*Southeast Asian Studies,* Vol. 40, No. 3, December 2002

# Labor Migration and Regional Changes in East Asia: Outflows of Thai Workers to Taiwan*

Ching-lung Tsay**

**Abstract**

The Thai economy grew dramatically in the past few decades, particularly between 1985 and 1995. During that period Thailand ceased to be solely a labor-exporting society and became one that both sends workers abroad and receives foreign labor. At present the number of foreign professionals working in the kingdom exceeds 200,000. The stock of workers from neighboring countries was nearly 1 million before the 1997 economic crisis. On the contrary, Thai laborers started moving overseas in the early 1970s to work in the Gulf region. The direction of labor flow gradually shifted to East Asia, as Japan and the NIEs began having labor shortages in the 1980s. In light of the Thai experience, the link between international labor migration and regional economic changes becomes an intriguing topic for research. This article investigates the migration systems that exist between Thailand and the destination countries in East Asia. It focuses on the migrant flows to Taiwan before and after the legalization of labor importation in the early 1990s, identifying the labor market segments into which Thai workers have been recruited. The main concern is the consequences of the labor movements on individual workers, in particular their earnings and their working and living conditions in Taiwan. The analysis also addresses key policy implications for both Thailand and Taiwan, which are closely linked not only by labor movement but also by trade and direct investment.

**Keywords**: international labor migration, regional economic changes, East Asian development, Thailand, Taiwan

---

* The first draft of this article was presented at the International Workshop on Labour Migration and Socio-Economic Change in Southeast and East Asia, organized by the Nordic Institute of Asian Studies and held at Lund, Sweden, in May 2001. A revised version was read at the 2002 IUSSP Regional Population Conference: Southeast Asia's Population in a Changing Asian Context, held in Bangkok, Thailand, in June 2002. The original manuscript was written while the author was a visiting fellow at the Demography Program of Australian National University, from September 2000 to March 2001, with an award (38280 F) from the National Science Council of Taiwan. This article also represents an outcome of the Taiwanese Migration Research Network, which the Chiang Ching Kuo Foundation for International Scholarly Exchange established with a grant. Support from all these institutions is deeply appreciated. Additionally, the author was grateful to Lillian Tee for research assistance.

** The Institute of Economics, Academia Sinica, Nankang, Taipei 11529, Taiwan, e-mail: ctsay@econ.sinica.edu.tw

The movement of workers is a natural response to differences in labor conditions between markets. In other words, labor migration is a mechanism for adjusting the supply of and demand for labor across economic sectors and geographic divisions. The international migration of workers is distinct in its interaction with boarder controls, institutional arrangements, and cultural differences between countries. In addition to economic elements, many noneconomic factors influence the cross-border mobility of human resources. Compared with internal migration, the market-adjustment mechanism is often more limited at the cross-national level of worker flows.

Political, social, and economic conditions in the sending and receiving countries affect the international migration of workers. International relations and regional interactions further influence the mobility of manpower. The study of cross-country labor migration should assume a broad, regional perspective when considering political, economic, and cultural conditions. Its focus should not be limited to the labor-sending and labor-receiving countries only.

In the past two decades, Japan and the Asian NIEs of Taiwan, South Korea, Singapore, and Hong Kong experienced rapid economic development and demographic transitions. As a result, they all entered a stage of labor shortages and sharp increases in the cost of producing labor-intensive goods. Reinforced by currency appreciation, the new situation induced significant labor flows in East and Southeast Asia. According to estimates by the ILO [1998: 1–2], the volume reached 6.5 million people in 1997.

Between the early 1980s and the mid-1990s, Southeast Asian nations enjoyed significant economic growth. Thailand, Malaysia, the Philippines, and Indonesia became known as the Four Asian Little Tigers. Since mid-1997, however, those countries have been seriously hit by the region-wide financial crisis and have experienced periods of negative growth. Japan and the NIEs have also been affected by the turmoil. Whether these regional economic dynamics have had strong impacts on international labor migration is a question that deserves attention.

Thailand has a long history of exporting labor. In the early years, beginning in the 1970s, most Thai workers headed for the oil-rich countries of the Middle East. More recently the major labor flows from Thailand have been re-directed to the East Asian countries of Japan, Taiwan, Singapore, and Malaysia. Since the early 1990s, Thailand has also become a receiving country for workers from less developed neighboring countries such as Myanmar, Cambodia, and Laos. This unique status makes Thailand an interesting case for the study of international labor migration. For Taiwan, Thailand is the largest supply country of foreign contract workers, accounting for about half the total. Among the destination countries of Thai laborers, Taiwan receives the biggest share, from one-third to one-half. At the same time, Thailand and Taiwan have close linkages through trade and foreign direct investment. For these reasons, this article investigates the relationship between labor migration and structural changes in East Asia by examining the outflows of Thai workers to Taiwan.

## Background and Changes in Labor Outflows

With an area about 14 times larger than Taiwan, Thailand in 2000 had a population of 61 million and a labor force of 33 million. In the earlier stages of development, from the 1960s to the 1980s, Thailand had a very low unemployment rate of 1–2 percent.[1] In those years, slightly more than half of the employed were engaged in the agricultural sector. Agricultural activities are seasonal, however, and therefore a substantial number of laborers have traditionally been underemployed in rural Thailand. Furthermore, the average educational level of the Thai working population is low. More than 80 percent has received no more than six years of basic schooling. Most workers can do only manual work, for which there is a limited demand. As a result, labor underutilization has been a common problem in the kingdom, especially in rural areas.

Because job opportunities were limited and wage levels low in the past, many Thais lived in poverty. The Thai National Statistical Office [Sussangkarn 1995: 238, Table 2] estimates that almost 60 percent of the population lived under the poverty line in the early 1960s. The proportion of Thais who were poor decreased to 40 percent in the late 1960s and to one-third in the mid-1970s, remaining at that level or slightly lower throughout the 1980s. With rapid economic growth in the early 1990s, however, the proportion of Thais who were poor slid from 27 percent in 1990 to 13 percent in 1998 [Soonthorndhada 2001: 101, Table 8]. The high poverty rate in the 1960s and 1970s, especially in rural Thailand, created strong pressure for young adults to work overseas. The employment opportunities and higher wages in the Gulf and other overseas countries were the main pull factors.

Most of the Thai workers who began moving overseas for employment in the 1970s headed for the Middle East, especially to Saudi Arabia. It was rumored that by the mid-1980s some 400,000 Thais were working in the Gulf region, but this number has not been confirmed by official records. According to the register at the Thai Ministry of Labor and Social Welfare, 117,341 Thais went to work overseas in 1982 (Table 1). The great majority of them (97 percent) landed in the Middle East and North Africa. The major host country was Saudi Arabia (nearly 40 percent), followed by Libya (nearly 10 percent), Iraq, and Qatar (not shown in Table 1). In 1989 the registered number of Thai migrant workers going to the Middle East and North Africa was 86,761, just 76 percent of the 1982 figure. Its share in the total volume of Thai workers abroad, however, declined significantly, from 97 to 71 percent. In the same period, the share of Thai workers going to ASEAN countries and East Asia increased substantially, from 3 percent to 25 percent.

1) As a result of the 1997 financial crisis, the unemployment rate jumped from 1.0 percent in 1996–97 to 3.5 percent in 1998–99.

