

**Labor Migration in  
the Greater Mekong Sub-region**

**Synthesis Report: Phase I**

**November 2006**

## ***Table of Contents***

<b><i>Glossary of Acronyms</i></b> .....	<b>6</b>
<b><i>Executive Summary</i></b> .....	<b>7</b>
<b>The GSM Labor Migration Program: Objectives and Outputs</b> .....	<b>8</b>
<b>Main Findings</b> .....	<b>8</b>
<b>Policy Developments</b> .....	<b>10</b>
<b>Facilitating Rather than Restricting Migration</b> .....	<b>12</b>
<b>Next Steps</b> .....	<b>13</b>
<b><i>Chapter 1: The Greater Mekong Sub-region (GMS) Labor Migration Program</i></b> .....	<b>15</b>
<b><i>1.1 Migration in the GMS: Opportunities for Regional Growth</i></b> .....	<b>15</b>
<b><i>1.2 Towards an Integrated GMS Labor Market</i></b> .....	<b>18</b>
<b><i>1.3 The First Research Phase of the GMS Labor Migration Program</i></b> .....	<b>19</b>
<b><i>1.4 Organization of the Report</i></b> .....	<b>21</b>
<b><i>Chapter 2: Patterns and Characteristics of Migration in the GMS</i></b> .....	<b>23</b>
<b><i>2.1 Patterns of Migration in the Greater Mekong Sub-region</i></b> .....	<b>23</b>
<b><i>2.1.1 The Limitations of Available Data</i></b> .....	<b>23</b>
<b><i>2.1.2 Migration Stocks and Patterns in the GMS</i></b> .....	<b>24</b>
<b><i>2.2 Thailand as the Main Receiving Country: Characteristics and Distribution of Migrants</i></b> .	<b>31</b>
<b><i>2.2.1 Sectors of Employment</i></b> .....	<b>31</b>
<b><i>2.2.2 Geographical Distribution</i></b> .....	<b>35</b>
<b><i>2.2.3 Demographic and Socio-economic Characteristics of Migrants</i></b> .....	<b>36</b>
<b><i>2.3 The Economic Role of Migrants</i></b> .....	<b>40</b>
<b><i>2.3.1 Economic Contributions of Migrants to Receiving Country</i></b> .....	<b>40</b>
<b><i>2.3.2 Economic Contributions of Migrants to Sending Countries</i></b> .....	<b>43</b>
<b><i>Chapter 3: Migration and the Individual</i></b> .....	<b>49</b>
<b><i>3.1 Choice to Migrate</i></b> .....	<b>49</b>
<b><i>3.2 Migration Process</i></b> .....	<b>50</b>
<b><i>3.3 Working Conditions of Migrants</i></b> .....	<b>52</b>
<b><i>3.4 Living Conditions of Migrants</i></b> .....	<b>55</b>
<b><i>3.4.1 Access to Education</i></b> .....	<b>55</b>
<b><i>3.4.2 Access to Health Services</i></b> .....	<b>57</b>
<b><i>3.4.3 Sleeping Quarters</i></b> .....	<b>57</b>
<b><i>3.5 Impact of Migration on Households in Sending Country</i></b> .....	<b>58</b>

<i>Chapter 4: Evolution of Migration-Management Policies in the GMS.....</i>	<i>60</i>
<i>4.1 Pragmatic Development of Migration Policies .....</i>	<i>60</i>
<i>4.2 Rights and Duties of Migrants .....</i>	<i>62</i>
<i>4.3 National Agencies Formulating and Implementing Migration Policies .....</i>	<i>63</i>
<i>4.4 Policy Limitations and Prospects for Improvement.....</i>	<i>65</i>
<i>4.4.1 Barriers to Implementation .....</i>	<i>66</i>
<i>4.4.2 Fitness of Design for Social Protection .....</i>	<i>67</i>
<i>4.4.3 Facilitating Rather than Restricting Migration.....</i>	<i>68</i>
<i>Chapter 5: Future research and policy development agenda .....</i>	<i>70</i>
<i>5.1 Possible directions for Phase II of the GMS Program .....</i>	<i>70</i>
<i>5.2 Working with national agencies to improve the collection of migration statistics .....</i>	<i>71</i>
<i>5.3 Working with government counterparts to support national policy development.....</i>	<i>72</i>
<i>5.4 Working with GMS governments to build institutional capacity .....</i>	<i>73</i>
<i>References .....</i>	<i>75</i>

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## List of figures and tables

<i>Table 1.1 Main determinants of migration in the GMS</i> .....	16
<i>Table 2.1 Estimated Migrants Stocks in the Mekong, latest year available</i> .....	25
<i>Table 2.2 Migrants in Thailand, by nationality and birthplace</i> .....	26
<i>Figure 2.2. Number of Registered Migrant Workers in Thailand, 2001 - 2004</i> .....	31
<i>Table 2.3. Employment by Economic Activity/Sector, 2004</i> .....	<b>Error! Bookmark not defined.</b>
<i>Table 2.4 Number of Work Permits Issued, by Sector in 2004</i> .....	32
<i>Table 2.5 Distribution of Migrants by Sector of Employment, WVT/ARCM sample 2003</i> .....	33
<i>Table 2.6 Duration of Stay in Thailand, WVT/ARCM sample, 2003</i> .....	33
<i>Table 2.7 Number of Work Permits Issued in 2004, by region, province, and nationality</i> .....	35
<i>Table 2.8 Gender of Migrants and Non-Migrants</i> .....	37
<i>Table 2.9 Age Breakdown of Migrants and Non-migrants</i> .....	37
<i>Table 2.10 Education of Migrants and Population at Country of Origin</i> .....	38
<i>Table 2.11 Household Characteristics, by ethnicity and country of birth of household head</i> .....	39
<i>Table 2.12 Recorded Health Care Expenditure for Foreign Migrants in Thailand (Thai Baht)</i> .....	42
<i>Figure 2.3 Health Expenditure and Number of Migrants by Province, 2004</i> .....	43
<i>Table 2.13 Worker's Official Remittances and Compensation of Employees (\$ US)</i> .....	45
<i>Table 2.14 Approximate cost of remitting US\$ 200 across countries</i> .....	45
<i>Figure 3.1 The role of social networks during the migration process, frequencies</i> .....	50
<i>Figure 3.2 Distribution of Registered Migrants Across Thailand, 2004</i> .....	51
<i>Table 3.1 Working Conditions</i> .....	52
<i>Table 3.2 Monthly Incomes of Migrants, 2004 (Thai Baht)</i> .....	54
<i>Table 3.3 Registered Migrants by Sector and Nationality, 2004</i> .....	54
<i>Table 3.4 Number of Burmese Attending Thai School</i> .....	55
<i>Table 3.5 Predicting School Enrollment among Children</i> .....	56
<i>Figure 3.3 Remittances by area of investment (\$)</i> .....	58
<i>Figure A1 Overview of Alien Worker employment in Thailand as of 2005 (Rattanakrut 2006)</i> .....	74

## Glossary of Acronyms

ASMECS	Aerawadee Chaopraya Mekong Economic Cooperation Strategy
ARCM	Asian Research Center for Migration
CI	Certificates of Identity
CGE	Computable General Equilibrium
EU	European Union
GDP	Gross Domestic Product
GEP	Global Economic Prospects
GMS	Greater Mekong Sub-region
ILO	International Labor Organization
IOM	International Organization for Migration
IPSR	Institute for Population and Social Research
IDP	Internally Displaced Person
KDSS	Kanchanaburi Demographic Surveillance System
LFS	Labor Force Survey
LMS	Labor Market Survey
MoU	Memorandum of Understanding
MSF	Médecins sans Frontières
NESDB	National Economic and Social Development Board
NSO	National Statistics Office
SES	Socio Economic Survey
THB	Thai Baht
TDRI	Thailand Development Research Institute
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNIAP	United Nations Inter-Agency Project on Human Trafficking in the GMS
USSR	Union of Soviet Socialist Republics
WVT	World Vision Foundation of Thailand

## Executive Summary

The Greater Mekong Sub-region (GMS), with a population of 260 million, comprises Cambodia, Lao PDR, Myanmar, Thailand, Vietnam, and Yunnan province in China. Despite marked disparities in economic development between its members, the sub-region is extremely dynamic with annual growth rates averaging above 6 percent in recent years. In the past, economic integration of the GMS countries was hindered by political factors, civil unrest, and sometimes open conflict. However, recently there has been growing momentum to seek new ways to cooperate and enhance economic growth. Labor migration is one of the areas where the benefits to formal cooperation are largest, yet the institutional, political, and technical obstacles to such cooperation are daunting.

Migration has been occurring in the GMS for centuries, largely in an informal and unregulated fashion. In recent years, however, cross-border labor migration within the sub-region has increased sharply. The combination of demographic transition and upgrading of the skills of its workforce has left Thailand facing a labor shortage of unskilled labor, which migrants from neighboring countries have been more than willing to fill. Indeed, Thailand's much higher incomes, fast growth, and more favorable social and political climate act as a magnet for people in Cambodia, Lao PDR, and Myanmar trying to escape poverty. For many poor households in the sub-region, migration offers an avenue, sometimes the only one, towards jobs and higher incomes, albeit often at a high risk to the migrants themselves. For Thailand, migrants represent an important reservoir of cheap and flexible labor, and a boost to its competitiveness in certain sectors. Recent research indicates that more than 2 million migrants have moved between GMS countries in the last few years due to economic reasons. Thailand alone estimates to have 1.5 to 2 million regular and irregular migrants from the GMS currently living in the country and is also home to about 150,000 refugees.<sup>1</sup>

Uneven patterns of development, slowing population growth in Thailand combined with high fertility rates in its neighbors and growing economic integration will ensure that labor mobility in the GMS continues to grow in coming decades. Much of this migration, however, will remain irregular unless greater efforts are made to regulate and manage migration flows. The sending countries generally lack the capacity to properly manage the mass export of labor and to protect the rights of their migrant-nationals abroad. Receiving countries have fairly weak migration policy frameworks, which often have been implemented hastily as an 'after-the-fact' response to the arrival of large numbers of migrants. The lack of a legal framework to regulate migration puts migrant workers at a higher risk of abuse, and strengthens the prevalence of smuggling rings, who are also the main actors in human trafficking, be it for sexual exploitation or slave-labor. Absence of an adequate legal and policy framework thus contributes to increasing the costs (and risks) of migration, and to reducing its benefits. GMS governments in both sending and receiving countries face an urgent need to adopt policies that can help manage the increased flows in an efficient yet humane and equitable way.

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<sup>1</sup> Thailand has not signed the UN Convention on the Status of the Refugees, and the Thai authorities do not technically acknowledge displaced persons as refugees but as "persons of concern."

## **The GMS Labor Migration Program: Objectives and Outputs**

Building an adequate, effective, and humane legal and policy framework for migration in the GMS requires a solid foundation of knowledge and information on migrants, their characteristics, needs and impact in both receiving and sending countries. Such a foundation of knowledge, however, does not exist in the GMS. What is known about migration in the sub-region is partial, in many cases anecdotal, and only very rarely analyzed from a joint economic and social perspective.

The GMS Labor Migration program, launched in June 2005 as part of the World Bank's overall GMS regional assistance strategy, sought to address some of these key knowledge gaps. The objectives of this multi-year GMS Labor Migration program are to: (i) improve knowledge about labor migration in the GMS focusing on the socio-economic impact of migration on sending and receiving countries; (ii) raise awareness about these issues and their significance for poverty reduction at the highest levels of policy making; and (iii) strengthen the capacity of governments and development partners to refine and implement a regional system to facilitate and regulate labor migration.

This report is one of multiple outputs of the first phase of that program. This first phase of activities has also produced a number of additional outputs including: (i) two sub-regional workshops on GMS labor migration, with participation of regional academics/researchers, international partners and donors active in the migration field, and government counterparts; and (ii) five background papers, commissioned from Thai and Cambodian research centers.

### **Main Findings**

- Migration in the GMS is growing rapidly, and affects a large number of people and their families: Thailand alone is home to 1.5 to 2 million migrants from the GMS, of which 1.2 million were registered in the 2004 registration drive. Approximately three-quarters of the registered migrants are from Myanmar, with the rest split more or less equally from Lao PDR and Cambodia.
- The majority of intra-Mekong migration happens through informal channels. Migrants largely rely on family/friend networks, or employ the services of brokers to arrange travel routes and assist in finding jobs. By some estimates, over one-half of migrants enter Thailand holding legal documentation (1-day or 7-day passes) and then overstay, becoming illegal workers.
- Migrants are disproportionately young, of working age and male (with the exception of migrants from Lao PDR where women are overly represented). Those from Lao PDR and Myanmar are, on average, less educated and less literate than the average for the populations of origin, signaling a 'reverse' brain drain phenomenon. In contrast, there is a positive self-selection among migrants from Cambodia, who have slightly higher educational attainment than the overall population back home.
- Registered migrants represent in total about 3 percent of the Thai labor force, but in some migrant-intensive sectors, such as fishing and fish processing, or domestic services, they

account for a quarter or more of total sector employment. They represent only a small fraction of total agricultural employment in Thailand, yet agriculture is the sector that employs the most migrants in absolute terms. Southern rubber plantations and Northern rice and fruit farms are the biggest employers of migrants in absolute terms, while fruit farms, flower farms, rice farms, and chicken producers in the Northern region of Thailand are the most intensive users of migrant labor. Existing, albeit limited, evidence suggests that migrant labor is key to the international competitiveness of some of Thailand's key export sectors (shrimp, poultry, rubber, rice).

- Although data are partial and incomplete, migrants seem to work longer hours and are paid less than comparable Thai workers. But the evidence also suggests that registered migrants enjoy better pay and working conditions than those who are not registered, and that in some cases their pay and work conditions are similar to that of comparable Thai workers. Qualitative evidence also suggests that wage differentials between migrant and Thai workers are smaller in Bangkok and in places where there are significant migrant communities, and that they are also smaller in sectors where migrants constitute an important fraction of total labor, suggesting a link between the implicit bargaining power of migrants and their ability to secure adequate pay and working conditions.
- There is some empirical evidence supporting the positive role migrant workers have played in the economic growth of Thailand. A Computable General Equilibrium (CGE) model of the Thai economy developed by Thailand Development Research Institute (TDRI) suggests that removal of all foreign workers would reduce total GDP by around 0.5 percent per annum, contribute to a 4 percent rise in the wages of unskilled workers (substitutes for most migrant workers), and a fall of approximately 4 percent in skilled wages. The agricultural sector and industries employing little skilled labor would be hardest hit by a total cutback in migration. In a different study, the National Economic and Social Development Board (NESDB) estimated that the real income of the poorest 60 percent of households in Thailand might have fallen by 0.4 percent as a result of competition from migrant labor, while the real income of the richest 40 percent rose by 0.3 percent. They conclude that migration has benefited mainly employers and the more fortunate.
- One of the main channels through which migration impacts the sending country is through remittances. Qualitative evidence from diverse studies confirms that remittances are an important source of cash income for households in the sending countries. A study on the impact of remittances on Prey Veng province communities in Cambodia, for example, reports that remittances are important or very important for 91% of the households interviewed. Similarly, the recent Lao Poverty Assessment found that at least 3 percent of households in Lao PDR reported receiving remittances during 2002-2003 (much larger fraction among particular ethnic groups). The same study also found that rural households with greater cash flow (much of it linked to remittances) were more likely to be able to meet their subsistence requirements, and also tended to allocate less land to rice, the staple food, and more land to cash crops. Unfortunately, relatively little 'hard' quantitative information is available on remittances from Thailand to the country of origin. Small, focused studies of GMS migrants in Thailand suggest they remit between USD 50 to USD 300 per year back to their families. Based on these surveys, some researchers have calculated total remittances

from Thailand to the GMS countries of origin (Cambodia, Lao PDR and Myanmar) to be on the order of USD 177 million to USD 315 million per year.

- Thai law provides registered migrants with rights to basic social services and labor laws. The precarious status of migrants, however, provides migrants little recourse if they are denied these basic rights. Studies show that the majority of migrants do not access social services due to the poor quality of services provided to migrants and the fear of deportation. One of the biggest problems in this area is ensuring access to schooling for the children of migrants. Although under Thai law all children are entitled to 12 years free education regardless of legal status, in practice enrolment rates for migrants are very low: the number of migrant children attending school in Thailand is only 12-17 percent of the total number of registered migrant children. Detailed analysis using household data from the Kanchanaburi Demographic Surveillance System (KDSS) reveal that children of foreign born, migrant parents are far less likely to be enrolled in school than children of Thai parents of otherwise similar characteristics. Special obstacles faced by migrant children in attending school include: 1) local schools refusing to accept migrant students; 2) the cash expense of uniforms and books; and 3) the lack of Thai language skills.
- Migrant children also suffer from a lack of healthcare. All children in Thailand are eligible to receive free vaccinations against tuberculosis, diphtheria, pertussis, tetanus, oral polio virus, and measles. However, for the same reasons that migrant adults rarely receive health treatment, migrant children rarely receive vaccinations. In Tak province, the number of migrant children eligible for immunization who were vaccinated was less than one-third of the number of migrant children eligible and registered.

### **Policy Developments**

Policies and legal agreements are gradually being put in place to help manage intra-GMS labor migration. Most of these started unilaterally in Thailand before evolving through bilateral agreements with its direct neighbors. Largely they have developed as a series of practical responses to unfolding events and changes in labor needs.

The process has gained a lot of momentum in the last two years. In March and April 2004, the Thai Cabinet passed two resolutions aiming at setting up a comprehensive system of migration management that would integrate the efforts of all relevant government agencies along seven points: (1) organizing a formal system for potential migrants to apply from their countries of origin to work legally in Thailand; (2) ensuring that employers enforce national labor standards for both Thai and foreign workers; (3) intercepting people crossing national borders illegally; (4) arresting all involved in facilitating illegal migrations; (5) repatriating illegal migrants to their countries of origin; (6) publicizing the organization of the labor migration system to both workers, employers, and government officials; and (7) following up and assessing the effectiveness and relevance of the system.

In effect, this agenda is currently being refined as it is implemented following the bilateral Memorandums of Understanding that Thailand signed with Cambodia, Lao PDR, and Myanmar to regulate how citizens of each country can work in the other. The intention is to help match labor demand and supply, to protect the rights of migrants during their journey and work, and to

ensure that workers will not settle permanently in the destination country. These agreements laid the groundwork for a two-phase approach to regulate labor migration:

- The first phase was to legalize irregular workers in Thailand. This involved a large registration drive in 2004, followed by an effort by officials from Lao PDR and Cambodia to deliver Certificates of Identity (CIs) to confirm the citizenship of registered migrants claiming Lao or Khmer nationality. Obtaining a CI regularized the worker's immigration status and allowed him/her to apply for a two-year work permit. After two years, workers were to return to their countries of origin where they could apply for a new work permit following the procedures set in the second phase. During implementation of the system in 2004-2005, a major obstacle was the unwillingness/inability of the Myanmar government to deliver CIs to its nationals. This obstacle was recently removed with the signing of an agreement between Myanmar and Thailand to process migrants at border posts.
- The second phase (underway) aims to develop a system in which private recruitment companies recognized by each government will help match labor demand and supply in respect of the immigration and labor laws of both countries and international labor conventions. Their roles will be to send and manage workers abroad and to protect their rights. They would compile lists of job vacancies from employers in the destination countries, and match the positions with demands from applicants in countries of origin. Once applicants satisfy the requirements to obtain a contract, visa, work permit and health insurance, the companies would then arrange the legal process for them to travel and work in the destination country, and would further follow-up on the evolution of the workers' conditions. On the receiving (Thai) side, the government plans to set up a single-stop service for representatives of the recruitment companies to register migrants and obtain their work permits.

Under the proposed system, a legal migrant worker would obtain a contract valid for up to two years with a specific employer, renewable once. The worker would agree to pay income taxes and to contribute 15 percent of his or her wages to a "repatriation fund" – designed to provide an incentive not to stay in the receiving country. This is *de facto* a scheme for compulsory savings that would be withdrawn from wages, placed in a fund, and returned to the worker – with interest – upon expiration of the contract, once he or she has returned to his or her "permanent" home address. After a maximum of four years in the country of destination, the worker would then have to return home and wait three years to apply for a new permit.

Daily cross-border commuters and seasonal workers living in provinces across the borders are already allowed to receive passes to work in Thailand, without a formal contract (they are mainly farm laborers, domestic helpers, and petty traders). This allowance will continue, supposedly with strengthened vigilance against the use of the fake passes that some irregular migrants utilize to enter Thailand.

In the country of destination, workers would have the same rights as nationals to be protected from abusive working conditions and wages, and to access social services.

While the main elements of this policy framework are sound, one can nevertheless foresee some limitations to its implementation in regularizing and registering illegal migrants. Some are due to perceptions that can be changed (lack of awareness, and cost), but others will likely take long to be removed (limited capacity and lack of political will):

- Lack of awareness of registration benefits. Few workers know about or understand the value of legal registration, which grants them protection and access to social services. Meanwhile, many employers may not realize the potential gains in terms of productivity and stability of having healthier workers, who are more skilled and integrate better into the surrounding communities. This calls for a policy, which provides both groups with better information as well as policies to facilitate the transparency, ease, and speed of the registration process.
- Perceived cost of the process. The proposed ‘forced saving’ of 15 percent of workers’ wages in a repatriation fund may act as a strong counter-incentive for workers to follow the formal process, as will the proposal that employers pay a refundable fee to the Thai government of THB10,000-50,000 (USD 300–1,300) per worker as an insurance that they will follow their engagements in terms of labor practices.
- Limited capacity of implementing agencies. Despite receiving training from the Thai Ministry of Finance, Cambodia, Lao PDR, and Myanmar have limited technical capacities to set up an efficient system of information exchange and private recruitment. Currently, they lack the human, financial, and technical capacities to issue CIs to illegal migrants and are unlikely to finish the process by the 2006 deadline. Thailand on its side has a limited capacity to enforce border control and to monitor working conditions nationwide.
- Lack of political support from important actors. Their ambiguous legal status and ensuing fear of deportation, combined with the sometimes arbitrary behavior on the part of some Thai security officials, deters many migrants from seeking access to the services otherwise offered by social ministries. Meanwhile, poor governance among public officials on all sides of the borders undermines the enforcement of regulations for migration control, working conditions and access to services. An implementation stumbling block had been the unwillingness of the Burmese government to actively participate in the process, having for instance made no progress in the delivery of CIs to Burmese workers, however the recent agreement by the Government of Myanmar to open three points near the border that will issue CIs to registered migrants of Burmese nationality should increase progress.

### **Facilitating Rather than Restricting Migration**

Access to cheap labor is important for labor-intensive industries in Thailand to remain competitive, and with the diminishing appeal of the “dirty, difficult, and dangerous” jobs to Thai workers, Thai industries continue to need and attract workers from Lao PDR, Cambodia and Myanmar. Because of this strong demand and the continuing push factors in the countries sending migrants, it is unlikely that labor migration to Thailand will decrease anytime soon. In these conditions, from a regional perspective as well as from the Thai interest, it seems more rational to ensure that migrants can move and work in safe conditions and best use their earnings, rather than trying to restrict their movement.

