



# Economic and Social News

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## Thailand's Social Development in Q4/2014

Office of the National Economic and Social Development Board (NESDB) released the official report on Thailand's social development in the fourth quarter of 2014. Details of the situation are described as follows.

### Social situations and indicators in Q4/2014 and overall situation of year 2014

**Employment declined, unemployment rate decreased while income increase slowly.** In the fourth quarter of 2014, employment declined by 0.1 percent. Agricultural employment fell by 4.9 percent while employment in non-agricultural sector went up by 2.5 percent. Unemployment rate was recorded at 0.61 percent, lower than 0.66 percent in the same period last year. The fall in agricultural employment was partly absorbed by the non-agricultural sector whose demand for basic labor remained high. This helped mitigate the unemployment problem and the labor shortage in non-agricultural sector. Average working hours stood at 44.5 hours per person per week, a 0.3 percent lower than the same period last year. Wages and salaries in the private sector excluding overtime pay and other benefits in the fourth quarter of 2014 rose by 3.0 percent from the same period last year.

For the overall of 2014, employment fell by 0.4 percent and unemployment rate stood at 0.84 percent. Wages and salaries after deducting inflation rose by 1.3 percent and labor productivity grew by 1.1 percent. When comparing productivity with wages, rise in productivity was slower than wage increase in almost all sectors. Exceptions, where the rise in productivity was faster than wage increase, include agricultural, construction and education sectors.

Labor force survey in Q4/ 2014

	2013	2014	2014			
	Year	Year	Q1	Q2	Q3	Q4
Total labor force (Millions)	38.7	38.6	38.5	38.4	38.8	38.6
1. Employed (Millions)	38.2	38.1	37.8	37.8	38.4	38.3
(%YoY)	-0.1	-0.4	-0.4	-1.2	0.3	-0.1
1.1 Agriculture (%YoY)	-0.2	-2.4	1.0	-2.9	-2.2	-4.9
1.2 Non-agriculture (%YoY)	-0.03	0.7	-1.0	-0.3	1.7	2.5
2. Unemployed (Millions)	0.3	0.3	0.3	0.4	0.3	0.2
Unemployment rate (%)	0.73	0.84	0.89	1.00	0.84	0.61
3. Seasonally inactive labor force (Millions)	0.2	0.2	0.3	0.2	0.1	0.1
Share to labor force (%)	0.4	0.5	0.8	0.6	0.2	0.3

Source: National Statistical Office

**Household debts slowed down in the fourth quarter of 2014 but default payments need to be under a close watch.** Total outstanding of commercial banks' personal consumer credit stood at 3,492,624 million baht, a 7.4 percent increase compared to 10.7 percent, 8.8 percent and 8.0 percent in the first three quarters of 2014, respectively. While housing and other consumer loans increased, loans for cars and motorcycles decreased. Default debts on personal loan under supervision and credit cards continued to increase but not yet posing risks to the economy. Non-performing loans

(NPLs) stood at 83,451 million Baht, a 16.5 percent increase, accounting for 2.4 percent share of total outstanding debts. Personal loan under 3-month supervision rose by 25.3 percent. Risk groups that need to be under a close watch were those in middle- and lower income brackets who were vulnerable to factors affecting their security and ability to repay.

**The number of patients diagnosed with diseases under surveillance increased, especially the respiratory diseases.** In the fourth quarter of 2014, the number of patients under disease surveillance rose by 2.7 percent compared with the same quarter last year—particularly influenza and pneumonitis. For the entire year of 2014, the number of patients under disease surveillance fell by 11.9 percent compared with the year 2013. Number of dengue fever patients came down by 73.5 percent after the severe spread in 2013 due to continuous surveillance, protection and prevention measures. However, in the beginning of 2015, close surveillance is required for respiratory and infected diseases including flu, influenza, pneumonitis, chickenpox, hand, foot and mouth disease and diarrhea. This is because of the widespread cold weather particularly in the North and Northeast. Moreover, conjunctivitis should also be under surveillance, especially in the South. Given the heavy rain and cold weather conditions, it causes infiltration in the water, which leads to eye infection.

**The number of HIV/AIDS patients posted a downward trend but close surveillance should be on unsafe sex among youths leading to the HIV/AIDS infection.** From the HIV/AIDS Report by the Department of Disease Control, the annual number of patients continued to fall. However, there should be a close surveillance among youths. The survey on behaviors relating to the HIV/AIDS infection among students in 11<sup>th</sup> grade and 2<sup>nd</sup> year vocational level shows that the share of students with sexual experience increased while the use of condom remained low.

