

GMS Migration Policy Briefing

Extracts from an ABD Project entitled

Forecasting Migration Flows: The Relationships among Economic Development, Demographic Change and Migration in the Greater Mekong Subregion

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Introduction

Most migration in the GMS is motivated by economic reasons. Labour migration benefits both sending and receiving countries by absorbing unemployed and underemployed workers from the sending country and by improving competitiveness and providing skills and needed employees in the receiving country. Migration in the GMS needs to be better controlled and managed.

The dominant feature of GMS migration is the export of nearly 2 million workers from Myanmar to Thailand. These workers are employed in many unskilled sectors and are particularly concentrated in jobs that Thais do not wish to do themselves, such as cleaning, fisheries, construction and other 3D (dirty, dangerous, difficult) jobs. To a lesser extent, Cambodia and Lao PDR also supply unskilled labour to Thailand.

Other large migrant populations: Myanmar has many resident Chinese, and Cambodia has many resident Vietnamese, in each case estimated at one million. In both cases, foreign populations have been in residence for many years. Both countries report continued in-migration, likely linked to existing family networks. In Cambodia, the inflow of Vietnamese migrants has been quite large in recent years, perhaps as many as several hundred thousand in the past 5 years.

There are large groups of skilled or semiskilled temporary migrants from China and Viet Nam who are tied to projects led by their countrymen. There are 40,000 Chinese estimated to be working in Myanmar for Chinese companies, and 80,000 more Chinese working in Lao PDR for Chinese led projects. Vietnamese are often employed as skilled labour on construction projects or as craftsmen in Laos or Cambodia.

Finally there are some groups of non-labour migrants, such as foreign women marrying rural Chinese men, or refugees of political strife in the region. There is also a large group made up of the dependents of labour migrants, especially in Thailand, where dependents (children, parents spouses) are thought to be about ¼ of all migrants, or more than 500,000 in total.

Table 1. Migrant Stocks and Flows in the GMS

<i>Thousands of Persons</i>	Net Migrant Flow 2003-2008	Migrant Stock 2008
Thailand	645	2553
<i>from Myanmar</i>	592	2072
<i>from Cambodia</i>	44	248
<i>from Lao PDR</i>	9	199
Cambodia	106	1048
<i>from Viet Nam</i>	100	1000
<i>from China (1)</i>	5	25
Myanmar	21	125
<i>from China (2)</i>	20	120
Lao PDR	18	118
<i>from China</i>	10	80
China (GMS area only)	5	47
<i>from Viet Nam</i>	3	28
Viet Nam	8	27
<i>from China</i>	3	14

Source: Consensus Forecast Survey, present study, 2009 Notes: (1) Large number of Taiwanese tied to the garment industry are often confused as being from People's Republic of China (2) Chinese in Myanmar are estimated at one million, but most were resident more than 40 years so the study did not consider them as migrants. (3) Disagree with these numbers? Let us know at Daniel.L@chula.ac.th. These numbers are consensus forecasts based on the opinions of many experts aggregated together. We would be very glad to include your input into our figures.

GMS Migration in the Next Five Years

Migration flows in the GMS will slow because of the current world slowdown. The supply of migrants will be higher than the demand for migrants during this period. The demand for new migrants in Thailand will slow to zero, but migrants will continue to come anyway drawn by the success of relatives and friends, resulting in some potential backlash at migrants for taking Thai jobs. The study estimates that Thailand will create 2.3 new jobs during this five year period, and that the domestic labour force will grow by 2.3 million as well.

A very rough rule of thumb based on historical data is that Thailand creates 150 thousand new jobs for each 1 percent increase in GDP in a year. Historically the economy has grown at 5% a year and created 3.6 million jobs in the past five years. If the Thai Economy slows to 0 percent growth for one year, 750,000 potential jobs will be lost. If the recession extends to two years of 0 percent growth, a total of 1.5 million potential jobs will be lost

Construction is one sector which is disproportionately affected by recession. The dominant role of construction as an occupation for skilled and semiskilled Chinese and Vietnamese migrants in the GMS may result in reductions in demand for these groups. However, most migrants are working at large infrastructure projects with long lead times, and the effects of the recession may be delayed several years.

