



NESDC News

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Thailand's Social Situation and Outlook of Q1/2020

The Office of the National Economic and Social Development Council (NESDC) released the official report on Thailand's Social Situation and Outlook of Q1/2020, of which key issues including a low unemployment rate, a slowdown of household debt growth and a decrease in diseases under surveillance, criminal cases and road traffic accident. However, there were still some major issues require close monitoring including a decline in employment and an increase in alcoholic beverage and cigarette expenditures. Moreover, there were also some interesting social situations including a halfway dropout from school: risk of the future Thai juvenile, the financial behavior and financial risk of Thai households, and the article "COVID-19 crisis: Lessons for the next step with immunity". The summary is as follows.

Employment continuously declined. The unemployment rate was still low. Wages increased at a slow rate.

In Q1/2020, there were 37,424,214 employed persons, decreased by 0.7 percent from the same period of the previous year. Employment in agricultural sector decreased by 3.7 percent which was affected from severe and continued drought since the mid-year of 2019. While the employment in non-agricultural sector continued to expand slightly by 0.5 percent due to the expansion of employment in hotels and restaurants sector, and education sector. As a result of the spread of COVID-19 had not yet shown a significant impact on the number of tourism-related employment partly due to the period January-early March that the spread of COVID-19 was still limited in some areas, and entrepreneurs were still waiting to see the situation of the impact. However, there were signs of the impact of the COVID-19 outbreak to the employment that average working hour of private sector had reduced to 42.8 hours/week from 43.5 hours/week of the same period of the previous year. In addition, those who worked for more than 50 hours/week decreased by 9.0 percent. Besides, the number of businesses requested for the use of Section 75 to temporarily stop running the business was 570 establishments and there were workers who had to stop working but still receive a salary for a total of 121,338 people.

The number of unemployed persons was 394,520 representing 1.03 percent of unemployment rate, up from 0.92 percent from the same period last year. This was aligned

with the number of unemployment compensation claims in the Q1/2020, with 170,144 people, an increase of 3 percent. There were also 448,050 disguised unemployed, representing 1.2 percent of disguised unemployment rate, which increased by 17.7 percent from the same period last year. The actual wages of private sector increased by 3.2 percent and the labor productivity declined by 1.0 percent from both reductions in agricultural and non-agricultural sector.

Factors affecting employment in 2020

1. **The spreading of COVID-19 disease.** According to the evaluation of the impact of COVID-19 on labor, it is found that 8.4 million workers are at risk of termination. Among this number could be divided into 3 groups as follows. (1) Workers in tourism sector for approximately 3.9 million people (excluding retail and wholesale trading sector) would be affected from the reduction of foreign tourists and domestic tourism about 2.5 million people. (2) Labors in the industrial sector, which have already been affecting from the trade war formerly and aggravating by the outbreak of COVID-19 caused from the decline in both domestic and foreign demand. Nevertheless, some industries that produce products for sale in domestic can still expand such as food and beverage or necessary items, including the manufacture of electronic products. According to these, from a total of 5.9 million industrial workers, it is estimated that 1.5 million people are affected. (3) Employment in services other than tourism would be affected by the government's epidemic control measures due to the closure of places such as schools or places with large groups of people such as fresh markets, sports stadiums or shopping malls. There is employment in this group for 10.3 million people. It is estimated to be affected by about 4.4 million people.

2. **The impact of drought to employment in agricultural sector.** Drought crisis since mid-year of 2019 and continuously to Q1/2020 results in reducing of employment in the agricultural sector. There were 370,000 seasonal workers, the highest in 7 years. In April, 26 provinces announced the assistant area for emergency disaster victims (drought). There are approximately 3.9 million farmers affected, and 2.1 million farmers in other areas with little water and unable to engage in agricultural activities are affected. A total of 6 million farmers are affected by drought.

It is expected that the impact of the COVID-19 outbreak and the drought on unemployment will be apparent in the second quarter and more clearly in the second half of the year. However, it is expected that by 2020, the unemployment rate will be in the range of 3-4 percent or throughout the year with no more than 2 million unemployed. As a result of (1) The epidemic situation began to be in controlled. In addition, in the second half of May, the government began to lessen the control measures, allowing some economic activities to be re-open. (2) The government has measures to support and recover economy

by focusing on encouraging employment in the area. (3) The agricultural sector will be able to support some unemployed workers despite the drought.

Issues to be followed

1. **The coverage of rescue measures** for both the workers affected by COVID-19 and the farmers affected by the drought, currently, the government has measures to help people with a total target of 37 million people. These can be divided into 10 million farmers, 11 million insured persons, and 16 million self-employed persons. It must be considered thoroughly provided that affected people could reach the mentioned measures.