**Table 1** Share of Registered Thai Migrant Workers Going to Selected Host Countries and Regions, 1982–2000

| Region/Country | 1982 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000[a] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Persons | | | | | | |
| 1. Middle East[b] | 114,135 | 86,761 | 27,392 | 22,356 | 23,027 | 18,816 | 25,248 | 19,987 | 22,607 | 17,421 | 17,783 | 18,890 | 9,652 |
| 2. East Asia | 72 | 10,723 | 12,229 | 17,676 | 25,147 | 78,321 | 106,602 | 136,035 | 113,263 | 119,631 | 126,652 | 129,209 | 84,212 |
| Japan | 41 | 3,825 | 4,210 | 6,263 | 6,748 | 5,588 | 8,848 | 8,303 | 10,118 | 10,099 | 10,790 | 5,278 | 3,186 |
| Taiwan | — | — | 111 | 2,237 | — | 66,891 | 91,162 | 120,360 | 96,097 | 100,916 | 106,828 | 115,096 | 73,031 |
| Hong Kong | — | — | 7,908 | 8,431 | — | 5,182 | 5,851 | 5,861 | 4,301 | 3,906 | 4,709 | 4,339 | 3,547 |
| South Korea | — | — | — | — | — | 126 | 186 | 453 | 994 | 1,455 | 1,234 | 1,871 | 2,726 |
| Others | 31 | 6,898 | — | 745 | 18,399 | 534 | 555 | 1,058 | 1,753 | 3,255 | 3,091 | 2,625 | 1,722 |
| 3. ASEAN | 3,134 | 20,580 | 17,263 | 20,801 | 21,505 | 40,279 | 43,885 | 44,746 | 47,678 | 44,301 | 41,346 | 49,898 | 40,471 |
| Singapore | 1,975 | 11,056 | 6,464 | 9,488 | 6,510 | 14,171 | 15,100 | 15,624 | 17,601 | 17,770 | 17,069 | 24,525 | 16,893 |
| Malaysia | 199 | 611 | 2,087 | 2,473 | 2,151 | 11,358 | 12,232 | 11,830 | 9,363 | 8,860 | 9,031 | 17,716 | 18,370 |
| Brunei | 960 | 8,630 | 8,009 | 8,840 | 12,729 | 14,750 | 16,553 | 17,292 | 20,714 | 17,671 | 15,246 | 7,657 | 5,208 |
| Others | — | 283 | 703 | — | 115 | — | — | — | — | — | — | — | — |
| 4. All Others[c] | — | 4,990 | 6,140 | 3,890 | 2,031 | 2,331 | 1,663 | 1,528 | 1,888 | 2,206 | 5,954 | 4,059 | 3,467 |
| Total | 117,341 | 123,054 | 63,024 | 64,723 | 71,710 | 139,747 | 177,398 | 202,296 | 185,436 | 183,559 | 191,735 | 202,056 | 137,802 |
| | | | | | | | Percentage (%) | | | | | | |
| 1. Middle East[b] | 97.27 | 70.51 | 43.46 | 34.54 | 32.11 | 13.46 | 14.23 | 9.88 | 12.19 | 9.49 | 9.27 | 9.35 | 7.00 |
| 2. East Asia | 0.06 | 8.71 | 19.40 | 27.31 | 35.07 | 56.04 | 60.09 | 67.25 | 61.08 | 65.17 | 66.06 | 63.95 | 61.11 |
| Japan | 0.03 | 3.11 | 6.68 | 9.68 | 9.41 | 4.00 | 4.99 | 4.10 | 5.46 | 5.50 | 5.63 | 2.61 | 2.31 |
| Taiwan | 0.00 | 0.00 | 0.18 | 3.46 | 0.00 | 47.87 | 51.39 | 59.50 | 51.82 | 54.98 | 55.72 | 56.96 | 53.00 |
| Hong Kong | 0.00 | 0.00 | 12.55 | 13.03 | 0.00 | 3.71 | 3.30 | 2.90 | 2.32 | 2.13 | 2.46 | 2.15 | 2.57 |
| South Korea | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.09 | 0.10 | 0.22 | 0.54 | 0.79 | 0.64 | 0.93 | 1.98 |
| Others | 0.03 | 5.61 | 0.00 | 1.15 | 25.66 | 0.38 | 0.31 | 0.52 | 0.95 | 1.77 | 1.61 | 1.30 | 1.25 |
| 3. ASEAN | 2.67 | 16.72 | 27.39 | 32.14 | 29.99 | 28.82 | 24.74 | 22.12 | 25.71 | 24.13 | 21.56 | 24.70 | 29.37 |
| Singapore | 1.68 | 8.98 | 10.26 | 14.66 | 9.08 | 10.14 | 8.51 | 7.72 | 9.49 | 9.68 | 8.90 | 12.14 | 12.26 |
| Malaysia | 0.17 | 0.50 | 3.31 | 3.82 | 3.00 | 8.13 | 6.90 | 5.85 | 5.05 | 4.83 | 4.71 | 8.77 | 13.33 |
| Brunei | 0.82 | 7.01 | 12.71 | 13.66 | 17.75 | 10.55 | 9.33 | 8.55 | 11.17 | 9.63 | 7.95 | 3.79 | 3.78 |
| Others | 0.00 | 0.23 | 1.12 | 0.00 | 0.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. All Others[c] | 0.00 | 4.06 | 9.74 | 6.01 | 2.83 | 1.67 | 0.94 | 0.76 | 1.02 | 1.20 | 3.11 | 2.01 | 2.52 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

Source: Numbers of persons were from special tabulations made by Overseas Employment Administration Office, Royal Thai Ministry of Labour and Social Welfare in December 2000.

[a] As of August 2000 [b] Including North Africa [c] Including United States, United Kingdom, Germany, Denmark, Italy, and Australia

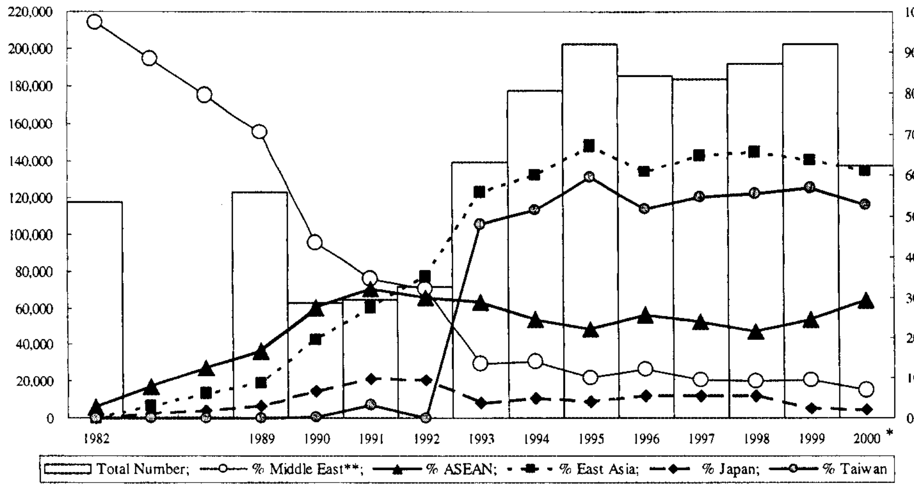


**Fig. 1** Registered Number of Thai Migrant Workers and the Shares for Selected Host Countries and Regions, 1982–2000

Source : Table 1
* As of August 2000
** Including North Africa

In the early 1990s, demand for labor in the oil-producing countries decreased as a result of the drop in oil prices. In addition, Saudi Arabia closed its door to Thai workers in response to several incidents involving Thais. Three officials in charge of labor business in the Saudi Arabia Embassy in Bangkok were murdered, and there were reported cases of theft by Thai maids in the households of Saudi Arabia's royal family. Consequently, the registered number of Thai workers in Saudi Arabia dropped to 9,970 in 1990. Afterward the figure continued to shrink, reaching 1,392 in 1999. For the Middle East and North Africa as a whole, the size of the migrant-worker stream from Thailand declined sharply, from 86,761 in 1989 to 27,392 in 1990. The corresponding market share dropped from 71 to 43 percent.

During the 1980s, East Asia experienced rapid economic growth and structural transformation. This fact, along with demographic, social, and cultural influences, created labor shortages in Japan and the Asian NIEs of Taiwan, Singapore, Hong Kong, and South Korea. There, the demand for foreign workers increased rapidly, and a large number of Thai workers came in response [Tsai and Tsay 2000]. As shown in Table 1, by 1990 the combined share of Thai workers in East Asia and the ASEAN region (47 percent) exceeded that of workers in the Middle East and North Africa (43 percent). The shift in the major migration flows from Thailand is depicted in Fig. 1. As this trend continued, the market shares of the three regions—the Middle East and North Africa, East Asia, and the ASEAN region—became more equal, ranging from 30 to 35 percent in 1992. A year later, however, 56 percent of Thai workers headed to East Asia, while the proportion going to Middle East and North Africa continued to decline and ASEAN's share remained roughly the same. Between 1994 and 2000 the East Asian countries hosted 60 percent or more of the registered Thai workers in the world. Among them, Taiwan played a key role in the shift of direction in Thai labor migration. As I have shown elsewhere [Tsay 1995b; Tsay and Lin 2001], Taiwan started to officially import contract workers from Thailand, the Philippines, Indonesia, and Malaysia in 1989.

Generally speaking, Taiwanese employers like to hire Thai migrant workers because they are diligent, cooperative, and friendly. Since Taiwan legalized labor importation in the 1990s, Thailand has been the most important source country of contract workers in Taiwan. For migrant Thai workers, Taiwan replaced Saudi Arabia as the favored host nation. According to Taiwanese records [Taiwan, Council of Labour Affairs 2001: 168, Table 11-4], the market share of Thais was 69 percent in 1994, with 105,152 workers. During 1995-2001 the number fluctuated between 127,000 and 141,000 while the share declined constantly from 67 to 43 percent. Besides Taiwan, other recent destinations of Thai workers have included Singapore, Malaysia, Brunei, Hong Kong, Japan, and South Korea (Table 1); but the volume of legally imported Thai migrant workers to each of these countries is far smaller than that to Taiwan. It is evident that the market for foreign contract workers in Taiwan has played an important role in the process of labor exportation from Thailand.

