

Position Summary

Pawandeep Singh Sekhon

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Issue: How can ASEAN address the concerns arising from the free movement of skilled labour amongst member states?

Country Assigned: Lao People's Democratic Republic

1. What is the current status of the 'Issue' in your country?

The labor market in Laos has a shortage of skilled labor as nearly 80% of the population practise subsistence agriculture and unemployment rate has increased from 1.4 in 2015 to 1.5 in 2016. As ASEAN introduced the ASEAN Economic Community (AEC), ASEAN nations have agreed to the free movement of goods, services, and investments as well as freer flow of capital and skills.

However, as the AEC introduced the free movement of labor especially skilled labor, countries like Lao PDR, having skill labor from other ASEAN nations working in Lao PDR, is beneficial to the nation such as being able to deal with the labor shortages, as well as be able to reduce the high rise of unemployment. But, this only benefit the nation for a short term

Having skilled labor from other ASEAN nations working to LAO PDR, may make it difficult for the locals in LAO PDR to find jobs, as this may cause competition between the local people and the ASEAN skill labors. Also, Lao PDR is small nation compared to other ASEAN nations. This may cause the local people to work in other nations which may offer higher wages there, this is the reason why domestic workers migrate to other ASEAN nations, which in turn causes shortages of domestic workers in LAO PDR.

Hence, this is a huge issue in LAO PDR and must be resolved quickly or else the idea of the free movement labour may not just cause a shortage of local skilled labor in the country but in turn be unable to decrease the unemployment rate for the locals.

2. What is your country's stand on this 'Issue'?

The LAO PDR government must first address the unemployment rate. As the unemployment rate is high, more locals would try to find work overseas mainly due to other ASEAN nations offering higher wages and this in turn could cause a brain drain to the nation.

As nearly 80% of the population practice subsistence agriculture, the government must then in turn implement policies to train the labor in the secondary and tertiary industries.

The World Bank reported in 2014 that nearly half of advertisements for low-skilled workers in Laos receive no applications. The government thus has enacted a Labor Law in 2014, which established better protection for the workers and also be able to provide training to develop the workers' skills and knowledge.

The unemployment rate in cities is higher than in rural areas, according to Mana who has conducted a lot of economic research for the government, international organizations and private companies. The fact is that in Lao PDR, there is a demand definitely a demand for skilled labor but has more unskilled labor.

Thus, LAO PDR must be able to find a work through there is enough training to turn those unskilled labors to meet the demand for skill labor. LAO PDR government can make use of the free movement of the skilled labor from ASEAN nations and use them to engage and train the local people. This in turn would benefit LAO PDR as well as the ASEAN nations.

3. **State 2-3 solutions which your country will take to solve the 'Issue' in your country.**
(More solutions are welcome too.)
 - 1) The government should work hand in hand with the skilled labor from ASEAN nations to train and work with the local people and have them replace the ASEAN labor work, this would in turn reduce the unemployment rate in the country and be beneficial for ASEAN nations.
 - 2) The government could also be able to send students to other ASEAN nations to learn and train new skills, and in turn they could contribute back to the nation.