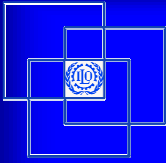
A stylized globe is positioned in the background of the title section, showing the continents of Asia and Australia.

DECENT WORK AGENDA AND GLOBALIZATION IN ASIA

**UNU Global Seminar
8th Okinawa Session 2006**

**Presentation by
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Deputy Director
ILO Regional Office for Asia and the Pacific**



GLOBALIZATION: LEADING TO UNBALANCED OUTCOMES

✚ The globalization forces:

- trade
- financial flows
- foreign direct investments
- global production systems
- technological progress

✚ Intensified global competition leading to unbalanced outcomes

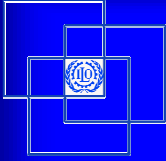
✚ Calls for “a fair globalization”



SLIDE 2 GLOBALIZATION LEADING TO UNBALANCED OUTCOMES

Globalization has set in motion a process of far-reaching change that is affecting everyone. New technologies have created a highly interconnected world. There is growing interdependence through trade, investments and financial flows as well as a dramatic reduction of transport and communication costs. Countries are being linked in global production systems driven by the operations of multinational corporations. The growing interconnectivity among people across the world is making us realize that we are all part of a global community that is increasingly interdependent. But at the same time, we also see that the current process of globalization is generating unbalanced outcomes, both between and within countries. Wealth is being created, but too many countries and people are not sharing its benefits. They also have little or no voice in shaping the process. The less developed countries in Asia have described their experience of globalization as “much talk of markets, but very little real access; much talk of jobs, but somewhere else; and much talk of a better life but for others”.

In 2004, the World Commission on the Social Dimension of Globalization released its report on *A Fair Globalization: creating opportunities for all* and called upon the ILO to contribute to a fair globalization by making decent work a global goal.



WHY DECENT WORK AND GLOBALIZATION

People experience globalization most directly through whether they have access to productive and decent employment that provides:

- Adequate income to keep out of poverty
- Security in times of adversity
- Basic rights at work
- Voices in decisions that affect their lives and livelihoods