GMS Migration in the Next Ten Years

In the following five years, the situation will be reversed with much greater demand for migrants than supply of migrants. If Thailand continues to grow at historic rates, and given current wage rates, 3.6 million new jobs will be created in the following five years, and the Thai labour force will only grow by 0.9 million persons. Some of the shortfall will be made up with migrants. The study offers a prediction that 850,000 migrants will come to Thailand during these five years, compared to 645 thousand in the five years which have just passed.

Despite increased migration, wage rates for unskilled jobs in Thailand will have to increase to make labour supply equal labour demand. As wages for particular jobs rise, more persons would be willing to take such work, thus increasing labour supply, but because of the costs involved, employers would hire fewer workers, thus decreasing the demand for labour, with the result that labour supply would eventually match labour demand. Higher wages for unskilled labour will decrease Thai competitiveness, increase the Thai cost of living, but will benefit Thai unskilled labourers.

Demand for migrants in other areas of the GMS will also increase as the economies of some of the smaller countries begin to take off, which will increase demand for migrant skilled labour, and reduce outward migration of unskilled labour from these countries. Changes in lifestyle will likely lead to lower fertility rates, and less outward migration in the future.

GMS Migration in the Next Fifteen Years

Continued strong demand for migrants will be matched with greatly reduced supply due to smaller age cohorts in the GMS. This should lead to reduced migration within the GMS. Viet Nam may become a net labour importer at this time. Wage rate for unskilled labour will rise significantly, especially in Thailand, and there may be pressure for an increase in the retirement age, and shifts towards less labour intensive technologies.

Understanding GMS Migration

Migration in the GMS is driven by the relationship between Economic Growth and Population Growth.

If Population grows faster than the Economy can create jobs, there will be unemployment, and there will be outward migration. If the Economy creates jobs faster than Population grows, there will be a demand for inward migration. In the GMS, most of the inward migration is into Thailand, and most of the outward migration is from Myanmar, Cambodia and Laos. In figure 1 below, it can be seen that the Thai labour supply is growing slower than the creation of new jobs, leading to a demand for inward migrants.

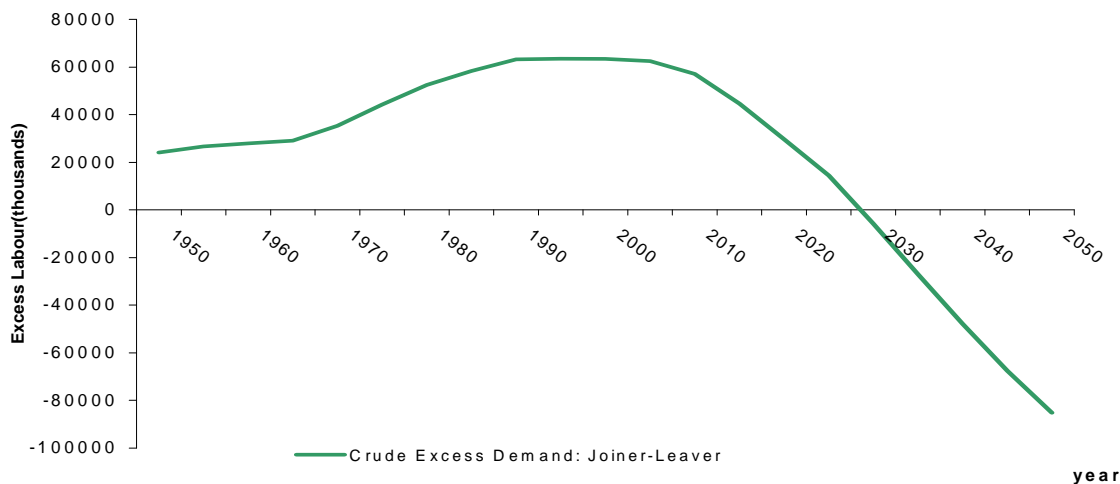
Figure 1. Change in Labour Supply in Thailand at 5 year intervals



Sources: US Census Bureau. UN DESA and authors calculations.

Most Countries Exhibit Slowing Fertility Rates which will Reduce Labour Supply

Figure 2. Crude Excess Labour Supply in South-East Asia: New Entrants (Joiners) and Retirees



Source: United Nations Demographic Yearbook, various issues.

Note: New entrants (joiners) refer to the cohort 15-24 years old; leavers refer to people who are 60 years of age or older.