The ad-hoc nature of the evolution of a regional migration policy so far reflects the limited control any government in the region has on migration flows,<sup>2</sup> and suggests that facilitating legal migration might produce more results than trying to repress the movement of labor, which determinants are structural.

This hints that a system of incentives to comply with the main directions of the migration management objectives, rather than one of control, is more likely to be widely adopted and be effective. On the workers' side, disseminating information on the rights and duties of registered migrants could increase the awareness of the advantages (and of the relatively low-cost) of being registered – hence enticing migrants to use the legal channels. Meanwhile, helping strengthen labor organizations of migrants would help leverage government efforts by forcing employers (from within the companies rather than through inspections) to follow regulations on wages and working conditions. On the employers' side, documenting and publicizing how improving the living and working conditions of workers can result in increased productivity, a better skilled and more stable workforce, and improved business can, by demonstration, lead more employers to enforce the same labor standards for foreign and domestic workers.

In terms of the brokering services to match the demand and supply of labor, and of the deliverance of permits by government representatives, the approach, while innovative, will likely work only if the services are convenient and affordable to the workers and the employers. This suggests that the migrants do not have to travel to their capital cities to find a job abroad, obtain passports, process the request for work permits, etc.; there should be more than a handful of brokering companies (although all should follow standards); and if one-stop services are offered close to the main sources of migration, or at least near the borders. Similarly, the cost of services such as the registration with the government, and fee to the brokering company, should be in relation to the potential income of the migrant or to the extra revenue to the employer of hiring a foreign worker. In the words of an official from the Lao Ministry of Labor, the goal of the migration management process should be “to serve migrants better and at a lower cost than smugglers do.”

## **Next Steps**

While the broad outline of a policy approach to migration management has been laid out, much remains to be done in terms of refining, designing, and implementing these policies: (1) There is a continued need for support on the advocacy front – analysis and evidence are needed to help garner and sustain support for these policies, especially among those agencies/sectors most concerned with security issues, and among employers; (2) There are also large data and analysis needs to support the implementation and evaluation of policies – e.g. what should the cost of registration be to not deter workers and employers from registering?; what type of compensatory mechanisms should be put in place to protect unskilled Thais who may suffer the consequences of competition from migrant labor?; how can access by migrants to social services be secured in the most efficient and equitable way?; how can migrants gain better access to banking services?; how can the cost of remittances be lowered; (3) Finally, there is a need to build regional capacity to develop, enforce, and implement these policies.

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<sup>2</sup> OECD countries have also faced difficulties in controlling migration flows.

In this context, we see the three main priorities for continued World Bank involvement through Phase II of the GMS program as:

1. Working with national statistical agencies to improve the collection of migration statistics in existing surveys and instruments. This would involve working out a better sampling frame and methodology to capture migrant households, as well as including additional questions in existing surveys that can help better understand and assess their living and working conditions. It could also involve supporting additional research to analyze the key economic aspects of migration.
2. Working with Government agencies and counterparts to help evaluate policies and policy change. Closer monitoring and evaluation programs could assist with a myriad of policies. Serious evaluation of the effects of registration and of changes in the registration system could help improve some policies in the future. Monitoring and evaluation could inform policies that include access to services. Also, evaluation of the new planned job recruitment system could assist in designing and evaluating policies to improve migrant access to banking services and lower remittance costs.
3. Helping poorer countries in the sub-region build the institutional infrastructure and local capacity needed to successfully implement the planned job recruitment system. Technical assistance, designed in collaboration with other international partners/agencies, could support broader efforts to build an effective and humane framework for the management of migration flows in the GMS

The Bank team will use the dissemination of this synthesis report to engage with regional government agencies in a broad discussion of migration policies and policy priorities in the GMS, so as to identify the areas in which further Bank-supported research, analysis and/or technical assistance would be most helpful. A concrete work-plan for Phase II of the program will be developed on the basis of those discussions.

## **Chapter 1: The Greater Mekong Sub-region (GMS) Labor Migration Program**

The Greater Mekong Sub-region (GMS), with a population of 260 million, comprises Cambodia, Lao PDR, Myanmar, Thailand, Vietnam, and Yunnan province in China. Geographically, it is located among the fast-growing economies of both South and East Asia. Despite marked disparities in economic development between its members, the sub-region is extremely dynamic with annual growth rates averaging above 6 percent in recent years. In the past, economic integration of the GMS countries was hindered by political factors, civil unrest and sometimes open conflict. However, recently there has been growing momentum to seek new ways to cooperate and enhance economic growth. There are multiple regional initiatives underway to speed up the development of the sub-region, such as the East-West development corridor project to link Myanmar, Thailand, Cambodia and Vietnam, as well as efforts to strengthen the framework for trans-border management of economic, environmental and social issues.<sup>3</sup>

The World Bank has developed a GMS regional assistance strategy (“Strategy Note on Economic Cooperation across the Mekong Sub-Region”) which seeks to help the countries of the sub-region understand and internalize the benefits of cross-border cooperation. One of the four stated objectives of that strategy is to help countries develop a better framework for the flow and development of human resources. In support of this objective, in June 2005 the World Bank launched its multi-year GMS Labor Migration Program, which aims to: (i) improve knowledge about labor migration in the GMS focusing on the socio-economic impact of migration on sending and receiving countries; (ii) raise awareness about these issues and their significance for poverty reduction at the highest levels of policy making; and (iii) strengthen the capacity of governments and development partners to refine and implement a regional system to facilitate and regulate labor migration. This report is one of multiple outputs of the first phase of that program.

### **1.1 Migration in the GMS: Opportunities for Regional Growth**

Migration has been occurring in the sub-region for centuries, mainly with the Chinese moving southward and integrating into most of the Mekong countries. In recent years, however, a range of economic, social and political factors have added sharply to the migratory pressures. The combination of demographic transition and upgrading of the skills of its workforce has left Thailand facing a shortage of unskilled labor. As a sign of this growing shortage, unskilled agricultural real wages in Thailand more than tripled between 1985 and 2003.<sup>4</sup> Thailand’s much higher incomes, fast growth, and more favorable social and political climate act as a magnet for people in surrounding countries trying to escape poverty. Lao PDR, Cambodia and Myanmar remain among the poorest countries in Asia, with some of the worst social and human development indicators in the region (Table 1.1). Employment opportunities outside of agriculture in these countries are scarce, and poverty widespread. For many poor households, migration offers an avenue, sometimes the only one, towards jobs and higher incomes, albeit

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<sup>3</sup> Comprising over 77 subprojects in transportation, energy, telecommunications, tourism, trade facilitation, agriculture and private investment development.

<sup>4</sup> Labor Force Survey, multiple years.

often at a high risk to the migrants themselves.<sup>5</sup> Political instability, conflict and, in some cases, the existence of large numbers of internally displaced persons have also acted as push factors. For Thailand, migrants represent an important reservoir of cheap and flexible labor and a boost to its competitiveness in certain sectors (especially fishing and labor intensive agriculture, but also construction and tourism).<sup>6</sup>

**Table 1.1 Main determinants of migration in the GMS**

	Sending countries			Sending & receiving countries		
	Laos	Myanmar	Vietnam	Cambodia	China	Thailand
<b>Population Indicators</b>						
Mid-2004 population (thousands)	5,787	50,101	82,481	14,482	1,313,309	63,763
Annual population growth rate	2.2%	1.2%	1.3%	2.4%	0.7%	0.8%
Total fertility rate (per woman)	4.6	2.8	1.9	4.6	1.8	1.7
Percentage aged, 0-14	41%	32%	31%	41%	23%	23%
Percentage aged, 15-64	55%	63%	64%	56%	70%	70%
Percentage aged, 65+	4%	5%	5%	3%	7%	7%
Projected increase in population 2004-2050	97.6%	36.8%	50.1%	106.3%	11.3%	29.4%
<b>Human development indicators</b>						
Life expectancy at birth (years), Males	54	55	67	55	69	68
Life expectancy at birth (years), Females	56	60	72	60	74	75
Mortality under age 5 (per 1,000)	136	124	43	103	41	26
Ratio of girls to boys, secondary school	62%	97%	87%	58%	71%	93%
Gross domestic product per capita (US\$)	\$326	\$162	\$411	\$278	\$911	\$1,874
Human Development Rank 2004	135	132	112	130	94	76

*Source: World Bank, World Development Indicators database; UNDP, Human Development Report 2004*

Since much of the cross border movement in the GMS is irregular, it is difficult to obtain reliable information on the true size of migration flows. Still, most research indicates that more than 2 million migrants have moved between GMS countries in the last few years due to economic reasons.<sup>7</sup> Thailand alone estimates to have 1.5 to 2 million regular and irregular migrants from the GMS currently living in the country and is also home to about 150,000 refugees.<sup>1</sup>

Beyond the movement of mainly unskilled Cambodia, Lao PDR and Myanmar migrants into Thailand, other distinct and established patterns of migration flows exist within the Mekong Sub-region. These include the movement of higher skilled Vietnamese migrants into Cambodia and Lao PDR; and of skilled Chinese workers from Yunnan and Guangxi into Lao PDR and Myanmar. Thailand, Cambodia and China are the main receiving countries in the sub-region, with Thailand by far the largest of the three in both absolute and relative terms.<sup>8</sup>

<sup>5</sup> In some cases, migration is seen as a coping mechanism of last resort, when no other choices exist (see for example the discussion on migration from Cambodian villages in Chapter 3 and in Maltoni, 2006).

<sup>6</sup> Labor Migration in the Mekong Region ILO, Nov 2004; International Migration in Thailand, ILO 2005.

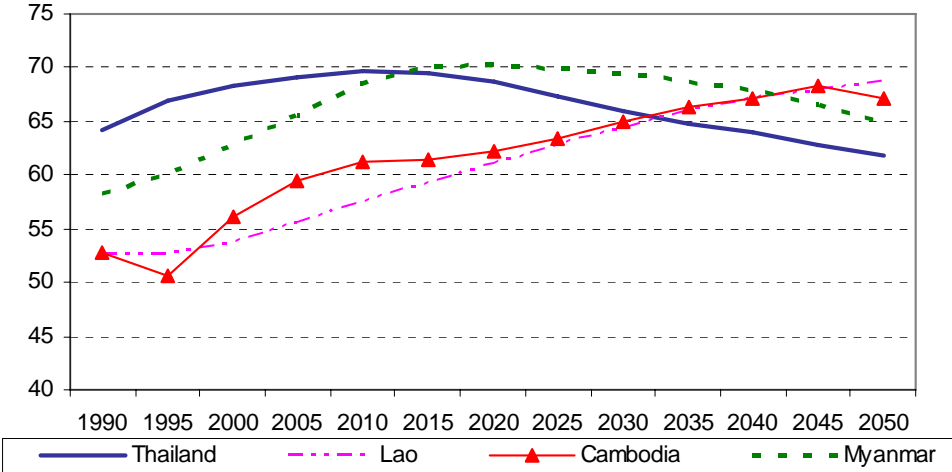
<sup>7</sup> Mekong Institute Foundation Regional Policy Formation Meeting: 'Transborder Migration in the Greater Mekong Sub-region', Migration in the GMS, Mekong Migration Network, 2005.

<sup>8</sup> All of the receiving countries in the GMS are also simultaneously sending countries. Thailand, for example, sends 150,000 contract workers abroad every year and receives \$1.5 billion per year in official remittances.

No reliable data series exist that can rigorously document an increase in cross-border migration flows from the GMS into Thailand. However, different strands of evidence suggest that this has indeed been the case. There have been sharp increases in the number of migrant workers registering for work permits since 2001, as well as increased case levels of migrants treated at hospitals near the border, and an increase in illegal border crossings as reported by the security forces. Taken together, and in combination with the documented changes in both push and pull factors, these suggest that migration flows into Thailand are increasing rapidly.

Uneven patterns of development and diverging demographic trends will ensure that these migration flows continue to grow in coming decades. The Thai population structure progressively resembles that of developed countries. While Thailand will increasingly face the challenges created by an aging population, the poorer countries in the sub-region, particularly Lao PDR and Cambodia, have population growth rates between two and three times higher than that of Thailand, and a rising share of people of working age (see Table 1.1). Figure 1.1 below illustrates these reverse population patterns in the sub-region, and how the gap is expected to widen in the following fifty years. While in Thailand the working age population growth is stagnating and is expected to become negative at the beginning of the next decade, in Lao PDR and Cambodia the same age group will keep on growing at a high rate for the next three decades. These demographic differences are likely to fuel continued migration for the next twenty years.

**Figure 1.1 Working Age Population (% aged 15-64): UN Median Variant**



Source: <http://esa.un.org/unpp/>

Much of this increased migration is likely to remain irregular, with negative consequences for both sending and receiving countries, unless greater efforts are made to regulate and manage migration flows. The sending countries generally lack the capacity to properly manage the mass export of labor and to protect the rights of their migrant-nationals abroad. Receiving countries have fairly weak migration policy frameworks, which often have been implemented hastily as an ‘after-the-fact’ response to the arrival of large numbers of migrants. The lack of a legal framework to regulate migration puts migrant workers at a higher risk of abuse, and strengthens the prevalence of smuggling rings, who are also the main actors in human trafficking, be it for

sexual exploitation or slave-labor. Absence of an adequate legal and policy framework contributes to increasing the costs and risks of migration, and reducing its benefits.

## **1.2 Towards an Integrated GMS Labor Market**

The established pattern of migration flows within the GMS reflects the gradual emergence of an incipient ‘regional’ labor market. While this regional labor market is not yet truly ‘integrated,’ and despite lacking an established regulatory and legal framework, clearly a large and growing demand for labor in some countries of the region is met by migrants. Evidence demonstrates that workers have at least partial information on jobs and wage opportunities in neighboring countries, and make choices on where to work based on this information.<sup>9</sup>

As trade and transport flows continue to strengthen between GMS countries, we would expect this regional labor market to consolidate and expand. Indeed, the further development of a well-functioning sub-regional labor market is in many ways a precondition to long-term equitable growth in the region. While cross-border labor mobility alone will not ensure the prosperity of the sub-region’s poorer members, it can make a significant contribution towards reducing regional disparities between GMS countries, hence enhancing economic and social stability. With access to regional labor markets, workers with few or low-paid employment prospects in the sending countries (Cambodia, Lao PDR and Myanmar) may find productive employment outside their national boundaries. Some of these workers may return home years later with money and skills to set up new businesses and help transform their economies and societies. Migrants, whether they return or not, may send remittances to families back home, contributing to increasing consumption and reducing poverty in their communities of origin. For the labor scarce countries of the region, access to an integrated regional labor market that can guarantee a steady and reliable supply of workers is critical to sustaining competitiveness in many labor-intensive sectors. Labor migration is thus a key element of a broader regional integration agenda.

Employers and private businesses in the receiving countries are aware of the importance of migration to their profitability and long-term competitiveness, and are actively lobbying the Thai Government to allow for greater migrant inflows. Private employers are the best placed to identify labor shortages and gaps where a steady flow of migrants may indeed be beneficial. But the private sector may not necessarily internalize the costs of illegal migration, or the social consequences of a system that provides few rights to migrant workers. The responsibility for creating a legal and regulatory environment that can facilitate efficient, equitable and humane migration lies squarely with the Governments of the region. An important aspect of this role is attention to safeguards for all parties involved.

Earlier examples of migration management in East and Southeast Asia show that legalizing migration, protecting migrants’ rights and facilitating the remittance and productive investment of their savings can promote positive social and economic impacts of migration both in labor-sending and labor-receiving countries:

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<sup>9</sup> Hugué, *International Migration and Development*, 2005; Mekong Institute Foundation Regional Policy Formation Meeting: ‘Transborder Migration in the Greater Mekong Sub-region’; *Migration in the GMS*, Mekong Migration Network, 2005.

- In terms of human development, ensuring that all workers, local or foreign, and their families have access to education, health and social protection services lowers the negative externalities associated with an otherwise poorly integrated immigrant workforce. This enhances the productivity of workers, promotes the social integration of immigrants and limits the spread of diseases (including HIV/AIDS), illegal activities and social unrest. Ensuring that all workers are subject to the same labor standards also limits the unfair competition between immigrant and local labor and can help promote the status of women.
- From an economic perspective, a regulated system of migration allows governments from originating and receiving countries to collect taxes from workers and employers. Earnings from migrants also provide investment potential to labor-originating countries, and it is in their best interest that remittances be repatriated at the lowest cost, and kept securely as a coping mechanism in case of shock, and as a reserve for productive investment. Meanwhile, in labor-receiving nations, a proper savings system for migrant workers can support the local financial system.
- Strategically for governments, an appropriate and enforced legal framework helps reduce illegal migration and trafficking, and helps channel migrant remittances through the official banking system so that less is lost to smugglers and intermediaries. Proactively planning migration can then diversify the destinations of labor and diminish the risk that economic fluctuations in a single country of destination have too drastic an economic impact at home.

### **1.3 The First Research Phase of the GMS Labor Migration Program**

Building an adequate, effective and humane legal and policy framework for migration in the GMS requires a solid foundation of knowledge and information on migrants, their characteristics, needs and impact in both receiving and sending countries. Such a foundation of knowledge, however, does not exist in the GMS. What is known about migration in the sub-region is partial, in many cases anecdotal, and only very rarely analyzed from a joint economic and social perspective.

The first phase of the GMS Labor Migration program, launched in June 2005, sought to address some of these key knowledge gaps by: (i) reviewing and summarizing the existing regional literature on migration (much of it in Thai language); and (ii) analyzing existing and accessible datasets, some of which had not previously been analyzed, with a migration perspective in mind. This first phase of research was intentionally not ambitious: it meant to serve primarily as a stocktaking exercise, with a view to identifying the areas in which deeper, more extensive work and especially quantitative data collection may be needed.

During this first phase, the work focused primarily on the socio-economic impact of migration on both sending and receiving countries, and on understanding the evolving migration policy framework and policy-making process in the sub-region. Due to data, time and resource constraints, the analysis was limited during this phase to Thailand, Cambodia, Lao PDR and Myanmar, with a heavy focus on Thailand as the receiving country. The work has taken stock of available information, analyzed accessible datasets, merged quantitative and qualitative

evidence, and actively engaged in dialogue with regional researchers, international partners, donors and government policy-makers from core line ministries.

Migration in the GMS has certain specific characteristics that condition the analysis. These include:

- The largely undocumented, or illegal, character of migration (which translates into lack of official data, a disincentive for migrants to reveal themselves and difficulties in capturing information about this population);
- The overwhelming informality of mechanisms to send back remittances, which does not allow for easy measurement of the size and use of the funds sent back home by migrants; and
- The lack of a clear distinction in many cases between domestic and international migration given the proximity of countries of origin and destination, the ease to cross borders, and the cultural homogeneity of people living near borders.

These characteristics, along with the limited regional capacities to collect socio-economic information on a large scale, heavily influence the type and quality of information that can be collected and analyzed. Hence, an important caveat to this report is that the analysis is based on weak quantitative data. First, coverage is far from complete: migrants are largely left out of existing quantitative surveys and qualitative information can only go so far in filling that gap. Second, to address the data gap, the report must make use of multiple data sources, not always comparable, and must mix qualitative, case study and quantitative data. This results in an analysis that is often less structured, more partial, and less quantitative than would be our ideal. However, the triangulation of evidence and use of multiple sources does allow us to describe certain patterns and facts of migration in the GMS with some degree of confidence. This exercise also serves to document what are the most important data and analysis gaps, which would need to be addressed in further and more comprehensive work on migration.

This first phase of the research has produced the following outputs:

- Two sub-regional workshops on GMS labor migration, with participation of regional academics/researchers, international partners and donors active in the migration field (IOM, ILO, UNESCAP, UNIAP, Rockefeller Foundation, among others), and government counterparts from Thailand and Cambodia. (June 2005 and March 2006)
- Five background papers, commissioned from Thai and Cambodian research centers, including:
  1. Chantavanich, Supang; Vangsiriphisal, Premjai; and Laodumrongchai, Samarn. Asian Center for Research on Migration, (ACRM); Chulalongkorn University. “Thailand Policies toward Migrant Workers in Myanmar”. This paper reviewed existing qualitative data and case studies, as well as the significant stock of literature in Thai language on migration from Myanmar to Thailand. The paper presents a snapshot of: (1) the current patterns of migration between the two countries; (2) the problems and risks faced during migration; (3) the impact of illegality on working and living

- conditions; (4) the evolution of Thai policies towards migrant workers; and (5) the forces that influence the formulation and implementation of policies.
2. Chamrathirong, Aphichat. Institute for Population and Social Research (IPSR), Mahidol University. “Profile of Labor Migrants from Myanmar, Cambodia and Lao PDR: Analysis of the Population and Housing Census of Thailand, 2000”. This paper utilizes (for the first time) the 20 percent sample from the 2000 Population Census of Thailand to analyze the demographic, social and economic differences between migrants and the Thai population at a national level.
  3. Jampaklay, Aree. Institute for Population and Social Research, (IPSR) Mahidol University. “Migrants and Non-Migrants in Kanchanaburi: An Analysis at Household and Individual Levels”. This paper uses a unique panel survey dataset from Kanchanaburi Province in Thailand to examine the demographic, social and economic characteristics of migrant-headed households and migrant communities in a province with a high percentage of migrants. The paper also analyzes differences between migrant and Thai-headed households in living standards and access to key social services such as education.
  4. Bryant, John. Institute for Population and Social Research, (IPSR) Mahidol University. “Migrant Labor in Thai Agriculture: Evidence from the 2003 Agricultural Census”. This paper uses the 2003 Agricultural Census of Thailand to document the importance, role and impact of migrant labor in Thai agriculture.
  5. Maltoni, Bruno. Royal University of Cambodia. “Impact of Remittances on Local Communities in Cambodia: The Case of Prey Veng Province.” This paper: (1) overviews the main trends and patterns of migration in Cambodia; (2) documents the findings of original qualitative work undertaken to understand the characteristics of villages sending migrants to Thailand; and (3) analyzes the social and economic impacts of this migration on the communities of origin.
- In addition, this phase supported the active engagement of the World Bank team in the diverse regional migration fora (such as the Regional Policy Meeting on Trans-Border Migration in the GMS, the 3rd Senior Officials Meeting of the UN COMMIT Group, and the 7<sup>th</sup> Meeting of the GMS Working Group on Human Resource Development), as well as the World Bank’s active participation in the UN Migration Thematic Working Group.

This report aims to synthesize the main findings and discussions that have emerged from this set of workshops, background papers and regional fora.

