Country Report

Thailand

by

Yongyuth Chalamwong
Research Director
Thailand Development Research Institute Foundation

Executive Summary
Thaksinomics, Labour Market and International Migration in Thailand

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Under leadership of Prime Minister Thaksin Shinawatra, the Thai economy has continued to perform better than many other countries in Asia. His economic policy, which is widely recognized as "Thaksinomics" has apparently reflected in a strong economic expansion in 2003 and expected to continue the same path in 2004.

The statistics released by the National Economic and Social Development Board (NESDB), the country year-on-year economic growth in the third quarter of 2003 stood at 6.5% making the growth for the first 9 months of this year reached 6.5%. The state planning agency projected the fourth quarter growth should be the same level as the third quarter, making the agency's 2003 predicted growth of GDP to 6.3%, with 1.9% inflationary rate, and current account surplus of 7.9 billion US dollar.

According to Thailand Development Research Institute (TDRI) and other sources predicts economic growth (at constant price) of 2004 should be around 6.3% to 8%. The economy continues to expand from 2003 as results of accelerated growth rate of private investment, rising consumer confidence with moderate increase of exports of goods and services. Public expenditure and investment should also increase, partly as result of the Government Central fund of the amount 100,000- 130,000 million Baht.

In 2004, the private consumption is projected to increase 5.3%-5.7% due mainly to continue low interest rates and strong performance of stock market, and better employment conditions. The private investment is projected to be slightly better than 2003. The higher corporate profits and improve investors confidences continues to be part of factors explaining such increase. Export growth is projected to be lower than 2003 due largely to decelerated export prices and volumes and higher base effects. But import growth rate is projected to be higher than 2003 which can be explained by strong private investment and continuous economic expansion.

As results of the Thai economy in 2003 has performed much better than 2002. The unemployment rate in the third quarter of 2003, reported recently by the National Statistical Office, continued to improve very rapidly from the previous year. The unemployment rate and underemployment have continued to be lower than 2002. However, the number of vacancies as reported by NESDB continued to rise and the ratio of vacancies to registered applicants was higher than the ratio of vacancies to job placements, implying that firms became more cautious in recruitment. In the third quarter of 2003 the number of unemployed person stood at 549,000 or equivalent to 1.5% as compared to 1.7% of the same period 2002. The annual average of the unemployment rate of 2003 projected to be 2.0%, improved from 2.4% of the previous year as results of much better economic performances in 2003 as mentioned in the previous section.

The number of legal immigrant workers whom majority is professional and skilled workers are 98,243 persons in 2003, 12,655 increased from 2002. The major increase was temporary work permits as results of improving of the overall economic performances driven partly by increase foreign direct investment and improved production capacity

The stock of illegal immigrant workers from neighboring countries (Myanmar, Laos and Cambodia) in 2003 is expected to be around 1.0 to 1.2 million. After the work permits of 428,468 neighboring workers were expired in late September 2003, the government again decided to extend these work permits for another year. However, the outcome of the renewal work permits was again rather disappointed after the registration procedure was completed. Only 288,780 existing undocumented workers showed up for registration. The inflexibility and uncertainty of government policies as well as high registration fee has been blamed for discouraging the employers to register their illegal workers

The emigration policy of the government has continued to maintain the existing market, while encouraging placement agencies and workers to find new markets aboard. Since 2002, the Ministry of Labour's plan has set a target of sending overseas workers as well as remittances received. But the outcome was not satisfactory since the Ministry hardly maintained its target as the number of Thai emigrant workers dropped slightly to 157,624 persons from 160,252 in 2001. The data on the eleventh months of emigrant workers recorded by the Overseas Employment Department have reached only 137,179, indicating another year of poor performance.

The trends of remittances from overseas workers via banking system have somewhat fluctuated but on the rising trend. The remittances in term of local currency increased slightly in 2002 with 59,251 million baht from 2001. It is expected that the amount of remittances in 2003 should be lower than 2002 as a result of weak dollar and inability of government and private recruitment agencies to increase number of emigrants.

Thailand as receiving and sending country will be affected by the current and future Asian migration policies. The migration policy in the region that varied from one country to another should be undertaken with a full appreciation of both sending and receiving countries. A good dialogue and information exchange among ASEAN plus three members must be encouraged in order to create a fair and equitable to all potential immigrants and producing safeguard to those who migrate.

However, there have been evident the immigrant workers have been often obliged to work for lower pay, longer hours and worse working conditions than local native workers as these jobs are not wanted by natives. Among migration workers, women can be particularly vulnerable when they work outside their home country. They often experience sexual harassment, abuse and seclusion. These conditions must be improved.

The idealistic policies and measures among participating countries are to protect human rights of migrant workers. Each country has been proposed to follow international standards and considering of rectifying international conditions on migrant workers. Recent policy debates of how to monitor migration flow and to sharing information in the region based on equal partner participation. So far there have been efforts among ASEAN and other international agencies to build cooperation among receiving and sending countries in order to improve the existing and new initiatives of regional and bilateral cooperation and agreement. But outcomes of various debates are still far away from fully realized.

The government has already set a national agenda to solve problem of illegal migrant workers once for all after the poverty elimination project has been completely launched some time in March 2004. The time frame is probably around the beginning of the second quarter of 2004. It is likely that the government will launch a campaign to encourage all undocumented workers to show up for another open registration for all occupations in all areas so that the government will have enough time to come up with better measures to be implemented

The new idea of improving the economic conditions of the neighboring countries Myanmar, Laos and Cambodia via so called "building economic dam" has been freshly introduced by Prime Minister Thaksin so that long-term solution for illegal immigrants can be solved more effectively. The Economic Cooperation Strategy (ECS) has been successfully declared in “Bugum Declaration” after the meeting among the four countries on 12 November 2003. This considered as a part of a long-term solution in solving problem illegal immigrants.