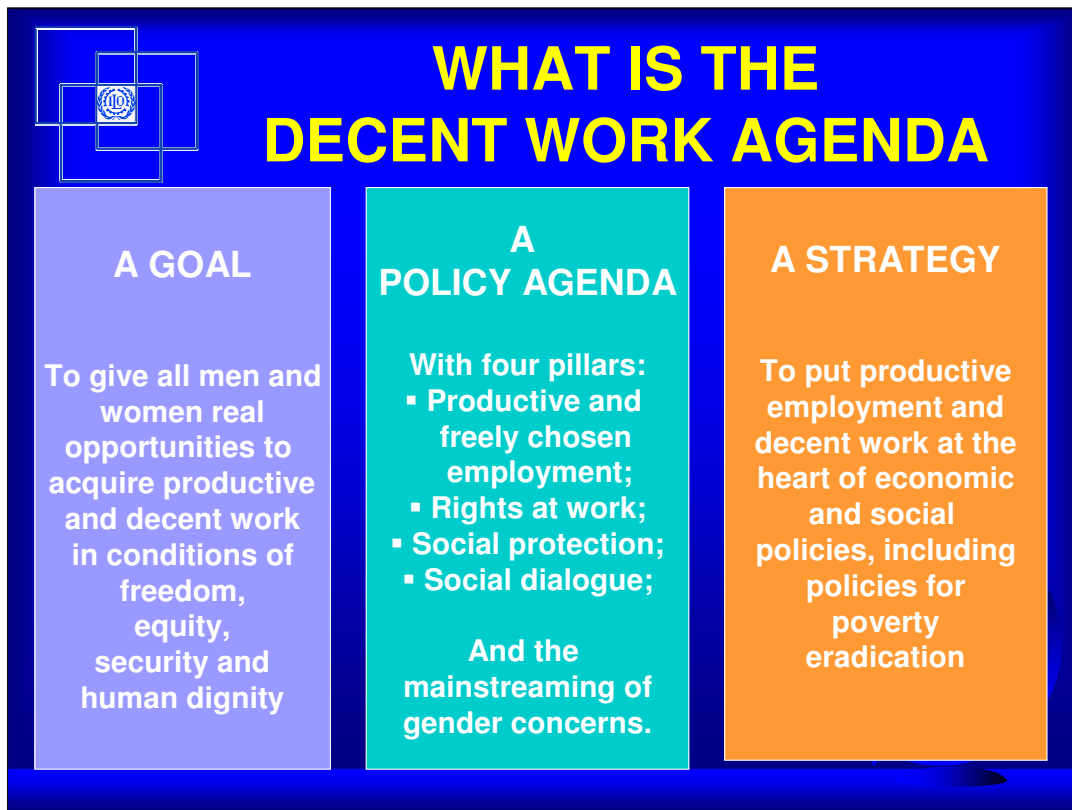


SLIDE 3 WHY DECENT WORK AND GLOBALIZATION

One of the most important ways to establish a peaceful coexistence in the context of globalization is to create decent and productive jobs. Looking at the global economy from the perspective of people, its biggest structural failure is its inability to create enough jobs where people live.

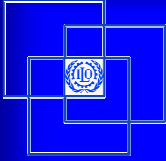
People experience globalization most directly through their work – not just whether they have a job but whether they have productive and decent employment that provides: an adequate income to feed, clothe, educate oneself and one's family and to keep out of poverty; security in times of ill health, old age, bad fortune or other emergencies, basic rights at work and a voice in decisions that affect their lives and livelihoods. Furthermore, the successful organization of work is key to successful businesses in a competitive global market place.

But seen through the eyes of the vast majority of women and men, globalization has not met their simple and legitimate aspirations for decent jobs and a better future for their children.



SLIDE 4 WHAT IS THE DECENT WORK AGENDA

What is the Decent Work Agenda? It is a goal to give all men and women real opportunities to acquire productive and decent work in conditions of freedom (no forced labour), equity (non-discrimination), security (social protection against adversities) and human dignity (the right to freedom of association and to collective bargaining). It is a policy agenda with four key components – productive and freely chosen employment, rights at work, social protection and social dialogue (that is, negotiations between workers and employers) with gender concerns mainstreamed throughout all four components. It can also be seen as a strategy to place full and productive employment and decent work as a central objective of relevant national economic and social policies.



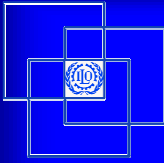
DECENT WORK: AN AGENDA FOR ALL

- **Working women and men:** a fair chance at a decent job and decent life
- **Workers' organizations:** opportunities, voice and representation
- **Business and employers' organizations:** enhancing productivity and growth in increasingly competitive global markets
- **Politicians:** work and employment at the heart of how people vote



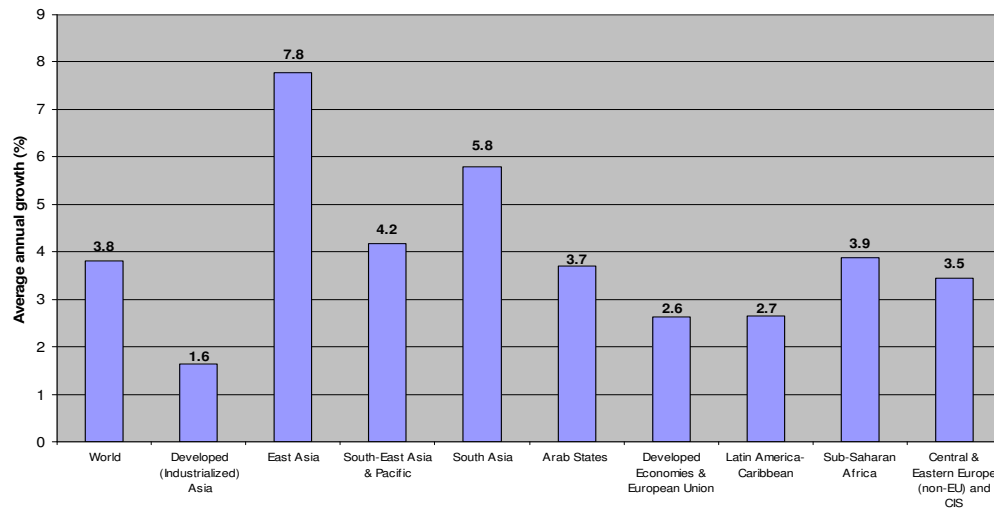
SLIDE 5 DECENT WORK AN AGENDA FOR ALL

The Decent Work Agenda is an agenda for all: Governments and political parties worldwide, in rich and poor countries alike, are facing the same widespread democratic demand from their citizens: “Put in place policies that give me a fair chance at a decent job. I don’t want charity. I want real opportunity to work and advance”.