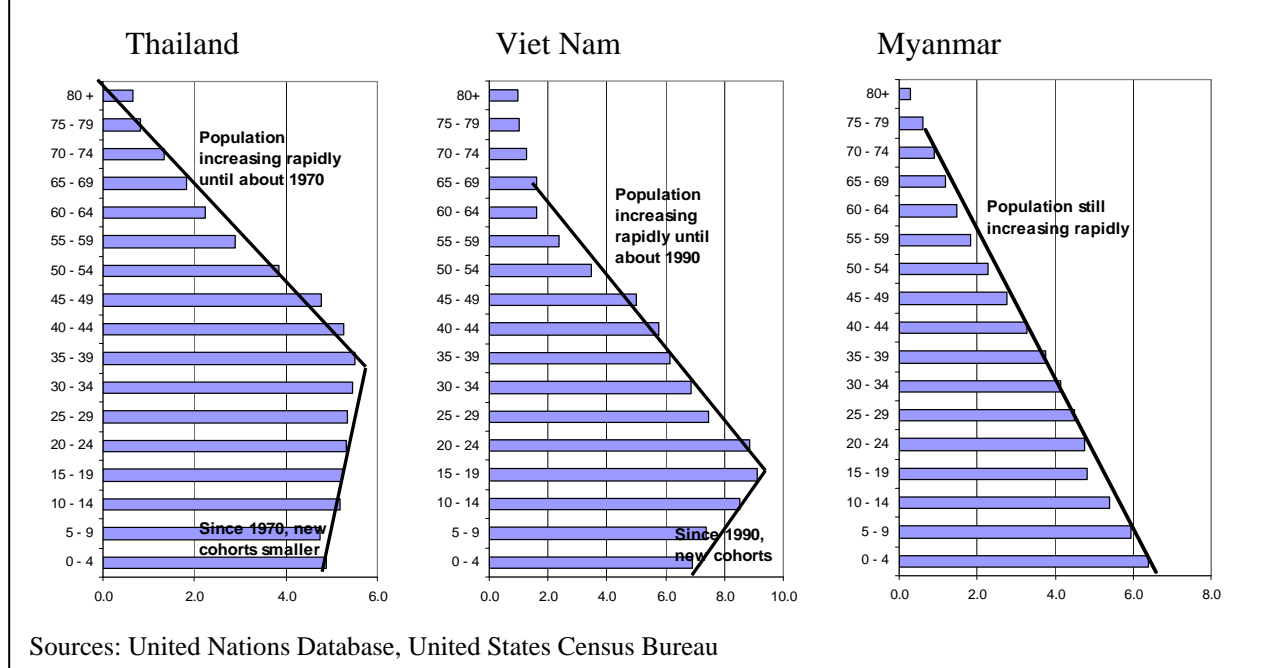
Figure 2 shows that the current excess labour supply in the region will eventually be replaced by an era of labour shortage as the region develops economically. This is a common pattern and follows the economic development of the region.

Table 2. Relationship between Economic Growth and Development

Least Developed	High birth rate, high mortality, subsistence agriculture uses most of available labour	
Less Developed	Large young population, more labor supply than labour demand, outward migration	Cambodia, Lao PDR, Myanmar, Viet Nam
Middle Income	Large mature population, demand many goods, strong need for migrants	Thailand, (soon Viet Nam and China)
Developed	Large aging population, high unskilled labour wages, strong need for migrants	Europe

In figure 3 below, it can be seen that Thailand passed the peak in its population growth rate some time ago, and has become a labour importer. Viet Nam reached its peak more recently but still has a large excess labour supply relative to its economy, since most of its population is of working age. Within 10 to 15 years it may also become a labour importer. Myanmar has not yet reached its peak and may be exporting labour for some time to come.

Figure 3. Five Year Age Cohorts in Selected Greater Mekong Subregion Economies, 2006 (number of persons in millions who were in each age group as of 2006)



Migrants in the GMS Frequently Migrate Because of Lack of Opportunity in their Home Country, Not Because of the Chance to Earn Higher Wages

Wage rates in Thailand are higher than in other parts of the GMS, but are not many times higher, as can be seen in table 3 below. When migration is to an advanced economy, wages can be 10 or 20 times what can be earned in the home country, creating a strong financial motivation to migrate. However, wage differentials are much smaller in the GMS. Higher wages and available jobs determine the direction of migration, but from interviews, the main motivating factor for migration is lack of opportunity at home.

