

18th American Regional Meeting

Lima, Peru, 13–16 October 2014



AMRM.18/D.7

Report of the Meeting

Opening of the Regional Meeting

1. The 18th American Regional Meeting of the ILO was held in Lima, Peru, from 13 to 16 October 2014.
2. On behalf of the Government group, the representative of Cuba nominated a candidate for the position of Chairperson of the Regional Meeting, and the Meeting unanimously elected Mr Fredy Rolando Otárola Peñaranda, Minister of Labour and Employment Promotion of the Republic of Peru. The Meeting unanimously elected Mr Luis Ernesto Carles (Panama) as Government Vice-Chairperson, Ms Eulogia Familia (Dominican Republic) as Worker Vice-Chairperson and Mr Alberto Echavarría (Colombia) as Employer Vice-Chairperson.
3. In accordance with the *Rules for Regional Meetings*, 2008, the Meeting appointed the members of the Credentials Committee, which was composed of Ms Gloria Gaviria (Colombia), Government substitute delegate, Ms Ruth Monteiro Coelho (Brazil), Workers' delegate, and Mr Bladimir Pablo Carrasco Quintana (Plurinational State of Bolivia), Employers' delegate.
4. The Meeting established a Drafting Committee to prepare the conclusions of the Meeting, composed of five Government representatives, five Employer representatives and five Worker representatives, with the following members:
 - Government representatives: Argentina, Mexico, Trinidad and Tobago, United States, Peru.
 - Employer representatives: Mr Juan Mailhos (Uruguay), Ms Ronnie Goldberg (United States), Mr Fernando Yllanes (Mexico), Mr Armando Urtecho (Honduras), Ms Brenda Cuthbert (Jamaica).
 - Worker representatives: Ms Marta Pujadas (Argentina), Mr Juan José Gorriti (Peru), Mr Brian Finnegan (United States), Mr Fernando Gambera (Uruguay), Mr Antonio De Lisboa (Brazil).

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5. The Meeting suspended the application of certain provisions of the *Rules for Regional Meetings* (2008), in accordance with article 8 of the Rules.¹
 6. *The Chairperson of the Regional Meeting* welcomed the tripartite delegation to the Meeting and to Lima. In addition, he thanked the Government group, the Employers' group and the Workers' group for his election as Chairperson of the important Meeting. He recalled that Peru has been among the 42 founding Members of the International Labour Organization and that the Government of His Excellency, Mr Ollanta Humala, President of the Republic of Peru, strongly supported the role that the Organization had to play in achieving social justice for all peoples, women, children and men, in all regions of the world. Lastly, he called on the three groups, Governments, Employers and Workers, to ensure that their deliberations were driven by consensus, which was the cornerstone of the values of the Organization and the distinguishing feature of the work of the ILO.

Inauguration ceremony of the 18th American Regional Meeting

7. *The Director-General of the ILO* welcomed the delegations to the 18th American Regional Meeting. He noted that it was the first American Regional Meeting in which he was participating as Director-General of the ILO and that in recent years the most innovative programmes and ideas in the area of labour policy had come from the region. In that regard, he recognized the leadership role that the Americas region would be called upon to play in the coming years, which was something that the world and the ILO needed.
8. The Director-General expressed his gratitude, on behalf of the ILO and the participants at the Meeting, for the generous support provided by the Government of Peru and by all those who, through their cooperation, had made it possible to hold in Lima the 18th Regional Meeting of the ILO, which was one of a series of meetings bringing the international community together in Peru. He noted that the next Conference of the parties to the United Nations Framework Convention on Climate Change was to be held that coming December in Lima. He also noted that the Meeting was taking place in a thriving, young and vibrant country, which had become a benchmark for the economic growth and progress that had been achieved in the region in recent years, and that it provided an opportunity to discuss the progress made since the previous Regional Meeting, held four years earlier in Santiago de Chile, and to reflect on current challenges.
9. The Director-General referred to the times of world economic uncertainty caused by the impacts of the global crisis and the slow recovery, the global challenge of climate change, and the growing crisis caused by the Ebola virus. He also mentioned that global unemployment was not in decline and that the scenario was compounded by the vast number of workers who, despite working hard and receiving an income, were not able to escape from poverty. According to the Director-General, decent and productive work was the main way of overcoming poverty and a valuable tool for strengthening democratic governance.

¹ Article 11 was suspended with regard to the functioning of the Drafting Committee on the conclusions of the Meeting, in order to allow it to fulfil its function efficiently and decide on its own modalities, and article 10 on the right to speak was suspended with regard to the organization of dialogues, to allow greater flexibility in the organization of their work.

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10. He also said that tripartite dialogue should be seen as a tool for, and not as an obstacle to, improving productivity, boosting the competitiveness of economies and achieving a better distribution of wealth. Improving productivity should be a priority and the responsibility of everyone, and should go hand in hand with a commitment to focus on collective bargaining and effective social dialogue that would allow for the creation of sustainable enterprises and a better and fairer distribution of wealth.
 11. The Director-General noted that the region had entered the twenty-first century with an average urban unemployment rate of 11 per cent, which in mid-2014 was at a record low of 6.2 per cent. However, the rate of economic growth in the region had slowed down in recent years, as had the creation of jobs, and there were still 15 million people unable to find work, despite actively job seeking. The rate of youth unemployment was three times that of adults and women were 1.4 times more likely to be unemployed than men. The region needed to create over 43 million jobs in the next decade to avoid a return to the rates of the past and to keep the rate below 7 per cent. He also said that unemployment was only the most visible aspect of the labour challenge facing the region. Informality posed a major challenge in terms of being able to move towards a future of just and sustainable development. Informality was diverse, heterogeneous and gave rise to jobs lacking both protection and rights, maintaining and deepening the inequality in our societies. In the region, there were over 130 million workers in the informal sector. That challenge was present in most countries of the region and had formed part of the discussions at the last session of the International Labour Conference (ILC), which would continue in 2015.
 12. Tripartite social dialogue was fundamental to finding solutions in times of uncertainty and in order to continue moving forward in building consensus. That required not only effective and agile social dialogue, with the participation of strong workers' and employers' organizations, but also unrestricted respect for fundamental principles and rights at work; he reiterated the ILO's commitment to support countries in that regard. He pointed out that since the beginning of his mandate, the reform of the internal governance structure and of the Organization's working methods had been under way, to allow it to better serve its tripartite constituents.
 13. At the recent G20 Labour Ministers Meeting in Melbourne, there was clear interest in placing employment at the heart of economic strategy, to make it a key component in achieving balanced and sustainable development. Inclusive growth with productive employment and decent work were central to the framework of the United Nations to define the post-2015 development agenda. They constituted one of the 17 objectives recognized by the High-Level Panel of Eminent Persons on the post-2015 development agenda, which had published its report in July 2014. It was of utmost importance to continue to work together in a tripartite manner for that objective to be definitively included as one of the objectives of the future development agenda. He invited the countries to join the Group of Friends of Decent Work established for that purpose, which already had 24 States members.
 14. The Director-General called for decisive action in order to tackle informality, and also to improve working conditions, particularly those of young people. One example of what could be achieved if there was political will had been the global combat against child labour. That had been recognized with the awarding of the Nobel Peace Prize to Mr Kailash Satyarthi, who had led the Global March Against Child Labour, with whom he had been pleased to be present at the inauguration of the III Global Conference on Child Labour, held in Brasilia last October. That Conference had given birth to the Latin America and the Caribbean Free of Child Labour Regional Initiative which aimed at providing an innovative and urgent response to the 12.5 million children and adolescents still working in that region.

