

HOST COUNTRY PERSPECTIVE ON THE FREE MOVEMENT OF WORKERS  
IN AN ECONOMIC COMMUNITY: GERMANY AND THAILAND

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A Thesis Submitted in Partial Fulfillment of the Requirements  
for the Degree of Mater of Arts Program in European Studies  
(Interdisciplinary Program)

Graduate School

Chulalongkorn University

Academic Year 2012

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บทคัดย่อและแฟ้มข้อมูลฉบับเต็มของวิทยานิพนธ์ตั้งแต่ปีการศึกษา 2554 ที่ให้บริการในคลังปัญญาจุฬาฯ (CUIR)  
เป็นแฟ้มข้อมูลของนิสิตเจ้าของวิทยานิพนธ์ที่ส่งผ่านทางบัณฑิตวิทยาลัย

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มุมมองของประเทศเจ้าภาพในเรื่องการเคลื่อนที่อย่างเสรีของแรงงานในประชาคม เศรษฐกิจ:

ประเทศเยอรมัน และ ประเทศไทย

นางสาวพัลลา เขียว

วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต

สาขาวิชายุโรปศึกษา (สหสาขาวิชา)

บัณฑิตวิทยาลัย จุฬาลงกรณ์มหาวิทยาลัย

ปีการศึกษา 2554

ลิขสิทธิ์ของจุฬาลงกรณ์มหาวิทยาลัย

Thesis title           HOST COUNTRY PERSPECTIVE ON THE FREE  
MOVEMENT OF WORKERS IN AN ECONOMIC  
COMMUNITY: GERMANY AND THAILAND

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Field of Study        European Studies

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พัลลา เชีย : มุมมองของประเทศเจ้าภาพในเรื่องการเคลื่อนที่อย่างเสรีของแรงงานในประชาคมเศรษฐกิจ: ประเทศเยอรมนีและประเทศไทย. (HOST COUNTRY PERSPECTIVE ON THE FREE MOVEMENT OF WORKERS IN AN ECONOMIC COMMUNITY: GERMANY AND THAILAND) อ. ที่ปริกษานิพนธ์หลัก: อ.ดร.ชันทาล แฮร์เบอร์โฮลด์, 106หน้า.

งานวิจัยนี้ศึกษามุมมองของประเทศไทยในฐานะประเทศเจ้าภาพในการเคลื่อนย้ายเสรีของแรงงานในอนาคตในประชาคมเศรษฐกิจอาเซียน (AEC) ซึ่งจะมีการจัดตั้งขึ้นในปี 2558 โดยมุ่งเน้นไปที่แรงงานไร้ฝีมือจากประเทศกัมพูชา และโดยศึกษาผลกระทบทางเศรษฐกิจ ประชากร และสังคมต่อประเทศไทยที่อาจเป็นผลจากการเคลื่อนย้ายเสรีของแรงงานในอนาคต ปัจจัยผลักดันและปัจจัยดึงดูดที่อยู่เบื้องหลังการย้ายถิ่นจากประเทศกัมพูชาไปยังประเทศไทย นอกจากนี้ได้ศึกษาประเด็นที่ประเทศไทยสามารถเรียนรู้จากเยอรมนีหลังจากที่ สหภาพยุโรปขยายจำนวนประเทศสมาชิกในปี 2547 การศึกษานี้เป็นการศึกษาเชิงคุณภาพโดยใช้ข้อมูลที่ได้จากการสัมภาษณ์เชิงลึกกับเจ้าหน้าที่ของรัฐ ผู้เชี่ยวชาญองค์กร เอกชน และนายจ้างคนงานและแรงงานข้ามชาติในจังหวัดระยอง, กรุงเทพฯและมิดินิค ประเทศเยอรมนี ซึ่งได้ดำเนินการตั้งแต่วันที่เดือนมีนาคมถึง พฤษภาคม 2555

ผลของการศึกษาแสดงให้เห็นว่ามุมมองโดยรวมของผู้ให้ข้อมูลเป็นบวกโดยเฉพาะอย่างยิ่งในเรื่องผลกระทบทางเศรษฐกิจ เพราะแรงงานข้ามชาติชาวกัมพูชาสามารถลดปัญหาการขาดแคลนแรงงานที่เกิดจากการขยายตัวของเศรษฐกิจของไทย ถึงแม้ว่าปัญหาทางสังคมอาจเพิ่มแต่การบริหารจัดการที่ดีของการย้ายถิ่นจะช่วยให้อุปสรรคที่เกิดขึ้นสามารถแก้ไขได้ในอนาคต

แม้ว่าการเคลื่อนย้ายเสรีของแรงงานในสหภาพยุโรปและในประชาคมเศรษฐกิจอาเซียนจะอยู่ในบริบทที่แตกต่างกัน แต่ผลกระทบที่เกิดจากข้อจำกัดที่เยอรมนีนำมาใช้ในการเคลื่อนย้ายเสรีของแรงงานจากประเทศสมาชิกใหม่ อาทิเช่น ประเทศโปแลนด์ก็ก่อให้เกิดบทเรียนที่ประเทศไทยสามารถเรียนรู้ได้ ข้อจำกัดเจ็ดปีที่กำหนดโดยประเทศ เยอรมนีมีผลดังนี้ (i) การเพิ่มขึ้นของแรงงานไร้ฝีมือที่ไม่ได้รับการรับรองเนื่องจากมีความต้องการแรงงานมาก (ii) ความเสียหายทางเศรษฐกิจซึ่งเกิดเนื่องจากองค์กรที่ได้รับการรับรองสามารถหลบหนีการจ่ายภาษี (iii) ความเสียหาย ของแรงงานข้ามชาติที่มีศักยภาพเนื่องจากแรงงานที่มีศักยภาพเปลี่ยนประเทศปลายทาง แม้หลังจากที่เยอรมนีเปิดพรมแดนสำหรับการเคลื่อนย้ายเสรีของคนงานในปี 2554 แต่ก็ไม่ได้มีไหลบ่าเข้ามาของ แรงงานข้ามชาติเนื่องจากอุปสรรคทางด้านภาษาและการพัฒนาทางเศรษฐกิจในประเทศบ้านเกิด ดังนั้น เนื่องจาก ประเทศไทยและภูมิภาคอาเซียนกำลังจะเดินทางไปทิศทางเดียวกันในการสร้างตลาดเดียวรวมทั้งการเคลื่อนย้าย แรงงานที่ไม่สามารถควบคุมได้ ดังนั้นการเตรียมการสำหรับการเคลื่อนย้ายเสรีของแรงงานที่มีฝีมือและไร้ฝีมือจึงเป็น ประเด็นที่ควรนำมาพิจารณา การเตรียมการดังกล่าวสามารถทำได้โดยการกำหนดนโยบายที่เหมาะสมเกี่ยวกับ ประเด็นการเคลื่อนย้ายโดยเน้นให้ความสำคัญสำหรับแรงงานข้ามชาติและการบูรณาการให้เข้าสู่สังคม

สาขาวิชา .....ยุโรปศึกษา..... ลายมือชื่อ นิสิต .....

ปีการศึกษา .....2554 ..... ลายมือชื่อ อ.ที่ปริกษานิพนธ์หลัก .....

# # 5487629020: MAJOR EUROPEAN STUDIES

KEYWORDS: HOST COUNTRY / PERSPECTIVE / MIGRANT WORKERS / FREE MOVEMENT OF WORKERS / GERMANY / THAILAND / ECONOMIC COMMUNITY

PHALLA CHEA: HOST COUNTRY PERSPECTIVE ON THE FREE MOVEMENT OF WORKERS IN AN ECONOMIC COMMUNITY: GERMANY AND THAILAND. ADVISOR: CHANTAL HERBERHOLZ, Ph.D. 106pp.

This study examines the perspective of Thailand as a host country on the future free movement of workers in the ASEAN Economic Community (AEC), which will be established by 2015, focusing on *unskilled* workers from Cambodia, given that in the AEC only the free movement of *skilled* workers will be permitted at least initially. It investigates Thailand's perception of economic, demographic and social impacts that could result from the possible future free movement of workers. Future push and pull factors behind the migration movement from Cambodia to Thailand are also considered. In addition, lessons that Thailand could learn from Germany after the EU Eastern enlargement in 2004 are examined. This study is a qualitative study using data obtained from in-depth-interviews with government officials, experts, NGOs, employers, workers and migrant workers in Rayong province, Bangkok and Munich conducted from March to May 2012.

The results show that the overall perspective of the informants is positive especially in regard to the economic impact because Cambodian migrant workers could fill in labour shortages resulting from the expansion of the Thai economy and the aging society. Although social problems might increase, good management of migration flows and related issues would help tackle problems that may happen in the future.

Though the free movement of workers in the EU and future AEC are in different context, implications resulting from the restriction that Germany put on the free movement of workers from new member states mainly Poland give rise to lessons that Thailand can learn. The seven-year restriction imposed by Germany resulted in (i) an increase in undeclared workers mostly in unskilled jobs because of the high demand for workers, (ii) economic losses as the undeclared sectors could escape from paying taxes, and (iii) losses of potential migrant workers as they change their destination countries. Even after Germany opened its borders for the free movement of workers in 2011, there was not influx of migrant workers except the double increase in the first month mainly because of language barriers, and economic developments in the home countries. Thus, since Thailand and ASEAN are moving to the same direction of creating a single market, and since labour mobility cannot be prevented, preparations for the free movement skilled and unskilled workers should be taken into consideration. This can be done by adopting appropriate policies on migration issues, providing a safety net for migrant workers, and integrating them into the society.

Field of Study: .....European Studies..... Student's Signature:.....

Academic Year: .....2012..... Advisor's Signature:.....

## ACKNOWLEDGEMENTS

First of all, I would like to wholeheartedly thank my advisor, Dr. Chantal Herberholz for giving me a great guidance in my thesis. I would also like to thank Professor Martin Holland, Associate Professor Dr. Patcharawalai Wongboonsin, and Associate Professor Dr. Chayodom Sabarsri for their valuable comments on my thesis.

I would like to thank Asian Research Center for Migration of Chulalongkorn University for providing me documents concerning migration in Thailand, presenting the current issues of migration while providing me contacts of persons for my field research in Rayong province. I would also like to express my gratitude to all staff of Foundation Aids Rights based in Rayong district of Rayong province in assisting me finding the interviewees, Thailand Development Research Institute for providing me relevant documents and interview, International Labour Organization, International Organization for Migration, the Ministry of Labour, and the Ministry of Public Health in providing chances to conduct interviews. I would also like to thank to Thai employers, Thai workers, and migrant workers in Rayong province who are willing to give their time for me to interview. I would also like to thank experts in Ludwig-Maximilians-University (LMU) in Munich, Germany for giving me their valuable time to discuss about the migration of Polish workers to Germany, and to conduct the interviews.

I would like to express my gratitude to Youk Chhang, director of the Documentation Center of Cambodia for supporting my study and encouraging me since the early step. I would like to thank Associate Professor Dr. Chayodom Sabarsri again for assisting me in dealing with challenging issues during my study, Mr. Socheat Nhean for his support and encouragement, and Miss Kunthy Seng for her discussion on research. I would also like to thank all professors for giving me insight knowledge about the European Union.

Last but not least, I would also like to thank my family, my mother for supporting my study and motivating me all the time, my brothers and sisters for giving me courage, and my friends for accompanying me facing the challenges I confronted.

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**LIST OF ABBREVIATIONS**

<b>ARCM</b>	-	Asian Research Center for Migration
<b>ASEAN</b>	-	Association of Southeast Asian Nations
<b>AEC</b>	-	ASEAN Economic Community
<b>EU</b>	-	European Union
<b>FAR</b>	-	Foundation Aids Rights
<b>GDP</b>	-	Gross Domestic Product
<b>ILO</b>	-	International Labour Organization
<b>IOM</b>	-	International Organization for Migration
<b>NESDB</b>	-	National Economic and Social Development Board
<b>NGOs</b>	-	Non-governmental Organizations
<b>OCA</b>	-	Optimum Currency Area
<b>SME</b>	-	Small and Medium Enterprise
<b>PPP</b>	-	Purchasing Power Parity
<b>TDRI</b>	-	Thailand Development Research Institute
<b>UDHR</b>	-	Universal Declaration on Human Rights
<b>WHO</b>	-	World Health Organization
<b>3D</b>	-	Dirty, Dangerous, and Disliked

## CHAPTER I

### INTRODUCTION

#### 1.1. Statement of the Problem

Association of Southeast Asian Nations (ASEAN) has been emerging and stepping to the stage of creating ASEAN Economic Community (AEC) in 2015 as the European Union (EU) has done. Its economic integration consists of the free flow of goods, capital, services, investment and skilled labour, and possible unskilled workers in the distant future. Regarding the mobility of workers, since 1990s, Thailand has transformed itself from a sending country into one of the major destination countries. Its fast-growing economy has served as a pull factor to attract million migrant workers especially those from its neighboring countries—Cambodia, Lao PDR, and Myanmar—whose economies are less developed. Foreign labour force in Thailand has increased from 2.2 percent of Thai total labour force in 1995 to 2.5 percent in 2000, and 5 percent in 2005, and their contribution stood for about 5 percent of Thai GDP.<sup>1</sup> Since Thailand is one of the founding members of ASEAN, and a major destination country, its perspective as a host country on the future free movement of workers is important as positive attitude of the host country could make it easier for the future AEC, while negative perspective could create more resistance to the process of the AEC. Knowing the perspective of people could help Thai policy makers to reap the benefits of the free movement of labour while avoiding the pitfalls in order to provide benefit for receiving country, sending countries and migrant workers as a whole.

Meanwhile, this research will focus on the perspective of Thailand as host country on future free movement of workers from Cambodia which is the second largest group after the Burmese. There are two main reasons why Cambodia was chosen to be the main focus in this study. First, few studies have been done with the perspective of Thai people on the Cambodian migrant worker group. Most studies have been conducted on the perspective of Thai people towards Burmese migrant workers.

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<sup>1</sup>Philip Martin, *The economic contribution of migrant workers to Thailand: Towards policy development* (International Labour Organization (ILO), 2007).

For instance, in a report published by international Labour Organization (ILO) and International Organization for Migration (IOM) incorporated with ASEAN Research Center for Migration (ARCM), Institute for Population and Social Research (IPSR), and Thailand Development Research Institute (TDRI) in 2004, the perspectives of Thai employers and employees were explored with a major focus on Burmese migrant workers group as it was the largest group among migrant workers in Thailand. The finding showed that most Thai workers are concerned that Burmese migrant workers would threaten their job security by taking up their job, lower their wage, and using the public welfare, while the Thai employers were more satisfied with the hard working Burmese migrant workers, their obedience as they did not change their job more often compared to Thai workers, and are willing work in hard labour which is called 3D jobs, i.e. dirty, dangerous and disliked jobs.<sup>2</sup>

Second, among the three nationalities of migrant workers that can be found the most in Thailand, Cambodian migrant worker group has been the most group that come to work in Thailand through legal channel—Memorandum of Understanding (MOU) which is the bilateral agreement between sending and receiving countries. According to the Ministry of Labour, from 2005 to 2011, 69,829 Cambodian migrant workers were granted work permit to work in Thailand through MOU, compared to 23,985 Lao workers and 7,280 Burmese workers (See table1 in Chapter3). As the number of Cambodian migrant workers came through legal channel the most, it provided the highest net benefit for Thailand compared to other nationalities.<sup>3</sup> Focusing on migrant workers coming through legal channel is more important to reflect the future free movement of workers as currently the MOU is the only legal channel that migrant workers from the three countries could come to work in Thailand.

Concerning the free movement of workers, lessons learned from the European Union (EU) is vital as it has allowed this kind of movement since 1950s

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<sup>2</sup> "Thailand: Improving the Management of Foreign Workers, Case Studies on Five Industrial Sectors," ed. Allan Beesey (IOM and ILO incorporation, 2004). ———, "Thailand: Improving the Management of Foreign Workers," (International Labour Organization (ILO), 2004).

<sup>3</sup> Srawooth Paitoonpong and Yongyuth Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand* (Thailand Development and Research Institute (TDRI), 2012).pp.27

under the Treaty of Rome. Though free movement of labour in the EU is an old phenomenon, while that of ASEAN is in the future, it is worth looking into German experiences in dealing with the workers from other countries within the EU, especially after the EU Eastern enlargement in 2004 to accept ten lower-income countries—Poland, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia and Slovenia (EU-8) in 2004, and Bulgaria and Romania (EU-2) in 2007. While most of the old member states such as the UK, Ireland, and Sweden permitted the free movement of workers from those new member states, Germany opted out and applied the restriction on those new member states with the maximum period of seven years. The restriction was partly due to negative perception of Germany towards new member states as the opinion poll showed that 75 percent of German people were afraid that the immigrants from the new member states—most of whom from Poland—could badly hit their labour market such as lowering wage, or taking up jobs from the natives causing the unemployment rate to increase. Germany feared that due to the geographical proximity and income disparity, there would be an influx of migrant workers most of whom come from Poland whose it shared bordered with, if it opened border for the new members at the early stage.<sup>4</sup> However, even with the restriction, Germany still remained the major destination country for Polish emigrants during the transitional 2004-2011 (See figures1 on page27). Therefore, experiences from Germany in dealing with the free movement of workers from Poland after 2004 are chosen to be the major focus in this study.

It is vital for Thailand to look at experiences from Germany because both Germany and Thailand are the founding members of each regional organization—the EU and ASEAN, and thus their perspective are vital in influencing the decision making in each regional community. Moreover, geographically Germany and Thailand share border with their lower-income neighbouring countries causing the cross border movement is even easy, although the restriction is in place. For instance, GDP (PPP) per capita of Germany in 2004, when Poland joined the EU,

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<sup>4</sup> Karl Brenke, Mutlu Yuksel, and Klaus F. Zimmermann, "EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market," (IZA, 2009); "Commission report on transitional arrangements regarding free movement of workers," (European Commission Memo/08/718, 2008); Michael Heinen and Anna Pegels, "EU Expansion and the Free Movement of Workers: Do Continued Restrictions Make Sense for Germany?," *Focus Migration* No.4(2006).

was \$29,322 (2004 est.) compared to \$12,700 in Poland, while GDP of Thailand was \$6,668 compared to \$1,270 in Cambodia in 2004.<sup>5</sup> Geographical proximity and income differences have triggered Germany and Thailand for decades to serve as major host countries for emigrants from Poland and Cambodia respectively.

In brief, the main research questions concerned are:

- What is the perspective of Thailand as a host country on the future free movement of workers in the ASEAN Economic Community?
- What lessons could Thailand learn from the experiences of Germany?

## **1.2. Research Objectives**

The research aims at:

- Examining the perspective of Thailand as a host country on the future free movement of workers in the ASEAN Economic Community
- Investigating what lessons Thailand could learn from Germany regarding the free movement of workers in order to promote the free movement of workers in the ASEAN Economic Community

## **1.3. Significance of the Study**

As ASEAN Economic Community is permitting the movement of skilled workers in 2015, this study is significant in the sense that its results can help inform the discussion about the future benefits and risks for ASEAN associated with the free movement of skilled and possibly unskilled labour, as positive perspective of the host country could make it easier for the AEC while negative perspective could signal the AEC about problems or constraints that might occur. It might be able to influence decision-making of ASEAN's members on the free movement of labour. This is intended to provide benefits to the workers of the receiving and sending countries, and to ASEAN as a whole.

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<sup>5</sup> "GDP Per Capita (PPP), US Dollars Data for Year 2004, All Countries," Economy Watch, [http://www.economywatch.com/economic-statistics/economic-indicators/GDP\\_Per\\_Capita\\_PPP\\_US\\_Dollars/2004/](http://www.economywatch.com/economic-statistics/economic-indicators/GDP_Per_Capita_PPP_US_Dollars/2004/). [2 December 2011]



#### 1.4. Scope

Given that most current labour movement within ASEAN is unskilled workers and Thailand is a major destination country for unskilled migrant workers from its neighboring countries, this research centers on the perspective of Thailand as a host country on the future free movement of unskilled workers mainly migrant workers from Cambodia. Perspective on other nationalities of migrant workers outside the ASEAN region is not included in this research. Data were obtained from in-depth-interviews conducted between March and May 2012 in Rayong province, Bangkok and Munich.

Regarding lessons learned from Germany, this study focuses on experiences of Germany after the EU Eastern enlargement in 2004 to accept the new states in particular Poland. Thus time period is between 2004 and 2012.

#### 1.5. Definition of Key Terms

The term "Worker" or "Labour" in the free movement of worker refers to as "migrant worker". According to article 2 of International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families adopted by General Assembly resolution 45/158 of 18 December 1990, "migrant worker" refers to person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national." This study uses the term migrant workers to refer to migrant workers within the region of economic community mainly ASEAN and the EU.

The term "unskilled Worker" is more difficult to define. There is no common accepted definition of unskilled workers in the world. The terms "unskilled" or "low-skilled work" reflect the skill requirement of a job rather than the job holder's skill capability.<sup>6</sup> According to Wickramasekera, "migration is characterized by a distinction between skilled labour (professional, and technicians) and unskilled labour;" unskilled migrant workers are usually provided unfavourable treatment such as restrictions on length of stay, change of employment and family reunification, and depend on regulation in the receiving countries, and sometimes the bilateral

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<sup>6</sup> Pracha Vasuprasat, *Agenda for labour migration policy in Thailand: Towards long-term competitiveness* (ILO/ Japan Project on Managing Cross-border Movement of Labour in Southeast Asia, ILO Regional Office for Asia and the Pacific, ILO, Bangkok., 2010). p.28

agreement by the two partners—both sending and receiving countries.<sup>7</sup> In this way, since ASEAN Economic Community will be established in 2015 by allowing the free movement of skilled labour which includes engineering services, nursing services, architectural services, medical practitioners, dental practitioners, accounting service, and the surveyors<sup>8</sup>, workers that fall outside these categories will be considered unskilled, low-skilled, or semi-skilled workers. For Thailand, unskilled workers importation are prohibited; however due to labour shortage, the Cabinet, under Article 17 of Immigration Act, was granted right to permit foreign unskilled workers especially from neighboring—Cambodia, Burma, and Lao. Sectors known to employ low skill and unskilled workers are construction industry, manufacturing, agriculture, fisheries, food processing, and domestic works.<sup>9</sup>

#### **1.6. Outline of the Study**

This study is divided into seven chapters. Chapter one is the introduction consisting of statement of the problem motivating the study of this research, research objectives, significance of the study, research scope, definition of key terms, and outline of the study. Chapter two deals with literature review focusing on the theories of migration concerning the determinants of migration, the impacts of migrant workers, and the perspective of the host country on the immigrants basing on the impacts that receiving country perceive from the migrant workers. Chapter three provides background information of the European Union, future ASEAN Economic Community, migration of Polish workers to Germany, and current migration of Cambodian migrant workers to Thailand. Chapter four illustrates the methodology by framing the conceptual framework, research methods on data collection and data analysis. Chapter five discusses the findings on perspectives of Thailand as a host country on future free movement of workers in the economic community by first illustrate the perspectives of Thailand on future push and pulls factors that will

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<sup>7</sup> Piyasiri Wickramasekera, "Asian Labour Migration: Issues and Challenges in an Era of Globalization" in *INTERNATIONAL MIGRATION PROGRAMME INTERNATIONAL LABOUR OFFICE, GENEVA* (2002).

