GAINING FROM MIGRATION

MIGRATION TRENDS AND POLICY LESSONS IN THE GREATER MEKONG SUBREGION

June 2012
This policy report concludes the “Labor Migration in the Greater Mekong Sub-region (GMS) Second Phase” project, which aims at advancing policy dialogue on labor migration in the GMS. Hana Brixi led the completion of the GMS Second Phase program as the team leader since October 2010, building on the design and early stages of the analysis developed by Jamele Rigolini and Facundo Cuevas. The team would like to gratefully acknowledge AusAid for generous support and funding.


Hana Brixi and Brooks Evans co-authored this report in collaboration with experts and officials in Thailand. Several seminars and numerous discussions held in Bangkok during 2010-12 offered beneficial insights, including contributions by Dilaka Lathapipat of the Thailand Development Research Institute, Nara Rattanarut of the Thailand Department of Employment, Supang Chantavanich of the Asian Research Center for Migration, and Andrew Bruce of the International Organization for Migration Regional Office for Asia and Pacific. Chalermpol Chamchan, Charamporn Holumyong, Suchada Thaweesit, and Sureeporn Punpuing of the Institute for Population and Social Research of Mahidol University provided excellent background analyses. Facundo Cuevas, Laura Pabon, Piriya Pholphirul, Pamornrat Tansanguanwong, and Sutayut Osornprasop contributed written inputs. Robert Holzmann, Ahmad Ahsan, Maria Ionata, Manjula Luthria, Caglar Ozden, Lars Sondergaard, and Nikolas Win Myint shared valuable comments. Sofia Busch, Trinn Suwannapha, and Vachraras Pasuksuwan managed the design and production of the report.

Finally, the team would like to express sincere thanks for the strategic guidance of Annette Dixon (Country Director for Thailand), Xiaoqing Yu (Human Development Sector Director for East Asia and Pacific Region), and Emmanuel Jimenez (former Human Development Sector Director for East Asia and Pacific Region).
ABSTRACT

This report contributes to the migration policy debates in the Greater Mekong Sub-region (GMS) by providing evidence of the impacts of migration; at the same time, it outlines possible policy approaches to increase benefits from migration. The study focuses primarily on Thailand and Myanmar: the main labor receiving and sending countries, respectively, in the GMS. This report not only presents the recent migration trends and drivers in the GMS but also addresses policy issues related to the economic and social impact of migration on countries both receiving and sending labor; it also addresses the issue of migrants’ welfare—including social services, and the role of migration policy and institutions.

The findings challenge several existing paradigms of developing country migration research and may have broader transferability. Specifically, the proceeding analysis suggests (a) demographic and income differences among the GMS countries drive migration within the region, suggesting the rising prominence of South-South migration; (b) migration in the GMS tends to be long-term, contrasting the more temporary nature of migration from most of the world’s developing countries; and (c) economic factors contribute to migration within the region significantly more so than political factors.

JEL Codes: E24, F22, I38, J61
Keywords: International Migration; Labor Economics; Provision and Effects of Welfare Programs
Table of Contents

ABBREVIATIONS AND ACRONYMS........................................................................................................... vi
EXECUTIVE SUMMARY............................................................................................................................. vii
INTRODUCTION ............................................................................................................................................. 9
I. MIGRATION CONTEXT ................................................................................................................................. 9
   1) MIGRATION OVERVIEW ..................................................................................................................... 9
      a) International Migration and Remittance Trends ............................................................................. 9
      b) Regional Migration and Remittance Overview .............................................................................. 11
   2) DETERMINANTS OF MIGRATION ....................................................................................................... 14
      a) Global Migration .............................................................................................................................. 14
      b) Regional Determinants of Migration ............................................................................................. 15
   3) MIGRANT CHARACTERISTICS .......................................................................................................... 19
      a) Migrants in EAP and the GMS ......................................................................................................... 19
      b) Comparative Characteristics—Myanmar Migrants and Thais ......................................................... 20
II. MIGRATION POLICY PERSPECTIVES ......................................................................................................... 25
   1) ECONOMIC EFFECTS OF IMMIGRATION ON RECIPIENT COUNTRIES ........................................ 25
      a) Economic Growth ........................................................................................................................... 25
      b) Labor Market .................................................................................................................................. 26
   2) ECONOMIC IMPACT ON LABOR SENDING COUNTRIES AND RISKS FACING IMMIGRANTS ........... 28
      a) Economic Growth and Poverty ...................................................................................................... 28
      b) Remittances to Myanmar .............................................................................................................. 29
      c) Risks Facing Emigrants ................................................................................................................. 30
   3) PUBLIC SERVICES FOR MIGRANTS .................................................................................................... 30
      a) Health Care ..................................................................................................................................... 31
      b) Education ......................................................................................................................................... 33
   4) MIGRATION MANAGEMENT .............................................................................................................. 34
      a) Migration Management Worldwide ............................................................................................... 34
      b) Migration Policies, Institutions, and Management in the GMS ..................................................... 36
      c) Migration Formalization in the GMS ............................................................................................... 38
III. CONCLUSIONS ......................................................................................................................................... 42
   1) MYANMAR: REMITTANCES, CIRCULAR MIGRATION, AND MIGRANT PROTECTION .................... 42
      a) Facilitating Remittances and their Developmental Impact ............................................................. 42
b) Bolstering Circular Migration ........................................................................................................... 43
c) Expanding Core Legal and Protection Services for Emigrants ...................................................... 44
2. THAILAND: REGULARIZATION, ENFORCEMENT AND SERVICES FOR MIGRANTS .................. 45
   a) Reducing Obstacles to Regularizing Migrants and Migration ......................................................... 45
   b) Protecting Immigrants’ Rights through Employers ........................................................................ 45
   c) Further Improving Migrants’ Access to Essential Services ............................................................ 45
3. THE GMS: POLICY HARMONIZATION, INSTITUTIONAL STRENGTHENING, AND AWARENESS .... 46
   a) Harmonizing Migration Policies ....................................................................................................... 46
   b) Strengthening Institutional Arrangements for Migration Management ........................................... 46
   c) Building Public Awareness about Migration at the Country and ASEAN Regional Level ................. 47
APPENDICES ........................................................................................................................................ 48
REFERENCES ......................................................................................................................................... 50
### ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AEC</td>
<td>ASEAN Economic Community</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>EAP</td>
<td>East Asia and the Pacific</td>
</tr>
<tr>
<td>ERIA</td>
<td>Economic Research Institute for ASEAN and East Asia</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>GMS</td>
<td>Greater-Mekong Sub-region</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labor Organization</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
</tr>
<tr>
<td>IPSR</td>
<td>Institute for Population and Social Research</td>
</tr>
<tr>
<td>ISIC</td>
<td>International Standard Industrial Classification of all Economic Activities</td>
</tr>
<tr>
<td>KDSS</td>
<td>Kanchanaburi Demographic Surveillance System</td>
</tr>
<tr>
<td>LFS</td>
<td>Labor Force Survey</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
</tr>
<tr>
<td>MENA</td>
<td>Middle East and Northern Africa</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of Understandings</td>
</tr>
<tr>
<td>MRA</td>
<td>Mutual Recognition Agreement</td>
</tr>
<tr>
<td>MWRN</td>
<td>Migrant Worker Rights Network</td>
</tr>
<tr>
<td>NESDP</td>
<td>National Economic and Social Development Plan (Thailand)</td>
</tr>
<tr>
<td>NGO</td>
<td>Nongovernment Organization</td>
</tr>
<tr>
<td>NSO</td>
<td>National Statistics Office</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization of Economic Cooperation and Development</td>
</tr>
<tr>
<td>POEA</td>
<td>Philippine Overseas Employment Administration</td>
</tr>
<tr>
<td>PPP</td>
<td>Purchasing Power Parity</td>
</tr>
<tr>
<td>RSE</td>
<td>Recognized Seasonal Employer (New Zealand)</td>
</tr>
<tr>
<td>SAR</td>
<td>Hong Kong Special Administrative Region, China</td>
</tr>
<tr>
<td>SERC</td>
<td>State Enterprise Workers Relations Confederation of Thailand</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>UNIFEM</td>
<td>United Nations Development Fund for Women</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>

All dollar amounts are U.S. dollars unless otherwise indicated.
EXECUTIVE SUMMARY

The world’s number of migrants is at a record-high quarter billion people, and it is expected to nearly double by 2050. The GMS represents a key international migration hub. Within the Sub-region, Thailand is the main labor receiving country with an estimated 3-3.5 million immigrants of which nearly all are from neighboring countries with about 70 percent from Myanmar. The volume and growth rate of remittances in the East Asia and Pacific (EAP) region—including the GMS—are the highest among developing regions in the world.

Migrant surveys suggest that migration to Thailand is driven primarily by economic incentives. This contrasts with political factors that have historically driven South-South migration. Wage differentials between Thailand and its neighboring countries are significant and a key contributor to migration in the GMS.

Demographic disparity among GMS countries is a more prominent factor than previously considered. The region’s countries exhibit considerable differences in their age structure: Thailand’s population is ageing—creating labor shortages—while Cambodia, Lao PDR, and Myanmar are experiencing a youth bulge, generating a labor surplus.

Surveys indicate that migration to Thailand is often permanent. This also contrasts to the often transient nature of international South-South migration. Many immigrants in Thailand indicate their intention to stay in Thailand, even without work permits.

Contrary to public perception, migration has a generally positive impact on the Thai economy and labor market. Recent research finds that immigration increases output, firm profitability, and employment while keeping the wage pressure facing low-skilled workers limited. For instance, macroeconomic simulations indicate that immigrants increase Thailand’s national output by 1 percent, employment by 5 percent, and firm profitability by 20 percent. While some low-skilled Thai workers face wage pressure (a phenomenon that is common with migration and international trade), Thailand’s skilled workers—being complementary to the generally low-skilled immigrants—have seen their wages boosted by migration. Overall, wages in Thailand have grown for most workers; this corresponds to the country’s economic development supported by immigration. Importantly, the abundance of low-skilled immigrants frees the domestic labor force (from sectors such as agriculture) for higher-skilled jobs—a transition that can be further fostered by improvements in training and education, similar to Malaysia.

Labor sending countries also experience a positive economic impact of migration. They gain from remittances and positive spillovers that are significant—particularly in cases of circular migration and in active engagement of returning migrants and Diaspora in a favorable domestic investment climate. Myanmar’s inward remittances—particularly through official channels—appear much lower than expected given Myanmar’s large emigrant population. This may reflect difficulties in access to reliable, formal channels in the financial system; migrants’ concerns of privacy and security; and transaction fees. Tajikistan offers a useful experience to consider: it increased its incoming remittances from 0.1 percent to 12 percent of its GDP within three years.

For emigrants, emigration is a source of gain but can involve risks. Emigration offers employment opportunities, higher wages, and often better welfare than what is available in their home countries, even when it is below the host country’s averages. If the emigration is irregular, emigrants tend to face risks: excessive working hours, wage withholding, and constraints to changing jobs. Their irregular status
weakens their protection under the host country’s laws and often discourages them from reporting hardships and seeking help.

Irregular migration, which accounts for the majority of migration in the GMS, creates negative externalities in both sending and receiving countries. Informal networks—which constitute the main migration channels in the GMS—engage in illegal border crossing, money laundering, and illicit trade. Such networks pose risks to national security and cause fear among migrants and communities, while undermining the effectiveness of public institutions and policies. Migrants face exploitation by brokers and employers; debt bondage to pay back fees for documentation, transport, and job arrangements; and trafficking driven by coercion or misinformation.

Thailand’s long and porous borders make combating irregular migration challenging—this is especially so without behind-the-border approaches to incentivize formal migration. Currently, the high financial and administrative burden of regularization and the other remaining constraints facing regular migrants—such as the difficulty of changing jobs, locations, and limited legal and social protection—make formalization unappealing to migrants.

Thailand, as well as other labor receiving countries, can consider improving access to essential social services for regular migrants and their dependents to boost incentives for formalization and to increase productivity and human capital development. A sizable portion of Thailand’s immigrant population plans to stay permanently. They have already experienced improvements in access to public services, especially education, although it continues to appear suboptimal from both economic and social perspectives. Only half of regular workers have health insurance and their dependents tend to have no insurance. Years of schooling remain relatively low among migrant children with enrollment particularly low at the post-basic education level.

Countries in the GMS can build on their commendable efforts to improve the outcomes of migration. At the level of the GMS and the Association of Southeast Asian Nations (ASEAN), as well as at home through domestic constituencies, countries could recognize the positive role and significance of both unskilled and skilled migration, harmonize migration policies with their own country’s development strategies, and update bilateral labor agreements accordingly. The aligning of objectives of labor sending and receiving countries and the effectiveness of migration policies and agreements would require a strong coordination effort.

Myanmar can increase the gains from migration by facilitating remittance flows and their developmental impact, by bolstering circular migration, and by providing core legal and support services to its emigrants abroad.

Thailand can further benefit from migration by reducing obstacles to regularizing migrants and migration, by protecting migrants’ rights through employers, and by further improving migrants’ access to essential services.
INTRODUCTION

The report aims to contribute to the ongoing migration policy debate in Thailand, Myanmar, and other countries in the Greater Mekong Sub-region (GMS)¹ and the Association of Southeast Asian Nations (ASEAN). Thailand (as the main migration hub in the GMS) and Myanmar (as the GMS main labor sending country with an estimated 70 percent of the immigrant population in Thailand) serve as examples.

The methodological approach combines quantitative and qualitative analysis. This study includes a critical review of newly commissioned and recent migration research in the East Asia and Pacific (EAP) region and the GMS. In particular, the study draws on quantitative and qualitative surveys of the welfare, employment, and social service situations of migrant and non-migrant workers and their dependents in Thailand. The quantitative survey used a comparative design of 800 (400 Thai and 400 non-Thai) migrant households and 4,700 observations in the Kanchanaburi province of Thailand. The qualitative survey involved interviews in Samutsakhon province.² A review of the international and the GMS migration experience complements the research to highlight relevant policy issues.

