



asean insiders

series

● JUNE 2015



Employment

Freer flow of human capital

The ASEAN Economic Community (“AEC”) is becoming a reality. We envision a region where corporations will be able to freely mobilise their workforce to spearhead business expansion across ASEAN. This could be favourable across the board as recent estimates suggest that between 2015 and 2025 the AEC would generate some 14 million new jobs.

Rather than aiming for unrestricted or free flow of skilled labour, the AEC seeks to offer ways to facilitate a freer flow, mainly by implementing Mutual Recognition Arrangements (MRAs) based on national and ASEAN Qualification Frameworks (AQF), as well as the facilitation of temporary visa issuance. The MRAs are completed by occupation, so far covering eight professions that involve less than 1.5 per cent of the ASEAN labour force.

MRAs enable ASEAN to recognize a labourer’s education or experience and certification or licensing granted by other ASEAN members. The AQF aids to measure levels of educational or training achievement and create more transparent career ladders between levels. The AQF also aims to harmonise regulatory arrangements between participating countries by developing mutually comparable national qualifications frameworks based on a common reference framework.

Although flows of skilled labour in ASEAN have increased, they remain small in comparison to the flows of unskilled or semi-skilled labor migration. In Indonesia, Myanmar, Cambodia, Thailand and the Lao People’s Democratic Republic, unskilled immigration outstrips skilled migration significantly.

Labour migration across ASEAN countries occurs largely in informal sectors and focuses on low- and medium-skilled employment groups.

This chapter is intended to provide an overview of the position in selected ASEAN countries outlining the legal frameworks governing the employment of skilled and unskilled labour across ASEAN.

The comparative table included here contains selected information on employment requirements in ASEAN.



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	 Cambodia	 Indonesia	 Laos	 Malaysia
Social Security/ Statutory Schemes	<p>National Social Security Fund comprising:</p> <ul style="list-style-type: none"> • Pension Scheme; • Occupational risk Insurance; and • Labour accident compensation. 	<p>JAMSOSTEK (Jaminan Sosial Tenaga Kerja).</p> <p>Jamsostek is compulsory for companies having at least 10 employees or paying a total monthly payroll of at least Rp 1,000,000.</p> <p>Jamsostek manages 4 plans, which provide Old-age Benefit, Death Benefit, Work Accident Benefit, and Health Care Benefit.</p>	<ul style="list-style-type: none"> • National Social Security Fund; The Labour Law 2003 requires that every labour unit and employee must be insured and make payments into the National Social Security Fund. The Social Security Scheme is compulsory for State, private & partnership sectors in the areas of industry, agriculture, services & others. • The Decree on Social Security Regime for Employees in Enterprises No. 207/PM; Applies to employers with 10 or more employees & work units with less than 10 employees, provided that it is a branch of a large labour unit. The Decree is not applicable to: 1. Foreign persons working in multinational companies located in Lao for a period not exceeding 12 months; and 2. Lao employees sent abroad to work with the company's overseas affiliates for 12 or more months. 	<ul style="list-style-type: none"> • Workmen's Compensation Act 1952; • Employees Provident Fund; • Social Security Organisation; and • Human Resource Development Fund.
Relevant Government Agencies	<ul style="list-style-type: none"> • Ministry of Labour; and • Ministry of Health. 	<ul style="list-style-type: none"> • Investment Coordinating Board; • Ministry of Manpower and Transmigration; and • Ministry of Law and Human Rights. 	<p>Lao Social Security Organisation of the Ministry of Labour and Social Welfare.</p>	<ul style="list-style-type: none"> • Ministry of Home Affairs: - Immigration Department of Malaysia. • Ministry of Human Resources: - Labour Department; - Industrial Relations Department; and - Occupational Safety & Health Department.
Tax Incentives	None.			Tax incentives available where expatriates are eligible for resident status eligibility (stay in Malaysia for more than 182 days).
Minimum Wage	<p>US\$56- US\$61</p> <p>[NB: Minimum wages are not generally determined so far except for workers in the shoes, textile and garment factories.]</p>	<p>None</p> <p>[NB: There are Standard Guidelines for Salaries of Foreign Employees under the Decree of the Directorate General of Taxation utilised under certain circumstances.]</p>	<p>Effective 1 April 2015:</p> <ul style="list-style-type: none"> • Locals: Lao Kip 900,000 (equivalent to USD 111) • Foreigners: Not specified 	<ul style="list-style-type: none"> • Foreign Workers - RM900 (Peninsular Malaysia) - RM800 (East Malaysia) • Expatriates - RM5,000 (to obtain an Employment Pass).
Annual Levy	None.	US\$1,200 per annum, paid to the Skill Development Fund (DPKK).	None.	Levy is dependent on sectorial requirements (NB: Not applicable to expatriates who pay income tax and for those with an Employment Pass)
Enabling Documents	<ul style="list-style-type: none"> • Work permit; • Employment card; • Residency permit; and • Medical check-up results 	<ul style="list-style-type: none"> • Temporary Stay Visa; • Temporary Admission Card; • Multiple Exit Re-entry Permit; • Immigration Control Book; • Work Permit; • Certificate of Police Registration; • Report Certificate; • Domicile Letter; and • Certificate of Registration for Temporary Resident. 	<p>A work permit and work visa (LA-B2). Expires in accordance with the employment contract.</p>	<ul style="list-style-type: none"> • Foreign Workers: - Visit Pass (Temporary Employment). • Expatriates: - Expatriate Post approval; and - Employment Pass.
Employment Time Limit	<p>Work permit is valid for one year and may be extended as long as the validity of extension does not exceed the fixed period in the residency permit/Visa of person in question.</p>	<p>2 years.</p> <p>[NB: Extendable for 1 time only for a max of 1 year. Afterwards, it can be renewed for 1 time only for a maximum of 2 years]</p>	<ul style="list-style-type: none"> • Three months for labour imported for a probationary period, for monitoring and evaluation of projects, or for installation and reparation of machinery in accordance with an equipment sales contract. • 1 year, renewable for not more than 12 months. Total working period may not exceed 5 years. Management & expert level workers are given specific consideration. 	<ul style="list-style-type: none"> • Foreign Workers 1 year (renewal on a yearly basis up to 5 years, or till the foreign worker reaches the age of 45). • Expatriates Minimum of 2 years (renewal allowed). [NB: This is only applicable to an Employment Pass. There are other types of passes available for different purpose of visits.]

