

# Best Foreign Practices in Modernization of State Regulation for Labor Migration in Russia: The Case Study of Thailand

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**Abstract.** In the last 30 years Thailand has seriously repositioned itself at the international labor market - from being a long-term donor to becoming an active recipient of the labor force. Contemporary problems of migration dynamics in Thailand are directly related to low efficiency of state regulation in the field, growing illegal migration and high migration-related risks due to Thailand's neighbouring with such less stable. Another important factor is the necessity to liberalize migration legislation as per requirements of the ASEAN Economic Community. All of the above factors are very much similar to the political, social and economic context in which Russian Federation is developing today. The key objective of the presented here research is statistical and structural analysis of the current state of affairs with international labor migration in Thailand. The analysis is expected to reveal how migration dynamics is changing in relation to national internal and external migration policies. The authors also hope to determine how similar measures can be implemented in the context of the Russian Federation.

The article also outlines the key directions in modernization of national regulation over the migration processes along with the tools that can be applied to boost the efficiency of such regulation and national competitiveness overall.

## 1. Introduction

According to Thai legislation concerning the employment of foreigners (Alien Working Act, 2008), labor migrant is a private individual who does not have Thai citizenship, who has entered the country on a temporary basis and who is employed on the territory of Thailand, being engaged in physical or intellectual labor in return for material or other reward.

Classification of labor migrants according to Thai legislation along with the size of each group are presented in Table.

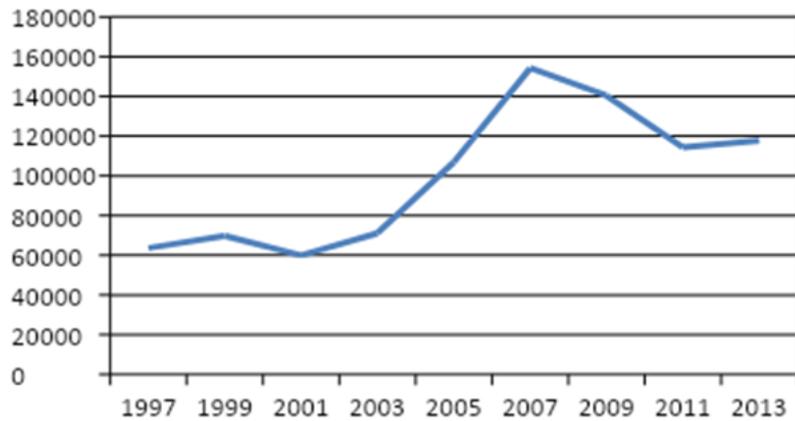
Dynamics and structure of legal labor migration to Thailand are also presented in Figure.

As one can see in Figure, the number of labor migrants in Thailand has been changing quite significantly, often following changes in the international economic environment. Migration was at its lowest during the period of Asian 1997 crisis and straight after it. Later on, another fall was observed due to the world financial crisis of 2008-2009. These days, the number of legal labor migrants in the Kingdom has been growing by about 2-3% per year, and this growth is quite corresponding to the overall economic growth of the country.

When considering the structure of legal labor migration by nationalities, we can see that Thailand is still a very popular work destination for many Japanese (mostly due to a large number of joint enterprises and branches of Japanese companies). The country is also attractive for English-speaking foreigners - citizens of the US, Australia, New Zealand and the Great Britain. Rapid growth has been also observed in the Filipino diaspora - from 30 ths people back in 2003 to almost 90 ths people in 2017. Interestingly, the Filipinos in Thailand managed to nearly fully monopolize the sectors of entertainment and English language teaching (Pholphirul et al., 2013).

**Table 1.** Types of labor migrants in Thailand and their number, as of 2017, persons.  
(Source: Thailand Ministry of Labor, 2018)

Labor migrants - 1,300,000						
Legal – 345,000					Illegal 955,500	
With a permanent residence status 14,000	Temporarily employed 70,000	Self-employed and investors 23,000	Those who made use of simplified legalization procedure 210,000	Working under bilateral contracts 27,000	From CLM 930,000	From other countries 23,000
Applicable only to CLM (Cambodia, Laos, Myanmar) countries						



**Figure 1.** Changes in the numbers of legal labor migrants in Thailand.  
(Source: Pholphirul et al., 2013)

The purpose of this study is – based on analysis of the historical experience of national migration policy formation in the Kingdom of Thailand, assessment of the general conditions, trends, characteristics of migration dynamics in Thailand and the Russian Federation to set directions, principles and effective measures to modernize the migration administration system in Russia.