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15. Lastly, he hoped and trusted that the American Regional Meeting would give rise to innovative ideas and consensus-based proposals to advance decent work and sustainable development.
 16. *The Minister of Labour and Employment Promotion of Peru* said that it was a great honour for Peru to host the American Regional Meeting for the third time, the most significant forum for labour in the region, and the most significant space for social dialogue and public policy debate in the labour sphere.
 17. On the previous occasions when Peru had hosted the Regional Meeting, it was a very different country. Peru had grown democratically for 14 years, with major social implications. According to the recently published United Nations Millennium Development Goals Report, thanks to its inclusion policies, Peru had achieved a record reduction in poverty, which would have been impossible without social protection policies. The country had succeeded in halving extreme poverty. The goal relating to primary education had almost been achieved. Also, there had been a significant reduction in child mortality. A total of 230,000 jobs had been created each year over the previous four years. The rate of informality had fallen by six points over the previous four years.
 18. The process of public–private investment was important for the creation of decent employment. There had been a considerable increase in investment in essential infrastructure, the building of schools, jobs in health centres and rural roads.
 19. With regard to industrialization, the National Productive Diversification Plan had played an important role in promoting greater inclusion, formalization and competitiveness. The National Commission for Productive Diversification had been established.
 20. It was clear that the deliberations of the American Regional Meeting would be influenced by the current importance accorded to sustainable development, given the region’s relevant role in the debate on climate change and the transition to formality. Formalization could no longer only be a long-term objective. The issues being faced were common to all and the way forward must be to move towards a shared vision comparing experiences along the way.
 21. *The Employer representative* indicated his satisfaction at participating in the Meeting, and particularly at having the opportunity to consider such important issues as sustainable development and formalizing the informal sector. The Meeting was being held at a time of great global uncertainty and against a backdrop of major challenges, such as falling demand and adjustments in financial and monetary conditions, which had made it difficult for economies to grow as they had in the past. Structural reform was needed to sustain growth and productivity, which would contribute to promoting diversified production structures that would generate jobs of higher added value and quality and greater investment in infrastructure.
 22. He highlighted, with regard to fundamental rights and private enterprises, that the region needed inclusive and sustainable growth. It was principally the private sector that created jobs. Consequently, it was crucial to focus on the policies to promote enterprise growth and job creation defined by the ILC in 2007. History had shown that when good governance was strengthened and enterprises and social dialogue were promoted, the result was high growth rates, with the private sector creating millions of jobs.
 23. To conclude, he noted that the Employers’ group felt confident that the Meeting would promote a conducive environment for the development of sustainable enterprises as an objective. Decent work could not be achieved without sustainable enterprises.

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24. *The Worker representative* pointed out that sustainable enterprises would not exist without decent work. Without respect for the labour rights of women and men, there would be no enterprises nor countries, nor a sustainable world. He pointed out that the continent continued to have the highest levels of inequality in the world, which called for particular policy responses at various levels: fairer taxation policies, respect for workers' rights, viewing the right to ownership as a human right and consequently democratizing that right, policies to formalize the informal sector, regional integration, decent wages, occupational safety and health, the transition to green and decent jobs, unrestricted respect for freedom of association and collective bargaining. He called for regularization of outsourcing, which would result in reduced levels of informality. He pointed to the importance of Conventions Nos 87, 98, 151, 154, 189 and the Employment Relationship Recommendation, 2006 (No. 198). Regarding social dialogue, he suggested that lack of respect for fundamental rights explained its deficit in the region.
25. He called for the support of the ILO in strengthening trade unions and stated that there were numerous impediments to the exercise of trade unionism, for example in small and medium-sized enterprises. Workers' organizations had conducted campaigns to ensure respect for the fundamental labour rights of freedom of association and collective bargaining. As a sector they demanded the right to free protest and the right to strike as part of the collective bargaining process.

Visit of His Excellency, Mr Ollanta Humala, President of the Republic of Peru

26. *The Director-General* said that he was honoured to welcome His Excellency, Mr Ollanta Humala, President of the Republic of Peru, to the opening ceremony of the ILO's 18th American Regional Meeting.
27. In the Director-General's view, the Meeting was taking place against a complex backdrop. The economic cycle in recent years in Latin America and the Caribbean, and in Peru in particular, had enabled a reduction in poverty levels and unemployment. However, the slowdown in economic growth in the region would undoubtedly have repercussions in the labour markets. He therefore called for determined action to address those effects and to create the jobs needed in the region, while at the same time combating informality.
28. The Director-General noted that at the recent session of the United Nations General Assembly, His Excellency, President Ollanta Humala, had expressed his commitment to a transformative global development agenda, supporting the post-2015 development process, and had also spoken of the National Plan to Diversify Production, as a strategy designed to produce an historic transformation in the country's economic structure. Moreover, the Government of Peru had announced its approval of the formalization strategy as an instrument to address the challenge of improving working conditions and compliance with labour standards.
29. The Director-General congratulated President Humala on those initiatives, and stated that the ILO advocated economic growth with social inclusion, equality and social justice. The Government of Peru could count on the ILO's support to attain its targets. He also thanked the Government of Peru for its support in the organization of the Regional Meeting.

Welcome address by the President of Peru

30. *President Ollanta Humala of the Republic of Peru* said that he was honoured to welcome all of the delegates to the ILO's 18th American Regional Meeting. He stated that the Meeting reflected the country's firm commitment to supporting the values of the ILO, promoting decent work and human rights.
31. He emphasized that the Meeting was being held at a time of various transformations in the labour market which were presenting challenges. There was more need than ever to advance the process of change, together with workers and employers. Factors such as informality, discrimination, low wages, low productivity, occupational hazards and child labour were a product of inequality and discrimination and were at the crux of the problems which had to be overcome.
32. He stated that in order to promote decent work, in accordance with the ILO's principles, combating inequality was crucial. That meant creating new mechanisms which would establish new equilibria in the world, with more equitable conditions for enterprises and workers. The role of the State was to seek consensus in order to increase productivity by providing workers with training.
33. He expressed his gratitude to the Director-General of the ILO for attending the Meeting and for the effort that went into the preparation of his Report. The Government of Peru agreed with the content of the Report. Decent work was a fundamental right and the State had an ethical obligation to create the necessary conditions to enable its citizens to benefit from decent work and to have their rights respected.
34. He noted that Peru was at a critical juncture: its gross domestic product had increased, at the same time as poverty had been halved; the middle class had grown, and the economy was competitive and more robust. The convergence of his Government's social and economic policies had shown that it was possible to create jobs growth, thereby improving incomes. According to the Ministry of Labour, 793,000 jobs had been created, 534,000 of which outside the capital area, during that Government's term of office.
35. It was the Government's hope that the conditions of employability would improve through education, and that growth would be founded, not on cheap labour, but on decent conditions. Moreover, the importance of women entering the labour market had been proven.
36. President Humala emphasized that the Ministry of Labour was responsible for building solid foundations for decent work, and that clear ground rules were required to enable Peruvians, and young people and women in particular, to enter the labour market. The Government was working on three aspects in that respect. Firstly, it was developing vocational and skills training to enable the new generations to realize their plans for their lives and obtain jobs with rights; he gave as an example Peru's BECA 18 scholarship system, which would enable more than 30,000 young people from poor areas to become professionals. Secondly, it was promoting employment, which had generated a positive response from the private sector. Peru had recently approved the strategy for formalization, designed to improve productivity, and strengthen implementation of the standards related to formal work. Thirdly, improving public employment services, whereby all schemes targeted at young people would be offered through a single point of contact, providing guidance and support for people entering employment were offered free of charge.

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37. Lastly, he stated that his country had undertaken to make progress in eliminating child labour, which affected 1.5 million boys, girls and adolescents. There was a national strategy to eliminate child labour by 2021, the year which would mark the bicentenary of the country's independence. Furthermore, Peru was seeking better conditions for domestic work, which employed approximately 500,000 workers, more than 93 per cent of whom were women. A plan of action was in place to ensure compliance with domestic workers' rights in accordance with the ILO Domestic Workers Convention, 2011 (No. 189).
 38. The President closed by stressing that the Government was working to ensure that all Peruvians could have a life plan, enjoy social inclusion and be protected from the various social risks.

