Shipbuilding and Ship Repair Workers around the World
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Introduction

Since the 1980s, development policies in Thailand have encouraged foreign investment in the production of labour-intensive goods (textiles, garments, footwear, and vehicles), most of which are destined for export. This has led to such a rapid growth in the country’s gross domestic product that in 1993 the World Bank called Thailand one of the “high performing Asian economies”, while other scholars have called it an “economic miracle” and celebrated the birth of the fifth “Asian tiger”.

However, if, on the one hand, Thailand has invested public funds to attract foreign direct investment (FDI) through the construction of special economic zones, that is to say, production areas that benefit from among other things tax incentives and infrastructure for labour-intensive manufacturing, on the other hand, it has done little to incentivise capital-intensive production, such as shipbuilding. This has meant that the Thai shipbuilding industry, entirely run by national capital with limited public participation, has struggled to hold out against the emerging competitors from the Philippines and Vietnam, even though Thailand’s geographical features – 3,219 km of coastline, set in the middle of the South-east Asian seas, between

1 This research was made possible thanks to the contribution of many people to whom I extend my heartfelt thanks. Among these, I have to thank F.M., whose generous and unselfish interest allowed me to obtain a wealth of precious data on the Thai shipbuilding sector, as well as the chance to contact several members of the TSBA (Thailand Shipbuilding Association), among whom are Mrs Warawan Nganthavee, General Secretary of the TSBA and Managing and Executive Director of the Asian Marine Services Public Company Ltd; Mr Wirat Chanasit, President of the TSBA and General Manager of the Italthai Marine Ltd; and Mr Sompope Chokchaiyakool, Vice-President of the TSBA and Director of the Marsun Company Ltd. Further thanks are also due to the workers and shipyard managers who opened the diaries of their lives and memories to me, sharing their knowledge and experiences. At their request, I shall keep their names anonymous. Finally, my special thanks to Prof. Michelguglielmo Torri, Prof. Alessio Fatalano and Prof. Paolo Puddinu for precious suggestions.
2 World Bank, *The East Asian Miracle*.
3 Warr, “The Thai Economy”.
4 Muscat, *The Fifth Tiger*.
the Indian and Pacific Oceans – and its long tradition of shipbuilding offer ideal conditions for development.

That this situation arose is basically the result of the implementation of an economic and industrial policy in the second half of the nineteenth century that chose to neglect shipbuilding. In this period, the lack of solid state support for the transition from sail to steam and from wooden to steel hulls brought about a loss of know-how and a progressive decline in the sector. From then until today, the Thai government has never subsidised the shipbuilding sector, and indeed most of the Royal Thai Navy’s (RTN) ships are purchased from abroad. As a result, the majority of the shipyards found in Thailand are small, family-run businesses, with limited capacity and low competitiveness compared to other shipyards in the region.

As regards industrial relations within the naval shipyards, we should remember that, for decades, the national context has been characterised by policies that tend to restrict trade union activities and impede the development of any form of workers’ movement. Based on this premise, the reduced size of shipyards favours the strengthening of paternalistic attitudes on the part of the employers, while doing little to better working conditions.

On the basis of these preliminary considerations, this chapter has two main aims: the first is to reconstruct the history of the shipbuilding sector in Thailand, as a means of evaluating why this sector has undergone less development than other industrial sectors. The second, which is contingent upon the first, is an analysis of how the shipbuilding industry has changed over the past thirty-five years, using a historical perspective of industrial relations to consider the role of the institutions, the private companies, the workers, and their union representatives in these changes. This chapter will attempt to show how the strengthening of a paternalistic approach to industrial relations just noted, instead of improving working conditions in terms of contract guarantees, safety, and levels of income, actually led to a generalised downward trend.

These changes will be observed from both a subjective and an objective point of view. The objective plane deals with the radical material changes undergone by today’s production industry within the frame of technological modernisation. On the other hand, the subjective plane considers how the workers perceive these changes and how they view themselves, which, in turn, regard both what modern shipbuilding work is actually about, and also the poor organisation of Thai unions in terms of representatives and representation.

As regards methodology, the analysis has tried to combine the tools of historical-political analysis with those used in a survey conducted in the
principal Thai shipyards and institutions. Historical analysis was mainly carried out on the basis of secondary sources, while the sociological research made use of semi-structured open groups and individual interviews with the workers, the employers (shipbuilding association), and the non-governmental organisations that operate in various capacities in the field of shipbuilding.

Research was carried out in three of the largest (and relatively modern) Thai shipyards: Asimar, Italthai, and Marsun. These were chosen in view of their similar technical characteristics as well as the managers’ and workers’ readiness to be interviewed and provide information. The data in the survey mainly refer to the 2010 calendar year. The interviews were part of two different fieldwork surveys, one dating to 2010 and the other to 2011. For reasons of personal safety, the workers preferred not to have their names published, and consequently their statements remain anonymous.

The chapter is divided into three parts: part one gives a broad outline of the history of Thai shipbuilding. The second analyses the model of Thai development that came into effect from the 1980s onwards, and the scientific debate that revolved around the dynamics of this development from both a national and a regional perspective. The third focuses on shipyard labour, and how it has been transformed since the 1980s, offering both subjective and objective data.

The history of shipbuilding in Thailand

Shipbuilding in ancient times

Until halfway through the nineteenth century, the Kingdom of Siam could boast the best shipyards and the most advanced construction techniques in the whole of South-east Asia. Its military fleet was one of the most powerful and best-equipped in the region, and it also had a great number of commercial vessels which guaranteed cabotage and long-haul navigation. Thai shipyards had gained their expertise over the centuries due to an exchange of knowledge with other shipbuilders from the region and through the acquisition of

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6 Asian Marine Services was established in 1981. In 1995 it was listed as a public limited company and changed its name to Asian Marine Services Public Company Ltd ASIMAR in 1995. Italthai Marine Ltd was established in 1978 when the Italian-Thai Development Corporation and Italthai Holding Co., Ltd, partnered with Oriental Marine and Laminates Co., Ltd, to construct and repair small and medium-sized steel, fibreglass, and aluminium ships. Established in 1980, Marsun Company Ltd (MCL) has delivered more than 232 various types of vessels. These include passenger ferries, motor yachts, fast patrol craft, research vessels, landing craft, oil-spill recovery vessels, multi-purpose craft, patrol gun boats, and fast-attack missile craft.
innovative European techniques from the sixteenth century onwards. Furthermore, Siam could count on raw materials, such as excellent-quality wood, and cordage and fabric for sails, to build vessels for medium- and long-haul cabotage, as well as river vessels. In the seventeenth century, the Chantaboun shipyards were renowned throughout the seafaring community of East Asia as being the yard which built the best ships. In fact, the Chinese, who held the monopoly of maritime trade in East Asia until midway through the nineteenth century, used to commission their junks from the Thai shipyards.