2. **Follow up the termination of employment and unemployment** Currently, the control measures are lessened, but some groups of workers are still unable to return to work as before, such as workers in the tourism sector, workers in the export industry such as automobiles and etc. by the reason of the declining in foreign demand. In addition, tourism is also linked to foreign measures. If the entrepreneurs are unable to continue employment, there will be a number of workers who are terminated. Meanwhile, during May-July, it is expected that there will be approximately 520,000 new graduates entering the market, which there may not be job positions for them. Therefore, it is necessary to have measures for job establishment and hiring sufficiently to support those at risk of not being able to find job.

3. **Preparation of the labor for recovery** During the outbreak of COVID-19, entrepreneurs/businesses have modified their work style and make use of technology more for work/communication. It appeared that there is no restriction in terms of location for some types of work which labor needs to adjust skills in order to respond to business needs. Labor may even have to upgrade new skills to support career change or new working style.

A slowdown of household debt growth from previous quarter, but the credit quality was worsening.

The household debt situation in Q4/2019 was worth 13.47 trillion baht, expanding by 5.0 percent, which decelerated from 5.5 percent in the previous quarter. This was mainly due to a slowdown in all types of loans. The household debt ratio accounted for 79.8 percent of the GDP, highest in 14 quarters since the Q3/2016, as the Thai economy slowed down continuously and faster than the household debt. The overall credit quality deteriorated. The non-performing loan (NPL) outstanding for consumption of commercial banks in the Q1/2020 was 156,227 million baht, representing 3.23 percent of total loans, an increase of 2.90 percent from the previous quarter, which is a result from the declination of ability to repay all types of loans, especially car loans, credit card loans and other loans for personal consumption.

Recently, the Thai economy has been continuously adversely affected regarding the export, tourism and agriculture sector. The government has implemented various measures to provide assistance to people through multiple channels. As a matter of debt and personal liquidity, the government has implemented measures to enhance liquidity and alleviate the cost of living, such as releasing of Soft Loans, employment promotion loans, emergency loans for those with non-current money income. Moreover, there are measures to help small debtors and SMEs with high potential and not being overdue for more than 90 days, as well. Most of the measures, nonetheless, are still short-term and focus only on alleviation. The government must urgently prepare action plans and measures which apparently focuses on helping to rehabilitate and raise the household income to correspond with the burden of expenses and debts of each household, along with the restructuring of debt to be able to generate remuneration for the household in order to make up for debt focusing on consumer goods.

Illness must be continuously monitored for dengue fever increasing again in some areas.

In Q1/2020, the overall number of patients under surveillance is 189,319 increased by 19.9 percent from the same period of last year. This was a decline in almost every disease, particularly, dengue fever patients decreased by 42.8 percent, influenza patients decreased by 26.9 percent, measles patients decreased by 64.6 percent and patients with leptospirosis decreased by 44.4 percent due to better surveillance and self-care, including increasing of Physical Distancing. In spite of the declination of overall dengue fever patients in the country, the surveillance is still a must to be taken since it is likely to increase again in some areas during rainy season. A surveillance of COVID-19 disease which may relapse and preparation for the effects of the epidemic of COVID-19, such as stress, mental problems and suicide, as well as surveillance of diseases caused by behavior from detention at home must be monitored.

Consumption of alcohol and cigarettes increases

In Q1/2020, the consumption of alcohol and cigarettes expands by 3.0 percent. The expansion of alcohol consumption was 5.5 percent, whereas the cigarette consumption was reduced by 1.0 percent. There must be an awareness raising of dangers and risks of people who regularly drink alcohol and smoke may become infected with COVID-19 easily and having more severe symptoms than the general public. Temporary closure of the entertainment places and prohibition on selling all kinds of alcoholic beverages according to the government measures recently led to reduction on alcohol consumption during April. The main reasons caused drinkers stop drinking or drink less are inability/difficulty in buying, fright of infection, to have less income/no money to buy, and intention to maintain good

health. At the same time, the main reasons caused smoker to smoke less are to have less income, intention to maintain good health, increasing cost and difficulty in buying. There are some factors, however, which urge smoking behavior such as the tension to COVID-19 situation, work-related stress, and for products stockpiling/fear of shortage/concern of product prices.