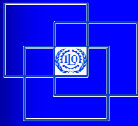
ASIA LEADING IN GLOBAL ECONOMY

Figure 2.1: Economic growth for Asia and other major subregions, 1995-2005



SLIDE 6 ASIA LEADING IN THE GLOBAL ECONOMY

Asia occupies a premier position in the global economy. Recent economic growth in the region with close to 4 billion people has been by far the most rapid in the world. Output growth has been over twice the world average. There is, of course, great diversity within the Asian region but there is also growing interdependence. Workers are engaged in national labour markets that are linked through trade and investment to decisions taken in other countries. Asian countries are being linked in regional production systems driven by the operations of multinational enterprises and fuelled by technological progress. The regional labour market has been widening, with growing cross-border flows of Asian workers. Trade, investment and financial flows are increasingly intra-Asian.



THE CHALLENGE OF MORE AND BETTER JOBS

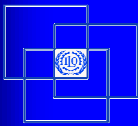
- Economic growth not matched by employment growth**
- Rising unemployment and under-employment, especially among youth and women**
- Employment concentrated in the informal economy and agriculture**
- Poor working conditions and OSH hazards**
- Growing insecurity in context of intensified competition and flexible work arrangements**



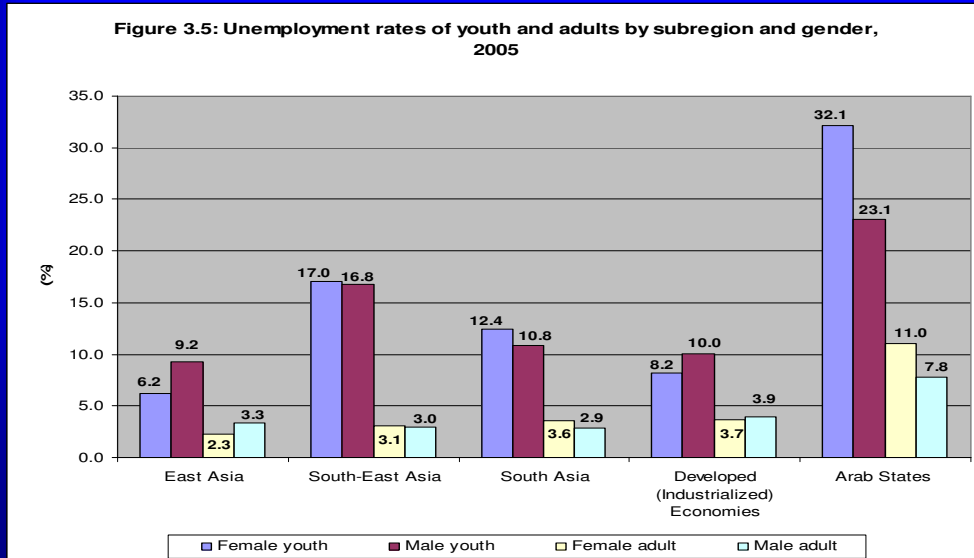
SLIDE 7 THE CHALLENGE OF MORE AND BETTER JOBS

The dynamic economic picture in the Asian region has not been matched by employment growth. Employment elasticities (the percentage change in new jobs created relative to the percentage change in GDP) have been low. Recent unemployment rates represent large increases over those prevailing five to seven years ago and typically well above the pre-financial crisis levels. More serious than rising open unemployment is under-employment. Most people are involuntarily working less than full time, taking jobs below their qualifications or relying on their manual labour in subsistence agriculture and the informal economy. The jobs challenge is enormous. At approximately 1.9 billion, Asia's labour force is huge and growing – by at least 14 per cent or 256 million over the next ten years. By 2015, Asia will be home to some 60 per cent of the world's total labour force.

Even when people have jobs today, their level of insecurity and uncertainty has increased in the context of intensified global competition and flexible work arrangements. Some 1 million Asian workers are killed annually by work related accidents and diseases. And social protection is largely absent for the huge numbers of workers in the informal economy.

