

## Executive Summary

# Facilitating Temporary Labor Mobility within APEC Region: Opportunities and Challenges

This report offers a detailed analysis of temporary worker labor mobility policies, and their impact on businesses, across the APEC region. Its objective was to provide policy makers with information critical to engaging in the dialog needed to create a rationalized policy framework for facilitating the movement of temporary workers.

This report, unfortunately, makes it easy to understand why labor mobility is a neglected topic in discussions of globalization and trade and investment. Issues surrounding temporary worker movement are a full magnitude more difficult and complex than those of liberalizing and facilitating trade in goods and services. Public opinion has been conditioned, a priori, to be against labor mobility. Fears of job losses, the lowering of local wages, and unwelcomed burdens on social services, quickly push reasoned discussions of the economic benefits of temporary workers from the public agenda. But real shortages of skilled and lower-skilled workers exist in many APEC economies, even during this recessionary period. And these labor shortages and imbalances of skills and jobs are predicted to become increasingly critical because of the changing demographics of aging populations. This gives business real concern as access to workers is directly correlated with business competitiveness and growth. A rationalized policy framework for the movement of workers will give APEC economies benefits of economic development, and do so in an inclusive way.

Our research included the following:

- A comprehensive line by line analysis of all labor provisions within 42 Free Trade Agreements and 25 Labor-Specific Memorandums of Understanding/Agreement across the APEC Region.
- Creating a comparative catalog of APEC Labor Agreements (available on CD)
- In depth interviews with 156 business executives, government officials, and thought leaders, knowledgeable about temporary worker labor mobility in all APEC economies.

## Key Findings

1. The most critical frictions, bottlenecks, barriers, and problems in temporary labor flows reported include:
  - Absence or complexity of labor agreements in FTAs and MOUs
  - Restrictiveness of national temporary worker visa regimes
  - Deficient governmental agency capabilities and systems for managing and coordinating temporary worker flows within and across economies
  - Misalignments between government labor policies and programs and immediate business needs
  - High recruitment fees and travel logistics costs for businesses and workers
  - Lack of adequate governance labor recruitment/ placement agencies and foreign employers
  - Lack of mutual recognition and verification of worker qualifications and credentials.
  - Overly restrictive temporary worker visa regimes driven by protectionist sentiment and cultural biases
  - Weak or non-existent processes and systems to ensure the repatriation of workers
2. Existing temporary worker labor policy within in APEC is uneven and patchy. FTAs focus principally on the movement of business persons. Fully 98% of all labor provisions in FTAs focus on the movement of businesspersons. The movement of the skilled and unskilled workers has been neglected: 10 of the 42 FTA's have no chapter on labor mobility; 28 FTA's address labor in a Movement of Business or Natural Persons chapter; only 7 contain a Labor chapter.
3. The scope and comprehensiveness of labor-specific MOUs/MOAs, negotiated in place of or as supplements to FTAs, is equally lacking. MOUs contain 30 percent fewer provisions than FTAs, and they are typically written with less specific policy detail. Disquietingly, of the 39 labor-specific MOUs identified, more than a third (14) were not available to the public.

4. No international labor agreement standards or labor mobility model measures exist. The absence of guidelines has resulted in differing approaches to preparing labor agreements. Against a proposed set of 30 essential labor provisions (considered important for ensuring comprehensiveness and effectiveness) the most thoroughly prepared labor agreement includes less than half.
5. Business executives do not want more studies documenting the existence of labor shortages. Executives want the conversation in APEC to move to focusing on developing more policy to improve temporary labor flows. Improving the cyclical pattern of temporary worker movement is a key concern of stakeholders in both sending and receiving economies.
6. Specific key problems reported by business were: the lack of comprehensive worker movement policies which create inefficiencies and high transaction costs; overly restrictive entry requirements in some economies; arbitrary quotas misaligned with labor shortages that reduce the level of workers hired; costs incurred by businesses and workers, from placement fees, double-taxation and lack of pension-portability; unregulated recruiting agencies; lack of worker pre-departure training; lack of mutually recognized training, assessment and qualifications; and assurance that workers return home when their employment term is complete.

#### Action Agenda

APEC has an important role to play in setting the agenda for the needed discussion and debate on temporary worker movement, and in encouraging regional rather than unilateral or bilateral approaches. Unilateral and bilateral approaches are suboptimal. They introduce unnecessary complexity, increasing costs to individuals and businesses. The extra-territorial dimension necessitates regional cooperation. Approaches must be found that address the interests of both sending and receiving economies. Regional approaches to facilitating temporary labor movement will ensure that economic growth is more inclusive and benefits are shared more widely.

1. **Make international labor mobility an APEC priority.**  
*We urge APEC Leaders to make a joint statement prioritizing labor mobility.*
2. **Coordinate the development of governmental capabilities to manage temporary worker flows across economies.**  
*We urge APEC to establish an APEC taskforce to study current systems and capabilities across economies and to offer recommendations for establishing a region-wide architecture for developing governmental management systems and capabilities.*
3. **Improve governance and oversight of sending and receiving labor agencies.**  
*We urge APEC to establish a taskforce to establish governance protocols for labor agencies, to make recommendations on how to create and implement an APEC-wide certification process, and to offer proposals for creating an APEC-wide entity to monitor and evaluate labor agencies.*
4. **Develop APEC-wide model measures for effective labor policy.**  
*We urge APEC to establish a taskforce to create a set of model measure for labor chapters within FTAs, and for negotiating labor-specific MOUs.*
5. **Foster and improve public-private cooperation within and across economies.**  
*We urge APEC to take the lead in convening across economy public-private forums for voicing business concerns and for the sharing of ideas and sharing of business practices on temporary labor mobility.*
6. **Centralize responsibility and accountability for temporary worker labor policy formulation, implementation, and management within a single government agency.**  
*We urge APEC to recommend to member governments that responsibility and accountability for temporary worker labor mobility be centralized in a single government agency.*
7. **Focus creative energy on approaches that facilitate mutual recognition and verification of professional credentials and qualifications.**  
*We urge APEC to use its influence to encourage government agencies, industry associations, employers, and educational and training institutions across economies to begin seriously addressing the issue of mutual recognition and verification of worker qualifications and credentials.*