Between the fifteenth and eighteenth centuries, in the golden age of Ayuttaya, the kingdom’s capital, the Siamese shipyards could also rely on the collaboration of Dutch shipbuilders, who had come to Asia at the request of the Siamese king. The arrival of European ships in this period had set in motion a process of vessel modernisation and the hybridisation of Asian building techniques with those of the West. This led to an improvement in ship hulls, which were able to increase their carrying capacity and the armaments on board.

Until the second half of the nineteenth century, when Western steamboats with their steel hulls first arrived in Asia, the Siamese shipyards were second to none, and these characteristics allowed them to maintain an extremely prominent role in the region, and compete with other shipyards in the area, such as those in Vietnam.

With the arrival of the industrial revolution and the introduction of structural innovations such as steel hulls and steam engines, the Siamese shipyards could no longer keep abreast of the wave of modernisation, and lost their importance once and for all. It is true to say that the process of modernisation set underway by King Mongkut in the Kingdom of Siam in the mid-nineteenth century, and continued by his son King Chulalongkorn until 1910, had aspired to compete with the Japanese system brought about by the Meiji Revolution in the same period. These modernising kings had focused their attention on political and administrative reform, and had

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7 Manguin, “Trading Ships of the South China Sea”.
12 During the reign of Rama I (1782-1809), the competitiveness of Siamese shipyards had improved, also thanks to the presence of Cham workers, who had emigrated from Vietnam to Ban Khrua, near Bangkok. See Walsh, “The Vietnamese in Thailand”, 167.
allocated substantial resources to strengthening the army and to fending off the attacks and attempts at colonisation on the part of the West. They had also shown particular interest in education and universities, summoning distinguished professors from European countries, and sending young students to study at the most prestigious universities in Japan and Europe. Substantial funding had also been set apart for the construction of major infrastructure works and to improve the transport system. This was the context which saw the building of the first railways and the elimination of the vast network of canals in river cities such as Bangkok, which were replaced with new road systems.

Even the shipbuilding sector, at least in the first part of King Mongkut’s reign, benefited from the sovereign’s economic support, as he also summoned expert shipbuilders from Europe. In Tait’s Edinburgh Magazine of 1858, we read the following about Siamese dry docks: “A sudden bend in the river brought us in sight of the dry-docks of Siam, where, at the time, one or two stately, square-rigged ships, built strictly upon the English model, and under English supervision, were undergoing repairs.”

Nevertheless, all the efforts on the part of the government to encourage the Siamese shipyards to be competitive proved to be inadequate and ineffective.

Shipbuilding from 1910 to 1970

At the beginning of the twentieth century, Siam was already integrated into the system of international and economic relations of the imperial powers. In comparison to the other kingdoms in the region, it boasted a privileged position, since it had managed to maintain its political independence, and not submit to colonisation by France and Britain. During the First World War, Siam took the side of the Allies, despite the existence of a strong pro-German tendency that opposed this alliance. Siam declared war on Germany in 1917, which actually proved to be to its great advantage, especially after the conflict, when it received a great number of German merchant ships as spoils of war.

The end of the absolute monarchy, following the coup of 1932, caused the new Siamese government to tighten its political and commercial relations

14 Moffat, Mongkut, the King of Siam, 26.
16 Hall, A History of Southeast Asia, 1918.
with Japan. The new government bought warships from Japan and also some from Italy, in an attempt to modernise and reinforce its fleet.\(^{17}\) In 1935, Japan and Siam set up a co-operation programme that foresaw the development of Siam’s extensive cotton plantations by Japanese companies, and in return the Bangkok government agreed to purchase locomotives to modernise its railway system, as well as two submarines.\(^{18}\)

In 1938, under the ex-leader Pridi Banomyong, the country took part in the Japanese project to create the so-called co-prosperity sphere, and this co-operation then continued during the years of military rule by the ex-Kingdom of Siam under its new name of Thailand. Furthermore, in this period, the alliance with Japan allowed the Thai government to annul the concessions that had previously been granted to the Europeans in the nineteenth century. During the nationalisation of foreign companies prior to the Second World War, Pridi’s government had tried to gain control of merchant shipping. This was intended to create a state shipping company through the purchase of steamers from Japan and Italy. At the same time, a series of laws had been issued to limit the number of foreign shareholders in the shipping companies: in fact, 70 per cent of these companies’ assets had to be Thai, ships had to sail under the Thai flag, and 75 per cent of the crew had to be of Thai nationality.\(^{19}\)

After Japan’s defeat in the Second World War, Thailand once again took the side of the West. The alliance with the United States allowed the country to receive substantial funding for reconstruction work, in exchange for allowing its territory to be used as a logistic base for military operations in Vietnam. In a short time, the Bangkok government managed to create an industrial economy but, once again, the government’s plans did not include the shipbuilding sector. In fact, during the Cold War period, Thailand continued to buy its ships abroad or use second-hand ones donated by the Western states.

The creation of a new development model

Economic success in Thailand and in the other countries in South-east Asia began in the 1980s, using Japanese development as its reference model and with funding from American and Japanese capital.\(^{20}\) In fact, in the post-war

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18 “Strengthening of Japanese Ties with Siam”.
20 McGregor, *Southeast Asian Development*. 
period, the Japanese government with the economic and financial backing of the United States had set in motion a process of reconstruction and economic recovery which, on the one hand, privileged the exportation of value-added products and, on the other, favoured the accumulation of dollar reserves. The latter allowed the Japanese government to keep the value of its currency down, meaning that it was able to guarantee a continuous market for its products, whose quality was always improving especially in terms of technological innovations.

From the 1970s onwards, the Japanese development model had also been applied in other states in East and South-east Asia. “Thanks to systematic state intervention and highly organized forms of capitalism”, these countries were able “to realize the potential advantages of coming late, especially by combining ever increasing technological sophistication with relatively cheap labour and orienting production to exports for the world market”.

The industrialisation process triggered by these new emerging economies – South Korea, Hong Kong, Taiwan, and Singapore, followed by Thailand, Malaysia, and Indonesia – was based on Japanese economic strategies, even from the point of view of the “endless purchasing” of goods in US dollars: “Their aim was to hold down their own exchange rates vis à vis the dollar and repress US interest rates, so as to subsidize US borrowing and consumption, in order to sustain their own export.”

