in creating a more efficient and equitable migration system. By expanding regular pathways and facilitating better matches for migrants, these policies not only improve the welfare of migrants but also enhance efficiency in resource allocation both within and between countries. This in turn allows for better management of migration flows and reduces the strain on services for migrants and returnees. Furthermore, by addressing potential economic challenges, such policies ensure that migration acts as a catalyst for regional economic development, fostering skills transfers, innovation, and growth. With effective implementation, these policies can transform migration into a driver of economic growth and poverty reduction, benefiting both migrants and origin and destination countries.

Chapter 1. How is EAP migration unique compared to other regions?

Key message: The East Asia and Pacific (EAP) region is a growing migration hub, consistent with existing regional integration in trade and investment. Economic migration within the region has been expanding, as workers tap into diverse economic opportunities in the region, shaped by demographic, income, and human capital differences between countries. But irregular migration persists in some corridors.

Sub-messages:

1. While **migration primarily flows from low-income countries (LICs) and middle-income countries (MICs) to high-income countries (HICs) in EAP**, there has been a notable rise in migration between LICs and MICs, as well as from HICs to MICs and LICs.
2. **Most migrants originating from EAP are low-skilled**, but high-skilled migration is growing faster than low-skilled migration.
3. **Migration among females and older individuals has risen**, reshaping the demographic profile of migrants.

Net immigration in the EAP region is growing rapidly

Migration in the EAP region has surged, reversing the temporary decline during the COVID-19 pandemic (Figure 1.4). Between 1990 and 2020, immigrants in the region more than doubled to 27.3 million¹³, while emigrants nearly tripled, to 40.8 million, outpacing global migration growth. Thus, the region's share of global migration increased from 5.4 percent in 1990 to 7.2 percent in 2020. Yet, EAP's immigration rate remained lower (1.1 percent) than the global rate (2.3 percent) in 2020.

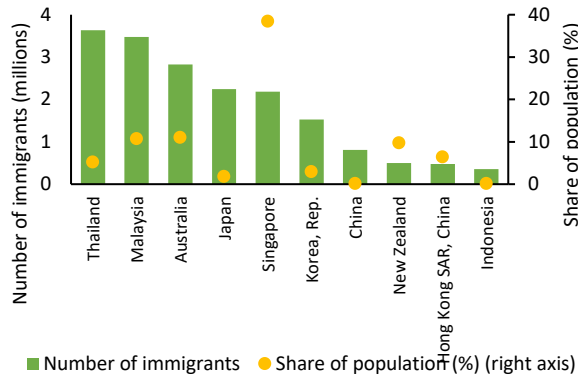
Migration patterns in EAP vary significantly by country. Singapore, Brunei Darussalam, and Australia are primarily destination countries, with immigration rates of 38.4 percent, 25.6 percent, and 11 percent, respectively (Figure 1). Indonesia and the Philippines are major sources of emigrants (Figure 1.2). Countries like Malaysia and Thailand see large numbers of both immigrants and emigrants. These patterns are not static. Notably, Japan and Korea are becoming immigration countries due to changes in its migration policies aimed at addressing rapid aging and declining population growth (Figure 1.3). Emigration from the Philippines, which is traditionally a net emigration country, has been gradually slowing (Figure 1.5).

Net immigration into EAP has increased, while the number (or stock) of emigrants still exceeds the number of immigrants. Korea, for instance, turned to a net immigration country in recent years (Figure 1.5.). Since 2019, immigration has risen significantly relative to emigration. This shift is partly due to sustained immigration into traditional net immigration countries such as Australia, New Zealand, and Singapore.

Pacific Island Countries (PICs), on the other hand, remain net emigration countries. The Marshall Islands, Tonga, and Samoa have very high emigration rates of 65.4 percent, 58.1 percent, and 53.1 percent, respectively, reflecting the lack of employment prospects in these countries and preferential access to labor markets in Australia, New Zealand, and the United States (see chapter 2 and box 2.1 on PIC workers' access to seasonal jobs in Australia and New Zealand).

¹³ Based on the number of the foreign-born population (those born in countries other than their current country of residence).

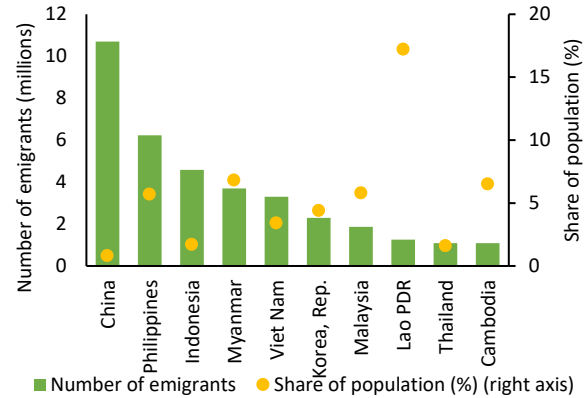
Figure 1.1. Major destination countries are also those that are aging.



Source: World Bank, *World Development Report 2023* Migration Database.

Note: The number of immigrants is based on the number of foreign nationals. “Share of population” refers to the number of immigrants as a share of the population.

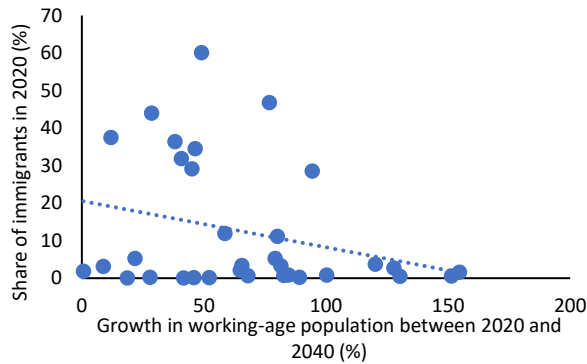
Figure 1.2. Major origin countries are relatively young.



Source: World Bank, *World Development Report 2023* Migration Database.

Note: The number of emigrants is based on the number of the foreign-born population. “Share of population” refers to the number of emigrants as a share of the population.

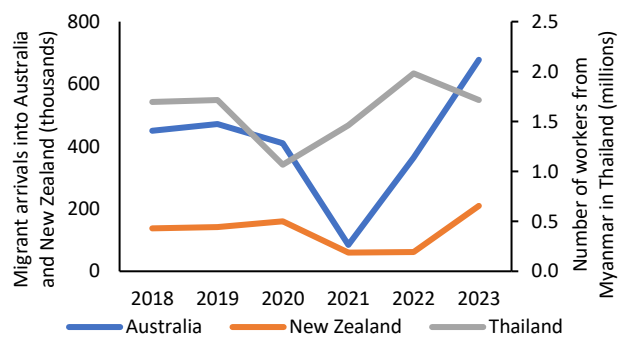
Figure 1.3. Countries with slow population growth are more likely to have higher shares of immigrants



Sources: World Bank, *World Development Report 2023* Migration Database; United Nations *World Population Prospects 2022*.

Note: EAP = East Asia and Pacific.

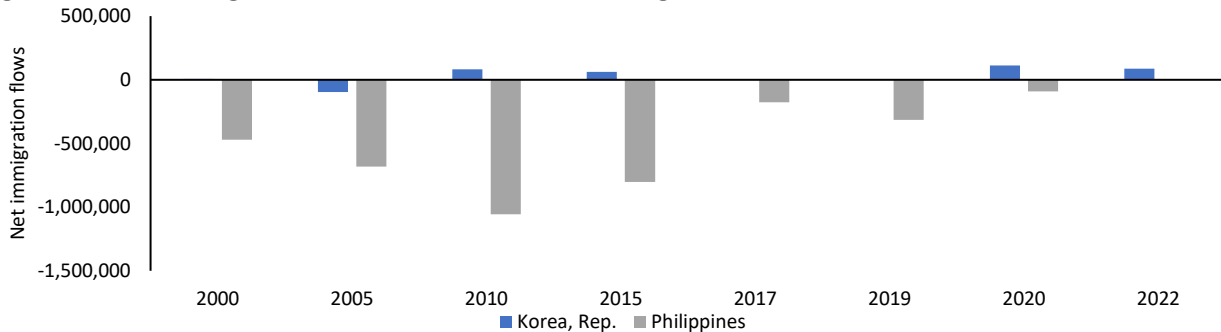
Figure 1.4. Migration has resumed following mobility restrictions imposed during COVID-19



Sources: Australian Bureau of Statistics; Statistics New Zealand; Department of Employment (DOE) Thailand.

Note: The number of migrant arrivals in Australia and New Zealand is for the year ending in June of every year.

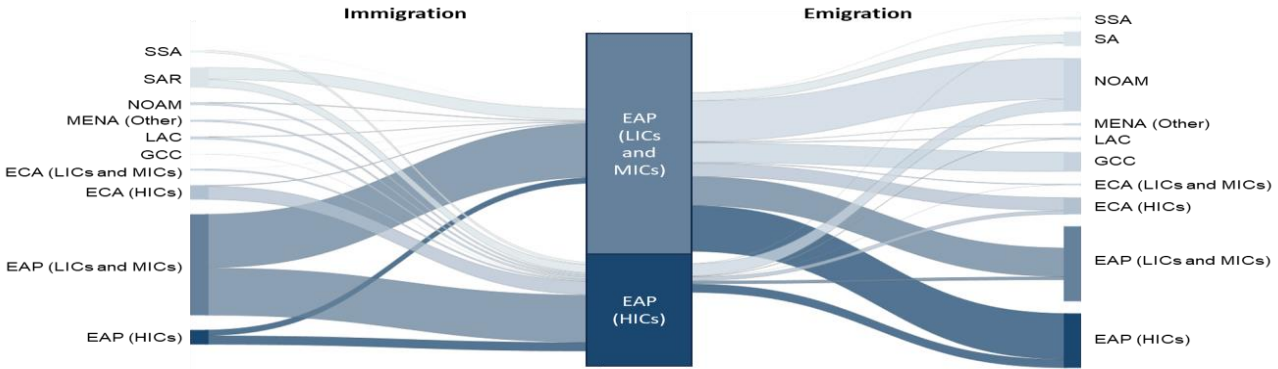
Figure 1.5. Net immigration into EAP has been increasing over time



Sources: Statistics Korea and original calculations for this publication based on United Nations Department of Economic and Social Affairs (UN DESA) Migrant Stock data.

Note: Net immigration flows for the Philippines in 2000 reflect the increase in net immigration between 1995 and 2000. For the other years, they reflect the increase in net immigration between the periods shown in the figure—for example, between 2000 and 2005, 2005 and 2010, and so on. EAP = East Asia and Pacific.

Figure 1.6. Most migration in EAP occurs within the region



Source: World Bank, *World Development Report 2023 Migration Database*, <https://www.worldbank.org/en/publication/wdr2023/data>.

Note: World regions: EAP = East Asia and Pacific, ECA = Europe and Central Asia; GCC = Gulf Cooperation Council; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; NOAM = North America; SAR = South Asia; SSA = Sub-Saharan Africa. Income groups: HICs = high-income countries; LICs and MICs = low- and middle-income countries.

Intraregional migration is particularly significant in EAP, with 12.7 million immigrants (some 68.6 percent of total immigration) coming from within the region in 2020.¹⁴ While lower than levels observed in ECA and SSA, migration within EAP shows diverse patterns. Migration from LICs and MICs is nearly evenly split between EAP’s HICs and other LICs/MICs (Figure 1.6). Between 1990 and 2020, migration between EAP LICs and MICs rose from 1.8 million to 6.3 million, while migration from HICs to LICs/ MICs quadrupled, albeit from a low base.¹⁵

These intraregional trends reflect differences in income, demographics and skills between origin and destination countries¹⁶, which along with migration policies, shape migration decisions (see chapter 4). Imbalances in employment prospects and wages between origin and destination countries motivate people to seek economic opportunities overseas. These imbalances are often exacerbated by differences in living costs and in economic growth. The EAP region exemplifies this, having both highly developed and less developed economies, with GDP per capita ranging from US\$82,808 in Singapore to US\$1,149 in Myanmar in 2022 in current US dollars (World Development Indicators).

Proximity plays a significant role in shaping migration patterns, with many migrants traveling short distances. For instance, 96 percent of immigrants in Thailand are from neighbouring Myanmar, Lao PDR, and Cambodia.¹⁷ Similarly, 36 percent of immigrants in Malaysia are from Indonesia, and 45 percent of immigrants in Singapore are from Malaysia. Australia and New Zealand are the main destination countries for migrants from PICs. Filipinos are

¹⁴ These statistics use foreign nationals to capture immigrants and the foreign-born population to capture emigrants.

¹⁵ Based on the foreign-born population.

¹⁶ Shrestha (2023)

¹⁷ Based on the foreign-born population.

a notable exception in the region, often engaging in long-distance labor migration, particularly to the United States, Canada, and Saudi Arabia.

China contributes significantly to migration both within the region and around the world. In 2020, there were 10.7 million emigrants from China and 1 million immigrants in China.¹⁸ This constitutes 26.2 percent of the total global emigration from EAP and 3.7 percent of the total global immigration into EAP. Significantly, more than half of the total immigrants from EAP LICs and MICs to EAP HICs are from China, while immigration into China represents 56.4 percent of the total immigration from EAP HICs to EAP LICs and MICs. The top five destinations for Chinese emigrants are Hong Kong, SAR China; the United States; Canada; the Republic of Korea; and Japan.

Aligning with migration patterns, intraregional trade and investment highlight strong regional integration. Between 2000 and 2020, nearly half of EAP countries' imports came from within the region, with exports to EAP countries even higher. During 2018 – 2022, over two-thirds of foreign direct investment (FDI) inflows into Indonesia, the Philippines, Thailand, and Viet Nam originated from the Association of Southeast Asian Nations (ASEAN), China, Japan, and Korea, while Malaysia saw the share at 35.8 percent. Such patterns underscore the importance of intraregional trade and investment for these countries.

The types of migration and nature of migrants are diversifying

Since 2000, the number of female migrants in EAP has risen sharply, particularly in HICs where they outnumber males (Figure 1.7). By 2020, China was the largest source, with 2.7 million female migrants, mainly in Hong Kong SAR, China. Other major source countries include Myanmar, Indonesia, Malaysia, and the Philippines, with migrants moving to countries with higher incomes like Thailand, Malaysia, Singapore, and Australia. Many female migrants from the Philippines and Indonesia work as domestic workers.¹⁹ Thailand, Viet Nam, and Cambodia see more male emigrants.

In EAP, migrants in LICs and MICs are generally younger, with about 36.7 percent of working-aged migrants aged between 20 and 29 years old in 2020, compared to 22.7 percent in HICs (Figure 1.8).²⁰ Migrants in EAP are also typically younger than the overall population, in contrast to the global trend where migrants are generally older. The older cohort of migrants may reflect migration schemes aimed at attracting high-skilled individuals for innovation and economic growth (see chapter 4).

Low-skilled migration remains the dominant form of migration in the region, though high-skilled migration has grown rapidly in recent years (Figure 1.9 and Figure 1.10). In 2020, EAP had 17.3 million low-skilled immigrants,²¹ up from 13 million in 2010. According to World Bank-International Labour Organization (ILO) surveys, nearly 90 percent of Myanmar and Cambodian migrants in Thailand had only primary education or less. However, the number of high-skilled (tertiary educated) immigrants in EAP has surged, from 3.2 million in 2010 to 7.5 million in 2020, reducing the share of low-skilled migrants in the total immigration from 80 percent to 70 percent. This shift highlights rising global competition for talent to drive innovation and development (see chapter 4).

¹⁸ Based on the foreign-born population.

¹⁹ In 2020, 72.6 percent of women emigrating from the Philippines were employed as domestic cleaners and helpers or domestic housekeepers, according to the the Philippine Overseas Employment Administration. Similarly, more than half of women emigrating from Indonesia work as domestic workers or caregivers (OECD 2022). In 2023, about 60 percent of the deployed temporary labor migrants were women in both Indonesia and the Philippines (ADB, OECD, and ILO 2024).

²⁰ Based on the foreign-born population.

²¹ Defined as those without a tertiary education.

Most migrants are employed, working mainly in agriculture, construction, manufacturing, and care-services. In Malaysia, for example, more than 80 percent of migrants participate in the labor force²². In Australia, the labor force participation rate of recent migrants was 72.4 percent in August 2021, with higher labor force participation rates and lower unemployment rates among the more educated²³.

Migration is not solely economic; natural disasters and climate change are also drivers. In EAP, about 10 million people live in highly climate-vulnerable areas²⁴, with Pacific Island populations potentially at risk from sea level rise and coastal erosion²⁵. Although most climate-related migration has been short-distance and internal (within national borders), this pattern may change²⁶ (see chapter 2 and spotlight 2.1 on climate and natural disaster-driven migration).

Temporary labor migration is prevalent in EAP, with 65 of 72 EAP migration schemes this report analyzed²⁷ being temporary. Australia has historically focused on permanent migration, but now hosts more than 1.8 million temporary migrants in its labor market.²⁸ In Singapore, temporary low-skilled migrants account for about 70 percent of the total foreign workforce in 2021.²⁹ Nearly 90 percent of Indonesians admitted to Korea in 2020 were on Korea's temporary labor migration program.³⁰

Seasonal labor migration is expanding to fill seasonal labor demand in targeted sectors – for example in horticulture and viticulture in Australia and New Zealand.³¹ Korea recently implemented a seasonal labor migration scheme, with the number of participating regional entities rising from 21 to 104 between 2017 and 2022.³² Thailand is exploring the possibility of expanding the scope of its border passes which allow employers in border provinces to hire migrants from Myanmar and Cambodia for a short period.³³ At the same time, EAP HICs like Japan, Korea, and, to some extent, Australia are increasingly introducing pathways to permanent residency as a strategy to manage labor market challenges (see chapter 4).

Economic growth in origin countries boosts return migration. Although data on return migration are limited, studies of Taiwan, China; India; and Korea suggest that high-skilled emigration often occurs due to the limited opportunities in origin economies³⁴. Key factors that encourage return or engagement of high-skilled migrants with their origin economies include economic opportunities (especially in developing technology sectors); good governance (including the rule of law, property rights, and transparent government); and a mature scientific community.³⁵ Return migration in Korea rose from under 200,000 in 2012 to almost 500,000 in 2022.³⁶

²² DOSM (2024)

²³ Australian Government (2023b)

²⁴ IDMC (2023)

²⁵ IPCC (2023)

²⁶ World Bank (2023)

²⁷ World Bank EAP Migration Policy Database. See appendix C. 45 migration regimes allow visa (or work permit) extensions or renewals, often with a maximum duration, 10 allow extensions or renewals with conditions, and 10 do not allow for extensions or renewals.

²⁸ Australian Government (2023a)

²⁹ Pan and Theseira (2023)

³⁰ OECD (2022)

³¹ Doan et al. (2023)

³² Korean Government (2024)

³³ Alffram and al. (2023)

³⁴ Shin and Moon (2018)

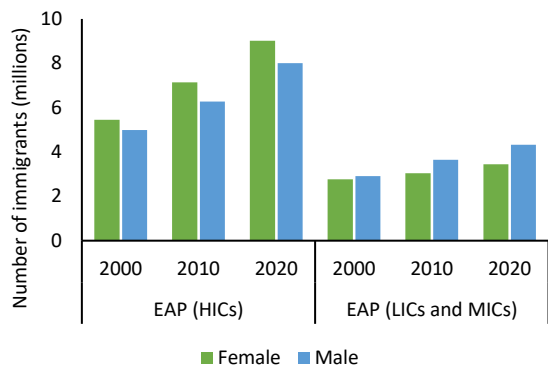
³⁵ Shin and Moon (2018)

³⁶ Korean Government (2024)

Mobility of high-skilled workers within the region has become less dynamic

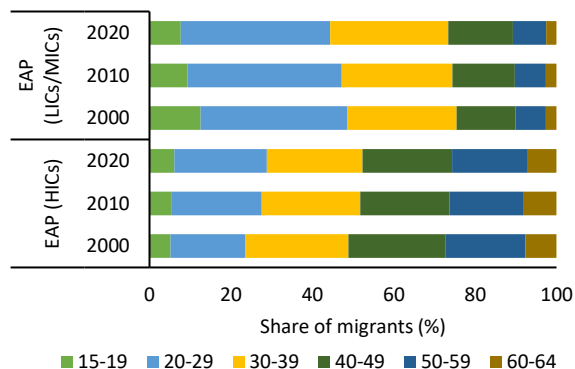
High-skilled EAP migrants primarily move to the United States (6.8 million in 2020) and Canada (1.5 million) (Figure 1.11, a), while Australia is a key destination within the region (1.2 million), particularly from PICs and Southeast Asia. In contrast, low-skilled migrants tend to stay within the region, with Thailand, Malaysia, and Hong Kong SAR, China as the main destinations, hosting 3 million, 1.7 million, and 1.5 million, respectively in 2020 (Figure 1.11, b).

Figure 1.7. Female migration has been increasing in EAP



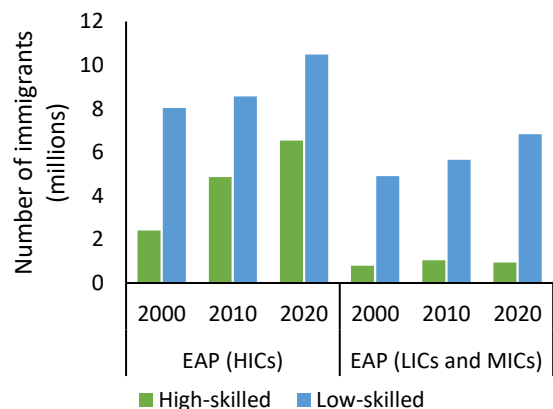
Source: World Bank, *World Development Report 2023* Migration Database.

Figure 1.8. Migrants are typically younger in low- and middle-income EAP countries



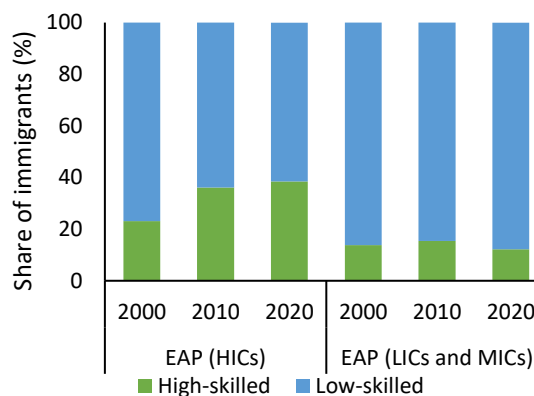
Source: UN DESA (United Nations Department of Economic and Social Affairs).

Figure 1.9. Both low- and high-skilled migration in EAP have increased



Source: World Bank, *World Development Report 2023* Migration Database.

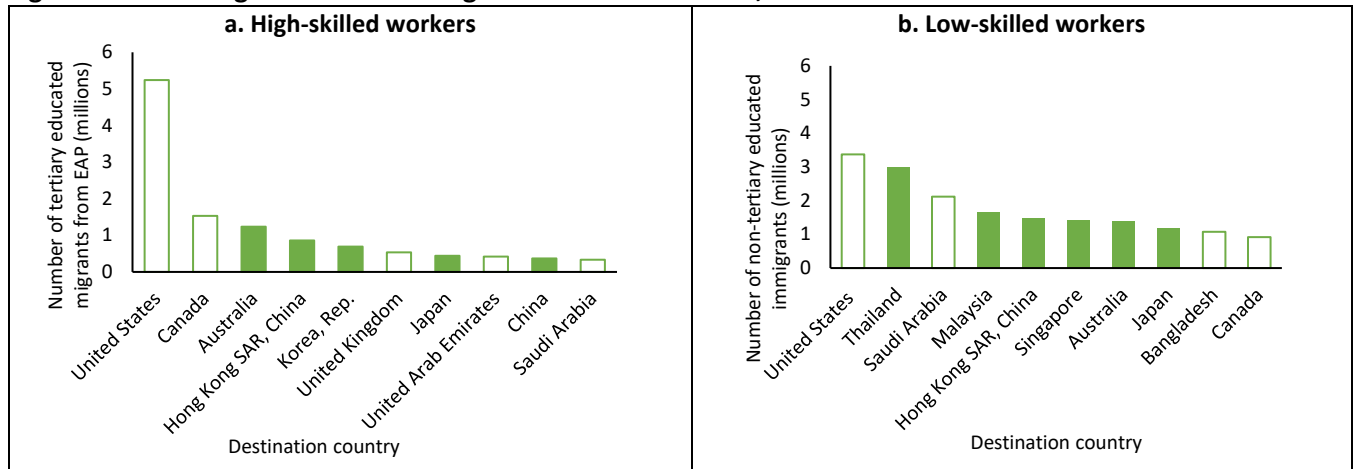
Figure 1.10. Low-skilled migration continues to make up most of the migration



Source: World Bank, *World Development Report 2023* Migration Database.

Note: EAP = East Asia and Pacific. HICs = high-income countries; LICs/MICs = low- and middle-income countries; LICs = low-income countries; MICs = middle-income countries.

Figure 1.11. EAP high-skilled workers go to non-EAP countries, while low-skilled workers move within EAP



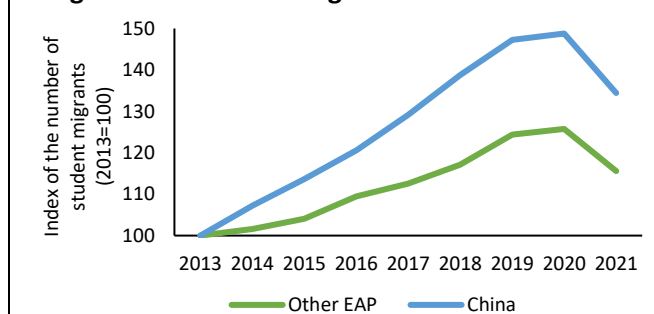
Source: World Bank, *World Development Report 2023* Migration Database.

Note: Green bars refer to East Asia and Pacific (EAP) countries.

Student migration for tertiary education from EAP to prominent OECD destinations expanded markedly between 2013 and 2020 (Figure 1.12), reaching 1.3 million students before declining to 1.2 million in 2021 due to the COVID-19 pandemic. Chinese students comprised two thirds of this total, followed by Viet Nam (118,000) and Korea (73,000). The United States is the main destination, while Australia, Japan, and Korea are key regional destinations³⁷ (Figure 1). EAP students represent 48 percent of *all* international students in the seven major host countries, which include Canada, New Zealand, and the United Kingdom.³⁸

Student migration often leads to high-skilled emigration. Between 2018 and 2022, Japan granted 149,000 employment visas to former students, while Australia issued 63,786 Temporary Graduate visas for work in 2021–22 and awarded nearly half of its permanent visas to former student migrants during the same period. Australia offers extended stay periods for higher-educated students, up to six years for doctoral graduates.³⁹

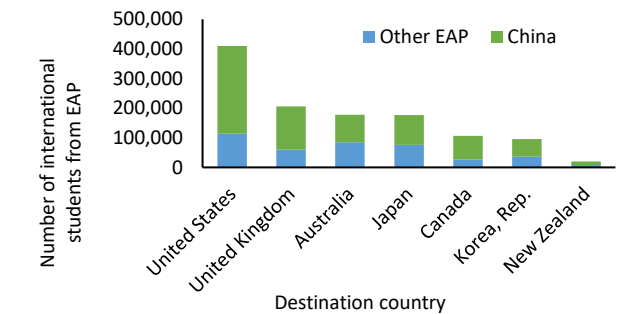
Figure 1.12. China has been the main contributor to the growth of student migrants from EAP



Source: OECD Education at a Glance Database 2023.

Note: The destination countries are Australia, Canada, Japan, the Republic of Korea, New Zealand, the United Kingdom, and the United States. EAP = East Asia and Pacific.

Figure 1.13. More than half of all student migrants from EAP are from China



Source: OECD Education at a Glance Database 2023.

Note: Data are for 2021. EAP = East Asia and Pacific.

³⁷ OECD (2023b)

³⁸ OECD (2023c)

³⁹ Australian Government (2023c)

This pathway benefits both students and destination countries by providing career opportunities, addressing labor shortages⁴⁰, mitigating qualification mismatch⁴¹, and supporting innovation and economic growth, particularly pertinent to aging societies with labor shortages.⁴² Student migrants also boost the economy through tuition fees and living expenses. In Australia, higher-education service export amounted to A\$24.1 billion in 2022–23, making it the third largest export earner (after coal and iron ore exports).⁴³ Student migration can benefit origin countries. In China, student migration has been associated with higher levels of innovation and trade.⁴⁴

Migration policies play a crucial role in determining the attractiveness of destination countries for international students. Stricter regulations can deter prospective students, while favorable policies can enhance a country's appeal. In 2024, Australia tightened student migration policies by increasing savings requirements and English proficiency standards, limiting Temporary Graduate visa durations and extensions, and imposing stricter requirements for education providers.⁴⁵ Favorable policies on tuition, part-time work during studies, and post-graduation employment in Japan and Korea could further enhance their attractiveness as student migration destinations.⁴⁶

Irregular migration persists

Irregular migration, involving individuals who are not legally authorized to enter or stay in a country, is a notable issue in EAP.⁴⁷ Irregular migrants include illegal entrants, visa overstayers, and those working without proper documentation.⁴⁸ The magnitude of irregular migration is difficult to measure but it is a major policy concern in key destinations like Thailand and Malaysia. In Thailand, only about 34 percent of low-skilled migrants have used official channels which have been in place for over a decade.⁴⁹ Between 2020 and 2022, Thailand regularized about 2.2 million migrant workers.⁵⁰ In Malaysia, 38.6 percent to 46.5 percent of low-skilled migrants were estimated to be irregular between 2017 and 2018.⁵¹

Irregular migrants tend to be low-skilled and employed. In Malaysia and Thailand, they tend to work in the agriculture, domestic work, and hospitality and food services sectors, while regular migrants are more likely to work in the (typically more formal) manufacturing and construction sectors.⁵²

Financial constraints and complex migration processes contribute to irregular migration. Myanmar migrants use lower-cost informal channels to migrate to Thailand, despite the higher earnings potential of regular migration (ILO 2020; Testaverde, Edmund, and Vasudeva 2020; World Bank, forthcoming). Migration from Lao PDR to Thailand through a regular channel can take an average of four months, resulting in significant income loss during that period.⁵³ Moreover, confusing and frequently changing regulations on stay and work permits complicate the process of hiring regular workers, making hiring of irregular migrants more affordable.⁵⁴ Irregular migration may

⁴⁰ OECD (2023a)

⁴¹ Dietz et al. (2015); Hawthorne (2018); Treuren, Manoharan, and Vishnu (2021)

⁴² Kerr (2020)

⁴³ Australia Government, Department of Education (2024)

⁴⁴ Gu and Li (2023); Khan and Bin (2022)

⁴⁵ Australian Government (2023a)

⁴⁶ OECD (2023a). **A recent favorable program in Japan includes Program for Employment of International Students.**

⁴⁷ World Bank (2023)

⁴⁸ Cho et al. (2018); World Bank (2020)

⁴⁹ Engblom (2024)

⁵⁰ OHCHR (2023)

⁵¹ Ahmad, Simler, and Yi (2020)

⁵² Harkins, Lindgren, and Suravoranon (2017)

⁵³ ILO (2023)

⁵⁴ IOM, B+HR Asia, and UNDP (2022)

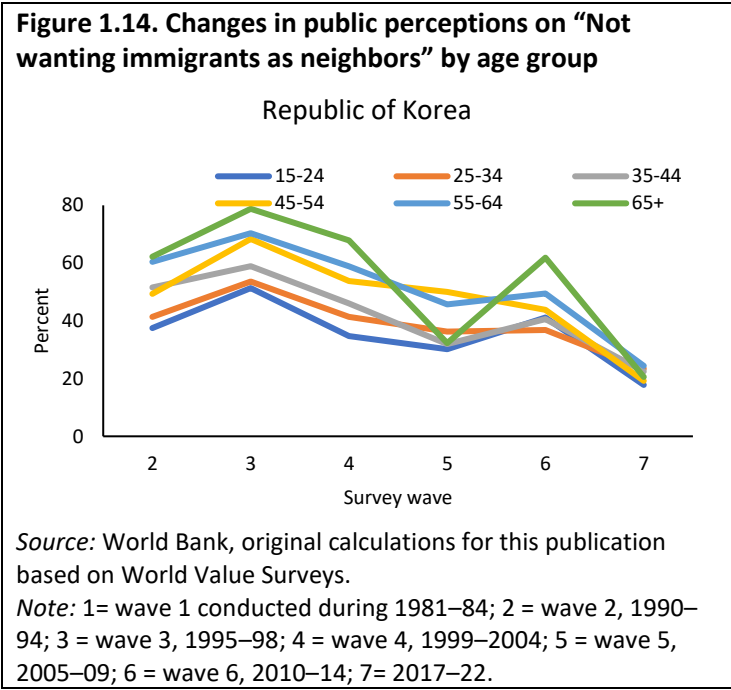
be a cheaper option to cross borders, but it becomes more expensive over time, as irregular migrants tend to receive lower wages and lack access to social protection.⁵⁵

Restrictive migration policies and ineffective grievance redress mechanisms can also contribute to irregular migration. Many irregular migrants in Malaysia enter through legal pathways but can become irregular due to the inability to change employers.⁵⁶ As widely reported, poor living conditions, wage issues, and lack of safety can cause workers to leave employers, rendering them irregular. The cost and complex process to maintain regular status can also push workers to work without legal documentation.⁵⁷

Irregular migration reflects policy shortcomings in both origin and destination countries, highlighting the need for reforms. Effective measures to reduce irregular migration can be seen in Korea’s Employment Permit System (EPS), which includes fee-free public job matching service, stronger social protection, better governance of migration policies, increasing information dissemination and transparency in migration process, incentives for timely return, and allowing employer changes⁵⁸ (see chapter 4).

The expansion of regular migration can make public perception more favorable toward immigrants. According to World Value Surveys, the percentage of Korean respondents “not wanting immigrants as neighbors” dropped to about 20 percent across different age groups from the 1980s to the 2020s (Figure 1.14). On the other hand, in Malaysia, nearly half of the respondents expressed a reluctance to have migrants as neighbors, reflecting ongoing issues with irregular migration.

In sum, migration has increased dramatically in the EAP region in recent years, primarily within the region. Aging populations and labor shortages have driven migration, especially in traditionally “closed” societies like Japan and Korea, which have seen sharp increases. Most migration in EAP is low-skilled, but high-skilled migration is growing faster, reflecting rising global competition for talent to drive innovation and development. Female migration is expanding especially from MICs to HICs. Irregular migration continues to be prominent in the region, owing to the burdensome cost, duration, and complexity of regular migration processes—challenges that stress the need for policy reforms in both origin and destination countries.



⁵⁵ World Bank (forthcoming)

⁵⁶ A change of employer within the same sector is allowed in cases where the employer’s company shuts down, becomes bankrupt, is merged with another company, or company ownership and/or status change. In all cases, migrants must seek and obtain approval for a change of employer from the Ministry of Home Affairs Malaysia (IOM 2023).

⁵⁷ IOM (2023)

⁵⁸ Cho et al. (2018)

Spotlight 1.1. Internal Migration within China and Return of the Chinese Diaspora to China

China's labor market has been transformed significantly over the last four decades, evolving from limited labor mobility to a more market-based system. This shift has been a key driver of China's economic growth. Given China's large population and economy, its experience with labor mobility provides valuable insights for fostering a more interconnected, integrated, and prosperous East Asia and Pacific (EAP) region. This spotlight examines both successful and unsuccessful aspects of internal migration in China and explores insights from China's attempt to facilitate the return of its diaspora.

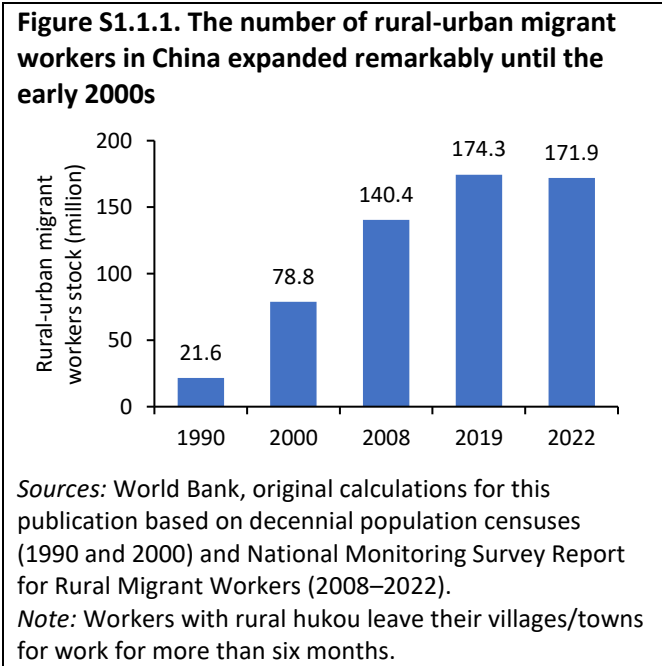
Internal migration

Over the past four decades, China's internal migration has massively expanded. Before the mid-1980s, labor mobility between rural and urban areas in China was limited. This started to change in response to increasing demand in the service and industry sectors in selected urban areas. After the mid-1990s, China's economic growth accelerated, and migrants from rural to urban areas (rural-urban migrants) supplied the necessary labor for the country's labor-intensive, export-oriented economy. The number of migrant workers nearly tripled in 1990s, from 21.6 million in 1990 to 78.8 million in 2000 (Figure S1.1.1). The migrant worker population continued to rise in the decades that followed, reaching 174.3 million in 2019, and remaining broadly stable during the COVID-19 pandemic.

The key mechanism to regulate internal migration in China is the residential registration (*hukou*) system,

introduced in the 1950s to link individuals with specific residential locations. Citizens' social benefits—such as housing, education, and public services—are tied to the location where they register. In the 1980s, the government established a temporary residence permit system, eliminating the mobility restrictions. However, the lack of comprehensive entitlement reform has meant that *hukou* continues to hinder equal social service provision.⁵⁹ In recent years, small and medium cities have been gradually easing restrictions to close social benefits gaps and relax restrictions to convert *hukou* status. But a reform led by the central government to create a clear framework for providing services to new residents has not yet been implemented.

Policy reforms to build more efficient cities and expand social services to all people including migrants have been initiated, but more needs to be done, especially in



large cities. A major reform—the National New-Type Urbanization Plan 2014–2020—was introduced in 2013. It included granting migrants full rights, allowing migrant children access to public education, and equalizing social benefits for migrants and locals through measures such as a renewed resident permit system and easier *hukou* conversion in smaller cities while restricting conversion in megacities. Local governments were given the flexibility to design their own systems of granting social benefits, but many of them used the policy space to develop policies

⁵⁹ World Bank and DRC (2014)

to attract highly educated migrants.⁶⁰ Data show that the government met the policy target of converting 100 million urban *hukou* by 2020, but faster migration growth has further widened the social benefits gap in cities, and these reforms excluded most migrant workers in large cities.⁶¹

Internal labor migration and remittances have improved household well-being in rural areas in general. In theory, migration can both decrease household income due to labor loss and increase it through remittances sent by migrants. Empirical evidence from China shows that, on average, the latter effect dominates, resulting in a positive net effect on rural household earnings.⁶² Remittances help reduce poverty and inequality, given that poorer households facing land shortages are more likely to migrate. The poorest of the poor benefit disproportionately from internal remittances, unlike international remittances.⁶³ Remittances supplement income in rural households, leading to increased consumption and a decline in regional inequality.⁶⁴

Nonetheless, the absence of parents due to migration can have impair their children’s human capital development and the well-being of the family members who stay behind. Approximately two-thirds of China’s rural migrants are separated from their families, and 69 million rural children under 17 grow up without one or both of their parents.⁶⁵ Evidence drawn from the Rural-Urban Migration in China survey data indicates that remittances reduce the share of education expenditures—as possibly favoring investment in assets that enhance the quality of life in the short term—which can potentially hinder human capital development in rural areas.⁶⁶ However, other research using the nationally representative China General Social Survey data suggests that the absence of adult household members negatively affects high school attendance for left-behind children in rural areas, particularly for girls, but remittances partially offset this loss.⁶⁷ Looking beyond the contemporaneous impacts, research also shows that the cumulative exposure to parental migration can be bigger.⁶⁸ Moreover, existing research consistently finds that parental out-migration has an unambiguously negative impact on children’s mental health, behavioral issues, and delinquency.⁶⁹ There is evidence that the negative mental health implications of migration on the partners and elderly who stay behind are not insignificant.⁷⁰

As regional disparities narrow, people are shifting their preferences for living and work from bigger cities to smaller cities. While the coastal and eastern cities remain the major destinations, motivated by higher wages and better economic opportunities⁷¹, recent migration trends suggest that migrants are considering more diversified choices and factors, especially high-skilled labor. Surveys indicate that college graduates have observed that smaller cities offer greater quality of life due to lower housing prices and improved job opportunities. Departures from bigger cities like Beijing have been attributed to factors such as high housing costs, traffic congestion, air pollution, and work-related stress.⁷² To tap into high-skilled talents for economic development, localities in different regions have introduced various “Talent Programs.” These programs, which started in the 2010s, have boosted local innovation, as measured by the number of patents.⁷³ They have also had multiplier effects through their impacts on social networks.⁷⁴

⁶⁰ Chan (2021)

⁶¹ Chan (2019); (2021)

⁶² Giles and Mu (2024)

⁶³ Pan and Sun (2023); Zhu and Luo (2008)

⁶⁴ Démurger and Wang (2016); Snyder and Chern (2009)

⁶⁵ UNICEF (2018)

⁶⁶ Démurger and Wang (2016)

⁶⁷ Hu (2012)

⁶⁸ Meng and Yamauchi (2017)

⁶⁹ Giles and Mu (2024)

⁷⁰ Jin (2016); Li et al. (2020); Scheffel and Zhang (2019); Yi, Lee, and Kim (2014)

⁷¹ Giles and Mu (2024)

⁷² Wang et al. (2016)

⁷³ Zhong et al. (2021)

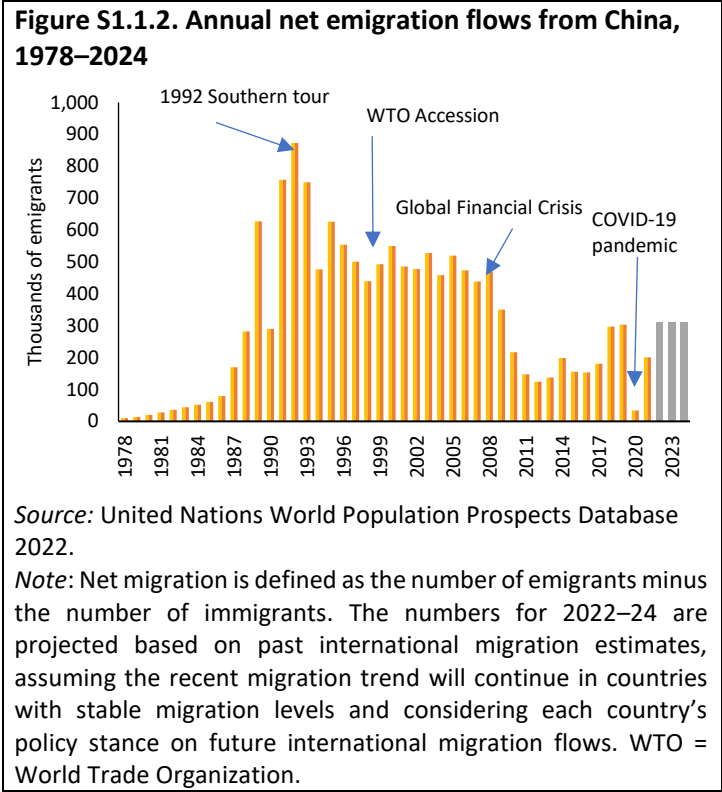
⁷⁴ Chen, Jin, and Yue (2024)

Over the past four decades, internal migration in China has been critical for economic development and improving household well-being, particularly benefiting poorer households and reducing inequality. Although the flows were tightly managed through the *hukou* system, this system has played an important role in managing the country’s spatial transformation and mitigating issues arising from rapid urbanization, such as urban poverty, unemployment, and squalor.⁷⁵ However, further reform of the *hukou* system is needed to ensure equal public service provision for migrant families. To help migrants and their families integrate into urban societies and avoid issues associated with those who stay behind, cities must go beyond tapping into highly skilled labor and increase spending on public service provision, including through reforms in tax and intergovernmental transfer policies.

Return of the diaspora

After years of outflows, China has started to see return of diaspora, including students. Annual net emigration peaked in the early 1990s and started to drop at the onset of the global financial crisis (Figure S1.1.2). The stock of Chinese emigrants amounted to 10.7 million, accounting for 4.2 percent of global emigration in 2020, while the number of foreigners in China’s mainland reached about 1 million in 2020. As discussed in chapter 1, the number of international students from China has rapidly expanded, making China the largest source of student migration in EAP; since the onset of the COVID-19 pandemic, the number of overseas Chinese students returning home has

increased sharply⁷⁶, representing a pattern of circular mobility.



The return of the diaspora could help mitigate the effect of an aging population and declining birth rates. The working-age population in China began to decline in 2014. As widely reported, the total population started to shrink in 2022 (see, for example⁷⁷). The old-age dependency ratio increased to about 22 percent in 2020 and is projected to rise to 51 percent in 2050, according to UN World Population Prospects data, although its impact on potential growth could be mitigated for some time following the rapid increase in human capital.

China’s immigration policies have developed rapidly to attract skilled workers, targeting overseas Chinese and foreign talent alike.⁷⁸ Since the early 2000s, numerous initiatives and policies were introduced,⁷⁹ followed by regulatory refinements such as simplifying processes and lowering the requirements for permanent

residency in 2016.⁸⁰ In addition, they established a three-tiered, points-based system for work permits (Class A, B,

⁷⁵ World Bank and DRC (2014)
⁷⁶ China Daily (2024)
⁷⁷ China Daily (2023)
⁷⁸ Miao and Wang (2017)
⁷⁹ These include, for instance, the 2002–2005 National Program for Qualified Personnel Development, and the 2024 Measures for the Administration of Examination and Approval of Foreigners’ Permanent Residence in China, among others.
⁸⁰ Its permanent resident system, which attracts affluent and high-skilled foreign workers, was very restrictive and showed limited results, adding up to only about 10,000 ten-year residence permits during 2004–16 (China daily, 2018).

and C).⁸¹ In 2018, the creation of the National Immigration Administration marked a key step in modernizing immigration management and enhancing its global competition to attract talent.

To encourage the return of overseas Chinese talent, the government implemented incentive programs at the national level. For instance, China's Thousand Talents Program (TTP) in 2008 offers generous grants for research work, tax exemptions, housing subsidies, and other support to returning migrants, based on educational and professional criteria.⁸² In 2010, the Young TTP was launched, targeting young scholars in science, technology, engineering, and mathematics (STEM) fields. While less successful in attracting top-level foreign-educated Chinese researchers compared to TTP, the Young TTP has still drawn high caliber scientists whose research productivity has often surpassed their peers who remained abroad.⁸³

Provincial and city governments have also made concerted efforts to attract the return of overseas Chinese talent. For instance, Zhejiang province initiated the Seagull Plan, targeting leading academics and top-notch information technology (IT) and pharmaceutical research and development talent. Fujian province's talent residence permit encourages the return of high-end overseas Chinese professional talent. Shanghai's Ten Thousand Overseas Returnee Cluster Project attracted 20,000 overseas returnees.⁸⁴ By February 2009, China had established more than 110 overseas entrepreneurship incubation centers.⁸⁵ Empirical evidence shows that the subnational-level overseas talent programs have enhanced research and innovation, product quality, and export volume, and have helped diversify trading destinations.⁸⁶

Yet, China's immigration policies are nascent in addressing structural issues in the labor markets, especially in the lower-skilled segment. As China moves closer to the technological frontier, the demand for high-skilled international talent will further increase. Reservation wages of many young Chinese, now increasingly university-educated, exceed those offered in factories or in the service sector, even though the youth unemployment rate is hovering around 15 percent. For example, more than 40 percent of high-tech manufacturing and energy and chemical companies, and as many as 83 percent of automobile manufacturing, machinery and equipment, and consumer goods manufacturing companies face varying degrees of skill mismatches and shortages.⁸⁷ Therefore, migration policies to support needs for low-skilled labor and to facilitate returns of migrants may warrant further assessment and consideration, while policy makers must navigate various political economy implications.

In sum, China's migration offers valuable lessons for other EAP countries. Relaxing internal labor mobility constraints in response to labor market demand can improve resource allocation, economic efficiency, and household well-being. Its phased relaxation of the *hukou* system helped manage labor shifts in a large scale and mitigate social issues. China's international migration policies underscore that countries adapt migration policies to meet the need for low-skilled foreign labor, while creating conducive environments for the return of skilled migrants. The negative impact on families left behind by internal migrants highlights the need for targeted social protection policies.

⁸¹ Class A targets high-skill talent, like Nobel Laureates, top scientists, and executives, with simplified application procedures. Class B focuses on professionals with a bachelor's degree and two years of working experience at minimum, representing most approved applicants. Class C includes individuals with less education and work experience, but obtaining these permits is challenging, as the government prioritizes attracting top-tier (Class A) talents.

⁸² Miao and Wang (2017)

⁸³ Shi, Liu, and Wang (2023)

⁸⁴ Miao and Wang (2017)

⁸⁵ Zhao and Zhu (2017)

⁸⁶ Wei and Yuan (2018); Wei and Zhou (2022)

⁸⁷ CIIC (2022 survey)

Chapter 2. Demographic and skills differences drive migration in EAP

Key message: The drivers of migration in EAP are multidimensional and often interlinked. Imbalances in employment opportunities, exacerbated by demographic shifts, are the main forces shaping patterns of economic mobility in the region.

Sub-messages:

- 1. Imbalances in employment prospects and wages between origin and destination countries drive economic migration**—such as limited job opportunities in origin countries and labor shortages in destination countries.
- 2. Demographic imbalances will further contribute to intraregional migration in the coming decades** by further widening gaps in labor demand and supply, both overall and in some specific sectors like case services. A youth bulge will increase competition for job opportunities in some countries, while in others, aging populations and declining birth rates will increase labor demand.
- 3. Other factors also matter.** Migration policies, technological advances, political instability, environmental challenges, diaspora networks, migration costs, language barriers, geographical distance, and regional economic cooperation (including FDI) influence migration routes and the profile of migrants—shaping migration outcomes (see chapter 3).

Economic theory suggests that potential migrants compare their households' expected welfare and corresponding costs, choosing the option that optimizes their economic, social, physical, and psychological well-being (World Bank 2023a). Yet, reaching their intended destination and successfully integrating into the host economy depends on a range of economic and noneconomic factors, as well as policies designed to either facilitate or limit their movement. This chapter discusses how various factors influence people's decision to move, how they migrate, and where they migrate to. The impacts of migration-related policies on migration outcomes will be explored in depth in chapter 4.

Limited job availability at home pushes people to move abroad

Migration is increasing as workers seek quality jobs abroad. Limited formal job opportunities in lower-income EAP countries push many, particularly low-skilled workers, to seek alternatives overseas, often in more developed countries (see box 2.1 on Pacific workers). These countries face higher unemployment, especially among youth (15–24 years old) (Figure 2.1, a), and a significant portion of inactive youth who are not in employment, education, or training (Figure 2.1, b). Informal employment remains widespread, with rates of 85.7 percent in Myanmar, 70 percent in Cambodia⁸⁸, 67 percent in Vanuatu, over 50 percent in Thailand⁸⁹, and 40 percent of wage earners in Fiji.⁹⁰ The World Bank–International Labour Organization (ILO) surveys of migrants from Myanmar, Cambodia and Lao PDR in Thailand in 2024 reveal that about 40 percent of respondents were farmers in their countries of origin before migrating.

