

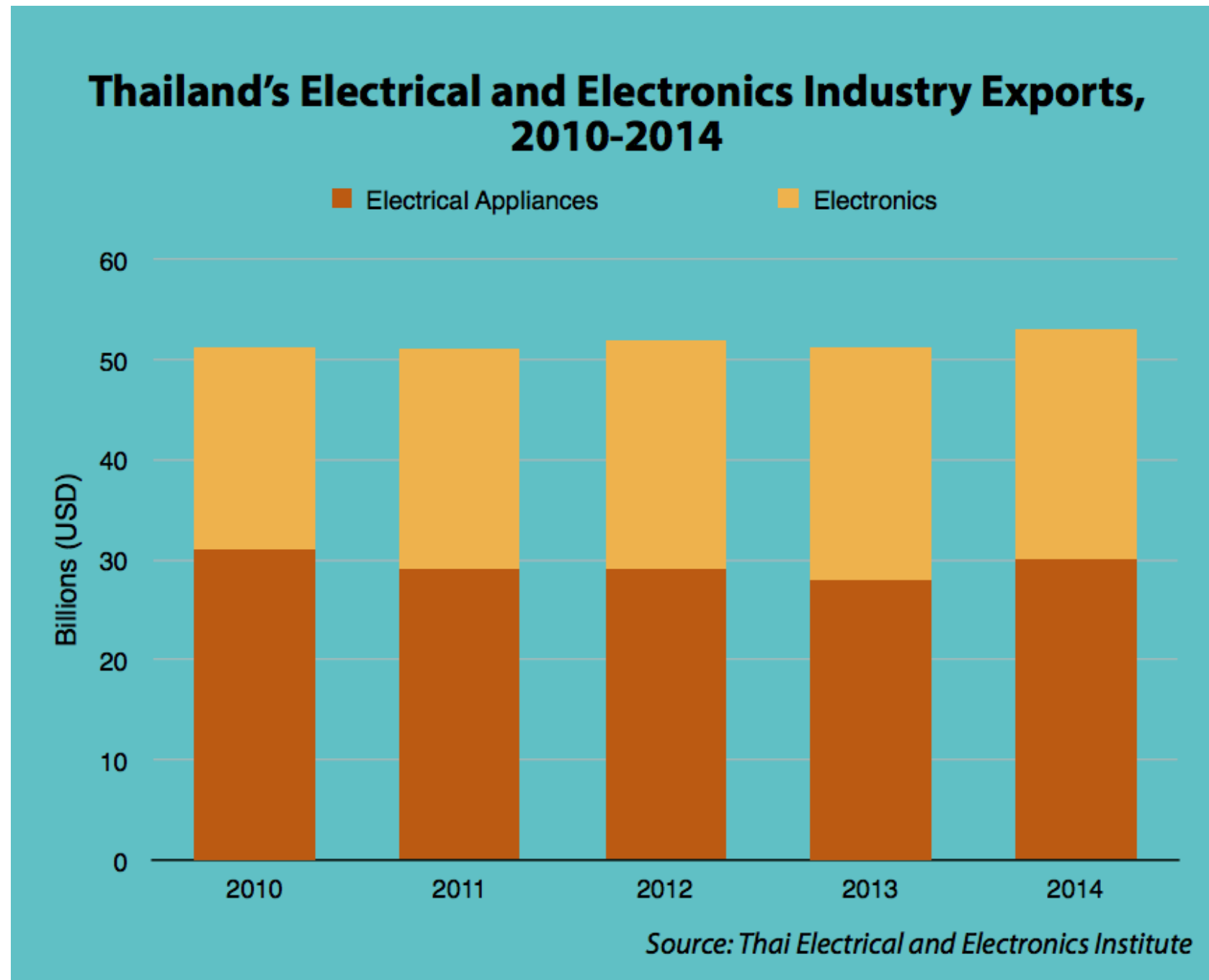


Yasasipa Suksai

# Thai Electronic Industry

- Increasing migrant workers from Myanmar, except managerial position. Thai electronic industry also rely on Thai subcontracted workers or permanent workers.
- Transformation from regular workers to subcontracted workers
  - Handful of factory reverse the trend, due to buyers's pressure are transforming subcontracted to direct employment
  - Changing subcontract workers to direct employee
  - Recruit new workers through the MoU System as direct workers.