<sup>8</sup> *ASEAN Integration in Services*. (ASEAN Secretariat, 2009).

<sup>9</sup> Martin, *The economic contribution of migrant workers to Thailand: Towards policy development*; Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*.

encourage Cambodian migrant workers to come to work Thailand, and the economic impact, demographic impact and social impact that Thailand perceives from the future free movement of workers. Chapter six discusses the comparative analysis between the Germany and Thailand, and then draws lessons that Thailand could learn from Germany concerning the free movement of workers. The last chapter forms the conclusion and recommendation, and contains suggestions for further study.

## CHAPTER II

### LITERATURE REVIEW

In the globalization era, migration movement locally, regionally or internationally is increasing. The existence of migrant workers in the host country could provide both good and bad impacts on the host country causing the native people to have different perspectives on them. In this way, the literature review will deal with the theories of migration concerning the determinants of migration, the impacts of migrant workers, and then the perspective of the host country on the immigrants basing on the impacts that receiving country perceive from the migrant workers.

#### **2.1. Determinants of Migration:**

There are several determinants and theories to explain the reasons why people migrate from one to another country. The first migration theory can be traced back to "The Law of Migration" by Ravenstein, an English geographer. His research in 1885 and 1889 from more than twenty countries in various continents—Europe, North America and United State—found that "Push and Pull" factors serve a vital role to explaining the migration reasons. Push factor is the imperfect conditions—such as no job, low wage, unfavorable living condition, and political repressions—in the home country that encourage individual to decide to settle down in other countries. Meanwhile, pull factor is the availability in the host countries that are able to attract immigrants via its economic advantages such as higher wage and more job, political freedom, and better living standards. Additionally, people tend to migrate to nearer the destination, and stage by stage other than to a very far distance at a time.<sup>1</sup> From this theory, Borja (1989) and Todaro (1969) developed Neo-classical theory of migration that because of income differences and labour shortages in host country,

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<sup>1</sup>E. G. Ravenstein, "The Laws of Migration," *Journal of the Royal Statistical Society* 48(1885); ———, "The Laws of Migration," *Journal of the Royal Statistical Society* 52, no. 2 (1889).

immigrants individually decided to move from lower-wage to higher-wage regions. This flow would go on until the equilibrium is reached.<sup>2</sup>

Adding to that, migration is not only caused by the desire of individual decision, existing network in the host country also plays an important role. Migration Systems and Network Theory, according to Castles and Miller, involves connection between sending and receiving countries through trade, investment, political factor, colonization or cultural ties. Example regarding investment is during economic boom in Germany in 1960s and 1970s. Because of facing labour shortages, Germany introducing Guest Workers Program to recruit migrant workers from Turkey, Spain, Italy, to fill in its high demand for workers to run its economy. Migration movement of people from India, Pakistan and Bangladesh to Britain is the example of colonization because those countries used to be colonized by the Britain during the Indian subcontinent colonization. Existing networking with the people such as their families, relatives and friends living in the host countries, and even the brokers who serve to facilitate the mobility process, play an important role in pushing and pulling people to migrate. For instance, the existing migrant workers in the host countries have created business or settle down there, thus making network for new migrant people to move to the same countries. This link also tends to encourage immigrants to stay longer and sometimes not to move back to their original countries. A case in point, the hesitation of parents to return to their home countries is caused by their children familiarity to the social and cultural situation in the host countries.<sup>3</sup>

To conclude, migration movement cannot be fully explained by one theory. Therefore, push and pull factors described by different theorists in different explanations—Ravenstein in his law of migration; Borja and Todaro in neoclassical theory; Castles and Miller in migration systems and network theory—can be best explained the migration pattern.

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<sup>2</sup>George J. Borjas, "The Economic Benefits from Immigration," *The Journal of Economic Perspectives* 9, no. 2 (1995); Michael P. Todaro, "A Model of Labor Migration and Urban Unemployment in Less Developed Countries," *The American Economic Review* 59, no. 1 (1969).

<sup>3</sup>Stephen Castles and Mark J. Miller, *The age of migration : International population movements in the modern world* 4th ed. (New York : Palgrave Macmillan, 2009). pp.27-29

## **2.1. Impacts of Migrant Workers on Host Country**

Being encouraged by Push and pull factors, people will migrate from one to another country. However, where there is immigrant, there has to be impacts on both sending and receiving countries, and the impacts vary from countries to countries, and regions to regions. Economic and non-economic impacts play an important role in shaping individual perspectives toward the immigration.

### **2.1.1. Economic Impact**

According to Friedberg and Hunt (1995), migration generally tends to provide both good and bad effects on economy of the host country depending on if the host country economy is open or close. When the economy is close, migrant workers tend to lower the wage of domestic workers, and take up job from the natives because their labour is substitute to them. For instance, when migrant workers are unskilled, and the local workers are also unskilled, then it would affect the wage of the local people, or even take up job from the natives. However, in open market economy, migrant workers help to boost the economy by increasing the productions for exporting to other countries, thus improving trade activities. As regard to wage, an influx of migrant workers could lower wage of local workers as it would larger the size of labour force causing wage competition, and thus degree decrease wage of native workers. However, according to their finding on the immigration in United States during 1980s, the wage impact produced by migrant workers on local workers was small.<sup>4</sup> Contrastingly, Coleman and Rowthorn in their study in 2004 in the United Kingdom pointed out that large numbers of migrant workers will provide harmful impact on the host countries as migrant workers are likely to harm local lower the wage because migrant workers coming from the lower-income country than the host country could work with lower wage.<sup>5</sup>

Apart from impact of wage on native workers, the existence of migrant workers could also have an impact on employment. Piore found that the negative impact of migrant workers on the employment in receiving is minor, especially in regard to unskilled job because immigrants are most likely take the jobs that native

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<sup>4</sup> Rachel M. Friedberg and Jennifer Hunt, "The Impact of Immigrants on Host Country Wages, Employment and Growth," *The Journal of Economic Perspectives* 9, no. 2 (1995). pp.28-30

<sup>5</sup> David Coleman and Robert Rowthorn, "The Economic Effects of Immigration into the United Kingdom," *Population and Development Review* 30, no. 4 (2004).

people do not want to do.<sup>6</sup> Furthermore, a study by an economist Foster pointed out that migrant workers are a catalyst to boost Australian economy. The existence of immigrants in Australia helps create job in the host country as they can improve business productivity contributing to higher export, and thus create more job to the host country.<sup>7</sup>

As regard to negative impact of immigrants to the host country, Coleman and Rowthorn (2004) in their study in the United Kingdom pointed out that large numbers of migrant workers will provide harmful impact on the host countries because the governments has to be responsible for providing migrant workers the social welfare as equal to the local workers. Unskilled workers tend to provide more burdens to the government as their existence might lower wage of local workers and take up job from the local people, so their net contribution to the government would be more negative. However, skilled workers according to their study are more beneficial as they could bring more jobs to local workers and their tax contribution is much higher than the unskilled workers. However, their study concluded that the benefits from the migrant workers as a whole could not compensate the losses. According to them:

*"[...]the economic consequences of large-scale immigration are mostly trivial, negative, or transient; that the interests of more vulnerable sections of the domestic population may well be damaged; and that any small fiscal or other economic benefits are unlikely to bear comparison with immigration's substantial and permanent demographic and environ-mental impact."*<sup>8</sup>

Contrastingly, a study by British Home Office showed that the benefit that migrant workers received from the host countries is believed to be less than what they contributed to the government especially when the migrant workers are in working ages. The study showed that government of the United Kingdom in 1999-

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<sup>6</sup> MJ. Piore, "Birds of Passage: Migrant Labor and Industrial Societies," *New York: Cambridge University Press*. (1979); Michael J. Piore, "Dualism in the Labor Market: A Response to Uncertainty and Flux. The Case of France," *Revue économique* 29, no. 1 (1978).

<sup>7</sup> Foster (1996) cited in Castles and Miller, *The age of migration : International population movements in the modern world* pp: 232

<sup>8</sup>David Coleman, "The demographic effects of international migration in Europe," *Oxford Review of Economic Policy* 24, no. 3 (2008)..

2000 received 31.2 billion pounds tax contribution from the first generation of immigrants in the UK, while those immigrants consumed only 28.8 billion pounds through state benefit services.<sup>9</sup> The net benefit resulted from the immigrants could be an evidence to prove the positive-economic impact for the host country.

To conclude, the existence of migrant workers in the host country could provide both positive and negative economic impact on the host country such as wage and employment competition with local workers, while their net contribution to the government could be both negative and positive depending on if the migrant workers are substitute or complement to local workers. However, it can be concluded by Smith and Edmonston in their study in the United States that, host country as a whole would receive economic gains from immigration, although it created winners and losers to the society. The winners would be migrant workers themselves, employers and customers because they could employ more workers to fill in the labour market creating economy of scale that both employers could produce more products with less price, and customers could enjoy cheaper price of goods. The losers are less skilled domestic workers who cannot compete with foreign workers, because of the overwhelming low-skilled migrant workers who could depress wage of domestic unskilled workers, and steal their jobs.<sup>10</sup>

### **2.2.2 Human Capital Impact**

In addition, human capital impact could also play a role in economic impact. It consists of brain drain, brain gain, and brain circulation. "Brain Drain", according to Kwok and Leland (1982), is a term originated in British to refer to one of the most sensitive areas in the transfer of technology. It refers to emigration of skilled professionals migrate in order to seek better opportunities in the receiving countries. It is a great concern for the origin countries as their human resources will no longer exist in their countries, but flow to receiving countries could provide them with different skilled professionals. The brain drain is believed to benefit the host countries

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<sup>9</sup> BritishHomeOffice, "The Economic and Fiscal Impact of Immigration," *A Cross-Departmental Submission to the House of Lords Select Committee on Economic Affairs* (2007). pp. 8-9

<sup>10</sup> Panel on the Demographic, Economic Impacts of Immigration, and National Research Council, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, ed. James P. Smith and Barry Edmonston (The National Academies Press, 1997). pp.5



and contribute to development, as immigrants are equipped with high knowledge.<sup>11</sup> For instance, after the United States adopted US immigration and Nationality Act, there saw large inflow of engineers, physicians, scientists, professors, teachers and their families, which can be calculated as 100,000 emigrants, migrated from India to the United States.<sup>12</sup> Moreover, a study by IOM in 2005 found that in 1999, immigrants from several developing countries in the United States had twice more education than those in their home countries. These resulted in a brain drain that receiving countries could enjoy the inflow of skilled labour from sending countries, while the home country could face the loss of their human resources.<sup>13</sup>

However, it is argued that during the globalization era, brain drain is replaced by brain gain or brain circulation. According to Cerase, migration is not a one-way-ended movement, some migrants after residing in foreign countries for a period of time, either long term or short term, decided to go back to their home countries. The reasons could be identified as first; return of failure meaning migrants could not find job or survive in the host countries; return of conservatism meaning migrants could not adjust with new culture in the host countries, and could not stand with the life living away from their families and friends in their home countries; return of retirement meaning migrants after reaching the retirement age return back to their countries of origin; and return of innovation meaning migrants came back to their home countries for the purpose of development. Return of innovation is signaled as brain gain or brain circulation as the immigrants come back with better skills experienced in the host countries to distribute in the home countries, contributing to country development.<sup>14</sup> For instance, after facing a large outflow of emigrant to other countries mainly the United States, India attracted back their emigrants. The return of Indian IT experts from abroad helped India improve its fast growing IT industry.<sup>15</sup> Similarly, Taiwan in 1960s and 1970s experienced a large outflow of qualified skilled

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<sup>11</sup> Viem Kwok and Hayne Leland, "An Economic Model of the Brain Drain," *The American Economic Review* 72, no. 1 (1982).

<sup>12</sup> Khadria (2008) cited in Castles and Miller, *The age of migration : International population movements in the modern world* pp.63

<sup>13</sup> "World Migration Report 2005: Costs and Benefits of International Migration," (International Organization for Migration ( IOM ), 2005). pp.173

<sup>14</sup> Cerase (1974) cited in Henrik Olesen, "Migration, Return, and Development: An Institutional Perspective," *International Migration* 40, no. 5 (2002). pp.137

<sup>15</sup> Khadria (2008) cited in Castles and Miller, *The age of migration : International population movements in the modern world*

labour, but was able to attract back those labour specializing in high-tech sector from the United States after they set up their sector.<sup>16</sup> Since this study focuses on the perspective of Thailand as host country on the future free movement of unskilled workers, human capital impact will be excluded from the research as host country will not gain or loss from the unskilled workers regarding the human capital.

### **2.2.3. Demographic Impact**

Demography of aging is a situation in which the number of births, marriages, deaths, and fertility rate in an area change. Most of the advanced economic countries have faced, or are facing the increase number of old people, low fertility rate, less marriages, thus decreasing labour force and demand more care and spending on the old people.<sup>17</sup> For instance in the EU-25, in 2003 the average women gave birth to their first child was at the age of 27.5 years, compared to the year 24.4 in 1960. The fertility rate was only 1.5 children per woman during 2000-2004. Life expectancy in 2004 for women was 81.5 years and 75.2 years for men. These changes have resulted in the increase in 2 million older people in the age of 60 years and over every year from 2008.<sup>18</sup> The increase of older people and decrease of child birth could slow down the economy as working people would retire and the number of young people going to labour market is less. Once the number of young people entering labour market is less than those retired, it would cause labour shortage in the country. Apart from that, since the number of elderly would increase, the demand for health care from domestic helpers would also increase and thus making more labour shortages in this field. In this regard, according to a study by Coleman, immigration could reduce the average age of the recipient populations by partially maintain labour force once the older people get out of market and fill in labour shortages in domestic work. His study found that in Scandinavian countries—Norway, UK, and Ireland—migration could help keeping the population growth. Immigrants in those countries stood for 20 percent of total population. Similarly, migration in Germany, Austria, and Southern Europe could keep the current trend of population to be stable or to slightly decrease.

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<sup>16</sup> Ibid. pp. 65

<sup>17</sup> Dudley Kirk, "Demographic Transition Theory," *Population Studies* 50, no. 3 (1996).

<sup>18</sup> "Demography Report 2008: Meeting Social Needs in an Ageing Society," (European Commission, 2008).

In Spain, after giving amnesty to illegal immigrants, there saw a net 636,000 immigrants which is about 1.4 per cent of Spain total population.<sup>19</sup>

Therefore, it can be seen that most advanced countries are facing demographic impact, and the immigrants could in some part help increase or at least maintain the labour force in the host countries once the elderly get out of job, and fill in labour shortages especially in domestic work.

#### **2.2.4. Cultural Impact**

Migration is not only mobility of people from one to another places, culture also travel along with the migrants because they play a significant role for every individual life. Culture of each individual or group can be used to identify and distinguish the different identity of each group as it consists of religious practices, living style, languages, race, nationality, and appearance. However, since culture is different from each group, the differences between culture of migrant workers and that of local people are sometimes viewed as threats or opportunity for the local people. Concerning opportunity, host country could learn the cultural differences from the immigrants and take their good point, in order to modernize the country. On the subject of threats, when migrants cluster together and form their own community in the host country, they tend to share public and private space with the local people making the dominant culture and people fear of foreign takeover.<sup>20</sup> For instance, in 1901, Australia introduced White Australia Policy which to restrict the non-white immigrants because they were fearful of migrants from Asia. This policy was designed to welcome British and Europe as they are all white and have similar cultural practice.<sup>21</sup> For the case Cambodian and Thai culture, they have similar culture—Buddhism practice, the same language root which are Pali and Sanskrit, similar clothing, race and appearance. For instance, through the practice of Theravada Buddhism, Cambodians and Thais believe in Kamar meaning people who do good thing will receive good merit, and those who does the bad thing will later receive evil return in the later stage or after their death. They go to Buddhist pagodas to gain merit, to worship the monks, bring food to the monk, and to learn how to mediate to keep

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<sup>19</sup> Coleman, "The demographic effects of international migration in Europe."pp.472

<sup>20</sup> Castles and Miller, *The age of migration : International population movements in the modern world* pp40-41

<sup>21</sup> Ibid. Pp: 250

calm. For Language, Thai and Cambodian language writing style influence each other and roots from Sanskrit and Pali. Because of these, modern Thai and Cambodian words have similar pronunciation and spellings. As for the tradition, Cambodia and Thai people greet each other the same way by putting their palms together and bow (In Thai called *Wai*, and in Cambodian called *Sampeah*).<sup>22</sup> Since Cambodia and Thailand have similar culture and way of life, cultural impact posted by migrant workers from Cambodia on Thailand as a receiving country would be minor, and insignificant, thus this research will exclude cultural impact.

### **2.2.5. Social Impact**

As stated in the migration systems and network theory, immigrants to the host country tend to be caused by their existing network, friendship or family ties in the host countries. When more and more foreign people settle down in a place and form an ethnic minority, the local people were xenophobia against them as they regarded them as threat to economic development, and public order.<sup>23</sup> This negative perceptions against non-citizen groups resulted in discrimination. Immigrants, refugees, and asylum-seekers are hated differently according to their status.<sup>24</sup> However, this study focuses on only the xenophobia against migrant workers.

Apart from xenophobia, immigrants in the host country are viewed as cause to create social problems as they sometimes commit crimes, or are exploited by the natives. To illustrate this, according to Grogger, immigrants living in the foreign country are vulnerable to be offended by the natives especially when their large existence of labour could impact wage of natives, and force the natives to get out of the labor market and stay under chronic unemployment.<sup>25</sup> To explain this, in a study by Lee et al from three border areas in the United States namely El Paso in Texas, Miami in Florida, and San Diego in California, all of which are the major destination place of immigrants both documented and undocumented, showed that when the immigrants became frustrated of the economic disadvantages, poverty, and

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<sup>22</sup> *Khmer-Thai cultures : the inseparable ties / prepared by Royal Thai Embassy*, 1st ed ed. (Phnom Penh : Rama Printing International, 1995).

<sup>23</sup> Castles and Miller, *The age of migration : International population movements in the modern world* Pp:35

<sup>24</sup> Jonathan Crush and Sujata Ramachandran, "Xenophobia, International Migration and Human Development," (United Nations Development Programme (UNDP), 2009).

<sup>25</sup> Grogger (2005) cited in Lesley Williams Reid et al., "The immigration–crime relationship: Evidence across US metropolitan areas," *Social Science Research* 34, no. 4 (2005).

discrimination in the country where they are not the nationals, they would engage in illegal acts such as committing crimes and violent act, and doing illegal jobs.<sup>26</sup> However, a study by Reid et al using US Census data in 2000 with 2000 uniform crime-report data showed that although immigrants could commit crimes causing social problems in the host country, the percentage is small. The natives born people in the home country tend to commit crimes more than the immigrants.<sup>27</sup>

In order to prevent the breakup between minority and the majority group in the receiving country, and to control the immigrants, principle of integration was introduced in order to make immigrants become part of host country's society by recognizing their differences and giving them time to adapt to the new society. For instance, Australia in 1901 introduced The White Australia Policy because they were fearful of migrants from Asia could dominant the majority in the country. However, the program was seen as unsuccessful as the entry of migrant workers from Asia to Australia grew even more. Later since 1947, Australia introduced another program of planned immigration as it realized the importance of immigrants in nation-building. As a result, immigrants in Australia could help increase the population in the country from seven million in 1947 to 20 million in 2006. According to data consensus, among the 20 million people in Australia, immigrants born oversea accounted 22 percent of Australia's total population, 25 percent of them were second generation of Australians whose one of their parents was born in Australia, and 2.3 percent is Aborigines who is Australian native. The rest 50 percent were Australian citizen from non-above categories such as Australian citizen but non-Aborigines. The policy of multiculturalism in Australia which composed of two main features—recognition of the right of minorities to maintain their own culture, and providing social inclusion and equity—served to combat racism and ensure that minority have equal access to public services and education provided by state, and the labour market.<sup>28</sup> In order to achieve the most economic benefit and prevent social impact, the process of migration which can be identified in five stages namely planning and preparing for labour

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<sup>26</sup> Matthew T. Lee, Jr. Ramiro Martinez, and Richard Rosenfeld, "Does immigration increase homicide? Negative evidence from three border cities," *The Sociological Quarterly* 42 (2001).

<sup>27</sup> Lesley Williams Reid et al., "The immigration–crime relationship: Evidence across US metropolitan areas," *Social Science Research* 34, no. 4 (2005).

<sup>28</sup> Castles and Miller, *The age of migration : International population movements in the modern world* pp.245-251

migration, transit, arrival and reception, return and reintegration, should be managed properly and effectively.<sup>29</sup>

In summary, the existence of immigrants in the host countries could be threats and opportunities to local society. The impacts could be distinguished as economic and non-economic impacts. However, since Cambodia and Thailand have similar culture—Buddhism practice, the same language root which are Pali and Sanskrit, similar clothing, race and appearance—cultural impact posted by migrant workers from Cambodia on Thailand as a receiving country would be minor, and insignificant, thus this research will exclude cultural impact. Moreover, Since this study focuses on the perspective of Thailand as host country on the future free movement of unskilled workers, human capital impact will be excluded from the research as host country will not gain or loss from the unskilled workers regarding human capital.

