

INTERNATIONAL LABOUR OFFICE

**Follow-up to the World Summit  
on Social Development**  
Report on the Asian Regional Consultation

Bangkok, Thailand  
13-15 January 1999



ILO Regional Office for Asia and the Pacific

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# Foreword

The Asian Regional Consultation on Follow-up to the World Summit for Social Development provided a regional forum on progress made and problems encountered in implementing the commitments of the Copenhagen Declaration on Social Development. Representatives of governments (ministries of labour and planning agencies) and employers' and workers' organizations from 12 Asian and Pacific countries gave particular attention to the goal of full employment as a basic priority of economic and social policies.

The Consultation took place amidst a financial crisis that had sent rates of unemployment to alarming heights in several countries of the region. An ILO background report, *Towards Full Employment: Prospects and Problems in Asia and the Pacific*<sup>1</sup>, set the scene for debate.

Participants focused on four broad issues: (1) achieving full employment; (2) enterprise promotion and human resources development; (3) the relationship between employment and social dialogue; and (4) integrating employment concerns into development planning. In the closing plenary they endorsed a statement of common understanding on each of the four topics.

The Asian Consultation was the first in a series of regional meetings to lay the groundwork for the International Consultation on Follow-up to the Copenhagen Declaration on Social Development, which the ILO will organize in November 1999. Our Organization has a lead role in carrying out the social agenda and bears special responsibility for the attainment of full and freely-chosen employment. The outcome of the Asian Regional Consultation and subsequent Consultations should therefore figure prominently in the United Nations review of the first five years' follow-up to the Declaration in the year 2000.

Mitsuko Horiuchi  
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responsible for ILO activities  
in Asia and the Pacific

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<sup>1</sup> Available from the Regional Office for Asia and the Pacific or at the Office's website (<http://www.ilo.org/asia>).

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# Proceedings

The Asian Regional Consultation on Follow-up to the World Summit for Social Development was held in Bangkok, Thailand, from 13 to 15 January 1999. It was the first of a series of regional meetings being held in preparation for a tripartite international meeting scheduled to take place in Geneva from 2 to 4 November 1999 to review action taken in response to the Copenhagen Declaration on Social Development, particularly Commitment 3 of the Declaration concerning full employment and results achieved at the national level.

The Consultation was attended by 46 participants from 12 countries, among them 21 Government representatives from ministries of labour and agencies in charge of development planning, 12 Employer representatives and 13 Worker representatives. Representatives of the International Monetary Fund (IMF) and the World Bank also attended the Consultation, as well as a number of other expert resource persons. Representatives of four international employers' and workers' organizations and six intergovernmental organizations, including the Asian Development Bank (ADB), the United Nations Economic and Social Commission for Asia and the Pacific, the UNDP and other UN agencies, and other interested countries, attended as observers.

The Consultation comprised four technical sessions, with the following themes: "Towards Full Employment in the Asia-Pacific Region (including a focus on the Asian Financial Crisis)", "Enterprise Promotion and Human Resources Development", "The relationship between employment and social dialogue" and "Integrating Employment Concerns into Development Planning". These sessions were followed by tripartite working groups which discussed each of these themes in greater detail, with the aim of reaching a common understanding.

## Opening session

Opening the meeting, the Assistant Director-General responsible for ILO activities in Asia and the Pacific pointed out the importance of the 1995 World Summit for Social Development, and recalled that for the first time in history, the heads of States and Governments had gathered to commit themselves to the goals of social development and "human well-being for all" in the Copenhagen Declaration on Social Development. Follow-up to the Summit was particularly relevant for employment planners in view of the central role to be attributed to employment in sustainable development strategies and economic and social policies. This regional consultation aimed at providing input to the ILO's International Consultation concerning the Follow-up to the World Summit for Social Development, to be held from 2 to 4 November 1999 in Geneva.

Turning to the agenda of the meeting, she highlighted the significant changes that had taken place in Asia, in particular the recent financial crisis in East and South-East Asia and its negative impact on employment and incomes, since the Social Summit. The financial crisis was evidence of how far globalization had advanced, especially in East and South-East Asian countries. As the Summit called for proper management of the process of globalization and the mitigation of its negative impact, the recent experiences in Asia would be important in assessing the implementation of the Copenhagen Declaration. The crisis had also shown that social stability was a prerequisite for economic growth. Moreover, the crisis had highlighted the importance of sound labour market institutions and safety net systems, independent workers' and employers' organizations, and international commitment to fundamental human rights. In this context, she recalled that the ILO, at a regional meeting on the financial crisis held in April 1998, had been called upon to "make available all possible assistance to improve compliance with the seven fundamental Conventions". Finally, she expressed her hope that the regional consultation would provide a forum for ideas and actions leading

to positive changes.

An official of the Regional Office for Asia and the Pacific, on behalf of the Assistant Director-General of the ILO responsible for technical programmes, welcomed participants to the regional consultation, as a continuation of the well-established tradition of employment planners' meetings and as a major component of the ILO's preparations for the review of the follow-up to the World Summit for Social Development. Referring to the historical importance of the Social Summit and its particular significance to the ILO, he underlined the ILO's intention to contribute fully to the review of progress made in implementing the Copenhagen Declaration. While the focus of the regional consultation would be on employment issues, it was important to bear in mind the complementary objective of safeguarding basic human rights. A major step taken by the ILO in this regard was the adoption by the 86th Session of the International Labour Conference in June 1998 of the ILO Declaration on Fundamental Principles and Rights at Work. The Declaration gave the ILO and its tripartite constituents an important new instrument to promote the objectives of social progress adopted in Copenhagen, of which the goal of full employment was a crucial element. The reaffirmation of this goal was an unequivocal endorsement of the ILO's position that full, freely chosen and productive employment must be the cornerstone of any strategy to combat poverty, inequity and social exclusion.

Recalling the findings of the ILO's *World Employment Report 1998-99*, he pointed out that almost one-third of the world labour force was unemployed or underemployed, and that unemployment had either risen or remained at high levels in a wide range of countries in the region. This reversal, after over a decade of employment growth, had triggered growing concern over social exclusion. In this situation, it was understandable that the discussions at the meeting would focus on restarting growth and increasing national competitiveness. However, he urged participants to also pay special attention to appropriate social policies, without which economic growth would be prejudiced and injustice perpetuated. He therefore hoped the discussions would address such issues as labour market programmes and mechanisms, particularly training systems and employment services, social protection and social dialogue among governments and independent employers' and workers' organizations with a view to generating employment and enhancing productivity.

Mr Thamarak Karnpisit, Chief Executive Planning Advisor, National Economic and Social Development Board (NESBD) of Thailand, outlined measures taken by the Government of Thailand to deal with the impact of the sharp economic downturn since 1997. As a response to the crisis, Thailand had established both short-term and long-term measures with a view to restoring overall confidence. The current Eighth Economic and Social Development Plan of Thailand advocated a people-centred, holistic approach. Similarly, the financial crisis should be regarded as a human crisis rather than a merely financial or economic one. Appropriate macroeconomic measures were important, but not sufficient to alleviate human suffering. Consequently, the National Social Policy Committee, chaired by the Prime Minister, had set up a policy framework that took into account all these aspects. Short-term measures were planned, focusing on mobilizing Thai society as a whole to take initiatives to overcome the crisis; promoting partnerships at all levels; promoting participatory decision-making; fostering transparency and a culture of trust; implementing H.M. The King's theory for self-reliance; and monitoring progress and identifying successes and weaknesses. Key elements of the long-term strategies included reform of the public sector, education, governance, finance and taxation, law and legislation, civil society, academic institutions, the media, and the private sector. Recalling the speech of the President of the World Bank at the Board of Governors' Meeting in October 1998, he stressed the need for transforming the whole society in the process of achieving sustainable development. The translation of the policy framework into a concrete plan of action was therefore of paramount importance to the Government. In conclusion, he called upon the international community to collaborate in building a partnership for a holistic, people-centred approach to development with a view to overcoming the global economic crisis.

Mr Jongchai Thiengtham, Deputy Minister of Labour and Social Welfare, Thailand, opening the regional consultation, recalled the progress that had been made in many countries in the region

towards full employment at the time of the Social Summit. In Thailand and elsewhere, generating jobs on the basis of macroeconomic and outward-oriented growth strategies had proved to be fundamental in reducing poverty and raising standards of living. However, for a truly open economy, export orientation alone was not sufficient. Inward openness and preparedness were just as important, but many countries in the region had not been adequately prepared for openness, in particular as regards mechanisms and institutions of social protection and social security, and the promotion of social dialogue. The financial crisis had shown that mechanisms needed to be established to ensure the protection of the employed, as well as the unemployed, in times of economic downturn. The experience of more successful economies was useful for developing more effective social institutions, although each country should develop its own models. In response to the social impact of the economic crisis, the Government of Thailand had introduced several measures aimed at promoting and creating employment. Various initiatives were under way with the support of, and in cooperation with, the international financial institutions and international organizations such as the ILO, including such issues as job creation, skill development, minimum wage decentralization, unemployment insurance, occupational safety and health reforms, and industrial relations.

As a result of the current economic situation, employment was rightly beginning to be viewed as a policy priority in its own right, not just as an automatic outcome of economic growth. He was therefore pleased to see the wide range of issues relating to the employment challenge that were to be discussed at the regional consultation by development planners and the tripartite constituents, with a view to integrating employment policies and programmes into a country's overall development strategy. He welcomed the strong emphasis on the role of social dialogue, which was crucial in times of economic downturn. Finally, Mr Thiengtham called upon the ILO and the other international organizations to engage in close dialogue with national partners, and to continue promoting pragmatic and collaborative support.

## **Presentation of the ILO technical report**

An ILO expert summarized the analysis and key findings of the technical report prepared for the meeting by the ILO, *Towards full employment: Prospects and problems in Asia and the Pacific*. He noted that, in view of the diversity of countries in the region, no uniform criteria could be used to judge full employment. Unemployment rates were a useful indicator for countries where regular wage employment in non-agricultural sectors was dominant, but multiple indicators were required for countries where self-employment and casual wage employment predominated. However, declining gender inequality and falling child labour incidence were universal indicators of progress towards full employment. In terms of economic growth, the countries of the region had indeed been dynamic, compared with experience elsewhere, for over two decades until the onset of the Asian financial crisis in 1997. Despite this, the impact on employment had been less significant. Few economies had achieved near-full employment, while in many others, both industrialized and developing, overall employment conditions showed no real improvement. Moreover, recent developments threatened to undo even the modest progress made towards full employment and the alleviation of poverty. Outside the countries directly affected by the crisis there were also serious threats to the employment situation. Several weaknesses could now be identified in past policies, including the slow growth of regular wage employment in the modern sector, import-substitution strategies that favoured capital-intensive industries, labour policies that caused rigidities in the organized labour market, a limited perspective on the importance of growth of small and medium enterprises (SMEs), and neglect of gender inequalities.

He pointed out that the "East Asian model", based on outward-oriented growth strategies, macro-economic stability, flexible labour markets and human resources development (HRD) had been the inspiration for reforms in the transition economies and South Asia. It was therefore particularly important to consider whether the Asian financial crisis called for a revision of this approach. He

concluded that the approach remained valid, but acknowledged that the crisis had exposed some basic weaknesses of the East Asian model and had clearly revealed that globalization brought threats as well as opportunities. In relation to macro-economic stability, the challenge for the future was to design policies that could restrain volatile short-term capital flows, while still retaining openness to trade and foreign direct investment (FDI). Most immediately, however, the problem was to revive growth in the crisis-affected countries and sustain growth throughout the region. In addition, several countries faced the challenges of placing a renewed focus on agriculture and of restraining high rates of population and labour force growth. Turning to the issue of flexible labour markets, he said that the main policy challenges were to devise mechanisms for sustaining flexibility, especially through the enhancement of social dialogue, and to promote labour market flexibility without impairing workers' security of livelihood. Concerning , emerging problems included making HRD institutions responsive to changing demand conditions, developing the skills of informal sector workers, and finding adequate resources for skill development programmes. Particular attention should be paid to the development of SMEs, by defining an appropriate regulatory framework, improving conditions of work and forging linkages with large enterprises. Finally, he emphasized the need for action to combat gender inequality, by closing legislative loopholes that enabled discriminatory practices to continue, by improving women's access to skill development, labour market information and social security benefits, and by giving greater focus to women's empowerment.

## **Achieving full employment in the Asia-Pacific region**

The first technical discussion on achieving full employment with special reference to the Asian financial crisis, was introduced by an ILO expert. He pointed out that the endorsement of the goal of full, productive and freely chosen employment at the World Summit for Social Development was a recognition of the ILO's Employment Policy Convention, 1964 (No.122). The Copenhagen Declaration had also endorsed a universal appeal to "pursue the goal of ensuring quality jobs and safeguard the basic rights and interests of workers and, to this end, freely promote respect for relevant ILO Conventions including those on the prohibition of forced and child labour, the freedom of association, the right to organize and bargain collectively, and the principle of non-discrimination". It had recognized that employment should be a central issue in policy formulation, with full participation of employers and trade unions and other sectors of civil society. The Declaration had also stressed the need to promote equal treatment of women and men in employment. The review of the progress towards full employment of the Asian and Pacific countries should be undertaken in that context.

The structural weakness of the economy and labour markets in the region was a major constraint to improving employment performance. Structural change, especially the economic transformation from agriculture to industry and services, had become a continuous process and its further smooth operation depended not only on good governance and effective social dialogue, but also labour market reform in order to improve productivity and international competitiveness. However, it should be recalled that Asia was still a developing region with almost two-thirds of the world's poor and considerable unemployment and underemployment. Programmes to enhance agricultural productivity and rural regeneration, and to improve productivity, conditions of work and social protection in the informal sector, were therefore major priorities. An effective strategy was required, not only for developing an educated and more efficient labour force, but also for resolving the mismatch in labour markets through effective training and retraining, and through the provision of more effective employment services. Gender discrimination was another labour market issue that had to be addressed in order to improve employment performance in the countries of the region. A second major constraint to improving employment performance was an inadequate social foundation, in terms of promoting tripartite consultation and participation. The human suffering now being experienced as a result of inadequate of social safety nets in the countries most affected by the Asian financial crisis could be traced in part to weak social institutions and tripartite consultation mechanisms, and to insufficient attention to social protection and social justice.