Discussion of the Report of the Director-General

Presentation of the Report

39. *The Director-General of the ILO*, introduced his Report, entitled *Twenty-first century challenges for the Americas: Full and productive employment and decent work*, and invited reflection on why the region's growth had made it possible to alleviate unemployment and reduce poverty, but had not had a positive impact on the redistribution of wealth through wages and remuneration.
40. The Director-General noted that the main challenge for the region was to move towards sustainable development with growth and social inclusion. He explained that development was linked to greater regional economic integration, which could be a strategic tool for expanding the markets, identifying new niches in the global economy and moving towards a form of sustainable development based on the real economy.
41. Another challenge highlighted by the Director-General related to job creation. He noted that, without an acceleration of economic growth and job creation, unemployment could increase. He reiterated that the region needed to create over 43 million jobs in the next decade to provide work for new entrants to the workforce.
42. According to the Director-General, a major obstacle facing the region was the persistence of informality, which was linked to inequality and to the low productivity that stemmed from the asymmetries in its productive structures. In that regard, he referred to the ILO's *World of Work Report 2013*, which indicated that the majority of people who were now living just above the poverty line in Latin America were in a vulnerable situation, with many of them working in the informal sector.
43. He also stressed the important role played by the State in mitigating the effects of the crisis and promoting economic recovery, through counter-cyclical measures, active labour market policies, the strengthening of labour institutions, investments in labour-intensive sectors and social protection programmes such as conditional cash transfers.
44. In the Report, he indicated that progress was needed with regard to four courses of action to achieve inclusive growth with decent work, namely: (1) implementing active productive employment programmes involving sectors with lower productivity and linking them with those achieving better results; (2) promoting industrial policies and policies for enterprise development; (3) increasing the quality of education and vocational training to improve the

skills of workers; and (4) promoting respect for the fundamental principles and rights at work, including freedom of association and collective bargaining.

45. The Director-General said that informality in the labour sphere equated to inequality in the social sphere, and contributed to perpetuating it. Similarly, informality equated to low labour productivity in various sectors, especially those with a high share of such employment.
46. The social protection floor concept should play a crucial role in the transition to formalization: it was necessary to broaden the social guarantees for all and implement higher standards of social security, and to build the capacity of micro-, small and medium-sized enterprises to generate formal employment and gain access to sustainable supply chains. Lastly, he emphasized that there was a need for effective social dialogue to reinforce the strategy of sustainable development with inclusive growth, which called for employers' and workers' organizations, as well as ministries of labour, that were strong and consolidated. In meeting those challenges, he said, the ILO would continue to be an ally, seeking efficiency and effectiveness in the task of providing support to countries in the promotion of decent work.
47. *Ms Elizabeth Tinoco, Director of the ILO Regional Office for Latin America and the Caribbean*, said that the Decent Work Agenda had been established and consolidated in the region, as evidenced by the inclusion of the issue in the discussions, statements and action plans of the Inter-American Conference of Ministers of Labour of the Organization of American States and also in the work programmes of other international agencies in the region. The mainstreaming of decent and productive employment in national development plans, the existence of numerous Decent Work Country Programmes, the national employment and decent work agendas, as in the case of Brazil, and the proliferation of decent work agendas, programmes and policies at the state, province and municipality levels, showed that the subject was a priority for the countries.
48. That endorsement by the countries called for greater efficiency in the delivery of services, and therefore the strategy of focusing on the priorities identified by the constituents in the conclusions adopted in 2010 in Santiago de Chile had made it possible to work effectively and efficiently. The promotion of fundamental rights at work, including freedom of association and collective bargaining, the development of sustainable enterprises and strengthening of labour administration were the priorities.
49. The Regional Director noted that it was crucial to continue to support awareness-raising and capacity-building efforts because the challenge was still great, and there was a need to focus on promoting collective bargaining in the public sector and support the application of Convention No. 151. She called for the strengthening and extension of innovative processes such as the national mechanisms for the prevention and settlement of conflicts relating to freedom of association and collective bargaining.
50. With regard to enterprises, she said that there was a need to focus on more general considerations such as the creation of environments conducive to the development of sustainable enterprises. The progress achieved in the region could be confirmed by applying methodologies and carrying out studies to improve working conditions, productivity and training for workers.
51. The ILO had contributed to strengthening labour administration in the region by supporting the creation and consolidation of new ministries (in Paraguay and Colombia) and the enhancement of employment and inspection services. Notable progress had been made in mainstreaming the fundamental rights into labour administration functions, with regard to the capacity to detect and prevent child labour and forced labour.

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52. With regard to the three key priorities for the constituents, it was clear that although there had been achievements, there had also been challenges, all linked to the fact that almost half of all workers were employed in the informal sector. That had an impact on enterprises as well as on the exercise of labour rights and the capacity of the labour administration. Addressing that challenge called for a strategy of coordination and integration. The launch of the Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC) in June 2013 had made it possible to generate information and knowledge on the policies applied in several countries in the region and to provide technical assistance. The consolidation of that programme was a key course of action for the Office, as was its commitment to dialogue and the strengthening of the social partners.

Discussion of the Report

53. *An Employers' delegate from Colombia* agreed with what the Director-General had said regarding the fact that economic growth was necessary but not sufficient in order to achieve inclusive development and decent work, and added that the creation of decent jobs without sustainable enterprises was not sustainable. Consequently, social and labour policies must be accompanied by economic measures that generated confidence in the economic actors investing and the productive sector, in both the national and international spheres.
54. He noted that it would have been timely to include in the Report proposals of microeconomic and macroeconomic measures to encourage the development of a business structure, and public policies to promote the start-up and sustainability of enterprises, which involved not only ministries of labour, but also of finance, economic affairs and planning.
55. Lastly, he called attention to the concept of “precarious formalization”, which was new to the Employers. In that regard, he asked that the concept be clarified or omitted from then on.
56. *A Workers' delegate from Chile* said that she agreed with the Director-General regarding the diagnosis of the factors explaining why economies in the region were less dynamic and the importance of growth with productive diversification and regional integration of markets. She emphasized that the increase in precarious employment resulting from the increase in outsourced work in its various forms was a determining factor in the rise in inequality and the persistence of extreme manifestations, such as child labour and forced labour.
57. The speaker said that proposals for the creation of decent work must combine a clear framework of macroeconomic, industrial, fiscal, monetary and exchange rate policies and measures in order to produce appropriate incentives for investment and improve protection coverage, social security and access to quality basic education. She also suggested an agenda for the reform of labour standards in order to involve both wage workers and non-wage workers in organization and collective bargaining. Lastly, she indicated the need to reduce the minimum criteria for registering trade union organizations, and to enable outsourced workers to organize and bargain collectively.
58. *The Minister of Labour of Argentina*, cited the Report of the Director-General and the fact that following the 2008 international financial crisis there had been weak or no growth in the region, which had affected opportunities for sustainable development and had led to an employment crisis, with over 200 million unemployed, and other negative repercussions on

the labour market, such as informality, youth unemployment, gender gaps and implications for vulnerable groups.