The report presents its findings and recommendations in three chapters. Chapter I assesses the scope, reasons, and characteristics of migration in the GMS. Chapter II assesses the main policy issues in the GMS and particularly Thailand and Myanmar, including the economic impact of migration, the situation of migrants, and migration management. Chapter III offers policy considerations, particularly for Thailand and Myanmar, which are valid for other GMS countries in the context of the ASEAN economic integration.

I. MIGRATION CONTEXT

As the number of worldwide migrants approaches a record of a quarter-billion people, migration continues to be a polarizing topic that remains at the forefront of the policy agendas of countries throughout the world. This chapter contextualizes the migration debates in the Greater Mekong Sub-region by presenting international, regional, and national migration and remittance trends; by providing a framework for understanding the factors driving immigration and emigration; and by reviewing the characteristics of migrants and the local population in Thailand.

1) MIGRATION OVERVIEW

a) International Migration and Remittance Trends

The record-high number of migrants worldwide is expected to nearly double by 2050. Currently, at about 215 million people, the number of migrants has increased substantially from 150 million people in 2000. Projections put the number of migrants at over 400 million by 2050. The most recent growth is largely due to population expansion with the share of migrants compared to global population remaining stable at about 3 percent from 2005 to 2010. Continued expansion of migration is expected with further economic integration; with widening demographic and wage disparities across countries; and with international agreements seeking to liberalize labor mobility further, such as those of the WTO, EU, and ASEAN.³

---

¹ The GMS includes Cambodia, the People’s Republic of China (the Yunnan Province and Guangxi Zhuang Autonomous Region), Lao People’s Democratic Republic, Myanmar, Thailand, and Vietnam.
² See appendix for map of surveyed provinces.
The largest immigrant stocks are concentrated in North America and Europe. Six out of ten of the countries with the largest immigrant populations are in North America and Europe. Currently, the US has over 40 million immigrants, followed by the Russian Federation and Germany with more than 10 million. Australia, Canada, France, India, Saudi Arabia, Spain, the Ukraine, and the United Kingdom all have immigrant populations of over 5 million. Although 57 percent of migrants live in high-income countries, migration is also expanding among the developing countries—confirmed by the GMS statistics.

Middle Eastern countries have the highest proportion of foreign-born populations. Three out of five countries with the highest percentage of immigrants as a share of population are in the Middle East, led by Kuwait, the United Arab Emirates, and Qatar with immigrants accounting for more than 70 percent of their populations. In Macao SAR, China, Hong Kong SAR, China and Singapore, first-generation immigrants account for about 40-50 percent of their populations.4

Most international migration occurs within regions. Approximately 40 percent of emigrants move to neighboring countries and half remain in the same region. The cost of migration, such as transport and cultural differences, are important factors for the choice of a destination country; 40 percent of migrants are familiar with the language in their destination and 60 percent share similar religion. As shown in Figure 1, intra-Asia migration is the most sizable migration flow at approximately 46 million individuals (accounting for 20 percent of global migration), followed by about 32 million within Europe.

Most remittances are sent from high-income countries to developing countries. In 2009 the World Bank estimated global remittances surpassed US$ 400 billion of which 76 percent was sent to developing countries. Worldwide, the top recipient countries in 2010 were China, France, India, Mexico, and the Philippines. India and China each received nearly US$ 50 billion, followed by Mexico with US$ 22 billion, the Philippines with US$ 20 billion, France with US$ 15 billion, and Bangladesh at just over US$ 10 billion. As a share of GDP, remittances are more significant for smaller countries—for instance, remittances make up more than 25 percent in Tonga and Samoa.5 The main remittance sending countries included the United States, Saudi Arabia, and Switzerland, which both have a large volume of migrants and have high per-capita income.

---

5 Migration and Remittances Factbook, 2011
**Irregular migration can be considerable although it tends to be undercounted.** Available estimates suggest that irregular migrants account for over 30 percent of all migrants in developing countries and up to 15 percent in the countries of the Organization of Economic Cooperation and Development (OECD). The higher share of irregular migration in developing countries tends to be explained by their lower legislative and institutional capacity and fewer enforcement mechanisms. Immigration and emigration data based on national censuses, although more reliable than others, may undercount irregular migrants. It is estimated that the US census misses up to 1.5 million immigrants. The undercounting of irregular migrants is generally greater in developing countries with less statistical and migration management capacity. Available estimates place the number of irregular migrants in developing countries at 30 million.

**b) Regional Migration and Remittance Overview**

The East Asia and Pacific region is a major sender and recipient of migrants. Half of the estimated 21 million international migrants in EAP migrate within the region. Hong Kong SAR, China; Malaysia; and Singapore each host 2-3 million immigrants. The stock of emigrants as a share of the population in primarily labor sending countries ranges from 1.1 percent in Indonesia to 67 percent in Samoa. In labor receiving countries, the share of immigrants compared to the total population ranges from 1.1 percent in Korea to over 40 percent in Singapore.

---

6 UNDP Human Development Report 2009
The GMS members are primarily sending countries although Thailand is also a significant recipient country. Thailand is estimated to host 3-3.5 million migrants (out of which only about 1.2 million—1.7 percent of Thailand’s population—are registered). Cambodia’s estimated 340,000 immigrants equal 2.2 percent of its population (Figure 2). Other GMS members have immigrant stocks below 0.4 percent of their population. After China, Vietnam has the largest emigrant stock in absolute terms of 2.2 million or 2.5 percent of its population, followed by Thailand with about 1 million or 1.2 percent of its population. The Lao People’s Democratic Republic and Cambodia have the highest share of emigrants in their population at 5.7 percent and 2.3 percent, respectively.

Figure 2 Immigrant and Emigrant Stocks in GMS (thousands), 2010

Note: China figures for country as whole and not only its GMS regions.

The countries of the EAP have the highest share and growth rate of remittances among the developing regions in the world. Developing EAP countries had remittance inflows of approximately US$ 91 billion in 2010, placing the region at the top for inward flows. The growth rate of inward remittances from 1989 to 2009 averaged 15.8 percent as compared to 7.8 percent for the developing world as a whole. Further, while remittances worldwide fell in 2009, EAP inflows increased (Figure 3). The EAP countries are second to developing European and central Asian countries for outflows. Remittances partly drive EAP’s external flows (Figure 4), contributing 7.3 percent of GDP in Vietnam, 12 percent in the Philippines, and 36 percent in Tonga in 2009. In these three countries, the average remittances equaled 43, 71, and 175 percent of reserves and 138, 1,120, and 809 percent of net FDI, respectively. Both inward and outward flows are expected to remain robust given not only the continued resilience of many economies in the region but also the further financial deepening and increasing labor mobility in the region.

In the GMS, Myanmar represents an interesting case, having a large emigrant population but relatively low official inward remittances. According to available data, official remittances to Myanmar remained relatively stable, from US$ 118 million to US$ 137 million during 2004-09. These levels are much lower than those recorded for other GMS countries, representing a mere 2 percent of the amount of official inward remittances flowing to Vietnam, 8 percent of those to Thailand, and 41 percent of the flows to Cambodia. Among GMS countries, only Lao PDR has lower inward official remittances than Myanmar. Findings from selected migrant surveys suggest that non-official remittances to Myanmar may be more than twice as high as official

---

10 World Bank Migration and Remittance Factbook 2011.
12 World Bank, Remittance and Migration Factbook, 2011.
remittances. As the next section illustrates, remittances may differ significantly across local migrant communities.\textsuperscript{13}

\textbf{The EAP countries record large irregular migration, reflecting both high barriers to and low perceived benefits of regularization.} The EAP countries have large portions of migrants who lack legal status or work permits. About half of Indonesian emigrants are estimated to be irregular. The main EAP hubs of irregular migration are Malaysia, the Philippines, and Thailand. The prevalence of informal migration is accompanied by extensive informal broker networks. There have been national efforts to cut irregular migration, with Korea and Malaysia offering amnesty to irregular migrants who register and Thailand expanding its registration outreach. Parties of the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime held their fourth meeting in 2011, and proposed a regional cooperation framework for addressing the irregular movement of people and human smuggling.\textsuperscript{14}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure3.png}
\caption{Global remittance inflows by developing country region (US$ million), 1990-2010e}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.png}
\caption{EAP external flows are dominated by FDI and remittances}
\end{figure}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|c|c|}
\hline
\hline
East Asia and Pacific & 50,000 & 100,000 & 150,000 & 200,000 & 250,000 & 300,000 \\
Europe and Central Asia & 15,000 & 30,000 & 45,000 & 60,000 & 75,000 & 90,000 \\
Latin America and Caribbean & 25,000 & 50,000 & 75,000 & 100,000 & 125,000 & 150,000 \\
Middle-East and North Africa & 10,000 & 20,000 & 30,000 & 40,000 & 50,000 & 60,000 \\
South Asia & 15,000 & 30,000 & 45,000 & 60,000 & 75,000 & 90,000 \\
Sub-Saharan Africa & 5,000 & 10,000 & 15,000 & 20,000 & 25,000 & 30,000 \\
\hline
\end{tabular}
\caption{Global remittance inflows by developing country region (US$ million), 1990-2010e}
\end{table}

\textsuperscript{13}Turnell, S. Vicary, A. Bradfrod, W., "Migrant Worker Remittances and Burma: An Economic Analysis of Survey Results, Macquarie University, Sydney, 2008.

2) DETERMINANTS OF MIGRATION

a) Global Migration

The main drivers of migration can be categorized into push and pull factors of economic, demographic, and political natures. Table 1 presents such factors, which jointly influence migration choices.

<table>
<thead>
<tr>
<th>Push Factors in Labor-Sending Countries</th>
<th>Pull Factors in Labor-Receiving Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Factors</strong></td>
<td></td>
</tr>
<tr>
<td>High unemployment</td>
<td>Low unemployment</td>
</tr>
<tr>
<td>Excess labor supply</td>
<td>Labor shortages</td>
</tr>
<tr>
<td>Relatively low income</td>
<td>Relatively high income</td>
</tr>
<tr>
<td>Relatively low wages</td>
<td>Relatively high wages</td>
</tr>
<tr>
<td>Economic crisis or downturn</td>
<td>Economic stability</td>
</tr>
<tr>
<td><strong>Social Factors</strong></td>
<td></td>
</tr>
<tr>
<td>Young demographic structure</td>
<td>Ageing population</td>
</tr>
<tr>
<td>Exposure to shocks and disasters</td>
<td>Relative security and safety</td>
</tr>
<tr>
<td><strong>Political Factors</strong></td>
<td></td>
</tr>
<tr>
<td>Political instability or crisis</td>
<td>Political stability</td>
</tr>
</tbody>
</table>


In labor receiving countries, high labor demand is a primary catalyst for immigration. In countries with high levels of employment, real wages tend to increase over time as companies compete to attract workers with the requisite skills. Labor shortages can emerge in the short term owing to seasonal cycles or long term due to structural shifts. Migrants can help smooth the labor supply to account for fluctuation in seasonal labor demand, which is more pronounced in industries such as agriculture and tourism. In the long-term, given that there is often a time lag between the supply of an appropriately skilled labor force and structural economic shifts, newer and expanding industries often face labor shortages, while shrinking industries shed labor. Furthermore, as the education and skill levels rise in an economy, the reservation wage and job preferences tend to shift: this may lead to labor shortages and wage increases in low-skill jobs, which both act as pull factors for migrants.

Wage differentials act as a driver for migration. The pull factor is particularly strong when the gap is wide between proximate countries, such as the US and Mexico, with a fivefold difference in average per capita income. Wage differentials largely explain migration from Africa and Eastern Europe to Western Europe, as well as the large immigration stocks in higher-income Asian countries. As discussed in the next section, wage differentials also largely explain migration within the GMS, with Thailand’s average per capita income exceeding that of its neighboring countries up to sevenfold.

Demographic differences create both pull and push forces of migration between aging and young populations. In ageing populations, the size of the labor force compared to the total population declines, the industries catering to the elderly expand, and the demand for social services rise and can generate fiscal pressures.

---


decline in labor supply and structural changes create opportunities for migrants. In contrast, in countries with young demographic structures, the labor supply often exceeds demand with a constant inflow of new labor force entrants. Absorbing labor force entrants creates challenges, particularly in less dynamic economies, pushing workers to migrate to countries with more employment opportunities, which include those with ageing populations. Although demographic differences are more common between developed and developing countries, they also exist within developing countries, contributing to South-South migration—including migration within the GMS.

Similarly, disasters and shocks affect migration. Conflicts and economic, political, or social crises often bring about spikes in migration flows. Such spikes have been witnessed most recently in the Middle East and North Africa. In Libya, for example, by June 2011, more than one-third of the 1.5 million migrants fled the country. Intensified natural disasters in recent years have caused the migration of 42 million worldwide in 2010, compared to 6 million in 2008. In contrast, the migration impact of the recent global economic crisis has been weaker than expected. Although the 2007 global economic downturn caused jobs losses and a decline in the renewal of migrant work permits in labor receiving countries, migrants have generally remained in their host country and maintained relatively stable remittance flows.17

The above factors are expected to remain strong and to contribute to further migration in the future. The confluence of the rapid increases in global economic integration—as well as widening demographic and wage differences and idiosyncratic shocks—has placed global migration at a record high. The expansion of cross-border labor flows is projected to continue.

b) Regional Determinants of Migration

Economic and demographic factors of migration are dominant in the EAP region. The main push factors in low-income EAP countries include poverty, unemployment and underemployment, youth bulge, and low wages compared to higher-income countries in the region. Conversely, pull factors in higher income EAP countries include better wages and job opportunities—partly owing to ageing populations (for instance Japan, Korea, and Singapore); economic transition to higher productivity jobs; and cost pressures on labor intensive industries.