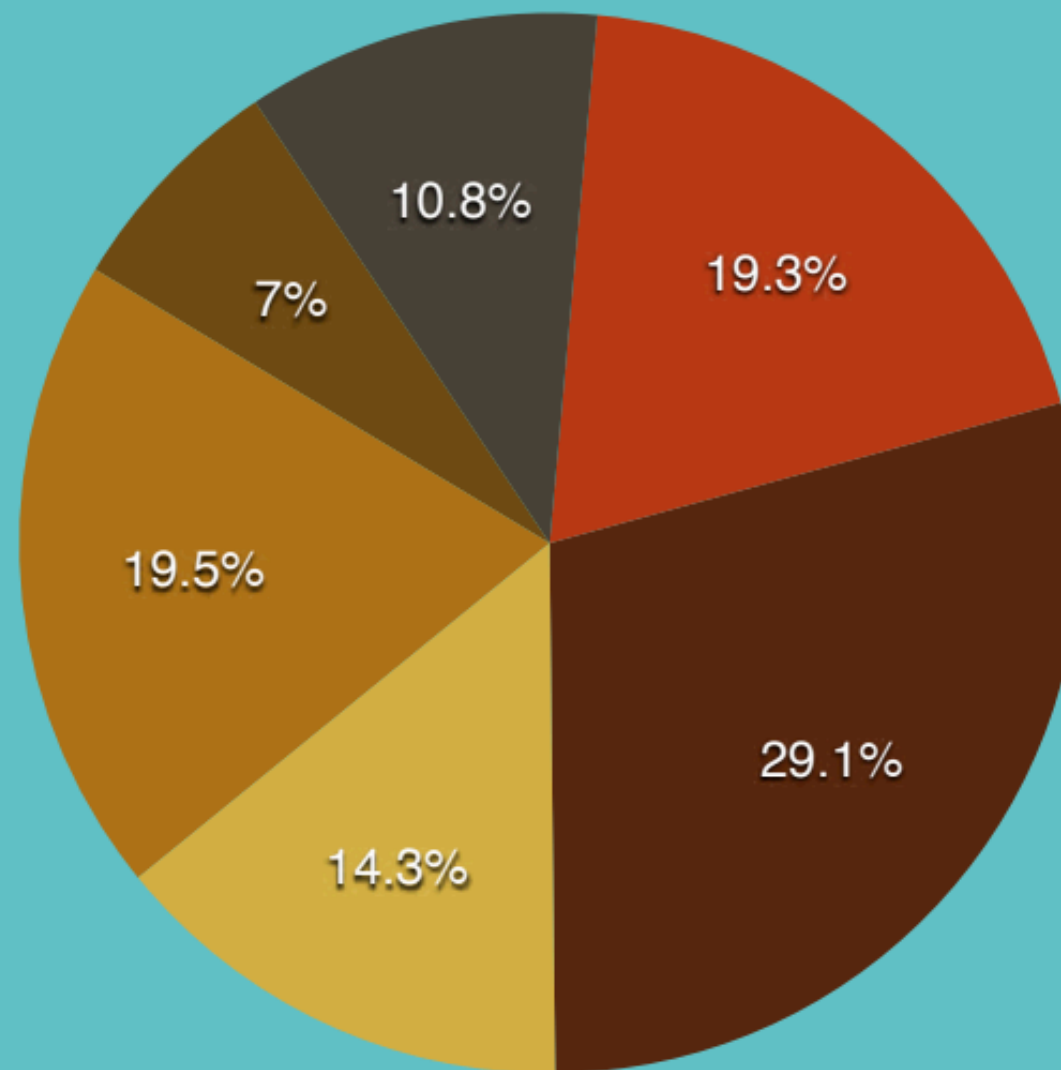
# Thailand in Electronic Industry



# Export Markets

## Thailand's Major Electronics Export Markets, 2014

● ASEAN ● USA ● Japan ● China ● Hong Kong ● Others



*Source: Thai Ministry of Commerce*

# Key Players

## Key Players in the IC cluster in Thailand:

### IC Design:

- Rohm LSI
- Silicon Craft Technology

### Lead Frame:

- Rohm Mechatech
- SumikoLeadFrame
- TSP-T
- Yamakin

### Testing:

- Microchip
- Maxim Integrated

### Assembly:

- Allegro Microsystem
- Circuit Electronics
- Hana Semiconductor
- Microchip
- NXP
- Spansion
- Millennium Microtech
- Rohm Integrated System
- Sony Device Technology
- Stars Microelectronics
- Thai NJR
- Toshiba Semiconductor
- UTAC Thai