59. The challenges seen in the Report could be summarized in the question: how was it possible to go on closing gaps and strengthening human, social and labour rights with lower rates of growth? He suggested as possible responses the alignment and coherent formulation of macroeconomic policies, with the inclusion of income, education, industrial and social policies, as a way of moving forward towards greater equality, which could lead to more sustainable and permanent growth; combating informality; strengthening labour institutions in order to achieve respect for standards and fundamental rights at work and to secure decent work; improving the integration of young people into social and labour life; and reducing the gender gap in the labour market.
60. *The Minister of Labour and Minister of Status of Women of Canada*, said that the principal objectives of the Government of Canada in participating in the American Regional Meeting were to increase hemispheric economic opportunity and improve institutional and governmental relationships among countries in the region. Canada had not suffered the effects of the recession, unlike other developed countries, due to its macroeconomic, fiscal and labour policies, which had maintained employment levels and made it possible to comply with labour standards and to deliver decent jobs.
61. As Minister for the Status of Women, she was pleased to see that more women were participating in the labour force at the regional level. Her Government had committed 20 million Canadian dollars to the creation and sustainability of small and micro-enterprises managed by women. That and other best practices might benefit other countries in the region and help them to achieve the objective of social inclusion and the creation of decent jobs.
62. *A Workers' delegate from Argentina* said that the Trade Union Confederation of the Americas had defined on its sustainable development platform that it must be considered in all its dimensions – political, environmental and social – and not exclusively economic, in order to create a conducive environment for enterprises and also legal security for workers and effective democracy, resulting in forums for social dialogue, consultative bodies and the development of public policy.
63. The speaker noted that the Report proposed effective social dialogue as the basis of a strategy for development with decent work, as social dialogue was a tool that would enable progress to be made in tackling remaining challenges, such as the unemployment of young people and women, wage trends, the extension of social protection and inadequate growth in formal employment. He referred to the Social Protection Floors Recommendation, 2012 (No. 202), as a basis for the consensus required to achieve guarantees of one of the dimensions of decent work, proposing that in the current social, political and economic context the current normative framework should be strengthened, as had been done previously for social protection floors, and minimum social dialogue and employment floors established, with the constituents committing themselves to fully respect the rights-based approach.
64. *An Employers' substitute delegate from Peru*, said that the positive results seen in Peru in economic terms over the previous 20 years were the result of the structural reforms implemented since the 1990s, underpinned by technical macroeconomic management, the adoption of realistic legislation, clear taxation rules and economic openness, among other factors. However, growth had been delayed as a result of the lack of a modern labour system, which had led to higher labour costs and had limited the number of enterprises entering and remaining on international markets under free trade agreements, discouraging education and providing incentives for labour informality.

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65. The speaker referred to informality in Peru, saying that it was a consequence of inappropriate policies, and specifically the high costs of formalization, ill-conceived regulation that penalized growth and productivity rather than rewarding it, a complex system of red tape, a tax system designed to skim profits rather than promote enterprise development, and the existence of a multitude of tax authorities, which encouraged informality.
66. In order to improve the current situation, it was imperative to modernize labour legislation, and the ILO was key to promoting the necessary balance between workers' rights and enterprise sustainability. To improve competitiveness and productivity he also proposed facilitating enterprise creation and growth in order to improve the business climate and improve education for work.
67. *The Minister of Labour of the Plurinational State of Bolivia* presented a positive overall picture of her country, an annual growth rate of 5 per cent (above the regional average), a reduction in poverty from 28 per cent in 2006 to 18.8 per cent in 2013, a 26 per cent increase in social security coverage and a low level of urban unemployment of 3.2 per cent. The challenges faced were currently in the formalization of the economy.
68. *The Government delegate of Brazil* praised the consolidation of decent work in Latin America and the Caribbean, and the reduction in poverty. Minimum wages had increased, above all for women and workers in the formal sector. The aim of full productive employment could be achieved through joint work between the ILO and different countries. He supported the efforts made by the ILO in ensuring that the international context did not affect capacity in the Americas to generate greater social inclusion based on quality employment and decent work. The Government welcomed the signing of the Declaration constituting the "Latin America and the Caribbean Free of Child Labour Regional Initiative", and supported the creation of a labour and social forum under the ambit of the Community of Latin American and Caribbean States (CELAC).
69. *The Workers' delegate of El Salvador* emphasized the right of workers to strike and regretted that in El Salvador only 7 per cent of workers were trade union members. He highlighted the Government's efforts to reverse that situation, and the need for growth and consolidation of an authentic trade union movement. The main concern was the absence of collective agreements and fiscal reform should be undertaken to achieve better redistribution of wealth.
70. *An Employers' delegate from Mexico* stated that productivity could be increased only if sustainable formal enterprises existed with decent work. Productivity went hand in hand with competitiveness, and so access was required to information technologies as well as a sufficient number of trained and qualified staff. Mexico supported coordinated work between secondary schools, training centres and enterprises in order to ensure that young people were employable. New enterprises were required so as to accelerate growth, rewards for innovation, and a fairer tax system that was easy to implement. Finally, he acknowledged the importance of social dialogue in generating trust and requested the ILO's support with that task.
71. *A Workers' delegate from Canada* stated that in Canada there had been an increase in inequality, and restrictions on collective bargaining and trade union activism, above all because workers were being asked to work longer hours. That had resulted in a loss of trust and weakening of social dialogue. She urged delegates to consult section III of the Declaration of Philadelphia, which made an appeal related to decent work and the informal sector. She emphasized the importance of the Development Platform for the Americas as a

tool for action. Finally, she called for open and respectful dialogue, but regretted the infringements of the right to strike and the weakening of the ILO supervisory system.

72. *An Employers' substitute delegate from Brazil* emphasized the importance of productivity and social dialogue as a means to achieve decent work. He urged that the necessary conditions should be generated for the creation of a beneficial environment for enterprises and for workers. It was fundamental to analyse the subject of production costs which, in the case of Brazil, had grown significantly in the past few years, while workers' productivity continued to be low in comparison with other countries. He emphasized that that was a reflection of the importance of employment education and training. He agreed with the Director-General that it was the right time to create conditions to promote economic growth and job creation, something that could be achieved only in a climate of trust by means of effective dialogue in the search for consensus.
73. *A Workers' delegate from Guatemala* stressed that the main objective should be sustainable development with decent work. The situation in Guatemala was characterized by instances of the failure to implement labour standards, complaints, threats and even attacks against trade union leaders. In 2013, the Government of Guatemala had agreed, with the ILO and the United States, to have a route map with measures to improve the situation, but progress had been minimal. Likewise, agreement had been reached with the United States on a plan of action to improve the application of labour standards in the country. However, the plan of action had not been implemented. For that reason, the workers of Guatemala requested the ILO to set up a commission to examine problems relating to the violation of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). The figures from the Ministry of Labour showed the high number of instances of failure to respect the minimum wage. In addition to the reduction in this wage, which flouted the rights of the workers, he insisted on the establishment of a commission. In the current situation, the workers demanded the right to life, to organize freely and to collective bargaining.
74. *A Workers' delegate from Mexico* shared the Director-General's analysis relating to the informal sector. He indicated that half of the labour force was in that sector with poor working conditions and high levels of vulnerability. The informal sector subsidized formal activity in relation to the production chain by means of outsourcing and subcontracting. Similarly, the strategies for formalization must take these factors into account and also the reasons for which these workers were in the informal sector. He agreed with the Director-General that growth alone would not reduce the size of the informal sector, given that it was possible to achieve growth based in precarious wages. He agreed with the Report regarding the need to enhance information systems so as to have available statistics which contributed to appropriate policies for formalization. The world of trade unions played an important role in ensuring that there was a balance of factors on the road to formalization.
75. *A Workers' delegate from Guyana* agreed that countries should put in place strategies to generate employment, although she requested that the problem of unemployment, and its repercussions for the quality of people's lives, should not be forgotten. That problem continued to be important in the region, in particular for young people. He urged that a proactive role should be given to young people, not only as recipients of active policies but as actors involved in the discussions on decent work. Conditions must be generated to provide training opportunities for young people, support them in the creation of sustainable enterprises, provide further opportunities for retraining, facilitate access to funding for young entrepreneurs and enhance vocational technical education and training, and coaching systems. Society was obliged to support young people in all ways in their search for decent work.