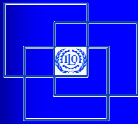


THE YOUTH EMPLOYMENT CHALLENGE



SLIDE 8 THE YOUTH EMPLOYMENT CHALLENGE

Perhaps the most worrying aspect of the jobs deficit is its impact on young people. The Millennium generation of young Asians who will be entering the labour force for the first time this century are the region's greatest asset but their potential is not being realized because they lack access to decent jobs. In 2005, Asia had over 48 per cent or 41.6 million of the world's young people without work. Young people are at least three times more likely to be unemployed than adults, and young women tend to be much more likely to be unemployed than young men. And when young people accept inferior jobs relative to their level of education or migrate overseas to find jobs, there is a serious waste of human resource investments by developing countries. Discouragement has been increasing; difficult labour market conditions are leading some young people, especially young women, to give up the search for a job and stay out of the labour market, even when they are able and willing to work if offered the opportunity. In Japan, for example, NEETS - those not in education, employment or training - are attracting attention as a growing potential problem. Increasingly, girls are doing better than young men in schools but still find it harder to enter, compete and do well in the labour market. Progress in closing the gender gap in employment and working conditions has been frustratingly slow.



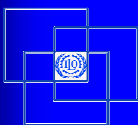
SEARCHING FOR JOBS ACROSS BORDERS

- Asian labour migration twice rate of growth of labour force in origin countries
- Flows increasingly intra-Asian
- Migrant workers concentrated at bottom and top of the employment ladder
- Feminization of Asian labour migration
- Smuggling and trafficking on the rise
- Growing numbers of irregular workers



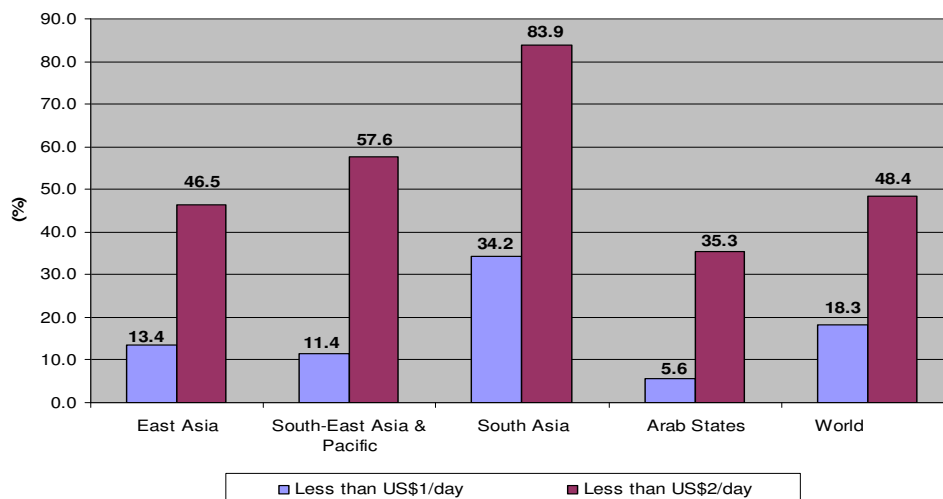
SLIDE 9 SEARCHING FOR JOBS ACROSS BORDERS

The search for jobs has resulted in millions of Asians, growing proportions of whom are women, on the move – from rural to urban areas and across national borders. An important feature of globalization in Asia is that labour migration has been growing at twice the rate of growth of labour force in sending countries, and is increasingly intra-regional. A strong feature is the feminization of Asian labour migration; women from the Philippines, Indonesia and Sri Lanka make up between 60 and 80 per cent of all migrants but they are heavily concentrated in domestic work. Of major concern is the fact that smuggling and trafficking have been on the rise and that as many as one out of every four migrant workers may be in an irregular status. Labour migration is an important way of achieving labour market complementation among Asian countries (balancing the supply and demand conditions between different countries in the region), but the challenge is how to manage labour migration so as to benefit both sending and receiving countries and to better protect the rights and equal treatment of migrant workers.