Limited domestic job opportunities affect certain groups disproportionately. In Indonesia, in 2022 only half of women are employed, with only 39 percent in paid work, compared to 74 percent in Malaysia and a 55 percent average across EAP, according to estimates by the International Labour Organization. This, coupled with high poverty levels, drives Indonesian women to migrate.⁹¹ In Korea, highly educated youth struggle to find jobs due

⁸⁸ ILO (2024)

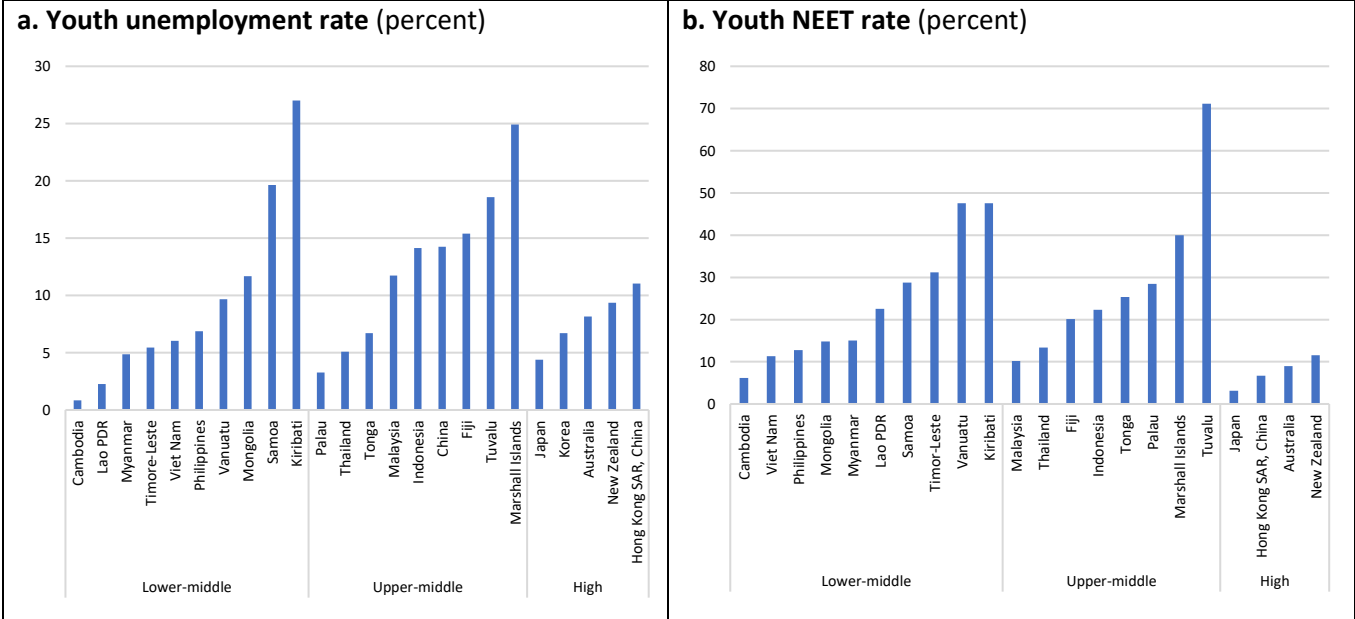
⁸⁹ Paweenawat (2023)

⁹⁰ World Bank (forthcoming)

⁹¹ Halim et al. (2019)

to a mismatch between skills and available jobs.⁹² To address this, government agencies, like Human Resource Development Service (HRD) Korea and Korea Trade-Investment Promotion Agency, have promoted overseas employment by hosting job fairs and skill acquisition events since the mid-2000s, assisting emigration of 4,800 high-skilled workers in 2016 alone.⁹³

Figure 2.1. Lower-income EAP countries have higher unemployment and much higher rates of inactive youth



Source: World Development Indicators, World Bank.

Note: Youth are 15 to 24 years old. EAP = East Asia and Pacific; NEET = not in employment, education, or training.

Box 2.1. Workers from Pacific Island Countries find formal employment opportunities in Australia and New Zealand

Facing limited job opportunities at home, many workers from Pacific Island Countries (PICs) have found jobs through labor mobility schemes in Australia and New Zealand. New Zealand’s Recognised Seasonal Employer (RSE) scheme and the low-skilled stream of Australia’s Pacific Australia Labour Mobility (PALM) scheme, formerly the Seasonal Worker Programme (SWP), engage Pacific Islanders in low-skilled agriculture jobs under short-term contracts of seven to eleven months. The PALM scheme also includes a semi-skilled stream with jobs lasting from one to four years.

Since the COVID-19 pandemic, these schemes have grown significantly, with approximately 30,300 workers in the PALM scheme and 17,400 in the RSE in 2022–23. Samoa, Tonga, and Vanuatu have been the three largest participating countries in terms of both number of participating workers and the share of their working-age population (20–59 years old) joining the schemes, at 11.5 percent, 20.0 percent, and 20.4 percent, respectively.⁹⁴

Both schemes are heavily regulated to protect worker welfare. Employers must provide health support, accommodation, and pastoral care. The PALM scheme also offers trainings on basic essential skills, knowledge about migration, and job-specific skills with qualification upon completion, either fully or partially funded by the Australian government. From July 2024, PALM employers are required to offer 120 hours of work over four weeks to seasonal workers in the scheme, failing which they must pay workers’ wages equivalent to 120 hours over four weeks.⁹⁵

⁹² OECD (2022)
⁹³ HRD Korea (2017)
⁹⁴ Bedford (2023)
⁹⁵ Australian Government (2024)

Pacific workers earn significantly more in the schemes than what they would at home. Net earnings from seasonal work are estimated to be three to four times higher for Tongan workers, and nine to ten times for ni-Vanuatu workers (or the indigenous population of Vanuatu).⁹⁶ Even after subtracting expenses, workers remit an average of US\$390 per month, nearly 1.8 times the average earnings in their origin countries.⁹⁷

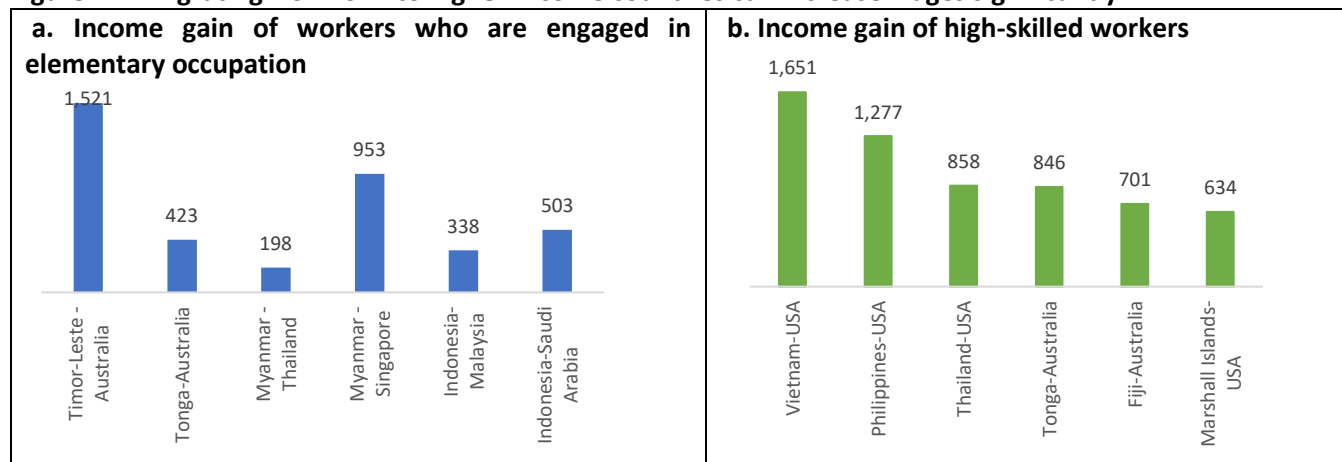
Despite these benefits, growing participation has raised concerns about worker welfare and labor shortages in the countries of origin. Cases of inadequate accommodation, long working hours, and excessive deductions have been reported⁹⁸, although most workers surveyed report being satisfied with their treatment.⁹⁹ High wages abroad attract essential workers, causing labor shortages in both public and private sectors in PICs with small populations and skill stocks.¹⁰⁰ To address this, Samoa has put a cap on annual deployment under the schemes and prioritized the unemployed and poor for mobilization from mid-2024, while Vanuatu has introduced its own emergency visa to bring in foreign workers.

Reintegration of returnees is challenging due to limited economic opportunities and lack of policy support. Returned workers, particularly low-skilled workers, struggle to find jobs and use their skills for community and national development. Targeted reintegration policies are needed to better utilize returnees' skills and knowledge.¹⁰¹

Wage premiums incentivize workers to migrate

Significant wage premiums are a powerful force for migration from low-income to higher-income countries. These premiums refer to the increased earnings potential in locations where skills are more productive and command higher wages.¹⁰² For example, elementary job workers, such as laborers and helpers, can earn over ten times more in Australia than in some PICs (see box 2.1), twice as much in Thailand than in Myanmar; and 3.4 times more in Malaysia than in Indonesia (Figure 2.2, a). High-skilled workers also see even higher gains - Filipino nurses and doctors earning 12.8 times more in the United States and Vietnamese skilled workers earning 16.5 times more (Figure 2.2, panel b).

Figure 2.2. Migrating from low- to higher-income countries can increase wages significantly



Source: Average monthly earnings of employees by sex and occupation, taken from ILO stats.

Note: Elementary occupation refers to jobs that involve the performance of simple and routine tasks.

⁹⁶ Doan, Dornan, and Edwards (2023)

⁹⁷ World Bank (2021)

⁹⁸ AWU (2024)

⁹⁹ Doan, Dornan, and Edwards (2023)

¹⁰⁰ Curtain (2022)

¹⁰¹ Redden, Bedford, and Bedford (2023)

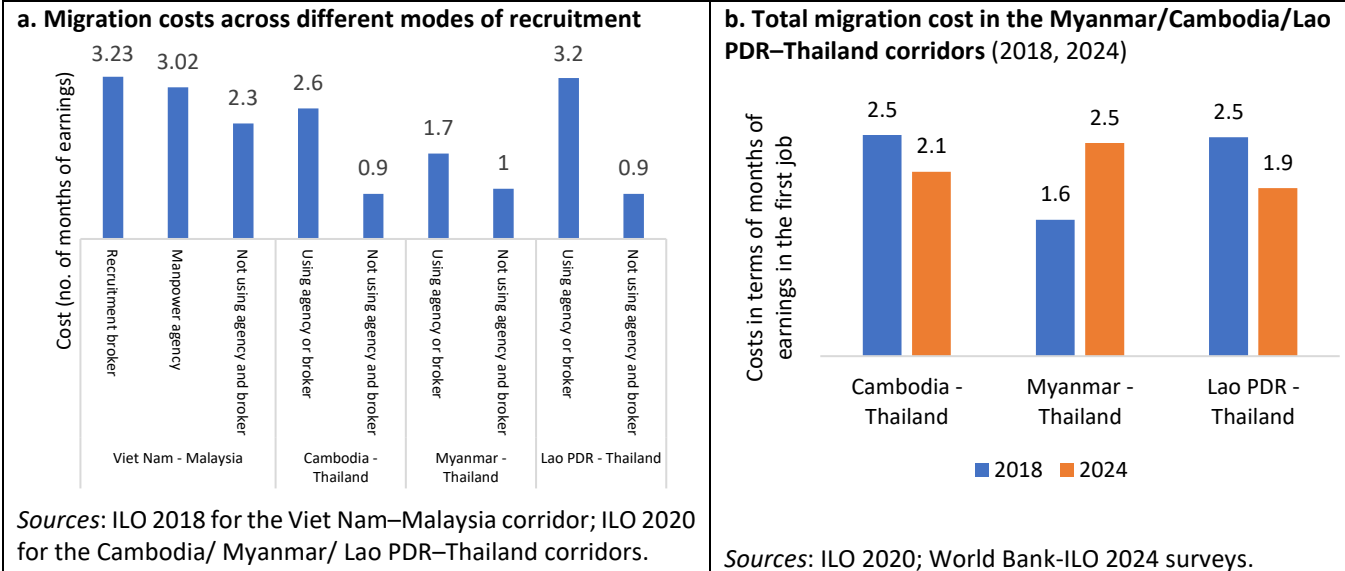
¹⁰² Clemens, Montenegro, and Pritchett (2019)

Exchange rate fluctuations also affect migration by altering earnings gaps. A prolonged depreciation of a destination country’s currency can reduce its attractiveness. For instance, the Japanese yen’s depreciation has reduced Vietnamese migrants’ earnings by 10 percent to 20 percent post COVID-19, leading to lower participation in Japan’s Technical Internship Training Program (TITP) and Specified Skilled Workers program (SSW).¹⁰³ Similarly, the depreciation of the Malaysian ringgit against the currencies of the Philippines, Indonesia, and Thailand has decreased migration from these countries to Malaysia.¹⁰⁴

The cost of migration is a formidable barrier for the poor

Migration costs can limit mobility, particularly for the poor and the low-skilled. For example, Vietnamese migrants to Malaysia face burdensome migration costs, amounting up to some 4.3 months of their Malaysian earnings, depending on recruitment modalities (Figure 2.3, a). Care workers going to Japan under TITP pay an average of US\$3,600–US\$5,000 to recruitment agencies, while Japanese employers cover most recruitment costs.¹⁰⁵ In Indonesia, international migrants often come from relatively better-off families who can bear the cost of migration and manage the associated risks.¹⁰⁶

Figure 2.3. Migration costs vary considerably across different modes of recruitment and corridors (in months of earnings in destination)



Note: Migration cost includes recruitment fees, documentation-related fees, medical exams, and international and domestic travel expenses.

Policies and political factors influence migration costs and their composition. For the Cambodia/Lao PDR–Thailand corridor, recruitment costs constitute about 90 percent of total migration costs.¹⁰⁷ To reduce this, the Philippine government introduced a zero recruitment fees policy for workers going to Saudi Arabia.¹⁰⁸ Korea’s public job matching under EPS helped to reduce worker-incurred costs to 1.3 months of their Korean earnings, covering mainly international travel.¹⁰⁹ Costs for Cambodia and Lao migrants to Thailand have been declining, while those

¹⁰³ Tomiyama (2023).

¹⁰⁴ Jajri and Ismail (2014)

¹⁰⁵ Lan (2023)

¹⁰⁶ Halim et al. (2019)

¹⁰⁷ According to World Bank-ILO 2024 surveys of Myanmar, Cambodian, and Laotian low-skilled migrants in Thailand.

¹⁰⁸ World Bank (2023a)

¹⁰⁹ Cho et al. (2018)

for Myanmar workers have increased (Figure 2.3, b), likely owing to continued labor demand in Thailand and political uncertainty in Myanmar. Diaspora networks reduce migration costs by providing information and support.

Workers go where there are good job opportunities

Labor shortages in destination countries have boosted the demand for foreign labor across skills levels. In Australia, unfilled vacancies have risen steadily (Figure 2.4), with persistent shortages of technicians, trade workers, health professionals, and community and personal service workers.¹¹⁰ Japan also faces significant labor gaps in hospitality, construction, and personal services, with an expected shortages of 11 million workers by 2040.¹¹¹ Korea's small and medium enterprises, which offer lower wages, also experience shortages, prompting the government to expand labor migration programs.¹¹² While most acute in high-income countries, aging populations in many MICs will likely worsen labor shortages over time.¹¹³

Shifts in the education and skills profile of labor markets in destinations influence migration patterns. As local workers upskill and often move away from low-skilled jobs, opportunities for foreign labor arise, as seen in both middle-income and high-income EAP countries.¹¹⁴ For instance, nearly 80 percent of Malaysian firms report hiring migrant workers for jobs that locals avoid.¹¹⁵ Similarly, Singapore relies on migrants for roles in construction and marine shipyards, roles that are unpopular among locals.¹¹⁶

Growth in specific sectors or occupations, such as in the knowledge economy, often drives demand for skilled migrants. Singapore has attracted global talent since the 1990s to support its knowledge-based economy.¹¹⁷ Australia's number of Skilled Employment visa holders (permanent and temporary) more than doubled between 2021/22 and 2022/23. Middle-income countries like Thailand and Indonesia also face shortages of skilled workers like specialists in information, communications, and technology (ICT).¹¹⁸

Labor shortages can also arise in countries with a shortage of skilled workers, as occurs in the Pacific. Papua New Guinea relies on foreign workers in management, professional services, and food professionals (such as chefs), sourced mainly from the Philippines, China, and Australia¹¹⁹, as well as in skilled jobs in the expanding Liquefied Natural Gas sector¹²⁰ (see chapter 4). Fiji relies on migrants for various occupations, from experienced professionals to blue-collar jobs.¹²¹ Emigration of semi-skilled and skilled workers from these economies has the potential to exacerbate shortages of such workers, driving governments in turn to adopt policy measures aimed at facilitating recruitment from other countries – as in the case of Vanuatu's waiver of visa fees to attract foreign workers.¹²²

¹¹⁰ Jobs and Skills Australia (2023)

¹¹¹ Recruit Works Institute (2023)

¹¹² Korean government (2024); Cho et al. (2018); Randall (2023)

¹¹³ Poggi et al. (2024); World Bank (2017)

¹¹⁴ Moroz et al. (2021)

¹¹⁵ Theng and Romadan (2020)

¹¹⁶ Loh et al. (2021); Singapore MOM (n.d.)

¹¹⁷ Pan and Theseira (2023)

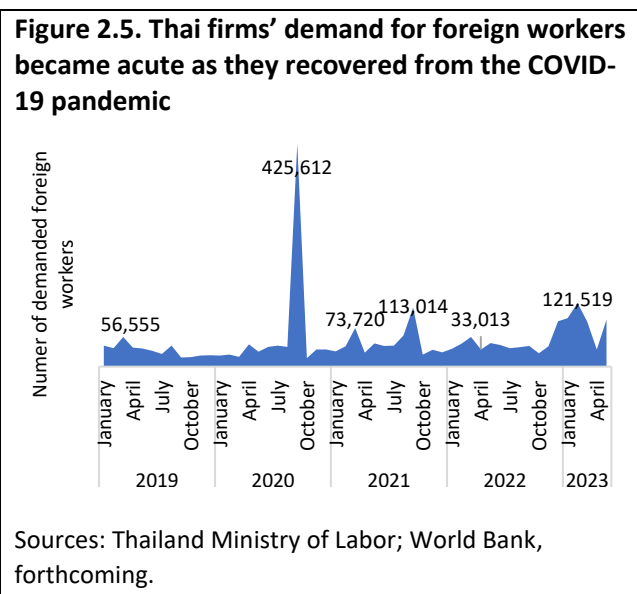
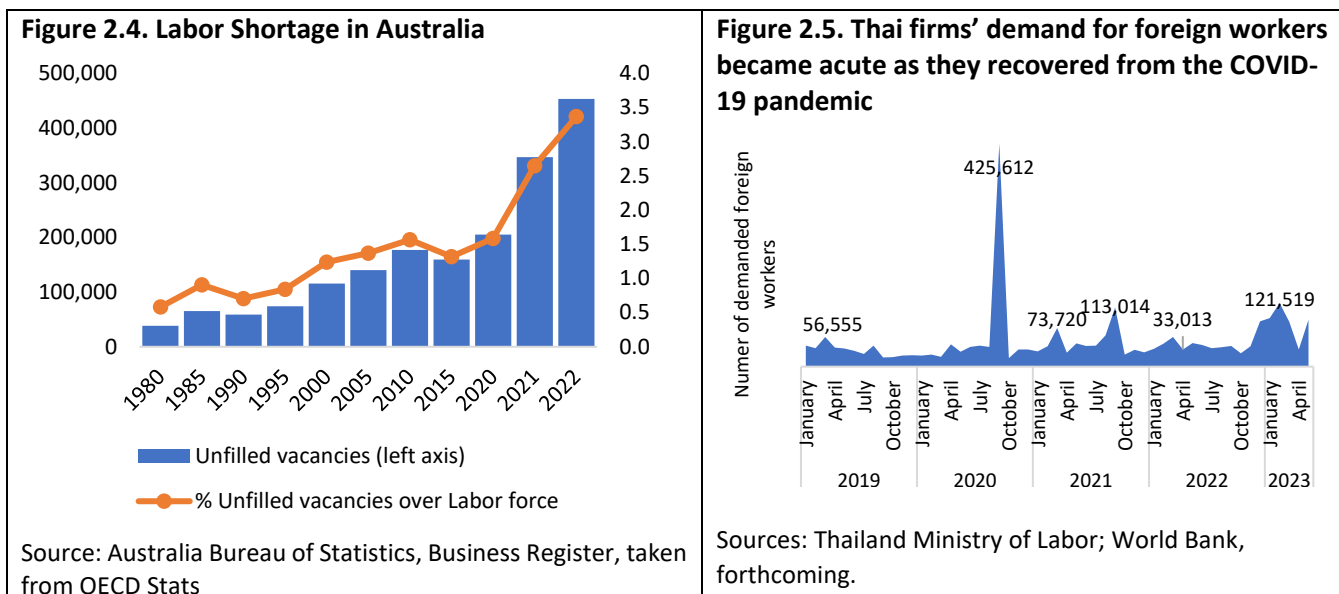
¹¹⁸ ILO (2020)

¹¹⁹ UNDP and Deloitte (2017); Voigt-Graf (2015)

¹²⁰ Voigt-Graf and Odhuno (2019)

¹²¹ ILO (2019); Kumar and Oum (2019)

¹²² Kalsakau and Roberts (2024)



The COVID-19 pandemic highlighted the essential role of migrants in filling labor gaps. In Australia, the restriction on entry and departure of international students and working-holidays visa holders following travel restrictions pushed job vacancies to an unprecedented level, underscoring the labor market's dependency on foreign workers, especially in agriculture and hospitality sectors.¹²³ At the onset of the pandemic, many migrants in Southeast Asian countries returned to their origin countries due to job losses or lack of healthcare. For example, some 2 million Myanmar workers returned home from Thailand.¹²⁴ The resumption of travel and associated removal of restrictions saw the return of migrants in these economies – in the case of Thailand, for example, firms' demand for foreign labor, particularly Myanmar workers, spiked upon recovery (Figure 2.5).

Aging populations and declining birth rates are fueling migration within the region

Aging countries with shrinking labor forces increasingly recognize the need for foreign workers to sustain their economies and social contracts. Between 1980 and 2020, the percentage of people aged over 65 doubled in high-income and many middle-income EAP countries. This share is expected to continue rising.

Yet the pace of aging varies widely across the region. Japan leads the region with 30 percent of its population aged over 65, followed by Australia, Korea, New Zealand, Singapore, and Thailand at about 16 percent (Map 2.1, a). Korea is projected to quadruple its populations aged over 80 by 2040. Malaysia is now classified as an "aging" society (meaning more than 7 percent of its population is aged 65+). To keep the dependency ratio at the 2020 level, Korea; Taiwan, China; and Thailand would need to expand the working-age population by more than 35 percent of the current working-age population (Map 2.1, b).

As aging countries experience shrinking workforce, effective migration policies are essential to prevent workforce declines. While policies aimed at boosting female labor force participation, extending retirement ages, and automation are important, they are insufficient on their own. At the same time, some LMICs in the region are experiencing a youth bulge, putting pressure on labor markets and social protection systems. Countries like Lao PDR, the Philippines, Indonesia, PNG, and Timor-Leste are projected to see their working-age populations grow

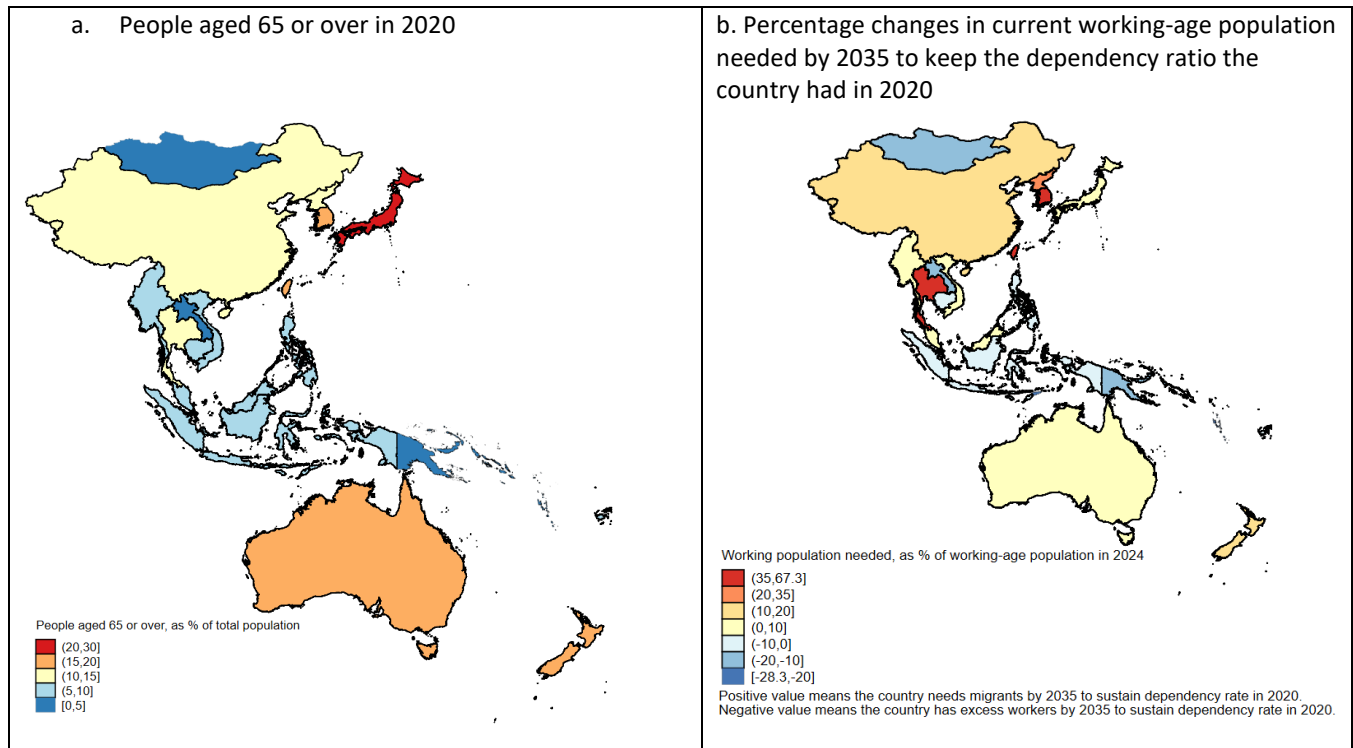
¹²³ Downham and Litchfield (2022); Lucas (2023)

¹²⁴ ASEAN (2022); World Bank (forthcoming)

steadily through 2050. But economic growth and job creation may not keep up with labor market demand, increasing the pool of potential migrants, especially youth, from these countries.¹²⁵

To address these demographic shifts, aligning the skills of surplus labor in younger countries with demand in aging countries is critical. Understanding the skills profile of those who will retire, along with evolving trends in skills demand, will help facilitate this alignment.

Map 2.1. Aging population and working-age population needs



Sources: For population data: United Nations *World Population Prospects 2022*; United Nations Department of Economic and Social Affairs (UN DESA); World Bank, original calculations for this publication. For GIS data: Global administrative areas (GADM).

Note: In panel b, positive values mean the country needs migrants by 2035 to sustain the same dependency ratio it had in 2020. Negative values mean the country will have excess workers by 2035 if it sustains the same dependency ratio it had in 2020.

Technological change, migration policies, and other factors influence migration

Remote work enabled by technology is an emerging alternative to migration, allowing workers to seek foreign employment without physically migrating. Online gig platforms offer flexible employment opportunities across borders, and can be especially appealing to women, youth, and those with limited local options. The EAP region has about 180 million online gig workers and nearly 80 percent of them are from tertiary cities, according to the World Bank’s new estimates of the number of online gig workers.¹²⁶ Some countries like China, Indonesia, and the Philippines are expanding their presence in this sector.¹²⁷

¹²⁵ Belmonte and McMahon (2019); Milasi (2020); Zaiceva and Zimmermann (2016)

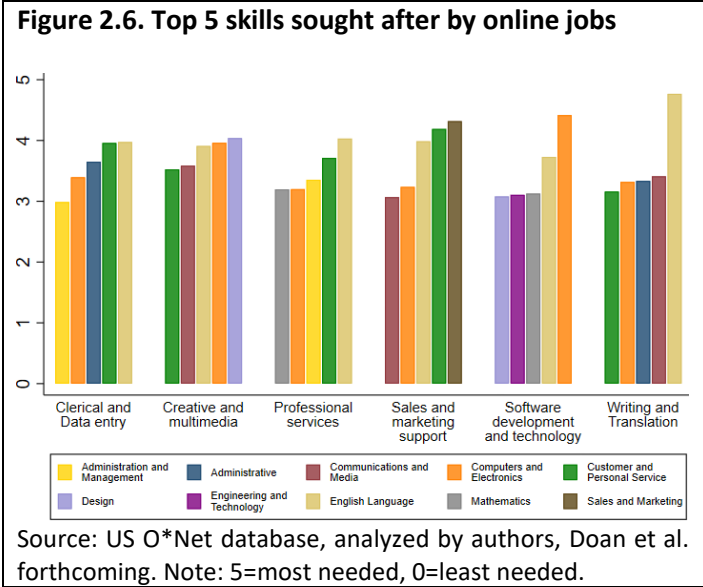
¹²⁶ Refer to World Bank (2023b) for limitations on estimating the number of gig workers.

¹²⁷ Doan et al., (forthcoming)

Not all EAP countries are ready to grasp remote work opportunities, however.¹²⁸ For instance, by 2021/22, internet usage as a proportion of the population ranged from 96 percent in Singapore to 62 percent in Lao PRD and merely 32 percent in Papua New Guinea (World Development Indicators). Online jobs to date have tended to be concentrated in software development and technology, creative fields and multimedia, and clerical and data entry, with demand primarily coming from the United States (Doan et al., forthcoming). These jobs typically require English proficiency, computer skills, and higher education (Figure 2.6).

Countries are adapting migration policies to attract digital nomads (individuals who travel while working), retirees, and high-skilled workers. Digital nomad visas, such as those in Indonesia, target remote workers and offer economic benefits through increased consumption and knowledge sharing.¹²⁹ Retiree visa programs in countries like Thailand, Malaysia, and the Philippines are designed to attract wealthy older individuals, boosting domestic demand. Meanwhile, countries like Australia and New Zealand maintain skills-based immigration programs to fill labor gaps, while Japan hires foreign nurses through bilateral agreements.

In sum, migration in the EAP region has many drivers (see spotlight 2.1 on climate-driven migration and spotlight 2.2 on conflict-driven migration). Economic migration in EAP is fueled by the pursuit of better opportunities. Aging countries face labor shortages, while countries with a youth bulge have surplus labor, creating imbalances that migration helps address, thereby enhancing the utilization of labor and human capital more broadly.



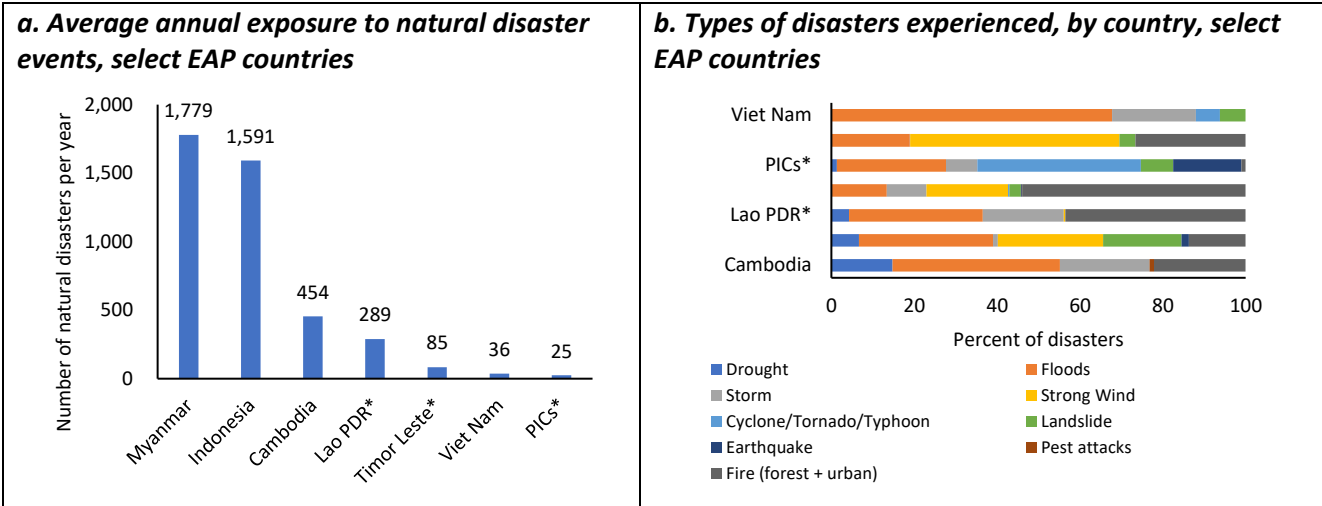
¹²⁸ A country’s competitiveness in online gig work involves four key dimensions: (1) the quality and quantity of the workforce and their willingness to work in industries that may involve evening shifts; (2) competitive labor and infrastructure cost, as well as tax benefits; (3) penetration and quality of relevant public infrastructure such as telecommunications, electricity, and banking services; and (4) an enabling environment with good ease of doing business, macroeconomic stability, and rule of law. These dimensions vary across the region.

¹²⁹ Sánchez-Vergara, Orel, and Capdevila (2023)

Spotlight 2.1. Climate Change, Natural Disasters, and Migration in the East Asia and Pacific Region

The East Asia and Pacific (EAP) region is expected to face significant climate change and related natural disaster events over the next few decades, potentially affecting internal and international mobility. The region is highly vulnerable to floods, tropical hurricanes, and sea level rise (Figure S2.1.1). With high population density and varied geography, its subregions may simultaneously experience rising temperature, volatile precipitation, and extreme climate events. These can drive migration as productivity and habitability deteriorate, but the scale and nature of resulting migration will also depend on mitigation measures, social protection, migration pathways, and individual circumstances.

Figure S2.1.1. Some EAP countries are highly vulnerable to natural disasters



Sources: World Bank, original calculations for this publication using data from the DesInventar project (www.desinventar.net/).

Note: EAP = East Asia and Pacific; PICs = Pacific Island countries.

*. Data for Lao PDR are available until 2012 only. Data for Timor Leste data correspond to 1999–2017. Data for the Pacific Islands correspond to 1999–2014.

Extreme weather events, like heat waves in Southeast Asia, affect human mobility by altering incomes and habitability, widening the wage gap between origin and destination areas. Heat stress may reduce habitability, leading to permanent migration, particularly in humid and densely populated coastal cities in Southeast Asia.¹³⁰ Similarly, extremely harsh winters in Mongolia have caused permanent out-migration among traditional pastoralists.¹³¹ However, lower incomes from climate impacts may result in “trapped” populations.¹³² For example, two successive years of drought *decreased* migration in rural households in Thailand and Viet Nam as household assets were eroded.¹³³ While natural disasters may spur migration, countercyclical remittances can stabilize affected households.¹³⁴

Figure S2.1.2 illustrates how climate change exacerbates or impedes mobility.

¹³⁰ Ibid.

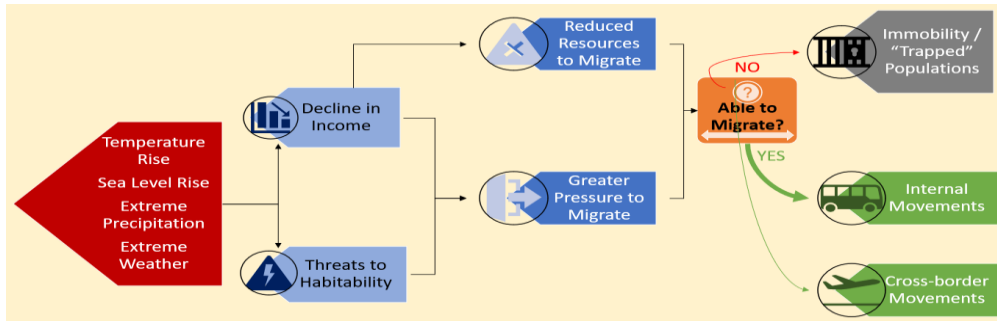
¹³¹ Roeckert and Kraehnert (2022)

¹³² Cattaneo and Peri (2016); Mbaye and Okara (2023); Thiede, Robinson, and Gray (2022); Zickgraf (2018)

¹³³ Quiñones, Liebenehm, and Sharma (2021)

¹³⁴ Yang and Choi (2007)

Figure S2.1.2. Climate change affects migration through income and habitability



Source: World Bank, original illustration for this publication based on *World Development Report 2023* (World Bank 2023).

Climate-driven migration is likely to be short-distance and short-duration internal movements, as seen in the Philippines and Viet Nam, though it can deter migration for resource-constrained households. Projections suggest increased internal migration than international migration, with some 3 million to 6 million climate migrants projected in the Lower Mekong subregion by 2050.¹³⁵ Rising temperatures have increased internal migration in the Philippines,¹³⁶ and typhoon-induced income shocks have driven migration to urban areas for work opportunities in Viet Nam.¹³⁷ Established migration networks may facilitate international migration in response to climate change events.

In EAP, the pace of disaster onset and disaster intensity also affect the type of mobility responses. Recurring shocks may result in migration for employment outside agriculture, as in Cambodia,¹³⁸ while sudden onset floods can lead to local movements followed by quick return.¹³⁹ Migration responses vary with shock intensity: for instance, in the Philippines, weather shocks can increase international labor migration up to a peak intensity point, after which reductions in income may curtail mobility.¹⁴⁰ Climate-induced migration affects well-being and labor market outcomes in both origin and destination areas. For instance, the large-scale migration of farmers could shift the occupational structures in origin areas away from agriculture, which the migrants may face labor market mismatches, and strain local resources in the short term.¹⁴¹

Policy actions are critical. Climate change mitigation and adaptation measures such as adaptive social protection and regular migration pathways help households diversify income sources and limit losses. Governments, international organizations, civil society, and the private sector can support skilling initiatives to minimize labor market mismatches and migrants' adjustment costs. Other forms of support include ensuring portable benefits, providing financial services, and undertaking planned relocation of climate-vulnerable communities, as seen in Fiji in recent years.¹⁴² Regional or bilateral mobility agreements, like those among member-countries of the Association of Southeast Asian Nations (ASEAN), can enable free movement of people in response to climate change. For further discussions on climate-driven migration and related policies, see the 2023 *World Development Report* on migration.¹⁴³

¹³⁵ Clement et al. (2021); Trisurat et al. (2018)

¹³⁶ Bohra-Mishra et al. (2017)

¹³⁷ Gröger and Zylberberg (2016)

¹³⁸ Bylander (2015)

¹³⁹ Call et al. (2017); Mbaye and Okara (2023); Yuan and Zhu (2016)

¹⁴⁰ Pajaron and Vasquez (2020)

¹⁴¹ Roeckert and Kraehnert (2022)

¹⁴² Witschge (2018)

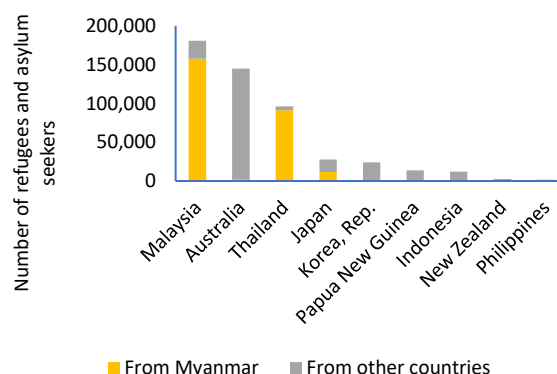
¹⁴³ World Bank (2023)

Spotlight 2.2. Conflict-driven Migration in the East Asia and Pacific Region— The Case of Myanmar Refugees in Malaysia

The East Asia and Pacific (EAP) region’s share of global conflict-induced displacements has declined steadily over the past decade; refugees in EAP have dropped below 3 percent of the global refugee population, according to United Nations High Commission on Refugees (UNHCR) data on refugees. But recent political instability in Myanmar has led to a surge in refugees and internally displaced persons (IDPs) to neighboring countries. Displacements have been triggered by persecution, protests crackdowns, election controversies, the 2021 military takeover, and fighting between de facto authorities and ethnic groups. Malaysia hosts the highest number of refugees and asylum seekers from Myanmar (180,000+), followed by Australia (140,000+) and Thailand (90,000+). Most refugees in Malaysia and Thailand are from Myanmar (Figure S2.2.1).

Of the 188,210 refugees and asylum-seekers registered with the United Nations High Commissioner for Refugees (UNHCR) in Malaysia, 58 percent are Rohingya, 30 percent are other Myanmar refugees, and 12 percent are from Afghanistan, Pakistan, Somalia, and the Republic of Yemen¹⁴⁴. Most are men (65 percent) and 81.5 percent of Rohingya are less than 35 years old (World Bank 2022). Refugees tend to reside in Malaysia for about 10 years, on average. Many are not the first generation of refugees.¹⁴⁵ Educational levels are generally low, particularly among Rohingyas (more than 80 percent not having completed primary school).

Figure S2.2.1. Total refugees and asylum seekers from Myanmar and other countries in select EAP host countries, 2023



Source: United Nations High Commissioner for Refugees (UNHCR), <https://www.unhcr.org/refugee-statistics/download/?url=S71wGq>.

Note: EAP = East Asia and Pacific.

Despite low education, most refugees speak the local language (Bahasa Malaysia). According to the World Bank’s small sample surveys in 2021, 94 percent of the Rohingya respondents can speak at least a little Bahasa Malaysia, but only 37 percent of them can speak English and fewer than half can read and write both languages. Most have internet access (96 percent) and use smartphones for social networking, but few used the internet to search for jobs.

Despite having no rights to work, many refugees work informally, often pursuing low-paying jobs to support their families. While labor force participation in the host community is low (about 50 percent), refugees’ labor force participation is at least 10 percentage points lower. The gender gap is more pronounced among refugees, particularly Rohingya population; 60 percent of men are in the labor force, compared to only 10 percent of women (Figure S2.2.2). Longer displacement tends to lead to improved labor market integration in Malaysia.

Refugees, especially women, work fewer hours, and earn less than members of the host community. While members of the host community work 45 hours per week on average, the displaced Rohingya population work about 30 hours. More than 20 percent of refugees worker fewer than 30 hours per week, compared to 7 percent of hosts. The average monthly income for refugees is RM1,400 (about US\$297) or less, compared to RM2,604 (about US\$555) for hosts.

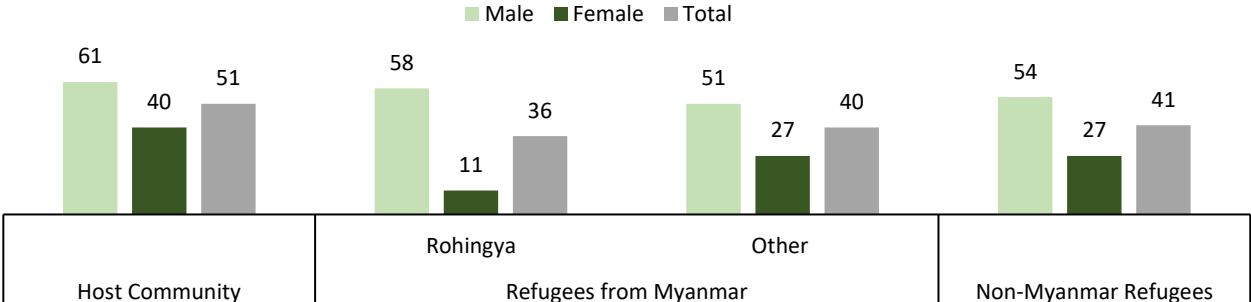
¹⁴⁴ UNHCR (n.d.)

¹⁴⁵ World Bank and UNHCR (forthcoming)

Refugees and hosts often work in the same sectors, but refugees are more likely to have low-skilled jobs. About one-third of refugees work in “Other Service” activities, including personal service activities, compared to 13 percent of hosts and only 1 percent of the general Malaysian workforce. Some 44 percent of refugees are in low-skilled elementary occupations, compared to 20 percent among hosts, and 6 percent in the Malaysian workforce (Figure S2.2.3).

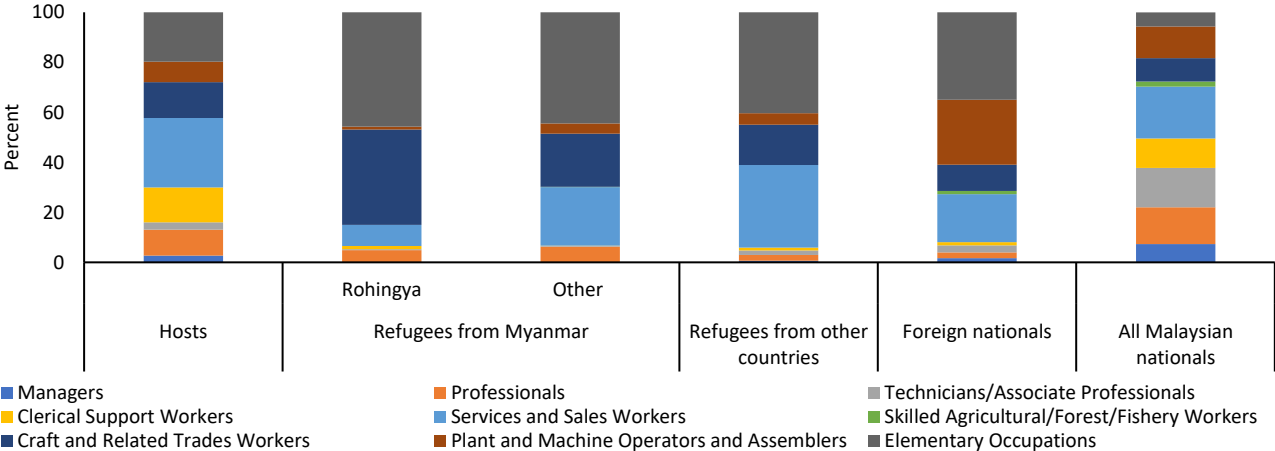
Granting refugees the right to work is critical to reduce underemployment and poverty, enabling them to invest in their children’s education, and supporting family members in Malaysia, Myanmar, and elsewhere. This could boost the Malaysian economy through increased labor, consumption, and tax revenue. Additional support, such as targeted social assistance and training in technical, language, and digital skills, together with employment services, can further enable refugees to contribute to the Malaysian economy and society.

Figure S2.2.2. Refugees from Myanmar have very low labor force participation rates in Malaysia, especially women (percent)



Source: World Bank and UNHCR forthcoming, based on the first systematic survey of refugees and hosts in Malaysia collected during December 2023–April 2024.

Figure S2.2.3. Most refugees from Myanmar work in low-level jobs



Sources: World Bank and UNHCR forthcoming, based on the first systematic survey of refugees and hosts in Malaysia collected during December 2023–April 2024; World Bank 2022.

Note: Occupations are at the Malaysia Standard Classification of Occupations (MASCO) 1-digit level. The last two columns present shares of foreign and Malaysian workers, respectively, in the sample states in Malaysia across occupational categories, based on estimates from the Malaysia Labor Force Survey 2022.

Chapter 3. How does migration influence human capital development and reallocation?

Key message: The consequences of migration for human capital development are complex and vary across origin and destination countries. Migration supports economic growth and reduces poverty in EAP by offering more productive and efficient utilization of human capital. But not all migration is positive, and it can have uneven distributional impacts. In origin countries, concern about the impacts of high skilled emigration on skill stocks (so-called “brain drain”) are common, though evidence is mixed. In destination countries, migration delivers net economic benefits, including labor market benefits, but some groups of workers can be adversely affected by competition from migrant workers. Better understanding these impacts is important for sound migration policy setting.

Sub-messages:

1. The labor market effects of migration vary, depending on migrant profiles, labor market contexts, and policies in both origin and destination countries. Wage and employment impacts tend to be small but are unevenly distributed in both origin and destination countries, with some groups, sectors, and regions benefiting more than others.
2. In origin countries, migration can result in skill losses from emigration, especially in the short-term, but these can be offset by remittances and increased incentives for education.
3. In destination countries, the impacts of migration depend on the skills of migrants and natives. High-skilled migrants in many cases see their skills underutilized, though this can be true in origin countries as well. Low-skilled migrants can help natives move into higher-skilled roles, fostering education and training, but they can also compete with natives or previous migrants, resulting in adverse consequences for the latter, notwithstanding positive overall economic and labor market impacts.

Effects in origin countries

Migration affects origin countries in various ways. Remittances provide stable foreign exchange, support household consumption, and boost investment in education and health care, thus helping reduce poverty. Migration can affect demographic changes, altering labor markets and social structures. In doing so, it can ease unemployment by reducing labor supply in overcrowded job markets. It has potential to result in brain drain, where skilled professionals leave their origin countries, but it can also lead to brain gain and reduce brain waste (the underutilization of workers’ skills and qualifications). The impacts depend on the context, the type of migration (who migrates, and under what circumstances), and related policies. Box 3.1. illustrates potential effects of migration and resulting remittances on labor markets and human capital development.

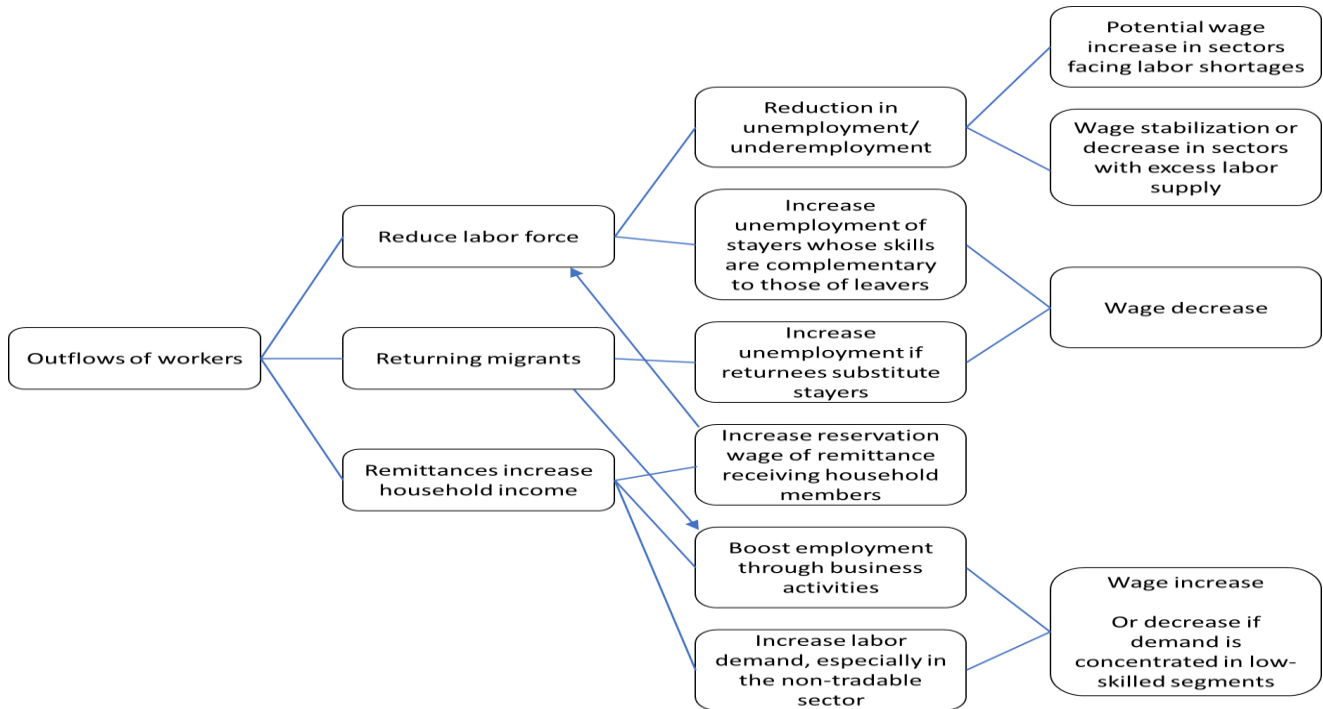
The impacts of migration on human capital: brain drain and brain gain

The loss of skilled professionals is arguably the primary migration-related concern of origin countries. In EAP, the emigration rate of high-skilled labor is relatively high (Figure 3.1). This reflects the fact that high-skilled workers find better career opportunities, higher wages, and improved living conditions abroad, as well as migration opportunities, more readily than low-skilled workers. Importantly, as discussed in chapter 1, many high-skilled migrants receive their tertiary education in destination countries and remain in the country for employment.

Box 3.1. Illustration of labor market effects from migration and resulting remittances

Labor market impact of migration and resulting remittances depend on who migrates, who returns, and who are in demand (Figure B3.1.1).

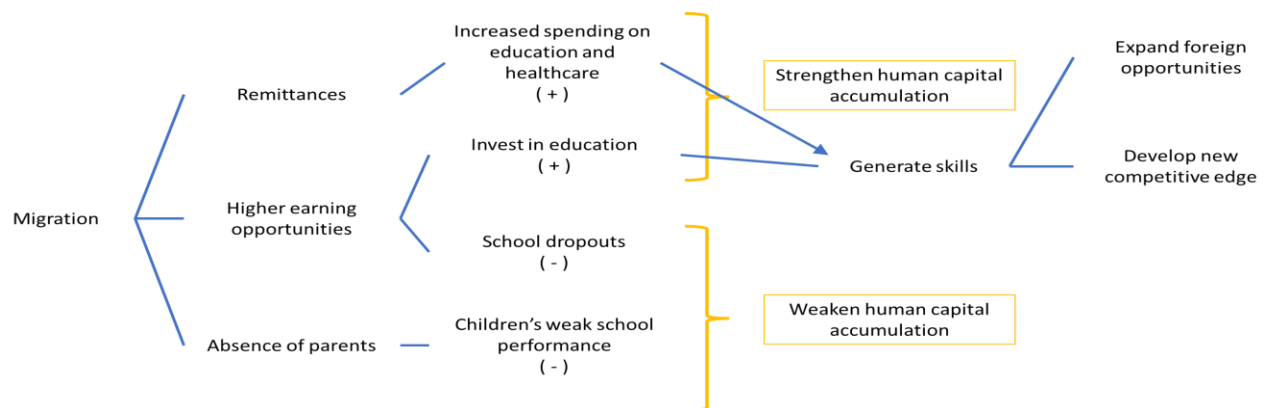
Figure B3.1.1. The complex impacts of migration on the labor force, remittances, employment, and wages



Note: HH = household.

Migration and remittances can either accelerate or decelerate human capital development (Figure B3.1.2).