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76. *A Workers' delegate from Uruguay* said that development could be achieved only in a democracy. Uruguay's experience with social and labour matters during the past ten years' provided invaluable evidence for such a discussion. In the country a series of legislative and political initiatives had been introduced which made a substantive contribution to economic growth with development and decent work such as the Act on Protection of Freedom of Association, anti-cyclical policies and inclusive policies. He emphasized that Uruguay's development had gone hand in hand with the strengthening of social dialogue bodies, as reflected in a significant increase in trade-union membership, currently 35 per cent (of the total employed population). These measures generated conditions to consolidate a strong internal market in which workers, in possession of decent work, helped to stimulate added demand. He stressed that the best way to create sustainable enterprises was to guarantee an internal market. He observed also that different interpretations of the "productivity" concept might exist and that it would be important to harmonize the definition of the concept.
77. *The representative of the IndustriAll Global Union* congratulated the Director-General on the Report and said that three subjects were worthy of more in-depth study: precarious work, freedom of association, and the increase in inequality. He stressed the importance of collective bargaining as an instrument to move towards decent work. He warned of the existence of double standards in relation to labour rights in free trade zones, the expansion of multinational enterprises and the growing importance of outsourcing processes. The region must advance towards collective bargaining for individual branches of activity and in that regard he explicitly requested the ILO's technical support. Finally, he requested the formation of a global pact against precarious employment conditions.
78. *The representative of Public Services International (PSI)* said that the region was extremely diverse, as demonstrated by the different labour conditions from one country to the next. He urged that collective bargaining should be promoted in the public sector. In similar vein, governments had created new categories of informal public workers, to whom rights and access to social security were denied. Strategies should be redoubled for the creation of more and better jobs, and above all to improve access for young people to quality employment. Moreover, maximum efforts were required to close the gaps in equality between men and women.
79. *The representative of the Confederation of Workers of the Universities of the Americas (CONTUA)* said that despite the fact that there was a high level of ratification of freedom of association and collective bargaining agreements in the region, in many countries freedom of association was, in practice, restricted or not accepted. He therefore requested the ILO to verify compliance with these fundamental principles and rights. There were specific situations of violence against trade union leaders. He emphasized that in Panama there was no legal recognition for trade unions in the public sector. It was important to move towards greater implementation of labour rights in the public sector and in universities. In conclusion, he stated that the right to strike in the region had been obtained with great suffering on the part of workers.
80. *The Minister of Labour of Paraguay* congratulated the Director-General on the Report and stated that it was the first time that Paraguay's newly created Ministry of Labour had attended the American Regional Meeting. He highlighted the ILO's effective support in creating and strengthening employment services such as labour mediation, social security and the implementation of active social policies for employment generation, as well as the tripartite commitment to the implementation of a Decent Work Country Programme. Finally, he underlined the importance of international technical cooperation, and the exchange of experiences as a strategy to strengthen national level policies.

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- 81.** *The Minister of Labour, Technological Development and the Environment of Suriname* highlighted his country's achievements such as the Minimum Wage Accords, National Health Insurance and Social Security Act, which would become law in 2015. He also emphasized that, with the ILO's support, the country was close to signing a Decent Work Country Programme to be implemented immediately after the American Regional Meeting. Finally, he agreed with the Director-General on the importance of addressing the problem of informality with specific labour laws.
- 82.** *The Minister of Labour of Costa Rica* commended the Director-General's Report for its analytical approach to the problems pertaining to decent work, and the identification of obstacles and challenges. The Minister agreed that employment should be placed at the heart of economic and social policy. He said his country's current administration had been following this path via the National Production Development Strategy, which had been further strengthened by the signing of a public-private partnership. Finally, he stressed that the strategy was aligned with ILO principles, and requested technical support from the ILO in order to achieve the decent work goals in the shortest possible time.
- 83.** *The Minister of Labour of Barbados* congratulated the Director-General on placing informality at the centre of the discussion on factors behind the slowdown in the region's economic growth, and also highlighted the proposal for active labour market policies. She mentioned that Barbados had set up a training fund for the unemployed as a strategy to increase employability and future job creation. She stressed the importance of having a Labour Market Information System (LMIS) in place as a tool to improve labour policy analysis and design.
- 84.** *The Minister of Labour of Colombia* highlighted the ILO's contribution to recognition of public employee rights, and to the promotion of tripartism, which had enabled Colombia to make significant progress in fields such as child labour and vulnerable groups, occupational safety and health, and negotiation between the State and SMEs, all of which contributed to reducing unemployment. He also emphasized the experience gained from CECOIT as a means of conflict resolution, and that the country was progressing in the elimination of armed conflict, reducing anti-trade union violence, improving employment opportunities for rural women, and upgrading youth skills and entry into the job market in decent working conditions. For the aforementioned; he requested support from the ILO and the region's governments in these fields.
- 85.** *The Deputy Minister of Labour and Social Security of Cuba* underlined the importance of placing workers and their families at the heart of economic and labour policy. Likewise, she highlighted the efforts made by ECLAC as a genuine regional integration organization in the process of implementing the Action Plan from its second Summit organized in Havana which had addressed subjects related to work and social security. She stressed the importance of progressing towards formalization through policy, laws, programmes and concrete action that would guarantee workers fair labour conditions, access to vocational training, freedom of association and social protection. She pointed to progress made in Cuba in this connection and explained the collective bargaining process which had led to obtaining these rights. She denounced the economic, financial and commercial blockage imposed by the United States Government on the workers and people of Cuba.
- 86.** *The Deputy Minister of Labour Rights and Relations of the Bolivarian Republic of Venezuela* agreed with the Director-General's Report on the need to focus on unemployment, informality, on the situation of women and young people in the labour market and on precarious work. He questioned the idea that large companies were generators of formal employment with decent work when there was evidence of precarious work in such companies. Immediate action should be taken to halt the increase of

subcontracting and the outsourcing of jobs, which resulted in first and second class workers. Finally, he announced that in May 2015, the prohibition of the outsourcing of jobs would come into effect in the Bolivarian Republic of Venezuela.

- 87.** *The Workers' delegate from Colombia* shared the Director-General's concern regarding the development of policies to formulate a work agenda, particularly in Colombia, where jobs that incorporated stability, social security and other social benefits were rare. He called for general compliance with workers' rights in order to advance the Decent Work Agenda. Colombia had made progress in the field of human rights, freedom of association and collective bargaining. However, anti-union behaviour, both in the public and private sectors, still persisted. This should be eradicated in order to strengthen freedom of association.
- 88.** *The Minister of Labour and Social Security of Guatemala* stated that the ILO's action in respect of its responsibilities of research, reflection, cooperation and intervention has been opportune and suitable in the current context of the region. He also reported on the new labour and social security policy in his country aimed at ensuring the ministry had the institutional capacity to ensure compliance with labour laws and could generate conditions ensuring peaceful exercise of freedom of association and collective bargaining. Finally, he highlighted the targeted labour inspection programme mentioned in the Report of the Director-General, that was part of a comprehensive strategy to protect labour rights.
- 89.** *The Minister of Labour and Labour Rights of Panama* agreed with the Director-General on the need to tackle the challenge of formalization in order to reach growth with social inclusion, equality and sustainability in the long term. The Government of Panama had drawn up its new Public Policy of Employment in line with ILO principles, and he requested the permanent support of the ILO to close the gaps between labour supply and demand and increase productivity through relevant quality technical training. Finally, he mentioned that the creation of active labour market policies demanded a coordinated and joint effort at an inter-sector level as well as with the private sector.
- 90.** *The Workers' delegate of the Dominican Republic* expressed concern about ILO methodologies that failed to comply fully with the principles of promoting decent work and social dialogue, as well as productivity. In particular, she mentioned the System for the Measurement and Improvement of Productivity (SIMAPRO) methodology. While recognizing that it was a good technical tool, she stated that it had implementation problems since it had been put into practice in non-unionized businesses, despite it being based on bipartite or tripartite agreements. The ILO should use its technical tools to stay closer to tripartism, without exception, aiming to improve the modern labour relations system.
- 91.** *The Minister of Labour of Trinidad and Tobago* agreed with the Director-General on the need to place employment, and in particular in terms of quantity and quality, at the centre of development. He highlighted the impact that the exchange of best practices, South-South cooperation models and triangular cooperation, and the technical support provided by the ILO and governments in the region had had on achievements in the region. He also stressed the importance of changing the approach in tackling these challenges, from a national one to an integrated, regional one which would make viable the implementation of coherent policies that would produce mechanisms to promote decent work.
- 92.** *A Workers' delegate from Cuba* supported the efforts of the ILO Regional Office in defending fair migration, the elimination of forced labour and of all impediments to the right of workers to decent work. However, the ILO's mechanisms should be democratized so that it became a truly plural and representative institution. New forms of non-state

employment had been generated in her country with good results and new affiliations to trade unions by sectors. Further, she stated that the Labour Code had been revised and modified through consultation and exchange in all the labour and study centres and communities in the country, which had resulted in a new Code that was at the implementation stage.

