

**INTERNATIONAL CONFEDERATION OF FREE TRADE
UNIONS (ICFTU)**
EUROPEAN TRADE UNION CONFEDERATION (ETUC)
ASIAN AND PACIFIC REGIONAL ORGANISATION (APRO)
of the ICFTU

**Statement to the Second ASEM Summit,
London, 3-4 April 1998**

**BUILDING THE SOCIAL FOUNDATIONS
FOR ASIAN RECOVERY
~~FROM THE ASIAN ECONOMIC AND FINANCIAL CRISIS~~
Executive Summary**

Following several decades of high economic growth which have made ~~East-Asian region~~ one of the most dynamic regions in the world, ~~the Asian region~~ a number of countries have ~~has~~ been hit by a massive financial and economic crisis, ~~which is deciding the future of hundreds of millions of Asian working women, men and their families~~ Financial speculation, At the root of this crisis are international institutional failures, grossly inadequate lack of financial market regulation and disclosure requirements, overvalued currencies, financial speculation and a lack of democratic accountability or transparency, ~~lie behind this major crisis~~ However, the The lack of an adequate social safety nets or, in some large countries, of any safety net at all, risks turning the crisis into a social leave catastrophe with tens of millions of working working women and men facing falling into unemployment and dire poverty.

Resolving the ~~Asian~~ crisis must begin with domestic reform, built on the principles of transparency, accountability and participation. The European Union (EU) can and must, ~~together with other countries~~ play a its full role in assisting Asian countries to achieve recovery. It can do this above all by ensuring that the effects of the crisis on the European economy are contained so that the European recovery process continues - and hence its

market continues to grow for Asian goods and services, which have and can make an important contribution to EU living standards. in view of the contribution that a prosperous Asia has made and can continue to make to Europe's own prosperity and the commitment of the EU to free trade, as shown by the provisions of its internal-market programme. One of the major contributions that Europe can make to reducing the pressure on employment and wages and promotion of recovery in Asia is by keeping markets op

All the ASEM countries should co-ordinate their interventions at the IMF and World Bank to ensure that the Asian countries get over their immediate foreign exchange crisis. Some developing ASEM countries also need direct financial aid particularly to buy food and to help meet other basic needs of their poor.

Getting these messages across to Europeans This would be greatly assisted by ensuring that there is a strong social dimension to the restructuring process in Asia which ensures so that those hardest hit by the crisis are indeed the first to benefit from reform and an economic turnaround. This is a message for Asian governments too, since —one clear lesson of the crisis is that sustained growth is not possible without both political and social democracy.

A key component of reform should be the development of labour market policies based on the observance of core universal labour standards as established by governments, employers and trade unions from all parts of the world in the ILO. The ASEM countries should co-ordinate their interventions in the IMF and World Bank to ensure that enough foreign exchange assistance is given to help them get over their immediate foreign exchange crisis. Such assistance must be linked to social as well as industrial and financial adjustment. The developing ASEM countries require direct financial aid to assist them with basic needs provisions for their poor, especially food purchases, in view of the lack of a social safety net.

The ASEM countries should strive to reach a common position at the London Summit in favour of strengthening the ILO and of advancing the debate at the WTO on the relationship between trade and these labour standards as part of a non-protectionist framework for the world trading system. The ASEM investment promotion plan

("IPAP") must ~~also~~ contain references to the protection of such core labour standards as a basis for multinational companies' foreign direct investment.

Finally, a regular procedure should be established to provide for trade union consultation on the process of co-operation and dialogue between the EU and Asian regions in relevant ASEM committees, ministerial meetings and other fora, including the Asia Europe Foundation.

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Statement to the Second ASEM¹ Summit,
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**BUILDING THE SOCIAL FOUNDATIONS
 FOR ASIAN RECOVERY**

*Asian crisis risks to
 have grave world-
 wide repercussions*

1. The second ASEM Summit (3-4 April 1998, London) will be taking place while a number of Asian countries continue to reel under the impact of a cascading financial and economic crisis which is deciding the future of hundreds of millions of Asian working women, men and their families. Through no fault of their own, millions of working women and men are losing their jobs and their savings. Moreover, recession in Asia is spreading around the world and leading to job losses in other regions.