**Expenditure on alcohol and cigarette increased and youth started smoking at lower ages.** In the fourth quarter of 2014, spending on alcohol consumption was 41,391 million baht, a rise by 2.1 percent from the same quarter of 2013. Similarly, expenditure on cigarette consumption was 4,817 million baht, a 1.8 percent growth from the same quarter of previous year. In addition, youth started smoking at younger ages, which need to be under close watch. Records show that (1) share of alcohol consumption rose from 32.2 percent in 2013 to 32.3 percent in 2014 and the share of cigarette consumption increased from 19.9 percent in 2013 to 20.7 percent in 2014, (2) alcohol and cigarette consumption among women has been increasing with the share of alcohol- and cigarette consumption rose from 9.1 percent and 1.9 percent in 2013 to 12.9 percent and 2.2 percent in 2014 and (3) alcohol and cigarette consumption among youth declined but the average age to start smoking has become lower from 16.8 years in 2007 to 15.6 years in 2014.

**The overall security in life and property improved but use of narcotic drugs in both dealers and users need to be under surveillance.** In the fourth quarter of 2014 total

number of crime cases decreased by 11.6 percent compared with the same quarter last year. The overall record for the year 2014 fell by 12.5 percent. The narcotics cases continued to serve the largest share of 84.5 percent of total crime cases. Close surveillance is required on drug-trafficking along the borders, airports and sea ports as well as the major drug dealers. Meanwhile, youth aged 15-24 years continued to be involved in narcotic drugs as both new dealers and users.

**Promoting road safety is a sustainable solution to reduce road accidents.** In the fourth quarter of 2014, the number of road accidents increased by 10.2 percent while the number of deaths fell by 1.6 percent compared with the same quarter of 2013. For the year 2014, the total number of deaths fell by 13.5 percent. As a result of the campaign to reduce the accidents during holidays especially the New Year 2015 Holidays, number of accidents fell by 5.5 percent and number of deaths decreased by 7.1 percent compared to the New Year 2014 Holidays. Major causes of accidents continued to be from driving under alcohol influence and exceeding speed limits.

**Thailand's Anti-Human Trafficking Progress Report, 2014 has been released** on January 30, 2015 to report the progress and major achievements in 2014. This report will be presented to the US government before the issue of the new TIP Report in June, 2015. The Thai government has been highly aware of the situation and placed high priority to the human rights issues by following the prevention and suppression of human trafficking international standards of 5P (Policy, Prosecution, Protection, Prevention, Partnership). Measures include protection of those who are disadvantaged, vulnerable and victim of human trafficking, enforcement of laws and the suppression of corruption by government officers at all levels.

**Promoting cooperation from all parties is a way to solve the smoke hazard issue.** Smoke hazard is the problem in the dry season of Thailand, particularly in the upper Northern areas. This was caused mainly by the forest fire, agricultural field burning as well as smoke from neighboring countries. Data from Pollution Control Department show that in 2014 there were 47 days in which the air is polluted with particulate matter sized smaller than 10 microns (PM10), an increase from 45 days in 2013. Air pollution has adversely affected the health of the people. In 2014, there were almost 1 million persons affected by the smoke. The number for the first two months of 2015 was estimated to be around 240,000 persons.

**Water resource should be sustainably managed.** The forecast on drought by related agencies showed many areas of Thailand may face drought and dry spell with increasing frequency and magnitude over time. Data in the past 3 years (2012-2014) showed that there were 9,535 villages facing drought and water shortage continuously throughout the past 3 years. This accounted for 12.7 percent of total number of villages in Thailand. In February 20, 2015 the government also declared drought area covering 17 provinces, 54 districts, 316 sub-districts and 3,208 villages. Drought has already affected water shortage for consumption,

businesses as well as tourism. Accordingly, government has rapidly responded by giving assistances to affected farmers for over 6,000 million Baht since the end of 2013.

### **Key social issues “Upgrading labor competency: an urgent challenge”**

**Labor structure has become a limitation for country development in Thailand.** As the country is entering ageing society in which there are increasing elderly population and declining young population, it is important that the existing labor able to maintain productivity level. However, the labor structure in Thailand is still a limitation to development as follows:

1. **Majority of labor has only compulsory education and is ageing.** More than 65 percent of the Thai labor has education level of lower-secondary or lower. This has impeded the development progress toward high-technology production and knowledge economy. At the same time, share of labor aged 50 years and over has increased while less share of population aged 15-24 years are likely to enter the labor force. This has adversely leading to labor shortage and lower productivity in some production sectors.

