

Kiriya Kulkolkarn
Assistant Professor, Faculty of Economics, Thammasat Univerisity

Kiriya Kulkolkarn graduated from the Department of Agricultural & Applied Economics, University of Wisconsin-Madison. She teaches development economics. Her research interest focuses on unskilled labor immigration to Thailand.

Abstract
Low-Skilled Labour Migration in Thailand: Policy, Management and Challenges
17 December 2015

Thailand's low-skilled immigration policy started more than two decades ago. It is myopic, reactive and pro-employer. Law enforcement is weak. Management is inefficient. Although more migrants are documented recently, unauthorized migration still persists. A long-term labour policy must be formulated in a way that is harmonious with national social and economic development strategies. The policy should reduce reliance on unskilled migrant workers. Law enforcement must be strengthened. Migrant management system must be well planned. Economic instruments such as levy should be used to reinforce policy implementation. Migrant workers should be properly treated and protected as human rights become more an important issue. One of the challenges for managing immigrants is rapidly economic growth of sending-migrant countries. This will create a shortage of labour in Thailand. Although automation as a result of the Fourth Industrial Revolution would replace low-skilled jobs done by migrants, ageing population in Thailand will increase demand for them. Machines still cannot do some manual jobs so migrants are still in much needed. Educating both native and migrant workers is necessary to prepare low-skilled workers for this technological disruption.



Low-Skilled Labour Migration in Thailand: Policy, Management and Challenges

Assistant Professor Kiriya Kulkolkarn, PhD

Faculty of Economics, Thammasat University

kiriya@econ.tu.ac.th

Immigration is controversial (Bansak et al, 2015)

- Setting immigration policy is extremely complicated.
- Countries all over the world wrestle with determining the “right” policy.
- Immigration has distributional consequences.
- The biggest beneficiaries of immigration are immigrants themselves. The business that hire immigrants clearly benefit as well.
- People oppose immigration because they view immigrants as taking their jobs, receiving more in public assistance than they pay in taxes, and changing in their country’s culture.
- Immigration policy therefore involves deciding whether to favor the interests of native-born workers or the interests of employers. This is a normative decision.



Immigration Policy around the World (Bansak et al, 2015)

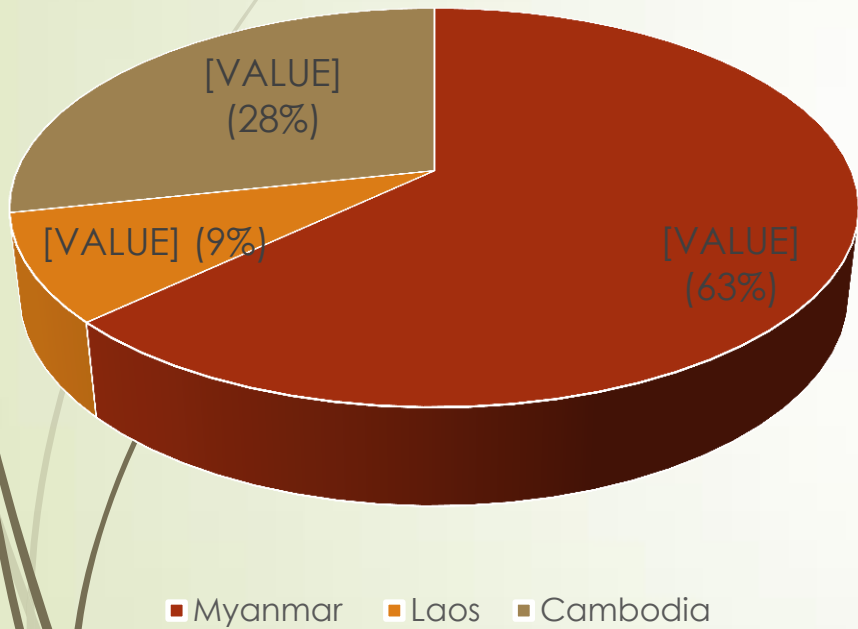
- ▶ The world consists of a variety of immigration policies.
- ▶ Countries use a variety of admission policies to try to affect the size and characteristics of their immigrant inflows.
- ▶ Countries can be grouped into 4 general types of admission policies
 - ▶ Family ties: the U.S.
 - ▶ Pointed based systems (characteristics including age, education, experience, wealth): Canada, Australia, New Zealand
 - ▶ Certain countries/regions/culture/ethnic preference: EU
 - ▶ Guest worker program to limit immigration to workers on temporary visas