Income and demographic disparities are significant also in the GMS. The GMS is heterogeneous along many dimensions (Table 2), with per capita income ranging from US$ 700-800 in Myanmar and Cambodia to US$ 5,000 in Thailand in 2010. Average per capita income in Thailand was seven times higher than in Myanmar, six times higher than in Cambodia, five times higher than in the Lao PDR, and four times higher than in Vietnam (Figure 5). This is consistent even after some convergence—with real GDP growth averaging above seven percent in Cambodia, Lao PDR, and Vietnam, and three percent in Thailand from 2005-10.18 Cambodia, Lao PDR, and Myanmar have young populations generating a labor surplus, while China, Thailand, and Vietnam have somewhat older populations and a tighter labor supply (Figure 6).

Natural disasters and political factors also contribute to migration in the GMS. The GMS region is prone to natural disasters such as droughts, flooding, and typhoons, which influence flows of migrants (Box 1). Political factors explain some of the emigration from Myanmar in previous decades: these factors are expected to play a role in the future, reflecting Myanmar’s transition—perhaps partly reversing some of the past flows.

---


A confluence of push and pull factors make Thailand the main labor recipient country in the GMS. Thailand offers wages that are generally higher than migrants could earn in other GMS countries. It has an ageing population, which limits the size of its labor force. The economy is also undergoing structural shifts from agriculture to manufacturing and services. Such change has been accompanied by higher education levels and the creation of new higher-skilled jobs, which internally pulls labor from lower-skilled labor intensive jobs. Labor
intensive industries have increasingly relied on migrant workers to control unit labor costs not only to maintain competitiveness but also to ensure sufficient labor supply. Other GMS countries, by contrast, have a number of factors that encourage emigration. These factors generally include greater breadth and depth of poverty, more prevalent unemployment or underemployment, and younger populations exerting pressure on national labor markets.¹⁹

Figure 6  Demographic Structures by Age and Gender, 2010

Source: US Source: US Census Bureau, International database

Most migrants from Myanmar to Thailand who were surveyed for this report described economic reasons for their migration (Figure 7).\textsuperscript{20} The key factors that contributed to their migration decision were employment (60 percent), family member search (23 percent), conflict (11 percent), and pursuit of a more comfortable life (10 percent).

Box 1 Migration in Natural Disasters

Thailand’s massive floods in 2011, the most severe in 50 years, impacted immigrants in the country and revealed weaknesses in Thailand’s migration policies and regulations. Migrants faced harassment for not having documentation or for traveling outside of their registered province (as also reported in the qualitative survey conducted for this report). The floods hit areas with high concentrations of migrants and led to the closure of 14,000 factories in key sectors for non-Thai workers, such as agriculture and manufacturing. Over 100,000 migrants lost assets and jobs because of the flood. The job losses made them illegal immigrants because work permits are associated with specific jobs in particular provinces. Migrants had to rely on brokers to return to Myanmar and subsequently travel back to Thailand in search of new jobs. Following the floods, brokers have been reported to charge about 3,600 Baht (US$120) per person to cross borders back to Myanmar, and another 14,500 Baht (US$500) per person to cross borders from Myanmar to Thailand.

Good practice disaster responses address the welfare of migrants and their families. Good practice qualitative needs assessments to inform the design and the targeting of assistance recognize the needs of migrants. For migrants, good practice disaster response seeks to restore employment opportunities and remove employment barriers, ensure essential social services, and facilitate mobility, particularly avoiding border closures. Urgently, good practice disaster response also facilitates access to remittance channels and migrant communication networks.


Figure 7 Reasons for Migration to Thailand

![Figure 7 Reasons for Migration to Thailand](source: KDSS sample and World Bank “Migration from Myanmar to Thailand: Empirical Findings from a Unique Survey”)

\textsuperscript{20} KDSS sample and World Bank “Migration from Myanmar to Thailand: Empirical Findings from a Unique Survey”

Note: The survey sample is not representative of all Myanmar’s migrants in Thailand.
3) MIGRANT CHARACTERISTICS

a) Migrants in EAP and the GMS

Migrants in the region tend to be young and unskilled. Census and household and labor force surveys suggest that migrants in the region tend to be younger and less skilled than the population in their host countries. An estimated 85 percent of immigrants in Thailand are aged less than 40 years and 65 percent are less than 30 years. Similar trends appear in other EAP countries with half of migrants from Indonesia aged from 20 to 29. The 2000 Thailand census found that about 80 percent of migrant workers from Cambodia and nearly all migrant workers from Lao PDR and Myanmar had less than 12 years of education, which are levels lower than the averages not only in Thailand, but also in the countries of origin. About one-half of these migrant workers are employed in labor-intensive manufacturing, construction, agriculture, fishing, and fish processing. 21 Skilled migration generally flows from East Asia to the more advanced economies in North America, Australia, and New Zealand. Migration among skilled workers within the region may, however, increase with the ongoing liberalization of the skilled labor market in ASEAN.

Females account for the majority of migration flows in a number of EAP countries. The majority of migrants from Cambodia, Indonesia, Lao PDR, and the Philippines are females. They tend to work in the garment and services sectors, often as domestic helpers in their main destination countries including Hong Kong SAR (China), Malaysia, Saudi Arabia, and Singapore. Female migrants, however, face greater risk of trafficking. According to the International Labor Organization (ILO), the EAP region holds about 1.4 million trafficking victims, which is estimated to be about one-half of the global figure.22

In the GMS, Thailand is the main migration hub with an estimated 3-3.5 million immigrants who are often undocumented. In 2009, the Ministry of Labor in Thailand reported 2.8 million immigrants of which 1.5 million lacked official status.23 The International Organization for Migration’s (IOM) estimate was about 3.5 million immigrants, with about 40 percent being unregistered family members (Table 1Table 3).24 The majority came from neighboring countries, particularly Cambodia, Lao PDR, and Myanmar. Of these three countries, 46 percent of migrants are classified as unregistered and family members, 30 percent are at some stage of national verification, and less than 3 percent are regular migrants under the existing Memoranda of Understandings (MOU). Administratively, Thailand records all migrants from neighboring countries as unskilled. Recorded skilled workers account for about 3 percent of migrants in Thailand. Thailand’s own emigrants are largely outside the GMS mainly in China, Germany, Japan, Korea, Singapore, Taiwan, the UK, and the US.25

Registered immigrants from Myanmar have the highest proportional employment in Thailand compared to workers from Lao PDR and Cambodia. Myanmar migrant workers have the largest proportional presence in fishery processing with a 97 percent share of migrant jobs, followed by 92 percent in the garment industry, and 91 percent in agriculture and livestock processing. Lao workers are most dominant in services with 11 percent of jobs, while Cambodian workers hold 22 percent of the fishing boat jobs.26

Spatial distribution of migrants influences their jobs. Most immigrants in Thailand work in locations that have large Diasporas and are close to their home country. The concentration of migrants from Myanmar follows this trend. In the rural Kanchanaburi province (where the quantitative survey for this study took place), most

26 Office of Foreign Workers Administration, Department of Employment, Ministry of Labor, 2011
documented migrants worked in formal agriculture and casual labor, while undocumented workers were in casual labor that did not necessitate registration with local authorities. In Samutsakhon province (the location of the qualitative survey for this study) by contrast, most workers worked in fishery-related industries and light manufacturing.  

Table 3 Immigrants in Thailand, 2009

<table>
<thead>
<tr>
<th>Category</th>
<th>Stay</th>
<th>Stay and work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, skilled and semi-skilled workers</td>
<td></td>
<td>106,486</td>
</tr>
<tr>
<td>Other temporary stay</td>
<td>121,109</td>
<td></td>
</tr>
<tr>
<td>- Stay with Thais</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Stay with Thai wife</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Stay with resident families</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Retirement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourist and transit visa extension</td>
<td>92,014</td>
<td></td>
</tr>
<tr>
<td>Students</td>
<td>19,052</td>
<td></td>
</tr>
<tr>
<td>Other regular</td>
<td></td>
<td>Subtotal – 513,792</td>
</tr>
<tr>
<td>- Residents awaiting nationality</td>
<td>233,811</td>
<td></td>
</tr>
<tr>
<td>- Born in Thailand to non-national parents</td>
<td>69,799</td>
<td></td>
</tr>
<tr>
<td>- Previously undocumented</td>
<td>210,182</td>
<td></td>
</tr>
<tr>
<td>Undocumented expatriates (visa over-stayers)</td>
<td>65,558</td>
<td></td>
</tr>
<tr>
<td>Refugees and asylum-seekers</td>
<td>141,076</td>
<td></td>
</tr>
<tr>
<td>Migrants from Cambodia, Lao and Myanmar</td>
<td>Subtotal – 2,455,744</td>
<td></td>
</tr>
<tr>
<td>- Regular new entrants under MOU</td>
<td>78,686</td>
<td></td>
</tr>
<tr>
<td>- Entered or completed NV process</td>
<td>932,255</td>
<td></td>
</tr>
<tr>
<td>- Unregistered and family members</td>
<td>1,444,803</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>373,251</td>
<td>3,141,580</td>
</tr>
<tr>
<td>Overall total</td>
<td>3,514,831</td>
<td></td>
</tr>
</tbody>
</table>


b) Comparative Characteristics—Myanmar Migrants and Thais

This section provides characteristics of Thais and immigrants from Myanmar—mainly drawing on the quantitative survey in Kanchanaburi province.  

Migrants in the sample are generally younger, less educated, more likely to be male, and not married compared to local Thais. Compared to the Thais in the survey, documented migrants were 3-4 years younger and undocumented; long-term migrants were about six years younger than Thais. Thai heads of household averaged 48.2 years, compared to 45.5 for documented and 39.5 years for undocumented migrant heads of households. Long-term migrant heads of household were an average of 45.7 years, which is about 4 years older than short-term migrant heads of households. Similar age patterns are seen in the overall sample, with Thais averaging 29.1 years versus 25 years for documented migrants and 22.9 for undocumented migrants, while long-term migrants averaged 25.2 years and short-term migrants only 22.6 years. Just under half (49.5%) of all Thais surveyed were male, compared to 51.3 percent for documented migrants and 52.3 percent for undocumented migrants. Short-term migrants were even more likely to be male, averaging 53.6 years whereas long-term migrants had a more balanced gender ration of 50.8 percent male. Seven out of every ten migrants had not completed primary education compared to 20 percent of Thais in the sample of adults above 25 years. Married Thais constituted 43.6 percent, which is two percentage points higher than that of documented migrants (41.2

27 Institute for Population and Social Research "Study of Migrants from Myanmar in Thailand", (processed)
28 The data presented is based on the KDSS sample in Kanchanaburi province of 400 Thai and 400 non-Thai households with 4,700 observations.
29 Long-term migrants are classified as those that have lived in Thailand for more than 10 years
percent) and undocumented migrants (41.6 percent). Short-term married migrants made up the lowest percentage (40.8 percent) with long-term migrants slightly higher (41.5 percent married).30

**Nearly all migrants admitted illegal entry, a lack of a work permit, and a plan to stay for the long term.** As presented in Figure 8, more than 90 percent of the surveyed migrants entered Thailand illegally and lacked work permits. However, about 80 percent are legal residents and employed, and nearly all planned to stay in Thailand for more than 10 more years.

**Figure 8 Characteristics of Migrants**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning to stay for over 10 years from now</td>
<td>100</td>
</tr>
<tr>
<td>Legal resident</td>
<td>80</td>
</tr>
<tr>
<td>Entered Thailand legally</td>
<td>70</td>
</tr>
<tr>
<td>Job pre-arranged before arriving to Thailand</td>
<td>30</td>
</tr>
<tr>
<td>Help finding a job received before arriving</td>
<td>20</td>
</tr>
<tr>
<td>Help finding a job received after arriving</td>
<td>10</td>
</tr>
<tr>
<td>Employed</td>
<td>50</td>
</tr>
<tr>
<td>Having work permit</td>
<td>40</td>
</tr>
<tr>
<td>Exited Thailand since arrival</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: KDSS sample and World Bank “Migration from Myanmar to Thailand: Empirical Findings from a Unique Survey”

**Immigrant workers in Thailand have lower earnings mobility and tend to shift jobs and to work overtime.** Research has found that owing to the lack of upward income mobility in a particular job, migrant workers tend to change employers frequently to find higher paying work. Such churning is more common among longer-term migrants that have more established personal and professional networks, as well as having paid off any debts incurred while migrating. More experienced migrants tend to seek jobs in larger and more export-oriented firms that tend to have higher pay and overtime work to increase their wages. Migrants cite wanting to have better quality (less demanding and higher paid) jobs and to live in urban areas.31

**Immigrant workers receive a lower average wage than Thai workers.** Research found that migrants generally receive lower wages than Thai workers, and that payments are often less than expected, delayed, or withheld.32 In Kanchanaburi province, monthly wages ranged from 400–35,000 Baht for Thais, 500–22,000 Baht for documented non-Thai migrants, and 1,500–6,000 Baht for undocumented migrants. While the minimum monthly wages are similar, the maximum wages of 35,000, 22,000, and 6,000 Baht for Thai, documented migrants, and undocumented migrants, respectively, shows wide wage dispersion. Migrant wages in Kanchanaburi are lower (and the lowest for undocumented workers) in all occupations, with the exception of long-term agriculture (Figure 9). Furthermore, migrant wages are below the average wage for all but one occupation. As part of the qualitative survey, workers all stated that they received the minimum wage, which is 215 baht a day in Samutsakhon—employers interviewed stated that they would face work shortages if they