A number of policy lessons could be learned concerning the follow-up to Commitment 3 on promoting full employment. Firstly, despite the effects of globalization, national policy responsibilities remained important in relation to structural reforms in order to achieve sustainable employment growth and alleviate poverty; investment in the development of human resources and enterprises; and national policies for improving enterprise and investment performance. The second major policy lesson concerned the increasing role of social dialogue. The establishment of effective social dialogue was essential not only for safeguarding workers' and employers' basic rights and equity, but also for ensuring the efficient functioning of the economy, through the implementation of a moderate wage policy, an effective mechanism to handle industrial disputes, and support to structural and labour market reforms such as privatization, changes in social welfare schemes and implementation of labour market policies. Social dialogue had enabled several Asian countries affected by the financial crisis to reach consensus on measures for accelerating economic recovery and mitigating social consequences. Its contribution to improving employment performance depended, however, on the national legislative framework, development of tripartite institutions, compliance with international labour standards, and strengthening of the democratic institutions necessary for good governance.

Dr W. van der Geest, of the European Institute for Asian Studies, underlined the urgency of concerted international initiatives in responding to the Asian financial crisis, in view of its widespread effects. He noted that there was broad agreement on the causes of the crisis, principally the appreciation of real exchange rates, current account deficits, volatile private capital inflows and imbalances in the private sector. These reflected a failure of financial governance of the South-East and East Asian economies. Loss of confidence, compounded by vulnerability to short-term borrowing, had accelerated the spread of the crisis. While the changes in GDP growth confirmed the severity of the crisis, these figures did not capture the full extent of its social impact, which had been most severe in Indonesia. He highlighted the need to focus on the problem of corruption, in both the private and public sectors, which entailed various forms of economic costs. There was an important role for civil society in preventing and tackling corruption, and its capacity to do so needed to be strengthened. Workers' organizations had a role to play in this regard and now had to consider taking a more active role on issues of economic reform and financial governance. The impact of the crisis on Japan and the European Union was complex, but exposure of their banks to potential bad debts in Asia, and a major decline in exports to the region, were important adverse effects. The value of imports from the crisis-affected countries had not decreased, despite the devaluations against the European currencies. Dr van der Geest, in concluding, pointed to a potential conflict of interest within the global financial system. The IMF, for example, since it was the lender of last resort in the international financial system and at the same time responsible for deciding whether lending of last resort was needed, might limit information disclosure on the state of an affected economy until a "bail-out package" had been negotiated. The ADB, for its part, might hesitate to give a critical assessment of the economy of a client country if this could affect the creditworthiness of the Bank's lending and therefore raise the costs of its own borrowing.

The representative of the World Bank, Dr J. Middleton, congratulated the ILO on the reports prepared for the meeting. He emphasized that the Asian financial crisis was in fact a human crisis, to which the World Bank was responding through efforts aimed at job creation, keeping children at school and building the capacity of communities to protect their members. Turning to the specific issue of education and training, he called for more investment in secondary and higher education in the medium term, in parallel with continued efforts to universalize primary education. He emphasized that education was a path to more and better jobs, through higher productivity and earnings. Secondary education should not be either narrowly vocational nor traditionally academic, but rather should ensure the new basic skills that employers looked for, and especially the skills to continue learning. However, the Thai experience, and that of other countries, had also demonstrated that education and skills had to be combined with appropriate policies for macro-economic stability, an open trade regime and strong financial sector regulation, which enabled skills to be put to productive use. In the short term, the contributions of education and training to expanding employment were less

certain. He cautioned that retraining displaced workers for new occupations was generally not an effective use of public funds, partly due to the low levels of basic education and low geographical mobility of displaced workers, combined with the limited knowledge of public training institutions about changing occupations and the skills needed for new jobs. The active involvement of employers, and cooperation of workers' organizations and governments in planning and delivering retraining programmes, tended to increase their usefulness. None the less, other forms of assistance, such as job search and labour market information that sought to make labour markets more efficient, were generally more cost-effective than training.

The representative of the International Monetary Fund, Mr K. Saito, considered that the worst of the Asian financial crisis was over. While the situation varied from country to country, in general no further major decline in economic activity was foreseen. However, the challenges still confronting countries in the region demanded that the reform process be continued. He explained that the IMF prescriptions for affected countries, especially high interest rates, were essential and indeed a normal short-term response to financial crisis. Finally, he reaffirmed the IMF's concern for the employment, labour and social issues related to the crisis. The IMF had been working with governments to develop social safety nets and to strengthen the framework for social dialogue, and had shown flexibility in adjusting its fiscal targets so as to promote progress on these issues. The IMF did not have expertise on social issues and therefore sought to collaborate with other institutions, including the development banks and the ILO.

The representative of the Ministry of Labour and Social Welfare of Thailand, Mr Paisal Prathiporn, noted that unemployment rates in Thailand had more than doubled following the Asian financial crisis. In response, the Government had established employment centres in Bangkok and 75 provinces, to assist workers who were laid off. A National Committee on Unemployment Alleviation had been established, chaired by the Prime Minister. Measures to alleviate unemployment included rural employment creation, promotion of overseas employment, industrial employment promotion and career orientation services. However, it was expected that the unemployment rate would continue to worsen in 1999 and would remain high for some time. The Government had set aside US\$375 million for job creation measures, including funds from the IMF, the World Bank and the ADB, with a target of 1.5 million jobs to be created in 1999. A return to full employment would need accelerated economic growth, coupled with measures to promote small and medium enterprises, HRD in accordance with labour market demand, application of core labour standards, self-employment promotion and other measures.

The representative of the Planning and Development Division of Pakistan, Mr T. Hassan, emphasized the importance of the universal commitment towards full employment in the Copenhagen Declaration. Even in the high growth economies in the Asia-Pacific region, this had been difficult to achieve and much employment growth had comprised self-employment with a poor asset base, and casual and unprotected wage employment. He noted that the affected countries had responded differently to the Asian financial crisis and looked forward to seeing the results of these different approaches. In Pakistan, even before the crisis the economy had been unable to generate sufficient employment to absorb labour force growth, with the result that open unemployment and underemployment had risen and labour force participation had declined. These problems could be exacerbated by the effects of globalization in turning disguised unemployment into open unemployment, and by inability of employment growth to match population growth. The Government of Pakistan had adopted an export-oriented industrialization strategy which, together with an emphasis on labour-intensive investment programmes, promotion of small and medium-sized enterprise (SME) development and an emphasis on HRD and skill training, would lead to higher levels of employment generation and economic growth. This, together with improvement of workers' productivity, was an innovative response to poverty alleviation.

Mr B. Noakes, speaking on behalf of the employers, expressed reservations that the organization of the meeting would not enable sufficient discussion of the substantive issues. The technical report prepared by the Office provided a useful presentation of these issues, although some

aspects would have benefited from a deeper economic analysis. He regretted, however, that it did not make more of previous discussion of those issues at the Asian Regional Meeting, in December 1997, and at the High-Level Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries, in April 1998. It was also unfortunate that the paper had referred to criticism of IMF policies without indicating who had criticized them or why, and without proposing alternative policies. In addition, the paper incorrectly characterized part-time employment as necessarily precarious, whereas it should not be assumed that it could be turned into full-time employment. On the other hand, its treatment of many issues including globalization, labour-market flexibility, the informal sector, social dialogue, migration and the promotion of small and medium enterprises had been helpful. The background paper had properly drawn attention to the importance of agriculture, in which up to 60 per cent of workers were involved in some countries in the region.

He recognized that full employment could only be achieved if there was sustained growth. Liberalization of the world trading system should be pursued and ASEAN countries should not abandon their liberalization policies on account of the crisis, although they needed to address the problems related to the volatility of short-term capital. Appropriate policies were needed on the issues of population growth and HRD. Enterprise development remained a chief priority and governments should provide a conducive environment for such development. Priority should also be given to increased labour market flexibility, social dialogue, sound labour relations and the strengthening of employers' and workers' organizations. Increased social protection, he recalled, presupposed economic recovery. Although social protection was of great importance, some economies in the region would therefore be unable to provide such protection in the short term, as had been pointed out in the conclusions of the Asian Regional Meeting in December 1997.

Mr Z. Rampak, speaking on behalf of the workers, pointed to the hardship faced by workers because of the financial and economic crisis in Asia, which had already led to the loss of 30 million jobs, and emphasized that the workers did not share the IMF's opinion that the worst of the crisis was over. He urged the social partners and the ILO to take a proactive role to ameliorate the crisis. Action at the national level was needed to implement Commitment 3 of the Copenhagen Declaration adopted by the World Summit for Social Development, and ILO Convention No. 122, relating to the goal of full, productive and freely chosen employment. Country-specific distinctions needed to be made between unemployment and underemployment, taking account of prevailing standards of living and national aspirations of the individual countries. In the face of the "globalized economy", characterized by increasing disparities in incomes and living standards between the developed and developing countries, in which multinational enterprises played an influential role, ILO member States urgently needed to achieve a more workable balance between sustainability and growth. There was a need not just for more jobs, but for better jobs, paying adequate wages. In the wake of loss of employment and income, governments needed to control the cost of essential goods and services such as food, housing, transport, education and health care, to control profiteering and to eliminate monopolies.

While acknowledging the contribution of multinational enterprises in generating employment, he pointed out that more needed to be done to improve their compliance with core labour standards. Small and medium enterprises were also important in generating employment, and governments should create funds to promote their growth. In the context of creating quality employment, he advocated the creation of a fund to assist in training and retraining. The financial crisis had underlined the importance of social dialogue, and particularly consultation with workers, on issues such as enterprise restructuring through retraining as an alternative to the last resort of retrenchment. The tripartite National Economic Action Council of Malaysia offered a good example of such consultation.

The Workers' spokesperson supported the initiative of the Malaysian Government to safeguard jobs by controlling capital flows, and to reduce interest rates without risking currency depreciation. However, control over capital flows could provide only temporary relief and a new global financial architecture was needed to curtail the negative impact of currency speculators. The IMF's policies, on

the other hand, by raising interest rates, reducing credit and eliminating jobs, neither created employment nor eradicated poverty. Moreover, the cost of IMF loans was very high and he urged other credit institutions such as the World Bank and the ADB to make more development funds available at an affordable cost. Overseas Development Assistance should be made available to countries that were in need of such support. He also called for transparency and accountability to the social partners in decision-making on development loans. Finally, Mr Rampak expressed the hope that the regional consultation would produce clear recommendations for measures to combat the crisis.

The representative of the Ministry of Labour, Japan, agreed with the panelist from the World Bank that the purpose of education was not to teach particular skills, but to impart the ability to learn.

Mr A. Agarwal, Employers' representative, India, commenting on the panelist from the Workers' group, said that multinational companies should not be perceived so negatively, since they paid higher wages, increased domestic investment, and encouraged technological change.

The representative of the Ministry of Labour, India, complimented the ILO on the technical report. He observed that a major factor contributing to unemployment and underemployment, and resulting in high internal migration, was a skewed distribution of regional resources. This needed correction.

Mr T. Suzuki, Employers' representative, Japan, said that "full employment" and a low rate of unemployment seemed to be treated as synonymous. Japan's low unemployment rate had been supported by a traditional sector offering employment at lower wages. While "full employment" implied no involuntary unemployment, "total employment" suggested that all those seeking an income achieved some gainful employment. In spite of certain shortcomings, "total employment" could be a temporary policy expedient to avoid social unrest. It could also allow employment planners to prepare viable social safety nets. The IMF's demand for scrutiny of economies might ignore the social safety nets available in some Asian economies.

An observer of the International Confederation of Free Trade Unions - Asian and Pacific Regional Organisation (ICFTU-APRO) pointed to a lack of dialogue between workers and management in Pakistan, leading to a crisis of employment in key public sector corporations. He deplored the lack of social safety nets in the countries most affected by the East and South-East Asian crisis, arguing that the major causal factor was a lack of liquidity. To alleviate this, the ICFTU proposed the setting up of an Asian Monetary Fund, endowed with US\$200 billion.

Mr Young-mo Yoon, Workers' representative, Republic of Korea, said "full employment", the theme of the technical report, might appear inappropriate in the face of the crisis, which had exposed fundamental structural problems in every economy. He asked what was meant by "labour market flexibility". In his opinion, labour market flexibility in the Republic of Korea was interpreted as the ability to sack workers. He criticized the IMF's policy prescription for countries to increase exports as a way to overcome the crisis as unworkable in the Republic of Korea, since 50 per cent of its exports were to other Asian countries which were simultaneously reducing imports. "Western" approaches were unsuitable and a more holistic approach was needed. The panelist from the European Institute for Asian Studies, Dr van der Geest, had shown mismatches in capital market liberalization, with the problematic countries being the ones that had opened up their short-term borrowings. Mr Yoon asked if the IMF would now recommend a different kind of liberalization. The Employer spokesperson, Mr Noakes, said that the problems of the Republic of Korea were due not to globalization or liberalization, but were internal and structural in nature. Mr Saito said that the IMF was aware of criticism of its policies, and was reviewing these policies very seriously. Dr van der Geest said that one lesson of the Asian crisis was that while traditional liberalization had a long history and theory, financial liberalization did not.

The representative of the Ministry of Labour, Manpower and Overseas Pakistanis, Pakistan,

argued that full employment presupposed consumer demand for the product or service of employed workers. If there was no demand, unproductive employment should be terminated. Measures should be taken, through social dialogue, to eliminate corruption and inefficient work practices. Governments might need to intervene where the social partners were not flexible enough to implement change smoothly. In response to the ICFTU comment on retrenchment in two of Pakistan's public sector corporations, he hoped that the remedial measures adopted by the Government would be successful. The Government would, as always, ensure that workers' rights were fully protected.

## **Enterprise promotion and human resources development**

The Panel Chairperson, Dr L. Mishra, Ministry of Labour, India, said that HRD should be seen not simply as skills training for employment, but also in a broader context of economic and social development. He stressed the need to link HRD with human development, to equip and empower people to participate actively in economic activities. He also emphasized the importance of access to training and retraining for all people, and the need to create a culture of lifelong learning. He mentioned the difficulties of implementing HRD policies and programmes in an environment of rationalization and displacement of employment opportunities, but emphasized their value as a safety net. He also mentioned the findings of the ILO's *World Employment Report 1998/99* and, in particular, the need for greater investment in skill development and training and for providing workers with a broader range of work skills such as the ability to work in teams and to use information technology. Lastly, he underlined the complementarity between enterprise promotion and HRD, and stressed the need for countries to facilitate the development of an "enterprise culture".

An ILO expert introduced the session by pointing out the close inter-relationship between enterprise promotion, HRD and quality employment creation, together with the key integrating themes of enterprise competitiveness and productivity. In particular, he stressed the strong correlation between national productivity and employment levels. He went on to mention that enterprise competitiveness, which directly affected productivity, depended on a range of factors including the skills and abilities of management and, increasingly, the quality of the workforce.