### **2.3. Host Country Perspective on Migrant Workers:**

Provided that the existence of immigrants in the host country could provide different impacts, the perspective of the host country also varies depending on the benefits and losses each individual in the receiving country perceives from the labour migration. According to Dustmann and Ian<sup>30</sup>, public attitude of the host country toward the foreign workers is determined by economic and non-economic impacts produced by the migrant workers. Their research using data from the European Social Survey on attitudinal response of people from 22 European Countries on the perspectives of national people towards immigration, and effect on market economy, found that the assessment of people on migrant workers in the host country depend heavily on the economic interest that each individual perceive, labour market in the host country, tax and public burden (See detail in Section 2.2.1. economic impact). Their study reflects the economic impacts as stated by Friedberg and Hunt that native people will have negative attitude toward the migrant workers when the skills of migrant workers substitute to theirs. This perspective mostly bears

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<sup>29</sup> "ILO Multilateral Framework on Labour Migration: Non-binding principles and guidelines for a rights-based approach to labour migration," (INTERNATIONAL LABOUR OFFICE GENEVA, 2006).pp:23

<sup>30</sup>Christian Dustmann and Ian Preston, "Is Immigration Good or Bad for the Economy? Analysis of Attitudinal Responses," *CREAM discussion paper* No. 06/04(2004).

in the mind of the native people who have no-skill or low-skill, and less education, because they are afraid that their job will be taken away, and their wage will be decreased due to the overwhelming number of workers, while the government would have to be responsible for public burden stated by Coleman and Rowthorn. At the same time, native skilled workers with higher education are more pro-immigration as they feel that migrant workers will do the jobs that the natives do not want to do as stated by Piore. Adding to that, according to Mayda<sup>31</sup>, not only economic impact could trigger the perspective of host country, non-economic factor could also serve an important role in shaping the individual preferences on immigration. Both economic and non-economic factors such as labour market concern, social and cultural concern are important in identifying the attitude of the host country perspectives. In identifying the host country perspective, Mayda used surveys data from the International Social Survey Program (ISSP) from more than 20,000 respondents in 23 countries including developed and developing countries—United States, Canada, Japan, EU Eastern and Western European countries, and the Philippines. The native people, who are in favour of the immigrants, tend to be those attached with skills, and living in high income country or having high income. Individual who have negative feeling towards the illegal immigrants or political refugees are also oppose the immigration. Member of dominant ethnic group does not have much effect on the attitude toward immigrants. The level of human capital of the native people have are correlated to the attitude of individual perception, meaning those who have skills tend to prefer the trade liberation than the low skilled one.

For instance, in Germany, local people who have higher education and good occupation prefer the trade in services—free movement of labour. However, those German native who always keep in touch with the community and preferred the national pride, tend to oppose the immigration because they feared that foreign workers would bring problems to their society. Similarly, after EU Eastern enlargement in 2004 to accept ten more members whose economies are much lower than the old member states (See Chapter 3), Germany decided to put restriction on the free flow of workers from the new members until 2011 because the public and the

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<sup>31</sup> Anna Maria Mayda, "Who is Against Immigration? A Cross-Country Investigation of Individual Attitudes toward Immigrants," *Job Market Paper, Department of Economics, Harvard University* (2004).

government feared that economic and non-economic impacts brought by the EU-8, particularly Poland as it share border with Germany, have large population compared to other new members, and has had a long history of labour movement from Poland to Germany. Germany justified the reason to impose restrictions on the free movement of workers from the Poland as well as the other new members that, Germany still faced existing high unemployment rate which was about 9.8 percent, hence allowing the free flow of labour from the new members could even bring the labour situation in Germany got worse. Moreover, in the survey to gather the perception of the citizen, 75 percent of German people were afraid of that the immigrants from the new member states could badly hit their labour market such as lowering wage, or take up jobs from the natives causing the unemployment rate to increase.<sup>32</sup> Germany predicted because its country is located near those countries from EU-8, and especially shared border with Poland which is a big country with large population, the large inflow of those people would definitely come to Germany other than countries such as the UK, Sweden, and Ireland who are located in far distance from Poland territory, and surrounded by sea border.<sup>33</sup> Xenophobic perception of German people towards the immigrants caused by the experiences during 1980s and 1990s when Germany introduced guest workers programs to allow workers from Turkey, Greece, Portugal, Spain, and to name a few, to fill in its serious labour shortages (See Chapter 3). This perception responded to what Castle and Miller stated in social impact (See Social Impact in Section 2.2.5) that the native people would have negative attitude towards the immigrants once they faced large numbers of immigrants especially those have different culture like Turkish who hold Muslim culture.

As regard to the perspectives of Thailand as a host country on migration, after having faced the continuation inflow of unskilled workers from its neighboring countries—Cambodia, Burma, and Lao PDR— the Ministry of Labour and Social Affairs (now Ministry of Labour) called for International Labour Organization (ILO), and International Organization for Migration (IOM) to provide

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<sup>32</sup> Heinen and Pegels, "EU Expansion and the Free Movement of Workers: Do Continued Restrictions Make Sense for Germany?." Pp:2

<sup>33</sup> Ibid. Patricia Alvarez-Plata, Herbert Brucker, and Boriss Siliverstovs, *Potential migration from Central and Eastern Europe into the EU-15 : an update / Report for the European Commission, DG Employment and Social Affairs* (Luxembourg : Office for Official Publications of the EC, 2003).



assistance in researching for the way to improve the management of migrant workers in Thailand. As a result, the ILO and IOM sought further assistance from ASEAN Research Center for Migration (ARCM), Institute for Population and Social Research (IPSR), and Thailand Development Research Institute (TDRI), in conducting the research. In their research published in 2004, perspectives of Thai employers and employees were explored with a major focus on Burmese migrant workers group as it was the largest group among migrant workers in Thailand. The finding showed that most Thai workers are concerned that Burmese migrant workers would threaten their job security by taking up their job, lower their wage, and using the public welfare, while the Thai employers were more satisfied with the hard working Burmese migrant workers, their obedience as they did not changed their job more often as the Thai workers though they knew that their wage were below the minimum wage given to normal Thai workers.<sup>34</sup> A study by Bryant and Rukumnuaykit from Mahidol University in Thailand found that the existence of migrant workers in Thailand does provide minor negative impact on the local Thai workers. Their study which was conducted in 2004 in 76 provinces and 917 districts showered that 10% increase in migrant workers, the local wage would reduce by 0.2%, but it would not affect Thai employment rate or internal migration.<sup>35</sup> Even so, according to Martin, in general, the presence of migrant workers provides both good and bad impacts, such as improving the economic flexibility, while in some degree depressing wage and creating social problems. But for the case of migrant workers in Thailand, they are complement to Thai workers which mean they fill in the jobs that local people do not want to work especially 3D jobs. Moreover, most migrant workers in Thailand are in young age, therefore the government can enjoy tax collection, and use their labour rather than spend money on them. Besides, both registered and non-registered migrant workers came to Thailand for economic purposes, and there were only few criminal cases found to be committed by the migrant workers, but some of them has instead been abused by their employers. Regarding the social problems, most Thai people saw the

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<sup>34</sup> "Thailand: Improving the Management of Foreign Workers, Case Studies on Five Industrial Sectors."

<sup>35</sup> John Bryant and Pungpond Rukumnuaykit, *Does immigration to Thailand reduce the wages of Thai workers?* (Institute for Population and Social Research, Mahidol University Thailand 2007).

migrant workers as threats to national security as they are they are likely to commit crimes, smuggling and be trafficked.<sup>36</sup>

According to ILO-UNIFEM poll conducted Assumption Business Administration College (ABAC) in 2006 with more than four thousands Thai people, 80 percent of respondents had negative views on migrant workers because they learned from the media that migrant workers committed most serious crimes, while about 40 percent of them showed that migrant workers are often abused by employers.<sup>37</sup> However, this poll did not include the voice of NGOs and trade unions who are also involved in the migration issues in Thailand.

Similarly, under the ILO TRIANGLE project conducted survey in 2010 with more than one thousand ordinary people showed that factors that could influence the perception of respondents towards migrant workers are associated with their relationship between individual and migrant workers, while age, gender, income and educational level of the respondents could less influence their perception. The result of this survey showed that 59 percent of the respondents agreed that migrant workers are often exploited, 55 percent of them agreed that migrant workers are need to fill in labour shortage in some sectors, 40 percent of them agreed that migrant workers could provide net contribution to the economy, while only 24 percent of them feel that migrant workers could impact on the wage of national workers.<sup>38</sup> The respondents in this survey consists only the ordinary people, but exclude the voice from government, workers, employers, trade union and NGOs.

Since some of the existing researches focus more only Burmese workers, while some of the research and poll did not include all the voice of related all stake holders, this research will base on the study of Dusmann and Ian (2004), and Mayda (2004) that economic and non-economic impacts shape the attitude of the host country perspective in order to examine the perspective of Thailand as a host country on the future free movement of unskilled workers from Cambodia in the ASEAN Economic Community basing on economic, demographic, and social impacts. Knowing the

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<sup>36</sup> Martin, *The economic contribution of migrant workers to Thailand: Towards policy development*.

<sup>37</sup> Ibid.

<sup>38</sup> "Thailand Migration Report 2011," ed. Jerrold W. Huguet and Aphichat Chamrathirong (International Organization for Migration, 2011).

perspective of Thailand as a host country, content analysis on previous researches on perspectives of Germany as a host country regarding the free movement of workers in the EU will be used in order to draw the lessons learned or experiences from Germany for Thailand both of which are the host countries.

## CHAPTER III

### HISTORICAL BACKGROUND OF THE REGIONS AND COUNTRIES

#### 3.1. Free Movement of Workers in the European Union

##### 3.1.1. Overview

After the World War II, the European Union was set up in 1950s with the agreement to set up European Coal and Steel Community (ECSC) by six founders namely Luxembourg, France, Belgium, West Germany, Italy and the Netherlands. The creation of the European Union was to ensure peace and prevent further war as the previous wars caused millions of death and disaster. This first cooperation has led to further cooperation such as the creation of European Economic Community (EEC) under the Treaty of Rome in 1957 that aims at establishing a common market or single market focusing on free circulation of capital, goods, services and people, and the union enlargement to currently 27 member states.<sup>1</sup>

Allowing free movement of workers which is part of free movement people is one of the factors to enhance mutual understanding of people of Europe as European people could live, study and work in other countries within the European Union. Furthermore, it promotes macro and micro economic efficiency through single market base which includes the four free movements—goods, services, capital, and workers. Apart from that, since the four freedoms acutely interacted, free movement of workers could help reduce total production costs which contain three components, in particular labour costs, price of equipment and materials. Moreover, free movement of labour allows migrant workers to seek jobs that fit their desire, whereas the employers could hire more labour to feed their requirement. In addition, once the labour market of the host country is flexible, the integration could result in more jobs and economic gains as migration is a tool to create the overall world market efficiency. It could facilitate the allocation of productive factors.<sup>2</sup>

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<sup>1</sup> "Basic information on the European Union," European Union, [http://europa.eu/about-eu/basic-information/index\\_en.htm](http://europa.eu/about-eu/basic-information/index_en.htm). [July 1, 2011]

<sup>2</sup> R.E. Baldwin and C. Wyplosz, *The economics of European integration* (McGraw-Hill Education, 2006).

Furthermore, labour mobility is one of the Optimum Currency Area (OCA) criteria that aim creating the single currency in the region. Abolishing national currency to obtain regional currency could help avoid the fluctuation of exchange rate, and the asymmetric shock that would affect each country in the region differently during the recession. For instance, if there is an asymmetric shock in the region, the free movement of labour could reduce the shock by decreasing high labour cost in the area where shock was hit, and thus bring about the stability.<sup>3</sup>

Likewise, the study conducted by Kahanec, Zaičeva, and Zimmermann showed that, even after the Eastern EU enlargement to accept more ten member states whose economies are much more lower than that of the new members, the impacts were still positive. The new migrant workers from those countries have evidently contributed to the economic development in the host countries rather than steal local people job or lower wage.<sup>4</sup> It is quoted from the EU Commission President Barroso as:

*[...] labour mobility, far from 'stealing jobs', adds 0.3% to the EU's GDP in the medium term. Furthermore, this mobility has helped to meet labour market demands and reduce bottlenecks in the construction and services industry, for example. Perhaps those industries could spell out publicly what the consequences would be, if that labour mobility did not exist!*<sup>5</sup>

### **3.1.1. Legal Context**

Article 45 (ex Article 39 TEC) of the Treaty of the Functioning of the European Union of the Treaty of Lisbon regarding the free movement of workers granted rights to all workers in their member states to move freely, either to work or reside, from one to another country within of the European Union. In the case of working, they are also granted equal access to employment and working condition without any discrimination. All member states must create law in conformity with the

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<sup>3</sup> Robert A. Mundell, "A Theory of Optimum Currency Areas," *The American Economic Review* 51, no. 4 (Sept 1961).

<sup>4</sup> Martin Kahanec, Anzelika Zaičeva, and Klaus F. Zimmermann, *Lessons from Migration after EU Enlargement* (IZA, 2009).

<sup>5</sup> Speech by EU Commission President Barroso, "EU Enlargement - 5 Years After ", European Union @United Nations, [http://www.europa-eu-un.org/articles/en/article\\_8525\\_en.htm](http://www.europa-eu-un.org/articles/en/article_8525_en.htm). [December 2, 2011]

EU Law, while the EU Commission serves as guardian of the treaty to oversee the implementation of the each member state on policy dealing with migrant workers in their region. The EU Commission will bring the case law to the European Court of Justice if they found any member state violate the EU law providing free movement of workers.<sup>6</sup>

However, as the free movement of labour might also create negative effect on the host countries. Migrant workers could cause economic and social dumping in the host country by lowering wages or taking up jobs from local people if their labour supply tends to substitute to workers in the host countries. To prevent these kinds of problems, the EU has established some exceptional clauses allowing the member states to put restriction on labour mobility to their countries whenever they could find that the migrant workers provide burden on the host countries. Article 45(3)(4) and 52 of the Treaty of the Functioning of the European Union allows the member states to impose restriction on the movement of workers concerning public policy, public security and public health.<sup>7</sup> Evidently, after the EU Eastern enlargement to accept ten more member states namely Poland, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia and Slovenia (EU-8) in 2004, and Bulgaria and Romania (EU-2) in 2007, old EU members are granted right to put temporary restrictions on workers from the new member states not to move freely into their countries in seven years which is divided into three phases—first 2 years, later 3 years, and finally 2 years. They are allowed to do so if they can prove to the EU Commission that new immigrants could deliver serious disturbances on their labour markets. In 2004, among EU-15 who are old member states, Germany, Austria, Greece, Spain, Portugal, Finland, the Netherlands, France, Italy, Luxembourg, Belgium, and Denmark, placed barriers on the free movement of workers from the new member states. Only three members, Ireland, UK and Sweden, opened their borders for immigrants from new members to flow into their countries immediately after the accession in 2004.<sup>8</sup>

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<sup>6</sup> "Consolidated Versions of the Treaty on European Union and the Treaty on the Functioning of the European Union ", *Official Journal of European Union* 53((2010/C 83/01)).

<sup>7</sup> *Ibid.*

<sup>8</sup> "Commission report on transitional arrangements regarding free movement of workers."

### 3.2. Migration of Polish Workers to Germany

After the World War II, Germany has experienced a significant inflow of immigrants. The inflow of immigrants is significant in four stages which Schmidt and Zimmermann divided: the period of war adjustment (1945-1954); manpower recruitment (1955-1973); consolidation or restrained migration (1974-1988); and the aftermath of socialism (after 1988). Among that, during 1950s-1960s, due to German economy began booming, the creation of Berlin Wall preventing the labour movement of German workers between East Germany (GDR: German Democratic Republic) West Germany (FRG: Federal Republic of Germany), the FRG government introduced *Gastarbeiter* or *Guest Worker Program* on the bilateral agreement on labour recruitment with Italy in 1955, Spain and Greece in 1960, Turkey in 1961, and Yugoslavia in 1968 to fill in its labour market. At that time, employers could ask for work permit for as many migrant workers as they need, put restriction on their work period. As a result, there saw one million foreign workers working in Germany in addition to 900,000 residing foreigners.

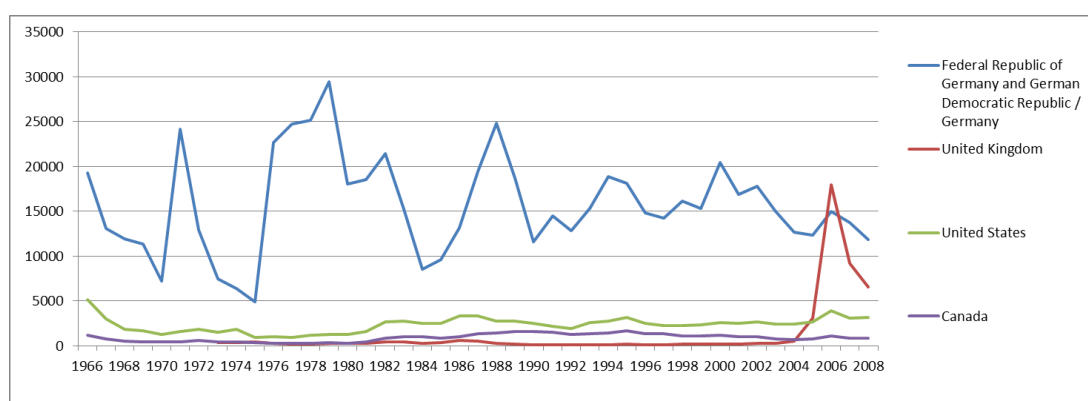
At the same time, the GDR government also introduced the so-called Contract Workers with Poland in 1965, Hungary 1967, Mozambique in 1979 and Vietnam in 1980 in order to attract foreign workers to fill in its labour shortages. The outflow of Polish people to Germany both for work and settlement kept continuing even when the Polish government launched *Solidarność* Movement (Solidarity Movement) and martial law to prevent the outflow of their people in 1980s. However, the restriction at that time could not prevent the emigration, but instead encouraged people to migrate to GDR because at that time, it still had lenient policy in granting status to immigrants as *Aussiedler* status (ethnic Germans from Eastern Europe and the former Soviet states).<sup>9</sup> Since Germany shares border with Poland, and the income differences between the two countries is high, while Germany is in need for foreign labour, the outflow of Polish emigrants to Germany has existed for decades with the fluctuation trend, even after Poland became full member of the EU in 2004 and when Germany imposed restriction on the free movement of workers. With restriction imposed by Germany, the major destination country for Polish workers is still

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<sup>9</sup> Krystyna Iglicka, "Mechanisms of migration from Poland before and during the transition period," *Journal of Ethnic and Migration Studies* 26, no. 1 (2000).

Germany (See Figure1 below). This is because labour migration trend from Poland to Germany has existed for long time, and those who lived near the border areas could speak German fluently; both countries share border with each other, Germany has better job opportunities; and as stated above Germany still issue work permit and give special preferences to some skilled Polish workers, and some other works depend on the bilateral agreement between Germany and Poland.<sup>10</sup> As regards to the UK who have opened its border for the free movement of workers from the new members states since early stage, there saw a significant increase of migrant workers from Poland since 2004 and reached the highest point which was about 1.8 million in 2006, but it then gradually decreased to 6,565 in 2008 because of language barriers, and migration is circular process of going back and forth.<sup>11</sup>

**Figure1: Major destinations of Polish Emigrants**



Source: Central Statistical Office of Poland, Central Population Register 2008

### 3.3. Future Free movement of workers in ASEAN Economic Community

#### 3.3.1. Overview

Since its inception in 1967, Association of Southeast Asian Nations (ASEAN) which was established under Bangkok Declaration by five founders—Thailand, Singapore, Philippines, Malaysia, and Indonesia—has developed itself towards the economic growth, peace and stability, and cooperation within the region

<sup>10</sup> Brenke, Yuksel, and Zimmermann, "EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market."

<sup>11</sup> Jennifer Gordon, "FREE MOVEMENT AND EQUAL RIGHTS FOR LOW-WAGE WORKERS? What the United States Can Learn From the New EU Migration to Britain," *UC Berkeley Law School, Chief Justice Earl Warren Institute on Law and Social Policy Issue Brief*, no. May (2011).



and other international or regional organizations, and compete with the world economy. Until now, ASEAN has enlarged itself to ten member states—Cambodia, Thailand, Singapore, Malaysia, Indonesia, Brunei Darussalam, Philippines, Vietnam, Myanmar and Lao People's Democratic Republic (Lao PDR)—and is going to establish ASEAN Community by 2015 consisting of three main pillars namely ASEAN Political-Security Community, ASEAN Socio-Cultural Community, and ASEAN Economic Community that will permit the freedom of movement of goods, services, investment, capital, and skilled labour with the purpose to create (i) a single market and production base, (ii) a highly competitive economic region, (iii) a region of equitable economic development, and (ix) a region that is fully integrated into the global economy.<sup>12</sup> Meanwhile, ASEAN Connectivity consisted of physical, institutional and personal connectivity served to enhance the integration of the future AEC as the physical connectivity refers to the infrastructure such as road, air way, railway, and technology communication which serve as the transportation of communication. Institutional connectivity refers to trade facilitation such as agreements in trade and investment, capacity building programs and Mutual Recognition Agreements. Personal connectivity refers to the movement of people via tourism, education and culture.<sup>13</sup>

Regarding labour movement trend in ASEAN, among presently ten members of ASEAN member states, Cambodia, Indonesia, Lao PDR, Myanmar, Philippines and Vietnam are the sending countries; while Thailand, Singapore, Brunei Darussalam, and Malaysia are the receiving countries. Most migrant workers from Cambodian, Myanmar and Lao PDR concentrate in Thailand, while in Malaysia, most foreign workers come from Indonesia, and Philippines, whereas in Brunei Darussalam and Singapore, most foreign workers come from Malaysia, Thailand, Philippines and Indonesia. Concerning sector employed migrant workers in the three major host countries—Thailand, Singapore and Malaysia, 49 percent of foreign workers in Thailand worked in Industry sector, compared 24 percent in agriculture, and 27

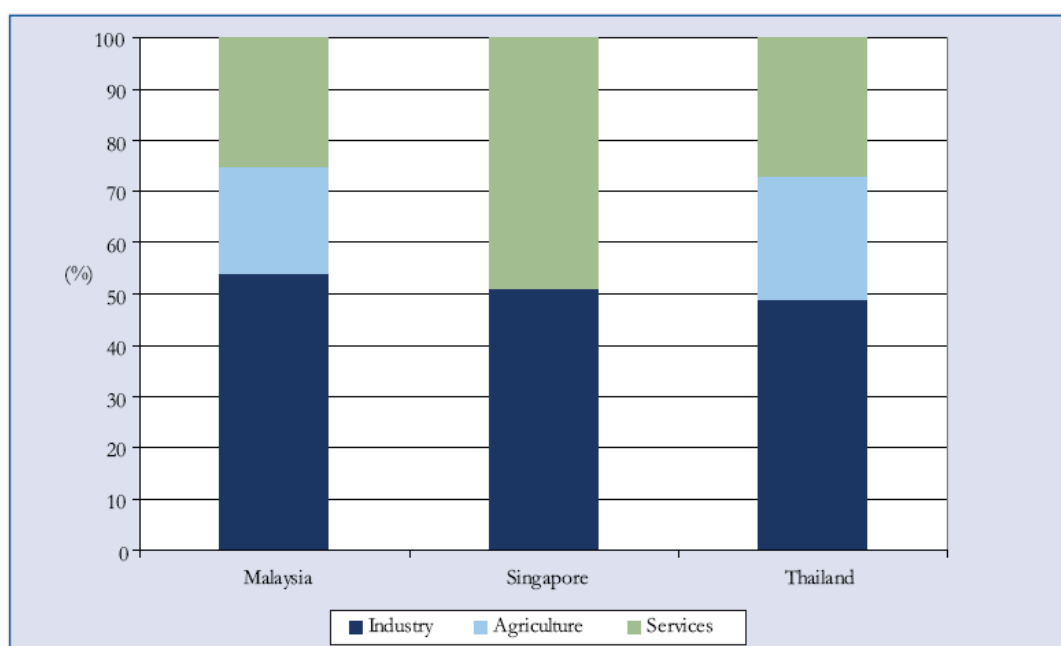
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<sup>12</sup> *ASEAN Economic Community Blueprint*, (Association of Southeast Asian Nations (ASEAN), 2008).