---

30 KDSS sample and World Bank “Migration from Myanmar to Thailand: Empirical Findings from a Unique Survey”
31 Institute for Population and Social Research “Study of Migrants from Myanmar in Thailand”, (processed)
offered a lower wage. Undocumented workers reported lower wages, often based on output, such as number of fish or fruit processed.\textsuperscript{33}

\textbf{Figure 9  Average Monthly Wage of Thai and Migrant Workers by Occupation, KDSS Sample}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{average_monthly_wage.png}
\caption{Average Monthly Wage of Thai and Migrant Workers by Occupation, KDSS Sample}
\end{figure}

\textsuperscript{33} Institute for Population and Social Research “Study of Migrants from Myanmar in Thailand”, (processed); and Chantavanich, S. (2007) 'Thailand Policies towards Migrant Workers from Myanmar' Paper presented at the APMRN Conference at Fujian Normal University, Fuzhou, PRC

\textbf{Migrants face higher unemployment job security risks.} In Kanchanaburi, unemployment was 4 percent for Thais, 6 percent for documented migrants, and 17 percent for undocumented migrants. Among those employed, undocumented migrant workers mainly provide casual labor, while documented migrants tend to have more than one job—except in the informal sector. On average, documented migrants in Kanchanaburi worked fewer days than Thais with 218 and 193 days respectively, but longer hours each day (7.5 compared to 7.1 hours). In the sample, 18 percent of Thais had a job contract while no migrants held a contract, which made them ineligible for statutory employment security regardless of their status. Qualitative research found that reasons for unemployment included leaving an abusive workplace. One respondent reported being fired for participating in a migrant rights group.\textsuperscript{34}

\textbf{Compared to the local Thais in the sample, migrants were twice as likely to think of themselves as poor; they also reported significantly lower household expenditures.} While 25 percent of Thais sampled perceived their own household to be poor, 50 percent of documented and 55 percent of undocumented migrant households reported subjective poverty. The higher subjective poverty may be attributed to lower income and expenditure of migrants. Thai per capita household consumption averaged more than 2.5 times more than documented and undocumented migrant households reported subjective poverty. The higher subjective poverty may be attributed to lower income and expenditure of migrants. Thai per capita household consumption averaged more than 2.5 times more than documented and undocumented migrants (Figure 10). Thai households spend an average of 4,800 Baht each month on goods and services as compared to 1,800 Baht for non-Thai households. There is near a ten-fold difference on non-consumption products. Food, beverages, and tobacco expenditures show a less severe difference of 3,400 Baht for Thais versus 2,700 Baht for non-Thai households. As is common among poorer households, the largest expenditure item for migrants is food and beverages, whereas the largest expenditure item for Thais is goods and services.

\textsuperscript{34} Institute for Population and Social Research “Study of Migrants from Myanmar in Thailand”, (processed); and Qualitative survey of Institute for Population and Social Research “Study of Migrants from Myanmar in Thailand”, (processed)
Immigrants appeared less likely to save or have debt. Savings can provide a source of funds for both planned and unplanned contingencies, acting as a form of social protection. The research showed that 58 percent of Thais saved versus only 13 percent of non-Thais. Despite a higher propensity to save, 60 percent of Thai households had debt versus only 30 percent for non-Thais. The lower savings and indebtedness of non-Thais can be partly explained by their limited access to financial institutions.

Figure 10 Per Capita Household Consumption

![Per Capita Household Consumption Graph]

Source: KDSS sample and World Bank “Migration from Myanmar to Thailand: Empirical Findings from a Unique Survey”

Migrants reported significantly lower assets ownership (Figure 11), which lowers their resilience to shocks and ability to make productive investments. In addition to providing an indicator of welfare, assets can provide an important safety net as a source of wealth. For example, assets can be liquidated or used as collateral for loans to finance catastrophic health expenses. Many assets can play a productive role as well, such as easing transport (motorcycles and cars), improving health, lowering the time spent for market visits (refrigerator), and reducing information asymmetries regarding product prices and public services (TVs, mobile phones, and radios). As well as having lower stocks of assets as safeguards, migrants appear to have less ability to improve their well-being through productive asset use.

Figure 11 Asset Ownership by Household Type

![Asset Ownership by Household Type Graph]

Source: KDSS sample and World Bank “Migration from Myanmar to Thailand: Empirical Findings from a Unique Survey”
Interestingly, immigrants in the Kanchaburi survey reported relatively low perceived vulnerability. The survey asked respondents if they had endured economic, socio-political, consumption, or other vulnerabilities in the previous five years. The survey included 18 possible shocks, including the unexpected loss of a job, crime, and major illness—47% of Thai households reported vulnerability compared to 32 percent of non-Thai households (Table 4). Thai households reported more economic and socio-political shocks, while health and other shocks for non-Thai households were more on parity. The research showed 26 percent of Thai households reported economic shocks (9 percent social and political), whereas 10 percent of non-Thai households reported economic shocks (6 percent social and political). Health shocks were reported substantial for both groups at about 20 percent. The qualitative survey conducted in Samutsakhon province (where the majority of migrants were short-term) indicated a higher level of perceived vulnerability among migrants.

Table 4 Percentage Distribution of Vulnerability by Household Type

<table>
<thead>
<tr>
<th>Vulnerability</th>
<th>Non-Thai</th>
<th>Thai</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Yes</td>
<td>9.7</td>
<td>26.0</td>
<td>17.8</td>
</tr>
<tr>
<td>- No</td>
<td>90.3</td>
<td>74.0</td>
<td>82.2</td>
</tr>
<tr>
<td>Social and Political</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Yes</td>
<td>5.7</td>
<td>8.5</td>
<td>7.1</td>
</tr>
<tr>
<td>- No</td>
<td>94.3</td>
<td>91.5</td>
<td>92.9</td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Yes</td>
<td>17.9</td>
<td>19.2</td>
<td>18.6</td>
</tr>
<tr>
<td>- No</td>
<td>82.1</td>
<td>80.8</td>
<td>81.4</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Yes</td>
<td>5.5</td>
<td>5.8</td>
<td>5.6</td>
</tr>
<tr>
<td>- No</td>
<td>94.5</td>
<td>94.2</td>
<td>94.4</td>
</tr>
<tr>
<td>Total (N)</td>
<td>100(402)</td>
<td>100(400)</td>
<td>100(802)</td>
</tr>
</tbody>
</table>

Source: KDSS sample, IPSR 2011 report
Note: ** = significant at 1% level

The average cost of shocks was reported near double for Thai versus non-Thai households. Sizable differences exist in all shock categories (Table 5). Non-Thai households had mean costs of 32,000 Baht compared to 81,000 Baht for Thai households. The mean cost incurred for Thais for social, political, and other shocks were also approximately twice that of non-Thai households, while Thai households paid near triple for health shocks. The reason for the differences in reporting could be partially explained by differing thresholds and perceptions, as well as by the length of migrant stay and local conditions (as illustrated by the qualitative survey).

Table 5 Mean Costs (Baht) Incurred from the Shocks by Impacted Household (% Monthly Income)

<table>
<thead>
<tr>
<th>Vulnerability</th>
<th>Household</th>
<th>Non-Thai (% income)</th>
<th>Thai (% income)</th>
<th>Total (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic***</td>
<td></td>
<td>31,917.4 (859%)</td>
<td>81,053.9 (1,364%)</td>
<td>67,653.1(143)</td>
</tr>
<tr>
<td>Social and Politics</td>
<td></td>
<td>14,957.8 (403%)</td>
<td>34,508.8 (581%)</td>
<td>26,619.8 (57)</td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td>16,927.9 (456%)</td>
<td>44,024.8 (741%)</td>
<td>30,931.0(149)</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>35,135.5 (946%)</td>
<td>69,725.1 (1,173%)</td>
<td>52,815.1 (45)</td>
</tr>
</tbody>
</table>

Source: KDSS Sample, IPSR 2011 report
Note: *** = significant at 1% level
II. MIGRATION POLICY PERSPECTIVES

Internationally, the gains from migration are reported as significant; they are projected to exceed the gains from further liberalization in the trade of manufactured goods and agricultural products. The benefits include reducing labor scarcity in more developed countries from the more abundant labor supplies in lower income countries, lessening skills gaps, facilitating human capital accumulation and diffusion, and adding the related productivity and innovation. \(^{35}\) Similar to trade in goods, however, migration is often portrayed as having winners and losers in terms of domestic industries, jobs, and wages.

The perceived impact of migration may differ by constituencies. Policymakers in Thailand, Myanmar, and other GMS countries (similar to the rest of the world) face challenges in balancing the often conflicting interests of key constituencies, including firms and workers. The diverging interests can exert pressure on the policy process, resulting in reactionary, ad-hoc decisions rather than strategic approaches grounded in empirical evidence. \(^{36}\)

This chapter presents findings on the impact of migration to contribute to the ongoing policy debates in the GMS. The policy issues examined include (1) the economic impact of migration on labor receiving countries, particularly Thailand; (2) the economic impact on labor sending countries, such as Myanmar; (3) the provision of public services for migrants; and (4) migration management.

1) ECONOMIC EFFECTS OF IMMIGRATION ON RECIPIENT COUNTRIES

**Recipient countries generally benefit from both skilled and unskilled migration.** Available evidence suggests that migrants tend to have a positive impact on the recipient countries’ economy. Skilled migrant workers, representing a ‘brain gain’, can facilitate innovation, technological change, and spillovers. Unskilled migrants tend to lower unit labor costs, benefitting particularly labor-intensive sectors, and allow domestic workers to shift to more productive jobs. The diversity of cultural and educational backgrounds can reinvigorate businesses with differing perspectives on business processes and international markets.

**a) Economic Growth**

**Migration has increased economic growth in EAP’s labor-receiving countries.** At the firm level, analyses in Korea, Malaysia, Singapore, and Thailand found that immigrant workers raise firm profitability, in spite of reducing workers training and possibly slowing technological change temporarily. \(^{37}\) The recent analyses also confirmed positive macroeconomic effects of migration in labor-receiving countries. \(^{38}\) Countries that received more migrants have experienced increased production and returns to capital, which in turn encouraged more investment and the expansion of capital over time. The combination of the increased stock of labor and capital has generally led to an increase in real GDP in labor-receiving countries in EAP.

---


\(^{38}\) World Bank, (forthcoming). “International Migration and Development in the East Asia and Pacific Region”.

---
Immigration can support technological advancement in the long-term by freeing up domestic workers for more productive jobs, particularly if accompanied by improvements in training and education. In the longer-term, research in Thailand has not detected an expansion of low-skilled, labor intensive sectors owing to technology stalling with most labor moving within and not between sectors. In Malaysia migration—jointly with efforts to improve the skills of domestic workers—appears to have facilitated a long-term structural shift by freeing up domestic labor to work in more productive sectors (Figure 12). The percentage of domestic workers in the less productive agricultural sector declined from 30 to about 10 percent from 1986 and 2006. While the percent of migrant workers in the sector also declined slightly, the number of workers more than tripled. Malaysian workers shifted to manufacturing, as well as high-skilled services jobs, such as finance and real estate, where the number of workers in high-skilled services increased from 232,000 to 700,000. Such and similar evidence runs against the technological stalling hypothesis, and suggests significant benefits if migration is combined with improved domestic education and training.39

Figure 12 Malaysia: Distribution of Native and Migrant Workers, 1986 to 2006

Panel A: Distribution of Native Workers

Panel B: Distribution of Migrant Workers


b) Labor Market

In the labor market, immigration has been generally associated with expanding employment and an ambiguous impact of wages. Studies on EAP and OECD countries found that immigration does not erode employment opportunities of domestic workers: it can actually expand employment as it stimulates output. The impact on wages seems less clear. High skilled domestic workers generally experience a wage increase owing to increased economic output and firm profitability. The wages of low-skilled domestic workers may have decreased by less than 0.1 percent in Thailand and by 0.1-0.3 percent in Malaysia, depending on education levels. In contrast, immigration did not change wages in Korea and increased wages in Singapore. The latter two countries have strong migration management systems that allow them to import labor in sectors with shortages. Overall, the wage impact depends on whether international migrants are complements, where the effects are neutral or positive, or substitutes where foreign workers may compete with segments of the domestic labor


26
force on cost or skills. In Thailand, for instance, immigrants have generally complemented the domestic labor force because they filled labor shortages facing Thailand’s labor intensive industries.

In Thailand, similar to other countries, the public may worry that migrants ‘steal’ jobs and depress wages. In an ILO public opinion poll of attitudes towards migrants and migration in Thailand in 2010, approximately 90 percent of respondents stated that government migration policy should be more restrictive, while only 40 percent believed that migrants had a positive effect on the economy. However, 24 percent expressed support of migrants and migration, with a wide difference in the share of supporters between Bangkok (60 percent) and the regions outside Bangkok (20 percent). A 2006 ILO and UNIFEM report found that respondents generally stated that Thailand does not need migrants in the agricultural and industrial sectors. Representatives of firms in Thailand, however, have recently expressed concern about the negative consequences from a possible decline in the number of immigrants from Myanmar on the Thai labor-intensive industries (owing to the liberalization of Myanmar’s economy).

Immigrants in Thailand appear to contribute considerably to economic output, employment, and firm profitability—particularly in labor-intensive sectors. Studies have shown that migration supports localities by attracting labor-intensive industries and investment, and it can have a positive employment spillover by creating additional jobs in these or supporting industries. In a qualitative survey in Samutsakhon, even the Thai respondents acknowledged the contribution of migrant workers to job creation in manufacturing and the benefits from overtime wages in certain occupations. In Thailand, firms in labor-intensive export industries such as agriculture and manufacturing benefited from the lower unit labor costs, which have supported their competitiveness domestically and internationally. Research—using computable general equilibrium models and growth accounting—estimate that the removal of migrant workers from the economy would decrease Thailand’s real GDP by 0.75-1.0 percent and total employment by 5 percent. The declines are attributed to higher wage costs and lower production, particularly in labor-intensive industries, that would accompany the removal of migrants. In the agricultural sector, the exclusion of foreign workers is estimated to decrease the sector’s output by 1.3 percent, manufacturing output would contract by 1 percent, and services output by 0.5 percent. At the firm level, the removal of immigrants is estimated to reduce profits by 22 percent with the increasing labor cost likely offsetting improvements in productivity.