In discussing the impact of globalization on Asian economies, he emphasized the importance of flexibility and the need for new management and workforce skills. The changing business environment was creating enormous threats as well as opportunities, and the new challenges facing both policy makers and enterprises required them to search for more innovative ways of gaining competitive advantage. In discussing the implications for employment creation through enterprise promotion, he stressed the need to think beyond narrow domestic and enterprise-level considerations, and focus on supply chains, production networks, global commodity chains and international agreements on trade, environment, labour and other issues.

He also raised a number of issues relating to SMEs, the source of 80 per cent of new jobs, and most existing jobs in all developed countries. He noted, however, that in Asia the full potential contribution of SMEs remained to be tapped. He stressed the ILO's recognition of the role of SMEs in employment creation, as reflected in the *Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998* (No. 189). He then described the ILO's International Small Enterprise Programme (ISEP) and emphasized the need to support the development of an enterprise culture, including an appropriate policy and regulatory environment. He also mentioned the special challenge provided by the informal sector, which had become even more important during the Asian financial crisis.

Turning his attention to HRD, he pointed out that the increasingly competitive and fast-changing world of work, together with rapid changes in technology, had created enormous demands for a multi-skilled, adaptive and innovative workforce. These demands posed unique challenges to

HRD policies and systems, in terms of relevance, effectiveness and flexibility, particularly in the context of resource shortages. He described the changing role of governments, which are increasingly seen as facilitators rather than providers of training. He also emphasized the need to involve the private sector in training, through involvement in the governance of training institutions, incentives for in-plant training, voucher schemes and so on. The need to ensure a “fit” between HRD systems and labour market realities meant reorienting training institutions to include an emphasis on entrepreneurship, multi-skilling and management, rather than narrow technical skills. He highlighted the need to find cost-effective and innovative ways to upgrade skills in the informal sector, suggesting that strengthening informal apprenticeships and group-based skill upgrading through associations could be useful in this respect. It was also vital to provide adequate basic education as the basis for an effective HRD system as the foundation for lifelong learning and a trainable workforce. Closer links should be forged between educational institutions and enterprises with the help of employers’ and workers’ organizations.

He concluded by raising several issues for possible discussion by the meeting: the SME potential for quality job creation; the need for relevant, effective, flexible HRD policies and systems taking account of the needs of SMEs and the informal sector; and the key role of the social partners. He also noted the relevance of enterprise promotion and HRD to social dialogue and the topics addressed by the other panels.

Ms K. Iwata, Ministry of Labour, Japan, stressed the importance of HRD to boost competitiveness, contribute to growth, and improve the employability of workers. A tripartite approach to HRD, and the complementarity of public and private training initiatives, were also essential. Public vocational training should be confined to people not covered by enterprise-based training programmes, in particular, socially and economically disadvantaged groups. The Government of Japan had provided incentives, information and advisory services to support enterprise-based training. Workers too bore some responsibility for continuing to improve and upgrade their skills in order to remain employable. She hoped that HRD would be at the centre of the ILO’s technical cooperation programme to tackle unemployment in the region, and outlined Japan’s contribution through its support to the ILO Asian and Pacific Skill Development Programme (APSDP). Finally, she said that employers and workers were the main actors in HRD and that governments had an important role to facilitate, support and empower employers and workers in the development of human resources.

Mr A. Agarwal, Employers’ representative, India, emphasized the importance of enterprise development in national economic and social development, including agriculture, science and industry. He outlined some constraints to the development of SMEs, including the impact of deregulation, which he felt had encouraged the growth of large national and multinational corporations. But while it was difficult for small entrepreneurs to find a market niche, there were still many untapped opportunities. On the issue of HRD, he mentioned the problem of the educated unemployed in India, where many young people were ideally placed to become entrepreneurs, given appropriate training and support. He also pointed to a mismatch between the graduates of training institutions in India and the needs of industry. In addition to a good general education, trainees should learn job-specific skills. Institutional-based training should be complemented by appropriate enterprise- and industry-based training programmes, and governments, workers and employers should collaborate to develop workforce skills, which were the key to economic development. Like earlier speakers, he said governments have a major role to play in creating a favourable ambience for enterprise development.

Mr G. Adik, Workers’ representative, India, stated that enterprise promotion should lead to an increase in employment rather than making some entrepreneurs richer. The employment created should be quality employment, with appropriate standards of remuneration and working conditions. On the issue of HRD, he emphasized the importance of developing workers’ skills, which would not only improve enterprise productivity but also allow workers better access to a wider range of jobs. He made several suggestions on enterprise promotion, particularly for governments, notably the provision

of a suitable environment for promoting and sustaining enterprises, and an appropriate legal framework to protect them from unfair competition from multinational companies. He extended these suggestions to cover the informal sector. He stressed that HRD should not only be the responsibility of governments – the private sector should also play a major role in developing workers' skills, particularly through enterprise-based training. Governments, however, should provide basic vocational training for socially and economically disadvantaged groups. He suggested that the World Bank and the ADB should assist governments with developing infrastructure for vocational training, which was very expensive. He also expressed the view that training for self-employment and the informal sector, particularly for women, should be given greater emphasis.

In comments from the floor, Mr Young-mo Yoon, Workers' representative, Republic of Korea, observed that many speakers emphasized the need for HRD to apply to everyone, and not just workers. He suggested that HRD should also be promoted for managers, and expressed the view that it should include human development concepts, and not merely economic considerations and skills training. Mr A. Durrani, Workers' representative, Pakistan, said that vocational training in itself was not enough to make workers employable; other skills, including teamwork and the ability to learn, were required.

Mr W. Dichoso, Employers' representative, the Philippines, suggested that there was some confusion about the definition of full employment. Although the intention should be to provide employment for those able to work, he believed that the present definition of full employment was unrealistic. However, more should be done to prevent the present "haemorrhage" of employment, and he pointed to the Social Accord in the Philippines as a possible strategy for other countries. In the Accord, employers had agreed that retrenchment would be a last resort, and the workers' organizations had likewise agreed that a strike would be used as a last resort. Mr M. Mustafa Sharif, Employers' representative, Pakistan, noted that all the social partners were trying to fulfill their commitments to full employment. The Government announced a draft labour and manpower policy, which covers all aspects of human resources and SME development (including gender considerations) was most important in this respect. He described the successful employment outcomes of the Skill Development Councils in Pakistan, headed by employers, and emphasized that as employers are the end users of skills, they should be closely involved in planning and developing skill training programmes. He also mentioned the efforts by employers, government and non-governmental organizations (NGOs) to eliminate the worst forms of child labour and get children back into school. The Prime Minister of Pakistan had launched and supervised a scheme granting loans to young people for purposes of self-employment. Datuk M. Zain Majid, Employers' representative, Malaysia, stressed the need for closer cooperation between governments and the private sector on enterprise promotion and HRD. While in Asia education and training are usually left to government, the end users of the skills should be much more directly involved in planning and designing training. He believed that this involvement needed to go beyond occasional discussions, as in many countries.

The representative of the Department of Labor and Employment, the Philippines, pointed out that HRD was both the "means" and the "ends" of development, and she outlined the education and training profile of workers in her country. The preference among young people for higher education rather than technical or vocational education was largely responsible for the shortage of skilled workers. The Government of the Philippines had endeavoured to bring together all the training providers under the Technical Education and Skill Development Authority (TESDA). TESDA sought to involve workers and employers in discussions of policy and programmes on education and training reform.

The Workers' spokesperson observed that tripartite consultation was essential, whatever the prevailing economic conditions in a country. In this context, he highlighted the importance of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), and emphasized that this should be part of the day-to-day procedures of governments, employers and workers when formulating economic and training policies. It was important to consult workers before devising action programmes in these areas. Both informal sector and agro-industries were significant

generators of employment. Although many speakers had called on employers and workers to play a greater role in HRD, he said there was still a major role for governments since they were the main source of funding.

## **The relationship between employment and social dialogue**

The Panel Chairperson, Dr P. Simanjuntak, Ministry of Manpower, Indonesia, defined social dialogue as dialogue among organized interest groups focusing on employment and labour markets, industrial relations systems and practices, economic growth and productivity, income distribution and social protection.

An ILO expert, referring to an ILO report (*The Asian financial crisis: The challenge for social policy*) laid the blame for inadequacies in social dialogue on the absence of genuine freedom of association in all too many countries in East and South-East Asia. On the 50th anniversary of the adoption of the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), the work of the ILO's supervisory bodies showed that, despite considerable progress in many countries of the region towards greater respect for the right of association, there was still a long way to go before basic democratic principles, including the right of workers and employers to associate freely, were fully guaranteed. Limits to freedom of association had seriously restrained institutional mechanisms that might have curtailed the social effects of the present crisis. They had ruled out the benefits of cooperative efforts between workers and employers to save jobs and halted tripartite machinery mechanisms to secure a social consensus on economic reform programmes, development plans and employment-generation schemes. On the positive side, Indonesia, the Republic of Korea and Thailand had increasingly embraced ILO principles, among them enhanced participation by workers and employers in social policy-making and the importance of social dialogue in reaching a balance between economic criteria and a degree of social protection. There was fast-growing demand for ILO assistance in the fields of industrial relations, collective bargaining, dispute settlement procedures and tripartite institutions in line with the recently adopted Declaration on Fundamental Principles and Rights at Work. However, international employers' and workers' organizations also bear responsibility for preparing member organizations to negotiate on both national policies and structural adjustment policies.

Prof. S.W.K. Chiu of the Chinese University of Hong Kong compared the influence of social dialogue on long-term growth of the economy and full employment in two Asian economies, Hong Kong, China and Singapore. Both economies had grown rapidly in the past decade and achieved full employment. Economic and political governance and the structure of social dialogue were, however, very different. The Government of Singapore, which was highly involved in shaping economic life, had set out a vision of long-term competitiveness relying on foreign investment. It had promoted the trade union movement as a source of consensus on labour market policies. The economy of Hong Kong, China was driven by free market forces rather than public intervention. Though independent, trade unions had not been able to influence major policies owing to the marginal role played by tripartite institutions.

Prof. Chiu stated that the Government of Hong Kong, China had preferred to let the market mechanism set overall employment parameters. For example, the Government had not intervened in wage adjustments, and hiring and firing had remained managerial prerogatives. The structural transformation of the economy from manufacturing to services had also been less affected by public policy than by market forces. Therefore, the ongoing social dialogue involving tripartite institutions in Hong Kong essentially provided a feedback mechanism for the Government to gather opinions on its policies. Flexibility of the Hong Kong labour market thus resulted more from a low level of regulatory rigidity and from the weakness of organized labour than from social dialogue and consensus. Tripartite consultation in Hong Kong was influential in some policy areas but, in contrast to Singapore, the commitment to a free market necessarily circumscribed the scope of social dialogue

and gave it a different role. In Singapore, for example, social dialogue produced a consensus on wage restraint in the belief that the long-term benefits to competitiveness would lead to full employment, and trade unions persuaded employees to accept performance-based pay as a result of social dialogue. A similarity between both economies was that in both economies, and especially in Hong Kong, China, social dialogue at the enterprise level and collective bargaining were less well developed than community-level initiatives fostered by the Government.

Mr Hyoung-Woo Chung, representative of the Ministry of Labour, Republic of Korea, related his country's recent experience in institutionalizing a meaningful tripartite social dialogue in the wake of the financial crisis. Labour market flexibility (pursued through measures such as flexible hours of work, severance pay arrangements, a worker-dispatch system, and the promotion of part-time work), and its repercussions on unemployment, industrial relations and ultimately social cohesion, had been the focus of intense consultation. Unemployment policy comprised active job creation policies and support to the continued functioning of enterprises with minimal retrenchment, together with protection policies for the unemployed, including job placement, vocational training and extended unemployment insurance coverage. The emergence of the Tripartite Commission in 1998 rested on the conviction that the crisis could only be overcome with the full participation of all social partners. The Commission, initially established on a provisional basis, had reached a social accord on no less than 90 items, covering employment stabilization, unemployment policy, social safety nets and protection of basic labour rights. Now institutionalized, the Commission conducted regular consultations on the implementation of decisions taken earlier.

While the future would tell if social dialogue was the best method to achieve labour market flexibility, it was already certain that social dialogue had contributed to minimizing the social costs and adverse results of restructuring. The Republic of Korea's determination to continue on the path of social dialogue was borne out by the adoption, on 6 January 1999, of the Act on Teachers' Freedom of Association.

Datuk M. Zain Majid, Employers' representative, Malaysia, stressed that the influence of social dialogue on employment was constrained by the fact that the majority of working people operate in the informal sector which falls outside the scope of social dialogue; even in the formal sector, the implementation of the outcomes of social dialogue was often distorted by the dominant position of one of the parties. Decisions of a purely entrepreneurial or commercial nature, as well as management prerogatives, should not be subject to social dialogue. Jobs could only be created by thriving enterprises, which required the ability to adjust swiftly to the imperatives of international competition. In this context, social dialogue must ensure that workers understand the competitive pressures that led to certain commercial decisions, and the potential trade-offs between job security and wage adjustment. Wage increases were not conducive to employment generation or even preservation if they were not related to performance. In times of economic expansion, social dialogue should build a social safety net infrastructure to accommodate eventual economic recession. He noted that workers' organizations had done little to advocate such infrastructure before the present crisis.

Mr S. Ito, Workers' representative, Japan, emphasized the vital role that social dialogue would have to play in restoring the confidence of the working people affected by the Asian "human" crisis, and in reconstructing a society founded on respect for ordinary workers and tripartite and bipartite consultation, as envisioned by the ILO's Declaration of Philadelphia. The ILO technical report did not, however, fully recognize the merits of tripartite and bipartite consultation and negotiation, regardless of their institutionalized character. He pointed out that social dialogue was crucial in creating and fairly distributing wealth and introducing new technology in both normal circumstances and times of crisis, and not only – as the ILO report suggested – in times of crisis as a means to push social partners towards acceptance of difficult measures. The Office had also insufficiently explained the constraints in promoting the Declaration of Fundamental Principles and Rights at Work, which had been adopted precisely to counter a situation of low ratifications such as prevailed in Asia, by requesting annual reports on the core Conventions and, more importantly, imposing a moral obligation on all member States to respect those Conventions. He rejected any suggestion that cutting

wages would be sufficient to fuel competitiveness, and added that the purpose of a minimum wage, which was to guarantee workers a minimum standard of living, would be defeated by making it subject to changes in productivity, as the ILO report suggested. Finally, the report's description of evolving approaches to collective bargaining in Japan should be replaced by a reference to a joint RENGO-NIKKEIREN initiative to establish a tripartite committee for the creation of 1 million new jobs in different sectors, to which the Government had responded with budgetary measures. He concluded with a plea for a social dialogue on social safety nets. The need for these had not been recognized in times of stable economic development in the region, but the tripartite partners should no longer postpone the introduction of a social security system.

