

THAILAND COUNTRY REPORT

THE OECD JOB STRATEGY FORUM IN TOKYO, 30 - 31 OCTOBER 2006

Prepared by Ms. Chuleerat Thongtip, Counsellor (Labour),

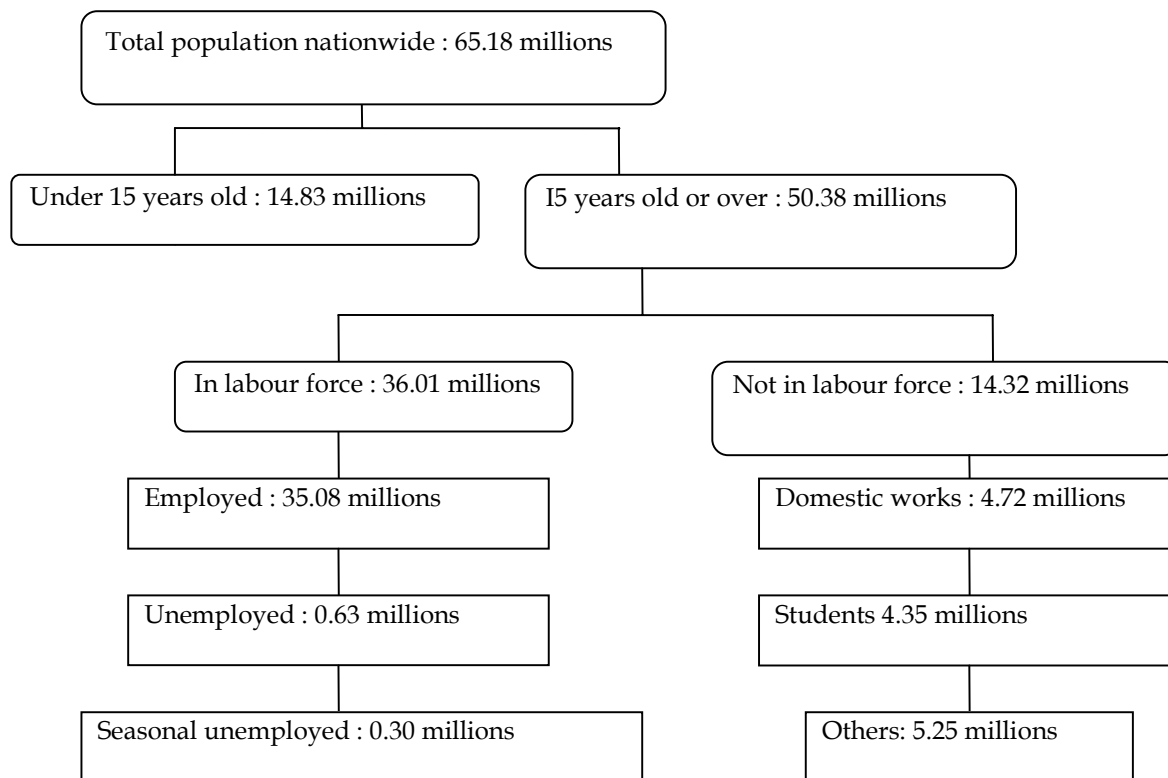
Office of Labour Affairs, Royal Thai Embassy in Tokyo

I OVERALL PICTURE OF EMPLOYMENT SITUATION

According to the survey of the first half of the year 2006, conducted by the National Statistics Office, on the population structure, there are 65.16 millions, 36.01 millions or 50.33% of the total population are in labour force, 14.32 millions or 22% are not in labour force. As for the population in labour force, 35.08 millions or 97.4% of the total labour force are employed. 630,000 or 1.8 are unemployed. 300,000 or 0.8% are seasonal unemployed.

Diagram of the population classified by employment status

The survey of the employment situation of the total population of the first half of the year 2006



Note 1. Employed means people working both in formal and informal sectors.

2. Unemployed means people who have no job and wish and are ready to work.

3. Seasonal unemployed means people who do not work and are not ready to work since they wait for work in next season.

Among the figure of employed at 35.1 millions, the number of workers in agricultural sector is 12.8 millions or 36.4%, other than agricultural sector is 22.3 millions or 63.6, (manufacturing 6.0 millions or 17%, whole and retail sales; vehicle repairing and personal and household belongings is 5.7 millions or 15.9, construction 2.3 millions or 6.7 %, hotel and restaurant 2.3 millions or 6.6 %, the rest are in other industries.

According the above figure, it is found that most of them are employees in private sector at 38.6%, followed by self-employed at 31.1%, household business at 18.4%, employees in government sector 8.5%, employers 3.2% and grouping 0.2%.

As regard the unemployment situation, it is shown that there is 630,000 unemployed. Most of them are in the Northeast at 2.1%, Bangkok Metropolitan and the North, at the same rate at 1.7%, the Central at 1.6%, and the South at 1.5%.