Figure B3.1.2. The effects of migration and remittances on human capital and competitiveness



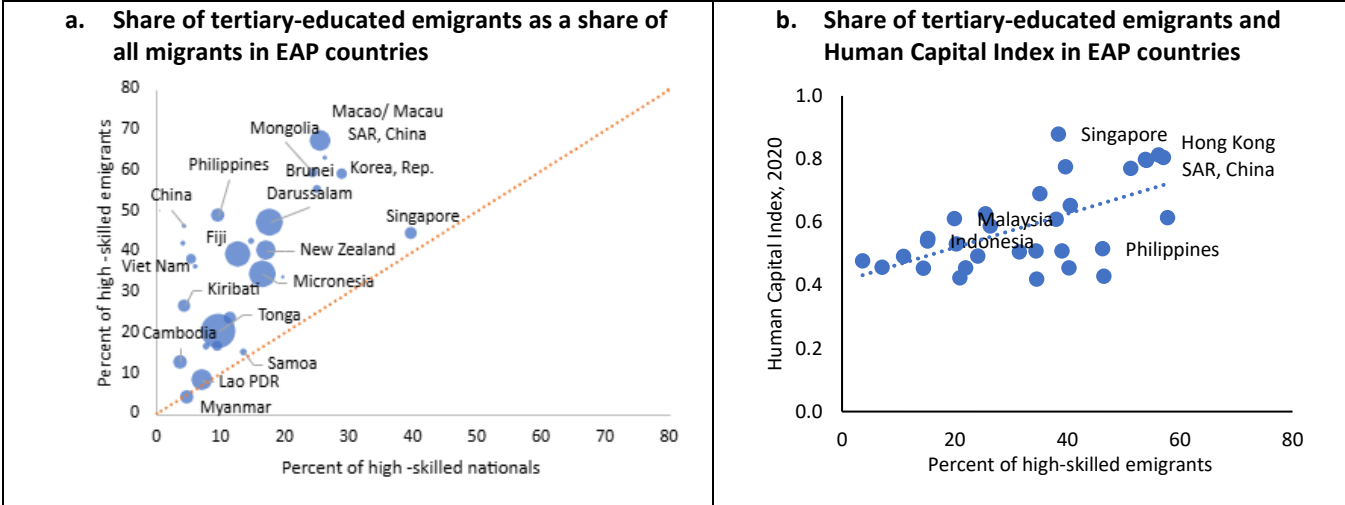
Source: World Bank, original illustration for this publication.

The potential negative impacts from high-skilled emigration can be significant, especially in the short-term, and especially in smaller economies which often have less flexible labor markets and less adaptive education systems. Pacific Island Countries (PICs), for example, face challenges as skilled workers leave for seasonal overseas jobs and

high-skilled workers often do not return after studying abroad. Disproportionate outflows can create labor market mismatches and sectoral skill shortages, resulting in political frictions over migration.¹⁴⁶ Large outflows of skilled workers, especially when concentrated in certain sectors, occupations, or geographic areas, can also hinder domestic investment and productivity, as seen for European firms, with recovery over a few years as firms and workers adjust.¹⁴⁷ High turnover can discourage firms from investing in training, an issue seen in the Philippines, where firms use training bonds to retain workers under which workers must reimburse training costs if they leave the job before completing an agreed employment period.

Despite the loss of skilled professionals, migration can also have a positive impact on human capital in origin countries over time. High-skilled migrants are likely to remit more than their low-skilled counterparts, although less frequently¹⁴⁸, with these remittances helping to increase household spending on education (as discussed in the next sub-section). Higher earning prospects through migration can also incentivize education, thereby increasing human capital in the medium to long term. The Philippines presents a widely recognized example: Changes in U.S. visa policies for nurses, for example, spurred higher nursing enrollment and graduation in the Philippines – generating 10 additional licensed nurses per nurse migrant, owing to education policies that allowed existing education institutions to expand nursing programs.¹⁴⁹ Figure 3.1, panel b, demonstrates that countries with a high share of tertiary-educated emigrates tend to have high levels of human capital pools (measured by the Human Capital Index). By the same token, the prevalence of low-skilled migration opportunities has potential to reduce incentives for education.

Figure 3.1. Brain drain or brain gain?



Source: World Bank, *World Development Report 2023* Migration Database; Human Capital Index.
 Note: Data are for 2020. Panel b takes the data in panel a and compares them to a nation’s stock of human capital, as captured by its measure on the World Bank Human Capital Index. EAP = East Asia and Pacific.

Temporary or circular migration, which is especially common in EAP, also helps to mitigate brain drain, as migrants return with new skills.¹⁵⁰ In PICs, between one-quarter and one-third of migrants return home.¹⁵¹ Some countries,

¹⁴⁶ Alesina and Tabellini (2024); Hangartner and Spirig (2023); Lebang and Peters (2022); Mayda, Peri, and Steingress (2022)
¹⁴⁷ Giesing and Laurentsyeva (2021)
¹⁴⁸ Bollard et al. (2011)
¹⁴⁹ Abarcar and Theoharides (2024)
¹⁵⁰ Dos Santos and Postel-Vinay (2003); Dustmann, Fadlon, and Weiss (2011); Dustmann and Glitz (2011)
¹⁵¹ Gibson and McKenzie (2011)

such as Malaysia, Singapore, Viet Nam, (as well as Australia Awards Scholarship recipients), mandate the return of students funded by government scholarships, which helps replenish the domestic talent pool.

Returnees often bring valuable skills, especially in technology, engineering, and business managements (see box 3.2). Emigration and return migration promote trade, investment, knowledge transfer, and firm linkages¹⁵² and ethnic networks play a crucial role in facilitating these processes.¹⁵³ There is evidence of this in Taiwan, China, for example, where returnees' ties to the United States have allowed them to identify market opportunities, raise capital, build management teams, and establish partnerships with specialized producers, fostering growth and innovation in the semiconductor sector.¹⁵⁴

Migration impacts human capital in other ways as well. Evidence from EAP suggests that remittances are used to promote the development of human capital, as discussed in the sub-sections that follow. However, migration can also have negative impacts on children's learning capabilities. Family disruptions due to migration can impair children's mental health and education outcomes, particularly affecting their cognitive and socioemotional development. In Indonesia, despite the presence of remittances, migration had minimal impact on school enrolment, attendance, or educational attainment—a finding attributed to the absence of caregivers.¹⁵⁵ In PICs, communities with seasonal migrant households have raised concerns about child neglect and behavioral issues in children of migrant households, although rigorous evidence on a causal relationship has been lacking.¹⁵⁶ Similar impacts are found for internal migration (see spotlight 1.1 on China).

Box 3.2. The benefits of circular migration on human capital

While spotlight 1.1 on China discusses the Chinese government's efforts to encourage the return of overseas Chinese professionals, the broader EAP region also presents some evidence on how returnees can significantly bolster local economies by introducing advanced skills, fostering innovation, and driving economic growth.

The Republic of Korea. Returnee scientists and engineers have had a significant impact in Korea. Programs like the "Brain Return 500" have attracted Korean professionals back to the country. Incentives include research grants. These returnees have helped establish cutting-edge research institutes and startups, contributing to Korea's position as a global leader in technology and innovation. Yet, scientists and engineers who have received their PhDs in the United States in recent years have chosen to remain in the United States in larger numbers than previous generations, owing to increased competition between foreign PhD holders and their Korean counterparts.¹⁵⁷ Despite various policy attempts, Korea has fallen short of transforming research institutes toward greater return migration of highly educated and high-skilled Korean migrants.¹⁵⁸

Viet Nam. The booming tech sector in Viet Nam has benefited from returnee entrepreneurs and professionals. Many Vietnamese who studied or worked abroad have returned to start their own businesses or take leadership roles in local companies. For instance, major technology firms have benefitted from the expertise of returnees who understand global market trends and possess advanced technical skills. These returnees are also instrumental in fostering a startup culture and mentoring young Vietnamese entrepreneurs, thereby enhancing the country's innovation ecosystem.

Taiwan, China. The return of nationals who were educated overseas has also benefited Taiwan, China, especially in the semiconductor and technology sectors. Initiatives like the "Taiwan Employment Gold Card" have made it easier for highly skilled professionals to return and contribute to the local economy.

¹⁵² Bahar et al. (2022); Bahar et al. (2024)

¹⁵³ Kerr (2008)

¹⁵⁴ Wang (2015)

¹⁵⁵ Hapsari (2019); Nguyen and Purnamasari (2011)

¹⁵⁶ Doan, Dornan, and Edwards (2023)

¹⁵⁷ Song and Song (2015)

¹⁵⁸ Park, Song, and Kim (2016)

Remittances contribute to human capital development

A major visible economic benefit in origin countries from labor migration are increases in household income. Remittances generally exceed foregone income from the origin country, as well as the cost of migration. Evidence from Kiribati, Tonga, and Vanuatu show that even after subtracting living expenses in the host country, seasonal workers employed in labor mobility schemes in Australia and New Zealand remitted on average about 1.8 times what they would have earned at home.¹⁵⁹ In areas where subsistence farming is prevalent and the cash economy is limited, remittances are often the primary source of fiat money (legal tender) for cash-based purchases of goods and services.¹⁶⁰

Remittances foster human capital development by increasing education and healthcare spending, as seen in the Philippines¹⁶¹; in Indonesia¹⁶²; in Viet Nam; and in PICs¹⁶³. The use of remittances in education boosts GDP substantially (Figure 3.4, c), as human capital rises (Figure 3.4, d). In Viet Nam, remittances increase schooling and reduce child labor¹⁶⁴ and increase children's grade completion.¹⁶⁵

Remittances also play a crucial role in reducing poverty, both by enabling consumption and investments. In Cambodia, international remittances increase total daily per capita consumption by 12-14 percent, reducing poverty by 5-6 percentage points.¹⁶⁶ In PICs, remittances finance daily expenses (including for food) and home extensions and repairs, providing more durable and disaster-resistant dwellings.¹⁶⁷

Importantly, the impacts of remittances on poverty and inequality largely depend on the socioeconomic status of households receiving remittances. Indonesia saw a decline in poverty and inequality as many migrants come for high-poverty regions.¹⁶⁸ In other contexts, such as in Tonga and the Philippines, this has not been the case – though even here non-migrant households can benefit from multiplier effects.¹⁶⁹

Remittances support macroeconomic stability

Remittance inflows to EAP have increased nearly five-fold in the last two decades and amounted to US\$134 billion in 2023) and US\$85 billion excluding China. Remittances to EAP countries primarily originate from high-income destinations (Figure 3.2). For instance, Cambodians in Korea send more remittances per capita than those in Thailand. While 23 percent of EAP emigrants move to middle- and low-income countries, remittances from these destinations account for only 10.8 percent of total inflows.¹⁷⁰ Intraregional movement constitutes 46 percent of emigration from EAP countries, yet remittances from these destinations made up only 39 percent of total inflows.

The potential macroeconomic impact of remittances can be demonstrated by a new purpose-built model (see appendix D) which focuses on migration from the Philippines (a labor surplus country) to Japan (a labor deficit country). Simulations show that remittances raise the relative wages in the non-tradable sector, irrespective of whether migration is mostly low- or high skilled (Figure 3.4).

¹⁵⁹ World Bank (2023b)

¹⁶⁰ World Bank (2023a)

¹⁶¹ Clemens and Tiongson (2017); Yang (2008)

¹⁶² Adams Jr and Cuecuecha (2016); World Bank (2017)

¹⁶³ Doan, Dornan, and Edwards (2023); Gibson and McKenzie (2014); World Bank (2021)

¹⁶⁴ Binci and Giannelli (2016).

¹⁶⁵ Nguyen and Nguyen (2015).

¹⁶⁶ Roth and Tiberti (2017)

¹⁶⁷ Bedford, Bedford, and Nunns (2020); World Bank (2021)

¹⁶⁸ Agwu, Yuni, and Anochiwa (2018); Odozi, Awoyemi, and Omonona (2010);

Brown and Jimenez (2008); Chea (2023); Nguyen (2008); Nguyen, Marrit, and Lensink (2012); Pernia (2008); Prakash (2009)

¹⁷⁰ High-income countries also dominate as the major source of inflows in South Asia, Latin America and the Caribbean, and the Middle East and North Africa regions (Ratha, 2022).

Figure 3.2. Emigration from and remittance inflows to EAP by destination

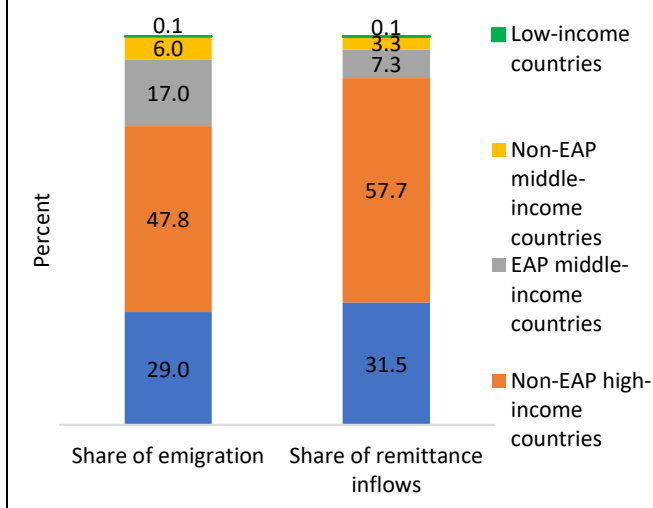
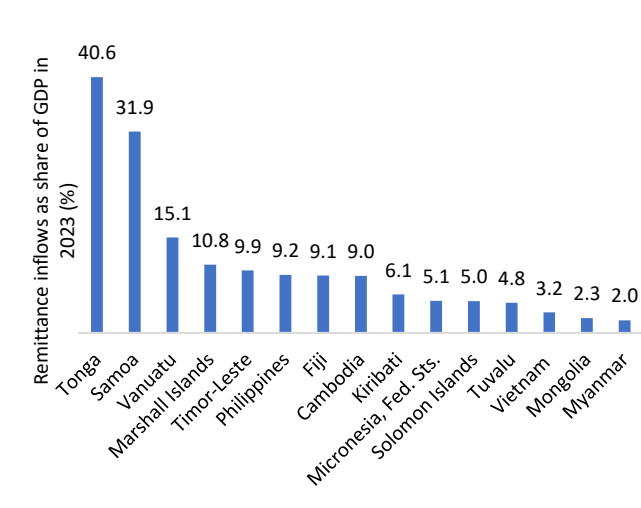


Figure 3.3. Top 15 remittance-receiving countries in EAP

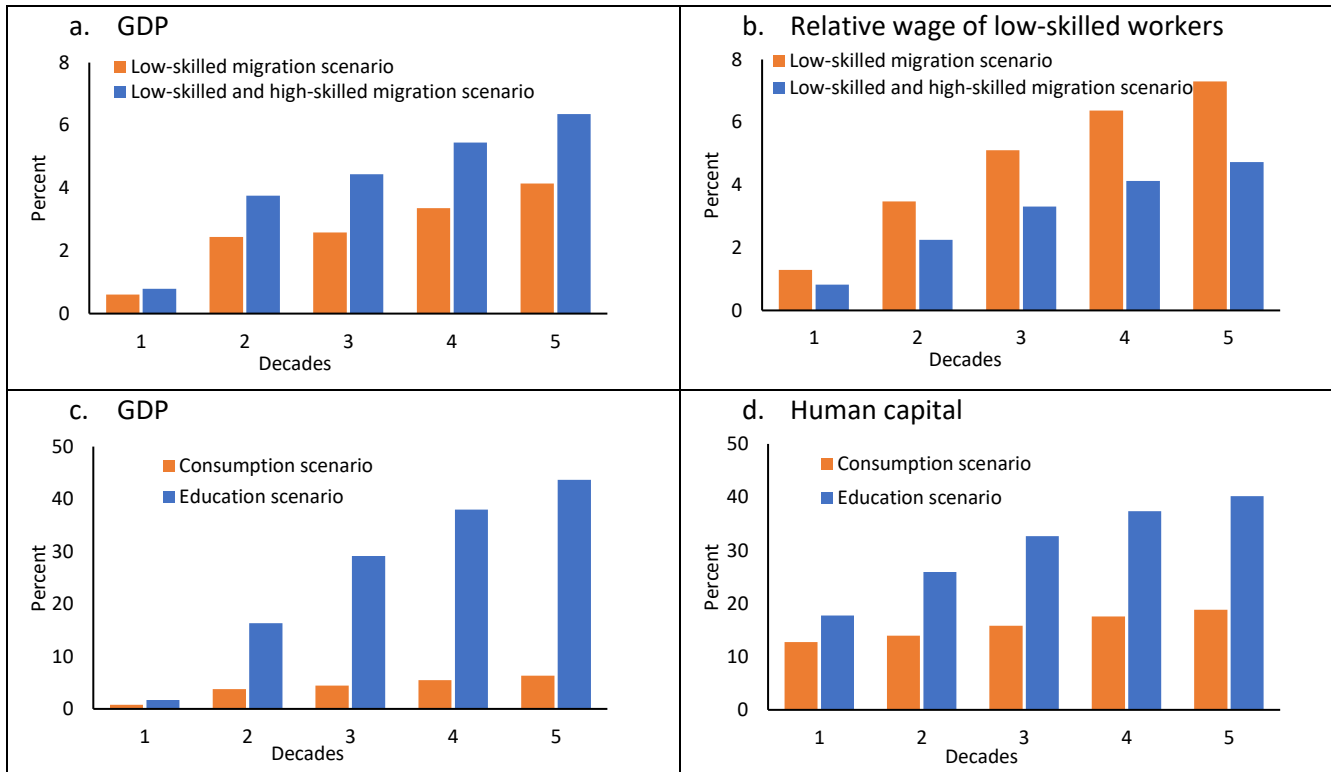


Sources: Global Bilateral Migration Matrix; Bilateral Remittance Matrix; World Bank KNOMAD.

Note: EAP = East Asia and Pacific.

Figure 3.4. Impact of migration in origin country, scenario calibrations

- Low-skilled migration scenario and low- and high-skilled migration scenario with remittances spent on consumption (panels a and b)
- Education scenario with an assumption that 50 percent of remittances are spent on education (panel c) and human capital rises (panel d)



Source: World Bank, original research for this publication.

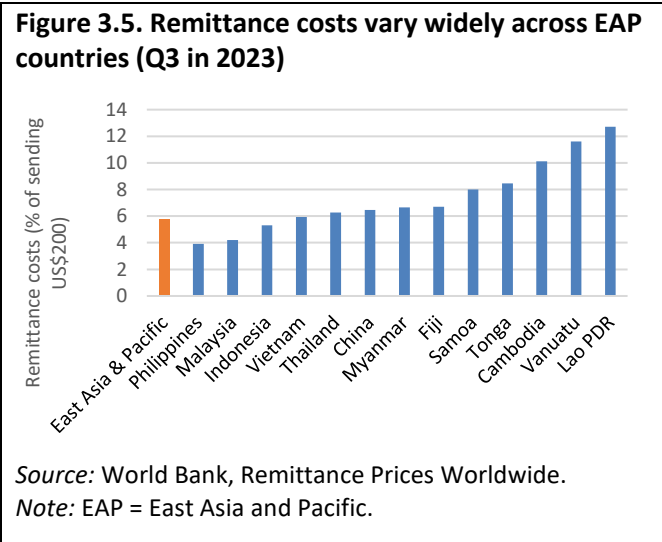
Importantly, remittances support the macroeconomic stability of receiving countries. Figure 3.3 shows the top 15 remittance-receiving countries as share of GDP in EAP. International remittances in 2022 can finance 13.3 percent of total imports in Timor Leste, 24.6 percent in the Philippines, 54.7 percent in Samoa, and up to 66.0 percent in Tonga.¹⁷¹ Data from 72 developing countries suggest that those receiving remittances exceeding 1 percent of GDP (a condition met by 17 countries in EAP) tend to experience less volatility in real GDP growth, the nominal exchange rate, and import growth.¹⁷² The reason for this is that remittances are more stable than other forms of foreign capital inflows and are often countercyclical. During the global financial crisis of 2008–09, for instance, remittances remained stable even as other capital inflows declined sharply.¹⁷³ Also during the COVID-19 pandemic, remittances helped to smooth consumption in hard-hit countries such as the PICs.¹⁷⁴

Evidence on the impact of remittances on the real exchange rate is inconclusive. In theory, large remittances can cause real exchange rate appreciation, due to increased demand for non-tradable goods and services (such as housing and personal services).¹⁷⁵ This “Dutch disease” effect make exports less competitive while increasing imports. However, in developing countries in Asia, remittances only caused real exchange rate appreciation in countries with a low ratio of remittances to GDP (less than or equal to 1 percent); in contrast, in countries with a higher ratio of remittances to GDP, real exchange rates appear to have depreciated.¹⁷⁶

Much can be gained by reducing remittance costs

Remittance costs have dropped sharply in some EAP countries, approaching the global target of 3 percent, given increased competition, advances in payment systems, and technological innovations. Remittance costs have fallen faster in EAP than the global average, for both cash and digital transfers, reaching an average of 5.7 percent in the third quarter of 2023 (Figure 3.5). Digital transfers are particularly cost-effective, averaging 1.8 percentage points less than cash transfers.

Costs to remit nevertheless vary widely across source countries and remain particularly high for PICs (Figure 3.5). due to differences in market structures, customer and firm characteristics, financial infrastructure, and the share of rural population in the origin country.¹⁷⁷ For example, migrants from Viet Nam and Indonesia in Thailand pay significantly higher remittance costs compared to those sending money to Malaysia and Singapore. Likewise, remitting from Thailand to Myanmar costs 8.7 percent and 12.7 percent to Lao PDR. Remittance costs to six PICs (Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga, Vanuatu) range from 9 percent to 11 percent.¹⁷⁸ For countries where remittances are a significant source of income, these costs are significant. In the case of Tonga, for example, a two-percentage point reduction in the cost to remit to Tonga would increase the remittance volume by 1 percentage point of GDP in a given year.



¹⁷¹ WDI and KNOMAD (2023)
¹⁷² Hosny (2020)
¹⁷³ Islamaj et al. (2019)
¹⁷⁴ Kpodar et al. (2021); World Bank (2021)
¹⁷⁵ Lopez, Molina, and Bussolo (2007)
¹⁷⁶ Hien, Le, and Nguyen (2020)
¹⁷⁷ Beck, Janfils, and Kpodar (2022); Filho (2021)
¹⁷⁸ Raithatha, Farooq, and Sharma (2021)

The impacts of migration and remittances on employment are varied

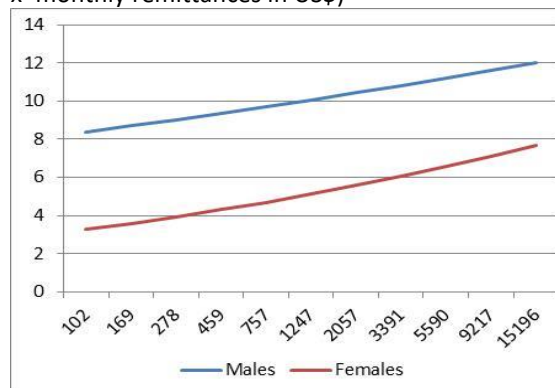
The employment impacts of migration and remittances are both complex and varied. Worker outflows have the potential to reduce unemployment in origin countries, although the evidence suggests these effects tend to be small. If migrants were not working before migrating, the direct impact on labor markets is likely to be minimal.¹⁷⁹ By the same token, out-migration also has the potential to lead to labor shortages in the short-term, especially in areas with high migration rates, in cases where migrant were working, and where unemployment was low or the skills of migrants were in short supply. Large worker outflows are associated with shortages of low-skilled workers in Lao PDR.¹⁸⁰ Internal migration can help to alleviate such local effects, but not where this is limited—as in Indonesia, where many migrants are from Jakarta and parts of Sumatra.¹⁸¹

Remittances also affect the labor market by boosting domestic demand, which helps create jobs, especially in the nontradable sector, and reduces unemployment.¹⁸² In Samoa and Tonga, urban construction activity was significant in the early 2010s financed by remittances.¹⁸³ Resilient remittances to Tonga during the COVID-19 pandemic helped sustain labor demand and created new opportunities, including food and retail industries.¹⁸⁴

At the same time, remittances have the potential to reduce household labor force participation by increasing the reservation wages of family members who stay behind. In the Philippines, for example, members of households with at least one migrant are less likely to be employed.¹⁸⁵ In Viet Nam, remittances decrease labor participation and monthly working hours for labor-sending households.¹⁸⁶ Income effects may also be more pronounced for women in remittance-receiving households than males, with this gender-specific effect seen in the Philippines¹⁸⁷ and in other developing countries.¹⁸⁸ Such effects, however, are not inevitable. In rural China, migration increases farm work for women of all ages¹⁸⁹, and Bangladeshi migration to Malaysia does not crowd out household labor supply.¹⁹⁰

Income effects might not be the only factor for labor market exits, as these decisions can reflect care arrangements between migrants and family members who stay behind, particularly in the case of households with female migrants. In Indonesia, remittances and female migrants reduce household labor supply¹⁹¹. At the same time, labor supply effects can be moderated by entrepreneurial activities

Figure 3.6. A probability to become an employer rises as remittances rise (in migrant households in the Philippines) (y=percent, x=monthly remittances in US\$)



Sources: World Bank 2013, using Labor Force Surveys (LFS) and Family Income and Expenditure Surveys (FIES) 2003, 2006, and 2009.

¹⁷⁹ OECD (2016)

¹⁸⁰ World Bank (2023a)

¹⁸¹ Saito (2023)

¹⁸² Chami et al. (2018)

¹⁸³ Connell (2015)

¹⁸⁴ Doan, Dornan, and Edwards (2023)

¹⁸⁵ OECD (2017)

¹⁸⁶ Nguyen and Linh (2018); Nguyen, Marrit, and Lensink (2012)

¹⁸⁷ Rodriguez and Tiongson (2001)

¹⁸⁸ Azizi (2018)

¹⁸⁹ Démurger and Li (2013)

¹⁹⁰ Mobarak, Chowdhury, and Rashid (2023)

¹⁹¹ Nguyen and Purnamasari (2011)

supported by remittances (easing financial constraints) and by knowledge transfers.¹⁹² There is evidence from Cambodia and PICs that migration has increased entrepreneurial activities.¹⁹³ In the Philippines, the likelihood for family members who stay behind becoming an employer rises for both women and men as the amount of remittances rises (Figure 3.6).

The impacts of migration and remittances on wages are complex

The wage impact of migration depends on who migrates. A decline in labor supply can increase wages for stayers with skills similar to those of the leavers (see, for example, Dustmann et al. 2015). Emigration of high-skilled labor can potentially increase income inequality in the origin country by increasing wages for the remaining high-skilled workers.¹⁹⁴ Where migrants are primarily low-skilled, however, the effect may be the opposite. The complementarity or substitutability of labor also matters. If high- and low-skilled labor are complementary, the emigration of high-skilled labor could increase the excess supply of low-skilled labor, depressing their wages further.¹⁹⁵

Outflows of low-skilled workers can also generate opportunities for skills upgrading, leading to higher productivity and possibly higher wages. In the Philippines, emigration during the 2000s led to a rise in real wages in the manufacturing sector.¹⁹⁶ In Myanmar, high emigration rates from Mon State to Thailand increased wages of unskilled agricultural workers, with evidence that this in turn prompted farmers to adopt cost-savings technologies, improving labor productivity and leading to skills upgrading.¹⁹⁷

In sum, migration can affect labor allocation through multiple channels, with corresponding impacts on wages. In the short term, the departure of higher-skilled workers, if replaced with (slightly) lower-skilled workers, can shift the labor distribution and allow agricultural workers to enter nonfarm employment. In the long term, remittances can help households that stay behind overcome capital constraints, facilitating business start-ups and transitions out of agriculture.¹⁹⁸ Net impacts will depend on who migrates and the conditions of their migration (including whether they return, to what extent they send remittances, and so on), as well as local labor market conditions. These factors will affect wages, and have broader distributional consequences, determining who gains and who loses from migration.

Effects in destination countries

The preceding discussion has focused on effects in origin countries, but impacts in destination countries are equally important. In EAP destination countries, an increase in the labor force due to immigration is likely to drive economic growth and offset any decline in GDP resulting from population aging and a shrinking labor force. The macroeconomic model presented (see appendix D for details) suggests that in the destination country, low-skilled migrants employed in the elderly care sector moderate the declines in GDP owing to population aging, reduce pressure on relative wages in the nontradable sector (elderly care), and improve overall productivity, by addressing acute labor shortages and the misallocation of resources (Figure 3.7). The influx of migrants expands the tax base and improves government revenue, and coupled with the higher GDP levels, reduces the public debt-

¹⁹² Clemens and Ogden (2020)

¹⁹³ Connell and Brown (2005); Kogure and Kubo (2024)

¹⁹⁴ Uprety (2019)

¹⁹⁵ Uprety (2019)

¹⁹⁶ World Bank (2006)

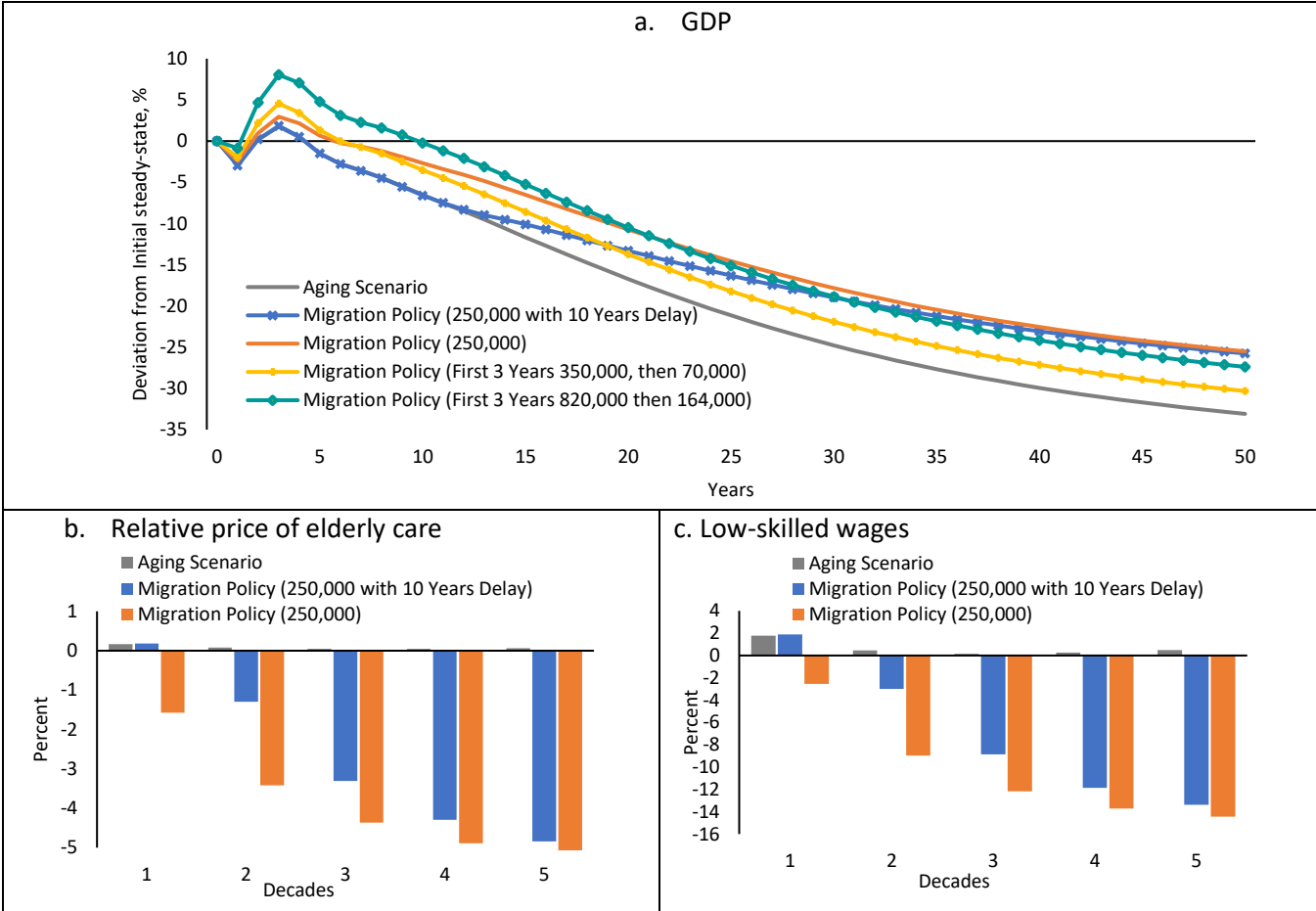
¹⁹⁷ Filipski, Thome, and Davis (2020)

¹⁹⁸ Dinkelman, Kumchulesi, and Mariotti (2024)

to-GDP ratio. Net fiscal contribution of temporary labor migrants is likely to be positive as most migrants arrive after completing their education. In the U.S., even undocumented immigrants contribute collectively about US\$11.6 billion a year to state and local taxes.¹⁹⁹

While an influx of migrants generates distributional effects across skill types, in the long term, economic growth expands the overall job market, including segments where migrants and natives compete. Theoretically, this expansion could allow natives to remain employed, but it may also attract more migrant workers, thereby maintaining wages at a low equilibrium in jobs that natives are not willing to accept. Upskilling and social welfare or other compensation to low-skilled natives whose employment is adversely affected is important in such contexts. Benefits can be large (measured by income per person) for destination countries when migration diversifies the workforce and spurs innovation.²⁰⁰

Figure 3.7. Effects of immigration on a rapidly aging economy: Various scenarios



Source: World Bank, original research for this publication.

Note: The different scenarios assume different levels of annual net migration inflows as well as assumptions about timing (immediate or delayed). The scenario assumes an annual net migration inflow of 250,000. All scenarios are expressed as the percent deviation from the model steady-state with no aging effects.

¹⁹⁹ Gee, Gardner, and Wiehe (2016)

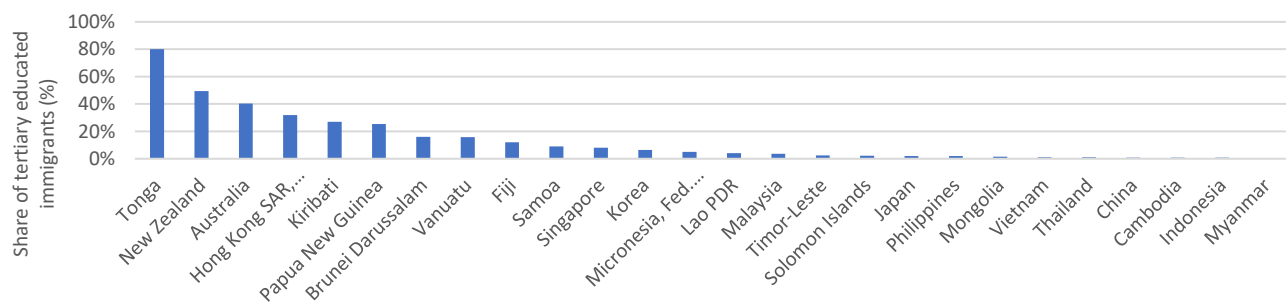
²⁰⁰ Ortega and Peri (2014)

Immigration typically expands the stock of skills in destination countries

Immigration brings with it an influx of skills and diversifies skill sets available in the destination country's labor force. It increases a destination country's human capital by adding diverse experiences, behaviors, markets, knowledge and skills. A diverse population facilitates the emergence of new ideas by acting upon opportunities differently and by providing an environment conducive to experimentation.

Net effects depend on migration policy and its skills bias. In some EAP countries, like Malaysia, a majority of migrants are low-skilled, though these workers are primarily employed on temporary permits. In many EAP countries, however, especially major destination countries, migration systems are skills-biased, meaning that each immigrant typically increases the average level of education in the host country. Figure 3.8 demonstrates that about half of the tertiary-educated workforce in New Zealand are immigrants, and four out of ten are in Australia. In Singapore, which has a highly educated population, immigrants make up about 10 percent of the high-skilled population. To attract more skilled workers, Singapore has recently rolled out a new point system (Complementarity Assessment Framework or COMPASS) that awards bonus points to Employment Permit applicants who are in jobs with a skills shortage and for firms that engage in innovation and international activities.

Figure 3.8. The migrant share of the tertiary-educated population/workforce varies considerably in East Asia and Pacific



Source: Database on Immigrants in OECD Regions.

Countries use selective immigration programs to address current skills gaps in specific sectors and projected unmet future labor market needs. For instance, Singapore's recent introduction of the Overseas Networks & Expertise Pass allows entry to experienced professionals, such as those filling specific tech occupations, who help to bridge skill shortages in strategic industries. Japan's Specified Skilled Worker (SSW) program responds to industry-specific labor needs across 14 industries including care, aviation, and food manufacturing, by facilitating the entry of skilled workers to fill essential roles.

But selective migration policies can restrict migrants to specific jobs. Policies preventing migrants from changing employers, sectors, industries, or visa types all serve to limit migrants' career progression opportunities. This limitation can be particularly severe for seasonal or temporary migrant workers who remain in the same job for extended periods, disincentivizing investment in skills development.

Segmented migration policies can also bifurcate the migrant labor force. The practice of linking migrants' nationalities to specific sectors, as occurs in a number of EAP destination countries, is only applied to low- and in some cases semi-skilled workers. In Singapore, low-skilled and semi-skilled workers from countries such as the Philippines and Bangladesh, considered "nontraditional" sources of migrants, are restricted to work in the construction, marine shipyard, and process sectors, which have high labor demand but low public visibility.²⁰¹

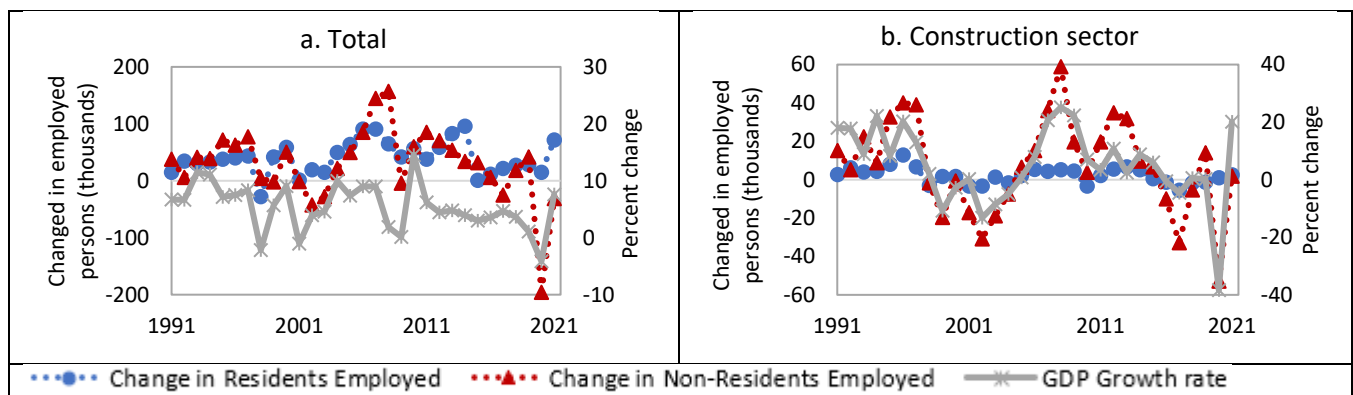
²⁰¹ Pan and Theseira (2022)

Immigration can fill labor shortages in the short term

Migrants often fill positions natives are unwilling or unable to take due to skill and other mismatches, such as those that are location-specific. In Malaysia, migrants work in the construction and low-skilled services sectors, while in Japan, they have helped address the urgent need for care workers. In Korea, manufacturing firms, especially small and medium enterprises, hire foreign workers to overcome difficulties in hiring natives.²⁰²

Migrants also contribute to labor supply flexibility, often synchronized with business cycles. Large inflows during boom periods, and large outflows during lean periods, work as a cyclical buffer in the labor market, as seen from descriptive evidence from Singapore²⁰³ (Figure 3.9). Causal evidence from Australia shows that demand-driven visa policies do the same.²⁰⁴

Figure 3.9. Singapore’s active management of flows of foreign workers has allowed it to expand the workforce quickly during economic booms and contract it during recessions



Sources: Pan and Theseira 2023. GDP growth rates are from the Singapore Department of Statistics. Employment numbers are from the Manpower Research & Statistics Department of the Ministry of Manpower (MOM).

Note: Residents include both Singapore citizens and permanent residents. Non-residents refer to the foreign workforce (those on Work Permits and Employment Passes). The left-hand y-axis plots the year-on-year change in resident and foreign employment in the overall labor force (total), and for the construction, manufacturing, and services sector. The right-hand y-axis plots the overall GDP growth rate (year-on-year percentage changes) for the "Total" panel and the sector-specific GDP growth rate for each of the three sectors.

Technological advancement, including automation, is sometimes considered as an alternative strategy to migration to fill labor shortages and mitigate the impacts of an aging labor force. While automation may have some impact, it is unlikely to fully address labor shortages and replace the need for foreign workers. The estimated share of jobs that can be automated is fairly small: 6 percent in Korea, 7 percent in Japan, and 9 percent in the United States, according to the OECD (2016).²⁰⁵ Large and globally connected firms may be able to afford automation, which is often capital-intensive. But small firms are more likely to continue with production lines that require manual labor.²⁰⁶ In Australia, demand for vocationally skilled workers is projected in the future to substantially exceed native supply, especially for tasks difficult to automate or offshore, according to Chand and Clemens (2021). By 2050, they estimate this gap will reach approximately two million workers.

²⁰² Jeon (2018)

²⁰³ Pan and Theseira (2023)

²⁰⁴ Duncan et al. (2020)

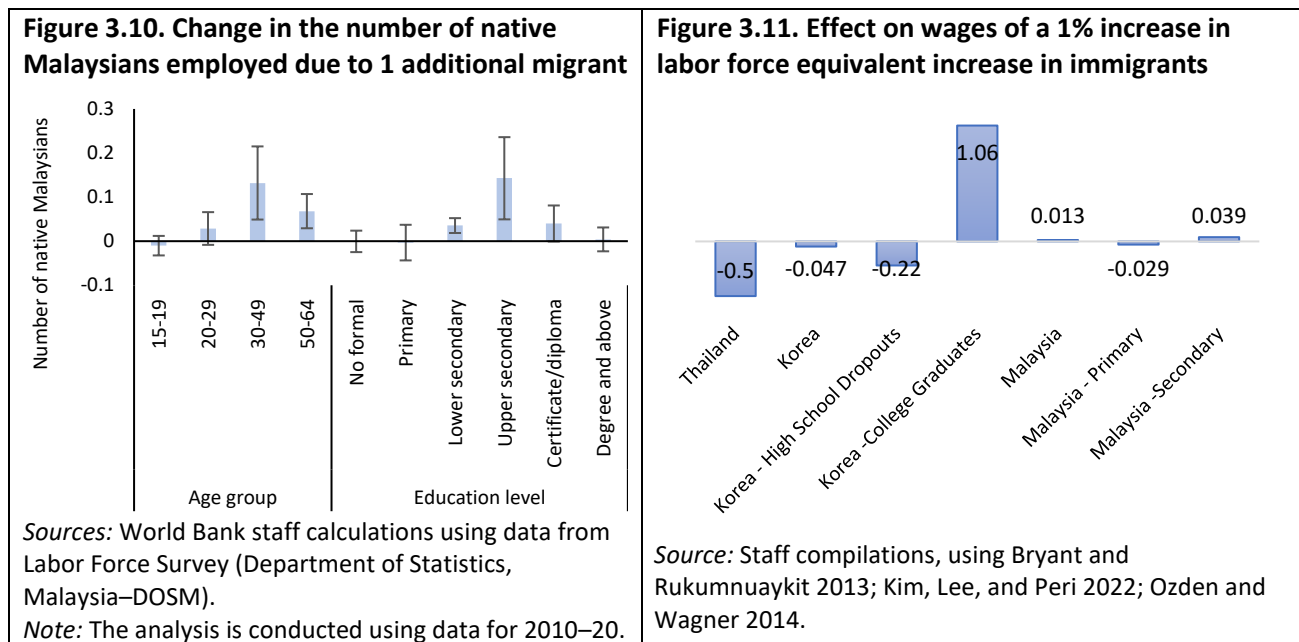
²⁰⁵ The extent may vary depending on the methodologies used to assess automatability.

²⁰⁶ World Bank (2020)

The net effects of migration on employment and wages in destination countries tend to be positive, but migration does not benefit all

In the EAP region, immigration generally has a positive effect on employment, suggesting a negligible displacement effect. Immigration affects the demand for native workers in two ways: while firms may substitute immigrant labor for native labor (substitution effect), they employ more native workers as output increases (output effect).²⁰⁷ In Malaysia, natives migrate to regions with higher immigration, suggesting an increase in labor demand due to immigration. For every 10 immigrants in a region, an additional 5 natives are employed, with 4 in full-time work and the rest in part-time employment (Del Carpio et al. 2015; Figure 3.10).

Migrants can also help natives to specialize where their skillsets complement those of natives. In the case of Malaysia, migrants create jobs for higher-skilled Malaysian natives, thereby enabling Malaysians to specialize and enhance their wage premiums.²⁰⁸ In Australia, natives respond to increased immigration by taking jobs requiring more intensive communication skills and upgrading occupations.²⁰⁹ In Korea, medium- and high-skilled natives experienced increased employment and wages following increased low-skilled immigration, driven by complementarities as well as increased demand for local businesses.²¹⁰



However, native workers who are closer substitutes to migrant workers can lose out from migration, as migrants often accept lower wages or work under less favorable conditions. In the informal sector, migrants (regardless of their skill level) often compete with native informal workers.²¹¹ Studies have found that inflows of low-skilled migrants can displace jobs held by incumbent low-skilled migrants.²¹² High-skilled migrant inflows have displaced native computer scientists and mathematicians.²¹³

²⁰⁷ Ozden and Wagner (2014)
²⁰⁸ Özden and Wagner (2014); World Bank (2015)
²⁰⁹ Crown, Borjas, and Miller (2020)
²¹⁰ Kim, Lee, and Park (2022); Kim and Lee (2023)
²¹¹ Fallah, Krafft, and Wahba (2019)
²¹² Dadush (2014)
²¹³ Kerr et al. (2018)

The impacts of migration on wages are similarly varied, with different segments of the labor market impacted differently. In general, immigration likely has a small positive effect on wages for high-skilled workers, but a small negative effect on low-skilled workers (Figure 3.11). In Korea, while immigration leads to higher average wages, wages decrease for high school dropouts and rise for college graduates.²¹⁴ Similarly, in Malaysian firms, foreign workers have positive effects on wages of managers and professionals but negative effects on wages of clerical and general workers.²¹⁵ In Australia in contrast, there is no evidence that migration reduces the average wages of natives²¹⁶ or that skilled visas adversely affect the wages of high-skilled workers, low-skilled workers, or previous migrants who may be close substitutes. Rather, skilled international workers tend to increase native wages, and induce further specialization and occupational upgrading.²¹⁷ Immigration can also promote employment and wage growth through entrepreneurship, with evidence of a positive feedback loop between migration and innovation. In Australia, a one percentage point increase in the share of high-skilled migrants in regional employment results in a 4.8 percent rise in regional patent applications within five years.²¹⁸

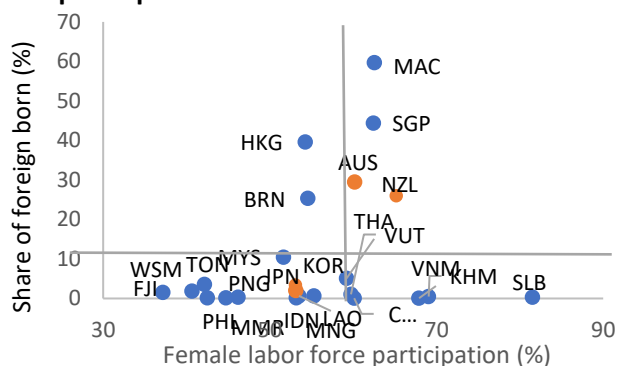
The distributional impacts of migration warrant the attention of policy makers. There is a need to balance the recruitment needs of employers with consideration for the impacts on native workers when formulating migration policies. Inevitably, not everyone ‘wins’ as a result of migration. Those who are adversely affected should be supported, through reskilling or upskilling that lead to enhanced labor market outcomes, and with other social protection measures (as discussed in chapter 5). Doing so is important not just from an economic perspective, but also with a view to ensuring political consensus around migration policy.

Migration increases female labor force participation

Migration plays a significant role in providing caregiving services for children and the elderly in some EAP economies, thereby freeing up time for native women to participate in market work (Figure 3.12). In Hong Kong SAR, China, the presence of foreign domestic workers has increased labor force participation of mothers with young children by 10-14 percentage points and generated a consumption surplus of US\$130–US\$200/month.²¹⁹

These labor supply effects are concentrated among medium-skilled and highly skilled women, given that they face a higher opportunity cost for household production. Similar evidence is also found for Singapore, where legislation allowing visas for foreign domestic workers resulted in an increase in the female labor force participation rate²²⁰, and in Malaysia²²¹. Korea is piloting the opening of domestic work jobs to Filipino workers under its Employment Permit System

Figure 3.12. Share of migrants and female labor force participation in East Asia and Pacific



Sources: OECD 2020; World Bank, World Development Indicators; World Bank 2023.

Note: The grey line refers to the OECD average. OECD member countries are indicated with orange dots. Data labels use International Organization for Standardization (ISO) country codes.

²¹⁴ Kim, Lee, and Peri (2022)

²¹⁵ Ismail, Yussof, and Awad (2014)

²¹⁶ Breunig, Deutscher, and To (2017)

²¹⁷ Crown, Borjas, and Miller (2020)

²¹⁸ OECD (2024)

²¹⁹ Córtes and Pan (2024)

²²⁰ Freire (2016)

²²¹ KRI (2018)

(EPS) and applying the national minimum wage.

Distributional impacts again cannot be ignored. There is potential for migration to curtail the employment of low-skilled native workers who are close substitutes to foreign domestic workers, at the same time that highly educated native women benefit from such migrant labor.²²² This dynamic might be particularly relevant for women who have been out of the workforce for child-rearing and elderly family care and may lack up-to-date skills to compete in high-skilled job markets.

Migrant domestic workers (mostly females) often face vulnerable working conditions. About one million migrants in Hong Kong SAR, China; Malaysia; Singapore; and Thailand are domestic workers, with numbers higher if irregular workers are included.²²³ These workers are primarily females from Indonesia and the Philippines, while Thailand receives domestic workers mainly from Myanmar and Lao PDR.²²⁴ Households in Singapore increasingly hire foreign domestic workers through a company or employment agents who intermediate conflicts between employers and migrant workers.²²⁵ While Hong Kong SAR, China has set a special minimum wage, in other countries, wages are determined by negotiations between origin and destination countries—for example, some US\$400/month for Filipinos in Singapore. Abusive behavior at the workplace is a concern, particularly among domestic workers from Cambodia in Malaysia, and those from Myanmar in Singapore.²²⁶ For workers from Indonesia and the Philippines, the origin governments set standard terms in their labor contracts and mandate their use in both Malaysia and Singapore, which appears to be somewhat effective in protecting their workers.²²⁷ The vulnerability of migrant workers and the importance of their protection are discussed in greater detail in chapter 4.

Mismatches between qualifications and jobs reduce the benefits of migration

While skilled and highly skilled migrants constitute a significant portion of the global migrant population, their skills and qualifications often go underutilized, resulting in what is known as brain waste. For the US, various factors contribute to occupational downgrading, including barriers to recognizing foreign credentials, limited opportunities for career advancement, the quality of human capital migrants have acquired in their origin countries, and limitations in language proficiency, as well as labor market frictions.²²⁸ Discrimination by employers based on race and cultural differences can also adversely affect migrant outcomes.²²⁹ As Figure 3.13 demonstrates, many EAP migrants are overqualified for their jobs in destination countries: for example, 36 percent of Mongolian migrants and 26 percent of Filipinos are overqualified. In Australia, more than 50 percent of graduate visa holders (that is, migrants who have earned at least a bachelor's degree in Australia) are in semi-skilled jobs (ANZCO Level 5 or 4 instead of being at Level 2 or 1).²³⁰

Brain waste represents loss of economic potential. Host economies may initially benefit from an influx of skilled migrants, even if they are overqualified for available jobs, as they help address much-needed labor shortages, but over time, this results in lower productivity and innovation than could have been the case. In the United States,

²²² Hiller and Rodriguez Chatruc (2023)

²²³ Approximately 356,231 are in Hong Kong, SAR, China (as of 2023) (Hong Kong Statistics); 200,000–300,000 are in Malaysia (World Bank 2019); 268,500 are in Singapore (as of December 2022) (Singapore, Ministry of Manpower); and 127,792 are in Thailand (as of December 2022) (Thailand, Ministry of Labor 2022; ILO 2023a).