No less than 15 participants took the floor to add their observations to the panel discussion. The observer of the ICFTU-APRO questioned the effectiveness of tripartite consultations in countries where tripartite committees were dominated by governments, and of bipartite negotiations in cases where only a small minority of the organized workers were covered by collective agreements. Ms Tang, Workers' representative, Hong Kong, China, identified two constraints to a meaningful social dialogue in Hong Kong. The first was the absence of strong trade unions and employers' organizations and of direct dialogue between employers and workers at the enterprise level; the ILO's Committee on Freedom of Association had recently drawn attention to these problems. The second was the Government's surrendering of wage determination and job creation to market forces, at a time when social dialogue on HRD, job creation and job security, and social safety nets was imperative.

Mr Yoon, Workers' representative, Republic of Korea, observed that tripartism, valuable as it is, could not satisfy the need for significant and substantial collective bargaining at enterprise, industrial and national levels. Social dialogue should be enriched by firmly establishing collective bargaining mechanisms. The restoration of the fragile confidence in the tripartite experiment in the Republic of Korea, shaken by the indictment or imprisonment of 500 trade unionists in 1998 and unilateral government actions, could be promoted by a coordinated act of the Government to release the trade unionists still held in prison, and by a demonstrative commitment to refrain from resorting to police action in industrial relations issues. Mr A. Kandakasi, Workers' representative, Papua New Guinea, stressed the importance of conducting social dialogue on the basis of equality between social partners. He also cautioned that a reduction in wages could never solve a country's economic problems, as evidenced by Papua New Guinea's experience after deregulation, when the minimum wage was cut by more than 30 per cent. Mr D. Tuvera, Workers' representative, the Philippines, said it was important for governments to recognize the traditional jurisdiction of trade unions in areas such as wage negotiation and labour market policies, to involve the social partners in national economic decision-making and to ensure their participation in policy decision-making bodies. Respect for core labour standards was cited as an important measure towards social dialogue.

Mr K. Mak, Employers' representative, Hong Kong, China, commenting on the presentation by Prof. Chiu, pointed out that the history and culture of Hong Kong and Singapore were different. The speed of present democratization in the former economy had resulted in an increasingly open, and at times vocal, social dialogue, fostered by the Government's respect for strong trade unions. He warned against sweeping unsubstantiated generalizations in Prof. Chiu's written report. He also warned against over-emphasizing a centralized social dialogue, which would put small and medium enterprises in a disadvantageous position. Mr Suzuki, Employers' representative, Japan, observed that social dialogue would benefit from expanded and thoughtfully formulated bipartite consultations between the government and trade unions or employers' organizations. He supported the observation of the Workers' representative of Japan concerning the treatment of evolving collective bargaining approaches in Japan, but added that employer initiatives also included reduction in the number of board members, thus sharing the retrenchment burden. Mr S. Soedin, Employers' representative, Indonesia, underlined the need to focus social dialogue in his country on seeking solutions to the problem of mounting poverty. The ILO had estimated that the incidence of poverty, which had been driven down to 11 per cent by 1997, had already risen to about 48 per cent. He expected that it might reach 60 per cent (about 120 million people) by mid-1999 if the economy continued to retract.

Ms J. Chor, representative of the Labour Department of Hong Kong, China, in response to the presentation by Prof. Chiu and to the comment by the Workers' representative from Hong Kong, emphasized that strong tripartite social dialogue already existed, covering such matters as formulation of labour laws, training and retraining policies, and the labour importation scheme and policy measures to counter the effects of the Asian financial crisis. In addition, the Government was promoting bipartite social dialogue at the enterprise level. Hong Kong had not breached any Conventions applicable to it, but had improved workers' rights in pace with development and after due tripartite consultation. The representative of the Department of Labor and Employment, the Philippines, explained that the effect of the Asian financial crisis and the El Niño phenomenon had been to strengthen an already well-developed social dialogue in the Philippines to preserve and generate employment. New players had been brought in to expand the bipartite and tripartite mechanisms for social dialogue. For example, while the Employers' Confederation of the Philippines remained the national employers' organization recognized by the Government, it had convened a Job Creating Forum with 40 different business organizations. Representation of all three groups on the National Tripartite Council had been expanded. The crisis had also brought about active bipartite cooperation between workers' and employers' groups, though the signing of a Social Accord on Industrial Harmony and Stability. The Government was also seeking to actively involve the tripartite Industrial Peace Council in the updating of the 1998 National Employment Plan.

The representative of the Ministry of Labour, Japan, substantiated the comment of the Workers' representative of Japan on the Tripartite Conference on Employment Measures convened in that country to devise practical measures to stabilize employment and generate new jobs for middle-aged workers in particular. The discussions had propelled the Emergency Economic Measures which the Government introduced in November 1998 to create or stabilize a million jobs. The Workers' representative of Malaysia supported the comments of the Workers' representative of Japan regarding the recently adopted APEC Declaration adopted in Kuala Lumpur on social safety nets, and acclaimed a decision of the ASEAN Foreign Ministers Meeting held in Manila in July 1998 to set up a caucus to consider a similar social protection scheme. As to the situation in Singapore, discussed by Prof. Chiu, free trade unions were an asset to the tripartite consultation process – as Malaysia had shown – and social dialogue was a permanent necessity, not a matter of convenience.

Ms Ying Chen, Employers' representative, China, outlined the priority topics of social dialogue in transition economies: market regulation in favour of flexible labour markets; creation of an enterprise-friendly environment, including the development of SMEs and township enterprises, and encouraging the development of private enterprises (epitomized by the newly established industrial federations which can now freely negotiate wages and social security measures). The Employers' representative of Australia pointed out that the ILO report, *The Asian financial crisis: The challenge for social policy*, referred to by some panelists was not before this meeting; nor had there been any preliminary discussion by any other meeting at the proper level. He urged careful reading of paragraphs 4, 16, 18 and 19 of the conclusions of the Asian Regional Meeting and paragraphs 8, 37 and 38 of the High-Level Tripartite Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries, which were highly relevant to the subject of the regional consultation. He also put on record his continued support for tripartite and bipartite dialogue, as well as freedom of association. The representative of the Ministry of Labour, India, agreed that social dialogue was relevant to employment, but in practical terms such relevance rested on a stable and predictable economic environment. Flexibility, diversification of labour markets, contractualization and an unequal balance of power between workers' and employers' organizations had all contributed to making the Indian economic environment unpredictable. Long-term stability could no longer be expected from outdated legal and administrative measures, but would increasingly result from productive employment. The financial ambit of public enterprises had to be broadened, and codes of conduct should gradually prevail over litigation. Both the decentralization of negotiations, which is part of this process, and the dominance of multinational firms in the global economy tended to marginalize employers' and workers' organizations. The relevance of other fundamental rights at the workplace should be the subject of social dialogue. Fundamentally, India remained committed to tripartism at all levels. In response, the Employers' representative of Australia denied that

multinational enterprises had weakened the role of employers' organizations. Prof. Chiu agreed with the observation of the Employers' representative of Hong Kong,China, regarding the generalizations in his written report.

## **Integrating employment concerns into development planning**

The Panel Chairperson, Mr P.R. Ligal, National Planning Commission, Nepal, noted that the World Summit for Social Development had recognized full employment, poverty eradication and social integration as the ultimate goals of all development. Economic growth had created employment, eradicated poverty and generated resources for human development. Reforms were important for growth, including fiscal reforms, reforms in the working of government, reforms of the public sector, reforms in the business environment and in rules, regulations, laws and institutions. Caution was needed, however, in the area of such liberalization, since growth risked becoming more volatile after financial liberalization. Different patterns of growth furthermore had different employment potential. A high employment-generating pattern of growth was likely to include: emphasis on agricultural development with a regionally differentiated strategy; encouragement to SMEs; a supportive environment for the informal sector; and the innovative development of services that enhanced the productivity or social services. While employment intensity of growth could be sought by sacrificing productivity, this would only curtail further growth.

Introducing the topic, Dr S.R. Hashim, Planning Commission, India, said that special programmes for the poor needed to be implemented in order to bring them fully into the mainstream of economic growth, and to provide social safety nets. However, these programmes themselves should contribute to growth. Employment schemes for building community assets, micro-credit schemes or subsidizing productive assets for the poor to enable them to launch small enterprises were examples of such a dual purpose. The distribution of subsidized food through public distribution systems was also necessary. Another element of employment-intensive development concerned the need for training, retraining and career counselling. Widespread education and skill development were needed, with a focus on creating the ability to continue to learn.

Commenting on the topic, an ILO expert pointed out that in most countries the outcomes of development planning fell short of their objectives, and that despite reasonable economic growth poverty levels were often unacceptably high. In order to give effect to Commitment 3 of the Copenhagen Declaration, full, productive and freely chosen employment should be a central guiding principle of development planning. In an era of increasing globalization, the challenge for national governments was to make their economies competitive, and not shield them from competition. This required the correct blend of macroeconomic, industrial and labour market policies. He urged the social partners to build sound social foundations since growth, while necessary for employment generation, cannot be championed in a value-free framework.

Prof. C. Kirkpatrick of the Institute of Development Policy and Management (Manchester, United Kingdom) noted that some recent pronouncements suggested that the negative social impacts of the crisis had been addressed, now that the IMF and the World Bank had "discovered" social safety nets. However, it had to be recognized that markets responded at different speeds, with very different time-lags. Even if financial markets were showing signs of recovery, it was certain that the recovery in labour markets would be much slower. The employment crisis was therefore far from over. Furthermore, while safety nets were important, they were unlikely to help the majority of people in many developing countries who were falling back into poverty. A strategy for full, or fuller employment, needed to involve a comprehensive set of measures aimed at crisis management and economic recovery. The crisis had confirmed the importance of placing employment planning at the centre of government policy. In addition, economies had to be "inwardly prepared for outward openness". Inward preparedness involved mechanisms and institutions of social protection and social security, and the promotion of social dialogue. The crisis had also renewed debate on regulation

versus deregulation. It was generally agreed that too rapid and excessive liberalization of financial markets had contributed to the financial crisis and there was a recognition of the need for prudential financial sector regulation and supervision. Similarly, labour market deregulation might not make labour markets function better. Prof. Kirkpatrick also drew attention to issues of the public sector's capacity to implement and apply appropriate regulatory policy evenly and transparently, and of public sector labour performance and productivity. Many major public sector reform programmes had involved retrenchments, thereby contributing to unemployment, but this had not necessarily improved performance and productivity. He suggested that better training or incentives might be another approach to improving public sector performance.

Mr Chet Boonpratuang, representative of the National Economic and Social Development Board, Thailand, explained that his country's current National Economic and Social Development Plan (1997-2001) had shifted from a growth-oriented to a people-centred approach. However, despite the displacement of about 400,000 workers in 1997 as a result of the financial crisis, the unemployment level remained low, since laid-off workers turned to farming or to urban informal activities for their livelihood. To address lay-offs and solve unemployment problems in 1998, two sets of policies had been adopted. The first included policies and measures aimed at tackling the macroeconomic problems that had caused the country's financial crisis. The second set of policies and measures was aimed at solving problems of unemployment by temporary job creation. An Action Plan for unemployment relief was implemented during 1998, with the objective of preventing further retrenchments and of creating over a million jobs. By November 1998, it was reported that these measures might have created jobs for 1.27 million people. The 1999 Action Plan would be even more ambitious, with the aim of preventing further deterioration in the unemployment situation.

Mr Yu Peng, representative of the State Development Planning Commission, China, explained that the promotion of full employment was a key development objective for the Government of China. The Ninth Five Year Plan for National Economy and Social Development and Outline of Long-Term Goals through 2010 laid down overall goals for future social development. Major problems for employment and labour in China were the large number of new workers, an unbalanced employment structure, low levels of scientific and cultural knowledge, vocational and technical skills, and imperfect labour market mechanisms. The most urgent problem was the large number of surplus workers in urban enterprises, estimated at more than 15 million, and the increasing number of laid-off workers, amounting to more than 3 million annually. Most of these lay-offs were among older workers, and those with low levels of education and skills, but the Government had set a specific objective that the number of re-employed workers should exceed that of the new unemployed every year. In 1998, 50 per cent of laid-off workers had later been re-employed.

Ms Rosalinda D. Baldoz, representative of the Department of Labor and Employment of the Philippines, explained that the vision of development in her country was not solely that of economic growth but of growth with social equity. Even before the 1995 Copenhagen Declaration, the expansion of productive employment was an important concern in the country's economic policy making, seen as holding the key to poverty alleviation. Since 1993 the Government had made deliberate attempts at employment planning and had adopted a National Employment Plan and a Comprehensive Employment Strategy Program which are undergoing review for the medium term (1999-2004) period. The committee that had been responsible for the overall implementation and evaluation of both the Plan and the Program was being transformed into a committee to oversee plan execution, monitoring and evaluation, on which workers and employers were represented. From 1993 all sectoral employment targets had been met until 1997, when the financial crisis, combined with the effects of El Niño on agriculture, had reduced the rate of employment generation.

Mr Suzuki, Employers' representative, Japan, noted that the employers' organization in his country did not use either a European or a United States labour market model, but rather an approach – the “Bluebird Plan” – which sought employment restructuring, “welfare” and “workfare” through private sector and government cooperation, and which emphasized sustainable growth. To be effectively integrated into employment the unemployed needed to be classified by cause of

unemployment: cyclical reasons; industrial structural transition; mismatching; changes in the social attitudes of individuals; enterprise downsizing; administrative and policy measures. For each unemployed category a relevant employment policy objective needed to be set. Employers needed to take initiatives such as action within their own enterprises to encourage retraining and employment restructuring, and setting up new enterprises and intra-company venture business. Joint action between the workers' and employers' organizations and the development of joint strategies leading to a common understanding were also important.