**Research Objectives:**

- classify the basic principles for the modern migration policies implementation in Thailand, in the context of country’s regional economic integration growth and aggravation of social problems stimulated by international labor immigration increase;
- highlight the features of the migration dynamics in Thailand that are relevant for modern Russia, evaluate the factors of its formation, the effectiveness of traditional tools of migration administration;
- consider the possibility of implementing the certain measures or principles of Thailand's migration policy in the Russian Federation, highlight the general problems of the development of the migration situation in countries.

## **2. Literature review and theoretical background of the study**

In general, national migration policy of Thailand (since 2003 though) has been based on the following key principles:

- sectoral discrimination: there are three lists of sectors, with three different sets of procedures, prospects and opportunities of employment for foreign migrants. The first sector: the sectors in which foreigners cannot be employed at all (not even through investments only). Here belong all military subsectors, other subsectors of strategic importance which are directly related to national security provision (interestingly, this includes passenger and cargo transportation as well as industrial architecture and design). Also, to the same list belong those sectors where there is an obvious lack of employment opportunities for local population (trade, some of agricultural professions, clerkship, tourism & excursions). Finally, to the first list belong all professions and activities directly related to cultural and religious heritage of the Thais (for example, casting of Buddha statues, making Thai dolls, weaving with Thai silk, making traditional furniture and so on) (Ushakov, 2016). The second category/list consists of the sectors where foreign employment is of top priority (teaching various foreign languages, teaching in universities overall and various research activities, any other professional work in laboratories). The third list covers the sectors where employment of non-qualified labor migrants from neighbouring countries (primarily CLM) is considered to be acceptable. Moreover, simplified procedures of legalization are applicable to previously illegal migrants employed in these sectors (physical work on plantations, fishing, farming and part of the mining).

- geographical discrimination: on the one hand, it manifests itself from the presence of special zones and provincial regimes of employment for foreign migrants. For example, Dawei Special Economic Zone near the border with Myanmar (Kulkolkarn et al., 2007). On the other hand, geographical discrimination is also revealed through the presence of special employment regimes and special procedures of migrants' legalization in relation to CLM and also according to other international agreements of Thailand with the ASEAN countries.

- all employers that would like to hire foreign laborers are supposed to pass state registration first. In the course of this registration, the employer is expected to explain their need in foreign labor, grounding it both economically and socially.

Thai citizens' right for labor shall be always of top priority. At the same time, according to the Labor Code of Thailand, the country does not allow discrimination of workers due to their nationality. Still, in the course of official hiring Thai job seekers are expected to get preferential treatment.

Employment of all foreigners is based on the system of work permits. Availability of a labor contract and working visa does not automatically mean legal employment of a foreigner in Thailand. Foreign job applicants are still expected to apply for work permit, and the latter can be granted by a representative of the Ministry of Labor only after a thorough examination of both job applicant (work experience, relevance of education, criminal record in a home country etc.) and employer (legality of business, expediency of hiring foreigners, tax revenues history, latest financial records etc.) active use of bilateral agreements and treaties as part of efficient legal infrastructure when it comes to regulation of international labor migration. As of today, such bilateral agreements concerning regulation of migration, protection of labor migrants' interests and shared responsibility for the consequences of illegal migration have been signed with all three CLM countries, all other ASEAN members, some of the Persian Gulf countries and also with India and Nepal (Pholphirul et al, 2013a).

Today, several contradicting trends are impacting the migration situation and policy of Thailand, namely: economic progress of Thailand goes in parallel to the growing political and economic instability in the neighbouring Myanmar and Cambodia; India, Bangladesh and Nepal are the sources of nearly permanent migration threats for Thailand, primarily due to serious overpopulation of these countries; due to launch of the ASEAN Economic Community Thailand is expected to liberalize its migration legislation (Chantavanich et al., 2012).; illegal labor migration to Thailand is observed from some of the nearly distant countries, including Russia, Kazakhstan, Ukraine, some of the EU countries and also from the Persian Gulf region. All of these factors are forcing Thai authorities to concentrate efforts on solving the following urgent problems:

