ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 14, Issue 4, pp: (415-421), Month: October - December 2026, Available at: www.researchpublish.com

The Rohingya Migration Settlement Dilemma: Balancing Between Humanitarian Responsibility and Economic Burden on Southeast Asian Host Countries

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DOI: https://doi.org/10.5281/zenodo.24050644
Published Date: 04-November-2026

Abstract: **The protracted displacement of the Rohingya presents Southeast Asian governments with a complex policy dilemma: how to uphold humanitarian responsibilities while managing fiscal, social, administrative and political pressures in host communities. This conceptual and literature review examines the settlement options and policy trade-offs facing Bangladesh, Malaysia, Indonesia and Thailand. It draws on refugee-protection principles, migration and public-finance literature, regional policy analysis and recent UNHCR, IOM and United Nations reporting. UNHCR reported more than 1.006 million registered Rohingya refugees in Bangladesh in December 2025; its regional data also recorded substantial Rohingya populations in Malaysia, Indonesia, India and Thailand. The review argues that the term "economic burden" requires careful qualification: costs are real but unevenly distributed across public services, local infrastructure, humanitarian agencies and host communities, while refugees may also contribute through labour, consumption, entrepreneurship and skills when legal barriers permit. The central challenge is not simply whether refugees should be hosted, but how responsibility can be shared, protection delivered, and self-reliance enabled without undermining host-country capacity or social cohesion. The paper develops a four-part framework encompassing protection and legal status, host-community investment, regulated access to livelihoods and education, and regional/international responsibility-sharing. It evaluates voluntary repatriation, temporary protection, local inclusion and third-country resettlement as complementary rather than mutually exclusive pathways. The review concludes that sustainable policy requires predictable international financing, stronger regional coordination, evidence-based public communication, safeguards against exploitation and a rights-respecting route to durable solutions. Any return to Myanmar must be voluntary, safe, dignified and sustainable.**

Keywords: **Rohingya, Forced displacement, Southeast Asia, Refugee protection, Host communities, Economic burden, Responsibility-sharing, Durable solutions, Migration governance, Humanitarian policy.**

I. INTRODUCTION

The Rohingya displacement crisis is among the most protracted and politically complex humanitarian challenges in Asia. Rohingya communities have experienced decades of exclusion, discrimination, statelessness and violence in Myanmar, alongside repeated displacement across borders. The mass flight from northern Rakhine State in 2017, when more than 750,000 people crossed into Bangladesh following military operations, intensified a regional crisis that had already developed through earlier movements [1]. Continued conflict and insecurity in Myanmar, restrictions on rights and limited prospects for safe return have prolonged displacement and contributed to dangerous maritime journeys [2], [3].

Southeast Asian states occupy different positions in this regional movement. Bangladesh hosts the largest concentration, particularly in Cox's Bazar and on Bhasan Char. Malaysia has become a significant destination for Rohingya and other refugees, many living in urban settings. Indonesia, especially Aceh, has received maritime arrivals, while Thailand has

functioned as a transit and destination country and faces challenges involving irregular entry, detention and trafficking networks. These states differ in legal systems, labour markets, fiscal capacity, public opinion and approaches to humanitarian protection.

The policy dilemma is often expressed as a tension between humanitarian responsibility and economic burden. Host governments and communities must respond to needs for shelter, health care, education, sanitation, security and administration. These services require resources and can add pressure to already constrained local systems. Yet describing refugees only as a cost-bearing population risks overlooking their rights, agency and potential contributions. Refugees consume goods, provide labour, start businesses where permitted, acquire skills and participate in community life. The balance between costs and contributions is strongly influenced by legal status and policy design.

This paper has four objectives: (1) to examine the legal and ethical basis of humanitarian responsibility; (2) to identify the fiscal, labour-market and social dimensions of hosting; (3) to compare settlement and durable-solution options relevant to Southeast Asia; and (4) to propose a balanced regional framework that protects refugees while supporting host communities. It is a conceptual and narrative literature review. It does not estimate the net fiscal impact of Rohingya hosting in any one country, nor does it assume that evidence from one host state can be generalized to all others.