Table 3. Sample Wage Data from Economies in the Greater Mekong Subregion

Country	Occupation	Local Wage	Exchange Rate (per US\$1)	Wage (US\$/Month)
Cambodia	Unskilled - Phnom Penh	20,000 Riels/day	4,125 Riel	110
	Construction – Ploy Phet	5-10,000 Riels/day		28-55
	Agriculture - Rural province	4,000-5,000 Riels/day		22-28
Lao PDR	Garment Worker- Vientiane	450,000 kip/month	8550 Kip	52
Myanmar	Teacher	100,000 Kyats/month	1205 Kyat	87
	Unskilled - Thai border	1,205 Kyats/day		30
Thailand	Taxi driver	300 Baht/day	34.6 Baht	220
	Street vendor	250 Baht/day		180
Viet Nam	Unskilled – Hanoi	1,000,000 Dong/month	17100 Dong	60
	Motorcycle driver - Hanoi	2,000,000 Dong/month		120
	Agriculture - Rural province	700,000 Dong/month		40

Source: Personal interviews, 2009.

Many migrants could not find work, or could find only minimal work to do at home. Few persons want to leave their family, their community, their culture, language and food. Leaving all you know takes bravery, intelligence and initiative, and migrants tended to be more capable than those who stay behind. This is exhibited in some of the comments elicited from those who hire migrants in Thailand. Comments from Thai employers included, “work harder than Thais”, “smarter than Thais”, “more honest than Thais” in addition to some communication problems and rumors about violence. Another characteristic of migrants is that they are generally young, between the ages of 15 and 30 when they first migrate.

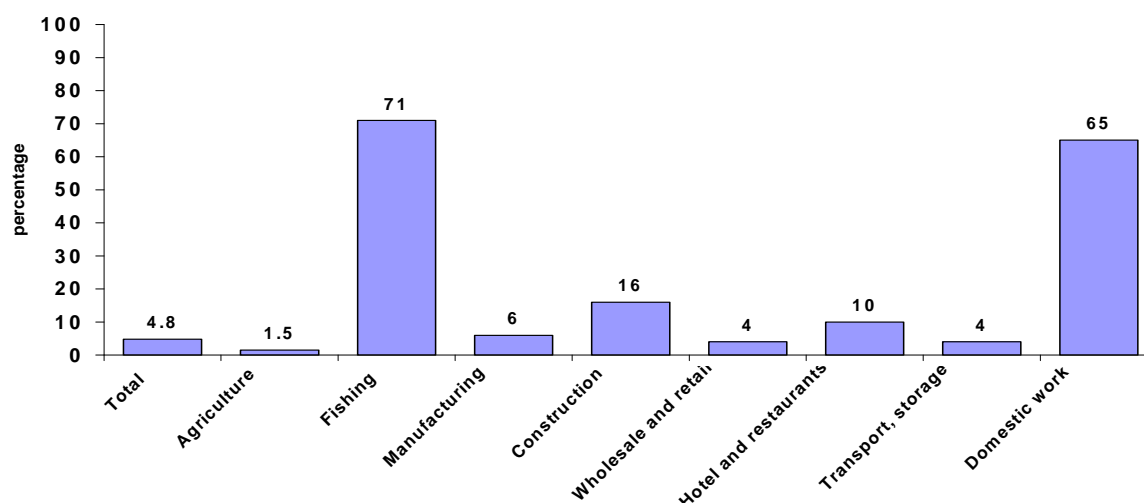
Migration often becomes Permanent in Thailand

Although migrants may initially not wish to leave their family and community, as time passes, they adapt. Language becomes easier, and they join a new social and working world. Economic conditions at home are not much improved, and they are enjoying a better standard of living due to wages several times higher. Experts claim that probably 95 percent of all migrants who have ever registered in Thailand are still living in Thailand, now mostly irregular. If there is an extended recession, it is still unlikely that these migrants will return to their home country.