- infrastructural problems with regulation of international labor migration initiated by the holders of investment visas. These people often open fully fictitious companies indirectly supporting illegal labor migration since they tend to hire mostly foreigners, even if they are working in the sectors and subsectors from the first list (this concerns primarily tourism and excursion tours) (Kozlova et al., 2016);
- the cost of procedures related to simplified legalization of foreign migrants remain to be rather high (120 USD for the registration procedure itself, 20 USD for the medical checkup, at least 40 USD for medical insurance, 60 USD for annual work permit (Lathapipat, 2010);
- many illegal migrants that are already in Thailand have very little access to information on legal employment opportunities, simplified legalization and so on. According to some estimates, over 60% of all illegal labor migrants in the northern provinces of Thailand do not know how to start the legalization procedure, where to go, what documents they might need etc. (Jinsong, n.d.);
- there is an obvious necessity to reconsider the list of sectors and subsectors with no or limited access for foreigners. This necessity has become especially obvious due to rapid development of the services sector and of the financial market in Thailand (Wechapanich, 2014).. Ongoing globalization and deepening integration of Thai economy into the global economic environment is another proof that these lists need to be revised (Patlasov, 2016; Ushakov et al., 2018);
- Government's capacity to regulate migration dynamics is rather limited. According to the calculation presented by the leading scientists from the Chulalongkorn University in Bangkok (Pitayanon, 2012), legalization of 1,3 mln foreigners, provided the current infrastructure of the Committee and Migration Service would remain the same, will require 6+ years of the non-stop work of absolutely all employees of this service;
- corruption among the employees of the Migration Service, especially in the provinces distanced from Bangkok;
- high costs of recruiting services (for example, in the neighbouring Laos the costs of intermediary services for potential employment in Thailand is around 350 USD which is seriously higher than the average salary in Vientiane, the capital city of Laos (Huguet et al., 2012). At this, most of such recruiting agencies in Laos or Myanmar do not have direct contacts in rural areas, they often consider applications for at least 3 months (and this fact makes illegal migration even more attractive for many), they are often unprofessional when it comes to recruiting (for example, they may easily attract people from rural areas to work on construction sites or at large industrial enterprises in Thailand, even though this should require some special skills, experience or at least basic preparation for the job due to potential safety risks).

### **3. Comparative analyze of Thailand - Russia conditions for international migration development**

The carried out research allows us to make conclusions that many problems and threats from migration in Thailand and Russian Federation are very much similar (Pitukhina et al., 2017). Moreover, we believe that Thai experience can be used in the course of migration policy reform in Russia.

Just like Russia, Thailand has made its way from being a migration donor to becoming a recipient of labor migrants. Thus, many social and economic problems in both these countries have been caused (and still are) by the growth of illegal migration and low qualifications of those migrants who get into the country legally. Both Russian and Thai authorities have been forced to liberalize the migration rules for the neighbouring countries under the influence of various economic reasons (to keep good rates of economic growth; to stabilize the growth of internal costs; to maintain external attractiveness of the country and its investment attractiveness too) (Privarova et al., 2016). Besides, both these countries have an explicit ambition to become a regional leader (Thai companies and capital, for example, are actively entering the markets of Myanmar (oil & gas, transportation, trade) and Cambodia (agriculture), ignoring the fact that many other countries are considering these markets as too risky).

For CLM countries, Thailand serves as an intermediary “portal” through which they can connect to the global economic space (Hall, 2011; Luchko et al., 2017).. This fact guarantees Thailand the leading role in the ASEAN overall and even in the Asia-Pacific region as a whole. However, Thailand’s ambition for leadership has been partially shadowed by the similarly active role of China, especially on the southern direction. Thus, Thailand has been forced to limit itself to several ambitious projects in a few sectors only. But even such artificially limited activity has provoked increasing labor migration, primarily illegal one.

Finally, following primarily its political goals, the Kingdom is actively implementing the function of “an axe” (together with Singapore and Malaysia) for the future ASEAN Economic Community. Thus, the country is liberalizing its economy overall and as part of the economy - its national system of foreign migrants’ employment (Pholphirul, 2012). This liberalization - most probably - will inevitably lead to the emergence of new threats and socioeconomic problems. Very much similar potential threats are also awaiting for Russia since this country is also trying hard to perform the “axe function” for future geopolitical unions on the post-soviet territories. Just like Thailand, Russia is surrounded by economically less developed countries that have very low investment attractiveness and high demographic dynamics at the same time. This situation makes the problems of migration policy modernization the top priority ones.