II. CONCEPTUAL AND LEGAL FOUNDATIONS

A. Forced displacement, statelessness and protection

The Rohingya situation cannot be understood solely as ordinary labour migration. Many have fled persecution, violence, insecurity and denial of fundamental rights. Their legal and protection needs must therefore be distinguished from those of people moving primarily for employment. Statelessness compounds vulnerability because people without recognized nationality may lack secure access to documentation, lawful residence, education, formal work and public services. The 1954 Convention relating to the Status of Stateless Persons and the 1961 Convention on the Reduction of Statelessness provide international legal frameworks, although state participation and implementation vary [4].

The 1951 Refugee Convention and its 1967 Protocol establish the international refugee-protection framework, including the principle of non-refoulement: a person should not be returned to a territory where they face the relevant threats to life or freedom [5]. Malaysia, Indonesia and Thailand are not parties to the 1951 Convention or 1967 Protocol; Bangladesh is also not a party. Their domestic laws and administrative practices nevertheless remain subject to other applicable international obligations, including human-rights and maritime-law commitments. The precise legal duties in any individual case depend on the relevant treaty status, facts and applicable law.

Non-refoulement is central to the Rohingya issue because return cannot be treated as a purely administrative solution. Repatriation must be voluntary, safe, dignified and sustainable, with credible guarantees of physical security, legal identity, freedom of movement, access to services and restoration of rights. A return undertaken under coercion or without adequate safeguards risks renewed displacement.

B. Humanitarian responsibility and burden-sharing

Humanitarian responsibility is not limited to admitting people at a border. It includes rescue at sea, access to asylum procedures or other protection arrangements, prevention of trafficking and exploitation, basic assistance, family unity and safeguards for children and other people at heightened risk. The Global Compact on Refugees, affirmed by the UN General Assembly in 2018, emphasizes more predictable and equitable responsibility-sharing so that countries hosting large refugee populations are not left to manage the consequences alone [6].

Responsibility-sharing has at least four dimensions: financial contributions, technical and operational support, access to durable solutions such as resettlement, and policy cooperation that expands protection and self-reliance. It also includes support to host communities, whose needs may be overlooked when humanitarian programmes focus exclusively on displaced populations.

C. The economic-burden concept

The phrase "economic burden" can refer to several distinct phenomena: direct public expenditure on services; pressure on local infrastructure; humanitarian and administrative costs; competition for selected jobs or housing; and perceived effects on wages, prices or social assistance. These categories should not be conflated. Expenditure by humanitarian agencies is not necessarily expenditure from a host government budget, while pressure in one locality does not establish a national macroeconomic effect.

A balanced assessment must also consider contributions and counterfactuals. Refugees may fill labour shortages, create demand for local goods and services, establish enterprises, pay indirect taxes and bring skills. Whether these contributions materialize depends on access to lawful work, freedom of movement, education, financial services and recognition of qualifications. Restrictions can transform potentially productive participation into informal employment, dependency and vulnerability.

III. ROHINGYA DISPLACEMENT AND THE SOUTHEAST ASIAN CONTEXT

UNHCR's Rohingya emergency reporting recorded more than 1,006,000 registered Rohingya refugees in Bangladesh as of December 2025 [1]. UNHCR's Myanmar situation data for 31 December 2025 estimated 1,329,300 stateless Rohingya refugees and asylum-seekers across countries of asylum, including approximately 1,178,000 in Bangladesh, 125,500 in Malaysia, 22,700 in India, 2,600 in Indonesia and 500 in Thailand [7]. These figures are date-specific and should not be interpreted as a complete count of all Rohingya, including people who may be unregistered or whose status is recorded differently.

Bangladesh faces a distinctive concentration challenge. Cox's Bazar hosts a very large refugee population in a geographically limited and environmentally vulnerable area, placing pressure on land, forests, water, sanitation, roads, health facilities and local livelihoods. The Government of Bangladesh and humanitarian partners have sought to sustain basic assistance while supporting surrounding communities. In May 2026, the UN and partners appealed for US$710.5 million for the 2026 response, intended to support up to 1.56 million people, including refugees and members of host communities [8]. The appeal illustrates the scale of annual humanitarian financing needs and the dependence of the response on international contributions.

Malaysia's context is different. UNHCR reports that the country hosts more than 180,000 refugees and asylum-seekers from over 50 countries, the majority from Myanmar, including a large Rohingya population [9]. Refugees are concentrated in urban and peri-urban areas, and the absence of a national asylum framework means that registration and protection functions rely heavily on UNHCR. Barriers to formal employment, education and some health services contribute to insecure livelihoods and reliance on informal arrangements.