#### **1.4 Organization of the Report**

The report is organized as follows. Chapter 2 takes a more aggregate view of migration, presenting the main patterns and characteristics of migration in the GMS, including the main channels of migration, geographic distribution, sectors of employment and average characteristics of migrants. To the extent the data and evidence allow, the chapter also discusses the economic role played by migrants in both receiving (Thailand) and sending (Lao PDR, Cambodia and Myanmar) countries. Chapter 3 then looks at migration from the perspective of

the individuals and families involved. It discusses the choice to migrate, the process of migration including the risks faced by migrants, working conditions and remuneration of migrants in Thailand, and their living conditions. It also takes a more microeconomic look at the impact of remittances on the families and communities back home. Chapter 4 examines the evolution of migration policies in the GMS, with a heavy focus on how Thailand's policies towards migrants from its GMS neighbors have changed over time and on the factors that have influenced and constrained those changes. The chapter assesses the strengths and limitations of current policies and identifies the areas where there is substantial room for improvement. Finally, Chapter 5 turns towards the future by identifying what are the priority knowledge and data gaps that still need to be addressed, and then outlining a program for moving from research to supporting policy formulation in collaboration with other regional organizations and partners.

## Chapter 2: Patterns and Characteristics of Migration in the GMS<sup>10</sup>

### 2.1 Patterns of Migration in the Greater Mekong Sub-region

#### 2.1.1 *The Limitations of Available Data*

Data on migration in the GMS come from two main types of sources: (1) from sending country sources (household labor force surveys, specialized surveys, and other field work), which in the region are unfortunately sporadic, of limited coverage and contain few questions that are specific to migration and/or its effects; and (2) from receiving country sources (mainly from Thailand). The latter, which were easier to access and analyze in the context of this study, include: (a) the migrant registration database managed by the Ministry of Interior and Ministry of Labor in Thailand, which presents information on the number of migrants registered by district and their sector of employment (but unfortunately does not have much accessible information on their individual characteristics or those of their families); (b) the 2000 Census of Housing and Population of Thailand; (c) the 2003 Thailand Agriculture Census; (d) existing periodic household-based surveys such as the Socio-Economic Survey (SES), which is carried out every two years, and the Labor Force Survey (LFS), which is carried out monthly; and (e) specialized migration surveys such as the Kanchanaburi Demographic Surveillance System.

Unfortunately, almost all of these sources were designed with objectives other than the study of migration in mind and hence are not particularly suited to capturing information about migrants. There are two types of problems. First, the survey questionnaires contain few questions specific to the migration decision or to migrants. Second, and most importantly, migrant households are very poorly represented in the sampling frame of existing household surveys. The sampling frame for all surveys carried out by the National Statistical Office (such as the SES and the LFS) is ultimately based on the Thailand Census of Population and Housing (Population Census). In principle, the Population Census includes all residents, and should therefore include unregistered migrants. In practice, however, enumerators often do not reach migrants due to a number of reasons including: language problems; the presence of employers/landlords who will not allow migrants to speak with enumerators; fear of officials on the part of migrants, who will then avoid being interviewed; and the fact that migrants are more likely to live in remote places. As a result, the Population Census seems to capture only those migrants who have been residents of Thailand for a longer period of time (15-20% of the total).

The 2003 Agriculture Census does a bit better for its sector, and captures about one-third of permanent migrants engaged in agriculture, but it has very limited information on their characteristics. The one specialized survey we were able to work with, the Kanchanaburi Demographic Surveillance System, developed by the Institute for Population and Social Research (IPSR) at Mahidol University, does an excellent job of capturing migrant households in the sampled villages and collecting information on their characteristics and living conditions, but is of very limited coverage (covering mainly rural households in Kanchanaburi province and overwhelmingly from Myanmar).

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<sup>10</sup> This Chapter draws on a variety of sources, including on the excellent summary study prepared by Hugué and Punpuing, 2005 for the United Nations Thematic Working Group on Migration, and on the five background papers that were commissioned specifically for this GMS study (see Chapter 1).

In addition to these quantitative sources, there is an extensive body of qualitative data from anthropological research and a large number of case studies on migration. These are useful for filling the existing large gaps in quantitative information, but it remains difficult to assess how representative these studies are of the broader migrant population. In consequence, we are careful in generalizing from the findings of these more qualitative studies.

### 2.1.2 Migration Stocks and Patterns in the GMS

Despite their limitations, existing data sources allow us to sketch the broad patterns of migration flows in the Mekong region. Figure 2.1 presents these flows graphically. There are several distinct and established migration patterns. These include the movements of mainly unskilled Cambodian, Lao PDR and Myanmar workers into Thailand, of higher skilled workers from Vietnam into Lao PDR and Cambodia, and of high skilled Chinese from Yunnan and Guangxi regions into Lao PDR and Myanmar. Thailand, Cambodia and China are the main receiving countries, with Thailand by far the largest of the three. As explained in Chapter 1, the first phase of our GMS migration program focuses mainly on migration from the GMS into Thailand.

**Figure 2.1: Patterns of Migration Flows in the GMS**



#### **Box 2.1 Thailand Migrant Registration Process**

Since 1992, Thailand has consistently used the registration of migrant workers as a tool to enable illegal migrants to work legally within its borders. Beginning in 1996, Thailand permitted employers of unauthorized migrants from Cambodia, Lao PDR, and Myanmar to register migrants for two years by paying 2,500 baht. Employers in 7 sectors (agriculture, fisheries, construction, mining, coal, transportation, and manufacturing) within 39 provinces could register migrants at that time. In the following years, new policies for registration were introduced (1998, 1999, 2000 until 2005), following similar guidelines but introducing quotas to limit the number of workers, largely in response to the financial crisis. In 2004, however, the Government adopted a new approach for migrant registration. The process required concerted efforts from various government offices, including the Ministries of Labor, Health, and the Interior. Under this new policy, registration became a 3 stage process and open to employers and migrants in all provinces. First, and similar to earlier registrations, both migrants and employers were required to register. Second, migrants were expected to pass a medical exam. Failure of the exam resulted in immediate deportation, while passing the exam provided the migrant health insurance for the duration of his work permit. With the first two steps accomplished, the migrant was issued a 1-year work permit. The registration process provided work permits to 814,247 migrant workers in 2004.

*Note: The registration process and Thai migration policy is discussed in detail in Chapter 4.*

Table 2.1 presents existing estimates on the stock of migrants for the GMS countries. The top panel presents a range of estimates based on the findings of diverse studies, quantitative and qualitative. The bottom panel presents the figures from Thailand's successive migration registration drives (see Box 2.1. for a brief description of Thailand's migrant registration process). The latter figures are the closest we have to accurate estimates of the overall migrant

population from the GMS in Thailand. Nevertheless, they must be taken with caution as they only reflect the fraction of the migrant population from the GMS region that has registered.<sup>11</sup>

**Table 2.1 Estimated Migrants Stocks in the Mekong, latest year available**

	Burma	Cambodia	China, Yunnan	Lao PDR	Total
<b>Estimates of Cross-Border Migration:<sup>1</sup></b>					
Out-migrants:	1.5-2 million	112,000 to 190,000	400,000	N.A. but 3% of households received remittances from migrant family member in 2002/3	>2 million
In-migrants:	N.A.	70,000 estimated irregular	N.A.	1,156 registered migrants in 2000	
<b>Registered Migrants in Thailand with work permits:<sup>2</sup></b>					
2001	90,724	7,921		1,011	99,656
2002	340,029	36,818		32,492	409,339
2003	247,791	19,675		21,314	288,780
2004	610,106	104,789	7,281	99,352	814,247

<sup>1</sup> Source: Asian Migrant Center Book, 2004, year 2002 except for China, 2000; Asia-Pacific Population Journal, December 2005; Lao PDR Poverty Assessment; World Bank Lao Poverty Assessment 2006; Acharya 2003 (refers to 2000 registered migrants only); International Migration in Thailand, ILO 2005; and Ministry of Labor, Thailand

Note: There is an important difference between total registered migrants including dependents and registered migrants with work permits. Total registered migrants in 2004 equaled 1,284,920, of which only 1,122,192 actually followed up the initial registration process. N.A. Not available

The two most striking features of Table 2.1 are (i) the large number of migrants within the GMS alone, especially from Myanmar, and (ii) the clearly increasing trend in the numbers of reported migrants. Whether the latter reflects an increase in the underlying flows or an improvement in the registration data remains an open question, but the perception is widespread that the number of migrants actually living and working in Thailand is higher than the registration data would indicate.

To highlight some of the difficulties faced in assessing the true size of migration flows in the GMS, Table 2.2 shows the estimates for GMS migrants living in Thailand obtained from the 20 percent sample of the 2000 Census of Housing and Population. These estimates are roughly comparable to those obtained in the 2000 and 2001 registration drives from Table 2.1, which were widely considered to have been unsuccessful and underestimated the true migrant population. The Census figures are, on the other hand, only a small fraction (15 to 20 percent) of the registration figures for 2004, which are considered to be more reflective of the true migrant population (among other reasons because the 2004 registration was free to migrants, unlike the earlier registration drives). The wide range in the estimates, and fluctuations in the yearly registration figures, reflect some of the features of GMS migration namely, the high prevalence of undocumented or 'irregular' migration, the transitory nature of many migrants' stay in any

<sup>11</sup> These provide the most accurate estimates from the GMS stock as a greater proportion of migrants are believed to have registered since 2004 due to great efforts by the Government to locate migrants and because, unlike prior to 2004, the process was now free to the migrant.

one location and the ensuing difficulty of capturing migrant populations through regular household based instruments.

The 2000 Census data are likely to capture mainly long-term migrants, some of which may have even been born in Thailand but are not entitled to Thai citizenship.<sup>12</sup> As such, the Census sample obviously captures a select and partial fraction of the true migrant population. Nevertheless, it is interesting to note that the distribution of migrants by country of origin in the Census is very similar to that observed in the registration data (about 80 percent are from Myanmar).<sup>13</sup> It is also interesting to note that the geographical distribution of migrants in the Census sample, and their age and sex composition do not differ greatly from the registration data (see Section 2.2. below). This provides hope that the Census sample may differ from the broader population in their length of stay in Thailand and likely degree of integration, but not necessarily in demographic and educational characteristics, rendering these quantitative data less biased than expected. The Census data show that the majority of migrants are of working age and live in rural areas (in the latter they mirror the pattern for Thai natives, 80 percent of whom live in rural areas – if anything, migrants are more ‘urbanized’ than native Thais).

**Table 2.2 Migrants in Thailand, by nationality and birthplace**

	Nationality of migrants			Birthplace		
	Cambodia	Lao PDR	Myanmar	Cambodia	Lao	Myanmar
Total	17,207	28,014	93,240	4,183	18,430	95,464
Male	48.7%	45.5%	52.2%	45.5%	41.0%	51.5%
Female	51.3%	54.5%	47.8%	54.5%	59.0%	48.5%
Age group:						
0-14	27.1%	20.8%	24.2%	11.6%	9.5%	10.5%
15-24	19.2%	18.8%	25.1%	24.3%	15.8%	23.6%
25-59	46.7%	51.8%	46.7%	60.9%	58.7%	58.9%
60+	7.0%	8.8%	4.0%	3.2%	16.0%	7.0%
Residence:						
Municipal	32.8%	24.0%	26.0%	46.3%	20.8%	23.4%
Nonmunicipal	67.2%	76.0%	74.0%	53.7%	79.2%	76.6%

Source: Thailand 2000 Housing and Population Census, 20% sample blown up to represent the full population using sample weights.

The following sub-sections synthesize some of the key facts about migration within the GMS country by country, using a mix of quantitative and qualitative sources.

## Myanmar

The Burmese constitute the largest single group of migrants in the GMS, and specifically in Thailand. The 2004 registration drive recorded 610,106 Burmese migrants with work permits

<sup>12</sup> Table 2.2 also points to another feature of GMS migration that complicates the analysis: the fact that many ‘migrants’ from the GMS are actually born in Thailand, and may be long-term Thai residents, but are not entitled to citizenship or even residency papers. The distinction between first and second/third generation migrants into Thailand is quite blurred.

<sup>13</sup> Other household surveys (such as the periodic Labor Force Surveys and the Social and Economic Situation surveys) suffer from the same limitations, as their sampling base is based on the Census, with the added weakness that their small sample sizes means that very few migrant households are actually captured.

living in the country. Another 100,000 were registered but did not receive work permits (although many of them were working). Some 63,000 children below working age were registered as well, for a total of over 800,000 registered Burmese migrants living in Thailand. By most accounts, this is an underestimate of the true number of migrants from Myanmar living and working there. In 2003, the Governments of Myanmar and Thailand signed a bilateral Memorandum of Understanding (MoU) detailing the conditions for labor exchange between the two countries, but this MoU has not been yet fully implemented. In a major step forward, Government of Myanmar recently agreed to open three points near the border that will issue Certificates of Identity (CI) to registered migrants of Burmese nationality. Before the agreement, the Government of Myanmar was requiring that registered migrants go to Yangon to get their CIs, rendering the option almost impossible for most migrants and blocking progress on the implementation of the MOU with Thailand.

Myanmar's high cross-border migration flows into Thailand are explained by a combination of political, social and economic "push and pull" factors. The main driving factor behind these migrant flows is economic, with migrants moving to Thailand in search of jobs and higher wages. A 2003 study by ARCM, for example, found that out of a sample of 100 migrants, almost 80 percent reported their main reason to migrate was unemployment at home. However, Myanmar's political and social conflict and large number of internally displaced persons (IDPs), especially ethnic minorities, have also played an important role in both fostering and shaping migration flows. The Thailand Burma Border Consortium estimates that in 2004 there were some 526,000 internally displaced persons in Myanmar, many of which ended up settling in forests or in village areas in Thailand. These are predominantly minority groups, such as Karen, Karenni, Mon, and Shan. In addition, there are an estimated 120,000 people living as refugees in camps along the Thai-Myanmar border.<sup>1</sup> Sometimes these displaced people in camps may leave covertly to find work, and in some cases 'become' economic migrants.<sup>14</sup>

The evolution of migration policies in Thailand is heavily influenced by the specific nature and evolution of migration flows between Myanmar and Thailand, which far dominate those coming from Cambodia and Lao.<sup>15</sup> The differences are both quantitative (80% of all migrants flowing into Thailand are from Myanmar) and qualitative (fewer than 10% of migrants from Myanmar hold any legal documents when entering Thailand). The sheer size of the inflows from Myanmar, and the complexity of the political relationship between the two countries, condition both the policies and the politics of different Thai agencies involved in migration and dictate whether at different points in time security, economic, or humanitarian concerns will prevail.

Significant numbers of Burmese migrants live in Yunnan, China, as well as in Thailand. Burmese migration into Yunnan started in 1984 and began to reach significant levels after the Government of Burma opened its borders with China at the end of 1988. While Burmese workers and businessmen can be found all over Yunnan, the majority of migrants are concentrated in

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<sup>14</sup> "Profile of Migrants in Thailand: Analysis of the 2000 Thai Population Census", Chamrantrithirong, A., IPSR, Mahidol University, 2006 (Background paper for this study).

<sup>15</sup> "Thailand Policies towards Migrant Workers from Myanmar", Chantavanich, S., P. Vangsiriphisal, and S.Laodumrongchai, ARCM, Chulalongkorn University, 2006 (Background paper for this study).

Ruili and Dehong (including Jiegao). The Burmese migrant population in Ruili, primarily engaged in various types of commerce, peaked at over 5,000 in 1995-96.<sup>16</sup>

## **Cambodia**

Cambodia shares a long and porous border with Thailand. A large local trans-border network has always existed between the Cambodian Northern provinces and their Thai neighboring provinces. The majority of these networks comprise Cambodian migrants who commute daily to Thai destinations for petty trade, domestic work or agriculture. Short-range trans-border migration is typical of female migrants, while male migrants are more prone to spend longer periods of time (sometimes years) in Thailand and to travel more extensively. Beyond the daily commuting and trade established along the border provinces of the two countries, there are longer-term regular and irregular migration flows towards Thailand.<sup>17</sup> In 2004, 104,789 Cambodian migrants registered with the Ministry of Labor to work in Thailand.

The Governments of Cambodia and Thailand are attempting to manage the migration process through a signed Memorandum of Understanding (MoU) which is in its initial stages of implementation (see Chapter 4).

In addition to being a sending country, Cambodia is also the second largest migrant receiving country within the GMS. The majority of migrants in Cambodia are Vietnamese who fill skilled labor positions within Cambodia. Over 150,000 Vietnamese are estimated to live in Cambodia, but these figures do not distinguish between long-term residents who moved during the 1970s and 1980s, and more recent arrivals.

## **Lao PDR**

Bordering the four other Mekong countries, Lao PDR has become an important source of labor migration into Thailand, with which it shares its longest border along the length of the Mekong River. Most Lao migrants into Thailand are from the majority Lao-Tai ethnic group.<sup>18</sup> They speak Laotian, which is of the same language group as Thai and therefore can learn Thai more easily than migrants from Cambodia and Myanmar. Qualitative studies suggest that they blend in easier in Thai society than other migrant groups and are more easily accepted. Indeed their numbers may be grossly underestimated in quantitative sources such as the 2000 Population Census or the 2003 Agriculture Census, since many of them may be reported as Thai.

At least half of the migration between Lao PDR and Thailand is irregular. In 2000, it was estimated by the authorities that around 95,000 illegal Lao workers were living in Thailand, even though only some 1,000 were registered in the 2001 registration drive. As illustrated earlier in Table 2.2, the 2000 Population Census of Thailand, despite its coverage gaps, captured some 28,000 Lao living in Thailand, most of them in the border provinces of Northeast Thailand, in selected Northern provinces and in Bangkok. The 2004 registration for migrant workers and their dependents recorded 99,932 migrants from Lao PDR with work permits living in Thailand

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<sup>16</sup> Migration in the GMS, Asian Migrant Center, 2004 . Mekong Migration Network, 2005.

<sup>17</sup> Maltoni, 2006.

<sup>18</sup> For historical reasons, there is significant migration of individuals from other ethnic groups, mainly the Hmong, to the United States and Australia.

(higher if we include dependents and those without work permits). The Lao Government, like the Cambodian and Burmese Governments, recently signed a Memorandum of Understanding with the Thai Government in an effort to control migration between the two countries.

Temporary migration across borders is also very common. The amount of seasonal migrants estimated by the government in 2000 was close to 100,000. It is not clear if these figures declined with the introduction of a formal registration system, but given the costs of registering to both the employer and the employee and the ease with which migrants can cross the Lao-Thai border, it is unlikely to have been the case. An undetermined small number of Laotian migrant workers, primarily from the northern part of Lao PDR, also migrate to Yunnan Province.<sup>19</sup>

### **Yunnan, China**

There is a long history of migration from and to Yunnan Province of China. Located in Southwest China, Yunnan shares its borders with Myanmar, Lao PDR and Vietnam. Over the centuries, a constant flow of people have moved from Yunnan to Southeast Asia, either to engage in trade, or to escape political and social conflict at different points in time.

As in the rest of China, there are very sizeable rural to urban migrations in Yunnan, which swamp the international migration flows. Cross-border flows are relatively modest, and consist mainly of businessmen, traders and semi-skilled or skilled workers moving to Lao PDR and Cambodia. In 2000 around 400,000 documented migrants were living outside Yunnan. The Chinese authorities estimate that 80,000 Chinese businessmen are scattered across Lao PDR. There is also evidence of frequent trafficking of women and girls between these two countries. In 2000, it was estimated that around 55,000 migrants from Yunnan were established in Cambodia. More recent figures are not currently available.

Some migrants from Yunnan also travel to Thailand. According to the 2004 registration there were 7,281 registered professional workers from Yunnan working in Thailand that year.<sup>20</sup>

### **Vietnam**

International labor migration from Vietnam is extensively shaped and directed by the government. Vietnam is the only sending country besides Thailand in the sub-region that has consistently implemented labor export policies and programs since the 1990s. These programs are mainly directed to countries such as Taiwan and Korea. Vietnamese migrating *within* the GMS have very limited or no legal channels for migration. They mainly migrate as undocumented workers, primarily to Cambodia where Vietnamese are the largest economic migrant group.<sup>21</sup>

Smaller numbers of Vietnamese also migrate to Lao PDR and Yunnan. The only figures available on Vietnamese working in Lao PDR come from the Laos-Vietnam Co-operation

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<sup>19</sup> Asian Migrant Center, 2004.

<sup>20</sup> International Migration in Thailand, ILO 2005.

<sup>21</sup> The National Statistical Centre and the National Economic Research Institute 2001; Asian Migrant Center Book, 2004. Thai authorities claim there are no Vietnamese nationals working in Thailand, but the Vietnamese government estimates their number to be 100,000.

Agency, which reported around 15,000 Vietnamese migrants living in Lao PDR as of 1999. According to the Lao Youth Union (LYU), most Vietnamese migrants are located in Southern and Central Lao PDR and Vientiane Prefecture.<sup>22</sup>

## **Thailand**

Thailand is both a sending and receiving country for migrants. This study, however, is concerned exclusively with Thailand as the main receiving country in the GMS.

As was seen in Table 2.1, for the past several years Thailand has attracted increasing numbers of migrant workers from neighboring countries. Strong economic growth since the early 1990s and increased educational attainment of Thai workers has allowed many to climb up the ‘skills’ ladder into better jobs. This in turn has created a shortage of unskilled workers in certain sectors, which is increasingly filled by migrants from neighboring countries.

The total number of foreigners living in Thailand is very difficult to estimate. In addition to the GMS migrants that are the subject of this study, there are also some 200,000 ‘professionals’ and their dependents living in Thailand (mainly private-sector employees recruited and brought into Thailand with work visas by their companies);<sup>23</sup> significant numbers of foreign students; a substantial population of foreigners on retirement visas; as well as a large number of people who enter the country legally but overstay their visas.

The population we are interested in for this study is that of migrants from neighboring GMS countries, most of which enter the country illegally but may then be ‘regularized’ through the established registration procedure (see Box 2.1). Of these, there were 1,284,920 who registered in 2004, among which 838,943 obtained a work permit (although a larger number were estimated to be actually working). No reliable estimates are available of how many migrant workers from the GMS countries are living and working in Thailand but have not registered at all. In a recent comprehensive report, ILO-IOM recently put forth a ‘conservative’ estimate of 200,000 migrants that were not captured by the 2004 registration drive.<sup>24</sup>

Registered migrants in Thailand have an ‘ambiguous’ legal status. Despite being registered with the Ministry of Interior and having obtained a work permit, registered migrants are still considered ‘illegal’ according to the immigration law because they have usually either entered without permission or overstayed their temporary border passes. This leaves them open to possible harassment by employers, the police or other officials. Following the 2004 tsunami, for example, scores of migrants were deported to their native countries even in those cases where they had registered (many had lost registration papers in the wake of the disaster). Others fled because of fear of deportation.