<sup>13</sup> Sundram Pushpanathan, "ASEAN Connectivity and the ASEAN Economic Community," ASEAN Secretariat.

percent in services. In Malaysia 54 percent of foreign workers were found in industry sector, 21 percent in agriculture and 25 percent in services. For Singapore, 50 percent of migrant workers worked in industry sector, and the remaining 50 percent worked in services. (See figure2 below)<sup>14</sup>

**Figure2: Foreign Workers by Sector of Employment in Three Major Destination Countries in ASEAN (%)**



Source: Labour and Social Trend in ASEAN 2008

### 3.3.2 ASEAN Framework Agreement on Services

It is noted that prior to the creation of economic community, ASEAN has pooled their effort to create ASEAN Free Trade Area (AFTA) in order to wider their trade activities, and to set up ASEAN Framework Agreement in Services (AFAS) in 1995 in order to promote trade in services and investment. The objectives of AFAS which falls under mode 4 (movement of natural person) of General Agreement of Trade in Services (GATS) are (i) to enhance cooperation in services amongst Member States in order to improve the efficiency and competitiveness, diversify production capacity and supply and distribution of services of their service suppliers within and

<sup>14</sup> *Labour and social trends in ASEAN 2008 : driving competitiveness and prosperity with decent work*, 1st ed ed. (Bangkok : Regional Office for Asia and the Pacific, International Labour Office, 2008). pp.65-66

outside ASEAN; (ii) to eliminate substantially restrictions to trade in services amongst Member States; and (iii) to liberalize trade in services by expanding the depth and scope of liberalization beyond those undertaken by Member States under the GATS with the aim to realizing a free trade area in services. To facilitate AFAS, Coordinating Committee on Service (CCS) was then set up in the following year in order to implement the work of AFAS which consists of seven priority sectors—air transportation, business service, construction, financial services, maritime, telecommunications, and tourism. The integration of seven sectors has been modified to currently six sectors namely, business services, construction, healthcare, logistics and transport services, telecommunication and IT services, and tourism.

### 3.3.3 Mutual Recognition Agreements

In dealing with the AFAS and the future free movement of skilled labour, ASEAN member states have also committed themselves to facilitate the integration of trade in services by initiating Mutual Recognition Agreements (MRAs). Owing to the dissimilarity of relevant domestic regulations and market demand conditions in each ASEAN member state, MRAs is aim at facilitating the flow of foreign professionals by issuing the recognition of authorization, licensing, or certification of professional services suppliers. To date, MRAs has concluded seven MRAs which are engineering services, nursing services, architectural services, medical practitioners, dental practitioners, accounting service, and the recognition of surveying qualifications.<sup>15</sup> However, in implementing AFAS, there remain some challenges, in particular, AFAS does not clearly define scope and definition of each service; ASEAN member most often give priority to their national interests and do not often consult with each other about their trade and economic policies in order to promote regional development; and ASEAN member states do not have much experiences in trade liberalization in services because most of them just has just opened up their service market.<sup>16</sup> These challenges have posted difficulties for ASEAN to effectively achieve free movement of workers. Likewise, dissimilarities in

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<sup>15</sup> *ASEAN Integration in Services*.

<sup>16</sup> Patcharawalai Wongboonsin, "Services Trade and Labor Migration in ASEAN: What has been achieved?," in *Services Trade Liberalization and Labor Migration Policies: Towards an ASEAN Economic Community* (Bangkok, Thailand: ASEAN Development Bank (ADB), 2008).

regulatory framework governing migration workers in each receiving country are also challenges for ASEAN to promote free movement of workers as the regulation is subject to the interpretation by each destination country rather than the ASEAN as a whole. Some host countries are now having inconsistent policies and regulations on migrant workers because some of them prefer the highly-skilled worker, while some others need more lower-skilled workers. For instance, Singapore and Malaysia, are using the pass system meaning if those who wish to work in their countries pass the entrance test, they could go to work in these countries; while Thailand is using visa and work permit meaning those who want to work in Thailand need to apply for visa and get the work permit before coming to work in Thailand. The work permit is subject to a limited period of time according to the regulations of each receiving country.<sup>17</sup>

Though challenges remain, they would be solved in a short or longer term as it can be seen from the efforts of ASEAN members who are trying to build the capacity building of the workers, provide trainings, and create the Mutual Recognition to accept the qualification of skills of other member states. Once the freedom of movement of skilled labour works, the introduction of free movement of unskilled workers will probably be followed in a distant period,<sup>18</sup> as the major current labour movement in ASEAN is unskilled workers<sup>19</sup>, while some countries such as Thailand has already signed the Memorandum of Understanding with some sending countries importing unskilled migrant workers from their countries to fill in its labour shortages in unskilled job. Furthermore, ASEAN Declaration on Protection and Protection of the Rights of Migrant Workers was also created in 2007 in order to deal with discrimination and abused against unskilled workers in the host county. Under the non-binding approach, the declaration imposed the obligations on the host country to protect the human rights of the migrant workers, provide adequate information,

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<sup>17</sup> ———, "Are current labor migration policies sufficiently supportive of the free flow of skilled labor necessary for the advent of an ASEAN Economic Community?," Thai World Affairs Center, Institute of Asian Studies, Chulalongkorn University, [http://www.thaiworld.org/en/thailand\\_monitor/answer.php?question\\_id=864](http://www.thaiworld.org/en/thailand_monitor/answer.php?question_id=864). [1 December 2011]

<sup>18</sup> Free labour market for ASEAN," Bangkok Post, <http://www.bangkokpost.com/learning/learning-from-news/208680/free-labour-market-for-asean>. [20 July 2011]

<sup>19</sup> Chris Manning and Pradip Bhatnagar, "Labor migration within ASEAN An unexploited opportunity for economic cooperation," *ASEANONE* (2005).pp1

trainings, education, justice, and social welfare, appropriate remunerations, and working conditions. Meanwhile, the sending countries are obligated to facing the migration process such as authorizing the recruitment agencies, preparation for deployment of workers going abroad, and protect them from being abused.<sup>20</sup>

### 3.4. Current Migration of Cambodian Workers to Thailand

#### 3.4.1. Legal Context

Unskilled migrant workers are generally prohibited to enter Thailand, according to Alien Employment Act of 1978 that permitted only specific 27 occupation, most important is skilled jobs such as technicians, trainees, and clerks. However, under article 17 of the Immigration Act of 1979, Thai cabinet has the authorization to permit other foreign unskilled workers and other workers to work in Thailand.<sup>21</sup> In 2008, the revised Alien Employment Act came to force. It allowed the employment of unskilled workers with the condition that the employers have to pay fees. The regulation is designed to protect Thai national security, protecting work opportunities for Thai persons, and establishing a level of labour migration that could support the growth and development of Thailand.<sup>22</sup> Under the regulation, migrant workers are required to report themselves once they have stayed in Thailand for 30 days, while migrant worker who worked in the sea in the five provinces could go to report within 45 days. Migrant workers are not able to change their employers unless their employers pass away, terminate their business, or the employers are found to abuse the labour law or the migrant workers. Moreover, the employers are required to report migrant workers in every ninety day.<sup>23</sup>

Legal instrument that unskilled migrant workers from neighboring countries could come to work in unskilled or low-skilled jobs in Thailand is by the Memorandum of Understanding (MOU) on Cooperation in the Employment of Workers which is the bilateral agreement between Thailand and its neighbouring

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<sup>20</sup> Premjai Vungsiriphisal et al., *Migration Recruitment from Cambodia and Laos into Thailand*, ed. Supang Chatavanich (Asian Research Center for Migration, Institute of Asian Studies of Chulalongkorn University, 2010). pp: 20-21

<sup>21</sup> Martin, *The economic contribution of migrant workers to Thailand: Towards policy development*. pp:1

<sup>22</sup> Chaninat and Leeds, "Alien Working Act, B.E. 2551(2008)," <http://www.thailawforum.com/database1/Alien-Working-Act.html>. [Accessed March 2012]

<sup>23</sup> "A News Released from the Ministry of Labour, Thailand," <http://www.mekongmigration.org/?p=245>. [Access March 2012]

countries—Cambodia, Burma, and Lao. Under the MOU, the governments of the host and home countries are responsible for governing and facilitating the labour migration process, and control the illegal migration. The MOU authorized the recruitment agencies that help recruit the foreign workers from the sending countries to work in the receiving countries. The process of formal recruitment in MOU is as follow: First, Thai employers apply for number of immigrants they want to hire. Second, employers choose a Thai consultant recruitment company to be their representative helping them to recruit workers from foreign countries. Third, recruitment agency in the sending country announces the job advertisement, and then selects workers. Fourth, employers applied for work permit to get migrant workers from sending country. Fifth, workers travelled to Thailand, obtain medical check-up, and request work permit. Finally, the Ministry of Labour in Thailand makes the employment contract for migrant workers once they arrive in Thailand.<sup>24</sup> Under this formal recruitment, migrant workers are permitted to work in Thailand for two years, with the possibility to extend another 2 years, are able to receive the same remuneration as the local workers. Migrant workers, under the MOU, are entitled to pay 15 percent of their monthly salary to the saving or deportation fund at the recruitment agencies, and could get back that money after they completed two-year contract. The purpose of this saving fund is to encourage migrant workers to return to their home countries. In addition, migrant workers have to pay 19,000Baht for their registration to work in Thailand at the Ministry of Labour and 19,000Baht for health insurance and health examination at the Ministry of Public Health.<sup>25</sup>

### **3.4.2. Migration of Cambodian Workers to Thailand**

In mid 1980s, economic growth of Thailand significantly soared into the "Tiger Economy". The result of its fast-growing economy has encouraged Thai employers to recruit million migrant workers to fill in the labour shortage in their country especially in unskilled jobs such as in construction, manufacturing, agriculture and fishery sector, and domestic services. According to report by ILO, in 1996, 700,000 migrant workers including registered and non-registered came to

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<sup>24</sup> Vungsiriphisal et al., *Migration Recruitment from Cambodia and Laos into Thailand*.

<sup>25</sup> Ibid. pp:19-20;Martin, *The economic contribution of migrant workers to Thailand: Towards policy development*. Pp: 6

Thailand to earn their livings by working in unskilled jobs. After about a decade in 2007, this number of migrant workers has increased to 1.8 million accounting for 5 percent of Thai total labour force.<sup>26</sup> However, a report by Human Rights Watch in 2010, found that the number of migrant workers in Thailand ranked from 1.8 million to 3 million including their dependents, thus contributed about 5 to 10 percent of Thai total labour force.<sup>27</sup> Most migrant workers in Thailand come from Myanmar (75 percent), Cambodia and Lao PDR (25 percent).<sup>28</sup> However, after the signing of MOU between Thailand and the three countries, there has seen the number of Cambodian workers coming to Thailand via MOU stood the most showing the willingness of workers coming through legal channel as shown Table1 below.

**Table1: Total Number of Migrants Workers Recruited Through MOU  
September 2005 to December 2011**

<b>Nationality</b>	<b>Number of workers requested by Employers</b>	<b>Number of workers granted permission to work in Thailand</b>	<b>Number of workers working in Thailand with work permits</b>
Cambodia	168,975	92,408	69,829
Lao PDR	102,252	30,303	23,985
Myanmar/Burma	108,099	10,545	7,280
Total	379,326	133,256	101,094

Source: IOM Issue # 14, Office of Foreign Workers Administration, Department of Employment, Ministry of Labour

<sup>26</sup> ———, *The economic contribution of migrant workers to Thailand: Towards policy development.*

<sup>27</sup> "From the Tiger to the Crocodile: Abuse of Migrant Workers in Thailand," (Human Rights Watch, 2010).

<sup>28</sup> Martin, "The economic contribution of migrant workers to Thailand: Towards policy development."

As regard to migration from Cambodia to Thailand, after the collapse of the brutal Khmer Rouge regime (1975-1979), the external outflow of Cambodian migrant is increasing. Large number of Cambodian people traveled to Thailand to seek secure settler as refugees. Later, most of the Cambodian people who had migrated to Thailand were sent back to Cambodia to attend the Cambodian first election in 1993 with the help from the United Nations. However, after the election, there were still large outflow of Cambodians to Thailand. The motivations encouraging Cambodian migrant workers to migrate to Thailand are caused by the push factors such as the landlessness, natural disasters, poverty, debt, land grabbing and economic disadvantage especially income differences and inadequate jobs in Cambodia. The major destination countries to receive migrant workers from Cambodia are Thailand followed by South Korea, and Malaysia. However, due to geographical easiness, and economic opportunity in Thailand, most Cambodian migrant workers choose Thailand as their main destination country. As can be seen in 2005, 182,007 Cambodian workers registered to work in Thailand. Most Cambodian workers in Thailand both regular and irregular workers could be mostly found in construction, fishery, manufacturing and agriculture work which considered as 3D jobs as shown in Table2.<sup>29</sup> According Office of Foreign Workers Administration, Department of Employment of the Ministry of Labour, the top three provinces that have the largest number of Cambodian migrant workers are Rayong (10,559 or 19%) followed by Chonburi (7,772 or 14%) and Bangkok (7,343 or 13%).<sup>30</sup>

Although the number of Cambodian migrant workers could be found the most to come through MOU compared to other nationalities of migrant workers, there is still high percentage of workers coming to worker illegally. For instance, the total demand for Cambodian migrant workers is 127,339 people, but those turn out for registration were just 24,953 as shown in Table2. Mismatch between the demand for migrant workers and the registration for work permits somehow can be concluded that the migrant workers would come into Thailand via informal channel. The barriers

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<sup>29</sup> Bruno Maltoni, "Migration in Cambodia: Internal and External Flows," no. IOM Phnom Penh (2007).

<sup>30</sup> Source: Office of Foreign Workers Administration, DOE, MOL, Adapted by TRIANGLE Project



preventing Cambodian migrant workers coming to work legally in Thailand is caused by the complicated recruitment process because it takes time to follow the formal process as immigrants themselves had to ask for authorized documents from their provincial authorities, and then go to the capital city to submit the documents in which the overall took about 3 to 5 months to complete, and each phase might require some corruption to process to accelerate the process. Migrant workers have to pay for the saving fund, their health insurance and the registration as stated above. Moreover, the smuggling from Cambodia to Thailand costs only about 85 dollars (2,550 baht with exchange rate 1USD=30baht) at a time. In addition, the daily border crossing passes from Cambodia to Thailand cost only 10 baht.<sup>31</sup> With the informal channel, Cambodian immigrants mostly travelled to Thailand with the help of their existing networks in Thailand such as friends, relatives, families, or middlemen who work informally in helping Cambodian people to travel to Thailand with lower fees compared to the formal channel.<sup>32</sup>

**Table 2: Demand for Cambodian migrant workers, and registration for work permits (as of June 2006)**

Sector for employment	Demand for Cambodian migrant workers	Percentage	Registration for work permit	Percentage
<b>Total</b>	127,339	100%	<b>24,952</b>	100%
Fishery	20,587	16.17%	3,261	13.07%
Sea Fishery	19,001	14.92%	2,765	11.08%
Inland fishery	1,586	1.25%	496	1.99%
Fishery related	8,139	6.39%	1,119	4.48%
Agriculture and live stock	16,776	13.17%	5,232	20.97%
Agriculture	14,127	11.09%	4,263	17.08%
Livestock	2,649	2.08%	969	3.88%
Rice mill	372	0.29%	78	0.31%
Brick factory	374	0.29%	36	0.14%
Ice factory	564	0.44%	191	0.77%
Marine transportation	2,660	2.09%	580	2.32%
Construction	35,183	27.63%	4,861	19.48%
Mining	105	0.08%	15	0.06%
Household servant	5,347	4.20%	2,312	9.27%
Others including manufacturing	37,232	29.24%	7,267	29.12%

Source: Ministry of Labour cited in Supang and Pairin (2008)

<sup>31</sup> Vasuprasat(2007) cited in Martin, "The economic contribution of migrant workers to Thailand: Towards policy development."

<sup>32</sup> Maltoni, "Migration in Cambodia: Internal and External Flows."

## CHAPTER IV

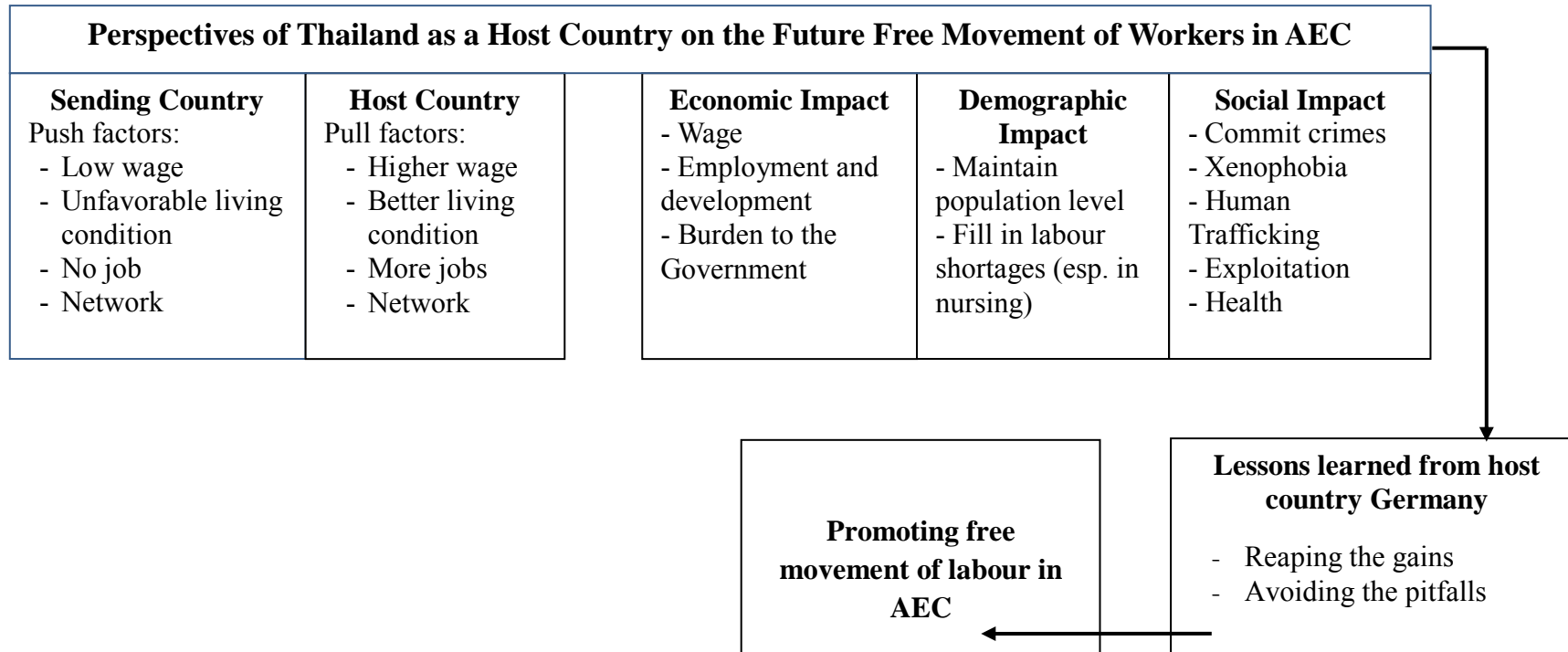
### RESEARCH METHODOLOGY

This research bases on the study of Dusmann and Ian (2004), and Mayda (2004) that economic and non-economic impacts shape the attitude of the host country perspective in order to examine the perspective of Thailand as a host country on the future free movement of workers in the future ASEAN Economic Community. In identifying economic and non-economic impacts, the research will base on the economic, demographic and social factors that serve to influence the perspective of the host countries. Knowing the perspective of Thailand as a host country, this research will do the comparative analysis between Thailand and Germany as a host country in order to draw the lessons that Thailand could learn from Germany regarding the free movement of workers.

#### **4.1. Conceptual Framework**

This study examines perspective of host country on future push and pull factor of migration movement from Cambodia to Thailand such as unfavourable living condition, low wage, no job in the home country, and higher wage, better living condition, more job, and network in the host country; economic impact that Thailand perceives from the future free movement of workers such as impact on wage, employment and development, and burden to the government; demographic impact that existence of migrant workers in the host country could help maintain population level, and fill in labour shortages especially in nursing resulting from aging society; social impact such as xenophobic perception of people in the host country towards migrant workers, perception on level crimes, human trafficking, and health once the free movement of workers might take place in the future. Following that, it will explore the experiences from Germany which has also been one of the host countries to receive migrant workers from the member states of the EU. Experiences from Germany can help Thailand to reap the gains and get rid of pitfalls in order to promote the free movement of labour in the ASEAN's future Economic Community, especially during the EU Eastern enlargement of the European Union to accept more members whose economies are much lower than the old members.

