

Policies on Employment and Vocational Training For Young Persons in Thailand

Presented by

Associate Professor Chuta Manusphaibool, Ph.D

**Chairperson, Labour Management and
Development Center
Faculty of Economics, Chulalongkorn University
Bangkok, Thailand**

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I Introduction

After the financial crisis in 1997, Thai economy is gradually picking up from the bottom to enjoy strong growth in 2004. Despite the violence in the three southern provinces, the bird the outbreak and soaring oil prices, the country economic growth rate is estimated to reach 6-7 percent in the first quarter of 2004.

The increasing private investment, a steady growth in domestic demand and exports are the main factors contributed to the upturn economy. Opening new export markets, restoring domestic and foreign new export markets, restoring domestic and foreign investor confidence and supporting private investment have been the key policy platforms supporting the government's economic strategy.

However, concerns have been raised about the impact of rising global interest rates and a slowdown trend in the Chinese economy could have an impact on local growth. As an opened economy, these exogenous factors have contributed to continuous changes in the country industrial and employment structures, along with changing requirements for human resources, Hence, the advances being made in globalization and information technology (IT), the issue of "how to increase the value added of human resources" is generally becoming more significant than ever before.

The pursues of this paper will focus on the youth unemployment problems, which has been prominent in western countries, has begun to be

more severe in Thailand and will become a critical policy issue. Existing policies concerning on training and providing young people with decent work are presented¹ in the following section.

II Economic and Employment Perspective in Thailand

The GDP growth rate is forecasted for 2004 at the rate of 6.0-7.0 percent as mentioned earlier due to the government stable economic growth with full employment policy. It is crucial for accomplishing the nation objective of raising standards of living throughout the population, especially among lower-income rural groups.

Figures shown in Table 1 and Table 2 indicate that the economy growth attributed by private investment, which are approximately at 20.5 percent in year 2004

Table 1 Global Economic Growth Rates

Unit: Per cent

Nation	2002	2003	2004	
	All year	All year	March	June
Global	3.00	3.90	4.10	4.40
USA	2.20	3.10	4.60	4.40
Euro	0.90	0.40	1.90	1.70
Japan	-0.40	2.70	2.50	3.00
Hong Kong	2.30	3.30	2.80	5.50
Singapore	2.20	1.10	3.50-5.50	5.50-7.50

South Korea	7.00	3.10	5.20	6.00
Taiwan	3.60	3.20	4.70	5.40
Indonesia	4.30	4.50	4.80	4.80
Philippines	4.40	4.50	4.90-5.80	4.90-5.80
Malaysia	4.10	5.20	5.50-6.00	6.00-6.50
Thailand	5.40	6.80	7.00-8.00	6.00-7.00
China	8.00	9.10	7.50-8.00	7.50-8.00

Source: The National Economics and Social Development Board, 2004.

Table 2 Economic Growth Rate of Thailand

Unit: Per cent

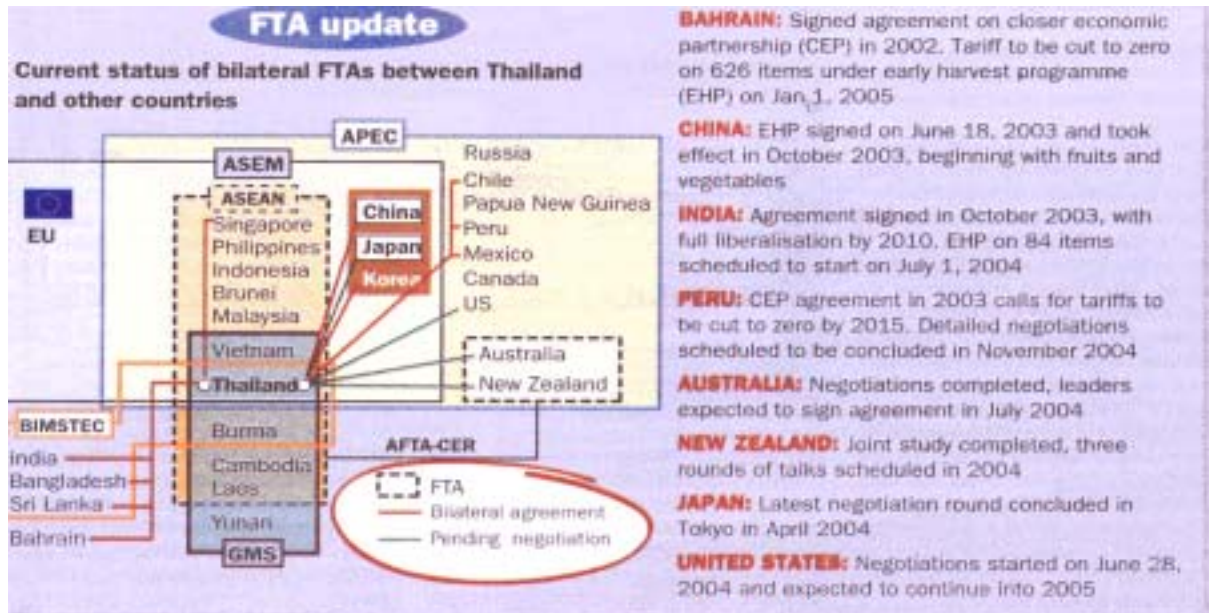
Economic Indices	2002	2003	2004 (Q1)
Private Consumption	2.70	3.40	3.30
Government Consumption	1.30	0.10	0.60
Investment	0.20	2.30	3.10
Net Export	1.10	0.50	1.50
GDP	5.40	6.80	6.50