This phenomenon is often aptly explained through the “flying geese paradigm”, based on the image of how geese fly in a V formation. Japan lies at the point of the V while the other Asian countries make up the rest of the formation. In political-economic terms, this means that the development process is characterised by relocating labour-intensive sectors to poorer countries, while the richer ones specialise in new products. In Thailand, in particular, this process started after the Second World War, when the country had modified its agrarian economy so as to diversify production. However, projects regarding shipping, necessary to improve port infrastructure and facilitate maritime transport, got underway only in 1986, with the elaboration of a Japanese financial plan, under the JICA

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22 Ibid., 2, 36.
23 The “flying geese” metaphor was first elaborated in 1932 by the Japanese scholar Kaname Akamatsu, who then presented it to British academia in 1961, applying it to the case of his country, and within the idea of a product cycle: Akamatsu, “A Historical Pattern of Economic Growth in Developing Countries”.
(Japan International Cooperation Agency) to expand the Eastern Seaboard Development Programme.\textsuperscript{25} The project foresaw the creation of an industrial area on the east coast of Thailand and the construction of infrastructure for the transport of goods. In a short time, Japanese and American multinational companies started to produce textiles, garments, and vehicles on Thailand’s east coast. As several members of the Thailand Shipbuilding Association (TSBA) recall, the shipbuilding sector also expected to receive the same concessions and incentives as the other manufacturers, and was ready to move and increase its production on the eastern coast of Thailand. The members had already expressed a need to abandon the Samut Prakan region, at the mouth of the Chao Praya River, which was no longer suitable for creating the new dry docks, necessary to “get nearer to the new docks of globalisation”. However, the shipbuilding sector was excluded from all these investment projects, and the companies were all obliged to remain in dry docks in Samut Prakan (except for Unithai, the only company that managed to build its shipyards in the port of Leam Chabang).\textsuperscript{26}

There were two main reasons why the United States had supported Japan in the period after the Second World War, and why, in turn, Japan itself had offered aid to the emerging South-east Asian economies after the 1970s: the first was of a strategic-political nature, linked to the need to promote the growth of capitalist economies in a context where some of the major satellites of the communist bloc gravitated. The second was for economic reasons, since it strengthened the position of the US dollar as a base currency for foreign exchange.

However, even though this process allowed the United States to increase its political hegemony in the Asian region, it is undeniable that it also brought about a series of negative consequences. “The nurturing of successful capitalist economies may have fulfilled a crucial strategic objective in the struggle with communism, but it also created sources of relentless competition which would steadily undercut America’s economic strength at home and abroad.”\textsuperscript{27} Ultimately, the competitive mechanism triggered by the United States made it necessary to reduce production costs, forcing the American businesses into a “profit trap”, that is to say, that stage of capitalism when profit rates are so low that it is no longer profitable to invest.

\textsuperscript{25} JICA, Annual Evaluation Reports 2000, Chapter 3: Ex-Post Evaluation IV JICA/OECF Joint Evaluation”; Shimomura, “In Search of Endogenous Elements of Good Governance”.

\textsuperscript{26} Interviews with Mrs Warawan Nganthavee, 4 July 2011; Mr Wirat Chanasit, 10 July 2011; Mr Sompope Chokchaiyakool, 11 July 2011.

\textsuperscript{27} Beeson, “The United States and East Asia”, § 16.
In turn, this phenomenon which came into being in the United States from 1973 onwards, gave rise to two main consequences: on the one hand, it became essential to find new geographical locations to guarantee higher profit rates, which usually entailed outsourcing production to places where costs were lower, while, on the other, it forced investors to reduce wages and increase worker productivity.

In the 1970s, the South-east Asian countries offered the Western multinational corporations a way out of the profit trap. As a result, Singapore, Taiwan, Hong Kong, and South Korea, and later Thailand, Indonesia, Malaysia, and the Philippines, all started to build the infrastructure necessary for accommodating the manufacturing industries of the Western world. The certainty of low labour costs, smooth industrial relations, regulations protecting property rights and adequate infrastructure for transport and logistics have allowed this region to base its economy on the exportation of products.

This “developmentalist” model based on the idea of the state playing an active role in “governing the market”, which has also been adopted in Cambodia and Vietnam since the 1990s and, even more recently in Laos and Myanmar, has certainly gone a significant way in contributing to the generalised growth of the per capita income in Asian countries. However, it has also brought about several negative consequences, such as urban sprawl and environmental degradation, a drain of human resources from the countryside to the towns, the reduction of areas for farming, the division of labour in a context where welfare systems are either non-existent or in an embryonic state, and the stifling of workers’ rights. With the economic crisis of 1997-2000, these problems were further exacerbated, which is a sign that the myth of the “developmentalist” model, seen as the only alternative to the neo-classical model of development based on a free market, needs to be revisited. The former model, therefore, is a paradigm that reduces state-society relations to state-capital ones and, as a consequence, to relations between the government and business. Ultimately, the state becomes the guarantor of the bourgeois-capitalist class and, consequently, the working class is in a condition of subordination. This is something that emerges from the empirical data on Thailand’s economic successes, which actually hide an increasing amount of inequality.

28 On the developmental model and its mythicisation, see Johnson, MITI and the Japanese Miracle; Amsden, Asia’s Next Giant; Wade, Governing The Market.
29 Chang, “Fetished State and Reified Labour”.
For example, as regards the labour market, statistics indicate that the number of part-time workers in Thailand has grown from 7.7 per cent of the workforce in 1990 to 10.3 per cent in 2004. Unfortunately, the statistics are unable to capture other forms of labour flexibility in the formal labour market, such as labour agencies and hiring of casual and temporary workers, which trade union organisers and labour activists claim are also widespread in a country with very weak unions.

Shipbuilding in Thailand, 1980s-1997

As already stated, at the beginning of the twentieth century, the shipbuilding and ship repairing sector never received any particular kind of financial or fiscal incentives or developmental support from the Thai government or from foreign investors. The reasons for this exclusion are basically linked to two factors: first of all, the government’s choice to integrate the economic system into the new liberalist global order, which led them to allocate public funds for the construction of the infrastructure necessary for accommodating FDI only in those sectors in which the transnational capitalist class had expressed an interest to invest. Indeed, the shipbuilding sector, which has been progressively incorporated into the financialisation of the shipping sector, is subject to the changes that are imposed by the transnational capitalist class. It is therefore the large shipping companies, together with financial and insurance groups, that decide which shipyard is commissioned to build new ships or carry out maintenance work. In Thailand, this is clearly evident in the fact that Thai shipowners themselves find it more convenient to buy their ships in Vietnam or in China, not only because they offer lower prices, but also because the country lacks a national financial and insurance system that guarantees sales.

The second factor, inextricably linked to the first, is an internal matter and refers to the endogenous critical state of the Thai industry, which is
characterised by the shortage of raw materials, such as steel and skilled human resources, as well as the lack of a solid financial and insurance sector to start a shipbuilding chain.

There is also a third factor. According to several scholars, Thai shipbuilding was halted by the military strategy the country adopted when it chose to ally itself with the liberal bloc. In this way, Thailand limited its need to strengthen its maritime fleet and incentivise ship production for its own purposes. However, this does not explain why other countries, such as South Korea, which was likewise allied with the liberal countries, were able to become leaders in the shipbuilding field during the Cold War period.

Moreover, in this regard, it is worth noting that the Thai government over the past fifteen years has allocated enormous resources for the modernisation of the Thai navy’s fleet, but only a residual part of the budget has been used to commission national shipyards to build a few small vessels. Most of the funds for military spending have been used to buy large new vessels, built in shipyards abroad, or to purchase second-hand ships from Allied countries (especially from the United States). Examples include an aircraft carrier purchased from a Spanish shipyard just a few months prior to the crisis of 1997, or the more recent government approved spending plan to buy three frigates from the Korean conglomerate, Daewoo, each costing USD $468 mn. On the other hand, the members of the TSBA have been trying for years to receive approval of a government plan to modernise Thailand’s fleet of oil tankers, which foresees the replacement of 113 of the 191 vessels, at a total cost of around THB 50 bn (USD $1.55 bn).