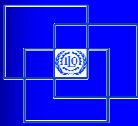
POVERTY IN ASIA

Figure 3.2: Working poor estimated to be below poverty line, 2005
(in percentage)



SLIDE 10 POVERTY IN ASIA

The lack of decent jobs is putting a brake on efforts to reduce poverty and achieve the Millennium Development Goal (MDG 1) of halving the proportion of people living below the per capita poverty threshold. It is true that Asia has also led the world in reducing poverty on a per capita basis and several countries have already achieved the MDG 1 well before the 2015 deadline. However, Asia is still home to three-quarters of the world's poor and "working poverty" (people who are engaged in paid work but are simply unable to earn enough to lift themselves and their families out of poverty) remains serious. Without efficient social protection schemes or social safety nets, most people cannot afford to be openly unemployed, they have to work in order to survive and support their families. The problem is not so much the absence of economic activity as the low productive nature of that activity and low remuneration. Most people are working and most likely working very hard and long hours – but in low productivity and precarious jobs where they do not earn enough to support themselves and their families. In 2005, some 84 per cent of workers in South Asia, 58 per cent in South East Asia and the Pacific and 47 per cent in East Asia did not earn enough to lift themselves and their families above the US\$2 a day poverty line.



GROWTH IN LABOUR PRODUCTIVITY

Region	Average Annual Growth 1995-2005
East Asia	6.5
SE Asia and Pacific	1.6
South Asia	3.3
Developed industrialized economies	1.4
Arab States	-0.1
Asia total	3.4
World	2.1



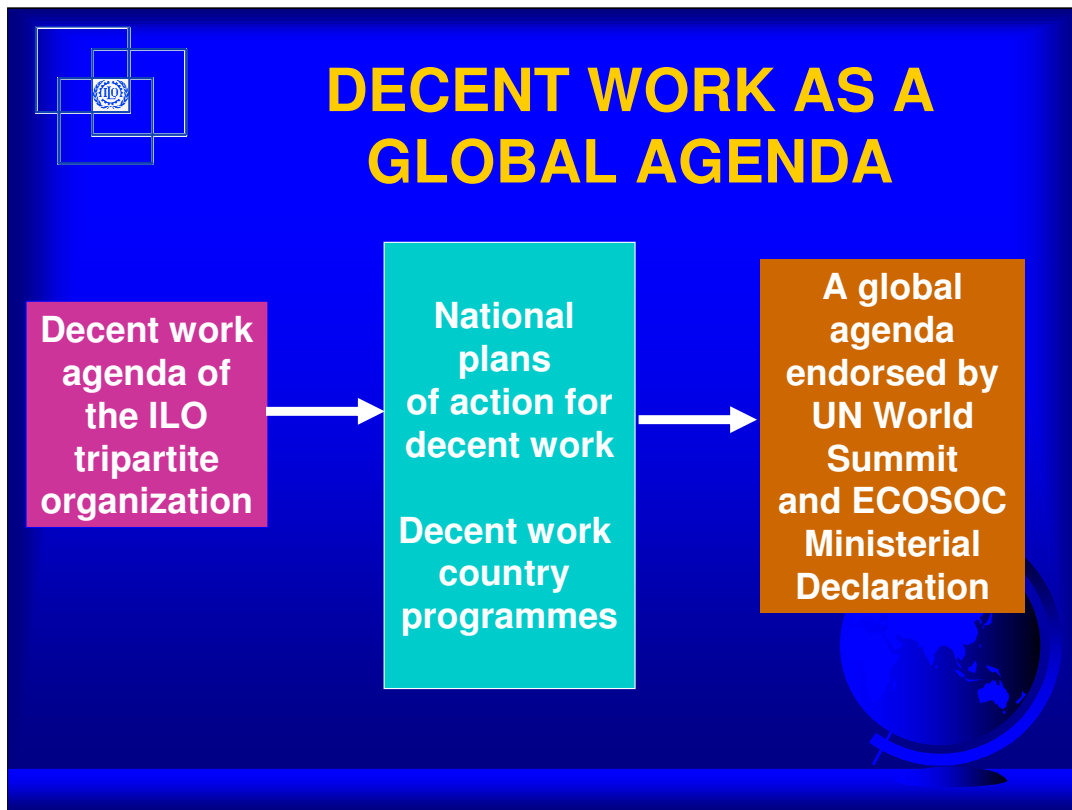
But uneven benefits to workers

SLIDE 11 GROWTH IN LABOUR PRODUCTIVITY

Productivity in general measures how efficiently resources are used. The basic definition of labour productivity is output or value added, divided by the amount of labour used to generate the output. Growth in labour productivity in Asia has clearly outstripped the rest of the world. We are interested in productivity gains for a number of reasons:

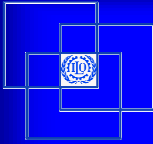
- productivity growth is the ultimate source of growth in living standards;
- productivity growth is the sustainable route out of working poverty;
- productivity growth is the basis of global competitiveness.

