

Southeast Asia Launch of ILO Global Employment Trends Report 2011
28 February 2011

The International Labour Organisation (ILO) launched its Global Employment Trends (GET) report for 2011 globally on 25 January 2011. The ASEAN Studies Centre at ISEAS organised the GET 2011 Southeast Asia launch at ISEAS on 28 February 2011. Mr Steven Kapsos of the Employment Trends Unit at ILO, Geneva, and one of the authors of GET 2011, presented the global and regional overview, highlighting findings relevant to Southeast Asia. A more detailed analysis of the report's findings and recommendations specific to the region was presented by Mr Kazutoshi Chatani, technical officer for economic and labour market analysis, ILO-Jakarta.

Dr Aekapol Chongvilaivan, Coordinator of the ISEAS' Regional Economic Studies Programme, and Ms Moe Thuzar, the ASEAN Studies Centre's Lead Researcher for socio-cultural affairs discussed the economic and regional cooperation perspectives of the GET 2011 findings.

- Mr Kapsos prefaced his presentation on “**Global Employment Trends 2011: The Challenge of Jobs Recovery**” with a personal observation that having returned to Southeast Asia since being based in Europe that the development pace in this region is “dramatic” and “rapid” when compared to Geneva where he is currently located. The key findings of the report were outlined as follows:
 - **Unemployment remains elevated;**
 - **A recovery in growth that has not brought about a comparable recovery in employment;**
 - **Industrial employment hardest hit;**
 - **Growing number of discouraged youth;**
 - **Trends in labour productivity and real wages reveal pressure on employment quality;**
 - **Stagnating progress in reducing vulnerable employment and slowed progress in reducing working poverty;**
 - **An improved global economy, but downside risks predominate in 2011 and unemployment will remain high.**

For Southeast Asia and the Pacific, there has been “strong economic recovery but **quality employment** growth has been weak” with 2011 expected to see a **slowdown in growth** and little change in employment rates projected. The main challenges for SEA are **youth employment** and **generating sustainable productivity improvements**. These can be addressed by having coherent and robust **education and skills development policies** and **enhancing social protection and stronger links between productivity growth and wages**.

- Mr Chatani then provided a perspective on “**Labour Market Trends and Policy Areas in Asia**”. As far as labour market trends are concerned, the percentage point change in GDP growth has seen a strong recovery and employment growth has also risen in overall percentage terms. However, this is not across the board and there exists a “**two speed labour market recovery**” with the region divided into two distinct groups; the

Philippines, Indonesia, Malaysia, Singapore and Australia all experiencing rapid recovery as opposed to Sri Lanka, Japan and New Zealand, all with a slower employment recovery. Overall, unemployment has fallen but in some cases has not returned to pre-crisis levels. The problem of “**vulnerable employment**” (defined as own-account workers and contributing family workers) and **poverty** persists in the region except for East Asia, it is suggested that a shift is needed to “**income-led**” growth, similar to what East Asia experiences through its **high productivity growth**. Growth must be “**balanced**” and “**inclusive**” as outlined by the G20 Leaders in September 2009 and echoed by the ASEAN Leaders in April 2010. In order to **redress the balance** in Asia, policy must be directed to place greater emphasis on domestic consumption/investment to handle large current account surplus economies, and for the lower income countries in SEA, South Asia and the Pacific, a greater emphasis on intra-regional trade/integration, labour productivity growth (in an environmentally sustainable manner) as future economic growth will depend on labour productivity and **growth in jobs and incomes**. Finally, in concurring with the first presentation, a **greater commitment to education/skills and social protection** in developing Asia is required to close the gaps in development and reduce income inequality.

- Dr Chongvilaivan focused his discussion in the context of Southeast Asia and identified the following key trends:
 - Employment growth was modest in 2009-10 and way below the pre-crisis level, notwithstanding staggering output growth
 - A sectoral shift away from the manufacturing sector towards services sectors is observed
 - A significant increase in vulnerable employment (e.g. unpaid family workers, casual workers and own-account workers)
 - The region’s unemployment rate in 2011 is forecast to remain roughly the same

Another key issue of concern for Southeast Asia is the widening income gap between **skilled and unskilled** workers, and the **demand for skilled labour** surpassing that of an unskilled/labour intensive workforce. A further factor to consider for unskilled workers is the “**global imbalance**” that is likely to arise with the emergence of **China and India** in particular **competing with SEA’s** manufacturing sector workforce.

- Ms Thuzar, provided the ASEAN perspective, identifying areas from the GET 2011 findings and recommendations that could be implemented through the collaborative partnerships under ASEAN cooperation in labour and employment. She observed that regional cooperation faced certain challenges in view of the gaps (in the economic development) between ASEAN member states; and the need to balance **national interest and regional priorities** with the availability of resources to implement policy necessities. These all highlight the very complex, **cross-cutting nature of labour issues in ASEAN across the three Community pillars**. Cooperation in labour and employment falls under the ASEAN Socio-Cultural Community, but it also has economic and political implications. The policy responses that are adopted therefore have additional importance. Ms Thuzar then suggested the following areas for further discussion by the ASEAN senior officials on labour:

- Provision of appropriate training and education opportunities, and access to these opportunities;
- Building an adequate “social floor” to ensure people’s security and a sense of community
- Addressing vulnerable employment and the working poor – ways and means to provide more labour intensive jobs that can increase competitiveness and output.

The issue of labour mobility under the ASEAN Economic Community framework was also discussed and the plan for free flow of skilled labour starting 2015. Again the importance of education and skills development was highlighted: these must be appropriate to the development needs of each country.