

## EVALUATION OF THE 3<sup>RD</sup> ASEM LABOUR AND EMPLOYMENT MINISTERS' CONFERENCE (LEIDEN, THE NETHERLANDS, 13-14 DECEMBER 2011)

### Overview

The declaration emphasises the different measures taken to lead to a “job rich” recovery and their impact on budgets. The text welcomes the Social Partners’ Forum on March 29 and on December 12 saying that “social partners can play a constructive role in the crisis recovery process”. The Ministers also call for implementation of the ILO Global Jobs Pact and the Decent Work Agenda. The Ministers observed progress on social protection and they look forward to June 2011 ILO Conference. They reaffirmed the importance of corporate social responsibility which helps “employers develop joint ownership of core labour standards, social stability and social justice with their employees”. The Ministers also called for better linkages between the worlds of education, training and work in order to foster the development of new skills, especially for the low-carbon economy- better anticipate future skills’ needs and create “robust national competency and skills frameworks.”

### Declaration’s Introduction

1. In their declaration’s introduction the Ministers recognise that the financial crisis has unfolded into a jobs crisis with sharp falls in employment.
2. They also underline that it is likely that the jobs crisis will continue for years, despite the recovery in many countries, until the world economy reaches a level of employment comparable to the pre-crisis one. This particular trend in unemployment has also been emphasised before by the ILO and the ITUC.
3. However, the Ministers admit that the crisis created a momentum for strengthening employment and the social dimension of globalisation internationally. The declaration acknowledges that other international fora such as the G20 and the ILO have underlined the need for enhanced coordination of efforts on promoting employment and social policies.
4. Employment is identified as “key to quality lives” and it provides the “most sustainable route out of poverty”.
5. The declaration then recognises the special employment needs of the poorest and most vulnerable.
6. The Conference’s mandate from the ASEM Leaders’ Meeting in Brussels on 4-5 October 2010 underlines that social cohesion rests on the equitable distribution of income and on the widest possible participation of people in prosperity.
7. For this reason the Leaders had agreed to promote decent work, by spurring job creation and labour participation, and mandated the Ministers to develop common strategies to achieve it. The Ministers should conclude an action plan that would be implemented by inter-governmental “cooperation”, “dialogue” between social partners and “involvement” of civil society organisations.

## **Declaration**

8. Starting with the text of their actual declaration the Ministers make a statement of awareness of the global economy's impact on national labour markets, as well as the important role of Asia and Europe in the global level.

9. Quite unconnected to this statement (#1 of the Declaration, analysed here under #8) and without further reasoning, the Ministers call in the same paragraph for the implementation of the ILO Global Jobs Pact and the Decent Work Agenda.

10. The diversity between Europe and Asia is a factor to be taken into account in formulating common action.

11. On the other hand, globalisation, technological progress, climate change and demographic ageing are common challenges which make the cooperation between Europe and Asia crucial.

12. In the beginning of the third paragraph (#3 of the Declaration), the Ministers affirm: "We will work towards 'job rich' recovery.

13. Because of the growth and economic policies' impact on employment it is necessary to develop an "integrated approach" with greater coherence and coordination of policies.

14. With a view to achieving better policy coherence, the Ministers agreed to enhance cooperation with the G20, ILO, OECD, UN, World Bank and the IMF.

15. The Conference recognised the role of social dialogue in general and in particular the role of the ASEM Social Partners Forum (29 March 2010, Brussels) and the "very fruitful" meeting on 12 December in Leiden. The declaration also speaks of the constructive role that the social partners can play in the crisis recovery process.

16. The declaration continues by stating that "in many countries" tripartism, collective bargaining, diverse labour-management agreements to address the crisis and social dialogue already take place. It seems that it was important for some parties, most probably the Europeans, to underline that the contribution of the social partners and the good governance of industrial relations take place and bare fruits "in many countries" but not everywhere in Asia and Europe.

17. In the same paragraph (# 5 of the Declaration), social dialogue is recognised as a key management tool to implement policies and accelerate a job-rich recovery.