Situation of Low-Skilled Labor Migration in Thailand

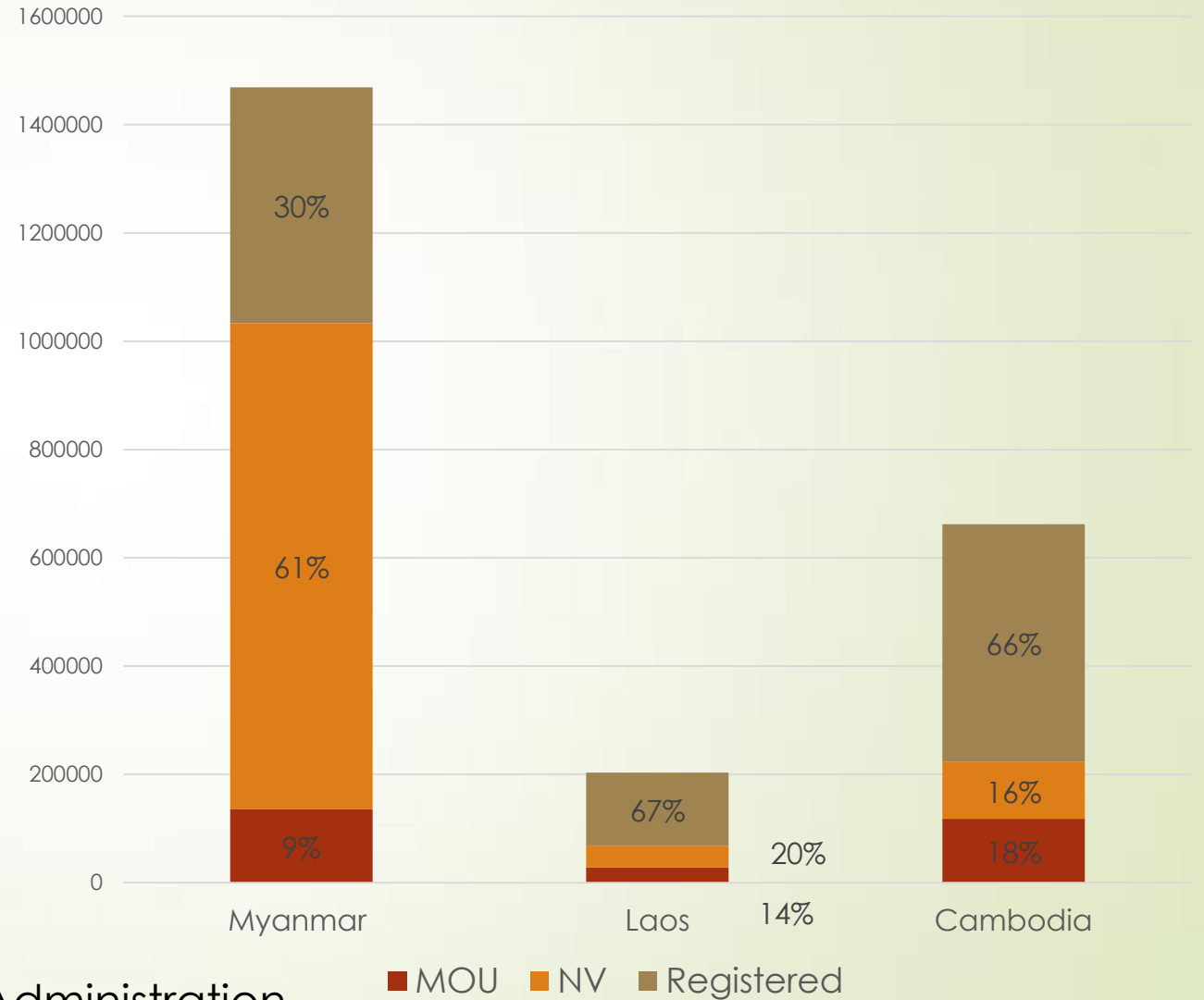
- ▶ Migrant workers in Thailand came from CLM.
 - ▶ Cambodia 28%, Laos 9%, Myanmar 63%
- ▶ High concentration in farming, livestock and butchers, construction and fisheries and related.
- ▶ As of November 2015, total number of documented migrant workers is 2.3 million. Undocumented is unknown.
 - ▶ Registered 1,049,326 (43%)
 - ▶ Nationally verified (NV) 1,042,674 (45%)
 - ▶ MOU 281,315 (12%)