Thaksinomics, Labour Market and International Migration in Thailand[1]
By Yongyuth Chalamwong[2]

1. Introduction

Under leadership of H.E. Prime Minister Thaksin Shinawatra , the Thai economy has continued to perform better than many other countries in Asia. His economic policy, which is widely recognized as "Thaksinomics" has apparently reflected in a strong economic expansion in 2003 and expected to continue the same path in 2004. Robust economic recovery in various sectors has shown by the combination of a strong rebound of private consumption and foreign investment. Employment conditions improved and unemployment rate dropped continuously. Deflationary pressure is released in accordance with continued strong demand as results of improved consumer and business confidence.

The government main policy menu includes fiscal and monetary stimulus packages such as farmer debt suspension, village and urban community fund and the people's bank, Islamic bank and SMEs bank. The government has improved the tax system inline with national development strategies and has implemented a responsive, credible and cost effective debt-asset management policy. The government also implements monetary policies that facilitate the extension of credits to real sector, accelerates the development and revival of the country's financial institutions system to enable them to function normally. It also accelerates development of the money and capital market as well as development of the market for debt instruments in order to create alternatives for greater access to source of capital.

The government has renewed the work permits of existing undocumented immigrant workers until September 2004 so that the government will have enough time to come up with better management policy in dealing with illegal migrants. The new idea of improving the economic conditions of the neighboring countries Myanmar, Laos and Cambodia via so called "building economic dam" has been freshly introduced by Prime Minister Thaksin so that long-term solution for illegal immigrants can be solved more effectively. The government will provide assistance both technically and financially to neighboring countries to improve their infrastructures. It is aims to facilitate flow of goods and services among Thai's trading partners. The Economic Cooperation Strategy (ECS) has been successfully declared in "Bugum Declaration" after the meeting among the four countries on 12 November 2003.

Main objectives of the ECS are: 1) to promote competitiveness by way of expanding border trades; 2) to facilitate the movement of agricultural processing industries and general production in better economic advantage areas: 3) to create employment opportunities and reducing the income disparities among the four neighboring countries; and 4) to promote peace, stability and wealth sharing in a sustainable fashion.[3] The government will make use of this declaration as a part of measures to solve a long-term dependence on cheap labour and reducing the potential negative socio-economic and health impacts from hiring illegal migrant workers from these neighboring countries.

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[1] Prepared for the Workshop on International Migration and Labour Markets in Asia, organized by the Japan Institute for Labour Policy and Training Development (JILPT), 5-6 February 2004, Tokyo, Japan.
[2] Research Director, Thailand Development Research Institute Foundation, Bangkok, Thailand.
[3] This objective was translated from the Thai version which may not reflect the exact statement of the declaration.

The purpose of this report aims to shed lights about the recent economic development performance and labour market conditions. The trends of international migration is updated along with new government policies dealing with economic, labour market, migration and other related issues.

2. Domestic economy and labour market

2.1 Recent trends in domestic economy.

According to the National Economic and Social development Board, the country year-on-year economic growth in the third quarter of 2003 stood at 6.5% making the growth for the first 9 months of this year reached 6.5%. The state planning agency projected the fourth quarter growth should be the same level as the third quarter, making the agency's 2003 predicted growth of GDP to 6.3%, with 1.9% inflationary rate, and current account surplus of 7.9 billion US dollar. This growth rate projection of GDP is expected to be slightly higher than Thailand Development Research Institute (TDRI) of 6.1% (Table 1). It was believed that the main engine of growth came from the government stimulus packages, higher investor and consumer confidence, relative low interest rate and continued economic stability (see Appendix 1).

2.2 Recent trends in domestic labour market

As results of the Thaksinomics, the Thai economy in 2003 has performed much better than 2002. The unemployment rate in the third quarter of 2003, reported recently by the National Statistical Office, continued to improve very rapidly from the previous year. The unemployment rate and underemployment have continued to be lower than 2002. However, the number of vacancies as reported by NESDB continued to rise and the ratio of vacancies to registered applicants was higher than the ratio of vacancies to job placements, implying that firms became more cautious in recruitment.[4] In the third quarter of 2003 the number of unemployed person stood at 549,000 or equivalent to 1.5% as compared to 1.7% of the same period 2002 (Table 2).

[4] NESDB Economic Outlook 2003, released December 18, 2003, pages 7 and 8.

Table 1 Economic Projection for 2003-2004

	Preliminary		Projection 2003 15 Dec. 03		Projection 2004 NESDB		Projection 2004 TDRI	
	2001	**2002**	**TDRI**	**NESDB**	**TREND**	**TARGET**	**TREND (base)**	**TARGET (high)**
GDP (at current prices, Billion Bath)	5,133.8	5,451.9	5,928.1	5,904.4	6,465.3	6,542.0	6,470.1	6,631.0
GDP growth rate (at constant prices, %)	2.1	5.4	6.1	6.3	7.0	8.0	6.3	7.5
Investment (at constant prices, %)	1.2	6.5	10.0	9.6	13.1	15.4	12.0	13.1
Private (at constant prices, %)	4.9	13.2	17.5	16.5	17.0	20.0	13.3	14.6
Public (at constant prices, %)	-5.2	-5.8	-6.3	-6.0	2.2	2.2	8.5	8.8
Consumption (at constant prices, %)	3.8	4.6	6.2	4.7	5.3	5.5	5.7	7.6
Private (at constant prices, %)	3.9	4.9	6.7	5.7	5.7	5.9	6.0	8.2
Public (at constant prices, %)	2.8	2.5	3.9	-1.2	2.8	2.8	4.1	4.6
Export goods (Billion US dollars)	63.2	66.9	78.1	77.6	88.5	89.2	84.2	86.1
Growth rate (%)	-6.9	5.7	11.9	16.0	14.0	15.0	7.8	10.3
Growth rate (Volume, %)	-5.6	11.3	-	10.0	9.0	10.0	-	-
Import goods (Billion US dollars)	60.7	63.4	73.2	72.6	83.5	84.2	79.3	80.5
Growth rate (%)	-2.8	4.6	10.7	14.5	15.0	16.0	8.3	9.9
Growth rate (Volume, %)	-6.3	11.1	-	8.0	9.0	10.0	-	-
Trade Account (Billion US dollars)	2.5	3.5	4.8	5.0	5.0	5.0	4.8	5.6
Current Account (Billion US dollars)	6.2	7.7	7.8	7.9	8.7	8.9	8.6	9.4
Current Account to GDP (%)	5.4	6.1	5.4	5.6	5.3	5.4	5.5	5.8
Inflation (%)								
Consumer Price Index (CPI)	1.6	0.7	2.0	1.9	2.4	2.6	2.0	2.6
GDP Deflator	2.2	0.7	5.5	2.0	2.5	2.8	2.8	4.2

Source : Office of the National Economic and Social Development Board, December 15, 2003
Thailand Development Research Institute Foundation, December 15, 2003.