Concerning the employment situation in informal economy, according to the survey conducted by the National Statistics Office, in the year 2005, while the total labour force is 50.4 millions, of which the number of employed people is 35.5 millions. Among these figures, 13.7 millions are in formal sector and 21.8 are in informal sector. Most of employed people are in Bangkok Metropolitan at 3.8 millions, of which 2.7 millions or 69.3% are in formal sector and 1.2 millions or 30.7% are in informal sector. 9.2 millions are in the Central, 4.8 millions or 52.2% are in formal sector, 4.4 millions or 47.8% are in informal sector. Most of workers in informal economy are in the Northeast at 8.8 millions or 77.9% while the number of workers in formal sector is the least at 2.5 millions or 22.1%.

The detailed statistics are attached herewith in Annex 1 to 4.

II NATIONAL POLICY

The Thai Government has, so far, had the policy to promote the employment opportunity for the people as continuously stipulated in the National Economy and Social Development Plans since the 2nd Plan to the 9th Plan (2002-2006) which provides for the employment promotion by means of the creation of self-employed and small entrepreneur, expansion of employment opportunity, promotion of overseas working, develop information and news on labour market, and the adjustment for better social protection.

In addition the government has truly recognized that the employment promotion through job creation plays vital role in an effort towards poverty reduction. On April 6th, 2005, the Thai Government launched its policy in one of its main priority areas of poverty eradication. The Government aims to implement policies and measures to poverty eradication by improving the entire system of the administration, mobilizing not only individuals but also communities and the whole nation to achieve poverty alleviation and build mechanisms to enable the poor to utilize assets and resources efficiently and in a sustainable manner. This strategy aims to increase income among mostly rural people by providing micro-finance schemes at the village level, providing cattle and other agricultural inputs for hire. There are also other schemes for enabling people to obtain income while remaining in their homes, such as home-based work.

At the same time, the Thai Government has made utmost efforts in maintaining low unemployment rates for the past five years. Job matching and skills database schemes have helped in readjusting regional disparities in supply and demand for jobs. However, as a result of rising oil prices, interest rates, sluggish investment including the falling consumption causing a slowdown in domestic economy, it may, as predicted, push up the country's unemployment rate to 2 % in 2006 from 1.8 % last year.

In this regard, the Ministry of Labour (MOL) has its mandated task of promoting employment in order to support those poor people to be empowered to rely on themselves. Many programmes have been implemented under the responsibility of the Department of Skill Development (DSD) and the Department of Employment (DOE) under the Ministry, to increase and expand employment opportunities by providing employment services to target groups, especially women, people with disabilities, youths and other disadvantaged groups.

III MEASURES IMPLEMENTED

1. Promotion of self-employed and small entrepreneurs

The followings have been done:

- promote job opportunity for laid - off and unemployed, focusing on youth holding vocational degrees or bachelor degrees to be well equipped with knowledge for self employment or small enterprise by providing them training on business techniques, financing, marketing, management, financial resources and laws concerned.
- increase skills and build capacity for self - employed, and labour force in labour market both skilled and semi-skilled to be able to adjust themselves with the ever changing environment and technologies.
- support and enlarge the credit scheme for operating business both in and other than the agriculture sector, as well as promote the communities to establish the cooperatives.
- support Thai workers to engage in jobs in manufacturing sector which is in labour shortage by providing incentive schemes to establishments hiring more employees.

2. Expansion of job opportunity

The followings have been done:

- expand employment opportunity to workers in agricultural sector and their wives, especially in the barren areas.
- increase job opportunity for low income earners, the poor, by stimulating the investment in business activities requiring low skilled labour.
- promote job opportunity for home - based workers. Measures have also been taken to improve the productivity of homeworkers. Firstly, measures were taken to promote the empowerment of the homeworkers by obtaining work contracts from employers which are structured to provide greater productivity. Secondly, training courses have been provided in basic business disciplines such as accounting, management, legal knowledge as well as skills development in producing high quality products. Finally, the Fund for Homeworkers was established which makes it possible for people to borrow money for buying raw materials and machines for producing products in a timely fashion.
- increase job opportunity for people, unemployed, youth, pupils, students, female workers, religious group, people with disability, disadvantaged people in rural area, including young

detainees and adult prisoners, newly discharged conscripts, and the elderly, etc. in choosing jobs as well as home - based jobs.

Results of the employment of pupils and students

Fiscal year 2005 (October 2004- September 2005)	Number	Fiscal year 2006 (October 2005- September 2006)	Number
- in private establishments	52,290	- in private establishments	18,602
- in public organizations	100,922	- in public organizations	4,441
Total	153,212	Total	23,043

Results of the employment of people with disability

Fiscal year 2005 (October 2004- September 2005)		Fiscal year 2005 (October 2004- September 2005)	
Registered as job seekers	Job placement	Registered as job seekers	Job placement
633	215	310	195

3. Promotion of overseas employment

The trainings on new skill in respond to the need of overseas labour market are provided to Thai workers, in particular, jobs in service sector, for example, child and elderly care takers, Thai cooks. Providing credit with low interest has been enhanced. The effort to open new labour markets in foreign countries has been made. The knowledge on the rules of working in foreign countries has also been disseminated.

