



Laos labor

Why do Laos faced labor shortage?



EE561 - Nong Khiaw Group

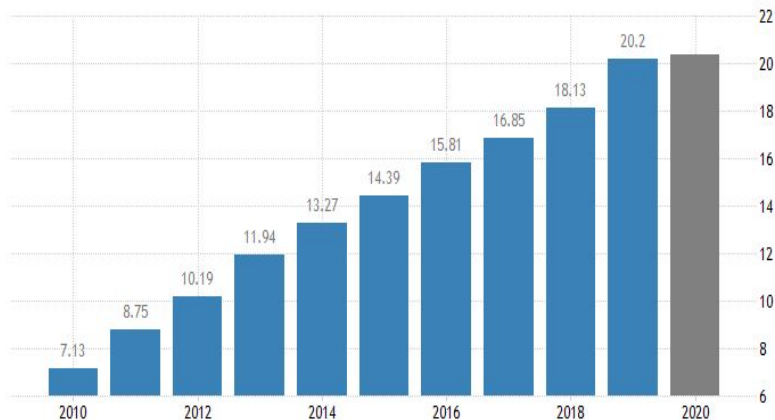
Hypothesis

If government emphasizes more on educational policy, then the shortage of labor will be lessen.



Why this topic is important?

- Related to country's GDP
- Economically beneficial
- Increase quality of life



SOURCE: TRADINGECONOMICS.COM | WORLD BANK

Series ▲ ▼	Lao PDR ▲ ▼	Thailand ▲ ▼
Agriculture % of GDP (%)	24.8	12.1
Services % of GDP (%)	37.5	44.2
Industry % of GDP (%)	32	43.6

Lao PDR's Agriculture % of GDP equals to 24.8 % with a global rank of 31 compared to Thailand's Agriculture % of GDP which equals to 12.1 % with a global rank of 76.

Comparison between Lao PDR and Thailand

Country Name ▲ ▼	Global Rank ▲ ▼	Agriculture % of GDP in (%) ▲ ▼
Lao PDR	31	24.8
Thailand	76	12.1

Lao PDR's Industry % of GDP equals to 32.0 % with a global rank of 64 compared to Thailand's Industry % of GDP which equals to 43.6 % with a global rank of 28.

Comparison between Lao PDR and Thailand

Country Name ▲ ▼	Global Rank ▲ ▼	Industry % of GDP in (%) ▲ ▼
Thailand	28	43.6
Lao PDR	64	32.0

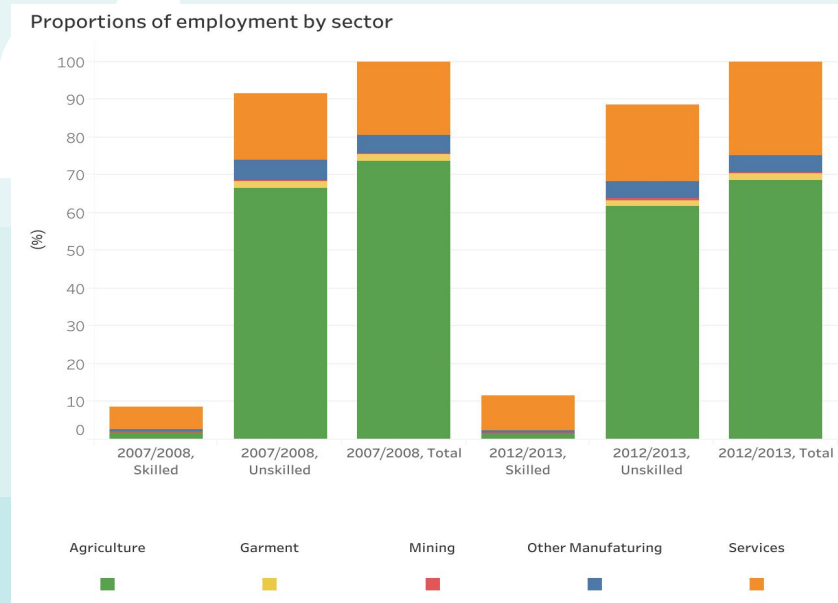
Lao PDR's Services % of GDP equals to 37.5 % with a global rank of 183 compared to Thailand's Services % of GDP which equals to 44.2 % with a global rank of 166.