- 93.** *A Workers' delegate from the United States* noted that the Report mentioned growing inequality in the United States and Canada but did not identify the causes. The Report suggested a debate on full employment and decent work in the context of the financial crisis but did not analyse the failure of the United States Government to regulate markets or make effective changes to include decent work at the centre of its economic recovery policy. The Report pointed to the need to increase productivity in Latin America but did not sufficiently take into account the experience of workers in the United States and other countries in which the prosperity resulting from increased productivity had not been shared with the workers and communities. It was necessary to carry out more comprehensive analyses of the North–South relationship, taking into account such aspects as the impact of trade agreements on sustainable development and the effectiveness of including ILO Conventions when the mechanisms to verify compliance were weak. Finally, it was necessary to analyse the impact on the region of the action of the United States' legal system in the case of vulture funds, in particular their investments against the sovereign debt of Argentina and other countries, as well as the problematic situation of migrants both in Central America and the United States.
- 94.** *An Employers' delegate from the Bolivarian Republic of Venezuela* highlighted that the focus of the Report of the Director-General was towards promoting productive employment and decent work based on the sustainability of businesses since both were interdependent and indispensable factors in fostering economic growth and decreasing poverty levels. However, she noted that the Report of the Director-General had not incorporated the contributions of the ILO in the region, particularly to the Bolivarian Republic of Venezuela, especially the paragraphs relating to tripartite social dialogue and freedom of association.
- 95.** *A Workers' delegate from Peru* agreed with the Director-General's proposal to formalize and diversify the productive system to achieve growth with development. These changes would require social dialogue and the active participation of workers' and employers' organizations if the formalization policies were to be legitimate and sustainable. Referring to the situation in Peru, he expressed his disagreement with the Government's intention of continuing to reduce labour rights and environmental standards, the right to unionize, and collective bargaining, which only resulted in more informality. He reiterated his concern about minimum wage levels in Peru, which were some of the region's lowest, and also the little interest shown for promulgating the General Labour Law and the new Industrial Relations Act regulation. Lastly, he indicated that Peruvian trade union organizations had asked the Government to request a direct contacts mission to verify implementation of the ILO's supervisory bodies' recommendations. The ILO should follow up on this.
- 96.** *A Government delegate of the United States* concurred with the Director-General that formalization was a way of achieving the goals of equality, respect for workers' rights, and decent work. The law was weak when applied to the informal economy, especially in respect of domestic employment, employment outsourcing and rural labour sectors where labour relations were not clear. Formalization could potentially benefit employers, workers and governments. Companies could receive legal protection, recognition of the right to property and access to credit. States could collect higher taxes. For workers, formalization meant the protection of labour rights, improved work conditions and access to training. However, formality would not be synonymous with decent work if there was no guarantee of the enforcement of labour laws. For this reason, it was essential to reinforce labour

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- inspection systems to facilitate the transition from the informal to the formal economy. This action would require an increase in funding, training human resources, and strengthening the authority and effectiveness of ministries of labour. Finally, she encouraged the ILO to continue prioritizing the formalization and inspection of work, and to develop measurable and achievable programmes to strengthen labour inspection by using best practices. These interventions should be periodically evaluated to verify the results.
- 97.** *An Employers' delegate from Cuba* prioritized increasing productivity to achieve greater value added in production chains, thereby generating products and services with high knowledge content and the development of new technologies. He also stressed the importance of enhancing enterprise competitiveness, and the effectiveness of the SIMAPRO project in contributing to this. Education systems should be used to create and develop competencies with continuous training of the people entering the labour market. Finally, there was a need to accelerate and improve the various integrative processes and stimulate trade in the region, opposing any coercive measure of a political nature that pulled in the opposite direction and was therefore contrary to the sustainability of companies and decent work.
- 98.** *An Employers' delegate from Dominica* said that it was necessary to consider a “win-win” solution to confront the challenge of formalizing the informal economy. He said that in his country, the condition of informality was not a problem, but a symptom of the difficulties and constraints that existed when establishing a company. He petitioned for more technical support for the informal sector, which was the largest employer in Latin America, so that workers had access to social protection and real opportunities to improve their capacities and their competitiveness.
- 99.** *An Employers' delegate from Panama* stated that Panama's annual growth of 9 per cent since 2007 had had an enormous impact on labour market modernization. It had generated approximately 380, 000 new jobs between 2005 and 2013, of which 300,000 were in the formal sector. Growth had thus generated decent work and social protection. Other indicators revealing advances in the country's social development, according to the Fourth National Survey of Child Labour in 2012, were poverty reduction, falling from 36.5 to 25.8 per cent between 2007 and 2012, and a 20 per cent fall in child labour. Panama had made progress in transitioning from the informal to the formal economy, including through the support programme for the Economic Inclusion of the Informal Sector of Panama (PASI) implemented by the National Centre for Competitiveness. This entity had enacted special laws to promote the inclusion of the informal sector into the formal economy, opening up access to credit, and establishing a legal structure called Limited Liability Micro-enterprise. Labour legislation should be adapted so as to align labour relations with this new labour market by focusing on productivity and social justice.
- 100.** *A Government delegate of the Netherlands* noted the emphasis placed in the Director-General's Report on the need for ad hoc solutions adapted to each context, thereby fostering an exchange of experiences and dialogue at different levels. The Government of Sint Maarten was aware of the challenges faced by dint of being a small country and highlighted its commitment to social dialogue as a tool to mitigate these. The increase in social dialogue was reflected by an increase in workers' organizations, the improvement of working conditions, and the design of consensual policies to reduce inequality, strengthen the middle class, and to increase investment in vocational training, youth employment and social security. It was important to ensure a fair pension for retirees. Lastly, he recognized technical assistance provided by the ILO Regional Office for Latin America and the Caribbean, and by the Decent Work Team of the Port-of-Spain Office. This should continue.