Mr A. Matheson, Workers' representative, Australia, stated that commitment to the Copenhagen Declaration could be tested by examining four issues – women, children (since the heaviest burden of any disaster is carried by these two groups), migrants and workers. On the basis of the ratification of ILO Conventions that protected the interests of women workers, governments had failed the first test. Of 26 governments in the region, only 16 had ratified the Equal Remuneration Convention, 1951 (No. 100), including the four which had ratified it since the Copenhagen Declaration in 1995, while only 11 had ratified the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), including one since 1995. For child labour there were disturbing indications that the few earlier gains were being lost and exploitation might even be worsening. Migrant workers and their families had suffered considerably from the economic and social crisis, but only two governments had ratified the relevant ILO Conventions and one had ratified the relevant United Nations Convention. Added to this, the Office itself had reduced its commitment of resources in this area. Finally, despite the commitments by governments to the Copenhagen Declaration, only six of the 14 governments in East and South-East Asia had ratified Conventions No. 87 and No. 98. Furthermore governments, in fora such as APEC, had denied access to workers' representatives. He called for a positive commitment by governments to cooperative implementation of the follow-up mechanisms of the ILO Declaration and a renewed commitment of resources by the advanced economies to the technical cooperation programmes of the ILO. The Employers' group should urge their governments to support the inclusion of workers in the APEC social dialogue process; and governments in the region should declare at the 87th Session of the International Labour Conference in 1999 their commitment to immediately ratify the Minimum Age Convention, 1973 (No. 138). Finally, governments should support reporting on core labour standards in the World Trade Organization's trade policy reviews.

The spokesperson of the Employers' group considered the account of the ratification of international labour Conventions given by the Workers' representative of Australia to be too pessimistic, since the ILO Declaration on Fundamental Principles and Rights at Work committed ILO member States to implementing the principles underlying the core Conventions. The representative of the Ministry of Labour, Japan, welcomed the remarks of the Workers' representative of Australia on the need to strengthen gender equality. She observed that while anti-discrimination legislation was important, it would not be sufficient to remove the obstacles faced by many married women, and all workers with family responsibilities, in making full use of their abilities. She underlined the importance in this regard of the Workers with Family Responsibilities Convention, 1975 (No. 156). The observer of ICFTU-APRO considered that development planning needed to incorporate the ILO Declaration, good corporate governance, active employment creation policies, social safety nets and social protection, monetary stability and tripartite consultation. The representative of the Ministry of Labour, India, noted a falling rate of employment growth but rising labour force growth. At the micro level, he pointed to the need to modernize employment exchanges and training institutes, develop training and employment packages for specific groups and remove regional disparities. The representative of the National Research Institute of Papua New Guinea considered that the careful planning of broad-based enterprise promotion would achieve the twin objectives of employment and income generation. He observed that economic growth does not necessarily always lead to employment creation. The representative of the National Economic and Development Authority of the Philippines noted that earlier cycles of "boom and bust" had prevented unemployment from falling. Growth targets should be set that were consistent with the country's economic conditions (such as domestic savings rate, debt service burden, and ability to secure foreign financing) to minimize fiscal and balance-of-payments imbalances. Within these parameters, policies to achieve

higher employment rates were carried out. With regard to the intervention of the Workers' representative of Australia on ratification of ILO Conventions, the representative of the Ministry of Labour, Republic of Korea, informed the meeting that his country had ratified two ILO core Conventions, the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and the Minimum Age Convention, 1973 (No. 138), in December 1998 and January 1999 respectively.

Mr Young-mo Yoon, Workers' representative, Republic of Korea, considered that economic growth did not automatically lead to employment growth. A key area in employment-focused development planning should be the reduction of working hours through job sharing, which would be beneficial both in the present crisis, by minimizing social conflict, and in the longer term, by allowing work and caring activities to be combined. Mr A.T.W. Kandakasi, Workers' representative, Papua New Guinea, stressed the need for tripartite involvement in planning structural adjustment. Alternative jobs needed to be found before retrenchment was carried out, otherwise government policies risked being contradictory. Mr A.R. Mulmi, Employers' representative, Nepal, stressed that only balanced growth could create more and better jobs. Greater investment was required in order to develop enterprises, and emerging employment schemes should be only temporary. Development planners should consult more with the social partners in formulating development plans. Mr K.D. Aisi, Employers' representative, Papua New Guinea, stressed the great disparity in his country between the number of school leavers and the number of jobs created. Full employment in Papua New Guinea was a long way off and the negative effects of the Asian crisis were evident. He urged the importance of placing employment planning at the centre of government policies.

An observer of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) recalled the ILO's valuable contribution to the Fifth Asian and Pacific Ministerial Conference on Social Development held in Manila in November 1997. She drew attention to the employment and other social conditions such as health, education, gender equity and social integration. ESCAP was currently preparing its input to the special session of the General Assembly on follow-up to the World Summit for Social Development, to be held in November 1999. Another observer of ESCAP informed the meeting of the operation of a successful rural training programme. The representative of the ADB described some of his organization's actions to tackle social issues. These included loans to small enterprises, the expansion of primary education and the development of national policies for women. The Bank favoured career counselling as a starting point for human development, a shift from supply- to demand-driven training schemes and regional cooperation in the supply of skills.

## **Presentations by working groups**

Four working groups, composed of government (ministries of labour and development planners), employer and worker participants, had been convened to discuss the topics covered by the four technical sessions and to arrive at a statement of common understanding. The chairperson of each group presented the outcome of each group's discussion. Working group I (Achieving full employment in the Asia-Pacific region) was presented by Dr Mishra (India) on behalf of Mrs Chor Chang (Hong Kong, China), working group II (Enterprise promotion and human resources development) by Ms Morola (Papua New Guinea), working group III (The relationship between employment and social dialogue) by Ms Baldoz (the Philippines) and working group IV (Integrating employment concerns into development planning) by Mr Khan (Pakistan). The statement of common understanding was agreed to by the regional consultation, with the proviso that they be edited for consistency of style and layout.

The draft report of the regional consultation was adopted, subject to amendments to be made by delegates to their own interventions within one week.

## Closing session

The Assistant Director-General responsible for ILO activities in Asia and the Pacific presided over the closing session. Dr L. Mishra, speaking on behalf of the governments, said that the regional consultation had demonstrated the effectiveness of the ethos and culture of tripartism. However, it had also aroused concern on account of the huge problem of unemployment and underemployment, and the associated poverty and deprivation in the region. Much remained to be done to translate into action the Declaration and Programme of Action of the World Summit for Social Development, as well as the ILO Declaration on Fundamental Principles and Rights at Work and the conclusions adopted by the International Labour Conference and recent regional meetings in Asia. Sweeping changes were taking place both globally and regionally, and Dr Hashim, introducing the theme of technical session IV, had highlighted some of the dangers of financial liberalization and the volatile growth that followed. In spite of high unemployment and underemployment, full, productive and freely chosen employment was achievable with planned and concerted efforts, as demonstrated in many countries in the region.

He emphasized that although governments could promote social and political change and had the responsibility to create a suitable climate for action, they could not do everything as they did not have the outreach or resources. Their efforts needed to be complemented by the social partners and NGOs for the impact of development to be sustainable. The importance of tripartism and social dialogue in this regard had been one of the major themes of the meeting.

He believed that the outcome of the regional consultation would be valuable for the ILO International Consultation on Follow-up to the World Summit for Social Development to be held in Geneva in November 1999. He praised the quality of the technical report, *Towards full employment*, and referred to the usefulness of the country papers in providing information and analysis on employment in the member States in the region.

The Employers' spokesperson said that he regarded the regional consultation as important, and the statements by the working groups were a good indicator of the quality of the debate. Many issues of critical importance had been discussed and, in particular, the meeting had identified the major constraints on achieving higher employment levels. The process of follow-up to the Social Summit had got off to a good start – Asia and the Pacific was the first region to hold a consultation on the subject, and on the promotion of full employment, in the context of the difficult circumstances arising out of the financial crisis.

He noted that the meeting had been a good example of tripartism in action, as participants had been able to discuss controversial issues and reach general agreement. However, this was not the first time these issues had been discussed, and the conclusions of the two earlier meetings were reflected in the reports of this regional consultation. Insufficient time had been allocated to review and discuss the resource papers presented at the meeting, which could have been distributed in advance to allow for a more informed discussion. He felt that there had been no real discussion of the commitments made at the Social Summit, even though this was a purpose of the meeting, but too much time had been spent on procedural matters. Returning to his earlier comments, he suggested that there should be a degree of realism in the discussions on full employment. In particular, participants needed to be realistic about the extent of social protection which could be provided, and it was not feasible to expect the ILO, the IMF or the World Bank to take care of all social problems emerging from the financial crisis. Despite all the work done by workers' and employers' organizations, the primary responsibility for dealing with the social impact of the crisis rested with governments.

He thanked the participants, and especially the chairpersons of the working groups, for their active participation and hard work during the meeting. He also thanked the secretariat for facilitating the work, and the Assistant Director-General for ILO activities in Asia and the Pacific for her availability and open manner during the consultations between the formal sessions of the meeting.

The Workers' spokesperson thanked the ILO for holding the regional consultation and giving everyone the opportunity to express their views frankly. Although new thinking on the social dimensions of economic development was necessary, employment creation was plainly at the core of sustainable human development. Links should be strengthened between the formal sector and SMEs, the agricultural sector and the informal sector. With the loss of gains registered during years of growth, the crisis showed that employment creation had to go hand in hand with the observance of core labour standards, which governments should ratify and implement without delay. Technological change and shifting patterns of employment had made human resources development indispensable, but this could not be left to employers and workers alone: governments had a major role to play in increasing the pool of skilled labour through establishing training institutions. To regain the many jobs lost in Asia, common strategies must be worked out by the social partners. Social safety nets had become a priority, together with sustainable job creation. Borrower countries working to attain sustainable development should be able to obtain affordable funding from international financial institutions.

The Assistant Director-General for ILO activities in Asia and the Pacific congratulated participants for their active participation in, and contributions to, the regional consultation, which reflected their concerns about the attainment of full, productive and freely chosen employment in times of financial crisis and increasing globalization. Referring to comments made by some speakers, she emphasized that the goal of full employment in the region was more crucial than ever. The present crisis was a human crisis, and greater stress therefore had to be placed on the protection and welfare of workers. She was pleased to note that the meeting had agreed on underlining the importance of social dialogue, the promotion of core labour standards, and the Declaration on Fundamental Principles and Rights at Work, with a view to achieving the goals set at the World Summit for Social Development. The consultation was also an Employment Planners' Meeting and as such had clearly shown the important role played by employment in development, and in economic and social policies. She also considered the meeting's commitment to the promotion of gender equality and women's participation in the decision-making process a very positive outcome. Finally, she drew participants' attention to a number of important ILO meetings that were to be held in the region in the course of 1999.

# Statement of common understanding

## Achieving full employment in the Asia-Pacific region

The Asian Regional Consultation fully supports the goal of full, productive and freely chosen employment, as endorsed in Commitment 3 of the Copenhagen Declaration. It also reaffirms the Conclusions of the ILO's Twelfth Asian Regional Meeting, held in December 1997, and those of the High-level Tripartite Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries which it held in April 1998.

The Consultation welcomes the technical report prepared by the ILO and broadly endorses the issues and priorities discussed in Chapter 4 of the report. However, concerns were raised about references to IMF policies and to restraining short-term capital flows. Emphasis was laid on the need for international financial institutions to consult employers' and workers' organizations when designing national adjustment programmes. It was also suggested that short-term capital flows needed to be regulated rather than restrained.

Major **constraints** on the achievement of full employment are:

- ⊘ low and declining rates of growth, and economic instability;
- ⊘ a lack of appropriate macroeconomic policies and development planning;
- ⊘ a lack of effective enterprise development policies, particularly in relation to small and medium-sized enterprises;
- ⊘ an absence of flexibility in the economy, which limits its capacity to adapt to change;
- ⊘ an absence of appropriate mechanisms for social dialogue and lack of labour-management cooperation;
- ⊘ an absence of strong workers' and employers' organizations;
- ⊘ inadequacy and weak enforcement of labour legislation for protection of workers;
- ⊘ the low level of education and skills in the workforce, a lack of multi-skilling, skill mismatches in the labour market and a paucity of information on labour markets;
- ⊘ an absence of social safety nets;
- ⊘ a lack of technological innovation and adaptation.

However, some examples of innovative policy **initiatives** mentioned in the course of the discussions include one to involve trade unions in the design and implementation of training and retraining programmes in Hong Kong, China and another to establish a National Economic Action Council with tripartite representation in Malaysia. A key element of these programmes is the active participation of the social partners.

**Priority** action should be taken in the following areas:

- ⊘ the implementation, in consultation with the social partners, of macroeconomic, sectoral, rural and enterprise development policies for reviving and sustaining growth, restoring macroeconomic stability and promoting sustainable employment;
- ⊘ exploring innovative options for employment creation and seeking new approaches to generating income and purchasing power;
- ⊘ the implementation, in some countries, of a well-defined population policy;
- ⊘ strengthening employers' and workers' organizations with a view to developing more effective social dialogue for formulation of labour, social and economic policies;
- ⊘ the ratification and application of core international labour Conventions for the promotion of workers' rights, and the implementation of the provisions of other ILO instruments in

- relation to employment promotion and ;
- C a review of labour legislation and measures for the effective enforcement of such legislation with the objective of promoting labour market reforms and workers' rights;
- C a review of policies and labour legislation that affect foreign direct investment and its contribution to job creation, along the lines of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;
- C increased investment in skill development, including multi-skilling consistent with market demand in order to enhance worker's employability, labour productivity and the quality of jobs;
- C increased involvement of employers' and workers' organizations in the formulation and implementation of skill development programmes;
- C designing and implementing effective social safety nets adapted to national needs and capacity;
- C ensuring adequate access of women workers to institutions and safety net programmes, and their adequate representation in workers' organizations and tripartite bodies with a view to overcoming gender-based discrimination in the labour market;
- C implementation of measures to increase welfare and improve the social protection of children and of vulnerable groups such as migrant workers and persons with disabilities;
- C allocation of adequate resources for the implementation of the above priority programmes.

The Consultation welcomes the adoption of the Declaration on Fundamental Principles and Rights at Work and its follow-up mechanism, and urges governments to secure their full implementation.

## Enterprise promotion and human resources development

The Consultation fully endorses and re-affirms the view that enterprise promotion and HRD play an integral part in achieving full, productive and freely chosen employment. Therefore, conditions must be provided that are conducive to growth of employment in enterprises, development of human resources, enhanced quality of life and sustainable livelihood.