Figure 2.2 shows the number of registered migrants from the GMS in Thailand (who obtained work permits) from 2001 to 2004. The figures of registered migrants for 2004 are much higher than existing estimates for earlier years, but it is not clear if this reflects a true increase in the

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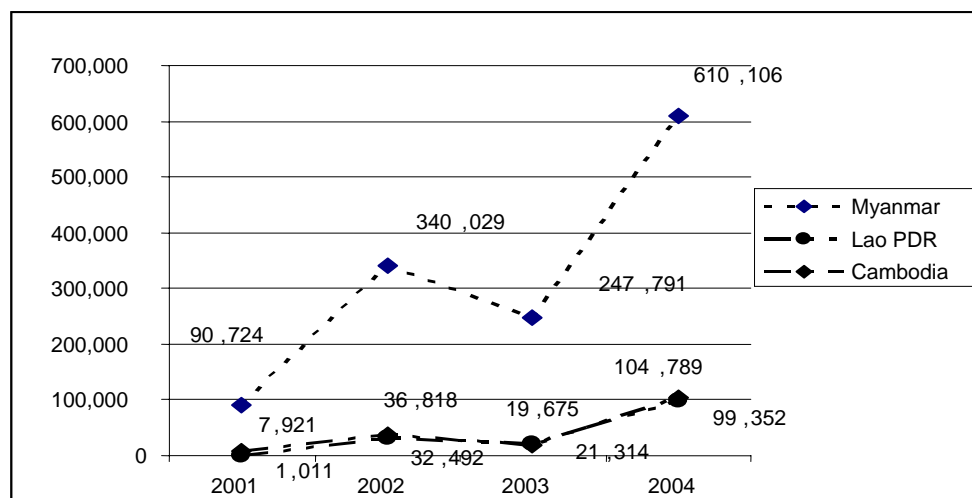
<sup>22</sup> Asian Migrant Center, 2004.

<sup>23</sup> Huguet et al., 2005.

<sup>24</sup> Huguet et al., 2005.

number of migrants or an improvement in the registration system and in the incentives to register. More likely the latter, as the 2004 registration was free to the migrant (who paid only once a work permit was obtained), unlike the earlier drives which were quite costly to both migrant and employer.

**Figure 2.2. Number of Registered Migrant Workers in Thailand, 2001 - 2004**



Source: Illegal Migrant Workers Administration Office, Ministry of Labor, 2005

## 2.2 Thailand as the Main Receiving Country: Characteristics and Distribution of Migrants

Registered migrants from the GMS account for about 3 percent of the Thai labor force. An examination of the sectors in which migrants are employed, their geographic distribution and socio-economic and demographic make-up aids us in identifying the unique characteristics of migration in the GMS.

### 2.2.1 Sectors of Employment

Migrants are disproportionately concentrated in certain sectors of activity including agriculture, fishing and fish processing, construction, domestic service and tourism. In some of these sectors, migrant labor represents a sizeable fraction of the total workforce. Table 2.3 shows total employment in Thailand by sector, as reflected in the Labor Force Survey (LFS) for 2004.<sup>25</sup> The LFS is nationally representative and although theoretically should include migrant workers, the sampling frame seems to capture very few migrant households.

**Table 2.3. Employment by Economic Activity/Sector, 2004**

Sector	'000s Persons Employed
Agriculture	14,394.4
Fishing & Fish Processing	519.6
Construction	1,893.2
Transport	1,081.4
Manufacturing	5,291.6
Mining	55.3
Trade	5,523.2
Hotels & Restaurants	2,240.5
Domestic Service	232.7
Other	4,359.9

Source: Thailand 2004 Labor Force Surveys (Q4)

<sup>25</sup> Table 2.3 shows average employment by sector for the full year, calculated by averaging employment across the four quarters captured by the LFS. This is to abstract from seasonality effects which can be quite marked in certain sectors.

Table 2.4 illustrates the distribution of registered migrants by sector of employment, as reflected in the Ministry of Labor’s migrant registration database. While agriculture is the largest employer in Thailand as a whole, it also had the largest number of registered migrant workers. The construction industry is also a relatively large employer and is third in the number of migrants registered to work in the field. In proportional terms, however, the largest concentrations of migrants are found in fishing/fish processing and domestic services. Of migrants receiving work permits, 127,288 were issued permits to work in the fishing industry, either processing or fishing. This represented 25 percent of total industry employment in 2004. Migrants also accounted for more than one-half of workers employed as domestic servants. In construction and agriculture migrants represent only about 1 percent of total employment. Yet the number of migrants working in certain sub-crops, such as fruit, rice and rubber are substantial. By nationality, Burmese workers were dominant in number in all sectors.

**Table 2.4 Number of Work Permits Issued, by Sector in 2004**

By Sector	Employers	Myanmar	Lao PDR	Cambodia	Total
<b>1. Agriculture</b>	44,811	143,793	16,795	18,816	179,404
<b>2. Domestic Service</b>	88,059	88,319	31,449	8,746	128,514
<b>3. Construction</b>	10,387	81,554	8,442	24,463	114,459
<b>4. Fish processing</b>	2,548	62,923	1,013	4,666	68,602
<b>5. Fishing</b>	6,518	33,178	2,634	22,874	58,686
<b>6. Rice mill</b>	778	6,471	266	186	6,923
<b>7. Stone factory</b>	700	4,605	395	280	5,280
<b>8. Ice making</b>	572	3,642	485	387	4,514
<b>9. Transportation</b>	57	1,108	124	1,770	3,002
<b>10. Mine factory</b>	146	1,358	38	93	1,489
<b>11. Others</b>	43,228	183,155	37,711	22,508	243,374
<b>Total</b>	<b>197,804</b>	<b>610,106</b>	<b>99,352</b>	<b>104,789</b>	<b>814,247</b>

*Source:* Illegal migrant workers administration office, Ministry of Labor, 2004 and ARCM 2006 Migration in the Mekong

The number of work permits issued per employer is relatively small (about 4.1) suggesting that migrants are either employed in combination with Thai workers, or employed mainly in smaller enterprises. The ratios are higher (not surprisingly) for fish and seafood processing, construction and fishing boats, and smaller for agriculture and domestic services.

It is interesting to contrast these results from the registration database with those gleaned from a small survey carried out in 2003 by World Vision Foundation of Thailand (WVFT) and the Asian Research Center on Migration (ARCM). This survey interviewed 400 migrant workers in border-crossing areas in the Chiang Mai, Tak and Ranong provinces during the first half of 2003. Table 2.5 shows the distribution of migrants by sector of employment for each of the survey sites (Mae Sai in Chiang Mai, Mae Sot in Tak, and Ranong). This distribution is influenced by the choice of provinces (e.g. a heavy reliance on fishing and fish processing in Ranong), but is generally consistent with that seen in the issued registration permits: a heavy concentration of migrant workers in agriculture, fishing and fish processing, as well as domestic services. There was no separate category in the WVFT/ARCM survey for construction workers, although many of them may be captured under the carpenter or general worker categories.

**Table 2.5 Distribution of Migrants by Sector of Employment, WVT/ARCM sample 2003**

Sector/Occupation	Mae Sai (Chiang Mai)	Mae Sot (Tak)	Ranong	Total
<b>Agriculture<sup>a</sup></b>	25.6%	16.8%	1.0%	14.5%
<b>Fishing</b>	0.8%	..	44.8%	15.1%
<b>Fishery processing</b>	24.6%	..	22.4%	15.6%
<b>Manufacturing</b>	13.2%	36.3%	..	16.6%
<b>Sales and service</b>	1.3%	5.3%	9.9%	5.5%
<b>Carpenter</b>	0.3%	2.0%	..	0.8%
<b>Transport worker</b>	1.8%	1.0%	0.3%	1.0%
<b>Domestic worker</b>	20.8%	3.0%	5.6%	9.8%
<b>General worker</b>	11.9%	30.6%	15.0%	19.2%
<b>Unemployed</b>	.	4.1%	0.8%	1.6%

Source: WVT and ARCM, "Research Report on Migration and Deception of Migrant Workers in Thailand."

<sup>a</sup> Includes fishery workers for Mae Sot

A roughly similar distribution of migrants across occupation/sector of employment is reported in the 2000 Population and Housing Census: 30 to 40 percent of male workers from Cambodia, Lao PDR and Myanmar work in either agriculture, fishing or fisheries, while another 25-40 percent work in 'basic occupations' which is likely to include construction. Females are also heavily engaged in agriculture and fish processing, but more represented than men in trade and domestic services. There are some differences by country of origin: more Cambodians are engaged in fishing, while Burmese are more likely to be employed in agriculture and 'basic' occupations.<sup>26</sup>

The WVT/ARCM study found that migrants' duration of stay in Thailand is relatively long. The majority of migrants interviewed in the survey lived in Thailand for three or more years, and twenty-nine percent had been in the country for more than five years.<sup>27</sup> This suggests that although migrants are considered 'irregular', much about these migration flows is becoming regular and permanent.

**Table 2.6 Duration of Stay in Thailand, WVT/ARCM sample, 2003**

Sector/Occupation	Mae Sai (Chiang Mai)	Mae Sot (Tak)	Ranong	Total
<b>Less than 1 year</b>	29.4%	14.3%	20.4%	21%
<b>1-2 years</b>	25.0%	31.6%	20.6%	26%
<b>3-4 years</b>	16.2%	24.6%	30.8%	24%
<b>More than 5 years</b>	29.4%	28.3%	30.8%	29%
<b>Number in sample</b>	395	399	393	1,187

Source: WVT and ARCM, "Research Report on Migration and Deception of Migrant Workers in Thailand." Reported in Hugué and Punpuing, 2005

The 2000 Population Census did not include questions as to the length of stay in Thailand, but it asked those who had changed residences the reason for the move. The majority (55-70 percent) of Cambodians, Laotians and Burmese who changed residences since the last Census reported

<sup>26</sup> Chamrathirong, 2006.

<sup>27</sup> Supang, et al, 2006 and Hugué and Punpuing 2005.

doing so ‘to look for work or to work’, compared to only 24 percent of Thais who moved for the same reason.<sup>28</sup>

As illustrated by Table 2.4 above, agriculture is the main sector of employment for migrants (as it is for Thai natives) with 180,000 registered migrant agriculture workers recorded in 2004. The true number of migrants in the sector, when unregistered workers are taken into account, is estimated to be somewhat larger (around 210,000).<sup>29</sup> This figure would increase further if in addition we were to take into account the importance of seasonal work. Given the weight of agriculture in of the employment of migrant labor, this study commissioned a specific background paper to look at the 2003 Agriculture Census, and use it to garner some basic facts on migrants in agriculture and test some prevalent hypotheses.<sup>30</sup> The paper found that:

- Migrant workers are present in more regions and more activities than is commonly recognized.
- The biggest employers (in absolute terms) of migrant labor are Southern rubber plantations and Northern rice and fruit farms.
- Large farms, farms in Northern Thailand and those growing rubber or flowers are more likely than other types of farms to hire permanent migrant labor.
- Despite popular perceptions, flower farms employ only a small proportion of the migrant workforce (mainly because flower farms are not large and not too common).
- The farms with the highest ratio of migrant workers to Thai workers included fruit farms, flower farms, rice farms and chicken producers, all in the Northern region.
- There is some evidence that migrant workers are segregated from Thai workers. Thai and migrant workers do not appear to work together in the same farms, and most migrant workers seem to have migrant co-workers. To the extent this segregation occurs, it is likely to inhibit the assimilation of migrants. It also is likely to reduce the spread of information between migrants and local communities.

In recent years, the Asian Research Center for Migration (ARCM) and the Thailand Development Research Institute (TDRI) have carried out a number of case studies on migrant employment in key sectors – agriculture, construction, domestic work, fishing and garments. In general, these document the strong reliance of Thai business in these sectors on unskilled migrant labor, especially in certain regions. In general, within their sector of employment, migrants are often found working in some of the least attractive jobs. For example, the case study by ARCM on the fish processing industry<sup>31</sup> found that migrant workers are more likely to be employed in shrimp factories, where peeling is difficult and tedious. Thai workers were more likely to be employed as clerks or foremen. Similarly, in agriculture, migrants are heavily used in fruit and rubber plantations in the South, where work conditions are especially hard. More generally, case studies document the unfavorable working conditions (wage, working hours etc.) that migrants endure when compared to Thai workers (see Chapter 3).

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<sup>28</sup> Chamrathirong, 2006.

<sup>29</sup> Bryant, 2006.

<sup>30</sup> Bryant, 2006.

<sup>31</sup> ARCM, 2002.

## 2.2.2 Geographical Distribution

The geographical distribution of migrants in Thailand is highly correlated with the underlying structure of the regional/provincial economy and with proximity to the border.

Table 2.7 shows the registration work permits issued in 2004, by region and province, and by employer and nationality of the migrant workers. While a large fraction of migrants work in border provinces or on the coast, close to one half work in Bangkok or in the Central region. This is partly explained by employment in domestic services, construction and transport.

In the registration data, there is an interesting correlation between country of origin, sector of employment and location. Most Lao workers, for example, are employed in Bangkok (in transport and domestic services) or in the Northeast. Cambodians are concentrated in the Eastern provinces and heavily represented in fishing, while migrants from Myanmar account for over 90 percent of permit workers in the Northern and Southern regions and are dominant in all sectors.

**Table 2.7 Number of Work Permits Issued in 2004, by region, province, and nationality**

By Region:	Employers	Myanmar	Lao PDR	Cambodia	Total of migrants workers
<b>Bangkok</b>	59,782	98,308	36,609	17,246	152,163
<b>Central</b>	37,366	150,622	23,636	21,149	195,407
▪ Samutprakarn	6,341	18,435	2,880	5,712	27,027
▪ Samutsakorn	5,357	67,799	5,089	1,337	74,225
<b>East</b>	20,808	33,404	14,886	52,019	100,309
▪ Chonburi	5,551	16,573	5,934	11,147	33,654
▪ Rayong	3,535	5,118	2,734	14,341	22,193
<b>West</b>	10,683	45,917	3,331	2,083	51,331
▪ Ratchaburi	3,200	14,973	836	261	16,070
▪ Kanchanaburi	2,676	13,974	449	224	14,647
<b>North</b>	29,977	127,825	3,048	801	131,674
▪ Chieng mai	12,672	48,425	73	4	48,502
▪ Tak	5,593	50,932	20	9	50,961
<b>Northeast</b>	8,912	2,995	11,502	1,443	15,940
<b>South</b>	30,276	151,035	6,340	10,048	167,423
▪ Chumporn	4,150	16,692	1,090	457	18,239
▪ Phanga	4,643	22,284	182	14	22,480
▪ Phuket	3,333	26,752	530	18	27,300
▪ Ranong	7,339	30,087	27	44	30,158
<b>Total</b>	<b>197,804</b>	<b>610,106</b>	<b>99,352</b>	<b>104,789</b>	<b>814,247</b>

Source: Illegal migrant workers administration office, Ministry of Labor, 2004

The picture that emerges from the 2000 Population Census data, despite referring to an earlier year, is quite similar to that portrayed in Table 2.7. In the 2000 Census sample, most migrants from Lao PDR lived in the border provinces of the Northeastern Thailand (Ubol Ratchathani, Nong Khai and Nakhon Phanom) and some in the selected Northern provinces (Loei and Uttaradit) and in Bangkok. The majority of migrants from Myanmar lived in the northern provinces on the border (Chieng mai, Chieng rai and Tak), in Kanchanaburi Province at the

Central border and in the coastal provinces of the South (Ranong and Phanga). Almost one-third of migrants having Cambodian nationality lived in one province on the eastern coastal border (Trat). The rest spread out in provinces in Bangkok and in the Central Region.

### 2.2.3 *Demographic and Socio-economic Characteristics of Migrants*

There is a long tradition of literature in the field of migration that examines how migrants may differ from those who choose not to migrate, and a similarly long tradition that looks at how they differ from individuals and households in the receiving communities. A number of studies, mostly qualitative or based on small sample surveys, have looked at the characteristics of migrants from the GMS into Thailand. But most of these GMS studies remain somewhat anecdotal. Few have attempted to compare the characteristics of migrants to those of non-migrants in their countries of origin, or have looked at migrant households versus comparable Thai households in a rigorous way.

This study commissioned two background papers to try to do this based on existing (admittedly imperfect) quantitative data.

- The first<sup>32</sup> uses the 20 percent sample of the 2000 Housing and Population Census to examine selected demographic and socio-economic characteristics of migrants and compares them to averages for Thai natives and to those obtained from household surveys in the countries of origin.
- The second<sup>33</sup> uses the rich Kanchanaburi Demographic Surveillance System (KDSS) developed by IPSR at Mahidol University, to compare the socio-economic characteristics of migrant households to those of non-migrant households. The KDSS dataset is a census of 100 villages throughout 13 districts in Kanchanaburi. Four of these 13 districts border with Myanmar (Sankhla, Thongpapoom, Saiyok and Danmakamtia). The data includes observations at the level of the village, household and individual. In 2004, the KDSS interviewed almost 12,000 households.

The main findings from both of these background papers are summarized below.

According to the 2000 Thailand Population and Housing Census, most migrants into Thailand settle in rural areas. Two-thirds of migrants from Cambodia and three fourths of those from Lao PDR and Myanmar live in rural areas. This reflects in large part, however, the fact that Thailand is a rural country, with almost 70 percent of Thai natives also living in rural areas. Overall, more men migrate to Thailand than women. The sex ratio in Table 2.8 is used to illustrate the proportion of males to females, expressed as the number of males to every 100 females. Although male and female migrant populations are almost equal in number, the sex ratio of migrants from Myanmar (109.3) is outstandingly characterized by the dominance of males. This is especially crucial considering the predominance of women in all origin countries (for example, the sex ratio in Myanmar is 93.3). Lao migrants are the exception: with a sex ratio of 83.4, more females migrate to Thailand seeking employment than males.

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<sup>32</sup>Chamrathirong, 2006.

<sup>33</sup>Jampaklay, 2006.

**Table 2.8 Gender of Migrants and Non-Migrants**

Sex	Thai Nationals	Nationality of migrants			Non-migrants in countries of origin		
		LaoPDR	Cambodia	Myanmar	Lao PDR <sup>1</sup>	Cambodia <sup>2</sup>	Myanmar <sup>3</sup>
Male	49.2%	45.5%	48.7%	52.2%	49.3%	48.6%	48.3%
Female	50.8%	54.5%	51.3%	47.8%	50.7%	51.4%	51.7%
Number	59,695,302	28,014	17,207	96,240	4,496,714	13,439,419	129,447
Sex Ratio	96.9	83.4	94.8	109.3	97.4	94.4	92.7

Source: 2000 Thailand Population and Housing Census, 1% Sample; 1) LECS III 2002; 2) CSES 2004; 3) MICS 2000

The majority of migrants are between 15 and 59 years old. Compared to the countries of origin, age selectivity of migrants is evident among the labor force, especially the 25-59 age group. This is especially true for Lao PDR where the age group 25-59 represents only about 40 percent of the country but 60 percent of its migrant population in Thailand. Table 2.8 suggests that, with the exception of the 15-24 age group in Cambodia, there is a “drain” of young and prime labor force ages (15-24 and 25-59) from the three neighboring countries to Thailand.

**Table 2.9 Age Breakdown of Migrants and Non-migrants**

Age	Thai Nationals	Nationality of migrants			Non-migrants in countries of origin		
		LaoPDR	Cambodia	Myanmar	Lao PDR <sup>1</sup>	Cambodia <sup>2</sup>	Myanmar <sup>3</sup>
Adolescents and youths 15-24	17.30%	18.80%	19.20%	23.60%	22.20%	22.80%	19.70%
Working-age adults 25-59	48.90%	51.80%	46.70%	58.90%	39.70%	34.80%	40.10%
Retirees 60-69	6.20%	5.70%	3.60%	5.00%	3.90%	3.70%	4.60%
Elderly 70+	3.30%	2.90%	3.40%	2.00%	2.60%	2.50%	2.90%

Source: 2000 Thailand Population and Housing Census, 1% Sample; 1) LECS III 2002; 2) CSES 2004; 3) MICS 2000

Most migrants from Cambodia and Lao speak Thai. The number of Lao and Cambodian migrants who speak Thai in the Census 20 percent sample is surprisingly high, at 88 and 85 percent respectively.<sup>34</sup> In contrast, migrants from Myanmar use Thai the least, with approximately only one-fourth claiming literacy in Thai. The majority of Burmese migrants speak only their native language or a combination of Thai and the native language. Table 2.10, which compares education and literacy skills for migrants with population averages for their countries of origin, suggests that migrants from Myanmar and Lao PDR tend to be less educated and less literate than their populations of origin. In other words, there is a ‘negative’ self-selection in who decides to migrate to Thailand from these two countries (the reverse of a ‘brain drain’). In contrast, a positive selectivity of higher educated migrants is observed for Cambodia, where

<sup>34</sup> This is most likely biased upwards by the fact that the Census sample tends to capture migrants with longer stay periods in Thailand.

migrants have slightly higher educational attainment than the overall population in their countries of origin.<sup>35</sup>

**Table 2.10 Education of Migrants and Population at Country of Origin**

Education Level	Thailand	Nationality of cross border migrants			Population at country of origin		
		Lao PDR	Cambodia	Myanmar	Lao PDR <sup>1</sup>	Cambodia <sup>2</sup>	Myanmar <sup>3</sup>
<b>Male 15-59</b>							
Lower than upper secondary	73.6	96.6	76.7	99.5	75.2	84.4	86.8
Upper secondary and higher	26.4	3.4	23.3	.5	24.5	15.6	13.0
<b>Number</b>	<b>19,418,471</b>	<b>3,059</b>	<b>11,038</b>	<b>40,717</b>	<b>1,141,656</b>	<b>2,932,895</b>	<b>32,990</b>
<b>Female 15-59</b>							
Lower than upper secondary	74.6	98.3	85.4	99.7	81.8	91.6	85.6
Upper secondary and higher	25.4	1.7	14.6	.3	18.2	8.4	14.2
<b>Number</b>	<b>20,209,849</b>	<b>5,568</b>	<b>11,078</b>	<b>35,791</b>	<b>959,421</b>	<b>2,761,398</b>	<b>33,254</b>

Source: 2000 Thailand Population and Housing Census, 1% Sample; 1) LECS III 2002/2003; 2) CSES 2004; 3) MICS 2000

Note: The sampling of the MICS 2000 is not inclusive of the entire country as border areas were not included

A different perspective on the demographic and socio-economic characteristics of migrants is provided by the Kanchanaburi Demographic Surveillance System (KDSS). The background paper by Jampaklay (2006) exploits this rich data source to compare the socio-economic characteristics of migrant households to those of non-migrant households.<sup>36</sup>

Among the 11,909 households interviewed by the KDSS in 2004, 12 percent reported non-Thai ethnicity; 8 percent of households were headed by non-Thais born outside of Thailand (first generation migrants); and 5 percent were headed by non-Thais born in Thailand (second or third generation migrants). Around 12 percent of households used a non-Thai language as their daily speaking language, mainly Burmese, Mon or Karen, indicating that most of the non-Thai households are originally from Myanmar. Table 2.11, from Jampaklay (2006), presents length of stay, household size, age of household head, occupation and education level of migrant and non-migrant households. Because it is useful to distinguish between households that have recently arrived in Thailand and those who may have been in Thailand for more than one generation (and may be more integrated), Table 2.11 differentiates households headed by a non-Thai born outside of Thailand from those headed by a non-Thai born in Thailand.