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35 Heginbotham, “The Fall and the Rise of Navies in East Asia”.
36 The Royal Thai Navy has a requirement for a force of modern medium-sized patrol boats to conduct basic security and law enforcement (primarily counter-smuggling and piracy) operations in coastal waters. However, the Royal Thai Navy has almost always commissioned even medium-sized boats from abroad. For example, in September 1996, the RTN signed a contract with the Australian Submarine Corporation (ASC) and Silkline International Corporation to build three patrol boats, with an option for seven more. See “Patrol Vessel Programmes and Requirements in South East Asia”.
37 “Thai Navy Signs Contract with DSME for First of Two Multipurpose Frigates”.
38 The project to replace the ships is linked to the government’s need to comply with a rule issued by the International Marine Organisation (IMO), of which Thailand is a member, which forbids oil tankers exceeding 500 grt and ships aged over twenty-five years from cruising, effective from 2012: “Shipbuilding and Repairing Association Hopes to Snare Replacement Market for Coastal Ships”. At the end of 2011 a solution was still to be found. One of the main problems reported by the members of the TSBA is the strong competition of the Japanese shipyards, which had declared their readiness to offer the Thai government free design for the building of new oil tankers: “Federation of Thai Industries Chairman Comments on Shipping Industry”.
Several times in the past thirty years, the members of the TSBA have tried to persuade the government to implement development policies in the shipbuilding sector, but to little or no avail. For example, in 1993, under pressure from the TSBA, a series of meetings with the government’s Maritime Promotion Commission took place to discuss and find a solution to two of the sector’s most pressing problems: the lack of skilled workers and the high cost of construction materials. As regards the former issue, the TSBA asked the government to subsidise scientific studies at universities, such as courses in naval engineering.\(^39\) In order to solve the latter problem, they called for tax cuts on construction materials, 90 per cent of which were imported from abroad with an obvious increase in production costs. The possibility of a brighter future for the sector seemed quite promising at this period, as the members of the TSBA themselves reported in various documents, but the 1997 crisis swept away all these optimistic forecasts.\(^40\)

In a study carried out in 1997, the members of the TSBA had already indicated that the lack of technology transfer and education/training had to be one of the priorities addressed in relaunching the sector.\(^41\) Ten years later, in 2008, the government entrusted the Office of Industrial Economics with the project of co-ordinating the integration of the shipbuilding industry with the electrical appliances and electronics industry including Chulalongkorn University, aimed at adding value to these sectors amid the global economic crisis.\(^42\) However, five years on, the progress and the results obtained from this co-ordination project remain extremely limited. Problems related to

\(^{39}\) In 2004, Thailand had one of the lowest secondary-school graduation rates among Association of South-East Asian Nations (ASEAN) member countries. Although Thai universities and colleges graduated some 200,000 students annually (a six-fold increase in comparison to a decade ago), graduate skills are often misdirected or fail to match international standards. Fewer than 20 per cent of degrees awarded are in science and technology, and less than 10 per cent of the roughly 30,000 registered lawyers are qualified in specialised business fields: “Thailand: Labour Market”. Ten years later, the lack of skilled human resources seems to have worsened to the point that, according to Thailand’s Labour Ministry, the demand for labour exceeded supply for the first time in 2013, and the World Bank says that shortages of skilled labour are particularly serious and have become the biggest obstacle to doing business in Thailand: “Thailand Risk: Alert – Skilled Workers May Be in Short Supply”.


\(^{42}\) “State and Private Sectors to Jointly Develop Shipbuilding Industry”; “OIE Plans to Integrate Shipbuilding Industry with Electrical Appliance and Electronics Industry”.
the lack of skilled workers and incentives for the production of construction material continue to be two of the main critical issues for the sector.\textsuperscript{43}

\section*{After the fall of 1997-2000}

After the 1997-2000 crisis, the chance of state funding for the shipbuilding sector became even more remote. As a consequence, the sector is unable to compete in the regional market, in a context where both regional market leaders, Japan and South Korea, but also emerging competitors, such as China, Vietnam, and the Philippines, receive substantial support from their own state.\textsuperscript{44} Thai shipbuilders have, therefore, practically no chance of competing with these producers, and production in the past decade appears to be generally stagnant.\textsuperscript{45}

The Thai shipbuilders have used various strategies to overcome both the difficult situation of the great crisis of 1997-2000, and also the latest international economic crisis which began in 2008. In fact, most of the shipyards have invested in two fundamental elements: diversification and production quality. As regards product diversification, the Thai shipyards have specialised above all in the maintenance, repair, and conversion of ships (but not ship-breaking).\textsuperscript{46} In this case, their experience and reduced

\textsuperscript{43} Interviews with Mrs Warawan Nganthavee, 4 July 2011; Mr Wirat Chanasit, 10 July 2011; Mr Sompope Chokchaiyakool, 11 July 2011.

\textsuperscript{44} In the 2004-2010 period, the shipbuilding sector in Asia collapsed in South Korea (−34 per cent) and in Japan (−16.3 per cent), while there was a sharp growth in China (+39.5 per cent) and a substantial growth in the Philippines (2.7 per cent), in Vietnam (+0.9 per cent), and in India (+0.9 per cent): Shipbuilders’ Association of Japan, \textit{Report 2013}.

\textsuperscript{45} The members of the TSBA have reported various critical situations in the Thai sector; investors are deterred by high taxation of imported raw material, as for example, steel, aluminium, glass, engines, high tech, etc. Thai steel plants, in fact, can only produce thick sheet (more than 6/7 mm), which is no good for shipbuilding. Other countries in South-east Asia for example, Vietnam and South Korea, have raw materials, so shipbuilding in Thailand is more expensive than in those countries. Thai plants can only produce welding machines for the shipbuilding industries: interview with Mrs Warawan Nganthavee, 4 July 2011. It is important to note that in 2013 Thai shipping companies commissioned Chinese shipyards with the construction of cargo ships: Shipbuilders’ Association of Japan, \textit{Shipbuilding Statistics}, September 2013.

