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COSTS AND BENEFITS OF CROSS-COUNTRY LABOUR MIGRATION IN THE GMS: SYNTHESIS OF THE CASE STUDIES IN CAMBODIA, LAOS, THAILAND AND VIETNAM

Working Paper Series No. 45



A CDRI Publication

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ISBN 978-99950-52-33-1

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Design and Layout: Oum Chantha

Printed and Bound in Cambodia by Japan Printing House, Phnom Penh

Costs and Benefits of Cross-country Labour Migration in the GMS: Synthesis of the Case Studies in Cambodia, Laos, Thailand and Vietnam*

1 Introduction

There is growing interest in promoting cooperation in the Great Mekong Sub-region (GMS), which comprises Yunan province of China, Vietnam, Thailand, Myanmar, Laos and Cambodia (see map). There are still remarkable differences in socio-economic development among the six countries. As summarised in Table 1, Cambodia and Laos lag behind Vietnam and Thailand in poverty reduction and other key social development aspects. Job creation in the worse off countries does not keep pace with the increase in the labour force. Due to the higher wages in Thailand and lack of year-round farming in Cambodia, Laos and Myanmar, millions of people venture over the border to work in Thailand. Thailand's loose borders of thousands of kilometres make this migration very difficult to manage.

The magnitude, scope and scale of regional migration are not fully known because much of it is undocumented or underground. Around 1 million Burmese and 180,000 workers each from Cambodia and Laos work in Thailand, mostly entering through illegal means to find “3D” (dirty, difficult and dangerous) jobs that Thai workers would rather not do. At the same time, significant numbers of migrants from China (particularly Yunan) and Vietnam are found in Laos and Cambodia. Migration within the Mekong region is characterised by informal flows of unskilled labour for economic rather than any other reasons. Migration outside the GMS region is generally through contracts. Vietnam and Thailand have programmes to send their migrants to many countries and receive billions of dollars of remittances each year.

Past studies (Maltoni 2006; Chan & So 1999; Asian Migrant Centre 2004) have identified GMS migrant networks, regular overview of migrant flow (every two years), assessed the vulnerability of migrants and social impacts (on children and family at home etc) and the risks caused by the irregular nature of migration. A review of the literature by the Development Analysis Network (DAN) member institutions indicated an information gap regarding economic costs and benefits of migration for individuals, households and sending communities. There was a lack of quantitative data about migrants and underestimation of their number. Economic contributions from migrants are not well known or documented. The current collaborative study intends to address this gap.

* The synthesis which is based on individual country reports, is prepared by Chan Sophal, formerly Senior Research Fellow and Research Advisor at CDRI.

The current article summarises and synthesises reports by research teams from the DAN members. Rich details are available in the country reports to follow.

GMS Countries



Source: Sciortino (2007)

Table 1: Selected Social Development Indicators in GMS Countries

Item	Cambodia	Laos	Myanmar	Thailand	Vietnam
Maternal mortality rate (per 100,000 live births)	437.0	530.0	100.0 urban 180.0 rural	24.0	165.0
Infant mortality rate (per 1000 live births)	96.0	87.0	48.3 urban 50.1 rural	22.0	30.0
Life expectancy at birth					
Female	63.4	56.0	63.9	74.9	71.4
Male	57.2	53.0	61.0	69.9	66.7
Adult literacy (%)	73.6	66.4	91.8	92.6	90.3
Female	64.1	56.0	91.4	90.5	86.9
Male	84.7	77.0	92.2	94.9	93.9
Population below poverty line	34.8	32.7	22.9	9.8	29.0
Population with access to safe water (%)	30.0	37.0	89.2 urban 65.8 rural	97.0 urban 91.0 rural	56.0
Human poverty index	74	66	45	22	39

Note: The figures were for varying years from 2000 to 2004.

Source: Sciortino (2007)

Countries in the GMS are at different stages but are faced with common problems of labour migration and employment prospects for the young generation. While Vietnam, Cambodia and Laos are confronting a lack of employment, Thailand is concerned with a shortage of unskilled labour to meet the increasing demand. A study by the Thai Development Research Institute (TDRI) predicts that Thailand will need 5–7 million workers from abroad to fill the demand for unskilled workers in the medium and long term (Paitoonpong 2007). This suggests that labour migration from neighbouring countries such as Cambodia and Laos to Thailand is bound to increase. Governments of the countries will be in a better position to make sound policy on labour migration and employment planning if they have common information and understanding of current problems. This regional study aims to provide policy makers with external and forward information regarding economic costs and benefits to migrant workers and their communities and suggest ways to improve policy and legal and institutional frameworks to increase the benefits and reduce costs.