According to Table 2.11, non-Thai households are larger in size than Thai households. Moreover, non-Thais born in Thailand have the largest mean number of household members (4.56) although the difference with non-Thais born outside Thailand is not statistically significant. This may reflect the more permanent status of these non-Thais, as opposed to those who were born outside of the country. At the time of the survey, almost 64 percent of non-Thais born outside Thailand had migrated in the last 5 years, while only 46 percent of non-Thais born in Thailand had moved during the same period of time. The data also show that, on average, the

<sup>35</sup> Chamrathirong, 2006. As 'cohort' effects are important in educational attainment, a more careful analysis would look at educational achievement of migrants by age group compared to that of comparable age groups for their home countries. It would also be interesting to distinguish between migrants who arrived recently in Thailand and those who may have been born in Thailand and may have benefited from greater access to education in Thailand relative to their home country.

<sup>36</sup> See Jampaklay, 2006 for more details of the analysis and results.

head of the household is younger in homes headed by non-Thais. Non-Thais and especially those born outside of Thailand, have a greater percentage of household heads below 35 years old.

**Table 2.11 Household Characteristics, by ethnicity and country of birth of household head**

Household characteristics	Ethnicity and country of birth of household head			Total
	Thai	Non-Thai ethnicity, born in Thailand	Non-Thai-ethnicity, born outside Thailand	
<b>N</b>	10,488	534	887	11,909
<b>Live &lt; 5 years</b>	34.97	46.07	63.70	37.61
<b>Household size</b>				
< 5 persons	66.65	53.56	57.61	65.39
5-8 persons	30.33	41.20	38.11	31.40
> 8 persons	3.02	5.24	4.28	3.22
<b>Mean</b>	4.02	4.56	4.42	4.08
<b>(S.D.)</b>	(2.00)	(2.22)	(2.07)	(2.02)
<b>Age of household head</b>				
Younger than 35	17.24	22.10	29.20	18.35
35-59	59.32	56.55	56.71	59.01
60+	23.44	21.35	14.09	22.65
<b>Mean</b>	48.50	46.71	43.66	48.06
<b>(S.D.)</b>	(14.22)	(15.66)	(13.88)	(14.32)
<b>Occupation of household head</b>				
Non-employed	15.92	21.91	11.39	15.85
Agricultural	48.20	60.30	75.31	50.76
Non-agricultural	35.88	17.79	13.30	33.39
<b>Education of household head</b>				
No education	10.75	57.49	67.87	17.10
Primary education	65.84	36.52	26.04	61.56
Secondary education	23.37	5.43	5.41	21.23
Unknown	0.05	0.56	0.68	0.12

Source: Jampaklay 2006

The majority of foreign-born non-Thais, 75 percent, were employed in the agriculture sector, compared to 48 percent of Thais and 60 percent of non-Thais born in Thailand. Interestingly, the unemployment rate was greatest for non-Thais born in Thailand. This might be because there are

more children and elderly in this group than in the foreign-born migrant subset. Reviewing the education of household heads, it appears that non-Thais born in Thailand are better educated than foreign born non-Thais. This may in part reflect the greater likelihood of those born in Thailand to assimilate and speak Thai. Of non-Thais born in Thailand, 39 percent speak Thai at home, compared to only 9 percent of foreign-born non-Thais. This may also demonstrate that non-Thais born in Thailand have better access to schooling, and are improving their skill-set and beginning to compete more with Thais for semi-skilled jobs. This explanation could also help to explain why more non-Thais born in Thailand are unemployed than foreign-born non-Thais, as employers may hold a preference for employing Thais if given the choice.

Overall, the Kanchanaburi dataset supports many assumptions one might have when comparing the characteristics of Thais and non-Thais living in Thailand. The data also hint at a process of integration taking place, as households headed by non-Thais born in Thailand are somewhat more similar in their characteristics to households headed by Thais than are those headed by non-Thais born outside of the country. While only referring to one province, and therefore possessing limitations, the household characteristics portrayed by the dataset assist in painting a more complete and accurate picture of migrants living in Thailand.

## **2.3 The Economic Role of Migrants**

International research is increasingly documenting the economic impact that migration has on both receiving and sending countries. A growing body of empirical literature is exploring the impact that migration has on the migrants themselves, their households at origin, the sending communities, and their effect on the receiving communities and labor markets. However, to date very little empirical evidence of this kind is available for the GMS countries. By examining the sectors of employment, economic growth, and the demographic socio-economic characteristics of migrants, as above, one can begin to understand the economic importance of migrants in Thailand. But much more research is needed in both sending and receiving countries before any conclusions can be drawn as to their economic impact.

This section looks at the theoretical channels through which migration contributes to economic growth and development in both sending and receiving countries, and brings to bear whatever limited evidence exists on these effects for the GMS.

### *2.3.1 Economic Contributions of Migrants to Receiving Country*

The benefits of labor migration in receiving countries have been hotly debated in South East Asia. Employers who largely depend on migrant workers argue strongly for continued access to migrant labor for the economic viability of the businesses. Indeed, labor intensive industrialization has been critical to Thailand's growth process and many of its key export industries, such as shrimp production, rice or garments increasingly depend on a steady supply of unskilled migrant labor to keep labor costs low. One vivid example comes from the shrimp industry. Thailand is the world's leading shrimp exporter, commanding 16 percent of the world's export market for shrimp in 2001, and with exports more than tripling in the last 10 years.<sup>37</sup> Yet

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<sup>37</sup> Kura, Y., C. Revenga, E. Hoshino, and G. Mock, "Fishing for Answers: Making Sense of the Global Fish Crisis", World Resources Institute, 2004.

the competitiveness of Thai shrimp producers *vis a vis* other major producers such as India, Indonesia, China or Vietnam depends critically on continuing to pay very low wages, which is facilitated by migrant labor. A study of shrimp processing in Samut Sakhon province indicated that workers were typically paid piece rates -about 8 baht to clean a kilogram of shrimp- which would allow them to earn up 200-250 baht (USD 5-8) per day, depending on the volume of shrimp available. Earning this amount would often require working shifts of up to 19 hours per day, with half-hour breaks every 8 hours. Wage rates in this shrimp processing area generally met the provincial minimum wage of 170 baht (USD 4) per day, and were notably similar for Thai and migrant workers.<sup>38</sup> But it is likely than in the absence of migrant labor, wage rates would have had to increase significantly beyond the provincial minimum wage to attract unskilled labor from other parts of Thailand for this difficult and tedious job.<sup>39 40</sup>

The example of Samut Sakhon points to one potential effect of migrants on receiving countries, which is the possible downward pressure exerted by migrants on the wages of unskilled native workers. A number of studies in developed countries have documented a modest negative impact of migrants on the wages of native workers.<sup>41</sup> Others document a much larger negative effect.<sup>42</sup> However no empirical studies have been completed in the GMS to validate or discredit this hypothesis. Labor markets in Thailand are generally perceived to be quite flexible, and internal labor mobility is high, all of which suggest that the impact of migrants in local labor markets may be modest.<sup>43</sup> A study recently commissioned under this program will take advantage of the substantial geographic and sectoral variation in concentrations of migrants in Thailand to test whether all else equal, native employment levels and wages are lower in areas and sectors where there are more migrants. The methodology of using geographical variation to isolate the impact of migration follows that developed for the United States by David Card. The geographic unit to be used in this exercise will be the district. There are over 900 districts in Thailand.<sup>44</sup>

In addition to their possible impact on local unskilled wages, labor inflows may limit development in labor receiving countries in other ways. An influx of migrants willing to work for low wages might be expected to blunt the incentives to invest in training of workers, or to adopt labor-saving technology. Local employers may be less willing to invest in more capital intensive and skill demanding technologies if they can easily recruit labor from abroad. Such reticence can slow the productivity growth of new manufacturing industries. Indeed, in the United States, adjustments to inflows of low-skilled migrants appear to have taken the form of changes in technology, rather than changes in wages or employment.<sup>45</sup> The background paper by Bryant (2006) analyzing the data from the 2003 Thai Agriculture Census tested the hypothesis that farms in districts with migrants are less likely to use labor-saving technology. The analysis

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<sup>38</sup> Chantavich et al., 2006. Hugueta and Punpuing, 2005.

<sup>39</sup> Minimum wages in 2006 range from a low of 140 Baht/day in Krabi to a high of 184 Baht/day in Bangkok.

<sup>40</sup> Chantavich et al. 2006 note, moreover, that in this shrimp processing area, there was segregation in the types of jobs held by migrants and Thais, with the former concentrated in the more tedious shrimp peeling jobs and the latter more likely to hold supervisory positions.

<sup>41</sup> Friedberg and Hunt 1995; Altonji and Card, 1989; Card 2005.

<sup>42</sup> Borjas, 2003

<sup>43</sup> Chadoevwit, W., 'Labor Market Issues in Thailand', TDRI, 2005.

<sup>44</sup> Bryant and Ruamnuaykit, ongoing.

<sup>45</sup> Lewis, 2004; Card, 2005; Bryant, 2006.

concluded that there was insufficient support for the idea that migration leads to slower adoption of labor-saving machinery.

Some empirical evidence supports the positive role migrant workers have played in the economic growth of Thailand. In 1996, the Thailand Development Research Institute (TDRI) examined the economy-wide implications of labor migration using a Computable General Equilibrium (CGE) model of the Thai economy. The study found that removal of all foreign workers would reduce total GDP by around 0.5 percent per annum, contribute to a 4 percent rise in the wages of unskilled workers (substitutes for most migrant workers), and a fall of approximately 4 percent in skilled wages. The agricultural sector and industries employing little skilled labor would be hardest hit by a total cutback in migration. In a different study, the National Economic and Social Development Board (NESDB) estimated that the real income of the poorest 60 percent of households in Thailand might have fallen by 0.4 percent as a result of competition from migrant labor, while the real income of the richest 40 percent rose by 0.3 percent. NESDB concluded that migrants benefit primarily employers and the more fortunate.<sup>46</sup> Moreover, some studies suggest that while migrant labor benefits Thailand's labor intensive sectors, the cost may be in foregone investment and adoption of more capital intensive technologies.<sup>47</sup>

The economic contributions of migrants should also be balanced by the Government's cost of providing health and educational services to registered migrants. Currently, exact education expenditures on migrant children are not available; however the Ministry of Public Health (MoPH) maintains records on migrant health expenditures. According to MoPH, an average of 111,732,446 baht was spent annually between 2002 and 2005 on migrant health care, both in-patient and out-patient. For the 814,247 work permit holders in 2004, an average of 119 baht (or approximately 3 USD) per person was spent by the Thai Government on health care.

**Table 2.12 Recorded Health Care Expenditure for Foreign Migrants in Thailand (Thai Baht)**

	2002	2003	2004	2005
<b>Out-Patient</b>	21,984,639	27,263,224	15,832,083	58,105,456
<b>In-Patient</b>	93,016,557	93,265,517	81,400,039	56,062,270
<b>Total Expenditure</b>	115,001,196	120,528,741	97,232,122	114,167,726

*Source: MoPH expenditure data*

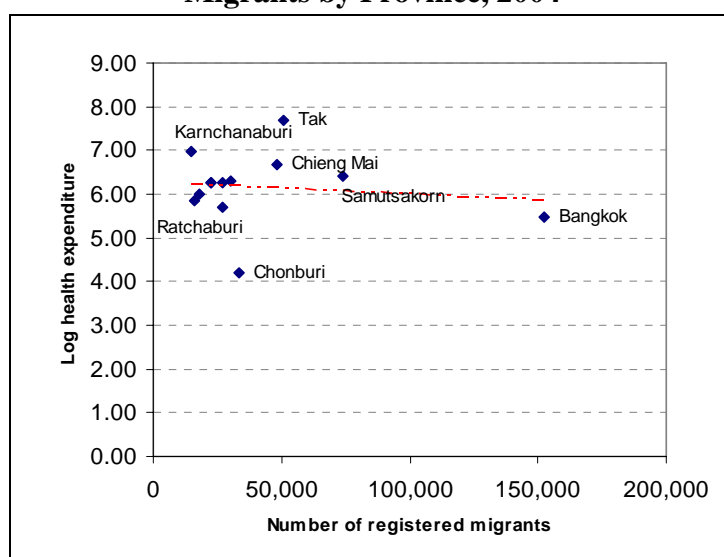
As demonstrated in Figure 2.3, health expenditure varies greatly by province. While Bangkok has the largest migrant population, the province spends relatively little on health care. Meanwhile Tak province has considerably less migrants, but spends a more on the health of foreign migrants. This may partially be explained by the efficiency of the data collection system, rather than the actual health expenditure. Bangkok health care centers and hospitals report either to MoPH or the Bangkok Metropolitan Administration, and therefore not all report to the Department of Medical Services within MoPH, which oversees migrant health care. In contrast, through its extended years of experience with migrants, Tak province has developed a more

<sup>46</sup> Martin, 2004.

<sup>47</sup> Discussions with the Bank of Thailand and NESDB.

efficient data collection system, which captures data from all health care centers and hospitals in the province. While empirical evidence is beginning to illustrate the positive economic impact migrants have on receiving countries, it is important to note that realizing these benefits also involve some costs to receiving governments. Further research is needed to demonstrate whether the degree to which benefits outweigh the costs.

**Figure 2.3 Health Expenditure and Number of Migrants by Province, 2004**



Source: MoPH expenditure data

### 2.3.2 Economic Contributions of Migrants to Sending Countries

Out-migration of low-skilled or unskilled migrants impacts sending countries in a number of ways. It can help ease off the pressures caused by excess supply of unskilled labor in labor surplus economies and reduce unemployment and underemployment in the origin country. It can provide a stimulus to human capital investment and allow for limited skills transfers upon migrants' return to the country. It can help alleviate poverty and improve human development outcomes through the impact of remittances (see Box 2.2).

There is no empirical evidence available on the impact of migration on unemployment in the sending area in the GMS, nor is there much evidence of significant skills transfer effects given that most migrants are employed in unskilled jobs. Of the positive externalities of migration, countries of origin in the GMS seem to benefit mostly through the receipt of remittances. Remittance flows throughout the Mekong sub-region have increased significantly in the last few years. Table 2.12 presents the official remittance flows in the Mekong between 2000 and 2003. The total amount of official remittances sent by migrant workers to the sending countries in the Mekong (except for Lao PDR) seems to have increased. These data, however, must be interpreted with caution: an increase in official remittances may simply reflect better measurement and not a true increase.

### Box 2.2 Economic Contribution of Migrants: An International Perspective

The positive economic contribution of migration to both sending and receiving countries is receiving increased global recognition. Nonetheless, migration policy involves some trade-offs for source and host countries as well as for migrants themselves. International research has found that migration can have both positive and negative consequences, which include:

Positive effects	Negative effects
Allows receiving countries to address labor shortages and remain competitive in certain sectors.	May widen economic disparities in receiving countries by depressing the incomes of local unskilled workers.
Provides opportunities to migrant workers not available in the home country.	Loss/drain of highly skilled workers and reduced quality of essential services
May ease effect on the domestic market of the supply of excess labor and reduce unemployment	Selective migration may cause increasing disparities in incomes in the home country
Inflow of foreign exchange and remittances (that increase incomes and may lead to improved human development outcomes for recipients)	Reduced growth and productivity in home country because of the lower stock of highly skilled workers and its externalities
Attracts technology, investments and venture capital from diasporas to sending country	Lower return from public investments in public education
Can contribute to increased trade flows between sending and receiving countries	Loss of fiscal revenue from taxation of Workers
Stimulus to investment in domestic education and individual human capital investments	Remittances may diminish over time

Source: Migration and Development, 2005, GCIM

The real size of remittances in the region are estimated to be several times the official flows, as remittances in the region are mostly channeled through informal, albeit well-organized, mechanisms. Huguet and Punpuing (2005) give a lower estimate of the size of remittances from Thailand to Cambodia, Lao PDR and Myanmar of 590 million baht (USD 14.8 million) per month, or 7,080 million baht (USD 177 million) per year. Their more 'realistic' estimate of remittance flows puts them at 1,050 million baht (USD 26 million) per month or 12.6 billion baht (USD 315 million) per year. About three-quarters of these flows are estimated to go to Myanmar, with the rest split more or less evenly between Lao PDR and Cambodia. Regardless of the exact magnitude, the emergence and spread of formal money remittance agencies signals the growing importance of remittances, as both Western Union and MoneyGram have developed extensive networks in the region over the last few years. Nevertheless, remitting money back to the country of origin remains an expensive proposition: Table 2.13 shows that the cost of remitting \$200 from Thailand to the GMS countries is approximately \$11 when using formal money transfer operators, and about \$7 when using the banking network. This is high by international standards.

**Table 2.13 Worker's Official Remittances and Compensation of Employees (\$ US)**

	2000	2001	2002	2003
<b>Cambodia</b>	121,000,000	133,000,000	140,000,000	138,000,000
<b>China</b>	758,000,000	1,209,000,000	2,353,000,000	4,625,000,000
<b>Lao PDR</b>	1,000,000	1,000,000	1,000,000	1,000,000
<b>Vietnam</b>	..	2,000,000,000	2,713,999,872	2,700,000,000

Source: World Development Indicators, World Bank

High fees discourage remittances and encourage the use of informal mechanisms. They also tend to be regressive (the costs declines sharply with the amount remitted) and burden the poor more than the better off. Reducing remittance fees and improving access to the banking system for migrants would help encourage the use of formal channels, and might also increase the total amount remitted back home. For example, a recent survey of Tongan migrants in New Zealand, found the cost elasticity of remittances with respect to the fee to be about -0.22. If the same cost elasticity were to apply to GMS migrants in Thailand, a reduction in the cost of using MOTs from 11 to 6%, would increase remittance flows by 10 percent.

**Table 2.14 Approximate cost of remitting US\$ 200 across countries**

	Major MTOs*	Banks
Belgium to Nigeria	12	6
Belgium to Senegal	10	
Hong Kong, China, to the Philippines	4.5	
New Zealand to Tonga	12	3
Russia to Ukraine	4	3
South Africa to Mozambique		1
Saudi Arabia to Pakistan	3.6	0.4
United Arab Emirates to India	5.5	5.2
United Kingdom to India	11	6
United Kingdom to the Philippines		0.4-5
United States to Colombia		17
United States to Mexico	5	3
United States to Philippines	1.2-2.0	0.4-1.8
Thailand to GMS**	11	17 ***6.5

Source: GEP, WB, 2006; own estimation

\*MTO: Money Transfer Operators

\*\* Major MTOS includes only Western Union fees

\*\*\* Excluding the 800 Baht fee charged by foreign banks

Qualitative studies provide additional insights on the role and size of remittances. For example, a 2005 study of migrants registering at the Lao PDR Department of Job Allocation in five provincial areas<sup>48</sup> found that more than half of the respondents (53.1 percent) remitted earnings

<sup>48</sup> The provinces chosen included two that border the Lao People's Democratic Republic – Nongkhai and Ubon Ratchathani, and three non-border provinces – Chonburi, Khon Kaen and Surin.

to their family. The majority reported sending approximately Baht 10,000 (USD 300) per annum.<sup>49</sup>

A similar study of Burmese migrants conducted in the western Thai towns of Mae Sai and Mae Sod, also found that the majority sent money back home. Some 84 percent of immigrants in Mae Sai and 62 percent of those in Mae Sod remitted earnings annually. The annual remittances per person ranged from Baht 2,000 (USD 50) to more than Baht 10,000 (USD 300) per year.<sup>50</sup>

Remittances can be used both for consumption, as a safety net and for productive investment in the communities of origin. Since in most rural areas the opportunities for agricultural diversification and for non-farm employment are limited, remittances are often an important component of household income, often pooled with in-kind or in-cash farming incomes. Cash remittances can reduce the need for farmers to sell their rice yield as a cash crop, and ensure greater food security for rural families.<sup>51</sup> Unfortunately, only limited knowledge exists on the magnitude and impact of remittances within the GMS, since they are mainly channeled through informal networks, and regional surveys on living standards fail to capture the difference between remittances and other intra-family transfers.

As in many other countries where the local economy is not fully developed or is in a transition phase, in Cambodia, remittances are employed for the satisfaction of basic needs or for the repayment of debt. As part of this study, 100 respondents in the Cambodian province of Prey Veng, which borders Thailand, were queried in regard to the role of remittances in their daily lives. According to the respondents, once traditional sources fail to sustain the household's economy, remittances are used as an alternative source of income.<sup>52</sup>

In Lao PDR, many rural families do not have enough income to survive and/or to cover expenses for education and illness without participation in the cash economy. As documented in the recent Lao PDR Poverty Assessment, remittances form an important part of the income of many rural households. Though by itself this cash income may not be sufficient for all family needs, when pooled with the income in-kind or in-cash from farming activities, a household is more likely to be able to meet its subsistence requirements.<sup>53</sup>

In Vietnam, 38 percent of household expenditures were covered by remittances in 1999.<sup>54</sup> Remittances in Vietnam were found to play a determinant role in reducing households' poverty. A 2004 Regional Poverty Assessment found that the majority of remittances in Vietnam were spent on consumption and investment in income-generating activities. The study further reported that the typically lower poverty rates reported by female headed households in Vietnam could reflect that female headed households are commonly recipients of large remittances from migrant husbands.<sup>55</sup>

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<sup>49</sup>Lao Migrants in Thailand, SEARC 2005.

<sup>50</sup> Chantavanich et al, 1996.

<sup>51</sup> Viet Nam Internal Migration: Opportunities and Challenges for Development, Asia-Pacific Economic Center, 2005.

<sup>52</sup> Maltoni 2006.

<sup>53</sup> World Bank Lao Poverty Assessment, 2006.

<sup>54</sup> Le and Nguyen, 2001.