Criminal cases decreased from decrease in both violence against life, body and sex-related cases and offense against property cases

In Q1/2020, overall criminal cases decreased by 4.8 percent from the same quarter of 2019. It was reported that narcotic cases decreased by 4.4 percent and offense against property cases increased by 5.3 percent. Crimes against life, body and sexual assaults decreased by 13.7 percent. In consequence of being in a state of emergency, offenders find more difficult to commit crimes. On the other hand, the reduction of economic activities causes people to lack of income. It is reported that in March 2020 crimes against property increased by 0.7 percent from the previous period. Hence, it is necessary to pay close attention to more strict surveillance measure to prevent offenses or violence against life and property.

In 2020, the number of accidents and deaths decreased during both normal period and Songkran holidays.

In Q1/2020, road accidents and deaths decreased by 6.4 percent and 20.8 percent from the same quarter of 2019 respectively, but the damage value increased by 40.0 percent. Since there has been a limitation on traveling, prohibition of alcoholic beverage selling and the lockdown of each province, road accidents and deaths decreased by 60.8 percent and 56.7 percent respectively during Songkran festival in 2020. However, the behavior of driving exceeding the legal speed limits can escalate the risk of the death, therefore, it is necessary to initiate a cooperation from all sectors to strictly comply with the regulations and seriously discipline lawbreakers. Likewise, the lessons learned from COVID-19 disease control measure could be beneficial to manage and reduce road accidents.

Complaints through the Office of the Consumer Protection Board (OCPB) and the National Broadcasting and Telecommunication Commission (NBTC) decreased

In Q1/2020, the OCPB received product and service complaints decreasing by 6.4 percent from the same period last year, regardless of that there are complaints about plane ticket/airline reservations rising due to the spread of COVID-19 causing the cancellation of flights. NBTC, as well, received complaints decreasing by 36.6 percent from the same period last year. Majority of the complaints is about standard and quality of service. In addition, the COVID-19 outbreak provokes the supervision of deceive and taking advantage of consumers

such as fake news, counterfeits, overpricing, deception of selling insurance and also cyber threats from 'Work From Home' policy. Formerly, the "Center for COVID-19 situation administration (CCSA)" has been established to perform duties as following; (1) provide and take charge of surgical masks and hand sanitizers (2) publicize and disseminate correct information. Besides, there is also a special team established by Insurance Commission to investigate sales proposals, complaints and insurance claims. Moreover, web/mobile application named "Kon-Klang For Sure" is created to verify the license status of agents or insurance brokers.

A halfway dropout: risk of the future Thai Juvenile

Although the problem of children and juvenile who have to leave the education system halfway is getting better, it is found that more children dropped out in accordance with higher education levels. During the academic year of 2003-2005, there were more than 20 percent of students who entered in the elementary level but did not finish the compulsory education (lower secondary education). More than 31 percent of students dropped out of the education system before graduation from upper secondary school or lower vocational school, and 38 percent of students dropped out of higher education. **Causes of dropout from the education system** According to data from the Equitable Education Fund (EEF), it is found that poverty is the main reason for Thai children and juvenile to drop out from education system for more than 670,000 people. There are also some other reasons, for example, family problems, teenage mothers, children who has to take care of the sick and disabled family members, illness, or even relocation to follow parents.

Moreover, **a dropout of the education system also reflects inequality.** Children and juvenile in the richest family (The top 10 percent richest family) continue to study in upper secondary school or lower vocational school by 80.3 percent and continue to study at the higher vocational/higher education level by 63.1 percent. In the meantime, children and juvenile in the poorest family (The bottom 10 percent poorest family) continue to study in upper secondary school/lower vocational school by only 40.5 percent and continue to study in the higher vocational/higher education level only 4.2 percent. There are still some juveniles who are "Not in Education, Employment or Training" (NEETs). This group of juveniles tends to increase in number. In 2019, there are 12.87 percent of Thai juveniles aged 15-24 years old or about 1,200,000 people who are categorized to this group. **The effects of premature dropout of education system** are (1) Low labor skills followed by low wages which affect the economic and social status of these children in the long run, and consequently cause a cycle of poverty, particularly in the poor family. (2) Long-term labor shortages due to rapid structural changes in population (3) The risk of existing skills

may be obsolete and might not align with the needs of market. (4) Difficulty to increase production productivity and the loss of economic opportunities of the country.

Guidelines for encouraging children and juvenile to return to the education system as follow: (1) Collaborate with local associations and state agency to bring children and juvenile back to the education system or the vocational skills development, along with focusing on individual assistant plan. (2) Establish an institution to monitor and prevent the problems, which must have an efficient database system for tracking and helping children and juvenile. Also, create a network for both the education and non-education sectors. (3) Adjust teaching methods to be flexible for the children's problems by creating a cumulative credit and qualification transfer system and provide a variety of teaching styles. (4) Study and solve problems through government mechanisms such as the use of Earmarked Tax to solve problems directly and continuously.