*The London
 Summit must
 commit adequate
 help to overcome
 the Asian financial
 and economic crisis*

2. But a crisis is a time for decisive measures. ASEM countries should co-ordinate their interventions at the IMF and World Bank to ensure that the Asian countries get over their immediate foreign exchange crisis. The London Summit must be the occasion to provide a guarantee of substantial financial assistance to the developing ASEM economies from the richer ASEM members to help meet the basic needs of their poor such as food purchases, with at least 50% of such assistance earmarked to alleviating the social costs of the crisis. Fundamental reforms are needed in the Asian countries concerned to ensure democratic accountability, transparency and participation, as well as adequate regulation of financial markets. An employment recovery strategy is needed to create job opportunities for the millions of women and men being laid off as the weakest companies close or undergo large scale restructuring.

*EU must ensure
 continued recovery
 and provide
 market for Asian
 goods*

3. The European ~~Union~~ Union (EU) can and must, together with other countries play a its full role in assisting Asian countries to achieve recovery. It can do this above all by ensuring that the effects of the crisis on the European economy are contained so that the European recovery process continues - and hence its market continues to grow for Asian goods and services, which have and can make an

¹ The Asia Europe Meetings (ASEM) consists of the 15 members of the European Union (EU) (Sweden, Finland, Denmark, Germany, Netherlands, Luxembourg, Belgium, France, United Kingdom, Ireland, Austria, Italy, Spain, Portugal and Greece) plus the European Commission; the 7 members of ASEAN prior to its latest enlargement (Indonesia, Singapore, Malaysia, Brunei, Philippines, Thailand and Vietnam); and three other Asian countries: China, Japan and the Republic of Korea. The first ASEM Summit of heads of state or government took place on 1-2 March 1996 in Bangkok.

| important contribution to EU living standards.

ASEM must have a shared vision of its social goals

4. The second ASEM Summit provides a vital opportunity to build strong longer-term foundations for co-operation between two of the major economic regions of the world. Ultimately, the building of successful economic cooperation between the EU and Asia can create a basis for a major increase in trade, employment, growth and living standards and hence the reduction of poverty. Achieving the successful development of sustainable economic relations will depend upon achieving a shared vision of the social goals of economic growth and development. A narrow free-market agenda based on business promotion alone will not achieve the goals of ASEM.

Social dimensions of the Asian financial crisis must not be overlooked

5. The social turmoil resulting from the financial turbulence in Asia has demonstrated that in the present rush to improve economic and trading relations, the social dimensions of change must not be overlooked. The objective of the trade union movement of the ASEM countries, represented in the ICFTU and its regional body APRO and by the ETUC, is to promote a process of cooperation which can harness the rapid internationalisation of markets to the improvement of the conditions of work and life of the citizens of our populous regions. We believe that ASEM cooperation will be far more effective if it includes a role for the trade unions of Asia and Europe in meaningful dialogue with governments, business and other groups involved in the process of economic growth and development.

EU and APEC models show importance of consultation

6. We consider that the furthering of EU-Asian relations will necessitate an expanded role for social and labour concerns in the ASEM process as part of the building of recovery from the Asian economic crisis. The experience of successful development in all the industrialised countries of both Europe and Asia indicates the vital role played by social considerations and human resources development in achieving sustained economic progress. Within the Asia Pacific Economic Co-operation (APEC) region, trade unions organised in the ICFTU's Asia Pacific Labour Network have held meetings with the heads of government of the hosts of APEC summits every year since 1995 and APEC labour ministers have now set up a project bringing labour, management and governments together to discuss technology, training and human resources issues. Within the EU the role of the social partners has been recognised by the Maastricht and Amsterdam treaty provisions on social dialogue.