Source: The National Economics and Social Development Board, 2004.

Along with trade balance surplus around US\$ 2.5 million. Numerous initiatives toward bilateral free-trade agreements have been launched to drive the country's trade and investment ties with the international market and counters the snail's pace of multilateral talks under the World Trade Organization (WTO). It's expected that by mid-2004, talks were in progress with countries such as the

United States, Japan, China, India and Australia, among others.

Current status of bilateral FTAs between Thailand and other countries is illustrated as the following: -



Efforts to expand Thai market share in the international trade arena are complement with sectoral strategies to strengthen the country's industrial competitiveness. The government emphasizes on five key strategic industries i.e. food fashion and textiles, automobiles, tourism, electronics and IT.

Special incentives have been launched to assist local invested to accomplish their export targets and stimulate competitiveness to their trade rivals. Tax authorities have moved forward with restructuring the import tariff structure for a number of raw materials and capital or intermediate goods employed in these key industries.

Concerning on the domestic market, development initiatives such as the One Tambon, One Product programmed (OTOP) aim at creating new entrepreneurs at village base. The programme has certainly helped raise awareness and access of some small producer to a broader domestic and international market. The present government also offers other programmes to gross root people as followed; that **Assets-to capital conversion programme** allowed assets such as land use rights; lease rights and intellectual property rights to serve as collateral for loans to expand access to capital for the poor. The budget of ฿2.05 billion is allocated for 2003-2004. It is expected to cover 10 million nationwide for 600,000 farmers for land use right alone in 2004, and expand to 42 million rai nationwide by 2008.

Small debt refinancing programme imposed to refinance underground debt through stats-owned

banks. About 1.76 million people have registered underground debt of 136 billion for the programme.

Three-year farm debt suspension which suspend loan payments for farmers with debt up to 100,000 for three years while offering skills training, marketing and technology assistance. The amount of 1.94 million farmers is participating involving loans outstanding to the Bank of Agriculture and Cooperative (BAAC).

Village investment funds: the government establishes revolving funds to assist community development projects in term of financial sources. About 74.7 billion bath are allocated to establish revolving funds of one-million-baht each for villages. It is estimated that annual household incomes for participants have raised incomes for participants have risen by 7.2 % to ฿283, 433 from ฿ 264,481. For 24,902 village funds classified AAA in which 71 percent of lending has been for agriculture-related projects, with 17 percent for industrial activities. Loss rate is accounted to less than 3 percent.

The establishment of these programmes aims to strengthening rural communities, uplifting human resource skills and transforming the economic structure to be on the competitive edge of globalization.

III Outlook of the Employment and Unemployment Situation of Young People

An employment survey of the Ministry of labour in January 2004, indicates that population size of Thailand is 64.76 million, The total labour force is 34.95 million, composed of employed percent of 33.75 million and unemployed of 0.83 million.

Unemployment rate is considered as moderate low rate at 2.4 percent (see Table 3)

When classified by region, the Northeastern area has the highest rate of unemployment at the rate of 3.6 followed by the Northern region at 2.5 percent. Bangkok Metropolitan area and Central region are accounted to 1.2 percent and 1.3 percent, respectively. With the unrest in the South, unemployment rate is reached at the rate of 2.4 percent.

**Table 3 Number of Population Classified of
Employment Status**

Status	Unit: million	
	2003	2004
1. Population	63.75	64.76
2. Labour Force	34.16	34.95
- Employed	32.71	33.75
- Unemployed	1.15	0.83
- Seasonal unemployed	0.30	0.37
3. Non-labour force	13.86	14.27
4. Unemployment (%)	3.40	2.4

Source: Ministry of Labour, Labour Market Report, 2004

Table 4 Unemployment Rate Classified by Region

Region	Unit: per cent	
	2003	2004
	February	February
Total	2.3	2.4
BMR	2.3	1.2
Central	1.5	1.3
North	1.9	2.5
Northeastern	3.6	3.6
South	1.2	2.4

Source: National Statistic Office