Figure3: Conceptual Framework



## **4.2. Data Collection**

Data collection method will center on the Triangulation Method which, according to Denzin, is a combination of methods used to collect information from different range of individuals and settings. This method involves using different methods of collecting data such as collecting written documents from different sources, and collecting primary data by conducting interviews with various potential groups of informants that are believed to influence the assessment.<sup>1</sup> This method is appropriate to use in this research because collecting data from various sources and conducting the interviews with different categories of interviewees could help reduce risk of bias, and invalidity. The methods to collect secondary and primary data are described as follow:

### **4.2.1 Secondary Data:**

The secondary data based on academic literatures, reports, journals, news, books and webpages from various sources. The secondary data mostly centers on social, economic, legal, and political context of the EU, ASEAN, Germany, Thailand, Poland and Cambodia.

### **4.2.2 Primary Data:**

The primary data based on the qualitative research by conducting both semi-structured and in-depth interviews (See interview questions in Appendix B). Focusing on qualitative research methods could help researcher understand more about perspective of each informant on their perceptions of future free movement of workers as both researcher and interviewees could have opportunities to discuss deeply on the topic.

Since different groups of people will have different perspective on immigration as stated by Dusmann and Ian (2004), and Mayda (2004), and the level of pro-immigration depends systematically on demographic characteristic and background of respondents, this research conducted the qualitative interviews with various types of stakeholders namely the government officials, international and local

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<sup>1</sup> Denzin(1970) cited in Joseph A. Maxwell, *Qualitative research design : An interactive approach*, 2nd ed. ed. (London : SAGE Publications, 2005).pp:75-76

NGOs, experts, Thai employers, Thai workers, and migrant workers (See Interview Schedule in Appendix B). In Thailand, the interviews were conducted in Bangkok with Thai policy makers such as the Ministry of Labour, the Ministry of Public Health, International NGOs and Thai experts, and in Rayong province with Thai people working in the grassroots level such as Thai workers, Thai employers, police and domestic NGOs. Rayong province was chosen to be a field research as it contained the largest number of Cambodian migrant workers, and thus could reflect the perspective of Thailand toward migrant workers more accurately. As regards to drawing lessons learned from Germany, the interviews were conducted with German experts in Munich, Germany.

In Rayong, the interview with Thai employers, Thai workers and migrant workers, is based on convenience selection. Among five Thai employers that the researcher contacted, two Thai employers in fishery sector, one of whom owns a fishing boat and fish production factory, and another one owns fish production factory agreed to be interviewed. Two Thai workers of the two employers and one Thai worker in the construction site were then interviewed. The interviews were also conducted with one police working in Phe Police Station in Banphe Muang Rayong as the police could provide broader perspective on the security issue; senior staff of Foundation Aids Rights (FAR) based in Rayong district as this NGOs deals with health issue of migrant workers; and two migrant workers, one of which was informal representative of Cambodian migrant workers and one Cambodian migrant worker, as information from the counter-party mainly the existing Cambodian migrant workers in Thailand could help avoid the possible bias and assumptions coming from only Thai side. The interviews in Rayong were conducted both at informants' work places and residents, so that researcher could observe the real situation and attitude of informants.

In Bangkok, the interviews were conducted with Chief of Foreign Affairs of the Department of Employment of the Ministry of Labour; Head of Social Security Department of the Ministry Labour and ASEAN Committee on the Implementation of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers in Thailand; Senior Pharmacist of the Health

Administration of the Ministry of Public Health; technical officer of the International Organization of Migration (IOM); technical International Labour Organization (ILO); Thai expert of the Thailand Development Research Institute (TDRI) specializing in economics of Thailand and migration and Thai expert in labour economics of Chulalongkorn University, as they could provide broader perspective on the economic impact of the future free movement of workers on Thailand; expert working with NGOs and bodies dealing with workers' rights as it could provide broader perspective on the social impact of future free movement of workers on the host country. The interviews in Bangkok were conducted at informants' work places.

In Germany, the interviews were conducted with two experts from Ludwig-Maximilians-University (LMU) in Munich, Germany who are specialized in German and Polish relations and labour migration.

The interviews were conducted in various languages—English, Thai or Cambodian—in accordance with language familiarity of the informants. Concerning the interviews conducted in Thai, an interpreter who is fluent in English-Thai-Cambodian facilitated the language barrier. Before conducting the interviews, researcher explained the purpose of the interview, and gave the interview questions to the interpreter in advance, so that he could understand the topic broadly. Only interviews organized with Thai employers, Thai workers, and a police based in Rayong province were conducted in Thai, while the other interviews were conducted in English and Cambodian by without the help from interpreter.

The interviews were conducted in March, April and May. Before the interviews, all informants are contacted and informed in advance (See Participation Information Sheet in Appendix B). The interviews were conducted through face to face interview and lasted from one to two hours. Furthermore, during each interview, voice recording and note taking was used for subsequent review and evidence, while ensuring confidentiality.

In order to keep the confidentially, names of the interviewees were not disclosed in this research.

### 4.3. Data Analysis

Since the data collection bases on Triangulation Method which is to collect information from various sources and individuals in order to reduce the risk of bias, data analysis will base on Categorizing Strategy, which according to Maxwell, is method of splitting data and then re-sorting them into categories in order to help facilitate the comparative analysis and the development of the assessment.<sup>2</sup> In this way, after each interview, researcher made a summary of that interview and categorized the information following the themes in conceptual framework and interview questions. The main themes focused on their perspective on future push and pull factor of migration to Thailand, their perception on perceived impacts—such as wage, employment, aging society in Thailand, crime rates, xenophobia, health issues, and human trafficking—resulting from the future free movement of worker. After all interviews were collected, summarized, and categorized, researcher grouped the similar and different information on the themes set in the conceptual framework, while observing for new emerging themes. Finally, researcher made an analysis on the initial themes and the new emerging themes in reflection to the reviewed literatures and theories.

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<sup>2</sup> Ibid. pp. 78-81

## **CHAPTER V: FINDINGS**

### **PERSPECTIVE OF THAILAND AS A HOST COUNTRY ON THE FUTURE FREE MOVEMENT OF WORKERS**

This chapter illustrates the perspective of Thailand as a host country on the future free movement of workers by focusing on the unskilled workers from Cambodia. The perspectives of various stakeholders namely the governments, experts, international NGOs, and domestic NGOs, Thai employers, Thai workers, and migrant workers are examined. This chapter will first illustrate the perspectives of Thailand as a host country on future push and pull factors that will encourage migrant workers mainly Cambodian unskilled workers come to Thailand when the future free movement of unskilled workers will perhaps be permitted, and then move on to articulate the perceptions of Thailand as a host country on possible—economic, demographic and social impacts—resulting from the future free movement of mainly unskilled workers from Cambodia.

#### **5.1. Perspective of Thailand as a Host Country on the Future Free Movement of Workers**

Perspectives among all stakeholders—the government officials, NGOs, experts, Thai employers, Thai workers, and the migrant workers—are mixed.

##### **5.1.1. Determinants of migration**

According to Ravenstein (1889), Borja (1989) and Todaro (1969), "Push and Pull" factors serve as a vital role in causing migration. Because of better economic advantages such as higher wage, labour shortages, better living condition which are the Pull factor in the host country, and economic disadvantage in the home country such as no job, low wage, and unfavourable living condition which are the push in the home country, migrant workers will move to another country to look for job.<sup>1</sup>

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<sup>1</sup> E. G. Ravenstein, "The Laws of Migration," *Journal of the Royal Statistical Society* 48(1885); E.G. Ravenstein, "The Laws of Migration," *Journal of the Royal Statistical Society* 52, no. 2 (1889); George J. Borjas, "Economic Theory and International Migration," *International Migration Review* 23, no. 3 (1989); Michael P. Todaro, "A Model of Labor Migration and Urban Unemployment in Less Developed Countries," *The American Economic Review* 59, no. 1 (1969).



Higher income and labour demand in Thailand are perceived to continue to be the pull factor for Cambodian migrant workers to work in Thailand when future free movement of workers in the ASEAN Economic Community will be established. In Cambodia, minimum wages in all sectors have not been set up. In 2010, the Ministry of Labour and Vocational Training of Cambodia just approved daily minimum wage in textile, garment, and footwear production sectors of 6USD (approximately 180Baht), while the minimum wage in other sectors remains about 2USD (approximately 60Baht).<sup>2</sup> Therefore, the daily minimum wage of 300Baht<sup>3</sup> (Approximately 10USD) set up by the government of Thailand and will be in forced in April 2012 would be an attractive pull factor for future migrant workers from Cambodia when the future free movement of workers will be taken place.

*The significant increase of the minimum wage to 300 Baht (Approximately 10USD) set up by the new government of Thailand to be enforced in April 2012 may potentially become another pull factor to attract migrant workers from Cambodia in the future, especially in the case that free mobility of low skilled workers becomes a reality.*<sup>4</sup>

Since the economy of Thailand is improving with the GDP per capita (PPP) in 2011 is about 9,700 USD compared to Cambodia is about 2,300 USD,<sup>5</sup> 300Baht minimum wage might not attract Thai workers to work in hard labour jobs leaving more space for the migrant workers.

*Since the level of economy of Thai people is improving, with 300 Baht minimum wage, most Thai workers might not want to work in the unskilled job leaving more opportunities for the employers to hire foreign labour to fill in its labour shortages.*<sup>6</sup>

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<sup>2</sup> Chan Sophal, "Review of labour migration management, policies and legal framework in Cambodia," (International Labour Organization (ILO), 2009); "Notification of Minimum Wage in Garment Sector," *Ministry of Labour and Vocational Training No. 049/10 K.B/S.C.N* (2010).

<sup>3</sup> "Thai Cabinet Postpones Bt300 Wage Hike To April 2012," *Thailand Business News* Nov 23rd, 2011.

<sup>4</sup> Interview two officers of the International Organization for Migration (IOM), 2 April 2012.

<sup>5</sup> <https://www.cia.gov>

<sup>6</sup> Interview Thai expert of Thailand Development Research Institute (TDRI), 12 April 2012

To echo pull factor in labour shortages, two employers in fishery sector in Rayong province stated similarly that, they are now facing labour shortages. Because the living standard of Thai people is increasing, most of them rejected work in fishery as they consider it as hard work, and they could earn more in other jobs such as manufacturing and service sectors. As a result, most employers hire many migrant workers to work for them.

*I am now facing labour shortages because Thai workers reject to work for me as they think that they could earn more, and do less hard work in other sectors mainly service sector, so I hire Cambodian migrant worker. In the future, if Thailand allows the free movement of workers, I will hire more migrant workers.<sup>7</sup>*

Apart from that, according to Castles and Millers in their migration system and network theory, existing networking with the people such as their families, relatives and friends living in the host countries, and even the brokers who serve to facilitate the mobility process play an important role in pushing and pulling people to migrate.<sup>8</sup> Therefore, since countless migrant workers could now be found in Thailand, the future free movement of workers will allow the Cambodia unskilled worker to come to Thailand through their network.

*From the current situation, countless migrant workers come to work in Thailand by the help from brokers, recruitment agencies, their friends, relatives or families. Therefore, when the future free movement of unskilled workers will exist in the future, Cambodian migrant workers will still come to work to Thailand via their network.<sup>9</sup>*

Adding to that, expert in labour economics of Chulalongkorn University pointed out that:

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<sup>7</sup> Interview two employers in Fishery sectors in Rayong province, 9 April 2012

<sup>8</sup> Castles and Miller, *The age of migration : International population movements in the modern world* Pp 29

<sup>9</sup> Interview technical officer for International Labour Organization (ILO) in Bangkok, 4 April 2012.

*For the case of unskilled migrant workers from Cambodia, network is just the facilitator, it help facilitate the movement of migrant workers ,but workers are moving mostly for the economic motivation as they could not find job in their countries, earn less compared to work in Thailand.<sup>10</sup>*

To the perspective of Thai workers, migrant workers and FAR, their relationship with Thai people and employers are also important in pulling and pushing migrant Cambodia migrant workers to Thailand.

*Now, Thai people and Cambodian migrant workers get on well each other. They are inter-dependent. Cambodian workers work for Thai employers, and once they have money, they buy food from Thai people.<sup>11</sup>*

As regards to push factor from home country, all informants agreed on that economic development in Cambodia will prevent Cambodian migrant workers not to migrate to Thailand

*If the economic development in Cambodia will be improving and could provide better job for workers, none of us might seek job in Thailand as the living in foreign country is not as easy as living in our home country with family and relatives.<sup>12</sup>*

Concerning economic development in Cambodia, during 2004 to 2008, the economic growth in Cambodia was 10 percent each year, while in 2010 and 2011 after the global financial crisis, the growth was about 6 percent. The National Strategic Development Plan of Cambodia 2009-2013 also focused on strengthening private sector mainly SME, attracting FDI, creation of job, while ensuring working

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<sup>10</sup> Interview Thai expert in labour economics of Chulalongkorn University, 3 April 2012

<sup>11</sup> Interview Thai workers, Cambodian migrant workers, and senior staff of FAR in Rayong province, 10 April 2012.

<sup>12</sup> Interview one informal representative of Cambodian migrant workers and one Cambodian migrant worker, both of which working in fish processing sector, 9 April 2012.

condition.<sup>13</sup> If this this strategic plan went on effectively, it might somehow be able to prevent the outflow of migrant workers.

In summary, future push and pull factor that will encourage mainly Cambodian migrant workers to come to work in Thailand when the free movement of workers might be permitted in the distant future would be higher wage mainly minimum wage of 300 Baht in Thailand, more job demand as most Thai workers have already denied 3D jobs, good relationship between migrant workers and the Thai people, and their network in Thailand such as friends, family and relatives. However, economic growth in home country would also prevent a large inflow of migrant workers from Cambodia.

### **5.1.1. Economic Impact on Thailand**

#### **5.1.1.1. Wages**

Migration in general provides both good and bad effects on the economy of the host country. According to Coleman and Rowthorn, migrant workers are likely to depress wage of local workers especially those working in low-skilled or unskilled job.<sup>14</sup> For Thailand, a study by Bryant and Rukumnuaykit from Mahidol University in Thailand found that the existence of migrant workers in Thailand in both skilled and unskilled job does provide negative impact on the wage of local Thai workers. Their study which was conducted in 2004 in 76 provinces and 917 districts showered that 10% increase in migrant workers, the local wage would reduce by 0.2%, but it would not affect Thai employment rate or internal migration.<sup>15</sup> The overwhelming migrant workers in Thailand could depress wage, but the minimum wage could prevent wage from going down.

*Free movement of workers in the future might be able to depress wage if it results in a large and uncontrollable inflow of migrant workers, However, in the case unskilled job, as Thai workers are not willing to*

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<sup>13</sup> "NATIONAL STRATEGIC DEVELOPMENT PLAN UPDATE 2009-2013," (Ministry of Planing of Cambodia, 2009).

<sup>14</sup> David Coleman and Robert Rowthorn, "The Economic Effects of Immigration into the United Kingdom," *Population and Development Review* 30, no. 4 (2004).

<sup>15</sup> John Bryant and Pungpond Rukumnuaykit, *Does immigration to Thailand reduce the wages of Thai workers?* (Institute for Population and Social Research, Mahidol University Thailand 2007).

*work in hard labour that is called 3D jobs, the presence of migrant workers might not cause any wage impact, or if it does, the minimum wage could help maintain the wage.*<sup>16</sup>

It is undeniable that the influx of migrant workers is able to depress wage as once the labour supply is over the labour demand, wage would go down. However, free movement of unskilled workers might not bring in an influx of migrant workers from Cambodia as stated above the economic growth in Cambodia is increasing, while recently countless illegal migrant workers could still be able to come to Thailand via informal border gates between Cambodia and Thailand. Most illegal migrant workers are generally trafficked or smuggled via these gates, or other ways through jungles or rivers.<sup>17</sup>

*There might not be an influx of unskilled migrant worker from Cambodia or other neighboring countries of Thailand as we can see from the current situation that although the restriction still in place, those who want to work in Thailand still can come via the other channel. So, if the size of inflow migrant workers in the future stays the same, it might not affect wage as the current situation.*<sup>18</sup>

To the view of expert in human rights, unskilled migrant workers could not decrease wage of local Thai workers, as the employers should be the one to determine wage:

*Future free movement of workers could not depress wage of Thai workers. Employers are the one to set the wage. Wage should be set by employers and the market. If you work hard, you will get higher wage regardless of your nationality.*<sup>19</sup>

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<sup>16</sup> Interview senior staff of Foundation Aids Rights (FAR) in Rayong province, 10 April 2012.

<sup>17</sup> Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*. pp34

<sup>18</sup> Interview technical officer for the International Labour Organizatoin (ILO) in Bangkok, 4 April 2012.

<sup>19</sup> Interview Thai expert working with NGOs and bodies dealing with workers' rights, 20 April 2012

Evidently, two employers who own a fishing boat and fish processing production do agree that the inflow of migrant workers from Cambodia in the future will not depress wage.

*If free movement of workers is allowed, I am willing to follow the wage standard. I will give more wages to workers according to their performance and experiences. I now give wage to one of my Cambodian migrant worker who has worked for me for many years even higher than the newly-introduced minimum wage of 300 Baht. If I could earn more, I will give my workers more wage regardless of their nationality either Thai or migrant workers.<sup>20</sup>*

In general, Thai workers should oppose to the free movement of workers as it might result in the wage competition in their job. However, among the perspectives of three Thai workers, two of whom working in fishery, and one in construction sector regard the free movement of workers mainly the unskilled workers from Cambodia as positive especially in regard to wage, while another worker in construction site express some fear on the wage impact. Two Thai workers in the fishery view the permission to have free movement of worker will help maintain wage rather than decrease wage.

*Nowadays, most migrant workers work illegally in Thailand. Since they are undeclared workers, they are willing to provide cheap labour to the employers. So if they could change their status to legal workers, they will not depress wage. No one wants to work and get less salary, and migrant workers are also the same. They will accept less paid job if they have choice.<sup>21</sup>*

Another Thai worker in construction site expressed that the free movement of workers from Cambodia might decrease wage if all of them are willing to accept low wage from the employers.

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<sup>20</sup> Interview with two Thai employers in Rayong, 9 April 2012

<sup>21</sup> Interview two Thai workers in fish processing sector in Rayong, 9 April 2012

*Right now, I have some Cambodian friends working with me in the construction site. Some of them get less paid because they come to work through illegal channel. In the future, if the free movement of workers is permitted, and those workers are still willing to accept lower paid, it might lower the wage.<sup>22</sup>*

To the view of an informal representative of migrant worker, none of the workers want low wage. Moreover, since very few Thai workers work in fishery sector, the future free movement of worker from Cambodia might not affect wage.

*We come here for better income. We always wish to get more money to support our family. If Thailand, in the future, will allow the free movement of workers from Cambodia, all the workers do wish to get high paid rather low paid. If we earn much, Thai workers might get paid a lot as well.<sup>23</sup>*

To sum up, most of the informants agree that the free movement of unskilled workers from Cambodia would not depress wage because first, the size of migrant workers from Cambodia at present is not large compared to other nationality and the total people who are in work force in Cambodia is only 8million compared to labour force in Thailand which is 36 million people<sup>24</sup>, and most of them could come through both legal and illegal channel already, so in the future if Thailand allows the free movement of workers from Cambodia, the size might not change much; second, level of economic growth in Cambodia is increasing (more than 6 percent in 2010, and 6.7 percent in 2011)<sup>25</sup>, so there might not be an influx of migrant workers from Cambodia in the future. For Thai workers, most of them do feel that the future free movement of unskilled workers might not decrease wage, but maintain wage as the illegal migrant workers will become legal and thus might not accept the low wage offered by the employers anymore. For perspective of experts and NGOs, the

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<sup>22</sup> Interview with Thai worker in construction sector in Rayong, 9 April 2012

<sup>23</sup> Interview with informal representative of Cambodian migrant workers working in fish processing sector in Rayong, 9 April 2012

<sup>24</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/cb.html> [Accessed 20 April 2011]

<sup>25</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/cb.html> [Accessed 20 April 2011]

minimum wage standard could prevent wage depreciation that might result from the permission to have the free movement workers in the future.

#### 5.1.1.2. Employment and Development

Friedberg, Rachel M., and Jennifer Hunt (1995), and Foster (1995) in open market economy, migrant workers could increase more employment in host country as their labour could increase productions for exporting to other countries.<sup>26</sup> According to Martin (2007), unskilled or low-skilled migrant workers are compliment to Thai workers meaning they fill in the jobs that local people do not want to work especially 3D jobs. The inflow of unskilled workers could reduce labour cost, attract more foreign investment resulting in more job, and fill in jobs that Thai workers do not want to work.<sup>27</sup> Since unskilled workers from Cambodia are willing to work in the jobs that Thai workers do not want to do, most informants view the future free movement of unskilled from Cambodia more positive as it could fill in labour shortages in Thailand.

*Since Thai people are not willing to perform 3D jobs like in fishery, construction, and agriculture, the future free movement of unskilled workers could contribute to fill in the labour shortages in unskilled job. But if there were an influx of migrant workers from Cambodia coming to Thailand, it could affect job of local people. But this might not be the case as the development growth of Cambodia is improving as well.*<sup>28</sup>

According to research on five industrial sectors namely agriculture, fishery, construction, housemaid, and garment and textiles in 2004, Thailand is still in need for migrant workers in medium and long term,<sup>29</sup> and while in fishery sector in Rayong, very few Thai people are willing to work in fishery, Thai employers and

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<sup>26</sup>Friedberg and Hunt, "The Impact of Immigrants on Host Country Wages, Employment and Growth." pp. 28-30 ; Foster (1996) cited in Castles and Miller, *The age of migration : International population movements in the modern world* pp.232

<sup>27</sup> Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*.

<sup>28</sup> Interview two officers of the International Organization for Migration (IOM), 2 April 2012; Interview technical officer of the International Labour Organization (ILO) in Bangkok, 4 April 2012.