Indonesia and Thailand experience different patterns of arrival, transit and temporary stay. Maritime arrivals in Aceh have generated humanitarian responses as well as local debate about resources, community consent and the capacity of local authorities. Thailand's geography and migration routes create challenges related to irregular entry, detention, trafficking and the provision of basic services. The European Commission's regional factsheet identifies Malaysia, Indonesia and Thailand as major refugee-hosting states in Southeast Asia and notes the absence of comprehensive national refugee-protection frameworks in these countries [10].

IV. HUMANITARIAN RESPONSIBILITIES OF HOST COUNTRIES

A. Rescue, admission and protection at borders

The first responsibility in maritime movements is the preservation of life. Search-and-rescue coordination, safe disembarkation and access to screening are essential to prevent deaths, disappearances, pushbacks and prolonged exposure at sea. The Andaman Sea and Bay of Bengal routes expose refugees to overcrowded vessels, trafficking, extortion, violence, dehydration and shipwreck [11]. Border management is a legitimate state function, but it should be carried out in a manner consistent with applicable legal obligations and the protection needs of people in distress.

A protection-sensitive system distinguishes refugees and asylum-seekers from traffickers and smugglers. Criminal networks should be investigated and prosecuted, while people who have been exploited should be treated as potential victims requiring protection. Collective punishment, arbitrary detention and indiscriminate enforcement can increase vulnerability and push movement further underground.

B. Access to essential services

Host states and humanitarian partners face difficult choices in allocating scarce resources for health care, shelter, water, sanitation and education. Refugee access to basic services can prevent disease, reduce long-term social costs and protect host populations as well. Parallel service systems may be administratively convenient in the short term but can create duplication and resentment. Where feasible, investments in clinics, schools, water systems and local infrastructure should benefit both refugees and host communities.

Children require particular attention. Interruptions to education can create a lost generation, increase child-protection risks and weaken future self-reliance. Education arrangements should provide safe learning, language support, recognition of prior learning and pathways to vocational training. Health responses should include maternal care, vaccination, mental-health support and treatment for chronic conditions, with referral systems that do not discriminate.

C. Protection from exploitation and trafficking

When people lack lawful status and work authorization, they may be vulnerable to wage theft, unsafe work, debt bondage, sexual exploitation and trafficking. Documentation and accessible complaint mechanisms can help people report abuse without fear of automatic detention or removal. Labour inspection and cooperation with employers are necessary to prevent exploitation, including in sectors that rely on informal or migrant labour.

A rights-based response should also address gender-specific risks, family separation, child labour, early marriage and barriers faced by people with disabilities. Refugee women and youth should participate in programme design and community leadership, not only be treated as recipients of protection.

V. ECONOMIC AND SOCIAL PRESSURES ON HOST COUNTRIES

A. Public finance and local service capacity

Hosting large displaced populations can create direct and indirect costs. Direct costs include emergency shelter, health care, education, registration, policing, interpretation and administrative coordination. Indirect costs may include increased demand for water, waste management, transport, rental housing and local infrastructure. These pressures are often concentrated in municipalities and border districts, while national fiscal systems and international aid budgets may not adequately compensate the local authorities carrying the responsibility.

However, reliable fiscal estimates are difficult. Refugee-related spending is often spread across ministries, local government, UN agencies, international NGOs and private households. Some expenditures are shared with host populations, making attribution difficult. A credible cost assessment should distinguish additional costs from ordinary public expenditure, account for external humanitarian funding and measure service outcomes rather than assuming that every increase in demand is caused by refugees.

B. Labour markets, informality and economic contribution

The labour-market effect depends on the structure of the host economy and the legal options available to refugees. Where formal work is prohibited or inaccessible, refugees may enter informal and precarious employment. This can create downward pressure in particular low-wage segments, but it also allows employers to benefit from workers who have limited bargaining power. The resulting harm is not simply a consequence of refugee presence; it is also a consequence of regulatory exclusion and weak labour enforcement.