²²⁴ ILO (2023a)

²²⁵ ILO (2023a)

²²⁶ ILO (2023a)

²²⁷ ILO (2023a)

²²⁸ Mattoo, Neagu, and Ozden (2008)

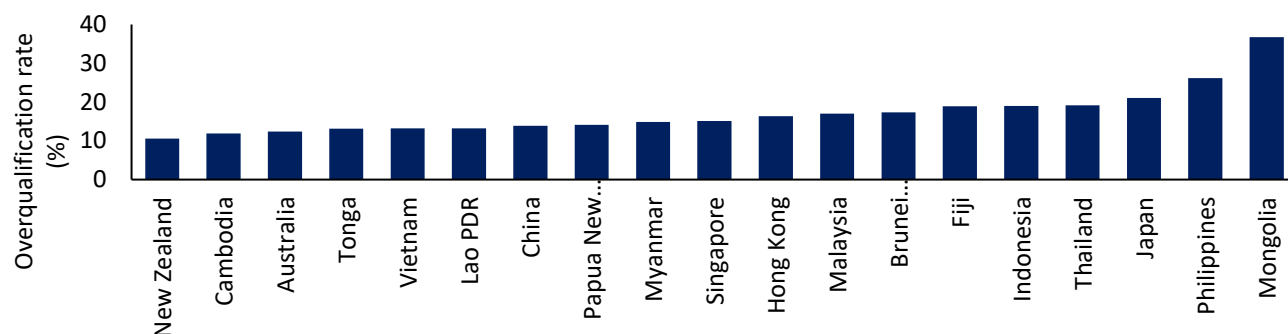
²²⁹ ADB (2017)

²³⁰ Australian Government (2023)

about 21 percent of college-educated immigrants are either unemployed or working in jobs that require no more than a high school diploma, resulting in about US\$40 billion in forgone wages annually.²³¹ Evidence shows that formal recognition of foreign higher education improves employment probabilities and earnings for newly arrived immigrants.²³²

Brain waste can also generate social costs. Research conducted in Australia indicates that skilled immigrants who perceive themselves as experiencing brain waste tend to have lower levels of social integration than skilled immigrants whose skills are recognized by employers.²³³ Relatedly, evidence shows that barriers to transferring human capital endowments and educational skills pose a major challenge to migrant integration.²³⁴

Figure 3.13. The overqualification rate among immigrants differs by origin countries in East Asia and Pacific



Source: OECD Database on Immigrants in OECD and Non-OECD Countries (DIOC).

Note: OECD = Organisation for Economic Co-operation and Development.

Skills recognition is key to reducing brain waste. In many countries, overseas qualifications are not recognised, and administrative barriers are put in place to prevent qualified migrant workers trained overseas from working locally. Skills matching and employment service can help reduce brain waste. Migrants often face labor market frictions, such as lack of information about the labor market in the destination country, limited social networks, uncertainty concerning residence status, and legal barriers. In Singapore and Malaysia, recruitment through employment agencies that match skills of potential migrants with job openings has been shown to improve employment rates, particularly among low-skilled migrants.²³⁵ Evidence from around the world suggests that active labor market programs can also be effective in increasing employment rates and earnings for migrants—for example, by providing information to Syrian migrants in Jordan about their legal rights and how to prepare for job interviews²³⁶, and by implementing wage subsidies²³⁷ and early job training²³⁸ for migrants in Denmark. Employment service support can also include assessing the qualifications and experience of foreign workers.

To reap the full potentials of migrants, avoid brain waste, and accelerate integration, destination countries may benefit by facilitating language training, skill recognition, and skill matching programs. These and other policies are discussed in the chapter that follows.

²³¹ Batalova and Fix (2021)

²³² Tibajev and Hellgren (2019)

²³³ Farivar, Cameron, and Dantos (2022)

²³⁴ Batalova and Fix (2021); Chiswick and Miller (2008)

²³⁵ Battisti, Giesing, and Laurentsyeva (2019)

²³⁶ Caria and Orkin (2024)

²³⁷ Clausen et al. (2009)

²³⁸ Arendt et al. (2022)

Chapter 4. How do migration policies expand gains from migration?

Key message: Migration policies play a critical role in shaping labor mobility patterns, influencing the extent to which individuals, firms, and countries of origin and destination benefit. They can help reduce and minimise any negative distributional effects of migration, and when coupled with broader social protection measures, can support those who do not benefit from migration. Despite their importance, migration policies in both origin and destination countries often lack, clear, long-term objectives, subject as they are to conflicting interests and perspectives, and to short-term political imperatives. Inclusive policy making which involves a wide spectrum of institutions and stakeholders with different interests in the design and implementation of regulatory frameworks for migration can support better policy and outcomes.

Sub-messages:

1. **Migration policies govern legal pathways throughout the migration cycle**—from migrants’ admission to the destination country, to their stay, and to their possible return and reintegration to the origin country. In doing so, they shape migration patterns, determining how migration affects human capital development and allocation.
2. **Migration policies are influenced by a range of stakeholders with conflicting interests and perspectives.** Short-term political imperatives can result in migration policies that are restrictive, impacting migrants, and disregarding the significant economic benefits of migration.
3. **Inclusive decision-making which is evidence-based and which balances competing interests** is key to creating a more open and conducive regulatory framework for migration.

Migration policies reflect diverse and sometimes conflicting interests and objectives

In origin countries, labor migration policies are often considered to be a strategy for economic development and poverty reduction.²³⁹ These policies are typically outlined in official documents such as development plans or legislation. They commonly focus on governance, migrant protection, and the link between migration and development.²⁴⁰ For instance, the Philippines has mainstreamed migration into its successive national development plans since the 1990s.²⁴¹ The governments of Cambodia, Lao PDR, and Viet Nam see migration as a strategy for tackling unemployment, attracting remittances, alleviating poverty, and increasing economic growth.²⁴² Papua New Guinea recognizes the significance of expanding labor mobility as an important strategy to harness development.

In destination countries, labor migration policies are largely shaped by economic, demographic, and national security considerations, and are the product of compromises between these conflicting objectives, and between conflicting interests.²⁴³ Globally, disaffected groups who are (or are perceived to be) adversely affected by migration have historically had a significant influence on migration policy. In the EAP region, these impacts have often taken the form of restrictions on the employment of low-skilled workers (as discussed in more detail in Box 4.2). But this situation is not static. Increasingly in EAP countries, migration policies are being employed to address labor market needs, offering clarity to both employers and migrants regarding quotas (often based on skill levels)

²³⁹ Lindquist (2012)

²⁴⁰ ADBI, OECD, and ILO (2016)

²⁴¹ Opiniano and Ang (2024); Saguin and Shivakoti (2022)

²⁴² Alffram et al. (2023)

²⁴³ Australian Government (2023a); Testaverde et al. (2017)

and sector needs over the long term.²⁴⁴ There is growing emphasis on the integration of migrants, especially in traditionally closed countries like Japan and the Republic of Korea.

Despite the rising recognition of migration's role in economic growth, many origin and destination countries still lack, clear, long-term objectives in migration policies. This undermines their effectiveness, and leads to short-term, *ad hoc* decision making which is unable to address long-term structural challenges.²⁴⁵

The role of vested interests and short-term political imperatives is also sometimes a barrier to effective policy making on migration. Stakeholders with specific interests in migrant labor include government officials, state agencies, the private sector, and the migration industry, many of which have entrenched interests in maintaining the *status quo*. Employers in particular often play an influential role in shaping migration policies, and generally have a strong interest in maintaining restrictive conditions for employment contracts to maximize profit.²⁴⁶

The fast-growing migration industry, comprising formal recruitment agencies and informal brokers, has also become a key stakeholder. A migration industry developed in the colonial era to sustain the development of the extractive economy.²⁴⁷ It grew and evolved rapidly starting in the 1990s, paralleling the rise of migration, forming a constellation of private actors that manages the recruitment, transport, and placement of workers in origin countries.²⁴⁸

International organizations have played an increasing role in supporting more open regulations centered on migrants' rights and well-being. International norms, such as the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, the Global Compact for Safe, Orderly and Regular Migration, and related International Labour Organization (ILO) Conventions, provide a framework for states to develop their migration policies that respect and protect the rights and dignity of migrants and promote safe, orderly, and regular migration.²⁴⁹

Local governments also have their own interests and can be more progressive than the national state in migration policies.²⁵⁰ In Korea, local governments have signed a memorandum of understanding with their counterparts in the Philippines and other member-countries of the Association of Southeast Asian Nations (ASEAN) to manage seasonal workers, operating within the framework of the national policy on seasonal labor migration.²⁵¹

A variety of civil society organizations advocate for migrants, aiming to change public perceptions and attitudes. Civil society organisations provide social assistance, support, and advocacy for migrant workers on issues such as exploitative recruitment process and employment conditions.²⁵² Trade unions have also become more active in advocating for migrant rights.²⁵³ Civil society organizations have been instrumental in driving legislative and policy changes in the region.²⁵⁴ In the Philippines, for instance, they have significantly influenced emigration policies,

²⁴⁴ Testaverde et al. (2017)

²⁴⁵ Australian Government (2023a); Testaverde et al. (2017)

²⁴⁶ Testaverde et al. (2017)

²⁴⁷ Bastide (2021)

²⁴⁸ Alffram et al. (2023); Bastide (2020)

²⁴⁹ Rother (2023)

²⁵⁰ Castles (2004)

²⁵¹ ADBI, OECD, and ILO (2024)

²⁵² Piper, Stuart, and Withers (2017)

²⁵³ Rother (2023).

²⁵⁴ Bal and Palmer (2020); Domingo and Siripatthanakosol (2023).

including formal protection of labor emigrants²⁵⁵, participating in the government’s negotiations for favorable bilateral migration arrangements with destination states.²⁵⁶

Their work also occurs at a regional level, as in the case of the Migrant Forum in Asia (MFA), a prominent regional network of about 250 organizations effectively advocating for migrants’ rights and policy changes.²⁵⁷ Civil society advocacy strategy has shaped migration policy at the regional level, contributing to various ASEAN regulations.²⁵⁸

Many countries have established institutional mechanisms for multistakeholder dialogue concerning labor migration policy. Such dialogue commonly involves government, trade unions, employers, and civil society, though participation can be limited as a result of restrictions on civil society.²⁵⁹ Institutionalized frameworks like the Overseas Land-Based Tripartite Consultative Council in the Philippines facilitate stakeholder feedback on legislation, increasing government accountability for migrant protection.²⁶⁰ In Viet Nam, broad consultations on migration policy reform include employer, worker, and anti-human trafficking stakeholders.²⁶¹ Cambodia's Policy on Labour Migration was shaped through consultations with government, workers, employer organizations, recruitment agencies, civil society, and international organizations.²⁶² At a regional level, the ASEAN Forum on Migrant Labour serves as a multistakeholder platform to monitor the implementation of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Worker and to discuss policies enhancing migrant protection.²⁶³

How do migration policies expand net gains along the migration cycle?

Policies in origin and destination countries addressing aspects before, during, and after migration are important determinants of the net gains of migration.

Pre-migration: Skills development for better employment

At the pre-migration stage, collaboration between origin and destination countries to develop workers’ skills can enhance their employment prospects in destination countries, ensuring that they have skills that are relevant to destination country labor markets. There are several examples in the region. The Australian Pacific Training Coalition (APTC) provides training programs to develop the skills of workers in the Pacific region, enhancing the employment prospects of graduates. Korea and Lao PDR collaborate to strengthen the information technology (IT) capacity of Lao workers so that they may have the opportunity to apply for jobs in Korea.²⁶⁴ Japanese companies are providing training to foreign workers in several origin countries in the region so they can apply to jobs in Japan or in companies’ overseas branches.²⁶⁵

Pre-departure training is a common part of origin countries’ strategy to professionalize their transnational workforce before they go abroad. Training typically includes basic language training, professional skills, workplace discipline, and legal awareness.²⁶⁶ However, these pre-departure trainings often fall short of regulatory

²⁵⁵ Rother (2022).

²⁵⁶ Hickey (2013).

²⁵⁷ Rother (2023)

²⁵⁸ Ramji-Nogales (2017)

²⁵⁹ ADBI, OECD, and ILO (2016)

²⁶⁰ Rother (2023)

²⁶¹ ILO (2021)

²⁶² Kingdom of Cambodia (2019)

²⁶³ Rother (2023); Wickramasekara and Ruhunage (2018)

²⁶⁴ UN ESCAP (forthcoming, 39–40)

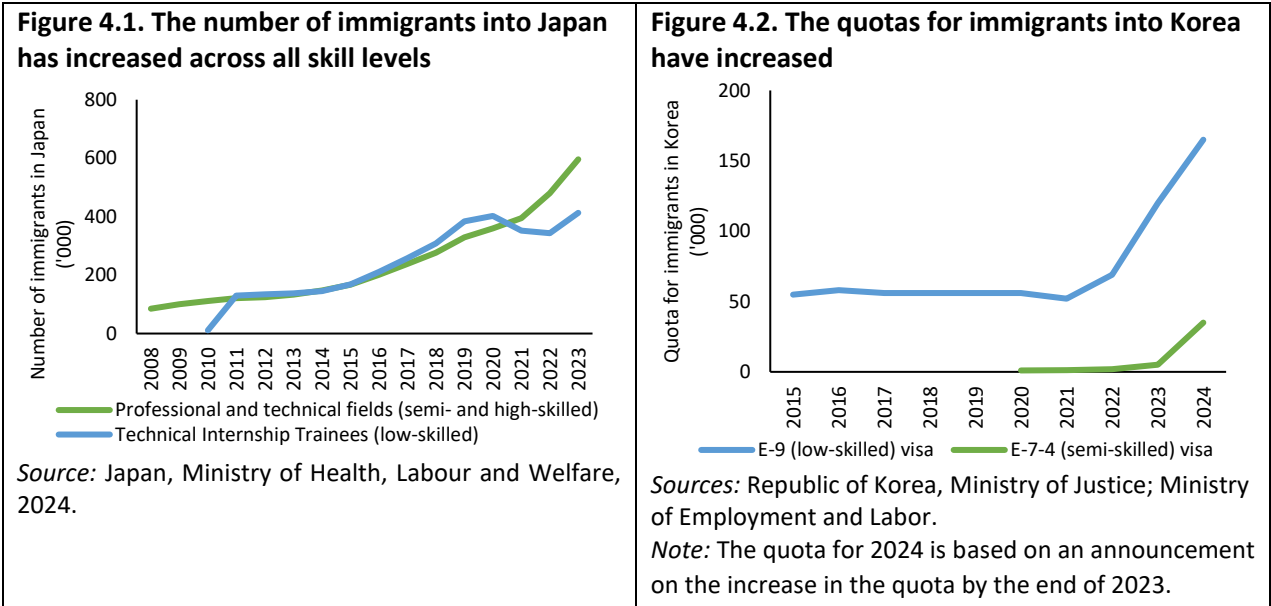
²⁶⁵ UN ESCAP (forthcoming)

²⁶⁶ Alffram and al. (2023)

requirements in content and duration, can be costly for migrants, and fail to meet their actual needs.²⁶⁷ Facing the impact of these shortcomings, destination countries such as Japan are placing stricter controls on pre-departure preparations, leading to more formalized and extended trainings, emphasizing the need for collaboration between origin and destination countries.²⁶⁸

Entry: Destination countries’ unilateral formulation on how many can enter, guided by labor needs

Migration policies in EAP countries are adapting to rapid aging and labor shortages. Australia’s 2023 Migration Strategy aims to address stagnating productivity and geopolitical risks alongside an aging population.²⁶⁹ Japan and Korea have drastically increased the level of migration across skill levels in recent years. Japan has expanded its Technical Intern Training Program (TITP) and the Specified Skilled Worker program [SSW(i) and SSW(ii)] which recently broadened the list of industries eligible for the SSW program (see Figure 4.1). Korea tripled quotas for its low-skilled EPS visa and the semi-skilled (E-7-4) visa (see Figure 4.2). Korea’s 4th Immigration Policy (2023–2027) shifts its migration policy objective to catalyze economic and regional development, building on greater openness from previous plans.²⁷⁰



EAP countries formulate migration policies unilaterally, including job types, but have widely used bilateral labor arrangements (BLAs) to implement seasonal or temporary low-skilled migration schemes. Destination countries usually conclude the same type of agreement with multiple origin countries (see box 4.1). For instance, Japan’s SSW has 17 partner countries²⁷¹, Korea’s EPS has 16²⁷², and Australia and New Zealand have arrangements with Pacific Island Countries (PICs). Malaysia and Thailand have similar BLAs with neighboring lower-income countries. Origin countries, like the Philippines, proactively use BLAs as a way to facilitate labor migration.²⁷³ High-skilled

²⁶⁷ Alffram and Sok (2023); Denney and Xayamoungkhoun (2023)

²⁶⁸ IOM (2021)

²⁶⁹ Australian Government (2023c)

²⁷⁰ Lee (2024)

²⁷¹ The Philippines, Cambodia, Nepal, Myanmar, Mongolia, Sri Lanka, Indonesia, Viet Nam, Bangladesh, Uzbekistan, Pakistan, Thailand, India, Malaysia, Lao PDR, Kyrgyz Republic, and Tajikistan (as of September 2024).

²⁷² The Philippines, Cambodia, Nepal, Myanmar, Mongolia, Sri Lanka, Indonesia, Viet Nam, Bangladesh, Uzbekistan, Pakistan, Thailand, China, Lao PDR, Kyrgyz Republic, and Timor-Leste (since 2015).

²⁷³ Mangulabnan and Daquio (2021)

migration, by contrast, is usually determined unilaterally, though Korea uses Free Trade Agreements to govern skilled worker mobility.²⁷⁴ Some origin countries, like the Philippines, impose restrictions on their citizens' work abroad,²⁷⁵ as seen during the COVID-19 pandemic when the Philippines capped the deployment of healthcare workers to safeguard its health care system.²⁷⁶

Box 4.1. Bilateral labor arrangements are a key tool to shape migration governance

Bilateral labor arrangements take two forms – nonbinding Memorandums of Understanding (MOUs) and legally binding Bilateral Labor Agreements (BLAs). They are an important instrument to strengthen cooperation on migration, making origin countries as co-managers of the migration process to improve its regulation.²⁷⁷ Countries like the Philippines have used these agreements to secure better employment terms and migrant protection, though destination countries usually more influence and stakeholder consultations are rather limited.²⁷⁸ These agreements regulate the entire migration cycle, from recruitment to return. Recent agreements have added elements of cooperation, such as recruitment process and fees, labor protections, and skills development (as seen in agreements the migration of nurses from the Philippines).²⁷⁹

Destination countries tend to prefer MOUs due to their flexibility in adjusting provisions to economic and labor market changes. But MOUs are often not published or shared with key stakeholders, limiting their effectiveness.²⁸⁰ Some countries, such as the Philippines and New Zealand, have improved transparency by making those agreements publicly available online.²⁸¹ Despite this, monitoring and evaluation of bilateral labor arrangements remain weak, with agreements often renewed without assessing their impact.²⁸²

Destination countries unilaterally set eligibility criteria for migrants to meet specific economic needs and labor market demands, establishing requirements related to education, experience, language proficiency, and age. For instance, Singapore's Overseas Networks and Expertise Pass allows high-earning individuals with outstanding achievements in the areas of business, arts and culture, sports, and academia to live and work in Singapore, with the flexibility to concurrently start, operate, and work for multiple companies. Most EAP countries restrict domestic work migrants to females.

Some destination countries administer eligibility tests for entry, to ensure their labor and skills needs are met. Countries adopt point systems for high-skilled migrants that award higher points for individuals with advanced education, experience, and earnings. In the low-skilled migration space, applicants to Japan's SSW(i) and Korea's EPS must pass a language test. These language tests are seen as important for migrants' productivity and integration.²⁸³ Japan's SSW(i) also mandates technical skills testing before entry. For semi-/high-skilled migration, Australia requires skills assessments for certain professions such as nursing and engineering. High-skilled migration schemes are typically subject to fewer restrictions (box 4.2).

Both high- and low-skilled migration regimes tend to have caps on foreign workers and designated industries. Singapore uses a flexible and transparent ceiling system to regulate the number and type of migrant workers in line with market demands. Malaysia has a similar but less coordinated approach, with ceilings on the number of

²⁷⁴ Jurje and Lavenex (2018)

²⁷⁵ Alffram et al. (2023)

²⁷⁶ Opiniano and Ang (2024)

²⁷⁷ ADBI, OECD, and ILO (2016)

²⁷⁸ Testaverde et al. (2017); Wickramasekara and Ruhunage (2018)

²⁷⁹ Domingo and Siripatthanakosol (2023); Testaverde et al. (2017); Wickramasekara and Ruhunage (2018)

²⁸⁰ ADBI, OECD, and ILO (2017)

²⁸¹ Wickramasekara and Ruhunage (2018)

²⁸² Wickramasekara and Ruhunage (2018)

²⁸³ Cho, Lee, and Kim (2021)

foreign workers set at the employer level and limited to specific sectors.²⁸⁴ Korea sets an annual quota for EPS workers by country, decided through multistakeholder consultations.

Some destination countries use either negative or positive list approach to occupation openness. In Thailand, migrants are prohibited from working in 40 occupations, some of which are included in ASEAN's mutual recognition agreements.²⁸⁵ In contrast, Australia publishes a list of occupations that are open to foreigners.

Some EAP countries have used regularization programs or amnesties to provide temporary legal status to irregular migrants, limiting disruptions to labor supply. Malaysia has implemented various amnesty, regularization, or deportation programs, such as the 6P Program, which granted work permits valid for 2-3years to 521,734 irregular migrants.²⁸⁶ At the same time, raids and expulsions of undocumented workers in response to social and political pressures²⁸⁷ cause frequent shifts between legal and illegal statuses.²⁸⁸

Box 4.2. Restrictiveness of high- and low-skilled migration schemes

High-skilled migration schemes tend to have fewer entry barriers, more permissive residence conditions, and better welfare measures (Figure B4.2.1, a). The EAP Migration Policy Database developed for this report (see appendix 3) shows that while high-skilled visas require education or qualifications, they are less likely to face restrictions like labor market tests or industry or sector-specific limitations. Exceptions include Malaysia, which uses its Critical Occupation List to inform its immigration policy. High-skilled visas also offer easier paths to permanent residency and citizenship, family accompaniment, and employer change (see appendix 2, Table A-4, measures on high-skilled migration by country).

In contrast, low-skilled migration regimes often emphasize temporary stays, restrict employer changes (except Korea's EPS), and often require migrants to return home. More flexible regimes, like Korea's EPS and New Zealand's RSE allow some job mobility, while rigid systems exist in Hong Kong SAR, China; Malaysia; and Singapore (Figure B4.2.1, c). Some of EAP developing countries, such as Myanmar, Papua New Guinea (PNG), and Viet Nam, reserve low-skilled jobs for their citizens, while Lao PDR opens to those who work in specific sectors (like agriculture) (see appendix 2, table A-3, measures on low-skilled migration by country).

Countries with fewer high-skilled migrants, such as Thailand, Korea, Japan, and China, tend to have more open regimes than primary destinations like Singapore and Australia (Figure B4.2.1, b). This may reflect other factors at play in migration decisions – such as language barriers; workplace culture (for instance, Japan and Korea are known for long working hours and hierarchical corporate structures, which might not appeal to foreign professionals); recognition of qualifications; and career opportunities.

Developing EAP countries tend to have more rigid skilled migration regimes than high-income counterparts (Figure B4.2.1, b). PNG, which relies on foreign workers to meet skilled labor needs, allows employers to recruit noncitizens for managerial, professional occupations, skilled trades, and other occupations that require a high-skilled level ("Green" category), but has strict qualification requirements, including professional registration requirements, for the semi-skilled ("Amber") category and labor market tests.²⁸⁹

²⁸⁴ Testaverde et al. (2017)

²⁸⁵ Ekkabuttra (2024); Testaverde et al. (2017)

²⁸⁶ ABDI, OECD, and ILO (2017)

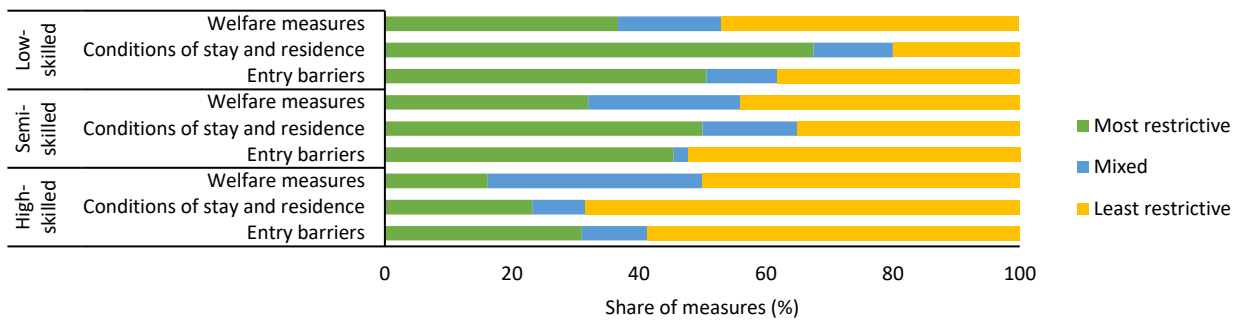
²⁸⁷ Bastide (2020)

²⁸⁸ Anderson (2021)

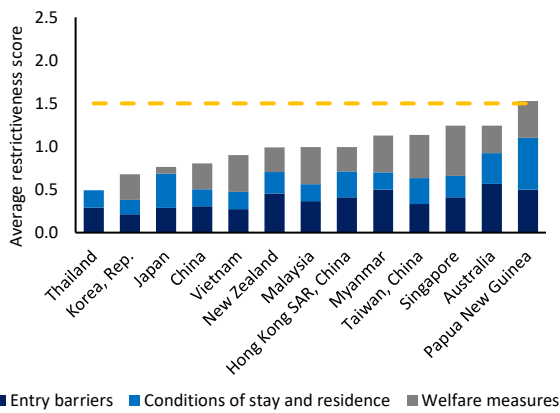
²⁸⁹ Voigt-Graf (2016)

Figure B4.2.1. High-skilled migration schemes in EAP are typically subject to less restrictive measures

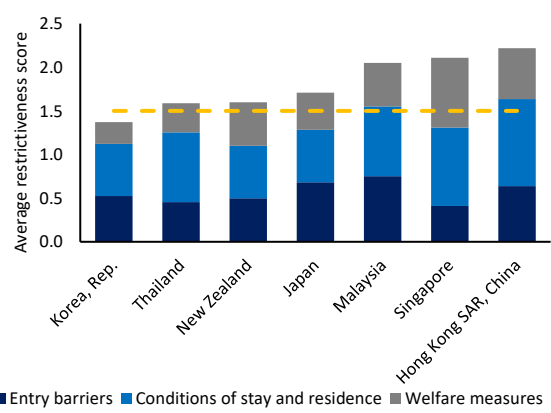
a. Restrictiveness of low-skilled, semi-skilled, and high-skilled schemes



b. Restrictiveness of high-skilled migration schemes



c. Restrictiveness of low-skilled migration schemes



Sources: World Bank, original illustration for this publication, based on the EAP Migration Policy Database
 Note: The technical details of the database are described in appendix C. The analysis does not account for the number of migrants in each economy. Panel a draws on a sample of 20 EAP countries. EAP = East Asia and Pacific.

Protecting migrants during migration journey

Origin countries have improved recruitment regulations to reduce migrants' vulnerability, especially arising from high migration costs. Recruitment agencies, while vital in matching workers to international jobs (particularly in the low-skilled segment) by helping bridge information gaps between workers and employers, are often criticized for untransparent matching practices and excessive fees. To safeguard migrants, countries of origin, like the Philippines and Viet Nam have regulated recruitment fees, while countries like Australia and New Zealand have shifted recruitment costs to employers. Despite these reforms, weak enforcement leads many migrants to incur significant recruitment-related debts, increasing their vulnerability. Some countries also mandate recruitment agencies to handle labor-related complaints from the migrants they have placed in jobs, but not all migrants are aware of this obligation (see box 4.3).

Destination countries have improved protections for migrant workers, with regulations covering labor rights, social protection, and freedom from exploitation. Bilateral agreements, like those between the Philippines, Indonesia, and Malaysia, have set minimum wage and employment standards to enhance migrant welfare. However, restrictive policies, such as tying migrants to one employer, still heighten their vulnerability to

exploitation. Some reforms have allowed more flexibility, such as Korea's EPS, which permits migrants to change employers within the same industry. Meanwhile, civil society and diaspora networks continue to play an essential role in empowering migrants and advocating for stronger protections (see box 4.3).

Box 4.3. Protecting migrants during recruitment and in the destination country

The protection of migrants—both in the processes of recruitment and job matching and at the destination country—is crucial to enhance the net gains of migration. Migrants can be vulnerable to discrimination, exploitation, and abuse. Gender-based violence and harassment are also prevalent, especially among domestic workers and those in the entertainment industry.²⁹⁰ Misconduct in the recruitment industry, especially through opaque and inflated fees, exacerbates migrant vulnerability.²⁹¹ In Viet Nam, for instance, the government requires labor migrants to pay a safety deposit to ensure they return home after completing their labor contracts.²⁹² These financial pressures make migrant workers more likely to seek ways to extend their stay abroad, even at the risk of irregularity and exposure to further restrictions on their mobility and rights.²⁹³

This vulnerability exposes migrant workers to labor and human rights violations, including harassment from employers.²⁹⁴ Wage violations are common, with many migrant workers receiving lower pay than what was promised.²⁹⁵ For instance, some workers in Malaysia have reported receiving no wages or less than agreed, often due to unlawful salary deductions.²⁹⁶ It is well recognized that the practice of single employer sponsorship exacerbates exploitation, as seen among some low-skilled migrants from EAP in Gulf Cooperation Council countries.

To address these issues, various regulations have been established to protect migrant rights. International and regional frameworks, such as the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, have been adopted. Origin countries have implemented licensing schemes for recruitment agencies and brokers, transparency in recruitment processes, and regulations to limit recruitment fees.²⁹⁷ At the same time, migrants' rights have generally improved in destination countries in recent years, influenced by increased pressures from origin governments, civil society, and international organizations.²⁹⁸ For instance, origin countries employed migration bans, introduced migrant assistance mechanisms, and negotiated social security agreements with destination countries. Joint liability schemes are important efforts to increase the accountability of recruiters and employers regarding the protection of migrants' rights, while recent initiatives from the private sector aim at increasing corporate responsibility regarding migrants' protection.

However, the implementation of regulations protecting labor migrants has been slow and ineffective. Enforcement of fee restrictions is lacking; rent-seeking behaviors from many stakeholders tend to sustain perverse incentives commanding high fees and generating abuses against migrant workers.²⁹⁹ The ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers took a decade to be adopted, remains non-binding, and lacks enforcement mechanisms.³⁰⁰

Integration in host societies: Migration policy as a long-term development strategy

The rising focus on the long-term retention of migrants has led to increased pathways for permanent residency and integration efforts. Pathways that allow for transition into higher-skilled visa categories are an important feature of such change. For instance, Japan now allows TITP interns to transition to SSW(i) jobs, with 73.6 percent

²⁹⁰ Hickey (2013)

²⁹¹ IOM (2019); IOM (2021); UN ODC (2015)

²⁹² Alffram and al. (2023)

²⁹³ Alffram et al. (2023); Doan et al. (2023)

²⁹⁴ IOM (2021)

²⁹⁵ Alffram et al. (2023)

²⁹⁶ IOM (2023)

²⁹⁷ ADBI, OECD, and ILO (2017); Farbenblum (2017)

²⁹⁸ Piper, Stuart, and Withers (2017); Rother (2023)

²⁹⁹ Domingo and Siripatthanakosol (2023)

³⁰⁰ Rother (2018)

making this shift by the end of 2022.³⁰¹ In 2023, Japan introduced new pathways for high-skilled migration, including the Japan System for Special Highly Skilled Professionals (J-Skip), which offers permanent residency after one year.³⁰² Similarly, Korea enables low-skilled EPS (E-9) visa holders to transition to semi-skilled (E-7-4) visas based on skills and other criteria, and adopts a point system for permanent residency which rewards skills, work tenure, income, and language proficiency.

Countries also have expanded integration measures, such as language and cultural education, improved worker protections, and family accompaniment. In Korea, eligible migrants can attend the Korea Immigration and Integration Program (KIIP), which focuses on acquiring knowledge on Korean language, culture, and society and earn points toward permanent residency.³⁰³ Japan's updated Initiatives to Accept Foreign Nationals and for the Realization of Society of Harmonious Coexistence includes, *inter alia*, improving Japanese language education, strengthening local consultation mechanisms for migrants, and providing support for migrants across the life cycle.³⁰⁴ Australia's PALM scheme reform in 2024 introduced a family accompaniment pilot for PALM workers.

Alongside integration, fostering social cohesion is a key goal of long-term migration. Permanent residency promotes a sense of belonging, family reunification, and civic participation. Australia's new migration strategy emphasizes nation building and community support to nurture social cohesion.³⁰⁵ In Korea, there is a consensus across the main political parties to prioritize the integration of families with Korean members, through social integration programs, including the establishment of multicultural family centers throughout the country.³⁰⁶

At the same time, some destination countries limit the number of migrants to protect social cohesion. New Zealand has introduced restrictions on low-skilled migration after a record net migration in 2023, including English-language requirements, a minimum skills and work experience threshold, and reduced maximum stays from five to three years.³⁰⁷

Return and reintegration in origin countries: Testing various policies to improve utilization of human capital

Most migration in the EAP region is temporary or circular, making effective reintegration critical for both migrants and destination countries to mitigate overstays or other types of irregular migration. Migrants from Lao PDR and irregular migrants in Malaysia have expressed concerns about weak job prospects upon returning.³⁰⁸ Returning temporary low-skilled migrants may face financial constraints and skills mismatches, potentially leading to remigration or overstaying. Effective reintegration policies hinge on economic, political, and social environments of origin countries.

Some origin countries, like the Philippines, have developed innovative programs to support returning migrants from which other countries can learn. The Philippines' National Reintegration Center offers counseling, job search assistance, business development loans, skills training, and assistance to distressed workers. Its reintegration support starts with migrants' departure from the Philippines³⁰⁹, and offers targeted supports based on the type of returnees (Figure 4.3). For instance, a recent program includes reskilling returning teachers who had returned from nonteaching jobs abroad to become teachers again in the Philippines. The Philippines has also made efforts

³⁰¹ Yamaguchi (2024)

³⁰² OECD (2023)

³⁰³ Korean government (2024)

³⁰⁴ Japan, Ministry of Justice (2023)

³⁰⁵ Australian Government (2023c)

³⁰⁶ Chung (2021)

³⁰⁷ <https://www.theguardian.com/world/2024/apr/08/new-zealand-tightens-visa-rules-after-migration-hits-unsustainable-levels>.

³⁰⁸ IOM (2023); ILO (2023)

³⁰⁹ Opiniano and Ang (2024)

to incorporate return provisions in BLAs to improve the norms and structures on return.³¹⁰ Indonesia’s Productive Migrant Workers Village (Desmigratif) provides supports prospective migrants, migrant families, and returnees at the village level, including support for business development.³¹¹

Figure 4.3. The Philippines provides comprehensive and targeted reintegration service for returnees

<p>For all returnees:</p> <ul style="list-style-type: none"> • One-stop shop for reintegration service • Financial grants for business start-ups • Livelihood loan • Training in financial planning, small business management, and other skills 	<p>For licensed teachers:</p> <ul style="list-style-type: none"> - Reskilling support and employment facilitation to become teachers again <p>For undocumented and distressed female returnees:</p> <ul style="list-style-type: none"> - Livelihood assistance
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Source: Department of Migrant Workers, the Philippines.

Some destination countries in the region provide return support to migrants. Singapore’s nongovernment organizations (NGOs) offer training and certification for migrant domestic workers to improve their employability at home. In Korea, return forms part of the EPS policy framework. Its Happy Return Programme offers government-financed vocational training to enhance job prospects in origin countries; pre-return recruitment services, including assistance in applying for jobs in Korean companies located in migrant workers’ origin countries; and administrative support for insurance benefit claims upon leaving.³¹²

Transnational initiatives that provide skills certification programs also help prepare migrants for reintegration while abroad. While there is generally no streamlined system for skills certification by employers in destination countries or by origin countries upon return, some promising initiatives exist. The Philippines’ Onsite Assessment Program, coordinated by TESDA, certifies skills gained abroad and supports returnees financially and socially, aligning with national certification standards through overseas assessment centers and training programs, facilitated by nongovernmental training institutions.³¹³

Nevertheless, reintegration services are generally weak, as origin governments have prioritized expanding overseas employment and remittances over reintegration.³¹⁴ They are often hampered by a lack of coordination among ministries and agencies, as well as local governments, which are at the forefront of migrants’ reintegration to their communities, and by a lack of an effective system to disseminate information about reintegration services.³¹⁵ The lack of data on returnees further complicates such efforts.

In sum, labor migration policies in both origin and destination countries are often seen as key strategies to support economic development and to address aging populations, focusing on governance, migrant protection, and migration's link to economic growth and development. While low-skilled migration policies are more restrictive than high-skilled ones, migration policies increasingly focus on long-term retention and integration of migrants by expanding pathways to permanent residency and offering transitions to higher-skilled visa categories. Given that most EAP migration is temporary or circular, countries see that effective reintegration is vital to prevent irregular migration, especially for low-skilled migrants. Collaboration between origin and destination countries can enhance skills development before, during and post-migration to improve migrants’ employment prospects, improving matches and reducing irregular migration and social costs.

³¹⁰ Wickramasekara (2019)
³¹¹ World Bank (2019)
³¹² Cho et al. (2018); Wickramasekara (2019); Wickramasekara and Ruhunage (2018)
³¹³ Saguin and Shivakoti (2022)
³¹⁴ ADBI, OECD, and ILO (2017)
³¹⁵ Wickramasekara (2019)

Spotlight 4.1. Turning Brain Drain into Brain Gain—Global Skill Partnerships

A Global Skill Partnership (GSP) is an international cooperation model that trains individuals in their home countries with skills that are in demand in both home and potential destination countries. It strengthens the capacity of local training institutions, facilitates job matching abroad, and foster foreign direct investment and job creation in origin countries. Funding for training is primarily borne by the destination country, with shared financial responsibilities. This partnership can involve collaboration between governments, educational institutions, and private sector employers.

Table S4.1.1 describes various types of skill partnerships and provides examples.

The East Asia and Pacific (EAP) region has some good global practices. The Australia Pacific Training Coalition (APTC) trains Pacific Island workers for local and Australian jobs. This approach helps address skills shortages in both regions, increases employment opportunities for workers, and strengthens the overall skills base in the Pacific Islands. Less than 5 percent of graduates have migrated to Australia (APTC 2023, 68–69). The Republic of Korea’s Employment Permit System (EPS) offers priority in job matching for EPS jobs to graduates from training institutions supported by Korea International Cooperation Agency (KOICA).³¹⁶

Success factors

GSPs take various forms. Successful GSPs have adopted some of the following approaches.

Align skills partnerships with visa programs in destination countries. Australia, for example, does this through its Pacific Australia Labour Mobility (PALM) and Pacific Engagement visas.

Enhance the quality of local training institutions. For example, APTC partners with TVET providers in the Pacific Island Countries to better align with labor market needs, develop their teacher capability, improve their qualification standards, and upgrade their training facilities.³¹⁷

Strengthen the institutional capacity of governments in origin countries. For example, the World Bank’s project between Morocco and Germany in the tourism sector enhanced the capacity of Morocco’s public employment service (PES), the National Agency for Promotion of Employment and Skills (ANAPEC), to improve the connection between job seeker and jobs.³¹⁸

Improve cross-border recognition of skills and qualifications gained in the origin country or through GSPs through collaboration between governments and employers in both origin and destination countries. For example, a joint program in Viet Nam and Germany, the Partnership Approaches for Development-Oriented Vocational Training and Labour Migration (PAM), aligned vocational training with both countries’ qualifications through coordination with Viet Nam’s Department for Vocational Education and Training, LILAMA2 International Technology College in Viet Nam, and employers in Viet Nam and Germany. After obtaining a certificate in metal processing from Viet Nam, each worker on the international labor mobility track must go through a formal individual recognition process in Germany.³¹⁹

An alternative is mutual recognition agreements (MRAs) which aim to facilitate market access and encourage greater international harmonization of compliance standards. But MRAs can be costly. Despite efforts to promote

³¹⁶ CGD (2020)

³¹⁷ APTC (2017a, 2017b, 2020)

³¹⁸ Adhikari et al. (2021)

³¹⁹ An et al. (2023)

skilled labor mobility, only two out of eight MRAs in ASEAN are gaining significant traction – namely, MRAs for accountancy and engineering services.³²⁰ Where MRAs are not feasible, international standards, regional qualification frameworks, and gig economy platforms can facilitate skills assessments.³²¹

Harmonize training standards and increase diaspora engagement. For instance, given the divergent standards in Kosovar and Germany in construction, the Youth, Employment, and Skills (YES) Global Skill Partnership shifted to development of a skills qualification standard.³²² Diaspora can play an important role in skills recognition, including through their linkages with both origin and destination countries. The Kosovar-German diaspora, for instance, provided 60 percent of the investment in a college in Kosovo, which provides vocational training aligned with German standards in health care. It has high graduate employment rates in Kosovo and Germany.³²³

Share responsibility in financing for long-term financial sustainability, as training can be costly. For instance, training costs per student for PAM and the APTC were estimated at about €10,000 (2023) and €7,700 (2022), respectively.³²⁴ In the context of development aid framework, destination countries tend to fund the cost. For example, a Japanese firm funds language and technical training for workers from EAP (Cambodia, Indonesia, Lao PDR, Myanmar, the Philippines, Viet Nam) and India for placement under its Specified Skilled Worker program. By 2023, estimated 30,000 students had enrolled or completed the program, with 3,000 placed in Japan.

Engage employers throughout the process to meet their needs and improve their participation. For example, in a collaborative effort between Belgium and Morocco in the information and communications technology (ICT) sector, industry associations were involved but individual employers were not in the pilot (see further Box 5.2). As a result, some mismatches of expectations occurred, including on criteria to be eligible for training—originally, unemployed ICT college graduates, which was changed to unemployed non-ICT college graduates—and the desired technical skill level of trainees to be attained through training.³²⁵

Marshall government support. The Philippines has made it a national priority to develop its education and training system for jobs that are in demand abroad and domestically, including but not limited to nurses, caregivers, ICT professionals, and seafarers, making it a leading source of nurses, caregivers, and seafarers globally.

Engage international organizations. These organization can strengthen institutional capacity in origin countries, a critical factor for scalability and sustainability. For instance, the World Bank collaborates with education and TVET systems in origin countries—notably, Morocco—to expand training in the hospitality and construction sectors for international employment.³²⁶ The Bank’s pilot project in Morocco helps strengthen the country’s labor market intermediation systems through its public employment service (ANAPEC), which coordinates with employer associations, organizes employer visits, reviews curricula vitae, facilitates job interviews, provides feedback to trainers, and manages migrant workers.³²⁷

³²⁰ The other six professions are architectural services, doctors, dentist, nurses, tourism professionals, and surveying qualifications. Despite these hurdles, there have been positive developments in MRAs. Notably, the ASEAN Declaration on Skills Mobility, Recognition, and Development for Migrant Workers is expected to be adopted in October 2024; it aims to enhance migrant workers access to skills development and facilitate labor migration (ASEAN 2024).

³²¹ Requirements in education, experience, and professional regulation in the origin country must still be in place as they lay the foundation for workers’ profession or skills to be practiced outside their home country (Cedefop 2019; Correia de Brito, Kauffmann, and Pelkmans 2016).

³²² CGD (2021)

³²³ Bequiri (2024)

³²⁴ An et al. (2023); APTC (forthcoming)

³²⁵ Rodriguez (2023)

³²⁶ Adhikari et al. (2021)

³²⁷ Rodriguez (2023)

Table S4.1.1: Various types of skill partnerships have been adopted in East Asia and Pacific

Implementation modality	Government-to-government (G2G) <i>Example: Japan's economic partnership agreements</i>	Development aid <i>Example: APTC (Australia Pacific Training Coalition)</i>	Regional <i>Example: ASEAN Economic Community</i>	Public-private partnerships (PPP) <i>Example: Lufthansa and the Philippine government</i>	Sector-wise <i>Example: Germany's Triple Win Program</i>
Duration	2008–present (Indonesia); 2009–present (the Philippines); 2012–present (Viet Nam)	2007–present	2005–present	Circa 2020	2013–present
Countries	Japan, Indonesia, the Philippines, Viet Nam	Australia and the Pacific	ASEAN member countries	Germany and the Philippines	Germany, Bosnia and Herzegovina, the Philippines, Indonesia, India, Jordan, Tunisia
Main stakeholders involved	Governments in these countries	Australia Department of Foreign Affairs and Trade (DFAT); TAFE Queensland; TVET providers in the Pacific; Pacific and Australian firms and industry associations	Governments, professional regulatory authorities, professional associations	Lufthansa Technik Philippines, Lufthansa Technical Training Center, Philippine Department of Trade and Industry	German Agency for International Cooperation (GIZ), German Federal Employment Agency, nursing schools at the origin
Direct linkage to facilitate labor mobility	Yes	Yes	Yes	Yes	Yes
Sectors	Nursing, care work	Auto repair, manufacturing, construction and utilities, tourism and hospitality, health and community services	Accountancy, architectural services, doctors, dentist, engineering services, nurses, tourism professionals, and surveying qualifications	Aircraft mechanic and engineering	Nursing
Funder	Governments (language training) and employers	Mainly Australia's DFAT	Not applicable	Lufthansa	GIZ and German employers
Number of participants	2008–15: ~1,500 (Indonesia) (Gentile 2019, 224); since 2009, 3,600+ (the Philippines) (Japan, Ministry of Foreign Affairs 2023); since 2012, 1,700+ (Viet Nam) (VietnamPlus 2022)	20,000+ beneficiaries since its founding (2019) (APTC 2020)	Engineering MRA gained the most traction: 2,876 in 2018 (Gentile 2019, 12).	Data not readily available.	Since 2013, 4,700+ nurses have been placed in Germany (Luciano and Schimpf 2021)
Results	Japanese nursing exam passing rates in 2023: 45.7% (Viet Nam); 15.9% (the Philippines); 11.5% (Indonesia) (Tanaka and Yoshimura 2024)	84% employed domestically (2019) (APTC 2020) and 10% gained employment in Australia (2023) (APTC forthcoming)	MRAs helped develop regional standards and support regulatory cooperation, but have had minimal impact on international labor mobility (Ziguras and Barker 2024).	Lufthansa Technical Training Center trains mechanics and engineers for Lufthansa Technik global and local networks.	A 2021 survey of participants found 95.4% of feedback was mostly positive (Luciano and Schimpf 2021).

Source: World Bank, original compilations for this publication.

Note: The types of skill partnerships are by no means mutually exclusive. ASEAN = Association of Southeast Asian Nations; MRA = mutual recognition agreement; TVET = technical and vocational education.

Chapter 5. Policy recommendations

Key message: Migration in the EAP region is expected to accelerate given demographic differences between countries in the region. Coordinated policies between origin and destination countries are essential to enhance matches between migrants and labor demand in destination countries, expand regular pathways, and manage potential distributional and social impacts, ensuring that migration contributes to regional economic development.

Sub-messages:

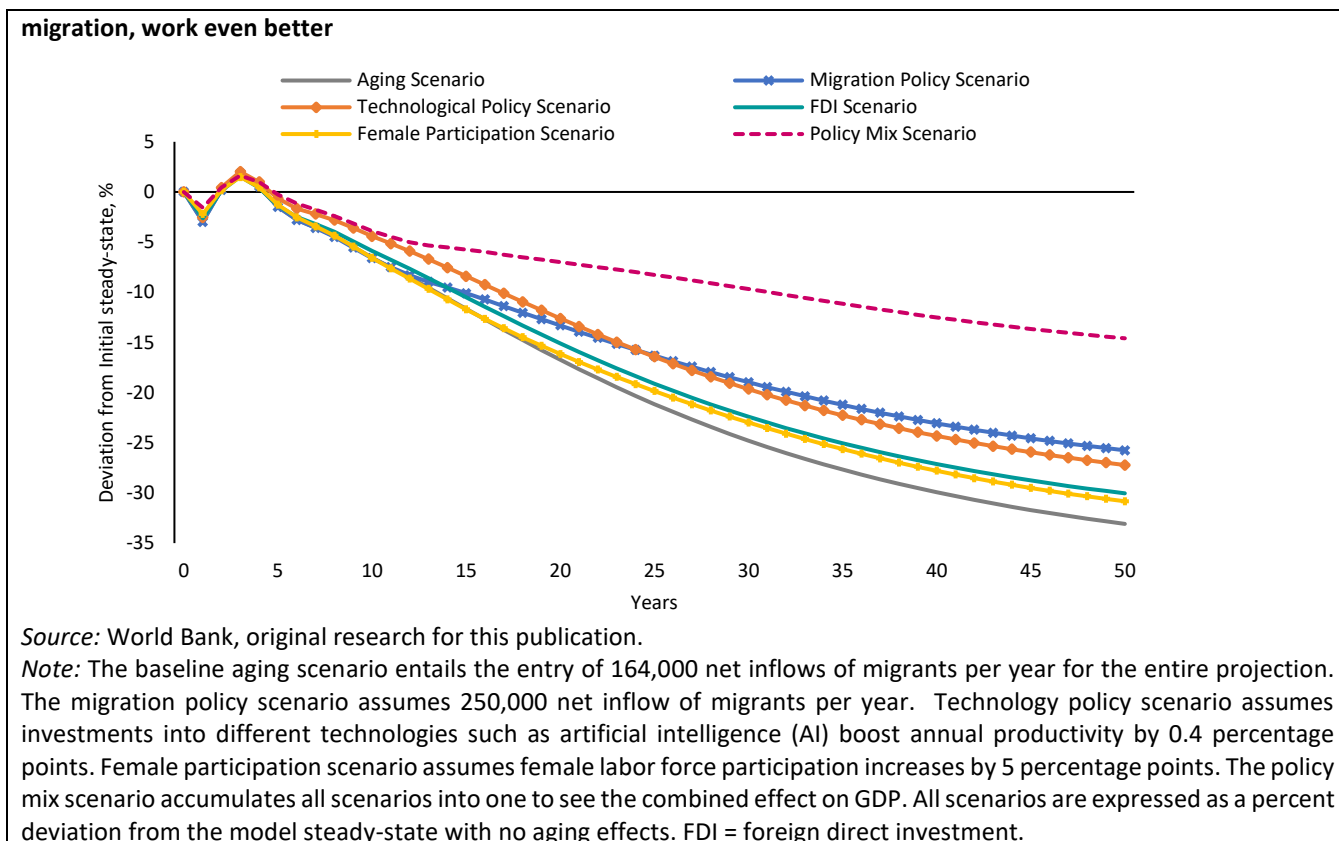
1. To reduce mismatches, origin countries should integrate skills development into migration policies to upskill the workforce and expand local and global employment opportunities. Destination countries should align migration policies with labor demand. Collaboration between both countries, supported by international organizations, can foster skills partnerships and mutual recognition of qualifications.
2. To mitigate irregular migration, especially for low-skilled migrants, both origin and destination countries need to collaborate to enhance transparency in job matching, reduce migration costs, and to increase flexibility for migrants to change employers. International organizations can assist by compiling migration data for evidence-based policymaking.
3. To moderate distributional and social costs, origin countries can strengthen protections for vulnerable low-skilled migrants and their families and provide return/reintegration support. Both origin and destination countries can collaborate on preparing migrants for reintegration through skills training prior to their return.

Countries in the East Asia and Pacific (EAP) region are increasingly recognizing the untapped potential of migration, especially as a way to address labor shortages in aging economies. Box 5.1 demonstrates that migration policies are most effective in moderating economic impacts of rising dependency ratios, if managed as part of a comprehensive and coordinated policy package. Policies aimed at boosting national fertility rates in aging societies are sometimes advocated in lieu of migration; however, such policies have seen limited success. Low fertility rates are a result of complex social and economic conditions, such as intensive parenting in China, housing prices in Singapore, economic and labor market uncertainty in the Republic of Korea, and gender inequalities at home and work.³²⁸ These are not easily remedied by population policies.

Box 5.1. Migration, combined with other policies, is the best remedy to boost economic growth in an aging society like Japan

Boosting net migration inflows to Japan for just a few initial years can substantially enhance Japan's economic growth for the coming decade (Figure B5.1.1). Alternative policies to mitigate challenges associated with aging that are modelled include shifting production abroad through foreign direct investment (FDI), increasing female labor participation, and investing in technology—particularly in the care services sector, beyond automation in the manufacturing sector. As Figure B5.1.1 demonstrates, each of these policy scenarios individually results in a less dynamic impact on economic growth than a modest migration scenario of 164,000 net inflows per year. Reforms offer synergies. Notably, a combination of policy actions would significantly moderate the negative repercussions of population declines (the purple line in Figure B5.1.1). **Figure B5.1.1. Migration is the most effective policy to deal with aging in Japan, but a combination of policies, including**

³²⁸ Boydell et al. (2023)



Policy reforms are urgent to enhance the “match” between migrants and labor demand in destination countries. As the World Bank’s *World Development Report 2023* establishes, this match between migrants and labor demand enhances net gains from migration—both for the migrant and their household in the origin country, and for labor market outcomes in destination countries.

This chapter presents various policy recommendations within the broad framework of enhancing the match. Key reform areas include proactively encouraging skills development, introducing flexible visa categories that respond dynamically to changing labor market conditions and thus facilitating flexible migrant quotas in high-demand seasons and sectors, and facilitating integration in destination and reintegration in origin countries. In the absence of such reforms, irregular migration is likely to continue to expand so long as labor demand persists. It also discusses how international cooperation and support from international organizations can help to achieve these objectives.