4. The improvement of labour market information system

- The DOE has improved the labour market information system and job placement system by creating nationwide unemployment registration and LMI network linking public and private employment services at the national, regional, provincial, district and community levels, including enhancing the capacity building of local administration organizations and communities in gathering labour information more efficiently. The DOE has also been publishing monthly Labour Market Information Magazine (15,759 copies), quarterly magazine (2,934 copies) and an annual magazine (2,734 copies) to be disseminated to:

- 4,520 academic institutions (schools and universities)
- 2,081 government agencies
- 4,134 district administration offices
- 1,647 private agencies

- the DOE has improved labour market indicators system to create an early warning system and to set policy by analyzing and setting indicators on labour market issues, revenue and productivity of labour at all levels.

5. Vocational guidance

The vocational guidance has been rendered to people nationwide irrespective of sex, age, ethnic, nationality, religion, education, social disadvantage, so as to equip them with knowledge and career aptitude, etc. The DOE has carried out the following activities, for example:

- Vocational Guidance day Project, The target is 150,000 people in central and rural areas, in 2006.
- Vocational guidance to young t. The target is 10,000 in 2006.

6. Unemployment Insurance Scheme

According to the Unemployment Insurance Scheme, enacted in accordance with the Social Security Act of 1990, it provides for people who are unemployed to receive benefits as long as it meets the requirements of the regulations. Firstly, in terms of unemployment insurance policy of Thailand, employees who have resigned from their jobs or have been laid off, and had paid contributions to the social security fund, will be provided with benefits under various conditions. They must be able to do any work provided or any training course offered to them

and they must also register with the public job placement office and report their present once per month. Secondly, they must not have been laid off as a result of their faults.

Strategy to increase efficiency for providing employment service for insured person emphasizes on the following:

- Efficiency of management and service, high quality personnel, budget allocation for creating job bank.
- Service system to be rendered to insured person, to reach the Thailand International Public Sector Standard management System and Outcomes: P.S.O. and Results Based Management: RBM

Statistics from the unemployment insurance scheme show that from July, 2004-April, 2006, 227,862 people have registered for the scheme with the DOE, averagely 10,357 people per month. A change in the statistical trend occurred in January of 2005 as a result of the catastrophe of Tsunami in late December 2004, after which the average number of people registering per month increased to 12,935. In the six southern provinces, meanwhile, 39,950 people (or 17.53% of the total of all eligible) have registered themselves with the scheme. Re-employment rates have also been increasing, while previously only 2.28%.

Action Plan and Indicators: in the fiscal year 2006 (i.e., October 2005-September 2006), the DOE has been allocated a budget for employment services for the unemployment insurance scheme of 15,097,100 Baht so that the DOE has created its strategy for public job placement to implement their duties in achieving performance indicators, which is that 25% of those sent to attend a training course must be recruited into employment, 1.5% must be in retraining or skills upgrading and 0.25% in self-employment.

7. Skill development

There are various training programmes which may be categorized in three types of skill training, i.e., pre-employment training, upgrading skills training and retraining for those new entrants to the labour market such as youths, newly graduate students, existing workers and the unemployed or those who transfer from one job to another. Moreover, there are three classifications of the occupational skills standards promotion, i.e., National Skills Standards Setting, Skills Standards Testing and Supervision of the Skills Testing of Workers Seeking

Overseas Employment. Through these, job seekers can access labour market more efficiently through skill training for jobseekers looking for overseas employment in the service sector, such as providing care for children and the elderly, as well as, Thai cooking.

Moreover, in terms of Skills Development Promotion and Coordination, under the Skill Development Promotion Act of 2002, it was officially proclaimed as an incentive measure for the public and private sectors in terms of skills development awareness. Tax exemption and other benefits will be provided for the enterprises which provide or support skills training for their own employees under the terms of the law. Furthermore, it is also a measure to urge enterprises to employ employees with national skills standards certification. In this regard, the National Board of Vocational Training Coordination (NBVTC) was set up aiming to carry on the skills development promotion and coordination scheme.

For special training for disadvantaged people, the DSD has also proceeded with specific projects to support employment opportunities, among those, i.e. project for the skill development of disadvantaged women in the northern area, project concerning the part-time employment of disadvantaged youths, people with disabilities and orphans, project concerning introductory courses for employees-to-be which is for trainers to obtain general knowledge in the areas of intimate relations, HIV/AIDS prevention, drug abuse, environment and energy preservation, children's rights, gender status, labour law and career searching techniques project, in corporation with UNICEF, concerning employment opportunity promotion for juvenile delinquents.

8. New Employment Promotion Bill

In addition, the DOE is in the process of drafting an Employment Promotion Bill. Discussions are under way concerning the level of budget required to support the Enactment of certain provisions of the law. It aims to establish high quality data on employment and unemployment across the Kingdom and to integrate this into a long-term plan to develop human resources in Thailand through educational institutions.

24 Oct 2006