Incorporating social and labour concerns in the ASEM process

7. A similar process should be translated into the ASEM process. This should be recognised by the incorporation in the agenda for EU-Asian discussions of a social policy work programme. In the present ASEM structure, this could be accomplished by holding regular meetings of the ministers

of social affairs and of labour and by expanding the remit of the Asia-Europe Foundation to include a work programme on social and labour issues, including attention to the situation of women.

Confidence in ASEM trade liberalisation undermined by insecurity and deregulation

8. The repercussions of the Asian financial crisis could leave workers in both regions faced with increased job insecurity, increased work intensity and a squeeze on wages and benefits and with problems arising from deregulation. Throughout Europe and Asia workers are preoccupied with problems arising from deregulation, privatisation, cuts in welfare provisions and attacks on labour laws and basic workers' rights. As a result, there is a lack of popular confidence throughout the Asia and Europe that trade liberalisation and promotion, as envisaged through the ASEM trade facilitation plan ("TFAP"), can bring results in terms of higher living standards and more employment.

Social priorities sacrificed to the needs of the market

9. Many working people in Asia will not be compensated for the loss of their jobs, are not protected by social security systems and are not being informed or consulted about what is happening to their futures. Migrant workers and women are the first and worst affected and the ILO is warning of an increase in child labour. In many countries, financial manipulation and speculation, and emergency stabilisation measures, have reduced production, incomes and employment with serious consequences for working women and men and their families. Social priorities are being sacrificed to the demands of the market, often expressed in the need to remain competitive on the global market. Women are particularly vulnerable to the adverse effects of market-driven policies that ignore prevailing social inequalities. The implications of these trends for the cohesion of society and political stability are a cause for grave concern.

Asian trade union leaders call for a Social Action Plan and an International Commission on financial regulation

10. The ICFTU-APRO Forum on the Asian Currency Turmoil, held in Singapore from 10-11 February 1998, attended by over 50 trade union leaders from the Asian region and around the world, adopted a statement on "Building Recovery in Asia, Heading off Global Recession and Preventing Currency Crisis". The statement proposes a Social Action Plan for Asia, entailing the creation of national tripartite councils to reach agreement upon strong social assistance and job creation programmes to prevent laid off workers from falling into long term unemployment and poverty. To prevent a repeat of the financial turmoil that has so seriously damaged the Asian economies, the G8 countries (where most of the financial centres are based) and the IMF/World Bank should establish an International Commission to make recommendations on the regulation of international financial markets and look at institutional

and policy changes needed, including stronger rules on bribery and corruption, the role of the Bank for International Settlements (BIS) and a foreign exchange transaction tax.

Achieving Asian economic recovery means sharing commitments to basic human rights

11. Social dialogue would build national and international consensus for sustainable development strategies targeted on eliminating poverty and creating jobs, not the enrichment of a small elite with close connections to government ministers. The only sure foundation for social dialogue and sound economic policy-making is full respect for international human and democratic rights in order to achieve a more broadly-based distribution of the fruits of the economic growth that ASEM can generate. The London Second ASEM Summit needs to express its commitment to the principles of respect for human rights and the promotion of democracy.

Social implications of ASEM investment promotion plan (IPAP)

12. One of the main subjects for attention in EU-Asian relations is the ASEM investment promotion plan ("IPAP") concerning foreign direct investment by multinational companies (MNCs), both from the EU in Asian states and vice versa. So far, little attention has been paid to the social implications of such investment and the responsibilities of multinational companies. Yet the relationship between companies and their workers and the legislative framework within which such relations take place is a potential source of tension which can adversely affect the overall investment environment. The ASEM London Summit should therefore discuss the question of how to maximise the positive results of MNC investment and minimise its negative effects.

ILO Tripartite Declaration on multinational companies as a reference point

13. In such discussions, ASEM should take as a reference point the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The ILO Tripartite Declaration has been accepted by all member countries of the ILO, as well as employers' organisations and trade unions, and so includes all the countries which will be present at the London Summit. The Declaration provides the only universal and comprehensive set of principles formally negotiated and adopted by governments, workers and employers' organisations which addresses the behaviour of MNCs. A commitment to the implementation of the Declaration by the London ASEM Summit, as part of the IPAP, would therefore provide a basic condition for the process of building a successful framework of rules concerning the treatment of foreign direct investment within the ASEM area.

