



INTERNATIONAL LABOUR ORGANIZATION (ILO)
INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM)

THAILAND
IMPROVING THE MANAGEMENT OF FOREIGN WORKERS

EXECUTIVE SUMMARY

by

Professor Philip L. Martin
Department of Agricultural Economics
University of California
Davis, CA 95616

martin@primal.ucdavis.edu

Bangkok, April 2002.

EXECUTIVE SUMMARY

THAILAND: IMPROVING THE MANAGEMENT OF FOREIGN WORKERS

The purpose of this report is to assist the government to develop policies to improve the management of unskilled foreign workers from Burma (Myanmar), Cambodia, and Lao PDR who are employed in Thailand. We are grateful to the Ministry of Labor and Social Welfare for cooperating with ILO and IOM to support the study, to the TDRI and Chulalongkorn and Mahidol Universities for preparing useful case studies, and to the employers, migrants, and others who patiently explained the Thai migrant labor system and their experience with it.

The report has three major sections:

- Review of the demand for migrants and alternatives to migrants in the context of Thai labor force and labor market trends
- Analysis of efforts to regularize the status unauthorized migrants
- Suggestions for linking migration management policies with other economic, labor and education policies based on the Thai case studies and best practices from other countries.

Thailand's immigration laws do not allow the importation of unskilled foreign workers. Instead, Thailand in the 1990s allowed employers in selected provinces and sectors to register their unauthorized foreign workers. In exchange for a bond or deposit, a work permit fee and a health fee, the government issued six month or one-year work permits that could be renewed—these permits delayed the removal of registered migrants from Thailand. In most cases, Thai employers paid the fees, and then deducted them from migrant wages. There were several registrations in the 1990s, enabling some migrants to be employed legally in Thailand for 6-8 years, and some Thai employers to have work forces that were 80 to 90 percent migrant workers for almost a decade.

Thai migrant worker policy can thus be described as a series of employer-initiated registrations of unauthorized foreign workers that defer the planned removal of migrants, that is, the anticipated end of the process is the migrant's removal from Thailand, and the employer employing no migrants rather than replacement migrants. One result is uncertainty for employers, migrants, and Thai society, as employers and migrants ask: will there be another registration exercise? Which sectors and provinces can participate? What will the fees be? Will enforcement be stepped up after registration?

This report has 3 major findings and makes 3 major policy and administrative recommendations:

- The Thai employers, industries, and areas most dependent on migrants today have employed out-of-area workers for 10-20 years, and are likely to employ migrants for the next 10-20 years. During the 1990s, these out-of-area workers changed from internal migrants, often from the relatively poor northeast, to foreign

migrants.¹ There was also a growing dependence on migrants in Thai provinces bordering Burma as industries such as garment factories (re)located there, or as labor-intensive fruit and vegetable agriculture expanded.

- Registration in the 1990s has been accompanied by higher percentages of migrants in traditional migrant sectors such as fisheries and fish processing, and the spread of migrants to new industries, including construction in Bangkok. Thai employers understand that registering foreign workers gives the migrants a temporary legal status and protects employers from fines for hiring unauthorized workers; many migrants also reported that they felt freer of police harassment because they were registered.² Most employers and migrants are broadly satisfied with the registration process.
- The case studies suggest that employer dependence on migrants is likely to persist in the medium- to long-term, since there is little evidence of alternatives such as mechanization or restructuring work to attract Thais. Indeed, the experience after the 1997-98 crisis, as well as discussions with employers, suggest that dependence on migrants increased when unemployment was low, as in 1996-97, and when unemployment was high, as in 1998-2000. There is a sense of permanence among migrants with Thai-born children working year-round in livestock, fish processing, or construction, with more migrants learning Thai, and with a sophisticated migration infrastructure that can bring migrants from Burma to Thailand for Bt5,000 to Bt7,000.

These findings are a reminder that migrant labor cannot be turned on and off like a water tap. Instead, migration is more like a river that, over time, expands from one channel into a delta, so that a single government policy analogous to one dam is not likely to control water in the delta or migrants in Thailand.

These findings lead to the 3 general and 3 more practical recommendations, viz., that the Thai government:

- Acknowledge that the Thai economy's dependence on migrants is likely to persist, develop the socio-economic justification for migrants, and explain to Thai employers and workers, as well as migrants and Thai society, the economic benefits of migrant workers, and why migrants are likely to be in Thailand longer than the 1-2 years envisioned by the current registration policy.³ Developing clear and transparent migrant worker policies for the medium term should include making it clear that migrants are to be treated as Thai workers under Thai labor laws, protecting migrant as well as Thai workers.

