

Project Brief



International
Labour
Organization

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	<ul style="list-style-type: none">■ Coordinating Ministry for Economic Affairs■ Ministry of Manpower and Transmigration■ Ministry of Trade■ Ministry of National Development Planning (Bappenas)■ Indonesian Employers' Association (Apindo)■ Trade Unions■ International Organizations
Duration	4 years (2009 – 2013)
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

Despite the fact that the Indonesian economy is influenced by policies adopted in advanced countries, it would also be affected by global and regional cooperation. Enhancement of the country's economy and global trade have strengthened Indonesia's international cooperation in the various forms, which are expected to bring positive benefits, particularly in boosting the competitiveness of the Indonesia's domestic economy. The improvement of external sector may also help strengthen economic activity through the increase in exports of goods and services and by more robust domestic investment activity. The overall improvement in external and domestic demand sustains Indonesia's GDP growth at high level. The acceleration of economic growth is predicted to continue and reach the range of 6.5 to 7.5 percent in 2014, although, the growth might be slowing down in the anticipation of the worsening crisis in Europe.



Indonesia's participation in the G-20 has strengthened its position in formulating global actions and policies to improve and safeguard global economic and financial stability. Indonesia's commitments to various forms of international regulation will take on a more binding nature. 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. Increasing liberalization of trade and the planned formation of the ASEAN economic community will bring opportunities and challenges to Indonesian businesses.

Project Objectives

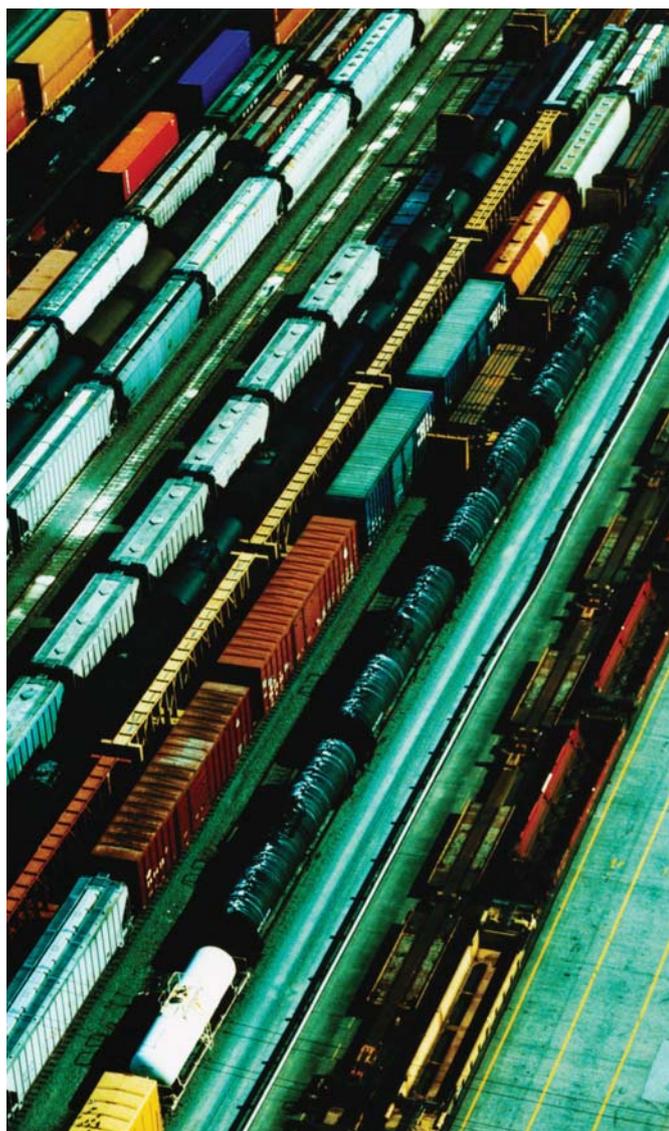
The project will seek to promote a fair globalization by supporting the efforts of developing countries to take effective action to address any negative effects that might arise from trade related adjustment and to take advantage of potential opportunities for the creation of decent employment. It will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

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: *Enable the design of effective and coherent trade and labour market policies that maximize employment-related opportunities created by trade and minimize the adjustment costs of trade-induced economic restructuring.*





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.
- Publication on “Trade and Employment: from Myths to Facts”, a joint-publication between the ILO and European Union.

Activities in Indonesia

- Training for Trade Unions on The Effects of Trade on Employment (17-20 May 2010);
- Knowledge Sharing Workshop for Social Partners on The Effects of Trade on Employment (12-16 July 2010);
- Training for Social Partners on the use of “World Integrated Trade Solutions (WITS)” software (2-3 November 2010);
- Review existing literature on “the Employment Effects of International Trade: the Indonesian case” (December 2010);
- Technical Training for Specialist in Indonesia: “An Introduction to Social Accounting Matrix and Multiplier Analysis” (7-11 February 2011);
- Five Week Follow-up Training on Social Accounting Matrix and Multiplier Analysis (25 February-25 March 2011);
- Study on “Trade and Employment Linkages in Indonesian Agriculture” (November 2011);
- Facilitating Policy Working Group Meetings in the period of January 2011 to December 2012;
- Ongoing work on the National Country Report: “Trade and Employment in Indonesia” (2011/2012);
- Completed the study on “Trade in Services Sector in Indonesia” (December 2011-July 2012); and
- Conducting ICITE Regional Conference on “Trade and Employment in the Globalized World” jointly with Asian Development Bank (ADB) and Organization for Economic Cooperation and Development (OECD) in Jakarta (10-11 December 2012).

Main Activities

- 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; and
- Formulate policies, strategies and programmes to facilitate adjustment and enhance opportunities for employment creation.