NARROWING SKILLS GAPS: LABOR MOBILITY FROM CAMBODIA, LAO PDR, MYANMAR TO THAILAND

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Acronyms

AEC	ASEAN Economic Community
ASEAN	Association of Southeast Asian Nations
CLM	Cambodia, Lao PDR and Myanmar
CLM-T	Cambodia, Lao PDR, Myanmar - Thailand
CLMV	Cambodia, Lao PDR, Myanmar, and Viet Nam
CR	Cabinet Resolution
DEM	Department of Employment and Manpower, Cambodia
DOE	Department of Employment, Ministry of Labour, Thailand
DOE	Department of Employment, Ministry of Labour and Social Welfare, Lao PDR
EAP	East Asia and Pacific
GDP	Gross Domestic Product
GIMF	Global Integrated Monetary and Fiscal
HCI	Human Capital Index
HICS	Health Insurance Card Scheme
ILO	International Labour Organization
IOM	International Organization for Migration
Lao PDR	Lao People's Democratic Republic
MLSW	Ministry of Labour and Social Welfare, Lao PDR
MLVT	Ministry of Labour and Vocational Training, Cambodia
MOL	Ministry of Labour, Thailand or Myanmar
MOU	Memorandum of Understanding
MRA	Mutual Recognition Agreement
NESDC	National Economic and Social Development Council, Thailand
NV	Nationality Verification
OCWC	Overseas Cambodian Worker Card, Cambodia
OECD	Organisation for Economic Co-operation and Development
OWIC	Overseas Worker Identification Card, Myanmar
SSF	Social Security Fund, Thailand
TVET	Technical and Vocational Education and Training
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
WCF	Workmen's Compensation Fund, Thailand

Executive Summary

Thailand is a major hub for regional labor migration, hosting over three million low-skilled workers from Cambodia, Lao PDR and Myanmar (CLM). The actual figure can be substantially higher when including those with irregular status. This migration corridor, one of the largest in the East Asia and Pacific region, is primarily driven by wage differentials, demographic pressures, and limited opportunities in the origin countries. Thailand's aging population and rising educational attainment have created a shortage of low-skilled workers, sustaining persistent demand. The country's minimum wages remain about three times higher than in Myanmar and twice as high as in Lao PDR, attracting CLM workers seeking better wages. In the origin countries, political instability and limited opportunities in Myanmar, currency depreciation and high inflation in Lao PDR, and rural underemployment in Cambodia further intensify migration pressures.

CLM migrants play a vital role in Thailand's economy, filling low-skilled jobs across key sectors like manufacturing, construction, agriculture, trade and domestic services. Predominantly low-skilled and in their prime working ages, these migrants constitute 7.5 percent of Thailand's workforce and 60 percent of its elementary occupations. While undertaking low-skilled tasks, sectoral concentrations are seen: Cambodians work largely in construction, Lao workers in wholesale, retail, and service industries, and Myanmar workers in manufacturing. As Thailand's economy continues to expand and its population ages, reliance on regional migrant workers is set to expand.

Higher earnings in Thailand support household incomes in CLM countries and contribute to broader economic development. A survey by the World Bank and ILO (2024) indicates that Cambodian migrants earn 2.2 times, Lao migrants 2.5 times, and Myanmar migrants 2.6 times their pre-migration income while working in Thailand. This gap has widened since 2018, particularly among Myanmar migrants, due to a sharper decline in pre-migration earnings. Rising pre-migration unemployment, from 24 percent in 2018 to 36 percent in 2024, suggests actual income gains may be even larger. Resulting remittances play a crucial role in supporting macroeconomic stability, particularly in Cambodia, where they represent 5.5 percent of GDP. In Myanmar, remittances contribute to reducing poverty by 11 percent (Shwe 2020). In Lao PDR, 8.6 percent of households received remittances in 2024, with the average annual remittance amounting to 76 percent of the country's annual minimum wage (World Bank 2025a).

However, the labor migration system in this corridor is challenged by irregular migration, which limits its potential benefits for both origin and destination countries. The system operates through a dual-track structure, including both formal and informal pathways. Formal channels include: (i) visas and work permits for high-skilled professionals and investors, (ii) bilateral Memorandum of Understanding (MOU) for elementary occupations, which are the primary channel for low-skilled CLM workers, and (iii) border passes that permit short-term employment for workers residing in border areas of Myanmar and Cambodia. Despite these formal options, informal pathways persist, reducing the economic and social benefits for both origin and destination countries.

Irregular migration from CLM countries might be cheaper before crossing borders, but it comes with tangible costs in Thailand. Irregular migrant workers from CLM countries on average earn 20 percent less than MOU workers and have limited access to labor rights and social protection, increasing their vulnerability to exploitation and reducing their earnings and ability to send remittances. For Thailand, irregular migration complicates governance and poses regulatory and enforcement challenges.

Inadequacy of the bilateral Memorandum of Understanding (MOU) framework undermines efforts to reduce irregular migration

The existing MOU system, designed to facilitate regular labor mobility, falls short of meeting labor market needs. Despite reform efforts by Thailand, Cambodia, and Lao PDR to streamline the process, MOU procedures remain lengthy, taking up to 54 days for Cambodia, 61 days for Lao PDR, and 90 days for Myanmar, making irregular channels a faster and more accessible option for many migrants. Political and economic instability in Myanmar further exacerbates these challenges. This is reflected in the continued prevalence of irregular migration and repeated efforts to regularize undocumented workers: 88 percent of irregular migrants and 32 percent of regular migrants initially entered Thailand through unofficial channels (World Bank and ILO 2024). In this context, Thailand has expanded its focus on regularizing irregular migrants already in the country.

Burdensome migration costs push people towards an irregular pathway

CLM workers spent an average of two months' earnings on their mobility, with costs disproportionately burdening lower earners. Recruitment fees in both home and destination countries are the main expense, comprising about 80 percent of total costs (World Bank and ILO 2024). While costs declined for Cambodian and Lao workers, they rose for Myanmar workers from 1.6 to 2.1 months' earnings between 2018 and 2024, likely due to rising demand and fewer regular migration options. Jobs arranged through personal networks usually cost less than those arranged via recruiters, brokers, or employers. These disparities may further incentivize irregular migration.

Skills gaps constrain migrants' earning potential and economic contributions

While CLM migrants are largely concentrated in elementary occupations, many work below their education levels. Economic and political hardships in Lao PDR and Myanmar have driven outmigration among more educated workers. However, Thailand's labor migration policies, combined with limited recognition of migrants' skills and qualifications, confine them to low-wage sectors, restricting their mobility and earning potential. As Thailand faces a shrinking workforce, skills gaps among CLM migrants limit their ability to fill these shortages and contribute more fully to the labor market and the broader economy.

Weak labor rights and protection expose migrant workers to insecurity and lower wages

Most migrants, particularly irregular ones, work without basic labor rights such as minimum wages, safe working conditions, regulated hours, and union membership. Although compliance with the minimum wage law has improved, more than half of migrants, especially women and irregular workers, still earn below the legal threshold (World Bank and ILO 2024). Social Security Fund (SSF) coverage for regular migrants has risen to 53 percent for regular migrants but remains low at 31 percent for regularized migrants, with irregular migrants largely excluded. Barriers to enrollment and benefit access include ineligibility, limited awareness, complex procedures, and the lack of benefit portability upon return to home countries.

Declining remittances and reliance on informal transfer channels limit their development impact

Remittance flows have declined, with the share of migrants sending remittances dropping from 70 percent in 2018 to 51 percent in 2024, and average annual amounts falling from THB 33,286 to THB 26,653 (World Bank and ILO 2024). Trends vary by country: Cambodian remittances have increased, likely due to improved payment systems, while remittances from Myanmar workers have fallen sharply due to financial hardship in Thailand and heightened scrutiny of remittance flows at home. Despite relatively low remittance costs, most CLM migrants heavily rely on informal channels such as hundi or hand-carried cash, exposing them to unprotected risks and complicating central bank efforts to track remittance flows and their economic impacts.

Lack of return and reintegration support constrains the economic potential of returnees

Although CLM countries have launched initiatives to support returnees, such as vocational training, job matching services, and skills certification, participation remains low. Reintegration efforts face persistent challenges including mismatches between returnees' skills and labor market demands. Many returnees also lack access to updated labor market information and credit, making it difficult to secure employment or start businesses. Uncertainty around return timing further complicates support, with over 95 percent of CLM migrants unsure when they will return, driven largely by better job prospects in Thailand and, for many Myanmar workers, ongoing safety concerns (World Bank and ILO 2024).

Nevertheless, labor mobility remains an important jobs agenda for CLM. While firms in Myanmar and Lao PDR reportedly struggle with finding qualified workers owing to outflows of workers, findings from this report present a contrast. Nearly 89 percent of Lao migrants in Thailand interviewed for this report were either unemployed, or engaged in home duties, unpaid work at home, or other non-wage activities before migrating to Thailand, 83 percent for Cambodian respondents and 80 percent for Myanmar respondents. Very few were students before migrating. After migrating, all were employed in Thailand. This highlights migration's role in absorbing underutilized labor. Concerns about labor shortages and brain drain in origin countries like Lao PDR and Myanmar remain valid, calling for a closer examination of labor market dynamics (including internal labor reallocation) in the future. In doing so, it is important to recognize that these migrants are temporary labor migrants and thus return home after terminating their employment – not only with savings but also with skills that can support entrepreneurial activities and create jobs, making CLM's reintegration agenda increasingly important. Recognizing the importance of labor migration, Cambodia is elevating its new labor migration plan to the national level and shifting its focus toward expanding skilled labor mobility.

Thailand and CLM countries can expand the benefits of labor mobility through unilateral and bilateral actions. Tables 0.1 and 0.2 summarize key priority actions. To enhance net gains from migration, governments should align migration systems with labor market demand and strengthen migrant productivity and protections. The Government of Thailand is encouraged to shift from its MOU-based recruitment system to a more market-driven framework; introduce modular, work-based skills training programs with clear pathways to transition into semi-skilled visa categories; and develop a contributory social insurance scheme applicable to the temporary nature of migration. Meanwhile, CLM governments should improve transparency and lower recruitment costs through official job portals, strengthen complaints mechanisms, promote formal channels for sending remittances, and improve reintegration support. The macroeconomic modelling work analyzing the impacts of migration in Thailand and Lao PDR emphasizes the importance of coordinated policies on migration, investments in Artificial Intelligence and education, increased use of remittances for physical and human capital investment, and financial inclusion to support inclusive growth across the CLM-T region. In this context, a skills partnership offers a pathway to improve skills matching between Thailand and CLM, helping to more effectively address skills gaps in both Thailand and CLM.

Table 0.1 Priority areas to enhance net gains from labor mobility

Objectives	Priority areas	
	Thailand	CLM countries
Reduce irregular migration	#1 Align migration systems with labor market demand	#2 Improve transparency and reduce recruitment costs
Enhance economic gains from migration	#3 Enhance productivity and mobility of low-skilled migrants	#4 Promote financial inclusion and formal remittance transfer channels
		#5 Improve return and reintegration support
Improve migrant worker protection	#6 Adapt social protection systems to migration	
	#7 Strengthen complaints mechanisms and enforcement	
Cross-cutting	#8 Establish Skills Partnerships to address skills gaps and improve skills matches by collaborating on skills development	

Table 0.2 Priority actions and implementing agencies

Proposed actions	Implementing agency			
	Thailand	Cambodia	Lao PDR	Myanmar
Priority area #1: Align migration with labor market demand				
Incorporate migration policy into the national development plan	NESDC			
Transition from the MOU-based recruitment system to a more flexible, market-responsive framework	DOE, MOL			
Priority area #2: Improve transparency and reduce recruitment costs				
Create official job-matching portals		DEM, MLVT	DOE, MLSW	DOL, MOL
Enforce caps on recruitment fees and publish cost information				
Priority area #3: Enhance productivity and mobility of low-skilled migrants				
Introduce modular, work-based skills training programs	DSD, MOL			
Establish pathways for low-skilled migrants to transition into semi-skilled visa	Immigration Bureau			
Priority area #4: Promote financial inclusion and formal remittance transfer channels				
Facilitate partnerships among fintechs, mobile network operators, and banks to create a low-cost and accessible remittance corridor		National Bank of Cambodia	Bank of Lao PDR	Central Bank of Myanmar
Priority area #5: Improve return and reintegration support				
Offer tailored reintegration packages		DEM, MLVT	DOE, MLSW	DOL, MOL
Target programs to returnees based on work history and skills				
Priority area #6: Adapt social protection systems to the temporary nature of migration				
Develop a portable, contributory social insurance scheme	Social Security Office	National Social Security Fund	Lao Social Security Organization	Social Security Board

Priority area #7: Strengthen complaints mechanisms and enforcement				
Expand the capacity of labor inspectors and complaints-handling units		DEM, MLVT	DOE, MLSW	DOL, MOL
Fast-track the expansion of Migrant Worker Assistance Centers	DOE, MOL			
Priority area #8: Establish Skills Partnerships to address skills gaps and improve skills matches by collaborating on skills development				
Develop bilateral skills recognition frameworks	DOE & DSD MOL	Training Department (DGTVET) & DEM, MLVT	Skills Development Institute & DOE, MLSW	DOL, MOL
Involve the private sector in training and job placement				
Secure co-financing from relevant stakeholders				
Establish digital cross-border job-matching platforms				
Promote circular migration programs that enable migrants to return home, upgrade their skills, and reintegrate into national labor markets				

NESDC: National Economic and Social Development Council; DOE: Department of Employment; DSD: Department of Skill Development; MOL: Ministry of Labour, Thailand or Myanmar; MLVT: Ministry of Labor and Vocational Training, Cambodia; MLSW: Ministry of Labor and Social Welfare, Lao PDR.

1. Introduction

Labor migration from Cambodia, Lao PDR and Myanmar (CLM) to Thailand represents one of the most significant intra-regional migration corridors in the East Asia and Pacific region. This mobility has been shaped by differentials in opportunities, wages and skills, and facilitated by shared borders and economic integration. This labor migration is structural, responding to persistent labor shortages in low-skilled segments in Thailand. For CLM countries, it offers employment and higher-earning opportunities. While well-intended, bilateral arrangements to manage temporary labor migration often fail to keep pace with labor market needs. This misalignment creates costly and complex procedures, pushing many workers to use irregular channels, or fall into irregular status in Thailand, offsetting the overall benefits.

This report aims to provide evidence on the costs and benefits of labor mobility from CLM to Thailand from migrants' perspectives. While migration brings benefits, such as jobs, higher income, and skills development to some extent, workers also bear costs. These include recruitment fees, lack of access to credit, weak labor protections, and challenges in reintegration upon return home (Figure 1.1). Despite ongoing global efforts to reduce worker-paid migration cost, these burdens persist.

To better understand where and how labor mobility systems succeed or fall short, this report adopts a temporary labor migration cycle framework. It centers the analysis on migrant worker's experiences and decisions across four stages of labor migration: pre-decision, pre-departure, employment abroad, and return/reintegration (Figure 1.1). It identifies when and how costs emerge and what benefits are realized. Importantly, this lifecycle framework places migrant agency at the center, recognizing that migrants actively navigate constraints, mobilize resources, and respond to opportunities at each stage. The findings aim to inform targeted, migrant-centered, evidence-based policy reforms to reduce irregular labor migration.

The report largely draws on primary data sources to assess the evolving costs and benefits of labor migration in the CLM-Thailand corridor. Its core analysis, presented in Section III, is based on a CLM migrant survey conducted during the first half of 2024, jointly with ILO (hereafter World Bank and ILO 2024), covering 1,770 CLM migrant workers in low-skilled jobs in Thailand. The survey captures detailed information on migrant profiles, recruitment costs, wages, remittance behavior, access to labor protections and return aspirations. To assess changes over time, the report also utilizes comparable data from the ILO's 2018 CLM migrant survey (hereafter ILO 2018) which used a nearly identical questionnaire. This six-year comparison allows for an examination of changes in migration-related expenses and economic returns. This approach is particularly valuable given that, in recent years, Thai and CLM authorities have taken several steps to streamline migration systems, aiming at reducing migration costs and improving labor market outcomes for migrants. The analysis is further supported by qualitative in-depth interviews with selected CLM respondents conducted in 2024, providing additional context and insights.

Figure 1.1 Analytical framework through the temporary labor migration cycle lens

Migration cycle	What costs arise?	What are benefits?
Pre-decision	- Information gaps on overseas demand and skills needs - Reliance on informal social networks	- Access to skills development opportunities
Pre-departure	- Information gaps on migration processes - Migration costs (recruitment fees + documentation costs) - Limited access to credit	- Pre-departure orientation
Employment	- Restricted access to social safety nets - Constraints to change employers in practice	- Employment opportunities - Wage arbitrages - Work experience and skill acquisition - Support families via remittances
Return/reintegration	- Overstays due to lack of opportunities at home - After return, skills mismatches between aspirations, skills and available jobs - Limited access to credit	- Skills and knowledge transfer - Tailored reintegration support

Source: Authors' illustration.

Before proceeding to the analysis in Section III, Section II examines migration dynamics in Thailand, with a focus on patterns of labor migration from CLM countries. It explores how migration flows are shaped by labor demand, migration drivers and institutional arrangements. It includes a review of the main pathways of CLM migration to Thailand and highlights policy challenges, including the continued irregular migration and limitations of the Memorandum of Understanding (MOU) processes. It also discusses Thailand's efforts to regularize irregular migrants, while noting the difficulties workers face in navigating these procedures.

Section IV outlines priority actions to enhance net gains from labor migration in the CLM-Thailand corridor. Despite ongoing reforms, CLM-Thailand's migration governance remains reactive, fragmented, and often overly bureaucratic. Irregular migration remains widespread, driven by mismatches between labor demand and formal migration systems, as well as perceived burdensome, lengthy and costly procedures. The report presents a structured set of priority actions under five broad objectives: (1) aligning migration systems with labor market demand; (2) improving the productivity and mobility of migrant workers; (3) adapting social protection frameworks to the temporary nature of labor migration; (4) reducing recruitment costs and improving transparency; and (5) strengthening reintegration. A cross-cutting recommendation calls for structured skills partnerships between Thailand and CLM countries to promote coordinated training, certification, and job-matching.

2. Trends and Patterns

Abstract: *Thailand is a major hub for regional labor migration, hosting over 3 million low-skilled workers from Cambodia, Lao PDR and Myanmar (CLM), likely to be higher once including those with irregular status. These migrants, often in their prime working age, are essential to sectors like agriculture, construction, manufacturing and services. Drivers of migration include wage differentials, demographic pressures and limited opportunities in origin countries. Despite the formal Memorandum of Understanding (MOU) migration pathways, many still migrate irregularly due to various reasons including bureaucratic delays, burdensome costs, or political instability at home. While Thailand's labor market benefits structurally, challenges around migrant regularization and migration governance persist, particularly as Lao PDR and Myanmar face deepening economic difficulties.*

Thailand's overall migration landscape

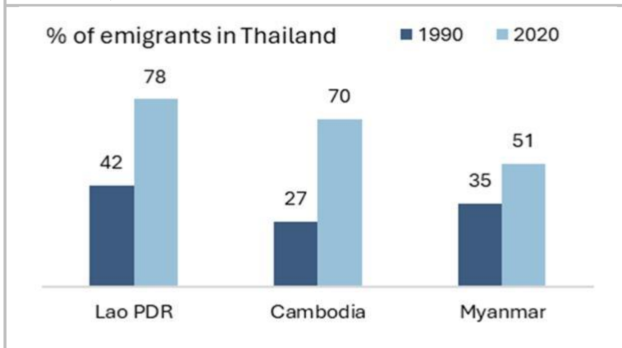
Thailand, the second-largest economy in Southeast Asia, plays a key role in regional labor migration dynamics. Beyond its role in trade and investment, Thailand is a net immigration country and hosts the largest number of migrants in the East Asia and Pacific region – an estimated 5.3 million immigrants in 2023 (UN Network on Migration in Thailand 2024). Much of this migration is from neighboring Cambodia, Lao PDR, and Myanmar (CLM) which saw a striking rise in emigration to Thailand, now the top destination for CLM migrants (Figure 2.1a). These CLM migrants now make up the largest share of Thailand's immigrant populations (Figure 2.1b).

While the ASEAN Economic Community (AEC) promotes the vision of free movement for skilled labor, Thailand's migration reality is driven largely by low-skilled labor flows. As of 2024, skilled migrants account for just 5.6 percent of all registered migrant workers in the country (Thai Department of Employment (DOE) 2024). Instead, Thailand is dominated by low-skilled migrant inflows (Figure 2.1c), especially from CLM countries. These workers are not peripheral but are structural and indispensable in sectors where Thai workers are unattracted and automation is insufficient to replace labor such as farms, construction sites, fishing ships, care services, and households.

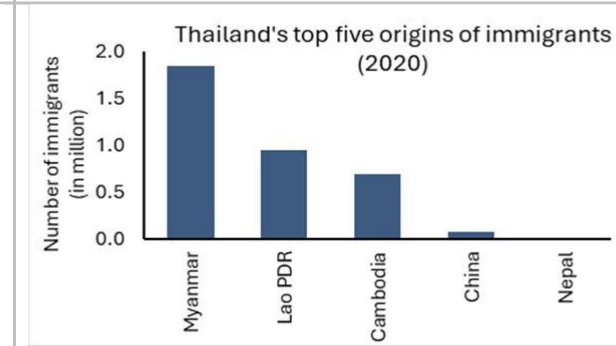
Meanwhile, Thai workers continue to seek employment abroad. To enhance worker protection, the Thai government promotes formal deployment via bilateral agreements managed by the Department of Employment (DOE). Key agreements since 2019 include: Israel (2020) for agricultural work; Saudi Arabia (2022) for hospitality, health, industry, and domestic work; and Korea (2023) for seasonal jobs in agriculture and fisheries. By the end of 2023, the number of Thai workers abroad remained below pre-pandemic levels, with 118,080 workers deployed, compared to 149,455 in 2019. Most migrants access employment through re-entry (39 percent), private agencies (33 percent), or DOE (10 percent), primarily filling elementary jobs in agriculture, general labor, and fruit picking. Asia dominates as the main destination, accounting for 88 percent of formal deployments, followed by Europe (5 percent) and the Middle East (3 percent). The top five destinations are Taiwan, China, Republic of Korea, Japan, Malaysia, and Lao PDR. Israel has recently dropped from the top five following deployment suspension due to instability in Gaza.

Figure 2.1 Thailand's migration landscape

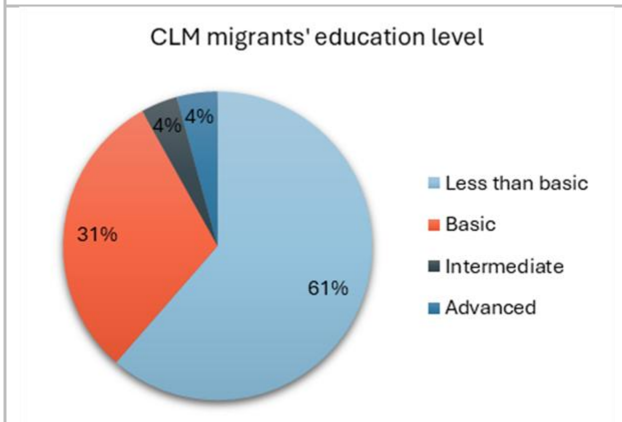
a. *Thailand attracted the majority of emigrants from CLM;*



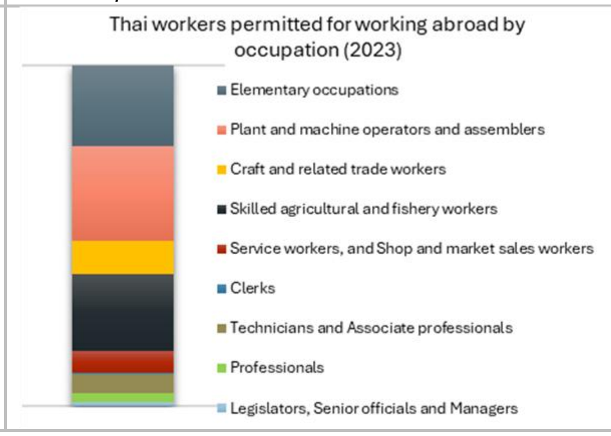
b. *...hence CLM migrants take up the largest share of immigrants in Thailand.*



c. *Most CLM migrants in Thailand are low-skilled,*



d. *...while Thai leaving the country for semi-skilled occupations.*



Source: a) Authors' calculations based on World Bank (2025); b) World Bank (2025) based on the World Development Report 2023 database; c) ILO 2024; d) Labor Statistics Yearbook 2023, Ministry of Labour, Government of Thailand.

Irregular migration also exists. Thailand has a long history of migration beyond formal deployment, particularly along its border with Malaysia, where daily cross-border movements by ethnically Malay Thai nationals remain common and largely informal, driven by deep economic, cultural, and social ties. (Angchuan and Maneekul 2020). Since the 1970s, Thai workers from northern and northeastern provinces have sought employment in the Middle East and East Asia, often in low-skilled sectors, with many migrating through irregular channels, exposing them to heightened protection risks (ILO 2023b; Hedberg, et al. 2019; Kurlander, et al. *forthcoming*). More recently, new destinations such as Sweden and Finland have attracted Thai seasonal workers, particularly for berry picking. Some Thai migrants have replaced Ukrainian seasonal workers since Russia's invasion of Ukraine (EMN 2019). However, there are concerns over high recruitment costs, wage violations, and limited protections (Hedberg et al. 2019).

Thailand's emigration of workers, coupled with its rapidly aging population, underscores an increasing need for foreign labor to sustain economic activity. As more Thai workers pursue overseas opportunities, primarily in semi-skilled occupations such as machine operators (Figure 2.1d), labor shortages in key sectors may intensify. This trend highlights the need for Thailand to manage foreign labor inflows more strategically, with migration policies that are responsive to real-time labor market demands and aligned with demographic shifts.

Zooming into Cambodia, Lao PDR, and Myanmar migrants in Thailand

As of 2024, Thailand hosts over 3.1 million regular CLM migrant workers (Figure 2.2a) – representing 92 percent of its foreign labor force and about 7.5 percent of its labor force. Of CLM migrant workers, Myanmar workers form the largest group, followed by Cambodia (Figure 2.2b). In their home countries, these emigrants account for significant shares of domestic labor forces: 5 percent of Cambodia's, 8 percent of Lao PDR's and 10 percent of Myanmar's. While some CLM workers go to China, Japan, Korea, and Malaysia, Thailand remains the main hub due to various reasons including shared borders (see the following subsection on reasons for migration).

The official figures likely understate the true scale of CLM workers in Thailand (see Box 1 for potential sources to help estimate the number of irregular migrants). Many enter Thailand through irregular channels without valid documentation or permission, let alone those overstaying visas, working without a valid work permit, or living without valid documentation. As of July 2024, IOM estimates that at least 1.7 million Myanmar nationals live in Thai communities with irregular status, while nearly 100,000 more reside in camps along the Thailand-Myanmar border as of November 2024 (UNHCR 2024; IOM 2025). Border provinces such as Mae Hong Son, Tak, and Chiang Rai likely host irregular migrants at rates far exceeding official registers.

Demographically, these migrants are in their prime working age. According to this report's World Bank and ILO CLM Migration Survey data collected in early 2024 (see Annex 1 for survey methodology), the majority of CLM workers are aged between 21 and 40, indicating that labor migration is concentrated among young adults (Figure 2.2c). Myanmar migrants show a broader age distribution into their 40s, except for a dip in the 32–35 age group, possibly reflecting the impact of Myanmar's conscription law.[1] Cambodian and Lao migrants tend to skew younger, suggesting that many are young adults seeking better opportunities.

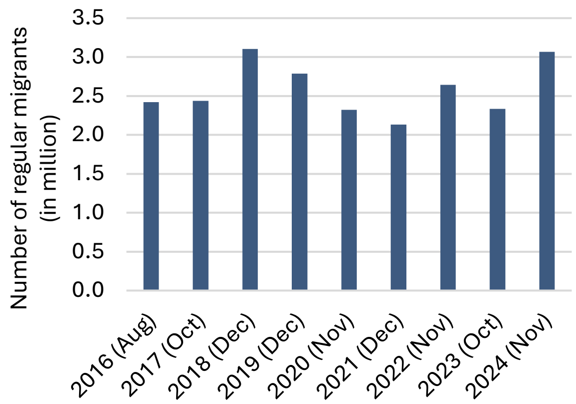
Sectoral concentrations vary across CLM workers, though most are employed in five key sectors: construction, manufacturing, agriculture, trade, and domestic services. Cambodians are more concentrated in construction, Lao workers in wholesale, retail trade, and services, and Myanmar workers in manufacturing (Figure 2.2e). These sectoral distinctions might be influenced by network effects, where established migrant communities help direct new arrivals into specific sectors, reinforcing occupational patterns overtime. Language and cultural familiarity might also play a role, particularly Lao workers in service-oriented roles. These employment patterns may influence gender composition: males constitute 55 percent of Cambodian and 57 percent of Myanmar migrants, but only 44 percent of Lao migrants.

CLM migrants overwhelmingly occupy elementary occupations. According to World Bank and ILO (2024), all respondents are employed, with the majority in elementary occupations and only about 5 percent reporting semi-skilled jobs. Many agricultural migrants engage in growing rice, vegetables and other cash crops, while those in the construction sector work in constructing buildings. Based on DOE's December 2024 labor force survey, CLM migrants are estimated to hold around 60 percent of elementary occupations in Thailand. While this appears to match their educational attainment, about 20 percent of Lao workers may work below their education levels (Figure 2.2d).

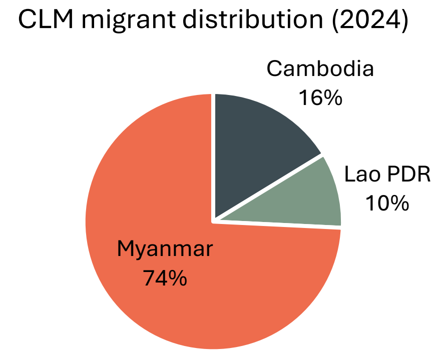
[1] Enforced in February 2024, mandating military service for men aged 18 to 35 and women aged 18 to 27 and thus not authorizing labor migration of workers in these age groups.

Figure 2.2 CLM migrant workers in Thailand

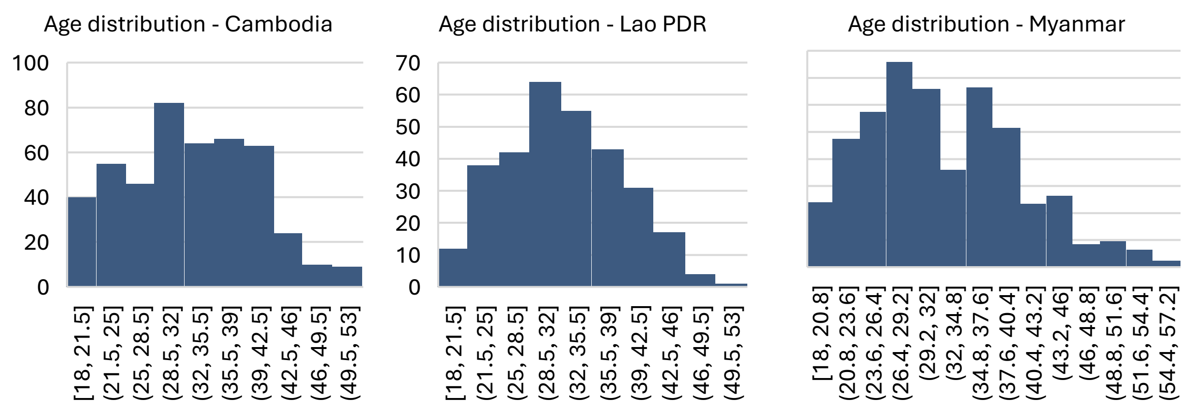
a. The number of CLM migrant workers reached 3.1 million in 2024,



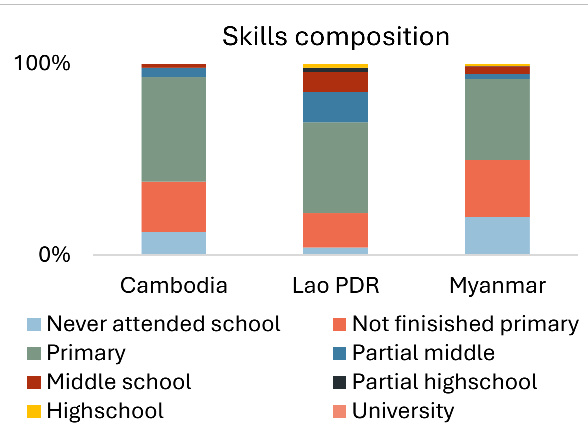
b. ...with Myanmar workers taking up the majority.



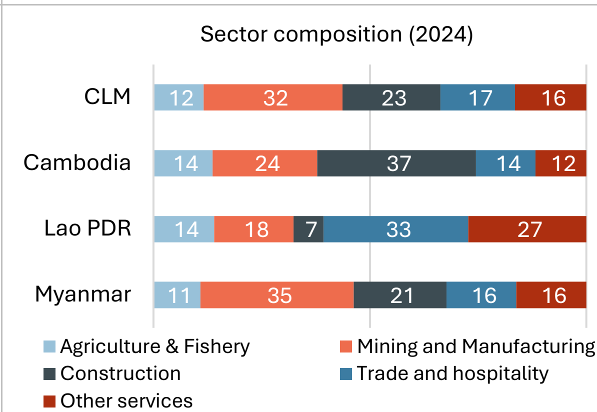
c. Most CLM migrant workers are in their prime working age (21-40 years).



d. They tend to be low-skilled workers, although education levels



e. ... and sector of employment vary by country.



Source: a) and b) ILO, compiled based on DOE data; c) and d) World Bank and ILO 2024; e) Ministry of Labour, Government of Thailand.

Why CLM workers migrate to Thailand: Structural drivers and economic disparities

The reasons for CLM migration are structural. Thailand's aging population and shrinking domestic workforce have created persistent demand for labor. These opportunities attract CLM workers especially to key economic provinces such as Bangkok and its vicinity, Chiang Mai, Surat Thani, and Chonburi. At the same time, economic and political factors drive workers to leave – like poverty, instability and limited opportunities (Figure 2.3a). In Myanmar, political instability following the 2021 coup has driven over 2.3 million citizens into Thailand, according to IOM (2025). Cambodia continues to face rural underemployment, and Lao PDR is experiencing macroeconomic fragility—currency depreciation, high inflation, and limited structural transformation. World Bank and ILO (2024) shows a rise in the share of first-time migrants from both Lao PDR and Myanmar in 2024, compared to ILO (2018), suggesting that economic and political challenges in these countries are driving more people to migrate.

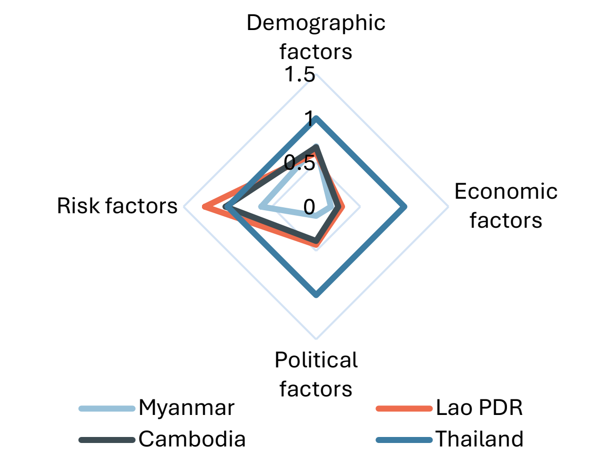
Migration patterns also reflect disparities in human capital development. A shrinking working-age population, coupled with rising education attainment, has led to a critical shortage of low-skilled workers in Thailand (Figure 2.3b). While the overall unemployment rate was extremely low at 0.9 percent in 2024, it was even lower at 0.1 percent among those with incomplete primary education and 0.5 percent among those with completed primary education. The shortage is particularly acute in the construction sector (IOM 2024). A larger pool of low-skilled workers in CLM countries matches unmet demand in Thailand's elementary occupations. As Thailand's economy continues to grow and its population ages, this structural interdependence is likely to deepen.

Alongside these conditions, persistent wage differences may further fuel migration. Thailand's minimum wages remain about three times higher than Myanmar's and twice that of the Lao PDR in 2025, or 2.4 and 1.5 times higher, respectively, after adjusting for differences in the cost of living. Though wage gaps between CLM and Thailand are narrowing in recent years, especially Cambodian workers in the garment or textile industry (Figure 2.3c), migrants still see significant income gains. In Lao PDR, 93 percent of low-skilled migrants cited higher wages and better employment opportunities as the key reasons to migration (World Bank 2025a). World Bank and ILO (2024) suggests that only 16 percent of CLM migrant respondents had any income before migrating to Thailand; their average pre-migration income was US$112 per month, compared to US$282 per month in Thailand.

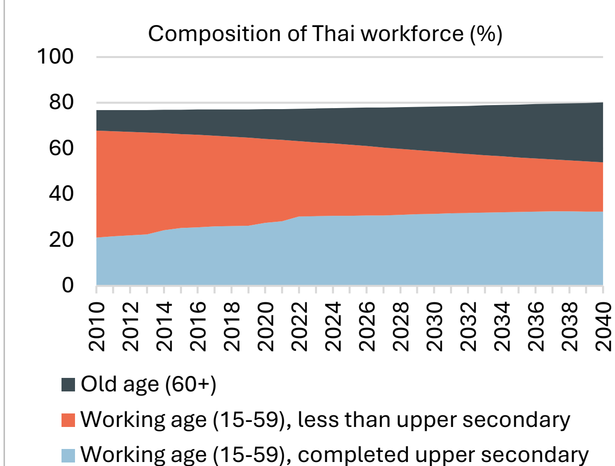
However, rising out-migration poses risks to long-term human capital development in origin countries. Both Lao PDR and Myanmar have suffered from high inflation in recent years (Figure 2.3d). Economic hardships and limited educational access may encourage younger people in these countries to migrate before completing school: World Bank and ILO (2024) suggests that the share of migrant respondents with partial middle-school education is higher among Lao migrants compared to those from Cambodia and Myanmar (Figure 2.2d). In Myanmar, half of high-skilled respondents expressed a desire to migrate for better economic prospects and earnings (Ghorpade, Imtiaz, and Han 2024). If this trend persists, it could undermine human capital development in origin countries over the long term, unless their remittances support human capital development for their families back home.

Figure 2.3 Drivers of migration

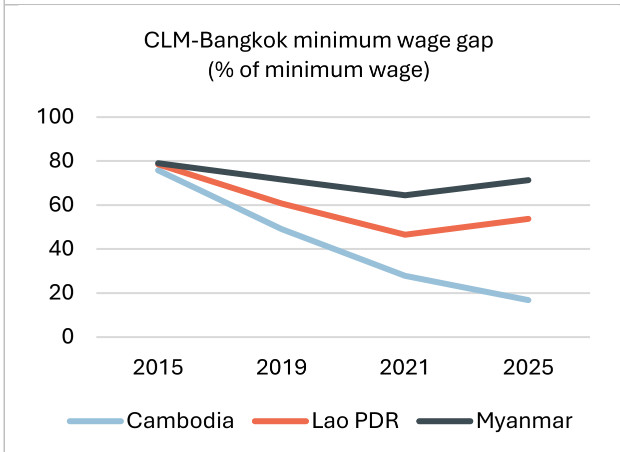
a. *CLM migration is driven by demographic and economic factors.*



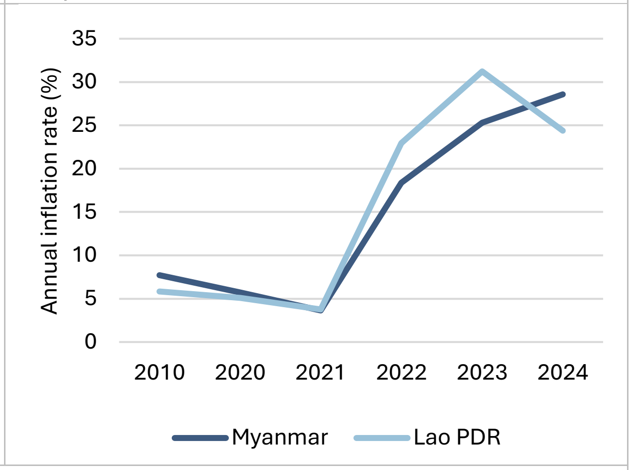
b. *With shrinking labor force and higher education attainment, CLM migrants fill unmet demand for low-skilled workers in Thailand.*



c. *While higher wages in Thailand attract migrant workers,...*



d. *...rising inflation and currency depreciation in Lao PDR and Myanmar push more people to find jobs abroad.*



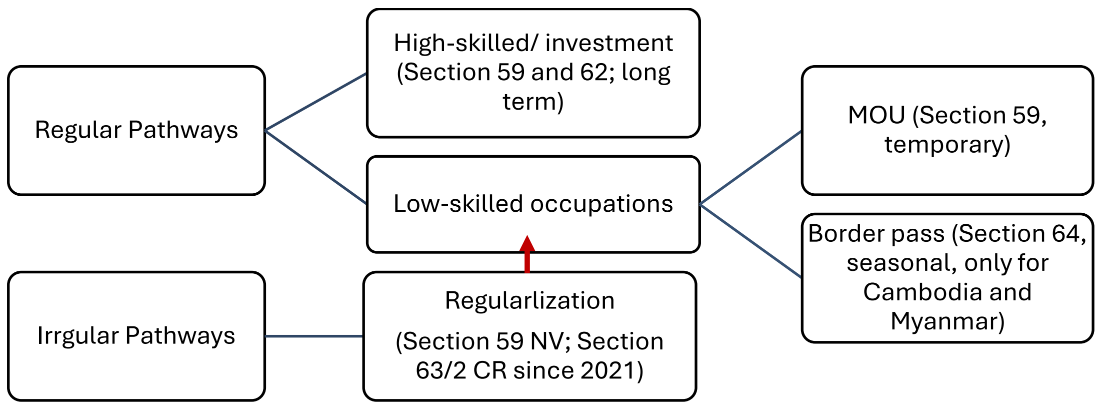
Source: a) CIA World Factbook, WB World Development Indicator, INFORM; b) UN Population and Thailand's Labour Force Surveys; c) Bank of Thailand; ASEAN 2024; d) IMF. 2023 for Myanmar is projected; 2024 for both Myanmar and Lao PDR is project.

Note: a) Data from 2020-2024. Median age for demographic, GNI per capita in current US$ for economic, rule of law percentile rank for political, reciprocal INFORM risk score for risk. Thailand's values are normalized to 1. b) Projections assume a constant upper secondary completion rate by age group. c) Cambodia's minimum wages refer to those set for the garment, footwear and tourism industries. CLM's monthly minimum wages are converted into a daily one using 22 days a month and then to the Thai baht using prevailing exchanges rates.

How CLM workers migrate to Thailand: regular vs. irregular pathways

CLM migration to Thailand demonstrates a dual-track structure, including both formal and informal pathways to meet the country's labor demands in low-skilled segments. Formal channels include: (i) visas and work permits for high-skilled professionals and investors under the Immigration Act, (ii) bilateral Memorandum of Understanding (MOU) for elementary occupations governed by the Foreign Worker Management Emergency Decree – the primary channel for CLM workers, and (iii) border passes which allow short-term employment for workers residing in border areas of Myanmar and Cambodia (Figure 2.4).[2,3,4,5] Despite these legal avenues, many CLM workers continue to enter Thailand irregularly through networks, often facilitated by brokers. In response, Thai authorities have undertaken regularization programs to legalize the status of undocumented migrant workers, balancing labor market demands with security concerns. However, like other destination countries, Thailand unilaterally sets policies for admitting skilled foreign labor.

Figure 2.4 Thailand's pathways for labor migration – a dual track for low-skilled occupations



Source: Authors' illustration based on Thailand Ministry of Labour and Immigration Bureau.
Note: Section of Royal Ordinance Concerning the Management of Employment of Foreign Workers.

Main regular pathways - MOU for the low-skilled

Bilateral MOUs signed by Thailand and Myanmar, Cambodia, and Lao PDR respectively, set out the conditions to regulate the employment of CLM workers in Thailand. Each country's Ministry of Labor is the lead agency, and private recruiters play a key role in job matching and supporting prospective migrants in preparing necessary documents (Table 2.1). Key terms of an MOU contract include:

- ***Employment duration:*** MOU workers are for elementary occupations, primarily in construction, agriculture, fisheries, manufacturing, and domestic work. Employment duration is granted for up to two years, with the possibility of a two-year extension. After the four years, MOU workers must return to their home country for at least 30 days before reapplying. MOU workers may change employers, provided specific conditions are met.
- ***Documentation:*** Workers must submit medical and police clearances. In addition to obtaining a visa, MOU workers are required to obtain a work permit from the Department of Employment (Ministry of Labour) upon arrival in Thailand.

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[2] Thailand has also arranged this MOU migration with Viet Nam, but the share of Viet Nam MOU workers is small.
[3] Border pass holders need to obtain a work permit to work. To date, Lao PDR has not established a border pass scheme with Thailand.
[4] In April 2025, the agreement on employment of workers between Cambodia and Thailand was revised to include short-term employment not exceeding one year. Implementation will commence once the operational guidelines have been finalized.
[5] See ILO 2020 for more detailed discussions the development of regular pathways over time.

- ***Rights and Protections:*** MOU workers are entitled to equal treatment, including minimum wages, basic labor rights and protections, healthcare, and social protection. Nevertheless, agriculture and fishery sectors are not subject to minimum wages.

Table 2.1 Institutional frameworks

	Thailand	Cambodia	Lao PDR	Myanmar
Lead agency	Ministry of Labor (MOL)	Ministry of Labor and Vocational Training (MLVT)	Ministry of Labor and Social Welfare (MLSW)	Ministry of Labour (MOL)
Use of private recruitment agencies	Yes, employer direct hire allowed	Yes, regulated by licensing by MLVT; employer direct hire allowed	Yes, employer direct hire allowed	Yes, but employer direct hire not allowed

Recognizing that the lengthy MOU process contributes to irregular migration, Thailand, Cambodia and Lao PDR have taken steps to streamline the procedure. Yet, some steps can be unpredictable, leading to delays. The process begins with Thai employers submitting a demand letter to the Thai MOL, which then forwards it to the relevant authority in CLM countries. Recruitment agencies in CLM handle worker selection, contracts and pre-departure preparation. Recruitment agencies are tasked with reporting returning workers (Table 2.3), but the absence of a follow-up mechanism appears to lead to underemployment among returnees (Xayamoungkhoun and Harkins 2023).

While all CLM countries aim to balance labor mobility with worker protection, their systems differ in structure, sequencing and efficiency. Myanmar's process remains the slowest due to extensive bureaucratic approvals (Table 2.2). Cambodia follows a worker-central model involving multiple steps – such as pre-screening, approvals of job-matching packages, and exit clearance, although the process can be quicker if a Travel Document is used instead of a passport. Lao PDR adopts a recruitment-driven approach, using migration resource centers to advertise vacancies and thus reach the name-list submission stage under 10 days. Nevertheless, when combined with Thailand's contract approvals and visa issuance, the entire process can take 1.5 - 2 months. Each system faces delays at different stages, reflecting their procedural focus.

Table 2.2 Time required from the issuance of job orders to arrival of migrant workers

<table>
<tr><th></th><th>Estimated duration</th><th colspan="2">Major bottlenecks</th></tr>
<tr><td></td><td></td><td>CLM</td><td>Thailand</td></tr>
<tr><td>Cambodia</td><td>41-54 days</td><td>Pre-screening of workers[1/];
Approval of a signed contract list;
Exit clearance</td><td rowspan="3">DOE approval of the signed contract list ('name list"), part of the Calling Visa process (taking up to 21 days);
Visa issuance (up to 15 days)</td></tr>
<tr><td>Lao PDR</td><td>44-61 days[2/]</td><td></td></tr>
<tr><td>Myanmar</td><td>Up to 90 days</td><td>Multi-agency validations, approvals and exit clearance</td></tr>
</table>

Note: 1/ workers must present a national ID, birth certificate, and family book or residence book to register for job search and pre-screening. 2/ Source: ASEAN 2023; ILO 2023a.

Table 2.3 CLM-Thailand MOU migration systems – Little time spent on job matching but more on processing

Process	Thailand	Cambodia	Lao PDR	Myanmar
Economic needs test	Employers post job vacancy with DOE for 15 days to allow Thai workers to apply			
Initial worker registration (labor market test/ pre-selection)		Age limit: 18 or older + job search registration (1 day) + job seeker signs a placement letter with recruitment agency and register through recruiters	Register with provincial job officers/ job centers	Overseas job seekers register with MOL and try to find domestic opportunities + register through recruiters
Labor demand and verification	Issue demand letter (7-15 days)	Obtain the demand letter from MOL (6 days)		Labor attaché verifies the demand letter + approval of the demand letter by MOL (up to 40 days)
Job opening announcement		Announce the jobs on the demand letter	Recruiters advertise openings through migration resource centers (5 days)	Recruiters search job seekers
Job matching		Private recruiter submits signed labor contracts (name list) for MLVT's approval	Private recruiter submits signed labor contracts (name list) (1-2 days)	Recruiters, MOL, Thai employer and worker sign a contract
Preparation for departure	Receive a name list, seal, and submit a Calling Visa notification to Thai embassy in respective CLM country (up to 21 days) + visa issuance (7-15 days)	Worker obtains OCWC + MLVT submits a name list to Thai MOL + visa application + exit clearance + pre-departure training (54 days)	Predeparture training (1 day)	Worker obtains OWIC + medical checkup + MOL submits a name list to Thai MOL + visa application + arrange border crossing date (permission to leave) + pre-departure orientation (up to 45 days)
Post arrival	Post arrival orientation + medical checks + health insurance + work permit issuance			
Employment	No change of employers unless conditions met	File complaints via recruiters and MLVT hotlines		
Departure/ return	Employers report the termination of employment + provide worker completion certificate	Private recruiters report workers' return	Private recruiters report workers' return	Private recruiters report workers' return
Return support policies	No	No	No	No

Source: Authors, based on government stakeholder consultations and desk reviews. DOE=Thailand's Department of Employment; MOL=Thailand's Ministry of Labor; OCWC=Overseas Cambodian Worker Card; MLVT=Cambodia's Ministry of Labor and Vocational Training; MOL=Thailand's or Myanmar's Ministry of Labour; OWIC=Overseas Worker Identification Card.

Longstanding irregular migration

Irregular migration has long been a challenge along the CLM-Thailand border. Although CLM citizens can enter Thailand without a visa under the ASEAN framework, this does not grant them the legal right to work. While the MOU offers a legal pathway for labor migration, it is well documented that many prospective migrants find it too slow, costly or difficult to navigate, prompting them to cross Thailand borders without valid documentation. According to World Bank and ILO (2024), about 77 percent of respondents said that it took them ten days or less to start work in Thailand after leaving home. In Myanmar, the military authorities have suspended MOU-based migration to Thailand. Regular labor migration to other destinations is further constrained by the conscription law, limited issuance of overseas worker ID cards, and few departure authorizations (see Annex 3 on recent developments in Myanmar's labor migration policies).

More frequent regularization of irregular migrants

Thailand has implemented various regularization policies to manage irregular migrants and to better integrate them into the formal labor market. Efforts include ad-hoc registration campaigns, work permit renewals, temporary work permits, and legal pathways through Cabinet Resolutions (CRs).[6] CRs have been used to covert registered migrant workers to MOU workers, and, under recent Section 63/2, allow irregular CLM and Viet Nam (CLMV) migrants to register for temporary legal status (see Box 2 for further information on regularization processes under CRs). Part of the process can include the existing Nationality Verification process which depends on cooperation with CLM governments. Some recent cabinet resolutions allow Thailand to regularize irregular CLM migrants through unilateral action (e.g., migrant workers' on-line registration). Recent regularization under CRs also includes CLMV workers who wish to remain in Thailand for continued employment instead of returning to their home countries.[7] The costs for regularization under Cabinet Resolution can be THB 8,000 – 9,000 (United Nations Network on Migration in Thailand 2024).

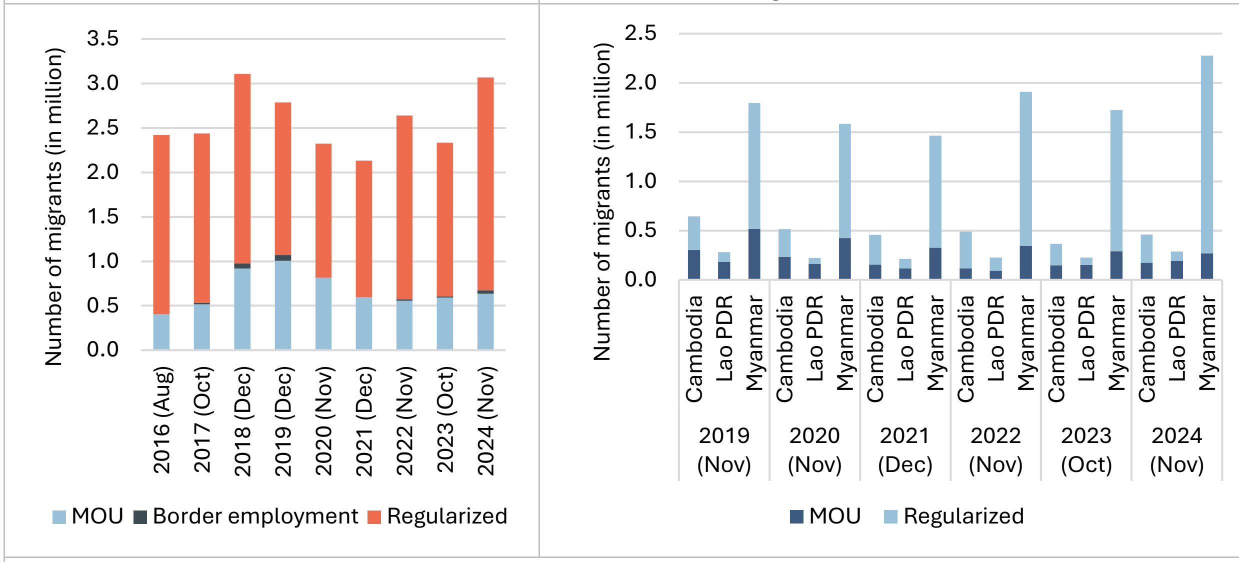
As a result, the share of MOU workers has declined, while regularized migrants make up the majority of Thailand's documented migrant workforce (Figure 2.5a). While regularization has become the dominant pathway for migrants from Myanmar (88 percent) and Cambodia (58 percent), the share is significantly lower for Lao PDR at 33 percent in 2024 (Figure 2.5b). This reflects the Lao government's effort to convert migrants' irregular status to MOU after securing employment in Thailand. World Bank and ILO (2024) suggests that 88 percent of irregular migrants and 32 percent of regular migrants initially entered Thailand via unofficial channels, with Myanmar migrants particularly relying on irregular routes due to restrictive migration policies and conditions in their home country.

[6] Two CRs in 2023 regularized more than 2 million irregular migrant workers.

[7] Other criteria include (i) entered Thailand without documentation or through unofficial channels, (ii) holding expired work permits or visas, (iii) remained in the country after employment termination without proper notification to authorities by their former employer, (iv) overstayed the MOU contracts, and (v) engaged in employment activities while holding tourist visas. Source: https://thelegal.co.th/2024/10/16/proposed-reforms-for-migrant-workers-in-thailand-temporary-stay-and-work-permit-relaxations/?utm_source=chatgpt.com.

Figure 2.5 Regular CLM workers in Thailand by type

a. *Regularized CLM workers outnumber MOU workers,*	b. *...especially for Myanmar, while the share of Lao MOU workers is rising.*



Source: ILO, compiled from DOE data.

Despite these efforts, the regularization process remains complex and can be unpredictable. Issues such as difficulties in obtaining necessary documentation, limited access to online application systems, and administrative procedures have challenged the effectiveness of these efforts (World Bank 2024). Furthermore, policies in origin countries, such as Myanmar's requirement for migrants to remit 25 percent of their earnings through formal banking channels, can discourage irregular Myanmar workers from entering the regularization process.

Nevertheless, these efforts without structural reforms to regular migration systems could unintentionally encourage further irregular migration. They may create expectations of future regularization, as it can reinforce the perception that irregular entry is a viable first step toward legal status.[8] However the inconsistent and unpredictable nature of these programs can weaken that signal, adding uncertainly to the decision-making of prospective migrants or existing irregular migrants.

[8] See McKenzie and Rapoport 2007 on migration decisions shaped by information passed through networks, and Triandafyllidou 2010 on Italy's regularization programs.

Box 1 Estimating the number of migrants using administrative data in destination countries.

Administrative data can complement existing official data sources on migrants, such as immigration records and work permit issuances, to improve migration estimates. However, some limitations remain. Additional supplementary data sources include:

1. *Telecommunication Data* – Mobile phone usage and SIM card registration can provide insights into migration patterns based on cross-border phone activity, covering both regular and irregular migration flows. However, accessing such private data may be challenging and could raise ethical concerns regarding privacy.
2. *Satellite Imagery* – Satellite data can help track migration by monitoring border crossings and settlement patterns, offering a visual representation of migration trends, including large-scale movements such as those along the Myanmar-Thailand corridor. However, this method provides indirect data and may not capture smaller-scale migrations.
3. *Big Data Sources* – Social media activity, job order platforms, and geolocation services can offer broader insights into migration trends, including irregular migration. However, the use of such data may pose privacy and ethical concerns.

Source: IOM.

Box 2 Thailand's regularization initiatives: Nationality verification vs Cabinet resolutions.

Thailand has implemented a formal process to verify the nationality of irregular migrants from CLM, to regularize and thus allow them to legally work in Thailand under bilateral cooperation with CLM countries. Migrants initiate the process by registering for nationality verification (NV) via their embassies or NV centers, then officials from origin-country governments confirm the migrants' identity and issue a passport of certificate of identify. Subsequently Thailand issues a visa and work permit. This process can be lengthy as it involves origin-country governments.

In recent years, the Thai government accelerated in introducing a series of cabinet resolutions to provide migrant workers in irregular situations to regularize through unilateral, ad-hoc registration windows. Some 19 cabinet resolutions have been implemented during 2020 and February 2025. Each resolution would take its own shape, especially in terms of eligibility. Some of these resolutions have also allowed work permit renewals for migrant workers whose work permits will soon expire, and extended periods for migrant workers to complete the regularization process under previous cabinet resolutions. Cabinet resolutions may take the NV as a last step in the process. Recent cabinet resolutions (September 24, 2024 and February 4, 2025) follows the following process:

- Step 1. Employers: submit a Name List indicating labor demands for migrant workers to DOE
- Step 2. Migrants: obtain a medical clearance → register with SSF/ purchase health insurance
- Step 3. Employers: submit work permit requests for their migrant workers listed in the Name List to DOE
- Step 4: DOE: issues application and fee payment receipts to both employers and migrants (served as provisional documents until official worker permits are issued)
- Step 5: DOE: approves worker permits
- Step 6: Migrants: undergo biometric collection at DOE
- Step 7: Migrants: proceed with visa extension (renewing travel documents) and update their non-Thai registration record; receives a Non-Thai identity card (aka Pink Card)

Source: World Bank 2024; IOM 2025, "Policy Review: From Policy to Practice: Lessons Learned and Recommendations to Enhance the Regularization Process for Migrant Workers in Thailand.

3. Costs and Benefits of CLM-Thailand Labor Mobility

Abstract: *Efforts to reduce migration costs for low-skilled migrant workers, particularly those from low-income backgrounds, have gained global attention due to the financial barriers they face. The report's 2024 survey reveals that CLM workers in Thailand spent an average of two months' earnings for their mobility, with significant variation across countries in cost increases since 2018. Fees paid to recruiters or brokers in both origin and destination countries are the primary expense, comprising about 80 percent of total costs. Debt financing further exacerbates financial strain for 10 percent of migrants. Despite these challenges, CLM migrants earn significantly higher wages in Thailand, contributing to household income and poverty reduction in their home countries. However, labor rights and social protections remain limited, with many migrants working below minimum wage and without overtime pay. Remittances play a crucial role in supporting macroeconomic stability, particularly in Cambodia, where they account for 5.5 percent of GDP. This section further highlights the macroeconomic impacts of migration in Thailand and Lao PDR, emphasizing the importance of coordinated policies on migration, investment in AI and education, remittance use in education and investment, and financial inclusion to support inclusive growth across the region.*

Costs at the pre-decision stage

Lack of information and social networks can significantly limit access to migration opportunities. While migration from CLM countries to Thailand is often facilitated by well-established networks, these appear to be geographically concentrated. World Bank and ILO (2024) finds that not all CLM migrant respondents in Thailand originate from border areas. In fact, nearly 40 percent of Myanmar respondents came from Bago Region, followed by Mon and Shan States. For Lao PDR, nearly 40 percent came from Savannakhet, followed by Champasak and Khammouan. For Cambodia, about 55 percent came either from Banteay Meanchency or Battamban, followed by Siem Reap. This geographic concentration suggests the presence of networks enabling mobility, providing information, helping migrants to cross borders (including arranging transportation) and to find employment and accommodation in Thailand. This pattern could also suggest that people in other poorer provinces of CLM have little access to higher earning opportunities in Thailand due to the absence of such networks or reliable information. This also highlights the need for targeted policies to mitigate the short-term impact of labor outflows – e.g., by facilitating internal labor mobility from provinces with low out-migration and low economic need to those with high out-migration and greater economic need.

Cost at the pre-departure stage: Migration cost including financing costs

Globally, efforts have been underway to reduce migration costs for migrant workers, recognizing that many migrants, especially the low-skilled, tend to incur out-of-pocket expenses, unlike their high-skilled counterparts. These costs often arise from limited access to reliable information, recruitment fees, charges for documentation like passports, visas, medical and police clearances, and other papers mandated by origin and destination governments, together with travel expenses. Migrants also incur implicit costs such as opportunity costs from the lengthy regular migration process and loan-related burdens when borrowing to cover formal migration expenses. Such costs disproportionately affect low-income migrants who often lack savings and access to formal financing, thus limiting their ability to migrate through legal channels. To promote inclusive and equitable migration systems, Sustainable Development Goal 10.7.1 calls for reducing recruitment costs borne by migrants as a proportion of monthly income earned in the destination country. Hence, a growing consensus at the global level is that recruitment fees should not be paid by workers. Cambodia, for example, has been working with ILO to implement fair recruitment guidelines, which stipulate that workers should not be charged any fees or related costs for their recruitment. However, challenges remain on incentivizing employers to shoulder these costs. Concurrently, in October 2023, the Thai cabinet approved a fee reduction for MOU-based workers from THB 3,900 to THB 500. To shed light on CLM migrants' cost to migrate to Thailand, the report uses two datasets – the 2018 ILO CLM Migrants Survey (see Annex 2 on a summary of findings from the 2018 survey) and the World Bank and ILO 2024 Survey that was conducted for this report.

Between 2018 and 2024, the average migration costs remained broadly stable at around two months of earnings, though significant variation exists by country and, to some extent, migration status (Figure 3.1a).[9] Lao PDR saw a marked drop from 2.5 to 1.96 months, likely due to reform efforts to streamline its migration procedures. Cambodia also experienced a decline from 2.5 to 2.02 months. In contrast, Myanmar recorded a sharp rise from 1.6 to 2.11 months, potentially due to rising migration demand amid fewer regular migration options. Costs increased for both men and women, with men consistently paying more. While regular migrants saw a slight uptick, migration costs declined for irregular migrants. Migration costs seem to be similar irrespective of how many times respondents have migrated to Thailand before. Few reported that these costs had been reimbursed.

The majority of migration costs are spent on job placement. Cambodian and Myanmar workers reported spending about 50 percent of their total costs on recruiters in their home countries, while Lao workers did around 40 percent. A substantial proportion was also paid to brokers in Thailand, bringing the combined share to roughly 80 percent of total migration expenses (Figure 3.1b). The remaining 20 percent covered costs for passports, non-Thai ID card (pink card), and travels to and within Thailand. Few reported paying separately for passports, visas, or medical checkups, suggesting that these were included in recruiter fees. None of the survey respondents reported paying bribes. Between 2018 and 2024, migrants who arranged jobs through recruiters, brokers, employers or by themselves experienced an increase in migration costs, while those securing jobs through personal networks (friends and families) paid the least and were the only group to see a slight decline in costs compared to 2018 (Figure 3.1c).

Some migrants also incur loan costs when borrowing to cover migration expenses. In 2024, about 10 percent of respondents borrowed money to cover migration expenses, relying entirely on informal sources like friends and relatives, employers, money lenders or recruiters; none reported using a bank. The average annual loan cost is equivalent to about 4 percent of their annual income. This appears to make their life difficult in Thailand, with some migrants cutting back on essentials like food, borrowing further to repay debts, or being unable to afford basic needs (Figure 3.1d). In an effort to reduce migration costs and make labor migration more accessible, Cambodia signed MOUs with three commercial banks to provide low-interest loans (8.5% annually, down from 15%) to low-income migrants holding valid employment contracts.

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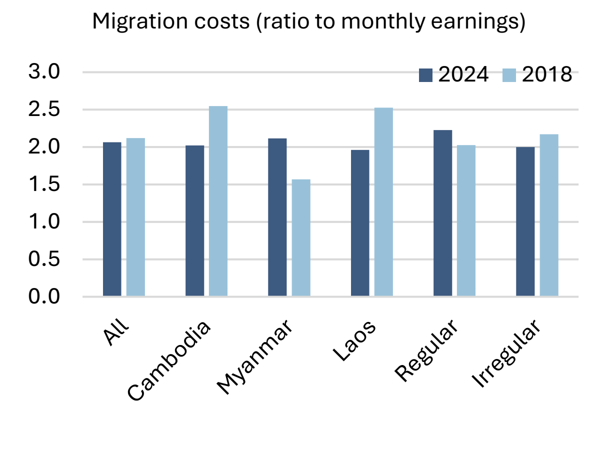
[9] An average migration cost incurred by CLM workers rose to THB19,485 by 25 percent between 2018 and 2024 – at the current THB price, or a 15 percent increase using the prevailing THB/USD exchange rates. But a rise in earnings kept the cost in months of earnings unchanged.

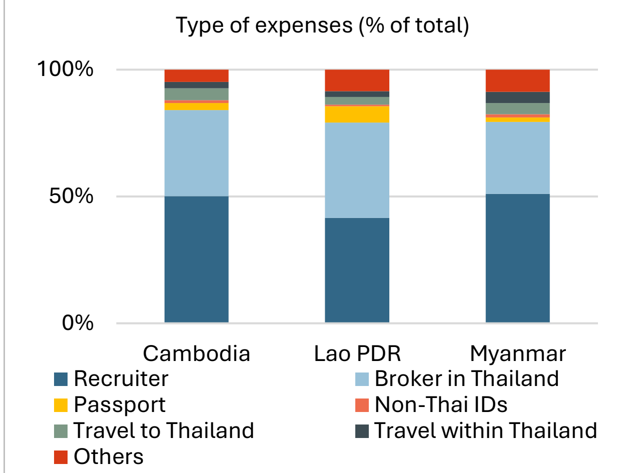
"My family members at home had to apologize to my creditor to whom I pawned the contract of my home compound in Myanmar because I was not able to send the interest rate." A respondent of in-depth interviews (World Bank and ILO 2024).

Figure 3.1 Migration costs incurred by CLM workers

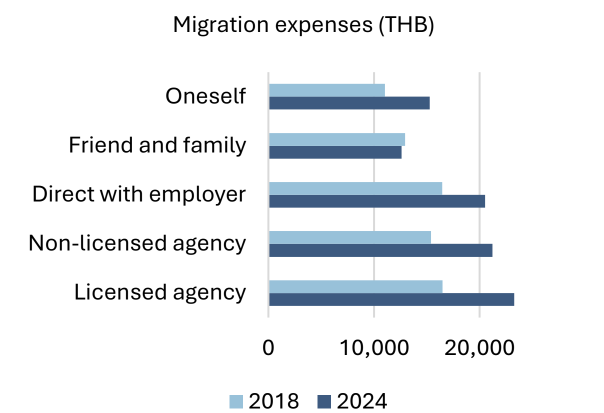
a. Migration costs as a ratio to monthly earnings increased among Myanmar and regular migrants



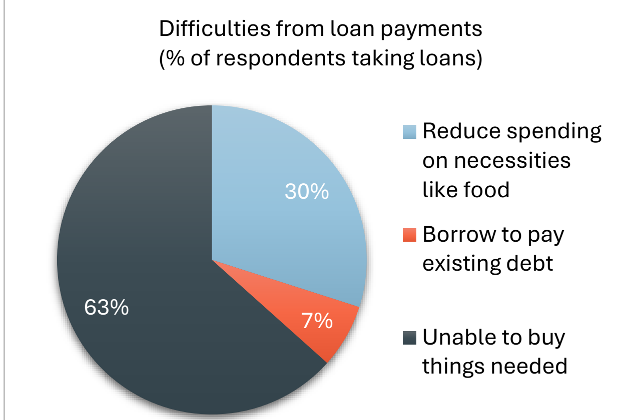
b. …with expenses primarily for job intermediaries in both home and destination countries,



c. … and those who arranged jobs via personal networks paying the least.



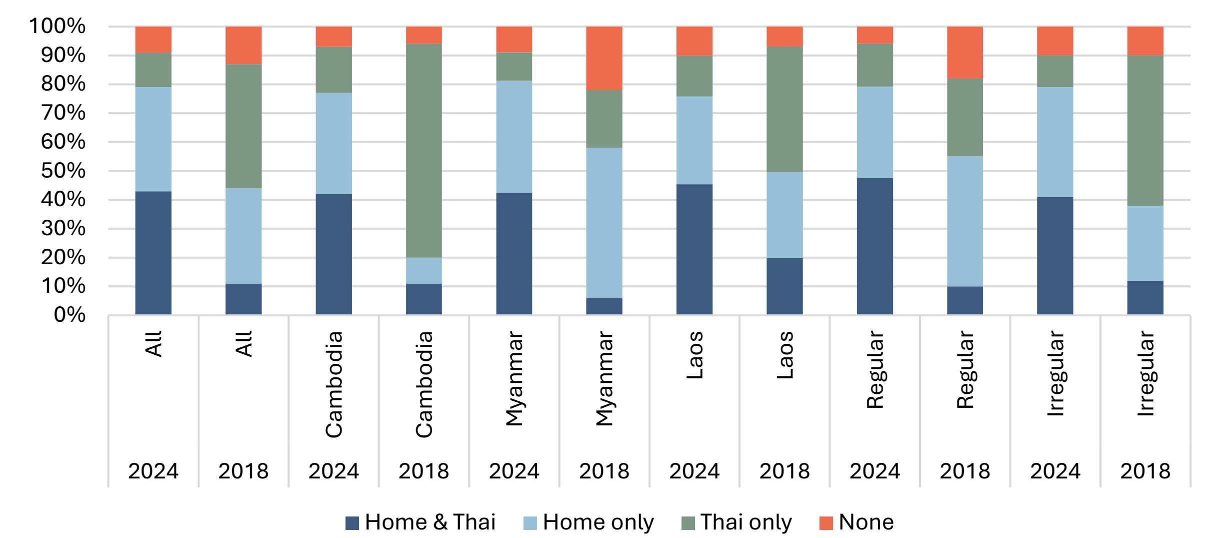
d. Some migrants also incur loan costs when borrowing to cover migration expenses.



Source: ILO 2018; World Bank and ILO 2024.

Recruitment practices have changed notably, with more migrants using both home country and Thai agents (Figure 3.2). This dual-channel approach became the most common by 2024, replacing the earlier dominance of Thai-only agents. This shift is seen across all migrant types and countries, with especially large increases among regular migrants and those from Cambodia and Myanmar.

Figure 3.2 Changes in recruitment practices (% of respondents)

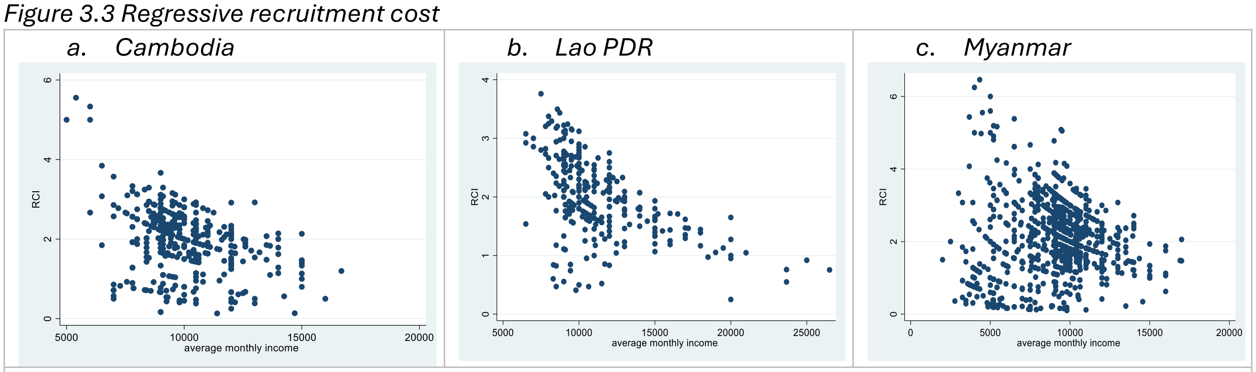


Source: ILO 2018; World Bank and ILO 2024.

Recruitment cost is regressive relative to CLM migrants' earnings (Figure 3.3). This represents a much larger financial burden for lower-wage workers, and therefore disproportionately affects those with the least capacity to finance, undermining the economic benefits of migration. This could potentially expose them to vulnerable situations. Such high upfront costs can also limit access to migration opportunities for the poorest.

Migrants also face costs while in Thailand, such as fees to change employers. Only 20 percent of survey respondents reported changing employers – on average of 1.7 times. This may owe to the fact that the survey limits the sample to migrants who had been in Thailand for one year or less. Among them, about 40 percent incurred costs for the change, averaging THB 1,550. Despite CLM migration system requirements, most respondents arrived in Thailand without signed labor contracts. About 5 percent reported that their jobs differed from what was promised, mainly related to wages.

Figure 3.3 Regressive recruitment cost



Source: World Bank and ILO 2024.
Note: RCI is the Recruitment Cost Index of the ratio of recruitment cost to monthly earnings.

Costs during employment: arising from limited labor rights

Most migrants, especially irregular ones, work without access to basic labor rights, such as minimum wages, safe working conditions, regulated working hours, and the right to join labor unions. As discussed earlier, MOU migrants are subject to equal treatment. World Bank and ILO (2024) reveals that 20 percent of CLM migrants reported lacking these rights, up from 9 percent in 2018 (Figure 3.4a). Irregular migrants are especially vulnerable, with two-thirds of them reporting no labor rights, compared to only 4 percent of regular workers. Additionally, only 14 percent of irregular workers were allowed to keep their identification documents[10], whereas nearly all regular workers did (Figure 3.4b).

Figure 3.4 Labor rights and protection

Source: ILO 2018; World Bank and ILO 2024.

[10] It is possible that many of irregular migrant respondents did not possess any ID-related documents and therefore reported not allowed to have them.

While compliance with Thailand's minimum wage law has improved, more than half of migrants still earn below the legal thresholds. The Thai government determines provincial minimum wages, while agricultural, fishing, and domestic workers are generally excluded. In 2024, 44 percent of migrants reported receiving the minimum wage, up from 24 percent in 2018. However, non-compliance and weak enforcement means that 65 percent of female migrants and 78 percent of irregular migrants earn below minimum wages.

Overtime payment has weakened significantly. Thai labor and employment laws mandate overtime pay for workers in non-hazardous jobs exceeding 48 hours per week, yet the share of migrants receiving overtime pay dropped from 58 percent in 2018 to 22 percent in 2024. Migrants continue to work long hours, over 40 percent of CLM migrants working more than 48 hours per week in 2024, but only a quarter receive overtime pay. Regular migrants often work longer hours than irregular migrants but still face limited access to overtime pay. Only 28 percent of regular migrants received overtime pay (36 percent for those under MOU or border passes). For irregular migrants, just 7 percent are compensated for overtime.

Most migrants are unaware of or not benefiting from paid leave and severance pay. Thai labor law guarantees various forms of leave, including annual leave, sick leave, and maternity leave (extended to 120 days as of March 2024). Yet, fewer than 10 percent of migrants report entitlement to paid annual paid, annual leave, holidays, sick leave, or maternity leave. And less than 1 percent were aware of their entitlement to severance pay or their right to join a union.

Costs during employment: Weak social protection posing risks

Social protection coverage remains limited for CLM migrants, particularly among irregular and regularized workers. Although three contributory programs, Social Security Fund (SSF), Workmen's Compensation Fund (WCF), and the Health Insurance Card Scheme (HICS), are available to regular migrants[11], access varies by type of their regular status (UN Network on Migration in Thailand, 2024). Only half of CLM migrants is enrolled, with 29 percent in SSF and 22 percent in HICS (Figure 3.4c). Among them, 41 percent have used SSF benefits and 18 percent have accessed HICS, highlighting that enrollment alone does not guarantee effective protection. Of irregular migrants, none reported purchasing HICS in 2024, down from 16 percent in 2018, despite being allowed to do so. Even if enrolled in SSF, in-depth interviews (conducted in 2024) with employers, authorities, and recruiters show migrant workers' monthly wages are deducted for this.

Limited uptake is driven by several barriers. Lack of portability, especially for SSF, deters participation, as benefits are difficult to access or transfer when migrants return home

[11] The SSF provides for medical care; sickness benefit; unemployment benefit; old-age benefit; employment injury benefit; family benefit; and maternity benefit, while the WCF covers invalidity benefit and survivors' benefit. These two schemes cover all eligible workers regardless of nationality, although terms vary per sector of employment. In essence that means that migrant workers employed in agriculture, forestry, fishery, and animal husbandry, or other seasonal or temporary jobs for less than 12 months with one employer do not qualify for inclusion in the SSF. Most of them, however, should be enrolled in the WCF. Migrants in domestic work, regardless of contract duration, are not eligible for enrolment in the SSF, nor the WCF. Migrant workers who do not qualify for enrolment under any of these two funds, should purchase health insurance under HICS, a contributory insurance scheme specifically for migrants that is limited to provision of medical care and screening for communicable diseases. Migrant workers in irregular situations are also allowed to purchase insurance under this scheme. However, they may encounter access challenges at the designated public hospitals, especially when lacking ID documents.

(Chantavanich et al. 2024). In this context, it would serve critical to implement the 2022 ASEAN Declaration on Portability of Social Security Benefits for Migrant workers in ASEAN. Other barriers include lack of awareness of entitlements and claim procedures, and lack of involvement from employers in the claims process (UN Network on Migration in Thailand, 2024). Enrollment in WCF was almost non-existent, likely due to employer non-compliance or exclusion of irregular migrant workers.

Coverage has improved overall since 2018. Among regular migrants, 89 percent were enrolled in at least one scheme in in 2024, up from 54 percent in 2018, largely owing to increased HICS enrollment. SSF coverage among this group also rose from 45 to 53 percent, and HICS from 13 to 37 percent. In contrast, coverage among regularized migrants declined, from 81 percent in 2018 to 56 percent in 2024, mainly owing to lower participation in the voluntary HICS, which requires out-of-pocket premium payments. SSF coverage among regularized migrants increased modestly from 23 to 31 percent, while HICS enrollment dropped sharply from 62 to 24 percent. Irregular migrants remain the most vulnerable, with limited access to these social protection programs.

Benefits during employment: Significant income gains

CLM migrants in Thailand earn more than double their pre-migration income. Income differentials range from 2.2 times for Cambodian migrants to 2.5 times for Lao migrants and 2.6 times for Myanmar migrants (Figure 3.5). Between 2018 and 2024, this gap widened, especially for Myanmar migrants, due to a sharper decline in pre-migration earnings (down by 21 percent) compared to a slight dip in Thai earnings (down by 4 percent). Moreover, rising pre-migration unemployment, from 24 percent to 36 percent, also indicates that actual income gains may be even greater.

Earnings premiums exist for regular status, gender, and skills among CLM migrants in Thailand. Regular migrants earn more, likely owing to better compliance with minimum wage and overtime pay regulations. In 2024, regular migrants under MOU or border passes earned THB 10,445 per month, compared to THB 9,937 for regularized migrants and THB 8,314 for irregular migrants. After controlling for differences in education, gender, age, and sector of employment, regular status is linked to a 21 percent income boost, while regularized status is associated with an 18 percent increase.[12] A persistent gender wage gap shows male migrants earning 8 percent more than their female counterparts, unchanged from 2018 but lower than 14 percent observed among Thai counterparts. Meanwhile, migrants holding at least a primary education earn 5 percent more than those with less education. This may suggest higher demand for semi-skilled CLM migrants among Thai employers.

Weekly and bi-weekly salary payment have become more common, enhancing migrants' financial stability. The share of migrants receiving weekly, bi-weekly or monthly salaries almost doubled from 46 percent in 2018 to 87 percent in 2024 (Figure 3.6). Nevertheless, many irregular migrants continue to rely on daily, cash-based wages, nearly 30 percent in 2024, likely due to informal sector jobs, particularly in agriculture, and lack of proper documentation to open bank accounts. In-depth interviews (conducted in 2024) reveal that the inability of irregular migrant workers to open bank accounts in Thailand precludes their access to formal channels to send remittances. Over 90

[12] See Annex 4 for earnings regression results.

percent of regular migrants, on the other hand, receive weekly, bi-weekly or monthly wages, with 39 percent paid via bank transfers, rising to 49 percent for those under MOU or border passes.

Figure 3.5 Average monthly earnings before and after migration (in current THB)

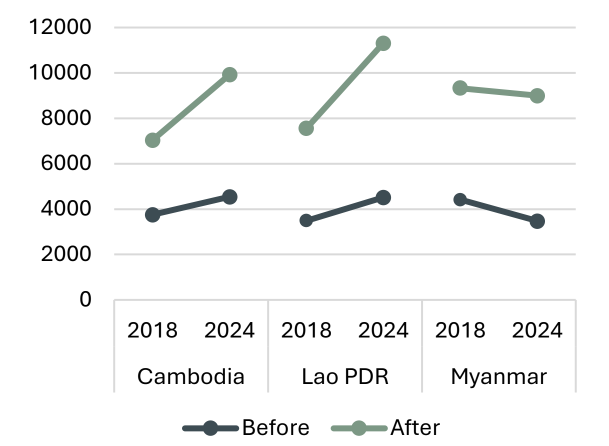
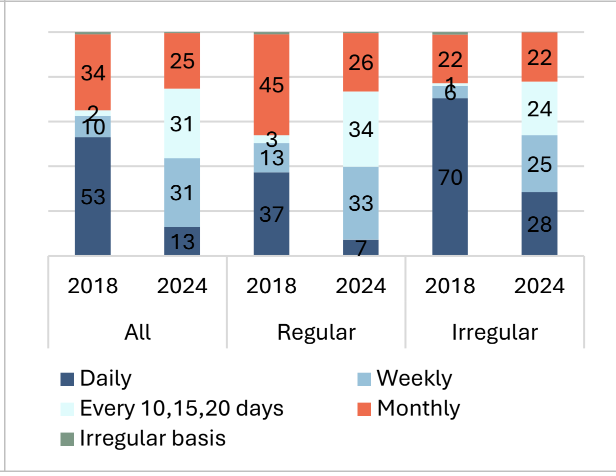


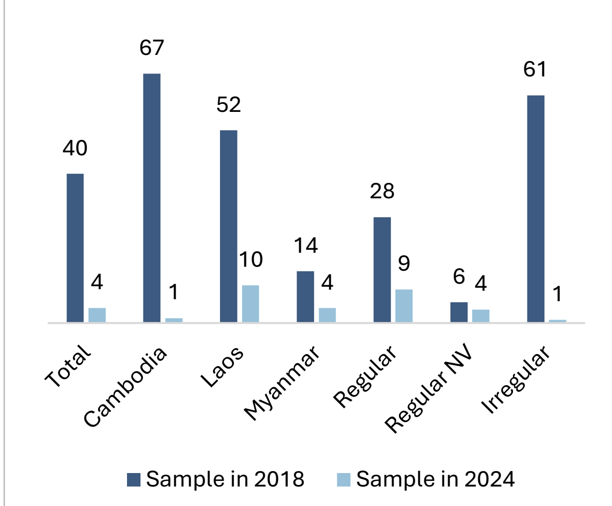
Figure 3.6 Frequency of salary payment (% of respondents)



Source: ILO 2018; World Bank and ILO 2024.
Note: Pre-migration earnings among those who were employed.

Wage deductions have also declined since COVID-19, shifting from recruitment-related cost to contributions for social security and insurance. The share of migrants reporting wage deductions declined sharply from 40 percent in 2018 to 4 percent in 2024 (Figure 3.7), with the corresponding amount dropping from THB 2,000 to THB 410.[13] A sharp drop is seen among Cambodian workers – from 67 percent in 2018 to 1 percent in 2024. In 2018, wage deductions mainly covered pre-departure expenses like recruitment fees and travel and medical exam expenses, often requiring loans or advance payments, while in 2024, deductions were mostly for in-country costs like social security, health insurance and ID registration. This shift could potentially be due to regulatory changes that restrict employers from deducting migration-related costs from workers' wages. In-depth interviews with Myanmar migrant workers suggest no deductions for sick leaves and lodging (Chantavanich et al. 2022), though employers, officials, and recruiters report ongoing deductions for lodging and insurance under MOU as well as for social security (Chantavanich et al. 2022).

Figure 3.7 Wage deduction (% of respondents)



Source: ILO 2018; World Bank and ILO 2024.

[13] But migrant status affects the deduction amount: in 2024, it is around the same average for regular migrants, but increases to THB 910 for regularized workers and THB 1,820 for those with irregular status.

Benefits from resulting remittance: Supporting families

Remittances support macroeconomic stability in CLM, by valuable and relatively stable foreign exchange earnings. For instance, remittances finance trade deficit in Cambodia. The World Bank's data suggest that in 2024, Cambodia received remittances equivalent to 5.5 percent of GDP, Lao PDR 1.5 percent and Myanmar 1.7 percent.[14] These estimates are likely to be underestimated, due to transfers through irregular channels, especially in the CLM-Thailand corridor.[15]

For households, remittances are a vital income source, helping families meet daily needs, access education and healthcare. In Lao PDR, 8.6 percent of Lao households received remittances in 2024, with an average annual amount of 22.9 million kip, approximately 76 percent of the country's annual minimum wage (World Bank 2025a). Rural households or low-income households are more likely to receive remittances than urban or better-off households. In-depth interviews with Myanmar migrant workers show they are generally satisfied with how their remittances are spent back home like supporting living expenses and farming, acquiring properties and establishing low-interest rate loan facilities, though some believe they can be used more effectively (Chantavanich et al. 2022).

The positive impact of remittances on poverty reduction and human capital development is well documented. In Myanmar, remittances contribute to reducing inequality by 25 percent and poverty by 11 percent, with varying effects across regions (Shwe 2020). For Lao PDR, remittances are crucial for livelihood and poverty reduction, especially among the Lao-Tai ethnic group: without them, poverty would have been 2.3 percentage point higher in 2018 (Arayavechkit et al. 2020). In contrast, while remittance flows are increasing in Cambodia, their impact on poverty reduction remains limited due to their relatively small share of household income (Karamba, Tong, and Salcher 2022).

But remittances through irregular channels continue, weakening benefits

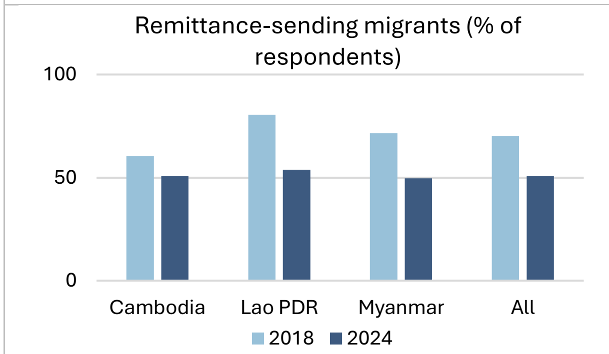
With informal transfer channels still prevalent in the CLM-Thailand corridor, the amount each CLM worker remits remains a key question. Overall, remittances sent by CLM workers have declined. Between 2018 and 2024, the share of migrants sending remittances declined from 70 percent to 51 percent, while the average annual amount dropped from THB 33,286 to THB 26,653 (Figure 3.8). Trends vary across countries. Country-level trends show a sharp increase in remittances from Cambodian workers, possibly driven by improvements in Cambodia's payment systems (see Box 3). In contrast, the average amount of remittances sent by Myanmar workers fell by 41 percent, likely reflecting their financial hardships: in-depth interviews conducted during the 2024 surveys reveal that migrants who do not send money home are often under significant financial stress. Moreover, uncertainty and heightened scrutiny of remittance flows may have led to some migrants avoiding sending money home. While Myanmar authorities have enforced of the C20 law that requires migrant workers to pay tax and remit 25 percent of their earnings back to the country, most Myanmar respondents said they were unaware of it.

[14] Computed using remittances data from World Bank (2024)'s Migration and Development Brief 40 (June) and GDP from World Development Indicator and World Bank (2025)'s EAP Economic Update.

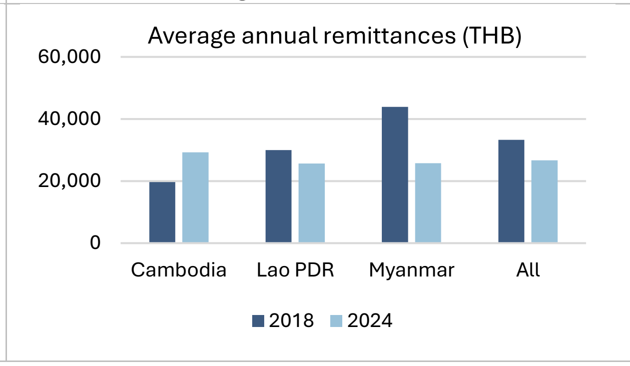
[15] Using DOE data on migrant numbers and earnings and remittance data from World Bank and ILO 2024, total remittances by CLM in Thailand can be estimated at THB 8.4 billion in 2018, decreasing slightly to THB 7.7 billion in 2024, after adjusting for inflation. However, these estimates likely underestimate actual flows, as they do not fully capture remittances sent through informal channels, particularly via brokers.

Figure 3.8 Remittances sent by CLM workers

a. *Fewer migrants remitted in 2024,*



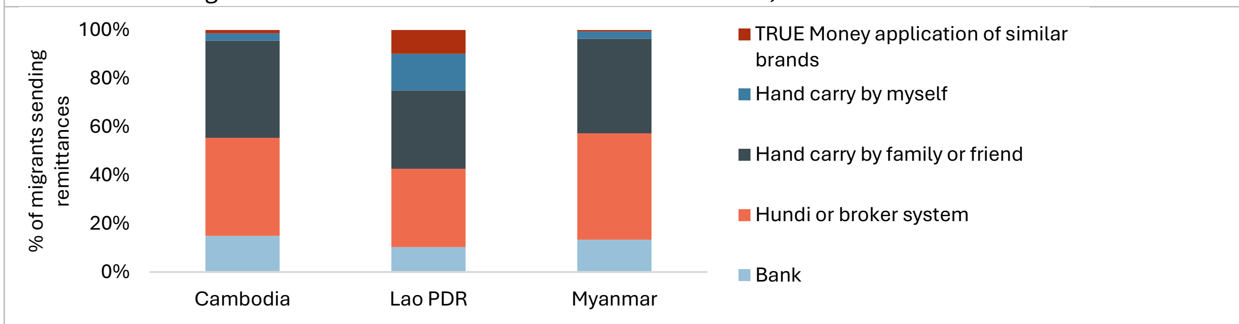
b. *...with a decline in remittance amount, except for Cambodian migrants*



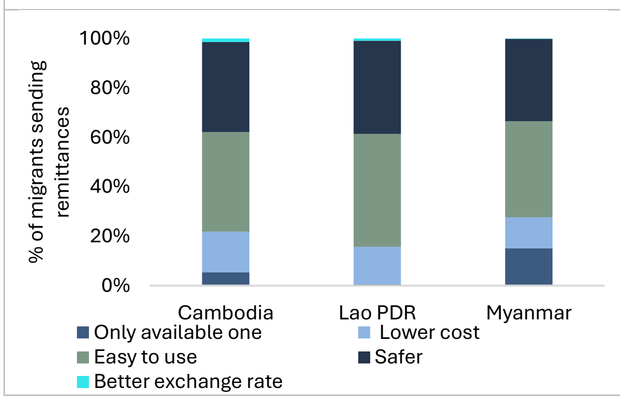
Source: ILO 2018; World Bank and ILO 2024.
Note: (b) Average annual amount among remittance-sending migrants.

Figure 3.9 Remittance methods and costs in 2024

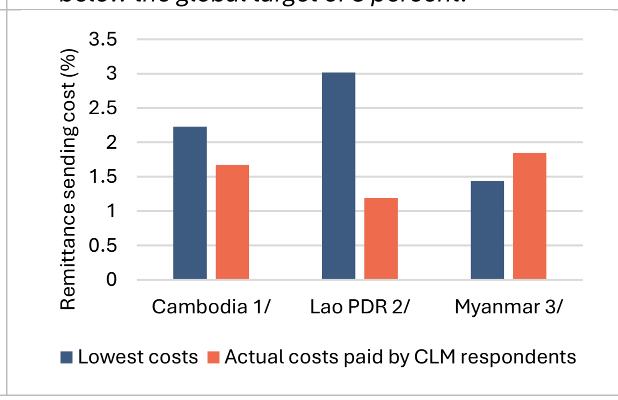
a. *Most CLM migrants use informal channels to send remittances,*



b. *... as they find them easier to use and safer,*



c. *...with actual remittance costs standing well below the global target of 3 percent.*



Source: World Bank and ILO 2024; World Bank Remittance Prices Worldwide (Q4, 2024, percent of sending THB 7,100).
Note: (i) “actual remittance cost”=CLM migrants’ total annual remittance amount/total remittance cost paid. Hence these may not reflect foreign exchange costs. (ii) Lowest cost provider 1/= MoneyGram, 2/ Krungthai Bank via Western Union 3/ Wester Union (Bangkok Bank via Western Union offers the lowest cost 0.26%).

While remittance cost is not a primary barrier, user experience and trust continue to strongly influence how CLM migrants send money home. Most rely on informal channels, like *hundi* or cash carried by family or friends. Bank transfers account for less than 15 percent, dropping to just 10 percent among Lao workers who are more likely to carry cash themselves (Figure 3.9a). CLM workers favor these methods because they are seen as easier to use or safer (Figure 3.9b). Digital solutions show promises, but usage remains extremely low. The use of informal transfer channels may also reflect limited financial access among CLM migrants: only 17 percent of Cambodian respondents received wages through bank accounts, compared to 33 percent for Myanmar and 38 percent for Lao PDR. Despite this, the actual remittance costs reported by CLM migrants are under 2 percent, lower than the fees charged by the lowest-cost formal providers in the Thailand-Cambodia/Lao PDR corridors, and well below the global remittance cost target of 3 (Figure 3.9c). They remit about 8 times a year on average.

Efforts to expand formal channel transfers are underway. Cambodia and Lao PDR strive to partner with Thai banks to facilitate bank-to-bank remittance transfers. The Agricultural Promotion Bank in Lao PDR is partnering with a Thai commercial bank to develop an application for sending remittances, with a fee of THB 60 per transaction. Thailand's central bank has been exploring a real-time payment link with Myanmar, modeled after the Singapore-Thailand System. Meanwhile, Cambodian central bank's *Bakong* system, a blockchain-based platform, demonstrates the potential digital infrastructure to boost inclusion and cross-border payments. It supports real-time transfers in local currency and integrates with regional systems (see Box 3).

Box 3 Cambodia's E-Money Platform Initiative: The Bakong System

Cambodia has emerged as a regional leader in digital financial innovation through its Bakong platform, a blockchain-based payment system launched by the National Bank of Cambodia (NBC) in October 2020. Designed to address financial fragmentation, promote the use of the Cambodian Riel (KHR), and enhance financial inclusion, Bakong represents a cornerstone of the country's digital economy strategy.

Built on Hyperledger Iroha, a permissioned blockchain framework developed in collaboration with Japanese tech firm Soramitsu, Bakong operates as a tokenized deposit system rather than a central bank digital currency (CBDC). It integrates with existing bank accounts and e-wallets, enabling real-time transactions in both riel and U.S. dollars (USD) without requiring a traditional bank account.

For functionality, Bakong Offers QR Code and Mobile Number Transfers, enabling instant peer-to-peer (P2P) and merchant payments. It also has cross-institutional compatibility which integrates with Cambodia's FAST (real-time retail payment system) and KHQR (national QR code standard) to streamline transactions.

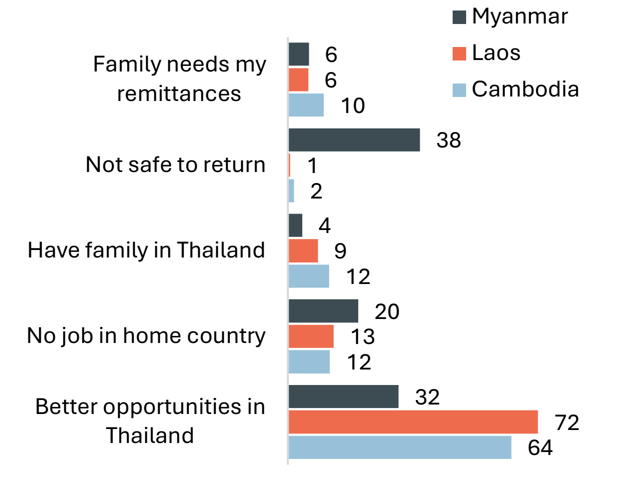
As Cambodia has prioritized regional interoperability to bolster trade and remittances, Bakong is programmed to facilitate cross-border payments with Malaysia, Thailand, Viet Nam, Laos, China (via UnionPay and Alipay+), and South Korea. As part of ASEAN integration, efforts have been made to link Bakong with neighboring payment systems.

Costs arising from weak reintegration support

Many CLM migrant workers remain uncertain about when they plan to return home, underscoring the need for origin countries to provide stronger return and reintegration support. Over 95 percent of respondents reported not knowing when to return. Cambodian and Lao migrant workers cited better job prospects in Thailand as the main reason for this uncertainty (Figure 3.10), while more than one-third of Myanmar migrant workers pointed to safety concerns.

CLM countries have introduced several initiatives to support reintegration of returning migrant workers, focusing on enhancing employability and economic reintegration. Cambodia and Lao PDR, for example, have initiated skills development programs to enhance employability of both prospective migrant workers and returnees, particularly through vocational training, job matching services, and support for small business development. In Lao PDR, the establishment of job centers and Migrant Resource Centers across several provinces has played a key role in providing job matching services and disseminating labor market information to prospective migrant workers and returnees. In addition, Cambodia is implementing a Recognition of Prior Learning program, which assesses skills of returnees, certifies them, and connects them with job opportunities.

Figure 3.10 Reasons why unsure on when to return



Source: World Bank and ILO 2024.

Despite these efforts, structural and implementation challenges exist. Participation of returnees in the initiatives is reportedly low compared to prospective migrants. Such a challenge is coupled with the lack of information on who they are, when they return, and where they returned, making it challenging for governments to effectively target and engage them. Labor market mismatches also impede reintegration: many returnees are reluctant to take low-paying jobs similar to those they had in Thailand, while often lacking the qualifications for better-paying jobs in the domestic labor market. Having spent an extended period abroad, returnees frequently face information gaps regarding skills needs, current labor market demands, and available opportunities. Hence many pursue entrepreneurial activities and supports to develop such skills tend to lack follow-up supports.

Financial constraints further exacerbate reintegration challenges. Most returnees are low-skilled, have sent most of their earning back home while abroad, and hence may return with limited savings and assets. As a result, they often lack access to credit and are unable to invest in small businesses or pursue self-employment. These combined factors highlight the need for better data collection and more targeted, timely support for returning migrants.

Broadly positive macroeconomic impacts in both origin and destination countries

The economic impact of CLM migration in Thailand is complex, partly due to the presence of irregular migrants. Evidence shows that the impact of immigration on native labor outcomes depends on local conditions and specific job types. While Kulkolkarn and Potipiti (2007) find no significant wage impact, Bryant and Rukumnuaykit (2007, 2012) report a modest wage decline, about 0.2 percent for every 10 percent increase in the immigrant share, with no significant change on employment. Lathapipat (2010) and Pholphirul et al. (2010, 2014) note that lower-skilled Thai workers, especially in agriculture, face greater wage pressure, whereas higher-skilled Thai workers may benefit from immigration. OECD (2017) finds that foreign-born workers do not displace Thai-born workers at the national level, though their presence may be associated with higher-paid employment among natives (Table 3.1).

Table 3.1 Effect of immigration on employment in Thailand

	National	Regional	Men	Women	New Immigrants
Employment rate of Thai-born workers	x	+	x	x	x
Paid employment rate of Thai-born workers	+	x	+	x	+

Source: OECD 2017; x =no significant effect, + = significant positive effects.

Migration is expected to play a significant role in Thailand's economy as the country faces strong headwinds from rapid population aging. To maintain its 2020 elderly dependency ratio, the country would need a 35 percent increase in its workforce by 2050 (World Bank 2025b). To help inform policy options, this report uses the Global Integrated Monetary and Fiscal (GIMF) model (Kumhof et al. 2010) to simulate the macroeconomic effects of migration to aging-related challenges. On the country-of-origin side, the model focuses on Lao PDR, a young country where sustained labor outflows could pose risks of domestic labor shortages. While labor migration outflows initially reduce labor supply and put upward pressure on wages, these effects may be moderated over time through internal labor reallocation, inflows of workers from countries such as Myanmar, and productivity gains supported by remittance-financed investments in human capital and the eventual return of temporary migrants. Lao PDR serves as a representative case for the CLM bloc, with broadly similar implications expected for Cambodia and Myanmar. The scenarios offer insights into the macroeconomic interplay between migration and aging in the region. Annex 5 provides a more detailed discussion of aging scenarios used for simulation as well as alternative policy scenarios to mitigate repercussions from population aging.

Thailand

An increase in the net inflow of migrants can offset much of the GDP decline associated with population aging. If migration is well-targeted to high-demand sectors, such as elderly care, it can help ease wage pressures, prevent labor shortages, and mitigate productivity losses from a shift toward less productive sectors. Key insights from the migration scenarios (Figure 3.11):

- Migration can only be a part of a larger solution that includes AI where AI and migration policy could be sufficient to boost productivity to prevent the major costs associated with an aging population – i.e., help mitigate aging-related declines in GDP, productivity, and tax revenues (see Figure A5.8 for GDP impact of a policy mix).
- Given uncertainty around the pace of AI adoption, higher migration in the near term can help reduce risks of labor shortages, output losses, and erosion of the tax base. Migration policies can later be adjusted as AI gains materialize.
- A strategy focused solely on future productivity gains while maintaining restrictive migration could lead to inefficient resource allocation and missed economic opportunities.

Additional scenario simulations (including old-age labor force participation (silver economy) and investment in AI technology) suggest the following insights (see Annex 5 on further scenario analyses):

- The contribution of old-age labor participation (silver economy) will grow over time due to aging and policies should be encouraged to raise older-age labor participations. AI strategies should be geared toward increasing the productivity of the silver economy (see Figure A5.6).

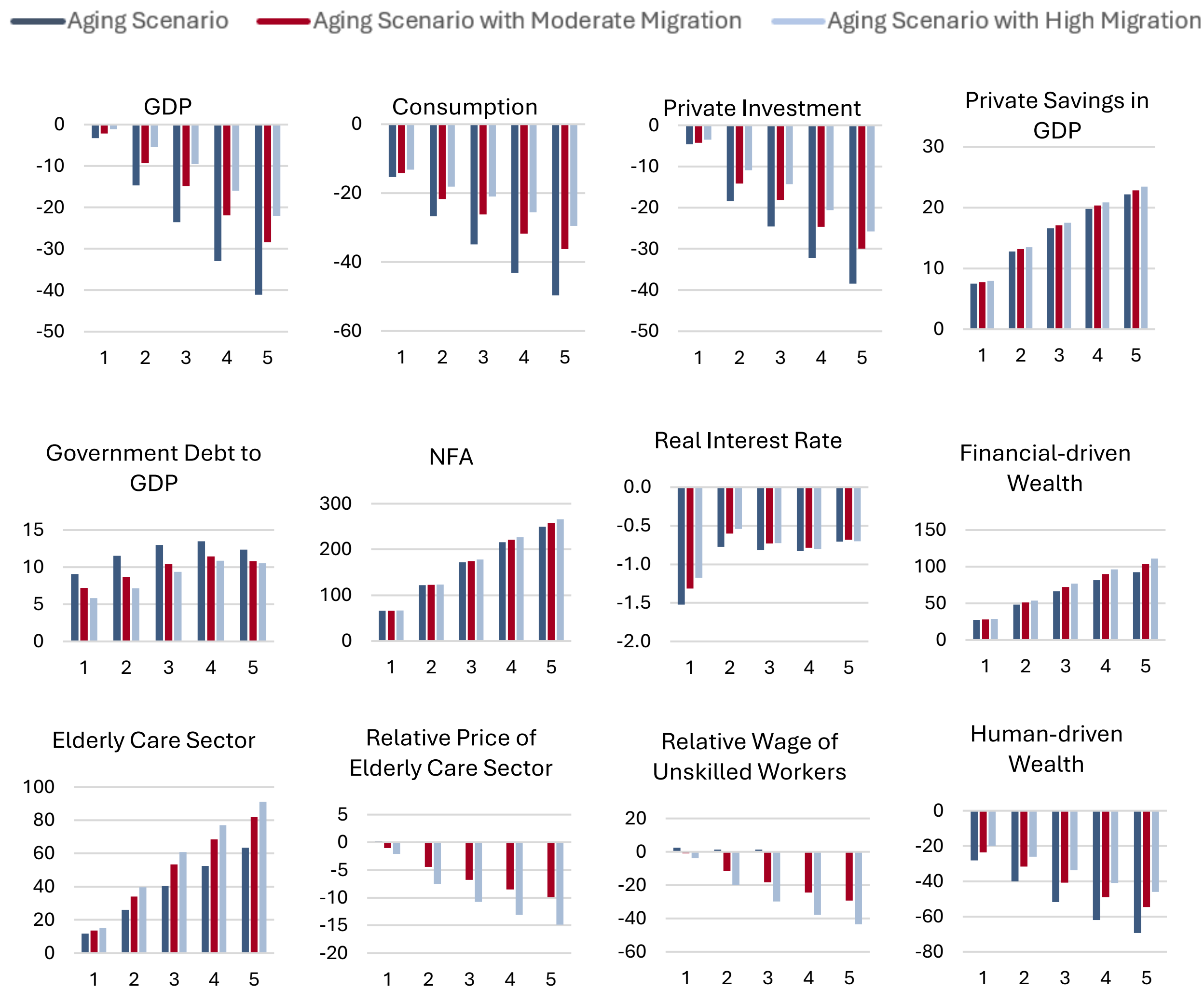
- Gains from AI are only achieved through investment into education and re-skilling/ upskilling of workers (see Figure A5.7).

Lao PDR

While outmigration reduces labor supply and puts upward pressure on wages, these effects can be moderated over time through remittance-financed investments in physical and human capital. Two remittance scenarios from the perspective of Lao PDR are explored: i) remittances spent mostly on consumption; and ii) half of remittances spent on physical and human capital investment. Key insights from the remittance scenarios include (Figure 3.12):

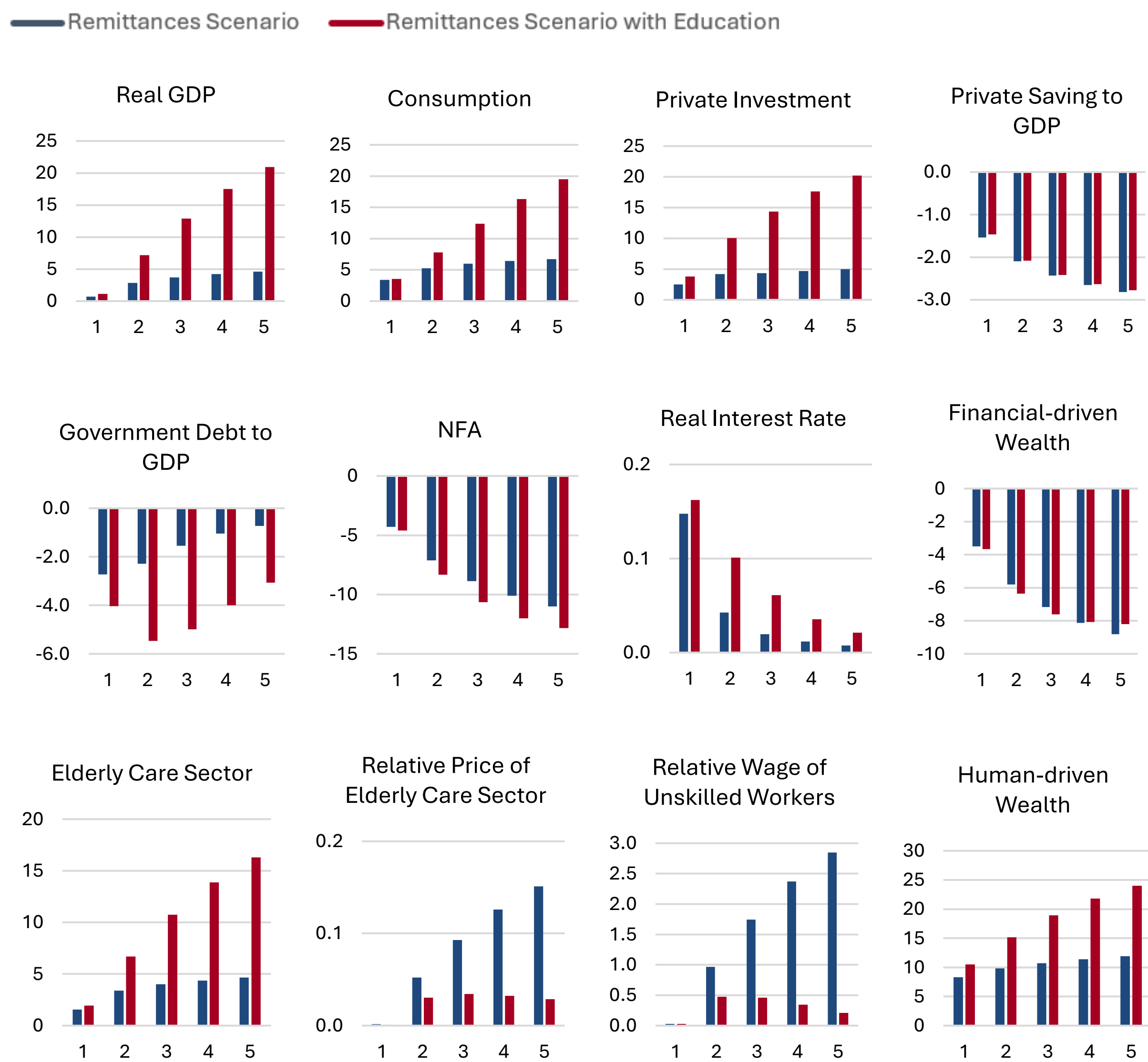
- Rapid outmigration from Lao PDR could create labor shortages and push up wages in affected sectors, leading to inefficient resource allocation. This risk can be mitigated by accelerating AI adoption, particularly through investments in education and training—to improve labor market matching and reduce frictional unemployment, especially among the large under-35 workforce.
- Lao PDR and similar countries, identified as slow preparedness for AI (Cazzaniga et al. 2024), need to invest in AI infrastructure and human capital. These investments can boost returns to education but may also widen inequality between low- and high-skilled workers. Remittances can be leveraged for such investments.
- The remittance investment scenario underscores the importance of financial deepening. Expanding access to formal banking services can encourage the productive use of remittances, particularly for physical and human capital investment.

Figure 3.11 Impact on Thailand's economy under moderate and high migration inflow scenarios (Percent Deviation from the steady state, average per decade)



Source: Authors' calculations.
Note: The moderate projection assumes a net inflow of migrants of around 150,000 annually. The high projection assumes a net inflow of migrants of around 250,000 annually. Human-driven wealth refers to wealth accumulated through saving from labor income.

Figure 3.12 Impact on Lao PDR's economy under different remittance scenarios (Percent Deviation from the steady state, average per decade)



Source: Authors' calculations.
Note: A moderate increase in migration outflows from Lao PDR, with remittances spent mostly on consumption (Scenario 1) and half of remittances spent on physical and human capital investment (Scenario 2). Lao workers in Thailand earn 2.5 times more than their counterparts in Lao PDR and remit 50 percent of their income. Human-driven wealth refers to wealth accumulated through saving from labor income.

4. Priority Actions to Enhance Net Gains from Labor Mobility

There is an urgent need for forward-looking migration policy reforms, as effective labor mobility is for long-term growth. Thailand's economy thrives together with low-skilled migrant workers from Cambodia, Lao PDR, and Myanmar (CLM) who help address persistent labor shortages, especially in agriculture, construction, caregiving, and services. With a rapidly aging population and declining domestic workforce, Thailand's dependency on foreign labor is likely to deepen.

Its current migration mechanisms have been facing challenges in keeping pace with real-time labor market needs, owing to their relatively slow, structured, and resource-intensive processes. The current mismatch between labor demand and migration systems has led both employers and migrants to rely on informal and irregular channels. In response, the Thai government has made ongoing efforts to bring these workers into the formal system through periodic regularization measures. Furthermore, the presence of irregular migrants makes it more difficult to fully understand the impact of foreign workers on the Thai economy and to plan effectively for development.

Moreover, there exist gaps in migrant protection. Despite some progress, major gaps remain in protecting low-skilled migrant workers. Inconsistent legal frameworks, limited enforcement, and opaque recruitment practices continue to expose CLM workers to wage losses and unsafe working conditions. Its rigid visa and work permit systems prevent semi-skilled CLM workers from formally transitioning to semi-skills jobs.[16, 17] The conditions for changing employers under the MOU system can be difficult to meet in practice, which may unintentionally tie migrant workers to specific employers and limit job mobility. Easing this process could help better match workers with labor market needs. Furthermore, promoting social security portability[18] and tailoring social security systems to reflect the temporary nature of labor migration[19] can help better protect migrant workers and support their timely return.

The need for reform extends beyond Thailand. Cambodia, Lao PDR, and Myanmar also face policy challenges related to recruitment, skills development, and reintegration. CLM recognize the important role that labor migration, resulting remittances, and associated skills development play in supporting their livelihoods and economic development. For example, Cambodia is elevating its labor migration policy to the national level. At the same time, challenges such as burdensome migration costs, limited transparency in the job-matching process in CLM (including the allocation of vacancies received from Thailand), the concentration of intermediaries in major urban areas, and limited reintegration support can increase the vulnerability of workers and limit the development benefits of labor mobility.

Strengthening coordination between CLM countries and Thailand will be key to promote regular, circular labor mobility and to support productive reintegration of returning workers into home economies. In this context, a skills partnership between Thailand and CLM can generate

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[16] Currently, Thailand's immigration system has no semi-skilled visa category.
[17] World Bank and ILO 2024 suggests that some respondents hold semi-skilled jobs while their work permit is tied to low-skilled occupations.
[18] In line with ASEAN Guidelines on Portability of Social Security Benefits for Migrant Workers in ASEAN.
[19] For instance, Korea's Employment Permit System mandates employers to contribute to Departure Guarantee Insurance for their low-skilled foreign workers. The workers receive a lump-sum payout when they depart. Hence the insurance works as retirement savings.

greater benefits from labor mobility by expanding regular migration pathways for specific occupations that are increasingly in demand, like caregiving services. Through collaboration between origin (CLM) and destination countries (Thailand), a skills partnership can be designed to match the needs of Thailand's labor market while ensuring that training also meets CLM's labor market needs. This approach not only supports better skills matches and regular mobility pathways but also helps prevent brain drain by creating a larger pool of skilled workforce in home countries. Over time, the increased availability of skilled labor can make CLM more attractive to foreign direct investment as investors often cite the availability of a skilled workforce as a key factor in deciding where to invest (see Annex 6 on existing skills partnerships in the East Asia and Pacific region).[20] Reforming migration governance towards this direction could also help achieving ASEAN's broader integration goals.

Specific recommendations to enhance the net gains from migration in the CLM-Thailand corridor would thus be structured as follows:

Objective 1: Reduce irregular migration

Thai government: Align migration policies with labor market demand to ease a mismatch between labor market needs and existing foreign workers, thereby improving the systems' responsiveness, reducing irregular migration, boosting economic productivity, and reinforcing Thailand's role as a regional leader in labor migration management. Align Migration Policies with Labor Market Demand to Reduce Irregular Migration. A key action in this vein includes:

- Transition from the current MOU-based recruitment system to a more flexible, market-responsive framework. One consideration could include a more open dependency-ratio system, which would set thresholds for the foreign workforce share by type of skills and occupations, ensuring that these thresholds adjust timely according to structural changes in the labor market. Box 4 further elaborates further on how to make the system more market-responsive.

CLM countries: Improve transparency and lower recruitment costs, as opaque and expensive migration and recruitment processes incentivize irregular migration. A priority action is:

- To create official job portals under both Thailand's MOL and CLM's labor ministries listing vacancies in Thailand and licensed recruitment agencies. Use a pre-qualified pool of licensed agencies and allocate vacancies through transparent lottery process, assigning more weights to agencies that demonstrate better outcomes (see Box 4). Regularly publish migration cost information online and in rural communities. Collect data on recruitment practices to inform regulatory reform and capacity-building for agencies responsible for monitoring and licensing.

Objective 2: Enhance economic gains from labor mobility

Thai government: Enhance productivity and mobility of low-skilled migrants, as migrants are often stuck in low-productivity roles. Incentivizing skill development and recognizing their potential boosts economic returns for both Thailand, migrants themselves, and their home countries. Key actions are:

- To introduce modular, work-based skills training programs (e.g., basic Thai language, technical skills), create pathways for low-skilled migrants to transition into semi-skilled visa

[20] See further discussions on skills partnership in World Bank's Global Skills Partnership for Migration (2025) and EAP Migration Report (2025).

categories, provided certain qualification conditions are met, as Korea does, and align requirements to change employers with migrants' inherent weak bargaining power.

Box 4 Flexible, market-response migration systems

To better align labor migration with labor market demand, Thailand can adopt a flexible, market-responsive migration systems that ensures both control and transparency while contributing to lowering migration costs and improving outcomes for migrants, employers and other stakeholders.

1. Control foreign labor inflows through evidence-based dependency ratios, to reduce work and thus reduce quota allocation time. Set and regularly adjust foreign labor caps based on dependency ratios at the sectoral, occupational and skills levels. This approach ensures that foreign labor inflows respond to labor shortages and reduces time to allocate quota to employers. Dependency ratios should be informed by critical occupation/ skills assessments based on labor market data to identify skills gaps and inform policy.
2. Monitor and regulate employers via performance ratings: An employer performance rating system can be used to score employers based on key indicators such as compliance, labor standards, and migrant worker return rates (like in Korea's EPS). Employers with good performers can be rewarded with expedited administrative procedures (like work-permit renewals) or access to additional support for upskilling workers. Those with poor performers can be barred from hiring foreign workers, thus working as a built-in risk management mechanism to protect migrant workers.
3. Ensure transparency through public job vacancy platforms: Mandate that employers post all migrant job vacancies on a centralized publicly accessible platform. This can allow job seekers and recruiters to access job openings and authorities to detect fraudulent recruitment, thus eliminating the step to validate labor demand by origin governments.
4. Allocate quotas via recruiter performance-weighted lottery system: Where needed, CLM authorities could allocate recruitment quotas to local recruiters based on a weighted lottery system, where recruiters are assigned with weights based on past performance, cost-efficiency and compliance, balancing equity and efficiency.
5. Use algorithm-based job matching systems to reduce time and costs: The Thai government can develop a digital job-matching algorithm, based on labor demand, and share with recruiters in origin countries. This would allow recruiters to match pre-registered prospective migrants with allocated employer-posted vacancies. This would reduce matching time and dependence on informal brokers and recruiters, both in Thailand and CLM, thereby reducing recruitment fees and processing time.

In sum, this system would help align labor migration with real-time labor market needs, increase transparency, encourage employer and recruiter accountability, reduce migration costs and information barriers for aspiring migrants, and promote equity in access to opportunities.

<u>CLM countries:</u>

(i) Promote financial inclusion and formal remittance transfer channels. While migrants perceive informal remittance channels as a safer option, these transfers are inherently risky due to their unprotected nature. Digital financial services can improve safety, reduce costs, and foster economic resilience. Key actions are:

- To facilitate partnerships among fintechs, mobile network operators, and banks in both CLM and Thailand to help migrants' families have their bank account and migrants leave with their own bank account ready for use in Thailand, thus creating a low-cost, formal remittance corridor tailored to the CLM–Thailand route. Stakeholders need to collaborate to collect granular data on remittance patterns and provide technical support to modernize payment systems, deepen financial integration by migrant family members, and enhance competition.

(ii) Improve return and reintegration support, as returnees often face unemployment, causing skills waste and incentivizing repeated cycles of migration. Key actions are:

- To offer tailored reintegration packages, including re-skilling, job-matching, and support for entrepreneurial activities. Target programs to returnees from Thailand using data on work history and skills. Diaspora networks can be mobilized to expand reintegration support.

Objective 3: Improve migrant worker protection
(i) Adapt social protection to the temporary nature of labor migration. Social protection systems in Thailand often fail to cover temporary migrant workers, and existing systems can better reflect the temporary nature of labor migrants. Urgent actions could include:

- Thai government should develop a contributory social insurance scheme for migrants, co-financed by employers and workers, covering health, workplace injury, and unemployment, which would allow migrants to either receive lump sum payouts upon departure to their home countries or transfer the benefits to their home countries.
- Cambodia, Lao PDR, and Myanmar countries should work with Thai government and employers on portability of social protection and develop social protection systems for seasonal, circular, or returning migrant workers.

(ii) Strengthen complaints mechanisms and enforcement. Legal protections exist in CLM but are hampered by weak enforcement, limited outreach, and under-resourced institutions. In this context, key actions include the following:

- Thailand should expand the capacity of labor inspectors and complaints-handling units to conduct on-site visits, audits, and confidential interviews; and fast-track the expansion of Migrant Worker Assistance Centers from 10 to 40 provinces, by partnering with existing civil society organization that already support migrant workers.
- Lao PDR should finalize and implement Decree No. 245 to establish a formal legal complaints mechanism.
- All Actors should support public awareness campaigns on their labor rights and redress options via social media, village meetings, and pre-departure training that are mainstreamed in the labor migration process. Expand the Migrant Workers Resource Centre model to underserved areas.

<u>Cross-cutting action on establishing Skills Partnerships</u> for structured, targeted migration in a win-win manner: Joint skills development initiatives improve labor market matching, increase productivity, and reduce irregular migration. In this context, stakeholders in Thailand and CLM can (i) identify critical skills gap occupations in both Thailand and CLM, (ii) develop bilateral skills development and recognition frameworks to enhance certification portability, (iii) involve the private sector in curriculum design, apprenticeships, and job placement, (iv) secure co-financing from governments, employers, and international partners for the implementation of skills development programs in CLM, (v) establish digital cross-border job-matching platforms to connect trained workers with vetted employers, and (vi) promote circular migration programs that enable migrants to return home, upgrade their skills, and reintegrate into national labor markets. In this context, the 2024 ASEAN Declaration on Skills Mobility, Recognition and Development for Migrant Workers provides a foundation for developing labor migration policies that support labor migration at all skills levels and for strengthening mechanisms to recognize skills of all migrant workers.

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Annex 1. World Bank and ILO 2024 CLM Migration Survey: Methodology

For the 2024 survey, data from Thailand's Department of Employment were used to develop the sampling plan. The survey used quota sampling. The allocation of migrant workers from Myanmar, Cambodia, and Lao PDR is as follows (Table A1.1).

Table A1.1 Sampling quota allocation of migrant workers from Cambodia, Lao PDR, and Myanmar

Migrant origin	Agriculture (#)	Construction (#)	Manufacturing (#)	Total (#)
Cambodian	203	256	-	**459**
Lao PDR	154	-	153	**307**
Myanmar	302	300	402	**1004**
Total	**659**	**556**	**555**	**1770**
Sex				
Male (50%)	336	279	274	**889**
Female (50%)	323	276	281	**880**
Other	-	1	-	**1**
Total	**659**	**556**	**555**	**1770**
Legal status				
Regular (45%)	258	247	293	**798**
Irregular (55%)	401	309	262	**972**
Total	**659**	**556**	**555**	**1770**

Although the allocation may not reflect the precise proportion of the migrant population, e.g., about 75 percent of migrant workers are from Myanmar, it ensures ample size for analysis of Cambodian and Lao workers. A 50-50 sex quota was applied between agriculture, construction, and manufacturing sectors as analyses show majority of regular migrants are male whereas females are more prevalent among irregular migrants. The sample also included migrant workers representing the most common types of migration channels, e.g., memorandum of understanding (MOU) mechanism, national verification (NV)/ cabinet resolutions, border employment, irregular status. Several districts were selected in each target province. For every district, migrant workers were identified in different locations outside their workplace, e.g., eating places, coffee shops, markets, to ensure privacy, and via snowball sampling to ensure they came from different workplaces. Although the sample may not be representative of the migrant population and there is no sampling frame from which to select migrant workers to begin with, the approach identified suitable respondents. The survey was administered between April and May 2024.

Annex 2. ILO 2018 CLM Migration Survey: Key Findings

ILO (2020) reports key findings from a newly complied survey dataset in 2018, covering 1,200 regular and irregular CLM migrant workers working in agriculture, construction, or domestic work in selected provinces in Thailand.

Some key findings include:

- Higher earnings in Thailand: Migrant workers from Cambodia, Lao PDR, and Myanmar earn significantly more in Thailand. Lao workers earned 2.2 times more, Myanmar 2.1 times more, and Cambodian 1.9 times more than they did in their home countries. These figures don't reflect differences in living costs.
- High rate of irregular entry: Only 38 percent of surveyed migrants entered through legal channels (36 percent via MOU, 2 percent via border regulation). The rest entered irregularly, often due to the MOU process being seen as costly, slow, and complex.
- Minimum wage compliance remains limited: Average earnings were US$240/month, roughly at minimum wage, but many migrants worked unpaid overtime. Only 25 percent earned above the minimum wage, with women earning less than men on average.
- Recruitment costs vary by origin: Average migration cost was US$461: Cambodia (US$517), Lao PDR (US$503), and Myanmar (US$394). On average, workers spent about 1.9 months' wages to migrate, 1.4 for Myanmar, 2.3 for Lao, and 2.5 for Cambodian workers.
- Agency services raise costs: Using recruitment agencies significantly increased costs. Cambodian workers paid US$517 with an agency vs. US$205 without. Lao: US$503 vs. US$235. Myanmar: US$394 vs. US$368.
- Regular migrants pay more: Regular migrants paid slightly more on average (US$497 vs. US$474). Regression analysis showed regular workers paid US$50–US$100 more after adjusting for other factors.
- Working conditions remain poor: Most migrants lacked access to labor rights. Very few had union access, severance pay, or paid leave. Over 90 percent had no written contracts, especially in agriculture and domestic work.
- Irregular migrants face greater vulnerability: Though they pay less in fees, irregular migrants earn less, have worse working conditions, fewer rights, work longer weeks, and have fewer days off.

Annex 3. Recent Policy Developments on Myanmar Migration

Myanmar–Lao PDR Agreement on Labor Cooperation
On 21 October 2024, Myanmar and Lao PDR signed an MoU to enhance cooperation on managing Myanmar migrant workers. The agreement focuses on regulating employment, particularly in the Golden Triangle SEZ, through worker registration and verification. Myanmar military authorities also announced efforts to amend the Overseas Employment Law and expand labor attachés in Korea, Thailand, Malaysia, and Japan. Plans to deploy workers to Russia to address labor shortages are underway, with deployment expected in early 2025.

Mandatory Return for Military Service
In November 2024, the SAC's Ministry of Labour instructed overseas employment agencies to return migrant workers to Myanmar after their two-year contracts if they are summoned for military service. New clauses are being added to contracts to enforce this. Media reports in December noted an increase in conscription, including raids and arrests, driving irregular migration to Thailand.

Thailand Migrant Worker Registration & SAC Requirements
On 27 November 2024, Thailand began registering Lao, Myanmar, Cambodian, and Vietnamese migrant workers under a Thai Cabinet resolution. Workers must register by 13 February 2025. Criticisms include high fees, complexity, and corruption. Up to 2 million Myanmar workers must appear on name lists approved by the SAC embassy in Thailand to renew their documents. Protests erupted in December across several provinces due to high charges for renewing "CR" documents. As of end-December, the process remains unclear, and name list approvals are pending.

Revised Remittance Requirements
On 28 August 2024, Myanmar's Ministry of Labor issued Notification 108/2024, mandating migrant workers to remit at least 25 percent of their wages through official channels monthly or quarterly. Non-compliance results in travel and documentation restrictions. This builds on a September 2023 directive, which failed due to an unfavorable exchange rate. The Ministry suspended over 70 recruitment agencies that failed to show proof of remittances. Suspensions will be lifted once agencies comply.

Tightening Migration Controls & Border Restrictions
Reports indicate that mandatory conscription led many youths to seek irregular entry into Thailand. Visa processing delays have contributed to this trend. Myanmar military authorities have also blocked airport departures for some individuals and, since 2 September, barred men aged 18–35 from crossing into Thailand via Kawthaung-Ranong, except for local residents. No explanation was given, raising concerns about rising irregular migration and human right violations.

Impact of Conscription Measures on Labour Migration
Between April and June 2024, Myanmar authorities escalated conscription enforcement. Initially banning all men from migrating for work, a May 2024 revision allowed only those aged under 23 or over 31 to do so. In June, passport conversions from tourist to worker status were suspended. Thailand, facing labor shortages, allows work permit extensions, but those with expired MoUs must exit for 30 days to renew—risking conscription upon return. Many opted to migrate irregularly, with reports of smuggling fees up to 45,000 baht (US$1,320).

Enforced Conscription Law

On 10 February 2024, Myanmar's military authorities began enforcing the People's Military Service Law (2010), requiring men aged 18–35 and women aged 18–27 to serve two years. Professionals may be conscripted for up to three years. Approximately 60,000 people are expected to be drafted annually. By March 2024, over 10,000 youths had reportedly fled to Thailand to escape conscription.

Currency Control and Taxation Measures

Since 1 September 2023, Myanmar authorities require migrant workers to remit at least 25% of their earnings via official channels. Non-compliance results in a three-year overseas work ban after permit expiry. On 8 December 2023, a Remittance Management System Mobile App was announced to monitor compliance. On 23 September 2023, amendments to the Union Tax Law introduced a 2% income tax on all Myanmar migrant workers abroad, effective 1 October 2023.

Annex 4. Earnings Premium

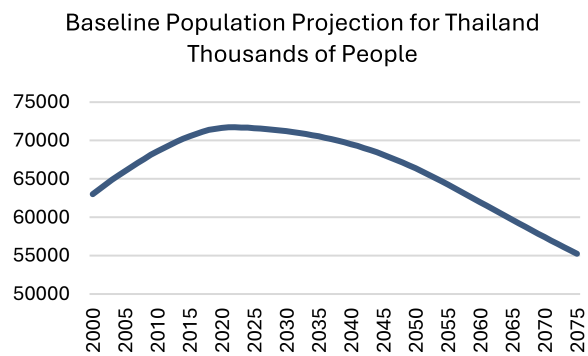
	Log Earnings		
	CLM 2024	**CLM 2018**	**THA 2022**
Regular status	0.205**	0.180**	
	(0.017)	(0.019)	
Regularized status	0.181**	-0.013	
	(0.015)	(0.025)	
Completed primary education	0.049**	0.023	0.009
	(0.013)	(0.017)	(0.009)
Completed secondary education	0.064**	0.024**	0.142**
	(0.021)	(0.051)	(0.009)
Male	0.081**	0.079**	0.142**
	(0.012)	(0.016)	(0.007)
Nationality dummies	Yes	Yes	
Sector dummies	Yes	Yes	Yes
Age	Yes	Yes	Yes
Number of observations	1754	1200	13,246

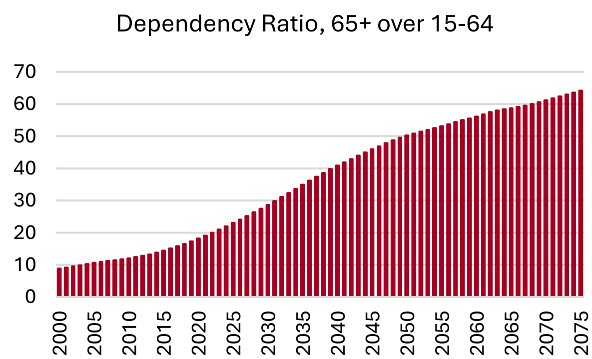
Source: CLM Migration Surveys 2018 and 2024, and Thailand's Labour Force Survey 2022.
Note: Standard error in parentheses. ** Significant at the 1 percent level. To enhance comparability across samples, the observations for Thailand are restricted to workers in agriculture, manufacturing, and construction, and exclude those with education levels higher than secondary.

Annex 5. Global Integrated Monetary and Fiscal (GIMF) Model; Thailand's Aging Scenarios

The model begins by constructing an aging scenario using the 2024 UN population projections. Thailand's population is expected to shrink by around 16 million over the next 50 years. The demographic shift will be most pronounced in the elderly dependency ratio, with those aged 65 and over projected to outnumber the working-age population (15–64) (Figure A5.1). While not analyzed here, the rise of AI and longer life expectancy may prompt a re-evaluation of retirement age. Importantly, an aging population does not necessarily imply a sharp decline in productivity, AI could help extend older workers' productive years. The scenario also assumes that spending on elderly care will grow from 4.5 percent to 11–12 percent of GDP.

Figure A5.1 2024 UN Population Projections and Associated Elderly Age Dependency Ratio





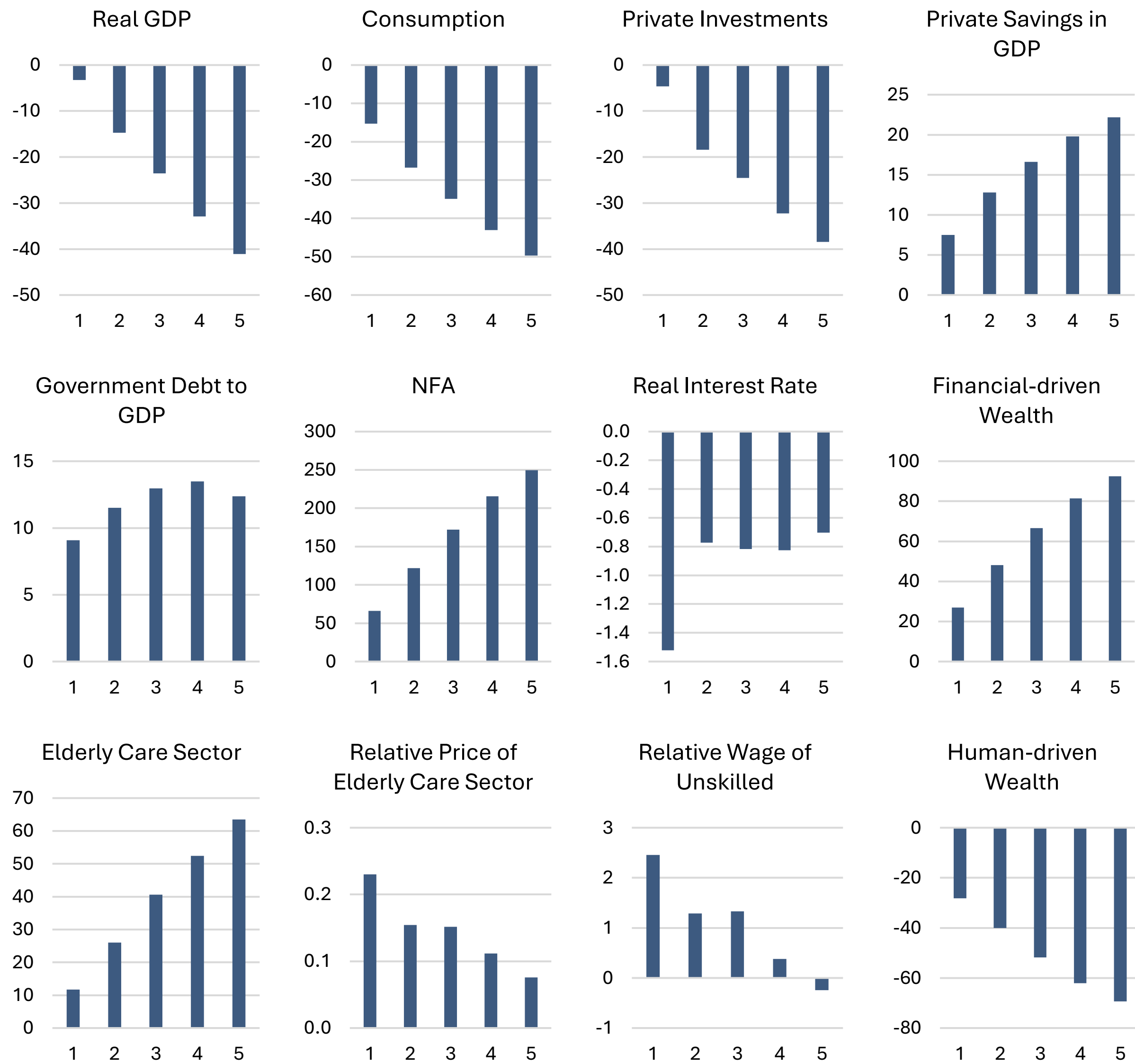
Source: United Nations, Population Division, World Population Prospects 2024.

The key insights from the aging scenario include:

- The economic impact of population aging on output can be substantial.
- Rising demand for elderly care will likely drive up wages in that sector and among unskilled workers. This wage pressure may shift labor toward lower-productivity sectors, reducing overall productivity (Figure A5.3).
- Lower productivity and a shrinking tax base will increase the debt-to-GDP ratio. However, Thailand remains in a stronger fiscal position compared to other aging economies like Japan.
- Aging populations tend to have deflationary effects, lowering the neutral real interest rate, a dynamic consistent with the secular stagnation hypothesis.
- Higher savings rates and wealth accumulation (Figure A5.2) further reinforce these trends.
- Monetary policy must adapt its analytical tools to avoid a persistent low-inflation environment and remain effective near the lower bound of interest rates.

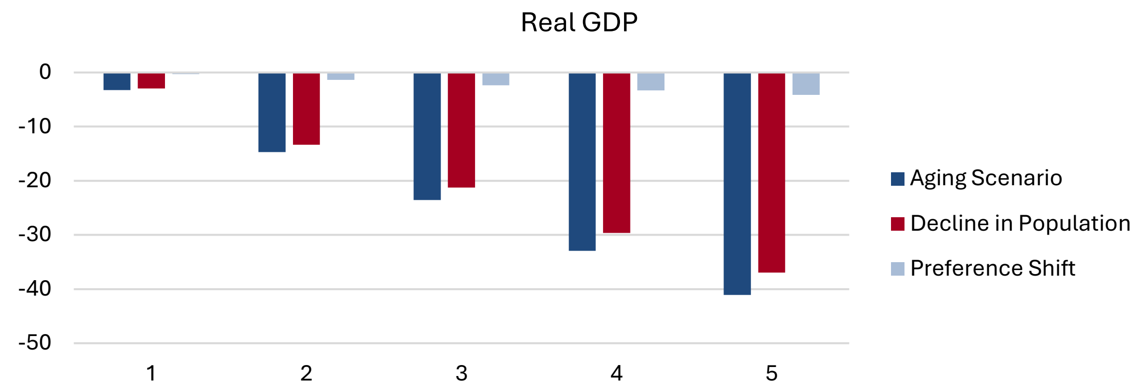
In the moderate and high migration scenarios (Figure A5.4), net migration from Lao PDR and other CLM countries increases. The moderate scenario reflects 1990s levels (about 150,000 people), while the high scenario assumes net migration rises to 250,000, surpassing historical trends.

Figure A5.2 Thailand Scenario 1: An aging scenario based on Thailand demographic projections (Percent Deviation from the steady state, average per decade)



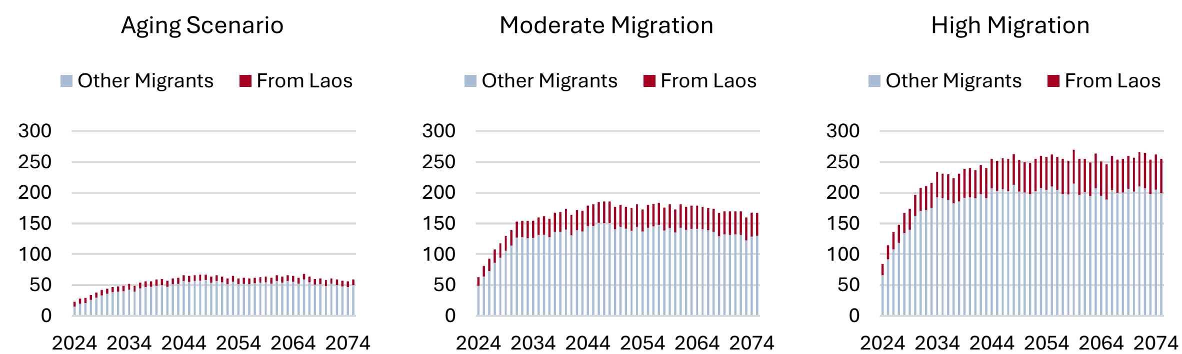
Source: Authors' Calculations.
Note: The projection assumes a modest level of net inflow of migrants of around 50,000 annually that is consistent with the 2024 UN population projections. Human-driven wealth just means wealth derived from saving labor income.

Figure A5.3 Output of the aging scenario decomposed by direct (population decline) and indirect (preference shift to less productive sectors) factors (Percent deviation from the steady state, average per decade)



Source: Authors' Calculations.

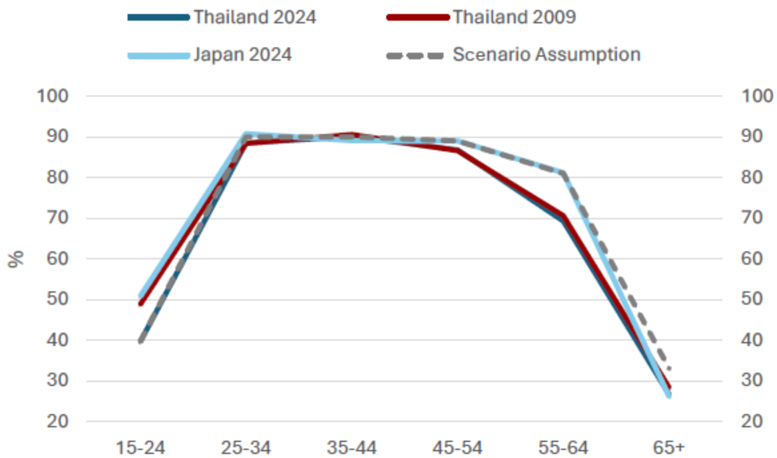
Figure A5.4 Different migration assumptions (Thousands of people)



Source: Authors' Calculations, 2024 UN population projections.
Note: The moderate migration projection assumes a net inflow of migrants towards around 150,000 annually. The high migration projection assumes a net inflow of migrants of around 250,000 annually.

To help with the sustainability of an aging population, the model consider a scenario where the 55+ age group raises their participation as compared to 2024. In particular, it looks to Japan whose labor force participation rate among 55-64 was 81.2 percent in 2024 while in Thailand it was 69.3 percent representing about a potential gap of 10 percentage points that can be filled among the older generation (Figure A5.5). In the old-age participation rate scenario, it assumes Thailand achieves higher rates of participation as Japan, plus a moderate increase in the 65+ range (a 5 percentage point increase).

Figure A5.5 Labor force participation by 10-year age group

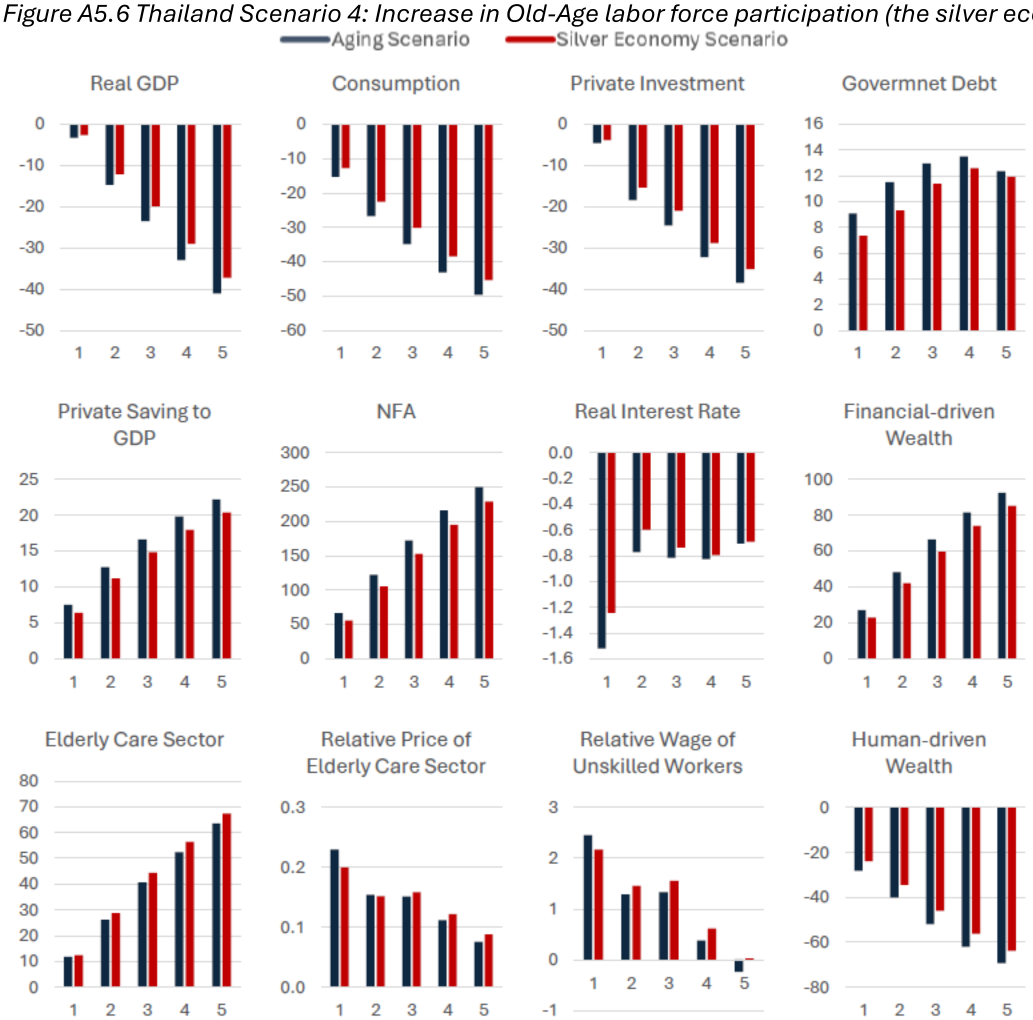


Source: International Labor Organization, Authors Calculations

In the old-age labor force participation scenario, the other key factor to consider is labor productivity, which typically falls precipitously between the ages of 60 and 75. This decline in labor productivity mutes the overall impact relative to an increase in all-age labor force participation scenario. However, the integration of AI in the economy as described in the following scenarios assumes in the more favorable case that AI can help raise the overall productivity across age demographics.

In the scenario, old-age labor force participation is gradually increased over the coming decades where the full effect from higher participation is fully achieved in the third decade. The effects from raising the old-age labor force participation mainly show up in an increase in labor supply that raises output by 5 percentage points in the long run relative to the baseline aging scenario. This increase in the labor supply is critical to staving off the sharp decline in output and productivity that comes from an aging population.

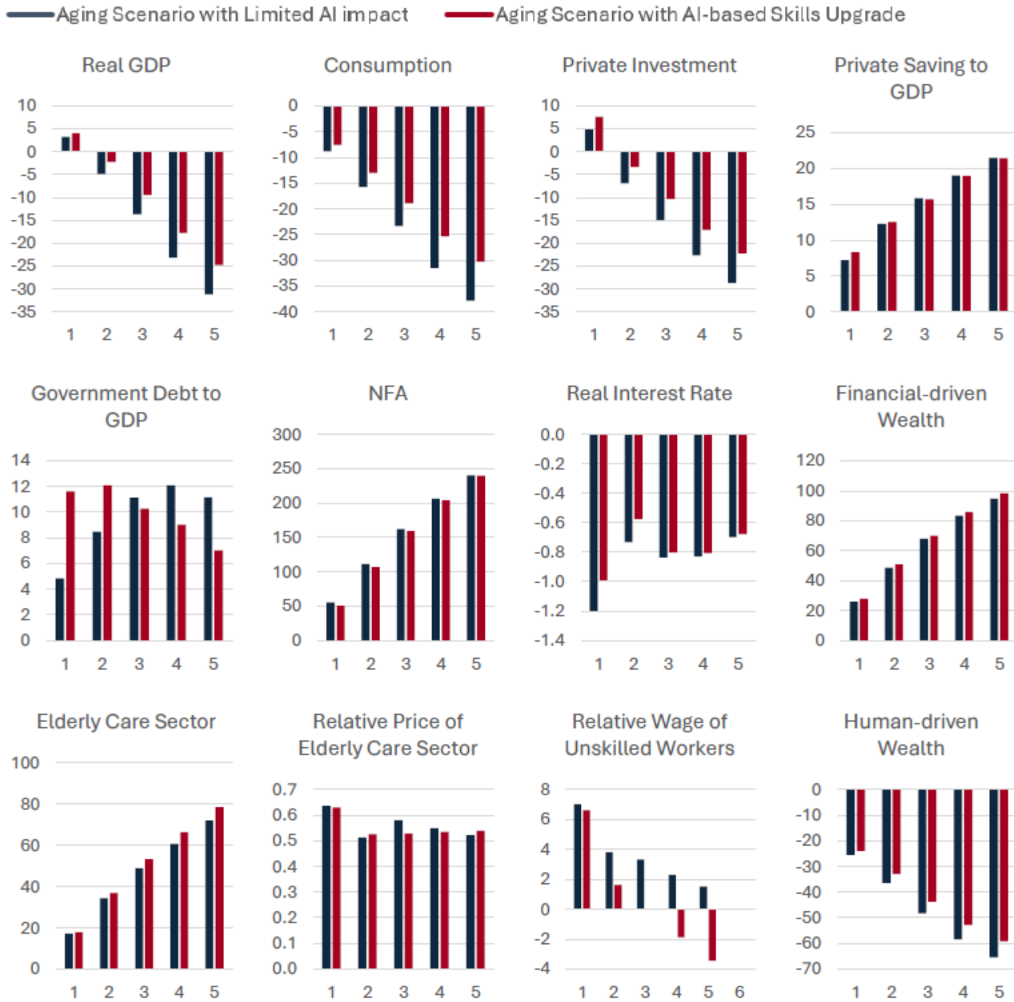
Figure A5.6 Thailand Scenario 4: Increase in Old-Age labor force participation (the silver economy scenario)



Source: Authors Calculations

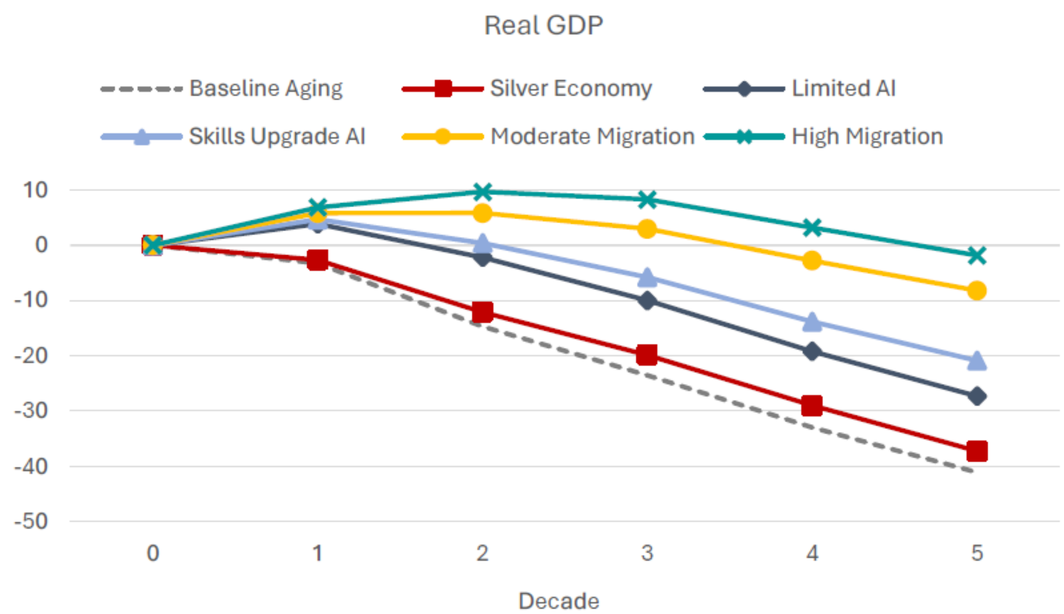
Another major factor that will determine the sustainability of the macroeconomy is the impact of AI. However, the ultimate impact that AI will have on the economy is subject to high uncertainty. A recent paper by Aldasoro, Doerr, Gambacorta, and Rees (2024), has the current range of estimates between 0.07-2.5 percent per year over the next decade. To capture this type of uncertainty, the model develops two scenarios that differ in a fundamental way: a level vs growth shift in productivity. In the limited AI impact scenario, it assumes that AI is developed globally but Thailand does not invest into making the economy more compatible with AI. Existing sectors that have used AI to automate tasks such as manufacturing gain a one-time shift in productivity over the next two decades, but productivity growth eventually slows to the pre-AI trend. In the more favorable AI scenario, it assumes that productivity growth rises over time as part of a structural transformation of the economy. However, this is only achieved through investment into education and re-training in the first decade of the simulation which makes the labor force more compatible with AI to exploit its higher productivity gains in later decades. While the initial investment raises debt to GDP levels, the higher productivity and increased output ultimately reduces debt to GDP levels in the long run.

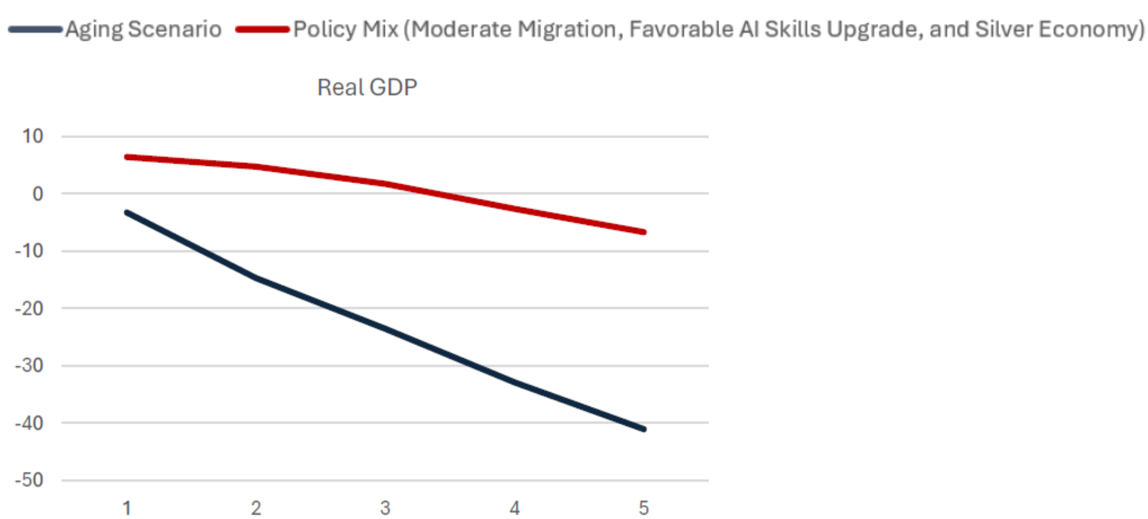
Figure A5.7 Thailand scenario 5 and 6: A limited and more favorable view of AI scenarios (skills upgrade scenario)
(Percent Deviation from the steady state, average per decade)



Source: Authors Calculations
Note: The moderate projection assumes a net inflow of migrants of around 150,000 annually. The high projection assumes a net inflow of migrants of around 250,000 annually. Human-driven wealth just means wealth derived from saving labor income.

Figure A5.8 Thailand's policy mix scenario: the moderate migration, favorable AI, and silver economy scenarios' impact on GDP
(Percent Deviation from the steady state, average per decade)





Source: Authors Calculations

Annex 6. Skills Partnerships: Examples in the East Asia and Pacific Region

Implementation modality	Government-to-government (G2G) *Example:* Japan's economic partnership agreements	Development aid *Example:* APTC (Australia Pacific Training Coalition)	Regional *Example:* ASEAN Economic Community	Public-private partnerships (PPP) *Example:* Lufthansa and the Philippine government	Sector-wise *Example:* Germany's Triple Win Program
Duration	2008–present (Indonesia); 2009–present (the Philippines); 2012–present (Viet Nam)	2007–present	2005–present	Circa 2020	2013–present
Countries	Japan, Indonesia, the Philippines, Viet Nam	Australia and the Pacific	ASEAN member countries	Germany and the Philippines	Germany, Bosnia and Herzegovina, the Philippines, Indonesia, India, Jordan, Tunisia
Main stakeholders involved	Governments in these countries	Australia Department of Foreign Affairs and Trade (DFAT); TAFE Queensland; TVET providers in the Pacific; Pacific and Australian firms and industry associations	Governments, professional regulatory authorities, professional associations	Lufthansa Technik Philippines, Lufthansa Technical Training Center, Philippine Department of Trade and Industry	German Agency for International Cooperation (GIZ), German Federal Employment Agency, nursing schools at the origin
Direct linkage to facilitate labor mobility	Yes	Yes	Yes	Yes	Yes
Sectors	Nursing, care work	Auto repair, manufacturing, construction and utilities, tourism and hospitality, health and community services	Accountancy, architectural services, doctors, dentist, engineering services, nurses, tourism professionals, and surveying qualifications	Aircraft mechanic and engineering	Nursing
Funder	Governments (language training) and employers	Mainly Australia's DFAT	Not applicable	Lufthansa	GIZ and German employers
Number of participants	2008–15: ~1,500 (Indonesia) (Gentile 2019, 224); since 2009, 3,600+ (the Philippines) (Japan, Ministry of Foreign Affairs 2023); since 2012, 1,700+ (Viet Nam) (VietnamPlus 2022)	20,000+ beneficiaries since its founding (2019) (APTC 2020)	Engineering MRA gained the most traction: 2,876 in 2018 (Gentile 2019, 12).	Data not readily available.	Since 2013, 4,700+ nurses have been placed in Germany (Luciano and Schimpf 2021)
Results	Japanese nursing exam passing rates in 2023: 45.7% (Viet Nam); 15.9% (the Philippines); 11.5% (Indonesia) (Tanaka and Yoshimura 2024)	84% employed domestically (2019) (APTC 2020) and 10% gained employment in Australia (2023) (APTC forthcoming)	MRAs helped develop regional standards and support regulatory cooperation, but have had minimal impact on international labor mobility (Ziguras and Barker 2024).	Lufthansa Technical Training Center trains mechanics and engineers for Lufthansa Technik global and local networks.	A 2021 survey of participants found 95.4% of feedback was mostly positive (Luciano and Schimpf 2021).

Source: World Bank (2025b), p. 61.
Note: The types of skill partnerships are by no means mutually exclusive. ASEAN = Association of Southeast Asian Nations; MRA = mutual recognition agreement; TVET = Technical and Vocational Education and Training.