<sup>55</sup> The regional Poverty Assessment of The Mekong river region, 2004, UNDP

### **Box 2.3 The Role of Remittances**

Remittances are a source of welfare for both origin and destination countries. The World Bank recently carried out a study on the Economic Implications of Migration and Remittances. According to the model adopted, the positive economic impact of migration from developing to high-income countries through remittances is generally greater in financial terms than its potential negative effects. A significant rise in migration would have relevant welfare implications, although it could also substantially change the income distribution among workers and owners of capital. The only losers in the scenario would be the existing migrants in developing countries, whose private consumption would decline, but migrant households in high-income countries and native households in both developing and high-income countries would experience a significant increase in their net income.<sup>56</sup>

Remittances directly augment the income of recipient households. Although they are mainly used for household consumption, when spent locally they have “multiplier” effects. It is reasonable to estimate that 15 percent to 20 percent of remittances may be invested in the creation of small and medium companies and in other economic activities.<sup>57</sup>

Moreover, there is evidence that remittances reduce poverty. Although still limited, there is growing evidence from household survey data that international remittances have reduced the incidence and severity of poverty in several low income countries. Remittances indirectly affect poverty in the recipient country through their effects on growth, inflation, exchange rates and access to capital. The World Bank’s simulation of the impact of eliminating remittances on poverty headcount shows that remittances have a direct impact on poverty, depending on the initial levels of poverty and remittances, and the degree of inequality. Cross-country evidence also leads to the conclusion that a 10 percent increase in per capita remittances means a 3.5 percent decline in the share of poor people. Remittances are further associated with increased household investments in education, entrepreneurship and health, and ease credit constraints on small businesses. Households are then able to diversify their sources of income, reducing their vulnerability to risks.<sup>58</sup>

Throughout the GMS, a larger proportion of remittances are likely to be spent on consumption rather than on investment among poor households. The most frequently reported uses of remittances include daily expenses, repayment of debt, education and health care and housing improvements. It is difficult to distinguish, however, between consumption and investment uses. For example, assets such as motorcycles can be ridden for work, and better housing usually increases residents’ productivity by improving their health status, while education and freedom from debt clearly expand long-term household prospects. A combination of income sources – farm, non-farm and remittances from migration – is essential for rural livelihoods.<sup>59</sup>

The impact of migration on the wider village is more difficult to measure than on household welfare. Migrant remittances can serve as a direct cash injection into the rural economy that increases demand for goods and services, creates employment and indirectly supports a wide range of activities. Housing improvements in Vietnam, for example, contribute to demand for

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<sup>56</sup> Economic Implications of Remittances and Migration, GEP, WB, 2006.

<sup>57</sup> IOM Ministerial Consultations of the Least Developed Countries on migrant remittances Cotonou, 9-10 February 2006, Ratha and Shaw, 2005, Remittances to LDC, 2006; Economic Implications of Remittances and Migration, GEP, WB, 2006.

<sup>58</sup> Economic Implications of Remittances and Migration, GEP, WB, 2006.

<sup>59</sup> Viet Nam Internal Migration: Opportunities and Challenges for Development, Asia-Pacific Economic Center, 2005.

construction workers, a sector that has greatly developed over the past few years. Construction may now employ almost half of the male population in a village and provide the main source of income for many households.<sup>60</sup>

By generating a steady stream of foreign exchange earnings, remittances can improve a country's creditworthiness and enhance its access to international capital markets. The ratio of debt to exports, a key indebtedness indicator, increases significantly when remittances are excluded. Financial institutions in several countries have risen over \$10 billion during the last decade using securitization of future remittance flows. All these provide considerable support to development efforts at the national level.<sup>61</sup> Most city residents in Vietnam who receive remittances in dollars sell them to banks against Vietnamese dong deposits, arguably in hope of higher interest returns. Overseas remittances add up considerably to foreign exchange reserves and stabilize the balance of payment.<sup>62</sup>

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<sup>60</sup>Asia-Pacific Economic Center, 2005.

<sup>61</sup>IOM Ministerial Consultations of the Least Developed Countries on migrant remittances Cotonou, 9-10 February 2006, Ratha and Shaw, 2005, Remittances to LDC, 2006

<sup>62</sup>Operationalising Pro- Poor Growth, A joint initiative of AFD, BMZ (GTZ, KfW Development Bank), DFID, and the World Bank, 2004

## Chapter 3: Migration and the Individual

The previous chapter illustrated the magnitude and characteristics of labor migration and the economic impact of this migration in the Greater Mekong Sub-region. While seeking a better life abroad, migrants face hardships and risks, both in the migration process and once in the new country. This chapter examines the migration process, the working and living conditions of the migrant and the impact of migration on the sending country. The majority of discussion will focus on Thailand as a receiving country, but specific details on the Yunnan province of China, Lao PDR, Vietnam and Cambodia will be given where applicable.

### 3.1 Choice to Migrate

Economic theory examines migration through a lens of rational choice, assuming humans to be logical self-interested individuals who choose what is best for their own welfare. In this respect, migrants move when expected economic benefits for themselves, or their family, outweigh the cost of migrating. Through this lens, migration is viewed as a selective process, rather than a random occurrence and assumes that non-migrants remain in the origin country because their comparative advantage is in staying.<sup>63</sup>

Recent economic theory on migration views migrants as members of groups and participants in broader social structures developing migrant networks, as well as individuals. Migrant networks are interpersonal ties connecting migrants, former migrants and non migrants in sending and receiving countries through family, friends, and shared community ties. These networks increase the likelihood of movement because they lower the cost and risks of moving and increase the expected net returns to migrate.<sup>64</sup>

Poverty, perceived opportunities abroad and pressure from others are largely cited as reasons migrants choose to leave their home country. These three reasons are often interrelated as those who perceive themselves to be impoverished are more susceptible to pressure from outside persons, family or middlemen, and are more apt to believe in greater opportunities abroad.

The study conducted in Prey Veng province in Cambodia as background to this report found that lack of employment and market opportunities, as well as limited or no access to credit and landlessness were important push factors influencing migration into Thailand.<sup>65</sup> In such circumstances, migration offers a possibility for increased earnings and increased job opportunities.

A 2003 labor migration survey conducted in 6,000 sample households in 33 districts of Lao PDR by the International Labor Organization found that 81.5 percent of people migrating from these districts moved to Thailand. Of those, 87.3 percent were in the lowest income quintile, suggesting that poverty and lack of opportunities in their own villages were a factor in choosing

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<sup>63</sup> Waddington and Sabates-Wheeler, 2003.

<sup>64</sup> Portes and Rumbaut 1996 in Waddington and Sabates-Wheeler, 2003.

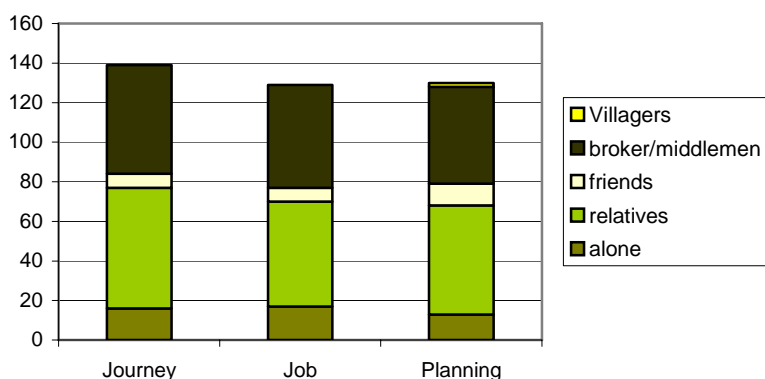
<sup>65</sup> Maltoni, 2006.

to migrate. A 2005 study of 300 migrants registering at the Lao PDR Department of Job Allocation found that the great majority of them (75%) came from farming households, and that the main factor driving them to migrate was poverty, resulting from crop failure and lack of opportunities in their local village.<sup>66</sup>

While many labor migrants choose to work in a neighboring country in order to earn more money than would be possible at home, migrants often possess an imprecise perception of employment opportunities and the average wage in destination countries. Social networks in the community of origin play a critical role, as potential migrants typically rely on them as main source of information on issues such as migration routes, employment opportunities and housing.

### 3.2 Migration Process

**Figure 3.1 The role of social networks during the migration process, frequencies**



Source: Maltoni, 2006

The majority of intra-Mekong migration is through informal channels. Travel from the country of origin to the new country can be an arduous process for migrants. Migrants travel to the host country border by bus, minibus and foot, at which point migrants cross by foot, boat, car or motorcycle. Migrants cross the border over mountains or rivers where checkpoints are not

established, or cross into Thailand legally with a 1-day or 7-day border pass. A study conducted by ARCM of 1000 Burmese migrants in 3 border towns found that over one-half of migrants entered Thailand holding legal documentation and then overstayed, becoming illegal workers.

Migrants largely rely on social networks, or employ the services of brokers to arrange travel routes and assist in finding jobs. The study of migration from Cambodia to Thailand prepared for this report confirmed the importance of both brokers and family networks when migrating. Figure 3.1 divides the role of various entities through the migration process. Migrants used the assistance and knowledge of relatives and brokers over 80 percent of the time during the migration process, from planning the journey through job location once in Thailand.

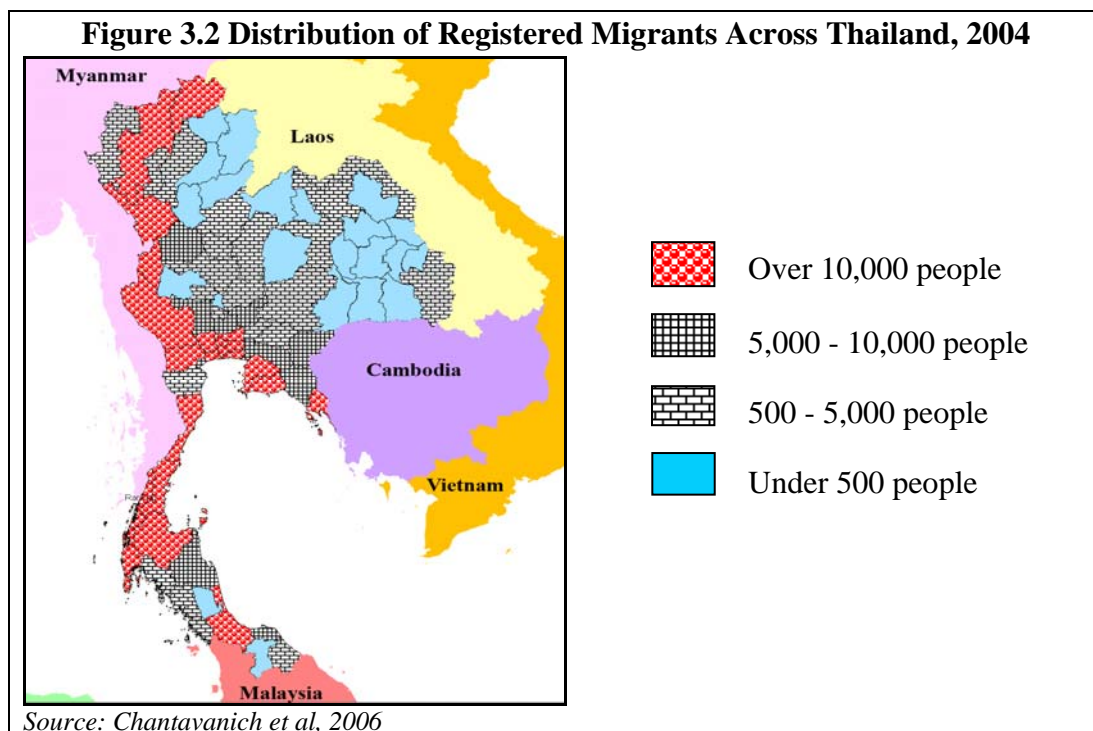
The role of a broker varies from accompanying migrants from their village to the border, assistance with border crossing, or arranging the whole trip and securing employment for the migrants. For these services, brokers charge between USD 25 and USD 600. Migrants risk being

<sup>66</sup> Thongyu, M. and Ayuwat, D., 'Social networks of Laotian migrant workers in Thailand', SEARC, Working Paper No. 80, August 2005.

cheated, seizure of identity cards and receipt of false information. Some migrants also claim victimization of sexual abuse at origin and destination, and physical abuse at origin.

Human trafficking and smuggling are further risks faced by migrants. Smuggling cases are more common because workers desire to seek employment across the border, but do not possess travel documents. These migrants may require facilitators to assist in the migration process. Human trafficking occurs on a much smaller scale. Studies demonstrate that few migrants are deceived or forced to travel to Thailand. More commonly, once in country, migrants are deceived in regard to employment. A study conducted by World Vision Foundation of Thailand and ARCM in 2002-2003 found that 12 percent of migrants, among the three major border crossings with Myanmar i.e., Mae Sai, Mae Sod and Ranong, were taken advantage of or forced into prostitution, including 3.9 percent who were forced to work without pay; 1.2 percent who were treated as slaves; and 1 percent who were sexually abused. Deception and exploitation are therefore the two major types of maltreatment migrants encounter in Thailand.

Border towns are utilized as transit points, but migrants rarely stay in these areas. Many migrants remain near the border, but eventually move slightly inward for employment opportunities. Figure 3.2 illustrates the distribution of registered migrants across Thailand. According to the map, provinces bordering Myanmar have the greatest prevalence of migrants. In Thailand, 21 provinces (out of 76) act as host to over 10,000 registered migrants each. A significant percentage of migrants (43%) eventually seek employment in Bangkok or a central province.<sup>67</sup> Bangkok and central provinces offer work in domestic service, construction, manufacturing and transportation. Once in the host country, the irregular or illegal status of migrants ensures little access to basic rights and benefits.



<sup>67</sup> Huguet and Punpung, 2005.

### 3.3 Working Conditions of Migrants

As incomes increased in the industrial, commercial and service sectors, Thai workers began to abandon low-paying manual labor positions, considered dirty, dangerous and difficult. The shortage of labor and the desire of employers to maintain cheap labor have led to the employment of migrants in these low or unskilled labor positions. In the past few years, the Thai Government has expanded the ability to hire migrant workers from Cambodia, Lao PDR and Myanmar from a few sectors to almost all sectors.

Throughout the last 5 years, the Thai Government has maintained various policies on migrant labor, which are discussed in detail in the next chapter. A new strategy was adopted in 2004 by Cabinet decision that focused largely on registration, whereby migrant workers, their dependents, as well as employers are required to register with the Government. Migrant workers and their dependents are issued a thirteen-digit ID number. The large number of Lao, Cambodian and Burmese migrants (1,284,920) who responded to the amnesty registration call, alerted the Government to the huge number of irregular workers from neighbor countries living in Thailand. Among the 1,284,920 registered migrants, 838,943 persons completed the entire registration process (having photo ID card and finger prints), while another 103,082 persons were children under 15 years (93,082 children) or elderly.<sup>68</sup>

Employers who intended to hire migrant workers were also expected to register with the Thai Government, with 248,746 employers registering. By registering, employers are announcing the open positions. Thais are granted 15 days to apply for the open positions. If Thai nationals do not apply to fulfill the positions, a committee grants employers permission to employ migrants.

Registration provides irregular migrants with a work permit, but does not change their illegal status. Registered migrants are mildly protected under Thailand's labor laws; while unregistered workers do not receive the same accommodation. Unregistered migrants have no protection against arrest, low wages, and poor working conditions; are more at risk of exploitation; and have restricted mobility and little access to social services.<sup>69</sup>

While registration offers more protection to workers, the registration process may also generate adverse working conditions. As migrants become dependent upon employers either by owing the employer fees for the registration or by not being registered, employers may abuse working hours and wages. According to Thai migration policy, registered migrants are protected by National Labor Laws, but evidence shows that these standards are not being met. For example,

**Table 3.1 Working Conditions**

Working Conditions	Total
<b>Days per week</b>	
4 days	0.4%
5 days	3.0%
6 days	16.4%
7 days	67.6%
Irregular	12.7%
<b>Total</b>	100%
<b>Hours per day</b>	
2-5 hours	4.2%
6-10 hours	43.0%
11-15 hours	27.0%
16 hours or more	2.1%
Irregular	23.6%
<b>Total</b>	100%

*Source: Thongyu and Ayuwat, 2005*

<sup>68</sup> Ministry of Labor, 2005.

<sup>69</sup> Chantavanich et al, 2006.

the law mandates working hours to be 48 hours weekly, with overtime paid for each extra hour of work. Several studies reflect that in most sectors illegal migrants work longer hours than the regular hours under Thai labor law.<sup>70</sup> For example, a 2005 study of 276 registered Lao migrants in Thailand found that almost 68 percent worked 7 days per week and another 16.4 percent worked 6 days per week. As Table 3.1 illustrates, the majority (43%) worked between 6 and 10 hours per day, while 27 percent worked between 11 and 15 hours per day.<sup>71</sup>

The National Labor Law also specifies minimum wage, which varies by province from THB141 to THB184 per day. Reports of migrants receiving less than the minimum wage are common and employers often deduct funds for housing and the cost of the worker's permit from the daily wage. But there are also plenty of cases where migrants do report earning the minimum wage, as in the case study of the Samut Sakhon shrimp processing factory. In the absence of representative survey data it is hard to ascertain whether the majority of employers are compliant with minimum wage laws or not.<sup>72</sup>

Table 3.2 presents estimated monthly wages of migrants, comparing registered and non-registered migrants. These data are drawn from several industry case studies. As a reference point, the table also includes average wages for the corresponding sector as estimated from the Labor Force Survey. The data are not strictly comparable – migrant wages come from non-representative surveys/studies, while those inferred from the LFS are nationally representative. Also, the correspondence between sectors is not exact. Nevertheless, it is useful to include a reference point to judge how far off migrant wages may be from industry averages.<sup>73</sup> On average, registered migrants earn more than their non-registered counterparts, portraying a monetary advantage to registration. Indeed, monthly wages of registered migrants are not that different than reported industry averages according to the LFS. Due to the shortage of labor and the heavy workload in the construction sector, migrant construction workers earn more than workers in other sectors although less than the industry average.<sup>74</sup> Overall, wage conditions appear better for registered migrants than non-registered migrants. One group that appears to be poorly paid is domestic workers. This is also matched by case study reports on their vulnerability to abuse and exploitation, linked to the fact that they are typically isolated workers.

Interesting qualitative evidence suggests that wage differentials between migrant and Thai workers are smaller in Bangkok and in places where there are significant migrant communities, and that they are also smaller in sectors/areas where migrants constitute an important fraction of total labor. In other words, the ability of migrants to negotiate and enforce better wages (and working conditions) is correlated with their bargaining power. The latter is, not surprisingly, higher when migrants can group together and share information.<sup>75</sup>

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<sup>70</sup> Myint, 2004.

<sup>71</sup> Thongyu, Maniemai and Dusadee Ayuwat. (2005). "Social Network of Laotian Migrant Workers," Southeast Asia Research Centre, Working Paper Series No. 80.

<sup>72</sup> Asia Migration Center, 2005.

<sup>73</sup> Another problem is that these figures reflect monthly earnings and hence may be influenced by differences in hours worked per month. If migrants work more hours than Thai workers, as seems to be the case, comparing monthly earnings will understate the differences in hourly wages rates.

<sup>74</sup> Chantavanich et al, 2006.

<sup>75</sup> Chantavanich, presentation at World Bank March 2006 workshop.

**Table 3.2 Monthly Incomes of Migrants, 2004 (Thai Baht)**

Sector	Registered migrant	Unregistered migrant	Industry Average LFS
Agriculture	3000 - 4000	1500 - 3000	2695
Construction	4500 - 6000	3000 - 3300	4889
Domestic work	2000 - 4000	1000 - 3000	4187
Entertainment	-	3000 - 10000	---
Factory	3000 - 5000	1000 - 3000	6162 (all mfg)
Fishery	3000 - 4500	2400 - 4000	4422
Fishery related work	3000	500 - 2400	
General labor	3000	600 - 3000	--

Source: Chantavanich et al, 2006 for migrant wages; NSO, Labor Force Survey statistics, for industry averages

Migrants, whether registered or not, are not allowed to form unions. The Thai Labor Relations Act of 1975 states that all union boards must be composed of persons of Thai nationality. The law reduces the possibility of collective action among migrants. Registered migrants may legally join a Thai union, but many employers are reported to hire only non-unionized migrants. These restrictions clearly reduce the ability of migrants to act jointly in pursue of fair working conditions.

Specific working conditions vary by industry. Table 3.3 illustrates the number of registered migrants by sector and nationality for those sectors with the greatest number of migrants registered. The single industries with the most migrant labor are agriculture, domestic service and construction. The most common sector for Burmese migrants is agriculture, where almost 25 percent of registered Burmese migrants are working. While a significant number of Lao migrants also work in agriculture, the sector which appears to attract the most Lao migrants is domestic service. This is likely due to the fact that more females migrate to Thailand from Lao PDR than from any other country. Over 50 percent of Cambodians work in the fishing and construction industries, reflecting the finding that Cambodians in Thailand tend to be more skilled due to higher education levels than migrants from Lao PDR or Myanmar.

**Table 3.3 Registered Migrants by Sector and Nationality, 2004**

By Sector	Employers	Myanmar	Lao PDR	Cambodia	Total
1. Fishing	6,518	33,178	2,634	22,874	58,686
2. Fish processing	2,548	62,923	1,013	4,666	68,602
3. Agricultural	44,811	143,793	16,795	18,816	179,404
4. Construction	10,387	81,554	8,442	24,463	114,459
5. Domestic Service	88,059	88,319	31,449	8,746	128,514
6. Others	45,481	200,339	39,019	25,224	264,582
<b>Total</b>	<b>197,804</b>	<b>610,106</b>	<b>99,352</b>	<b>104,789</b>	<b>814,247</b>

Source: Ministry of Labor, 2004

Reports of working conditions by industry are largely based on one-off surveys and anecdotal evidence. In these surveys, agricultural workers claimed exposure to chemicals and fertilizers, which adversely affect their health. Many small factories were found to have poor working conditions including: no ventilation in the buildings, low light level and dusty working space. These factories commonly employ unregistered migrants, and such conditions were possibly due to the employers desire to avoid notice of using unregistered migrant labor. Meanwhile, migrants working in fishing boats are at sea for weeks, and sometimes months, continuously working and receiving little rest.<sup>76</sup>

### 3.4 Living Conditions of Migrants

Thai law provides registered migrants with rights to basic social services and labor laws. Thai law does not apply to non-registered migrants, who therefore do not have access to social services. The precarious status of migrants, however, provides migrants little recourse if they are denied these basic rights. Studies show that the majority of migrants do not access social services due to the quality of services provided to migrants and the fear of deportation.

#### 3.4.1 Access to Education

In Thailand, a July 2004 Cabinet Resolution approved free education through grade 12 for all children, regardless of legal status. A budget for non-Thai children is allocated on a per-student basis to each school at the same rate as Thai students. Non-Thai students are provided an ID number and passes to travel to and from school.

**Table 3.4 Number of Burmese Attending Thai School**

Area	Registered Migrant Children <sup>1</sup> (2004)	Migrant Children Enrolled (2003)
Bangkok	689	44
Chiang Mai	11721	2849
Chiang Rai	3948	123
Chumporn	1790	438
Prachuabkirikun	1774	426
Karnchanaburi	5241	2002
Mae Hong Son	1584	1416
Rajburi	1283	232
Ranong	8227	19
Samut Sakhon	2896	60
Tak	10017	1661

Source: Chantavanich et al, 2006

<sup>1</sup>Children refers to ages 0-15

Currently, the number of migrant children attending school is low compared to the estimated number of migrant children. By some estimates, only 14 percent of children of registered migrants (28 percent of Cambodians, 17 percent of Lao migrants and 13 percent of Burmese migrants) were enrolled in basic education in 2004.<sup>77</sup> Table 3.4 shows the number of Burmese migrant children who were registered compared to the number of Burmese migrant children enrolled in school, by province. The percentage of children enrolled varies across areas and is especially low in Ranong, Samut Sakhon and Chiang Rai. Not all migrant children are registered, so actual enrollment rates are probably even lower than those measured in Table 3.4.