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- 101.** *A Workers' delegate from Costa Rica* stated his country bore witness to the fact that the current model of development had generated economic growth concentrated in very few hands and, consequently, had not led to a reduction in poverty and extreme poverty. The Report of the Director-General stressed the importance of promoting a more inclusive style of development that generated productive and decent work. The national employment strategy proposed by the Government of Costa Rica, with its objectives of growth with equity, improving social protection and generating more and better jobs, had the same aims. It was indispensable that enterprise and government understand that the future of decent work necessarily included respect for freedom of association. If there were no right to organize, strong unions would not be able to exist and consequently there would be no possibility of equality with productivity, or formalization, let alone productive social dialogue. There was also an urgent need for procedural reform that guaranteed the individual and collective rights of Costa Rican workers, and that ensured respect for ILO principles and for the other applicable human rights instruments. The trade union federations were opposed to any legislative initiative that would allow more flexibility regarding the working day, working conditions and wages.
- 102.** *An Employers' delegate from Paraguay* stated that his country was seeking to create sustainable businesses in order to generate decent work. To this end, the procedures for registering companies had been made easier and tax measures had been adopted to reduce production costs such as the purchase of raw materials and supplies for industry. In order to tackle poverty it was important to support small and medium-sized enterprises, which was why a new SME law, the First Job Law and the Youth Employment Law had been approved. He also highlighted the importance of the tripartite negotiation process at 13 round tables that were being held with the support of the recently created Ministry of Labour, Employment and Social Security. Finally, he noted the signing of a tripartite agreement for a National Decent Work Programme aimed at strengthening the institutional fabric of labour, the process of formulating and applying an employment strategy, compliance with labour laws, and fostering social dialogue.
- 103.** *A substitute Workers' delegate from the Bolivarian Republic of Venezuela* said that outsourcing as a form of exploitation and contracting had been forbidden in the Bolivarian Republic of Venezuela since May 2012: this contributed to dialogue and decent work. He upheld the right to strike and defended trade union support for the struggle against criminalization of protest and any kind of discrimination against workers and the defence of their rights. The formalization of informal labour began with giving dignity to workers.
- 104.** *A substitute Workers' delegate from Belize* stated that honesty among government, employers and workers was the first step towards full and productive employment and decent work. In this regard, the Chamber of Commerce and the National Trade Union Congress of Belize maintained regular dialogue despite the fact that they were not always in agreement, while dialogue with the Government of Belize was less fluid. He also pointed out that tripartism was effective in certain areas, and mentioned the Social Security Directorate, the Labour Advisory Consultative Council and the Statistical Institute of Belize as examples. Finally, he highlighted that the ILO had always kept an open door for dialogue and to provide technical assistance so that the decent work programme contributed to full and productive employment and decent work for everyone.
- 105.** *The representative of UNI Global Union* welcomed the debate initiated by the Director-General and agreed with the diagnosis presented in the Report. In the words of Julio Godio, there were components of mutation and degradation in the world. He highlighted the continued existence of double standards in labour, the low density of collective bargaining, job insecurity, informality and the lack of freedom of association. A more comprehensive analysis of the social effects of economic growth was called for, as well as establishing professional training strategies designed to include the challenges arising from

technological changes so as to improve the employability of young people. He called for tripartite debate on the effect of high labour turnover on global productivity. Finally, recalling Umberto Romagnoli who defined the way forward as the global fog, he highlighted the important role the ILO plays in the struggle to ensure that fundamental labour rights were enforced.

106. *The representative of the Caribbean Employers' Confederation* expressed his institution's support for the Report of the Director-General of the ILO, particularly regarding the need to diversify production systems. This strategy was particularly relevant in small island States whose economies were highly vulnerable to the effects of climate change. Governments should capitalize on the skills and creativity of their workforce, particularly young people, furthering the growth of new economic sectors. It was important to improve the quality and relevance of educational systems and professional training so as to meet the demands of the business sector and improve competitiveness. Equally, laws should foster an environment favourable to sustainable businesses and the opportunity to do business, particularly for micro-, small and medium-sized enterprises.

Dialogues – Thematic panel sessions

107. The Regional Meeting held two dialogues – thematic panel sessions on specific subjects of key importance in the region. The first of these was on the theme of “Sustainable development through decent work, productivity and social inclusion”. The panellists were: Mr Carlos Tomada, Minister for Labour and Social Security of the Republic of Argentina; Mr Ricardo Ffrench-Davis, Resident Professor at the Department of Economics of the University of Chile; Mr Jorge Roig, Employer representative, President, FEDECAMARAS; Mr Julio Roberto Gomez, Worker representative, CGT; the session was moderated by Ms Elizabeth Tinoco, ILO Regional Director for Latin America and the Caribbean.

Sustainable development through decent work, productivity and social inclusion

108. *The moderator* asked what could be done in times of uncertainty and economic slowdown to create more and better jobs and what policies could be adopted to achieve an economic recovery that generated quality jobs.
109. *Professor Ffrench-Davis* said that the Latin America and Caribbean region had not succeeded in creating sustained growth: there had recently been three cycles of growth and slowdown over the past 20 years. A number of World Bank and IMF projections indicated a new contraction of growth in the region, which could fall further still.
110. Despite the progress made since the 1990s in reducing poverty, there had still been no sustained improvements toward achieving a predominance of decent, more stable jobs with social protection and increased bargaining power for workers. There was still significant income inequality, which was largely attributable to the system of production. There were significant gaps in productivity, wages, formality, job stability, organization and access to long-term credit. Social expenditure could contribute to resolving the situation in part, but it was also necessary to reform the tax burdens. There was a need for structural transformation in the region to improve income distribution and reduce inequalities.

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- 111.** He emphasized that the policies adopted since 1990 had succeeded in bringing inflation under control, to an average of less than 10 per cent per annum. At the same time, however, there had been great instability in domestic demand, access to credit and foreign exchange rates, whereas stability was essential for the real economy.
- 112.** The economies had been dominated by peaks and troughs of volatile pro-cyclical capital flows and unstable export prices. The situation had produced regressive structures which left a permanent mark in terms of inequalities, since individuals and large companies with greater access to information and capital markets were better able to adapt in times of recession. This widened the gaps between large and small companies and between high- and low-skilled workers, and also contributed to the expansion of the informal sector and precarious jobs. In light of the circumstances, it was the responsibility of the authorities to apply counter-cyclical policies.
- 113.** He stated that the region had not made the most of the opportunities offered by globalization. In this sense, he indicated challenges arising from exchange rate instability, the export of natural resources without value added and the lack of incentives for small and medium-sized enterprises, which had to compete with cheaper imports.
- 114.** He acknowledged that inclusive reforms and economic recovery were complementary. He also stated that it was necessary in order to ensure that the next recovery was sustainable and to create inclusive growth. It was therefore necessary to take charge of domestic demand and exchange rates. He emphasized that the time had come to initiate a recovery alongside structural changes and a vigorous counter-cyclical fiscal policy. Tax reforms could help to foster economic recovery and enterprise development, including micro-, small and medium-sized enterprises. Reform of the education systems was crucial, and should provide further impetus for training, including within enterprises.
- 115.** He closed by highlighting the challenge of reactivating counter-cyclical policies and broadening internal markets with an increase in domestic demand. The ILO played a prominent role in the development of labour policies in the region and had a crucial part to play in promoting development policies which strengthened the real and productive economy and limited the structural asymmetries which created inequalities in the world of work and in the distribution of income.
- 116.** *The Minister of Labour, Employment and Social Security of Argentina* expressed his firm belief that development must be socially inclusive, politically democratic and sustainable, and that the issue of employment had taken centre stage on the international agenda. He underscored the need to coordinate public policies, macroeconomic policies (including the policy on income) to production, education and social policies, with a view to creating quality employment.
- 117.** He emphasized that competitiveness and decent work were not contradictory to each other but should be viewed as integrated. Experience in Argentina had shown that it was possible to improve productivity while increasing the level of employment and wages. Competitiveness, productivity and decent work were key values which were interlinked in a strategy for inclusion and social cohesion. Attaining this interlinkage was essential in periods of growth and protecting them was more important still in times of crisis. In such circumstances, the state policy was a key instrument.
- 118.** Employment, social protection and wage policy were central dimensions of the real and productive economy and could contribute to growth with social cohesion, as they operated on the level of aggregate demand, prospects and income distribution. One of the challenges in the medium and long term was the need to move forward in sectors that enabled

employment creation, while simultaneously making progress on strategies fostering innovation and technology. Natural resources could not provide a basis for growth if they had no added value. The State must play a protective and proactive role, focused on sustainable development with social inclusion and with constant dialogue involving all stakeholders in order to move toward a solution to the challenges.