Between 1995 and 2005, labour productivity increased by some 40 per cent as compared to 14 per cent for the rest of the world. However, what is critical is how the productivity gains have been distributed between profits to owners of capital and improved working conditions and wages to workers. Thus far, the benefits have been biased against workers. In those countries that have been major exporters, there have been sizeable increases in real manufacturing wages, eg. Real manufacturing wages have more than doubled since 1990 in China where productivity has increased by some 6.3 per cent a year, while in some export-oriented East and Southeast Asian countries, they have increased by upwards of 30 to 40 per cent. However, wages have been flat in South Asia. Also, and importantly, productivity gains have not been translated into shorter working hours or improved working conditions. The concern is also that productivity increases and jobs can be and often are inversely related. Productivity increase is critical for maintaining the competitive position of Asian economies and enterprises, raising living standards and reducing poverty. But the challenge is how to promote productivity growth and competitiveness together with more and better jobs.



SLIDE 12 DECENT WORK AS A GLOBAL AGENDA

The Decent Work Agenda started as the institutional agenda of the ILO to respond better to demands of today. The Decent Work Agenda is a rights based and development agenda. The tripartite constituents, applied this agenda at country level, making decent work a national policy objective. And now the ILO's Decent Work Agenda has been raised to a global goal and an agenda.



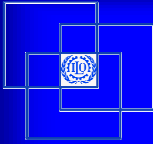
DECENT WORK: A GLOBAL GOAL

“We strongly support fair globalization and resolve to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of our relevant national and international policies as well as national development strategies including poverty reduction strategies, as part of our efforts to achieve the Millennium Development Goals. These measures should also encompass the elimination of the worst forms of child labour, as defined in the ILO Convention No.182, and forced labour. We also resolve to ensure full respect for the fundamental principles and rights at work”

Paragraph 47, Outcome Document United Nations World Summit

SLIDE 13 DECENT WORK A GLOBAL GOAL

At the United Nations World Summit in 2005, some 150 world leaders endorsed full and productive employment and decent work for all as a central objective of relevant national and international policies and as a specific goal in itself to help realize the Millennium Development Goals, particularly poverty reduction.



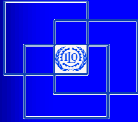
DECENT WORK: A GLOBAL GOAL

“We call upon the ILO to focus on the implementation of commitments regarding the promotion of full and productive employment and decent work for all at the major United Nations conferences and summits, including those contained in the outcomes of the 2005 World Summit and the World Summit for Social Development, in order to achieve significant progress in both policy and operational programmes, and in this regard we request the ILO to consider developing time-bound action plans to 2015, in collaboration with all relevant parties, for the achievement of this goal”

Ministerial Declaration of the High-Level Segment of UN ECOSOC


SLIDE 14 DECENT WORK A GLOBAL GOAL

The Ministerial Declaration by the high-level segment of the UN Economic and Social Council (ECOSOC) in July 2006 mainstreams decent work as a global goal into the regular activities of all UN organizations, and specifically calls upon the ILO to consider developing, in collaboration with all relevant parties, time-bound action plans to 2015 for the progressive achievement of this goal.



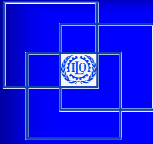
ASIAN DECENT WORK DECADE

“The tripartite constituents of the countries of the region commit to the achievement of specific decent work outcomes in accordance with their respective national circumstances and priorities, and to cooperate on specific initiatives at the regional level where joint action and sharing of knowledge and expertise will contribute to making decent work a reality by 2015”.