<sup>76</sup> Chantavanich et al, 2006.

<sup>77</sup> Huguet and Punping, 2005.

Utilizing the Kanchanaburi dataset, Table 3.5 below illustrates the likelihood of children enrolling in school, based on the household head’s migrant status. The table portrays odds ratios. The odds ratio is a way of comparing whether the probability of a certain event is the same for two groups. An odds ratio of 1 implies that the event is equally likely in both groups. An odds ratio greater than one implies that the event is more likely in the first group, while an odds ratio less than one implies that the event is less likely in the first group.

Table 3.5 compares enrollment outcomes in households where the head is Thai living in a Thai village to those in households where the heads are 1) Thai living in a non-Thai village; 2) Non-Thai, born in Thailand and living in Thai village; 3) Non-Thai, born in Thailand and living in a non-Thai village; 4) Foreign-born non-Thai living in a Thai village; and 5) Foreign-born non-Thai living in a non-Thai village. A first surprising result is that Thais living in a predominantly non-Thai village are less likely to have their children enrolled in school irrespective of the age group, than Thais living in a Thai village. This indicates that irrespective of the nationality of the household head there is a negative ‘village effect’ associated with living in a majority non-Thai village. This is likely to reflect poorer access to, or poorer quality of, schooling in non-Thai villages. Even more dramatically, children of foreign born non-Thais, whether living in a Thai village or a non-Thai village, are far less likely to enroll in school than any other category and particularly less likely to enroll than Thais living in a Thai village. While children of non-Thais born in Thailand are less likely to be enrolled between the ages of 7 and 12, they are slightly more likely to be enrolled between the ages of 13 and 18 than Thais born in Thailand of the same age. This reflects perhaps a higher prevalence of late entry among households headed by a non-Thai born in Thailand. Overall, if the head of the household was born in Thailand, Thai or non-Thai, the children are more likely to attend school than if the head of the household was born outside of the country.

**Table 3.5 Predicting School Enrollment among Children**

<b>Migrant status, and type of village</b>	<b>Children aged 7-12</b>	<b>Children aged 13-18</b>
<b>Thai, in Thai village</b>	-	
<b>Thai, in non-Thai village</b>	0.6	0.7
<b>Non-Thai, born in Thailand, in Thai village</b>	0.6	1.3
<b>Non-Thai, born in Thailand, in non-Thai village</b>	0.4	1.2
<b>Non-Thai, born outside Thailand, in Thai village</b>	0.1	0.3
<b>Non-Thai, born outside Thailand, in non-Thai village</b>	0.1	0.4

Source: Jumpkalay, 2006

Note: \* Significant at 0.05 level; \*\* Significant at 0.001 level; data from 2004

Model controls for residential area, sex, age, occupation, education of household head, and household size

While all children are legally permitted to attend school, migrant children face special obstacles including: 1) local schools refusing to accept migrant students; 2) the cash expense of uniforms and books; and 3) the lack of Thai language skills. Informal schools organized by humanitarian organizations provide migrant children basic skills of learning and writing in the child’s native

language. While representing only one province in one given period, Table 3.5 assists in demonstrating the outcome of the obstacles faced by migrant children in Thailand.

### *3.4.2 Access to Health Services*

Registered migrants in Thailand are eligible for health insurance as if they were enrolled in the Government's 30 Baht Health Scheme.<sup>78</sup> Migrants are first expected to pay USD15 for a medical exam and approximately USD 32 for 1 year of health insurance. Unregistered migrants are not entitled to health insurance and must pay the full cost of any health treatment. Moreover, some provincial hospitals maintain policies of reporting migrants to the immigration authorities, thus reducing the likelihood of migrants using the hospital. For these reasons, migrants tend to treat themselves with over-the-counter medication when ill, visiting the health center or hospital only when in dire straits. The lack of treatment translates into longer and more serious illnesses. Lack of access to health can also give rise to significant negative externalities for public health. Lack of awareness of and lack of access to prevention services for HIV/AIDS, for example, is resulting in rising incidence of HIV among particular migrant populations. The Ministry of Public Health and some NGOs, such as MSF-Thailand, are aware of the risks this poses and are working closely with migrant populations to improve HIV/AIDS prevention and improve risk behavior.

Migrant children also suffer from the lack of healthcare. All children in Thailand are eligible to receive free vaccinations against tuberculosis, diphtheria, pertussis, tetanus, oral polio virus, and measles. For the same reasons that migrant adults rarely receive health treatment, migrant children rarely receive vaccinations. In Tak province, the number of migrant children eligible for immunization who were vaccinated was less than one-third of the number of migrant children eligible and registered. As discussed previously, the number of migrant children is expected to be far greater than the number registered; therefore vaccination rates are even lower than calculated.

### *3.4.3 Sleeping Quarters*

The majority of migrants into Thailand live in accommodation provided by their employer. These living quarters vary depending on the industry in which the worker is engaged, but are often poorly ventilated and have little access to hygienic facilities, exposing inhabitants to a variety of diseases. Construction workers usually live in working sites with basic facilities; agricultural workers erect own shelters on the land; factory workers share living space with several other workers close to or attached to the factory; and domestic workers are usually provided accommodation. The accommodation often provides minimal space and little privacy.<sup>79</sup>

While access to social services for all registered migrants is mandated by Thai law, migrants use the services little. A lack of knowledge as to their rights combined with the vulnerability of their status within Thai society creates an environment in which migrants are unlikely to demand services they are entitled to use.

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<sup>78</sup> The Thailand 30 Baht Health Scheme began in 2001 in an attempt to provide universal health coverage to Thais. The coverage policy allows cardholders to access government health facilities by paying 30 THB per visit.

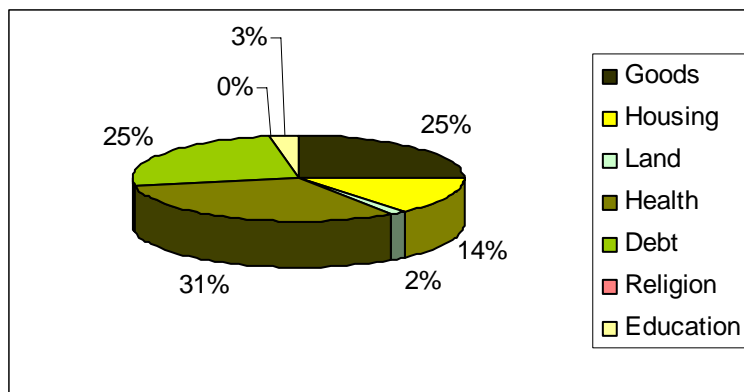
<sup>79</sup> Chantavanich et al, 2006.

### 3.5 Impact of Migration on Households in Sending Country

While living and working conditions are often difficult in Thailand, migrant workers bear the risks in pursuit of a better life for themselves and their families. As detailed in Chapter 2, the greatest economic impact of migration on the sending country household is through remittances. Remittances directly augment the income of the recipient households, helping families meet daily needs and weather shocks. Various studies across the world illustrate that remittances are associated with increased household investments in health, education and entrepreneurship. In many countries, children in remittance receiving households are less likely to drop out of school and more likely to access health care than those who do not receive remittances. Overall, remittances are an important source of income for families.

Little information is available on remittances from Thailand to the country of origin. One exception is the qualitative study on the impact of remittances on Prey Veng province communities in Cambodia, which was commissioned as a background paper for this AAA program. This study found that remittances have a significant impact on Cambodian households' economy, with 91 percent of respondents claiming that remittances were very important.

**Figure 3.3 Remittances by area of investment (\$)**



Source: Maltoni, 2006

funds are not available, but is corrected when families receive greater income.

The study concluded that in terms of overall absolute investment, households used the funds most for health, debt repayment and purchase of (mainly non-durable) goods. Households reported using funds for debt repayment related to their job, or generated by health expenses or food needs. The most common “goods” purchased were food, fertilizer and gasoline. The large percentage of remittances channeled to health may illustrate that health is first sacrificed when

In Vietnam, remittances reflect a long Vietnamese tradition of strong family support and play a significant role in the livelihoods of the people. Cash remittances have a profound effect on household incomes and can be helpful in repaying debts, covering schooling costs for children and paying for expenses incurred by illnesses (see discussion in Chapter 2).<sup>80</sup>

The recent Lao Poverty Assessment found that rural households with greater cash flow tended to allocate less land to rice, the staple food, and more land to cash crops. This has tremendous implications for remittance usage. If a household were to receive more cash in-hand through remittances, the family would have a better ability to meet daily needs without devoting all of

<sup>80</sup> Viet Nam Internal Migration: Opportunities and Challenges for Development, Asia-Pacific Economic Center, 2005.

their land to rice. The household would then be able to generate income through investing in cash crops.

Beyond meeting daily needs, remittances can provide families with the ability to weather shocks, generate income and access social services. Many families of migrants rely on remittances to maintain their quality of life. A risk that families receiving large amounts of remittances may become dependent on this source of income, and may prefer to reduce work efforts exists. If widespread, this dependency could dampen growth in the home country. Within the GMS, this risk however, is minimal. Due to the wages and working conditions described earlier, households are unlikely to receive massive inflows of income from family members working within the region.

In the GMS, the hardships of unskilled or low-skilled migrants are many, but for those who choose to migrate, the perceived benefits of a better quality of life for their families are often worth the price.

## Chapter 4: Evolution of Migration-Management Policies in the GMS<sup>81</sup>

The previous two chapters provided an overview of the size and characteristics of migration and the migration process; the problems and risks faced by migrants before, during and after moving; and an assessment of the economic role of migrants from both a macro and microeconomic perspective. This chapter describes the policy and regulatory framework on migration in the GMS, mainly focusing on the evolution of migration policies in Thailand and its driving factors. The chapter briefly analyzes and highlights the current limitations of this framework and its prospects for improvement in the future.

### 4.1 Pragmatic Development of Migration Policies

The policies to manage intra-GMS labor migration started unilaterally in Thailand before evolving through bilateral agreements with its direct neighbors. They developed as a series of practical responses to unfolding events and changes in labor needs:

- In 1992, a first migrant registration policy was introduced, aiming at controlling and improving the entry, working and living conditions of Burmese workers who were then allowed to enter and work in the four provinces along the border with Myanmar. This registration effort largely failed, with employers registering less than 10,000 workers, partly due to a high fee, the lack of understanding of the benefits of registration, and rampant corruption.
- In 1996, following a migration ‘amnesty,’ employers registered 300,000 illegal migrants who were allowed to work in seven categories of jobs in 47 provinces for two years: 87 percent were from Myanmar, 9 percent from Cambodia, and 4 percent from Lao PDR. The campaign allegedly reached about half of all migrants estimated to be living and working in Thailand at the time. In 1998, the same workers were allowed to extend their registration by a year. Eligible job categories increased from seven to 47, and eligible provinces from 47 to 54. Yet, only 30 percent of the registered workers (106,684) renewed their registration, again partly due to difficulties in enforcing the regulations and payment of fees for employers, especially following the 1997 financial crisis. These remaining 106,684 workers saw their registration extended once more in 1999 for two years, while the policy restricted them to work in 18 job categories in 34 provinces because of rising domestic unemployment.
- In 2001, an amnesty allowed 562,249 migrants to register for a year; it was extended in 2002, and then again in 2003 (only 288,870 renewed it then though), while the government drafted a comprehensive migration management plan.

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<sup>81</sup> Information in this chapter is triangulated from the background papers prepared for the GMS Labor Migration Program (see Chapter 1, from other recent reports (Huguet and Punpuing 2005a, 2005b; Set Aung 2005) and from the proceedings of GMS policy dialogue on migration (Chalamwong 2006; Charupa and Musicpunth 2006; Dang Nguyen 2006; Dung Thai 2006; Gu 2006; Harima and Pollock 2006; Maltoni 2006; Ministry of Labor and Vocational Training - Cambodia 2006; Set Aung 2006; Singthilath 2006; Varona 2006), and from interviews with the ministries of Labor and Health, the IOM, and the ILO in Thailand in February 2006. They also reflect the conclusions of the World Bank workshop organized in Bangkok on March 24, 2006.

- In 2004, a National Agenda to deal with migrant workers was finally prepared and approved by the Cabinet. This agenda relied on: (i) strengthening border controls while (ii) implementing the bilateral MoUs on labor exchange signed with Lao PDR in 2002, and with Cambodia and Myanmar in 2003. Under yet another amnesty, employers could register their undocumented workers with the Department of Labor: 1.2 millions registered, and 814,247 obtained work permits: of these 74.9 percent were from Myanmar, 12.9 percent from Cambodia, and 12.2 percent from Lao PDR. In 2005, those registered in 2004 were offered a one year extension (although only 785,000 showed up for it), while the government started implementing the bilateral MoUs.

In March and April 2004, the Thai Cabinet passed two resolutions aiming at setting up a comprehensive system of migration management that would integrate the efforts of all relevant government agencies along seven points: (1) organizing a formal system for potential migrants to apply from their countries of origin to come and work legally in Thailand; (2) ensuring that employers enforce national labor standards for both Thai and foreign workers; (3) intercepting people crossing national borders illegally; (4) arresting all involved in facilitating illegal migrations; (5) repatriating illegal migrants to their countries of origin; (6) publicizing the organization of the labor migration system to both workers, employers and government officials; and (7) following up and assessing the effectiveness and relevance of the system.

In effect, this agenda is currently being refined as it is implemented following the MoUs Thailand signed with Cambodia, Lao PDR and Myanmar to regulate how citizens of each country can work in the other.<sup>82</sup> Their intention is to help match labor demand and supply, to protect the rights of migrants during their journey and work, and to ensure that workers will not settle permanently in the destination country.<sup>83</sup> These agreements laid the directions of a two-phase approach to regulate labor migration:

- The first phase was to legalize irregular workers in Thailand (see Figure A1 in Annex 1): After the 2004 registration, officials from Lao PDR and Cambodia came to Thailand to interview the registered migrants who claimed to come from their countries, and to deliver them Certificates of Identity (CI) if they were confirmed as citizens. CIs regularized the workers' immigration status and allowed them to apply for a two-year work permit.<sup>84</sup> After two years, workers were to return in their countries of origin where they could apply for a new work permit following the procedures set in the second phase.

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<sup>82</sup> According to the MoUs, the labor exchanges can be in both directions. In reality, very few Thai nationals work in neighboring countries.

<sup>83</sup> This approach follows the intent of the 1999 Bangkok declaration on irregular migration, signed by 19 countries – including all GMS nations – which agreed to a coordinated approach to manage migration in the countries of origin and destination in accordance with the needs of labor markets and with the international treaties on the rights of migrants and workers.

<sup>84</sup> As of February 2006, 40,000 Laotians had received a CI, but only 6000 Khmers, owing to the limited capacities of Khmer authorities to handle the process, and to high fees asked to Khmer migrants. Myanmar officials were invited to come to Thailand and deliver CIs to migrants do the same but instead insisted that migrants come to Myanmar to obtain them. This had blocked the collaboration between Burmese and Thai authorities on migration. In mid-2006 the Thai and Burmese governments signed a new agreement, in which the Burmese government will issue CIs at 3 border posts, and allowing for implementation of the previously signed MOU.

- The second phase (underway) aims to develop a system in which private recruitment companies recognized by each government will help match labor demand and supply with respect to the immigration and labor laws of both countries, and international labor conventions. Their roles will be to send and manage workers abroad and to protect their rights. They would compile lists of job vacancies from employers in the destination countries, and match the positions with demands from applicants in countries of origin. Once applicants satisfy the requirements to obtain a contract, visa, work permit and health insurance, the companies would then arrange the legal process for them to travel and work in the destination country, and would further follow-up on the evolution of the workers' conditions. On the receiving (Thai) side, the government plans to set up a single-stop service for representatives of recruitment companies to register migrants and obtain their work permits.

#### **4.2 Rights and Duties of Migrants**

Under the proposed system, a legal migrant worker would obtain a contract valid for up to two years with a specific employer, renewable once. The worker would agree to pay income taxes and to contribute 15 percent of his or her wages to a “repatriation fund” – designed to provide an incentive not to stay in the receiving country. This is *de facto* a scheme for compulsory savings that would be withdrawn from wages, placed in a fund, and given back to the worker – with interest – upon expiration of the contract, once he or she has returned to his or her “permanent” home address. After a maximum of four years in the country of destination, the worker would then have to return home and wait three years to apply for a new permit.

Daily cross-border commuters and seasonal workers living in provinces across the borders are already allowed to receive passes to work in Thailand, without a formal contract (they are mainly farm laborers, domestic helpers, and petty traders). This allowance will continue, supposedly with strengthened vigilance against the use of the fake passes that some irregular migrants utilize to enter Thailand.

In the country of destination, workers would have the same rights as nationals to be protected from abuse in working conditions and wages, and to access social services.

In Thailand, these rights are already extended to the migrants currently registered:

- The 1998 Labor Protection Act protects the rights of all workers – even in irregular situation – to submit a case against an employer for failing to follow the provisions of the Act. (The Act provides the basis for comprehensive labor legislation and ensures among other: equal hiring and wage practice independently of gender, the payment of minimum wage, and provisions for the safety of women and children).
- After paying the same health insurance fee as Thai nationals, registered migrant workers and their families will have access to the “30 Baht health scheme,” allegedly the best health care program in the GMS.
- Children of migrants will be allowed to enroll in Thai public schools for free.

Despite the limitations of the proposed approach and the difficulties in securing access to services for migrants, all of the international agencies working on migration and labor protection we interviewed in Thailand noted that the Thai system of labor protection and social services is the most advanced in the GMS, and that since 2004, the Thai Government has made considerable efforts to improve the working conditions and protection of migrant workers. According to the Thai Bureau of Labor Protection, the free trade agreements with the European Union (EU) and the United States (US) include strong emphasis on the quality of Thailand's labor law and on its effective enforcement, which should further support the efforts of the government to protect workers – natives and migrants.

Before analyzing the limitations of the system in reaching and supporting migrants, we present the main national actors of the regional policy process to show some of the different outlooks and forces that shape the design of policies, and constrain their enforcement.

### **4.3 National Agencies Formulating and Implementing Migration Policies**

Policy discussions to reduce illegal migration were earlier part of the GMS Economic Cooperation Framework, but now fall under the larger Aerawadee Chaopraya Mekong Economic Cooperation Strategy (ACMECS), in which Thailand works to develop economic cooperation with other GMS countries. The strategy includes the promotion of private Thai investments inside neighboring countries to hire local workers there so that they would not illegally cross the border to find work in Thailand. It is helping develop industries in provinces of Lao PDR, Cambodia and Myanmar across the Thai border,<sup>85</sup> while the Thai Government also builds infrastructure in these countries.<sup>86</sup>

In Thailand, the Ministry of Labor was recently given the role to coordinate policies and actions of the ministries working with migrants. Recommendations regarding labor migration issues are taken by the *Committee on Illegal Migrant Workers Administration* with representatives of 23 offices from 13 ministries, but four ministries have a persuasive voice, and their individual agendas strongly influence the evolution of policies related to the migration management system. These include: (i) the Ministry of Interior, who wants to control the number of migrants; (ii) the Ministry of Health, which seeks to extend universal health coverage to migrants as well as Thais; (iii) the Ministry of Labor, who wants to facilitate migration according to the economy's labor needs; and (iv) the National Security Council, which is concerned with not turning Thailand into a safe haven for asylum seekers, and aims to deter and restrict the entry and stay of migrants. There is thus a marked division between Labor and Health and their interest in promoting the facilitation, or at least legalization, of migration, and Interior and National Security inclined to tightly control the movement and rights of foreigners. Decisions are taken as decrees by the Cabinet. Without a clear and shared long-term objective, so far the recommendations taken by the committee have depended on short-term objectives dictated by the Cabinet; meanwhile, the

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<sup>85</sup> To date a bio-diesel factory in Burma and a potato chips factory in Cambodia.

<sup>86</sup> For instance roads between Khon Kaen and Siem Reap, and Sa Keo and Siem Reap, and the East-West development corridor road linking Myanmar, Thailand, Cambodia and Vietnam.

political influence of each ministry over the Cabinet has varied with economic, social and political conjunctures.<sup>87</sup>

Other GMS countries have had less impact on the development of a regional migration management system, but each has concerns about the issues, and some have experience and capacities that may be useful to learn from:

- Cambodia has a generic immigration law that does not cover the rights of its citizens abroad. In practice it tolerates but neither facilitates nor discourages out-migration. The Ministry of Labor and the Department of Anti-trafficking of the Ministry of Interior are currently developing a national policy for migration management in collaboration with Thai authorities through the MoU on cooperation in employment of workers, and the MoU on human trafficking, and with support from the IOM.
- The Lao Government's approach to labor migration is relatively lenient and driven by economic and social considerations. In 1995, it signed an agreement on labor exchange with Vietnam by which employers could hire foreign workers after authorization from the Labor Administration, provided they give first preference to nationals with similar qualifications. Officially, the employment of foreigners is then subject to a time-bound contract and to a transfer of skills from foreign to domestic workers. The Government is also concerned about Laotian citizens working abroad illegally, mostly in Thailand, and about the increase in human trafficking. In 2002 the Government signed a MoU with Thailand on labor exchange, and in 2004 a MoU on human trafficking, both of which are the basis of the current processes implemented.
- Vietnam actively promotes labor export to reduce domestic unemployment and to increase the inflow of foreign currency. In the 1980s, its Government sent skilled workers to Eastern Europe and the former USSR, and since 1994 has sent lesser skilled workers to Taiwan, Malaysia, South Korea, Japan and the Middle-East. Working with the ministries of Labor, Public Security, and Foreign Affairs, private recruitment firms manage the employment of migrants. At no fee for workers, they (i) secure contracts with employers, (ii) inform and train migrants on labor legislation, recruitment conditions, and their rights, benefits and obligations, (iii) register workers with labor authorities in Vietnam and the destination country, and (iv) protect workers' rights abroad, filing complaints with authorities in case of infringement of the law by employers, and paying workers compensation in case of violation of the contract by the employers.<sup>88</sup> So far there is no similar system to manage the work of Vietnamese migrants in the GMS where most Vietnamese laborers are illegal.
- In Myanmar labor migration is officially regulated by the 1999 "Law on Overseas Employment", by which private firms registered with the Ministry of Labor are the sole legal conduits for migrants to work abroad. In reality, because of cumbersome and

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<sup>87</sup> In 2005 the security issue prevailed, which tightened the registration process, but in a year with lower security concerns, the economic contribution of migrants could be considered as more important, and their coming be facilitated.