Migrant workers in Thailand provide labor in less desirable occupations. Among the nearly one million registered migrants, most workers are concentrated in agriculture and construction, which each employ more than 150,000 workers. Among the 813,000 registered migrant workers from Myanmar, 18 percent work in agriculture and livestock, 18 percent in services, and 17 percent in construction. The 30 percent of the 63,000 Lao PDR registered migrants work in services, followed by 18 percent in other categories. The 56,000 Cambodian migrants are most concentrated in construction with 25 percent of workers, followed by agriculture and livestock. These sectors are generally considered low-skilled, and have faced shortages of Thai workers, particularly in jobs that are dangerous, demeaning, or dirty (‘3D’ jobs). In the services sector, most migrants work on the lower end of the skills spectrum—complementing rather than substituting domestic workers.

---

41 The ILO poll was conducted as part of the Tripartite Action to Protect Migrants within and from the GMS from Labor Exploitation (TRIANGLE) with 1,000 respondents each in Thailand, Malaysia, Singapore and Korea. ‘Support of migrants’ is defined as having knowledge of migrants and non-discriminatory behavior. See also Beutin, R. et al (2006) Migration and public perception, Bureau of European Policy Advisers, European Commission; and The Nation, ‘The effects of low skill immigration on the Thai labor market’
44 Qualitative survey of Institute for Population and Social Research “Study of Migrants from Myanmar in Thailand”, (processed)
46 Pholphirul, et al. 2010 “Do Immigrants Improve Thailand’s Competitiveness?” World Bank Bangkok Office. Other studies use computable general equilibrium models and similarly find decreases in output, these studies include Sussangkaran (1996) and Pholphirul and Rukunruaykit (2010)
47 Office of Foreign Workers Administration, Department of Employment, Ministry of Labor, 2011; and IOM, Thailand Migration Report, Bangkok 2011
Employers in the qualitative study corroborated the benefits of migrant labor providing a larger and more stable supply of labor, which allowed their factories to operate more often at capacity and have overtime when demand increased.  

2) ECONOMIC IMPACT ON LABOR SENDING COUNTRIES AND RISKS FACING IMMIGRANTS

a) Economic Growth and Poverty

Emigration generally generates a positive impact on labor sending countries through remittances. Remittances raise household income and consumption, thus helping to reduce poverty in the short run. They can also act as a form of social protection as well as a source of capital for investment. The probability of being poor in Indonesia, for example, is around 30 percent lower for remittance receiving households. The impact of remittances on human capital accumulation has been different across countries and dependent on gender, as mothers have been shown more likely to spend the remittances on education of and healthcare for their children. Among labor sending countries in EAP, remittance receiving households in the Philippines and Indonesia have been likely to spend more on education as well as housing.  

In the longer-run, particular circular migration and Diasporas can support positive structural changes in the economy through skills and technology dissemination and investments. Such positive spillovers are particularly likely in labor sending countries with a good business climate.

The linkage between remittances and economic growth in EAP countries has not been well documented. A forthcoming World Bank study that uses nine sending EAP countries suggests that remittances have a weak relationship with growth rates of per-capita incomes and GDP in labor sending countries. Similarly, although on average remittances have a slightly positive effect on savings and investment in labor-sending countries globally, the evidence for the labor-sending East Asian countries is inconclusive. Moreover, a high reliance on remittances may increase the labor sending country’s external financial exposure, as well as contribute to exchange rate appreciation with negative consequences for competitiveness. For remittance receiving households, remittances can serve as a disincentive for employment and labor force participation.

While skilled emigration can have positive effects on labor sending countries through Diasporas and the circulation of ideas and technology dissemination, labor sending countries with more permanent and isolated emigration risk losses in human capital. Sending countries may suffer from ‘brain drain’ if skilled workers permanently emigrate without maintaining productive connections. The emigration rate of university graduates is high in Lao PDR (37%), Vietnam (27%), and Cambodia (18%) and may indicate a more significant ‘brain drain’ compared to Myanmar (4%), China (4%), and Thailand (2%). Migrants that do return, however, may introduce new innovations and capital into an economy with the Diaspora from China, southern Vietnam—and more recently India—providing examples of return migrants that have helped spur development in their home country though entrepreneurship skills, strong trade and investment ties, and capital accrued in other countries. For labor sending countries such an experience represents ‘brain circulation’ as well as access to new financing sources. Such gains often depend on the business climate in labor sending countries as well as on policies to facilitate their ties with Diasporas, circular migration, and the eventual return of their skilled emigrants.

---

48 Qualitative survey of Institute for Population and Social Research “Study of Migrants from Myanmar in Thailand”, (processed)
49 World Bank, (forthcoming), “International Migration and Development in the East Asia and Pacific Region”.
50 World Bank, (forthcoming), “International Migration and Development in the East Asia and Pacific Region”.
b) Remittances to Myanmar

Surveys differ in their findings about the volume of remittances sent by Myanmar immigrants from Thailand. In Kanchanaburi less than only 3 percent of (generally long-term) migrants sent cash remittances across the border, with the average amount of 5,200 Baht per year. All (generally recent) migrants surveyed in Samutsakhon province, by contrast, reported sending remittances to Myanmar monthly or every few months with the purpose of supporting children or enabling relatives to expand farming or to start a small business in Myanmar. In another survey of Myanmar, about half of the workers in 12 Thai provinces sent remittances that had a median value equal to half of their median income. The survey of over 1,000 Myanmar migrants in 2003-04 found the aggregate ratio of annual remittances to disposable income to be 38 percent (comparable to the average 20-40 percent estimated among migrants in the US and other countries). While only being estimates, if extrapolated for all Myanmar migrants in Thailand at the time, the authors suggest the actual remittance flow may have been five times the official level. The survey also found that the absolute amount sent increased with disposable income and that remittances declined with the duration of stay in Thailand. Among individuals living in Thailand 5 years or longer, remittances averaged around 19,000 Baht compared to about 8,500 Baht for residents of 20 years and more.52

Respondents reported obstacles in sending remittances to Myanmar. Constraints included the lack of proper identification documents among migrants, high costs, the prevalence and preference for informal channels, and efforts to avoid political interference for recipients.53 In the qualitative survey, all respondents reported using informal networks. Significant portions of remittances were sent through barter. The reliance on informal networks may be contributing to illicit activity including trafficking and money laundering and may reduce Myanmar’s development gains from remittance flows.54

As has been demonstrated in countries such as Tajikistan, remittances can have a large development impact with well-designed policies. There is considerable scope for countries such as Myanmar to increase the development impact of remittances. Tajikistan was successful in this regard as it transitioned to a market economy, reaching remittances of about 21-28 percent of GDP in 2004 depending on the methodology. The poverty impact was significant with migrants earning an average of 10 times higher abroad and remitting approximately half of those earnings.55 The remittances increased consumption, spending on health education, and savings of recipient households. The longer-term impact was lower due to limited opportunities for productive investments, which was constrained by an unfavorable business environment for small and medium sized businesses. International experiences show that countries have increased the development impact of remittances by (a) facilitating a pro-business environment through macroeconomic stability and simplifying licensing; (b) financial sector strengthening to increase savings and investment of remittances (including supporting banking competition and the introduction of international banks to increase technological development to lower fees and to increase trust in the banking sector), improving financial literacy among citizens, and scaling-up of the remittance services of microfinance institutions; and finally (c) improving statistics on formal and informal remittances to support policy design, monitoring, and evaluation. Policies that support the regularization of migration and remittance flows at the bilateral levels include supporting the legal protection of emigrants, simplifying the identification and registration process of migrants, and lowering the cost for other countries to hire migrants. The GMS countries (Myanmar in particular given the small current role

52 Turnell, S. Vicary, A. Bradfrod, W., “Migrant Worker Remittances and Burma: An Economic Analysis of Survey Results, Macquarie University, Sydney, 2008.
53 Turnell, S. Vicary, A. Bradfrod, W., “Migrant Worker Remittances and Burma: An Economic Analysis of Survey Results, Macquarie University, Sydney, 2008.
of remittances) can use these international practices to increase both the volume and the development impact of remittances.

**Further research is needed to better understand and to address Myanmar’s existing remittance constraints.** A stronger evidence base could be built through a nationally representative migration and remittance survey module that includes not only questions about the reasons for sending and not sending remittances but also questions about the reasons for using formal or informal channels for remittances and migration.

c) **Risks Facing Emigrants**

**Emigrants face a number of non-economic risks, such as exploitation and trafficking.** Migrants, particularly if irregular, can be exposed to a number of non-economic risks. Migrants may face abuse by employers, such as strenuous or dangerous tasks and long work hours. Individuals lacking documentation have weak bargaining power and are likely to fear arrest or deportation, which increases the likelihood of exploitation. The GMS and Indonesia are the two main hubs for human trafficking in EAP, with Thailand being both a significant destination and source country. A portion of female and male migrants in the region are affected by human trafficking, including forced labor, sex trafficking, debt bondage, and child labor.  

Some migrants in Thailand, particularly recent arrivals, indicated a relatively high level of vulnerability in relation to their employers, brokers, and police. The majority of short-term migrant workers interviewed in the qualitative survey in Samutsakhon reported greater vulnerability than the long-term migrants interviewed in the quantitative survey in Kanchanaburi. In the qualitative survey, migrants reported being fearful of arrest, which can result in deportation and of payments to police ranging from 6,000 to 10,000 baht. If these payments are made by the employer, it could lengthen the period of debt bondage. Others have experienced under-payment or excessive working hours. In some instances, migrants stated that brokers provided them with false work permits and health insurance cards, which excluded them from entitlements.  

Media has reported the mistreatment of immigrant workers by employers who withhold their documentation—including registration and health cards—to prevent them from leaving. Such practice is more prevalent among irregular immigrants, who are more likely to be in debt bondage and their employers may share immigration costs with brokers; in consequence, these employers seek to keep immigrant workers until these expenses have been repaid.  

**The Thai work permit provision that prevents regular migrants from changing employers was cited as a source of exploitation.** Regular immigrants indicated that the rigidity of work permit rules that prevent them from changing jobs and locations was a primary source of their non-economic risk. Employers held leverage over migrants owing to not only the exclusivity of the relationship but also the fear by migrants of losing their official status. In the surveys conducted for this report, some immigrants reported that employers keep their work permits; that brokers threatened to report them to the police if they changed jobs; and that they fear to report exploitation by employers.

3) **PUBLIC SERVICES FOR MIGRANTS**

Although often contested, the provision of public services for migrants can increase short-term worker productivity and longer-term human capital development. Many developed and developing countries face the challenge of providing adequate coverage and quality of social services for their own citizens; therefore,
extension to migrant workers and their families can be met with some resistance. Cost-benefit exercises should account for both the economic contribution of migrants and the productivity gains from improved health and training. Public services such as health and education increase the human capital of migrant youth, which is in the national interest if many migrants are permanent. There are also rights-based agreements regarding the provision of social services, as well as the concept of a social contract whereby in exchange for contributing to a society, it is argued that such services are both an obligation and can increase social cohesion.

Access to social services has been improving in the GMS but challenges persist. Thailand’s ‘Education for All’, universal healthcare, and healthcare for migrants initiatives have raised school enrolments of migrant children and migrants’ access to essential healthcare.59 Migrants, however, still face obstacles in access to essential social services. The Kanchanaburi survey provides an illustration of the remaining gaps: they remain particularly wide in social protection with non-education government loans (received by 1 percent of migrants compared to 31 percent of Thais), education loans (1 percent compared to 11 percent), living allowance for the elderly (0 compared to 20 percent), and social security (0.3 percent compared to 7.5 percent). These protections remain out of reach for most migrants.60

a) Health Care

Policy and other factors have led to lower access to healthcare for regular and irregular migrants and their dependents. The Ministry of Public Health has required registered migrants to purchase health insurance cards since 1998 at a cost that currently approximates 1,300 Thai Baht (US$ 40). Despite the requirement, nearly half of registered migrants did not apply for cards in 2004-06, which made them ineligible for health benefits. In other instances, employers have withheld health cards to forcibly retain workers, or brokers issued fake cards and work permits, making some regular workers ineligible for health insurance. Irregular migrants and dependents of regular migrants are not eligible for health insurance cards, and they pay for public services out of pocket.

In the sample, health coverage ranges from complete coverage for Thais, to 64 percent for documented migrants and 6 percent coverage for undocumented migrants. The majority of Thais and documented migrants are covered by the Universal Coverage (UC) scheme, while Thais also receive coverage through the Social Security Scheme (SSS) and Civil Servant Medical Benefit Scheme (CSMBS), thereby providing some Thais with more than one source of health coverage (Table 6). Health coverage is lower for migrants, particularly undocumented, and increases vulnerability. Utilization of outpatient care is similar across the groups.