## Recent Developments in Labor Migration

*Destinations and Volumes*

Thailand registered an average annual rate of economic growth at 7 percent or higher during 1960-95. The records of 9.9 percent during 1985-90 and 8.3 percent during 1990-95 are most remarkable [Chalamwong 1998: 299; Sussangkarn and Chalamwong 1996: 95-98]. The kingdom has been recognized as a newly industrialized country (NIC). Nonetheless, the rapid development of the past 15 years did not spread evenly across national subdivisions and over economic sectors. The manufacturing industry, especially medium- and high-technology manufacturing, has been concentrated in and around the capital city of Bangkok. The wage gap that existed between Bangkok and other *changwats* (provinces) widened substantially in the 1980s. Economic development has benefited mostly the well educated, by providing them with opportunities for increased earnings and other kinds of income. The improvement in earnings has been much slower for workers with little education [Sussangkarn 1995].

As a result of these factors, the rural-urban income difference has increased. GNP per capita in Bangkok was 4.8 times that of other parts of the kingdom in 1981. The corresponding figures for 1991 and 1995 were 5.6 and 5.5. Low-income Thai workers, especially the rural workforce and the less educated, have thus been motivated to search for overseas jobs promising higher pay. Working abroad is a goal for many who want to

**Table 2** Economic and Demographic Indicators of Major Labor-Exporting and Labor-Importing Countries in East Asia, Recent Years

| Countries | Per Capita GNP (1995)[a] (US dollars) | Rank of Human Development Indicator (HDI)[b] | Mid-year Population, 1998[a] (000s) | Annual Pop. Growth (%)[a] | % of Working Age (15–64) Population[c] 1995 | % of Working Age (15–64) Population[c] 2050 | % of Migratory Age (15–34) Population[a] 1995 | % of Migratory Age (15–34) Population[a] 2050 | Projected Population, 2020[a] (000s) |
|---|---|---|---|---|---|---|---|---|---|
| Labor-importing countries | | | | | | | | | |
| Brunei | 9,386 (est.) | 35 | 325 | 3.1 | 62.8 | 62.8 | 35.2 | 26.0 | 428 |
| Hong Kong | 22,990 | 25 | 6,700 | 3.0 | 70.7 | 52.6 | 33.1 | 19.3 | 6,543 |
| Japan | 39,640 | 8 | 126,380 | 0.2 | 69.6 | 54.1 | 28.3 | 20.4 | 123,809 |
| Singapore | 26,730 | 28 | 3,929 | 1.2 | 70.5 | 58.9 | 34.5 | 24.4 | 4,280 |
| Taiwan | 11,280 | N. A. | 21,894 | 0.8 | 68.6 | 61.2* | 35.7 | 23.6* | 25,025 |
| Labor-importing and -exporting countries | | | | | | | | | |
| Malaysia | 3,890 | 60 | 22,174 | 2.3 | 58.1 | 65.3 | 33.9 | 26.8 | 29,787 |
| Thailand | 2,740 | 59 | 61,201 | 1.0 | 66.7 | 61.6 | 39.5 | 24.3 | 70,503 |
| Labor-exporting countries in Southeast Asia | | | | | | | | | |
| Cambodia | 270 | 140 | 11,662 | 2.4 | 52.4 | 68.7 | 32.1 | 29.1 | 19,295 |
| Indonesia | 980 | 96 | 204,336 | 1.4 | 62.7 | 64.2 | 37.3 | 26.5 | 263,802 |
| Laos | 350 | 136 | 5,354 | 3.0 | 52.2 | 68.7 | 31.6 | 30.4 | 9,339 |
| Myanmar | 765 (est.) | 131 | 47,602 | 1.8 | 58.5 | 66.9 | 36.5 | 27.1 | 64,319 |
| Philippines | 1,050 | 98 | 72,070 | 2.0 | 58.3 | 66.1 | 35.2 | 27.0 | 99,948 |
| Vietnam | 240 | 122 | 78,925 | 1.8 | 57.8 | 66.9 | 36.9 | 26.5 | 104,170 |
| Labor-exporting countries in South Asia | | | | | | | | | |
| Bangladesh | 240 | 147 | 124,178 | 1.6 | 57.5 | 66.5 | 34.1 | 26.7 | 104,170 |
| Pakistan | 460 | 138 | 141,680 | 2.7 | 52.7 | 67.5 | 33.9 | 28.8 | 247,802 |
| Sri Lanka | 700 | 90 | 18,459 | 1.0 | 63.5 | 61.7 | 35.5 | 25.0 | 23,072 |

Sources: [a] [ESCAP 1998]
[b] [World Bank 1998: 21, Table 1.3]
[c] [Hugo 1998: 13, Table 6]
* Taiwan data for 2036 [Taiwan, CEPD 1996]

improve their economic position and social status.

Table 2 presents economic and demographic indicators for major labor-exporting and labor-importing nations in East Asia. Compared with most labor-receiving countries, Thailand (as of 1995) appears to have a slightly higher percentage of its population in nonworking ages, whereas the Thai population is clearly more migratory (39.5 percent aged 15–34). The data reveal a greater push factor in the Thai population structure. Economically speaking, Thailand is far behind the labor-importing countries. In 1995 Japan's GNP per capita was 14.5 times that of Thailand. Taiwan's was 4.1 times greater than Thailand's, despite being the lowest GNP per capita among major labor-importing countries. For Singapore and Hong Kong, the difference ranged between 8 and 10 times greater. Malaysia, the other labor-exporting and labor-importing nation, had a GNP per capita 42 percent higher than Thailand's. It is evident that all these countries have exerted a pull force on Thai workers.

**Table 3** Estimates of Illegal Foreign Workers in Some Major East and Southeast Asian Countries by Source of Workers

| Source of Workers | Japan[a] (1997) | Korea[b] (1998) | Taiwan[c] (1996) | Malaysia[d] (1996) | Thailand[e] (1996) |
|---|---|---|---|---|---|
| East Asia | | | | | |
| China | 38,957 | 53,429 | — | — | — |
| Korea | 52,854 | — | — | — | — |
| Taiwan | 9,403 | — | — | — | — |
| Southeast Asia | | | | | |
| Cambodia | — | — | — | — | 81,000 |
| Indonesia | — | 1,013 | 2,700 | 475,200 | — |
| Malaysia | 10,926 | — | 400 | — | — |
| Myanmar | 5,957 | — | — | 25,600 | 810,000 |
| Philippines | 42,627 | 6,302 | 5,150 | 9,600[f] | — |
| Thailand | 38,191 | 2,528 | 6,000 | 8,000 | — |
| Vietnam | — | 3,181 | — | — | — |
| South Asia | | | | | |
| Bangladesh | 5,865 | 6,940 | — | 246,400 | — |
| Pakistan | 4,766 | 3,350 | — | 12,000 | — |
| Others | 72,242 | 18,285 | 5,750 | 23,200 | 109,000 |
| Total | 281,157 | 95,627 | 20,000 | 800,000 | 1,000,000 |

[a] Overstayers, end of 1997 [Watanabe 1998: 246, Table 6]
[b] Overstayers, June 1998 [Park 1998: 230, Table 5]
[c] Estimate based on overstayers and apprehensions [Lee 1998: 163–165]
[d] Estimate based on 1996 regularization [Kassim 1998: 7–9]
[e] Estimate based on 1996 regularization [Chalamwong 1998: 305–307]
[f] Add approximately 150,000 Filipinos still irregular in Sabah

According to the registration data shown in Table 1, the volume of labor outflow during 1995–99 was around 200,000 Thais each year. Owing to coverage problems and confusion over the concepts of stock and flow, the registration data probably underestimate the actual situation. As labor-importing countries have different policies and regulations, there are quite sizable numbers of illegal Thai workers in those nations. According to the estimates for the late 1990s presented in Table 3, the number of illegal Thai workers in Japan (in 1997) was 38,191. The figures for South Korea, Taiwan, and Malaysia, were approximately 2,500, 6,000, and 8,000, respectively. Taking into account incomplete registration coverage and the prevalence of illegal workers, I believe that the number of Thais working abroad was about a half million during 1995–97. About 30 percent of them were in Taiwan, with the majority (130,000 to 140,000) having been legally imported and the rest illegally imported.