Migrants Work at Jobs that Locals Dislike

Desirable jobs are often filled by locals leaving the least desirable jobs vacant for migrants. Foreigners may be forbidden from some occupations, as in Thailand, reducing competition and reserving desirable jobs for Thais. In addition, generally Thai employers will hire Thai workers first, all else being equal. Therefore, not only do migrants generally participate in unskilled work, but they predominantly work in the least desirable of unskilled jobs. In the parlance of the discipline, these are referred to as “3D” jobs for dirty, difficult and dangerous. Figure 4, below shows the share of migrants in total labour employed in various unskilled professions in Thailand. Estimates are from consensus forecast survey.

Figure 4. Share of Migrant Workers of all Workers by Sector, Thailand, 2009



Source: Consensus Forecast Survey, present study, 2009.

Registration of Migrants

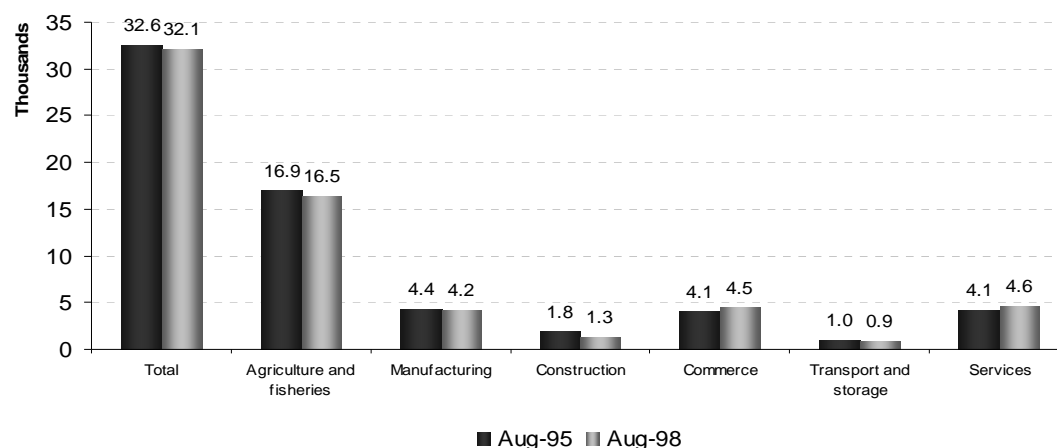
Although migration brings benefits to sending and receiving countries and the migrants, it also brings risks and problems. The migrants themselves may face inhumane treatment. Unsafe working conditions, coercion, inadequate legal rights and insufficient health care options. For the receiving country, risks include inability to control labour supply as in recessions, health risks for communicable disease, danger of violence as criminals can easily cross borders, and generally, no way to track those who are living within their borders.

For these reasons, it is generally in the interest of all parties to have a simple transparent way of registering migrants. The present system in Thailand is deeply flawed in that it is 1) temporary/uncertain since only offered in certain years 2) expensive and difficult for migrants who must pay one month's salary, travel to a distant city, and only in one certain month, 3) ties migrants to a single employer 4) legal measures and penalties against employers who hire irregular migrants are not enforced. The subregion could benefit from a general agreement or legal instrument aimed at facilitating migrant flows in a manner that would protect the rights and safety of migrants; perhaps such an instrument could be coordinated and supported by international organizations.

Economic Recession and Effects on Migration

The study went back to the last major recession in Thailand, to look at the effect of recession on employment in different sectors. Although total employment fell by only 1.6 percent between August 1995 and August 1998, employment in the construction industry fell by 28%. Study estimates are that about 40 percent of construction workers in Thailand are migrants and that this is one group who will be strongly affected by the recession.

Figure 5. The Effects of Recession and Crisis of 1997 on Various Thai Labour Sectors



Source: Thai Labour Force Survey, August 1995, and August 1998.

http://web.nso.go.th/eng/stat/lfs_e/lfse.htm

Recessions affect some sectors much more than others. During the last recession, between August 1995 and August 1998, employment in agriculture and fisheries fell by 400,000 jobs (2%), and employment in construction fell by 500,000 jobs (28%). Both of these sectors hire many migrant workers. Other sectors grew over the same period.