¹ Internal migrants found better jobs in Thailand and abroad, and the agents and networks that recruited out-of-area migrants for fishery and agricultural jobs in the center and south of Thailand, where most migrants are employed, turned to Burma, Laos, and Cambodia for workers.

² In practice, most employers keep the workers' registration cards, which can leave even registered migrants subject to arrest

³ ARCM comes to a similar conclusion, calling for "acceptance of migrant workers as a concrete part of Thailand's economy."

- Make Thai employers and their associations partners with government to develop the justification for migrants and to improve migration management. As partners, employer associations can work with government to explain how many Thai jobs depend on migrants. As partners, associations can work with government to close demand-supply gaps that lead to migrant employment, supporting e.g. mechanization efforts, work restructuring, and/or efforts to enforce minimum wage and labor standards laws. In some cases, employer associations may be able to be the (co)-employers of migrants, which may simplify migration management and improve adherence to labor law enforcement.
- Migration is a 2-way street, and the Thai government will have to work out cooperative arrangements with migrant-source countries to deal with issues that range from preventing smuggling and trafficking to dealing with families and children, health issues, and remittances. For example, can migrants with communicable diseases identified in the registration's medical exam be kept in Thailand to be cured, or can arrangements be made for their care in their country of origin, so that people in both countries are protected? Each of these issues can be a source of conflict; cooperation can reduce conflict over migration through regular meetings between appropriate agencies in each country and joint information campaigns in Thailand and source countries that outline the rights and responsibilities of registered and unregistered migrants, and Thailand's longer-term migrant policy goals.

Finally, we make 3 recommendations to improve the operation of the registration policy by decentralizing and experimenting with different permits in different industries/areas:

- Permit duration and cost. Thailand has one registration policy for all eligible employers, with limited flexibility.⁴ The case studies demonstrate that this one-size-fits-all policy may not be optimal—the fee is very high for seasonal workers in fruit and vegetable agriculture, and the 6 or 12-month permit is a short time horizon for many industries. The Thai government could explore different permit durations and fees for different industries and areas. For example, perhaps the registration fee could be the equivalent of 1 month's wages for a six-month permit (this is about the current level), and permits of six, 12, and 24 months might be granted. Adopting this approach would encourage the Thai government to cooperate with associations to agree on the prevailing wage for the industry and area, as well as the best duration of permits.
- Responsibilities and Rights. Thai registration policy has been based on making a Thai employer responsible for a migrant.⁵ However, some migrants run away from the employers who register them, which makes some employers reluctant to

⁴ Late registrations were allowed for e.g. fishery workers at sea during the September-October 2001 registration. They were allowed to register in November-December 2001 when they returned from sea.

⁵ If Thailand continues to have an employer-initiated registration program, and if most employers continue to deduce the costs of registration from migrant wages, Thailand could ensure that migrants nonetheless earn the applicable minimum wage, despite deductions for the cost of registration. Such a policy would require employers to absorb the cost of registration or raise wages.

register migrants for fear that they will run away before the fee is recouped. In some areas, employers report runaways to their association's runaway blacklist. This suggests two options—(1) have associations register migrants jointly with employers, which could facilitate the transfer of migrants between employer members of associations and give government one point of contact with employers or (2) allow migrants to register directly with the government or associations and then allow them move between employers in an industry/area—this may also help to protect migrants from exploitative employers.

- Migrant returns and remittances. A migration infrastructure is being developed that is capable of smuggling migrants into Thailand and helping them to find jobs via brokers, subcontractors, and current workers. If Thailand wants to encourage migrants to return when their work permits expire, it may want to consider cooperative arrangements with countries of origin, and consider bonuses or matches of migrant savings that are invested to promote development at home. Mexico and many other countries have remittance-matching programs to speed economic development in migrant areas of origin.

This executive summary ends with two caveats. First, no migrant worker policy can be operated successfully if there is widespread irregular migration and employment because of insufficient enforcement or corruption—employers and migrants must understand the difference between being registered and unregistered, and prefer to be registered. Second, there is widespread confusion about Thailand's migrant worker policy among employers, Thai workers, and migrants. Clear statements, in many languages, explaining the role of migrants in the Thai economy, and the rights and responsibilities of employers and migrants, would help to reduce the “blame-the-migrant” and other syndromes, including the notion that Thailand can rid itself of migrants, that can make migration management difficult.

The introduction summarizes the evolution of the Thai labor market. The report then turns to migrant workers in the Thai labor market, migrant characteristics, a review of Thai policies toward migrants, experiences in other countries managing unskilled foreign worker migration, and options and recommendations. The methodology involved: (1) reviews of previous studies and interviews with key informants; (2) discussions with employers and migrants; and (3) several case studies.