Owing to Japan's restrictive immigration policy, most foreign workers there are illegal. For Thailand, the official records show that the volume of annual flows to Japan was close to 10,000 during 1994–98 (Table 1). Basing his estimate on the number of overstayers, Watanabe [1998: 246] reports that the number of illegal Thai workers in Japan in July 1997 was 38,191. In Thailand it is believed that the number could well be double that estimate, or around 80,000 [Sussangkarn 1995: 249]. These disparate data indicate considerable uncertainty about the number of Thai workers in Japan.

Singapore and Malaysia are the two neighboring countries of Thailand that received some Thai workers. In 1989 the registered number of Thais working in Singapore was around 11,000. It decreased substantially in 1990 and 1992, before jumping to over 14,000 in 1993. Between 1993 and 1999, the annual number rose from 14,171 to 24,525, accounting in the latter year for 12 percent of the total number of Thai workers abroad. The number of Thais in Malaysia also rose sharply in the 1990s, from 2,000 to nearly 18,000. As in the case of Singapore, the increase was particularly remarkable between 1992 and 1993 and between 1998 and 1999. With a long border between the two nations, it would not be difficult for Thai migrants to enter and work in Malaysia illegally. Using data on regularization, Kassim [1998: 5] estimates the stock at 8,000 in 1996.

Brunei is another important destination for Thai migrant workers. The registered volume of annual flows was 8,000–9,000 between 1989 and 1991 (Table 1). It increased gradually, reaching a peak of almost 21,000 in 1996, then declined to 15,000 in 1998. In 1999 it dropped precipitously to 7,657 and continued to decline in 2000. For Hong Kong the registered number of annual migrants was about 8,000 in the early 1990s, and then decreased to around 4,000 in the rest of the decade. South Korea, despite having a need for foreign workers, has accepted them mainly as trainees in limited numbers. The annual number of Thais going to work legally in South Korea was far less than a thousand until 1997. It then increased to almost 2,000 in 1999 and was nearly 3,000 in mid-2000 (Table 1).

*The Foreign Workforce in Thailand*

There are two types of foreign workers in Thailand: white-collar workers—that is, professionals and technicians—and laborers. Some of the foreign professionals and technicians have lived in the kingdom for a long time. Others are recent arrivals who work for multinational corporations or large enterprises. Many arrived when the economy was booming, between the mid-1980s and mid-1990s. The size of the semi-permanent foreign white-collar workforce has remained at around 140,000. The number of new arrivals rose from 17,881 in 1988 to 30,186 by 1991 [Chalamwong 1998; Sussangkarn 1995]. This trend reflects the economic development and structural change that took place in Thailand in the 1980s and 1990s.

The annual growth rate in the value of Thailand's manufacturing exports was 25 percent in 1991 (Table 4). For the manufacturing exports of middle and high technology, the rate was nearly 40 percent, while that of labor-intensive commodities was 12 percent. As a result, in 1993 the share of the middle- and high-technology commodities in the total value of manufacturing exports (37.4 percent) exceeded that of the labor-intensive commodities (34.5 percent). These developments created a strong demand for skilled workers and professionals. Given that it takes time to upgrade the level of education and

**Table 4** Value of Manufacturing Exports from Thailand, Selected Years, 1989–96

Unit: Million Baht

| Type of Export Commodities | 1989 | 1991 | 1993 | 1996[a] |
|---|---|---|---|---|
| Labor-intensive commodities | | | | |
| Export value | 177,527 | 223,761 | 259,602 | 324,409 |
| Annual growth (%) | — | 12.27 | 7.71 | 7.71 |
| Middle-/high-technology commodities | | | | |
| Export value | 90,182 | 176,314 | 281,441 | 567,595 |
| Annual growth (%) | — | 39.82 | 26.34 | 26.34 |
| Others | | | | |
| Export value | 86,445 | 153,113 | 211,514 | 343,423 |
| Annual growth (%) | 33.09 | 17.53 | 17.53 | 17.53 |
| Total | | | | |
| Export value | 354,154 | 553,188 | 752,557 | 1,235,427 |
| Annual growth (%) | — | 24.98 | 16.64 | 17.97 |
| Percentage distribution | | | | |
| Labor-intensive commodities | 50.13 | 40.45 | 34.50 | 26.26 |
| Middle-/high-technology commodities | 25.46 | 31.87 | 37.40 | 45.94 |
| Others | 24.41 | 27.68 | 28.11 | 27.8 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 |

Source: [Thailand, Bank of Thailand 1989–93: Tables 7, 9]

[a] Estimate based on the average growth rate for 1991–93

training of a labor force, it is not surprising that Thailand began to experience a serious manpower shortage at higher skill levels. The situation was particularly acute in the fields of scientific and industrial research and development, and in business management.

Economic development and structural change in Thailand have also attracted huge numbers of foreign workers from neighboring countries, mainly Myanmar, Cambodia, and Laos. As shown in Table 2, those three countries are far behind Thailand in their economic development. Demographically, they all reveal a high potential for labor out-migration. The foreign workers, some of whom are refugees, initially scatter along the border and then spread into the interior of the kingdom. The best-known place for foreign workers is Changwat Ranong on the Burmese border. Most of them work in agriculture, construction, cottage industries, small manufacturing, and personal services. A majority of them enter Thailand illegally and remain in Thailand without legalizing their status.

The population of undocumented foreign workers is believed to be quite large. Stern [1997: 243] estimates it at 200,000 to 300,000 in the early 1990s. Chalamwong [1998: 309] estimates the number for 1996, the year before the 1997 financial crisis, at 1 million. Of those, 810,000 were from Myanmar, 81,000 from Cambodia, and 109,000 from Laos and other South Asian countries (Table 3). The International Labour Organization [1998: 7–8] reports that the financial crisis reduced the number of foreign workers in Thailand by 460,000 in the second half of 1998.

*Labor Importation Policies* [2)]

The world has acknowledged East Asia's success in the 1970s and 1980s in managing the region's national economies to achieve rapid economic growth. Now most of the Asian nations face a new challenge: managing migration. There are about 3 million foreign workers in the major labor-importing countries of East and Southeast Asia—Japan, Taiwan, South Korea, Hong Kong, Singapore, Brunei, Malaysia, and Thailand. Most of them come from the five main exporting nations of the region—Indonesia, the Philippines, China, Thailand, and Malaysia. Will the Asian nations provide the world with another "miracle" in the management of labor migration? Abella [1995] notes that the process through which Asian nations opened their doors to foreign workers was very similar to that of Western Europe and North America. When countries found themselves short of labor in particular sectors after domestic reservoirs of flexible labor were exhausted, they permitted or tolerated the entry of foreign workers.

Asia may have simply delayed rather than avoided the dilemmas associated with importing foreign workers. The countries now importing foreign workers can be ranked along a policy spectrum ranging from denial to management. At the denial end of the spectrum are Japan and South Korea, whose immigration laws do not permit the importation of unskilled foreign workers. There, unskilled foreign workers are students, trainees, or illegal workers. At the other end of the spectrum, Singapore has announced that it considers foreign workers to be an instrument of economic policymaking. Foreign workers are to be imported when needed, charged significant fees that increase government revenues, and sent home when they are not needed.

In between those extremes are countries such as Taiwan and Hong Kong, which recognize the need for guest workers. Their policies, however, zigzag as they are tugged first by labor-short employers to permit more foreign workers to enter, or to let those already there stay longer, and then persuaded by unions and other critics of foreign workers to reduce their number or to tighten restrictions on them. Malaysia and Thailand represent special cases of countries that both import and export labor. Both countries' workers seek high-wage jobs abroad, but the number of workers from poorer countries seeking to enter these fast-growing economies is rising sharply. Both countries have long borders with less affluent neighbors, making it impossible for them to keep out unskilled foreign workers without great effort.

The sending countries of the Philippines, Indonesia, and China have announced that exporting labor is a crucial part of their economic development plans for the next decade. All three countries would like to upgrade their labor exports by exporting higher-wage skilled labor rather than unskilled workers, and to better protect unskilled workers

---

2) This subsection draws heavily on Martin, Mason, and Tsay [1995: 117–123]. More recent discussions can be found in Athukorala and Manning [1999], Kimura and Hayase [2000], Hayase and Tsay [2001], and Stahl [1999].

abroad. Nevertheless, it is hard to see how they can achieve this goal, given that other labor-exporting countries are eagerly competing to supply workers to the international labor market.