Table 2. Summary of Research Sites and Joint Activities

	Fieldwork for community analysis	Joint activities with partner institutions
Cambodia	Five communities that have migrants going to Thailand One community that has migrants going to Malaysia	Trace Cambodian migrants in Thailand with cooperation from TDRI Interview migrants from Vietnam with participation from Vietnam researchers
Laos	Six communities from different provinces that have migrants going to Thailand	Trace Lao migrants in Thailand with cooperation from TDRI Interview migrants from Vietnam with participation from Vietnam researchers
Vietnam	One or two communities that have migrants going to Taiwan or Malaysia One community that has migrants going to Cambodia (in the south) One community that has migrants going to Laos	Interview Vietnamese migrants in Laos with cooperation from NSC/NERI*
Thailand	One community that has migrants going to Taiwan (this is useful for comparing with communities in other countries)	Receive researcher(s) from CDRI to interview Cambodian migrant workers Receive researcher(s) from NSC/NERI to interview Lao migrant workers

* *Note: NSC stands for National Statistical Centre. NERI stands for National Economic Research Institute*

The DAN is a unique network of research institutes in Cambodia, Thailand, Vietnam, Laos and Yunnan province. DAN has been conducting joint research for 10 years on issues shared by the countries in the GMS.¹ The member institutions are influential think-tanks or independent institutes close to policy makers in their countries. The work of DAN has been unique in jointly addressing cross-border issues using the advantages of its members' geographical locations and proximity to policy makers. This has allowed researchers to travel beyond their borders to

¹ For understandable reasons, Myanmar has not been part of the DAN. This study also does not cover Yunnan province of China.

follow up cross-border issues such as labour migration within the region. The joint studies have also involved much secondary data review and interviews with concerned parties.

The research partners try to complement each other in addition to generating comparable statistics. For this reason, the fieldwork approach was not the same (Table 2). The study employed common methodologies for the analysis of microeconomic costs and benefits to communities of cross-border migration. Within each community, households with migrant workers were randomly surveyed to represent the population. Households without migrant workers were also randomly surveyed to compare with migrant households. The sample size for each group was sufficient to represent the community. The survey provided characteristics of households and important data related to migration questions to be tackled in the project. In addition, a few focus group discussions were conducted for each community to complement the survey. Community characteristics were also collected. Cases of individual migrant workers were followed to provide insights.

2 Profile of Labour Migration in Cambodia, Laos, Thailand and Vietnam

2.1. Thailand

The main motive for Thai workers seeking jobs abroad is a higher income, followed by limited job opportunities in Thailand. Most Thai migrant workers head to Taiwan, South Korea, Singapore, Israel, Qatar and Japan. From 1970 to 1980, Thailand experienced more worker emigration than immigration, many Thais leaving to find work in the Middle East, Taiwan, Brunei, Hong Kong, Singapore and Japan. By the early 1990s, migrant workers from neighbouring low-income countries outnumbered Thai workers leaving the country. Most of the migrant workers in Thailand are from Myanmar, with smaller numbers from Cambodia, China, Laos and south Asian countries.

Over the last two decades Thailand has transformed from a net emigrant to a net immigrant economy, if one takes into account the undocumented workers from its neighbours. Although the Thai government has formulated policies to cope with this change, the situation is beyond control in many respects. Efforts have been made to register irregular foreign workers with the Department of Employment and allow them to work in specified occupations. However, foreign workers are often cited as a threat to national security, and attempts have been made to arrest them and send them home.

In 2007 there were 161,917 Thai nationals reporting to the Ministry of Labour for work abroad, compared with 160,846 in 2006. Of this total, 86.18 percent were male. The top six destinations for Thai migrant workers in 2007 were Taiwan (52,193), South Korea (13,287), Singapore (16,271), Israel (10,903), Qatar (5762) and Japan (8002).

2.2. Cambodia

Cambodia is a latecomer in management and administration of labour emigration. Most migrants travel by informal or illegal means; the legal option is relatively new, costly and inconvenient for most. Government agencies will face an increasing challenge to manage labour emigration,

which is expected to rise because of both internal and external factors. Since the creation of productive jobs does not keep pace with the annual labour force increase of some 250,000, emigration pressure is likely to increase. Higher wages in Thailand, Malaysia, South Korea, Singapore and Japan are also a factor.