\textsuperscript{46} Thailand’s experience in ship repair and maintenance work was strengthened by the fact that the vessels in the Thai military and merchant fleet had either been bought second-hand or had been conceded by Western countries after their dismissal. Furthermore, in order to deal with the 1997-2000 economic crisis, Japan, the United States, and Italy offered great support by financing the repair of ships from their military fleets. Japan, Italy, and Thailand have long been linked by international military treaties.
costs, especially in terms of labour, have been the determining factors in their success at an international level, because maintenance and ship repair costs have been constantly increasing globally ever since 2001, and look to become one of the most expensive items in the running of a ship.\textsuperscript{47}

In terms of product diversification, the Thai shipyards have specialised in:

- The construction of floating platforms for research and offshore crude oil extraction, and of offshore support vessel sector (OSV) structures. Currently, the more than 250 offshore platforms operating in the Gulf of Thailand and companies engaged in this kind of work need about 1,000 new platforms.\textsuperscript{48}
- Steel processing for uses other than in shipyards: for example, Thai shipyards produced and supplied the steel for covering structures at the new Bangkok airport.
- Logistics: for example, Unithai, has operated the only fully equipped private Chao Phraya River terminal since the mid-1990s.
- The production of yacht service facilities, for example, Yacht Solutions and Italthai Marine have signed a memorandum of understanding, agreeing to create Thailand's first dedicated super-yacht facility in Bangkok, and another is currently being built at Phuket.\textsuperscript{49}

The second element in which the Thai shipyards have invested has been improving product quality. Since 1998, Thai shipyards, unlike the ones in Vietnam, China, the Philippines, and India, have begun to invest in quality systems, guaranteed by international certification through the TSBA's shared programme, known as the Continual Quality Improvement Project which, in this case, has benefited from state contributions (e.g. ISO 9001:2008, ISO 14001 and OHSAS 18001 Policy).\textsuperscript{50} It is not by chance that the Thai shipyards have received commissions from Western nations (Germany, Bologna, \textit{Le multinazionali del mare}, 163.

\textsuperscript{48} The market for the construction of floating platforms has grown considerably over the past ten years, after the discovery of enormous offshore reserves of gas and petroleum in the South China Sea, and following technical advances in the extraction of gas and crude oil. Thai shipyards have benefited from three factors in this sector compared to other countries in the area: high production quality guaranteed by international certification, low costs, and shipyards located close to the drilling zones.


\textsuperscript{50} Unofficial translation based on Board of Investment Announcement No. Sor 3/2552, Amendment of Activity and Conditions of the Manufacture of Solar Cells and Building or Repair of Ships, http://www.boi.go.th/english/download/law_regulations/667/Sor%203-2552_eng_.pdf
Britain, Ireland) and from Arab countries, where international certifications and quality controls on the safety of ships are indispensable.

In 2011, Thailand’s shipbuilding and ship repair industry was made up of seventy-eight companies with a very low capitalisation. Most of these firms had been set up at the beginning of the 1980s, and they were all situated in Bangkok’s historic industrial district at the mouth of the Chao Phraya River (Samutprakan), an area which was embedded in the midst of the vast outskirts of the capital, and which was totally unsuitable for the development of any kind of industrial activity. Only the Unithai shipyard is located in the modern industrial area of the Leam Chabang container port, to the south-east of Bangkok.

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<th>Capital in THB mn (THB 1 mn=USD $33.500)</th>
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<tr>
<td>20 to 100</td>
<td>24</td>
</tr>
<tr>
<td>20</td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
</tr>
</tbody>
</table>

Source: Thailand Shipbuilding Association archives

<table>
<thead>
<tr>
<th>Unithai</th>
<th>Dock 1</th>
<th>50,000 dwt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dock 2</td>
<td>180,000 dwt</td>
<td></td>
</tr>
<tr>
<td>Dock 1</td>
<td>7,000 dwt</td>
<td></td>
</tr>
<tr>
<td>Dock 2</td>
<td>20,000 dwt</td>
<td></td>
</tr>
<tr>
<td>Italthai Dock</td>
<td>4,000 dwt</td>
<td></td>
</tr>
<tr>
<td>Marsun Dock</td>
<td>3,000 dwt</td>
<td></td>
</tr>
<tr>
<td>Bangkok Dock</td>
<td>4,000 dwt</td>
<td></td>
</tr>
<tr>
<td>Dock 2</td>
<td>3,000 dwt</td>
<td></td>
</tr>
</tbody>
</table>

Source: Thailand Shipbuilding Association archives

51 http://www.tsba.or.th/.
52 Unithai Shipyard and Engineering is the largest shipyard in Thailand. The twenty-year-old Unithai Shipyard covers 688,000 m² with two floating docks and lifting capacity of 30,000 tonnes. The facility can service vessels up to 292.2 m long with its afloat repair service. Unithai Shipyard and Engineering is located within the country’s main international deep sea port of Laem Chabang, which is at the heart of Thailand’s chemical and oil tanker, container, dry bulk, car, and offshore trade. In addition, as it is within two days’ sailing from Singapore, minimal deviation is required for vessels to reach the yard.
In 1998, only two shipyards were capable of building vessels up to 4,000 grt and only one shipyard, Unithai was capable of repairing vessels up to 150,000 grt. Table 22.2 shows how Thai shipyards have improved their production capacity over the past fifteen years. However, nationally, only twenty-three have a shipyard and project staff. Most of the others are master-craftsmen who build small wooden riverine ships, fishing boats, or small fibreglass boats.

Only two companies enjoy state capital (Italthai and Bangkok Dock), while the others all rely on private capital. Most of these have their own capital, while a number, such as Asimar and Globeco SpA (Italy), are registered as joint ventures for the construction of anti-pollution vessels, or the Bangkok Dock and British Shipbuilder BVT Surface Fleet for the building of offshore patrol vessels (OPV).

In 2012, the Thai shipyard industry contributed 0.1 per cent to the country’s annual GDP, a meagre amount if we consider that the manufacturing sector contributes 43 per cent, services make up 44.1 per cent, and agriculture 13 per cent. The local shipbuilding industry posted domestic sales of THB 4.24 bn and exports of THB 2.82 bn in 2010 (sales increasing to THB 10 bn in 2008, versus THB 6 bn in 2005) while ship repairing generated sales of THB 3.65 bn.

Workers in Thailand: theoretical issues

The social history of Thailand has been analysed over the decades from various perspectives with scholars generally being divided into two different clusters: first, the more influential liberal-pluralist group, associated with the modernisation theory of development. In this case, workers are seen as being integrated into the industrial and political structure, thanks to a series of grants from the state itself. Secondly, there is the Marxist approach which is far less accepted and more radical.

In many cases, studies on industrial relations in Thailand have often provided a somewhat distorted version of the country’s social history, particularly of the workers and their class struggles. One of the main reasons behind this idea is linked to the spread of essentialism, so
characteristic of the ideology of Eurocentric orientalism. This therefore provides a theoretical approach using a comparative perspective on workers in developed countries and those in developing ones. For example, in studies prior to the 1960s, the negative attitude of Europeans towards Thai workers clearly emerges, with descriptions ranging from “innately passive”, 56 “never feeling oppressed as a group”, 57 “having scarce awareness of their class or political group”, 58 to showing “no or little interest in politics”. 59 These descriptions were essentially based on cultural elements, such as: (a) the wrong idea of the Theravada Buddhist legacy, 60 (b) the sakdina ideology legacy (sakdina ideology produces a superior-subordinate relationship between the ruling elite and the common people, between employers and employees, or (c) the lack of colonisation in Thailand, which created a lack of revolutionary consciousness or class consciousness. 61