Where lawful work is available, refugees can contribute to sectors facing labour shortages, support small enterprises and increase demand for local products. Access to work can reduce dependence on aid, improve household welfare and generate indirect tax revenue through consumption. Policy design should therefore focus on regulated work authorization, fair wages, occupational safety, skills recognition and safeguards for local workers.

C. Social cohesion, public opinion and political pressures

Perceptions of unfairness can emerge when local residents believe that refugees receive services unavailable to citizens, or when public authorities communicate poorly about the distribution of assistance. Competition over housing, employment and local resources may become politicized, especially during economic downturns or periods of heightened insecurity. Online misinformation and hate speech can intensify tensions and encourage hostility toward vulnerable groups.

Social cohesion is strengthened when host communities are included in needs assessments and receive visible benefits from investment. Transparent eligibility criteria, public information, consultation with local leaders and accessible grievance channels can reduce resentment. Humanitarian programmes should explain how funding is allocated and distinguish donor-funded refugee assistance from national welfare programmes.

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VI. SETTLEMENT OPTIONS AND DURABLE SOLUTIONS

A. Voluntary, safe and dignified repatriation

For many Rohingya, return to Myanmar remains the preferred long-term solution, but preference alone does not make return safe or feasible. Conditions must allow return without coercion and with credible guarantees of security, citizenship or secure legal status, freedom of movement, access to livelihoods, housing and services, and protection against renewed persecution. Monitoring arrangements and independent verification are essential. Repatriation should not be used to relieve host-country pressure at the expense of refugee safety.

B. Temporary protection and stay arrangements

Temporary protection can provide a practical response when immediate return is not possible and permanent solutions remain unavailable. Such arrangements may include documentation, protection against forced return, access to essential services and permission to work under defined conditions. Their value depends on predictability and safeguards: a temporary status that can be withdrawn without process may perpetuate insecurity rather than provide meaningful protection.

C. Local inclusion and self-reliance

Local inclusion does not necessarily mean immediate permanent settlement or naturalization. It can involve staged access to education, health services, lawful employment, financial inclusion and community participation. These measures can reduce aid dependency and improve the capacity of refugees to support themselves. They can also benefit host economies by bringing labour and skills into regulated markets. The political feasibility of inclusion varies by country, and programmes should be designed with local authorities and communities.

D. Third-country resettlement and complementary pathways

Resettlement transfers eligible refugees to a third country that agrees to admit them. It is available to only a small proportion of the global refugee population and cannot resolve the crisis alone. Complementary pathways—such as education scholarships, family reunification and labour mobility programmes—can expand safe options for some people.

These pathways should be additional to, not substitutes for, protection and assistance for those who remain in the region.

The four options should be treated as complementary elements of a durable-solutions strategy. A credible policy avoids presenting repatriation, local inclusion and resettlement as mutually exclusive choices. Individual circumstances, family links, protection needs and the availability of safe opportunities should inform decisions.

VII. REGIONAL COOPERATION AND INTERNATIONAL RESPONSIBILITY-SHARING

The transboundary nature of Rohingya movements makes purely national responses inadequate. Cooperation is needed for search and rescue, safe disembarkation, anti-trafficking operations, information exchange, humanitarian access, documentation and durable solutions. The Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime provides a regional platform for dialogue and practical cooperation, although it is not a substitute for a binding refugee-protection framework.

ASEAN's consensus-based approach and principles of sovereignty and non-interference can complicate collective action where displacement is rooted in internal political and security conditions in a member state. Nevertheless, regional dialogue can support practical measures: humanitarian coordination, protection-sensitive border procedures, anti-trafficking cooperation, disaster preparedness and engagement with Myanmar stakeholders where feasible. Regional institutions can also facilitate dialogue between host governments, civil society and refugee communities.

International responsibility-sharing must be predictable rather than episodic. Donors should provide multi-year funding for both refugee assistance and host-community development. Development banks and bilateral partners can support infrastructure, local services and employment programmes in heavily affected districts. Funding mechanisms should be transparent, responsive to changing arrivals and designed to avoid diverting resources from vulnerable host populations. The 2026 UN appeal for US$710.5 million, including host-community support, demonstrates the scale and recurring nature of this need [8].