East Asian nations have credibility in economic policymaking. But the new challenge of managing migration is an area in which they have little credibility. A growing gap exists between policies that prohibit the importation of unskilled foreign workers and the reality that such workers comprise over 1 percent of their workforces. Similarly, in labor-exporting nations, governments have little credibility when they promise to prevent the exploitation of migrants but allow migrants to be exploited by recruitment agents at home and employers abroad.

Three general trends in Asian labor migration affect prospects for labor-exporting nations. First, it appears that the "need" for additional skilled and unskilled laborers will persist throughout the region. Second, labor-short nations such as South Korea and Japan may try to hire foreign workers as trainees, both to avoid acknowledging their own dependence on foreign workers and to pay migrant workers lower wages. Third, migrant workers seem to be staying abroad much longer, demonstrating the axiom that there is nothing more permanent than temporary workers.

*The Financial Crisis*

In July 1997 the Asian financial crisis started in Thailand. Spreading rapidly into most East and Southeast Asian countries, it was called the *dom yam kuong*[3] Disease. The extent of a financial crisis can be expressed by the misery index, which is the percentage sum of currency devaluation and decline in stock prices. The upper panel of Table 5 shows that, in both June–December 1997 and June 1997–June 1998, South Korea, Indonesia, Malaysia, and Thailand were the four most affected countries. The data further indicate a recovery period in 1999 for the heavily affected economies of South Korea and Indonesia, while Taiwan and the Philippines did not perform as well. Indonesia, South Korea, Thailand, and the Philippines were hit by an economic downturn again in 2000. From mid-1997 to the end of 2000, Singapore, Hong Kong, and Japan suffered less in the crisis than the other economies.

Because of the crisis the Thai economy grew at −0.4 percent in 1997 and at −5.5 percent in 1998; it did not register positive growth (of 1 percent) until 1999 [Soonthorndhada 2001: 93–94]. Compared with other countries in the region, the economic performance of Thailand was unsatisfactory from June 1997 to December 2000. Unemployment increased from 290,000 in August 1997 (0.87 percentage rate) to 1.13 million jobless and an unemployment rate of 3.45 percent in August 1998. In the year from mid-1997 to mid-1998, about 630,000 workers were laid off by 7,537 enterprises. As economic conditions deteriorated, the unemployment rate surged to 5.6 percent and the number of

3) *Dom yam kuong* (spicy and sour prawn soup) is a popular and well-known Thai dish.

**Table 5** Extent of Currency Devaluation and Decline in Stock Prices in Selected East and Southeast Asian Countries, June 1997 to December 2000

Unit: %

| Country | Currency Devaluation[a] | Decline in Stock Prices | Currency Devaluation[a] | Decline in Stock Prices |
|---|---|---|---|---|
| | June 1997–Dec. 1997 | | June 1997–June 1998 | |
| South Korea | 47.6 | 49.5 | 35.3 | 60 |
| Indonesia | 52.3 | 44.6 | 83.6 | 38.5 |
| Malaysia | 34.9 | 44.8 | 39 | 57.7 |
| Thailand | 46.1 | 29.3 | 38.7 | 49.3 |
| Philippines | 34.3 | 33.5 | 37.3 | 40.9 |
| Japan | 12 | 25.9 | 18.3 | 23.2 |
| Singapore | 14.7 | 23 | 15.4 | 46.3 |
| Hong Kong | 0 | 29.4 | 0 | 43.8 |
| Taiwan | 14.8 | 9.3 | 19 | 16.4 |
| | Dec. 1998–Dec. 1999 | | Dec. 1999–Dec. 2000 | |
| South Korea | − 5.5 | − 82.8 | 10.4 | 50.9 |
| Indonesia | − 13.4 | − 70.1 | 26 | 38.5 |
| Malaysia | 0 | − 38.6 | 0 | 16.3 |
| Thailand | 2.4 | − 35.4 | 13.3 | 44.1 |
| Philippines | 0 | − 8.8 | 19.2 | 30.2 |
| Japan | − 13.3 | − 36.8 | 10.8 | 27.2 |
| Singapore | 0.4 | − 78 | 3.9 | 22.3 |
| Hong Kong | 0.3 | − 68.8 | 0.4 | 11 |
| Taiwan | − 2.5 | − 2.3 | 3.2 | 36 |

[a] In terms of the exchange rate against the US dollar

jobless was close to 2 million. The problem of *under*employment was also very serious. According to the government's labor force surveys, the number of employed who worked for less than 35 hours a week rose from 2.43 million in February 1997 to 4.41 million in February 1998, representing an increase of 2 million in one year [Thailand, NSO 1998].

To ease the effects of the crisis on the labor market, the Thai government cracked down on illegal foreign workers. At the same time, the labor authority was eager to send more Thai workers abroad to earn urgently needed foreign exchange. The two approaches were aimed at releasing the pressure of unemployment and underemployment. For Thai workers, especially those in rural places, the crisis created a strong desire to find jobs overseas. As Table 5 shows, however, all the host countries of Thai migrant workers in East Asia were also affected by the crisis and suffered from negative or little growth. The regional situation was so unfavorable for the Thai government's Program of Encouraging Labor Exportation that its efforts had very limited success [Chantavanich 2000; Soonthorndhada 2001].

During 1997–99, Malaysia was also seriously hit by the crisis. Illegal migrant workers in Malaysia were estimated at 800,000 in 1996 (Table 3). As in Thailand, the government of Malaysia took aggressive actions to apprehend and expel undocumented foreign laborers during the economic turndown. In the long run, however, Malaysia will need workers from abroad after the crisis ends [Kassim 1998; Pillai 1998]. In Singapore the volume of foreign workers to be accepted by the government will continue to be determined by the economic benefits of guest workers and the social costs associated with their presence.

In Japan, where the policy has been to deny the entry of unskilled workers from abroad, foreigners are permitted to work as trainees at discounted wage rates [Abella and Mori 1996; Athukorala and Manning 1999: 27–56; Oishi 1995; Okunishi 1995]. Despite the strict regulations, substantial numbers of irregular foreigners have been working illegally in Japan. The estimated number for 1997 was 281,157. About 14 percent of them are Thais (Table 3). It is believed that some of the illegal foreign workers in Japan are trainees who left their original employers to take higher paying jobs elsewhere in the country. According to Watanabe [1998], the recent decline in the illegal workforce was due mainly to tighter immigration control rather than the effects of the economic crisis. The wages of foreign workers, however, especially of illegal ones, were affected by the crisis.

The crisis affected Taiwan less than other countries in East and Southeast Asia except in 1999 (Table 5). Taiwan's liberal policy of labor importation has exerted a strong pull force on foreign workers, particularly Thais. In 1999 the performance of the Taiwan economy was the poorest among the East and Southeast Asian countries, partly because of the earthquake that struck the country in September of that year. The economic position of Taiwan improved only moderately in 2000. However, the stock of contract workers increased from 270,620 at the end of 1998 to 324,909 in January 2001. Given the existing economic conditions and trends, the Taiwanese manufacturing industry will continue to demand foreign workers. For some time the demand could be particularly strong for low-skilled laborers in that sector.

As a result of industrial restructuring in Taiwan, the demand for labor is expected to shift to highly skilled professionals [Lee 1998]. With the relocation of traditional manufacturing overseas, the demand for low-skilled workers will eventually decline relative to the demand for highly skilled workers. At the same time, the demand for health care and household services will continue to grow as the Taiwanese population ages and living arrangements change. This pattern has been observed in the most recent statistics [Tsay and Lin 2001]. In response to the 1997–98 crisis, Taiwan initiated the Program of Enlarging Domestic Demand. A major portion of the program concentrates on the construction of public infrastructure, an activity employing large numbers of relatively low-skilled workers. The demand for such workers increased with the need for reconstruction projects after the earthquake in September 1999. As pointed out earlier, Thailand supplies more than 90 percent of the imported construction workers in Taiwan. Unfortunately, the continued economic downturn in 2001–02, with a record-high unemployment rate of 5 percent, has forced Taiwan to review its labor importation policy. It recently decided to keep the number of foreign contract workers under 300,000.

