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PRESS RELEASE

ASEAN Faces Challenges to Ensure Sustainable Growth, Says New ILO Report

JAKARTA (ILO News): To ensure sustainable growth and build a thriving community by 2015, Member States of the Association of Southeast Asian Nations (ASEAN)¹ must increase labour productivity and narrow development gaps between members, according to a new report by the International Labour Organization (ILO).

The report is the first time that comprehensive employment and social statistics – including labour productivity, employment by sector and the informal economy – have been compiled for the ASEAN countries.

According to the report, between 2000 and 2006 total employment in ASEAN increased by more than 11 per cent to 263 million, with more than 27 million new jobs being created. At the same time the ASEAN regional unemployment rate rose from 5 per cent to 6.6 per cent, with young people being disproportionately affected. However, this figure is slanted by the situation in Indonesia (which has the region's largest labour force), where unemployment rose from 6.1 per cent to 10.4 per cent. In many other ASEAN countries unemployment rates declined or remained stable.

The report cautions that while unemployment is often seen as an important indicator other crucial aspects of labour market performance deserve more attention, including gender gaps, labour productivity, working conditions, the growing informal economy and the working poor. Despite recent economic growth the region remains home to millions of working poor. In 2006 more than 148 million of ASEAN's 262 million workers did not earn enough to lift themselves and their families above the standard US\$2 per person per day poverty line.

Balancing economic growth and social development presents a unique challenge. "What matters therefore, when evaluating labour market trends is not just the level of employment but also its nature and quality; in other words decent work" the report says.

Because of its strong export-orientation, productivity growth is critical to ASEAN. But between 2000 and 2005 output per worker in ASEAN grew only 15.5 per cent, compared to 26.9 per cent

¹ Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, Singapore, the Philippines, Thailand, and Viet Nam.

in India and 63.4 per cent in China. Accelerating productivity growth is therefore essential, not only for competitiveness but for job creation and poverty reduction.

Persistent development gaps and uneven labour supply are driving increasing cross-border labour migration. In 2005 the total number of migrants originating from ASEAN was estimated at 13.5 million, 39 per cent of whom were in other ASEAN member countries. The large and growing number of irregular migrants means that managing migration and ensuring migrants' protection are becoming pressing issues – a major task that ASEAN has now taken up, with its recent Declaration on the Protection and Promotion of the Rights of Migrant Workers.

Looking ahead to 2015 the report identifies demographic, labour force and social trends that are expected to influence the region's integration. These include:

- 55 million more workers will enter the ASEAN labour force by 2015, with the biggest increases in countries with the largest informal economies and populations of working poor.
- Labour shortages are expected to increase in Singapore and Thailand, which raises questions about how labour migration is managed in these countries and throughout the region.
- By 2015 services will be the largest employment sector, accounting for 40 per cent of ASEAN workers. The urban informal sector is projected to grow significantly.

The report notes that the 2015 target creation date for the ASEAN community corresponds with the deadline for the UN's Millennium Development Goals and the end of the Asian Decent Work Decade², making the quality and sustainability of growth and development central to the vision of regional integration in ASEAN.

The 107 page report, *Labour and Social Trends in ASEAN 2007: Integration, Challenges, Opportunities*, has been produced by the International Labour Organization's Regional Office for Asia and the Pacific, for the ASEAN Senior Labour Officials Meeting which is being held in Jakarta, Indonesia from May 15th to 16th.

In March 2007, the ASEAN Secretariat and the ILO signed a Cooperation Agreement covering the exchange of information and research, as well as programmes on occupational health and safety, HIV/AIDS and the workplace, youth employment, vocational training, social security, labour migration and the implications for employment of trade liberalization.

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² The Asian Decent Work Decade was launched by the ILO's Asia-Pacific Member States in September 2006. Representatives of Governments, workers' and employers' organizations committed themselves to concerted and sustained efforts to realize decent work throughout the region.