Table 5 guides this chapter on how both origin (young) and destination (aging) countries can reform their policies to attain common policy objectives to make migration beneficial for migrants and both origin and destination countries. To support the discussion, Box 5.2 presents good practices in managing labor migration throughout the migration cycle. These practices are especially relevant for low-skilled migration where market failures tend to be more pronounced.

Table 5.1: Policy recommendations to enhance net gains from migration

Policy objectives	Origin (young) countries	Destination (aging) countries	International cooperation and support
Reduce mismatches	<ul style="list-style-type: none"> - Integrate skills development into labor migration and development strategies - Increase flexibility in education systems 	<ul style="list-style-type: none"> - Match migration policies with labor demand - Utilize skills partnerships and recognize qualifications and experience abroad. 	<ul style="list-style-type: none"> - Support global skills partnerships and facilitation of cross-border recognition of skills and qualifications
Reduce irregular low-skilled migration	<ul style="list-style-type: none"> - Enhance transparency in job matching and cost - Streamline migration systems 	<ul style="list-style-type: none"> - Enhance flexibility in migration systems to improve the reallocation of migrant labor and to adapt to changing labor market needs 	<ul style="list-style-type: none"> - Develop dataset on migration costs including profiles of migrants
Reduce distributional and social costs	<ul style="list-style-type: none"> - Migrant protection, especially for the low-skilled - Public employment service and financial supports to enhance return and reintegration 	<ul style="list-style-type: none"> - Upskilling/ Reskilling of those who lose out from migration, coupled with social protection measures. - Integration support for migrants, including expanding skills development opportunities for migrants 	<ul style="list-style-type: none"> - Strengthen bilateral and regional agreements to enhance governance of low- and semi-skilled migration

Strategies for origin countries

Strategy 1 – to reduce mismatches: Integrate skills development into labor migration and development strategies, while enhancing human capital. Origin countries will need to develop technical, vocational, and professional skills that align with the demands of both domestic and international labor markets, such as in healthcare and IT, as the Philippines’ TESDA does. They should enhance flexibility in skills development systems by including short-term, demand-driven, elective course options, and e-learning courses, targeting youth, especially in remote, deploying e-learning courses. Public employment services should provide integrated career counselling services for up-to-date information about local, national, and international labor markets.

Governments and training institutions should collaborate with industry leaders and foreign employers to finance, design, and deliver skills development programs, as well as to provide youth with opportunities for apprenticeships and on-the-job training. In the sea-faring industry, for instance, shipowners have developed direct links with the maritime training institutions in the main labor supply countries like the Philippines, linking with a recruitment campaign.³²⁹ Regular labor market assessments, both locally and internationally, are essential for ensuring that training programs are responsive to labor demands.

Governments can promote the use of remittances for skills investment by creating programs that direct funds toward education and skills training, working together with central banks. These can include remittance labeling and matching grants for education and vocational training. In this vein, lowering remittance costs would avail

³²⁹ Kahveci, Lillie, and Chaumette (2011)

more financing space for remittance-receiving households. Policies that foster competitiveness, such as simplified licensing requirements for remittance service providers in the Philippines and Malaysia, expand low-cost service.³³⁰ Moreover, digital transfer services, like the Philippines' e-Peso initiative, enhance remittance efficiency and financial inclusion by providing access to e-wallets and mobile banking services.

Box 5.2. International good practices governing migration systems

Countries around the world have adopted a variety of good practices.

Pre-migration: To enhance the match with job demand in destination countries, in *the Philippines*, the Technical Education and Skills Development Authority (TESDA) provides training and skills certification of migrant workers to develop a world-class skilled workforce for productive employment abroad. Recently, it has also focused on skills training for returnees. As Spotlight 4.1. discusses, to address labor needs and limit brain drain, *Belgium* and *Morocco* have developed a Global Skill Partnership (PALIM project) to train Moroccan talents to work in the information and communications technology (ICT) sector in both countries. The project involves public and private stakeholders to ensure the relevance of the training course for employers' needs. It has expanded to the hospitality and tourism sectors, adding new partners such as Germany, the Arab Republic of Egypt, and Tunisia.^a

To address information asymmetries and promote job matching, *India* launched a digital system providing services via electronic platforms for emigrant workers, foreign employers, and officials overseeing the recruitment and deployment process. The eMigrate system provides online job applications, as well as multiple services including a list of recruitment agencies that have pledged to uphold greater accountability, a grievance mechanism available to migrants in India and abroad, and data collection.³³¹

To prevent fraudulent practices by recruitment agencies, the Employment Permit System (EPS) of the *Republic of Korea* operates a Korean government-led recruitment program based on mandatory memorandums of understanding (MOUs) with Asian countries. That process has lowered the cost of migration for foreign workers. Private recruitment agencies that were bypassed in that system were incentivized to offer training to migrant workers.³³²

During the stay in destination countries: To improve the protection of migrants overseas, *Indonesia* has developed an integrated service system run through its mission abroad. Indonesian missions are responsible for the protection of labor migrants from the time of their departure, the monitoring of work contracts, and providing legal aid to labor migrants and seafarers.³³³

To provide grievance mechanisms for migrants and protect them from exploitation, *Germany* has established a free and anonymous counselling service (Fair Integration) on social and labor law issues, available in federal states and in various languages.^b

The Philippines has negotiated *bilateral social security agreements* not only to enhance the protection, equal treatment, and nondiscrimination of overseas Filipino workers, but also to guarantee social protection of migrants returning to the Philippines after spending their most productive years abroad.^c

To support the economic and social integration of migrants, *Australia* has developed a comprehensive national framework at the three tiers of government (federal, state, and local) to plan and deliver services supporting the settlement of migrants. In addition to mainstream social services available to migrants, settlement services focus on English language skills, participation in the workforce, and access to education.^d

Return and reintegration: *Mexico* has developed the comprehensive "We Are Mexicans" program to promote

³³⁰ Macmillan and Blechman (2019)

³³¹ ILO and IOM (2020)

³³² Cho et al. (2018)

³³³ IOM (2010)

dignified and productive reintegration of return migrants. It provides services to help Mexican returnees, including certification of qualifications and experience abroad, skills retraining, health benefits, an online job-matching platform, and information on investment opportunities.^e

a. <https://gsp.cgdev.org>.

b. <https://www.faire-integration.de/en/topic/2.welcome.html>.

c. <https://www.sss.gov.ph/sss/appmanager/viewArticle.jsp?page=SocSecAgreement>.

d. <https://immi.homeaffairs.gov.au/settlement-services-subsite/files/the-national-settlement-framework.pdf>.

e. Wickramasekara 2019; Government of Mexico, <https://www.gob.mx/sre/articulos/we-are-mexicans-a-program-for-a-dignified-productive-and-beneficial-return-to-mexico>.

Strategy 2 – to mitigate irregular low-skilled migration: Reduce migration costs through transparency and technology.

Deterring irregular migration requires addressing high migration costs and the lack of accessible, reliable information on job opportunities, especially for workers in remote areas – something that is especially relevant in the case of low-skilled employment. Governments can improve transparency in job availability and intermediation fees by leveraging technology, ensuring that employment opportunities are easily accessible and clearly communicated and thus helping aspiring migrants make informed decisions. Furthermore, governments should simplify administrative procedures to reduce time and costs associated with regular labor migration, e.g., time spent to validate job demands.

Governments can invest in developing digital platforms for job matching, salary comparison and employer reputation. This would enable job seekers to compare job offers, research employers and their reputations, and verify the legitimacy of recruitment agencies. These platforms could be operated in partnership with recruitment industry associations to ensure their buy-in. For example, the Philippines’s Department of Migrant Workers (DMW) has implemented online job fairs to facilitate access to overseas employment. Governments can incentivise recruitment industries, such as access to job fairs. To balance domestic labor market concerns, these digital platforms can be integrated into an existing domestic job portals.

Leveraging recruitment-licensing fees collected, governments, in collaboration with local recruitment industry associations, can provide capacity-building and training programs to recruitment agencies and informal brokers to enhance their digital literacy and technical skills. The aim would be developing standards and best practices to make recruitment more transparent, competitive, and compliant. These efforts can potentially be implemented through partnerships with public and private entities that provide digital literacy training to the broader population in the country.

A performance-based ranking system for recruitment companies can help better regulate recruitment fees and improve standards. Key performance indicators would include recruitment fees, job matching success, compliance with regulations, and migrant complaints and resolutions. Governments should publish the ranks to incentivize recruitment agencies’ performance, together with data on the recruitment costs paid by workers, including salary deductions for recruitment fees, as done under Korea’s EPS. Incentives like priority access to job fairs and capacity-building partnerships can be provided to the better-performing recruitment companies. Overall, this performance-based system can incentivize recruitment agencies to build positive reputations, attracting a larger pool of employers and job seekers.

Strategy 3 – to reduce social costs. Enhance benefits of migration through flexible education systems, better protection of migrant workers, and improved reintegration. Not all migrants and families benefit from migration.

Low-skilled migrants, especially in the informal sector, are vulnerable to poor working conditions. Reintegration can be challenging if they return from a prolonged period of labor migration having accumulated few skills. These negative distributional impacts can be reduced. Other actions could include the following.

To strengthen migrants' safety nets, governments can provide migrants with a comprehensive insurance package. Such coverage could potentially be developed by partnering with the private sector as well as other relevant government agencies. One practice from the region which is notable globally sees the Philippines Overseas Workers Welfare Administration (OWWA) provide overseas Filipino workers with life insurance and personal accident insurance, as well as health insurance (PhilHeath), which extends coverage to the worker's dependents in the Philippines. This insurance also offers assistance to repatriate distressed workers, as occurred during the COVID-19 pandemic.

To better protect migrants, and especially women, during overseas employment, origin governments can create and support legal aid centers in destination countries with significant migrant populations, to ensure that migrants have access to legal services. These centers can establish dedicated helplines that provide migrants with easier access to legal services (free or low-cost), including consultations, representation, and education about their rights. Such centers could partner with diaspora organizations to generate a network of support. Some origin countries have been proactive in providing such support—including India, Indonesia, the Philippines, and Sri Lanka. The provision of legal services to migrants can generate a signaling effect that the origin government is committed to upholding the rights and well-being of their citizens, thereby deterring exploitive practices.

Reintegration support programs should be comprehensive, encompassing economic, social, and psychological aspects. Governments can establish tailored employment programs, especially for those returning after working in low-skilled jobs for a prolonged period. This support can include experience recognition, vocational training, and job matching services that facilitate job placement. Some migrants return home with minimal savings because they have used their earnings to support their families' well-being. They tend to lack access to credit. Targeted support for this group can also include financial grants or low-interest loans to help them start businesses, coupled with entrepreneurial skills training, as exemplified by the support programs offered by the Philippines National Reintegration Center. To succeed, it is imperative that skills training providers regularly follow up with businesses and reinforce the training received. The microfinance literature indicates that such follow-ups during the first year of a small business significantly increase its success rates. Social reintegration can be bolstered through community-based initiatives that foster social cohesion. Psychological support should be readily available, offering free counselling and mental health services, especially for female returnees who had traumatic experiences abroad or face stigma.

To better prepare for migrants' returns, governments can establish comprehensive investment incentive programs, coupled with financial literacy interventions. Financial literacy programs would educate migrants and their families on effective financial management, savings, and investment strategies through tailored workshops and digital platforms. In addition, offering tax incentives, matching grant schemes for investments in local businesses, and easing access to markets can expand the impact of remittances.³³⁴ For instance, Mexico's 3x1 Program multiplies migrant contributions with government funds. Adopting a similar model can promote business development and thus help returnees be financially stable and well-prepared to reintegrate into their home economies.

³³⁴ McKenzie and Yang (2015); OECD (2017); Ratha (2007)

Strategies for destination countries with aging populations

Strategy 1 – to reduce mismatches. Align migration policies with labor demand and utilize skills partnerships.

The form that migration takes matters to migration outcomes. Governments should ensure the migration policies are based on analyses of market trends and skills needs in various sectors, to help align the migrant workforce with current and future labor market demands. To help achieve this, migration policies should be formulated through broad stakeholder consultations, including interagency committees or task forces with representatives from key government agencies (such as labor, justice, foreign affairs, education, health and local governments) and relevant stakeholders.

To manage labor gaps and shortages, skills partnerships with origin (young) countries should be expanded to facilitate tailored training programs in young countries which align with specific needs of both young and aging destination countries. This is a strategic solution to demographic and economic challenges faced by both aging and young countries.

Moreover, migrants may underperform if their skills and qualifications are not recognized, wasting human capital. The extent of such impacts depends on migration and employment policies. To reduce brain waste, governments should simplify processes to recognize foreign qualifications. Online portals can help make the process transparent by allowing applicants to submit their qualifications for evaluation and track the status of their recognition applications. In the fields where national security and safety are of concern, countries can develop bridge training or on-the-job training programs that help migrants fill gaps in their skills or knowledge to meet local certification standards.

Strategy 2 – to reduce irregular low-skilled migration. Enhance flexibility in migration systems to improve the reallocation of migrant labor.

Irregular migration and lack of compliance undermine the benefits of migration and often cause considerable hardship for migrant workers. While expanding regular migration pathways through simplifying migration procedures and enhancing transparency in job matching, destination countries should ensure that regular migration channels address labor market needs. This includes allowing migrants to change their visa categories within the country, provided that they have secured a job that aligns with the new visa category. Furthermore, migration systems should allow migrants to change employers, facilitating the reallocation of migrant labor to areas with rising demand and aligning with domestic labor practices, while also better protecting workers from abuse (particularly relevant in the case of low-skilled migration).

Where irregular migration is prevalent, governments should examine and address reasons for irregular migration, which generally are result from mismatches between demand for migrant workers in the economy and legal pathways available for economic migration. Governments should also employ strategies to regularize irregular migrant workers, such as through the provision of temporary amnesties and issuance of work visas—a strategy employed in recent years in countries like Malaysia and Thailand. Regularization of migrants brings with it multiple benefits beyond protection of workers, improving potential “matches” with the labor market, and bolstering their economic contribution to the economy.

Governments can incentivize firms to hire regular migrants. It can rank firms’ performance in managing foreign workers and offer priorities in allocating permits for foreign labor employment to better-performing companies. For instance, Korea’s EPS has an elaborate system to rank EPS firms. This transparency would also reduce burdens on origin governments, which tend to put in place measures for its labor attaché in destination countries to validate jobs offers by firms. This validation process can be demanding when a large number of job offers must be handled, as for migrants from Indonesia and Myanmar, thus leaving few resources available for labor attachés to conduct their role to better protect their migrants.

Strategy 3 – to reduce distributional and social costs. Provide skills development training to workers who have similar skills as migrants and expand integration and protection support for migrants. As economies expand with more labor inflows, consumers, employers, and workers gain. Not everyone gains from migration, however. Existing workers and migrants whose skills can be easily substituted by new migrants, can potentially face lower wages or unemployment. Destination government should prioritize supporting those individuals, households, and firms who lose because of migration. This could include retraining programs targeted to transition workers into sectors with higher demand for labor, particularly those not filled by migrant workers. The support should accompany strong social protection support that include job creation incentives and vocational training programs. In parallel, governments should incentivize employers to participate in sectoral support programs like apprenticeships and wage subsidies under broader active labor market programs.

Employment services can play an important role for migrants who often face labor market frictions such as lack of information about the labor market in the destination country, limited social networks, uncertainty concerning residence status, and legal barriers. Active labor market programs have been shown to be effective in increasing employment rates and earnings for migrants—for example, by providing information on interview preparation and legal rights to Syrian migrants in Jordan, and by implementing wage subsidies and early job training for migrants in Denmark.³³⁵

To enhance the productivity of migrant workers, governments should grant migrants access to affordable education and training programs. This can be done by providing firms with training incentives to train migrants, through tax rebates or reimbursement of training costs, as is often done for native workers. Access to education can also enhance the job prospects for migrants in their origin countries after their return, therefore decreasing the likelihood they will overstay their visas or work permits in the destination country because of lack of opportunity at home. Establishing partnerships with local businesses and industries can also facilitate the creation of apprenticeship and mentorship programs, offering migrants practical experience and opportunities for upward mobility.

Governments should enhance legal frameworks to provide comprehensive protections for migrant workers, especially low-skilled temporary workers, seasonal migrants, and domestic helpers. This includes mandating clear and enforceable labor contracts outlining wages, working hours, and conditions, while ensuring compliance through robust monitoring and surprise inspections of workplaces. Legal aid should be accessible to help migrant workers assert their rights. Policies should enforce minimum living wages—that is, migrants need to earn a wage that is sufficient to afford a basic but decent standard of living in destination countries. For domestic helpers, regulations should ensure prevailing minimum wages, adequate living conditions, legal working hours and overtime payments, and rest periods. Grievance mechanisms should allow workers to report abuses and seek redress without fear of retaliation, as exemplified by Korea’s foreign worker welfare centers where migrant workers can discuss their problems in their own language. For migrants in remote areas, mobile support services can be provided.

Efforts to improve migrant integration are particularly pertinent for EAP countries with negative public perceptions of migrant workers and in an early stage of multiculturalism. Government support programs can include offering language and vocational training to enhance workers’ skills and employability. These can be tailored to migrants’ needs—especially for low-skilled migrants, enabling them to improve their communication skills, thus reducing frictions at worksites and in communities stemming from communication challenges. Community support networks can play a crucial role in helping migrant workers integrate into society, providing social and emotional support, as stipulated in Japan’s new roadmap on foreigner integration. To better coordinate

³³⁵ Caria et al. (2024); Clausen et al. (2009); Arendt et al. (2022)

various support programs for new immigrants, Canada has put in place Local Immigration Partnerships; their success often hinges on municipal leadership.³³⁶

Enhancing contacts between migrants and host communities is important. Working together with civil society, local governments can establish community centers that host cultural exchange events, language classes, and social activities where migrants and natives can meet and interact. As some companies have shown, creating mentorship schemes appears effective in building personal connections and mutual understanding between natives and migrants.

Areas for bilateral and regional collaboration and international organizations

Area 1. Foster skills development partnerships to generate a pool of human capital that meets labor demand in both origin and destination countries. Collaborative initiatives can be implemented between educational institutions, government agencies, and private sector stakeholders—as is detailed in spotlight 4.1 on Global Skill Partnerships. One approach is to establish joint training programs that align with the needs of specific industries or sectors in both origin and destination countries. These programs can include curriculum development, teacher exchanges, and hands-on training experiences designed to equip participants with the skills and competencies demanded by employers.

Technology can facilitate the implementation of these partnerships. Virtual classrooms, online courses, e-learning platforms, and virtual reality-based learning programs offer cost-effective and scalable solutions for delivering training and education to a wide audience. Collaborative online programs can be developed to address specific skill gaps and labor shortages identified in both origin and destination countries. Moreover, countries can promote the exchange of knowledge and expertise through virtual mentorship programs, online forums, and digital skill-sharing platforms, allowing individuals to access learning opportunities regardless of geographical location.

Skill partnerships can be established in conjunction with foreign direct investment (FDI), given that a greater human resource pool can promote domestic industries and support FDI. Industries often collaborate with educational institutions and training providers to ensure that the workforce possesses the necessary skills demanded by foreign investors. By aligning skills development initiatives with the needs of FDI projects, countries can enhance their attractiveness to investors and facilitate sustainable economic growth.

At the regional level, governments can work together to develop common frameworks and guidelines for assessing and recognizing qualifications. This could involve establishing regional accreditation bodies that oversee the equivalency of educational and professional credentials across member states. By harmonizing standards and procedures, countries can reduce administrative barriers and facilitate the mobility of skilled workers within the region. Although much can be gained from such measures, ASEAN's slow progress in implementing the ASEAN Qualification Reference Framework indicates practical challenges to implementation, arising from variations in educational systems, accreditation processes, and language barriers among ASEAN member states. Differences in regulatory frameworks and bureaucratic procedures also contribute to delays and inconsistencies in the recognition process. Furthermore, the voluntary nature of ASEAN agreements and the lack of binding mechanisms for enforcement appear to pose limitations in implementation.

Area 2. Develop dataset on migration costs, to better inform migration policies and to reduce irregular migration. In collaboration with origin and destination countries, international organizations should develop standardized methodologies for collecting data on migration costs, informed by the existing work by the World

³³⁶ Blower (2020)

Bank and ILO. This can focus on the low-skilled segment where market failures are more prevalent. Such datasets should include information on recruitment fees, documentation expenses, and travel costs incurred by migrants; regional data hubs, managed by relevant migration agencies, can help to consolidate information from various countries. International organizations or regional bodies like ASEAN could serve as coordinators for such efforts. Data should be collected on a regular interval to keep track of trends, helping governments respond to shifts in migration patterns.

To overcome resistance from stakeholders who benefit from high migration costs, it is important to introduce financial or regulatory incentives. These would include tax incentives for agencies that reduce fees or international recognition for countries that implement low-cost migration systems. Stronger support for civil society organizations can help increase the political power of migrant rights groups, ensuring that migrant voices are reflected in policy discourse.

Area 3. Use bilateral and regional agreements to enhance governance of low- and semi-skilled migration, ensuring the protection of migrant workers' rights and promoting their well-being. Bilateral agreements (BLAs) can establish standardized employment conditions that outline the rights and responsibilities of recruitment agents, employers, and migrant workers. To date, many BLAs have lacked provisions intended to protect the rights of migrants.³³⁷ BLAs can regulate the recruitment process to prevent fraudulent practices by recruitment agencies. This may involve establishing mechanisms for migrant workers to lodge complaints and seek redress. Public job matching service under Korea's EPS is considered as a transparent, equitable recruitment practice. The Australia–Papua New Guinea agreement on the Pacific-Australia Labour Mobility Program places restrictions on the role of private recruiters.

BLAs can incorporate mechanisms that would allow wages to adjust based on factors such as inflation rates, cost of living, or changes in the minimum wage in the host country. This ensures that wages keep pace with economic conditions and maintain their purchasing power over time, without the need for frequent negotiations. Some negotiated wages under BLAs have not been changed for years. For example, wages for Filipino domestic workers in Saudi Arabia have remained at about US\$400/month for years.

Countries can enhance the portability of social security benefits at both bilateral and regional levels through the negotiation and implementation of reciprocal agreements. Bilateral agreements between two countries allow for the coordination of social security systems, enabling individuals who have lived or worked in both countries to aggregate their contributions and qualify for benefits regardless of their country of residence. These agreements typically address issues such as eligibility criteria, benefit calculation methods, and procedures for transferring contributions.

³³⁷ Chilton and Woda (2021)

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Appendix 1. Categorizations of countries in EAP

Table A - 1: Destination, origin, and Pacific Island economies

Destination	Origin	Pacific Island countries
Australia	Cambodia	Fiji
Brunei Darussalam	China	Kiribati
Hong Kong SAR, China	Indonesia	Marshall Islands
Japan	Lao PDR	Micronesia, Fed. Sts.
The Republic of Korea	Mongolia	Nauru
Macao/Macau SAR, China	Myanmar	Niue
Malaysia	The Philippines	Palau
New Zealand	Timor-Leste	Papua New Guinea
Singapore	Viet Nam	Samoa
Thailand		Solomon Islands
		Tonga
		Tuvalu
		Vanuatu

Notes: The categorization of destination and origin economies is primarily based on net immigration rates. Net immigration economies are categorized as destination while net origin economies are categorized as origin. For Hong Kong SAR, China and Macao/Macau SAR, China, immigration includes immigration from China.

Table A - 2: Aging and labor abundant economies

Aging	Labor abundant
Australia	Cambodia
Brunei Darussalam	Fiji
China	Kiribati
Hong Kong SAR, China	Lao PDR
Indonesia	Marshall Islands
Japan	Micronesia, Fed. Sts.
Korea	Mongolia
Macao/Macau SAR, China	Nauru
Malaysia	Niue
Myanmar	Papua New Guinea
New Zealand	The Philippines
Palau	Samoa
Singapore	Solomon Islands
Taiwan, China	Timor-Leste
Thailand	Tonga
Viet Nam	Tuvalu
	Vanuatu

Notes: The categorization of aging and labor abundant economies is based on the change in the share of the working age population aged 15-64 between 2022 and 2050. Economies with a negative change (i.e. a declining share of the working age population) are categorized as aging ones, while those with a positive change (i.e. an increasing share of the working age population) are categorized as labor abundant ones.

Appendix 2. Migration systems in EAP

Table A - 3: Low-skilled labor migration systems

Migration policies	Australia	Japan	Republic of Korea	Malaysia	New Zealand	Singapore	Thailand
Visa/ labor migration scheme	Work visa scheme Temporary Work (International Relations) visa (subclass 403) Pacific Australia Labour Mobility stream	Work visa scheme Specified skilled worker (i) / (ii)	Employment permit system Non-professional employment visa (E-9)	Work permit system Visitor's Pass (Temporary Employment)	Work visa scheme Recognised Seasonal Employer Limited Visa	Work permit system Work Permit for Migrant Worker/Migrant Domestic Worker	Work permit system Section 64 Border Pass
Objectives	To address labour shortage To work in specific circumstances that improve the country's international relations To enable skills development and income support in home countries	To address labour shortage in specified industry fields To improve the country's international relations	To address labour shortage in SMEs To protect the rights of foreign workers To encourage migrants to return home after their permits expire	To address labour shortage in approved sectors To reduce clandestine or irregular migration To protect the rights of foreign workers	To address labour shortage in the horticulture and viticulture industries To work in specific circumstances that improve the country's international relations	To address labour shortage in certain sectors To protect the rights of foreign workers	To allow nationals of countries that share a land border to enter on a temporary basis or for seasonal work at a specified location To prevent irregular migration To encourage migrants to return home after their work permits expire
Temporary labour migration	√	√	√	√	√	√	√
Contract duration	Short-term: up to 9 months Long-term: 1-4 years	(i): 4-12 months, renewable up to 5 years (ii): 6 months or 1-3	Departure guarantee insurance; Return cost insurance Three years, renewable and possible re-entry	Security deposit (Bank/Insurance guarantee) 12 months, renewable up to 5 years	Employer must post a security bond (\$4,000) per worker 7-9 months	Worker contribution to a repatriation fund 2 years, renewable	2 years, renewable once

Migration policies	Australia	Japan	Republic of Korea	Malaysia	New Zealand	Singapore	Thailand
		years, no stay limit on renewable basis					
Regulation over inflows	Nationality restrictions (Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, Vanuatu)	Sector-specific skill exam and language proficiency test	Annual quota by industry	Quota approval by Ministry of Foreign Affairs	Annual quota of 19,500	Sector-specific quota based on dependency ratio ceiling (DRC)	Nationality restrictions (Myanmar, Cambodia, Lao PDR, and Viet Nam)
	Sponsored by a Temporary Activities Sponsor, that is approved by the Department of Employment and Workplace Relations	Signed employment contract with an Accepting Organization	Employers apply for permits at job centres after demonstrating efforts to fill available positions with Korean workers first; then foreign workers are recommended from a prequalified job seekers roster	Sector-specific levy payment	Must have a job offer from a Recognised Seasonal Employer before applying	Sector-specific levy payment (Tiered)	Prior permission of the authorised agencies in the respective countries; a list of selected applicants is provided for the prospective employer's consideration
		Application for Certificate of Eligibility	Signed standard labour contract	Nationality restrictions (15 countries, by sector)	Employers can usually only employ workers who are from eligible Pacific nations except in special circumstances	Nationality restrictions (14 countries, by sector)	Signed employment contract
		Nationality restrictions (12 countries)					
Employment process	Direct employment by an employer or through the origin country's work-ready pool; Online application submitted by applicant	Direct employment by an employer; Indirect employment through private employment agencies	Managed by both sending and receiving governments; Employer apply for a Certificate of Confirmation of Visa Issuance (CCVI) before worker can apply for a work visa	Direct employment by an employer, indirect employment through recruitment agencies	Direct employment by an employer or through the origin country's work-ready pool; Indirect employment through a licensed Pacific agent	Direct employment by an employer, indirect employment through employment agency (EA)	Private recruitment companies/Brokers

Migration policies	Australia	Japan	Republic of Korea	Malaysia	New Zealand	Singapore	Thailand
			at the Korean Embassy in their country of origin				
Labour protection	Application of labour standards (e.g. accommodation standards, work hours, wellbeing of workers) and Assurance Protocol for workplace exploitation	Application of labour standards (e.g. minimum wage, statutory working hours)	Equal treatment between natives and migrants	Application of labour standards (e.g. minimum wage)	Minimum hourly wage of \$25.47 for at least 30 hours of work	Strict enforcement of labour standards (e.g. cap on employment agency fee paid by foreign worker)	National labour standards for both natives and migrants (e.g. wage and other benefits)
	Health insurance	National Pension	Casualty insurance; Industrial Accident Compensation Insurance	Foreign Worker Compensation Scheme (FWCS)/Employment Injury Scheme	Financial assistance for work-related injuries through the Accident Compensation Corporation (ACC)	Medical insurance	Health insurance
	Ongoing support from employer, PALM scheme support service line, and country liaison officers Employer contribution to initial mobilisation costs (e.g. visa, flights) Access to Family Tax Benefits, Child Care Subsidy and Medicare (under the PALM Family Accompaniment Pilot)	Industrial Accident Compensation Insurance	Employment insurance; Guarantee insurance	Health Insurance Protection Scheme for Foreign Workers (SPIKPA)	Ongoing support from employer and the Ministry of Business, Innovation and Employment	Work Injury Compensation Act (WICA)	Savings fund contribution
		Health insurance	National Pension	Housing	Employer contribution to mobilisation costs (e.g. flights)	Housing	
			Health insurance		Medical insurance		

Migration policies	Australia	Japan	Republic of Korea	Malaysia	New Zealand	Singapore	Thailand
Social integration	Pre-departure briefing; arrival briefing; connections to community and culturally relevant groups.	Pre-departure orientation; Further support on language, accommodation, transportation etc. by a registered support organization	Employment training module (minimum 20 hours) after arrival		Pre-departure orientation; Information booklet (Get ready pack)	Foreign Worker Settling-in Programme (FW SIP); recreation centres and other resources for health and well-being	
Change of status	Employer-specific	Transferable to other employers	Transferable to other employers	Employer/job-specific and non-transferable	Employer-specific	Employer/job-specific and non-transferable	Employer-specific
Return			Happy Return Programme: Offering vocational training, pre-return recruitment services, job matching assistance, administrative support for insurance benefit claims, and community networking services				
Change of visa/work permit category	No	√	√	No	No	No	No
Pathway to residency	No	Mixed, for SSW(ii)	No	No	No	No	No

Table A - 4: High-skilled labor migration systems

Migration policies	Australia	Japan	Korea	Malaysia	New Zealand	Singapore (i)	Singapore (ii)	Thailand
Visa/ labor migration scheme	Work visa scheme Skilled Employer Sponsored Regional (Provisional), Skilled Regional (Provisional), Skilled Work Regional (Provisional), Temporary Skill Shortage, Temporary Graduate, Temporary Work (Short Stay Specialist)	Work visa scheme Highly Skilled Professional Visa, Working Visa, Working Visa (Skilled Labor), J-Skip	Work visa scheme Professionals, including Professor (E-1), Foreign Language Instructor (E-2), Researcher (E-3), Technical Instructor/Technician (E-4), Professional (E-5), Cultural and Sports (E-6), Designated Professionals (E-7)	Employment pass Employment Pass (Category I and II), Residence Pass-Talent (RP-T)	Work visa scheme Post Study Work Visa	Employment pass Personalised Employment Pass, Overseas Networks & Expertise Pass (ONE), Tech.Pass	Employment pass Employment Pass, S Pass	Work visa scheme SMART – Talent/Executive, Long-Term Resident (LTR) – Highly-skilled Professional/Remote Worker
Objectives	To address labour shortage within specific region/position To allow international students to live and work temporarily after finishing studies To encourage highly specialised skills, knowledge or experience that can help local business	To encourage the employment of high-skilled foreign professionals in certain fields To ease visa processing and enable flexible conditions of stay under the preferential immigration treatment	To allow foreigners to engage in professional work and activities	To allow foreigners to engage in professional work and activities	To allow international students to live and work temporarily after finishing studies To enable students to contribute to the local economy and society	To attract high-earning foreign professionals, top talents, and established entrepreneurs/experts across sectors To offer greater flexibility and boost innovation in the country	To allow foreign professionals, managers, executives, and other skilled workers to engage in employment To promote fair employment practices and improve labour market transparency	To enhance the country's attractiveness as a regional hub for high-potential foreigners To attract foreign talented residents in contributing to economic growth To ease process and regulations concerning recruitment of foreign experts
Temporary labour migration	√	√	√	√	√ Financial proof (at least NZD\$5,000)	√	√	√

Migration policies	Australia	Japan	Korea	Malaysia	New Zealand	Singapore (i)	Singapore (ii)	Thailand
Contract duration	Varies, between 3 months – 5 years	Varies, between 3 months – 5 years	1-2 years	1-5 years	1-3 years	2-5 years	2-5 years	1-10 years
Regulation over inflows	Labour market testing; employer nomination/sponsorship Quota subjected to labour agreement, developed between the Australian Government (represented by the Department) and employers Relevant skills assessment and English proficiency exam	Points-based system Application for Certificate of Eligibility Minimum salary requirement	Letter of recommendation/97upernua by relevant organisation Application for Certificate of Confirmation of Visa Issuance (CCVI) Certificate/License must be authenticated by relevant Department/Agency Employment contract	Labour market testing (Exemptions apply) Employer apply for Expatriate Post from relevant government agency Minimum salary requirement Employment contract	Within 3-6 months after completing studies in New Zealand	Letter of recommendation/Employment contract Minimum conditions on past employment and/or education certificates Minimum salary requirement	Labour market testing through the Fair Consideration Framework (FCF) Points-based Complementarity Assessment Framework (COMPASS); Self-Assessment Tool (SAT) Minimum salary requirement Verification proof required for post-secondary diploma and above qualification	Letter of qualification endorsement by relevant government agency Minimum level of education, work experience, and position in targeted fields Minimum salary requirement Employment contract with specified institutes
Employment process	Direct employment by an employer, through sponsorship/nomination	Direct application at the Embassy/Consulate with submission of necessary documents	Direct employment by an employer; Application made electronically or via Diplomatic Office	Direct application by employer via the Immigration Department's portal	Direct application by individual, either online or on paper through the Immigration Department	Direct application by individuals; Indirect application by appointed employment agency or employer	Direct employment by an employer, or indirect employment through an appointed employment agency	Direct employment by an employer, or indirect through certified agency (CA); Online application via the Board of Investment (BOI) website
Labour protection	Equal treatment between natives and migrants through the Fair Work Ombudsman (FWO) and Assurance Protocol for	Application of labour standards (e.g. minimum wage, statutory working hours)	Equal treatment between natives and migrants	Equal treatment between natives and migrants	Worker Protection (Migrant and Other Employees) Act 2023	Resources including the Singapore Global Network, EDB Connections Concierge	Strict enforcement of labour standards based on the Employment of Foreign	Health insurance coverage at least USD\$50,000; or social security contribution; or USD\$100,000 bank deposit

Migration policies	Australia	Japan	Korea	Malaysia	New Zealand	Singapore (i)	Singapore (ii)	Thailand
	workplace exploitation						Manpower Act (EFMA)	
	Minimum pay rates based on occupation	National Pension	National Pension	Employer contribution to social security scheme by SOCSO	Accident Compensation Corporation (ACC)		Sector-specific quota based on dependency ratio ceiling (DRC) and levy requirement (only S Pass)	17% flat rate for personal income tax
	Health insurance	Industrial Accident Compensation Insurance	National Health Insurance	Private health insurance	Publicly funded health services		Medical insurance (mandatory for S Pass)	
	Departing Australia Superannuation Payment (DASP)	Health insurance		National Pension under EPF (optional)				
Social integration								
Change of status	Transferable to other employers, except for Temporary Work	Transferable to other employers, through Change of Status of Residence application	Employer/job-specific and non-transferable	Employer-specific	Transferable to other employers, but job-specific if qualification is non-degree or below	Transferable to other employers	Employer-specific	Employer-specific; Transferable with condition (i.e. New company is endorsed under targeted industry)
Return								
Change of visa/work permit category	Mixed, only for Skilled Employer Sponsored Regional and Skilled Work Regional	√	√	√	√	√	√	√
Pathway to residency	Mixed, only for Skilled Employer Sponsored Regional and Skilled Work Regional	√	√	√	√	√	√	√

Table A - 5: Migration systems governing out-migration in origin countries

	Philippines	Viet Nam	Indonesia	Lao PDR	Cambodia	Myanmar	Mongolia	Timor-Leste	Tonga
Migration framework/policies/laws	Migrant Workers and Overseas Filipino Act 1995	2006 Law on Overseas Workers; 2021 Decree for Vietnamese employees working abroad under contracts	Law Number 18 of 2017 on Protection of Indonesian Migrant Workers; Regulation Number 10 of 2020 on Procedures for Placement of Indonesian Migrant Workers	2013 Labor Law; 2020 Decree no. 245 on Placement of Lao Workers to Work Abroad; 2022 Ministerial Agreement no. 1050 on the Management of Employment Service Enterprise	2011 Sub-Decree no. 190 on the Management of the Sending of Cambodian Workers Abroad through Private Recruitment Agencies; 1995 Sub-Decree no. 57 on Sending Khmer Migrants to Work Abroad; Policy on Labour Migration for Cambodia 2019-2023	1999 Law Relating to Overseas Employment	2022 Law of Mongolia on Labor Force Migration (Revised)	National Employment Strategy 2017-2030; Bilateral cooperation agreements (Australia's SWP and PALM; the Republic of Korea's EPS)	Bilateral cooperation agreements (e.g. New Zealand's RSE, Australia's SWP and PALM)
Migration as part of development strategies?					√	2024 military ban on men applying to work abroad	√	√	
Policy objectives	Migration part of medium-term economic development plan	Encourage labor exports to high-income markets and protect the legal rights and interest of workers working abroad	Promote equal job opportunities and supply of labour that is in accordance with the national interest; Protect migrant workers and their family from human rights violation	Promote employment abroad; Enhance protection for workers and better regulate recruitment agencies sending workers abroad	Strengthening labour migration governance framework; Protection and promotion of the rights of migrant workers; Harnessing labour migration to maximise social and	Enable seeking & securing overseas employment systematically and protect the rights and privileges of workers; Enable the systematic utilization of human resources of the State as	Regulate the relations with regard to the employment of Mongolian citizens in a foreign country and the protection of their rights and legitimate interests	Reduce unemployment in the country and improve the country's economic growth through household income, knowledge and experience from abroad	Promote and protect the interests of citizens abroad; Encourage the flow of remittances and strengthen engagement with the Tongan diaspora

	Philippines	Viet Nam	Indonesia	Lao PDR	Cambodia	Myanmar	Mongolia	Timor-Leste	Tonga
					economic development	well as the knowledge experience and skills gained abroad.			
Government services provided to prospective migrants	Criteria for host countries to guarantee protection through a certification process		Integrated one-stop service for placement and protection (LTSA)	Labor Administration Agency to administer labor working abroad	The Ministry of Labor and Vocational Training shall seek and provide support/incentive for searching for good overseas job market	Jobseeker to register with the Department of Labour	The state administrative body may organize employment under specific agreements and memoranda of understanding	Register with the Secretariat of State for Training, Vocational and Employment (SEFOPE) database	The Ministry of Trade and Economic Development (MTED) supports the selection and preparation of workers
Private recruitment allowed?	√	√	√	√	√	√	√	√	√
Recruitment companies managed through licensing? Related regulations to incentivize good practices?	√	√	√	√	√	√	√		
	Guarantee bonds	Deposit (VND 2 billion; VND 500 million for each additional branch)	Deposit (Rp1.5 billion)	Cash security guarantee (USD\$20,000)	Guarantee money deposit (USD\$100,000)	Agency license fee (K25 million)	Minimum registered capital (not less than 300,000,000 MNT)		
Controls/penalties over recruitment firms		Licensed enterprises to directly organize the provision of overseas employment service	SIP3MI license valid for 5 years and extendable with Board (BP2MI) recommendation; Criminal provisions		Written warning; Temporary suspension or revocation of authorization	Service Agent to carry out agreed duties and undertake responsibility for obtaining in full the	License issued for 3 years; Prohibitions on certain persons to provide mediation services (including civil servant, NGO, legal		

	Philippines	Viet Nam	Indonesia	Lao PDR	Cambodia	Myanmar	Mongolia	Timor-Leste	Tonga
			to those providing inaccurate data or inappropriate placement			rights and privileges of workers	entity engaged in tourism etc.)		
Recruitment fees charged by recruitment companies to workers	No fees charged to workers	Service charge		Prohibition to charge recruitment service fees to migrant workers		Service fee determined by the Central Committee, paid to either the Department of Labour or Service Agent	Prohibition to claim from migrant workers		
		Ceiling rates for brokerage commission (if any refunded to the licensed enterprise)					Ceiling rates set by the government for expenses for preparation and training; The mediator shall be responsible for expenses on preparation/101upe rann, transportation, medical, and visa, except if borne by the host/employer		
Programs/ Measures to enhance development impact of remittances					Recruitment agencies/the Ministry shall assist workers in opening and using a personal bank account to remit money to their families	New ruling in 2023 for 25% of earnings to be sent home via approved banks		Remittance Mobilization Strategy 2022	Ave Pa'anga Pau remittance voucher; Collaboration with the government of New Zealand and World Bank to reduce remittance costs

	Philippines	Viet Nam	Indonesia	Lao PDR	Cambodia	Myanmar	Mongolia	Timor-Leste	Tonga
Migrant protection measures/ programs	Compulsory medical and life insurance for agency-hired workers	Labor supply contract must be registered with the Ministry of Labour - Invalids and Social Affairs	Prospective migrants register with the government	Authorization of the Labor Administration Agency	Authorization of the Ministry of Labour and Vocational Training (MLVT) according to the PRAKAS	Overseas Employment Supervisory Committee to coordinate with local and foreign entities to ensure proper implementation of policies and protection of workers overseas	Employment mediation agreement; Labor contract	Direct recruitment by employer/licensed agent through transparent process	Direct recruitment by employer/licensed agent through transparent process
	Contract and exit approved.	At least 1 professional staff – with experience and suitable foreign language ability – for labor management activities and orientation education	Written agreement between the government and legal entity/government in destination country	Employment contract	Contract between the recruitment agencies and MLVT; Contract between recruitment agencies and worker (Job Placement Service Contract)	Demand letter and employment contract, with workplace and accommodation details	Quarterly records on citizens working abroad submitted to the state central administrative body	Pre-departure training	Pre-departure training
	Minimum wage for domestic workers in selected destinations	Salaries, accommodation, health care, social insurance and other benefits provided as in contracts	Before Working Protection covers administrative and technical protection of employment rights, including employment contract	Access to education, healthcare, and social insurance	Recruitment agencies shall be responsible for the working conditions and living conditions, including skills, salary, benefits, health insurance, accommodation, and transport	Health insurance (depending on destination country requirement, e.g. Malaysia under Foreign Worker Compensation Scheme FWCS/Foreign Worker Hospitalization and Surgical Policy SKHPPA)	Orientation training, including general information on legislations, rights, risks, health and social insurances and social welfare measures	Same workplace rights and protection as local workers (e.g. PALM scheme covers accommodation, superannuation, health insurance, education and training opportunities)	Same workplace rights and protection as local workers (e.g. PALM scheme covers accommodation, superannuation, health insurance, education and training opportunities)

	Philippines	Viet Nam	Indonesia	Lao PDR	Cambodia	Myanmar	Mongolia	Timor-Leste	Tonga
		Regular health/medical examination when abroad	During Working Protection covers supervision and facilitation of the fulfillment of worker rights, through the Citizen Protection Portal/Sisnaker/Sisko P2MI	Pre-departure training	Pre-departure training and orientation courses	Pre-departure training and employment training (depending on destination country requirement, e.g. The Republic of Korea's minimum 20-hour employment training)			
		Overseas employment support fund	National Social Security System	National Social Security/Insurance Fund	Social Security	Migrant workers are entitled to take civil or criminal action for loss of rights and privileges			
		Pre-departure orientation	Pre-departure/Pre-work orientation	Labor Fund					
Any skills development/ training linked with migration/ overseas job matching (excluding pre-departure training)?		Training on vocational skills and foreign language prior to sending worker abroad	Access to education and job training	Skills training and certification of expertise	Language training	Training course on culture, labor law, and occupational safety in foreign country	Orientation training for employment in foreign country	National training center Becora to empower Timorese youth to compete in global job market; Skills development program in destination country (e.g. Australia's PALM scheme)	Skills development program/training in destination country (e.g. Australia's PALM scheme and New Zealand's RSE training programme Vakameasina)
Family/ guardian/ community/ district approval need to be	√ Branguay clearance		√ Parental/ spouse/ guardian clearance						

	Philippines	Viet Nam	Indonesia	Lao PDR	Cambodia	Myanmar	Mongolia	Timor-Leste	Tonga
obtained by migrants for their overseas employment									
Exit controls	Check at the airport					Exit clearance/ departure date arrangement			
Welfare Fund established for migrants	√	√					√		
Programs to support migrants to return home in adverse situations	Employer and recruiting agencies to be responsible for repatriation of overseas workers	Licensed enterprise to report and coordinate with Vietnamese diplomatic missions/consulates in foreign countries; also bear all associated expenses in the event of accident/death of worker	Safety and security protection for worker's repatriation	The Ministry of Labor and Social Welfare and Ministry of Foreign Affairs, or a representative to provide administration of labor working abroad through embassy/consulate in foreign country	Recruitment agencies shall make proper arrangements for the repatriation of workers at least 30 days prior	Labour Attaché appointed in Thailand, The Republic of Korea, and Malaysia to monitor the employment and provide necessary assistance to migrant workers facing difficulties at the destination country	Special diplomatic missions/attaches in foreign country to ensure labor rights of Mongolian citizens working abroad	Diaspora related institutions and organizations, including embassies, consulates, attaches, and Timorese communities abroad; Employers to provide advice and welfare support for repatriation	Diaspora related institutions, including regional Pacific communities, national entities, and embassies/high commissions abroad
Reintegration support programs – e.g., employment service, training, loan programs	Loan program – Land Bank	Employment support; Preferential capital for business activities	After Working Protection covers social rehabilitation and reintegration through skill improvement service		Job counselling, self-employment creation, skills recognition, and transfer of social security benefit from destination countries to Cambodia	Migrant resource center (MRC) offer reintegration support, including information on skills development and employment opportunities	Support for job creation, employment, or other opportunities in projects/programs; Financed by Employment Promotion Fund, SME Development Fund, and other special government funds	National Diaspora Engagement Policy 2023-2027	

Appendix 3. The EAP Migration Policy Database

The EAP Migration Policy Database aims to capture migration policies across a range of dimensions that govern the intake of economic migrants in selected EAP countries (Table A - 8). Given the number of visa schemes that are in place and the commonalities between them, they are grouped by the type of migrants, the objective of the migration scheme, and the type of migration, described in Table A - 6 below.

Table A - 6: The types of migrants, objectives, and types of migration used to classify migration schemes

Type of migrants	Objective	Type of migration
General This refers to visa schemes that are not specific to a skill level	Labor shortage This refers to the objective of using migration to fill labor shortages	Temporary This refers to temporary migration schemes
High-skilled This refers to visa schemes for high-skilled workers, typically specified based on occupation and income	Economic dynamism This refers to the objective of using migration to spur the economy, typically targeting high-skilled workers such as digital nomad visas	Permanent This refers to permanent migration schemes, that is those that are direct pathways to permanent residency
Semi-skilled This refers to visa schemes for semi-/mid-skilled workers, typically specified based on occupation and income	Job search This refers to visas that allow migrants to enter the country to search for jobs, and typically requires them to apply for another visa once a job has been obtained	
Low-skilled This refers to visa schemes for low-skilled workers, typically specified based on occupation and income	Nation-building This refers to visas that target workers from specific countries, such as visas for workers for Pacific Island countries to work in Australia and New Zealand	
Special entry This refers to visa schemes for specific categories of workers, such as digital nomad visas and care worker visas		

The dimensions of migration policy included in the database include: (1) entry barriers, (2) conditions of stay and residence, and (3) welfare measures. These are elaborated in Table A - 7 **Error! Reference source not found.**

Table A - 7: Dimensions of migration policy included in the database

Measures	Description
Entry barriers	
Economic needs test	Do firms need to advertise vacancies or request for permission from relevant authorities or provide sponsorship to hire migrant workers?

Measures	Description
Quota	Is there a maximum number of migrant workers allowed per sector or per firm?
Industry restrictions	Are there any industry restrictions for hiring migrant workers (i.e. only certain industries are allowed to hire migrant workers)?
Age restrictions	Are there any age restrictions for migrants?
Medical test prior to entry	Is passing a medical test required prior to arrival?
Language test prior to entry	Is passing a language test required prior to arrival?
Education/qualification requirements	Are there any explicit education, qualification, and work experience requirements stated for migrants?
Employment contract prior to entry	Is an employment contract required prior to entry?
Minimum salary earned	Is there a minimum salary tied to the job within a visa category?
Minimum savings	Is there a minimum level of savings required to be eligible for the visa category?
Source country restrictions	Are there any restrictions on the source countries for migrants (i.e. only workers from selected countries are permitted to immigrate)?
Technical skills test prior to entry	Is a technical skills test required prior to entry?
Conditions of stay and residence	
Maximum duration specified	Is there a maximum stay duration specified for migration?
Possibility of visa extension/renewal	Can the visa be extended or renewed?
Possibility to change visa category in destination country	Is it possible for a migrant to change their visa category while in the destination country (for example, from a student visa to a working visa, or from a low-skilled visa to a high-skilled visa)?
Pathway to residency	Does the visa provide a pathway to permanent residency?
Pathway to citizenship	Does the visa provide a pathway to citizenship?
Welfare measures	
Employer change restrictions	Are migrant workers able to change employers in the country?
Unemployment benefits	Are migrant workers entitled to unemployment benefits?
Social security benefits	Are employers required to provide social security benefits for migrant workers?
Accompaniment by family members	Are migrant workers allowed to be accompanied by their family members (i.e. spouse, children, or parents)?
Employment of family members	If migrant workers can be accompanied by family members, are the family members allowed to work?
Access to public healthcare	Do economic migrants have access to public healthcare?
Application of minimum wage	Does the minimum wage (if it exists) apply for migrant workers?

The characteristics of the migration policies presented in Table A - 7 are then assessed using a thorough desk review of the policies, mostly through an online search conducted in March-April 2024. Whenever possible, official websites of the immigration departments or ministries of the respective countries are used as the main source of information. The Migration and the Law Database (MatL) focusing on economic migrants, produced by the Global Knowledge Partnership on Migration and Development (KNOMAD) was used as the main source of information for several dimensions, namely the application of minimum wage, access to public healthcare, social security as well as unemployment benefits. In other cases, the MatL

was used when alternative sources of information were not available such as employment of family members and pathway to residency or citizenship.

Based on the desk review, the characteristics of migration policy were coded as “Yes”, “No”, “Mixed”, or “Not applicable”. These codes are direct responses to the questions presented in Table A - 7 under the “Description” column. The “Mixed” response is applied when there are conditionalities placed (including in the MatL), or when different migration schemes grouped together have different characteristics. An active effort is made to ensure that there are limited “Mixed” responses resulting from the grouping of the migration schemes, and the majority of characteristics of migration policy were coded as “Yes” or “No”. Depending on the characteristic, either “Yes” or “No” is considered the “most restrictive” or “least restrictive” response. For example, for the economic needs test, “Yes” is considered the “most restrictive” response, while for the possibility of visa extension/renewal, “Yes” is considered the “least restrictive” response.