## Foreign Workers in Taiwan

*Labor Importation*

The inflows of migrant workers to Taiwan became significant in the mid-1980s, when a sizable number of laborers from Southeast Asian and other countries were observed in the manufacturing and construction industries and in the household sector [Tsay 1993; 1995a; 1995c]. Almost all of them entered as tourists and then overstayed their visas and illegally engaged in paid employment. According to my own estimate, the illegal foreign workforce stood at more than 50,000 by the end of 1989 [Tsay 1992: 653]. Some estimates, however, place the number as high as 100,000 clandestine migrant workers [*ibid*.: 637–639]. The existence of a very large number of undocumented foreigners working in the country presented major challenges for officials charged with their management and deportation. Concurrently, there was a general acceptance of the need to augment the labor supply. The authorities were pressured to grant special permissions allowing the importation of contract laborers to expedite several major public construction projects and to alleviate labor shortages in local manufacturing firms; and in 1989 Taiwan officially opened its labor market to foreign workers without having a solid legal ground. Two waves of contract laborers came to Taiwan in late 1989 and 1991 to meet the need of the construction industries involved in key national development projects and to supplement the shortages of manufacturing labor; but strictly speaking, the importation of those workers was unlawful. In May 1992 the government promulgated the Employment Services Act to provide a legal basis for labor importation.

Although the history of legal importation of foreign workers to Taiwan goes back only a decade, the liberalization process was quite rapid, resulting in a huge surge of contract workers from the four designated source countries: Indonesia, Malaysia, the Philippines, and Thailand. Vietnam was added to the list of labor-providing countries in 1999. The total volume of imported workers jumped from 3,000 in 1991, to 16,000 in 1992, to almost 100,000 in 1993, and then to 152,000 in 1994. The sharp increase was due to both the expansion of the importation schemes and the rise in the number of workers imported for existing schemes [Tsay 2000].

Between the end of 1995 and January 2001, the number of imported laborers continued to grow, rising from 189,000 to 325,000, a 71 percent increase. Table 6 reveals that Thailand has been the biggest supplier of import labor, followed by the Philippines and Indonesia. At the end of January 2001, Thai workers (141,179) accounted for 43 percent of the total 324,909 contract laborers, while the share of Filipinos and Indonesians was 30 and 24 percent, respectively. The number of Malaysian workers, never very large, has become neglible in recent years. In contrast, Vietnamese workers have just entered the

**Table 6** Foreign Contract Workers in Taiwan, by Nationality and Industry: January 2001

| Industry | Indonesia | | Philippines | | Thailand | | Vietnam | | Total | | Foreign Workers as % of Employees |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number | % | Number | % | Number | % | Number | % | Number | % | |
| Total | 78,251 | 100.00 | 97,285 | 100.00 | 141,179 | 100.00 | 8,194 | 100.00 | 324,909 | 100.00 | 5.61[a] |
| Agriculture (Crewmen) | 514 | 0.66 | 525 | 0.54 | 9 | 0.01 | 125 | 1.53 | 1,173 | 0.36 | |
| Manufacturing | 12,867 | 16.44 | 60,512 | 62.20 | 102,992 | 72.95 | 4,821 | 58.84 | 181,192 | 55.77 | 7.44 |
| Food manufacturing | 372 | 0.48 | 1,440 | 1.48 | 2,661 | 1.88 | 198 | 2.42 | 4,671 | 1.44 | 4.38 |
| Textiles mill products | 2,147 | 2.74 | 6,370 | 6.55 | 22,804 | 16.15 | 830 | 10.13 | 32,151 | 9.90 | 21.76 |
| Wearing apparel | 173 | 0.22 | 1,374 | 1.41 | 1,183 | 0.84 | 420 | 5.13 | 3,150 | 0.97 | 3.56 |
| Leather & fur products | 140 | 0.18 | 315 | 0.32 | 1,431 | 1.01 | 23 | 0.28 | 1,909 | 0.59 | 5.46 |
| Wood & bamboo products | 631 | 0.81 | 196 | 0.20 | 796 | 0.56 | 10 | 0.12 | 1,633 | 0.50 | 5.86 |
| Furniture & fixtures | 24 | 0.03 | 26 | 0.03 | 246 | 0.17 | 0 | 0.00 | 296 | 0.09 | 0.61 |
| Pulp, paper & paper products | 503 | 0.64 | 736 | 0.76 | 2,501 | 1.77 | 49 | 0.60 | 3,789 | 1.17 | 5.69 |
| Printing processings | 20 | 0.03 | 38 | 0.04 | 164 | 0.12 | 0 | 0.00 | 222 | 0.07 | 0.37 |
| Chemical matter | 184 | 0.24 | 395 | 0.41 | 1,281 | 0.91 | 111 | 1.35 | 1,971 | 0.61 | 2.63 |
| Chemical products | 125 | 0.16 | 454 | 0.47 | 1,106 | 0.78 | 57 | 0.70 | 1,742 | 0.54 | 2.56 |
| Rubber products | 154 | 0.20 | 427 | 0.44 | 4,022 | 2.85 | 182 | 2.22 | 4,785 | 1.47 | 11.65 |
| Plastic products | 767 | 0.98 | 2,665 | 2.74 | 7,602 | 5.38 | 412 | 5.03 | 11,446 | 3.52 | 6.34 |
| Nonmetallic mineral | 516 | 0.66 | 1,223 | 1.26 | 4,881 | 3.46 | 247 | 3.01 | 6,867 | 2.11 | 8.10 |
| Basic metal industries | 955 | 1.22 | 1,666 | 1.71 | 8,320 | 5.89 | 105 | 1.28 | 11,046 | 3.40 | 10.32 |
| Fabricated metal | 1,218 | 1.56 | 3,604 | 3.70 | 13,076 | 9.26 | 155 | 1.89 | 18,053 | 5.56 | 6.93 |
| Machinery & equipment | 574 | 0.73 | 1,475 | 1.52 | 5,651 | 4.00 | 62 | 0.76 | 7,762 | 2.39 | 4.42 |
| Electrical & eletronics | 3,426 | 4.38 | 34,114 | 35.07 | 14,518 | 10.28 | 1,621 | 19.78 | 53,679 | 16.52 | 8.87 |
| Transportation equipments | 390 | 0.50 | 1,356 | 1.39 | 5,954 | 4.22 | 128 | 1.56 | 7,828 | 2.41 | 5.89 |
| Precision instruments | 44 | 0.06 | 551 | 0.57 | 280 | 0.20 | 86 | 1.05 | 961 | 0.30 | 3.04 |
| Miscellaneous industrial products | 504 | 0.64 | 2,087 | 2.15 | 4,515 | 3.20 | 125 | 1.53 | 7,231 | 2.23 | 10.09 |
| Construction | 727 | 0.93 | 2,013 | 2.07 | 32,893 | 23.30 | 432 | 5.27 | 36,065 | 11.10 | 8.36 |
| Social & Personal Services | 64,143 | 81.97 | 34,235 | 35.19 | 5,285 | 3.74 | 2,816 | 34.37 | 106,479 | 32.77 | 25.01 |

Source: [Taiwan, Council of Labour Affairs 2001: 168, Table 11–4]
[a] Nonagricultural employees only

market and by January 2001 accounted for 2.5 percent of the total imported workforce.

The data in Table 6 indicate a sharp contrast between the industrial structure of Thai workers and that of Filipinos, Indonesians, and Vietnamese. Seventy-three percent of Thais are engaged in manufacturing employment, 23 percent work in construction jobs, and 4 percent are service workers. Among Filipinos, 62 percent are in the manufacturing sector, 2 percent are in the construction industry, and 35 percent work as health-care or household-service providers. The industrial structure of Indonesian workers is similar to that of the Filipinos, with a huge proportion (82 percent) in the service sector and a small share (1 percent) in construction. In the case of Vietnamese, almost two-thirds (59 percent) work in manufacturing and one-third (34 percent) are service providers.

A closer look at Table 6 suggests that contract workers are segregated by nationality. Among the 36,065 contract workers employed by the construction sector, 91 percent are Thais. The share of Filipinos, Indonesians, and Vietnamese is only 6 percent, 2 percent, and 1 percent, respectively. On the contrary, the great majority of the 106,479 imported service workers are Indonesians (60 percent) and Filipinos (32 percent). For manufacturing employment, the market share is 57 percent for Thais, 33 percent for Filipinos, 7 percent for Indonesians, and 3 percent for Vietnamese. Thai laborers are fairly widely distributed across the manufacturing industries, with some concentration in textiles, electrical and electronics industries, fabricated metals, and basic metals. For the Filipinos, 56 percent of the manufacturing workers (or 35 percent of the total) are in the electrical and electronics industry, followed by 11 percent in the textile industry (which accounts for 7 percent of the total). The Vietnamese tend to be concentrated in electrical and electronics industries and in textiles. Although Indonesians are less evenly distributed in the manufacturing industries than Thais, their distribution is less concentrated than that of Filipinos.