SLIDE 15 ASIAN DECENT WORK DECADE

At the recently concluded Fourteenth Asian Regional Meeting in Busan, Republic of Korea, the tripartite constituents committed to an Asian Decent Work Decade. They committed to the achievement of specific decent work outcomes in accordance with their respective national circumstances and priorities and to cooperate on specific initiatives at the regional level where joint action and sharing of knowledge and expertise will contribute to making decent work a reality by 2015. This timeline of 2015 corresponds to the timeline for achievement of the Millennium Development Goals.



DECENT WORK: A NATIONAL GOAL

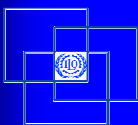
- Decent work the sustainable route out of poverty
- Countries set their own national agendas
- Central to the commitment to achieve the MDGs

No “one size fits all” strategy for
realizing decent work

But in all circumstances
Respect for fundamental principles and rights at work
Balance economic goals with social justice

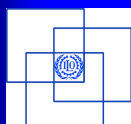
SLIDE 16 DECENT WORK A NATIONAL GOAL

Given the great diversity in the region, there is no “one size fits all” strategy for realizing decent work. Different countries, given their national realities, strive in different ways to achieve the goal of more and better jobs. But in all contexts and at all levels of development, there are principles and rights at work that can and should be respected. Social dialogue is the most effective way of achieving national consensus on the best policy combination for a country, including how best to balance economic goals with social justice and to make decent work a deliberate objective of economic and social policies. At the same time, there are certain aspects on which countries would find it effective to strengthen regional cooperation and better harmonize macroeconomic, trade, investment, labour and social policies and address issues of common concern, such as networking for human resource development, the management of labour migration and joint action to tackle natural disasters and crises. Certainly, Asian countries would benefit from better sharing of knowledge and experiences and the development of common statistical databases. The regional organizations of member States, such as ASEAN and APEC can go beyond trade and economic cooperation to incorporate social dimensions, productive employment and workers’ rights.



PRIORITIES IN THE DECENT WORK AGENDA FOR ASIA

- To promote productivity growth and competitiveness of economies and enterprises while ensuring the creation of decent employment and proper observance of labour standards, including occupational safety and health
- To eliminate child labour and promote decent employment for young women and men within a life cycle perspective of decent work



PRIORITIES IN THE DECENT WORK AGENDA FOR ASIA

- To improve the management of labour migration so as to benefit both sending and receiving countries and better protect migrant workers;
- To strengthen labour market governance, including through enhancing the capacity of the tripartite partners to participate effectively in governance structures;
- To extend social protection, in particular to uncovered workers in the informal economy.



SLIDES 17 AND 18 PRIORITIES IN THE DECENT WORK AGENDA FOR ASIA

The first challenge is to promote productivity growth and competitiveness together with growth of decent employment. An employment-intensive growth strategy would entail dual components of investing in the dynamic growing sectors of the economy, while building capacity in sectors where the majority of labour is employed. Dynamic sectors would include the service sector (which is the fastest growing in Asian countries but which encompasses from the street vendor or domestic helper in the informal economy to the provider of financial services) and also non-traditional activities in the agricultural sector.

There should be forward and backward linkages in the supply chain between fast growing sectors and those in which labour is dominant. What is needed is to give attention to the informal economy, remove constraints including the regulatory costs to private initiatives, and ensure the conducive environment for entrepreneurship.

What is also critical is to enhance the skills and employability of the labour force through appropriate training and lifelong learning. More and more countries are emphasizing the “knowledge economy” and “high performance work systems” which underscore the salience of human capital and its organization as a source of productivity growth and competitive advantage.

With 60 per cent of the world’s young people in Asia, it is obvious that youth employment is key to realizing decent work. To promote decent jobs for young women and men, it is important to consider intergenerational issues from a life cycle perspective. We should consider, for instance, the links between child labour, the MDG of education for all and youth employment – there is a cruel irony in the co-existence of child labour with youth unemployment and underemployment. It is also important to tackle the barriers young people face in making the transition from school to work, such as through programmes combining learning with work experience and measures to make education and training more responsive to labour market needs. In countries such as Japan facing a rapid ageing of the population, it is also important to consider how to bring together the experience and resources of older workers and the energy and innovation of the young.