<sup>29</sup> "Thailand: Improving the Management of Foreign Workers, Case Studies on Five Industrial Sectors." pp.62



workers do feel satisfied with the future free movement of workers. To the view of employers and Thai workers, FAR, and police base in Rayong where the field research is conducted, the future free movement of workers could fill in labour shortages especially in fishery sector. One employer stated:

*Thai worker cannot do all job. We need labour from migrant worker to help especially in unskilled work because it is manual work. It can be seen in Mueang Rayong that most fishing boats going to sea consist only one or two Thai workers, while the rest 10-20 workers are Cambodian migrant workers. Future free movement of unskilled worker from Cambodia would be able to fill in labour shortage, rather than take up job from Thai workers.*

Apart from filling labour shortages, free movement of unskilled workers from Cambodia could encourage Thai people to pursue higher education as we can see the level of Thai people going for higher education is increasing.<sup>30</sup> According to expert in labour economics of Chulalongkorn University, expert in human rights of Chulalongkorn University, senior staff of FAR, and a Police in Rayong:

*Future free movement of workers could provide better economic opportunities for Thailand. The competition is good for both Thai and migrant workers. Thai workers could scale up their education, and continue their study to higher degree as we can see now the number of Thai people who obtain higher degree are increasing.<sup>31</sup>*

However, for the view of chief of foreign relations of Department of Employment of the Ministry of Labour, the free movement of unskilled workers might encourage Thai workers to emigrate even more, and thus be exploited:

*As the government, we do have to ensure labour market access for Thai workers. Although we are not sure if free movement of unskilled*

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<sup>30</sup> Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*. pp18

<sup>31</sup> Interview expert in labor economic of Chulalongkorn Univeristy, 3 April 2012

*workers might result in an influx of workers, this permission might encourage Thai workers to emigrate and work abroad more. The emigration of Thai skilled workers is good, but for Thai unskilled workers to work abroad, they might be cheated, and exploited.*<sup>32</sup>

This might not be the case as the number of Thai workers going abroad is only 0.002 percent of total population (162,034 emigrants of 63,878,000 total Thai population in 2008). Among those emigrants, only 23 percent of them work in unskilled job.<sup>33</sup> Moreover, there is not any evidence or research show that the emigration of Thai workers cause by the presence of migrant workers in Thailand. According to research by TDRI in 2012, the push and pull factor that encourage Thai workers to go abroad is not caused by migrant workers. They want to look for higher wage than Thailand could provide.<sup>34</sup> Therefore, the concern that migrant workers could increase the emigration of Thai workers might not be a major concern if the future free movement of unskilled workers exists.

*We cannot prevent Thai workers not to emigrate. Labour movement is the process. People are likely to move to higher income country to seek job or experience new environment. Thai people could go out to study or work in other countries that have better opportunities, while Cambodian workers can come to work in Thailand.*<sup>35</sup>

Free movement of workers might slow down the development as it discourages employers to use technology. Chief of foreign affairs for the Ministry of Labour stated that:

*From the government perspective, Thailand is pushing the use of technology in order to develop itself from the middle income country to*

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<sup>32</sup> Interview Chief of Foreign Relations Section, Department of Employment, Ministry of Labour, 11 April 2012

<sup>33</sup> Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*. pp: 61-63

<http://www.economywatch.com/economic-statistics/economic-indicators/Population/>  
[Accessed 20 April 2012]

<sup>34</sup> Ibid. pp 68-70

<sup>35</sup> Interview Thai expert working with NGOs and bodies dealing with workers' rights, 20 April 2012

*advanced country. So the need for unskilled workers will be reduced as it can be replaced by technology. So once the demand for migrant workers is not much, the impact might not be different from now.*<sup>36</sup>

Adding to that expert in Thailand Development Research Institute (TDRI)

*Free movement of workers might not have major impact on the Thai economy, because the government of Thailand is trying to encourage the employers to use the technology innovation in order to reduce the dependence of migrant worker. A case in point, after the flood crisis, the government of Thailand introduced tax exemption on import duty for machinery purchase to all employers affected and unaffected by flood. Therefore, if technology is used more, the demand for migrant workers will be less.*<sup>37</sup>

Technology usage is a good innovation; however, it cannot be afforded by all employers as 99.8 percent of business in Thailand is small and medium enterprise (SME).<sup>38</sup>

*Technology can be used to replace the labour work. However, employers might not be able to afford the machinery as the number of SME is now the dominant group, and most of them still depend on labour. At present, only few big companies can afford the technology.*<sup>39</sup>

To reflect this, two employers in fishing sector view the free movement of unskilled workers as the encouragement for them to expand their business.

*As I own only small business, so I could not only afford to buy technology machinery to replace labour work. I would go bankrupt if*

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<sup>36</sup> Interview Chief of Foreign Relations Section, Department of Employment, Ministry of Labour, 11 April 2012

<sup>37</sup> Interview Thai expert of the Thailand Development Research Institute (TDRI), 12 April 2012

<sup>38</sup> Chanootporn Srichai, "Dimensions Influencing Business Intelligence Usage in Thailand SMEs," *International Proceedings of Economics Development and Research IPEDR* vol.6(2011).

<sup>39</sup> Interview officer of the International Organization for Migration (IOM), 2 April 2012;

*the government ban the inflow of migrant workers as no Thai workers is willing to work for me. Contrastingly, if the government allow the free movement of workers, I would be able extend my business and hire more workers to work for me regardless of their nationality as Thai or Cambodian.<sup>40</sup>*

To conclude, the future free movement of unskilled workers from Cambodia is perceived to be good to the labour market of Thailand as the unskilled workers could fill in labour shortages resulting from the expansion of Thai economy. However, it could also slow down the development in Thailand as the future free movement of unskilled workers from Cambodia might postpone the use of technology as employers might not have incentive to use machinery, thus pressure Thailand to stay in middle-income trap. However, since more than 90 percent of business in Thailand is small and medium enterprises, most of them might not be able to afford the machinery, so without labour force from the migrant workers, they might go bankrupt. Moreover, since the inflow of migrant workers to work in unskilled job is able to encourage more Thai people to go for higher education in order to be able to compete with the competition in the globalization era. Another negative impact that worried by the Ministry of Labour is that the permission of free movement of unskilled workers might result in an influx of migrant workers, thus pushing Thai unskilled workers to emigrate to other countries more and thus create even more problems for Thailand. However, there is no evidence or research show that the presence of migrant workers could encourage Thai workers to emigrate to other countries. Therefore, it cannot be proven that the presence of migrant workers could force Thai workers out of job, and thus emigrate out of the country.

### **5.1.2.3. Burden to the Government**

Coleman and Rowthorn in their study in 2004 in the United Kingdom pointed out that large numbers of migrant workers will provide harmful impact on the host countries because the governments has to be responsible for providing migrant workers the social welfare as equal to the local workers, and their family and children

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<sup>40</sup> Interview one Thai employer in Fishery Sector in Rayong, 9 April 2012

with education and health.<sup>41</sup> In Thailand, inflow of migration has existed for decades, thus Thailand has allowed Migrant workers' children whose one of their parent is Thai citizen to enroll for school until compulsory level. At the same time, Thai decreed in 2005 also allowed all migrant children to go to school.<sup>42</sup> Since migrant workers may come with their dependent such as family or children, some informants view the future free movement of workers as burden to Thailand if the workers come with their family.

*Migrant workers could provide benefit for the economy. Since we cannot prevent them from bringing their family along, we have to be responsible for their education, health care, and security. These can be a loss for the government.*<sup>43</sup>

However, since migrant workers in Thailand are also responsible for paying taxes to the government and contributes to the economy of Thailand by their jobs and consumption in Thailand.

*It is good to invest in knowledge. All migrant workers and their children should be able to go to school to increase their value because they are human resource for the country although they are Thai or migrant workers.*<sup>44</sup>

Although it could be the burden, all informants including Thai workers agreed that migrant workers should be treated the same way as Thai workers even at present time, or when the future free movement of workers is permitted. They should be given the same wage, education, health care, and their children should be permitted to get same education as Thai children, because they are also part of Thai economy.

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<sup>41</sup> David Coleman and Robert Rowthorn, "The Economic Effects of Immigration into the United Kingdom," *Population and Development Review* 30, no. 4 (2004).

<sup>42</sup> Martin, *The economic contribution of migrant workers to Thailand: Towards policy development*. Pp:24-25

<sup>43</sup> Interview a Police in Rayong district, 10 April 2012

<sup>44</sup> Interview ASEAN Committee on the implementation of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers in Thailand , 23 April 2012

### 5.1.3. Demographic Impact on Thailand

According to a study by Coleman, immigration could partially maintain labour force, and replace population ageing especially when there was very large inflow of immigrants. His study found that in Scandinavian countries—Norway, UK, and Ireland—migration could hope keeping the population growth. Immigrants in those countries stood for 20 percent of total population. Similarly, migration in Germany, Austria, and Southern Europe could keep the current trend of population to be stable or to slightly decrease.<sup>45</sup> As regard to demographic change in Thailand, according Thai National Economic and Social Development Board (NESDB) report, the fertility rate in Thailand has decreased from 4.9 children in 1974 to 1.6 children in 2005, while the number of older people is increasing from 7 working-age people per elderly person to 2.7 working-age people per elderly person.<sup>46</sup> Likewise, according ILO projection in 2008, labour force growth in 2007-2015 is the lowest compare other ASEAN countries. Labour force growth in Thailand is the least which stood for less than 5 percent among ASEAN compared Cambodia which is about 22.1 percent. Facing low labour force growth caused by demographic change, Thailand is in need for foreign labour to fill in its labour market.<sup>47</sup> While government officials and some experts viewed technology is more important than migrant workers' labour, other informants express their concern over the aging society in Thailand, and positively consider the future free movement of unskilled workers could help maintain workforce, and to some degree provide domestic healthcare for elderly.

*Thailand is facing aging society that the fertility rate is going down, while the number of older people is increasing. Since the current labour force in Thailand is in need for unskilled migrant workers, the future free movement of unskilled workers from Cambodia could help maintain labour force, and be replaced with those who will retire.*<sup>48</sup>

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<sup>45</sup> Coleman, "The demographic effects of international migration in Europe." Pp 472

<sup>46</sup> Vasuprasat, *Agenda for labour migration policy in Thailand: Towards long-term competitiveness*. pp.15

<sup>47</sup> *Labour and social trends in ASEAN 2008 : driving competitiveness and prosperity with decent work*. pp.78

<sup>48</sup> Interview Thai expert of the Thailand Development Research Institute (TDRI), 12 April 2012

It is undeniable that migrant workers could help maintain the workforce. However, it is unknown on how many migrant workers from Cambodia as well other countries in ASEAN would come to work in Thailand when the future free movement of workers is permitted as the economic growth in their countries are moving up. Once the economic development in home country is rising, migrant workers might not want to leave their country to other countries. Therefore, the government is finding other solution to reduce dependence on migrant labour. So once technology can be used more, free movement of unskilled worker might not have any impact on Thailand.

*The only solution to tackle with the labour shortages resulted from the aging society is not merely migrant workers. The government of Thailand might set up the policy to encourage Thai people to have more children, and use technology when necessary instead of workers.<sup>49</sup>*

Technology can be used to reduce dependence on labour force, but not all the work can be done by machinery.

*Aging society should be carefully taken into consideration; technology cannot always be used to replace the labour. We need people to look after the elderly. In this way, the free movement of workers or low-skilled workers could help maintain the population, workforce, and fill in labour shortages.<sup>50</sup>*

Technology cannot be used to replace all labour work. Even in advanced countries such the United States, Sweden, the Netherlands, the UK, Ireland, and France whose have equipped with modern technology still in need labour. The EU have called for regional policy to encourage the immigration among their member

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Interview Thai expert in labour economics of Chulalongkorn University, 3 April 2012

<sup>49</sup> Interview Chief of Foreign Relations Section, Department of Employment, Ministry of Labour, 11 April 2012

<sup>50</sup> Interview offer of the International Organization for Migration (IOM), 2 April 2012

states and from third countries by introducing Blue Card, while the USA have introduced Green card to attract workers from all over the worlds to live in the USA.<sup>51</sup>

#### **5.1.4 Social Impact on Thailand**

##### **5.1.4.1 Xenophobia**

According Castles and Millers, migrant workers were xenophobic against because they are regarded as threat to economic development, and public order.<sup>52</sup> As regard to Thailand, it has been served as a host country to various categories of immigrants such as refugees, asylum seekers, skilled, low-skilled and unskilled workers. Legal and illegal migrant workers in low-skilled and unskilled jobs are always xenophobic against and thus discriminated and exploited. For instance, in 2006, in order to protect national security, Thai authorities in some provinces such as Phuket, Ranong, Chhiang Mai and Tak imposed the restriction on the freedom of migrant workers from Cambodia, Lao, and Burma. They are not allowed to have cellphones, drive motorbike or car, stay outside their settler from 8 o'clock in the evening until 6 o'clock in the morning, and gather in group with more than five people when they are not working. The negative perception Thai people could also be found in ILO-UNIFEM poll conducted by Assumption Business Administration College (ABAC) in 2006. Among more than four thousands respondents, about 60 percent of them preferred the restriction on the inflow of migrant workers.<sup>53</sup> However, opinion poll changed overtime, according to TRIANGLE project conducted survey in 2010 with more than one thousand ordinary people showed 55 percent of them agreed that migrant workers are need to fill in labour shortage, while 40 percent of them agreed that migrant workers could provide positive net contribution to the economy. According the findings of this poll, factors that could influence the perception of respondents towards migrant workers are associated with their relationship between individual and migrant workers, while age, gender, income and educational level of

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<sup>51</sup> <http://bluecardimmigration.com/news/2010-06-15/eu-blue-card-key-future-prosperity.htm>  
[Accessed 20 April 2012]

<sup>52</sup> Ibid.pp.35

<sup>53</sup> Crush and Ramachandran, "Xenophobia, International Migration and Human Development."pp: 28-33 Martin, *The economic contribution of migrant workers to Thailand: Towards policy development*. Pp: 25-26



the respondents could less influence their perception.<sup>54</sup> Similarly, the in-depth interviews revealed that all informants are not xenophobic against unskilled migrant workers from Cambodia resulting from the free movement of workers in the future.

*For the case migrant workers from Cambodia, since now most Thai people hired migrant workers to work for them in their factory, work place, or house, the future free movement of unskilled workers from Cambodia might not have any impact on level of xenophobia.*<sup>55</sup>

From the view of Thai employers, Thai workers, police and FAR in Rayong who have known and lived with migrant workers from Cambodia, none of them have xenophobic feeling migrant workers. Three Thai workers stated:

*We have worked with Cambodian migrant workers for many years. They are hard-working, and honest. We regarded them as good friends, and help them when they have problems such as with their family, children.*<sup>56</sup>

An employer who owns a fishing boat and fish processing stated:

*I like Cambodian workers as they are hard-working and willing to work for me. Sometimes when they could find more fish, or in some special occasions, I provide them lots of food and drink to encourage them. They could ask me more food if it is not enough. I believed that, if I do good to them, they will work well for me as well.*

One employer who owns fish processing factory said that:

*I do not have any xenophobic feeling toward migrant workers. I like them and concerned about their children as well. Sometimes, I brought books for their children to study as well. One time when my worker got accident and passed away, I took care of their wife and son. I brought*

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<sup>54</sup> "Thailand Migration Report 2011."

<sup>55</sup> Interview with expert labour economics of Chulalongkorn University, 2 April 2012

<sup>56</sup> Interview with Thai workers, employers, FAR, and Police in Rayong, 9 April 2012

*their son to school. But then because of poor living condition and busy with work, the mother does not bring their son to school.*

To conclude, factors that could influence the perception of respondents towards migrant workers are associated with their relationship between individual and migrant workers. Thus, since the relationship between Thai employers and Thai workers and migrant workers are rooted for decades, the future free movement of unskilled workers from Cambodia might not affect xenophobia.

#### **5.1.4.2 Crimes**

Lee et al (2001) showed that, when immigrants both documented and undocumented became frustrated of the economic disadvantages, poverty, and discrimination in the country where they are not the nationals, they would engage in illegal acts such as committing crimes and violent act, and doing illegal jobs.<sup>57</sup> However, a study by Reid et al (2005), immigrants could commit crimes causing social problems in the host country, but the number of crimes found to be committed by migrant workers was even smaller than by the native born in the host country according their findings in the USA.<sup>58</sup> As regard to crime issues, according to the interviews, most informants viewed free movement of workers does not have much impact on the internal crimes such as fighting, robbery, or killing, but international crimes. According to police in Banphe, Rayong province, migrant workers as well as Thai workers produce the same crimes. It is the nature of young-age people that always have hot-tempered and get argument or fighting with each other. The problem now is when there is crime happened among migrant workers, few of them reported detail information about what happened, because they afraid their illegal status would be revealed. So if the future free movement of workers is allowed, then their illegal status will be changed to legal. Then, they might be more willing to cooperate with the police to investigate root of problems, and improve it.

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<sup>57</sup> Matthew T. Lee, Ramiro Martinez, Jr., and Richard Rosenfeld, "Does Immigration Increase Homicide? Negative Evidence from Three Border Cities," *The Sociological Quarterly* 42, no. 4 (2001).

<sup>58</sup> Lesley Williams Reid et al., "The immigration–crime relationship: Evidence across US metropolitan areas," *Social Science Research* 34, no. 4 (2005).

*With the free movement of unskilled workers, crimes might be reduced because we could know the root of the problems. At present, when fighting or killing happen, Cambodian do not willing to cooperate. We know that they can speak Thai, but they pretend like they could not speak. Most of them are illegal, so they did not show any information out.*<sup>59</sup>

All informants agreed that crimes can be committed by both Thai people and migrant workers. It cannot be said the level of crimes are committed more by migrant workers. However, the future free movement of workers might increase international crimes or terrorism if there is not effective system to manage the labour movement. International crimes and terrorism could also be caused by the cross border movement. Some government officials in the Ministry of Labour and some experts are not satisfied with the permission to have free movement of workers.

*I do prefer current bilateral agreement rather than the future free movement of workers. It is a desirable idea, but if the effective management system dealing with cross border movement does not exist yet, it might result in terrorism or international crimes that are worried by the world.*<sup>60</sup>

Contrastingly, the Ministry of Public Health viewed that the international crimes or terrorism does not have any connection to the free movement of workers with ASEAN Economic Community.

*Until now, there is not any sign that terrorism is brought by migrant workers in ASEAN or Cambodia. That was from other part of the world.*<sup>61</sup>

It is noted that the EU has permitted the free movement of person since 1950s, and has achieved the creation of Schengen area with its member states and some other

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<sup>59</sup> Interview a police in Banphe, Rayong province, 10 April 2012

<sup>60</sup> Interview Chief of Foreign Relations Section, Department of Employment, Ministry of Labour, 11 April 2012;

<sup>61</sup> Interview Senior Pharmacist of the Ministry of Public Health, May2012

non-EU countries such as Switzerland, Iceland, Norway and Liechtenstein,<sup>62</sup> and extended the agreement with many countries including some ASEAN countries such as Singapore and Malaysia that their citizens could travel to the EU without visa and granted right to stay within 90 days.<sup>63</sup> The agreement was made in order to remove the barrier of movement of person, increase the security by the cooperation of police, and create Schengen Information System. Since the Schengen area was introduced, there is not any terrorism happened in those countries as yet.

To conclude, perspective of informants concerning the national security resulting from the permission to have the free movement of workers is mixed. The Ministry of Labour and TDR are worried about the increased of international crimes, while the Ministry of Public Health, and NGOs, Thai workers, and employers, and a police in Rayong do prefer the free movement of workers as to some degree it might reduce internal crime rates as the illegal workers will be eliminated and they could cooperate with the police whenever want, and the effective border checking could help prevent terrorism and international crimes that are believed to happen.

#### **5.1.4.3 Human Trafficking and Exploitation**

Because of income differences and economic disadvantages in home country, migrant workers are likely to come to work in Thailand. At present, three forms of human trafficking can be identified. First, some migrant workers were trafficked to work in low-standard job with no salary, work overtime, and in dangerous job. Second, migrant worker were trafficked to serve as sex workers. Third, children were trafficked to serve as beggar.<sup>64</sup> According to the interviews, some informants view the future free flow of workers as a catalyst to increase the human trafficking and exploitation if the management system of both sending and receiving does not work well. Once the free movement is allowed, more workers will perhaps

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<sup>62</sup> " The Schengen Area and Cooperation," [http://europa.eu/legislation\\_summaries/justice\\_freedom\\_security/free\\_movement\\_of\\_persons\\_asylum\\_immigration/133020\\_en.htm](http://europa.eu/legislation_summaries/justice_freedom_security/free_movement_of_persons_asylum_immigration/133020_en.htm). [Accessed 20 Feb 2012]

<sup>63</sup> "Schengen Visa," <http://www.immihelp.com/visas/schengenvisa/requirements-exemptions.html>. [Accessed 30 Marc 2012]

<sup>64</sup> Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*. pp23

be more willing to travel to Thailand to look for a job. However, since they have less knowledge on host country, they might ask for help from brokers, and then cheated.

*Future free movement of unskilled workers might increase the level of human trafficking because migrant workers normally have less education, thus have limited in access to information working abroad. So the brokers might take advantages to traffic them at this stage. If the country of origin and receiving country cooperate with each other to provide information about work-related issues to worker before leaving the countries, this might help reduce trafficking.<sup>65</sup>*

However, since coming to work in Thailand via MOU is costly and complicated, and the work permit is limited, many Cambodian migrant workers preferred the illegal channels provided by brokers as it is easier and cheaper compared to the legal process (See Chapter3), and thus become victims of human trafficking. Moreover, at present several informal or cultural border gates between Cambodia and Thailand are loosely controlled. Most illegal migrant workers are generally trafficked or smuggled via these gates, or other way through jungles or the rivers.<sup>66</sup> If the free movement of workers will perhaps exist in the future, it might somehow help reduce the level of human trafficking, as workers could come to work in Thailand more freely and the government could control them more easily.

*If labour mobility is restricted through such restriction, it is likely that human trafficking practices will continued unabated.<sup>67</sup>*

As regards to exploitation, since the current bilateral agreement importing migrant workers from Cambodia to Thailand is restrictive as migrant workers are tied with one employer and could not change their employer unless the employer is found to be abused the labour law, pass away, or terminate their business.

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<sup>65</sup> Interview a police in Rayong province, 9 April 2012

<sup>66</sup> Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*. pp34

<sup>67</sup> Annantachai Kunanantakul, President of the Employers Confederation of Thailand (ECOT), quoted in "Thailand: Improving the Management of Foreign Workers, Case Studies on Five Industrial Sectors." Pp55

Some migrant workers especially the illegal workers do not dare to report the mistreatment imposed by their employers, and thus being exploited.

