

## **Executive Summary**

### **Labor Migration Flows**

Migration flows have continued to increase with a shift to the Asia-Pacific region as a destination over the past decade. In 1994, 56,165 workers migrated to this region and by 1999, this was 163,986. Taiwan and Singapore are the major labor markets, employing Thai workers in construction and manufacturing industries. Projections would suggest that the expansion will continue for at least the next few years.

The labor market in Japan has an acute need in the services sector but foreign trainees are confined to other sectors and are predominantly found in the manufacturing sector. Annually, 6,000 Thai workers are accepted as trainees by Japan, and the remainder are employed illegally. For Malaysia, the flows are spontaneous with predominantly Thai Muslim workers from the south of Thailand to labor markets mostly in the northern states of Malaysia. The ongoing scale of the largely undocumented flow of labor and the potential for absorbing more labor from Thailand is not acknowledged. Some intervention from the Thai government is needed in order to provide workers with their rightful legal status.

The main reasons for Thai workers going abroad are economic - primarily they are seeking better job opportunities and higher wages. Local unemployment (especially fishermen from the South), and social networks that facilitate their leaving, are also given as reasons for moving. Future trends of migration will see more women moving for work in the services sector. This will have an impact on the family and relationships with their spouses, making gender a significant issue in labor migration.

### **Recruitment System**

The current system is totally market driven, with minimal input from the government bodies in regulating private recruitment agencies. Most job seekers comply with agency demands and are willing to pay high fees to get jobs. Many agencies are run by, or backed up by, politicians who use their influence to abuse the system, sometimes resulting in job seekers being cheated. There is an urgent need for the Thai government to intervene, otherwise only the recruiting agencies, and informal moneylenders who help to raise the fees for the workers, will gain any benefit from labor migration.

Between 1996-1998, more than 15,000 workers were cheated by unlicensed employment recruiting agencies and illegal brokers. This resulted in losses of \$463 million, of which the Department of Labor Promotion can only draw an indemnity of \$200 million to pay back to workers. The most common deceitful practice is to charge workers a fee but never find them a job.

Informal social networks also play a significant role in assisting workers to find jobs abroad. The services of such networks can be either money-oriented or gratis. Trafficking syndicates use such networks to cheat female workers. For Japan and Malaysia, networks of friends and relatives are more common than for Taiwan and Singapore. Networks in destination countries provide accommodation and meals to new arrivals and help them find jobs. In the case of trafficking networks, illegal agencies in Thailand work with illegal agencies, brokers or employers in destination countries. State-run employment recruitment services are perhaps the safest, but they are scarce and limited in their reach, unable to facilitate provincial job seekers adequately. Thus, workers are forced to depend on the private agencies.

### **Laws and Regulations on Migration for Employment**

The Immigration Law B.E. 2522, and the Law of Employment Recruitment and the Protection of Job Seekers B.E. 2528 (amended B.E. 2537), are the two major legal instruments on the Thai side. These instruments do not prevent migration, and cannot protect job seekers when they do migrate. There are no regulations to stop travelers who are well-equipped with travel documents to emigrate. Labor control check-points may be able to stop those intending to migrate but when they are disguised as travelers or tourists, as many are, they cannot stop them. Penalties meted out for swindling job seekers or

illegal recruitment are not severe, and thus offer little protection for job seekers.

Laws and regulations in Japan, Singapore and Taiwan are more specific; they attempt to curb the number of migrant workers. They have placed various state organizations working on labor migration under one single unit to facilitate policy and administrative processes, and more efficient coordination. As for Japan, the government does not accept non-skilled migrant workers but allows trainees who receive lower wages and inadequate welfare. The government strictly controls the hiring of trainees. Thai workers who are currently employed in Japan are illegal, and are regularly apprehended and deported back to Thailand. The number of deportees was 1,465 in 1996, 1,457 in 1997, and 1,181 in 1998. Yet, official figures suggest that there are still 37,000 Thais who work illegally in Japan, mainly long stayers. Some have the tendency to settle there, especially those who have Japanese partners. The major problem for this group is the legal status of their children born in Japan.

Taiwan has the highest number of overseas Thai workers. The law allows migrant workers to do domestic work, work for the rehabilitation of Taiwan's economic and social development, and do other types of work which Taiwanese do not want to do. Since 1996, Taiwan has adopted a policy to hire migrant workers only for large businesses with huge investments, and to reduce the wage of workers in order to discourage new comers. It also introduced government-to-government negotiation procedures for recruitment processes. Although the law provides welfare to workers, 54% of Thai construction laborers in Taiwan suffer from deteriorating health through undertaking extended hours of work. A policy of deducting partial wages from workers, ostensibly to help them save, is another issue with workers complaining of not receiving those deductions before their departure.