Data: BOI, Thailand 2015

## Key Players in HDD Assembly and Components in Thailand:

### HDD-Part Producers:

- Alps Electric
- Hutchinson Technology
- Magnacomp Precision
- Minebea
- NHK
- Nidec
- Nitto Denko
- Seiko Instruments

### HDD Producers:

- Seagate
- Western Digital

Data: BOI, Thailand 2015

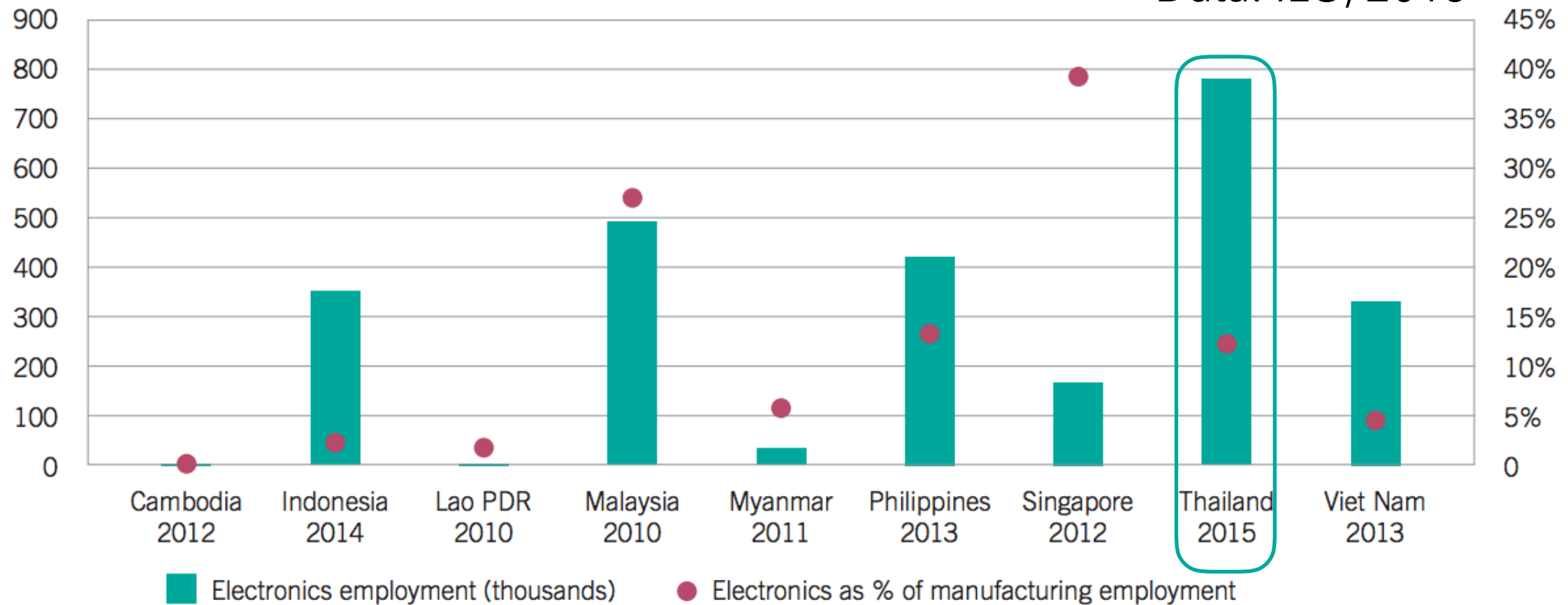
**Other Electronics** Fujitsu, LG Electronics, Samsung, Seagate, Sony, Western Digital Bosch, Panasonic, Samsung, Siemens, Toshiba