Table 6 Entitlement to Health Benefits/Insurance (N = 908)

<table>
<thead>
<tr>
<th>Mean</th>
<th>Thai (N=471)</th>
<th>Non-Thai-documented (N=389)</th>
<th>Non-Thai-undocumented (N=48)</th>
<th>Total (N=908)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSMBs</td>
<td>8.5%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>4.4%</td>
</tr>
<tr>
<td>SSS</td>
<td>13.2%</td>
<td>1.3%</td>
<td>0.0%</td>
<td>7.4%</td>
</tr>
<tr>
<td>UC</td>
<td>76.9%</td>
<td>57.6%*</td>
<td>6.3%</td>
<td>64.9%</td>
</tr>
<tr>
<td>Migrant Health Card</td>
<td>0.0%</td>
<td>4.4%*</td>
<td>0.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Others</td>
<td>5.5%</td>
<td>0.5%</td>
<td>0.0%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Total</td>
<td>104.0%**</td>
<td>63.8%</td>
<td>6.3%</td>
<td>81.6%</td>
</tr>
</tbody>
</table>

Source: IPSR 2011 report

Note: * Estimated health cards sold at local hospitals to the non-Thai residing in the area for provision of basic care.
** Multiple responses allowed.

60 KDSS sample and World Bank “Migration from Myanmar to Thailand: Empirical Findings from a Unique Survey”
Health seeking behavior varies among Thais and migrants with Thais more likely to use public services. The quantitative study found that Thais were most likely to use public health services, while documented and undocumented migrant workers were more likely to use private health facilities (Figure 13), reporting concerns of arrest, cost, language barriers, and discrimination. Both documented and undocumented migrants used self-medication more regularly at 56 and 77 percent, respectively as compared to 35 percent of Thais.

**Figure 13  Method of Treatment and Hospitalization for OP and IP Sickness by Nationality**

Financial risk in health appears more significant among migrants. Among Thais, 55 percent of outpatients and 67 percent of inpatients received financial support compared to 28 and 30 percent for documented migrants, respectively and almost no support for undocumented migrants. Compared to Thais, the financial burden of ill health is nearly six times higher for documented migrants and seven times higher for undocumented migrants. For healthcare, Thais paid an average of 12 baht per 1,000 baht of income, compared to over 60 and 70 baht paid by documented and undocumented migrants, respectively (Figure 14). The proportion of households that experienced catastrophic health expenditures (defined as equal to or above 40 percent of annual income) was 7 percent among Thai households and 16 percent among migrant households in the sample.

**Figure 14  Average Health Expenses for Care per 1,000 Baht Income**

Source: KDSS sample, IPSR 2011 Report
b) Education

Thailand has achieved major improvements in promoting access of migrant children to education. In 2004, of the estimated 200,000 migrant children defined as those under the age of 17 in Thailand, the IOM estimated that less than 7 percent attended school. Following the adoption of the ‘Education for All’ initiative in 2005, this figure quickly jumped to almost 30 percent among children aged 5 to 14. Currently, regardless of cultural and language challenges, school enrolment of both documented and undocumented migrant children aged 7-10 appears universal. The findings of the quantitative survey confirm this conclusion (Figure 15).

**Figure 15  School enrolment by years completed and migration status**

![School enrolment by years completed and migration status](source: KDSS sample, IPSR Report)

**Challenges remain for children beyond primary education.** The sample of more than 1,200 children aged 7 to 18 years in the Kanchanaburi Demographic Surveillance System (KDSS) survey shows a sharp decline in non-Thai attendance, particularly for children in non-documentated migrant households. The enrollment of undocumented migrant children 15 years old is approximately half of that of Thai children in the sample and drops to one-third at age 17 (Figure 15). The decline in school enrolment during teenage years among documented migrants is less severe but still pronounced. Consequently, at the age of 17, Thai children average the completion of over 11 years of schooling compared to less than 8 years completed by migrant children in Thailand (Figure 16). Moreover, low school attendance among teenage migrant children may have contributed to occasional complaints of the poor social behavior of migrant children.62

---

61 Among the IPSR KDSS sample only 10-13% of migrants spoke Thai as compared to 72% for Thais.
The challenge of keeping migrant children in school beyond the primary level reflects several factors. First, the education of parents tends to be lower in migrant households compared to Thai households. In the sample, the head of the Thai household averaged close to five years of education compared to two years of education for migrant households, regardless of their registration status. Second, migrant children arriving to Thailand after completing primary school in their home countries (which appears to be a common practice) face more pronounced cultural and language obstacles and may require special assistance in order to enter the Thai school system. Third, migrant children tend to enter the labor force at the age of 14-15 years, which corresponds to the end of compulsory education in Thailand.63

4) MIGRATION MANAGEMENT

Migration management presents a challenge in most countries striving to increase migration gains. Often, countries find it difficult to align their migration policies with the broader economic development objectives, to coordinate across policies and institutions, and to manage the diverging interests of stakeholders. This section reviews the main challenges faced and offers possible solutions that could be tailored based on country contexts.

a) Migration Management Worldwide

Most countries lack clearly articulated and comprehensive, objective-driven migration policies. Migration policies tend to be reactive and driven by political expediency rather than by strategic socio-economic goals aligned with the national development strategy. An objective-driven migration strategy along with robust monitoring and evaluation reorient migration policy to a proactive stance that allows for more rapid refinements to meet a country’s objectives.

The bilateral and multilateral character of migration has complicated the development of effective migration management systems. There are few instances of both recipient and sending countries having mutually agreed upon migration policies. Recipient countries are more likely to have more resources and interest in managing

---

63 Institute for Population and Social Research "Study of Migrants from Myanmar in Thailand", (processed)
incoming labor flows, while sending countries may have less incentive or capacity to manage emigration. There are currently few recipient countries with well-articulated polices; however, there is positive action in this direction, most notably the Stockholm Programme in the European Union (EU). There are even fewer sending countries with robust migration management (the Philippines being one of the few exceptions). Conflicting and unclear interests remain a central issue, as countries often have difficulty formulating migration policies that fulfill the economic, social, and political interests of national stakeholders. A weak evidence base, misunderstandings, and misreporting further impede policy formulation and implementation.64

Effective migration management requires balanced approaches across ministries in both labor receiving and sending countries. Good practice labor market approaches in sending countries include pre-departure training, as is done in the Philippines, while receiving countries may facilitate job placement. In the social sectors, good practices include the public awareness building regarding migrants’ eligibility for social services, the portability of benefits, and the transition of returning migrants to the domestic social service delivery systems. Table 7 provides more examples.

Migration policies may have long-term consequences. Migration policies that target low skilled or less educated workers (termed ‘negative selection bias’) may have detrimental long-term effects on human capital accumulation, and countries may want to balance the type of workers that immigrate as well as provide support of public services and facilitate integration in the host country. For instance, without benefitting from any targeted support, children of Europe’s guest workers (recruited in the 1950s from rural and low-income areas of other European countries) exhibited lower educational performance than their compatriots back home. Reasons for the lower attainment included difficulties for immigrants to integrate in their host countries. In contrast, in the US, partly owing to less pronounced migration selection bias and wide immigrant support networks, migrant children have performed better compared to peers in their origin country. Selective migration allows countries to recruit workers with high human capital in occupations where domestic skills are limited, which can support more dynamic economic growth. The public perception of migration, however, may impact efforts for selecting migrants, particularly among workers that may face greater competition. In the US in 1995, 70 percent of high school drop outs wanted to restrict immigration compared to only 48 percent with graduate education, largely because most immigrants were low-skilled and competed with domestic workers. Accordingly, public support for immigration tends to be higher in complementary rather than substituting jobs.65

---

Table 7  Good Migration Management Practice Examples in Sending and Receiving Countries

<table>
<thead>
<tr>
<th>Migration management</th>
<th>Receiving countries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sending countries</strong></td>
<td><strong>Receiving countries</strong></td>
</tr>
<tr>
<td>Develop policies to align economic benefits of temporary and long-term migration</td>
<td>In collaboration with employers, annually estimate the type and number of migrants needed,</td>
</tr>
<tr>
<td>with country development strategy, and to meet the essential needs and temporary</td>
<td>facilitate information sharing, job placement, and worker protection.</td>
</tr>
<tr>
<td>and long-term migrants</td>
<td></td>
</tr>
<tr>
<td>Remove barriers to seasonal or temporary migration through lowering the cost and</td>
<td>Facilitate the return of migrants and prevent overstaying.</td>
</tr>
<tr>
<td>bureaucratic barriers, and allowing registered migrants to return in future year</td>
<td></td>
</tr>
<tr>
<td>Facilitate the return of migrants and prevent overstaying</td>
<td></td>
</tr>
<tr>
<td>Involving employers, develop cost-sharing mechanisms to balance migration incentives</td>
<td></td>
</tr>
<tr>
<td>Widen formal channels for remittances</td>
<td></td>
</tr>
</tbody>
</table>

| **Employment**                                                                     | **Education, health and social protection**                                                     |
| Screen potential emigrants                                                          | Facilitate nutrition, health care and education of migrants and their children                 |
| Provide pre-departure training                                                      | Facilitate access to and portability of benefits, including health insurance, pensions, and   |
| Facilitate regular migration by reducing the cost of formal channels, and           | unemployment insurance by establishing agreements with receiving countries                    |
| incentivizing workers and employers to use them                                    | Facilitate transition of returning migrants and their household members to the domestic social |
| For returning migrants, facilitate their reintegration in the domestic labor market  | service systems                                                                                 |
| (e.g. job placement)                                                               |                                                                                                 |


**Effective management regimes seek to avoid a negative human capital impact.** Good practice migration policies specify objectives for temporary or circular migration as well as longer term migration in line with country development objectives. Good practice migration policies also articulate social service and other responsibilities of sending and recipient country governments, employers, migrants, and other stakeholders. Approaches tend to differentiate among migrants according to their length of stay—longer term migrants would receive more extensive coverage.  

**b) Migration Policies, Institutions, and Management in the GMS**  

**Labor mobility, specifically for skilled workers, is becoming a regional policy priority, particularly in the ASEAN context.** In 2007, the ASEAN countries adopted the ASEAN Economic Blueprint to accelerate regional integration in the ASEAN Economic Community (AEC) with the free flow of skilled labor as a key objective, linked to the liberalization of services and investment flows. The ASEAN Economic Community (AEC) efforts for skilled labor include establishing Mutual Recognition Agreements (MRAs) for priority service sectors, easing visa and work permit restrictions, and increasing mobility of university professionals and students. Progress toward the proposed free flow of skilled labor in ASEAN, however, appears slower than expected with obstacles remaining in the implementation of the MRAs.

---


67 The AEC consolidates previous agreements, notably the ASEAN Free Trade Area, the ASEAN Framework Agreement on Services, and the ASEAN Investment Area. The AEC Blueprint provides a binding agreement for Member Countries with 176 priority actions by 2015.

The Korean Employment Permit System (EPS) has been recognized by the UN in 2011 as the best system for minimizing public service corruption, as well as being lauded for its effectiveness in managing immigration. The EPS is an immigration system that has the objectives of relieving SME work shortages, increasing regular migration and transparency, responding to employer demand and protects migrant rights. The EPS uses MOUs with 15 countries (all GMS countries included except for Lao PDR) as a legal framework and has been managed by the Department of Labor. Since the introduction of EPS in 2004, when it improved upon its predecessor, it has lowered sending costs by 2/3 ($2,000), decreased absentee workers from 50% to 3%, and lowered violations of labor laws and irregular recruitment.

The EPS hiring process is transparent for selecting workers, which benefits sending and recipient countries. Sending countries select qualified workers, while Korean employers decide on the number and profile of migrants needed. The selected workers sign a labor contract that includes the wage and working hours, and workers complete a minimum of 20 hours of training upon arrival. Immigrants are afforded equal protection as national workers under labor laws, and the government conducts regular inspections to ensure satisfactory working conditions.

Immigrants benefit from greater legal protection and the diminished role of informal broker networks. Workers receive relatively good social protection coverage, including national health insurance and industrial accident insurance if a company hires more than 1 worker; employment insurance if more than 4 workers are hired in agriculture, forestry, fishery and housekeeping; and national pension if the sending country has a reciprocal agreement.

From an economic standpoint, the EPS is well designed as it adapts to labor demand and increase worker selectivity. The system has built-in flexibility, including a quota for the number of foreign workers based on the economic and labor market conditions in Korea. There is also close coordination with other government agencies to prevent overstaying. Korea as the recipient is able to improve selectivity of workers and have a more complementary than substitute effect, such as having skills in industries lacking sufficient domestic labor, while requiring Korean language proficiency to help integration.


Migration policies in the GMS draw on multilateral agreements and bilateral MOUs. The GMS involves 14 sub-regional cooperation frameworks, which include ASEAN clauses pertaining to the movement of specific high-skilled occupational groups by 2015, increased student mobility, and efforts to establish MRAs for skills competencies so that certified individuals can more easily work in other countries. The GMS countries generally recognize the importance of increasing cross-border labor and capital mobility, and many of the GMS countries are party to regional and UN conventions on human rights and labor conditions. These include bilateral MOUs and an ASEAN declaration to combat trafficking in the GMS. Most GMS countries have bilateral MOUs that focus on low-skilled labor and irregular migration (also being discussed through the Bali Process). Bilateral migration agreements implemented by South Korea have been seen as good practice in EAP for migration management (Box 2).

GMS countries tend to promote emigration of low-skilled workers and restrict employment of foreign workers. Among labor sending countries, Vietnam and Myanmar actively promote emigration through bilateral agreements. Following the recent financial downturn, as well as following the 1997-98 financial crisis; however, GMS countries increased restrictions on foreigner employment. In Thailand, subsequent shortages for low-skilled workers contributed to policy reversal. Restrictions are common in recipient countries, particularly in skilled occupations such as accountants, lawyers, and engineers.