A third component is the management of labour migration so as benefit both sending and receiving countries and better protect the rights and equal treatment of migrant workers. Action by individual sending and receiving countries or even bilateral arrangements are increasingly inadequate and there is merit in moving towards a more regional framework for migration. The Resolution passed unanimously by the International Labour Conference in June 2004 called for a “non-binding, rights-based” multilateral framework that would include principles for managing migration based on best practices. Such a regional framework could include human resource complementation among countries based on a realistic longer-term assessment of labour supply and demand in different countries and on a system of mutual recognition of skills qualifications and competency standards. Regional networking among relevant institutions could serve as the vehicle for organizing information exchange, training personnel, and for facilitating consultations between governments of origin and destination countries. To better protect migrant workers, there could also be documentation of best practices to develop a code of practice. Other elements of a multilateral framework would include measures to minimize fraud, abuses and malpractices and to encourage efficiency in recruitment; provision of social protection at all stages of the migration process; and, importantly, measures to promote the safe and efficient flow and effective use of migrant remittances.

The fourth element is to adapt or modernize labour market governance to realize decent work in the context of global production systems, intensified competition and the changing patterns of work and employment relationships. Countries have been increasingly seeking ILO assistance for labour law reform related to two main concerns. The first has been to bring labour legislation in line with ratified Conventions. In many countries, there is a positive trend towards giving effect to fundamental principles and rights at work. The second is to ease legislative protection concerning dismissals and accommodate the increasing diversity of working arrangements and employment relationships. Countries are responding to employers’ concern that without greater flexibility to hire and fire they will lose out to competitors

There is no clear evidence that across-the-board labour law reform or “deregulation” will improve labour market outcomes. Instead, well-designed, country-specific piecemeal reforms are needed that target the particular policies that may inhibit decent employment creation.

The challenge is to find an effective balance between flexibility, stability and security – a balance conditioned by respect for rights and negotiated solutions in dynamic labour markets and that takes into account the urban and rural informal economy. This balance cannot be found only through labour law reform; labour market governance structures and institutions are crucial. Stronger reliance on collective bargaining and social dialogue, backed up by effective systems of income support during unemployment and active labour market policies, would reduce the need for extensive legal provisions on employment protection. The review and reform of labour administration is also critical, including work inspection, labour courts and advisory, conciliation and arbitration services, so as to promote even-handed enforcement of the law and expand coverage to the most vulnerable workers in the informal economy and agriculture. A cornerstone of labour market reform is strengthened capacity of employers' and workers' organizations. Corporate social responsibility initiatives also fall within the scope of governance. CSR has become increasingly important in global production systems.

The final element is that of social protection. Limited social protection is one of the greatest decent work deficits in the region. The reform and extension of social protection through universal and community-based methods is the major challenge, given the significant proportions of uncovered workers in the urban informal economy and rural agriculture, as well as the problems posed by shifting patterns of employment, growing labour migration, rapidly ageing populations and new health hazards. Social protection refers to both statutory and private social security schemes, formal and informal. But it is the State that has a priority role in the facilitation, promotion and extension of coverage of social security; social protection is an indispensable part of government social policy.

To extend social protection and provide income security and access to health care to uncovered workers, there can be three complementary and interrelated approaches. The first is to extend existing social insurance schemes to the informal economy wherever possible combined with voluntary community-based and micro insurance schemes and other mechanisms. Where community-based schemes are implemented, the ILO emphasizes the importance of working towards linking these to national or provincial social security frameworks. The second approach is to strengthen national capacity to ensure sound financial management, good governance and adequate institutional arrangements. The third approach is to design and test new approaches and tools to reduce poverty based on comprehensive responses integrating social protection with employment promotion, microfinance,

small enterprise development and cooperatives and local economic development. All systems should conform to certain basic principles. In particular, benefits should be secure and non-discriminatory, schemes should be managed in a sound and transparent manner with administrative costs as low as practical and a strong role for the social partners.

Given that Asia accounts for about 3.78 billion out of the world population of 6.46 billion and almost 60 per cent of the world's labour force and that it is a leading region in the global economy, realizing decent work in Asia will go a way towards realizing decent work as a global goal. And Asia's significance is not just in terms of numbers. Asia can provide policy leadership and guidance – showing the rest of the world what works and how to make it work to achieve growth with decent jobs.

LLL

13 December 2006.