In sum, irregular migrant workers emerged in the labor market of Taiwan in the mid-1980s. In late 1989 the market was opened for the first time to contract laborers from Southeast Asia, although the legal basis for importing workers was not provided until the Employment Services Act was promulgated in May 1992. After that, the industrial coverage of importation schemes expanded and the number of contract workers increased rapidly. Virtually all industries in the manufacturing and construction sectors, as well as households in need of services found it easy to qualify for permits to use workers from abroad. In just a decade the number of foreign workers rose to the current level of about 325,000. The rapid increase in the number of care providers in recent years has been particularly remarkable.

After the legalization of labor importation and the subsequent sharp increase in the volume of foreign workers, the labor market in Taiwan changed significantly. Over the past few years the unemployment rate has shot up and the length of unemployment prolonged. Concurrently the growth rate of wages has slowed. All these changes occurred about two years after the rapid expansion in labor-importation schemes. It is thus reasonable to hypothesize that foreign workers have had some negative effects on the employment prospects of local workers. Recent analyses based on survey data [Tsay and Lin 2001] support this hypothesis, at least in part.

### *Thai Contract Workers*

Taiwan is the major destination of Thai nationals working abroad, accounting for nearly one-third of the total. In Taiwan, Thai contract workers represent half of the whole imported labor force. For both the sending and receiving countries, it is important to understand the migration outcomes of Thai workers. The main reason given by Thais for moving to work in Taiwan is the pursuit of higher pay. Therefore in 1999 I conducted a survey of Thai migrant workers in Taiwan[4] to gain a better understanding of their working and living conditions. In addition, my staff and I used the survey data to compare their situation with that of Thai workers in Japan, Singapore, and Malaysia [Chantavanich *et al.* 2001].

A total of 183 Thai workers in Taiwan were successfully interviewed using "snow-ball" sampling method [Tsay and Lin 1999]. The study examined the characteristics of Thai migrant workers in two major industries: manufacturing and construction. The survey data indicate that all Thai workers were under age 40, but construction workers were on average older than manufacturing workers. The general level of educational attainment was limited. The majority (71 percent) of all workers had received no more than a primary education. The level was especially low among construction workers. Almost all Thai workers had not participated in any skill-training programs before coming to Taiwan. Most of them had no prior experience of working in another country.

Most of the workers were not household heads, a finding that indicates they were probably not the only breadwinner in the family. This was particularly true among construction workers. With regard to household income, the largest group (58 percent) earned less than 10,000 baht per month, followed by those earning 10,000–20,000 baht (25 percent). (In 1999, one US dollar was equivalent to 42.5 Thai baht.) A strong rural and agricultural background characterizes Thai workers in Taiwan. Some of them may be underemployed or even unemployed. We found that more than half of the respondents were hesitant to reveal their individual income, and reported ones indicated a low level, averaging about 5,000 baht per month.

As contract workers, most Thai migrants (78 percent) had been in Taiwan for less than a year. Their travel and job arrangements were all made by recruiters in Thailand. They were well informed about the working and living conditions in Taiwan. But the amount of money they paid to work in Taiwan was extremely high in relation to their potential wage rate in Thailand. Over 90 percent of the respondents had paid more than 80,000 baht, 48 percent had paid more than 140,000 baht, and 43 percent had paid 80,000–140,000 baht. The cost of migration is substantially higher for construction workers than for those in the manufacturing sector. Just to pay back the migration cost, the Thai workers would have to work for at least half a year without spending any income.

Almost all the Thai workers took on debt to migrate. They were financed mostly by private lenders or through informal channels. The high interest rates charged by the private lending agencies in the underground market may explain part of the high

---

4) The 1999 Survey of Thai Migrant Workers in Taiwan was a component of the Research Project on Thai Migrant Workers in East and Southeast Asia, coordinated by the Asian Research Center for Migration (ARCM) at Chulalongkorn University in Bangkok [Chantavanich *et al.* 2001]. The fieldwork supervisor of the survey was Samarn Laodumrongchai of ARCM. His successful conduct of the interviews is greatly appreciated.

migration cost. It is likely that the migrant workers did not have the required guarantee to apply for loans from the formal financial institutions. One way to address this problem is to involve Thai authorities in charge of labor exportation. The Thai government should be able to act as a guarantee to the banks for the migrant workers so that they can obtain credit loans at the market rate. Without having to pay the high interest rates of the underground market, the cost to migrants could be substantially reduced.

Most Thai workers in Taiwan are satisfied with their migration outcomes, as evidenced by respondents' indications of job fit and higher incomes. All the Thai contract workers we surveyed were paid more than the minimum wage (NT$ 15,840 a month) in Taiwan, which was equivalent to US$ 500 in 1999. Most of them earned more than this level by working overtime. Median earnings were close to NT$ 25,000 a month, remarkably higher than their income in Thailand. Construction workers earned more than their manufacturing counterparts by taking on more overtime work. Probably as a result of differences in the nature of their work, construction workers reported far less satisfaction with their jobs than manufacturing workers when asked whether their job expectations had been realized.

Almost all the Thai workers (89 percent) were satisfied with their earnings in Taiwan, though the proportion was higher in the construction group than in the manufacturing category. The construction workers earned more than the manufacturing workers on average; even so, far fewer of them said they were highly satisfied with their income. Most construction workers (77 percent), however, indicated that they were paid fairly for their work. These findings reflect the hardship of construction work and the large amount of overtime worked in the industry. Compared with construction workers, larger percentages of manufacturing workers were both highly satisfied with their earnings and dissatisfied with their earnings. This finding is probably related to the relative ease of manufacturing work and reduced opportunities to work overtime for extra income in that industry.

Thai workers reported some problems in their workplace in Taiwan. The construction workers experienced more difficulties with their job and workplace than did manufacturing workers and they also had more health problems. More than half of the construction workers claimed that their health had deteriorated, whereas the figure for the manufacturing workers was only 9 percent. The most serious problem of the Thai workers as a whole was loneliness. Their social isolation represents a serious psychic cost of migrating to work in Taiwan. The mental health of Thai workers deserves more attention from labor management.

In sum, the migration outcomes of Thai workers in Taiwan are generally satisfactory. Of course, there are some problems with the work, the workplace, and the living environment. The problems are particularly serious among the construction workers, even though their earnings are higher than those of manufacturing workers. The violent conflicts that recently broke out between Thai and Filipino workers at a major construction site in central Taiwan indicate a need to address foreign workers' concerns. More efforts should be made by employers, recruiters, the governments, and the workers themselves to avoid similar tragedies in the future.

## Summary and Conclusion

International labor migration is an adjustment mechanism for responding to differences in labor market conditions among countries. Noneconomic factors such as international relations and regional conditions also spur cross-border movement. The study of international labor migration should not be limited to the economic and labor market considerations in the sending and receiving countries. Migration systems need to be understood in a regional perspective. In addition to economic elements, research should consider the social and cultural background of migrants and the receiving areas, and the policies and regulations affecting foreign workers.

Because of internal economic, social, and demographic factors, Thais have a long history of working abroad. In the 1970s and 1980s, most Thai migrants sought employment in the Middle East. Between the late 1980s and early 1990s, East Asia, including the ASEAN countries, replaced the Gulf Area as the major destination of Thai workers. The shift in migration direction was due mainly to the decline in oil prices but also in part to noneconomic factors. At the same time, Japan, the Asian NIEs (Singapore, Hong Kong, Taiwan, and South Korea), Malaysia, and Brunei began having labor shortages because of their rapid economic growth and demographic transition. The problem was particularly serious in industries requiring low-skilled laborers and jobs entailing hardship. Currently about half a million Thais are working in those countries. At least half of them are working there illegally. This situation represents a great challenge to the host governments in managing migrant workers and protecting their rights. It is also a sensitive issue in international relations that deserves more concern and understanding.

In the one and a half decades before the 1997 financial crisis, rapid growth of the Thai economy resulted in a significant shortage of skilled manpower. The number of foreign professionals working in the kingdom rose to more than 200,000, and the stock of undocumented migrant workers approached 1 million. Most of them came from the less developed neighboring countries of Myanmar, Cambodia, and Laos. During that period, Thailand changed from a labor-exporting country to one both sending workers abroad and receiving foreign workers. The Thai experience illustrates the link between labor migration and regional changes, presenting challenges for research and policy formulation.

The effects of the 1997 financial crisis have been tremendous throughout the region. An immediate response by Thailand was to expel illegal foreign workers and to encourage more Thais to work abroad. In practice the two strategies were difficult to implement. In the long run the East Asian labor-importing countries will continue to demand foreign workers for various economic, social, and demographic reasons. The temporary migration of workers is likely to become a permanent phenomenon in East and Southeast Asia, as in other parts of the world.