---

69 GMS countries, as WTO members, are expected to follow the WTO’s General Agreement on Trade in Services (GATS), which seeks to liberalize the trade in services with Mode IV addressing movement of people. WTO, “The General Agreement on Trade in Services (GATS): objectives, coverage and disciplines”, http://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm
71 Yue, Chia Siow, “Free Flow of Skilled Labor in the ASEAN Economic Community”, ERIA and Singapore Institute of International Affairs, 2010; and Dee, Philippa “Services Liberalization Towards an ASEAN Economic Community”, ERIA and Australian National University, 2010.
Thailand’s migration management has been making commendable progress. At the international level, Thailand is party to the WTO and ASEAN agreements and has MOUs with its neighboring countries. As most migrants do not use the MOU, the Thai government has used cabinet acts and, since 2004, the Nationality Verification (NV) initiative to increase the share of regular migrants. As in many developing countries, Thailand’s migration policies lack some cohesion in design and implementation, and they are not explicitly linked to its national development plan. Overall, however, Thailand has managed migration relatively well as evidenced by the continued absorption of increasing numbers of immigrants and their ongoing regularization and improving access to services. A central migration authority could further improve coordination.

Thailand has gradually moved to a more strategic approach to migration. Thailand witnessed an influx of immigration during its economic boom in the late 1980s and 1990s, before it began formulating policies to address problems such as the lack of control over irregular migration. What has ensued has been a series of acts and revisions to government policies generally more focused on addressing short-term issues than fostering longer-term development. Efforts have been punitive in the past; they included deporting workers that lacked legal status, though more recent initiatives have sought to induce formalization. These past efforts have had mixed success as the costs have often been placed on employers and migrants, so incentives for evasion were high. A more sector based approach for registration was used after 2000, and in 2001, the National Committee on Illegal Worker Administration was established; consequently, since 2004, the government has been more proactive to register workers, as well as to extend social services (with mixed success). Recent NV efforts have increased the registration of irregular migrants.

Further improvements in migration frameworks in the GMS are expected. There have been proposals in some countries, including Thailand, to have one central agency coordinate migration policies and their implementation across ministries. At the sub-regional level, governments and development organizations such as the IOM, the ILO, and the United Nations Inter-Agency Project on Human Trafficking in the Greater Mekong Subregion (UNIAP), and NGOs such as the Mekong Institute have been supporting policy dialogue and coordination across countries. Initiatives at the ASEAN level are expected to contribute gradually to increased coordination, starting with specific segments of skilled migration.

c) Migration Formalization in the GMS

Irregular migration is common in EAP and the GMS, where perhaps a majority of migrants lack legal status or work permits. Irregular migration remains a major economic, social, and security issue. Examples of large irregular cross-border flows include Malaysia with Indonesia and the Philippines, and Thailand with neighboring Cambodia, Lao PDR, and Myanmar. Thailand’s long and porous borders with lower income GMS countries make enforcement impossible without measures to increase the attractiveness of formal (as opposed to informal) migration. Possible measures include keeping regularization barriers low, improving legal and social protection for migrants, and enforcing punitive measures against brokers, employers, and others as a deterrent.

The perceived benefit of regular status seems low. Only 9 percent of migrants surveyed in Kanchanaburi province have a work permit. Strikingly, only 2 percent of respondents planned to apply for a work permit. The main reasons for not having a permit included the perception that it was not needed (71 percent), a lack of knowledge of the procedures (12 percent), and the concern that the process was too expensive (6 percent).

---

73 The Tenth National Economic and Social Development Plan in Thailand, for example, recognizes the need to better adapt to great migration flows associated with globalization, however there is little detail on how to address such labor migration issues. Furthermore, most references are for retaining or attracting high-skilled workers with no mention of low skilled workers that compose the majority of the migrants workforce. See also “International Migration in Thailand 2011”, Bangkok 2011.
Close to 80 percent of those holding a work permit received it in less than three months and the average cost was 2,700 Thai baht.

**The associated broker networks hinder efforts toward the regularization of migration.** The vast network of illicit migration in the GMS slows efforts for formalization owing to strong vested interests to keep the status quo and to benefit from the rents gained from irregular migration. The irregular networks include many stakeholders, including traders, officials benefiting from bribes, migrants that often find irregular migration less time consuming, and businesses that are able to access low cost labor without needing to provide benefits. Consequently, any effort to support formalization requires a strong capacity to enforce laws and to implement policies. Studies have found that some Thai employers openly cooperate with brokers, or take a laissez faire approach of not checking worker status owing to the general lack of enforcement.

**Frequent policy changes raise uncertainty for migrants and businesses and thus impede migration regularization.** Rules for irregular and regular migrant workers have been revised nearly on an annual basis in Thailand and have lacked predictability. Employers and migrants face difficulty understanding migration policy and have cited inconsistent policies as a significant obstacle to migration regularization. Further, there have been frequent changes in the division of responsibilities for migration policy and its implementation across agencies. There have been a series of cabinet acts in the past two decades to increase regularization to complement the two primary laws being the 1978 Alien Employment Act and 1979 Immigration Act. There have been innovative initiatives to increase regularization in 1992, 1996, 1999, 2001, 2004 and recently nearly annual registration periods.

The first effort to register irregular workers was in 1992 that sought to provide temporary permits for Myanmar workers in select provinces—however few tried to register. A 1996 cabinet resolution sought to regularize irregular workers from neighboring countries if they registered and applied for a work permit, and over 300,000 registered and 240,000 received work permits. In 1999 a quota system was initiated to limit the number of registered workers. In 2001 a cabinet resolution allowed employers in all sectors to register their workers with no restrictions on province or job type, which led to nearly 570,000 workers registering and 410,000 renewing the following year. In 2004 a campaign sought to regularize as many workers and their families as possible, providing registered foreign workers an ID card that allowed temporary stay and temporary work permits led to 1.28 million migrants applying and 840,000 migrants registering, as well as 250,000 employers registering. In the past few years, registrations generally occur annually, though the registration period is only one month. The most recent registration process was in 2011, for migrant workers and children under 15 years old. Individuals that entered the country illegally could register; however, their registration card indicates their illegal status and that they are pending deportation.

**The MOU process creates considerable disincentives between migrants and employers.** Thailand’s current MOUs with neighboring countries (signed in 2002 and 2003) aim to address the negative effects of irregular migration and boost regularization. Thai employers submit a request for workers using authorized brokers. Fees are imposed on both the workers and employers. Workers are required to stay with their assigned employer and in their assigned province. Employers complain that the process is slow. Employers also worry that workers may flee, which would make the fees paid upfront a loss. The qualitative survey conducted for this study indicates that employers and brokers may place immigrant workers in debt bondage as a result. Partly reflecting these problems, Cambodia and Lao PDR have met about only 10 percent of Thailand’s requested number of

---


workers though the MOU process. Many workers have opted to use informal networks to save money and time and to avoid possible debt bondage and exploitation.\textsuperscript{79}

\textbf{In Thailand, the Nationality Verification represents a positive step toward regularization.} Under the NV process, the Thai government requests the governments of neighboring countries verify the nationality of migrant workers in Thailand. Upon confirmation, workers are required to obtain travel documents and return to their home country to receive identity cards. While the percentage of migrants completing the NV has since increased, Table 8 shows progress as of the end of 2010, with less than 40 percent completion by eligible migrants from Myanmar. Efforts to increase NV have included having more officials from sending countries establish offices in Thailand; however, only Cambodia has consistently done so with most of Lao PDR’s workers needing to return home. There are more concerns among Myanmar workers, who fear that going through the NV process may result in Myanmar officials forcing relatives in Myanmar to provide a share of their remittance income, while others are concerned of arrest or having to pay bribes upon returning to Myanmar to register. Moreover, the requirement under the NV process for irregular immigrants to travel to their home country can lead to substantial costs in terms of transportation, forgone earnings, and the possible need to use brokers for arranging transportation and employment upon return. The limited NV time window, usually one-month, was commonly cited as a reason why individuals lacked regular status.\textsuperscript{80}

\textbf{Table 8 Status of Nationality Verification as of December 2010}

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Eligible for NV, Feb 2010</th>
<th>Completed NV process, Dec 2010</th>
<th>Not completed NV process, Dec 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>56,479</td>
<td>45,417 (80.4%)</td>
<td>11,062 (19.6%)</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>62,792</td>
<td>34,999 (55.7%)</td>
<td>27,793 (44.3%)</td>
</tr>
<tr>
<td>Myanmar</td>
<td>812,984</td>
<td>308,090 (37.9%)</td>
<td>504,894 (62.1%)</td>
</tr>
<tr>
<td>Total</td>
<td>932,255</td>
<td>388,506</td>
<td>543,749</td>
</tr>
</tbody>
</table>


\textbf{The 2008 Alien Employment Act in Thailand sets the framework for regular immigration of low-skilled workers.} The Alien Employment Act establishes the legal guidelines for authorized migrant workers, including their rights and obligations. Under the act, workers can obtain work permits lasting two years, which are renewable for a maximum of four years. The act also stipulates that employers can be fined up to 100,000 baht for employing undocumented workers. The law lists 36 types of jobs and 43 provinces for workers from neighboring countries. While not yet approved, there is a requirement for workers and employers to contribute to a deportation fund, which is refunded if workers pay for their own passage. Migrant workers must present their work permit to provincial authorities every three months, and the permit is renewed annually subject to a 1,900 baht processing fee, a 600 baht medical checkup, and a 1,300 baht contribution for the universal health insurance scheme.\textsuperscript{81}

\textbf{The perceptions of the economic and social cost of migration by the different stakeholders influence the process of formalization.} Table 9 presents scenarios for the fixed economic cost of recruitment of migrant workers, the perceived social cost in labor receiving countries, and the associated policy emphasis. The four


\textsuperscript{80} Institute for Population and Social Research “Study of Migrants from Myanmar in Thailand”, (processed); and IOM, “Thailand Migration Report 2011, Migration for development in Thailand: Overview and tools for policymakers 

\textsuperscript{81} Institute for Population and Social Research “Study of Migrants from Myanmar in Thailand”, (processed); and IOM, “Thailand Migration Report 2011, Migration for development in Thailand: Overview and tools for policymakers 

40
primary design considerations are cost, choice of workers, circularity, and commercial viability. Higher costs of migration constrain efforts for regularization among low income workers. High costs are a regularization disincentive for both firms and migrants in Thailand. The choice of workers refers to the skills of workers and matching them with proper employment to avoid abuse of the migration system by over or under-qualified workers. Circularity—the ease of migrating once or in the future—also helps avoid irregularity. Good migration schemes adjust according to country’s economic conditions: for instance, the annual setting of quotas. Their implementation is difficult, particularly when the share of low skilled workers is large, and the distance between the perceived economic benefits and social costs is wide.

Table 9 Migration Scenarios for Economic and Social Costs

<table>
<thead>
<tr>
<th>Social cost high</th>
<th>Fixed cost is high</th>
<th>Fixed cost is low</th>
<th>Policy emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social cost high</td>
<td>[A] - Firms want permanent migration - Sending government may want permanent migration - Host country wants temporary migration - Problem area—domestically and internationally—firms and Host country want different outcomes</td>
<td>[B] - Firms can do temporary migration - Sending government may want permanent migration - Host country wants temporary migration - Problem area, but domestic cooperation possible because firms and Host country interests are aligned</td>
<td>- Burden is on sending government to actively screen, regulate, and repatriate - Need mechanisms to ensure sending government cooperation</td>
</tr>
<tr>
<td>Social cost low</td>
<td>[C] - Firms want permanent migration - Sending government wants temporary migration - If Host country wants permanent migration - If Host country and firms collude, commitment problem</td>
<td>[D] - Either outcome probably acceptable</td>
<td>- Burden on host country - Need mechanisms to ensure host country commitment and cooperation</td>
</tr>
<tr>
<td>Policy emphasis</td>
<td>- Burden on firms—robust eligibility criteria for employers, and strong enforcement with ex post penalties</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Fixed cost = selection, recruitment, training, and travel; Firms denote employers in the host country.
III. CONCLUSIONS

The analysis has illustrated the benefits and risks pertaining to migration in the GMS. The findings show that labor receiving countries, including Thailand, benefit from migration particularly in terms of their economic output, employment, and firm profitability. Labor sending countries gain from remittances and potential positive spillovers of knowledge, technology, and investment. While providing public services, such as health and education to migrants may be a political challenge, overcoming this challenge can help raise productivity, build human capital, and incentivize the formalization of migration and migrants. In this respect, Thailand has achieved significant progress in addressing the disparities—particularly in migrants’ access to basic education. Migration policies and institutions influence the gains, nature, and risks of migration. Based on the findings and international good practice, this section offers considerations for migration policy and management in Myanmar, Thailand, and throughout all GMS countries.

Countries in the GMS can build on their commendable efforts to improve the outcomes of migration. At the GMS and ASEAN level, as well as at home through domestic constituencies, these countries could recognize the positive role and significance of both unskilled and skilled migration, harmonize migration policies with their own country’s development strategies, and update bilateral labor agreements accordingly. The aligning of objectives of both labor sending and receiving countries and the effectiveness of migration policies and agreements would require a strong coordination effort both domestically and across countries.

Myanmar as well as other labor sending countries can increase the gains from migration by facilitating remittance flows and their developmental impact, by bolstering circular migration, and by providing core legal and other support services to its emigrants abroad.

Thailand as well as other labor receiving countries can benefit from migration by reducing obstacles to regularizing migrants and migration, by protecting migrants’ rights through employers, and by further improving migrants’ access to essential services.

1) MYANMAR: REMITTANCES, CIRCULAR MIGRATION, AND MIGRANT PROTECTION

a) Facilitating Remittances and their Developmental Impact

Myanmar has a major scope for increasing the volume and developmental gains of remittances. As demonstrated by countries such as Tajikistan, where remittances as a share of GDP increased from 0.1 percent of GDP to 12 percent within three years, it is possible to boost the level and impact of remittances as part of economic transition. Myanmar’s economic transition is likely to attract the interest of its Diaspora and—particularly if complemented by measures to address the obstacles and concerns experienced by its emigrants and their relatives at home with respect to remittance flows—can bring about a major increase in the inflow of remittances. To achieve such positive results, reforms need to work at two levels: First, make sending remittances—and the use of formal channels for their transfer—easier and more attractive. Second, expand the potential for productive investment, including investment in business and human capital. Best practices from international experience are presented below.