Singapore has the strictest law on migrant workers. The state has a policy of upgrading the national labor force to the skilled level, including foreign workers. Consequently, they set a high levy for the use of unskilled labor and encourage employers to take the workers for skill tests, in order to upgrade their status and wage. Since 75% of Thai workers in Singapore are in the construction industry, skill upgrades and tests prior to departure would benefit the workers. In terms of protection, Singapore is beginning to be aware of a healthier working environment for workers. However, health problems including nocturnal sudden-death syndrome, and deteriorating health among Thai construction workers prevail, probably due to bad nutrition and occupational health.

Malaysia has no law for foreign workers but instigated cabinet decisions and ministerial decrees to administer workers and employers. Nonetheless, most Thai workers are undocumented. The recruitment needs to be regulated through bilateral negotiations. Despite their illegal status, due to religious, language and cultural similarities, the working environment in Malaysia is the friendliest for Thais.

### **Impact of Labor Migration for Thailand**

#### **Positive impacts**

Economically, labor migration reduces local unemployment and yields a huge amount of remittances, estimated at more than \$35 billion per year. Remittances are a source of income to rural populations and thereby alleviating rural poverty. For workers, higher wages means that they can have some savings after paying off debts caused by the high recruitment fees. If they manage their savings efficiently, they can have a small business and improve their living conditions. However, most workers do not have income mobility and occupational mobility after their return, and end up wanting to emigrate again.

Socially, returnees are more acknowledged by their neighbors, although only 10% of them become more active in local/community affairs, or local politics. Generally, the skills acquired while working abroad are not used when they return home, and thus there is no transference of new technologies or skills to local villagers, who are predominantly agricultural workers. Female returnees, it was found, often became more self confident and independent, sometimes leading to difficulties with their husbands.

### Negative impact

The high costs associated with recruitment fees was found to be a major disadvantage to workers, with most having to work 8-12 months to break even. Some costs are paid to brokers in destination countries to obtain positions. In addition, since most Thais are unskilled workers, they receive low wages and are not welcome in some labor markets, especially Singapore and Japan. An indirect impact of this is that more workers with good skills will migrate while those with low skills will be left in local employment, resulting in lower productivity.

The social costs of migration are not always apparent, especially in the short term. Many workers experience loneliness and homesickness as a consequence of long stays abroad. Deteriorating physical and mental health (especially for undocumented female workers) is common. In regard to family life, extramarital relationships, polygamy and divorce were found to occur, especially among those who returned from Taiwan.

Thai workers are not considered to be adaptable to new working and living conditions, no doubt a result of inadequate pre-departure orientation.

Regarding comparative costs and benefits of migration, the empirical result showed that only Thai workers in Japan and Malaysia are better off since their net return becomes positive. In contrast, their counterparts in Taiwan and Singapore appear vulnerable with cost exceeding benefits. However, for benefit and cost streams analysis under some assumptions, those in Japan and Taiwan turn to receive higher economic status while the rest are unlikely to gain from their emigration.

When considering positive and negative impacts on their lives, almost half of the sample thought there were more positive impacts, thus over half perceived more negative consequences. However, this is only a short-term assessment in that most had only returned for one year.

### Employment Opportunities after the Economic Crisis

Opportunities vary between the four destination countries. For Japan, semi-skilled jobs in the service sector are available (especially in caring for the elderly), but need to be negotiated. Unskilled work should be discouraged, due to the fact that workers cannot have legal status doing such jobs. The trainee channel should be broadened to cover services work.

In Malaysia, the manufacturing and service sectors still have jobs for workers, especially in the northern states of the country. Seasonal agricultural work is also available. It is possible that more workers can commute between Thailand and Malaysia, and the common Muslim culture and language shared by Thai workers and Malay employers can allow for a safety net and ample job opportunities.

Construction work in Taiwan may decline within 3-4 years and workers only hired by large manufacturing companies. The biggest labor market for Thais may be shrinking soon if there is no immediate and appropriate intervention from the Thai side. Negotiations to maintain the quota of Thai workers in Taiwan, and the possibility of workers obtaining jobs through government-to-government mediation without broker's fees are required immediately. Also, an alternative to encouraging more labor exports might be to promote greater foreign direct investment in Thailand, given the comparative advantages that Thailand has in this region. In addition, the Thai Ministry of Labor must intervene in the recruitment system to reduce the high costs of recruitment so that Taiwan can remain an attractive destination for Thai workers. More direct recruiting services, provided by the Ministry itself, without involving charges, will also assist in keeping the market viable.