 Myanmar	 Singapore	 Thailand	 Vietnam
<ul style="list-style-type: none"> Health and Social Care Fund and Employment Injury Benefit Fund: <ul style="list-style-type: none"> - Employer's contribution of 3% of the insured wage/salary - Employee's contribution of 2% of the insured wage/salary .The maximum salary to be computed is capped at 300,000 Kyats, and the maximum amount of contribution is 9,000 Kyats for employer and 6,000 Kyats for employee accordingly. Employee Skill Development Fund: <ul style="list-style-type: none"> - Employer's contribution of not less than 0.5% of the total wages and salaries of employee - This fund shall be established under the Employment and Skill Development Law 2013, but to date the fund has not yet been established. 	<p>Central Provident Fund.</p>	<ul style="list-style-type: none"> Social Security Fund <p>[NB: Worker contributes 5% of salary but not more than 750 Bt per month]</p> Provident Fund Scheme <p>[NB: Participation in this scheme is optional, where the prospective employer participates in such fund.]</p> 	<ul style="list-style-type: none"> Contribution of Health Insurance: <ul style="list-style-type: none"> - Employer: 3% of monthly salary of the employee; - Employee: 1.5% of monthly salary. Social Insurance: <ul style="list-style-type: none"> - Employer: 18% of monthly salary of the employee; - Employee: 8% of monthly salary. Unemployment insurance: <ul style="list-style-type: none"> - Employer: 1% of monthly salary of the employee; - Employee: 1% of monthly salary. Trade Union fee (Notwithstanding that a primary trade union is established in an enterprise or not): <ul style="list-style-type: none"> - Employer: 2% of the salary fund to be paid for social insurance for labourers. - Note that the salary fund is the total amount of monthly salary used to calculate the social insurance to be paid by the employer to the employee.
<ul style="list-style-type: none"> Ministry of Labour, Employment and Social Security; Ministry of Immigration and Population; Myanmar Investment Commission; and Directorate of Investment and Company Administration 	<ul style="list-style-type: none"> Ministry of Manpower; and Singapore Workforce Development Agency. 	<p>Ministry of Labour</p> <ul style="list-style-type: none"> - Office of Foreign Workers Administration; - Social Security Office; - Department of Labour Protection and Welfare; and - Immigration Bureau, Royal Thai Police 	<ul style="list-style-type: none"> Ministry and Department of Labour, Invalids and Social Affairs; Ministry of Health; Ministry of Public Security; and Ministry of Finance
None.			
<p>Minimum Wage Law 2013 allows different rates of minimum wages to be determined depending on sectors and areas, but no minimum wage has been determined yet.</p>	<p>None.</p>	<p>300 Bt per day. [NB: The minimum income the foreign worker receives depends on the nationality of the foreign worker]</p>	<ul style="list-style-type: none"> Minimum area wage rates vary from VND2,150,000 to VND3,100,000 per month (approx US\$100 to US\$145 per month) Common minimum wage: VND1,150,000 per month (approx. US\$34 per month)
<p>None.</p>	<p>Only applicable for S Pass and Work Permit Holders. Amount of levy payable depends on the type of job, level of skill and experience.</p>	None.	
<ul style="list-style-type: none"> Business visa; Stay permit; and Work permit in case of foreign experts in MIC companies. 	<ul style="list-style-type: none"> Employment Pass; EntrePass; S-Pass; and Work Permit. 	<ul style="list-style-type: none"> Non-immigrant- B Visa; and Work Permit. 	<p>Expatriates with temporary resident cards or permanent resident cards are exempted from obtaining a Visa.</p> <p>Foreign citizens who want to work in Vietnam shall obtain a work permit issued by Vietnam's competent agencies.</p>
<p>Generally, there is no time limit for employment for citizens or foreigners. Foreigners are able to continue working in Myanmar until termination.</p>	<ul style="list-style-type: none"> Employment Pass : Up to 2 years, with a chance to renew up to 3 years; EntrePass : Up to 1 year, renewable; S-Pass : Up to 2 years, renewable; and Work Permit: Up to 2 years, renewable. 	<p>Foreign workers are allowed to work for duration of 3 months, 6 months, 1 year but not more than 2 years as the case may be. Work permits and non- Immigrant- B Visas can be extended.</p>	<p>None.</p> <p>However, all work permits have a validity of 2 years. Prior to the expiry of a work permit, employees may apply to the competent agencies for a new work permit, not an extended work permit.</p>