18. Concluding the paragraph on social partners (# 5 of the Declaration), the Ministers welcome the engagement of social partners in the Conference and encourage future Social Partners Fora.

## **Crisis and recovery measures**

19. The Ministers point to the ongoing recovery, identifying that "monetary support for the financial system" (the banks' bail-out), fiscal stimulus measures, employment action and active labour market policies have contributed to it.

20. These measures were directed to preserving employment and re-employment of those who lost their jobs, with a special focus on disadvantaged and vulnerable groups. These measures include: “short-time working arrangements combined with training and compensation for salary losses, taxation cuts, subsidies, effective active labour market policies, increased or broadened unemployment benefits and support of entrepreneurship” with e.g. micro-credit schemes for SMEs.

21. However, “in many countries” the social protection systems have helped mitigate the impact of the crisis, because households did not lose as much income as they would, if the social protection schemes were not in place. The declaration also refers to the social protection schemes as “automatic stabilisation mechanisms” for their role in sustaining aggregate demand. Once more, the reference that these systems are in place “in many countries” but not in all the countries, might sound as an implicit call for establishing social protection systems. The Ministers make explicit references and recommendation on social protection in a later part of the declaration.

22. But the recovery measures –the Ministers say- have had an impact on national budgets and it is appropriate to carefully assess the timing and the sequencing of the measures’ phasing-out. Although trade unions understand the need for a fiscal consolidation, it is inappropriate to gradually withdraw the fiscal measures which assisted in achieving a shy recovery. Instead of this, the governments should take an income-raising approach with progressive tax systems, a financial transactions tax and the elimination of tax heavens, rather than the way of cutting down social protection and minimising the unions’ bargaining power.

23. The crisis brought up new challenges for the economies and the structure of the labour markets. While exit strategies should create jobs and provide for inclusive growth, they should also contain a “structural reform agenda.”

### **Globalisation and Decent Work for All**

24. The Ministers state that the crisis proved the Decent Work Agenda to be an important tool.

25. The declaration then explains the concept of Decent Work (rights at work, employment opportunities, social protection and social dialogue) and recognises it as a basis for global social policy in informal and formal economic activities.

26. The implementation of the Decent Work Agenda and the ILO’s Global Jobs Pact should not be undermined by the crisis.

27. The Ministers reaffirmed their commitment to the core labour standards and call international organisations to take them into account in advising governments.

28. The Conference makes a special reference to Burma (# 11). The Ministers underline the need to use ASEM dialogue, “and the appropriate channels”, in order to improve the implementation of core labour standards in Burma. To this point the EU Ministers made a different unilateral declaration one one paragraph which reads: *“The EU refers to the last report of the UN special rapporteur on human rights in Myanmar during the Human Rights council in March 2010 and to the 309<sup>th</sup> session (Nov 2010) of the Governing Body of the ILO and recalls conclusions on Myanmar as regards the fight against forced labour adopted during this meeting. The EU strongly urges the Government of Myanmar to respect all its commitments and to work proactively towards their realization. At the*

*same time we confirm our engagement to using the ASEM dialogue and other appropriate channels to improve core labour standards and to promote social development in Myanmar.*” This unilateral statement is a sign that European and Asian Ministers did not agree to the extent and content of the reference on Burma. The Europeans are especially concerned with forced labour and human rights in Burma, while the Asians probably wanted to see only a minimum of a statement on the situation in Burma. Either way, the reference to Burma is only one and can be found (#11) in the chapter of “Globalisation and Decent Work for All”, and not in a special unit. Moreover, the ending of the two texts is the same, thing that might mean that either the original text changed after Asians’ pressure, or that the Europeans were unable to pass a change in the text after Asians’ resistance.

29. The declaration notes that “there is a growing consciousness of the benefits of social protection”, as an anti-poverty measure that enables people to seize opportunities and helps workers “adjust to changes and deal with unemployment”.