#### **4. Findings and recommendations**

We are of the opinion that a whole range of instruments used within the state system of labor migration regulation in Thailand can be recommended for similar implementation in Russian conditions:

1. The national system of works’ and job titles’ classification as applied to both state and private sectors, with its brief overview of the minimum requirements to all candidates (as it is used in Thailand) can help with solving the formal problem of affiliating specific jobs to qualified or non-qualified ones. Thus, competition for vacancies (among both local citizens and foreigners) can be organized in a more efficient way, with the minimum intrusion of corruption.

According to the acting legislation (Alien Working Act, 2008), in Thailand, this system of works’ and job titles’ classification is revised and updated at least once in three years, taking into account the trends of national economy’ development, current social situation and other important factors. This system then also serves as the basis for the development of job specifications which, in their turn, become a vital component in every job contract, with both Thais and foreigners.

2. Availability of such a national system of works’ and job titles’ classification is one of the key preconditions for exact, high-quality planning of the national necessity in foreign labor of various types. This, indirectly, also increases the quality of national statistical reporting overall and also quality of control over the migration processes and dynamics of labor relations in the society overall. Moreover, availability of this system with its competition component allows Thailand to reject the system of quotas for foreign workers which is so popular in some of the Western countries and also in Russia. There are no quotas in Thailand but - there is a range of employment limitations in specific sectors, there is also mandatory registration of foreigners’ employers, and the final say, in any case, belongs to the Ministry of Labor which is issuing all work permits in the country.

3. There is a requirement to get a working visa to Thailand from outside the country (for the majority of countries), through the system embassies and consulates. This system identifies the applicant in advance, also, there is a mandatory medical checkup and medical insurance involved. In some of the cases the applicants are also expected to prove they have sufficient financial funds to start their living in Thailand. The only exception from these rules is working visas for the migrants already employed in the public sectors - as teachers in public schools or universities, employees of public companies as well as residents of CLM countries which have generally wider opportunities for legalization in Thailand. All these, rather strict, rules exclude by default the chance to get into the country by a tourist visa (or with a border seal in the passport in case of visa-free regime) with further legalization in Thailand being already IN the country (in Russia this would be quite possible and this,

in fact, has provoked the emergence of a whole shadow sector involved in production of fake documents, fictitious companies “employing” foreigners, bribery of state authorities representatives etc.). Finally, availability of such strict rule also increases the efficiency of control and accounting of the incoming/leaving labor migrants.

4. Another potentially interesting for Russia issue in this context is pricing for state services related to employment of foreign migrants. On the one hand, Thai authorities have announced a gradual decrease of costs for the services of the affiliated (to the Ministry of Foreign Affairs) external recruiting agencies. Most of these agencies are working in CLM looking for non-qualified laborers. Lower costs of such agencies are supposed to increase the attractiveness of legal labor migration to Thailand and to restrain potential foreign laborers from crossing the border illegally. On the other hand, the cost of work permit actually depends not on potential wage of a foreign laborer but on the type of future work in Thailand, as per the classification system already mentioned above. The lower is the rank of a future job in this system - the higher will be the cost of an annual work permit to be paid by a future employer (though we need to mention here that there are several exceptions from this rule, depending on a particular sector). Considering the fact that nearly any employer would later deduct the cost of this work permit from future salary of a foreign employee anyways, the state is somehow trying to lower the attractiveness of foreign non-qualified labor as compared to the local one.

Besides, we need to note that holder of Thailand’s work permit do not suffer from any other forms of material discrimination of migrants such as higher taxation rates, absence of tax preferences, higher social security payments, higher healthcare costs etc. This also makes the choice much easier and much more obvious: a migrant can work fully legally and be nearly fully equal to Thai workers, or do not spend money on a work permit but become completely unprotected.

Benefits from holding a work permit can be demonstrated on the example of taxation of, for example, an agrarian worker (tax on personal income). An average income of a migrant is around 250 000 baht per year (equivalent to 8000 USD according to the exchange rate on the day of this article’s submission). Applying a tax deduction and then also a personal deduction (on the worker and his spouse) this income can be legally reduced to 130 000 baht a year (60 000 is the automatic deduction, 30 000 baht - tax deduction and same 30 000 - tax deduction for the spouse). Since Thailand is using the progressive scale of taxation, for the income below 150 000 baht per year, the taxation rate would be 0%. This means that if a migrant is earning 250 000 a year, income tax won’t be paid as such.