Comparison between Lao PDR and Thailand

Country Name ▲ ▼	Global Rank ▲ ▼	Services % of GDP in (%) ▲ ▼
Thailand	166	44.2
Lao PDR	183	37.5

Things people need to know regarding Laos Labor

1. The human capital of Lao PDR is relatively low
2. The literacy and numeracy rates are the lowest in Southeast Asia, not to mention in Asean
3. Approximately 70 percent of workers in Lao PDR are in the agriculture and fishery sector according to the given graph



Since the agriculture sector has low productivity, this high percentage has negative implications for decent work and poverty reduction. Emerging sectors include health, tourism, education and extractive industries such as mining.

4. Wage

- The monthly minimum wage for workers in private sector is 1,100,000 kip (or 4039 Baht)
- meal allowance is 50,000 kip per day (or 183 Baht).
- Civil servants and state enterprise employees are compensated a higher amount of 1.4 million kip per month (or 5127 Baht).
- The minimum wages are government-mandated, meaning that workers cannot be paid less than the set minimum rate.

5. Unemployment

- Unemployment is one of a main problem in Laos
- Between 2017 and 2019 has lower unemployment compared with the past.



6. Health and safety

- Labor die from workplace accidents and occupational diseases around 5,000 people per day.
- Laos does not provide the law that directly protect workers from high-risk situation.
- Life insurance and health care for Lao labor still stay at the low standard.
- Safe piped water in Lao still not enough and not that widely.



Relationship between Thai and Laos in labor sector

1. **Educational**

- Thai freely allowed Laos citizens to take educational in Thai ex. University level etc.
- Thai skilled labor go abroad to educate Laos unskilled labor

2. **Technology transfer**

- Laos government gives concession to Thai investor

3. **Legal contract regarding work permit**

4. **Direct training system**

- Ex. mitr phol sugar corporation. ltd



What have been done



- Workforce is unable to fulfil the need of industry
- More than half of the population works in the agricultural sector while 7.8% work in industry and 23.4% in the service sector.
- The Internet penetration rate was of only 34% in 2018, less than half the continent's average rate. (Thailand 59%)
- Unskilled labor increases unemployment rate
- Teenagers desires for advanced jobs but the availability is low.
- Local job seekers have difficulty accessing information about available positions.

Covid 19

- Inevitable impact on social and economic.
- Health concerns and unproductivity.
- It is known that Laos itself has the lowest minimum labor wage when compared to other countries Asean (reported from the Department of labor and employment, national wage and Productivity commission)
- Informal economy (Vulnerable)

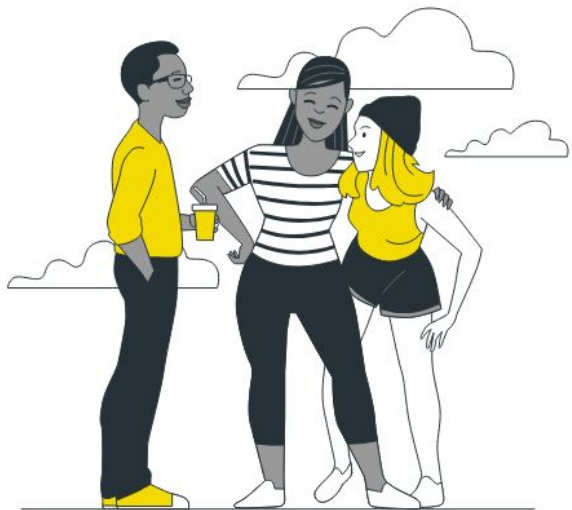
Government Interventions

- Moderate the socio-economic impact
 - Containment measures
 - Improving social protection

ประเทศ	ค่าจ้างขั้นต่ำรายวัน	ค่าจ้างขั้นต่ำรายเดือน
ลาว (ก๊ีบ)	45.12	1,356.16
เมียนมาร์ (จัต)	52.8-63.36	1,582.4-1,898.88
กัมพูชา (เรียล กัมพูชา)	102.72	3,077.73
เวียดนาม (ดง)	94.08-133.76	2,824.64-4,013.76
อินโดนีเซีย (รูเปีย)	104.96-213.44	3,148-6,406.08
ไทย (บาท)	300.00	9000.00
มาเลเซีย (ริงกิต)	260.48-292.80	7,809.6-8,785.92
ฟิลิปปินส์ (เปโซ)	202.21-238.40	9,137.6-9,925.76
สิงคโปร์ ไม่กำหนดค่าจ้างขั้นต่ำ	0*	0*
บรูไน (ดอลลาร์บรูไน)	n.a	n.a