Daily and Seasonal Migration in the GMS

Although most migration in the GMS involves persons residing in a foreign country, there is also a substantial degree of daily migration across borders to work in agriculture, trade and other unskilled jobs. Local labour market conditions may vary significantly from national labour market conditions, underlying the point that migration is really point to point, not country to country. In fact, the majority of migration is intra-country, not inter-country, although that is not within the scope of this study. Table 4 below shows some estimates for daily and seasonal migration within the GMS. Documents that formally allow

Table 4. Daily Labour Migration across Borders within the GMS

From	To	Persons	Type of Work	Interval
Northern Viet Nam	Guangxi Zhuang, China	100,000	Unskilled Labour	Daily
Cambodia	Viet Nam	60,000	Work on Irrigated Rice Farms	Daily
Yunnan, China	Myanmar	50,000	Forestry, Mining	Seasonal
Myanmar	Thailand	50,000	Trading, Unskilled, Factories	Daily
Cambodia, Lao PDR	Thailand	40,000	Trading, Farms, Construction	Daily

Source: Personal interviews, 2009.

Viet Nam Outward Migration is a Short Run Opportunity

Although long term forecasts predict that Viet Nam will have a labour shortage 10-15 years from now, the present situation is very different with the highest population and probably the highest unemployment in the subregion. The Viet Nam government is actively promoting migration to more developed countries around the globe, but there is also a great opportunity for increased Vietnamese migration to other areas of the GMS. Vietnamese could provide more skilled labour to countries in the region if a vehicle for doing so were developed.

Migration leading to Immigration

Most of the migrants currently in Thailand are unlikely to permanently return to their country of origin, even if there were an extended recession. At the same time, the Thai economy is

growing much more rapidly than its labour force, and is likely to have a significant labour shortage in the future, unless wages for unskilled workers were to rise substantially. In addition, forecasts suggest that the supply of migrants from neighboring countries will attenuate in the future. It is likely that it is in Thailand's interests to quietly put in place ways in which to naturalize migrants or normalize migrants in a manner that will eventually allow them to become citizens. Some sort of "green card" would bring the migrants under Thai control, give them incentives to behave well, and would bring stability to both the migrant and the country.

Methodology used in study

Data on migration are scarce and often unreliable. Migrants, especially irregular migrants, do not want to be identified. Since this study used several innovative techniques for studying migrations, it is appropriate to mention them briefly here

Available data for studying migrants includes

1) Registration data, 2) Census data 3) Sampling - Detailed Survey of Small Area, 4) Production function techniques, 5) Border control data, 6) Industry estimates, 7) Surveys, 8) Gravity models. The present study used most of these methods but focused especially on:

Consensus Forecasting

Consensus forecasting was used in this study to obtain estimates of present and future migrant stocks and flows, to estimate the share of each profession who are migrants, and to calibrate the gravity model.

Akin to a survey, consensus forecasting does not use a random sample. Participants are a carefully pre-selected group of experts from different groups who work with migrants including international organization, local government, NGOs and industry experts.

Consensus forecasting is a technique borrowed from macroeconomics and business and that has received a fair share of attention over the past few decades, but is new to the field of migration studies. The methodology is as follows: Collect "best guess" estimates of present, past, and future stocks of migrants in Thailand and put them together into a consensus forecast. This operates much as a macroeconomist might collect estimates of GDP growth from different research houses, or as an investor might collect estimates of company profitability from different business analysts. In each case there is no certainty about the data, often because it has not happened yet, or isn't publicly available. The idea, in every case, is to find smart people with access to different sources of information and to trust them to properly interpret and assimilate the data they have access to into an expert opinion. Then these expert opinions are compiled (arithmetically) into a single consensus forecast.

Gravity Model

Gravity models have been used to describe migration flows since the 1870s when E.G. Ravenstein first used a gravity model to describe rural-urban migration in England. They are useful because, by building a formal model of migration, it is possible to study the effect on migration of different scenarios tied to economic conditions, political decisions, or natural disasters.

In migration theory there are traditionally push factors and pull factors. A push factor is something that drives you away from a given place and a pull factor is something that draws you toward another place, but both increase migration. There are also frictional forces which act to slow migration. These include factors such as distance, cost, risk, or physical barriers. In the gravity model used in the present study there is one push factor - demographic pressure in the sending country - the number of unemployed and under employed 15-30 year olds, and one pull

factor, which is the number of jobs creating in the receiving country using a simple relationship between GDP growth and number of jobs created..

For more information about either of these techniques please contact the authors at : Daniel.L@chula.ac.th , or consult the ADB website for this project.