Table A - 8: List of economies and migration schemes included in the database

ECONOMY	VISA SCHEME
AUSTRALIA	<ul style="list-style-type: none"> • Skilled Nominated (subclass 190) • Skilled Regional (subclass 887) • Skilled Independent (subclass 189) • Employer Nomination Scheme (subclass 186) • Regional Sponsored Migration Scheme (subclass 187) • Permanent Residence (Skilled Regional) (subclass 191) • Skilled Employer Sponsored Regional (Provisional) (subclass 494) • Skilled Regional (Provisional) (subclass 489) • Skilled Work Regional (Provisional) (subclass 491) • Temporary Skill Shortage (subclass 482) • Temporary Graduate (subclass 485) • Temporary Work (Short Stay Specialist) (subclass 400) • Global Talent (subclass 858) • Working Holiday (subclass 417) • Pacific Engagement Visa (PEV) (subclass 192) • Special Category (subclass 444) • Temporary Work (International Relations) visa (subclass 403) Pacific Australia Labour Mobility stream
CAMBODIA	<ul style="list-style-type: none"> • E-class (EB, EP, EG, ET)
CHINA	<ul style="list-style-type: none"> • Talent (R-visa) • Work (Z-visa)
FIJI	<ul style="list-style-type: none"> • Long Term Work Permit • Short Term Work Permit • Work Permit for Non-Citizen Skilled Contracted Workers • Work Permit Under Religious or Education • Work Permit Application for Overseas Employers & Secondments • Work Permit Application for Non-Government Organisations (International/Regional)

ECONOMY	VISA SCHEME
	<ul style="list-style-type: none"> • Authority to Work or Study while on a Visitors Permit • Business on Visitor Permit
HONG KONG SAR, CHINA	<ul style="list-style-type: none"> • General Employment Policy (GEP) • Immigration Arrangements for Non-local Graduates (IANG) • Top Talent Pass Scheme • Quality Migrant Admission Scheme • Technology Talent Admission Scheme (TechTAS) • Admission Scheme for Mainland Talents and Professionals (ASMTP) • Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents • Enhanced Supplementary Labour Scheme • Foreign Domestic Helpers • Working Holiday Scheme • Special Scheme to Import Care Workers for Residential Care Homes • Sector-specific Labour Importation Schemes
INDONESIA	<ul style="list-style-type: none"> • Foreign Worker Utilization Plan (<i>Rencana Penggunaan Tenaga Kerja Asing</i>, RPTKA) • Limited Stay Permit (<i>Kartu Izin Tinggal Terbatas</i>, KITAS/ITAS) • Bali Remote Worker Visa (E33G) • Visitor Visa (B211A)
JAPAN	<ul style="list-style-type: none"> • Highly Skilled Professional (J-Skip) • Working Visa • Working Visa (Skilled Labor) • Working Visa (Nursing Care) • Specified Visa: Designated Activities (Future Creation Individual, J-Find) • Working Visa: Specified Skilled Worker (i) / (ii) • General Visa: Technical Intern Training (i) (a)/(b) • Working Holiday Programme
THE REPUBLIC OF KOREA	<ul style="list-style-type: none"> • Special talent (F-5-11) • Professional, including Professor (E-1), Foreign Language Instructor (E-2), Researcher (E-3), Technical Instructor/Technician (E-4), Professional (E-5), Cultural and Sports (E-6), Foreign National of Special Ability (E-7) • Job Seeker (D-10-1) • Employment Permit System (General E-9) • Employment Permit System (Special Case H-2) • F-1-D Workation Visa • Working Holiday (H-1) • Short-term Employee (C-4)
LAO PDR	<ul style="list-style-type: none"> • Labor Visa (LA-B2) • Expert Visa (E-B2)
MALAYSIA	<ul style="list-style-type: none"> • Employment Pass (Category I, II, III) • Resident Pass-Talent (RP-T) • Visitor's Pass (Temporary Employment)

ECONOMY	VISA SCHEME
	<ul style="list-style-type: none"> • Professional Visit Pass (De Rantau Nomad Pass) • Social Visit Pass (PLS@XPATS) • Returning Expert Programme (REP)
MONGOLIA	<ul style="list-style-type: none"> • Employment Visa (HG) • Sector-specific (C1-C11)
MYANMAR	<ul style="list-style-type: none"> • Employment Visa • Journalist Visa
NEW ZEALAND	<ul style="list-style-type: none"> • Skilled Migrant Category Resident Visa • Care Workforce Work to Residence Visa • Straight to Residence Visa • Transport Work to Residence Visa • Work to Residence Visa • Post Study Work Visa • Accredited Employer Work Visa • Recognised Seasonal Employer Limited Visa • Supplementary Seasonal Employment Work Visa • Samoan Quota Resident Visa • Pacific Access Category Resident Visa (for Fiji, Kiribati, Tuvalu, Tonga) • Pitcairn Islander Resident Visa • South Island Contribution Resident Visa • China Skilled Workers Visa • Thai Chefs Work Visa • Japanese Interpreters Work Visa • Special Work Visa (China, Indonesia, Philippines, Republic of Korea, and Viet Nam) • Global Impact Work Visa • Work Exchange Scheme • Singapore Work Exchange Programme • Working Holiday Visa • Talent (Arts, Culture, Sports) Work Visa • Religious Worker Work Visa • Specific Purpose Work Visa • Entertainers Work Visa • Sports Events Visitor Visa • Short-term Entertainment Act Visitor Visa • Arts and Music Festival Visitor Visa • Academic Visitor Visa • Visiting Media Visitor Visa • Student and Trainee Work Visa
PAPUA NEW GUINEA	<ul style="list-style-type: none"> • Working Resident Visa: Employment, Consultant/Specialist, Short-Term Employment • Business Visa: Restricted Employment Visa (REV) • Special Exemption Visa: Foreign Officials (Short/Long-Term), Research Academic, Religious Worker, Medical Worker

ECONOMY	VISA SCHEME
	<ul style="list-style-type: none"> • Journalist Visa
PHILIPPINES	<ul style="list-style-type: none"> • Pre-Arranged Employee Visa (9G): Commercial/Non-Commercial • Special Employment Visa for Offshore Banking Unit • Special Non-Immigrant Visa
SINGAPORE	<ul style="list-style-type: none"> • Personalised Employment Pass (PEP) • Overseas Networks & Expertise Pass (ONE) • Tech.Pass • Employment Pass • S Pass • Work Permit for Migrant Worker • Work Permit for Migrant Domestic Worker • Training Work Permit • Work Holiday Pass (under Work Holiday Programme / Work and Holiday Visa Programmes) • Work Permit for Confinement Nanny • Work Permit for Performing Artiste • Miscellaneous Work Pass
TAIWAN, CHINA	<ul style="list-style-type: none"> • Employment Gold Card • Employment Pass Card • Visitor Visa for Employment-Seeking Purpose • Working Holidays Scheme
THAILAND	<ul style="list-style-type: none"> • Non-Immigrant Visa (B) (To Work/Teaching) • SMART Visa • Long-Term Resident (LTR) • Section 64 Border Pass (Myanmar, Cambodia, Lao PDR, and Viet Nam) • Non-Immigrant Visa (M) for Media & Film Crew Visa • Non-Immigrant Visa (R, R-A) for Religious Activities
TIMOR-LESTE	<ul style="list-style-type: none"> • Work Visa (VTB)
VIET NAM	<ul style="list-style-type: none"> • Foreign Workers/Working Visa (LD)

Appendix 4. Policy scenarios using the adapted Global Integrated Monetary and Fiscal Model

This appendix documents the adapted version of the Global Integrated Monetary and Fiscal model (GIMF) and illustrates the potential impact of migration and investment scenarios for Japan using GIMF. The analysis studies the conditions needed for immigration and investment policy to raise growth and stabilize debt dynamics. The analysis and simulations highlight the high uncertainty of the demographic problem and scale required to address it.

Adapted version of GIMF

GIMF is a multiregion dynamic stochastic general equilibrium (DSGE) model developed by the Economic Modeling Division of the International Monetary Fund (IMF) for policy and scenario analysis (Kumhof et al. 2010). This analysis adapted a version of the model that incorporates elements to be able to evaluate the macroeconomic impact and management of aging. An important aim is to be able to examine the impact of aging on different sectors of the economy (both tradable and nontradable), and the types of ways technology, migration, and labor market policies can support the decline in the working-age population—while maintaining macroeconomic consistency using GIMF. There are numerous links and assumptions made in GIMF and its structure is complex. Thus, its application for this type of analysis is meant to be illustrative to help think through the macroeconomic implications of certain policies via scenario analysis.

In the core GIMF structure, households and firms adhere to classical optimization principles, incorporating model-consistent and forward-thinking expectations. Additionally, the model uses sticky prices and liquidity constraints on expenditures, suggesting that monetary policies and fiscal deficits have real effects. However, these effects gradually diminish as wages and prices adjust over time. Shocks within the model are transmitted via a financial accelerator mechanism, operating through procyclical shifts in asset prices and risk premiums.

The model is a three-region model. Japan plays the role of the home country with aging demographics. The Philippines plays the role of a country with younger demographics. The third region is the rest of the world. The production of goods and services uses five factors: skilled capital, skilled labor, unskilled capital, unskilled domestic labor, and unskilled foreign labor. In the context of aging, the analysis focuses on the unskilled bundle that would be relied upon to support the elderly care sector.

Skilled capital (K^S) and skilled Labor (L^S) aggregate into a skilled bundle (M^S).

$$M_t^S \frac{\xi^S - 1}{\xi^S} = (1 - \alpha_{SL}) \frac{1}{\xi^S} (A_t^{SK} K_t^S)^{\frac{\xi^S - 1}{\xi^S}} + \alpha_{SL} \frac{1}{\xi^S} (A_t^{SL} L_t^S)^{\frac{\xi^S - 1}{\xi^S}}$$

Unskilled capital (K^U), unskilled labor (L^U), and unskilled foreign labor (L^F) aggregate in an unskilled bundle (M^U).

$$M_t^U \frac{\xi^U - 1}{\xi^U} = (1 - \alpha_{UL} - \alpha_{FL}) \frac{1}{\xi^U} (A_t^{UK} K_t^U)^{\frac{\xi^U - 1}{\xi^U}} + \alpha_{UL} \frac{1}{\xi^U} (A_t^{UL} L_t^U)^{\frac{\xi^U - 1}{\xi^U}} + \alpha_{FL} \frac{1}{\xi^U} (A_t^{FL} L_t^F)^{\frac{\xi^U - 1}{\xi^U}}$$

The skilled and unskilled bundles are aggregated into tradable (M^T), nontradable elderly care (M^{NH}), and other nontradable (M^{NO}) sectors.

$$\begin{aligned}
M_t^{T \frac{\xi_{MT}-1}{\xi_{MT}}} &= (1 - \alpha_{ST}) \frac{1}{\xi_{MT}} (M_t^{UT})^{\frac{\xi_{MT}-1}{\xi_{MT}}} + \alpha_{ST} \frac{1}{\xi_{MT}} (M_t^{ST})^{\frac{\xi_{MT}-1}{\xi_{MT}}} \\
M_t^{NH \frac{\xi_{MNH}-1}{\xi_{MNH}}} &= (1 - \alpha_{SNH}) \frac{1}{\xi_{MNH}} (M_t^{UNH})^{\frac{\xi_{MNH}-1}{\xi_{MNH}}} + \alpha_{SNH} \frac{1}{\xi_{MNH}} (M_t^{SNH})^{\frac{\xi_{MNH}-1}{\xi_{MNH}}} \\
M_t^{NO \frac{\xi_{MNO}-1}{\xi_{MNO}}} &= (1 - \alpha_{SNO}) \frac{1}{\xi_{MNO}} (M_t^{UNO})^{\frac{\xi_{MNO}-1}{\xi_{MNO}}} + \alpha_{SNO} \frac{1}{\xi_{MNO}} (M_t^{SNO})^{\frac{\xi_{MNO}-1}{\xi_{MNO}}}
\end{aligned}$$

where (A) is the productivity (nonstationary) trend and ξ defines the elasticity of substitution between production inputs. α_{ST} , α_{SNH} , and α_{SNO} are shares of skilled basket input in the production of tradable goods, elderly care nontraded services and other nontradable goods and services, respectively.

The market price of skilled and unskilled capital, skilled and unskilled labor, and foreign labor are denoted RK^S , RK^U , W^S , W^U , W^F . The marginal cost of skilled and unskilled bundles are denoted by Λ^S , Λ^U and given by the following equations.

$$\begin{aligned}
\Lambda_t^{S 1-\xi_S} &= \alpha_{SL} \left(\frac{W_t^S}{A_t A_t^{SL}} \right)^{1-\xi_S} + (1 - \alpha_{SL}) RK_t^S 1-\xi_S \\
\Lambda_t^{U 1-\xi_U} &= \alpha_{UL} \left(\frac{W_t^U}{A_t A_t^{UL}} \right)^{1-\xi_U} + \alpha_{FL} \left(\frac{W_t^F}{A_t A_t^{FL}} \right)^{1-\xi_U} + (1 - \alpha_{UL} - \alpha_{FL}) RK_t^U 1-\xi_U
\end{aligned}$$

Additionally, tradable goods, elderly care nontraded services, and other nontradable goods and services are denoted by Λ^{ZT} , Λ^{ZNH} , Λ^{ZNO} and represented as follows.

$$\begin{aligned}
\Lambda_t^{ZT 1-\xi_{MT}} &= \alpha_{ST} \Lambda_t^{S 1-\xi_{MT}} + (1 - \alpha_{ST}) \Lambda_t^{U 1-\xi_{MT}} \\
\Lambda_t^{ZNH 1-\xi_{MNH}} &= \alpha_{SNH} \Lambda_t^{S 1-\xi_{MNH}} + (1 - \alpha_{SNH}) \Lambda_t^{U 1-\xi_{MNH}} \\
\Lambda_t^{ZNO 1-\xi_{MNO}} &= \alpha_{SNO} \Lambda_t^{S 1-\xi_{MNO}} + (1 - \alpha_{SNO}) \Lambda_t^{U 1-\xi_{MNO}}
\end{aligned}$$

To simplify the introduction of unskilled labor, the model assumes that only overlapping generation (OLG) households supply skilled labor, while liquidity constrained (LIQ) households supply both skilled and unskilled labor. The share of unskilled labor in LIQ households is given by λ_U . Migrants are assumed to be unskilled LIQ households.

Skilled LIQ households mimic the labor supply of OLG households.

$$L_t^S = L_t^{OLG} (1 + \lambda_U \lambda_{LIQ} / \lambda_{OLG})$$

These represent the most major modifications to the GIMF model used for this analysis. For a full accounting of the core GIMF model see Kumhof et al. (2010).

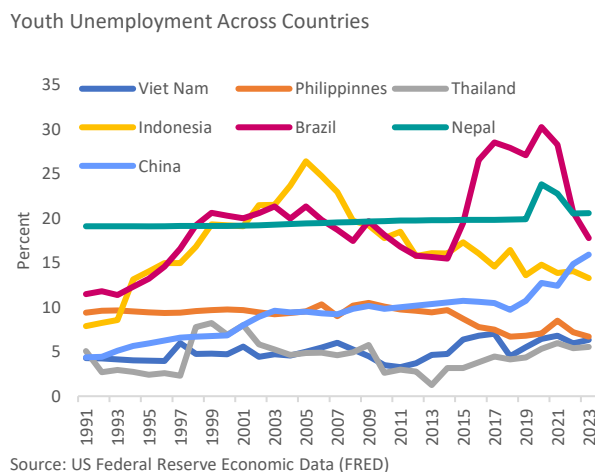
Possibilities to counteract the effects of aging and increase the policy space available

Migration

The analysis identifies the oncoming labor shortage as being concentrated in the nontradable elderly care sector, which is categorized as made up primarily of less skilled labor and associated with lower levels of productivity. Physical labor shortages in the elderly nontradable sectors would result in rising relative wages in that sector, leading to an inefficient allocation of resources toward sectors with lower levels of

productivity. Therefore, the analysis suggests that authorities should pay particular attention to boosting paths to immigration for less skilled nontradable labor. Indeed, authorities in Japan have tried to address this issue and most recently by proposing to eliminate restrictions on foreign nursing workers to provide home care services³³⁸. However, given the scale required for counteracting the oncoming demographic headwinds, such measures will likely still not be enough. Furthermore, immigration policies tend to focus on “high-skilled workers.” This focus would be helpful but not optimal. Increasing the labor force through high-skilled immigration will help raise the tax base and improve fiscal sustainability and strengthen the housing market through increased demand for housing. Such a policy, however, would likely not be the most efficient solution for either Japan or the countries from which it is pulling labor. Given that Japan’s historically low levels of immigration compared to other member countries of the Group of Seven (G7) and general reluctance to encourage migration as part of the measures to counter unfavorable demographics, Japan should target the specific skills in the area most needed for sustainability: namely, health care.

Figure D.1. Better use of resources available



There are also cross-border benefits of focusing immigration policy toward less-skilled workers that could work in the elder care sector because of the large pool of underutilized populations in prospective immigrating countries (Figure D.1). The segment of the foreign population ages 15 to 24 that Japan would ideally target under an immigration policy to avoid acute labor shortages have high levels of unemployment in their home countries. Being open and creating a path for training and productive employment in Japan in the elder care sector for this segment of the population would reduce the cost of the country of origin. Emigrating countries, such as the Philippines, would

then benefit from increased remittances while not losing part of their tax base. The model-based scenarios assume Japan pulls labor from the underutilized segment of the emigrating country, so it models under optimal conditions. Of course, if Japan were to pull labor from those already employed in their home country, the home country would still receive remittances as compensation, but the overall impact on welfare would not be as high.

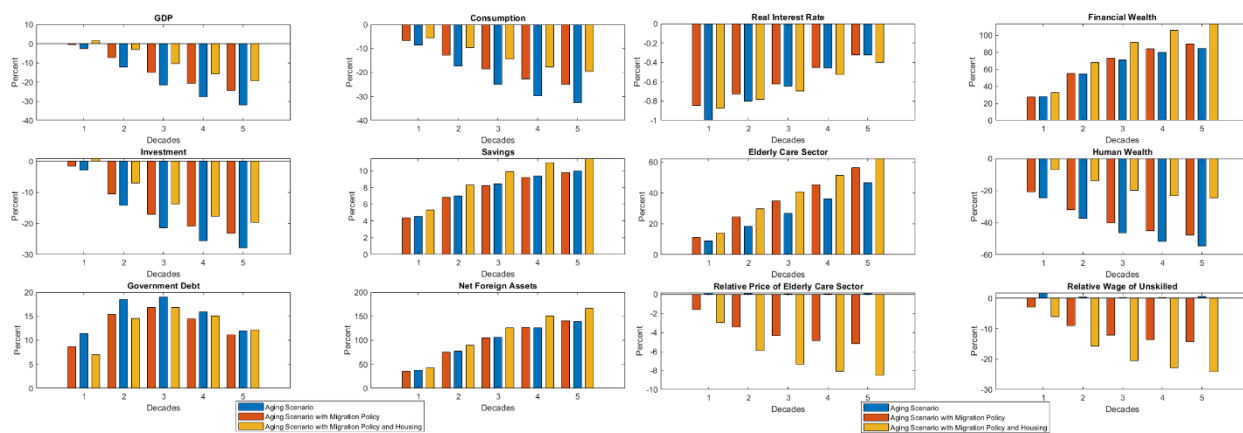
A lack of physical migration to Japan could lead to deleterious effects on the housing market. So far, the focus on mitigating demographic headwinds in Japan have focused on monetary, fiscal, and structural reforms (Abenomics), as well as a technology-centric solution to elder care. However, even if these types of reforms and productivity increases were to meet their full potential, there would still be a structural increase in the oversupply of housing as Japan ages that authorities would need to contend with. Hashimoto et al. (2020) show that population decline can have nonlinear effects on house prices and perhaps even lead to a vicious cycle once people begin to expect that house prices will decline in the future and begin listing their houses *en masse*, exacerbating the oversupply of housing and put further downward pressure on real estate prices. Given the large share that real estate accounts for in household

³³⁸ <https://english.kyodonews.net/news/2024/03/1906dc1a4af1-japan-to-ok-home-care-visits-by-more-foreign-workers-amid-shortages.html>

wealth in Japan, a change in house prices can have important implications for macroeconomic stability. In Tokyo, which has some of the more favorable demographic dynamics, Uto et al. (2023) project the value of housing assets could decline by 1.3 percent annually or about 30 percent by 2045.

The scenarios are calibrated to illustrate the benefits that migration can have on preventing house prices and consequently housing-related wealth from declining as much relative to the other scenarios under consideration (Figure D.2). Not pursuing or simply postponing a more aggressive immigration plan increases the risks of a financial crisis connected to a collapse in real estate prices that could spread through Japan’s economy. Hashimoto et al. (2020) propose various housing policy initiatives to help stabilize the housing market from a supply-side perspective. However, these policies likely pale in comparison to the effect an even a moderate increase in foreign migrants could have to help stabilize the housing market through higher demand.

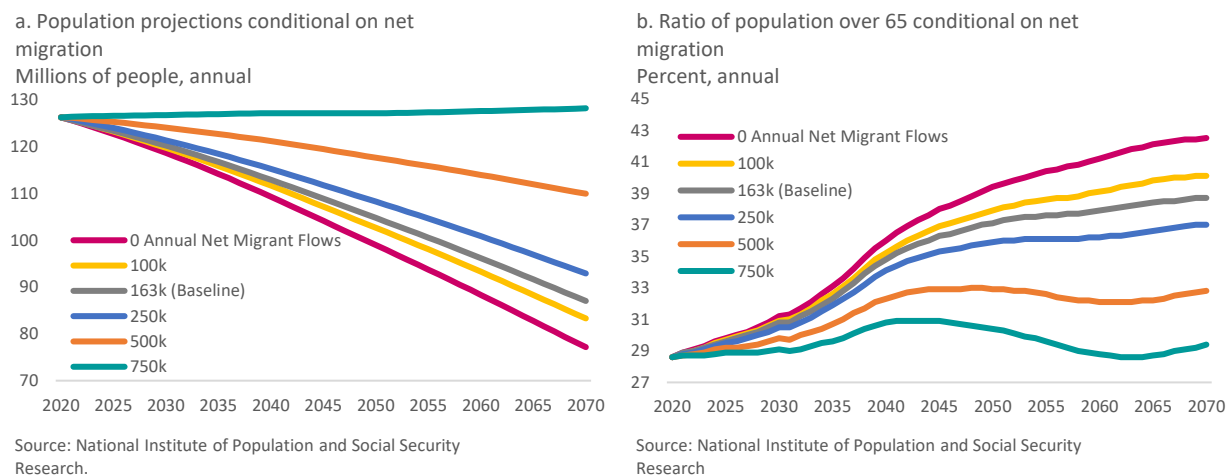
Figure D.2. Migration scenarios illustrating the housing effect



Source: World Bank, original modeling for this publication.

Migration needs to take a more prominent role in staving off demographic headwinds to better mitigate risks in sectoral specific labor shortages as well as shoring up the housing sector, which forms most household wealth in Japan. Levels of net migration had been rising before the COVID-19 pandemic, reaching net migration rise of about 183,000 in 2019. The latest United Nations population projections assume a net flow of 100,000 migrants, while the National Institute of Population and Social Security Research (NIPSSR) assumes a more optimistic figure of about 163,000, in line with recent trends. NIPSSR also provides a series of population projections conditional on alternative net migration flows annually. These projections illustrate how much migration alone can help meet the demographic challenge. The implications from the different outlooks suggest that to maintain a relatively constant population and share among working-age and 65+ population would require a net migration of about 750,000 annually: essentially, solving the demographic issue solely with a higher level of migration. Obviously, this is an extreme case, but it helps provide a benchmark for calibrating the migration scenario as do all the demographic scenarios provided by NIPSSR. Figure D.3 presents the various scenarios.

Figure D.3. Population projections conditional on net migration



The high border openness scenario assumes an annual net migration of about 375,000 (calibrated in between the 250K and 500K scenario as provided by NIPSSR). This would be the equivalent of reducing the physical labor shortage by about 40 percent (the ratio of the 65+ population rises to only 34 percent, instead of 39 percent under the baseline projection). The more modest migration scenario assumes about 250,000 net migrants, which would be equivalent of reducing the physical labor shortage by about 20 percent (the ratio of the 65+ population rises to only 36.5 percent instead of 39 percent under the baseline projection). The shock the model uses to reflect an increase in migration is an increase in the share of unskilled foreign labor as an input in the production function. Migration can come from anywhere in the world, but the model uses the Philippines as a conceptual emigrating country in the three-region setup. The Philippines is chosen to take advantage of the population pyramid dynamics, as in other prospective sources of migrants in the region.

The increase in the labor force helps offset the decline in GDP relative to the baseline aging scenario. The larger tax base improves government revenue along with the higher level of GDP, reducing the public debt-to-GDP ratio. Moreover, because the migration policy targets unskilled workers used for inputs into the elder care sector, it importantly reduces the pressure on the relative wages in the nontraded sector and improves the second-order effects on overall productivity from the misallocation of resources caused by acute labor shortages. However, an increase in the aggregate supply of the economy in the short term would possibly need some fiscal demand management if monetary policy was at the effective lower bound (ELB).

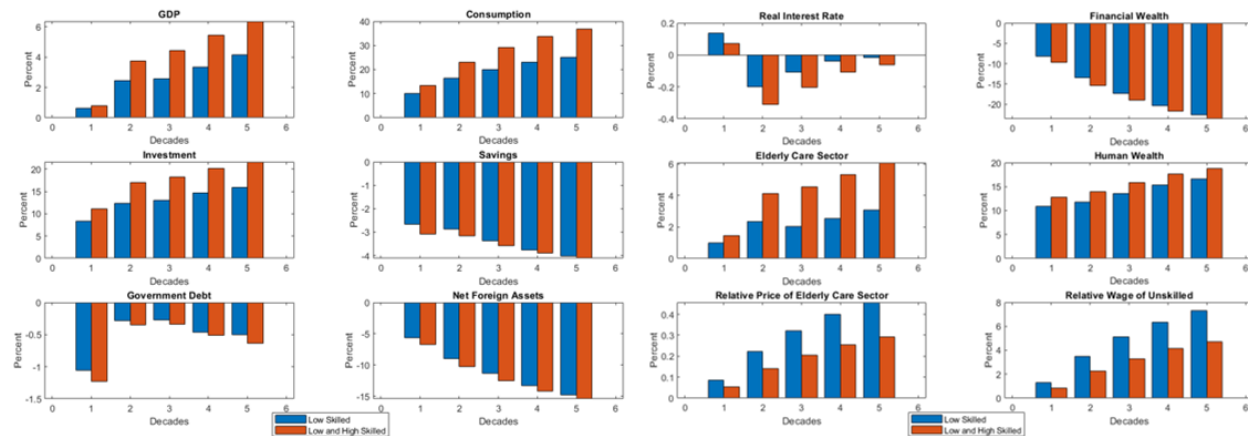
Credibility has an important impact on the efficacy of the policy reforms that are announced, as Colacelli and Corugedo (2018) highlight. For instance, a fully credible migration policy allows firms and households to react to an expected increase in potential output and respond accordingly today, instead of waiting for the policy to unfold over time. Under these circumstances, firms respond by increasing investment to build up the capital stock required to accommodate the rise in the labor force. At the same time, households increase their consumption because of the expected permanent increase in income. The combination of factors increases the policy space for monetary policy because the nominal interest rate does not need to decline by as much in the baseline.

Another scenario examines where the more modest migration scenario is delayed by 10 years. The key difference in these scenarios is that the macroeconomic benefits of migration are not felt in the first

decade and generate minor labor shortages in the elder care sector during that time. However, that is not to say that authorities should procrastinate without incurring any costs. Delaying a ramp-up in immigration, especially given the time it can take for migrants to integrate, risks the formation of acute labor shortages, creating bottlenecks and a sharp increase in the relative wages in the nontraded sector in successive decades. This would reduce GDP and constrain the ability of policy to respond to shocks. The delay scenario assumes migration ramps up in successive decades consistent with the modest migration scenario; however, the speed in which migration can catch up could be overly optimistic.

The main impact from the perspective of the country of origin (the Philippines) under the migration scenario is reflected in higher remittances, which boost output mainly through higher consumption (Figure D.4). Typically, remittances are treated as an added source of household income that is used to raise overall consumption. How much is spent on consumption is uncertain, but about 75 percent is the best estimate (Ponsot et al. 2017). This level is reflected in the main migration scenario for the Philippines. The base case scenario assumes that it is predominantly low-skilled workers who migrate. However, the model also considers an alternative of a mix of low- and high-skilled workers (67 percent and 33 percent, respectively). In this scenario, high-skilled workers can earn more in Japan relative to their low-skilled counterparts; thus, the amount of the remittances is larger in the alternative, despite factoring in that high-skilled workers tend to send a lower percentage of their income home than their low-skilled counterparts.

Figure D.4. Migration scenarios and the effect of remittances on the origin country (the Philippines)



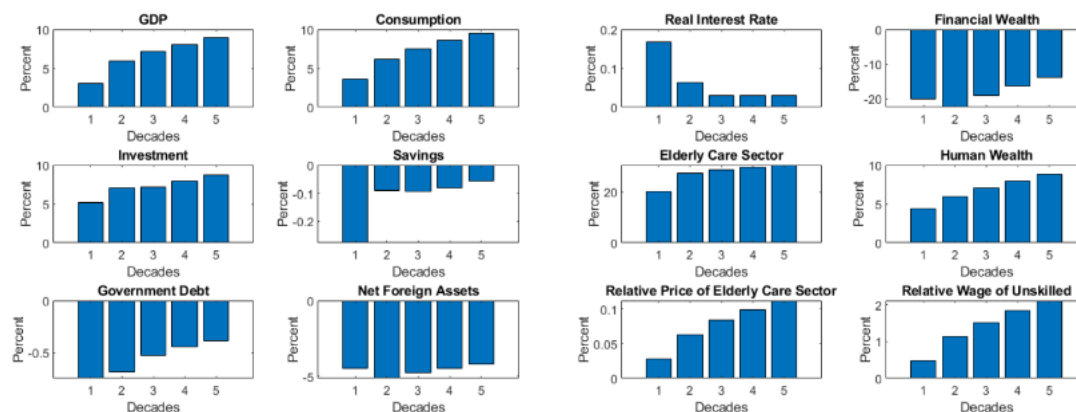
Source: World Bank, original modeling for this publication.

An alternative scenario is constructed so that a larger share of remittances is invested into education rather than consumption (50/50). This can happen naturally as the country of origin uses remittances to raise overall living standards, which in turn leads to a shift in preferences toward higher levels of education. Of course, policies could also be made to encourage higher levels of investment from remittances by improving the overall investment climate in the country of origin. The returns to education begin to be felt in the second decade of the simulation and grow modestly over time, boosting potential output.

To round out the different migration scenarios, another scenario considers the example where Japanese retirees temporarily relocate to the Philippines (Figure D.5). In this scenario, a stock of about 1 million

Japanese relocate to the Philippines for about 10 years before returning home. This could potentially help stabilize the elderly care system in Japan, with the Philippines providing health services. For the Philippines to accommodate an increase in Japanese retirees requires an increase in foreign direct investment (FDI) to build capacity to take care of an increase in elderly population. This would include retirement villages and recreational facilities tailored to Japanese standards and culture, ensuring a seamless integration of the retirees to the Philippines. The Philippines eventually benefit from a small permanent increase to potential output from stronger economic integration with Japan and greater tax income for the government.

Figure D.5. Migration scenarios and the effect of Japan retirees temporarily moving to the Philippines

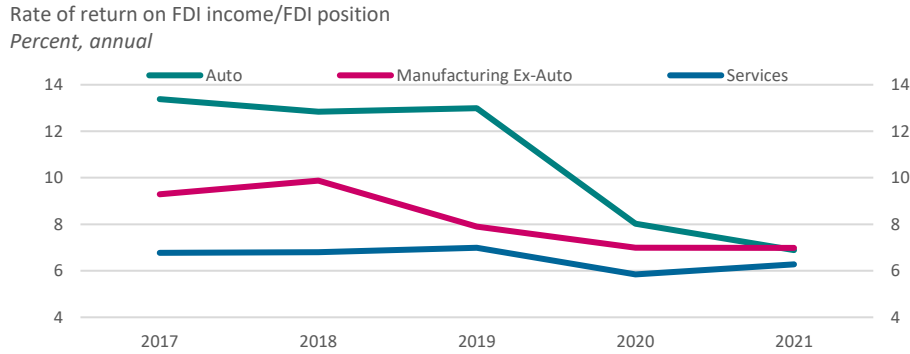


Source: World Bank, original modeling for this publication.

Foreign direct investment

FDI has been identified as another potential source that Japan can exploit to help support its demographic problem. Japan has very low FDI assets outside Japan and liabilities inside Japan relative to other G7 countries. Furthermore, Japan also experiences exceptionally high rates of return on its FDI, a simple calculation using OECD data show rates of return of about 6-7 percent across different industries (Figure D.6). Colacelli et al. (2021) also calculate high return rates and argue that the higher yields for Japan (1 percentage point) could be a result of its favorable geographical allocation of FDI into high-growth emerging markets in Asia. This argument seems plausible. Thus, the model considers emerging Asia to be a continuing source of this type of investment moving forward.

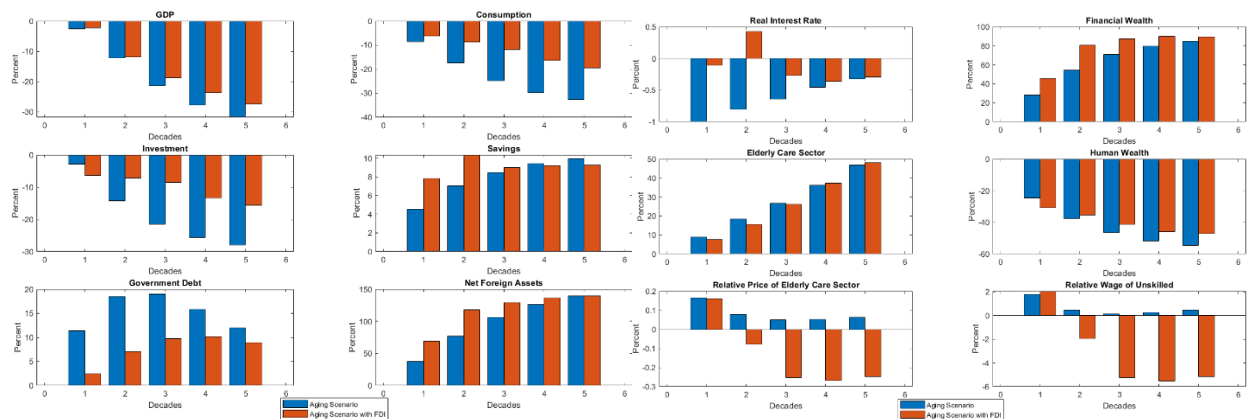
Figure D.6. Japan’s high rates of return on foreign direct investment (across industries)



Source: Organisation for Economic Co-operation and Development (OECD).

The FDI scenario assumes that Japan raises its FDI share of its net foreign asset position from 67 percent to 72 percent and receives the high rates of return it has experienced in the past (Figure D.7). The scenario captures the dynamics of Japan raising its FDI position in a country like the Philippines and establishing a production hub and recouping the high rates of return. Some of the output will flow back to Japan in the form of imported goods and services. In the case of the elder care sector, the sector could eventually exploit a similar type of setup, where the increasing importance of artificial intelligence (AI), robotics, and remote monitoring in health care could conceivably be partially outsourced abroad. This type of organization would likely be attractive and help get around some of the barriers in cultural integration such as language that have prevented more migration into Japan up until this point. Therefore, in this type of scenario, increasing FDI in a foreign country could conceivably reduce the pressure on labor markets in the home country via direct outsourcing as well as higher productivity gains from abroad. Some important dynamics to consider are that output remains relatively unchanged and domestic investment declines in the short term relative to the baseline aging scenario, while the relative interest rate rises in response to an increase in capital outflow.

Figure D.7. Illustrative FDI scenario



Source: World Bank, original modeling for this publication.

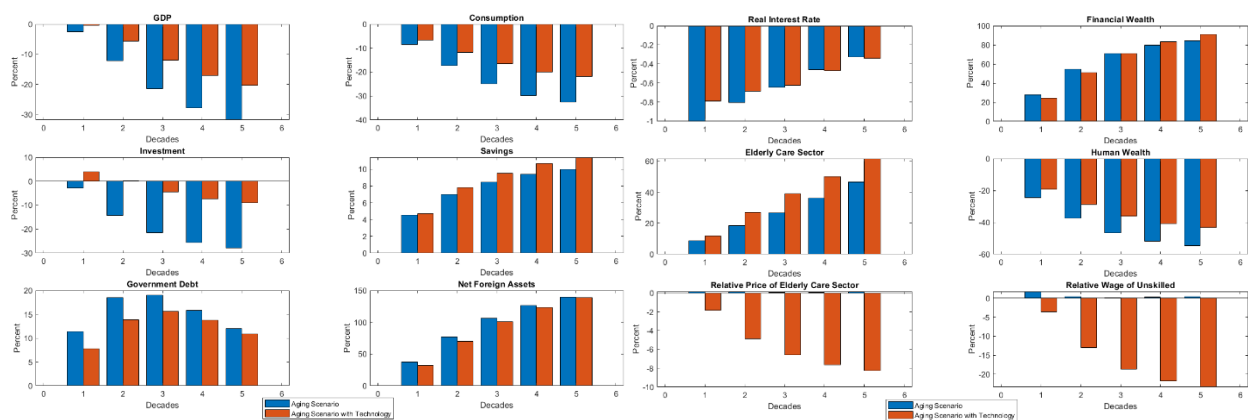
Technology

Evidence on the impact of technology on the labor market is mixed, but the model assumes that technology will be labor-augmenting or labor-saving. Acemoglu and Restrepo (2017) provide some evidence that suggests there is a trade-off between the increased use of robots and a reduction in employment. However, a cross-country study done by Graetz and Michaels (2015) finds that increased adoption of robots help raise average growth rates by about 0.4 percent, while increasing labor wages and total factor productivity. The technology scenario mainly assumes there is an elasticity of substitution of low-skilled workers, with technological advances that have labor-augmenting or labor-saving qualities.

The scenario plausibly assumes that the elasticity of substitution of technology increases productivity by 0.4 percentage points, reflecting the more optimistic analysis on the topic (**Figure D.8**). In particular, the scenario focuses on taking care of the elderly as a function of technology assisting health care workers. It draws on current examples of robots helping nurses save as much as 25 percent of their day-to-day tasks by ushering patients through the hospital and delivering medication (Min, 2023). These are the types of innovations that should not replace nurses but support their tasks. The “hidden” role that family members have in taking care of the elderly must also be recognized, and thus how technology could also be utilized to help the efficiency of high-skilled workers in this task should be considered.

The adoption of new technology is assumed to require specific investment; therefore, investment rises relative to the aging baseline scenario and contributes to lowering the price of the unskilled bundle. The final impact on the relative wage of unskilled labor could be ambiguous. The balance between productivity enhancing effects and task replacing effects is achieved by the choice of elasticity of substitution between unskilled labor and unskilled capital. In the scenario, the targeted investment for the deployment of technologies in the elder care sector help alleviate pressure on physical labor shortages and thus reduce the relative wages in the elder care sector relative to the aging baseline scenario. Of course, new technology connected to facilitators like AI that require new capital should provide an opportunity to replace the excess housing stock with more productive infrastructure such as data centers. However, increases in technological advancements do not have nearly as large an impact on protecting housing-related wealth as in the migration scenario.

Figure D.8. Illustrative technology scenario



Source: World Bank, original modeling for this publication.

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Appendix 5. Major origin and destination economies in EAP

Table A - 9: Major EAP origin countries by EAP destination (Share in the total immigrants, %)

Destination	Origin countries							
	Cambodia	China	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Viet Nam
Australia		24			6		10	10
Hong Kong, China		85	5				4	
Japan		39	3				14	17
Korea	4	57					5	13
Malaysia			62			18	6	
New Zealand		24					12	
Singapore		23	9		61			
Thailand	19	2		26		52		

Source: WDR 2023 Migration Database

Table A - 10: Major destinations by EAP origin countries (Share of emigration in destination, %)

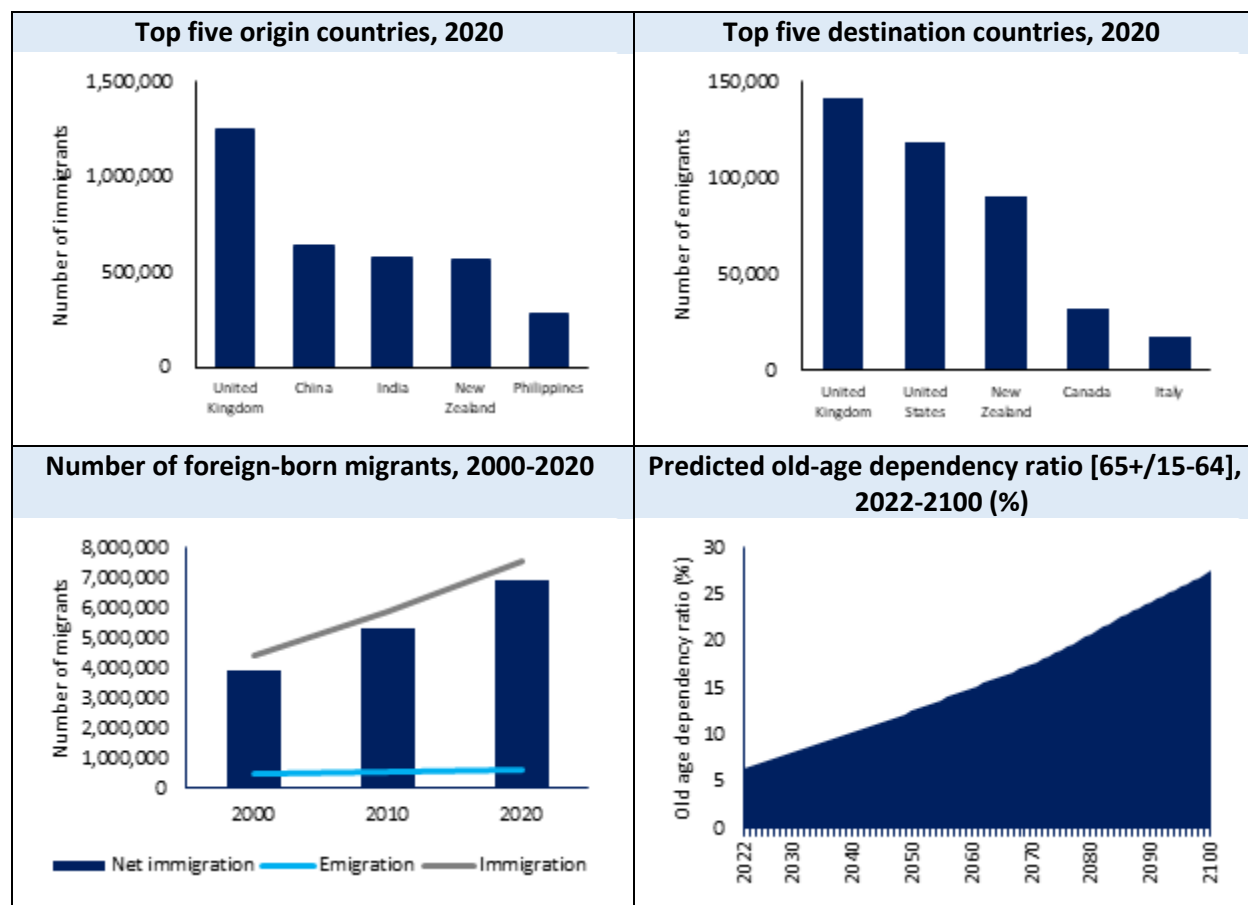
Origin	High income					Upper middle income				Lower middle income					
	Australia	Japan	Korea	New Zealand	Singapore	China	Indonesia	Malaysia	Thailand	Cambodia	Lao PDR	Philippines	Samoa	Timor-Leste	Viet Nam
Australia		5	6	77	18			9	8	4	1	5	29	28	8
Bangladesh							3	11			7				
Canada	5		7	1		9					1	11			5
Indonesia					7									60	
Japan			20			7									10
Malaysia					26		27								
New Zealand	15												55		
Saudi Arabia							37					10			
Singapore				1			3	61	5						
Korea						8			15	5					
Thailand										64	75				
UK	23			11	15			4						7	
USA	20	54	49	5	12	21		4	26	14	15	34	12		42

Source: WDR 2023 Migration Database

Appendix 6. Country pages

Australia

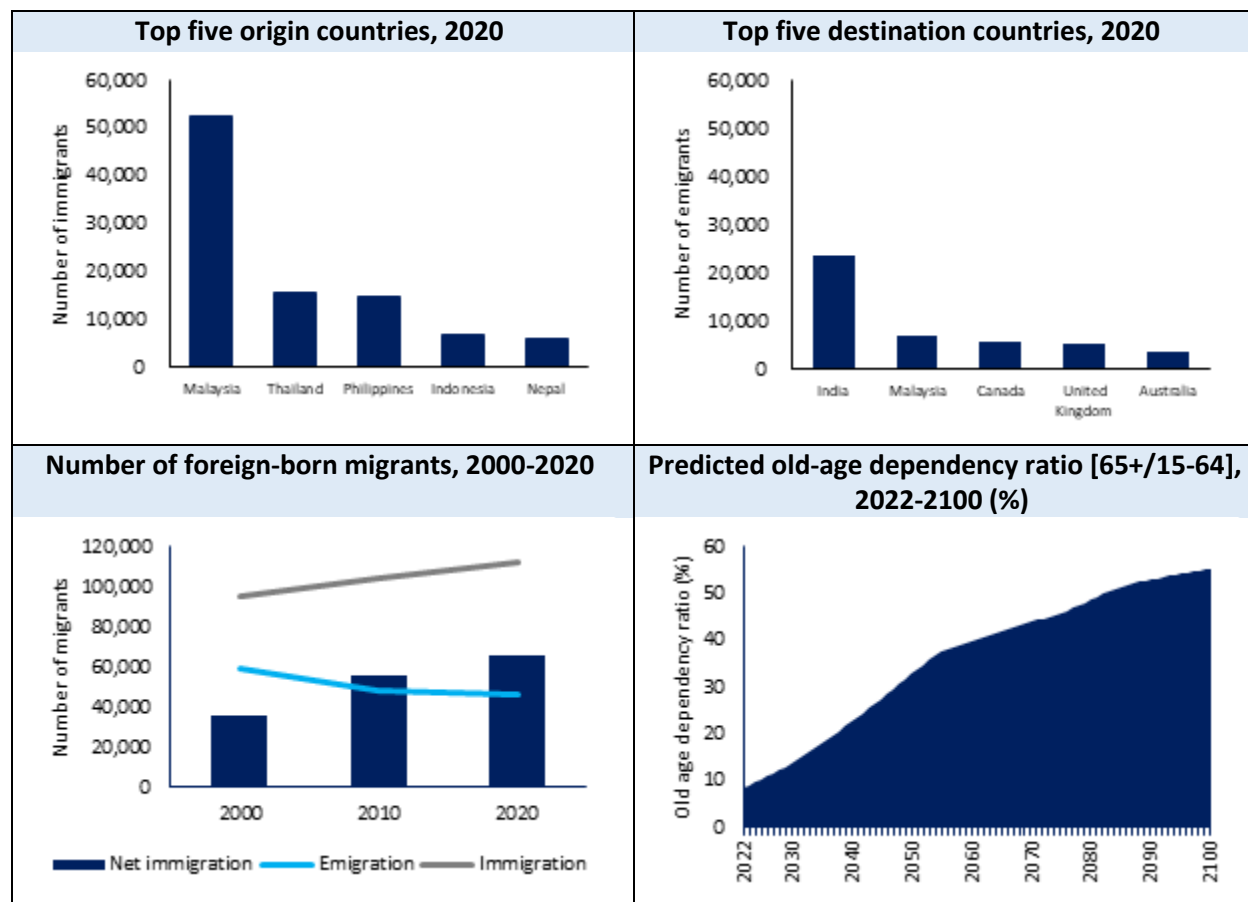
Immigration in 2020 (foreign nationals)	: 2,829,195	11.0% of population
Emigration in 2020 (foreign-born)	: 603,990	2.4% of population
Growth in net immigration 2000-2020 (foreign-born)	: +76.5%	
Remittance inflows in 2000 (US\$ million)	: 518	0.1% of GDP
Remittance inflows in 2023 (US\$ million)	: 1,656	0.1% of GDP



Selected immigration schemes	
Low-skilled schemes	: Temporary Work (International Relations) visa (subclass 403) Pacific Australia Labour Mobility Stream
High-skilled schemes	: Skilled Employer Sponsored Regional (Provisional), Skilled Regional (Provisional), Skilled Work Regional (Provisional), Temporary Skill Shortage, Temporary Graduate, Temporary Work (Short Stay Specialist)

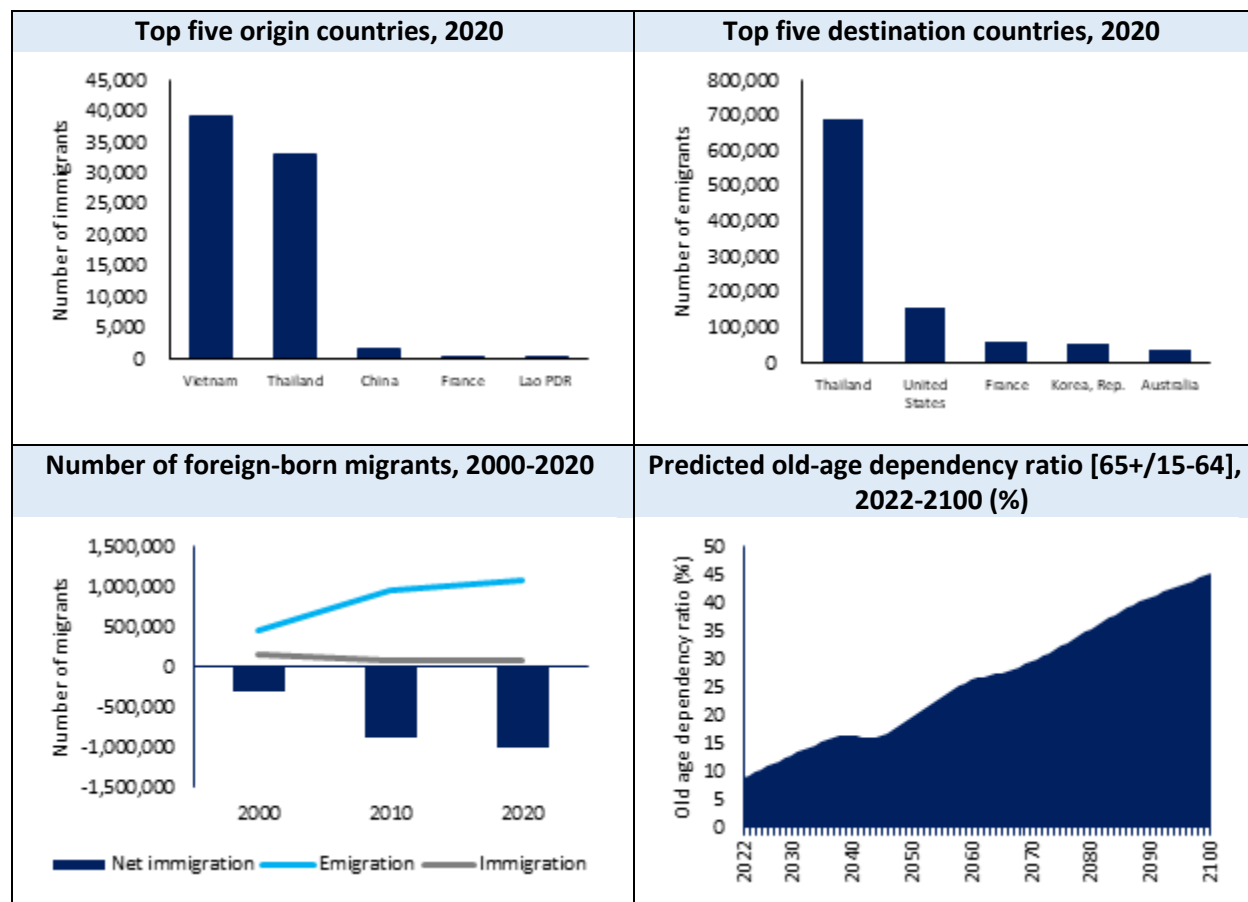
Brunei Darussalam

Immigration in 2020 (foreign nationals)	: 111,963	25.6% of population
Emigration in 2020 (foreign-born)	: 46,246	10.6% of population
Growth in net immigration 2000-2020 (foreign-born)	: +82.3%	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 2	0.01% of GDP



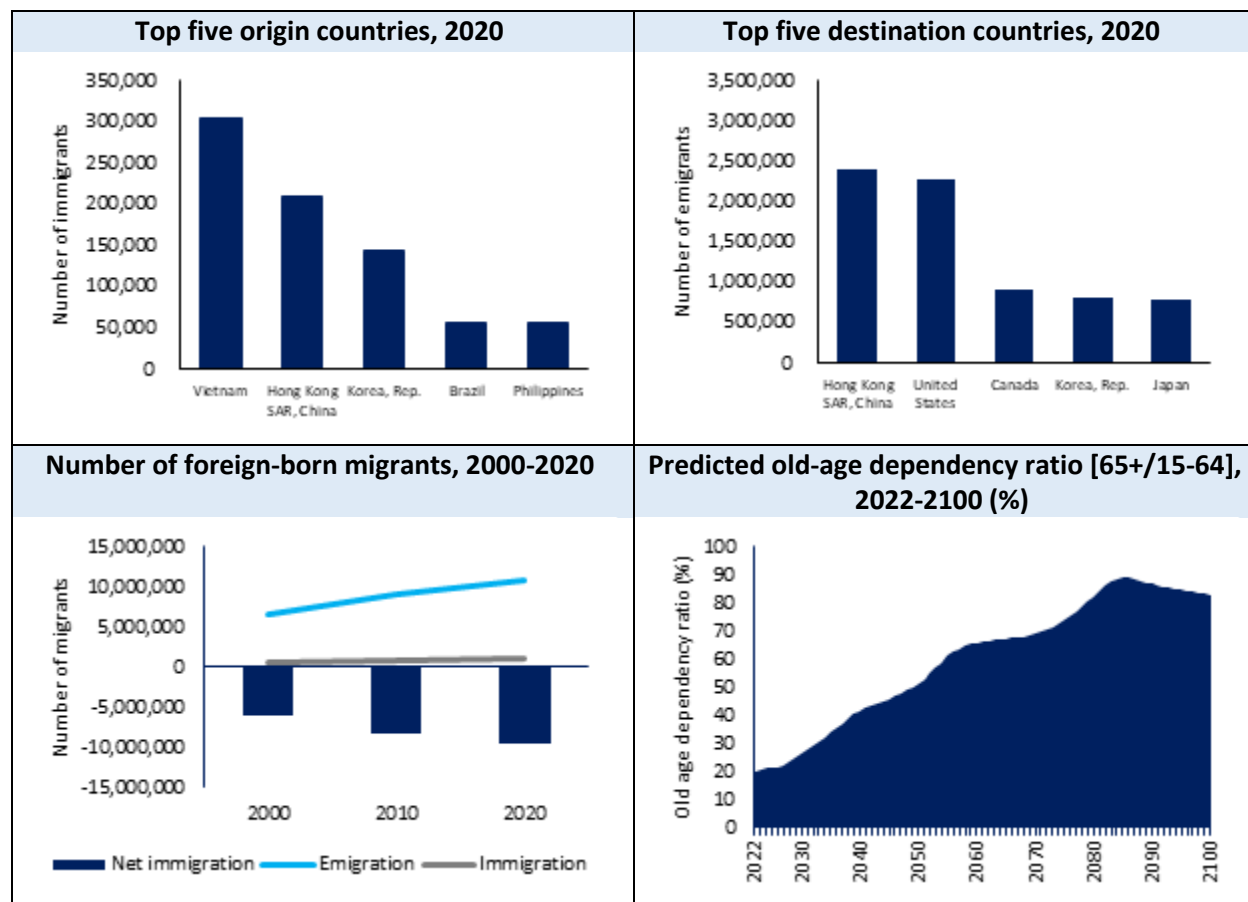
Cambodia

Immigration in 2020 (foreign nationals)	: 79,342	0.5% of population
Emigration in 2020 (foreign-born)	: 1,087,198	6.5% of population
Growth in net immigration 2000-2020 (foreign-born)	: -221.6%	
Remittance inflows in 2000 (US\$ million)	: 103	2.8% of GDP
Remittance inflows in 2023 (US\$ million)	: 2,800	6.7% of GDP