Composition of Migrant Workers by Source Countries

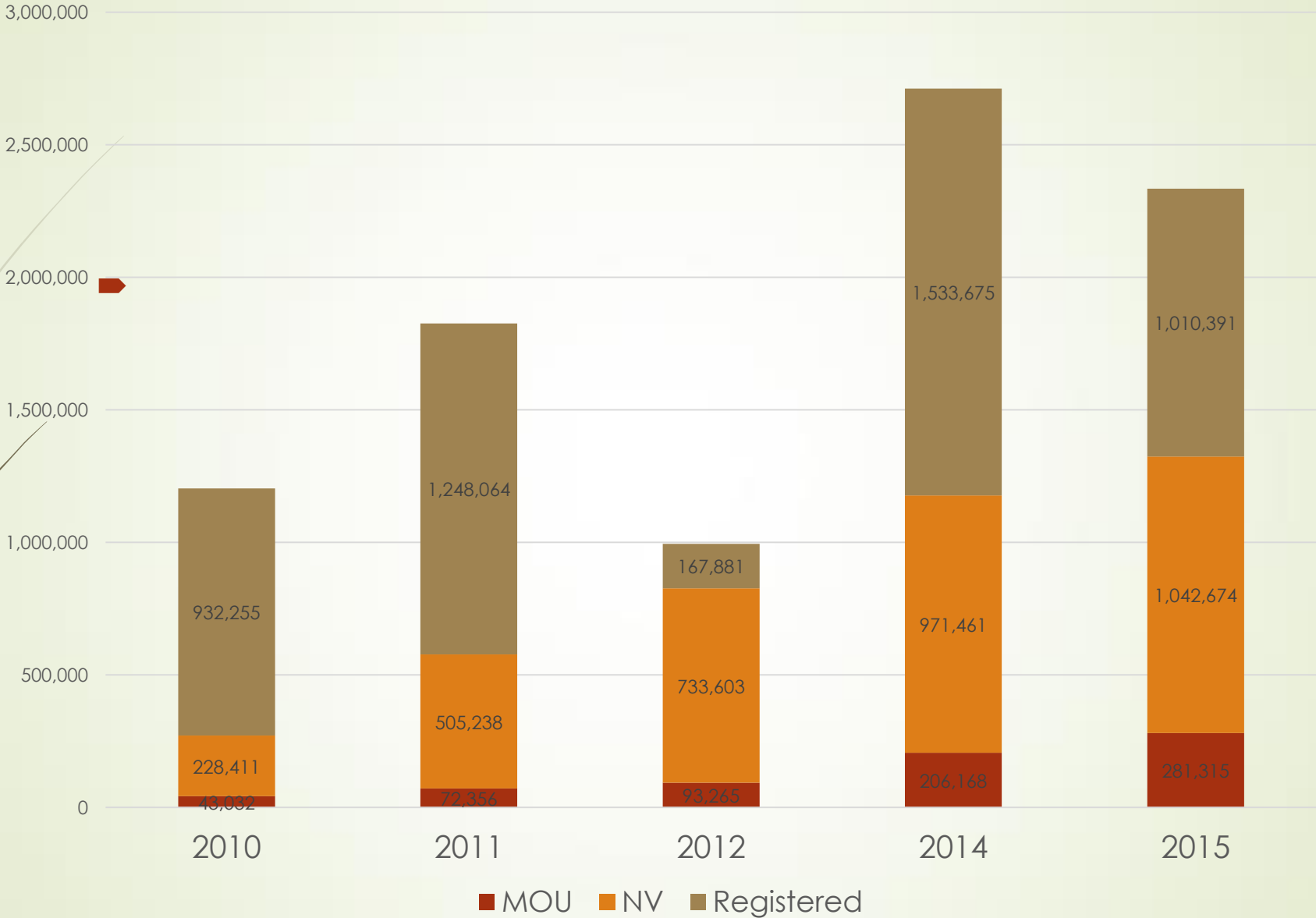


Source: Office of Foreign Workers Administration

Migrant Workers by Source Countries and Types of Work Permit



Migrant Workers by Types of Work Permit



Source: Office of Foreign Workers Administration




Policy of Low-Skilled Labor Migration in Thailand

- Since the first registration in 1992, we have seen
 - (too) many rounds of registrations
 - National verification
 - MOU
 - Committee on Illegal Migrant Workers Administration (CIMWA)
 - Alien Employment Act 2008
 - Reactive and pro-employers migration policy



Policy of Low-Skilled Labor Migration in Thailand

- ▶ We have not seen
 - ▶ preventive and suppressive measures
 - ▶ migration management systems that are successful in eliminating undocumented migrants
 - ▶ migration policy that shapes size and characteristics of migrant workers
 - ▶ migration policy that link to national social and economic plans
 - ▶ skill training
 - ▶ regulation of labor protection law



Management systems are not working effectively and efficiently.

- ▶ Re-opening registration has made the mandates of the registration ineffective. Repatriation has never been implemented. Employers can hire illegal migrant workers by bribing government officials.
- ▶ NV has been slow. Coordination between countries takes time.
- ▶ Entry of migrants under MOU entails high cost. Recruitment expense and fee are high.
- ▶ NV and MOU employment procedures are complicate, the use of brokers is inevitable. Private recruitment agencies for migrant workers in Thailand are under regulated.



Recommendations:

3 Policy Goals

- **Elimination of undocumented migrants**
 - To achieve national and human security
- **Law enforcement**
 - To achieve the above and below goals
- **Policy Development**
 - To promote economic sustainability



Unauthorized Immigration Policy Options

- ▶ Unauthorized immigration can be stopped by
 - ▶ Border controls
 - ▶ Employer sanctions
 - ▶ Creating better jobs in source countries:
development of Special Economic Zones
along borders with neighboring countries

Law Enforcement