<sup>88</sup> Through this channel, over 400,000 Vietnamese worked abroad in over 40 nations in 2004.

expensive requirements, very few companies registered their activities until the promulgation of a 2005 anti-trafficking law that threatened companies of prosecution for trafficking. By January 2006 then, 57 companies had registered. They mainly recruit workers going to Malaysia, Singapore, the United Arab Emirates, Qatar, Korea and Japan. Despite the 2003 MoU between Thailand and Myanmar “on cooperation in the employment of workers”, neither side has yet effectively controlled the movement of migrants from Myanmar to Thailand.

- In Yunnan, despite a large number of border crossings (14.08 million in 2004), there is little information about and control over migration.<sup>89</sup>

#### **Box 4.1 Regulation of Migration: Lessons from Myanmar**

Officially, labor migration from Myanmar is regulated by a 1999 law on “overseas employment”, and a 2005 law against trafficking in persons.

Private recruitment companies registered with the State are supposed to be the only intermediaries to send workers abroad and protect their rights. They mainly send semi-skilled workers to Malaysia, Singapore, the United Arab Emirates, Qatar, Korea and Japan.

Because of a cumbersome red-tape and high costs, very few companies yet ever officially registered. It is only with the 2005 promulgation of an anti-trafficking law that the 1999 law started to gain some effectiveness: by January 2006, 57 private overseas employment recruitment agencies had thus registered with the Ministry of Labor for fear of being prosecuted for trafficking.

The system remains far from efficient and few workers use the official recognized agencies to go overseas. This is partly due to high costs such as a 10% tax on income for workers, and their obligation to use the official family remittance system to channel 30 to 50% of their earnings back home at an extremely disadvantageous exchange rate.

It is unlikely to be applicable to labor exchanges with Thailand where only 6,267 professional workers from Myanmar were registered in 2004, the rest working in unskilled and low-paid positions. Most migrants to Thailand are from along the border, and there is little incentive for them to go to Yangon, find and pay an employment agency (the current fees for countries other than Thailand range from USD600 to 5000), and register with the Ministry of Labor. Instead, they simply cross the border and take whatever work is available in Thailand, in some cases paying an agent fee for transportation.

*Source: Set Aung, W. (2006). The Time to Turn Irregular into Regular Migrants (Myanmar).*

#### **4.4 Policy Limitations and Prospects for Improvement**

Although there is no single best approach to manage migration, following the situations and needs discussed in the earlier chapters, the main objectives of managing labor migration in the GMS would be to (i) match the regional demand and offer for work; (ii) help governments monitor the movement of persons across international borders; (iii) protect migrants during their journey and in their places of work; (iv) facilitate the remittance and productive investment of migrants’ savings; and (v) help returnees reintegrate their countries of origin. The current system being developed partly addresses the first three objectives, with a focus on the control of

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<sup>89</sup> Officially, in 2004 only 3000 foreign students and 15 teachers were in Yunnan, and 99 teachers, 165 students and 10,000 Yunnanese employees worked in other GMS countries.

migration flows, but the two last, which depend largely on the sending countries, are not yet targeted.

We review current implementation issues, before looking at some design issues for social protection and proposing a complementary angle to approach migration management that lays direction for the research agenda detailed later.

#### *4.4.1 Barriers to Implementation*

We see four main limitations to the implementation of the registration and regularization of illegal migrants, and of the development of a formal labor brokering system. Some are due to perceptions that can be changed (lack of awareness, and cost), but others will likely take long to be removed (limited capacity and lack of political will):

(i) Lack of awareness of registration benefits. Few workers know about or understand the value of legal registration, which grants them protection and access to social services. Meanwhile, many employers may not realize the potential gains in terms of productivity and stability of having healthier workers, who are more skilled and better integrated into the surrounding communities.

(ii) Perceived cost of the process. Market forces push employers to keep the lowest costs to remain internationally competitive, and some perceive the THB3800 registration cost as a deterrent compared to the “market value” of the worker (they can pay an illegal farm worker THB2000-3000 per month). For workers, although the fee is low compared to the benefits associated with it, it still represents a month’s salary for an unskilled worker, and employers usually withdraw that fee from the worker’s income.<sup>90</sup>

(iii) Limited capacity of implementing agencies. Despite receiving training from the Thai Ministry of Finance, both Cambodia and Lao PDR have limited technical capacities to set up an efficient system of information exchange and private recruitment. Currently, they lack the human, financial and technical capacities to issue CIs to illegal migrants and are unlikely to finish the process by the 2006 deadline. Thailand on its side has a limited capacity to enforce border control and to monitor working conditions nationwide.

(iv) Lack of political support from important actors. Their ambiguous legal status and ensuing fear of deportation, combined with the sometimes arbitrary behavior on the part of some Thai security officials, deters many migrants from seeking access to the services otherwise offered by social ministries. Meanwhile, poor governance among public officials on all sides of the borders undermines the enforcement of regulations for migration control, working conditions and access to services. An implementation stumbling block had been the unwillingness of the Burmese government to actively participate in the process, having for instance made no progress in the delivery of CIs to Burmese workers, however the recent agreement by the Government of Myanmar to open three points near the border that will issue CIs to registered migrants of Burmese nationality should increase progress.

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<sup>90</sup> Note though that currently, migrants from Cambodia pay \$100 to \$200 (THB4000-8000) to come and work illegally in Thailand, and do not have access to the benefits associated with registration.

#### 4.4.2 *Fitness of Design for Social Protection*

In terms of design, the proposed second phase of the MoU implementation appears cumbersome and costly compared to the expectations of both migrants and employers.

The actual cost per worker of the full labor exchange process is to date unknown, but will partly determine whether migrants and employers adopt the formal migration system.<sup>91</sup> The planned ‘forced savings’ of 15 percent of workers’ wages in a repatriation fund may be a strong counter-incentive for workers to follow the formal process. And in any case, forced remittance schemes are probably not the most effective measure to ensure that temporary migrants return home. When given a choice, migrants typically avoid such systems. For example, under the deferred Pay Scheme, miners from Lesotho working in South Africa were supposed to participate in a mandatory savings scheme, which would deposit 30 percent of their wages into a Lesotho bank. But many miners avoided it, usually in complicity with their employers, the mining companies (GEP, 2005).

Another strong disincentive to adopting the formal migration system comes from the Thai government’s proposal that employers pay a refundable fee of THB 10,000-50,000 (USD 300–1,300) per worker as insurance that employers will follow their engagements in terms of labor practices. This is a large fee per unskilled worker, and probably beyond the means of many small employers.

Overall, employers are unlikely to spend much time and money recruiting low-skilled workers through intermediary agencies, while hiring illegal workers remains easy and inexpensive. Similarly, the return that migrants expect from working abroad is cash, and they may not understand the importance of protection and may see the whole formal brokering process as an unnecessarily costly insurance mechanism.<sup>92</sup> Most Burmese workers in Thailand for instance live along the border with Thailand, and there is no incentive for them to go to Yangon (or the new capital Pyinmana), to find and pay an employment agency (the current fees for countries other than Thailand range from USD 600 to 5,000), and register with the Ministry of Labor. Instead, they simply cross the border and take whatever work is available in Thailand, in some cases paying a transportation fee to an agent. The procedures proposed thus seem more adapted to the recruitment of workers with relatively scarce skills and a high market value than to the hiring of unskilled labor.

In terms of the protection of workers and their families, several important gaps remain in the system envisaged: First, the approach will not allow migrants to stay in the country of destination for more than four years (six for those already in Thailand), which is a concern for migrants who cannot go back home either because they fled political oppression, or because they were destitute in their countries of origin. Second, the proposed system facilitates the employment of single individuals, with no provision for family reunion. The only way for couples to travel together will be for both spouses to find employment near each other. Under the system, even if a registered worker is currently living in Thailand with his or her family, only the worker alone

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<sup>91</sup> Thai Ministry of Labor estimates it could be over 10,000 Baht for the recruitment process alone.

<sup>92</sup> It is also doubtful they would trust authorities to provide them with services and protection given the bad experience many have had with the police, the immigration or public authorities in general.

will be able to come back to Thailand once he or she obtain a work permit in his or her country of origin. Third, there is a strong concern that the migrants' income to be kept in a deportation fund will give undue control to employers over their workers, who would be even less likely to complain about their working conditions or to leave and seek better working conditions if they are maltreated.

#### *4.4.3 Facilitating Rather than Restricting Migration*

Access to cheap labor is important for labor-intensive industries in Thailand to remain competitive, and with the diminishing appeal of the “dirty, difficult and dangerous” jobs to Thai workers, Thai industries continue to need and attract workers from Lao PDR, Cambodia and Myanmar. Because of this strong demand and the continuing push factors in the countries sending migrants, it is unlikely that labor migration to Thailand will decrease anytime soon. In these conditions, from a regional perspective as well as from the Thai interest, it seems more rational to ensure that migrants can move and work in safe conditions and best use their earnings, rather than trying to restrict their movement.

The ad-hoc nature of the evolution of a regional migration policy so far reflects the limited control that even the most advanced government in the region has on migration flows,<sup>93</sup> and suggests that facilitating legal migration might have more results than trying to repress the movement of labor, which determinants are structural.

This hints that a system of incentive to comply with the main directions of the migration management objectives, rather than one of control, is more likely to be widely adopted. On the workers' side, disseminating information on the rights and duties of registered migrants could increase the awareness of the advantages (and of the relatively low-cost) of being registered – hence enticing migrants to use the legal channels. Meanwhile, helping strengthen labor organizations of migrants would help leverage government efforts by forcing employers (from within the companies rather than through inspections) to follow the regulations on wages and working conditions. On the employers' side, documenting and publicizing how improving the living and working conditions of workers can result in increased productivity, better skilled and more stable workforce, and improved business can, by demonstration, lead more employers to enforce the same labor standards for foreign and domestic workers.

In terms of the brokering services to match the demand and supply of labor, and of the deliverance of permits by government representatives, the approach will likely only work if the services are convenient and affordable to the workers and the employers. This suggests that migrants should not have to travel to their capital cities to find a job abroad, obtain passports, process the request for work permits, etc., that there should be more than a handful of brokering companies (although all should follow standards) and that one-stop services be offered close to the main sources of migration, or at least near the borders. Similarly, the cost of services such as

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<sup>93</sup> The capacity of the official migration process in Thailand cannot yet match the market demand: in 2005, Thai employers assessed their needs of foreign workers at 1.88 millions, but only 785,000 could only be legally registered to work. The system is much less advanced in the surrounding countries. Given the ease to move across border, and the cost of following the current legal process, irregular migrants are likely to continue moving across borders, and a simpler process needs to be set up.

the registration with government, and fee to the brokering company, should be in relation to the potential income of the migrant or to the extra revenue to the employer of hiring a foreign worker. In the words of an official from the Lao Ministry of Labor, the goal of the migration management process should be “to serve migrants better and at a lower cost than smugglers do.”

## **Chapter 5: Future research and policy development agenda**

Most GMS governments share similar interests in better managing migration to promote their countries' development. The common priorities of Thailand, Cambodia, Lao PDR, Vietnam and Yunnan<sup>94</sup> over the coming years are: (i) to adapt and implement existing bilateral agreements on labor exchanges, while adjusting their relevant immigration and labor laws, (ii) to better understand the roles of migration in national development and how it can be facilitated, and (iii) to continue fighting against human trafficking.

During a February 2006 workshop on regional policy formation for trans-border migration held in Khon Kaen, GMS governments presented their need for continued analytical and policy support in: (i) better measuring and understanding the extent of domestic and international migration and the situation of their national workers abroad, (ii) analyzing the social and economic impacts of migration, (iii) building a national capacity for the formulation and implementation of migration policies; and (iv) developing an active collaboration with other GMS governments on labor migration.

As the main receiving country, Thailand also has as a priority to (i) document the number of migrant workers, (ii) speed up the coverage of labor protection laws and access to social services, and (iii) establish a permanent system to manage labor migration.

These government priorities set the context for the development of Phase II of the GMS Labor Migration Program. While Phase I focused mainly on stocktaking and research, Phase II will look more towards supporting policy development and implementation.

### **5.1 Possible directions for Phase II of the GMS Program**

Regional governments have made significant strides towards defining a broad policy approach to migration management in the GMS. However, much remains to be done in terms of refining, designing, implementing and evaluating these policies.

There is a continued need for support on the advocacy front – analysis and evidence on the economic contribution and welfare of migrants are needed to help garner and sustain support for these policies, especially among those agencies/sectors concerned with security issues, and among employers.

There are also large data and analysis gaps that need to be filled to support the implementation and evaluation of policies. For example, further analysis is needed to determine the right level of registration fees and costs so as to not deter workers and employers from registering. More work is also needed to determine whether any type of compensatory mechanisms should be put in place to protect unskilled Thais who may suffer the consequences of competition from migrant labor. Other issues that lend themselves to further analysis include: how to secure access to social services for migrants and their families in an efficient, equitable and financially

sustainable way; how to improve access to banking services for migrants; and how to reduce the cost of remittances.

There is a need to monitor and evaluate the impact of new policies as they are rolled out: a prime candidate for evaluation is the new job recruitment system for Lao and Cambodia.

Finally, there is a need to build regional capacity to develop, enforce and implement these policies, especially in the lower income countries.

With this in mind, we see three main priorities for the GMS Labor Migration program in the next phase:

- Working with national statistical agencies to improve the collection of migration statistics in existing surveys and instruments. This would involve working out a better sampling frame for the Census and existing household surveys to better capture migrant households, as well as including additional questions in existing surveys that can help better understand and assess their living and working conditions.
- Working with Government agencies and counterparts to help evaluate policy and policy changes. Serious evaluation of the effects of registration and of changes in the registration system could help improve policies in the future. Examples of policies that lend themselves to evaluation include: effectiveness of the new planned job recruitment system; policies to improve migrant access to banking services and lower remittance costs; policies to speed up the time between employer identification of a ‘demand’ for a migrant worker and the filling of the vacancy etc.
- Helping poorer countries in the sub-region build the institutional infrastructure and local capacity needed to successfully implement the planned job recruitment system. Technical assistance, designed in collaboration with other international partners/agencies, could help strengthen the capacity of the lower income countries to implement their part of the MOU agreements.

## **5.2 Working with national agencies to improve the collection of migration statistics**

As discussed previously, migrant households are poorly represented in the sampling frame of existing household surveys in Thailand. There are many reasons for this but the most important is the poor coverage of migrants in the National Population and Housing Census, which is used for the sampling frame for all household surveys carried out by the National Statistical Office (NSO). In principle, foreign nationals residing in Thailand are covered by the Census regardless of their nationality or legal status. However, given language and cultural barriers, difficulty of accessing remote areas, and the higher mobility of migrants, only a minority of them are presently captured in Census data.

In response to a growing demand from the Thai Government to gain more information about the socio-economic makeup of labor migrants, NSO plans to carry out a series of pilot censuses, in cooperation with the International Organization for Migration, to test existing methods for

capturing migrant populations and identifying new ones. Some of the activities that are envisioned would include:

- Developing appropriate survey techniques to assist enumerators in capturing the migrant population (particularly from Myanmar, Lao PDR and Cambodia) during the Census.
- Developing and testing mechanisms for identifying migrant residences.
- Establish a training program for the census team and a training of trainers program.
- Implementing two pilot censuses in two provinces.
- Developing and implementing a public awareness and education campaign on the 2010 Census targeting migrant communities.

NSO and IOM have approached the Bank GMS migration team for support in this area.

In addition to improving the Population Census of Thailand, other efforts to improve the existing data on migrants could include:

- Adding questions on working conditions of migrants to the existing Labor Force Surveys and the Socio-Economic Surveys of Thailand;
- Adding questions on frequency, size, origin, and use of remittances to the main socio-economic surveys regularly conducted in the each GMS country (e.g. LSMS, SES etc.);
- Adding questions on migrants to existing surveys on utilization of health and education facilities in Thailand.
- Revising the sampling frame for existing household surveys in Thailand on the basis of the new pilot Censuses.
- Support a new, specialized migration survey.

### **5.3 Working with government counterparts to support national policy development**

As new policies towards migrants are rolled out, their impact and effectiveness need to be monitored carefully, and their design revised as needed. The phased roll-out planned for some aspects of the new recruitment process could allow for such pilot evaluations to be set up. These evaluation exercises can then provide essential feedback that can be used to revise and redefine core parameters of the new policies.

Some aspects of the new registration and recruitment policies need to be piloted and tested before their design can be fully finalized. For example, a careful evaluation and assessment to the potential disincentive effects on registration of the new fees could help determine the level at which they should be set. If there is geographical variation in the level of registration fees, or in their enforcement, or if there are differences across regions/localities in the timing/introduction of the new fees, this variation could be used to estimate the responsiveness of employers and migrants to the different fee levels.

Careful monitoring of the effectiveness of the new job recruitment scheme (looking at measures such as length of time it takes between the identification of a demand for a migrant worker, the permit being issued and the position being filled) could help assess whether it is achieving its stated objective of facilitating legal migration and addressing employers needs.

Similarly, the establishment of a ‘forced savings’ mechanism as an incentive for temporary migrants to return to their countries of origin needs to be evaluated more carefully before it is implemented. Lessons from other countries may be brought to bear and a range of option piloted before the scheme is fully implemented.

Policies aimed at ensuring access by migrants to basic social services and basic labor rights, as laid out in the MOUs, also need to be monitored and assessed carefully, to ensure that they are being met. At the same time, it may be necessary to study what compliance with these rights means for service providers in migrant-intensive areas (such as district hospitals and health centers near the border) and to assess whether the need to service migrant populations is having an impact on services delivered to others.

Other policies which are not currently part of the MOUs but which would benefit from careful assessment and evaluation would include those aimed at the families of migrants. While contracts consider workers as individuals, migrants often have dependents, either with them, or in their countries of origin. In receiving countries, critical policy issues for migrant families include the registration and rights of dependents, including work permits for spouse; the recognition of marriages, divorces, and births; access to health and education services for families of migrants; family re-unification for long term migrants; legal protection, and social and cultural integration in the host society. In countries of origin, two priority policy issues are the problems of legal recognition of children born abroad and issues related to facilitating the return of migrants to the home country, including those who may have been disabled or are sick.

#### **5.4 Working with GMS governments to build institutional capacity**

The implementation of the planned registration and regularization system, and the development of formal labor exchange system between Thailand and its neighbors depend critically on the sending countries being able to implement their part of the agreement.

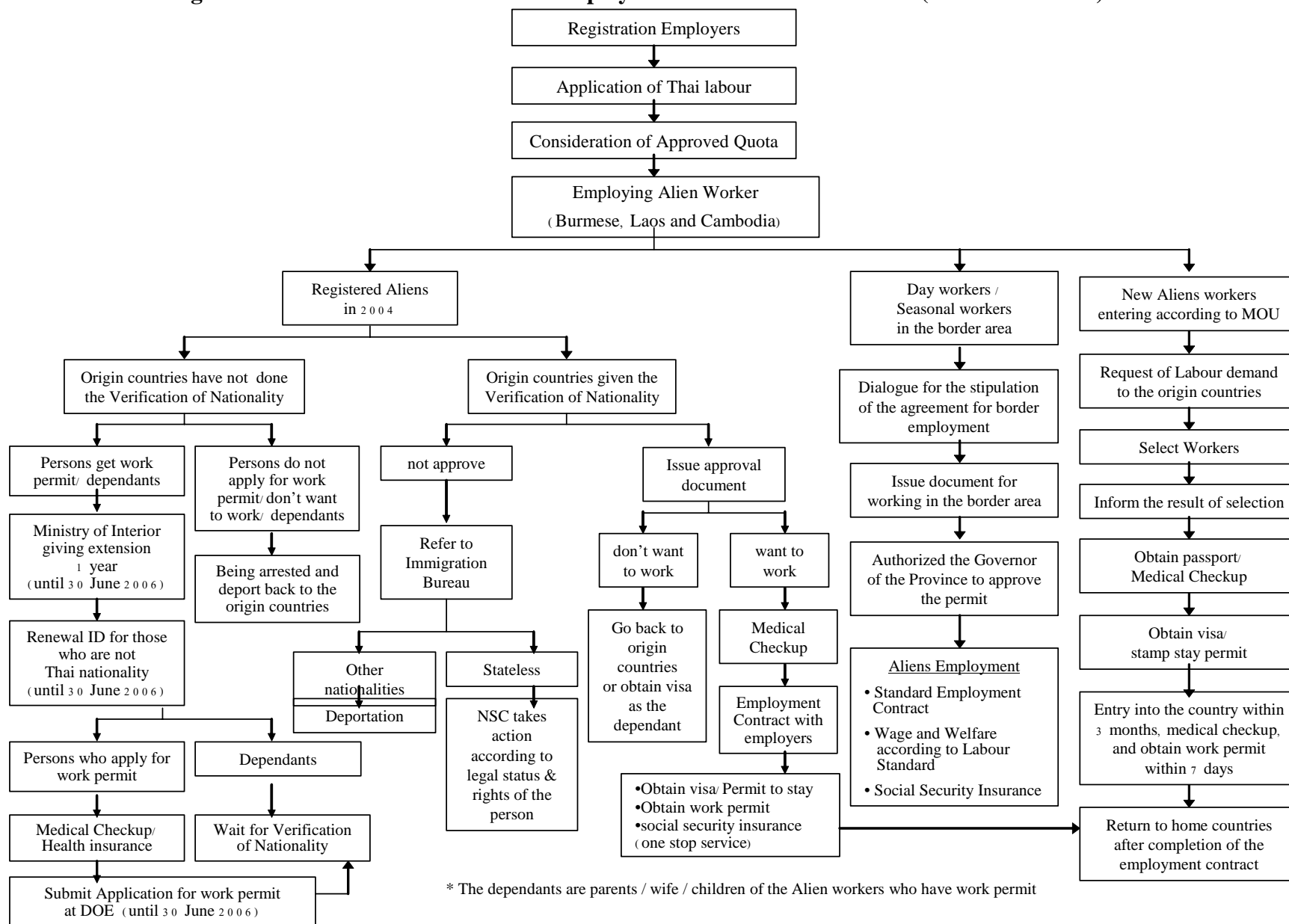
Under the MOUs, the sending governments will be responsible for issuing CIs, and for setting up an efficient system of information exchange and private recruitment. All three countries, however, have limited technical and administrative capacities to do so. Lao PDR and Cambodia are already issuing CIs to all registered migrants in Thailand that are Cambodian or Lao citizens, but are unlikely to meet the 2006 deadline. While Myanmar agreed in mid-2006 to begin issuing CIs at 3 border posts, the Government will miss the 2006 completion deadline set in the 2003 signed MOU.

There may be scope for the World Bank to provide technical assistance support in this area to the governments of Cambodia and Lao PDR, in collaboration with other regional agencies and development partners.

The Bank team will use the dissemination of this synthesis report to engage with regional government agencies in a broad discussion of migration policies and policy priorities in the GMS, so as to identify the areas in which further Bank-supported research, analysis and/or technical assistance would be most helpful. A concrete work-plan for Phase II of the program will be developed on the basis of those discussions.

## Annex 1

**Figure A1 Overview of Alien Worker employment in Thailand as of 2005 (Rattanakrut 2006)**



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