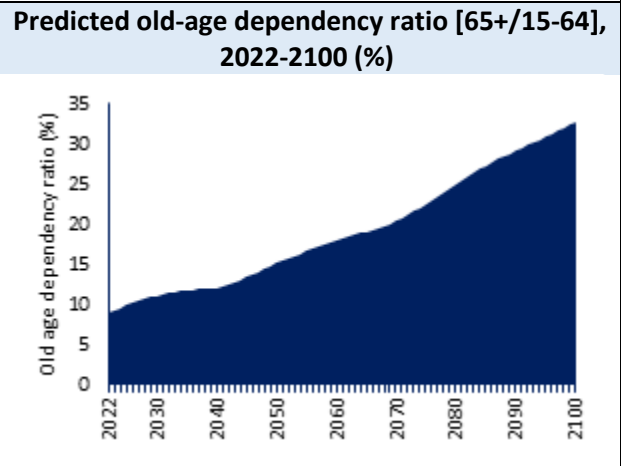
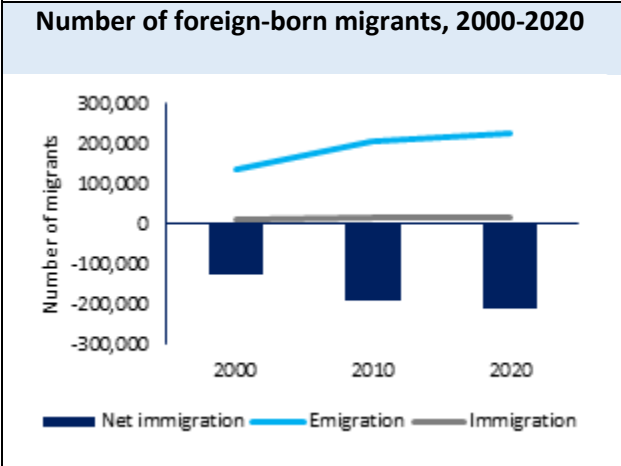
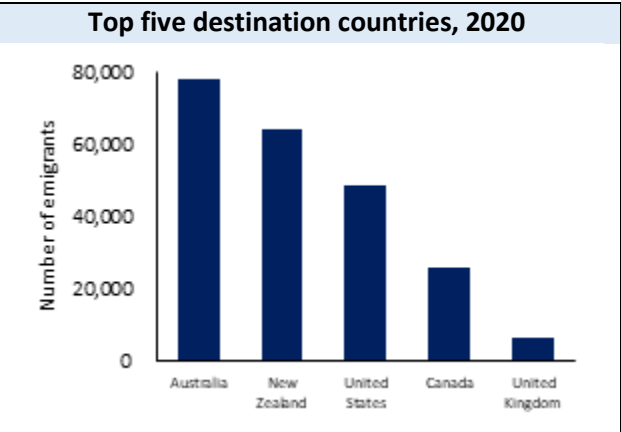
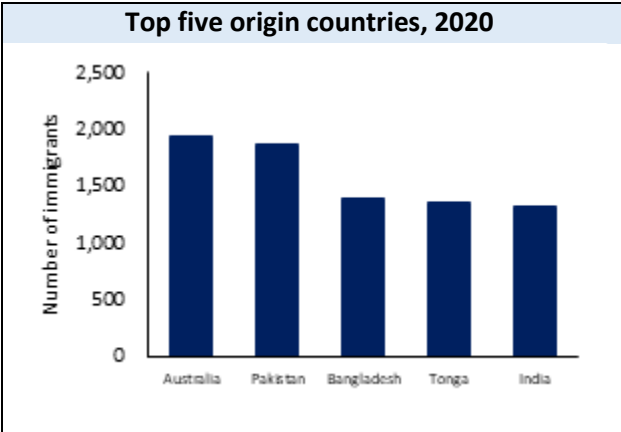
China

Immigration in 2020 (foreign nationals)	: 811,199	0.1% of population
Emigration in 2020 (foreign-born)	: 10,697,951	0.8% of population
Growth in net immigration 2000-2020 (foreign-born)	: -61.4%	
Remittance inflows in 2000 (US\$ million)	: 758	0.1% of GDP
Remittance inflows in 2023 (US\$ million)	: 49,500	0.3% of GDP



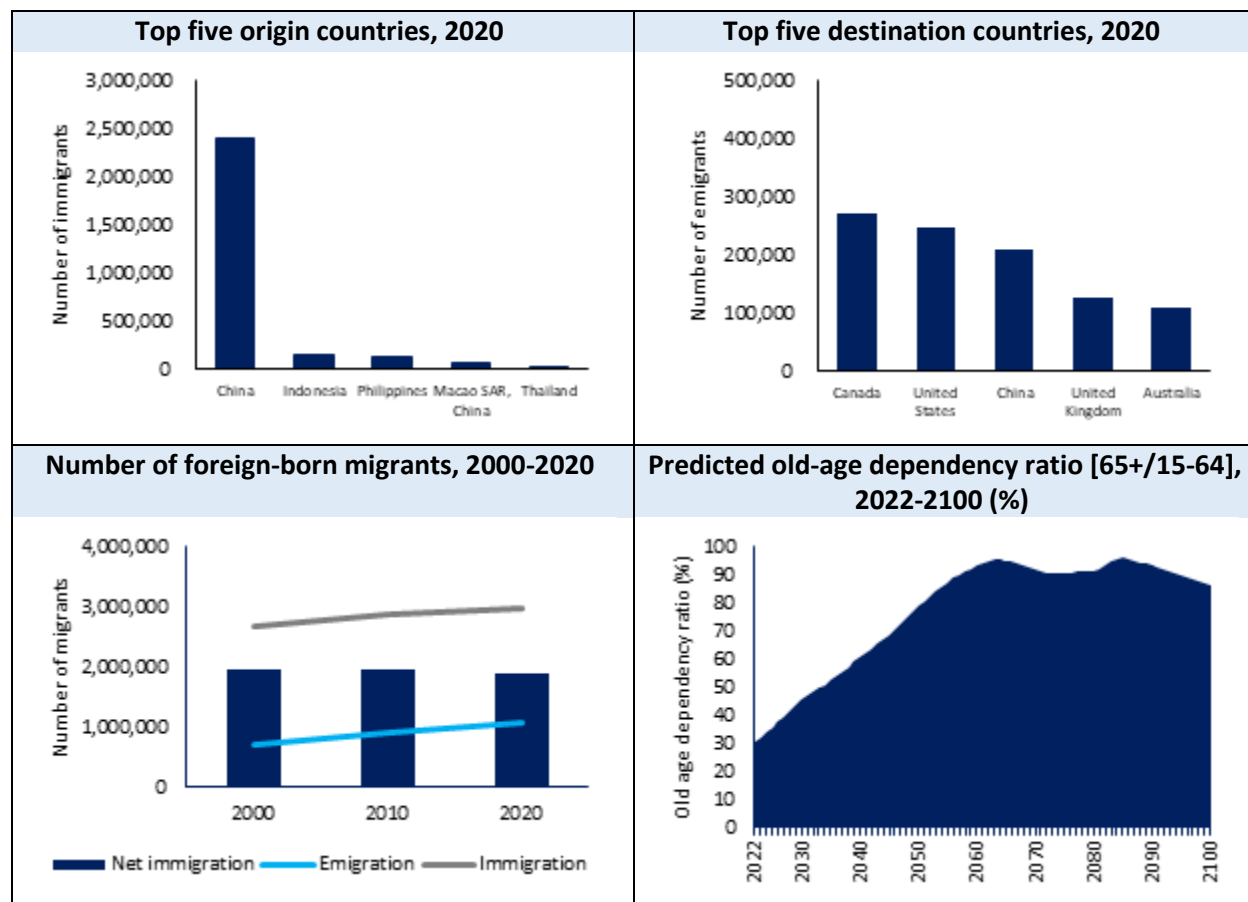
Fiji

Immigration in 2020 (foreign nationals)	: 14,082	1.6% of population
Emigration in 2020 (foreign-born)	: 227,023	25.3% of population
Growth in net immigration 2000-2020 (foreign-born)	: -70.5%	
Remittance inflows in 2000 (US\$ million)	: 43	2.4% of GDP
Remittance inflows in 2023 (US\$ million)	: 500	9.1% of GDP



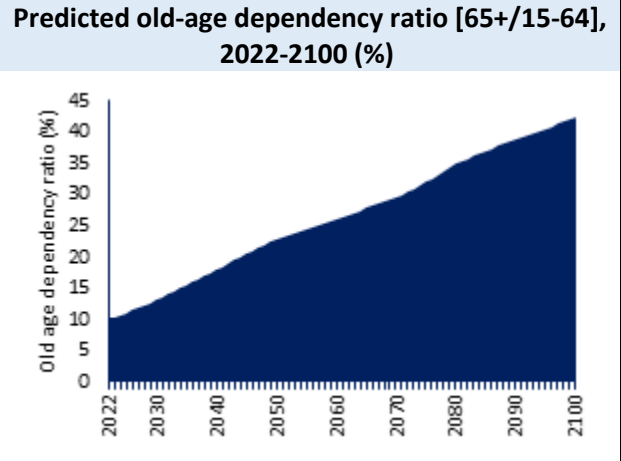
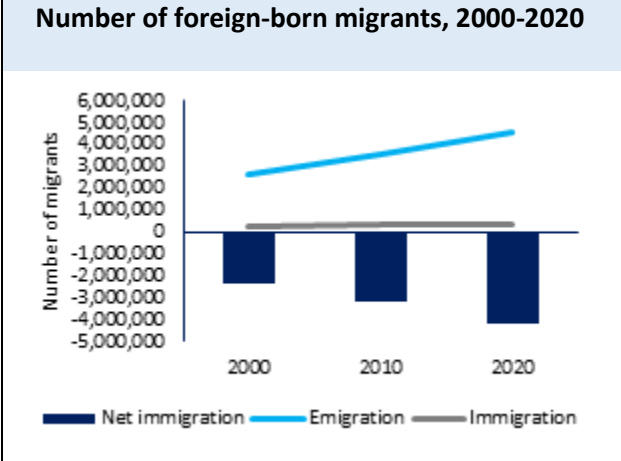
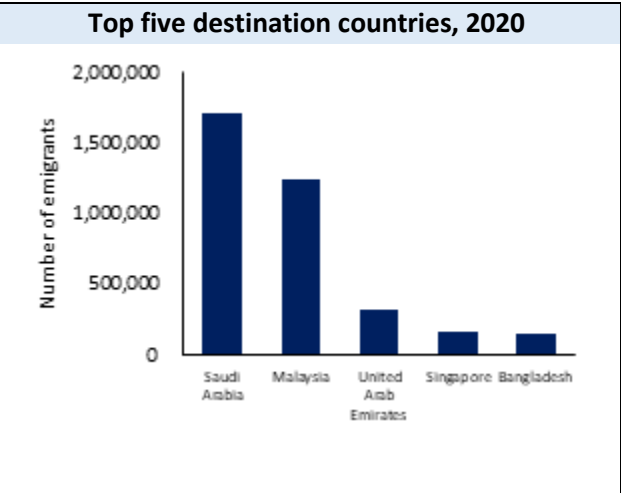
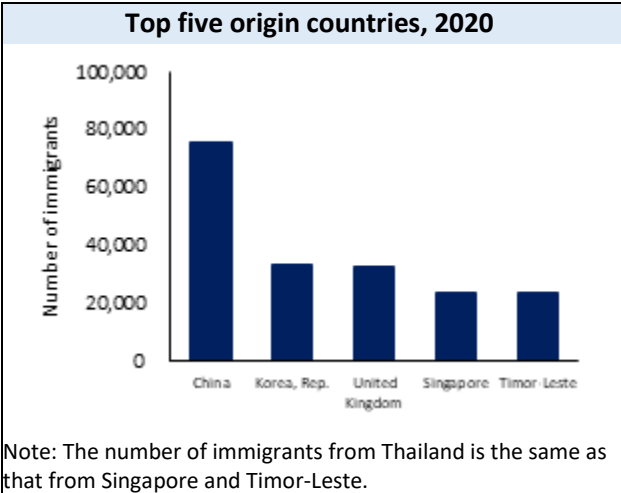
Hong Kong SAR, China

Immigration in 2020 (foreign nationals)	: 479,631	6.4% of population
Emigration in 2020 (foreign-born)	: 1,072,196	14.3% of population
Growth in net immigration 2000-2020 (foreign-born)	: -3.3%	
Remittance inflows in 2000 (US\$ million)	: 136	0.1% of GDP
Remittance inflows in 2023 (US\$ million)	: 408	0.1% of GDP



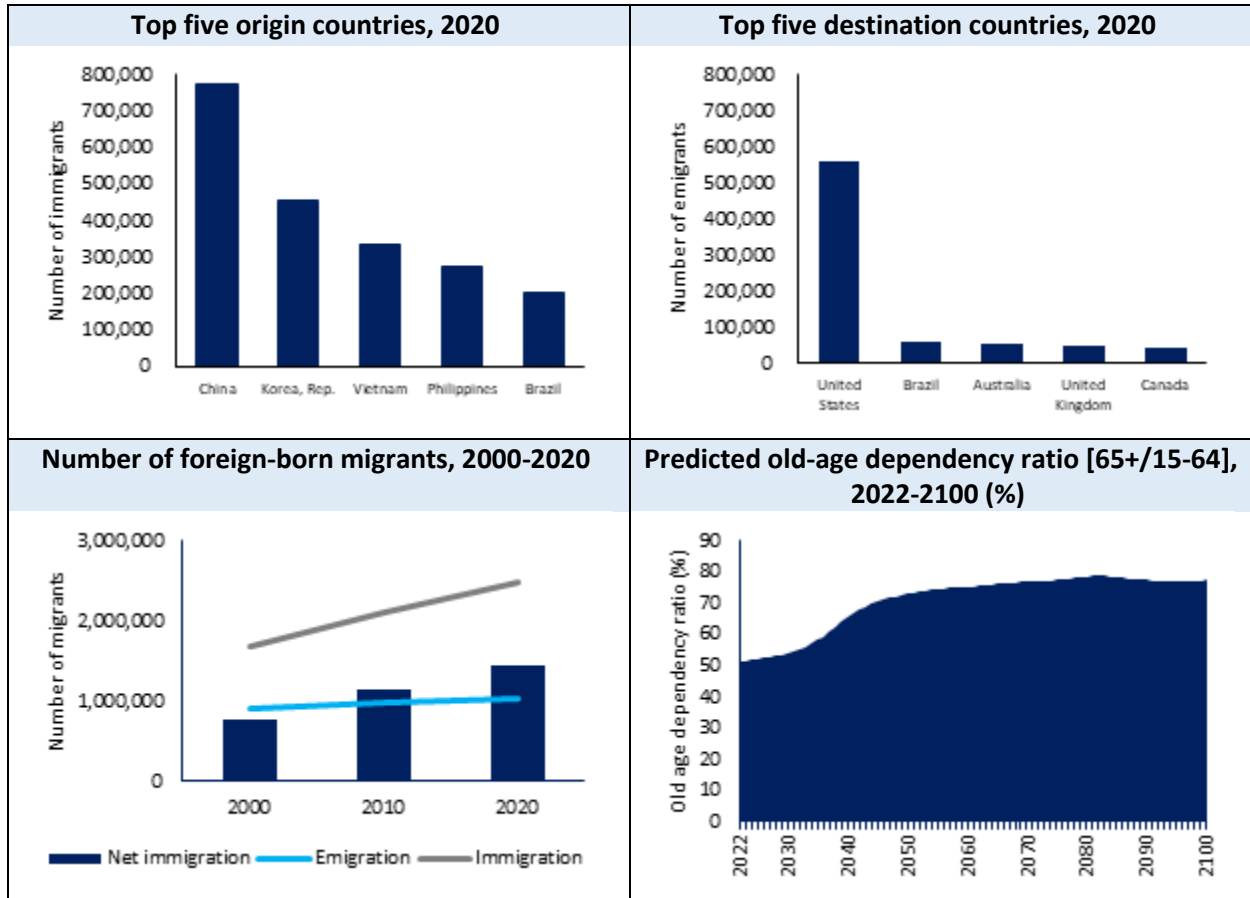
Indonesia

Immigration in 2020 (foreign nationals)	: 355,509	0.1% of population
Emigration in 2020 (foreign-born)	: 4,579,897	1.7% of population
Growth in net immigration 2000-2020 (foreign-born)	: -80.9%	
Remittance inflows in 2000 (US\$ million)	: 1,190	0.7% of GDP
Remittance inflows in 2023 (US\$ million)	: 11,000	0.8% of GDP



Japan

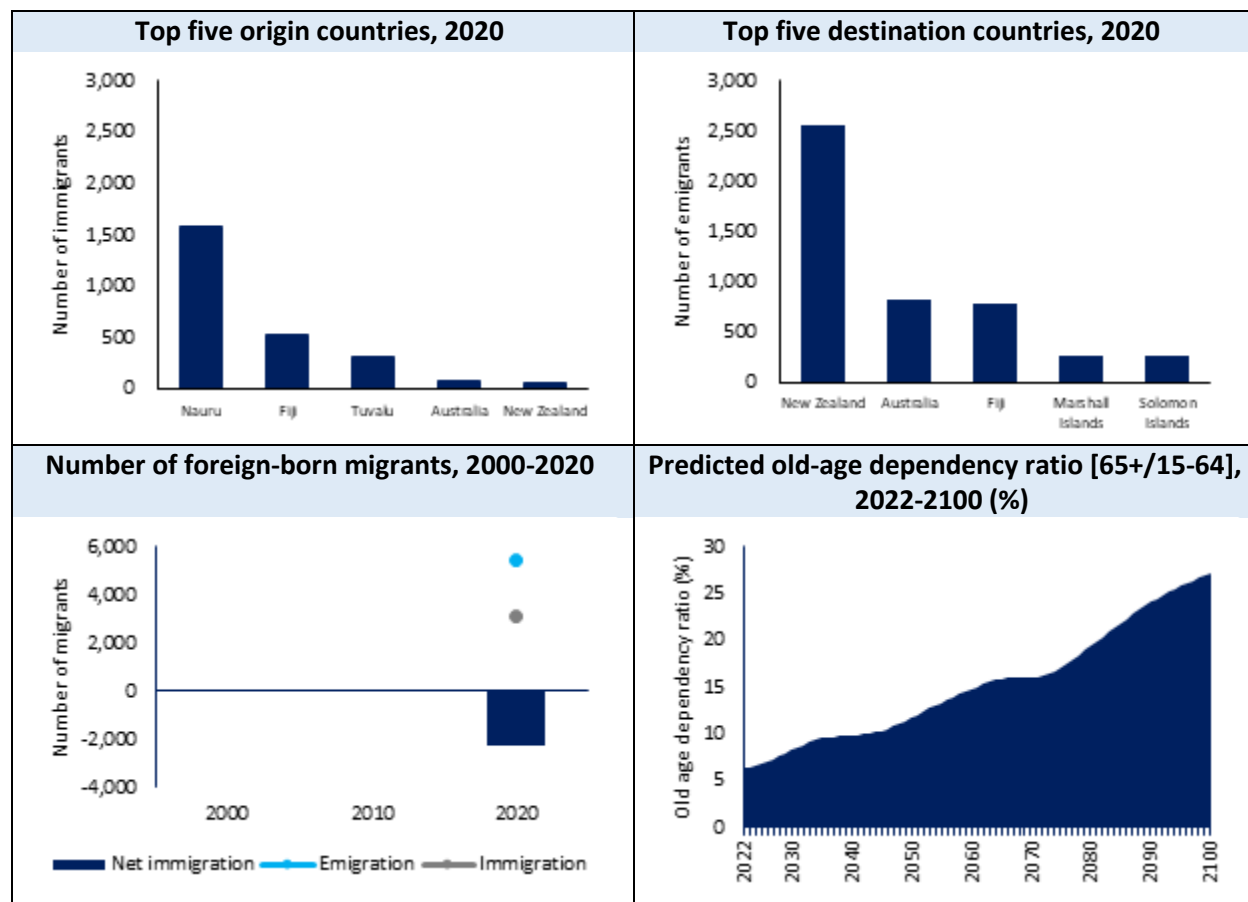
Immigration in 2020 (foreign nationals)	: 2,242,698	1.8% of population
Emigration in 2020 (foreign-born)	: 1,040,655	0.8% of population
Growth in net immigration 2000-2020 (foreign-born)	: +86.2%	
Remittance inflows in 2000 (US\$ million)	: 773	0.02% of GDP
Remittance inflows in 2023 (US\$ million)	: 5,485	0.1% of GDP



Selected immigration schemes	
Low-skilled schemes	: Specified Skilled Worker (i)/(ii)
High-skilled schemes	: Highly Skilled Professional Visa, Working Visa, Working Visa (Skilled Labor), J-Skip

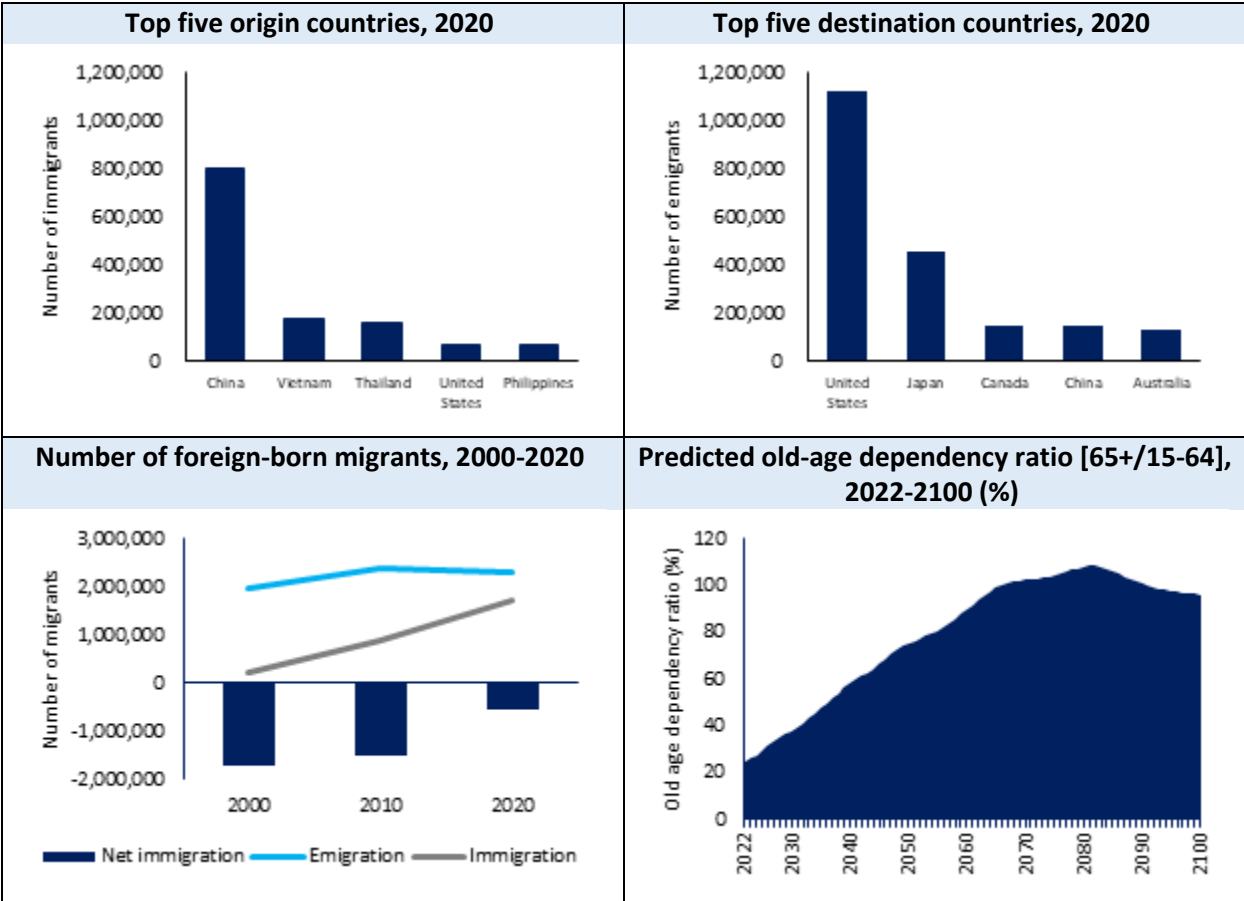
Kiribati

Immigration in 2020 (foreign nationals)	: 3,125	2.6% of population
Emigration in 2020 (foreign-born)	: 5,430	4.5% of population
Growth in net immigration 2000-2020 (foreign-born)	: -	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 15	5.4% of GDP



Republic of Korea

Immigration in 2020 (foreign nationals)	: 1,528,182	2.9% of population
Emigration in 2020 (foreign-born)	: 2,288,936	4.4% of population
Growth in net immigration 2000-2020 (foreign-born)	: +67.3%	
Remittance inflows in 2000 (US\$ million)	: 4,524	0.8% of GDP
Remittance inflows in 2023 (US\$ million)	: 7,939	0.5% of GDP

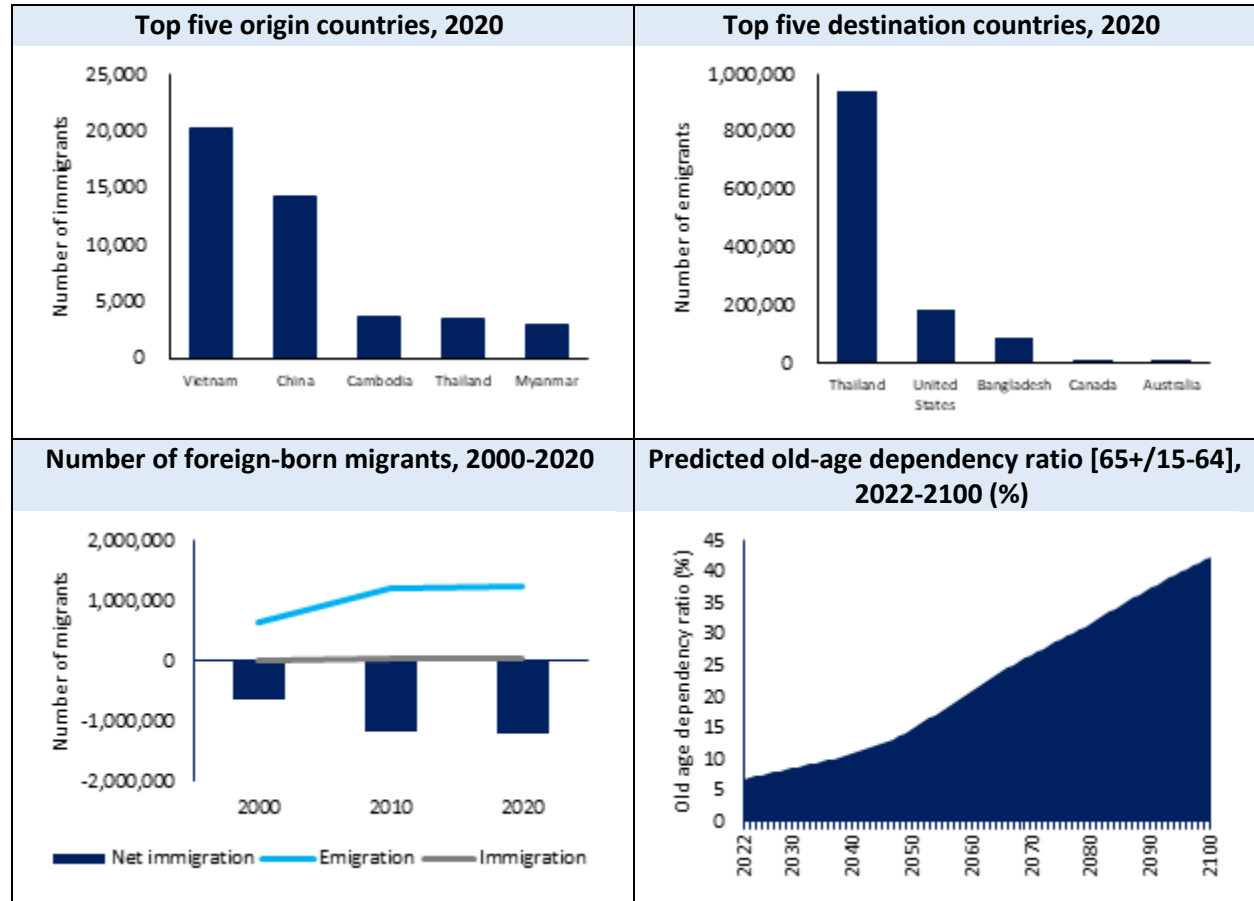


Selected immigration schemes

Low-skilled schemes	: Non-professional employment visa (E-9)
High-skilled schemes	: Professionals, including Professor (E-1), Foreign Language Instructor (E-2), Researcher (E-3), Technical Instructor/Technician (E-4), Professional (E-5), Cultural and Sports (E-6), Designated Professionals (E-7)

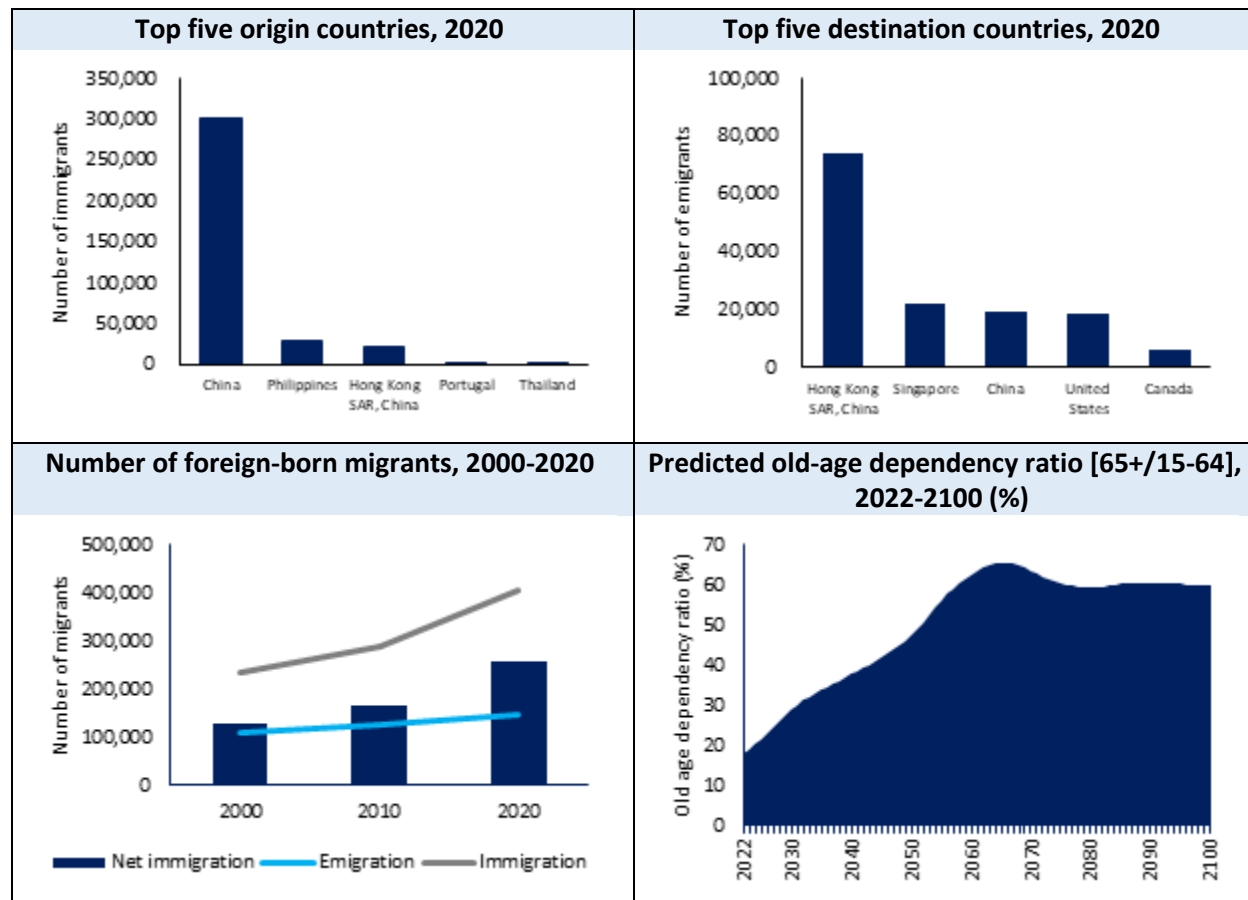
Lao PDR

Immigration in 2020 (foreign nationals)	: 48,732	0.7% of population
Emigration in 2020 (foreign-born)	: 1,253,242	17.2% of population
Growth in net immigration 2000-2020 (foreign-born)	: -89.1%	
Remittance inflows in 2000 (US\$ million)	: 1	0.04% of GDP
Remittance inflows in 2023 (US\$ million)	: 225	1.5% of GDP



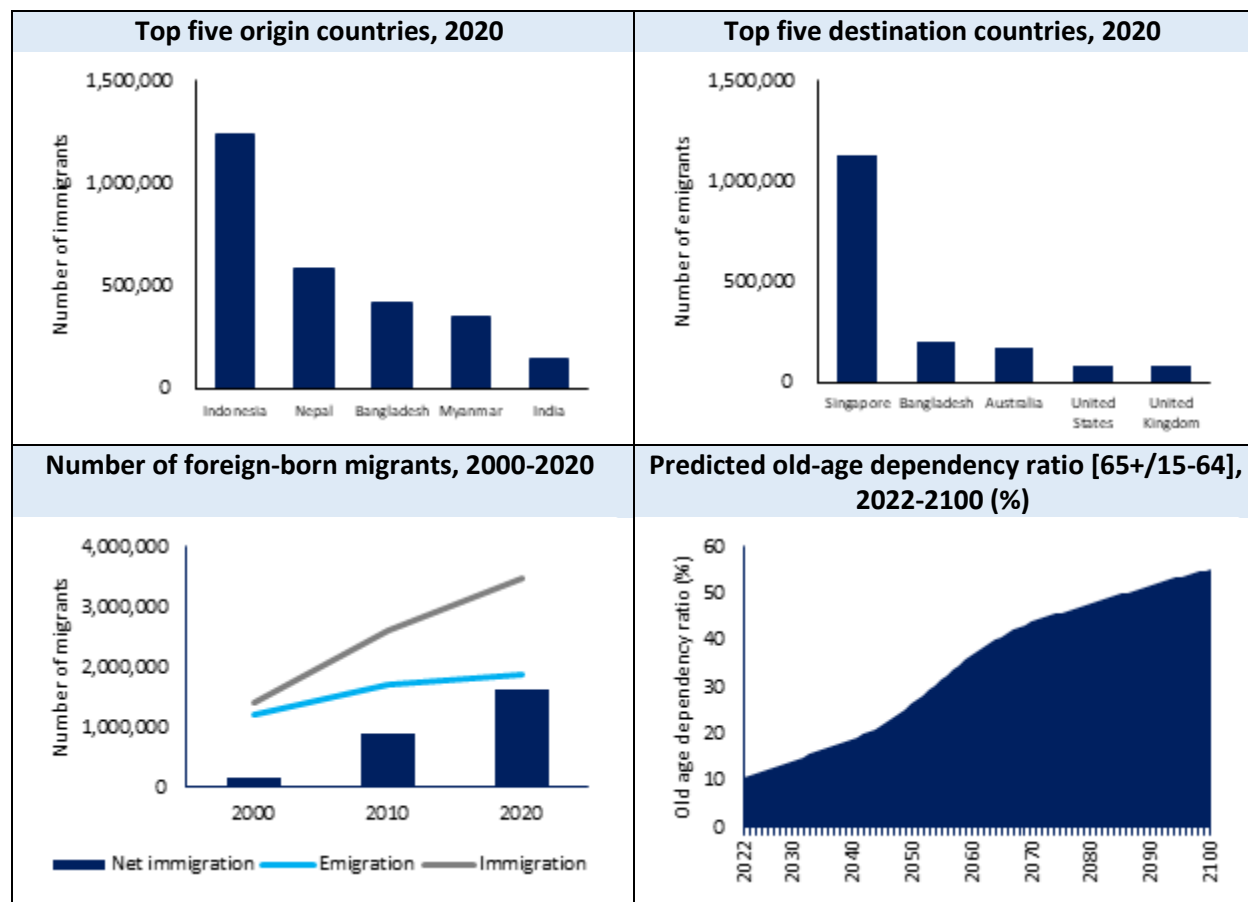
Macao/Macau SAR, China

Immigration in 2020 (foreign nationals)	: 80,411	12.4% of population
Emigration in 2020 (foreign-born)	: 144,831	22.3% of population
Growth in net immigration 2000-2020 (foreign-born)	: +105.3%	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 90	0.2% of GDP



Malaysia

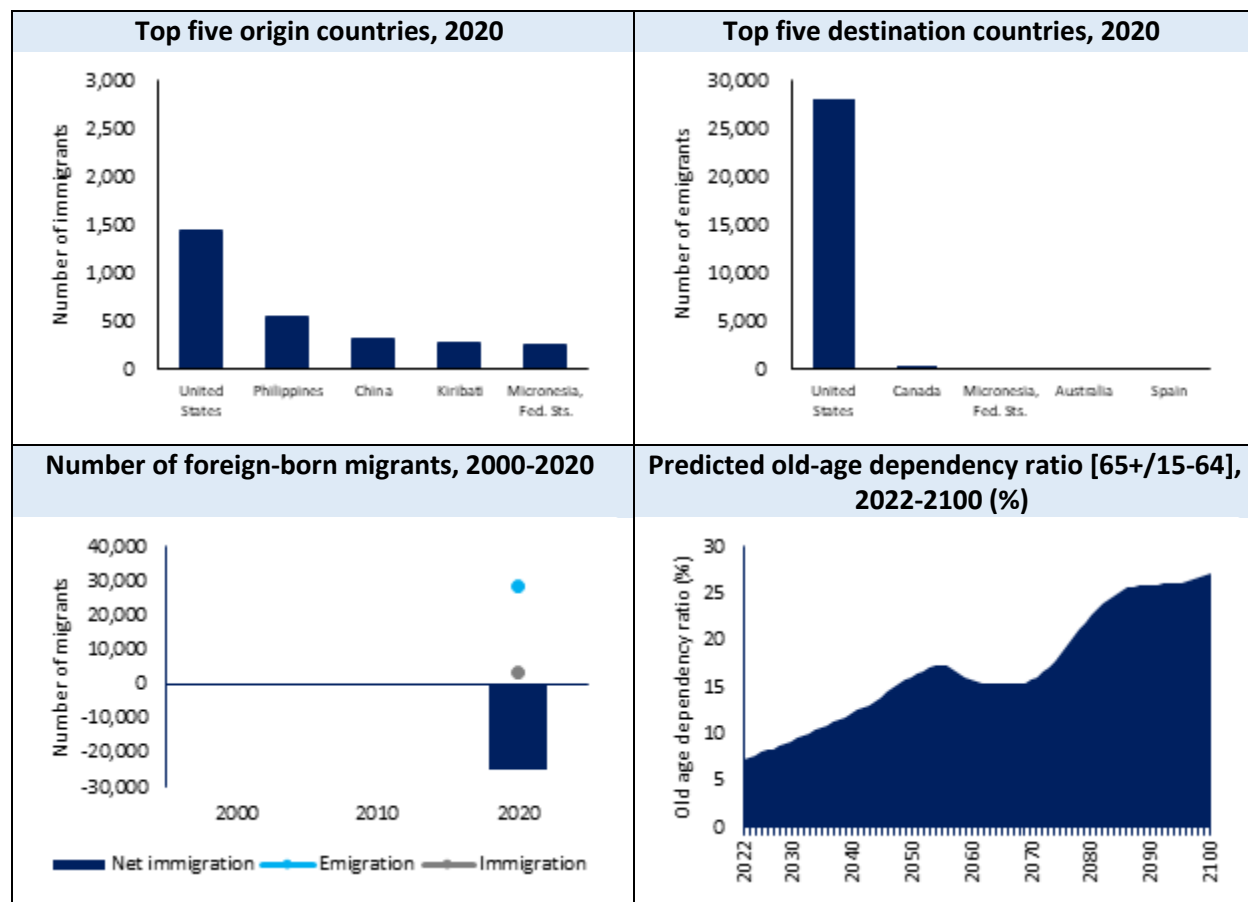
Immigration in 2020 (foreign nationals)	: 3,476,562	10.7% of population
Emigration in 2020 (foreign-born)	: 1,864,037	5.8% of population
Growth in net immigration 2000-2020 (foreign-born)	: +857.0%	
Remittance inflows in 2000 (US\$ million)	: 342	0.3% of GDP
Remittance inflows in 2023 (US\$ million)	: 1,750	0.4% of GDP



<u>Selected immigration schemes</u>	
Low-skilled schemes	: Visitor's Pass (Temporary Employment)
High-skilled schemes	: Employment Pass (Category I and II), Residence Pass-Talent (RP-T)

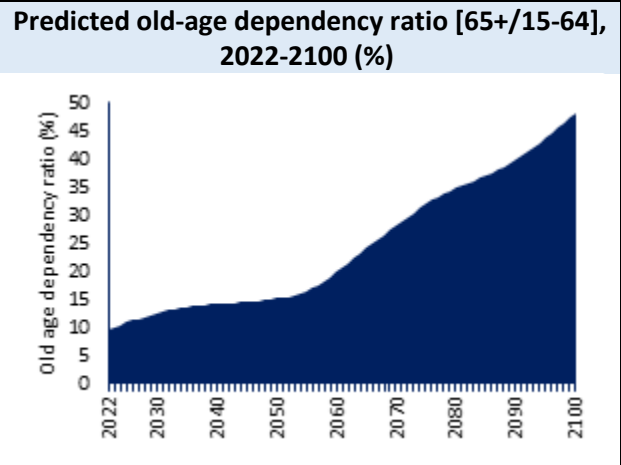
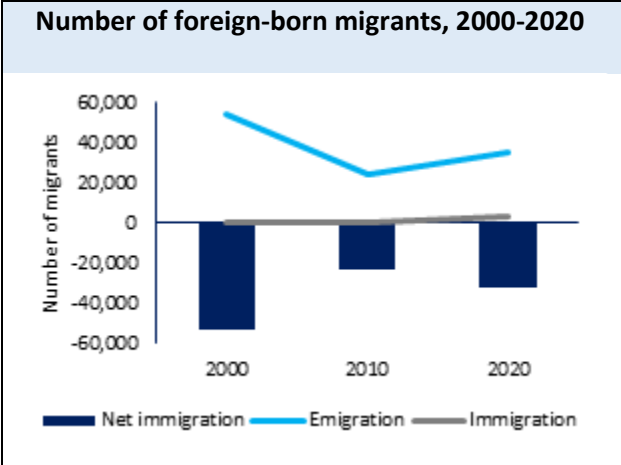
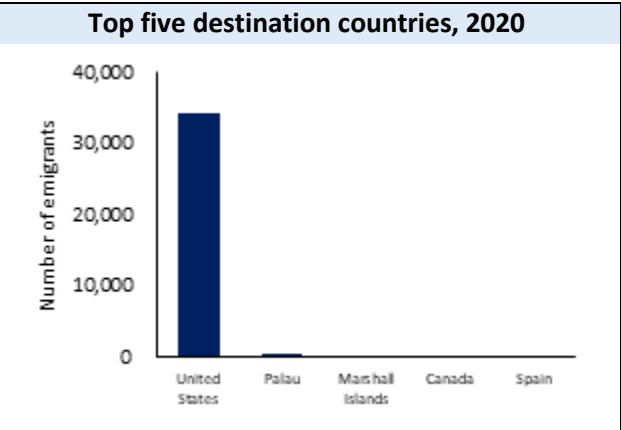
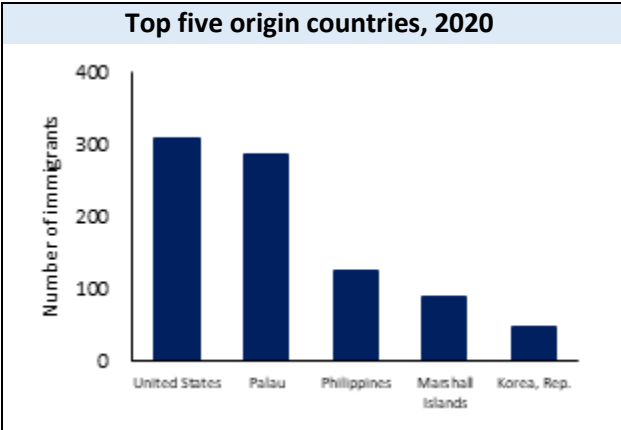
Marshall Islands

Immigration in 2020 (foreign nationals)	: 3,297	7.6% of population
Emigration in 2020 (foreign-born)	: 28,382	65.4% of population
Growth in net immigration 2000-2020 (foreign-born)	: -	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 30	10.6% of GDP



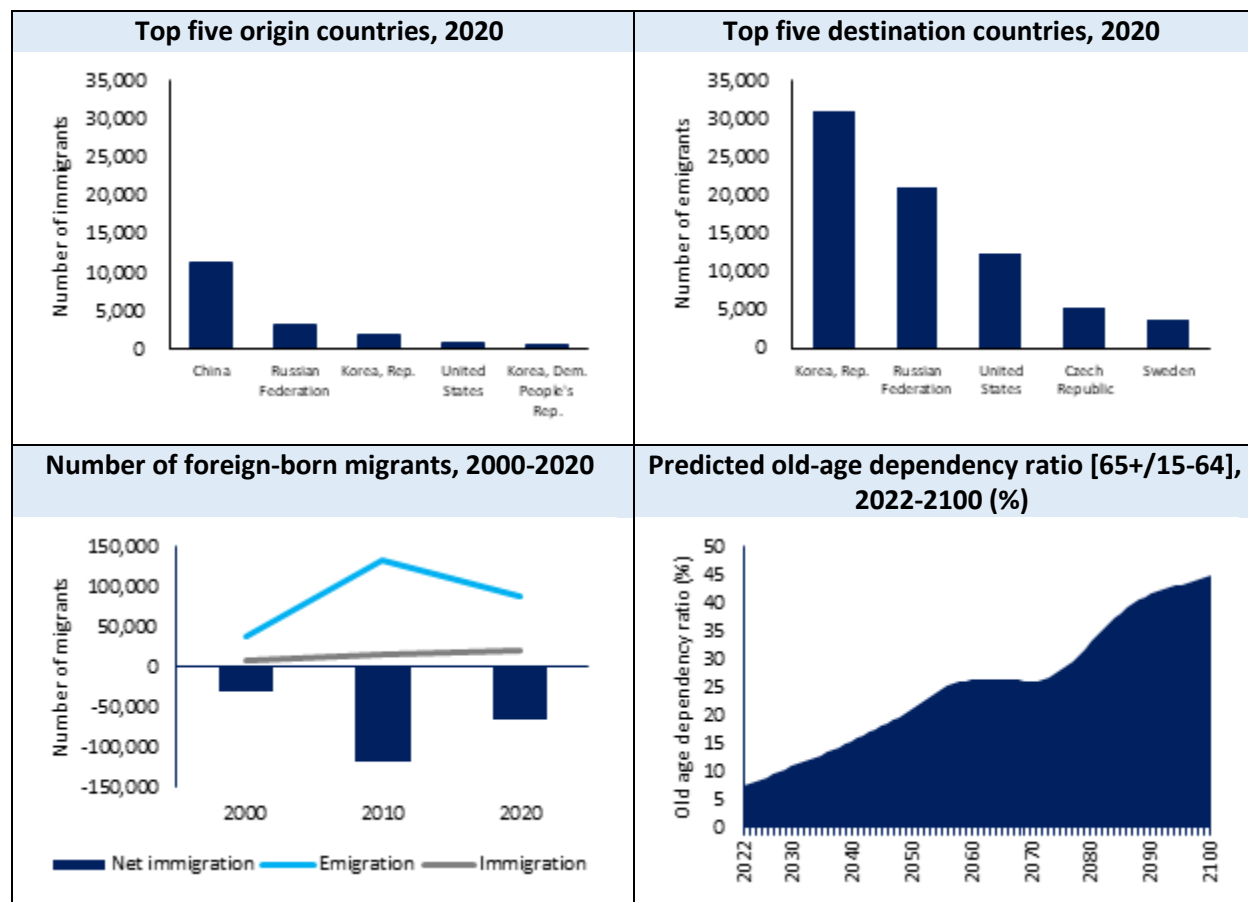
Micronesia, Fed. Sts.