VIII. A BALANCED POLICY FRAMEWORK

This paper proposes a four-pillar framework to balance humanitarian responsibility and host-country capacity. The first pillar is protection and legal certainty: establish predictable registration or documentation, access to screening, protection from refoulement, safeguards against arbitrary detention and accessible remedies. Countries may choose different legal instruments, but uncertainty should not leave people exposed to exploitation or prevent basic humanitarian access.

The second pillar is host-community investment and fiscal transparency. Donor and government resources should strengthen shared services in districts affected by displacement, including health facilities, schools, water and sanitation, transport and municipal administration. Public reporting should identify funding sources, beneficiaries and service outcomes. Local governments should have a meaningful role in planning and budgeting.

The third pillar is regulated self-reliance. Where feasible, host states should pilot lawful work access, vocational training, language instruction, recognition of skills, financial inclusion and education pathways. Such programmes should include labour standards and monitoring to prevent wage undercutting and exploitation. Refugee economic participation should complement local workers and address genuine sectoral needs.

The fourth pillar is regional and international responsibility-sharing. Southeast Asian governments, ASEAN-related mechanisms, UN agencies, donors and civil society should coordinate maritime protection, anti-trafficking action, resettlement and complementary pathways, and support for voluntary return when conditions permit [12], [13]. A regional data approach should improve the comparability of population and service information while protecting personal privacy.

Evaluation should combine economic, protection and social-cohesion indicators. Relevant measures include public expenditure per person and external funding received; service access for refugees and host residents; formal work participation and labour violations; school enrolment; health outcomes; detention and trafficking incidents; local perceptions of fairness; and the number of durable solutions achieved. Data should be disaggregated by age, gender and disability where safe and appropriate. No single indicator can capture the quality of a protection system.

IX. DISCUSSION

The central dilemma is not a simple choice between compassion and national economic interest. Poorly managed displacement can create concentrated pressures, while policies that exclude refugees from lawful work and services can increase long-term costs and insecurity. Conversely, predictable protection, shared infrastructure and regulated participation can reduce dependency and improve outcomes for host communities. The economic effects are therefore partly endogenous to policy: the rules governing work, movement, education and service access shape whether refugees remain excluded or can contribute.

The regional comparison also cautions against a one-size-fits-all model. Bangladesh faces a large, geographically concentrated camp population and substantial pressure on host districts. Malaysia's challenge includes a large urban refugee population and the absence of a comprehensive national asylum framework. Indonesia must manage maritime arrivals and local community responses, while Thailand faces mixed migration, transit and protection challenges. A regional framework should establish common minimum safeguards while allowing country-specific implementation.

Finally, the language used in public debate matters. Describing displaced people solely as an economic burden can encourage stigma and obscure the causes of displacement. Ignoring host-country costs, however, can undermine public confidence and make protection politically unsustainable. Responsible policy recognizes both: refugees have rights and capacities, while host communities require resources, consultation and support. This dual recognition is the foundation of durable solidarity.

X. CONCLUSION

The Rohingya migration and settlement dilemma is a regional governance challenge rooted in prolonged persecution, statelessness and the absence of conditions for safe return to Myanmar. Bangladesh, Malaysia, Indonesia and Thailand face different pressures, but all must address questions of protection, border management, public services, local capacity and social cohesion. The scale of displacement—more than one million Rohingya refugees registered in Bangladesh alone at the end of 2025—makes clear that short-term emergency responses cannot substitute for sustained regional and international engagement [1], [7].

This review argues that humanitarian responsibility and economic sustainability should not be treated as opposing objectives. The costs of hosting are real, especially when concentrated in under-resourced localities, but they are not fixed or inevitable. International financing, shared public infrastructure, predictable legal arrangements and regulated access to livelihoods can reduce pressure and enable refugees to contribute. Conversely, prolonged legal exclusion can deepen informality, dependency and exploitation.

A balanced approach should combine protection and legal certainty, host-community investment, self-reliance and regional responsibility-sharing. Voluntary repatriation remains a desired solution for many, but it must be safe, dignified and sustainable. Temporary protection, local inclusion, resettlement and complementary pathways should remain available according to individual circumstances and political feasibility. Future empirical research should estimate fiscal effects using comparable country-level data, examine local labour-market outcomes and assess how different legal arrangements affect both refugee welfare and host-community perceptions. Sustainable settlement is ultimately achieved not by transferring costs from one country to another, but by sharing responsibility, protecting human rights and building the conditions for a durable solution.

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