### Recommendations

The negative consequences of migration should deter Thailand from adopting a high priority policy on the export of labor. At the same time, those who do migrate need to be supported with protective mechanisms from the government. Simultaneously, alternatives for local employment with good wages must be provided. The following recommendations are proposed:

**To the Ministry of Labor**

1. Investigate the over all labor market for Thai workers in order to develop a more concrete policy, covering types of employment, level of skills, and locations of destination areas to be promoted
2. Cooperate with the Ministry of Foreign Affairs to initiate government to government dialogues with destination countries in regard to the inclusion of the service sector and the trainee channel to employ workers, increase job quotas and attempts to regulate irregular migration.
3. Intervene in the present recruitment system by urgently providing, from the ministry itself, more services to job seekers; and brainstorm ideas for the establishment of an independent organization to administer labor recruitment, and if possible, collect tax from recruitment fees and allocate it to provinces/areas from where most workers originate.
4. Increase workers' skills and provide nation-wide skill tests and training so that most job seekers will be recruited as semi-skilled workers.
5. Provide reasonable accommodation in Bangkok for provincial workers who need to come for skill tests, and training or orientation, and other preparations before departure. All services should be in one-stop centers.
6. Improve the pre-departure orientation program to cover language skills, legal knowledge and cultural practices in destination countries. A manual for specific major destinations should be prepared and distributed to workers. The program should last one week instead of 2-3 hours.
7. Revise the mandate of overseas labor offices to provide protection to both regular and irregular migrant workers. Add more staff and more branches for Taiwan, establish an office in Malaysia, and activate the one in Japan. All offices should focus on protecting workers' rights and occupational health.
8. Revise the Law of Labor Recruitment to emphasize more on the mandate of protection. Special articles on female workers and trafficked persons should be added. Penalties for crime syndicates, traffickers and swindlers should be more severe.
9. Cooperate with the Ministry of Health to form a joint medical team to offer medical services to overseas Thai workers in major destinations.
10. Earmark an amount from the Assistance Fund for Job Seekers to offer low-interest-loans to workers for their recruitment fee. Also use such loans for skills promotion training.
11. Develop a database on Thai migrant workers in all destinations, including information on swindling, and blacklist all illegal recruiting agencies, disseminate such names widely.
12. Promote local labor markets as an alternative for job seekers. Mobilize Foreign Direct Investment (FDI) for more local job opportunities
13. Develop and operate plans to re-integrate returnees into local socio-economic systems. Channeling workers into situations where they use their acquired skills, and transfer those skills to local low-skilled workers. Encourage the use of returnee's savings for investments to help ensure a sustainable livelihood that might prevent remigration. Explore the means to restore family life.
14. Campaign for a more productive use of remittances: using remittances for agricultural production and processing of agricultural products, and for investments with tax exemption incentives, with training for Small and Medium Enterprises (SMEs).

**To the Immigration Office**

1. Cooperate with the Ministry of Labor to improve labor control check points at the immigration control to prevent irregular migration for employment.
2. Consult with NGOs and embassies to develop active measures to combat female trafficking, and to screen female travelers using tourist visas, or those departing for marriage to certain destinations like Japan, Germany, the Netherlands and Australia.

**To the Ministry of Foreign Affairs**

1. Instruct embassies to provide protection and assistance to both regular and irregular Thai workers and their family members. A database on overseas Thais who request assistance should be compiled for coordination and monitoring purposes at each embassy.
2. Cooperate with commercial banks to offer services to Thai workers in sending remittances or transferring savings to Thailand.
3. Cooperate with the Ministry of Labor to initiate bilateral agreements with major destination countries with regard to protecting workers' rights and expanding labor markets. Negotiate for an orderly return of deported workers so that they can pursue necessary measures before departure and that the Thai government can have enough time to prepare for sustainable reintegration.
4. Cooperate with NGOs to disseminate news about Thailand to overseas workers. Offer regular recreational services, such as, print and visual media (VDO, cassettes, magazines), communal activities, sports, non-formal education, legal advice, and cultural events.
5. Seek new labor markets for semi-skilled work and work in the service sector, excluding entertainment businesses.
6. Mobilize FDI from industrial countries, especially from countries with policies to reduce labor migration, emphasizing the strategic location of Thailand with good access to markets in the Middle east, Europe and Africa, plus reasonable wages and political stability in comparison to other countries within the region.

Foreword

Acknowledgement

Executive Summary

Introduction

*Supang Chantavanich*

1

**Thai Migrant Workers who Returned  
from Japan, Malaysia, Singapore and Taiwan**

*Supang Chantavanich*

*Andreas Germershausen*

*Samarn Laodumrongchai*

*Subordas Warmingsingh*

**The Costs and Benefits of Migration**

*Chuta Manusphaibool*

69

**Laws and International Agreements:  
Impact on Thai Migrant Workers in Destination Countries**

*Pornchai Danvivathana*

85

**Comparative Study  
on Labor Regulations in Three Destination Countries**

*Pornchai Danvivathana*

101

**Thailand's Overseas Employment and Recruitment Law**

*Phunthip Kanchanachitra Saisunthon*

107

Conclusion

*Supang Chantavanich*

133

Appendix: Summary of Papers in Thai

Notes on Main Contributors