30. The Conference highlighted the importance of building social protection for all, including health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public guarantee schemes for the unemployed and working poor. In this comment the Ministers talk about “building” social protection.

31. Depending on national, social and economic circumstances the governments should “extend” their social protection. From this reading it could be understood that the social protection floor for all should be guaranteed and further extensions to social protection, provided that the economic situation allows it, would be welcome.

32. The declaration acknowledges the French contribution of the seminar on social protection and informal economy, which was held in Nice in September 2010.

33. In the next paragraph (#14), the Conference recognises that “several countries” put in place or expand a “fiscally sound basic policy of social protection both in the formal and informal sector”. The Conference also encourages regional development banks and the ILO to assist governments in their efforts to achieve basic social protection.

34. The Ministers also look forward to ambitious results in the International Labour Conference (ILC) in June 2011, which focuses on social protection. They also affirmed their willingness to cooperate in the ILC and in ASEM –in technical projects- for this purpose.

35. It has been explained before that there is no one-size-fits-all solution and it is expected that the parties will need to discuss solutions on concerns of countries with varying socio-economic diversities.

36. Complementing the contribution of the German government on their activity, which was held in Potsdam, in March 2009, the governments reaffirmed the importance of Corporate Social Responsibility.

37. Contrary to the unions’ position, the Ministers called for CSR actions to be developed on a voluntary basis. Such initiatives “help employers to develop joint ownership of core labour standards, social stability and social justice with their employees”. This comes in direct conflict with the unions’ principle that CSR actions should start after the scope of national law and internationally

recognised core labour standards. The unions believe that it is the moral duty and the force of the national law that should help employers develop joint ownership of core labour standards.

38. However, the declaration continues stating that according to the ILO Declaration on Social Justice for a Fair Globalisation the violation of fundamental principles and rights at work cannot be invoked as a legitimate comparative advantage. In this way, the Ministers tried to make the case that respect to labour rights comes independent of any CSR action; nonetheless, the mixture of CSR and the principle of not creating comparative advantage out of labour rights' violations is rather inaccurate in this paragraph (#16).

### **Matching skills development with opportunities**

39. The crisis showed that workers need to adapt to sudden changes in the structure of the economy, for instance by moving to other sectors to find employment as cross-sectoral mobility is expected to be on the rise. In this aspect, Indonesia's project on skills, education and training was welcomed.

40. Moreover, new skills will be required in the low-carbon economy.

41. Key challenges are also recognised: the way to better anticipate future needs for skills, in order to create them now, as well as better match of skills demand and supply. Responding to these challenges would also facilitate transitions between sectors and from education to work for the young people.

42. In order to improve skills' matching, the Ministers decided that they need to better connect the world of education (trainings) and the world of work by involving governments, social partners and trainers.

43. The Ministers highlighted that national competency and skills frameworks need to be created in order to match skills' demand and supply better. Stronger national skills frameworks might also be the basis for stronger exchange of knowledge in ASEM. It is remarkable that in the skills chapter of the declaration the factor of productivity is not referred to, nor is the connection of skills and decent work worked out. Moreover, the Ministers do not develop the need for green skills as a response to climate change, nor do they recognise the need to prioritise disadvantaged groups in upskilling programmes.

### **Looking Ahead**

44. The countries will continue facing difficulties with their finances as well as employment problems.

45. Unemployment and other prolonged labour market weaknesses are difficult to deal with and have a "scarring" effect in the economy and the society. "Accelerating the jobs recovery is thus a key policy challenge for all ASEM countries."

46. In order to achieve strong, balanced, sustainable growth the current policies should be amended in order to have a stronger employment and social protection direction.

47. All ASEM countries need to focus on “productive investment, sustainable enterprises, enhancing jobs potential of the green economy, inclusive labour markets, including through greater participation of young people, women, older workers, low skilled workers, people with disabilities and legally resident migrant workers, and wide coverage of social protection and basic labour rights and other important elements of the Decent Work Agenda [...]”

48. The next LEMC will be held in Vietnam.