- The NCPO has made significant move in this direction by strengthening the regulation of migrant workers in marine fishing boats.
- Implement Alien Employment Act 2008
 - Employer levies
 - Dependency ceiling
 - Sector-specific restrictions
 - Repatriation fund
 - Permission for cross-border contract



Thailand needs long-term consistent foreign labor policy and measures.

- ▶ National Policy Committee on Migrant and Human Trafficking Problems needs strong leadership in formulating policies, guidelines, work plans, and measures to manage migrant workers.
- ▶ Link migration with national social and economic development strategies
- ▶ Reduce dependence on unskilled migrants over time
 - ▶ Shape size and characters of migrant workers by setting migrant workers' qualification, dependency ceiling and levy
 - ▶ Encourage skill upgrade by giving levy incentive
 - ▶ Determine maximum duration for migrant employment
 - ▶ Formulate migrant-dependent policy



Trafficking of foreign workers must be seriously punished.

- Social protection
 - Human trafficking and Tier 3 of TIP Report
 - Labor law violation
 - Failure to enforce the registration of migrant workers by their employers to the social security funds
 - Some of the social security benefits are either inappropriate or inaccessible for migrant workers
 - Inability of migrants to access to the Workmen's Compensation Act
- Pre-departure training and orientation after arrival



Challenges

- ▶ The Fourth Industrial Revolution, also known as the New Machine Age, will disrupt global labour migration (Wucker, 2015). Automation will make some jobs obsolete. It will replace many moderate and low-skilled jobs.
- ▶ The greying of wealthy countries is both speeding up the demand for automation and creating demand for workers.
- ▶ Rapid economic growth in CLM will increase domestic demand for labour.
 - ▶ The minimum wage in Laos was increased by 44% in 2015. This reflected government's concern about a worker shortage.
 - ▶ Cambodia's construction and garment sectors are facing a massive labor shortage due to recent boom in construction projects throughout the country.
 - ▶ Myanmar projects economic growth of 9.3% for 2015-2016.

THANK YOU FOR YOUR ATTENTION