In the last two decades there has been a change from emigration of refugees or people displaced by civil war and political instability during the 1980s and 1990s to voluntary migration in search for work at the borders or inside Thailand and other countries. A new wave of Cambodians migrating to work in Thailand has emerged in the last decade. There have been both push and pull factors: a shortage of jobs in Cambodia and high wages in Thailand. There are basically two types of labour migrants: those who work and stay for months or years inside Thailand and those who work in areas near the border, mostly in farming. The long-range Cambodian migrants are engaged in construction, factories, plantations, domestic help and fishing, mostly 3D jobs (IOM 2006).

At present, migrant workers come, not only from areas that used to receive Cambodian refugees returning from Thai border camps, but also from many provinces in the interior. Fewer migrants come from rural and remote areas, where communications and infrastructure are severely limited. Although Thailand is still the destination of the largest number of Cambodian migrants, other emerging destinations include Malaysia, South Korea, Saudi Arabia, Taiwan, Singapore and Japan. This has been accelerating particularly since the mid-1990s, which were marked by the attainment of full peace in Cambodia and successive droughts and floods as push factors (CDRI 2007b; Chan & So 1999).

There are basically two types of migrant workers from Cambodia: legal and illegal, in a strict sense. Table 3 provides the most recent statistics on Cambodian migrant workers officially sent to three countries since 1998. Between 1998 and the end of 2007, there were 20,630 official workers to Malaysia, South Korea and Thailand. Of this total, 10,532 went to Malaysia, 3984 to Korea and 6114 to Thailand. The majority of workers sent to Malaysia were female, serving as domestic help or housemaids, while most of those to Korea were males intending to work in factories. Although Thailand has received migrant workers from Cambodia since 1994, most are undocumented or irregular. Official migration started only in 2006, following a memorandum of understanding between Thailand and Cambodia signed in May 2003.

2.3. Laos

Labour migration between Laos and Thailand is not new, especially not for people who live along the border. Crossing the border to visit friends or relatives, to trade or to seek employment are long-term traditions and make up part of the relationship between the communities on both sides of the Mekong.

An exceptionally large amount of labour migration to Thailand began in the 1990s. This was a result of Thailand's economic development and Laos' adoption of a comprehensive reform programme called the New Economic Mechanism in 1986, which led to regional integration and an "open door" policy. There are no reliable statistics on the number of Lao migrant workers in Thailand. Recent estimates vary from 150,000 to 300,000.

Since 1992 the Thai government has used a registration programme as a tool to enable irregular migrants to work legally. Beginning in 1996, the government opened employment in 39 provinces in seven sectors: agriculture, fisheries, construction, mining, coal, transportation and manufacturing. In the following years, new registration policies were introduced, following similar guidelines but introducing quotas to limit the number of migrant workers, largely in response to the 1997–98 Asian financial crisis. However, in 2004 the government adopted a new approach; migrant registration now required concerted efforts from government offices including the ministries of Labour, Health and the Interior. Under the new policy, registration became a three-stage process and was opened to employers and migrant workers in all provinces. First, and similarly to earlier, both migrants and employers were required to register and pay a fee. Second, migrant workers were expected to pass a medical exam. Failure of the exam resulted in immediate deportation, while passing provided the migrant worker with health insurance for the duration of their work permit. Third, with the first two steps accomplished, the migrant was issued a one year work permit.

2.4. Vietnam

Before the *doi moi* economic reforms in Vietnam, labour exports were mainly conducted within labour cooperation frameworks officially agreed between the governments involved. The main destinations for the first outflows of labour were eastern Europe and the former Soviet Union. The primary objective was to prepare a skilful workforce for industrialisation in Vietnam, as well as to give jobs to young labourers or those who could not find jobs at home. Workers were recruited according to quotas specified in bilateral government agreements, and recruitment was based on strict criteria. The Department of Overseas Labour reported that between 1980 and 1990 a total of 277,183 skilled workers and experts were sent to these countries. Among them, 112,338 workers went to work in the former Soviet Union; 72,786 workers to East Germany; 37,659 to Czechoslovakia and 35,099 to Bulgaria. These migrant workers were well organised, well trained and provided with good access to basic public services such as health care and vocational or on-the-job training in the host countries.

A new Department for Overseas Labour Management (DOLAB) was established as a part of the Ministry of Labour, War Invalids and Social Affairs (MOLISA). The main duty of DOLAB was to govern labour migration. The government then started to build up and implement a National Strategy on Labour Service Exports. As a result there were several changes in the traditional labour export markets. These were not limited to the size of labour exports but affected the geographical distribution and method of operation as well. The government no longer plays the role of sole labour service supplier to other countries. More autonomy has been given to recruitment agents and enterprises to explore new markets, make contact with new foreign partners and seek direct labour contracts. Strict regulations on remittances, control of foreign exchange earnings and income taxes imposed on migrant workers have all been abolished.