***Strengthen the
WTO through co-
operation with the
ILO***

14. The agenda for the London ASEM Summit includes the strengthening of the World Trade Organization (WTO) in the context of the run-up to the second WTO Ministerial Summit (Geneva, 18-20 May 1998). The ETUC and the ICFTU, and its regional body APRO, consider that the countries of ASEM should strive to reach a common position in favour of strengthening the ILO and supporting a discussion of the relationship between the ILO's international labour standards and trade in the WTO work programme. This proposal should be supported by ASEM as it is aimed at strengthening the political authority of the WTO and thus the multilateral rule-driven framework for open world trade, creating a mechanism for solving disputes and so opening markets to developing countries and increasing growth and employment. It is particularly important to keep markets open and defeat the protectionist pressures which will be the sure result of the wave of currency devaluations of the Asian countries suffering from the economic and financial crisis.

***ASEM needs
regular trade union
consultation***

15. It is our conviction that trade unions are able to bring a uniquely valuable perspective to the wide-ranging examination of policies needed to support workers in a period of rapid change. Creating a secure and stable environment for the relationship between workers and employers based on respect for fundamental internationally accepted workers' rights is central to improved human resource development, including maximising the returns on investment in education and training as well as occupational health, safety and the environment. A trade union counterpart is needed to the established Asia-Europe Business Forum and this statement to the London Summit is a first step to regular trade union consultations on the process of cooperation and dialogue under ASEM.

***ASEM must achieve
recovery from the
Asian economic
crisis for the whole
population,
through...***

16. All the proposals made above provide ways of maximising the positive contribution of ASEM to the resolution of the Asian economic and financial crisis and so achieving a continuation and deepening of ASEM co-operation for increased trade, investment and economic growth at the same time as progress in living standards for the whole population. In conclusion, we reiterate five proposals for consideration by the ASEM Summit:-

***ensuring continued
European economic
recovery...***

(a) the European ~~Union~~-Union (EU) must ensure that the European recovery process continues - and hence its market continues to grow for Asian goods and services;

...earmarking 50% of financial aid to the social dimensions of recovery

(b) the London ASEM Summit needs to expand its discussions to include social and labour concerns in order to provide an alternative to poverty and desperation for millions as a result of the Asian economic and financial crisis. The London Summit must be the occasion to provide a guarantee of substantial financial assistance to the stricken economies from the richer ASEM members, with at least 50% of such assistance earmarked to alleviating the social costs of the crisis. ASEM should furthermore set up a work programme to tackle a joint social agenda on the basis of fundamental ILO Conventions;

...using the ILO Declaration on Multinationals

(c) the ASEM Summit needs to consider the social implications of foreign direct investment by multinational companies (MNCs), with reference to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;

... backing WTO talks on labour standards and trade

(d) the ASEM Summit should recognise the need to strengthen the ILO and advance an objective and open discussion of the relation between international labour standards and trade at the second Ministerial Meeting of the WTO in Geneva in May 1998;

... a regular procedure to consult trade unions

(e) a regular procedure should be established to provide for trade union consultation on the process of cooperation and dialogue between the EU and Asian regions in relevant ASEM committees, ministerial meetings and other fora, including the Asia Europe Foundation.

The International Confederation of Free Trade Unions consists of 206 national centres of independent and democratic trade unions in 141 countries and territories with a total membership of 125 million working men and women. Further information on the ICFTU is available on request at the following address:-

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The ICFTU Asia Pacific Regional Organisation (APRO) consists of ICFTU affiliates in 29 countries of the region with a total membership of 33 million. For further information contact:-

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The European Trade Union Confederation groups union centres in 28 European countries with a total membership of 57 million workers. For further information contact:-

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