The major **constraints** include:

- C a lack of coherent and consistent policy and programme frameworks to mobilize the potential of the small and medium-sized enterprise sector to generate quality employment. In this connection, the need for an enabling policy and legal environment was particularly noted;
- C inadequate access by SMEs to a range of resources and support services which can support small business start-up and expansion;
- C inadequate government resources for general education, compounded by a mismatch between existing educational priorities and methodologies and the evolving requirements of the labour market and wider society;
- C limited ability of enterprises and training institutions to adapt to rapid changes in technology, information, production and market systems brought about by globalization;
- C inadequate involvement of the private sector in the formulation of overall HRD frameworks, and in governance of training institutions and determination of curricula, as well as the actual implementation of training;
- C a lack of awareness of international labour standards and concern about job quality in the SME sector.

Policy and programme **initiatives** are recommended under two heads: the promotion of SMEs and HRD.

## **SME promotion**

Initiatives to support quality job creation in SMEs should take into account international labour standards. Attention should be given to ensure that policies and programmes protect and promote the quantity and quality of employment in SMEs and that core labour standards are respected. The Consultation agreed specifically on the following initiatives to support job creation in SMEs:

- C Governments, in close consultation with the social partners, should develop long-term, consistent and well-coordinated policy and programme frameworks to support SMEs as an integral part of overall employment and development policy planning.
  - C These frameworks should create an enabling legal and regulatory environment which removes constraints to SME growth while safeguarding the quality of employment in the sector.
  - C To facilitate implementation and coordination, programmes should be developed to raise awareness among policy makers, programme managers and the general public, including consumers, of the crucially important role which SMEs play in employment generation, economic growth and wider national development.
  - C The social partners should ensure the establishment of structures and institutions to provide access by SMEs to a range of resources and support services, including:
    - measures to facilitate access to credit, such as credit guarantee schemes and easing collateral requirements, which should be extended to SMEs based in rural areas through specialized institutions;
    - access to training and skills-upgrading programmes for entrepreneurs, managers and workers;
    - assistance in market access, including export markets;
    - production, productivity and technology services;
    - access to physical facilities and work space;
    - support for improvements in working conditions and occupational safety and health;
    - access to infrastructure and research and development facilities.
- In designing and implementing the mechanisms and systems to deliver services, it should be recognized that adequate resources will be required.
- C Special attention should also be given to support entrepreneurship and business pre-start and start-up programmes, including assistance in access to credit.
  - C Consideration should be given to designing and implementing the following types of programmes, where possible with the direct involvement of employers' and workers' organizations:
    - programmes to support local entrepreneurs and SMEs;
    - programmes to rescue SMEs faced with bankruptcy through, for example, credit access, expert advice, retraining for management and workers, employee buy-outs, and wage and other subsidies in the short term;
    - programmes to support the establishment of SME groups and networks to facilitate marketing of products and procurement of inputs;
    - self-employment programmes in support of workers returning from urban to rural areas;
    - SMEs should be taken to include cooperatives, and consideration may be given to the promotion of various types of non-profit organizations which may play a role in employment generation;
    - measures to ensure SME access to government contracts and tenders.
  - C Linkages between large enterprises and SMEs should be promoted on a mutually beneficial basis, with due regard given to reducing the potential vulnerability of SMEs.

## **Human resources development**

HRD policies and programmes play a crucial role in promoting employment. It is therefore of critical importance that governments should make substantial budgetary allocations for the purpose. Employers' and workers' organizations should be fully involved in overall policy formulation, as well as in the management and implementation of specific programmes.

Tripartite boards and councils should be established to develop broad based HRD policies and programmes as well as for specific issues such as retraining to facilitate multi-skilling, and skills upgrading for long-term employability.

Specific areas for action may be categorized under two heads: general education and skills training.

## General education

- C Educational reforms should be carried out in order to ensure the best possible fit with evolving labour market needs, as well as the wider requirements of society. In particular, attention should be given to developing such qualities as innovation, ability to learn, problem solving, teamwork, technology, information and analytical skills, entrepreneurship and awareness of international labour standards, and to instill a sense of social justice.
- C Attention should be given to the involvement of the private sector in education to supplement the role of the government.
- C Attention needs to be given to the problem of graduate unemployment through suitable programmes such as self-employment promotion.

## Skills training

- C Specific attention must be given to the involvement of the private sector in the governance of training institutions, and the determination of curriculum content on a continuous basis to ensure that training is industry demand driven, meeting the needs of enterprises and the aspirations of workers. Mechanisms should be instituted to link such processes to the system of labour exchange and recognition of training qualifications by industries.
- C Retraining and skills upgrading should be carried out and implemented through in-company and on-the-job training, for which suitable incentives need to be provided to ensure that skills upgrading takes place on a continuous basis for both managers and workers. Such programmes should be complemented by institution-based training as appropriate. Programmes should also include awareness of international labour standards and components designed to enhance gender-sensitivity.
- C Particular attention should be given to the issue of retraining through adequate allocation of government resources for this purpose and the establishment of retraining funds, managed on a tripartite basis, linked with functional labour market information systems to ensure that skills meet labour market requirements.
- C Training of the unemployed and new labour market entrants should be the responsibility of governments, in close consultation with the social partners.

The ILO should, as matters of **priority**:

- C identify, evaluate and document successful programmes for both enterprise development and HRD, as a basis for an exchange of best practices within the region;
- C provide technical advice and services to the tripartite constituents in the area of enterprise development and HRD (Special attention should be given to promote the measures outlined in the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), job creation in SMEs and other relevant international labour standards. The ILO should also give close attention to implementing the International Small

- Enterprise Programme (ISEP) in the region.);
- C collaborate with the Asian Development Bank, the World Bank and other donors in keeping with the above to ensure that resources are available to ILO constituents and programmes and project activities are properly coordinated;
- C ensure that due attention is given to gender issues.

## The relationship between employment and social dialogue

The Consultation noted that there were various approaches to social dialogue, including bipartite and tripartite consultations. Discussions focused mainly on tripartite consultation.

The major **constraints** are:

- C imbalance of power among the tripartite partners;
- C the low level of trust among tripartite partners, and the need for a more accommodating attitude among them;
- C inadequate support mechanisms to address such issues as , employment policies, provision of social safety nets, and labour market functioning;
- C an ineffective legislative and policy framework in support of social dialogue, including non-ratification of the fundamental rights Conventions, particularly the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), and the Right to Organize and Collective Bargaining Convention, 1949 (No. 98).
- C insufficient involvement of the social partners in major government negotiations with the regional and international financial institutions.

Notable policy and programme **initiatives** include the following:

- C Balance-of-power initiatives
  - @ Some governments have established tripartite institutions and mechanisms to create a more conducive environment for social dialogue.
  - @ Training and education programmes have been undertaken by governments, the social partners and the ILO in order to enhance the capacities of the social partners.
- C Trust-enhancement initiatives
  - @ Governments and the social partners have organized tripartite forums to encourage openness and cooperative attitudes in the conduct of social dialogue.
  - @ Governments have initiated efforts to disseminate appropriate and timely information on economic and social policies and programmes to the social partners.
- C Support machinery
  - @ Some governments have taken steps to provide for social safety nets, such as social development funds and social security systems and benefits.
  - @ Some employers have taken steps such as counselling services, entrepreneurship training, and provision of seed funds for alternative employment opportunities.
  - @ In some countries, the social partners have come to a common understanding about employment security to preserve jobs and minimize social costs.
- C Legislative and policy initiatives in support of fundamental rights Conventions
  - @ Half the member States in Asia and the Pacific have ratified four or more ILO fundamental rights Conventions, in particular Conventions Nos. 87 and 98.
  - @ An equal number have ratified the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), and the Employment Policy Convention, 1964 (No. 122).
  - @ Application mechanisms have been strengthened.
- C Involvement of social partners in consultations on governmental negotiations with the

regional and international financial institutions

- @ Some governments have responded to the call of the social partners and have taken initiatives to consult them with a view to increasing their involvement in those negotiations.

Policy and programme **priorities** should promote and expand on the initiatives referred to above.

- C As to ILO assistance to the constituents, the Consultation endorses paragraphs 31 and 37 of the Conclusions of the ILO High-Level Tripartite Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries (Bangkok, April 1998), and paragraphs 27 and 28 of the Conclusions of the Twelfth Asian Regional Meeting (Bangkok, December 1997).
- C The Office should continue to assist the constituents with a view to promoting the ratification of the fundamental rights Conventions and observance of the Declaration on Fundamental Principles and Rights at Work and its follow-up.

## **Integrating employment concerns into development planning**

Major **constraints** on the achievement of full, productive and freely chosen employment include:

- C low levels of economic growth (Growth, in turn, is constrained by the lack of resources, both financial and in terms of the skills of the workforce. The resource constraint is further exacerbated by international restraints on aid and investment flows, as well as on technology transfer.);
- C insufficient labour market information and the lack of effective participation in the dissemination and use of such information, all of which limit job placement, labour mobility and training possibilities;
- C inappropriate education and skill training, which create needless skill mismatches and discourage both domestic and foreign investment;
- C continuous and often massive shifts in labour demand, which tend to increase structural unemployment in an economy and make it difficult for workers to adjust their skills and move from one sector (e.g. manufacturing) to another (e.g. services) and may in some countries cause distressed workers to withdraw voluntarily from the workforce;
- C lack of access to credit facilities, raw materials, markets and new technologies which hold back growth and development and may be exacerbated by restrictive import regimes.

More information on and evaluation of recent country-specific policy and programme **initiatives** are needed. Among the initiatives considered are the following:

- C social action programmes;
- C comprehensive employment strategy programmes identifying specific action on the part of government and the social partners to generate more and better-quality jobs, and accelerate;
- C a tripartite labour policy to facilitate labour market adjustment within the present context of economic liberalization;
- C skills development centres to develop and provide training in new, job-related skills;
- C enhanced labour mobility through information networking and retraining programmes;
- C tax levies to encourage worker training through employer financing.

**National policy and programme priorities** to meet obligations under Commitment 3 of the Copenhagen Declaration should include the following:

- C To give full effect to Commitment 3 countries will need to achieve sustained, employment-generating economic growth. For this, while policies and reforms are necessary to ensure a sound macroeconomic framework and to attract investment, special effort will be required to achieve social progress and enhance the quality of life.
- C In an era of increasing globalization, countries will need to design their own blend of policies to attract foreign direct investment, encourage growth of job-creating enterprises, and equip their workforces with the skills needed to obtain productive employment and maintain their employability. Despite the financial crisis, an export-oriented development strategy based on comparative advantage remains valid and should be maintained.
- C In addition to economic liberalization, productive, not speculative, investment should receive greater attention in framing the development and growth policies needed to boost exports and employment. Priority should be given to developing an appropriate strategy for industrial restructuring, which is seldom fully addressed in standard structural adjustment programmes.
- C In order to ensure broad-based growth and its sustainability, it is necessary to foster consultations among governments and the social partners to achieve the widest possible consensus.
- C Investment in must be accorded the highest policy priority. The high rate of unemployment amongst the educated has raised concerns over skill mismatches. While recognizing that education has a broader role, education and skill development programmes should also be responsive to market demand and result in a highly skilled and employable labour force.
- C For active promotion of gender equity in employment, women's access to education and skills training programmes, along with access to credit facilities, should be encouraged.
- C Social protection and social safety nets need to be expanded progressively, and these measures must be mainstreamed in policy planning. At the same time, they should not erode the incentive to work.
- C Special measures to support the most vulnerable groups in society need to be adopted, ranging from special employment and income-generation programmes to social expenditures on health, education and skills development.

Specific **ILO priorities** should be as follows:

- C The ILO should assist member States in designing and formulating an employment policy framework, and support the social partners in building their capacities to take part in formulating national policies and programmes towards productive employment generation.
- C The ILO should also, in collaboration with other multilateral agencies, assist in enhancing , and in designing programmes for vulnerable groups of society.
- C The ILO must support the tripartite partners in developing a sound industrial relations system to resolve potentially conflicting interests.
- C In countries particularly affected by the Asian financial crisis, the ILO needs to assist in carrying out rapid assessments of the labour market, so that damage assessment for the target groups (especially those who are dropping out of education and training institutions) becomes possible, and support given to those with inadequate skills.
- C The ILO should continue to assist governments and the social partners in responding to issues relating to migrant labour.

# Annex I: Programme

**Asian Regional Consultation on Follow-up  
to the World Summit for Social Development  
(Employment Planners' Meeting)  
Bangkok, 13-15 January 1999**

## PROGRAMME

### Tuesday 12 January 1999

0900                      Group Meetings

### Wednesday 13 January 1999

0830 - 0900              Registration

0900 - 1030              Inaugural Session

Addresses:

- Ms Mitsuko Horiuchi, Assistant Director-General, ILO
- Mr Ali Taqi, Assistant Director-General, ILO
- Mr Thamarak Karnpisit, Chief Executive Planning Advisor, National Economic and Social Development Board (NESDB) of Thailand
- Inauguration by Mr Jongchai Thiengtham, Hon. Deputy Minister of Labour and Social Welfare of Thailand

1100 -1120              Presentation of ILO Technical Report for discussion by Mr A.S. Oberai, Director, ILO South Asia Multidisciplinary Advisory Team

1120 - 1230              Technical Session I: Towards Full Employment in the Asia-Pacific Region (including a focus on the Asian Financial Crisis)

*Chairperson:* Ms M. Horiuchi, Assistant Director-General, ILO

- Introduced by Mr Ng Gek-Boo, ILO

*Resource Persons:*

- Dr Willem van der Geest, Research Director, European Institute for Asian Studies
- Dr John Middleton, Senior Education Adviser, World Bank
- Mr K. Saito, Director, Regional Office for Asia and the Pacific, International Monetary Fund (IMF)

*Panellists:*

- Mr Paisal Pruthiporn, Deputy Director-General, Department of Employment, Ministry of Labour and Social Welfare, Thailand
- Mian Tayyab Hassan, Secretary, Planning and Development Ministry, Pakistan
- Mr Bryan Noakes, Executive Director, Australian Chamber of Commerce and Industry
- Mr Zainal Rampak, President, Malaysian Trades Union Congress

1400 - 1530              Technical Session I (continued)

### Wednesday 13 January 1999 (continued)

- 1600 - 1800                      Technical Session II: Enterprise Promotion and Human Resources Development  
*Chairperson:* Dr L. Mishra, Secretary, Ministry of Labour, India  
 · Introduced by Mr M. Henriques, ILO  
*Panellists:*  
 · Mrs Kimie Iwata, Assistant Minister of Labour, Ministry of Labour, Japan  
 · Mr Anand Agarwal, Vice President, All India Organization of Employers  
 · Mr Govindrao Adik, Vice-President, Indian National Trade Union Congress
- General Discussion