Additionally, the Law on Overseas Contractual Workers and its associated regulations were enacted and implemented in 2006, formally institutionalising labour service export. The rights and obligations of labour market actors, from government ministries and agencies to labour recruitment and placement units to labour migrants, are more clearly defined. Moreover, the new regulatory framework has provided migrants with economic incentives. Direct support

and benefits, such as pre-migration training on social and working conditions abroad, foreign language training and enhanced eligibility for pre-departure and emergency loans, have been widely supplied. To give more active support to temporary labour migrants, relevant government agencies have been instructed to take responsibility for holding the host countries responsible for the protection of the workers.

The number of labourers formally emigrating for temporary work abroad has increased steadily since the early 1990s, from around 1000 in 1991 to more than 82,000 in 2007. The trend was interrupted briefly in 1998 by the Asian financial crisis but sped up again after 1999. The number increased sharply in 2003 due to the opening up of the labour market in Malaysia; more than 38,000 Vietnamese workers were given temporary labour contracts by Malaysian companies that year. A DOLAB report revealed that at the end of 2007 there were around 420,000 Vietnamese temporary labourers working in more than 40 countries and territories. They came from more than 50 rural provinces (out of 64), where underemployment and a surplus of low-skilled labour are major problems

3 Key Findings and Observations

3.1. Financial Costs of Migrating to Find Work

Table 3 summarises the fixed costs of migrants entering Thailand to work, compared with a much bigger cost for Thai emigrants to work overseas. For a Cambodian to migrate and work in Thailand legally means costs of USD747, four to five times more expensive than going irregularly. In Cambodia, the cost charged to migrants under the MoU is USD700. Cambodian migrants with documents obtained in Thailand paid less to the brokers.

Migrants from Laos in the case study faced lower costs to go to Thailand because they did not travel as far. For Thai migrants to work in Taiwan, the cost was nearly USD5000. Nearly USD4000 went to the broker in Thailand, while a work permit cost USD625. It is expected the benefits from working in Taiwan will pay this high cost.

The variable and fixed costs for Vietnam are summarised in Table 4. The fixed cost for a migrant to Taiwan is only USD3000, compared with USD4827 incurred by Thai migrants. The cost for a Vietnamese migrant to work in Japan is less (USD2000) but the deposit is huge (USD10,000–15,000).

Table 3. Survey Results on Fixed Costs of Migrant Workers (USD)

	Cambodia			Laos		Thai (emigrants)
	Legal	Irregular (with document)	Irregular (without document)	Irregular (with document)	Irregular (without document)	
Passport	110	4	-	14	-	36
Certificate of identity	-	5	-	-	-	-
Daily border pass	-	-	-	1	-	-
Weekly border pass	-	26	-	-	-	-
Physical check-up	-	-	-	-	-	-
- Sending country	10	-	-	-	-	52
- Receiving country	-	-	-	4	-	59
Brokerage fee	625	-	-	-	-	-
- Sending country	-	29	83	15	96	3925
- Receiving country	-	4	53	-	-	-
Transportation	-	-	-	-	-	-
- Sending country	2	28	25	7	6	57
- Receiving country	-	49	56	2	4	-
Visa	-	4	-	-	-	625
Work permit	-	-	-	-	-	-
Skills test	-	-	-	-	-	-
Training cost	-	-	-	-	-	-
Application fee	-	-	-	-	-	-
Other	-	-	-	13	-	73
Total fixed cost	747	150	217	56	106	4827

Source: TDRI surveys in 2007

Table 4. Average Cost of Migration and Work for Vietnamese Migrants in Selected Countries (USD)

Malaysia	Taiwan	South Korea	Japan	Countries of Middle East	Remarks
Fixed costs:					
1500–2000	3000	699	2000	1500– 2000	Payable to labour supply company in Vietnam
		450 for insurance and income tax	10,000–15,000 deposit to prevent workers “running away”		Payable to host country
Variable costs					
50 per month	100–150 per month	100 per month	100–150 per month	150 per month	Spent by the workers themselves. In Japan and South Korea, some workers are provided with free-of-charge gas, kitchen appliances

Sources: Collected from labour supply companies LOG and LATUCO in Hanoi, May 2008

3.2. Financial Benefits of Migrating to Work

For Thailand, the financial benefit from labour migration is nearly USD2 billion a year. However, for the individual and household, the economic gain from migrating to Taiwan varies considerably from one group to another. In contrast, the total economic cost does not differ significantly. The average net return is about USD5613 per person per year during the time abroad. The highest net return goes to divorced/deserted/separated workers, followed by workers over 45 years old. The lowest net return is to workers under 30 years old, followed by workers with limited education. However, a worker in Thailand who earned the minimum wage and worked 365 days a year (in fact, there are weekends and holidays each year) would earn a total of USD2213 per year—less than the net return for almost every group of Thai workers or migrants to Taiwan.