Other authors, such as Frederic Deyo, have attributed the lack of class unity among Thai workers to how their work is organised into labour-intensive, export-oriented activities which in his opinion have actually hindered the formation of workers’ groups in the struggle against the government. Furthermore, the facts that most of the workers employed in the industry are low-skilled and often female, and that the sector itself offers little chance of internal mobility or promotion, are, according to Deyo, further factors that prevent organisational action. 62

In fact, Thai social history has been characterised by intense social struggles, which have involved all categories of workers since the early part of the twentieth century, at a time when labour unions in the transport sector were being formed and strengthened. In fact, in 1919 and later in 1923, Bangkok’s tramway and railway workers organised to obtain better working conditions and pay. As Andrew Brown has noted, the continuous and often successful attempts on the part of the Thai government authorities to block and weaken the workers’ movements are actually proof of the great capacity of Thai workers to unite and fight for their rights. 63

56 Wilson, “Thailand and Marxism”, 83.
58 Thompson, Labour Problems in Southeast Asia, 243.
60 Lowler and Suttawet, “Globalization and Deregulation in Thailand”, 216.
62 Deyo, Beneath the Miracle, 8.
63 Brown, Labour, Politics and the State in Industrializing Thailand, 9ff.
From the 1970s on, and especially in the 1980s, when – due to a rapid growth in GDP – everybody was talking about the “Asian miracle”, industrial relations suffered a further short circuit, similar to the one of 1958.\textsuperscript{64} In fact, the new developmentalist model implemented by the government at the end of the 1970s not only did nothing to improve industrial relations, but actually caused them to deteriorate. This had nothing to do with the fact that most of the workers employed in the new industrial districts were women and young men who, as some scholars have suggested, consequently, were not particularly interested in taking part in any kind of industrial action.\textsuperscript{65} The shipbuilding sector, as we shall see in the next section, mainly employs men, and a certain amount of mobility is possible within the companies.

The attenuation of the conflicts within the shipbuilding companies, in my opinion, was a result of the government’s attitude which, on the one hand, favoured autonomous paternalistic management methods within the individual companies, while, on the other, it systematically tried to suppress or hinder any workers’ attempts to create unions.

There are countless examples of this; suffice to say that the Thai government has not ratified the most important international conventions for the protection of workers’ rights.\textsuperscript{66} As Bruno Jetin has observed, in the long and medium term, it can be shown that the high rate of profit during the boom years was not based on a continuous process of modernisation, but rather on a redistribution of income in favour of capital.\textsuperscript{67}

**Workers in Thailand shipyards**

In 2010, direct workers in the sector numbered 8,700, while 163,530 indirect workers were employed.\textsuperscript{68} The largest shipyards employ a few hundred workers (in 2010, the Italthai shipyards counted around 600 workers plus 550 sub-contractors; the Asimar shipyards, 305 workers plus 120 sub-contractors;...
the Marsun shipyards, 180 workers, no sub-contractors), while most shipyards have around 15-20 workers. These figures are obviously very low when compared to the huge manufacturing companies which often have a workforce of 7,000-8,000 workers.

In the three shipyards considered herein, the workers are predominantly male (89 per cent male; 11 per cent female; in particular, Italthai 520 men and 80 women; Asimar 289 and 16; Marsun 160 and 20). Around 80 per cent of females are employed in administration. There are a few exceptions, such as in the Marsun shipyards, where a few more women actually work in the shipyard itself, as they specialise in the treatment of fibreglass.

The average age of the workers in these three shipyards is 34, and there are no minors under 18 years of age. The following tables show the data regarding the ages of the workforce in the Asimar shipyard:

As regards employment contracts, 95 per cent of the workers in these three shipyards have a permanent contract, while 5 per cent are on a temporary contract. Immigrant workers usually receive apprenticeships as opposed to permanent contracts.

### Wages at the Asimar shipyards

The average net income in 2012, excluding bonuses, in a shipyard like Asimar is shown in Table 22.4.

The clear difference between the workers’ pay and a project manager’s salary is easily seen in Table 22.4. This is because Thailand does not have enough skilled workers in this sector, both due to the limits of university education and also because the other industries, such as the multi-nationally run textile and garment manufacturers, are able to offer better pay and

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**Table 22.3  Age range of workers in ASIMAR Shipyard**

<table>
<thead>
<tr>
<th>Age</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 60</td>
<td>2</td>
</tr>
<tr>
<td>49-59</td>
<td>39</td>
</tr>
<tr>
<td>39-49</td>
<td>67</td>
</tr>
<tr>
<td>29-39</td>
<td>105</td>
</tr>
<tr>
<td>19-29</td>
<td>91</td>
</tr>
<tr>
<td>Up to 19</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>305</td>
</tr>
</tbody>
</table>

*Source: Thailand Shipbuilding Association archives*
benefits to skilled workers. For example, recently graduated engineers prefer to try and get work with one of the Japanese or Korean multi-national companies, since a part of their initial training will most likely be carried out in Japan or South Korea.

As regards workers’ pay, it is interesting to note that the shipbuilding industry actually offers a slightly higher amount than the minimum wage, which rose to THB 300 on 1 January 2013; the minimum wage had previously been THB 165.

Workers usually work 8 hours a day, with an hour-long lunch break, from Monday to Saturday, except at periods of intense labour when they also have to work on Sundays. Most of the employees in this sector generally benefit from 10 days’ holiday, as well as the thirteen national holidays (religious festivals, the king’s and queen’s birthdays, historical anniversaries). However, each company usually stipulates bonuses, holidays, maternity leave, or priesthood leave, etc., with the individual workers from year to year.

It is obvious that the small size of the shipyards has led the employers to adopt a paternalistic attitude, which is often hidden or justified by Buddhist-traditional practices. Official trade unions are completely missing from the sector, and as I was told by Kan Matsuzaki, Asia Pacific's shipbuilding

<table>
<thead>
<tr>
<th>Positions</th>
<th>Net salary (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project manager</td>
<td>2,600 per month</td>
</tr>
<tr>
<td>Assistant project manager</td>
<td>975.29 per month</td>
</tr>
<tr>
<td>Engineers</td>
<td>812.74 per month</td>
</tr>
<tr>
<td>Supervisors</td>
<td>812.74 per month</td>
</tr>
<tr>
<td>Foremen</td>
<td>58.52 per month</td>
</tr>
<tr>
<td>Workers</td>
<td>16.25 per day</td>
</tr>
</tbody>
</table>

Source: Thailand Shipbuilding Association archives

69 In 1993, the problem of the lack of qualified manpower caused such great problems for Thai shipyards that they had to cancel important orders: “Troubled Thai Shipyard Moves to Lower Costs”.

