

Lao PDR (January-March 2016)

Key partners Ministry of Labour and Social Welfare (MOLSW)
Lao Federation of Trade Unions (LFTU)
Lao National Chamber of Commerce and Industry (LNCCI)

Target sites Champassack, Vientiane and Savannakhet

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Background information

While economic growth and especially foreign direct investment in Lao People's Democratic Republic has been increasing, poverty reduction has been slower than other ASEAN Members states. GDP growth has averaged seven per cent over the past decade, largely based on exploitation of natural resources (water, minerals and forests) rather than a more diversified economy or a transition out of agricultural and subsistence employment. Consequently, labour migration remains an important livelihood option for the Lao workforce, including for increasing numbers of Lao women.

Patterns of migration in Lao PDR are complex, including both inbound and outbound flows of migrant workers. Thailand is the largest destination country for Lao migrants, primarily driven by wage differentials – the current monthly minimum wage in Lao is LAK900,000 (around US\$110) and the Thai minimum approximately double this amount. Lao migrant workers in Thailand are predominantly employed in domestic work, construction, manufacturing, agriculture and entertainment work, mainly in neighbouring border provinces and larger cities.

Some institutions have estimated that roughly 30 per cent of Lao migrant workers are women but this has been difficult to verify because the movement of Lao women to Thailand as domestic workers is wholly irregular. Confusion remains over the legality of Lao women migrating for domestic work due to ambiguities in the Labour Law and associated decrees that restrict movement of Lao workers into jobs that are reconsidered unskilled, offer few learning opportunities or are contrary to cultural traditions. Many migrants could potentially be affected by this provision as the majority of Lao migrant workers are employed in unskilled or low-skilled positions.

The memorandum of understanding (MOU) between Thailand and Lao PDR signed in 2003 to create a channel for regular migration remains in effect, though a new MOU has been in negotiation for over a year. Only a small number of Lao migrant workers go abroad under the current MOU because of the high fees and long and complex process involved. While the maximum costs payable for recruitment have been established in law, it has been reported that recruitment agencies often charge higher amounts. In addition, the lack of clarity about the legality of regular recruitment and placement for domestic workers is thought to be a key limiting factor for women migrants to make use of the MOU process. In 2013, there was more than a three-fold increase in the number of male migrant workers going abroad through the MOU channel, creating a large gender disparity.

Lao PDR at a glance

 Population: 6.7 million

 Labour Force: 3.5 million

Migration from Lao PDR

900,000 international migrants

Source: UNDESA (2013)

Migration to Thailand

- Completed National Verification 44,372 (February 2016)
- Migrated through the MOU 31,795 (February 2016)
- Registered in the fishing industry: 1,610
- Registered in the seafood processing sector : 964

Source: Office of Foreign Workers Administration,
Department of Employment, Ministry of Labour

There are around 16 recruitment agencies in Lao PDR, with several of these wholly or partially state-owned. While some regulations on the operation of these agencies exist, it is accepted that the legislative framework requires further amendment and specificity to effectively manage this sector. Further subordinate legislation to support the application of the 2014 Labour Law is anticipated.

Inbound migration to Lao PDR is also a concern of the Ministry of Labour and Social Welfare due to the lack of a clear legal framework to manage the employment of foreign workers. There are an increasing number of mega-projects and foreign direct investments in Lao PDR, notably the expanding mining and extractive industries and controversial hydroelectric projects. These industries employ significant proportions of foreign workers who are currently working without the proper documentation.

Main activities (January – March 2016)

- On 22 February, tripartite stakeholders gathered for the TRIANGLE Project Advisory Committee (F: 9/M: 19) meeting, which focused on localizing the project's theory of change for Lao PDR. A successful meeting resulted in the endorsement of the project's one year work plan and concrete steps for the necessary government approval of the ongoing work of TRIANGLE in Lao PDR
- The recruitment of the National Project Coordinator for Lao PDR is ongoing with this position expected to be filled within the next quarter.
- Discussions with the Lao Federation of Trade Unions (LFTU) to continue the provision of Migrant Worker Resource Centre (MRC) services have commenced. The LFTU has expressed interest in expanding service provision to another province outside of Savannakhet.

Key developments

A new registration window for Lao migrant workers in Thailand will be opened for 120 days: 1 April 2016 to 29 July 2016. Migrants registered will be permitted to work in Thailand for a period of two years.

Upcoming activities and key dates (April – June 2016)

Date	Event	Location	Attendees	Purpose
May	Workshop on research and proposal development on supplementing the Labour Law	Vientiane	Tripartite stakeholders	To review the current Labour Law with respect to labour migration governance and complaints mechanisms
June	Network meeting	Vientiane	Tripartite stakeholders	To share information on labour migration in Lao PDR among TRIANGLE II Project partners, civil society and stakeholders.

The **TRIANGLE II** project extends the cooperation between the **International Labour Organization (ILO)** and **Australian Department Of Foreign Affairs and Trade** on protecting migrant workers and enhancing development opportunities. **TRIANGLE II** aims to ensure that the benefits of labour migration are equally realised by men and women migrant workers; employers and governments. In shifting emphasis towards leveraging the development potential of migration, **TRIANGLE II** aims to shape labour migration opportunities to support inclusive and sustainable growth in the ASEAN Economic Community. **TRIANGLE II** focuses on delivering in six countries (**Cambodia, Lao PDR, Malaysia, Myanmar, Thailand, and Viet Nam**) and engages institutionally with **ASEAN**.