Summary of ASEAN Commitments in enhancing movement of natural persons in view of the ASEAN Economic Community

These commitments apply to all sectors, though there are commitments aimed at specific sectors. These sector-specific commitments have not been included here.

Country	Persons	Terms and conditions
 Cambodia	Business visitor	Entry visa valid for 90 days
	Persons setting up commercial establishment	Not subject to a maximum duration of stay
	Intra-corporate Transferee: Executive, Manager, Specialist	Temporary residency and work permit is issued for 2 years (renewed annually up to a maximum of total 5 years)
	Contractual Service supplier	Permits issued for 2 years and renewable annually to a maximum of total 5 years
 Indonesia	Business visitor	Entry and temporary stay permitted for a period of 60 days (extendable to a maximum 120 days)
	Intra-corporate Transferee: Manager, Specialist	Stays permitted for 2 years and extended for a maximum of 2 times (each extension being up to 2 years)
 Laos	Business visitor	Maximum stay of 30 days, renewable twice (each time not more than 30 days)
	Intra-corporate Transferee: Executive, Manager, Specialist	<ul style="list-style-type: none"> • Visa for 1 month at first entry and renewable for multiple visas for 3 months, six months and 1 year • Stay Permit (ID): for the same period as visa, one month, three months, six months and 1 year, by the Ministry of National Security (MoNS) • Working Permit (WP) for the same as period as visa one month, three months, six months and 1 year, by the Ministry of Labor and Social Welfare (MoLSW)
 Malaysia	Intra-corporate transferee: Executive, Specialist or experts who possess knowledge at an advanced level of continued expertise	Shall not exceed a total of 10 years
	Professions who possess necessary academic credentials, professional qualifications	
	Business visitor	Shall not exceed 90 days
 Myanmar	Management level employees	Stay up to 1 year and may be extendable
 Singapore	Intra-corporate transferee: Executive, Manager, Specialist	Entry is limited to 2 years (extendable for up to 3 additional years each time for a total term not excluding 8 years)
 Thailand	Business Visitor	Initial entry period of 90 days (extendable for a cumulative period of not more than 1 year)
	Intra-corporate transferee	Temporary stay limited to 1 year (extendable for a further 3 terms of not more than 1 year each)
 Vietnam	Intra-corporate transferee: Manager, Executive, Specialist	Initial entry period of 3 years, extendable subject to the term of operation of entities for which they belong
	Other personnel	Stay permit in conformity of term of their employment contract or a period of 3 years (whichever is shorter) and is extendable subject to their employment contract
	Service sales persons	Limited to 90 days
	Persons responsible for setting up a commercial presence	
Contractual	Stay for a period of 90 days or for a period in conformity with their contract (whichever is less)	

Source: Asean.org <http://www.asean.org/communities/asean-economic-community/category/agreements-declarations-12>



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