Data: ILO, 2015

# Employment

**Figure 1** Total employment in manufacture of E&E products (thousands) and share of total manufacturing employment (per cent), selected ASEAN Member States, latest available year

Data: ILO, 2015



Note: E&E products include those under the International Standard Industrial Classification of All Economic Activities (ISIC, Rev.4) Divisions 26 ('Computer, electronics and optical products'), 27 ('Electrical equipment'), and 28 ('Machinery and equipment'). Total manufacturing refers to ISIC, Rev.4, section C, divisions 10-33.

Source: ASEAN, 2015; ILO estimates from official labour force surveys (various years).

# Recruitment situation in Thailand

- Recruitment for migrant workers happens in two countries in case of workers from Myanmar. The recruitment process in Myanmar are hard to investigate.
- Migrant workers in Electronic industry came from
  - Recruitment from Myanmar
  - Workers change their occupations to electronic sector

# Recruitment situation in Thailand

- In Eastern Industrial Estate, growing number of firms use Thai student 'intern' workers to supplement subcontracted workers during peak operation. Students are from technical colleges and work 8 hrs/ day during their internship.
- 11 months short-term contract or 6 months renewable contract.
- Recruitment and employment in Special Economic Zones may be exempted from protection under labor laws.
- Thai workers can be recruit either to be a direct employees in a company or sub-contracted workers.



# Recruiting Migrant workers in Thailand

- Bilateral MOUs the new law: the Royal Ordinance Concerning the Management of Foreign Workers' Employment of 2017
  - Recruitment company must place 5 Million Baht Collateral to operate;
  - An employee can bring in foreign workers to work with themselves by seeking a permission by the Director-General and has to place a guarantee as an assurance of liability for damage

# Migrant Workers and Employment Classification

- Irregular: undocumented
- Pink card: registered with the Thai government at receiving country
- CI: registered with the Thai government at receiving country and apply for Certificate of identity with authority from country of origin in receiving country
- Passport/ MOUs

# Thailand: Permitted Recruitment Fees and Expenses (1)

- Royal Ordinance Concerning the Management of Foreign Workers' Employment of 2017:
  - Recruitment agencies are prohibited to demand for or receive money or any other property from the employer and migrant workers (Art. 42)
  - An employer is prohibited to demand for or receive money or any other property from the foreign workers in coming to work in Thailand. (Art. 49)

# Thailand: Permitted Recruitment Fees and Expenses (2)

- Notification of the Department of Employment, Re: Fees and Expenses that can be Collected from Employers for Services, Receipts and Expenses for Bringing Foreign Workers to Work in the Kingdom, dated 17 November 2016:
  - Service fees - money or other benefits in return for bringing migrant workers to work, **to be paid by employers**
  - Costs - expenditures from bringing foreign workers for an employment, **to be paid by employers**
    1. Expenses from expressing an intention, making contract, and bringing foreign workers;
    2. Document preparation fees, such as document preparation, document certification fees, and document translation fees; and
    3. Travel expenses: food and accommodation for bring migrant workers to work in Thailand

# Thailand: Permitted Recruitment Fees and Expenses (3)

- Personal expenses - are personal costs that the **migrant workers must be responsible**
  1. The statutory costs that the law stipulated that workers are responsible for, such as health examinations costs; and
  2. Expenses incurred at the country of origin:
    1. Passport (standard rate 1+2: 150,000 Kyat about 94 Euro including recruitment fees)
    2. Oversea workers identification card
    3. Accommodation and food in Myanmar

# Thailand: Permitted Recruitment Fees and Expenses (4)

- Other costs on Thai side that employee and employers may agree to pay/ subsidise
  1. Certificate of Identification: 300 THB
  2. Visa: 500 THB
  3. Health Examination & Health Insurance = 500 + 500 THB
  4. Work Permit: 1 year 900 THB / 2 years 1,800 + 100 THB for application
  5. Change employee: 900 THB + 100 THB application

$1+2+3+4 \text{ (2 yrs)} = 3,600 \text{ THB} / 1 \text{ yrs} = 2,800 \text{ THB}$

$1+2+3+4+5 \text{ (2 yrs)} = 4,600 \text{ THB} / 1 \text{ yrs} = 3,700 \text{ THB}$

# What did sample worker pay?

- Thai side: 14,000 THB (364 Euro)
- Burmese: 150,000 (94 Euro) - 800,000 Kyat (500 Euro) exclusive of food and accommodation in Myanmar for 5 days up to 2 weeks.