**Thursday 14 January 1999**

- 0830 - 1030                      Technical Session III: Social Dialogue: What is its Relationship To Employment?  
*Chairperson:* Dr Payaman Simanjuntak, Assistant Minister of Manpower, Indonesia  
 · Introduced by Mr W. R. Simpson, ILO  
*Resource Person:*  
 · Prof. Stephen W.K. Chiu, Department of Sociology, Chinese University of Hong Kong  
*Panellists:*  
 · Mr Hyoung-Woo Chung, Deputy Director, International Labour Cooperation Division, Ministry of Labour, Republic of Korea  
 · Datuk M. Zain Majid, Executive Director, Malaysian Employers' Federation  
 · Mr Sukesada Ito, Counsellor, RENGO-Japanese Trade Union Confederation
- General Discussion:

- 1100 - 1300                      Technical Session IV: Integrating Employment Concerns into Development Planning  
*Chairperson:* Mr Prithvi Raj Ligal, Vice-Chairman, Planning Commission, Nepal  
 · Introduced by Dr S. R. Hashim, Member-Secretary Planning Commission, India  
 · Comment on Topic by Mr M. Muqtada, ILO  
*Resource Person:*  
 · Prof. Colin Kirkpatrick, Director, Institute for Development Policy and Management, Manchester, UK  
*Panellists:*  
 Development Planners:  
 · Mr Chet Boonpratuang, Director, Human Resource Planning Division, National Economic and Social Development Board (NESDB), Thailand

**Thursday 14 January 1999 (continued)**

- 1100 - 1300                      · Ms Rosalinda D. Baldoz, Undersecretary, Department of Labor and Employment, Philippines

- Mr Toshio A. Suzuki, Managing Director, Nikkeiren International Cooperation Centre, Japan Federation of Employers' Associations
- Mr Alan Matheson, Senior Officer, Australian Council of Trade Unions

General Discussion:

1430 - 1730

Working Groups composed of tripartite representatives and development planners (details on the work of these Groups will be provided separately)

**Friday 15 January 1999**

0900 - 1130

Working Groups (continued)

1400 - 1530

Group Presentations and Discussions

1600 - 1730

Distribution of Draft Report  
Concluding Remarks and Closing Session  
Chaired by Ms M. Horiuchi, ADG ILO

## Annex II: Opening addresses

Speech by

**Ms Mitsuko Horiuchi**  
**Assistant Director-General**  
**responsible for ILO activities**  
**in Asia and the Pacific**

Honourable Khun Jongchai Thiengtham, Deputy Minister of Labour and Social Welfare of Thailand  
Khun Thamarak Karnpisit, Chief Executive Planning Adviser, National Economic and Social Development Board of Thailand  
Mr Ali Taqi, Assistant Director-General of the ILO  
Members of the ILO Governing Body  
Secretaries and Under-Secretaries of Labour Ministries and Departments  
Leaders of Trade unions and Employers' Organizations, and  
Colleagues from the World Bank, International Monetary Fund and Asian Development Bank and UN organizations  
Distinguished Guests and Participants

At the outset I would like to extend my warmest welcome to all of you to Bangkok and its pleasant climate. I wish to thank, first of all, Khun Jongchai Thiengtham, Deputy Minister of Labour and Social Welfare of Thailand who kindly graces the opening of this meeting. To Khun Thamarak Karnpisit, Chief Executive Planning Adviser of the National Economic and Social Development Board of Thailand, I would like to extend the same gratitude. I would also like to register my cordial thanks to the distinguished resource persons, Dr Willem van der Geest, Prof. Colin Kirkpatrick and Dr John Middleton from World Bank, and Mr Saito from IMF.

I would also like to thank the panellists from Governments, Employers and Workers whose valuable contributions will be a great asset to the first ILO regional exercise of follow-up to the Social Summit.

Ladies and Gentlemen,

Among a number of United Nations global gatherings held during the 1990s, the Social Summit was of particular importance. As the first paragraph of the Copenhagen Declaration on Social Development states, "For the first time in history, at the invitation of the United Nations, we gather as Heads of State and Government to recognize the significance of social development and human well-being for all and to give to these goals the highest priority both now and into the twenty-first century". This Summit put "the needs, rights and aspirations of people at the centre of our decisions and joint actions". Since I was deeply involved in the preparation for and in the Summit itself as a key member of Government, I was personally part of the eagerness to shift the paradigm of development so that people are at the centre. As you are aware, ILO played an important role in the preparation of the Summit because of the relevance of ILO mandate to three of the themes of the Summit. The Chairperson of the preparatory meeting who led to the successful outcome of the Summit, H.E. Ambassador Somavía, Permanent Representative of Chile to the United Nations, will take up office as Director-General of the ILO this March. This will add to the significance of the follow-up exercise of the Summit to the ILO. This regional consultation aims at providing regional input to the International Consultation concerning follow-up on the World Summit for Social

Development to be held from 2-4 November 1999 in Geneva. And this meeting will discuss and assess progress made, problems encountered and identify ways to overcome difficulties. This is a consultation at which we all think together, learn together and decide what practical measures could be further promoted.

Let me turn to the nature and structure of the meeting. This meeting is part of our regular series of meetings for employment planners. That is why not only our traditional tripartite constituents, but also development agencies are invited. I believe that follow-up of the Summit is a most relevant agenda for employment planners' meeting because programme of action of the Summit calls for the centrality of employment in sustainable development strategies and economic and social policies. The meeting is divided into two broad sessions. One is, so to say, a session for fertilization of ideas. Panel discussions on four major topics are organized to stimulate ideas and rethink priorities. These sessions are followed by group discussions, which allow more detailed debates to take place at close quarters. These group meetings are laboratories of ideas. The ILO technical staff is ready to assist in facilitating your discussions.

To support your discussions, we are distributing a number of documents. The basic technical document is entitled "Towards Full Employment" prepared by the Regional Office with the principle author, Mr Oberai. Later this morning he will summarize the main findings. We have also distributed Mr Eddy Lee's book on "The Asian Financial Crisis". As reference material we are also distributing the relevant ILO Conventions, an excerpt from the Copenhagen Declaration as well as Programme of Action of the Social Summit. Papers and the outline of intervention of the panellists will also be distributed when they are available.

I would now like to make some remarks about the agenda of the meeting. Since the Social Summit reaffirmed the goal of full employment as a basic priority of economic and social policy, the overall employment situation in Asia has turned gloomy. Recent developments in the financial crisis in East and South East Asia have led to adverse trends, now defined by loss of employment and income. The Asian crisis has been the subject of considerable deliberations and has elicited a strong response from the ILO. The financial crisis is also evidence of how far globalization has advanced in particular in East and South East Asian countries. The Declaration of the Social Summit raised the issues of globalization including capital flow which opens new opportunities for sustained economic growth and development of the world economy, while intensifying poverty, unemployment and social disintegration. The Summit calls for management of the process and mitigation of its negative impact. Recent experiences in Asia will provide one important component for assessment of the implementation of the Copenhagen Declaration. The financial crisis, Ladies and Gentlemen, has reaffirmed that economic growth cannot be attained without social stability based on the basis of full and freely chosen employment. The economic difficulties and job losses have led us to think about the stability of our societies and the basic rights on which that stability rests. It is no coincidence that in the midst of our economic hardships, the world community represented in the ILO has declared its commitment to fundamental human rights. One of the concluding thoughts at the April Meeting held here in Bangkok last year was that "the ILO should make available all possible assistance to improve compliance with the seven fundamental Conventions". The current crisis also has highlighted the importance of sound labour market institutions and safety net systems. Independent, strong representative worker and employer organizations are necessary partners in labour market governance.

Globalization has increased the vulnerability of countries to economic shocks and crisis. We have a common interest to ensure that globalization is accompanied by steady growth in employment opportunities, because this is the main means through which globalization benefits are transferred to the working people and their families.

Ladies and Gentlemen,

In 1995 the Heads of States and Governments said clearly "we gather here in Copenhagen in a

Summit of hope, commitment and action". I too hope this consultation will provide a forum for ideas and actions which may induce change for the better.

**Speech by  
Mr Ali TAQI  
Assistant Director-General  
ILO, Geneva**

*(read by Mr. Rueben Dudley, Deputy Regional Director, ILO ROAP)*

Honourable Khun Jongchai Thiengtham, Deputy Minister of Labour and  
Social Welfare of Thailand  
Khun Thamarak Kampisit, Chief Executive Planning Adviser, National Economic  
and Social Development Board of Thailand  
Ms Mitsuko Horiuchi, Assistant Director-General responsible for ILO activities  
in Asia and the Pacific  
Distinguished participants, observers and guests  
Ladies and Gentlemen,

On behalf of the technical departments of the ILO concerned with employment issues, I am pleased to join Mrs. Horiuchi in welcoming you to the Asian Regional Consultation on follow-up to the World Summit for Social Development.

This meeting is important in its own right as an opportunity for an exchange of experience and ideas among the ILO's tripartite constituents from a wide range of countries in the Asia-Pacific region. But it is doubly important because it constitutes a major component of the ILO's preparations for the review of the follow-up to the World Summit for Social Development.

Mrs. Horiuchi has already recalled the Social Summit, its relevance to the ILO, and the key role played by our Director-General Elect, Ambassador Somavía.

The fifth anniversary of the Copenhagen Summit will coincide with the advent of the new century and the new millennium. The General Assembly of the United Nations will review progress made in the implementation of its conclusions at a special session to be held in Geneva in June 2000.

The ILO will naturally make its full contribution to this review. The regional consultation is an important step in the process of preparing that contribution. While the focus here will be on employment issues, we should also bear in mind the complementary objective of safeguarding basic rights.

And I should mention the major step forward taken by the ILO in pursuance of that objective, namely the adoption by the International Labour Conference in June 1998 of a solemn new "ILO Declaration on Fundamental Principles and Rights at Work".

The Declaration gives the ILO and its tripartite constituents an important new instrument to promote the objectives of social progress unanimously adopted in Copenhagen.

As a crucial element of those objectives, world leaders committed themselves to "promoting the goal of full employment as a basic priority of our economic and social policies".

This reaffirmation of the goal of full employment had all the more resonance because it came at a time when certain schools of economic thought were questioning whether full employment would ever again be feasible. It was an unequivocal endorsement of the ILO's consistent position that freely chosen productive employment and work must be a cornerstone of any strategy to combat poverty, inequity and social exclusion.

Although employment promotion has now been identified as a high priority in many countries, a frank assessment of the situation on the ground shows little progress and, on the contrary, considerable regression.

The ILO's *World Employment Report 1998-99*, published last October, described the global employment situation as bleak and getting bleaker. About a billion workers, close to one third of the world labour force, are unemployed or underemployed. Of these, about 150 million are fully unemployed. Unemployment has either risen or remained at high levels in a wide range of countries in all regions. Very few countries -- most notably the United States have succeeded in substantially reducing unemployment. On the contrary, as everyone in this room knows only too well, some of the countries that had over the last decade or so registered an enviable record of employment growth have gone sharply into reverse. The persisting high levels of unemployment and underemployment in many countries have triggered growing concern over discouragement and social exclusion, particularly among the young, the old, the less skilled, the disabled and ethnic minorities. In some countries, the rise in unemployment has been sudden and sharp. In the absence of social protection, this has added to the pressure on the already overburdened informal and rural sectors. Poverty has been aggravated and the impact on women, both direct and indirect, has been particularly harsh.

How these problems are affecting the Asian and Pacific Region, and what can be done to alleviate them, will be the subject of your discussions. While your preoccupations may understandably focus on restarting growth, and increasing competitiveness, the experience of the recent financial crisis demonstrates that the narrow pursuit of economic growth without serious attention to social policies will not only perpetuate injustice but will prejudice growth itself.

You may therefore wish to cover in your discussions such issues as labour market programmes and mechanisms, particularly training systems and employment services; social safety nets, particularly unemployment insurance and other income protection measures; and the development of social dialogue among governments and free, independent employers' organizations and trade unions in support of employment generation and productivity enhancement as well as social protection.

The results of your deliberations, together with those of other regional consultations in the course of this year, will be a major contribution to the preparation of a tripartite International Consultation on Follow-up of the World Summit for Social Development to be held in Geneva in November. The objective of that meeting will be to review action taken at the national level and ILO activities undertaken since the Copenhagen Summit and to provide tripartite guidance on giving effect to the goal of promoting full employment set forth in Commitment 3 of the Copenhagen Declaration.

In concluding, I wish you fruitful and productive deliberations and every success in your individual and collective endeavours.

I thank you.

**Speech by**  
**Khun Thamarak Karnpisit**  
**Chief Executive Planning Advisor**  
**National Economic and Social Development Board (NESDB), Thailand**

Mrs Mitsuko Horiuchi, ILO Assistant Director-General,  
Mr Ali Taqi, ILO Assistant Director-General,  
Honourable Khun Jongchai Thiengtham, Deputy Minister of Labour and Social Welfare of Thailand,  
Distinguished Guests and Participants,

It is a pleasure to be invited to address the Asian Regional Consultation on Follow-up to the World Summit for Social Development.

Since the adoption of a commitment to the goal of full employment by the World Summit for Social Development in 1995, several of the Asian economies including Thailand have been facing, serious economic difficulties. After more than three decades of rapid expansion of growth and employment, the Thai economy suddenly experienced a sharp down turn in 1997, followed by the deep recession of 1998.

In response to this economic crisis, we, in Thailand, have been focussing on putting in place the short and long-term measures for sustained recovery. Our government has taken many painful steps to get the macro-economics policies right particularly on financial, judicial and regulatory reform, on bankruptcy laws, ant-corruption programmes and corporate governance, so that private sector confidence can be restored.

On the social side, we have been focussing our efforts on priority programmes that can reach poor communities quickly. Some of these aim to keep children in school through programmes to provide scholarships for needy children, together with creating jobs through a new social fund as well as of other necessary social safety net provision.

As many of you already know, our 8th Plan advocates a holistic approach under a new paradigm of development that has the transformation of the whole society as its aim rather than the narrow focus on only the acceleration rapid economic growth.

The present economic crisis cannot be viewed only as a financial crisis; it is a human crisis which has brought a lot of pain to the people. Today, many of Indonesians and Thais and others have fallen back into poverty. Millions of Thai are unemployed. We believe that while the establishment of an appropriate macro economic plan, with effective fiscal and monetary policies, is essential in every respect, it is neither enough nor an end in itself to alleviate this human pain.

In order to address this human pain, the National Social Policy Committee (NSPC), chaired by the Prime Minister has confirmed the holistic people centered approach of the 8th Plan and come up with the following policy framework, and strategies.