The available data indicate that between one-third and one-half of all Thai workers abroad are in Taiwan, and Thai migrant workers account for almost half of the total labor imported to Taiwan. Among them, 73 percent are engaged in manufacturing employment and 23 percent in construction. More than 90 percent of foreign workers in the construction industry of Taiwan are Thais. Thus the labor migration from Thailand to Taiwan represents a close relationship between the two countries. Survey results reported here indicate that the migration outcomes of Thai workers in Taiwan are generally satisfactory with respect to income gains and working and living conditions. Not surprisingly, respondents identified problems related to their work, the workplace, and their living environments. Given the socioeconomic conditions and regional factors, Thai labor migration to Taiwan will continue to be beneficial to both countries and to the individual workers and their families.

## References

Abella, Manolo I. 1995. Asian Labour Migration: Past, Present, and Future. *ASEAN Economic Bulletin* 12 ( 2 ): 125–138.

Abella, Manolo; and Mori, Hiromi. 1996. Structural Change and Labour Migration in East Asia. In *Development Strategy, Employment and Migration: Country Experiences*, edited by David O'Connor and Leila Farsakh, pp. 35–62. Paris: OECD Development Centre.

Athukorala, Prema-chandra; and Manning, Chris. 1999. *Structural Change and International Migration in East Asia*. New York: Oxford University Press.

Chalamwong, Yongyuth. 1998. The Impact of the Crisis on Migration in Thailand. *Asian and Pacific Migration Journal* 7 (2–3): 297–312.

Chantavanich, Supang. 2000. Labour Migration from Thailand: A Lack of Policy in Human Resource Development. In *Proceedings of the APEC-HRD Workshop on International Migration and Structural Change in APEC Member Economies*, edited by Michio Kimura and Yasuko Hayase, pp. 291–316. Chiba, Japan: Institute of Developing Economies, JETRO.

Chantavanich, Supang; Germershausen, Andreas; Ito, Chiaki; Laodumrongchai, Samarn; Chotipanich, Jiraporn; and Pranchason, Sajin, eds. 2001. *Thai Migrant Workers in East and Southeast Asia: Conditions in Destination Countries*. Bangkok: Asian Research Center for Migration (ARCM), Institute of Asian Studies, Chulalongkorn University.

Economic and Social Commission for Asia and the Pacific (ESCAP). 1998. *1998 Population Data Sheet*. Bangkok: ESCAP.

Hayase, Yasuko; and Tsay, Ching-lung, eds. 2001. *Proceedings of the APEC-HRD Workshop on International Migration and Structural Change in APEC Member Economies*. Chiba, Japan: Institute of Developing Economies, JETRO.

Hugo, Graeme. 1998. The Demographic Underpinnings of Current and Future International Migration in Asia. *Asian and Pacific Migration Journal* 7 ( 1 ): 1–25.

International Labour Organization (ILO). 1998. The Social Impact of the Asian Financial Crisis. Technical report for discussion at the High-Level Tripartite Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries. Bangkok, 22–24 April 1998.

Kassim, Azizah. 1998. The Case of a New Receiving Country in the Developing World: Malaysia. Paper prepared for Technical Symposium on International Migration and Development, 29 June–3 July 1998, The Hague, Netherlands.

Kimura, Michio; and Hayase, Yasuko, eds. 2000. *Proceedings of the APEC-HRD Workshop on International Migration and Structural Change in APEC Member Economies*. Chiba, Japan: Institute of Developing Economies, JETRO.

Lee, Joseph S. 1998. The Impact of the Asian Financial Crisis on Foreign Workers in Taiwan. *Asian and Pacific Migration Journal* 7 (2–3): 145–169.

Martin, Philip L.; Mason, Andrew; and Tsay, Ching-lung, eds. 1995. *Labour Migration in Asia*. Special Issue of *ASEAN Economic Bulletin* 12 ( 2 ).

Oishi, Nana. 1995. Training or Employment? Japanese Immigration Policy in Dilemma. *Asian and Pacific Migration Journal* 4 (2–3): 367–385.

Okunishi, Yoshio. 1995. Japan. *ASEAN Economic Bulletin* 12 ( 2 ): 139–162.

Park, Young-Bum. 1998. The Financial Crisis and Foreign Workers in Korea. *Asian and Pacific Migration Journal* 7 (2–3): 219–234.

Pillai, Patrick. 1998. The Impact of the Crisis on Migrant Labor in Malaysia: Policy Implications. *Asian and Pacific Migration Journal* 7 (2–3): 255–280.

Soonthorndhada, Kusol. 2001. Changes in the Labour Market and International Migration since the Economic Crisis in Thailand. In *Proceedings of the APEC-HRD Workshop on International Migration and Structural Change in APEC Member Economies*, edited by Yasuko Hayase and Ching-lung Tsay, pp. 91–113. Chiba, Japan: Institute of Developing Economies, JETRO.

Stahl, C. W. 1999. International Labour Migration in East Asia: Trends and Policy Issues. Paper prepared for APMRN Symposium on New Trends in Asia Pacific Migration and the Consequences for Japan, 23–27 September 1999, held by Waseda University, Tokyo.

Stern, Aaron. 1997. Quantitative International Migration Data for Thailand: An Overview. *Asian and Pacific Migration Journal* 6 ( 2 ): 229–254.

Sussangkarn, Chalongphob. 1995. Labour Market Adjustments and Migration in Thailand. *ASEAN Economic Bulletin* 12 ( 2 ): 237–254.

Sussangkarn, Chalongphob; and Chalamwong, Yongyuth. 1996. Thailand: Development Strategies and Their Impacts on Labour Markets and Migration. In *Development Strategy, Employment and Migration: Country Experiences*, edited by J. Edward Taylor, pp. 91–126. Paris: Organization for Economic Co-operation and Development; Washington, D. C.: OECD Publications and Information Centre.

Taiwan, Council for Economic Planning and Development (CEPD). 1996. *Projections of the Population of Taiwan: 1995 to 2036*. Taipei, Taiwan: CEPD.

Taiwan, Council of Labour Affairs. 2001. *Monthly Bulletin of Labour Statistics*, No. 111.

Thailand, Bank of Thailand. Various years. *Annual Report of the Bank of Thailand*. Bangkok, Thailand.

Thailand, National Statistical Office (NSO). 1998. *Labour Force Survey*. Bangkok: National Statistical Office, Office of the Prime Minister.

Tsai, Pan-long; and Tsay, Ching-lung. 2000. Economic Development, Foreign Direct Investment and International Labor Migration: The Experiences of Japan, Taiwan and Thailand. Paper prepared for the Symposium on Experiences and Challenges of Economic Development in Southeast and East Asia, 17–18 October 2000, held by the Institute of Economics, Academia Sinica, IEAS, Taipei.

Tsay, Ching-lung. 1992. Clandestine Labor Migration to Taiwan. *Asian and Pacific Migration Journal* 1 (3–4): 637 – 655.

————. 1993. Industrial Restructuring and International Competition in Taiwan. *Environment and Planning A*. 25 ( 1 ): 111–120.

————. 1995a. Data on International Migration from Taiwan. *Asian and Pacific Migration Journal* 4 ( 4 ): 613–619.

――――. 1995b. Taiwan: Labour Importer. *ASEAN Economic Bulletin* 12 ( 2 ): 175–190.

――――. 1995c. Taiwan: Labour Shortage. In *Asian NIEs and the Global Economy: Industrial Restructuring and Corporate Strategy in the 1990s*, edited by Gordon Clark and Won Bae Kim, pp. 197–216. Baltimore: The Johns Hopkins University Press.

――――. 2000. Trends and Characteristics of Migration Flows to Taiwan. In *Proceedings of the APEC-HRD Workshop on International Migration and Structural Change in APEC Member Economies*, edited by Yasuko Hayase and Ching-lung Tsay, pp. 131–166. Chiba, Japan: Institute of Developing Economies, JETRO.

Tsay, Ching-lung; and Lin, Ji-ping. 1999. Working and Living Conditions of Thai Contract Workers in Taiwan: A Study on Individual Outcomes of Labour Migration. Paper prepared for the 2nd International Workshop on Thai Migrant Workers in Southeast and East Asia, 18–20 November 1999, held by Chulalongkorn University, Bangkok.

――――. 2001. Labour Importation and Unemployment of Local Workers in Taiwan. *Asian and Pacific Migration Journal* 10 (3–4): 505–534.

Watanabe, Susumu. 1998. The Economic Crisis and Migrant Workers in Japan. *Asian and Pacific Migration Journal* 7 (2–3): 235–254.

World Bank. 1998. *Human Development Report*. New York: Oxford University Press for the World Bank.