# Recruitment Cost

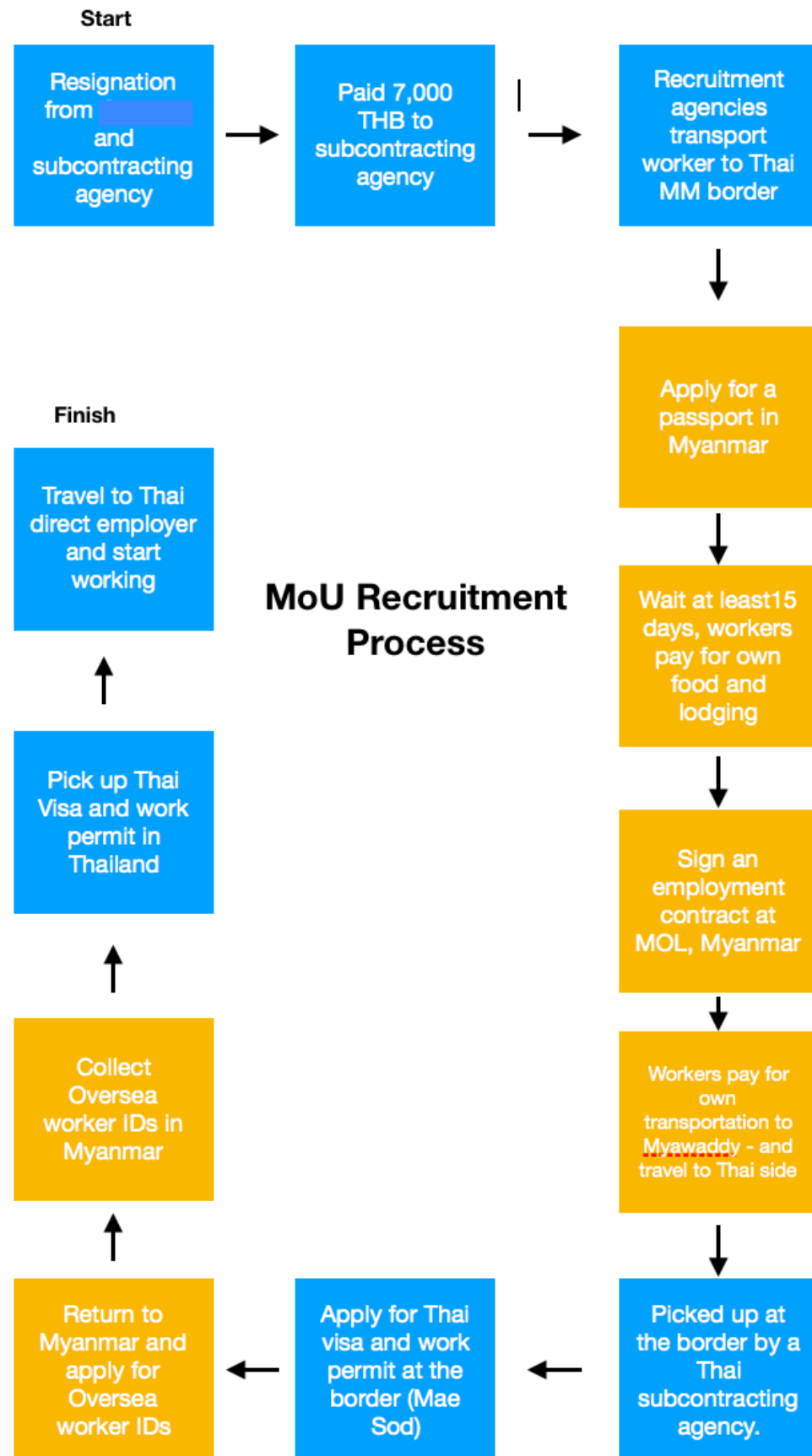
- Thai side: 14,000 THB (364 Euro)
  - During the transition to “direct” employee, workers are told to resign from their economic employers and subcontracted agencies push costs and service fees to workers, despite the law said “costs” are what employer must pay for workers.
  - Complicated process so agencies are almost compulsory.
  - Workers did not have access to information for filing a complaint and are totally dependent on brokers/ recruitment agencies/ subcontracted company they did not have any choice but to pay excessive and unmilled service fees + costs.
  - Weak legal implementation.