70 It is worth noting that in Thailand employees’ religions are officially respected; the Labour Protection Act allows male civil servants to take leave to become monks. There are no official limits to the period of leave, so supervisors make this decision (Sections 29 and 30, Office of the Prime Minister’s Regulation on Civil Servant Leave, BE 2555 (2012)). This is not restricted to government employees. Since 2007 the act has allowed female employees leave to practise dhamma for 1-3 months (Sections 1 and 2, National Buddhism Office’s Guideline on Female Employees Taking Leave to Profess Dhamma, BE 2550 (2007)). Male and female Muslim civil servants may take leave only for the hajj.
director of the IMF (International Metal Workers’ Federations, the largest metalworkers’ union in the world), “there are no trades union representatives in the shipbuilding sector in Thailand, because the sector is so small, and any matters are dealt with autonomously within each shipyard.” In fact, several shipyard managers also told us that, until the period prior to the 1997-2000 crisis, trade unions used to exist and were indeed extremely active, with at least 50 per cent of the workers being unionised. These managers stated that the economic crisis was an extremely critical period, since more than half of the employees in the sector lost their jobs, but it was also a moment when the unions were weakened. In fact, in the 2000s, the percentage of unionised workers in the whole of Thailand is around 2-2.5 per cent and, based on the workers’ and managers’ declarations, there are no workers in the shipbuilding sector who are affiliated to a trade union.

The shipyard managers are clearly delighted with the fact that there have been no strikes or protests, nor any signs of workers’ unrest in their companies. In their opinion, the reasons behind this apparently peaceful management of relations can be traced back to the “family-run” shipyards and how the workers are treated “as members of the same family”. They are always saying “we are all in the same boat”.

This paternalistic attitude is reinforced every day, both during the various phases of the employee’s working life and also outside work. It clearly emerges in working life from the very moment work begins. In fact, work in all shipyards begins with group prayers with Buddhist monks who participate at these functions. Indeed, traditionally, Theravada Buddhism obliges believers to support these monk beggars with gifts of food or money. After prayers, before work starts, every shipyard holds a national assembly. In some, for example, there is a flag-raising ceremony with the singing of the national anthem, while in others, they sing and dance the companies’ mottos. Although these assemblies are an excellent way of uniting the

71 Interview with Ken Matsuzaki, 7 July 2011.
72 Interview with managers N. 1 and N. 2, both of whom are from the same shipyard, 4 July 2011.
73 Interview with managers N. 1 and N. 2, both of whom are from the same shipyard, 4 July 2011.
75 Interviews with Marsun and Italthai workers, 22 March 2010; Mrs Warawan Nganthavee, 4 July 2011; Mr Wirat Chanasit, 10 July 2011; Mr Sompope Chokchaiyakool, 11 July 2011.
76 For example, every morning in the Asimar shipyard, the workers gather together in the shipyard’s largest square, standing in front of the director who conducts the assembly. Everyone stands more or less in a position that demonstrates the hierarchy between colleagues and the
group, many workers have claimed that they can never show any discontent or raise specific problems. In fact, whenever workers wish to express criticism or dissatisfaction, or even when they want to request something from the company, they have to follow a series of unwritten rules. First of all, from time to time, groups of seven to ten workers, depending on their role and level of expertise, have to elect a leader to present their requests to their superiors. Only the latter can take the matter to the management, and only when they are unable to solve the problem themselves.

It is worth pointing out that national legislation does not take into account any official space or time for workers to hold assemblies, meaning that most issues are either discussed in the shipyard during breaks or outside the shipyard.

Traditionally, every shipyard can count on a core group (around 60 per cent of the workforce), made up of the most skilled workers, who manage the work handled by the teams of sub-contractors or temporary workers.77

As regards activities outside work, this paternalistic attitude is clearly seen on every occasion in which the company takes part in the family life of the workers. The company proposes all kinds of different activities, such as recreational, cultural, welfare, religious, propaganda ones, etc. For example, workers look forward to taking part in the periodic public prize-giving ceremonies, when workers' children are awarded scholarships. Then, additional very popular and much-awaited occasions are the gatherings on public holidays, when the workers' families are offered gifts. Generally, most of the shipyards take pride in offering cultural or recreational activities, such as the organisation of group holidays and sporting events, or those to support and show solidarity with the religious communities or the poor, etc. These are usually activities aiming to keep employees happy and create

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77 Interviews with twelve skilled workers and six general workers (of whom three are Cambodian) from the three shipyards analysed here.
emotional ties with the company and the territory. It is also worth noting that the largest shipbuilding companies are listed on the stock exchange, and that it is in their interest to advertise what they offer outside working hours to send a positive image of the shipyard to stockholders. In these cases, for example, local and national media often report news of the charitable work that the managers carry out in the community on religious holidays (for example, donating money for the building of or maintenance work on a pagoda, or donating foodstuffs to the people hit by the floods in 2011, etc.).

Most of the disputes within the companies are related to bonus negotiation, namely, those non-contractual payments in money and/or in leave, which are normally renegotiated on a yearly basis or periodically, between the company and groups of workers on the basis of production trends. The structure of the Thai shipyards with their characteristic significant horizontal specialisation and low vertical specialisation is clearly mirrored in this particular period, since bonuses increase along with one's hierarchical role in the shipyard, and leaders gain more importance when they are able to negotiate more substantial bonuses. In fact, the leaders are in charge of daily work assignment, and they are also the ones who authorise leave and days off.

In Asimar (for sub-contractors) the average work ratio of the white- to blue-collar workers is about 1:10, as shown in Table 22.5.

### Table 22.5  Ratio of white-collar to blue-collar workers

<table>
<thead>
<tr>
<th>Positions</th>
<th>Average</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project manager</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Assistant project manager</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Engineers</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Supervisors</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Foremen</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Workers</td>
<td>360</td>
<td>Average 1:10</td>
</tr>
</tbody>
</table>

*Source: Thailand Shipbuilding Association archives*

The family size of the shipyards, together with the massive use of sub-contractors, is one of the factors that allow the companies to enjoy trouble-free industrial relations. The situation is maintained by the managers who systematically make use of sub-contractors, whose number has dramatically
increased compared to the years prior to the 1997-2000 crisis. In this period, companies used to sub-contract a minimal percentage of work, around 20-30 per cent, compared to today’s figure of around 80 per cent.

Table 22.6 shows data from the Asimar company as a prime example of this policy.

In recent years, this incredible rise in the sub-contracting of work has caused a clear distinction between internal and external workers, and led to a vast disparity in both the treatment of workers and working conditions. In fact, in most cases, external workers do not benefit from any of the contractual guarantees or bonuses received by the internal employees. For example, they often do not receive the minimum wage and are not insured in case of accidents. More often than not they are hired on a daily basis or for piecework, and cannot even take any kind of leave. If a woman worker is pregnant, she does not get any compensation. This is not only a way to reduce labour costs, but also a way to stop workers from organising a trade union to act against the company.

