

Thailand 4.0 and the Future of Work

A National Dialogue

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Opening Remarks by

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Your Excellency Gen Sirichai Distakul, Minister of Labour, Royal Thai Government,
Madame Puntrik Smiti, Permanent Secretary, Ministry of Labour, Royal Thai Government,
Representatives of workers and employers organizations,
Representatives of other Ministries and governmental institutions,
Ambassadors and member of the diplomatic corps,
Distinguished members of academic institutions,
Ladies and gentlemen,

We are here today to engage in a policy conversation that is central to the future of the people of Thailand and to their aspirations.

We heard it in Geneva, in New York, in Davos and across the Asia Pacific Region. We read it in business magazines, trade unions newsletters, blogs and academic papers.

The evidence emerging from all corners of the globe is clear. The world of work is changing rapidly, both fundamentally and in the way it is organized

The implications for workers, business and society are profound. They will influence deeply our lives, our work and our communities.

Some of the drivers shaping these changes are appearing on our screens daily. They surface on our Facebook posts, on our tweets and on our Line messages.

They describe technological advancements, demographic changes, the challenges and opportunities of labour migration, the links between climate change and work, and the evolving contours of the employment relationship.

In other words they are telling us day by day, tweet by tweet, post by post how we are likely to live and work in the years ahead.

But the key challenge facing all of us is to understand how we are going to deal with these trends?

Do we have sufficient knowledge and policy instruments to shape a future of work that is based on inclusive and sustainable economic growth, employment and decent work for all?

These are some of the policy dilemmas that will guide our conversation today.

As most of you know, the ILO was created in 1919. Thailand was one of its 45 founding members. In 2019, we will be 100 years old.

As we approach our centenary celebrations, ILO constituents around the world have committed to embark on an important series of reflections on the future of work.

National dialogues like the one we are convening today seek to foster a greater understanding of the changes we are witnessing.

Collectively, we want stimulate ideas. Recognize opportunities. Help in managing complex transitions. Test and validate policy responses.

But most importantly, we want to provide an informed and inclusive platform to better understand how work and society will evolve.

As a world of work community we need to know how to make the global goal of decent work a reality for all.

We need to be better equipped to forecast the organization of work and production

And above all, we need to ensure a governance of work based on social justice.

The first theme we want to address looks at the value of work in society.

We know that work has always been much more than a mere factor of production.

Work should be an act of self-realization, infused with the notion of personal and collective purpose.

The workplace is where many of our social relations are forged and maintained. A place where women and men must find dignity and personal fulfillment.

As Thailand embraces its 4.0 agenda, to what extent is a single job for life to be replaced by more flexible forms of work?

Will new work patterns provide greater freedoms and opportunities to Thai workers, particularly the new entrants in the labour force?

The second conversation is about where new or redefined jobs will be created.

New growth sectors have been highlighted by the Thailand 4.0 manifesto. They are the main focus of the national economic agenda.

Will these sectors create all the jobs Thailand needs to sustain its economy and fulfil its high-income country aspirations?

Would new forms of work arrangements such as teleworking help workers in the public and private sector be more productive?

Would these new ways of working offer a better work-life balance and reduce environmental impact?

Can this agenda ensure both quantity and quality of jobs?

The third conversation is about the organization of production.

There is significant debate on the future of global supply chains and methods of production that are increasingly fragmented and dispersed.

At the same time, we have growing evidence indicating that non-standard forms of employment could be the norm going forward.

How will this affect Thailand?

Can we devise public interventions to ensure that the most vulnerable are not the ones bearing the burden of this change?

The fourth and final conversation is on how these changes will impact on labour markets and how best we should govern the world of work?

What do we have in place for tripartite governance and social dialogue?

Are the falling membership of some workers' and employers' organizations, imperiling their legitimacy?

The good news is that Thailand's policymakers recognize the need to propel the country headlong into "The Fourth Industrial Revolution".

To that end we recognize the key policy determinants of the Thailand 4.0 Agenda. It is an economic model based on creativity, innovation, new technology and high-level services.