For Cambodia, the financial benefit is less significant than for Thailand. Table 5 compares the financial costs and benefits of irregular and legal individual migrants to Thailand. Workers sent to Thailand under the MoU are for a period of two years and can be extended for another two. The total net earnings per year of irregular migrants are only USD300, while those of legal migrants are USD1190. This is because total benefits from working outside the MoU framework average only USD1000, compared with USD2530 for legal migrants.

Table 5. Financial Costs and Benefits for Cambodian Migrants to Thailand (USD)

	Irregular			Legal				
	Daily	Monthly	Yearly	Daily	Monthly	Yearly	2 years	4 years
Total Benefits	5	100	1000	10	230	2530	5060	10,1200
Direct (Net income)	5	100	1000	6	150	1650	3300	6600
Overtime				4	80	880	1760	3520
Total Costs	2	70	700	4	120	1340	2680	4660
Fixed	0	10	100	1	30	350	700	700
Variable	2	60	600	3	90	990	1980	3960
Total Net Earnings	3	30	300	6	110	1190	2380	5460

Source: CDRI survey of 526 households and migrants in six villages in September and October 2007

The earnings of Lao migrant workers are low in comparison with their working conditions and extremely long hours. On average, migrant workers from Laos earn about USD131 a month. However, more than half of them earn less than the mean. From the survey, there is a difference between the average earnings of male and female migrant workers: about USD168 per month for men and USD112 per month for women. The estimated minimum wage that Lao migrant workers are supposed to receive in accordance with Thai labour law (USD136) is USD5 per month more than their average earnings.

A migration survey conducted by the Vietnamese government in 2004 revealed that an anticipated economic benefit was cited by 69 percent of respondents as the primary reason for migration, while other issues such as education (4.5 percent) and family changes (20 percent) played a much smaller role. Recent records from MOLISA indicate that, on average, a Vietnamese migrant worker can earn around USD150–200 a month in Malaysia, USD300–500

in Taiwan, USD450–1000 in South Korea and USD1000–1500 in Japan. These comparatively high salaries are the most important factor pushing workers to seek jobs abroad. Educated or highly skilled migrants can earn more than these average amounts.

Table 6. Average Income Earned by Vietnamese Migrants in Selected Countries

Country	Types of job	Average monthly income (USD)
Malaysia	Electronic assembling Construction Textiles & garments Services	150–200
Taiwan	Industrial workers Construction Fishery House workers Nurses	300–500
South Korea	Industrial workers Agricultural workers Fishery	450–1000
Japan	Electronics Fishery	1000–1500
UAE	Construction Electronics Hotel and restaurant	400–1000
Qatar	Construction	300–700

Srawoath Paitoonpong & Yongyuth Chalamwong (2007)

3.3. Remittances

International migration has enormous implications for the growth and welfare of both the countries of origin and the destination countries. The receipt of remittances is important to developing countries in particular. Remittances are an economic lifeline for many families. Money transferred from abroad is a vital source of capital for poor households and a potential vehicle for community development. Remittances help many families afford health care and education and sometimes to invest in or start a business.

All the Thai workers interviewed sent money home during their time in Taiwan, and almost all of them (97 percent) did so every month. Many of the workers sent back more than USD7813 in total. The most popular method for sending remittances was wiring the money via a bank (45 percent). Eighty-seven percent of the workers said their household was better off economically as a result of their time in Taiwan. None said that they were worse off than before their migration. However, only 24 percent said they would consider working in Taiwan again. Forty percent said they would go abroad again, but to a different country. Twenty-one percent said they did not want to go abroad again, while 16 percent were still unsure about what they were going to do.

Not every Cambodian working inside Thailand reported having sent money home. Overall, only 73 percent of these migrants sent remittances home in the previous year. The case is similar to that of migrants to Malaysia. Overall, 20 percent of the 48 workers in Malaysia (50 percent in the housework category) had not yet sent money home. On average, migrants sent

home or came back with only USD30–84 from the last trip, which lasted between a few weeks and a few months. Migrants who went deep inside Thailand and stayed longer for each trip remitted USD150–180 from the last trip. Remittances for one year are around USD300 on average, and the maximum can be USD1000.