Steps to increase remittance flows include (a) stocktaking of the current level and mix of remittance modalities, (b) diagnosing the constraints to remittance flows generally and through the formal financial

system, (c) strengthening the financial system to better support remittance flows, and (d) raising public awareness of the remittance processes. For Myanmar, the initial stocktaking discussed above indicates that remittance inflows are much lower than expected given the extensive Diaspora; and Myanmar’s emigrants tend to favor informal remittance channels. Constraints include difficulty in using formal channels without proper identification documents, limited financial sector coverage, high transfer fees and other costs, mistrust and privacy concerns through the formal financial system, and possible rent seeking.

Remittance flows could be increased though regularization of migrants, lower costs and greater competition among remittance intermediaries, expanded coverage and modernization of the financial sector, the prevention of rent seeking, and increasing public awareness. First, to increase inward flows, Myanmar could pro-actively support Thailand’s migration regularization efforts, including the NV, and quickly and cheaply provide the required identification documents to its citizens abroad. This may require that Myanmar opens more migrant-supporting offices in Thailand and other host countries near the main migrant communities. Second, Myanmar could facilitate information sharing on remittance transactions cost. The Central American region, for example, launched a remittance price assessment tool, *Enviacentroamerica*, which includes an online price comparison tool for comparing sending costs from the US to each country in the region.83 Third, to expand financial sector coverage and to promote public trust and price competition, Myanmar could encourage the entry of private and foreign financial intermediaries. This step may generate useful modernization spillovers for Myanmar’s financial system as a whole. Fourth, credible legal actions would be necessary to prevent remittance rent seeking by public and private sector agents. To promote awareness of remittance senders and recipients on the processes for formal remittance flows and formal migration (and investment as well as consumption opportunities in Myanmar), the government could partner with financial institutions and launch outreach campaigns.

Measures to enhance the development impact of remittances based on international experience include (a) improving the business climate and (b) increasing the statistical capacity to inform policy design and adjustments. Improvements in the business environment increase the opportunities for productive investments.84 At the micro level, a better business climate would encourage households to use remittances toward expanding their income-generating activities and—in the presence of quality private services including education and health—investing more in the human capital of children. At the macro level, beyond facilitating the productive use of remittances, a better business environment would support the expansion of private economic activity and foreign investment, including the introduction of new technologies. Statistical capacity to gather information on remittances and their use through instruments such as household surveys85 and censuses can support policy evaluation and further reforms.86

b) Bolstering Circular Migration

Temporary and particularly circular87 migration can have multiple benefits for sending countries, and it is often more attractive to host countries than permanent migration. Research shows that shorter-term migrants remit more than longer-term migrants owing to stronger ties with their home countries. These ties also make shorter

---

83 Examples of fees included are transaction and foreign currency exchange costs. See www.enviacentroamerica.org. The project is in collaboration with the Center for Latin American Monetary Studies, the Inter-American Development Bank, World Bank and other partners.
84 See World Bank’s ‘Doing Business’ and ‘Enterprise Surveys’ for specifics on improving the business and investment climate
85 See newly released study IFPRI and World Bank. 2012. “Improving the measurement and policy relevance of migration information in multi-topic household surveys”. Washington DC.
87 Temporary migration usually refers to short-term migration, whereas circular migration involves for more than one stay.
term workers more likely to return, which allows for skills sharing and use of capital gained abroad. As Myanmar’s economy is likely to increase job opportunities and to experience structural shifts to more productive sectors with its ongoing reforms, there may be greater interests of having workers return as well as to circulate to gain skills.88

While temporary migration may be a policy objective of host and sending countries, evidence suggest that establishing an institutional framework for circular migration may be more effective for promoting shorter stays by workers. Research has found that institutions and policies that allow for migrants to easily, cheaply, and repeatedly move between and among countries increases the likelihood of such behavior, whereas more restrictive policies—such as not allowing return or incurring high costs and time requirements—can lead migrants to overstay or to use informal channels. Additionally, regular circular migration offers greater legal protection to migrants, while avoiding the negative externalities of irregular migration. Both sending countries and receiving countries must cooperate closely for circular migration to be successful.

Specific steps and roles for sending countries, such as Myanmar, include screening workers to find those meeting the skills requested by a host country, assisting with pre-departure training, and being proactive to ensure that workers return though incentives. These incentives could include job placement and payments upon return and cooperating with law enforcement in other countries to deter overstaying, including punitive measures. Host countries, such as Thailand, can have their ministry of labor work with employers to determine the annual demand and the skill profiles for various sectors, to assist with documentation upon arrival, to provide support to migrants while in the country, and to re-certify companies that comply with the rules (such as protecting their workers and ensuring their timely return).

The New Zealand Recognized Seasonal Employers Scheme (RSE) is viewed as being a successful circular migration arrangement, which benefits not only New Zealand’s agricultural employers but also immigrants from five Pacific Island countries. Employers gain from a stable labor supply and lower wage costs, while migrants gain from secure employment and higher wages than their home countries can offer them. Circular migration schemes have been most successful not only when costs are kept low for workers and companies but also when there is active participation by the public and private sectors in each country.89

c) Expanding Core Legal and Protection Services for Emigrants

While Myanmar has some offices in labor receiving countries such as Thailand, the number of offices and the services they provide could be further expanded to adequately support Myanmar’s emigrants abroad. Myanmar’s offices in Thailand, for instance, can provide emigrants with identification and other documentation and with assistance in emigrants’ native languages on the regularization procedures and on the rights of emigrants. In addition, such offices could offer legal protection in cases where employers may be breaking labor laws of the host country. The Philippines Overseas Employment Administration (POEA) represents a good model in the region. The POEA assists with job recruitment prior to departure and helps to protect the welfare of emigrants abroad.90

2. THAILAND: REGULARIZATION, ENFORCEMENT AND SERVICES FOR MIGRANTS

a) Reducing Obstacles to Regularizing Migrants and Migration

Reducing the financial and administrative burden associated with regularization would contribute to regularizing processes, thereby making irregular migration less attractive. Given its large number of irregular migrants, Thailand could consider streamlining the number of administrative steps and time required for regularization. It could lower the cost required to obtain identification and work documentation and to abolish the NV requirement for immigrants to return to their home country for documentation verification and to allow such verification in the labor sending countries’ representative offices in Thailand. Thailand could also extend the allowed period for the registration to be completed beyond the currently problematic one-month deadline. Importantly, the work permit rules can be relaxed to allow immigrants to change employers and geographic locations without losing status—an issue that was proven critical and problematic during Thailand’s floods in 2012.

International experience suggests that Thailand would benefit by further collaborating with its neighboring countries to reduce the obstacles to regular migration. Thailand could support labor sending countries to open more offices in Thailand to assist immigrants in the regularization process; to familiarize migrants with their rights, existing policies, and the benefits of regularization; and to support circular migration.

b) Protecting Immigrants’ Rights through Employers

Thailand could address the non-economic risks reported by immigrants by imposing strict sanctions against employers who withhold migrant documentation or otherwise infringe upon immigrants’ rights. Thailand could clarify the rights of both regular and irregular immigrants and strengthen their enforcement. In addition, Thailand could review its legal and regulatory framework to identify and address any existing measures—such as the connection of work permits to a single employer and location that weaken the realization of immigrants’ rights and discourage regularization. The provision of greater protection to migrants could be coupled with more consistent punitive measures against employers and brokers that violate migrant rights. Furthermore, offices of labor sending countries to support their emigrants in Thailand can further improve the channels for protecting immigrants’ rights vis-à-vis employers.

c) Further Improving Migrants’ Access to Essential Services

Improving immigrants’ access to essential services can serve multiple aims: incentivizing regularization, increasing shorter-term productivity, building longer-term human capital, and mitigating risk exposures in communities. Establishing a well-defined package of essential services for regular migrants—as compared to an open-ended service commitment—can limit Thailand’s fiscal burden. Further, while essential health and education should be accessible to all in accordance with Thailand’s national and international agreements, access to a broader set of services—including essential services for early child development and social protection—may induce migrants to regularize.
3. THE GMS: POLICY HARMONIZATION, INSTITUTIONAL STRENGTHENING, AND AWARENESS

a) Harmonizing Migration Policies

The countries of the GMS can further elaborate on the role of migration in their national development documents to harmonize the frameworks and objectives for migration. National development plans and strategies should ideally state—with sufficient detail—how emigration and immigration support national socio-economic development. Migration laws, regulations and policies, and their enforcement can then be aligned with the stated objectives and plans. Senegal, which incorporates migration and remittances in its poverty reduction strategy paper (PRSP), provides a good example of a country that has been successful in this regard. The PRSP recognizes the sizable contribution of migration and remittances to the economy and to household welfare; it further analyses the constraints to increasing the development effect of migration (namely limited information on employment opportunities abroad and limited support for emigrants). To address these constraints, the PRSP commits the government to reaching out to emigrants and providing them with information on employment and financing opportunities, training, and assistance.

In addition to national policies, bilateral migration policies could be improved to match the diverging interests of sending and receiving countries more accurately. Although multilateral labor agreements are important, the trade-offs necessary in reaching them tend to limit their scope (focusing only on high skilled workers in selected occupations, as is the case of ASEAN Economic Community Blueprint) and depth. Bilateral labor agreements allow governments to reach agreements most relevant to both countries’ respective priorities. However, most of the existing bilateral agreements in the GMS, such as the currently valid MOUs, have not been updated for about a decade while the socio-economic situation across the GMS countries has evolved. The MOUs in the GMS, for instance, could better address regularization objectives and approaches and migrants’ rights. Korea’s MOUs with more than 15 countries that underpin the Korean Employment Permit System (see Box 2), representing a good practice in EAP for effective migration management underpinned by bilateral labor agreements.

b) Strengthening Institutional Arrangements for Migration Management

Stronger institutional arrangements in both sending and host countries can bolster the design, coordination, and implementation of migration policies. The multi-thematic nature of migration necessitates cross-ministerial institutional cooperation. In this respect, Thailand’s Illegal Alien Workers Management Committee (IAWMC)—involving multiple ministries—although limited in scope to irregular workers, represents a good step and could expand its role to mitigate the competing interests across ministries and stakeholders.

The countries of the GMS may consider establishing inter-ministerial bodies that address both regular and irregular migration issues in accordance with long-term strategies. Singapore presents a good regional example for institutional arrangements to support migration policies and management. Singapore has two separate policies, one for low- and one for high-skilled workers that serve differing objectives, with the former for temporary labor demands and the later to support growth sectors. The Ministry of Home Affairs is in charge of regulating migrants’ entry and works with the Ministry of Manpower, which issues work permits. In Malaysia, 13 ministries are on the Cabinet Committee on Workers and Illegal Immigrants chaired by the Deputy Prime Minister.

---

92 For example, the content of the updated bilateral labor agreements would vary when Thailand is primarily a recipient country with Cambodia, Lao PDR, and Myanmar, and when Thailand is the primary sender to countries such as Malaysia, Taiwan, and Singapore.
Minister. The Ministry of Human Resources sets the number of foreign workers needed for each sector depending on labor demand and the Ministry of Home Affairs processes migrant visas for both low and high-skilled workers accordingly.

c) Building Public Awareness about Migration at the Country and ASEAN Regional Level

Both sending and receiving countries in the GMS would benefit from raising public awareness with respect to the benefits and to the process of migration and migrants’ rights. Public awareness campaigns have been particularly successful when involving multiple stakeholders, including domestic and international organizations, employers, non-government organizations, and governments. The European Commission’s (EC) and IOM’s ‘Migrants in the Spotlight’ campaign—focusing on Eastern Europe—sought to improve understanding of migration benefits through training for media companies toward more objective media reporting. Other examples are the EC Fund for Third Country Nationals for integration of migrants that included universities and sports teams to increase public awareness. Another example was the radio drama *Pueblo de Paso* that was broadcasted on 184 radio stations throughout Latin America to dispel public misunderstandings—such as perceptions that migrants generally have a negative economic and social impact. The program supported integration efforts and helped shape NGO activities in the region. Countries in the GMS and ASEAN as a whole may consider similar communication strategies to support their migration policy objectives and to expand widely-shared migration gains.

---


APPENDICES

Map of Southeast Asia

Source: World Bank
Map of Thailand, surveyed provinces marked in red

Source: World Bank
REFERENCES


Attzs, M. 2008. “Natural Disasters and Remittances: Exploring the Linkages between Poverty, Gender, and Disaster Vulnerability in Caribbean SIDS” UN WIDER.


Dee, P. 2010. “Services Liberalization Towards an ASEAN Economic Community”, ERIA and Australian National University.


IFPRI and World Bank. 2012. "Improving the measurement and policy relevance of migration information in multi-topic household surveys". Washington DC.


Migrant Worker Rights Network and State Enterprise Workers Relations Confederation of Thailand. 2011. “Thai and Myanmar Governments to Ensure Migrant Flood Victims Enter Thailand Legally after Abuse”.


The Nation. 2011. ‘The effects of low skill immigration on the Thai labor market’


Office of Foreign Workers Administration, Department of Employment, Ministry of Labor. 2011.


Soesastro, „Implementing the ASEAN Economic Community (AEC) Blueprint”, ERIA, 2007, pp. 48-49.


Tussie, D. and Aggio, C. “Economic and social impacts of trade liberalization”. UNCTAD.


UNESCAP. 2008. “Economic Cooperation and Regional Integration in the Greater Mekong Subregion (GMS)”.

UNESCAP. 2003. “Migration Patterns and Policies in the Asian and Pacific Region”.


WTO. “The General Agreement on Trade in Services (GATS): objectives, coverage and disciplines”,
http://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm