



Economic and Social News

Office of the National Economic and Social Development Board

962 Krung Kasem Road, Pomprab, Bangkok 10100

Tel 0-2628-2847 Fax 0-2628-2846 www.nesdb.go.th e-mail : pr@nesdb.go.th

Thailand's Social Development in Q4/2016 and Overall Situations in 2017

The Office of the National Economic and Social Development Board (NESDB) released the official report on Thailand's social development in the fourth quarter of 2017 and overall situations throughout the year, of which key positive developments included improved labour productivity, a declined number of default debts, a lower number of patients diagnosed with diseases under surveillance, declined expenditure on alcohol and cigarette consumptions, improvement in security of life and property, a lower number of road traffic accidents during festive seasons, and a higher number of people with at least one type of social security. However, there were still some major pressing issues requiring close monitoring including declined employment and labour income, higher unemployment, the urgency to have Thai education system upgraded, sickness due to influenza and non-communicable diseases, high teenage pregnancy rates, an increased number of accidents, and the need to improve Thai workers' capacity required to push the country forward. Details of the key social situations are described as follows.

Sluggish employment with slight increases in unemployment. Growth in labour productivity and income in both agricultural sector and service sector was recorded.

Q4/2017 saw 0.6 percent declines in employment growth, stemming from a 2.0 percent decline from the agricultural sector and a 0.1 percent increase in the non-agricultural sector in the hotel and restaurant, transport/warehouse industries as reflected in the increases in both exports and tourism recorded in this quarter. Unemployment was about 1.1 percent, with a lower rate among those who had previously been employed while that of those who had never been employed continuously increased. The average working hours declined by 1.0 percent. Wages and salaries in the private sector, excluding overtime pay and other benefits, declined by 0.4 percent, while labour compensations in the agricultural, hotel and restaurant and wholesale/retail sectors increased.

Employment throughout 2017 declined by 0.6 percent compared to 2016, comprising of a 1.0 percent decline in the non-agricultural sector due to sluggish export growth in the first half of the year. Moreover, despite the improvement in exports in the second half of the year, employment in the manufacturing sector did not significantly benefit, as there had been an increased number of firms adopting the use of more advanced production technology with improved efficiency. Industries saw improvement in employment were, for example, transport/warehouse, hotel and restaurant caused by expansions in the tourism industry in the second half of the year and fast growth in on-line trades, which led to

increased demand of freight transportation. As for the agricultural sector, this 2017 year saw overall growth of 0.3 percent compared to the 4.3 percent reduction in 2016. Unemployment rate of the sector was 1.2 percent, while wages, excluding other benefits, slightly declined by 0.1 percent. Labour productivity impressively increased by 4.6 percent, with improvement in both non- agricultural and agricultural sectors with 5.9 percent and 5.6 percent increase respectively.

Summary of key labour issues for 2017 can be elaborated as follows:

1. **Daily minimum wages adjustment for 2017:** the adjusted rates became affective on 1 January 2017, increasing from 300 Baht nationwide to between 305-310 Baht in 69 provinces while the other 8 provinces had their rates maintained.

2. **Skill improvement and development of Thai labour force:** on 24 January 2017 the Thai National Wage Committee issued Notification on Wage Rates for Skilled Workers According to Skill Standards (No. 6) for additional 12 occupations, resulted in the total number of 67 occupations up to dates which now require employers to pay wage rates according to skill standards to those with certifications issued by the Ministry of Labour.

3. **Social protection of informal workers:** the Cabinet, on 26 April 2017, endorsed in principle 3 informal worker related drafted Acts, including (1) Drafted Royal Decree concerning characteristic specification of people eligible to apply for social security as self-insured person (2) Drafted Royal Decree concerning contribution rates for different social security benefits and entitlement categories and requirements and (3) Drafted Ministerial Regulation concerning Social Security Fund's government contribution rates. These acts aim to incentivize informal workers to participate in voluntary social security schemes.

4. **Illegal foreign workers registration and management:** the government launched the registration program, intended to address the lack of workers in Thailand and to help employers in Thailand who employed illegal foreigner workers, from between 24 July to 7 August 2017. There were approximately 790,000 workers registered in the program, of which required national verification to be completed by 30 June 2018. However, on 16 January this year, the government decided to permit the registered workers of Cambodian, Lao and Myanmar nationals to work in the country until further notice in response to the relative high reliance on such workers in the country.

Household debts' growth decelerated as reflected in the constant growth of outstanding consumer loan balances of commercial banks, especially for car loans. However, loan repayment had been improved as shown in less non-performing loan amounts and a lower number of people whose personal loans defaulted over 3 month-period.

Thai quality of education urgently needs a major revamp as students' scores of the core subjects were still below 50 percent of the total scores. Moreover, Thai people aged 15 years and over had only 8.6 years of schooling on average for the school year of 2017. The government consistently placed importance on revamping the nation's education system, as an independent reform committee on education has been set up to come up with effective measures to improve the education system including early childhood development, funds set up to provide assistance to those with insufficient financial means, improve education inequality and effective teacher recruiting and training as well as teaching improvement at all educational levels. The nation education reform's current status is that the drafted Education Equality Fund Act has already been endorsed in principle by the Cabinet on 21 November 2017 and the drafted reform plan on education is now pending for the Cabinet's endorsement.

The number of patients diagnosed with influenza continuously increases throughout 2018. In Q4/2017, the overall number patients diagnosed with diseases under surveillance dropped by 2.3 percent from Q4 last year, while that of dengue fever patients massively declined by 27.4 percent due to the strict disease monitor and control throughout the year. However, as of the year 2017, the number of patients diagnosed with diseases under surveillance increased from 2016 by 5.5 percent, comprising of 16.7 percent increases in those diagnosed with influenza which had been persistently spreading from Q3/2017. Thus, the Department of Disease Control has forecasted high possibility of influenza outbreak in the year of 2018, with the estimated number of 220,000 infected people and Bangkok and vicinity, large provinces and provinces with high domestic migration volumes being the areas with highest outbreak risks. Additionally, viral diarrhea outbreak, increasing number of children with short attention span and depression among elderly people also need to be closely monitored.

Teenage pregnancy rates showed a sign of improvement but still relatively high and needs further monitoring. According to statistical information from the Bureau of Reproductive Health, Department of Health, it has been revealed that the birth rates among women aged 15-19 years old has persistently declined from 53.4 births per 1,000 women in this age group in 2012 to 42.5 births in 2016. Nevertheless, despite such declines, the rates are still relatively high, thereby; further close monitoring is critically required. Furthermore, the issues of initial sexual intercourse among school students, sexual transmitted infections (STIs), and promotion of condom use also need to be closely watched. The promotion of condom use among teenagers is critically important as it can effectively help prevent STIs outbreaks as well as teenage pregnancy.

Expenditure on both alcohol and cigarette consumptions declined, but such consumptions among adolescents still need further monitoring. Expenditure on alcohol

consumption in Q4/2017 declined by 1.3 percent compared to Q4/2016. Likewise, expenditure on cigarette consumption was a 0.6 percent decline from the previous year. According to related statistics, expenditure on both alcohol and cigarette consumptions contribute to about 4.9 percent of total household expenditure. However, based on the recent survey conducted by the National Statistical Office, it reveals that youth alcohol and cigarette consumption behaviours require urgent attention as the consumption rates among youth aged 15-24 years old continue to be on the rise.

Criminal cases declined, government policy direction focuses on both crime suppression and prevention measures aimed for peaceful and safe society. Q4/2017 saw an overall reduction of criminal cases by 3.8 percent in comparison to Q4/2016, comprising of a 2.8 percent reduction in narcotic cases, 7.7 percent crimes against life, bodily harm and sexual assaults and 7.2 percent in crimes against property. However, when looking at the whole year of 2017 in more detail, the total number of criminal cases rose by 6.3 percent compared to 2016, contributed from a 12.3 percent increase in narcotic cases. However, crimes against life, bodily harm and sexual assaults and crimes against property declined by 14.2 percent and 10.5 percent respectively. The government policy regarding crimes this year still has its main focus on both crime prevention and suppression as well as drug abuse and addiction rehabilitation, public participation and engagement in crime prevention, and creation of drug-free environment and neighborhoods in local communities as understanding and loving families are one of the basic key factors of drug addiction prevention. Furthermore, it is also very important to create understanding in local communities of the importance of reintegration of offenders in societies.

The number of accidents during festive-season-only declined, but the annual number rose from last year. Q4/2017 saw the number of deaths declined by 10.9 percent from Q4/2016, despite an increased number of road accidents by 9.6 percent. As for the whole 2017 year, both the number of road accidents and deaths rose by 1.3 percent and 2.5 percent respectively. However, the number of accidents, injuries and deaths during the 2018 New Year declined by 2.0 percent, 3.1 percent and 11.5 percent respectively compared to 2017 New Year. Consequently, road accident prevention measures need to be further implemented and put in place, with stricter traffic law enforcement throughout this year, especially the drink-driving and speeding laws.

The number of people with saving for retirement increased. In 2017, according to statistical figures, the number of insured persons under the Social Security Fund rose by 4.3 percent, totaling up 14.6 million people and the number of the National Saving Fund's members recorded at 530,000 people, equivalence of a 2.4 percent increase. However, the number of informal workers was still relatively high at more than 20 million people, thereby,

requiring a more effective social security coverage expansion measure. Recently, the National Saving Fund has partnered up with 10 related institutions nationwide in saving for retirement promotion scheme. Moreover, the National Pension Fund has also been endorsed by the Cabinet, which is believed to be a financial tool to raise saving for retirement for the Thai people.

Special Article on “Workforce development for the country development”

The Thai workforce is declining as a result of declining number of working age population due to an aging society. In 2017, the total Thai workforce was 38.08 million people, dropping from 38.64 million in 2010. Additionally, Thai labour supply mismatches with labour demand in general, as the increasing job growth is most prevalently witnessed in the service sector, especially in the retail and wholesale industry and restaurant and hotel industry. However, 62 percent of the workforce has secondary education attainment and lower and 31.1 percent are aged 50 years and over. Additionally, labour productivity growth is only 3.1 percent on average during the past 15 years. Furthermore, a number of school age children still have the dropout problem and low PISA and O-NET scores in Math, Science, and English subjects. These pressing issues place a great challenge on Thailand’s skilled workforce development, of which a great emphasis needs to be place as early as at early childhood development.

Challenges and factors influencing the labour market include (1) demographic changes due to aging society which will place a great constraint on labour supply in the future (2) the country development direction which emphasizes on production productivity enhancement through science and technology, resulting in demand for workforce with new skills. Furthermore, the national plan emphasizes the targeted industry and infrastructure investment in the special economic zones led to labour demand in related fields, such as logistics, mechatronics and electronics and (3) fast paced technology advancement which will inevitably be used to replace some types of labours in some occupations/fields or lead to higher labour demand in some related industries as well new forms of employment such as piecemeal jobs, multi jobs and a gig economy.

Workforce Development Preparation

1. **Skill development for people prior to labour market entry:** by (1) improving the quality of basic education to become more integrated between subjects, so that students can have their related skills developed and trained for the future jobs, solving the problem of dyslexia and illiteracy among younger population, upgrading the quality of local schools with coaching assistance from tertiary education institutions, and (2) manpower production and vocational education improvement with assistance from interested private sector such as the Sattahip model, based on the success of Sattahip Vocational College, whereby the school

cooperates with the government and private firms to implement work-integrated learning, the Excellent Model School project, web-based survey introductory in order to accurately survey labour demand and supply, production of workforce with expertise in technology and innovation, especially in the fields in line with the country development direction.

2. **Skill development for people already in the workforce:** by improving skills of the workforce, setting up manpower development plan for potential industries as well as provincial plans, improving skills in workplaces of the Super Cluster group, other clusters group and targeted industries, skill training and development for new entry labour in the service and logistics sectors as well as educating informal workers freelancers, startup business owners, SMEs and local enterprises, on technology and innovation.

Guidelines to improve the Thai workforce

1. Improve the quality of education by organizing a Competency-based course, developing vocational education workforce with technology and innovation competences. In addition, coordinating with the private sector to manage learning courses in educational institution and practical trainings in business, promoting access to occupation information for career path is also concerned, in order to build confidence and interest in vocational education.

2. Develop workforce skills. For *new labor groups* by improving educational system with practice to achieve the actual work, collaborating between public, private and educational institutions to build up proper programs for each industrial cluster, and enhance skills and knowledge of new technology and innovation. On the other hand, skills and knowledge of *former labor groups* need to be enhanced in terms of new skill, multi-skill, English language skill, information technology, together with functional features such as integration between new technology and real life practice, flexibility and team building skills.

3. The master plan for human resource development in the country should be prepared to match with labor demand and the country's economic growth in long term. Moreover, labor data collection should be improved to be more consistent with the workforce flows and work patterns, which tend to be more diverse.

4. Support other related factors such as infrastructures, access to the use of innovation and production technology development. Also, encouraging learning culture building in all organizations/institutions by creating environment that brings inspired, creative, and makes people to have public minded for the public interest.

Surveillance and Actions to be taken in 2018

1. Monitoring the impact of technology transfer

- For the employment, there is more demand on labor with high technology adaptation in production process. Repeated-task career style in service sector is at risk of

being replaced while there are new and varied career styles especially for self-employment and employment through the online platform. Therefore, it is necessary to encourage the development of skills and knowledge, the adaptation to technology changes, and the creation of other optional careers. On the other hand, highly skilled workers will be needed and will play an important role in the future of the technology world. It should also improve more diverse career information, and new regulations that support new careers.

- Consumer protection and the prevention of fraud or disputes from the purchase of new products and services, such as online trading, trading through QR code, and digital currency technology, should be implemented. In addition, surveillance of illegal activities through information technology which can reach a wide audience, such as online gambling, pornography, and drugs, should also be concerned.

2. **Impact of rising daily minimum wage:** the recent raise in the country's daily minimum wage to 308-330 baht or an average of 315 baht nationwide will take effect on April 1, 2018. Therefore, according to the Labor Force Survey in 2017, there were 5.4 million people who received wages below the national minimum wage. The majority of those receiving minimum wage were in the small corporations with no more than 9 employees. This type of corporations normally has the cost of labor considering as high variable costs, so impacts of the recent minimum wage hike on those businesses need to be closely monitored and policies to mitigate the impact. Moreover, it is necessary to track the enforcement of minimum wage and punish employers who do not comply with the minimum wage declaration.

3. **Non-communicable diseases (NCDs) Prevention and reduction of disability from accidents and illness** Increases in Non-communicable diseases (NCDs) such as coronary artery disease, cancer, together with traffic accidents, can result in disability or death if not treated promptly. Apart from the prevention policies, patient assistances such as first aid courses in schools or in the general public and effective emergency medical system should be encouraged too.

4. **Extension of social security** The government has expanded its mandatory savings for post-retirement income to be more sufficient for living by accelerating National Pension Fund Act, BE which will provide adequate savings for the elderly, cover all employees in the social security system, and create saving discipline of people in working age.