The household survey in three provinces of the case study area found that Lao migrant workers save about USD62 per month. The money that migrant workers can remit could be equal to or less than their saving. In the field survey, migrant workers themselves stated that they saved about USD77 per month on average, and remitted about USD47 per month (USD571 per year). Therefore the actual monthly remittances should be between USD47 and USD62.

The monthly earnings of Vietnamese migrant workers in Cambodia and Laos are around USD100 on average. These can be considered remittances because they cross the border daily. However, the earnings differ from sector to sector and between migrant groups. For near-border migrants, the lowest income is for those engaged in goods transportation and hired workers. Among migrants far from the border, factory workers have the highest earnings, an average of USD165.70 per month. The next highest group is small traders, who earn an average of USD153 per month.

4 Major Issues in Labour Migration

4.1. Thailand

For Thailand, the major issues include: management and regulation of irregular workers; monitoring and mitigation of the economic and social impacts of irregular migrant workers (e.g. security and crime, contagious diseases); public health costs; human trafficking; labour standards and downward pressure on wages; over-dependence on cheap labour; and the slowdown in technology production as a result of cheap labour. The major issues regarding emigration from Thailand are primarily the welfare of Thai workers abroad and a brain drain.

Foreigners working in Thailand can be classified into five groups: legal foreign workers with visa and work permit; workers of international organisations or agencies; cross-border day workers with a border pass; illegal or undocumented workers (registered and unregistered); legal migrant workers from Cambodia, Laos or Myanmar present under MoUs.

Regulations regarding these groups differ. In this study the regulation of foreign workers has been grouped into four topics: 1) immigration law and requirements; 2) the Employment of Aliens law or work permits; 3) irregular migrant worker registration; and 4) the MoUs for the employment of workers from Cambodia, Laos and Myanmar. Migrant workers are also protected by the Labour Protection Act B.E. 2541, the Social Security Act 1990 and the criminal code. Thais working outside Thailand are protected by the Act on Employment Agencies and Job Seeker Protection 1985.

Registration of Irregular Migrant Workers

Previous government policy used registration as a way of policing irregular migrant workers. The idea was to bring these workers into the open and thereby make regulation more efficient and ensure social protection. The first registration occurred in 1992, when employers in 10

provinces along the border with Myanmar were permitted to register foreign workers. In 1993 the fishing industry in 22 coastal provinces was allowed to hire foreign workers. In 1996, two-year work permits for foreign workers were established in 39 provinces and seven industries, later expanded to 43 provinces and 11 industries. To register, a migrant had to pay a THB1000 (USD31) bond, a THB1000 fee and a THB500 physical check-up fee.

Between 1 September 1996 and 29 November 1996, some 323,123 illegal migrants were registered, of whom 88 percent were Burmese, and 293,652 two-year work permits were granted. Almost 80 percent of the migrants were registered by employers across three sectors: construction (33 percent), agriculture (28 percent), and fisheries (18 percent).

Memorandums of Understanding

The MoUs can be seen as a new approach to migration, which recognises that migration and migrant workers should be managed rather than denied access. Open and safe channels, which deal with the challenges of migration, are recognised as preferable. Denial served only to push the problems underground, and as workers sought clandestine entry into other countries, exploitation and violation flourished. In the future fees will be collected during the application for jobs. This will provide funds to help administer the process and manage the flow of migrant workers between the GMS countries.

Social Costs

Particularly prevalent social problems of labour migration in Thailand include HIV/AIDS and other contagious diseases; human trafficking, prostitution and child labour; security and crime; poor labour standards; and unemployment and the low-wage problems of unskilled Thai workers.

4.2. Cambodia

Because Cambodia's labour emigration is a relatively recent phenomenon, the country faces a challenge of creating a legal framework to deal with it. Many officials interviewed pointed out that Cambodia lacks a migration policy or any specific law on migration. The process of creating labour migration policy has been initiated with the assistance of an ILO-Japan project based in Bangkok.

There is a view that there should be an institution specifically in charge of managing labour migration. It makes sense for the Ministry of Labour and Vocational Training to set up a separate department to deal specifically with labour migration. There was a consensus among all the interviewees that more staff are needed to address acute labour migration issues. This may require more funds from the government, but there should also be a way to for the department to generate funding from this business, which brings hundreds of millions of dollars into the country.

There should be adequate recruitment agencies to handle the approximately 200,000 migrant workers (most still undocumented) if all are to go in legal ways. Both government and private institutions need to be sufficient and strong. Currently there are both a lack of staff capable of dealing with labour migrant issues and a shortage of private agencies to recruit, train and send workers overseas. The government requirement for recruitment agencies to deposit

USD100,000 with the Ministry of Labour is a great financial constraint and a barrier to new companies entering the business.