Financial behavior and financial risk of Thai households

Nowadays, economic, social, technology or even cultural dimension has influenced Thai households. The change has shown the structural and fragile problems of the economy and society clearly to the household level. According to survey and study about the causes of being indebted for personal consumption of Thai people, through the collaboration between the Office of the National Economic and Social Development Council (NESDC) and Research Centre for Social and Business Development Co., Ltd. (SAB) shows patterns of risk accumulation that affects the financial status of many households as following: **(1) Debt behavior that focuses on consumption led to a financial burden for the household and could not raise a long-term household income.** More than half of the expenditure is usually the cost of purchasing necessary goods and services. Meanwhile, the problem of incomes less than expenses, especially to those who start a new job, is partly a result of recreational expenses such as alcohol/cigarettes, traveling and beauty care expenses, plus an attitude that is ready to spend more when earning more, as well as, craziness about shopping. **(2) Consumer attitudes and behavior tend to cause high consumption, Indebtedness from faulty expenditure, and entering into the debt cycle repeatedly,** particularly using the occupational or educational loan for consumption instead of investing and expanding to improve income and quality of life in the long term. When it is unable to pay back, the idea of borrowing money from other sources to repay the former debt create the "Repeated debt" cycle. **(3) The occurrence of economic crises clearly shows the vulnerability of households.** During normal situations, Thai households have a high level of financial problems, including having a small savings, a high and long-term debt and the financial immune is low. When confront with the economic contraction, the impact on households is severe and might have a broader effect.

Presently, the government's solution is to expedite the steps to alleviate the suffering of the household in the short-term. However, the significant matter is the sustainable resolution of financial vulnerability in the structural level of the household by (1) Establishing mechanisms to alleviate debt burdens and restructuring debt with the government as a middleman. (2) Raising population's incomes to be in line with economic conditions and changes. (3) Promoting knowledge and creating financial discipline for the public through accessible and effective technology channels.

The article "COVID-19 Crisis: Lessons for the next step with immunity"

The COVID-19 outbreak brings in measures to control the spread of the disease which has a wide impact on both Thai economy and society. This crisis causes: (1) **A reduction of economic activity, affecting employment** due to the slowdown of consumption from private sector, the contraction of investment, exports-imports which affects business operations and employment. (2) **The household debt situation has been aggravated by reduced income** which might cause financial problems to the households. (3) **The way of life of people in society has changed.** People will pay more attention to cleanliness and health care. There is a change in working style by working from home more, purchasing merchandise and food via online becomes larger, as well as, educational dimension that has been adapted to online channels instead of going to school. (4) **Quality of life is not the same.** Vulnerable groups of people will be affected by falling incomes and may become poor or homeless person. Besides, financial and residential limitation lead to health problem such as finding surgical mask or hand sanitizer for self-protection or practicing a "Social Distancing". There are also difficulties in accessing government services such as public health, education, and the judicial process. (5) **An impact on mental health** from stress. Also, tendency of family violence increase as result of living constraints. (6) **An impact on environmental quality.** It is found that the amount of medical waste has been increasing, including plastic waste and paper used as packaging from the delivery business which affect the waste management system.

However, this crisis brings about learning and adjustment of Thai society which will become a "New Normal" after the epidemic is over, for instance, (1) **Digital transition** which is considered a digital investment opportunity to apply digital platform in business operations, including new online services such as education, health, medical and various events. (2) **More health awareness** which results in learning to cope with an emerging epidemic and taking care of oneself to become health literacy. (3) **Raising awareness of income security** to support in emergency situation and realization of the importance of financial planning of individuals and households prudently, including having knowledge in financial management. (4) **Awareness of the strength of civil society** which shows the role and strength of society by helping and sharing to alleviate the suffering of those affected.

For this purpose, Thailand needs to take action to support the adjustment of: (1) **Digital ecosystem development** by promoting and developing digital systems and online platforms to be more effective. (2) **Creating income security and raising the better level of social security to be more effective and more comprehensive** by developing an accurate database system. Encouraging lifetime saving systems, including organizing a comprehensive and thorough welfare arrangement. (3) **Supporting analytical and critical thinking processes to deal with crisis** by promoting the participation with the community, creativity and volunteer network. (4) **Reinforcing Thai society to be a multi-intellectual society** that is well-rounded and able to link to each other in the part of health, society, economy, and environment. (5) **Lessons learned from numerous operations by government, private and public sectors** will lead the government to develop and prepare for handling various situations in the future, appropriately and quickly. Specially data management, supporting and encouraging public health researches and development are to be promoted.