I. POLICY FRAMEWORK

- A. A whole system approach to respond to the economic crisis and to societal development, ensuring that the whole develops with a dynamic balance.
- B. A people-centred approach, with development by, of and for people themselves, men and women, with inclusiveness and gender equity as core principles for achieving the well-being of all.
- C. Universal targeting of the crisis-response initiatives to address the needs of all Thais across the whole country, based on universal targeting criteria of levels of deprivation, disadvantage and vulnerability, designed to ensure the well-being, of all Thais.
- D. Local communities not just to participate in programmes sponsored by others, but to take the lead role in dealing with the impact of the crisis on the community and its members, targeting those most severely affected.
- E. An enabling environment created for local communities and other partners to be effective in their initiatives to address the crisis, supporting self-reliant action rather than doing things for people.
- F. Participatory decision-making that creates accountability and transparency at the local level, as well as at wider levels, creating high level of public trust, to be facilitated in all processes dealing with the crisis.
- G. A strong social fabric, consisting of people, families, communities and civil society, empowered through participatory processes in a culture of public trust and care, is the most reliable and sustainable safety net to ensure the well-being of all Thais at all times.

## II. STRATEGIES

- A. Strategies for responding effectively to social impacts of the economic crisis
  1. Mobilize the whole Thai society to respond to the crisis, encouraging everyone to become engaged in initiatives to reduce the negative impacts on the Thai people, targeting those most severely affected, and creating waves of synergy for overcoming the crisis, with local communities taking the lead role.
  2. Promote partnership among all actors from all spheres at all levels through networking, joint action and sharing of information, knowledge, ideas and resources.
  3. Promote participatory decision-making in all phases of development management, from analysis through implementation to monitoring and evaluation, and to rapidly develop capacities to facilitate participatory decision-making, particularly at the local community level.
  4. Foster total transparency and a culture of trust through open communication channels and sharing of information, encouraging the media to play a key role in advocacy, promotion, reporting, monitoring and social auditing, including providing access to media to local communities and citizen groups.
  5. Encourage the army to become a major partner in empowering local communities with responsive service and support, especially at the one-stop, crisis-response centre level.
  6. Build on the initiatives implementing the King's New Theory for self-reliant

development and self-sufficient rural economy, developing self-reliance capacity throughout society, targeting the weakest and most deprived communities and groups.

7. Monitor progress and celebrate success, identify weaknesses and bottlenecks and overcome constraints to achieve broad-based, even development and universal reversal of crisis impacts through sustainable, self-reliant development efforts.

B. Long-term strategies to promote development of the whole Thai society<sup>1</sup>

1. Public Sector reforms to change the role from one of control, command and implement to an enabling, facilitating, supporting service role.
2. Educational reforms to foster attitudes, values and habits that enhance learning capacity, adaptability, flexibility and resilience in the face of constant changes.
3. Governance reforms to achieve people-centred, community-led governance, involving all partners in a web of networks that link all Thais on a continuous basis to all aspects of decision-making processes affecting the quality of life, well-being and security of all, including future generations.
4. Financial, fiscal and economic reforms that create an enabling environment for all actors in all sectors in society, not just for the private sector, and reflect long-term sustainable resource-use accounting and equitable distribution of incomes and expenditures throughout the country.
5. Law reforms and legislation fully to implement the New Constitution as the basis for democratic development, human rights and people-centred governance.
6. Civil society reforms, led by Civil Society Organizations themselves, to make them more empowering of people and less controlling, supporting the people's and the community's plans, rather than planning and doing things for the community.
7. Academic institutional reforms to become more people-centred and community oriented, seeking to empower people and communities with knowledge and skills that they require to improve their quality of life and well-being.
8. Media reforms to accept social responsibility and accountability to the communities that support them, to provide forums for public discussion of development issues, to provide learning opportunities about the major trends of development in the world and their implications for Thailand and its people, and to provide communities with access to media to promote their own vision of their development and of Thai society.
9. Private sector reforms to accept social responsibility and accountability and an ecological responsibility to the sustainable use of Thailand's natural resources and the maintenance of a clean and healthy environment, supporting the plans and efforts of communities to preserve and enhance their own environment and cultural traditions.

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<sup>1</sup> The NSPC identified a wide range of reform measures that will have to be pursued on a parallel track with the immediate crisis-response measures since these are essential for the long-term sustainability of the social learning and development that the crisis is stimulating.

10. International organizations to cooperate with all Thai partners to achieve the Thai vision of social development, accepting responsibility for the wellbeing of all Thais and supporting community plans and visions.
11. Fostering holistic development that is based on the wholeness of the web of life and that recognizes the need to take a whole systems approach to the development of the whole society, instead of emphasizing economic growth in isolation of the other elements on which its quality and sustainability depend.

Ladies and gentlemen, the real issues facing us on the attainment of full employment are not only the rehabilitation of our economy but also the transformation of our society for medium-term and long-term sustainable development. The President of the World Bank, in his key note speech to the Bank's Board of Governors Meeting on October 6, 1998, said "a human crisis will not be met unless we begin to take a holistic approach both to development and how we respond to crisis - looking at the financial, the social, the political, the institutional, the cultural and the environmental aspects of the society - together". Hence the translation of the above-mentioned policy framework and strategies into a concrete plan of action is of paramount importance and it is now being emphasized by the Thai Government.

I would like to end my statement by calling upon our international development colleagues: let us collaborate more on building a partnership for holistic people centred approach of development so that this global economic crisis can be turned into the opportunity for alleviating human pain in the years to come.

Thank you.

## Speech by

### **Mr Jongchai Thiengtham The Deputy Minister Of Labour And Social Welfare**

Ms Mitsuko Horiuchi, ILO Assistant Director-General,  
Mr Ali Taqi, ILO Assistant Director-General,  
Khun Thamarak Kampisit, Planning Adviser, NESDB,  
Distinguished colleagues and friends,

Allow me first to welcome those of you who have come from abroad to Thailand, and to wish all of you a productive meeting and also a most enjoyable stay in Bangkok.

Ladies and gentlemen,

As we surveyed our accomplishments toward the commitment of full employment nearly four years ago in Copenhagen, there were many countries in this region – Thailand included – that had much to be proud of. Indeed, it was as if we had found the answer for which many other countries in the world were searching: how to build a job creation machine, prime it with the sort of fuel it needed to keep it running smoothly, and let the machine itself do the work of reducing poverty and lifting all standards of living by the jobs that it created.

I have to say there is certainly some Truth to this rather “mechanistic” view of how jobs were created in Thailand and elsewhere in the region. And the benefit of hindsight only confirms that there was a lot that we did get right: Generating jobs the main outcome of our macroeconomic and outward-oriented growth strategies was and is fundamental (and will remain fundamental) to much of what we wish our societies to achieve.

But, ladies and gentlemen, as always, hindsight also has other lessons to teach. To me, the most important may well be the fact that “export orientation” and “economic openness” are not one and the same things. They are not synonyms. Let me explain.

An outward orientation to world markets is really only one half of what is needed to be a truly open economy – the other half, “inward openness” and, if I may add, “inward preparedness” are just as important for becoming truly open. Many countries in the region have not been adequately prepared for openness – and the greatest shortfall has been in the mechanisms and institutions of social protection and social security, and also in terms of promoting social dialogue. Their weakness in many countries has aggravated the employment crisis.

Creating and sustaining jobs, and quality jobs at that, requires employment policies and strategies, aimed at developing human resources to respond to labour market demands. Again, these demands must be stimulated through investments to enhance productivity and promote jobs – in the formal sector, in enterprises and in the growing, informal sector. Economic growth with improving social standards needs to be the goal.

This approach can boost the economy and lead to creating Jobs, which are important but protecting them and protecting, those without them is, too. The financial crisis and its aftermath have taught us that, henceforth, Asia, too, will have to adjust to global business cycles. In the near past, it was as if our job machine had only one gear forward – and one speed – fast, and one direction – up. We now require a more sophisticated machine, one that knows how to cope with reversals, one that

can adjust to different speeds, one that can smoothly and safely go downhill when needed, as well as up.

In response to the social impact of economic crisis, the Government of Thailand introduced seven measures, to name just a few, Thai help Thai scheme, rural employment creation, industrial employment promotion, and career reorientation for new entrants to labour market. Currently, the Ministry of Labour and Social Welfare is implementing loan schemes relating to job creation and skill development: the World Bank Social Investment Programme – rural occupational development for the disabled, women, and youth; and the ADB loans – strengthening of village social welfare centres, occupational development, and promotion of homework. Together with the ILO, the Ministry has conducted a number of activities, namely minimum wage decentralization under the new labour protection act, feasibility study on unemployment insurance scheme, occupational safety and health reforms, and strengthening provincial industrial relation committees. In addition, the sixth Letter of Intent between the Royal Government of Thailand and the IMF has put particular stress on government's commitment to alleviate the social impact of economic crisis, in which the government has set a goal to generate more jobs for at least 200,000.

The machine for adjusting to the ups and downs of the global economy are more effective social institutions than we currently have. We may learn from other experiences but have to develop our own models. The more successful economics can share with us their greater experience with the ups and downs of markets, and, therefore, greater development of the mechanisms of social security needed for withstanding setbacks.

Ladies and gentlemen, I realize that the timing of this meeting – a follow-up about four years since the social summit – and the current employment challenges facing many countries in the Asian region is a coincidence. But it is a happy coincidence at that. The objective to which the Social Summit's Third Commitment refers – to full and freely chosen employment – is now on everyone's agenda.

Employment is no longer likely to be viewed as a mere derivative, and automatic outcome of economic growth. It is likely to be viewed as a policy priority in its own right, and a priority that takes in far more than just the accounting terms of numbers of jobs created.

This is why – in studying that agenda for this meeting – I am particularly pleased to see the breadth of issues that you will relate to the employment challenge. You will be discussing not only the quantity, but also the quality of jobs – and the processes and institutions which need to be in place to support both. The strong emphasis that you have given- the role of social dialogue is particularly welcome. Whether dialogue was less important or not when the “going was good” is a debatable point – but it is surely beyond debate that it is required now – now, when sacrifices need to be made, and there are and will continue to be job losers; now, when consensus rather than unrest can materially improve outcomes and maybe even speed our return to growth. Our employers' and workers' organizations, and, yes, many of our labour ministries, too, need to be strengthened to fulfil this role.

It is crucial to stimulate employment and improve its quality, as well as to promote social protection, these policies and programmes are planned as part of a country's overall development strategy. I am pleased to see your meeting has brought together development planners to discuss these issues with the tripartite partners.

I certainly look forward to the outcome and follow-up of your deliberations. May I especially call on the ILO and the other international institutions present here to engage in closer dialogue with our national institutions, to continue supporting us in a pragmatic, positive, and collaborative manner in the task before us.

Ladies and gentlemen, again, I welcome you most warmly to Thailand for this highly timely and important event, and wish you every success in your discussions.



## Annex III: Closing remarks

Comments by

**Ms Mitsuko Horiuchi**  
**Assistant Director-General**  
**responsible for ILO activities**  
**in Asia and the Pacific**

First, I would like to thank you for your active participation and contribution to the discussion, in particular on the major constraints to the achievement of full, productive and freely chosen employment, and on the policies and programmes to overcome these constraints. This Asian Regional Consultation actually belongs to the participants and the Secretariat is here just to facilitate your task. I would like to congratulate all of you on your effective achievements. The results of your deliberations which are now available as a statement of common understanding on the topics of the four working groups, provide us with guidelines for future ILO action.

I also express my sincere thanks to the resource persons for the broader analytical insights they have given us on policy implications. Your remarks have certainly contributed to substantive deliberations. Everybody, I believe, shares the concerns about the attainment of full employment in the midst of the Asian financial crisis and at a time of increasing globalization. The financial crisis is indeed a human crisis, as Mr Thamarak Karnpisit, said at the opening session.

We in the Asian region have many lessons to learn about how to cope with the effects of financial liberalization. Mr Saito of the IMF mentioned that the crisis was bottoming out. However, uncertainty remains and, as Prof. Kirkpatrick pointed out, “the employment crisis is far from over”. Plainly, the goal of full employment is more crucial than ever before in our region. Since the present crisis is a human crisis, it is suggested that we have to put greater emphasis on the protection and welfare of workers.

Ladies and Gentlemen,

The reaffirmation of the Conclusions of the Twelfth Asian Regional Meeting and of the High-level Meeting on Social Responses to the Crisis of last April provide evidence of your continued commitment to the goal of full, productive, and freely chosen employment.

I am pleased that you agreed on the importance of social dialogue, human resource development, the promotion of core labour standards and the 1998 ILO Declaration in particular. This will help to achieve the goals set at the Copenhagen Declaration.

This Consultation was also an Employment Planners’ Meeting; it has attracted very high level development planners and emphasized very clearly that employment should be at the centre of development, and economic and social policies.

The ILO Regional Office for Asia and the Pacific will continue to provide regional fora for the exchange of views and ideas. They will also offer opportunities to learn lessons, identify best practices and foster their dissemination. Finally, how pleased I am to see your commitment to further promote gender equality and women’s participation in the decision-making process.

I would like to inform you that the ILO Regional Office is organizing a number of important

regional meetings this year. They will address the follow-up to the 1998 Declaration, globalization and industrial relations, human resources development and child labour. There will also be an enterprise round table. All have been approved by the Officers of the Governing Body and information on these meetings has already been distributed. I look forward to seeing you at these meetings in the near future, be it in Bangkok or in some other Asian city.

Once again I would like to thank the spokespersons of each group and all the participants. Also allow me to thank the ILO officials from Geneva, as well as from the region, for their help and assistance in conducting this meeting. I would like to express my special gratitude to the members of the task force member, led by Mr Oberai, for providing the technical report.

At the ending of this meeting and at the beginning of the year, I wish you a fruitful 1999. Bon voyage and safe journey home.

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# Annex V: List of participants

## Governments

### *China*

Mr Aiwen Wang  
Deputy Director-General  
Department of Training and Employment  
Ministry of Labour and Social Security  
BEIJING , People's Republic of China

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Mr Peng Yu  
Section Chief  
State Development Planning Commission of China  
BEIJING, People's Republic of China

### *Hong Kong, China*

Mrs Chui-Yuk Chor Chan  
Acting Deputy Commissioner for Labour  
Labour Department  
Hong Kong, China

Mr Wai-Ping Wong  
Labour Officer  
Hong Kong, China

### *India*

Dr Laksemidhar Mishra  
Secretary  
Ministry of Labour  
NEW DELHI, India

\*\*\*\*\*

Dr S.R.Hashim  
Member-Secretary  
Planning Commission  
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