

Labor export – The case of Vietnam

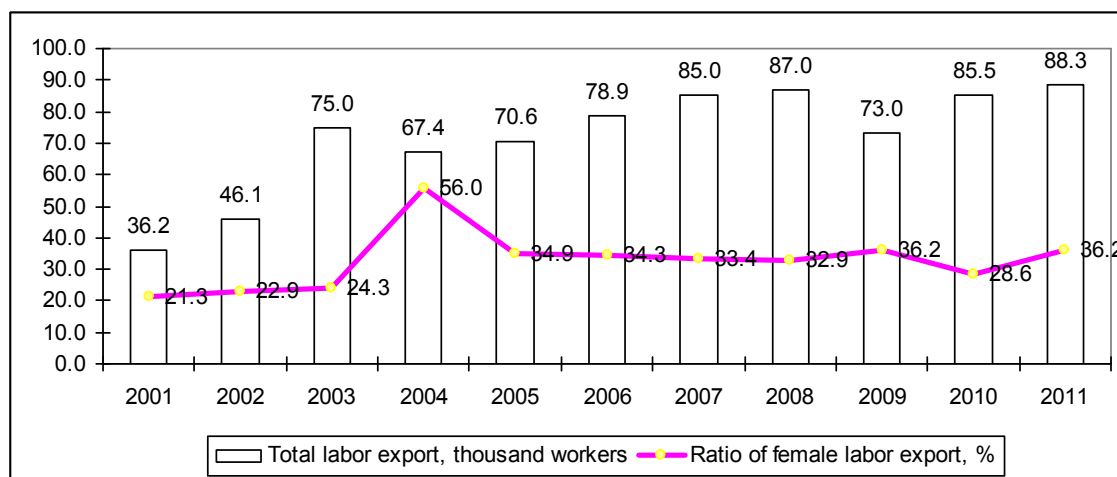
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■ Situation and trend of Vietnam's labor export

- Sending Vietnamese people to work abroad or labor export is an important policy of Vietnamese government. This activity has been developed in terms of quantity and market over the past 30 years. The average annual growth rate of labor export after Vietnam's WTO accession in 2007, however, is only 2.8% which is lower than the rate of 13.6% per year during 2002–2006.

Figure 1 – Vietnam's labor export and female labor export ratio, 2001-2011



Source: Overseas Worker Management Department, MOLISA

- Labor export of Vietnam has been adversely affected by events such as economic crisis, political instability in North Africa and the Middle East, and the disaster of tsunami in Japan during 2007–2012. As a consequence of the economic crisis in 2008, the demand for guest workers in many markets including traditional ones like Taiwan, Malaysia and Korea was reduced. Orders for guest workers from many markets had been limited or cancelled as employers went bankrupt or faced production cuts. As a result, the number of Vietnamese workers sent abroad in 2009 declined by

about 14,000 compared to the figure of 87,000 guest workers in 2008. Nevertheless, the situation has been improved as the number of Vietnamese labor export started to increase since 2010 to reach 85,500 and 88,300 in 2010 and 2011, respectively. The ratio of international female labor migration is more than 33% after Vietnam entered WTO and hit the record of 36.2% in 2009 and 2011.

– Vietnam currently has about 500,000 overseas workers employed in about 30 occupational groups in more than 40 countries and territories around the world. The main markets for Vietnamese workers during the past 10 years include Taiwan, Korea, Japan and Malaysia. Taiwan is the most important market for Vietnam. The ratio of Vietnamese guest workers in this market increased from 15.37% in 2007 to approximately 44% in 2011. The ratios of Vietnamese international labor migration to Korea and Japan also rose from 12.74% to 17.23% and from 6.49% to 7.91%, respectively, during 2007–2011. In the meantime, if Malaysia was the most important market for Vietnam before 2007, accounting for 30%–53% of Vietnam’s total labor export over the period of 2005–2007, it represented only 11.30% of Vietnamese workers sent abroad in 2011. According to Overseas Worker Management Department, MOLISA, Vietnam also tried to develop new markets for its labor export in the Middle East, Northern and Eastern Europe.

Table 1 – Vietnamese labor export by market during 2001–2011 (%)

Country	2001	2005	2006	2007	2008	2009	2010	2011
Taiwan	21.52	28.16	19.48	15.37	32.18	30.62	33.31	43.94
Korea	10.81	19.10	12.56	12.74	20.34	17.80	10.09	17.23
Japan	8.98	5.20	5.91	6.49	7.78	7.09	5.74	7.91
Malaysia	0.06	35.44	52.89	29.86	7.58	4.85	13.72	11.30
Laos	58.63	9.58	0.66	3.36	4.12	3.75	6.90	4.84
Saudi Arabia		0.00	0.11	2.25	4.36	2.44	3.19	4.11
U.A.E		1.43	2.02	2.60	5.08	1.12	6.13	1.31
Others		1.09	6.36	27.33	18.55	32.33	20.92	9.35
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Overseas Worker Management Department, MOLISA

– The majority of Vietnamese migrant workers come from rural areas. Thus, labor export plays an important role in improving employment picture in Vietnam. In economic terms, it was estimated that Vietnamese overseas workers sent home about US\$1.8–2 billion annually during

2007–2010, accounting for approximately 2% of Vietnam's GDP. This source of income helps promote living standard of Vietnamese guest workers' families and hometowns. More importantly, there is an improvement in terms of skill, industrial behavior and social perception among migrant workers, thus, upgrading the status of those workers after returning to their families and communities.

■ Main issues of concern¹⁾

– **Low labor quality.** In spite of showing improvement during 2006–2011, the quality of Vietnamese workers sent abroad remains low. The ratio of international migrant workforce with training experience was 39.6% in 2011, representing an increase of 12.4 point percentage compared to the figure in 2006. Nowadays, as requirement for skilled guest workers is the general trend in most markets, those big markets for unskilled workers, such as Malaysia, Taiwan and the Middle East, also show an increasing demand for trained workers. Markets for high-skilled workers like Japan, Korea, the US and Eastern Europe even require a certain level of foreign language ability. Meanwhile, the source of labor export of Vietnam comes from rural areas without training experience. Therefore, this fact limits Vietnam's opportunity to enter into existing and new markets which need workers of higher skills.

– **Limited access to formal labor export services** (ILSSA, 2011). Vietnamese workers still face difficulties in accessing formal channels of labor export. The ratio of guest workers sent abroad through private brokers is still high, accounting for 16% of the surveyed workers. Due to the lack of official information, many people have to pay informal or higher fees in order to be included in the list of workers to be sent abroad, especially to potential markets with high salary like Japan and Taiwan.

– **Low quality of training programs for workers before being sent abroad** (ILSSA, 2011). The majority of the workforce (59% of the surveyed workers) do not know important information such as contacts abroad where they can seek for help even though they had some kind of training program before going abroad. Many workers face communication difficulties in foreign countries although they had already taken some foreign language courses in Vietnam. Language ability of guest workers from Vietnam is considered

1) ILSSA (2011)

poorer than that of workers from other countries. These facts imply the low quality of training programs for Vietnamese workers for labor export.

– **Job and income instability for Vietnamese guest workers abroad** (ILSSA, 2011). 26.6% of Vietnamese workers sent abroad had to return before the expiry date of their work contracts while about 10% had to do jobs other than the agreed jobs specified in their contracts as they did not meet the requirement of the agreed jobs. In addition, Vietnamese workers' overstaying in foreign countries after the end of their contracts is quite common in Korea and Taiwan.

References

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