

Thailand Labor Policy Agenda

WBI Labor Policy Workshop

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Thailand Team Members

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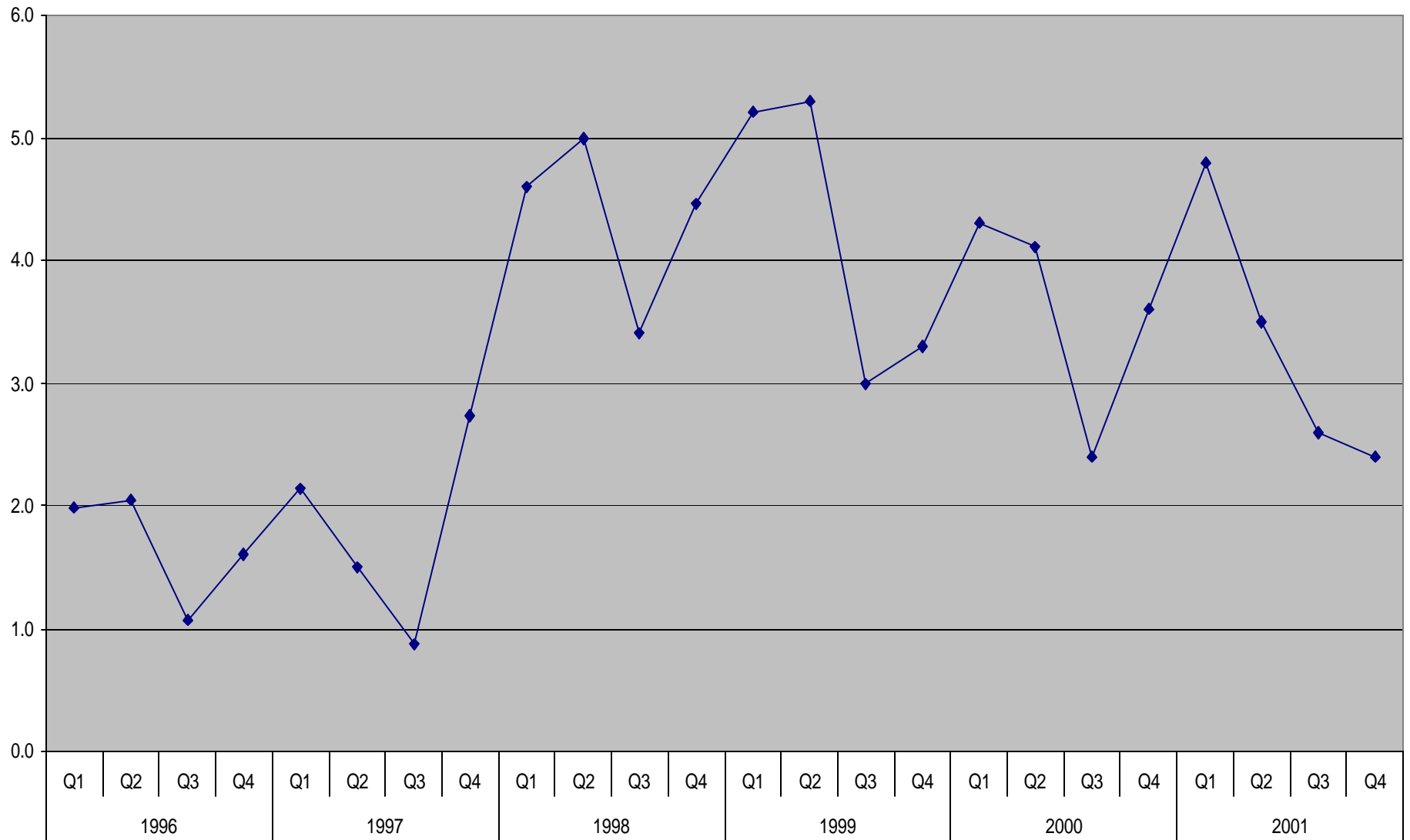
Thailand: Country Background (2001)

- Location: Southeast Asia -member of ASEAN,
- Population :63 million,
- GDP: \$ 119,241 million,
- Per Capita Income: \$ 1,892 per year
- Exports \$ 65 billion in 2001
- Political: Elected Government with Monarchy under Constitution

Thailand Labor Force (2001)

- Labor Force 33.93 million,
- Employed 32.51 million,
- Unemployed 1.12 million, = 3.5 %

Unemployment Rate



Labor Protection and Welfare

Welfare - by Social Security Act. (1990)

- Administered by Social Security Organization, MOLSW

Protection - by Labor Act. (1972)

- Enforced by Department of Labor Protection and
Welfare, MOLSW

Labor Welfare

Under Social Security (Since 1990)

Funding by: Employer, Employee, Government

Benefit includes: - Sickness, Disability, Death, Maternity, Child Allowance, Pension.

Coverage: 6.5 million.

Labor Protection

Under Labor Act (1972 amended 2001) includes issues on Labor Standards, and

Severance Pay

- Mandatory by employer when terminating employment (involuntarily),
- Amount: 1, 3, and 6 – 10 months of latest salary depending on length of employment,

Planned Unemployment Insurance

- After 1997 Financial Crisis, compliance of Severance Pay was < 20% due to business bankruptcy and others,
- Upon requests from workers, government started making preparation of UI planned to be introduced by 2003 – 2004, with,
 - Funding: from Employer, Employee, Government,
 - Benefits: 50% of latest salary (with a max. limit) for maximum 6 months.

Employer's Opinion

- UI contribution has the same objective as the Severance Pay, so only one should be required,
- When UI starts, Severance Pay should be canceled,
- To have both UI and Severance Pay will create too high burden, increase labor cost, and reduce competitiveness.

Workers' Opinion

- UI will encourage Lay-Off,
- Severance Pay is needed to discourage laying-off by putting high cost on employment termination.

Issues

- Should Thailand have both Severance Pay (SP) and Unemployment Insurance (UI) at the same time
- Should SP (or UI) be adjusted when UI starts?
- What principle(s) should be used in adjusting SP (or UI)?