Table 2 The recent population, and labour profile in Thailand.

Unit: million

Status	2002		2003	
	Q2(May)	**Q3(Aug)**	**Q2(May)**	**Q3(Aug)**
1. Population	63.39	63.53	63.93	64.06
2. Labour Force	33.96	35.09	34.58	35.55
• Employed	31.98	34.39	33.00	34.94
• Unemployed	1.00	0.61	0.94	0.55
• Wait for season	0.98	0.09	0.64	0.06
3. Non-work force	13.63	12.67	13.65	12.83
4. Unemployment (%)	3.0	1.7	2.7	1.5

Source: National Statistical Office.

However, the number of private employees at the end of August 2003 who are under the social security system registered at 7.3 million, improved 19.2% year-on-year. This number increased 37,788 persons or 0.46% from previous month reflecting the continuation of labour market improvement.

The annual average of the unemployment rate of 2003 projected to be 2.0%, improved from 2.4% of the previous year as results of much better economic performances in 2003 as mentioned in the previous section.

3. Migration

3.1 Immigrants

The number of legal immigrant workers whom majority is professional and skilled workers. There are 98,243 persons in 2003[5], 12,655 increased from 2002 (Appendix B-Table 3). The major increase was temporary work permits as results of improving of the overall economic performances driven partly by increase foreign direct investment and improved production capacity. These immigrants came from all nationalities. The open economy requires skills of lawyers who can understand international laws and regulations which Thailand does not have enough professional experts in this area. As of September 2003, the government granted the largest share of work permits in this field of almost 40,000 (Table 3).

Table 3 Stock of legal immigrant workers classified by occupation

Unit: person

Occupation	2003			
	July	%	September	%
1. Lawyer	38,368	48.7	39,791	49.7
2. Professional	12,510	15.4	12,986	16.2
3. Technician	4,766	6.1	4,876	6.1
4. Clerk	787	1.0	804	1.0
5. Service personnel	3,027	3.8	3,109	3.9
5. Agricultural skilled personnel	1,467	1.9	1,337	1.6
6. Other Skilled personnel	2,253	2.9	2,168	2.7
7. Factory personnel	869	1.1	850	1.1
8. Basic Occupation	9,355	11.9	8,981	11.2
9. Others	5,355	6.8	5,236	6.5
Total	**78,691**	**100.0**	**80,141**	**100.0**

Source; Office of Overseas Employment, Department of Labor, MOL

3.2 Trend in illegal immigrants

The stock of illegal immigrant workers from neighboring countries (Myanmar, Laos and Cambodia) in 2003 is expected to be around 1.0 to 1.2 million. After the work permits of 428,468 neighboring workers were expired in late November 2003, the government again decided to extend these work permits for another year. However, the outcome of the renewal work permits was again rather disappointed after the registration procedure was completed. Only 288,780 existing undocumented workers showed up for registration. The inflexibility and uncertainty of government policies as well as high registration fee has been blamed for discouraging the employers to register their illegal workers (Table 4 and Appendix b-Table 3).

In general the trend of illegal immigrants somewhat fluctuated but on the rising since the socio-economic conditions of the Thai's neighboring countries have been very slowly improved. Especially, Burma during the past few years have been sanctioned off-and-on by the western countries in order to force the military junta to release Aung San Suu Kyi making it so difficult for this country to achieve its reconciliation and democratization in the short-run. As long as the political condition has not been

[5] The data cover only 11 months (January to November, 2003)

reconciled, the problems of the hundred of thousand minorities who live along the Thai border continue to be existed, making it so difficult for Thailand to solve problem of non-Burmese immigrants.

Table 4 Undocumented workers who received temporary work permits from Myanmar, Laos and Cambodia classified by occupations, 2003.

Unit: person

Occupation	Total	Burma	Laos	Cambodia
General worker	60,955	53,291	3,217	4,447
Fishery &related	55,861	46,442	761	8,659
Industry	52,755	46,634	4,897	1,224
Domestic helper	52,685	40,909	9,265	2,511
Livestock worker	11,137	9,292	975	870
Crop worker	55,386	51,233	2,199	1,964
Total	**288,780**	**247,791**	**21,314**	**19,675**
Percent	**100.0**	**85.78**	**7.38**	**6.81**

Source: Office of Alien Administration, Department of Employment, and Ministry of Labour

3.3 Emigrants

The emigration policy of the government has continued to maintain the existing market, while encouraging placement agencies and workers to find new markets aboard (Chalamwong, 2002). Since 2002, the Ministry of Labour’s plan has set a target of sending overseas workers as well as remittances received. But the outcome was not satisfactory since the Ministry barely maintained its target as the number of Thai emigrant workers dropped slightly to 157,624 persons from 160,252 in 2001. The data on the eleventh months of emigrant workers recorded by the Overseas Employment Department have reached only 137,179, indicating another year of poor performance. The three most reduction came from Taiwan, Israel, and Singapore, due mainly to high competition from emerging low cost countries and high unemployment rates and unstable political stability in these prospect receiving countries. The unsolved excessive high cost of recruitment agencies has also shunned new emigrants. However, during the past year, the government has given a high priority to problem of regulating and enforcing the unscrupulous placement agencies. The proposal of improving overseas workers security has launched by the Ministry aiming to have a better protection for the Thai emigrant workers.

The emigrant workers have declined for three consecutive quarters in 2003. The y-o-y growth rates of emigrants were –37%, -13% and –22% for the first, second and third quarter, respectively (Table 5 and Appendix-Table 3).