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Key Social Indicators

Components	2016	2017	2016				2017			
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Employment^{1/}										
Workforce (Thousands)	38,266	38,100	38,312	38,160	38,683	37,911	38,216	38,267	38,168	37,748
%YOY	-0.7	-0.4	0.1	-0.6	-0.2	-2.1	-0.3	0.3	-1.3	-0.4
Employed person (Thousands)	37,693	37,458	37,684	37,394	38,263	37,430	37,443	37,538	37,647	37,205
%YOY	-0.9	-0.6	0.2	-0.9	-0.2	-2.5	0.6	0.4	-1.6	-0.6
Unemployed person (Thousands)	378	451	369.9	411.1	362.5	366.3	463	465	453	422
Unemployment rate (%)	0.99	1.18	0.97	1.08	0.94	0.97	1.21	1.22	1.19	1.12
Underemployed person (Thousands)	275	303	293	352	217	237	356	350	271	256
2. Health and illness										
Number of patients under disease surveillance (cases)^{2/}										
- Measles	1,688 (66.3)	3,185 (88.6)	221	271	466	730	367	295	479	485
- Meningococcal Meningitis	17 (-32.0)	28 (64.7)	6	5	4	2	5	5	7	6
- Japanese encephalitis	772 (22.1)	815 (5.5)	179	187	231	175	259	143	193	143
- Cholera	51 (-52.7)	8 (-84.3)	41	2	7	1	2	2	2	2
- Hand, food and mouth	79,910 (93.1)	70,189 (12.2)	10,066	19,012	39,589	11,243	11,450	19,958	35,168	7,982
- Dysentery	6,726 (-4.4)	4,847 (27.9)	1,820	1,841	1,887	1,178	1,329	1,410	1,130	784
- Pneumonia	245,211 (13.1)	267,741 (10.4)	65,661	45,244	72,851	61,455	63,869	53,578	79,622	68,401
- Leptospirosis	2,295 (6.7)	3,474 (51.3)	446	401	671	777	573	592	1,166	1,132
- Dengue fever	63,931 (-53.6)	53,189 (16.8)	14,840	7,874	25,744	15,473	8,203	7,732	20,866	11,238
- Influenza	169,362 (117.3)	197,811 (16.7)	43,634	14,135	58,535	53,058	19,742	18,518	109,057	50,567
- Rabies	13 (-160)	8 (-62.5)	4	2	5	2	0	3	2	1
Rate per 100,000 population of death with major chronic non-communicable diseases										
- High blood pressure	12.1 (10.8)	n.a.	No quarterly data available							
- Ischaemic heart disease	29.9 (7.5)	n.a.								
- Cerebrovascular disease	43.3 (11.9)	n.a.								
- Diabetes	19.4 (10.9)	n.a.								
- Cancer and tumors	113.7 (5.5)	n.a.								
3. Social security										
- Patients from road accidents (cases)	8,259	8,616	1,871	1,494	2,502	2,392	2,304	2,111	1,756	2,132
- Crime against person (cases)	20,218	18,249	5,659	5,294	4,879	4,386	5,120	5,032	4,573	4,357
- Property crimes (cases)	58,964	56,778	10,236	8,957	10,188	9,583	15,167	14,102	14,486	14,305
- Narcotics (cases)	270,595	278,807	64,753	59,104	69,551	74,532	77,627	61,399	71,250	75,681
4. Consumer protection^{3/}										
4.1 Number of complaints (cases)										
- Advertisement	2,637	3,707	727	795	509	606	548	1,380	928	851
- Label	2,010	2,026	704	559	387	360	618	472	486	450
- Contract	1,628	2,425	457	373	298	500	432	827	734	432
- Law	37	0	25	12	0	0	0	0	0	0
- Direct sales and direct marketing	1,097	712	120	244	550	183	103	128	156	325
4.2 Hot line 1166 (cases)	47,329	45,311	11,666	10,555	12,438	12,670	12,071	12,681	9,432	11,127

Source: 1/ Labor force survey report, National Statistical Office, Ministry of Information and Communication Technology

2/ Bureau of Epidemiology, Department of Disease Control, Ministry of Health

3/ Office of the Consumer Protection Board, Office of the Prime Minister