Immigration in 2020 (foreign nationals)	: 2,830	2.5% of population
Emigration in 2020 (foreign-born)	: 35,092	30.5% of population
Growth in net immigration 2000-2020 (foreign-born)	: +40.0%	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 23	5.1% of GDP



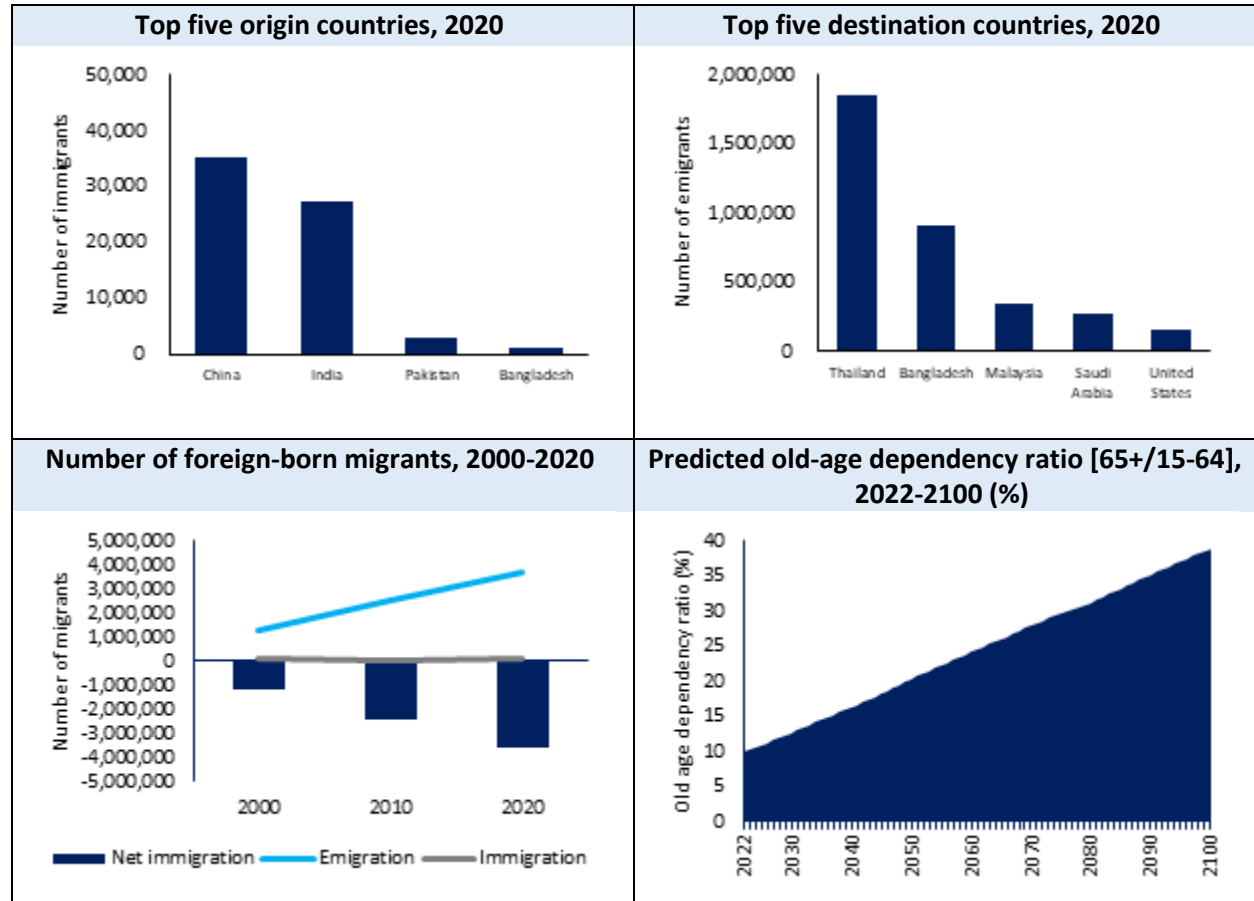
Mongolia

Immigration in 2020 (foreign nationals)	: 21,348	0.7% of population
Emigration in 2020 (foreign-born)	: 87,693	2.7% of population
Growth in net immigration 2000-2020 (foreign-born)	: -114.9%	
Remittance inflows in 2000 (US\$ million)	: 1	0.1% of GDP
Remittance inflows in 2023 (US\$ million)	: 440	2.2% of GDP



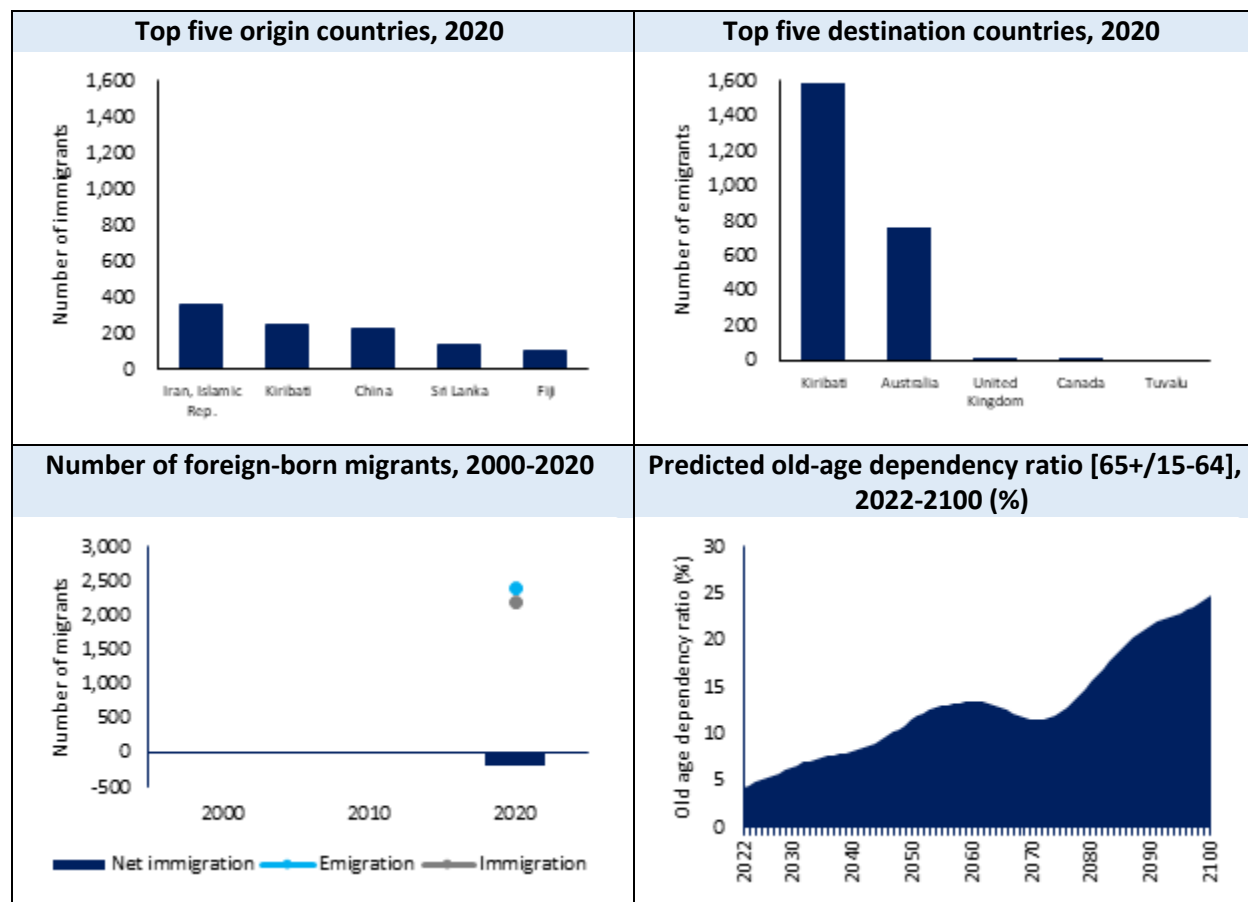
Myanmar

Immigration in 2020 (foreign nationals)	: 66,595	0.1% of population
Emigration in 2020 (foreign-born)	: 3,703,008	6.8% of population
Growth in net immigration 2000-2020 (foreign-born)	: -214.8%	
Remittance inflows in 2000 (US\$ million)	: 102	1.4% of GDP
Remittance inflows in 2023 (US\$ million)	: 1,500	2.3% of GDP



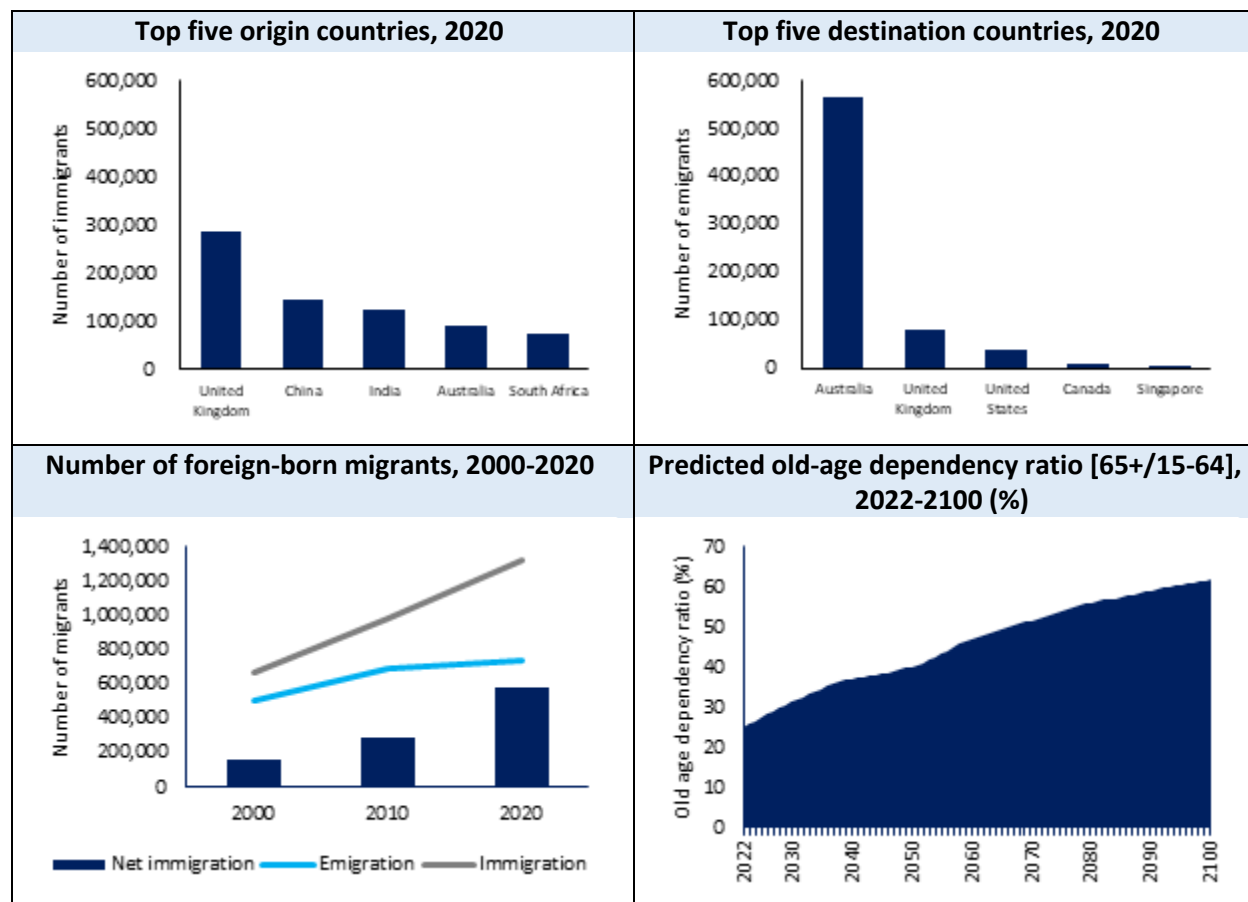
Nauru

Immigration in 2020 (foreign nationals)	: 2,202	17.9% of population
Emigration in 2020 (foreign-born)	: 2,401	19.5% of population
Growth in net immigration 2000-2020 (foreign-born)	: -	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: -	-



New Zealand

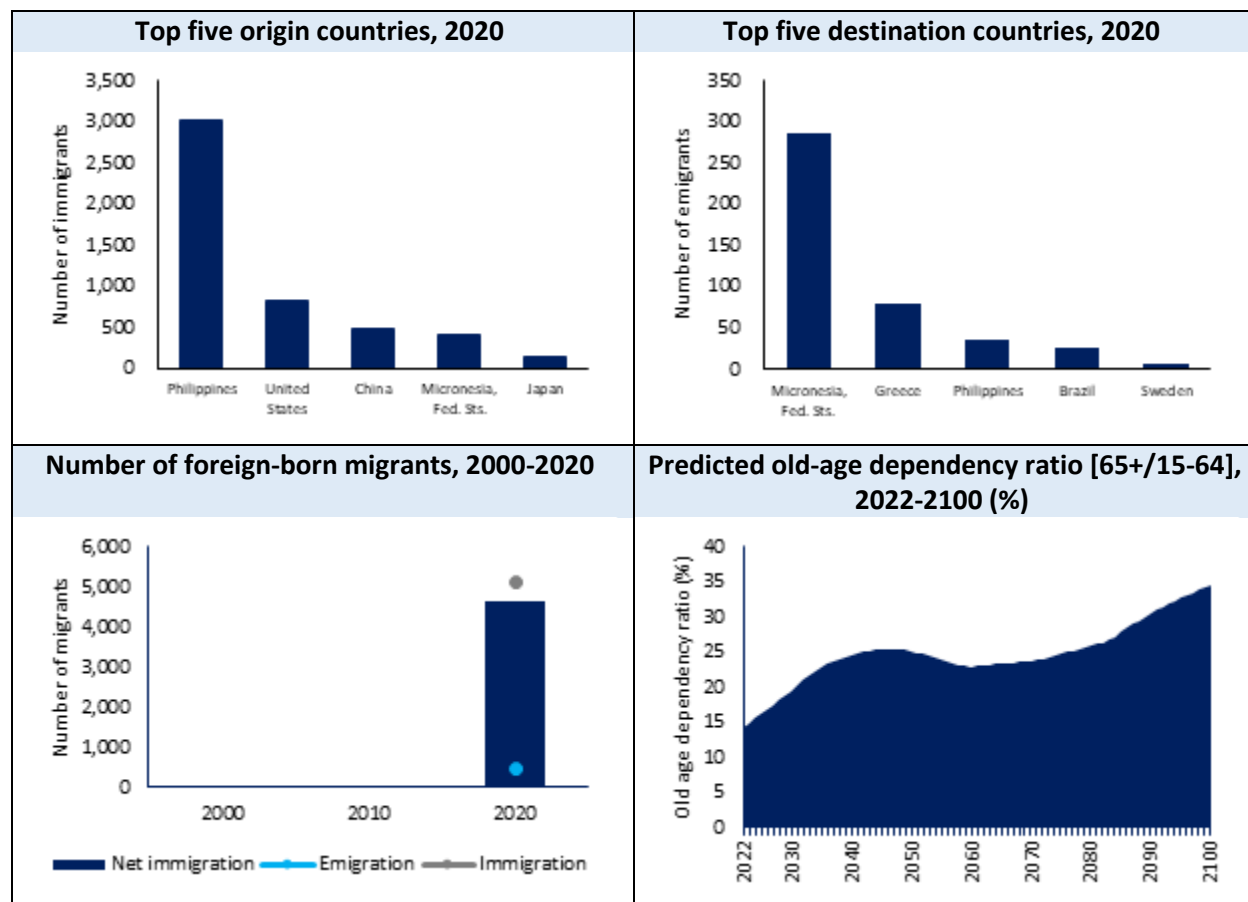
Immigration in 2020 (foreign nationals)	: 495,732	9.7% of population
Emigration in 2020 (foreign-born)	: 739,566	14.5% of population
Growth in net immigration 2000-2020 (foreign-born)	: +259.3%	
Remittance inflows in 2000 (US\$ million)	: 215	0.4% of GDP
Remittance inflows in 2023 (US\$ million)	: 617	0.2% of GDP



<u>Selected immigration schemes</u>	
Low-skilled schemes	: Recognised Seasonal Employer Limited Visa
High-skilled schemes	: Post Study Work Visa

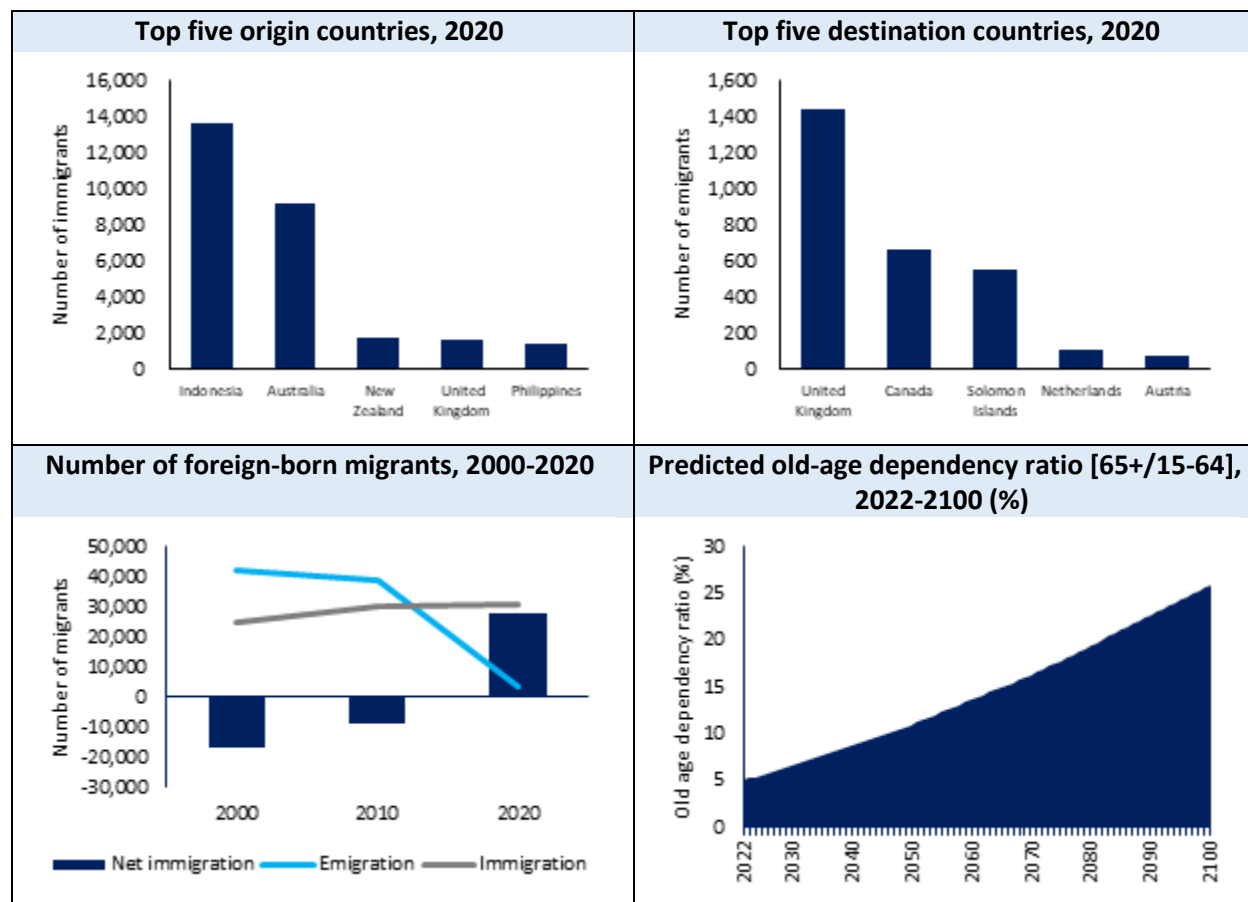
Palau

Immigration in 2020 (foreign nationals)	: 5,087	28.3% of population
Emigration in 2020 (foreign-born)	: 437	2.4% of population
Growth in net immigration 2000-2020 (foreign-born)	: -	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 1	0.4% of GDP



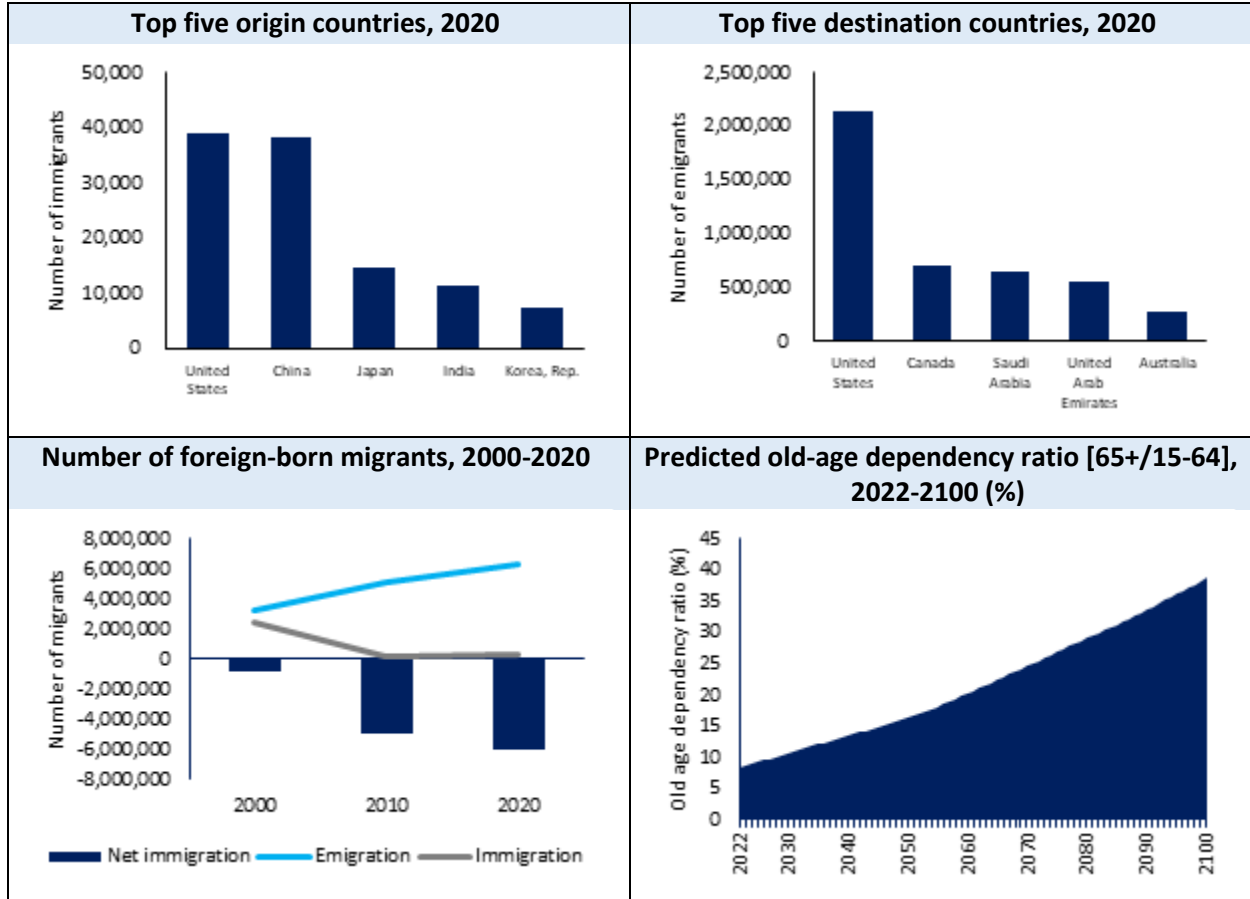
Papua New Guinea

Immigration in 2020 (foreign nationals)	: 31,069	0.3% of population
Emigration in 2020 (foreign-born)	: 3,120	0.03% of population
Growth in net immigration 2000-2020 (foreign-born)	: +263.7%	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 3	0.01% of GDP



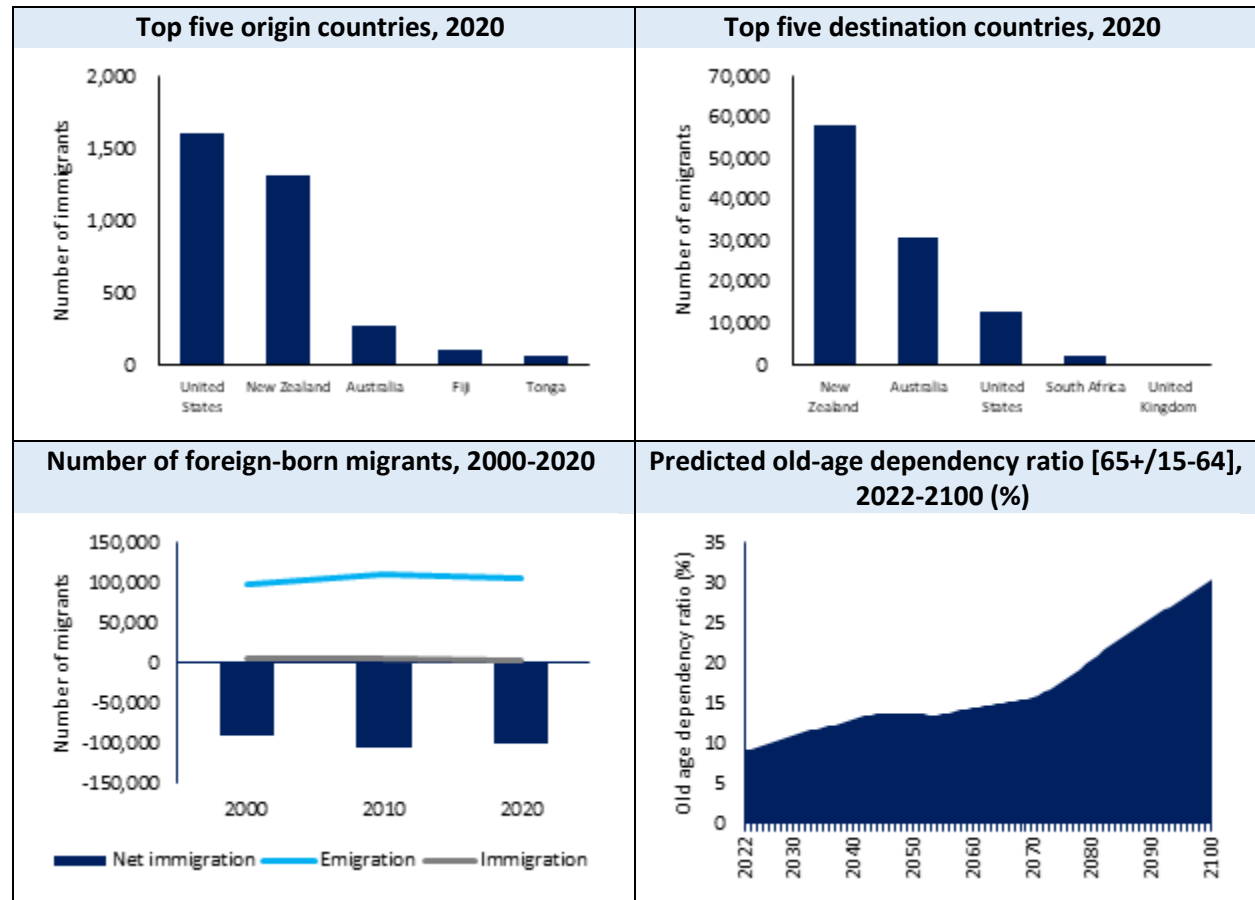
The Philippines

Immigration in 2020 (foreign nationals)	: 186,541	0.2% of population
Emigration in 2020 (foreign-born)	: 6,226,195	5.7% of population
Growth in net immigration 2000-2020 (foreign-born)	: -647.4%	
Remittance inflows in 2000 (US\$ million)	: 6,924	8.3% of GDP
Remittance inflows in 2023 (US\$ million)	: 40,000	9.2% of GDP



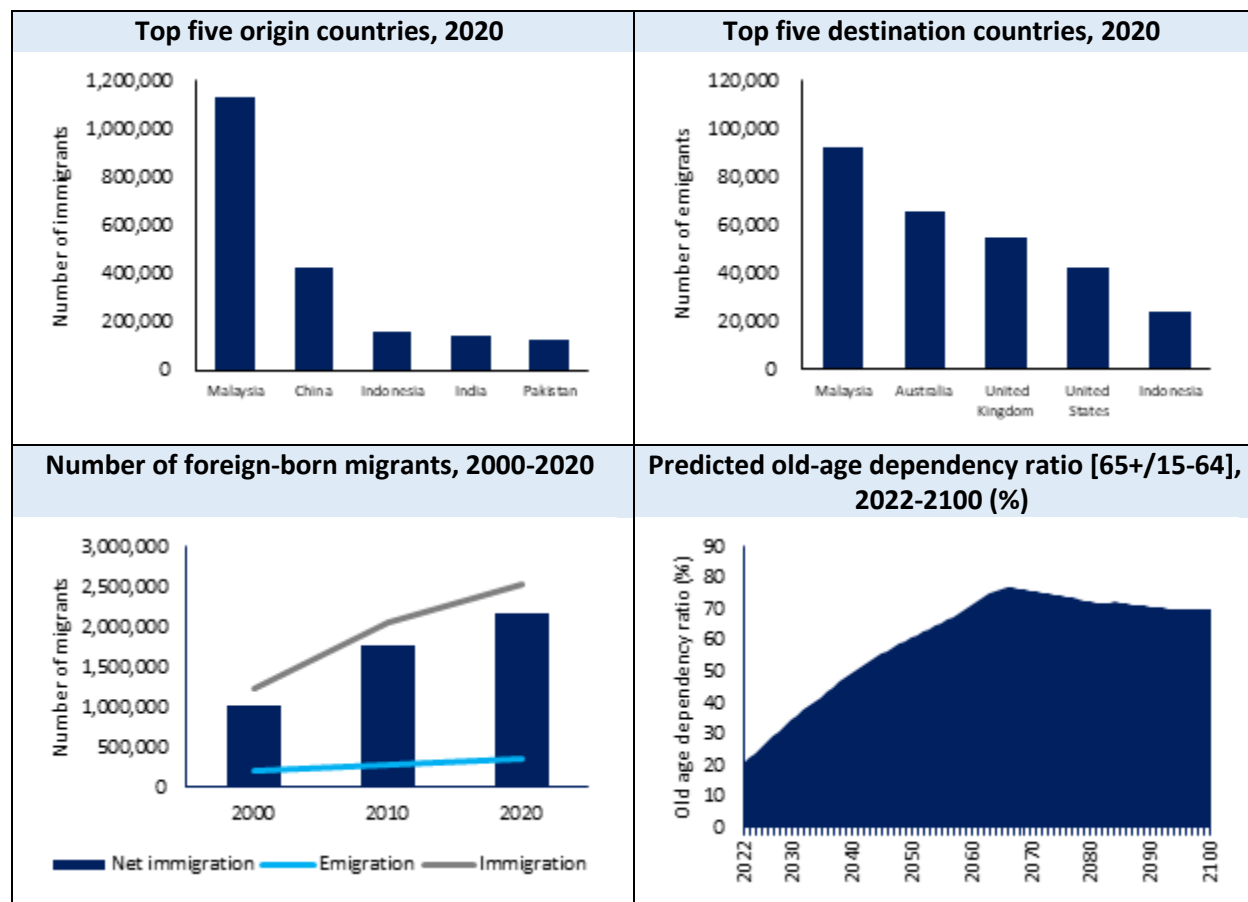
Samoa

Immigration in 2020 (foreign nationals)	: 4,024	2.0% of population
Emigration in 2020 (foreign-born)	: 105,275	53.1% of population
Growth in net immigration 2000-2020 (foreign-born)	: -11.1%	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 300	32.1% of GDP



Singapore

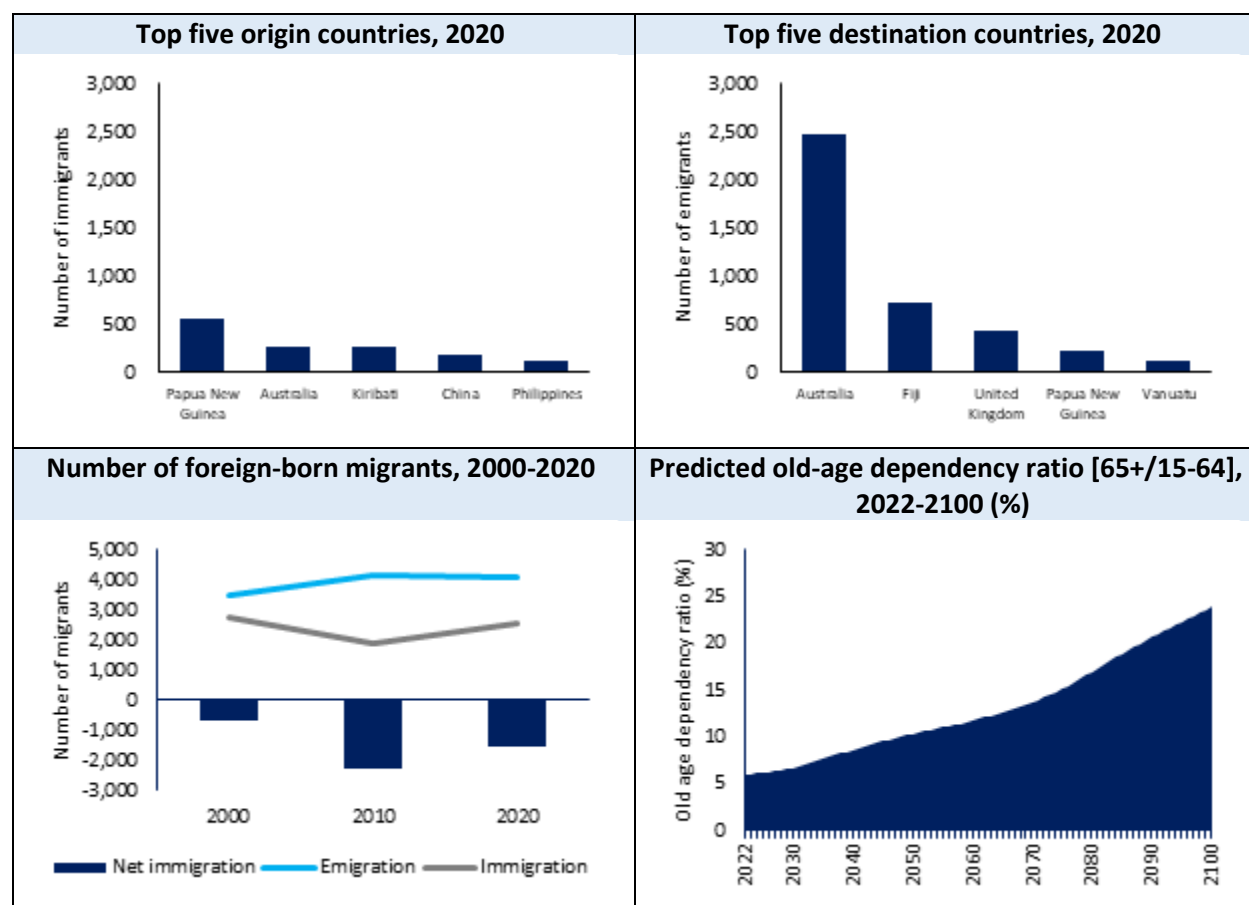
Immigration in 2020 (foreign nationals)	: 2,183,765	38.4% of population
Emigration in 2020 (foreign-born)	: 355,211	6.2% of population
Growth in net immigration 2000-2020 (foreign-born)	: +114.7%	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: -	-



<u>Selected immigration schemes</u>	
Low-skilled schemes	: Work Permit for Migrant Worker/Migrant Domestic Worker
High-skilled schemes	: Employment Pass, S Pass, Personalised Employment Pass, Overseas Networks & Expertise Pass (ONE), Tech Pass

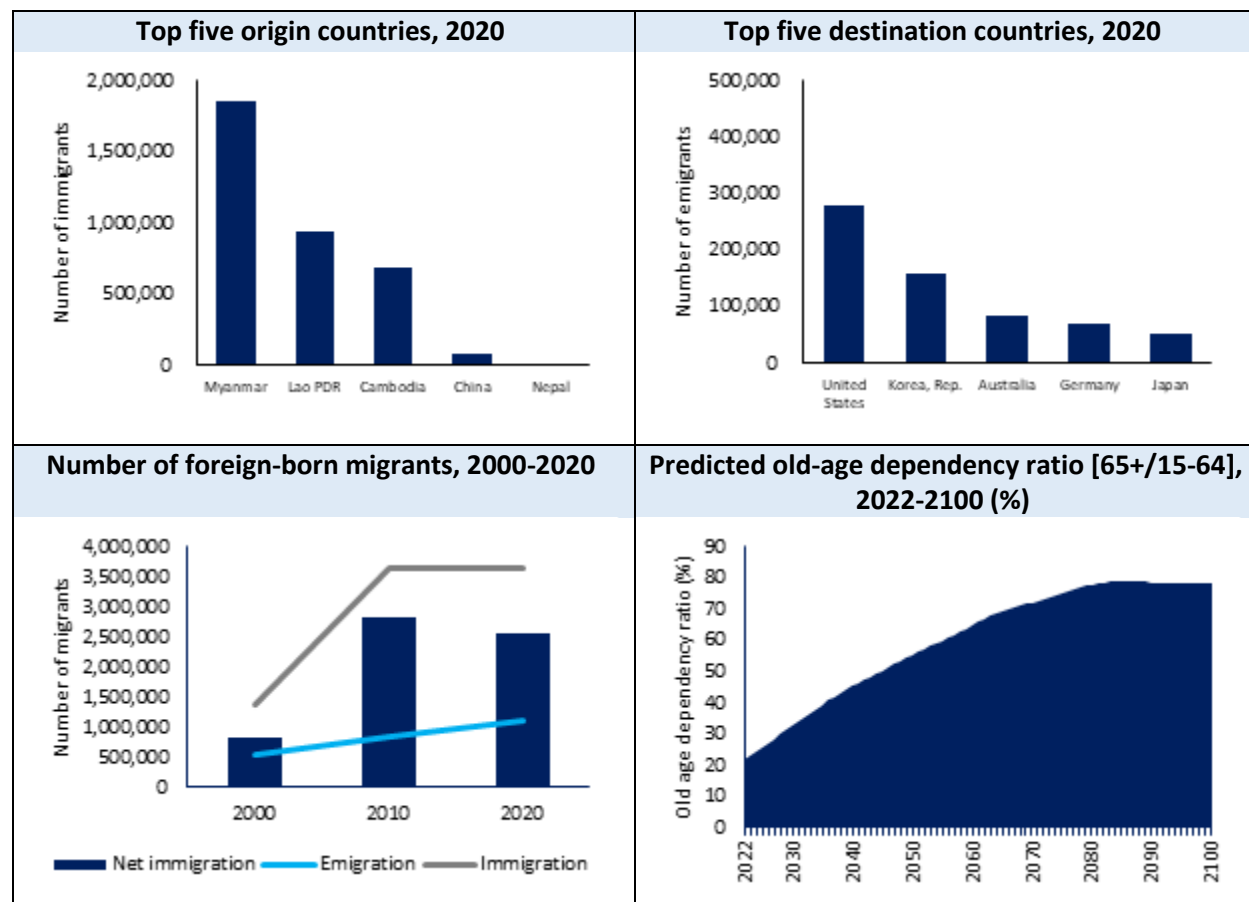
Solomon Islands

Immigration in 2020 (foreign nationals)	: 2,520	0.4% of population
Emigration in 2020 (foreign-born)	: 4,082	0.6% of population
Growth in net immigration 2000-2020 (foreign-born)	: -119.7%	
Remittance inflows in 2000 (US\$ million)	: 4	1.0% of GDP
Remittance inflows in 2023 (US\$ million)	: 85	5.2% of GDP



Thailand

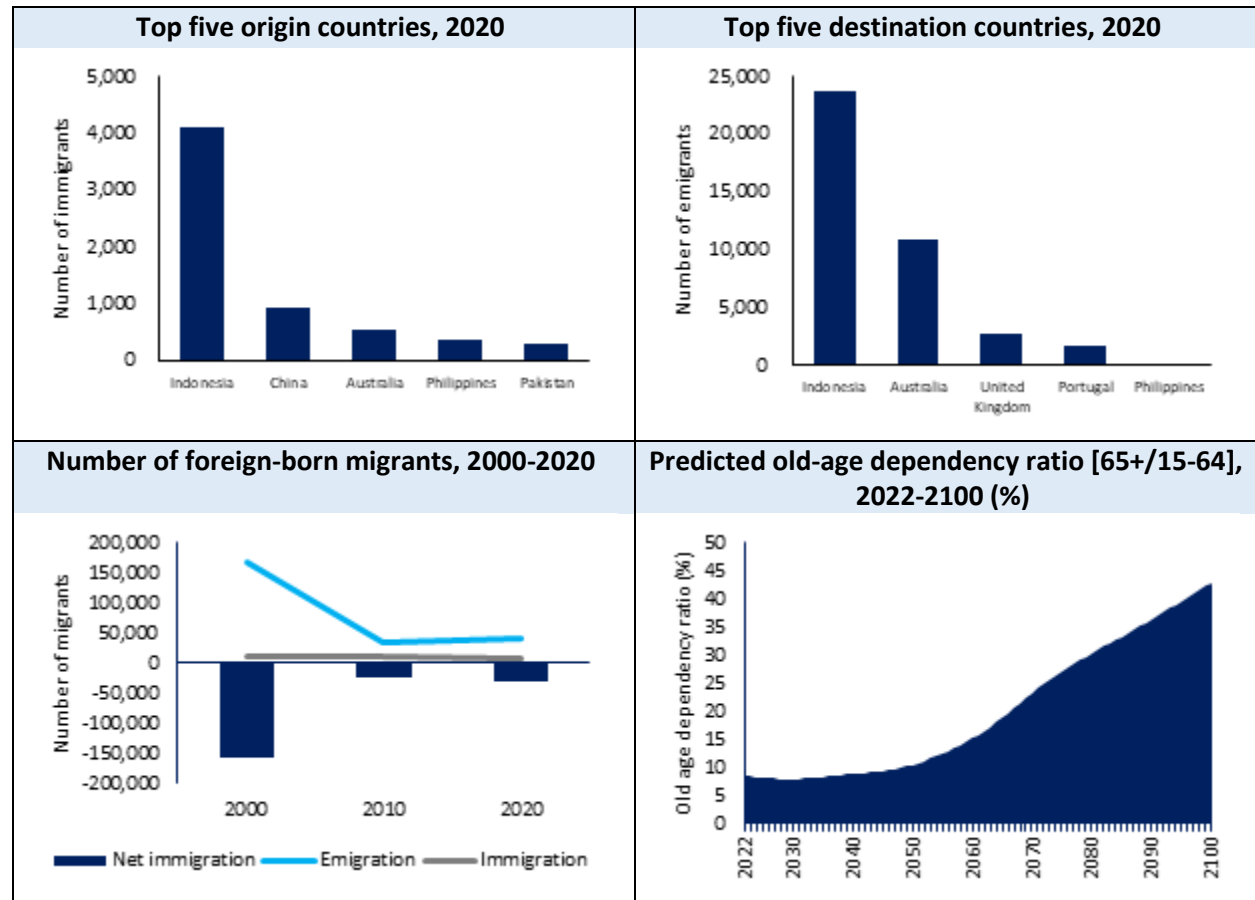
Immigration in 2020 (foreign nationals)	: 3,632,496	5.2% of population
Emigration in 2020 (foreign-born)	: 1,089,862	1.6% of population
Growth in net immigration 2000-2020 (foreign-born)	: +209.4%	
Remittance inflows in 2000 (US\$ million)	: 1,697	1.3% of GDP
Remittance inflows in 2023 (US\$ million)	: 9,800	1.9% of GDP



<u>Selected immigration schemes</u>	
Low-skilled schemes	: Section 64 Border Pass
High-skilled schemes	: SMART – Talent/Executive, Long-Term Resident (LTR) – Highly-skilled Professional/Remote Worker

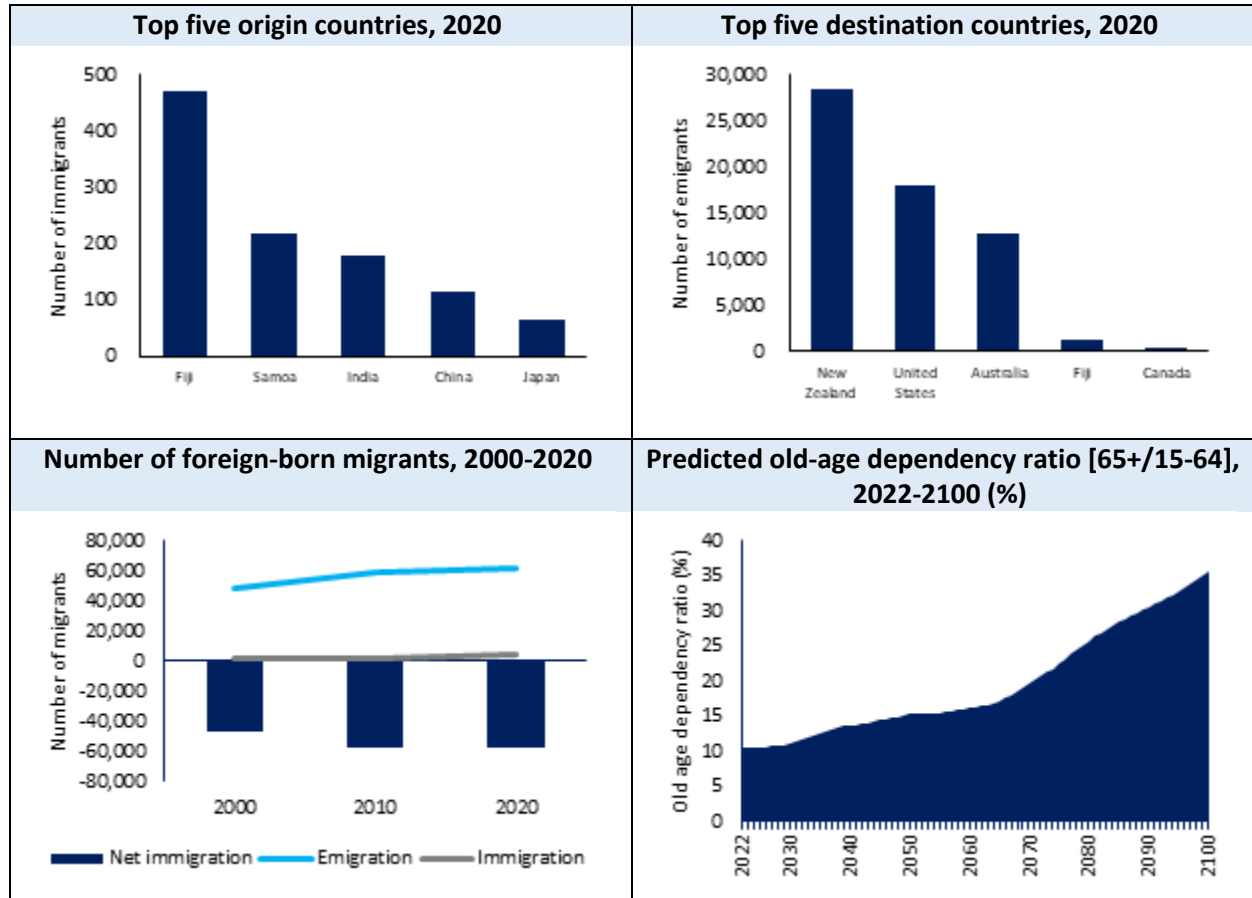
Timor-Leste

Immigration in 2020 (foreign nationals)	: 8,401	0.6% of population
Emigration in 2020 (foreign-born)	: 39,577	3.0% of population
Growth in net immigration 2000-2020 (foreign-born)	: +80.2%	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 200	8.6% of GDP



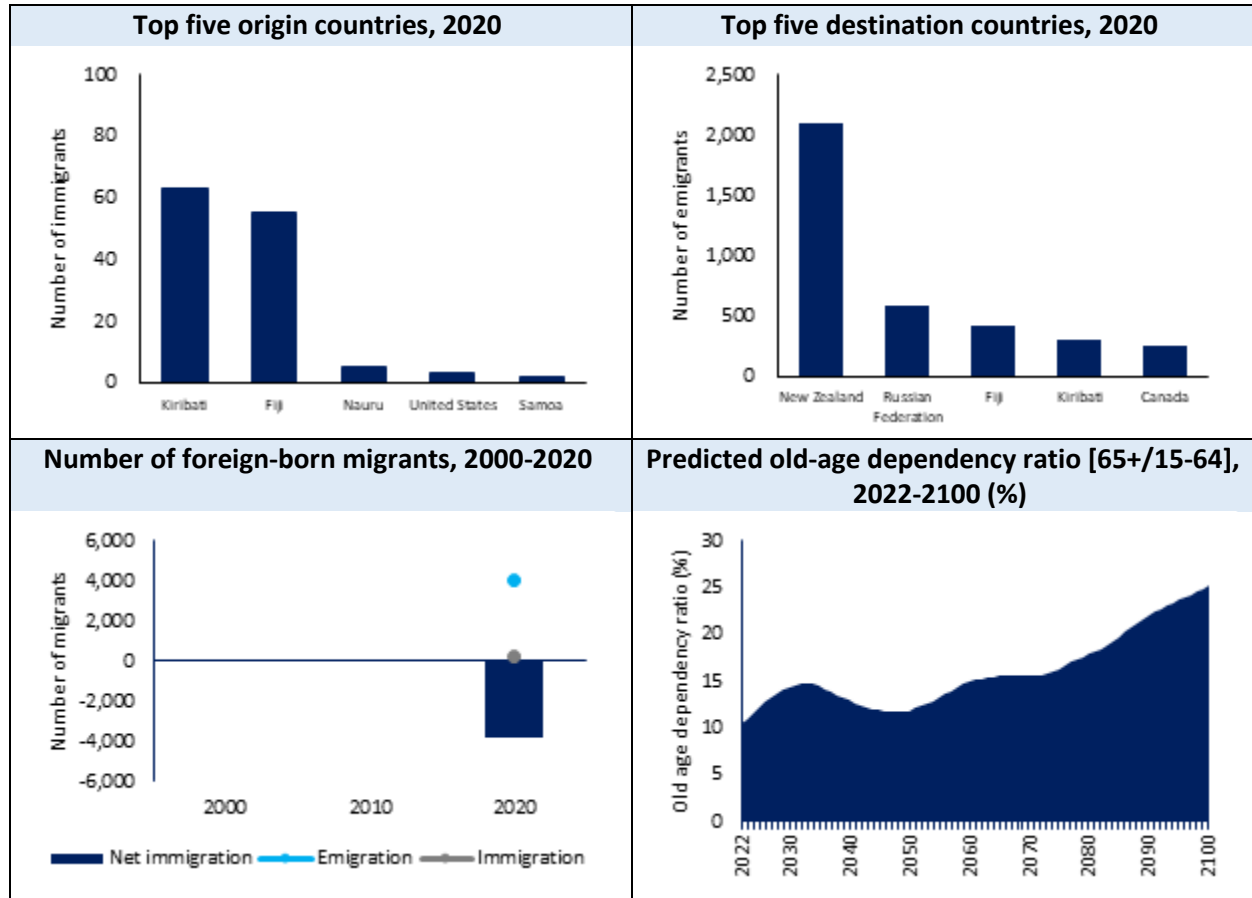
Tonga

Immigration in 2020 (foreign nationals)	: 3,742	3.5% of population
Emigration in 2020 (foreign-born)	: 61,413	58.1% of population
Growth in net immigration 2000-2020 (foreign-born)	: -23.6%	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 222	40.6% of GDP



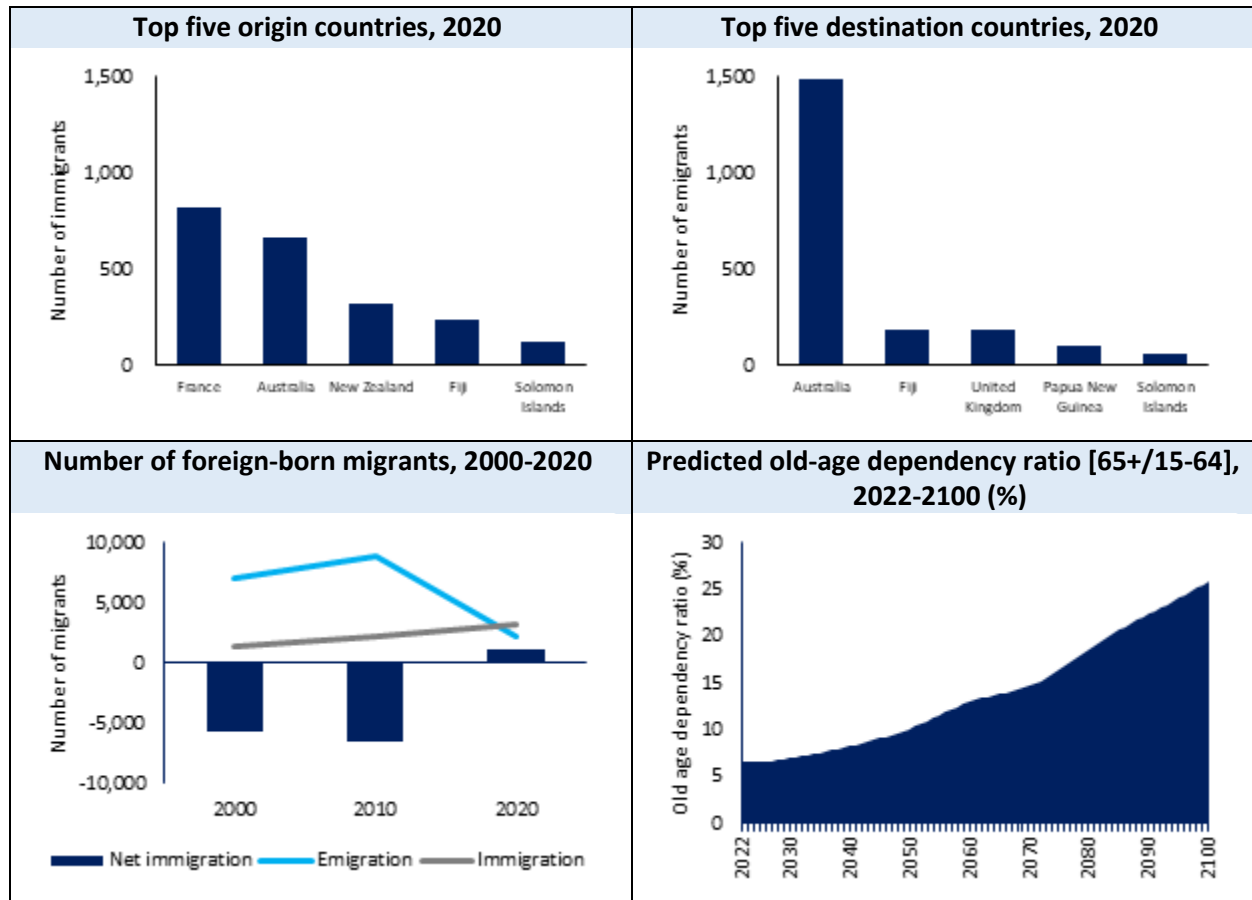
Tuvalu

Immigration in 2020 (foreign nationals)	: 240	2.2% of population
Emigration in 2020 (foreign-born)	: 4,051	36.6% of population
Growth in net immigration 2000-2020 (foreign-born)	: -	
Remittance inflows in 2000 (US\$ million)	: -	-
Remittance inflows in 2023 (US\$ million)	: 3	4.8% of GDP



Vanuatu

Immigration in 2020 (foreign nationals)	: 3,254	1.1% of population
Emigration in 2020 (foreign-born)	: 2,116	0.7% of population
Growth in net immigration 2000-2020 (foreign-born)	: +120.2%	
Remittance inflows in 2000 (US\$ million)	: 14	5.0% of GDP
Remittance inflows in 2023 (US\$ million)	: 177	15.1% of GDP



Viet Nam

Immigration in 2020 (foreign nationals)	: 76,768	0.1% of population
Emigration in 2020 (foreign-born)	: 3,306,223	3.4% of population
Growth in net immigration 2000-2020 (foreign-born)	: -46.1%	
Remittance inflows in 2000 (US\$ million)	: 1,585	4.0% of GDP
Remittance inflows in 2023 (US\$ million)	: 14,000	3.2% of GDP

