

Abstract

The Southeast Asian countries have been actively participated in regional economic integration during the past decade. The ASEAN Free Trade Agreement (AFTA) has been realized its almost-zero tariffs scheme since 2010. This agreement thus far has helped the ASEAN becoming a single market, both in terms of finished goods products and intermediate inputs, for other trading partners outside the region. Yet another milestone set forward to challenge member countries of the ASEAN is the implementation of the ASEAN Economic Community (AEC) in 2015. One of the most important agreements in the AEC is to allow certain types of skilled labor to move freely. Although the restriction of labor movement will be lifted for only eight professional occupations, an ongoing in labor market integration in the region should continue to advance in the future. The objective of this study is to evaluate impacts to macroeconomic and sectoral variables from labor market integration within ASEAN countries. The study works through computable general equilibrium (CGE) to simulate impacts of such movement. The simulation results reveal that effects of labor movement are similar to the North-South analysis in the sense that the North gains the most while the South takes least benefit. In case of Thailand, the skilled labor movement benefits the economy in terms of GDP and social welfare. Those benefits will be enhanced even more when unskilled labor are allow to move along with the skilled labor. The sectoral benefits in Thai case is distributed heavily on service and industrial sectors, leaving agricultural sector gains the least.