The Office of the National Economic and Social Development Council (NESDC)

May 28, 2020

Key Social Indicators

Components	2018	2019	2018				2019				2020
	YEAR	YEAR	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1. Employment ^{1/}											
Workforce (Thousands)	38,434	38,178	38,145	38,482	38,725	38,382	38,365	38,420	37,959	37,968	38,193
%YOY	0.9	-0.7	-0.2	0.6	1.5	1.7	0.6	-0.2	-2.0	-1.1	-0.4
Employed Person (Thousands)	37,865	37,613	37,361	37,885	38,301	37,911	37,703	37,782	37,482	37,483	37,424
%YOY	1.1	-0.7	0.2	0.9	1.7	1.9	0.9	-0.3	-2.1	-1.1	-0.7
Unemployed Person (Thousands)	404	373	474	411	373	359	351	377	394	372	395
Unemployment Rate (%)	1.1	0.99	1.24	1.07	0.96	0.93	0.92	0.98	1.04	1.04	1.03
Underemployed Person (Thousands)	293	250	336	283	319	232	336	239	193	231	284
2. Health and Illness											
Number of patients under disease surveillance ^{2/}											
Measles	5,556 (74.4)	6,562 (18.1)	630	632	1,186	3,108	2,065	1,582	1,520	1,395	732
Meningococcal Meningitis	20 (-28.5)	22 (10)	1	9	3	7	6	5	6	6	5
Japanese encephalitis	745 (-8.5)	891 (19.5)	182	251	200	132	258	199	212	222	250
Cholera	5 (-37.5)	12 (140)	0	2	2	1	6	4	1	1	0
Hand, Foot, Mouth	70,008 (-0.3)	67,203 (-4.1)	10,079	14,626	32,718	12,585	9,254	12,916	35,866	9,167	5,269
Dysentery	3,399 (-29.8)	2,518 (-25.9)	1,132	965	741	561	646	731	642	499	647
Pneumonia	283,601 (5.9)	256,194 (-9.6)	74,881	58,699	90,160	59,861	73,553	51,353	63,816	67,472	74,839
Leptospirosis	2,540 (-26.8)	2,165 (-14.7)	402	637	932	569	466	495	710	494	259
Dengue Fever	86,922 (63.4)	129,906 (49.4)	6,830	24,029	35,564	20,499	15,548	31,766	54,906	27,686	8,900
Influenza	183,363 (6.7)	392,518 (105.3)	40,995	25,698	73,042	43,628	133,369	61,229	108,345	89,575	97,489
Rabies	15 (87.5)	3 (-80)	7	3	3	2	0	2	0	1	0
Rate per 100,000 population of death with major chronic non-communicable diseases											
- High blood pressure	13.1 (6.6)	n.a.	No quarterly data available								
- Ischaemic heart disease	31.8 (3.2)	n.a.									
- Cerebrovascular disease	47.2 (6.9)	n.a.									
- Diabetes	21.9 (12.1)	n.a.									
- Cancer and tumors	123.3 (2.4)	n.a.									
3. Social Security											
- Patients from road accidents (cases)	8,361	8,667	2,310	2,003	1,799	2,249	2,432	2,178	1,898	2,159	1,925
- Crimes against person (cases)	17,704	16,640	4,447	4,619	4,133	4,505	4,353	4,493	3,988	3,806	3,755
- Property crimes (cases)	45,701	47,726	11,267	11,258	11,597	11,579	11,967	11,103	12,595	12,061	11,334
- Narcotics (cases)	289,666	385,971	64,704	77,157	72,784	75,021	102,583	94,208	97,557	91,623	92,049
4. Consumer Protection ^{3/}											
4.1 Number of complaints (cases)											
- Contract/Property	3,191	4,017	660	795	1,072	664	1,170	1,050	1,018	779	528
- Goods and service	1,871	2,105	522	433	482	434	459	706	545	395	547
- Advertisement	1,434	7,191	330	253	417	439	726	3,452	1,705	1,328	949
- Law	0	0	0	0	0	0	0	0	0	0	0
- Direct sales and marketing	940	2,252	254	180	220	286	377	651	721	503	534
4.2 Hot line 1166 (cases)	52,504	47,996	11,082	14,879	13,684	12,859	11,759	11,579	13,127	11,531	15,258

Source: 1/ Labor force survey report, National Statistical Office, Ministry of Digital Economy and Society

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

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