As many of you in this room are aware – the aim of Thailand 4.0 is to transform the Kingdom into a value-based economy by reforming its key industrial clusters and developing new high-value sectors.

Industry 4.0 and the degree to which it is embraced in Thailand is likely to transform the nature of business and jobs in the years ahead.

Research and development, innovation and public private partnerships will be essential during this transformation.

How will Industry 4.0 impact the Thai labour market?

Just as previous industrial revolutions have led to the phasing out of certain worker roles, so too will the current one reshape the jobs we do.

With a proliferation of new technologies Thai workers will have to adapt to new ways of working.

A recent report by the ILO on the ASEAN Economies showed that several sectors of the Thai economy face the challenges of digitization and automation.

In the auto sector alone, we estimate that 73 per cent of low and semi-skilled workers face the risks of automation. The same situation is likely to affect workers in the electrical and electronics sectors.

However, for those with the right training and advanced skills, Thailand 4.0 will offer a breadth of opportunities.

Many of the emerging technologies will not replace workers, but will augment their cognitive, collaborative and physical capabilities.

Workers will increasingly focus on those tasks that cannot be performed by computers – jobs will become more complex.

Likewise, these evolutionary process will create demand for better trained workers.

They will also generate jobs in key sector of the economy such construction and maintenance of infrastructure.

Future graduates will face an even more complex job market. A decade from now, members of the 2027 graduating class will be applying for jobs that haven't even been invented yet.

In most cases, such jobs will require advanced digital technology skills.

So far, I have tried to depict Thailand's opportunities stemming from its 4.0 agenda. The story so far is good – the future seems difficult to read, but it is full of opportunities.

We also need to look at issues that remain problematic. For instance some of the recurrent ongoing challenges facing Thailand today: the situation of vulnerable workers, the existing gender gap, the scarce level of protection extended to workers in the informal economy, demographics and its implications for the welfare system, and centrally important, youth unemployment.

What will be the impact of Thailand 4.0 to workers that fall in these categories?

Is it good news for them as well?

Technological advancements will have direct effects on a large spectrum of occupations.

For example textile, clothing and footwear production where the female share of employment exceeds 70 per cent, is at a very high risk of automation.

More than half of total employment is still considered to be vulnerable. The latest reliable estimates show that informality is at 64.3 per cent of total employment.

We also know that young workers and women are more exposed to labour market risks.

Even though the overall unemployment rate remains very low, it is considerably higher for young workers. For example youth to adult unemployment ratio is around 6.9 for 2016 – while unemployment rate is the highest for young women.

Thailand's shrinking labour pool presents yet another challenge.

The Kingdom's birth-rate has fallen dramatically. It's also the third-most-rapidly aging society in the world.

Thailand is at risk of growing old before it reaches high income status.

Shrinking labour force combined with a greying population is a major challenge.

The key to Thailand 4.0 success lies in improving human resources by drastically reforming and improving the education system.

Another important area to address is the lack of adequate protection for informal and migrant workers.

Unregulated employment practices need to be eliminated and replaced by proper and safe employment relationships. This will also require full respect of all fundamental principles and rights at work.

As Thailand has among the highest income inequality levels in Southeast Asia, reducing the gaps between socio-economically advantaged and disadvantaged groups will also be crucial.

Thailand is at a critical juncture on its journey toward high-income status.

It must evolve meaningfully if it is to bridge the gap with regional and global competitors.

I encourage Thailand's policymakers to continue with their commitment to transform the country's economic model and use the SDGs as a key reference for the national policy agenda.

To move toward this goal Thailand's needs a candid, fully inclusive and in-depth dialogue firmly anchored around the universal principles of social justice and decent work.

I hope the conversation today will reflect on many of the challenges I have highlighted this morning.

Let's build on the progress Thailand has already made for a future of work that we want, that you want – a future that works for everybody.

I sincerely hope that the ideas and dialogue that will generate from today's conversations will lay the foundations for the future of work you want.

Thank you.