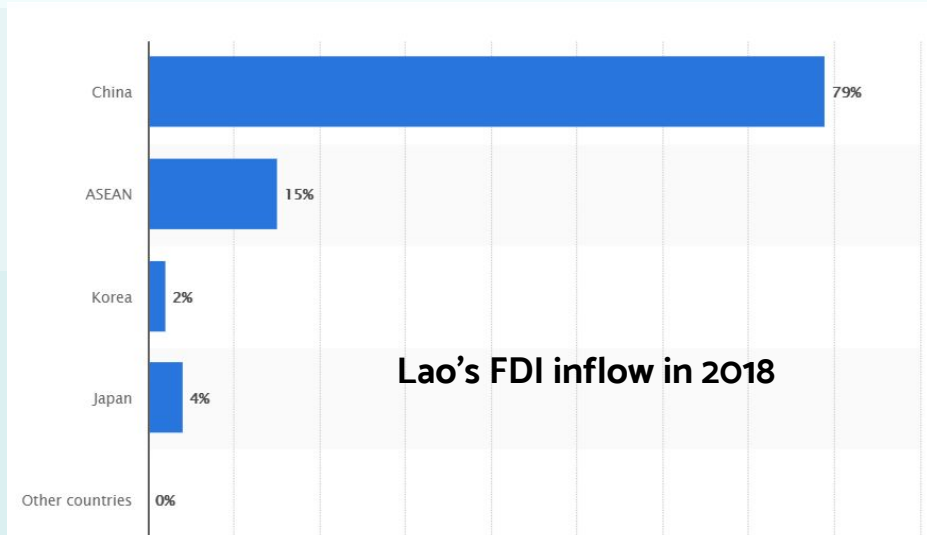
COVID-19 and Laos



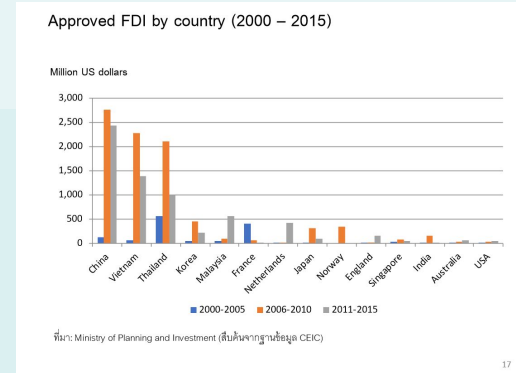
How New normal effect Lao labor?

- According to Tilleke and Gibbins, most of Laos labors are in agricultural and manufacture sectors which is not allow workers to work from home.
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The major investor in the Lao PDR



- China is the major investor in the Lao PDR. Mostly they invest in electricity transmission, trade, road, railway construction projects, energy and infrastructure (especially hydropower generation).



- Being a financial source for those firms partly due to the support from Chinese government and Chinese banks that support on Chinese MNEs investing abroad.



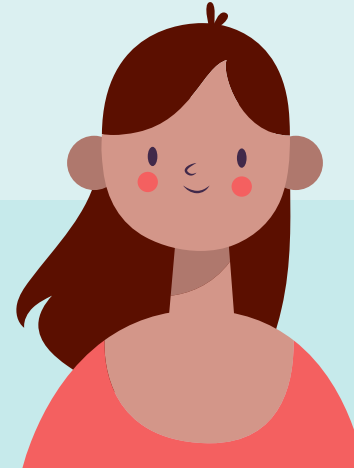
What do you plan to do to answer your question?

- Survey
- Data
- Research papers



Recommendations

- Change the education system
- Training system
- Encourage financial institution to meet financial need



Reference

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MEMBERS



6004820012	Hongvichny Hor
6104640526	Patcharaporn Tantiveerakul
6104641060	Suchaya Chuldilok
6104641367	Tanyaton Panyadilok
6104641375	Panida Phumphothingam
6104641466	Wittawat Suwattananon

THANK YOU!

Q & A