The cost of sending migrant workers to Thailand currently is USD700, including USD100 paid by each applicant and USD600 (THB20,000) paid by the employer and/or recruitment agency, which will deduct THB2000 baht a month from workers for 10 months. This cost is very high compared to the monthly salary, which is only about THB6000 baht. Workers have to work overtime to generate significant savings to send home, which is the main purpose of migration. The fee charged by illegal leaders is only USD100, and workers do not have to wait long if they go by illegal means. While this choice is still open, it is understandable that most workers still choose to go illegally, despite the risk of being arrested and sent back. Experienced workers re-enter Thailand by themselves and pay only about USD50 for transportation costs.

The official cost of an ordinary passport has been USD120 since 5 March 2007, when USD20 was added for the microchip to make an “e-passport”. About USD19 is added as an “informal” fee, making the total price of a passport USD139. This fee is for issuance in two months. If citizens need a passport sooner, they can get it in one week but have to pay USD224. It is unclear where the extra fee goes. In Vietnam, the fee is only USD12 (200,000 dong), and the passport is issued in five working days. In Thailand and Laos, it is USD30 and is issued in three to five working days. Moreover, these countries have many offices to process passport applications, including in the provinces, whereas Cambodia has only one small office in Phnom Penh.

The requirement for recruitment agencies to bear the cost of sending workers is problematic. The agencies stand to lose if workers run away from the contracted workplace. Desertion, especially in Thailand, is quite high, according to the recruitment agencies. This is understandable because only 6114 workers have been sent legally, while some 180,000 Cambodian workers are in Thailand irregularly. It is likely that legal workers are tempted to flee their debt and join the large crowd of undocumented workers.

The other problem of regulation is that the financial costs of sending workers abroad are borne by recruitment companies or employers overseas. This means a company needs to advance at least USD600,000 in order to send 1000 workers at a time, since the cost of sending each worker is USD600. This is a lot of money to risk, especially for Cambodian companies that are not rich but may be competent. Companies report substantial losses because of workers running away while abroad. Having recognised this burden, the government does not disagree with applicants now being required to pay for their own passport and some basic costs such as health checks. Applicants to work in Thailand are required to pay USD100 by some recruitment agencies

4.3. Laos

Labour migration is common in the historical relationship between the Lao and Thai populations, especially in border regions. They also speak similar languages and have the same religion, culture and traditions. More than 30 percent of Lao people living along the border have family members or relatives living on the Thai side. Therefore, crossing the border to visit family, trade or seek employment is taken as a normal activity by Lao and Thai people in this area.

In the 1990s a mass stream of labour migration to Thailand was instigated by a new employment policy in 1986 and the subsequent “open door” and integration policy, as Thailand headed into a sustained period of socio-economic development. As a result, infrastructure, information and communication networks linking the two countries were built to facilitate the movement of goods, capital and labour.

Currently, there is no official figure for the number of Lao migrant workers in Thailand. Estimates vary from 100,000 to 300,000. Economic reasons are identified as the main determinant of labour movement to Thailand. It is expected to continue to increase over the next few years, for many reasons. The most important are the demographic change occurring in both countries, the increasing labour deficit in Thailand, the increasing per capita income and wage gap between Thailand and Laos, the end of the general system of preferences for the garment industry in Laos and continued regional economic integration.

The governments of both countries have shown great interest in solving the problem of irregular labour migration. They have tried to set up a system to regulate and control labour migration. However, due to high associated costs, complex procedures, lack of enforcement capability and little public awareness of labour export, the system is not yet successful. Under this system, only 5400 Lao people work in Thailand.

Labour migration by irregular channels still constitutes the main bulk of labour movement from Laos to Thailand. The majority are young people with a low level of education. More than 85 percent of the migrant workers have a primary school education or lower.

4.4. Vietnam

Very few poor people from remote rural localities have access to emigration opportunities, contrary to the purpose of labour migration. The working poor in some economically disadvantaged provinces have been entirely excluded from labour migration. The poor cannot afford to migrate; the amount to cover pre-departure and training costs is too high for most. The government programme to support them often faces technical and procedural bottlenecks. Health is also an issue for the poor wishing to participate in the international labour market because low-income households are more likely to suffer health problems.

Migrant workers who are under contract often take other freelance jobs without proper justification or warning to their employer. This issue is said to be extremely serious in Japan, South Korea and Taiwan. The reported ratio of desertion by Vietnamese workers is 27–30 percent in Japan, 20–25 percent in South Korea and 9–12 percent in Taiwan. This undesirable phenomenon is explained, in most cases, by the underpayment of contract workers. For example, it was reported by the Hanoi Labour Supply company (LATUCO) that while a formal contract worker is paid around USD700 per month, an illegal worker can earn USD1500–2000 a month for the same job.