*The free movement of workers might reduce the exploitation as migrant workers would not be afraid of exploitive employers to return them back to their home country.*<sup>68</sup>

Those brokers are the cause of human trafficking and exploitation. Therefore, when the restriction is removed, migrant workers do not have to use illegal channel that cause them to be vulnerable to be victims. They could go to work in Thailand openly, while the employers might not be able to exploit them as migrant workers would no longer be tied with only one employer, and be able to report to change the exploitive employer creating more flexibility in the labour market.

#### **5.1.4.4 Health Impact on Thailand**

Cross border movement has always attached with health issues. At present, migrant workers in Thailand are viewed as transmission of disease such as HIV/AIDS, Tuberculosis (TB), and Malaria. For the case Cambodian migrant workers in Thailand, most of them center in Rayong, Trad, Chonburi and Chantaburi provinces working in Fishery sector which is regarded as a sector vulnerable to HIV. Most fishermen, after getting from sea, are likely to go for sex with sex workers. According to research conducted in 2000 with 818 fishermen, 40 percent of Cambodian migrant workers are found to go for sex, compared to only 12 percent of Thai and Burmese.<sup>69</sup> Migrant workers are believed to have less knowledge in preventing contagious disease such as HIV. However, this only proved the risk behavior of migrant workers, rather than the evidence showing that HIV is spread by migrant workers.<sup>70</sup> Moreover, a report by World Health Organization (WHO) in 2010 showed Cambodian migrant workers are the group who has most understanding about

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<sup>68</sup> Interview an informal representative of Cambodian migrant workers in Rayong province, 9 April 2012

<sup>69</sup> Entz et al (2000) cited from "CATALYZING HEALTHIER LABOR MIGRATION: Working on health and development IN SOURCE COMMUNITIES IN CAMBODIA AND DESTINATIONS IN THAILAND," (Program for Appropriate Technology in Health (PATH), 2010). Pp.2-5

<sup>70</sup> Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*.pp.21

using condoms than other nationality of migrant workers.<sup>71</sup> These show understanding of health care protection of migrant workers from Cambodia. Similarly, all informants viewed the spreading of disease such as HIV is not only caused by migrant workers, everyone including Thai people and other nationalities of migrant workers share the same responsibly.

*The way Cambodian workers live base on rural area style, and the standard is lower than city people. Illegal migrant workers sometimes have infectious disease such as Malaria, diarrhea, and TB. As regards to HIV, anyone share the same responsibility regardless of their nationality. Workers come through legal basis do not provide problem at all, because they already have their health checked up before they come to work, and be provided anti-disease medicine.<sup>72</sup>*

However, three Thai workers expressed their concerned over the free movement of unskilled workers that it might increase health-related problems if the government does not have effective policy to deal with health issues. One Thai worker stated:

*We are concerned about health issues that might workers might bring from Cambodia to Thailand. It might be able to spread to all Thai people as we live in the same community. If they all have their health insurance, future free movement of workers might not have any problem.*

From the perception of the Ministry of Public Health, Thailand needs migrant workers especially the unskilled workers. Recently illegal migrant workers near the border bring some diseases that have disappeared in Thailand for decades, and the government has increased the health protection, while encouraging doctors to learn language of migrant workers and allowing the migrant workers who could speak Thai to work as volunteer workers in helping the communication between the foreign

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<sup>71</sup> Simon Baker, Charamaporn Holomyong, and Kanchana Thianlai, "Research Gaps Concerning the Health of Migrants from Cambodia, Lao PDR and Myanmar in Thailand," (World Health Organization and Mahidol University, Thailand, 2010).pp22

<sup>72</sup> Interview a police in Rayong province, 10 April 2012

patient and Thai doctor. The Ministry has to ensure the healthy living for people in Thailand, and thus illegal migrant workers could also go for health checkup in the hospital if they get sick. As regard to legal workers coming through the MOU, there is not any health concern at all.

*Thailand is in need for migrant labour, especially in workers in unskilled job. Current legal migrant workers do not provide major health impact for Thailand. Or if they do, their health insurance fund of 19,000Baht could be used to take care of them. For future free movement of workers, if only all the workers have health insurance, it might not be a problem for Thailand.*<sup>73</sup>

However, before permitting the free movement of workers, current illegal migrant workers have to be revealed, while the government of either home or host country has to be responsible for providing them documents that can be identified their nationality.

*Allowing free movement of unskilled workers might be able to reduce health issue, as all of them would become legal, and thus could access to health care. However, before allowing the free movement of unskilled workers, the government has to make all illegal workers to have their nationality verified and provide them identity card that we can know their biography.*<sup>74</sup>

To conclude, most informants view the communicable disease such as HIV as the responsibility of all kind of workers both Thai and migrant workers. However, they view the illegal workers as vulnerable to having different kinds of disease. Concerning the future free movement of workers, they all agreed that if all workers have health insurance and health check-up properly, health impact on Thailand will not be a major concern. However, before allowing the free movement of workers, the governments of both sending and receiving countries have to take actions

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<sup>73</sup> Interview the Ministry of Public Health, 15May2012

<sup>74</sup> Interview Senior staff of Foundation Aids Rights (FAR) in Rayong, 10 April 2012



deal with current illegal migrant workers such as have their nationality verified, and provided them identity card.

## **5.2 Conclusion**

This research is in line with the study of Dusmann and Ian, and Mayda, that economic and non-economic impacts shape the attitude of the host country. Dusmann and Ian found that perspective of host country on the immigrants depend heavily on the economic interest that each individual perceives from migrant workers such as labour market competition in the host country, taxes contribution and public burden, while Mayda found that economic and non-economic factors such as labour market concern, social and cultural concern are important in identifying the attitude of the host country perspectives. As a result there are a mixture of perspectives among all stakeholders—the government officials, NGOs, experts, Thai employers, Thai workers, and the migrant workers. It could be concluded that the government officials and some experts are more satisfied with current bilateral agreement importing migrant workers as they considered the inflow of migrant workers could result make the employers have less incentive in using technology, and might encourage the Thai emigrants to go abroad, and bring about international crimes and international crimes. However, from the perspective of employers, NGOs and migrant workers, they prefer freer process of migration. However the overall perspective of the informants is positive in regard to the economic impact on Thailand because Cambodian migrant workers are believe to be able to fill in labour shortages resulting from the expansion of Thai economy and aging society. As regard to social problems such as human trafficking and international crimes, good management policy on the migration issue would help tackle all the problems that may happen in the future. Most of them view economic motivation, relationship between Thai people and migrant worker, and existing network as the future push and pull and factors, while the economic development in Cambodia could serve an obstacle in preventing an influx of migrant workers coming to Thailand.

Additionally, according to the observation by the researcher, economic and socio-demographic status of informant does affect the attitudinal response as stated by Dusmann and Ian, and Mayda. For instance, two employers who were

interviewed are satisfied with the free movement of workers mainly unskilled workers from Cambodia because at present 99 percent of their workers are Cambodian migrant workers. One employer hired 2 Thai workers among 20 Cambodian migrant workers, while another employer hired one Thai worker to supervise their 15 Cambodian migrant workers, and transported fish to the market. Two Thai workers who were interviewed were the supervisors of Cambodian migrant workers and aged about 30 and 40 respectively were not feared with the inflow of migrant workers as their position are higher than the migrant workers. Similarly, FAR and the Police in Rayong do dissatisfied with the migrant workers as their existence do not provide major negative impact on them and the people living in that area. These can be concluded that those who work in the grass root level with migrant workers do not against the free flow of migrant workers. However, some of the government officers who work in the higher-ranking level in the Ministry of Labour in Bangkok opposed to the free flow of workers as they viewed migrant workers might bring about other social problems to Thailand and slow down the development in Thailand.

## **CHAPTER VI**

### **COMPARATIVE ANALYSIS AND LESSONS LEARNED FROM GERMANY ON FREE MOVEMENT OF WORKERS**

This Chapter explores lessons learned from Germany regarding the free movement of workers for Thailand after the EU Eastern Enlargement in 2004. It will first discuss the differences and similarities between the two host countries which are Germany and Thailand both of which share border with their neighboring countries, Poland and Cambodia whose economy is less developed. Finally, it will discuss the restriction imposed by Germany on the free movement of workers from new member states mainly Poland, and then draw lessons that Thailand could learn from Germany.

#### **6.1. Differences between Germany and Thailand**

It is undeniable that Thailand and Germany are members of different economic communities. Germany is a member of the European Union which is based on supra-nationalism in most of decision making processes, and consists of several institutions to oversee the process of union integration such as the European Parliament, the European Council, the European Commission which serve as guardian of the Treaties, and the European Court of Justice to try the cases that are found to violate the rule of law set in the treaty.<sup>1</sup> Thailand belongs to ASEAN which base on intergovernmentalism to make decision, and does not have specific institutions or bodies to oversee the process of integration like that of the EU.

Moreover, Germany and Thailand cannot be compared in terms of the economy. For instance, GDP (PPP) per capita of Germany in 2004 when Poland joined the EU was 2.3 times different from that of Poland (29,322USD and 12,700USD respectively) while GDP(PPP) of Thailand in 2010 was 4.2 times different from that of Cambodia (9,700USD and 2,300USD respectively).

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<sup>1</sup> "EU Institutions and Other Bodies," [http://europa.eu/about-eu/institutions-bodies/index\\_en.htm](http://europa.eu/about-eu/institutions-bodies/index_en.htm). [accessed September 2011]

These differences can be used to explain the level of development in the country, education, and knowledge of migrant workers. For Polish migrant workers in Germany, the average year that they have attended school before going to work is 13.3 years,<sup>2</sup> while average education of Cambodian migrant workers in Thailand is about 5 years.<sup>3</sup> The differences in education of migrant workers could have different impacts on the host countries especially in regard to social impact, as the immigrants who have higher education tend to be less discriminated, and exploited, while those who have less education are often exploited by the employers.

Dissimilarity in economic structure of the two countries could also represent different labour demand of unskilled work from migrant workers. In Germany, for instance, service sector stood for 69 percent, followed by 26 percent in industry, 4 percent in construction, and 1 percent in agriculture, forestry and fishery.<sup>4</sup> In Thailand, 39 percent of its economy was manufacturing, followed by 25 percent of service sector, 13.5 percent of wholesale and retail trade, 9.6 percent in transport, storage and communication, 8.6 percent in agriculture, and 4.3 percent in construction and mining.<sup>5</sup>

Concerning the aging society in Germany and Thailand, Germany has faced more serious demographic change than that of Thailand, and thus the demographic impact resulting from the migrant workers could provide different impact. For instance, the population growth rate of Germany has declined from 0 percent in 2005 to -0.21 in 2011, while the population growth rate in Thailand has been 0.87 in 2005, and 0.57 in 2011. Meanwhile, the birth rate in Germany in 2011 was 8.3 births per 1000 population compared to Thailand 12.95 births per 1000 population. Furthermore, life expectancy of German people was 80.07 in 2011,

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<sup>2</sup> Brenke, Yuksel, and Zimmermann, "EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market."pp12

<sup>3</sup> Paitoonpong and Chalamwong, *Managing International Migration in ASEAN: A Case of Thailand*.

<sup>4</sup> "Pocketbook: Germany," (Federal Statistical Office of Germany, 2009).pp.70

<sup>5</sup> "Thailand at a Glance," Bank of Thailand,  
[http://www.bot.or.th/English/EconomicConditions/Thai/genecon/Pages/Thailand\\_Glance.aspx](http://www.bot.or.th/English/EconomicConditions/Thai/genecon/Pages/Thailand_Glance.aspx).  
 [accessed 2 June, 2012]

compared to Thailand 73.6 in 2011.<sup>6</sup> These differences can be used to explain the different need of healthcare providers from foreign labour.

### 6.1. Similarities between Germany and Thailand

Since ASEAN is moving to the same direction of creating economic community base on the single market as the EU has done, there are several similarities between Thailand and Germany that should be acknowledged. First, both Thailand and Germany are the host countries who are in need for migrant labour because of the expansion of their economy, labour shortages, and aging society. Germany has permitted the inflow of migrant workers to fill in its labour shortages since 1960s during its economic boom,<sup>7</sup> while Thailand has expanded its economy significantly since 1990s and attracted million migrant workers from its neighboring countries. Thailand is in need for migrant workers to fill in the unskilled jobs such as agriculture, fishery, domestic, construction and garment and textile factories for at least medium or long term,<sup>8</sup> while Germany is in need for unskilled workers such as hotel, restaurant, agriculture and especially in domestic health care as these unskilled jobs are rejected by German people.<sup>9</sup> Although Germany and Thailand need unskilled workers in different sectors, it can be concluded that both countries are in need for unskilled workers.

In addition, as stated above that although Germany has faced more serious level of demographic change than that of Thailand in terms of population growth rate and birth rate, the two countries has in deed been reaching aging society, and thus German experience could serve as lessons learned for Thailand.

Concerning the cultural similarity between host and home countries, the majority of German and Polish people hold the same religion which is Christianity, while Thailand and Cambodia hold Theravada Buddhism. These cultural similarities

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<sup>6</sup> <http://www.indexmundi.com> [accessed 30 May 2012]

<sup>7</sup> Friedrich Heckmann, Elmar Hönekopp, and Edda Currle, *Guest Worker Programs and Circular Migration: What Works?* (The German Marshall Fund of the United States (GMF), 2009).

<sup>8</sup> "Thailand: Improving the Management of Foreign Workers, Case Studies on Five Industrial Sectors."

<sup>9</sup> Amelie F. Constant and Bienvenue N. Tien, "Germany's Immigration Policy and Labor Shortages," (IZA Research Report, 2011).

could make migrant workers from the two home countries be easily integrated into the host societies of Germany and Thailand respectively.

Moreover, since the economic development in Germany and Thailand are much higher than that of Poland and Cambodia, the pull factors for migration movement in these countries are the same which is for economic purpose. Since they both share border with those countries, cross labour movement between the two countries are even easy and similar.

## **6.2. Lessons Learned from Germany for Thailand**

The European Union has long been served in the front row as a model of integration. The EU Eastern Enlargement marked a significant step of its integration process. Since most of the old member states agreed to permit the free movement of workers from those new member states, Germany opted out, and applied restriction on those new member states with the maximum period of seven years.

While restricting the free movement of workers from Poland and other new member states during the transitional period, Germany depended on the work permit to hire the workers those countries, and provided some special preferences to certain skilled jobs while restricting the inflow of unskilled work. For instance, workers in aeronautical, mechanical, electrical, and vehicle were allowed to work without going through the labour market test, while foreign company in IT and consultation services could operate freely and hire foreign skilled labour as much as needed because Germany was in need for skilled labour in that field. Furthermore, Germany still issued work permits to all the new accession countries, for example, 19,000 works for EU-2, 61,000 for EU-8, and 286,000 works for seasonal workers most of whom are Polish workers. However, construction industry, decorating business, and cleaning companies are allowed to hire only key foreign workers who are specifically needed to work in Germany. Some other works that migrant workers from the new members could work Germany depend on works permit and bilateral agreement between Germany and their countries.<sup>10</sup>

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<sup>10</sup> Brenke, Yuksel, and Zimmermann, "EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market."

These practices are somehow similar to what Thailand is doing under its MOU with Cambodia (See Chapter 3). This approach is seen to be flexible because the government could limit the number of foreign workers they want. However, since movement of Polish workers depended on work permits, the mismatch between demand and supply could result in undeclared work. This is because the German government gave much more attention to skilled migrant workers in some fields such as specialists, engineers, managers and to name a few, rather than those working in unskilled works such as domestic care work, although the demographic change in Germany has increased the demand for care immigrants to look after elderly. The government did not issue enough work permits for the German people who are really in need for domestic household helpers. Thus, undeclared work provided by Polish workers occurred. According to German Social Economic Panel Survey in 2007, more than 11 per cent of German citizen hire both regular and irregular foreign domestic helpers. According to data from German Ministry of Labour and Social Affairs, there were 3,051 domestic helpers worked legally in Germany. However, according to the calculation of Helma and Ewa basing on the number of elderly in Germany showed that at least 150,000 to 200,000 migrant workers were needed to serve in this domestic sector. The differences in number clearly showed the significant number of undeclared work.<sup>11</sup> Hiring undeclared Polish workers to work in households was the decision made by both employers and workers. For perspectives of German employers, the decision to hire the undeclared Polish workers was caused by complicated regulation which depends on Bureaucratic process; expensive to hire the professional care helpers as domestic workers were considered unskilled and thus were not allowed to come freely to work in Germany; Polish workers were easy to find as there were many of them already in Germany because of geographical easiness, their existing network in Germany, and higher wage while German people do not want to do such job.<sup>12</sup> For the Polish migrant workers,

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<sup>11</sup> Helma Lutz and Ewa Palenga-Möllnbeck, "Care Work Migration in Germany: Semi-Compliance and Complicity," *Social Policy and Society* 9, no. 03 (2010); Brenke, Yuksel, and Zimmermann, "EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market."

<sup>12</sup> Lutz and Palenga-Möllnbeck, "Care Work Migration in Germany: Semi-Compliance and Complicity."; Brenke, Yuksel, and Zimmermann, "EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market."

choosing to work in undeclared job could provide them more income than the declared work, because bilateral agreement importing workers is restrictive as they could serve only one employer causing them easily to be exploited and the process asking for work permit is complicated. Moreover, in the formal channel worker, workers are allowed to work only 38.5 hours a week, but most employers often let them work every day. Hence, Polish migrant workers preferred illegal channel as they could be more flexible in changing employers, and worked for many employers as well.<sup>13</sup> This situation is similar to Thailand as according to the interviews with Thai informants, employers pointed out their need for unskilled workers and the dissatisfaction toward current MOU process because it is complicated and expensive, while the government officials in the policy making level expressed their preferences toward the current MOU process. Meanwhile, migrant workers also prefer illegal channel coming to work in Thailand if it is easier and provides them more benefit than coming through legal process.

In addition to increasing more undeclared migrant workers, the restriction could also bring about a loss in German economy as the government was not able to control the illegal migrant workers and thus they could get rid of tax paying, but be vulnerable to be exploited. According to report supported by the European Community Programme for Employment and Social Solidarity Progress, in 2009 income from illegal work in shadow economy such as hotels, restaurants, house cleaning, and construction sector, in Germany were 350billion euros, representing almost 17 percent of German total GDP.<sup>14</sup> Furthermore, since the majority of EU-8 and Polish workers in Germany are male and young (the average age of migrant workers is 26 years old), and have less education, they cannot compete with local workers but instead take the jobs that German people do not want to do. They mostly worked in low-paid job, work longer hours and earn less compare to the native German. For instance, the study showed that recent EU-8 migrant workers in

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<sup>13</sup> Lutz and Palenga-Möllenbeck, "Care Work Migration in Germany: Semi-Compliance and Complicity."

<sup>14</sup>"THE ILLEGAL WORK OF MIGRANTS IN THE EUROPEAN UNION," (European Community Programme for Employment and Social Solidarity PROGRESS, 2007-2013). pp.26



Germany earned monthly wage 28 percent less than that of the native German,<sup>15</sup> while the average earning of migrant workers in Thailand is 38 percent less than that of native Thai workers.<sup>16</sup> This showed that the existence of Polish migrant workers does not have negative impact on wage or employment in Germany, and thus the longer Germany imposed restriction on the new member states, the more they lost their economy, as migration normally could serve a role in responding quickly to changes in GDP and employment growth because it could adjust the fluctuation of labour supply in the labour market.<sup>17</sup>

*The restriction is due to more domestic fear than other reasons. It would more be more advantages for Germany to open the border faster.*<sup>18</sup>

Additionally, the restriction on the free movement of workers could not prevent inflow of unskilled workers (See figure1 in Chapter3) but decrease potential migrant workers from Poland as they changed their destination to other countries such as the UK that are more welcome them since the beginning. According to report of European Commission and a study by Brenke, Yuksel, and Zimmermann, putting restriction on the free movement of workers to the last phase reduced only few thousands of initial migration, but also decreased the potential migration as the immigrants will have less incentive to go to Germany in the later stage when Germany opens border for the free movement of workers.<sup>19</sup>

*The restriction could cause the loss of potential migrant workers as they would feel that Germany do not welcome them at early stage.*

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<sup>15</sup> Brenke, Yuksel, and Zimmermann, "EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market."

<sup>16</sup> Vasuprasat, *Agenda for labour migration policy in Thailand: Towards long-term competitiveness*. pp.26

<sup>17</sup> Alvarez-Plata, Brucker, and Siliverstovs, *Potential migration from Central and Eastern Europe into the EU-15 : an update / Report for the European Commission, DG Employment and Social Affairs*.

<sup>18</sup> Interview senior researcher in labour migration in Ludwig-Maximilians-University (LMU), Germany, 13 March 2012

<sup>19</sup> Brenke, Yuksel, and Zimmermann, "EU Enlargement under Continued Mobility Restrictions: Consequences for the German Labor Market."; "Commission report on transitional arrangements regarding free movement of workers."; Alvarez-Plata, Brucker, and Siliverstovs, *Potential migration from Central and Eastern Europe into the EU-15 : an update / Report for the European Commission, DG Employment and Social Affairs*.

*Moreover, during the restriction period, many of them have already settled down in other countries and thus might not come back.*<sup>20</sup>

It is undeniable that Germany is in need for workers as the baby boom generation will totally retire from 2020, and the fertility rate in Germany is low. The mismatch between people who will retire and people that will enter the labour market will make Germany facing acute labour shortages. For instance, the level of net migration in Germany is going down from 4 immigrants per 1000 population in 2002 to 0.54 immigrants per 1000 population in 2011 (See figure 4 in Appendix A). Therefore the restriction is a failure as it could make Germany less attracted to migrant workers.

*The hesitate attitude, based on fears of a possible negative effect on the German labour market, now turn out to have been a huge mistake.*<sup>21</sup>

Similarly according to expert in Polish-German relation:

*Imposing restriction is not a good action. As soon as you are ready for the single market, you should be prepared for the free movement of workers as it is an integral part of the integration. Poll should not be trusted at all, it change over time according to the level of understanding they have towards migrant worker. The government should influence people and let people know the benefit of migrant workers.*<sup>22</sup>

After Germany removed the restriction on the free movement of workers from new member states in May 2011, the inflow of migrant worker from Poland increased from 3,000 in April to about 6,800 in May, but then decrease gradually to about 4,600 in October (See figure5 in Appendix A).