Table 5 The recent trend of emigrant workers from Thailand

Unit: person/%

Number of overseas Workers	2002			2003		
	Q1	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**
Number	31,124	38,208	48,056	42,513	33,105	37,122
Growth (y-o-y)				36.6	-13.4	-22.7

Source: Department of Employment.

3.4 Trends in remittances

The trends of remittances from overseas workers via banking system have somewhat fluctuated but on the rising trend. The remittances in term of local currency increased slightly in 2002 with 59,251 million baht from 2001. It is expected that the amount of remittances in 2003 should be lower than 2002 as a result of weak dollar and inability of government and private recruitment agencies to increase number of emigrants. (Appendix B-Table 3)

3.5 Trends in social integration

During the past year, there was not a major movement in the trend of social integration from the year before. There has been an effort in the part of the National Human Right Commission trying to propose better measures for the government and employers to provide better protection for undocumented workers. Requests have been made to related agencies to step up the enforcement of labour protection law to undocumented workers and their dependents. Efforts also have been made by the government to come up with a better estimate of number of dependent in order to understand the magnitude of the problem. Currently the government has been in the process of investigation and examination of stateless children so that proper measure could be taken toward providing the nationality to those who are eligible.

3.6 Trends in overseas employment placement services

The trend of total overseas placement service has not changed that much recently. But there is a change in the composition of the overseas and domestic recruitment agencies. The number of overseas recruitment agencies dropped from 261 in 2001 to 244 in 2003 as results of strictly enforcement of unscrupulous agencies and fees charged by these agencies. The bad private agencies also fear of Anti-Money Laundering Law since it is applied to the owner of the non-transparency practice agencies. Some of the recruitment agencies turn their business to deal more with the local recruitment function as indicated by the increase in the number of in-the-country agencies very rapidly in 2003 (Table 6).

Table 6 Trends of recruitment agencies, 1994-2002.

Year	Number of recruitment agencies (Place)		Total
	In The countries	Overseas	
1994	177	141	318
1995	190	231	421
1996	179	224	403
1997	149	222	371
1998	147	237	384
1999	140	245	385
2000	129	256	385
2001	136	261	397
2002	na	256	na
2003	152	244	396

Source : Office of Domestic Recruitment Agencies and overseas, Department of Employment

3.7 Trends in job creation policy

As mentioned in section 2.1, the government has followed Thaksinomics of the Prime Minister Thaksin Shinawatra in order to maintain very high growth rates 7.5% to 8.0% in 2004. The main urgent policies features implemented since 2001 included farmer debt suspension, village and urban community revolving fund, the people's bank, established SME's development bank, established a national asset management corporation, 30-baht universal healthcare scheme, drug suppression and so on. The development of the grass root people in order to improve their income and elimination of their poverty are the currently main target of the government. The government has tried to improve the data and information about the poor by introducing the registration as a pilot project in late 2003. The full scale of registration of the poor people has launched countrywide starting from the early January of 2004 and expected to complete by March. Once data have been analyzed and number of poor people have been identified, several measures will be given specifically to these target groups. It is hoping that there will be no more poor people in Thailand in six years as promised by the Prime Minister (Appendix Table A).

Some of these measures introduced by the government such as issuing land and creating employment opportunities in rural and urban areas will definitely stimulate the employment within the country. The continuation of the One-Tambol-One-Product (OTOP) that proved to be very successful implementation during the year 2003 will create jobs for people countrywide discouraging them to leave their hometown to seek employment elsewhere.

The emphasis of development of key economic sectors of the government such as automotive and parts, Bangkok Fashion, food processing as Kitchen of the World and computer software have absorbed large proportion of new semi-skilled and skilled professionals, especially those in area of science and technology manpower. More short and medium terms work permits will be granted to foreign scientists and technologist to fill up the shortages and training the Thais.

The policy of maintaining the high prices of agricultural products via bilateral Free Trade Agreement (FTA) and aggressively finding new export markets proved to help keep people to the homeland. A very intensive promotion of service sectors, especially tourism throughout the country and Thailand as a kitchen of the world have generated either directly or indirectly to income and employment of the country.

3.8 Latest research on international migration

There are at least two major policy researches implemented in Thailand in 2003 sponsored by The National Security Council. The first is the study of the Estimation of Real Demand of Alien Low Skilled Workers During 2004 to 2006 and the study of the Master Plan of Hiring Alien Workers in Thailand. A joint research project called The Impact and Coherence of OECD Country Policies on Asian Developing Economies, initiated by Policy Research Institute of the Ministry of finance, Tokyo and OECD secretariat has also investigated the International Migration and Labor market Development in East Asia. This project has started in late 2003 and expected to complete in 2004. The East Asian Development Network (EADN) also launched a network project on Cross-Border Migration in East Asia in late 2003 and there are many countries in the region involved. The project expected to complete by the middle of 2004.

3.9 International co-operation on international migration

Thailand as receiving and sending country will be affected by the current and future Asian migration policies. Therefore our migration policy must be accommodated both immigrant and emigrant workers. The government should aim to protect Thai workers abroad while at the same time trying to develop equal treatment for guest workers. However, these measures would not be effective if we could not receive a full cooperation from receiving or sending countries. The migration policy in the region which varied from one country to another should be undertaken with a full appreciation of both sending and receiving countries. A good dialogue and information exchange among ASEAN plus three members must be encouraged in order to create a fair and equitable to all potential immigrants and producing safeguard to those who migrate.

However, there have been evident the immigrant workers have been often obliged to work for lower pay, longer hours and worse working conditions than local native workers as these jobs are not wanted by natives. They do not have representative and cannot set up representative to voice for their unfair treatments. So far many sending countries in Asia and Far East experienced very restrictive migration policy resulting a wide spread irregular migration. As we all know, their irregular statuses put them at the mercy of unscrupulous private agencies, official with limit chance to fight back. Among migration workers, women can be particularly vulnerable when they work outside their home country. They often experience sexual harassment, abuse and seclusion. These conditions must be improved.