2. **More than half of labor force is in informal sector.** In 2014, labor in informal sector accounted for 57.6 percent of the total labor force. Most of them were in agricultural sector or self-employed workers. Although informal sector normally helps absorb unskilled labor, it also adversely affected the formal employment growth. However, increasing number of labor is likely to enter the formal sector. It is therefore important to urgently improve the labor skills such that they can adjust and work in business environment effectively.

3. **Tight labor market and skill mismatches** as unemployment rate continuously declined from 2.4 percent in 2002 to 0.84 percent in 2014. Moreover, labor demand for vocational skills exceeded the number of unemployed persons. On the other hand, unemployment among tertiary graduates has been high despite the labor shortage problem. This reflects the problem of skill mismatch between supply and demand.

4. **Quality of labor.** Over the past 10 years (2001-2014), labor productivity increased, on average, by only 2.9 percent. Moreover, labor in formal sector is still lack of relevant skills, namely foreign language, computer, analytical and creativity skills.

**Limitations and solutions for upgrading the labor competency** are as follows:

1. **Skill improvement focusing on upgrading labor performance but lack of quality assessment.** In 2013, there were 4.99 million trained workers—360,000 of which were trained by the Institute for Skill Development while the remaining 4.63 million workers

trained in-house. The training usually focused on improving and upgrading labor skills. Also, incentives were given to private sector that holds an in-house training to foster private-sector cooperation. However, quality assessment on training, which makes the benefits of training become apparent to both employers and employees, has been neglected. Share of work-orientation training has been lower due to the expansion of education system.

**2. Access to information and skill improvement for high-technology production is still limited.** Advertisement and information-dissemination to workers and employers on trainings, government campaigns and incentives, standards as well as the benefits will enhance the training and improve labor competency. Accordingly, government should play a role of central data source. Government should also coordinate with professional associations, educational institutions and give incentive to private sectors to hire experts on high-tech skill training to train workers, which will promote economic growth in the future.

**3. Development of occupational- and skill standards to improve the labor competency.** Setting occupational and skill standards is crucial for improving labor performance because standards provide benchmarks for selecting quality labor, leading to the payment of wages according to their competencies and raise investor's confidence. Measures include **(1) professional qualification system**—Thailand Professional Qualification Institute (public organization) has already issued 120 professional standards and approved 29 test centers, which open for test applicants from January 2014 onwards, **(2) National Occupational Skill Standards**—Department of Skill Development already issued 35 occupational standards. Workers who already passed the tests can use the certificate for wage increase. In 2013, there were 55,000 workers taking the test. Next step is the expansion of occupational standards to cover all occupations and promotion of the tests. The latter is particularly beneficial to workers without educational degrees but highly experienced and skilled in their occupation.

**Key issues needed to be closely monitored in the near term are as follows:**

**1. Factors affecting the living quality of labor in 2015** include drought, labor shortage—both in quantity and quality, and slow productivity growth. In addition, there is also an issue on foreign worker management. Government should promote and encourage entrepreneurs to register their foreign workers as well as tightening the enforcement and prosecution of the illegal immigration.

**2. Solve the debt problems** by promoting financial discipline from young ages to working ages. This includes creating reasonable spending habits in young children and promoting workers to save for their lifelong security.

**3. Prevention and suppression of narcotic drugs in 2015** should be proactive by coordinating with other countries, participating with several networks, increasing checkpoints

along the borders and preventing vulnerable groups to be involved in drugs. Also, holistic approach should be employed for prevention, suppression and rehabilitation processes to solve the drug problem effectively.

**4. Prevention of road accidents** for the year 2015 should focus on enforcement of road safety regulations with intensive punishments as well as on campaign promoting awareness on self-protection from road accidents.

**5. Resolving the smoke hazard and drought** needs cooperation from government, private sector and people at large. The implementation of the H.M. King's direction on sustainable water management will also help resolve the situation in the long run.

**6. Labor competency improvement** by **(1) expansion of occupational standards to cover all occupations**, particularly the ones with country's competitiveness. Educational standards should also be adjusted to be consistent with occupational standard system. Together with quality assessment system on accrediting knowledge and experiences, this will enhance clear career path for all labor, **(2) promoting the professional qualification and skill standards as well as the instructions for taking the tests** to all workers such that they are aware of and take part in the system, **(3) promoting government's role as a facilitator to help improve private sector's efficiency** both in terms of information centers and coordinating centers for trainings that meets the private sector demand. This will ultimately lead to more effective employment, and **(4) proactively promoting the skill development in small- and medium enterprises** and imposing financial assistances such as low-interest loans from Skill Development Fund conditional with the in-house training.