Regular employees are aware of the different treatment and privileges they receive compared to the sub-contractors or temporary workers but, however much they regret this situation, they are also quick to say that it is still better than in many other manufacturing industries. In the other sectors, where there are thousands of workers, employees are often sacked as soon as production drops, unlike the workforce in the shipyards which is usually more stable. These facts indicate that the workers are aware of the general progressive situation of employment insecurity in Thailand, even though they do not engage in any kind of collective action, such as creating spaces where they can discuss and share ideas with workers from their own and other industries. On the other hand, the sub-contractors

<table>
<thead>
<tr>
<th>Job categories</th>
<th>Percentage</th>
<th>ASIMAR</th>
<th>Sub-contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piping</td>
<td>10</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>Steel structure</td>
<td>10</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>Sand blasting</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Painting</td>
<td>80</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Built-in furniture</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Air-conditioning</td>
<td>0</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Electrical system</td>
<td>50</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

Source: Thailand Shipbuilding Association archives
have identified a number of issues with their working conditions, especially in terms of wage differences, compared to regular workers, as well as the constant need to move from one shipyard to another, and to follow different rules and procedures. Furthermore, they have complained about the lack of continuity from one job to another or, by contrast, the excessive concentration of working hours at certain periods that require a greater commitment. Even in this case, there is no sharing or discussions with other workers.

The working conditions in most of the shipyards are generally good. All the shipyards have adequate space for the workers, a canteen area, locker rooms, and bathrooms. Worker safety is a top priority, both in terms of on-site training from experts and the personal protective devices used by the workers themselves.

The depoliticisation of workers and perception of their work

Most of the workers interviewed seemed to have little interest in national political issues. The majority of interviews took place in 2011, just over a year after the terrible spring of 2010, and in the days following the general election to appoint members of the National Assembly. The two main opposing parties in these elections were the Pheu Thai Party (PTP), also known as the red-shirt movement, founded by the tycoon and ex-prime minster Taksin Shinawatra, and the People’s Alliance for Democracy (PAD), also known as the yellow-shirts. Since the elections had just happened, and were fresh in the workers’ minds, it was far easier to approach the matter, albeit only superficially, due to both the workers’ diffidence, as well as their lack of knowledge or interest in politics. It is worth pointing out that the interviews were not intended to be a structured survey on each person’s political views, but were rather a more general attempt to gauge their level of interest. As a consequence, the results presented here have only an indicative value.

The managers and skilled workers clearly expressed their preference for the PAD, showing mistrust in the PTP’s proposals, which they considered populist and demagogic. In contrast, the unskilled workers showed a preference for the proposals of the PTP, especially those related to the provision of health care for everybody at a cost of THB 30 (around USD $1 a year). In fact, it is worth mentioning that health care in Thailand is private, meaning that the majority of the population cannot afford the most expensive treatment, unless they have private insurance to cover expenses.

Whatever the case, all the interviewees showed a far greater interest in the topic of work in the shipyards than in politics. In fact, direct employees
feel far more privileged compared to the other paid workers in the industry, because shipyard labour offers the chance to earn bigger salaries and more bonuses, and, especially, to be able to live in the suburbs of a huge city like Bangkok. Indeed, most of the workers own a home and a car or motorbike, and most families have two or more wage-earners, since both parents and children work. All the workers were obviously pleased that their children could benefit from higher education, even though very few actually had a child at university. It is worth pointing out that many workers originally came from the countryside, and had moved to the metropolitan area in the 1980s and 1990s. They consider their jobs to be stable, in the sense that most workers intend to remain in the shipyard until they retire. The reasons behind this viewpoint are based on their confidence in Thailand’s economic expansion in general, and in that of the shipbuilding sector in particular due to its gradual growth over the past few years.

However, all the workers and managers are well aware that the massive use of sub-contractors is a threat to work stability. For this reason, the perception of work stability is radically different for direct and indirect workers. There do not appear to be any conflicts between the two groups of workers, just as there are no attempts at dialogue to try and unite and better their situation.

The immigrant “problem”

All Thai shipyards employ a number of immigrant workers who mainly come from Cambodia, Laos, and Burma. In the three shipyards analysed here (Asimar, Unithai, and Marsun) we find that around 10 per cent are immigrant workers (80 per cent Cambodian, 15 per cent Burmese, 5 per cent Laotian), who are all male.

In most cases they are illegal immigrants, in other words, they do not possess regular work permits. Workers who are directly employed by the shipyards obviously benefit from far better contractual conditions than sub-contracted workers, as regards wages, bonuses, and contract length.78 Most of the immigrants are unskilled workers who either do the most menial jobs (e.g., cleaning) or the toughest ones (welding). The immigrants are often taken on as apprentices on a year-long contract, which gives companies a series of tax breaks. However, at the end of this contract, workers are normally offered the same kind of contract again without being given any choice in the matter.

78 Interviews with Cambodian immigrant workers on 5 July 2011 and with shipyard managers.
Indeed, immigrant workers actually act as a kind of buffer as they are usually the first to be fired at periods when there is less work. They are mainly men between the ages of 18 and 30 who live in shared houses in groups of ten to twelve people, so as to cover the cost of the rent, allowing them to send most of their wages back to their families in their own country. According to government figures, the number of migrants working legally in Thailand stood at around 650,000 in late 2010. However, the government also estimated that 1-1.5 million more were living and working illegally at that time, whereas other sources put that number as high as 3 million. Thai researchers in mid-2008 estimated that the Thai economy needs about 1 million foreign workers, though the economic downturn has hit migrant workers especially hard.79

Sawit Keawan, who heads the State Enterprise Workers Relations Confederation (SERC), petitioned the International Labour Organization (ILO) in Geneva over the issue, claiming that Thailand “systematically [violates] international law by failing to protect rights of migrant workers from Myanmar [Burma]”. One such discriminatory practice alleged by the SERC, which is made up of forty-three major Thai trade unions, is the refusal of the Thai state to allow migrants to access the Workmen’s Compensation Fund, which is the usual method of compensating those injured in the workplace.80

### Table 22.7 Occupational structure in ASIMAR

<table>
<thead>
<tr>
<th>Type of worker</th>
<th>Speciality</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skilled workers</td>
<td>Welder</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Fabrication workers</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-skilled workers</td>
<td>Cleaning</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Scaffolding</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: Thailand Shipbuilding Association archives*

As a conclusion to the present analysis, two points can be made. The first is that, as a rule, in newly industrialising countries shipbuilding has often been a primary source of exporting potential, and therefore of foreign-currency

79 “Human Resources: Employment of Foreigners”.
80 “Burma’s Unions Criticise Thailand over the Rights of Migrant Workers”.
accumulation. However, in order to reach these objectives and to build ships to sufficient scale, a great deal of initial and subsequent working capital is needed either from private, or in most cases, from state sources. In theory, technology and sufficient know-how can, to a large extent, be bought in or acquired, and labour, which in an Asia country is usually plentiful, can be trained to attain the desired objectives. In the Thai case, however, the state has made a different choice, concentrating its resources on other economic activities, and causing the de facto de-development of what used to be a main and Asia-wide competitive industry.

The second point to be made concerns the labour situation in the reduced shipbuilding industry that is presently active in Thailand. Most of the country’s shipyards, big or small, have deliberately chosen to organise their work on a family scale, adopting a paternalistic attitude, whose officially declared aim is to improve direct training, safety, and, ultimately, worker productivity. Apart from these openly declared purposes, these dynamics clearly often have another effect, namely, the depoliticisation of workers through the constant erosion of the rights of their organisations, which simultaneously prevents any of the evident underlying labour conflicts from rising to the surface.