The ideal policies and measures among participating countries are to protect human rights of migrant workers. Each country has been proposed to follow international standards and considering of rectifying international conditions on migrant workers. Recent policy debates of how to monitor migration flow and to sharing information in the region based on equal partner participation. So far there have been efforts among ASEAN and other international agencies to build cooperation among receiving and sending countries in order to improve the existing and new initiatives of regional and bilateral cooperation and agreement. The idea of strengthening the existing initiatives such Bangkok declaration and others has also been discussed as well as proposing networking among sending and receiving countries. But outcomes of various debates still far away from fully realized.

Last but not least, there are debates on how to remedy problems of illegal migrants, children and women trafficking. There have agreements among sending and receiving countries to remedy such problems but the implementation of such cooperation still weak and fragile. The National Human Rights Commission of Thailand now sponsoring a project to investigate the human rights violation among undocumented workers in Thailand and trying to come up with the policy and measure in order to propose to the government as soon as the study completed.

4. Outlook for economic and migration policies and their likely impacts

4.1 Outlook for economic

According to Thailand Development Research Institute (TDRI) and other sources as indicated in Table 7.predicts economic growth (at constant price) of 2004 should be around 6.3% to 8%. The economy continues to expand from 2003 as results of accelerated growth rate of private investment, rising consumer confidence (i.e. increasing industrial production due to foreign investment and the boom in stock market), moderate increase of exports of goods and services. Public expenditure and investment should also increase, partly as result of the Government Central fund of the amount 100,000- 130,000 million baht.

In addition, the key assumptions for 2004 projection are first, the world economy should expand by 4%, higher than 3.2 in 2003. The strong growth in China and elsewhere would benefits Thai exports, investment and tourism. Oil price expects to be around 26.5 to 27 US dollar per barrel. The export price (in dollar term) is expected to increase by 5% in 2004 compared to 6% in 2003 due to high price competition from China. The import prices in 2004 are expected to increase by 6% slowing down from 6.5% in previous year as result of higher competition.

In 2004, the private consumption is projected to increase 5.3%-5.7% due mainly to low interest rates and strong performance of stock market, and better employment conditions. The private investment is projected to be slightly better than 2003. The higher corporate profits and improve investors confidences continues to be part of factors explaining such increase. Export growth is projected to be lower than 2003 due largely to decelerated export prices and volumes and higher base effects. But import growth rate is projected to be higher than 2003 which can be explained by strong private investment and continuous economic expansion.

The trade account is projected to be positive around 5 billion US dollar. The current account surplus is about 8.6-8.7 billion US dollar making it equivalent to 5.3-5.5% of GDP. The economic stability is quite good as the headline inflation is projected to remain very low, 2.0%-2.4% (Table 1).

Table 7 Economic projection for 2004

Source of Projection	**Growth rates (%)**
1. Thailand Development Research Institute	6.3
2. The National Economic and Social Development Board	7.0-8.0
3. University of the Thai Chamber of Commerce	7.1-7.5
4. Ministry of Finance	7.3-8.0

Source: Compiled by TDRI, as of 26 December 2003.

4.2 Outlook for migration policy

The government has already set a national agenda to solve problem of illegal migrant workers once for all after the poverty elimination project has been completely launched some time in March 2004. The time frame is probably around the beginning of the second quarter of 2004. It is likely that the government will launch a campaign to encourage all undocumented workers to show up for another open registration for all occupation in all areas. All registered illegal migrants are likely to be sorted out between those who are able to identify their nationality which definitely accepted by their respected governments and those who are not able to do so. The first group would be easily convert to legal immigrant workers under the new rules and treated under the existing Memorandum of Understandings which government has already signed with Burma, Laos, and Cambodia. While the second prospect group whom majority is minority along Burma-Thai border would take more time to implement due mainly to its vulnerable status. This group is likely to be granted temporary work permits under the humanitarian purposes.

As you can see, under the leadership of this government has strongly committed to convert the illegal status of the immigrants to a manageable legal status. There will be definitely more and more of imported workers to replace undocumented migrants. There are tendencies that the government will focus more on "hallowing out" policy by establishing job opportunities on the other side of the Thai borders. The Thai government under the Bugum Declaration (or ECS) will assist the three neighboring countries to develop their physical and other infrastructures based on the interest of the members on equal basis. In the long-run, it is hoping that once gap of socio-economic disparities with these neighboring countries are reduced, the pressure on influx of the migrant workers should reduce as well.

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Appendix A

Thansinomics, Policy of the Government of H.E. Prime Minister Thaksin Shinawatra

A. Urgent Policies

Policies	Salient points	Time Frame
1. Farmer debt suspension	Immediately grant a grace period for both interest and principle payments for 3 years for individual small farmers to relieve their debt burden as part of a comprehensive reform of the traditional farm economy to be more viable and self sustaining in the long term.	Monitoring on regular basis
2. Village and Urban Community Fund	Establishment of the Village and Urban Revolving Fund, funded with one million baht each as a loan facility available for individuals and households of each community to borrow for local investment and supplementary vocations. Concurrently, the Government will promote a " One Village One product " project to enable each community to develop and market its own local product or products based on traditional indigenous expertise and local know-how.	Monitoring on regular basis
3. The People's bank	Accelerating disbursement of Village Fund and providing advisors to assist in preparing list of local projects for every single village in the country (70,000 Village).	3 months
4. Establish the Bank for Small-Medium-sized Enterprise	Promote existing and increasing the number of entrepreneurs in a systematic manner with a view to expanding the national productivity base, increasing additional employment, creating income and promoting exports.	1 month
5. Establish a National Asset Management Corporation	To comprehensively solve the problem of Non-Performing Loans (NPLs) in the commercial banking system swiftly, systematically, comprehensively and to enable the financial system to resume their normal credit functions.	Monitoring on regular basis
6. Utilize State Enterprise as key vehicle	Promote revitalization and development of the Thai economy through selling shares of incorporating a holding company incorporated by grouping a number of state enterprises with strong income potentials employing professional management and free from political interference as one alternative and listing of individual state enterprise directly in the Stock Market of Thailand at the appropriate time as another alternative.	Monitoring on regular basis
7. Provide universal health insurance " 30 baht health insurance scheme "	• Following up and evaluating pilot projects, and extending the coverage throughout the nation within October 1, 2001. In addition, the project will cover 18 more million people who never had health insurance as well as extend the coverage to those who seek medical service from health station, private clinics, and dental clinics. • Accelerating technological information system and establish patients' database in order that transferring cases between medical centers are efficient and convenient.	Within April 2002 Monitoring on Regular basis
8. Drug suppression	Accelerate efforts to establish drug rehabilitation centers concurrently with implementing effective drug suppression and prevention measures.	Within December, 5 2003