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<sup>20</sup> Interview with expert in migration of Ludwig-Maximilians-University (LMU) in Germany, 20 March 2012

<sup>21</sup> Interview Zimmermann, Head of the Bonn-based Institute for the Study of Labour, quoted from <http://www.spiegel.de/international/europe/0,1518,759325,00.html> [Accessed 1 March 2012]

<sup>22</sup> Interview expert in Polish-German Relations of Ludwig-Maximilians-University (LMU) in Germany, 14 March 2012

This situation could be applied in Thailand, as according to the interviews, employers signal their high demand for migrant labour, while Thai workers showed less willingness to work in unskilled job. Migrant workers are also willing to work in Thailand through either legal or illegal channels as the current legal process importing migrant workers via MOU is seen as complicated, more expensive than coming through illegal channels, and tied them to only employers (See Chapter3). Moreover, the government seems to be interested in encouraging the use of technology, although the number of SME in Thailand is more than 90 percent, while the demographic trend in Thailand is changing badly compared to some other ASEAN countries.

In conclusion, though the free movement of workers in the EU and future AEC are in different context, implications resulting from the restriction that Germany put on the free movement of workers from new member states could be lessons learned for Thailand. The seven-year restriction resulted in an increase in undeclared workers in most unskilled jobs because of high demand for workers, loss in economy as the undeclared sectors could escape from paying tax, and loss of potential migrant workers as they change their destination countries to UK. And even after Germany opened border for the free movement of workers in 2011 there seen a double increase of migrant workers from the first month and then decreased gradually to almost the same as during the restriction because of language barriers, and economic development of the new member states. Thus, since Thailand and ASEAN are moving to the same direction of creating the single market; and since labour mobility cannot be prevented, the preparation for all kinds of free movement mainly skilled and unskilled workers should be taken into consideration.

Once the free movement of workers is taken place, integration policy should be implemented, unlike Germany who has neglected it during the restriction period because it regarded inflow of migrant workers as temporary. Germany did not pay attention to establishing the integration policy to integrate workers from those new member states, although there was inflow of workers from those countries under the bilateral agreement. For instance, Polish workers coming to work in Germany under quota permission in some fields such as seasonal work did not have rights to

access to trainings—language or skill trainings—which are part of the nondiscriminatory provision of the integration policy.<sup>23</sup>

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<sup>23</sup> Jean-Claude Berthélemy and Mathilde Maurel, *The consistency of EU Foreign Policies towards new Member States* (Directorate-General for Economic and Financial Affairs, European Commission, 2009). pp. 27-28

## **CHAPTER VII**

### **CONCLUSION AND RECOMMENDATION**

#### **7.1 Conclusion and Policy Recommendation**

This research reflects the study of Dusmann and Ian, and Mayda, that economic and non-economic impacts shape the attitude of the host country. This research showed a mixture of perspectives among all stakeholders—the government officials, NGOs, experts, Thai employers, Thai workers, and the migrant workers—because the impact that they perceive from the future free movement of workers are different. However, it can be concluded that the government officials and some experts are more satisfied with current bilateral agreements to import migrant workers because they fear that the free movement of unskilled workers from Cambodia to Thailand might slow down technology usage that would press Thailand to remain a middle income country. In addition, it might encourage Thai workers to emigrate.

For the perception of Thai employers, Thai workers, the police based in Rayong, NGOs, and migrant workers, they prefer a freer process of migration as it could facilitate the economic activities more effectively. However the overall perspective of the informants is positive especially in regard to the economic impact because it could fill in labour shortages resulted from the expansion of Thai economy and aging society. Although social problems such as human trafficking would increase, good management policy on the migration issue would help tackle all the problems that may happen in the future. Most of them view economic motivation and existing network as the future push and pull and factors.

Regarding lessons learned from Germany, though the free movement of workers in the EU and future AEC are in different contexts, implications resulting from the restriction that Germany put on the free movement of workers from new member states mainly Poland could be lessons learned for Thailand. The seven-year restriction resulted in an increase in undeclared workers in most unskilled jobs because of high demand for workers, loss in economy as the undeclared sectors could

escape from paying tax, and loss of potential migrant workers as they change their destination countries to UK, and have settled their. And even after Germany opened border for the free movement of workers in 2011 there was not influx of migrant workers from those countries except the double increase in the first month, because of language barriers, and economic development of the new member states. This situation could be applied in Thailand, as according to the interview, most employers signal their high demand for migrant labour, while Thai workers showed less willing to work in unskilled job, migrant workers are willing to work in Thailand in either legal or illegal channels, and the government seems to encourage the use of technology, although the number of SME in Thailand is more than 90 percent. Since Thailand and ASEAN are moving to the same direction of creating the single market as the EU has done; and since labour mobility cannot be prevented, the preparation for all kinds of free movement mainly skilled and unskilled workers should be taken into consideration. With the free movement of workers, migrant workers would be able to seek jobs that fit their desire, whereas the employers could hire more labour to fit their requirement making more flexibility in labour market. This could be achieved through:

- Adopting appropriate policy of migration and related issues such as allowing the freer process of migration, permitting the longer stay for migrant workers, and freeing them from being tied with only one employer which makes them to be vulnerable to be exploited, while making the labour market more inflexible.
- Establishing a formal central point in both sending and receiving countries to make sure migrant workers get adequate information before leaving the country
- Effectively and appropriately managing five stages model of migration process namely planning and preparing for labour migration, transit, arrival and reception, return and reintegration by both the government of sending and receiving countries, so that migrant workers could be integrated into the society of host country or home country when they go back to their country

- Integrating migrant workers to the host society by providing training courses such as language, and skilled classes to migrant workers as well as their children; providing migrant worker equal treatment such as social security as Thai workers without discrimination
- Strengthening border control to avoid human trafficking, and international crimes by strengthening the cooperation of police of the two countries and in the region
- Informing local people about the importance of migrant workers via the media to ensure the misperception on migrant workers, and constrains posed by the local people.

## **7.2. Further Study**

Since this study focuses on the perspective of Thailand as a host country on the future free movement of workers mainly unskilled workers from Cambodia, further study should focus other major nationalities of migrant workers such as Burma and Lao. Additionally, perspective of other host countries such as Singapore, and Malaysia, and perspective of home country should also be focused in the future. Quantitative data collection on the perspective of respondents should also be examined in the future, as this qualitative research alone cannot be used to generalize the whole context.

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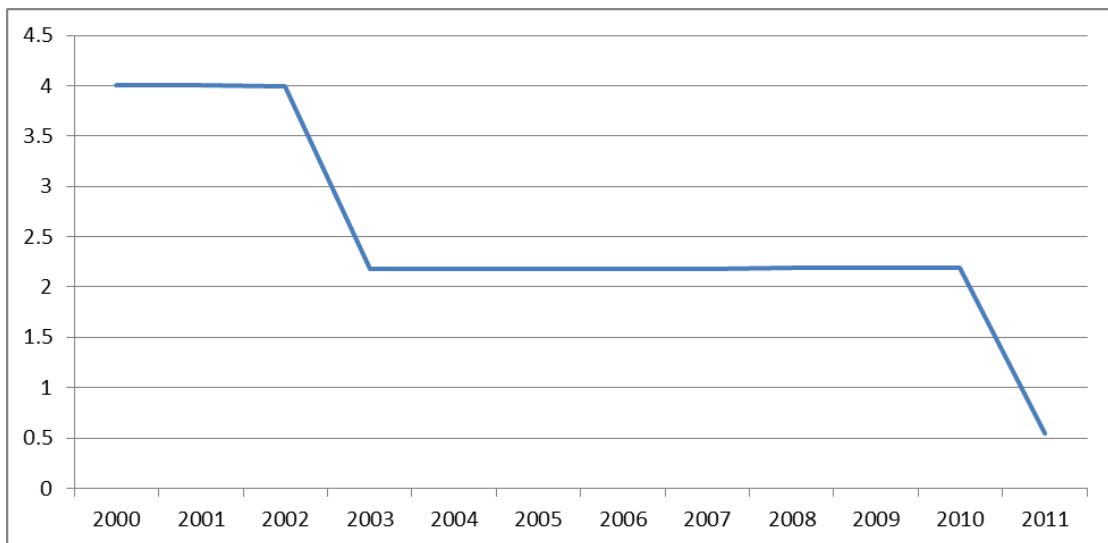
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## **APPENDICES**

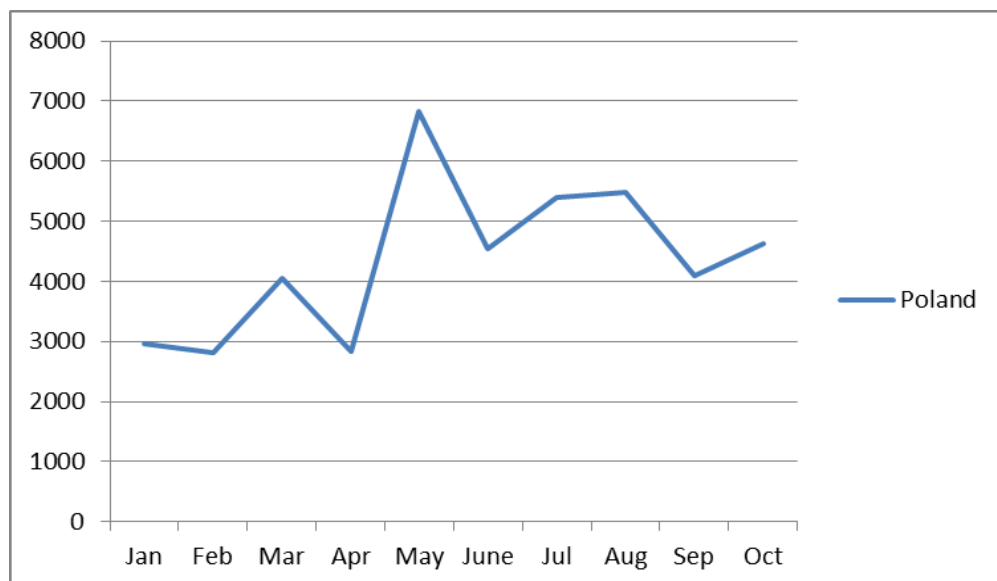
## Appendix A

**Figure4: Net Migration Rate in Germany (migrant(s)/1,000 population)**



Source: CIA World Factbook

**Figure5: Inflow of Polish Workers before and after Restriction in 2011**



Source: Federal Office for Migration and Refugees of Germany



## APPENDIX B

### Participation Information

My name is Phalla Chea, I am currently a Master of European Studies student of Chulalongkorn University. I am doing research on the topic "Host Country Perspective on the Future Free Movement of Workers in and Economic Community: Germany and Thailand". As ASEAN economic community (AEC) will be established in 2015 to allow the free movement of skilled workers, this research focuses on the distant future when the AEC will also allow the free movement of **unskilled workers**. This interview would like find out the perception of Thailand as a host country on the future free movement of unskilled workers, particularly from Cambodia.

The finding of my research will lead to the policy recommendation that will benefit for Thailand, ASEAN, and workers including Thai workers and Cambodian workers. I have a number of questions to ask you. All of your information and names will be kept confidential, and only used for this research. The interview might take about one hour. During the interview, you can choose not to answer any question, or terminate the interview at any point as you wish. However, I would like to encourage you to collaborate in all questions honestly as your view is very important and valuable for the research.

### **Interview Questions in Thailand**

1. What is your opinion on specific case of Cambodian unskilled migrant workers in terms of their behavior in work, livings and health?
2. Are there any perceived differences between Cambodian unskilled workers versus unskilled migrant workers from other countries?
3. What would the permission to permit the free movement of unskilled workers from Cambodia entail for the rights and obligations of current Cambodian migrant workers in Thailand?

### **Determinants of Migration from Cambodian Unskilled Workers (At present and in the Future)**

1. What are the **current** push and pull factors that encourage Cambodian unskilled workers to come to work in Thailand?
2. What are the different factors that encourage Cambodian unskilled worker to come to work in Thailand relative to other unskilled workers from other countries in ASEAN **at present**?
3. If Thailand allows the future free movement of unskilled workers from Cambodia, **will** the future push and pull factors that encourage Cambodian unskilled workers to come to work in Thailand be the same? Why or why not? What are they?
4. If Thailand allow the future free movement of unskilled workers from Cambodia, **will** there be an influx of Cambodian unskilled workers in Thailand? Why or why not?
5. If Thailand allows the future free movement of unskilled workers from Cambodia, how long do you expect they **will** stay in Thailand? Why or why not?

### **Economic Impact (At present and in the Future)**

1. What does the Thai government spend on Cambodian unskilled workers regarding to social welfare including health care, pension, work compensation and education **at present**?

2. Does the Thai government provide social welfare and education to Cambodian unskilled workers equal to unskilled migrant workers from other countries and Thai workers **at present**?
3. Do you think Thailand **would** have enough labour to fill in its labour-intensive industry if they banned the inflow of unskilled migrant workers? Why or why not?
4. Do you think Thailand should use labour-saving technology to replace unskilled migrant labour? Why? Would this always be possible?
5. By allowing the future free movement of unskilled workers from Cambodia, do you think:
  - 5.1. Wage of Thai workers **will** be reduced or increased in the short term and long term? Why or why not?
  - 5.2. Cambodian unskilled workers **will** take up job from Thai workers or fill in labour shortages in Thailand?
  - 5.3. Cambodian unskilled workers should be granted free social welfare such as pension, health care, unemployment benefit, and work compensation as other Thai workers?
  - 5.4. Thai government would get more tax from workers as illegal workers would be revealed and contribute tax to government?
  - 5.5. Net contribution of Cambodian unskilled workers to the Thai government via tax and their spending **will** be positive or negative?
6. From your overall perspective regarding to the economic impact that we just discuss in terms of wages, jobs, government spending, and tax contribution and spending of Cambodia unskilled workers, do you think the permission to allow the free movement of unskilled workers from Cambodia in the future **will be** possible? Why or why not?

### **Demographic impact (At present and in the Future)**

1. How do Cambodian unskilled workers help the aging society in Thailand **at present**?
2. Without unskilled migrant workers, do you think Thai labour is sufficient to run its economy **at present**, especially when Thailand is now facing ageing society?

3. Given that Thailand is facing the aging society, what **will** be the demand for migrant workers in the future?
4. If Thailand allows the free movement of unskilled workers from Cambodia in the future,
  - 4.1. **Will** Cambodian unskilled workers be able to fill in labour shortages in Thailand in the future? Why or why not?
  - 4.2. **Will** unskilled workers from Cambodia help reduce the burden that government has to spend on Thai elderly? Why or why not?
5. From your overall perspective regarding to the demographic impact that we just discuss do you think the permission to allow the free movement of unskilled workers from Cambodia in the future **will be** possible? Why or why not?

#### **Social impact (At present and in the Future)**

1. Which nationality groups and occupational groups of unskilled migrant workers produce the most crime rate? Why or why not? What kinds of crimes?
2. Which nationality groups and occupational groups of unskilled migrant workers are more likely to be abused? Why or why not? What kind of abuses?
3. Which nationality groups and occupational groups of unskilled migrant workers are more likely to be discriminated against? Why or why not? What kind of discriminations?
4. Which nationality groups and occupational groups of unskilled migrant workers are more likely to be xenophobia? Why or why not?
5. Which nationality groups and occupational groups of unskilled migrant workers produce the most health problems? Why or why not? What kinds of health problems?
6. Have you ever heard or seen Cambodian unskilled workers commit crime? What have been done to deal with such problem? How do you know?
7. Have you ever heard or seen Cambodian unskilled workers discriminated against? How often? What have been done to deal with such problem?
8. Have you ever heard or seen Cambodian unskilled workers been abused against? What have been done to deal with such problem? How and why?

9. Do Thai people feel xenophobia against Cambodian unskilled workers? Why or why not?
10. Are Cambodian unskilled workers relative to unskilled migrant workers from other countries discriminated, abused, or xenophobia equally? Why?
11. If Thailand permits the free movement of unskilled workers from Cambodia in the future will increase more provide more social problems? Why?
12. Do you think the permission to have the free movement of unskilled workers from Cambodia in the future
  - 12.1. Will it be able to eliminate the human trafficking from Cambodia to Thailand? Why or why not?
  - 12.2. Will it be able to eliminate the smuggling of Cambodia unskilled workers to Thailand? Why or why not?
  - 12.3. Will the crimes rates committed by Cambodian unskilled workers increase? Why or why not? What should be done to prevent it?
  - 12.4. Will Cambodian unskilled workers be more abused? Why or why not? What should be done to prevent?
  - 12.5. Will Cambodian unskilled workers be more discriminated against? Why or why not? What should be done to prevent?
  - 12.6. Will Thai people be more xenophobia against Cambodian unskilled workers? Why or why not? What should be done to prevent it?
  - 12.7. Will Thai people be more concern of health issue caused by Cambodian unskilled workers? Why or why not? What should be done to prevent it?
13. From your overall perspective regarding to the social impact that we just discuss in terms crime rates, discriminations, xenophobia, smugglings, and human trafficking, do you think the permission to allow the free movement of unskilled workers from Cambodia in the future **will be** possible? Why or why not?

From your overall perspectives regarding to economic, demographic, and social impacts, is it a loss or gain for Thailand to permit the free movement of unskilled workers from Cambodia in the future? Why or Why not?

1. What are the challenges in allowing the free movement of unskilled workers from Cambodia?
2. What will Thai workers react if Thailand allowed the free movement of unskilled workers from Cambodia and other countries in ASEAN?
3. What will employers react if Thailand allowed the free movement of unskilled workers from Cambodia and other countries in ASEAN?
4. How should the government do to reconcile the different perceptions of employers and Thai workers?
5. If Thailand allows the free movement of unskilled workers from Cambodia in the **future**,
  - 5.1. What should the government do to integrate Cambodian unskilled workers into society? In what way? Who should involve in the integration process?
  - 5.2. Should Thailand allow the free movement of unskilled worker from other countries as well?
6. From your overall perspective, is it a loss or gain for ASEAN to allow free movement of unskilled workers in the region as it is part of the economic integration? Why or why not? Loss in what way? Gain in what way?
  - 6.1. What should ASEAN do to integrate the unskilled workers into the host country society?
7. Could experiences or lessons learned from the European Union be able to apply in ASEAN Economic Community regarding the free movement of workers?

### **Interview Questions in Germany**

1. What is your perspective on the restriction on the free movement of workers from the EU-8, particularly Poland until May 2011?
2. What are the special characteristics between Polish migrant workers and other migrant workers from the EU-8, and outside the EU?
3. Why Germany put restriction on the free movement of workers from EU-8 particularly Poland until 2012 which is the maximum period?
4. Do you agree that Germany should put restriction on the free movement of workers from Poland until 2011? Why and Why not?
5. What are the economic impacts for Germany on the restriction on the free movement of unskilled Polish migrant workers?
6. What are the demographic impacts for Germany on the restriction on the free movement of unskilled Polish migrant workers?
7. What are the social impacts for Germany on the restriction on the free movement of unskilled Polish migrant workers?
8. How about after the German open border for free movement of unskilled workers from Poland? What are the perceived differences?
9. Do you think it is a gain or loss for Germany to put restriction on the free movement of unskilled workers from Poland until 2011? Why?
10. What are different perspectives of other stakeholder mainly German employers, employees, trade union, NGOs and the governments on the restriction on the free movement of unskilled workers from Poland after the EU eastern enlargement in 2004?
11. How did those perspectives be reconciled?
12. What were the German government policies to regulate the movement of unskilled Polish workers to Germany during the transitional period 2004-2011? Was it effective? Why?
13. What are the good experiences or lessons learned that ASEAN Economic Community could learn from the EU regarding the free movement of labour, especially unskilled workers?

14. What are the impacts on Germany resulted from the restriction on the? And after opening the labour market?
15. Did the restriction results in more illegal Polish unskilled workers in Germany? Why?
16. Did the restriction discourage the potential Polish workers to come and work in Germany after the restriction was lifted in 2011? Why?
17. What are the good experiences or lessons learned that Thailand could learn from Germany regarding the free movement of labour, especially unskilled workers?
18. What should ASEAN avoid?
19. What should Thailand avoid?



### INTERVIEW SCHEDULE

<b>Type</b>	<b>Place</b>	<b>Detail</b>	<b>Number</b>	<b>Date of Interview</b>
Domestic NGOs	Foundation Aids Rights (FAR) in Rayong Province	Senior Staff working	1	10 April 2012
International NGOs	ILO, Bangkok	Technical officer in labour migration	1	4 April 2012
International NGOs	IOM, Bangkok	Staff working with labour migration	2	2 April 2012
Government Official	Ministry of Labour	Chief of Foreign Relations of Department of Employment, Ministry of Labour, Bangkok	1	11 April 2012
		ASEAN Committee on the implementation of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant	1 ACIADP PRMWT	23 April 2012

		Workers in Thailand		
	Ministry of Public Health, Bangkok	Senior Pharmacist of the Bureau Health Administration of the Ministry of Public Health	1	15 May 2012
Employers	Rayong	- Employers in Fishery sector	2	9 April 2012
Thai Workers	Rayong	- Two Thai workers in Fishery and one worker in construction	3	9 April 2012
Cambodian migrant workers	Rayong	One informal representative of Cambodian migrant workers and one Cambodian migrant worker.	2	9 April 2012
Experts	Chulalongkorn University, Bangkok	Expert in labour Economics	1	2 April 2012
		Expert working with NGOs and bodies	1	18 April 2012

		dealing with workers' rights.		
	Thailand Development Research Center (TDRI), Bangkok	Director of TDRI	1	12 April 2012
Experts	Ludwig-Maximilians-University (LMU) in Munich, Germany	- Expert in Poland and Germany relations	1	15 March 2012
		- Senior Researcher in Labour Migration	1	13 March 2012

## **BIOGRAPHY**

Miss Phalla Chea was born on 2 Feb 1987 in Phnom Penh, Capital City of Cambodia. In 2006, she was granted full government scholarship to study bachelor degree in Informatic Economics from the Royal University of Law and Economics in Phnom Penh. While studying, Miss Phalla Chea worked for *Searching for The Truth* Magazine at the Documentation Center of Cambodia (DC-Cam), a research institute which documents genocide and other crimes committed by the Khmer Rouge regime in Cambodia between 1975 and 1979. At work, Miss Phalla Chea is responsible for the Khmer-English-Khmer translations of articles written by both Cambodian and international scholars; writing short stories and features for the center's *Searching for the Truth* Magazine; conduct research interviews with genocide survivors, including former Khmer Rouge cadres and victims. In 2011, she was accepted to the Master Program in European Studies at Chulalongkorn University, and granted scholarship to conduct this thesis research.