# Recruitment Cost

- Burmese: 150,000 (94 Euro) - 800,000 Kyat (500 Euro)
  - Thai law considers the fees on the other side of the border are migrant workers' personal costs
  - Recruitment agencies is compulsory and required by the law
  - Workers did not have access to information for filing a complaint and recruitment information.
  - Agencies are required to sort out identification papers difficulties, and they will charge on top of standard services

# Recruitment Process



# Recruitment Practice

- Current workers who are non-MoUs have to resign, their longevity have not been integrated to new employment. They did not enjoy the annual holiday pays and other longevity premium.
- During the transition period, existing workers who are waiting for passport will not be able to work and may not receive subsidy from employees.
- Recruitment in Myanmar are done through brokers who cannot provide any information about jobs in electronic industry, risks, and expectation.

# Impacts on Workers

- **High recruitment costs:** Workers are indebted before migrating to work in Thailand
- Workers are caught in excessive OT dependency, less time for off-day, education and skill training, and mobilisation. Fatigue.
- Workers fear dismissal and retaliation if they provide information to auditors/ CSOs researcher.

# Impacts on Direct Employer

- **High turn over:** workers quit or change employers because the work did not meet their expectation, fatigue, and being “recycled” by brokers/ recruitment agencies
- Direct employers cannot know or the service fees and costs with recruitment agencies.

## **Sending Countries**

- No screening mechanism for workers
- No legal requirement for pre-departure training
- Problematic civil registration system is a loophole for brokers to impose high fees
- Governments do not monitor recruitment licensees

## **Recruitment Agencies**

- Use unregulated informal brokers
- Brokers did not know about job description and conditions to inform workers
- Broker required fees higher than government's applicable

## **Receiving Country**

- Employers/ suppliers did not know real costs
- Government does not monitor or negotiate cost control in MoUs from sending countries
- Complicate process and language barriers required employers and workers to depend on

## **Thai Electronic Workers Recruitment**

- Being replaced by migrant workers and automation
- Temporary, precarious work
- Short term contracts: monthly/daily workers
- Subcontracted workers
  - Lower wages
  - Lower benefits
  - Lower job satisfaction

**Precarious work  
Labor Relation  
Productivity**

## **Migrant Electronic Workers Recruitment**

- Debts from costly recruitment fees
- Temporary maximum 2 yrs visa
  - Statutory short term contracts
- Subcontracted worker
- Tension with Thai workers
- Skills training in 'deskills' but dangerous jobs

Avoid social  
dumping

Trace and  
control  
recruitment fees  
and practices

Wages

**In place of weak regulation and  
implementation, what would an ethical  
recruitment look like**

Informed  
and  
Transparent  
recruitment

Avoid precarious  
workers through  
recruitment process



# Existing Good Practices

- House unions/ industrial unions pressure companies to promote subcontracted workers to regular workers and direct employment
- Bargaining and labor right monitoring training for migrant worker leaders and MWRN staff.
- Corporation subsidy for migrant workers' recruitment fees
- Zero recruitment fee and corporation's owned migrant worker recruitment

# MWRN works with Thai unions/ workers organisation in bargaining workshop



# Ethical Recruitment Recommendation

- No fees recruitment policy through out supply chains in sending and receiving countries
- No service fees for Immigration reporting and facilitation for required documents before and during an employment
- Keep statutory personal costs low to prevent debt/debt bondage
- No fees recruitment is possible

# Ethical Recruitment Recommendation

- Direct, regular employment
- Recruitment that does not lead to short termed precarious employment