



## Assessing and Addressing the Effects of Trade on Employment (ETE)

**Objective:** Analysing and supporting formulation of effective and coherent trade and labour market policies that address the adjustment challenges that workers and employers face and expand opportunities for the creation of decent employment in developing countries.

**Key Partners:**

- Ministry of Manpower and Transmigration
- Ministry of Trade
- Coordinating Ministry for Economic Affairs
- National Development Planning Agency
- Indonesian Employers' Association (Apindo)
- Trade Unions
- International Organizations

**Duration:** 3 years (2009 – 2012)

**Geographical Coverage:** National

**Country Programme Reference:** Employment Targets in Medium Term Development Plan are underpinned by policies and programmes with emphasis on pro-poor employment growth and enterprise development.

**Donor:**



The European Union

**Budget:** EUR 3,397,590  
(The budget covers a global project and four local projects in Indonesia, Bangladesh, Guatemala and Benin)

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## Trade and Employment in Indonesia

Increasing liberalization of trade and the planned formation of the ASEAN economic community will bring opportunities and challenges to Indonesian businesses. Though exports and imports of goods and services recorded a two-digit decline in 2009 (exports decreased by 11.4 per cent and imports by 19.5 per cent on the year-to-year basis), international trade is expected to be back on a steady expansion path from 2010, according to the latest forecast by the World Bank.<sup>1</sup> This trend is certainly to affect employment in Indonesia. Many formal jobs will be created in the export sectors, while some jobs may be lost in sectors that are not competitive. The impact of trade on employment depends on the kind of and volume of goods and services traded, as well as on labour market regulations.

## Project Description

The project will develop global knowledge tools that can support the formulation of coherent trade and labour market policies that address the adjustment challenges and expand opportunities for the creation of decent employment at the national level, based on sound data and diagnosis and with the involvement of the social partners. Actions will be taken at the global level and in four pilot countries, to strengthen the capacity of policy makers, researchers and the social partners to assess, address and monitor the effects of trade on employment.

## Project Objectives

The project will seek to promote a fair globalization by supporting the efforts of developing countries to take effective action to address any negative effects that might arise from trade related adjustment and to take advantage of potential opportunities for the creation of decent employment.<sup>2</sup> It will facilitate consideration of the interaction between trade and labour market policies and support the design of effective, coherent and complementary policies.

1. The World Bank Indonesia Economic Quarterly, December 2009

2. See: *A fair globalization: Creating opportunities for all*, Report of the World Commission on the Social Dimensions of Globalization, ILO, 2004. The report argued that a fair globalization begins at home, with effective actions to strengthen economic capabilities, maximise employment opportunities and raise productivity and incomes.

## Overall objective:

*Analysing and supporting the formulation of effective and coherent trade and labour market policies that address the adjustment challenges that workers and employers face and expand opportunities for the creation of decent employment in developing countries*

The specific objectives of the project are:

**Specific objective 1:** Develop global knowledge tools that can support the formulation of coherent trade and labour market policies at the national level, based on sound data and diagnosis, with the involvement of the social partners.

**Specific objective 2:** Strengthen the capacity of policy makers, researchers and the social partners in pilot countries to assess the effects of changes in trade policy on employment and to design effective and coherent policies that enable countries mitigating any negative effects and expanding employment.

## Main Activities in Indonesia

- Review existing literature on trade and employment and available statistical data for assessing the effects of trade on employment. Develop training tool together with the International Training Centre of the ILO.
- Train policy makers and specialists from relevant government departments in Indonesia to assess the effects of changes in trade policy on employment and to support the formulation of coherent trade and labour market policy.
- Train the social partners on the effects of trade and employment.





- Establish a policy working group to facilitate policy coherence and to determine terms of references for country studies.
- Conduct assessment/study of the effects of trade on employment and of complementary labour market policies and strategies to address the employment effects.
- Tripartite social dialogue between relevant policy makers, representatives from employers' organizations, trade unions and other institutions on the outcomes of the assessment/study.
- Formulate policies, strategies and programmes to facilitate adjustment and enhance opportunities for employment creation.

## Achievements to Date

### Activities at the global level

Review existing literature on trade and employment and available statistical data for assessing the effects of trade on employment as well as the development of training tool together with the International Training Centre of the ILO.

### Activities in Indonesia

- Training for trade unions on Basic Concepts in International Trade and Employment from 17 - 20 May 2010 in Jakarta, Indonesia.
- Knowledge sharing workshop on Assessing and Addressing the Effects of Trade on Employment from 12 - 16 July 2010 in Jakarta, Indonesia.
- Training for social partners on the use of World Integrated Trade Solutions (WITS) from 2 - 3 November 2010, in Jakarta, Indonesia.
- Training for specialists: An introduction to social accounting matrix and multiplier analysis from 7 - 11 February 2011 in Jakarta, Indonesia.
- Weekly follow-up Training for Specialists on Social Accounting Matrix and Multiplier Analysis from 25 February - 25 March 2011 in Jakarta, Indonesia.
- Policy working group on trade and employment.
- Review existing literature on trade and employment in Indonesia.

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