Office of the National Economic and Social Development Board (NESDB)  
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## Key Social Indicators

Component	2013		2014		2013				2014			
	Year		Year		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Employment <sup>1/</sup>												
Workforce (Thousands)	38,661		38,576		38,502	38,789	38,678	38,676	38,454	38,442	38,811	38,598
%YOY	-0.1		-0.2		1.04	0.69	-0.94	-1.00	-0.12	-0.89	0.35	-0.20
Employed person (Thousands)	38,216		38,077		37,965	38,268	38,318	38,316	37,812	37,815	38,421	38,262
%YOY	-0.1		-0.4		1.32	0.85	-1.18	-1.26	-0.40	-1.18	0.27	-0.14
Unemployed person (Thousands)	281.7		322.7		269.6	288.0	312.6	256.6	341.1	385.7	326.6	237.3
Unemployment rate (%)	0.73		0.84		0.70	0.74	0.81	0.66	0.89	1.00	0.84	0.61
Underemployed person (Thousands)	273.7		256.3		308.7	220.1	274.3	291.8	277.9	258.1	245.1	244.1
2. Health and illness												
Number of patients under disease surveillance (cases) <sup>2/</sup>												
- Measles	2,647	(-49.2)	1,199	(-54.7)	937	788	618	304	346	333	312	208
- Meningococcal Meningitis	14	(75.0)	15	(7.1)	3	2	2	7	4	4	2	5
- Japanese encephalitis	723	(6.3)	599	(-17.2)	183	192	175	173	141	147	155	156
- Cholera	8	(-82.2)	13	(62.5)	4	1	1	2	2	2	7	2
- Hand, food and mouth	46,131	(1.8)	65,837	(42.7)	9,585	8,853	18,087	9,606	9,665	19,737	27,833	8,602
- Dysentery	9,586	(-26.8)	8,019	(-16.3)	2,733	2,710	2,465	1,678	2,318	2,229	2,031	1,441
- Pneumonia	185,481	(-5.3)	200,812	(8.3)	55,424	35,238	49,812	45,007	60,625	38,264	56,840	45,083
- Leptospirosis	3,103	(-27.4)	2,263	(-27.1)	639	634	974	856	394	465	777	627
- Dengue fever	154,773	(94.5)	40,987	(-73.5)	21,979	53,050	65,382	14,362	4,967	8,252	16,627	11,141
- Influenza	43,941	(-29.2)	73,757	(67.9)	17,394	6,062	11,631	8,854	30,811	11,152	16,065	15,729
- Rabies	5	-	6	(20.0)	1	2	2	-	2	1	2	1
Numbers of patients with chronic non-communicable diseases (cases)												
- High blood pressure	8.0	(40.4)	n.a.		No quarterly data available							
- Ischaemic heart disease	26.9	(14.5)	n.a.									
- Cerebrovascular disease	36.1	(13.9)	n.a.									
- Diabetes	14.9	(23.1)	n.a.									
- Cancer and tumors	104.8	(6.4)	n.a.									
3. Social security												
- Patients from road accidents (cases)	6,938		5,998		2,171	1,720	1,470	1,577	1,777	1,511	1,158	1,552
- Crime against person (cases)	23,915		23,916		6,189	6,311	5,856	5,559	5,882	6,021	5,839	6,174
- Property crimes (cases)	50,213		46,722		12,650	12,355	12,934	12,274	11,705	11,846	11,733	11,438
- Narcotics (cases)	445,919		384,644		112,456	112,926	117,629	102,908	94,997	102,582	97,907	89,158
4. Consumer protection <sup>3/</sup>												
4.1 Number of complaints (cases)	7,093		6,638		10,321	10,314	12,348	1,579	682	2,161	2,115	1,680
- Advertisement	1,033		1,515		310	233	244	246	131	621	519	244
- Label	2,631		2,352		759	555	709	608	254	682	752	664
- Contract	2,729		2,571		758	663	632	676	287	843	805	636
- Law	107		69		12	31	24	40	10	15	39	5
- Direct sales and direct marketing	593		131		541	6	37	9	-	-	-	131
4.2 Hot line 1166 (cases)	41.773		38.701		10,321	10,314	12,348	8,790	3,410	10,804	12,703	11,784

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