The positive effects of enhanced skills and knowledge obtained while working abroad were not as evident as expected. The lack of a sound official programme for the resettlement of returned labourers has often been acknowledged by government officials as a crucial problem. Moreover, some returning workers had no job at all. Given the low ratio of skilled labour in

Vietnam (around 30 percent), this implies an unreasonable waste of skilled and well-trained people.

There were a number of cases of poor people being trapped by unreliable or even fake information on the quality of overseas jobs and living conditions. Poor people, especially those from mountainous and remote areas, often have very limited access to proper sources of information and public communications. As consequence, they can easily become victims of illegal recruiters who intentionally mislead them with promises of easy earnings and a prosperous life abroad. Illegal recruitment and bogus information, in parallel with the dearth of support in the recipient countries, often lead to violations in working conditions and contract abuse. Some violations have already been disclosed in South Korea and Taiwan, where contract workers broke their contracts and escaped to look for illegal jobs. Other violations are less obvious and take the form of overwork, poor working conditions, low payment and exploitation by employers. Broken dreams cost them time and resources and in many cases lead them further into debt.

While the reasons for migrating for work are much the same for every migrant, the way of leaving varies greatly between different groups heading for countries within and outside the GMS. While the majority of migrants heading for countries in East Asia, Europe or further afield do so through formal channels, most of the labour migration from Vietnam to GMS countries is informal. These informal channels include illegal movement across borders and people smuggling. The flow of migrants from Vietnam seeking better employment opportunities in Cambodia, Laos and Thailand has undeniably increased. The delay in formalising these movements means it is an ever more expensive and unsafe enterprise for workers, particularly those from poor rural areas.

5 Policy Recommendations

Based on these studies, we recommend that the following issues be addressed: the exploitation of prospective emigrants; failures to adhere to workers' contracts; insufficient income to support the cost of living in destination countries; high brokerage fees; insufficient labour protection; exploitation by employers; cultural and language problems; reintegration problems. Last but not least, active collaboration with other GMS governments on labour migration is very important. Most GMS governments have a shared interest in better understanding the role of migration in national development and how it can be facilitated. Specific recommendations are for reducing the economic and social costs and maximise the benefits.

Reducing Economic and Social Costs

- Help people reduce the fixed costs of migration by facilitating dialogues with the authorities in host countries and formalising and reducing the costs that migrant workers have to pay once abroad. This is especially important for migrant workers in agriculture and fishing, which attract high lease fees for land cultivation or fishing rights.
- Make all necessary regulatory changes to ensure the full protection of migrant workers;

secure their access to social services in more efficient, equitable and financially sustainable ways; improve access to banking services for migrants; and reduce job application and remittance costs.

- Conduct a strategic review of recruitment agents and enterprises and the impact on migrant workers' rights; put stricter controls on brokers and recruitment agencies; prosecute abusive agencies and traffickers; bring an end to recruitment agencies and enterprises violating the laws and regulations; apply the maximum penalty to all unscrupulous agents.
- Information concerning job opportunities, destinations, registration procedures, and access to social services and support should be made available at the grass roots so that people have enough information to make informed decisions. The establishment of information points in areas with high emigration rates could be a good option.

Maximising Workers' Economic Benefits and Their Impacts

- More decisive efforts should be made to maximise savings and remittances and their positive impacts. First of all, it should be ensured that financial institutions encourage the maximum inflow of remittances. New mechanisms or channels should be established for migrant workers to remit their earnings home. For example, it is highly recommended that the state bank provide guidance for the establishment of overseas branches, or an expansion of its cooperation with foreign banks, to allow migrant workers to maintain accounts abroad and remit their savings easily.
- In addition to the pre-departure training or orientation programmes, more support should be given to migrant workers on how to better manage their incomes and savings. This is particularly important for poor and low-skilled workers.
- Legal, language and cultural advice as well as job counselling should be provided to workers to help them better understand their of contracts, rights and obligations. This will also increase their awareness of the potential benefits and costs of migrating.

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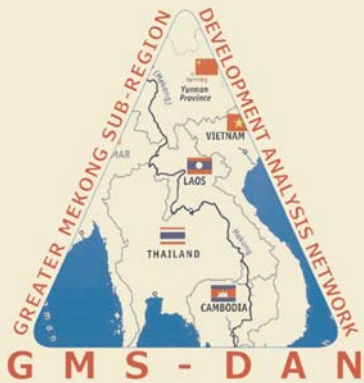
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