B. Economic Policy

Policies	Salient points	Time Frame
1. Fiscal Policy	• Accelerate the stimulation of the economic in such a way as to increase the people’s income levels and arrest the economic slowdown. Toward this end, the current fiscal deficit policy will be maintained for a certain period but within appropriate product fiscal and monetary and guideline. A balance budget policy will be instituted once the economy has attained a normal and sustained growth path. • Improve the tax system in line with national development strategies, in particular, promoting and stimulating the real sector by increasing productivity and domestic value added. The tax codes will be reviewed, a tax map prepared and collection methodology will be streamlined to reduce cost, increase transparency with greater clarity with a view to reduce official discretionary powers and eliminate corruption. • Implement a responsive, credible and cost effective debt – asset management policy and restricting government borrowings principally to economic and socials development projects and programs with the purpose of creating income and promote private sector economic development and increasing national prosperity.	Monitoring on regular basis
2. Monetary Policy, Financial Institutions and Capital Markets Policies	• Implement monetary policies that facilitate the extension of credits to the real sector in order to support an expansion in the business sector, stimulate stable economic growth, and promote public savings. • Implement exchange rate policies that facilitate the process of income creation for the people of all levels and economic recovery. • Accelerate the development and revival of the country's financial institutions system to enable it to function normally to support economic recovery and development, with the least monetary and financial burden on the Government and with the objective of promoting the competitiveness of financial institutions over the long term. • Accelerate the development of the money and capital markets to make them an efficient mechanism for the mobilization of capital and the promotion of long-term savings by the business sector and the people. The tax structure would be revised accordingly and equitably. Business enterprises that are efficient and have good future prospects would be encouraged to be listed in the Securities Exchange so that the economic sectors that are important and correspond with the country's national development strategies are able to fully utilize the money and capital markets. • Accelerate the development of the market for debt instruments in order to create alternatives and opportunities for greater access to sources of capital of the private sector as well as to create equal importance among the money market, capital market, debt instrument market, and savings in financial institutions.	Monitoring on regular basis

Income Creation Policy

Policies	Salient points	Time Frame
1. Agriculture	**Part 1: Revival and Strengthening of Farmers** • Reform the debt structure and maturity profile of the agricultural sector to correspond with the crop production cycle. Expedite the resolution of farmers' debt. Implement a debt moratorium and suspension of interest payments for a period of 3 years for small-scale farmers. • Promote the practice of mixed agriculture, alternative agriculture and organic agriculture as well as support the learning process for farmers. • Support farmers to have adequate land for earning their livelihood by implementing a coordinated and comprehensive land utilization policy and by optimizing the use of idle land. **Part 2: Development of Domestic Markets and Strengthening Rural Communities.** • Develop production in the rural sector and strengthen community economies by linking the processing of agricultural produce with the "One Village, One Product" Project. A one-million-baht Village and Community Fund will be established in each village to serve as a revolving loan facility for the long-term local investments and income creation in rural areas at community levels. **Part 3: Increasing the Competitiveness of the Agricultural Sector in the World Market .**	Monitoring on regular basis
2. Industry	• Develop small- and medium-sized industries to play a significant role in the development of the country's industrial sector by supporting and promoting cooperation in the research and development of products and technology among the public and/or private sector and educational institutions as well as the creation of an information network concerning production and marketing factors. • Promote the role of financial institutions. Support the establishment and operations of a Venture Capital Fund as well as a facility for guaranteeing credits for the development of small- and medium-sized industries. • Support the growth of new entrepreneurs in small- and medium-sized industrial businesses in the new knowledge-based economy.	Monitoring on regular basis

(Continued)

Policies	Salient points	Time Frame
3. Services and Tourism	♦ **Development of the Services Sector** (1) Improve and develop the basic factors necessary for increasing the efficiency and boosting the competitiveness of Thailand's service sector. This includes the production and development of service sector personnel, the development of different forms of providing services, and the development of technology and infrastructure. (2) Arrange for agencies and organizations concerned to join together in developing a strategy whereby the potential of the services sector can be fully utilized. This would enable the services sector is served as a source of foreign exchange and local revenue through areas. (3) Accelerate the development of entrepreneurs in the services sector to provide them with appropriate knowledge and comparable skills in languages, service standards and management. ♦ **Tourism Promotion** (1) Accelerate the restoration and strengthening of relations and cooperation with neighbouring countries in order to develop Thailand as the main gateway for tourism in the region in terms of marketing, transport, investment and management as well as solving any obstacles to such tourism developments. (2) Administer tourism by using proactive marketing tactics. Tourist activities must be developed both at the domestic and international level, with linkages to small- and medium-sized enterprises as well as community businesses. The quality of tourism services must be enhanced and Thailand's standing must be elevated as a centre for conferences, seminars and exhibitions in Southeast Asia. (3) Accelerate the development, restoration and revival of the country's cultural heritage and assets, both within and outside city areas, in order to create new focus of tourism. (4) Increase the diversity of different forms and purposes of tourists, targeting eco-tourism, health tourism, and nature tourism. New tourist sites must be developed and promoted. Communities must be able to play a greater role in the management of tourism, whether through the establishment of tourism cooperatives or the development of community areas as tourist sites.	Monitoring on regular basis

C. Commercial and International Economic Policies

Policies	Salient points	Time Frame
1. Commerce	• Support and promote the preparedness of the private sector in coping with competition in the international trade arena. Towards this end, modern marketing approaches must be employed; organizations, personnel and an information system must be developed; planning and development of production must be in line with the needs of the market. •Develop and promote Thailand as a centre for trade in goods and services in the region as well as a centre for international exhibitions. • Promote e-commerce to create opportunities for entrepreneurs in accessing the global market by expeditiously pushing forward measures and legislation essential for the conduct of e-commerce. • Accelerate measures to improve the administrative efficiency of the agencies concerned, both within and outside the country.	Monitoring on regular basis
2. International Economics	• Support free trade in the international arena, taking into full consideration the level of preparedness and national interests of the country as well as the interests of domestic entrepreneurs. Push for the amendment and revision of laws that pose an obstacle to the Thai private sector in international trade competition. • Emphasize a proactive role in the international trade and economic arena. Push for the holding of negotiations in the international arena, based on the principles of justice and bearing in mind the interests and limitations of developing countries. • Support and advance the free trade policy of the ASEAN Free Trade Area. Promote trade and investment with neighbouring countries as well as border trade. Promote the development of Thailand into a base for the production of goods and the provision of services in the region. • Promote and support entrepreneurs from the private sector to play a part in providing trade and investment data as well as in analyzing the possible impact brought about by international trade and investment regulations. This would be of benefit in setting the directions and strategy of Thai foreign policy as well as international trade and investment negotiations.	Monitoring on regular basis

D. Education, Religion and Cultural Policy

Policies	Salient points	Time Frame
1. Education	• Emphasize quality, efficiency and justice in the management of public education of all categories and at all levels. • Develop an education technology system and information network to increase and disperse the opportunities for education for all Thais in both urban and rural areas. • Establish community colleges, particularly in provinces where institutions of higher education are still needed. • Promote the role of Thailand as an educational hub for the neighbouring countries. • Reform the learning process through the "learner-centered approach", self-education and life-long education by emphasizing the power of creativity, encouraging a love for reading, and providing sufficient community-based libraries, learning centers and educational mediums for public use. • Improve the educational curriculum to ensure that children and youth are disciplined, hard working and competent. • Reform and improve the quality of vocational training, upgrading the curriculum of vocational schools so that they can confer bachelor's degrees. Such reforms are undertaken in light of the increasing demand for vocational training in the agricultural, industrial and service sectors. Vocational education should also encourage on-the-job training by students.	Monitoring on regular basis
2. Religion	Support and promote religion-affiliated educational institutions in promoting religious teachings and doctrines. Encourage all religious establishments to maintain a clean and peaceful environment so that they can benefit the nearby communities in terms of spiritual development and Encourage children and youth to study religious teachings and participate more often in religious functions, particularly with their family members.	Monitoring on regular basis
3. Culture	• Preserve and restore cultural and historic sites for educational purposes and as a means of generating income for the people. • Encourage the public and youth to play a role and engage in cultural activities jointly with educational institutions, families and communities. • Encourage the tourist industry to honor and publicize Thai culture in a dignified and creative manner.	Monitoring on regular basis

Appendix B

Table 1 Major Economic Indicators of Thailand 1994-2003

item	1994	1995	1996	1997	1998	1999	2000	2001	2002 p	2003 1/
Real GDP growth (%)	8.99	9.24	5.90	-1.37	-10.51	4.43	4.64	1.81	5.40	5.80
Real GNP growth(%)	8.95	9.27	5.39	-1.60	-11.00	5.14	6.01	2.10	5.30	6.10
Current balance										
Value (Millions of baht)	-203,153	-338,341	-372,159	-40,222	592,170	469,988	371,512	276,145	329,133	158,399 /E
% of GDP	-5.6	-8.08	-8.07	-0.85	12.8	10.15	7.57	5.41	6.1	
										9.3
Value (billion US$)	-7.7	-13.2	-14.4	-3.1	14.3	12.5	9.4	6.2		
									7.7	8.0
Inward direct investment (millions of baht)		1,762,158		1,593,164		949,650		na	na	na
	1,460,937		1,928,163		945,973		1,114,504			
Foreign direct investment (millions of baht)	33,241		57,472	117,696	209,888	134,592	115,286	167,664	42,642	
		49,887								30,699
Producer price index (1995=100)	95.2		101.8	107.0	120.0	114.4	118.8	121.8		
		100.0							123.8	128.8
Consumer price index (1985=100)	78.2		87.6	92.5		100.3	101.9	103.5		
		83.0			100.0				104.2	105.9
Exchange rate of currency toward US$			25.34	31.37	41.37	37.84	40.16	44.48		
	25.15	24.92							42.96	41.60
Real GDP per person (bath)	45,866.72	49,526.34	51,929.70						51,040.0	n.a.
				50,701.54	44,928.74	46,460.23	48,146.96	48,623.07		
Real wage growth	1.73	7.01	-0.19	6.09	-6.50	-0.01	-2.37	6.51	6.04	n.a.

Note: /1 2003 (Jan.-Jun.)
/E projected by NESDB,2003
Source: Bank of Thailand

Table 2 The Domestic Labour Market Indicators 1996-2003

(Thousand)

	1996	1997	1998	1999	2000	2001	2002	2003 1/
Population	60,045.3	60,649.0	61,248.4	61,856.7	62,481.4	62,935.9	63,460.6	63,862.1
Labour Force	32,750.0	33,560.7	33,353.0	33,210.2	33,973.0	33,919.7	34,245.9	34,273.8
Number of employees	32,032.6	32,942.8	31,935.0	31,903.3	32,832.8	33,483.3	32,997.2	32,906.2
- In Agriculture	15,996.6	16,554.6	16,311.0	15,422.5	15,971.1	15,408.9	13,740.3	12,095.6
- In Non Agriculture	16,036.0	16,388.2	15,624.0	16,480.8	16,861.7	18,074.4	19,256.9	20,810.6
Number of Unemployed	353.9	292.6	1,138.0	985.8	812.6	1,095.6	766.3	862.9
Rate of Unemployment (%)	1.1	0.9	3.4	3.0	2.4	3.2	2.2	2.5
Number of lay-off	n.a.	165.0	296.4	119.0	157.7	n.a.	171.6	77.2

Note: /1 2003 (Jan.-Aug.)
Source: National Statistical Office, Report of the Labor Force Survey Round 3 (various years)

Table 3 Statistic on Migration , 1994-2000

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 1/
Immigration flow of nationals	169,764	202,296	185,436			202,416	193,041	160,252		137,179
				183,689	191,735				157,624	
- Male (%)	n.a.	n.a.	84.7	88.1	83.9	81.8	80.6	85.0	84.7	83.4
- Female (%)	n.a.	n.a.	15.3	11.9	16.1	18.2	19.4		15.3	16.6
								15.0		
- Middle East & Africa	17,614	19,987	22,607	17,662	18,128	19,250	14,443	18,724	21,744	17,151
- Saudi Arabia	4,152	2,905	1,825	1,510	1,561	1,392	1,233	1,324	1,208	888
- Qatar	1,534	1,761	1,226	1,387	887	827	391	744	1,942	1,645
- Bahrain	594	345	232	233	368	364	370	377	370	504
- Kuwait	1,212	978	885	994	986	917	865		1,251	1,158
								1,046		
- United Arab Emirates	1,830	1,470	951	547	1,298	1,559	1,766	1,703	2,149	
										1,703
- Libya	160	1,639	1,900	1,250	1,545	1,436		1,047	1,904	
							1,289			2,745
- Israel	7,641	10,407	14,908	10,780	10,644	11,940	7,617		12,458	
								11,256		6,222
- Others	491	482	680	961	839	815	912	1,227	200	2,286
- E-Asia		134,524		114,976	122,327	124,713		100,550	87,722	78,955
	105,858		110,516				117,369			
-Japan	8,845	8,303	10,118	10,106	10,790	5,278	4,767	4,972	4,453	4,793
- Taiwan	91,162	120,360	96,097	100,910	106,828	115,096	107,572	90,358	78,365	70,331
- Hong Kong	5,851	5,861	4,301	3,960	4,709	4,339	5,030	5,220	4,904	3,831
- ASEAN	44,626	46,257	50,425	49,011	45,671	54,394	56,684	36,237	38,992	34,911
- Singapore	15,100	15,624	17,601	17,770	17,069	24,525	22,989	21,351	16,251	11,747
- Malaysia	12,232	11,830	9,363	8,860	9,031	17,716	20,541	3,457	13,220	7,214
- Brunei	16,553	17,292	20,714	17,671	15,246	7,657	7,821	8,074	7,226	5,685
- Others	741	1,511	2,747	4,710	4,325	4,496	5,333	3,355	2,295	10,265
- Western	1,663	1,528	1,888	2,040	5,609	4,059	4,545	4,741	5,161	6,162
- USA & Europe & Australia	1,241	1,149	1,326	1,238	2,624	2,208	2,501	3,070	3,140	5,984
- Others	422	379	562	802	2,985	1,851	2,044	1,671	1,913	178
Number of nationals residing abroad										
Immigration flow of foreigners	n.a.	n.a.	1,003,863	1,125,780	1,103,546	766,543	780,617	827,649	879,532	n.a.
Number of foreign workers in your own	179,559	192,870	316,174	164,313	116,657	102,767	102612	92,811	85,588	98,243

country										
- Bangkok	121,740	127,203	131,015	46,703	54,520	56,637	57927	55,367	43,994	48,689
- Others	57,819	65,367	185,159	117,610	62,137	46,130	44685	37,444	41,594	49,554
- Life Long Permit	121,750	121,741	121,521	15,291	21,853	19,361	15988	14,895	14,423	14,423
- Temporary	34,806	40,025	44,998	42,162	48,288	49,976	52229	41,305	42,028	49,716
- Investment Promotion	15,323	17,275	18,609	18,049	21,474	23,637	24567	18,673	16,569	19,018
- Section 12	7,680	13,529	131,046	88,811	25,042	9,793	9828	17,938	12,568	15,086

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 1/
Number of foreign workers in your own country (temporary and investment promotion)	n.a.	n.a.	n.a.	63,582	69,751	73,613	76,796	59,978	58,597	68,734
- Japanese	n.a.	n.a.	n.a.	10,224	11,368	13,608	13,355	14,144	13,675	16,373
- British	n.a.	n.a.	n.a.	7,903	8,934	6,144	5,694	5,166	5,148	6,072
- American	n.a.	n.a.	n.a.	7,128	8,023	6,090	4,683	4,185	4,099	4,711
- Chinese	n.a.	n.a.	n.a.	5,964	6,648	5,656	5,890	5,458	4,607	5,501
- Indian	n.a.	n.a.	n.a.	6,237	6,937	6,506	5,083	5,555	5,135	5,842
- Filipino	n.a.	n.a.	n.a.	2,117	2,397	3,135	2,725	2,777	2,337	2,714
- Australian	n.a.	n.a.	n.a.	2,480	2,764	2,093	2,106	1,916	2,089	2,369
- Others	n.a.	n.a.	n.a.	21,529	22,680	30,381	37,260	20,777	23,596	25,152
Number of permanent residents	121,705	121,741	121,521	15,291	21,853	19,361	15,988	14,895		
Number of illegal foreign workers	n.a.	n.a.	717,689	961,467	986,889	663,776	n.a.	968,249	n.a.	1,000,000
- Non-registered	n.a.	n.a.	423,358	667,815	896,486	563,780	n.a.	405,722	n.a.	711,220
- Registered	n.a.	n.a.	293,652	293,652	90,403	99,996	99,656	562,527	428,468	288,780
- Burmese	n.a.	n.a.	256,492	256,492	78,904	89,336	90,724	448,988	348,779	247,791
- Laos	n.a.	n.a.	11,594	11,594	1,231	1,164	1,011	58,411	42,089	21,314
- Cambodians	n.a.	n.a.	25,566	25,566	10,268	9,496	7,921	55,128	37,600	19675
Number of arrests of illegal immigrant	n.a.	n.a.	n.a.	n.a.	298,480	319,629	444,636	n.a.	54,522	240,000
Number of returnees	n.a.	n.a.	n.a.	n.a.	n.a.	41,142	n.a.	n.a.		n.a.

Number of nationals having been repatriated	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	125,723 120,420	n.a.
Remittance from nationals residing abroad (millions of baht)	32,188	42,235	45,777	51,910	58,845	40,934	67,936	55,606	59,251	48,279

Note : 1/ 2003 (Jan-Nov.)

Source : Ministry of Labour