At the same time, we also need to mention that getting the next-level permit - residence permit - is extremely hard and expensive as well. The requirements include: 3 years of work experience in Thailand, the income of at least 80 000 baht per month, and then also the residence permit itself costs around 200 000 baht. This sends quite a clear message: Thai authorities are not interested in increasing the social status of labor migrants and making them equal to Thai citizens.

5. Bilateral agreements are used quite actively in regulating labor migration, especially those with CLM countries. According to these agreements, the signing parties agree to readmit the migrants, they also agree to support Thai recruiting on their own territories (providing necessary infrastructure, police support, healthcare services support, various information support including express course of adaptation for future migrants). Also, the signing parties agree to partially bear the financial responsibility in cases of illegals’ deportation back to their home countries.

These agreements have indeed increased the efficiency of control over the emigration processes (especially in the case of Laos). The agreements are based on a compromise: even though Thailand has to demonstrate some liberalization in migration rules, other countries, at the same time, had to take up the responsibility for their own citizens abroad.

6. Another interesting instrument which can be useful for Russia is the creation of special migration regimes. This is applicable only to CLM citizens, still, all migrants, including those that already came illegally, are allowed to reside and work within these special zones. New enterprises are established inside these zones (Thai, foreign and also joint ones), and they are automatically provided with certain production, trade, customs and financial preferences. These are mostly enterprises

operating in agriculture, processing, light industries, mining and the like. These zones (the largest of them is situated in the immediate proximity to the border with Myanmar) have some sort of “sanitary” role, as they are actively attracting people who used to stay (or had the intention to stay) in the country illegally. Once a labor migrant legalizes themselves in a special zone, he/she rather quickly gets a work permit - but for no more than 2 years (after that, he/she is supposed to return back home and initiate the procedure of legalization once again).

Since 2008 a very similar project was initiated on the territory of Myanmar already - Dawei Industrial Zone. Its enterprises are expected to employ primarily those Myanmar citizens which are staying in Thailand illegally. Taking into account the number of illegal labor migrants with low (or zero) qualifications in Russia and also the authorities’ interest in the development of certain sectors, creation of similar construction, agricultural and logistic clusters on the vast territories of the Russian Federation might prove to be highly efficient - in terms of both employment and legalization of migrants.

## 5. Conclusion

After this analysis of the national migration policy in Thailand, we can make a conclusion about its flexibility, certain “softness” and variety of measures applied. This country has rejected the idea of severe measures to be taken against illegal migrants and their employers. On the opposite actually, Thailand has created the conditions under which legal migration becomes much more beneficial than the illegal one. Such non-violent measures are actually quite characteristic for the Eastern style of thinking and Thai mentality in particular.

Another top priority of Thailand’s migration policy is its externality - it is quite precisely directed on the countries - donors of labor migrants, especially those that are sending low-qualified workers in mass quantities. This feature of Thailand’s migration policy stems from two logical reflections: first, geographical proximity of these countries-donors means the related problems need to be solved immediately; second, Thailand alone won’t be able to reach prosperity and develop strategically if it is surrounded by such large countries as Myanmar, Cambodia and Laos if the population of the latter three won’t have enough labor and education prospects.

This is actually one more feature of Thai mentality in terms of perception of the current situation with labor - the sense of unity (due to the factor of common religion and geographical proximity) and some sort of patronage in relation to Myanmar (despite the fact that back in history it had twice destroyed the capital of Siam), to Laos (as its population is very close to the Thais in culture and language) and to Cambodia as the birthplace of the whole Indochina civilization. This sense of unity and shared responsibility has often led Thailand’s authorities to taking up not that popular and actively criticized measures - building roads in Cambodia, constructing bridges across the Mekong river, opening Thai rice market to hundreds of Cambodian and Laotian farmers (and also providing convenient export infrastructure for them), relocating labor-intensive production to the neighbouring countries and offering them other large investment projects (for example, deep-sea port Dawei with the Trans-Malacca highway up to Bangkok)

In Russia, harsh punitive measures used in regulation of illegal labor migration have already proved to be very much ineffective. Thus, the current paradigm of the national migration policy needs to be changed in terms of higher flexibility and orientation on “sound” motivation for all labor migrants. External aspect of labor migration has to be also strengthened providing support to economic development of the neighbouring countries. Thailand’s experience in this regard can really become a reasonable alternative to the current principles of the migration policy modernization in Russia.

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