- 119.** In closing, the Minister discussed his country's experience in coordinating areas of government action on social dialogue concerning young people and the labour market. He stressed the role of the National Councils for Continuous Professional Development, in which the Ministries of the Economy and Federal Planning and the Office of the Cabinet of Ministers had participated. In Argentina, social dialogue was a permanent, necessary and rewarding institutional feature.
- 120.** *The Worker representative* stated that, despite the significant progress made in social and labour matters in the region over the last decade, there were still shortfalls in achieving the Millennium Development Goals, with scant development of Decent Work Country Programmes. Poverty and inequality had decreased, but there were still significant levels of precarious work and the wage share in income had fallen.
- 121.** Decent work deficits were contributing to deficits in human development and social justice, as well as in tripartite and bipartite social dialogue, freedom of association, collective bargaining in the public and private sectors at the enterprise level.
- 122.** Furthermore, a strategy to promote decent work and social inclusion required appropriate labour market institutions which allowed inclusive dialogue and an expansion of collective bargaining at the sectoral and national levels. Freedom of association must progress from being a topic of discussion at the international level to become a reality in the countries.
- 123.** Lastly, States must make a commitment to promote a policy framework to stimulate decent work which included policies on employment and extension of social protection, and active wage policies.
- 124.** *The Employer representative* stated that the key for developing countries was to opt for policies that generated favourable conditions for the creation and implementation of sustainable enterprises, and consequently for job creation.
- 125.** Countries that had not had participatory social dialogue but instead had implemented policies with stricter control had placed limitations on enterprise freedom and created fewer possibilities for development and decent job creation. In contrast, where effective tripartite dialogue existed for designing public policies geared towards economic growth, strengthening the institutional framework and recognizing social partners, there was better coherence for achieving the shared objective of sustainable enterprises and more decent jobs.
- 126.** The ILO had made its vision on sustainability clear by adopting the resolution concerning the promotion of sustainable enterprises, from which had emerged the dual concept that decent work cannot exist without sustainable enterprise, which in turn meant that an enterprise could not be sustainable if it did not create decent work.
- 127.** Finally, it was important that the ILO could measure the sustainability of enterprises in countries and could put together a matrix of the main obstacles of formalization in order to drive the transition from the informal to the formal economy and have more and better sustainable enterprises and more decent jobs.

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- 128.** *A Workers' delegate from the Dominican Republic* stated that the workers had learnt to generate wealth without having access to it. The successive cycles of crises and economic growth had not enabled workers to maintain their quality of life, which kept falling with each downward cycle and did not increase as much during the upward cycle. She also stressed that there were wide differences in respect of minimum wages between countries and that a living wage needed to be promoted.
- 129.** *An Employers' delegate from Dominica* stressed the smallness and openness of Caribbean economies, and the contribution made by the informal sector to GDP and employment creation. However, he noted that Professor Ffrench-Davis, in his thesis, had raised a number of interesting points which could provide the basis for deeper dialogue.
- 130.** *The Minister of Labour and Social Security of Costa Rica* underlined his Government's promise of social justice and the fundamental importance of policies that favoured employment and productive development, referring to the national strategy for employment and production that was recently launched and the alliance of employment and productive development and of social and solidarity economy as instruments to push forward agreements for the development of an institution that energized the internal market and formed a better productive articulation.
- 131.** *A Workers' delegate from Uruguay* declared that the workers had engaged trade union action in order to achieve fairer and more distributive policies which helped generate opposing factions in the region that brought to power progressive governments that made sure the division of the pie was done in parallel with its growth. Macroeconomy that included progressive taxation policies enabled people to obtain better conditions and to live better.
- 132.** *An Employers' delegate from Argentina* stressed that the 96th Session of the ILC (2007) approved the fundamental pillars for the development of sustainable enterprises and that the issues that arose in the application of this approach should be noted. Furthermore, the growth seen within Latin America was also brought about by structural reforms and suitable macroeconomic management. He also expressed his disagreement with the vision of Professor Ffrench-Davis in regard to the use of fiscal space for counter-cyclical policies. In order to deal with economic slowdown, it was necessary to focus on the promotion of productivity and investments.
- 133.** *The Minister of Labour and Small and Micro Enterprise Development from Trinidad and Tobago* recognized the efforts made by the Director-General and ILO constituents to ensure that decent work remained one of the goals on the post-2015 development agenda. Trinidad and Tobago participated in the side event organized by the ILO at the Third International Conference on Small Island Developing States that took place in Samoa to raise awareness of the topic of decent work and of development within the world of work. He urged that this inter-sectoral dialogue should continue on social, economic and environmental topics: it was essential to attain the targets that had been set.
- 134.** *The Minister of Labour, Social Security and Human Resource Development of Barbados* explained that Barbados was also a Small Island Developing State with an open economy, affected by the economic crises and other external shocks such as HIV and AIDS. She explained that the 2008 global crisis that had severely impacted Barbados had revealed that new policies were urgently needed in order to reform public sector financing and for growth. She said that with the support of the European Union, Barbados had developed a Human Resource Development Programme consisting of five pillars: (1) creation of an enabling environment for human resource development; (2) development of an internationally recognized national qualifications framework; (3) development of demand-

driven professional development and training services; (4) rationalization of knowledge management systems and improvement of information access; and (5) enhancement of research to improve innovation, entrepreneurship and development capacity.

- 135.** *The Deputy Minister of Labour Rights and Relations of the Bolivarian Republic of Venezuela* said that a clear definition of what was meant by an environment for enterprise development was needed. A sustainable enterprise was one that placed workers' rights above capital gains. When discussing policies for adjustments, the majority of countries in the Americas region ignored the recommendations of the International Monetary Fund (IMF) and instead developed social policies. It was not possible to go backwards due to the current situation of deceleration. The situation would get better, but it would be more difficult for those whose growth depended on precarious working conditions, outsourcing of jobs, and unstable wages. Better social inclusion and greater equality needed to be guaranteed.
- 136.** *A Workers' technical adviser from Argentina* referred to the Development Platform for the Americas which defined the trade union agenda for sustainable development as an integrated framework that added a political dimension to the economic, social and environmental dimensions that make up the concept of sustainable development. He also supported informal labour groups being incorporated into trade union structures, and that the rights of men and women workers to freedom of association, to collective bargaining, to strike and to protest should be protected.
- 137.** *The Deputy Minister of Labour Relations of Ecuador* underlined that the dominant model was one that focused on wealth because of the existence of an initial imbalanced distribution which could not be fixed by redistributing it through fiscal or tax processes. Therefore a new model was needed in which the people were the end product, and with a central position for work.
- 138.** *The Minister of Labour and Minister of Status of Women of Canada* said that her Government would support the heightened commitment in the Americas towards sustainable development, the promotion of decent work, and national and international economic growth, as part of Canada's Prosperity Agenda. Fundamental labour rights were the basis for the development of high labour standards and were not an obstacle for productivity. Competing on the global market should not work to the detriment of labour standards. The issue of child labour was of particular importance for her Government, everyone being in agreement that child labour was not acceptable. She recalled the universal duty to protect the most vulnerable sectors of society and the commitment made by the President of Peru to combat child labour. Her Government had taken a lead role on the United Nations International Day of the Girl Child and stood by the Government of Peru in calling for its international recognition.
- 139.** *A Government delegate of Uruguay* said that sustainability and decent work could not be achieved without social dialogue. There had been examples of institutionalized dialogue (bipartite and tripartite) on wages, occupational safety and health, and labour inspection, with a view to the approval of the recent migration law and the unionization of domestic workers.
- 140.** *A Workers' adviser from Canada* said that the aim of achieving sustainable development, decent work, productivity and social inclusion in the Americas required a reduction in inequality. The trade union movement had proposed a solution in the form of the Development Platform for the Americas. She reiterated the importance of the redistribution of wealth through wages and social security programmes. Inequality had risen in Canada in recent years. The concentration of wealth in the hands of 1 per cent was approaching levels of inequality that existed in the 1929 crisis. Various reforms had reduced social protection

and weakened social programmes and public services, deepening the inequalities. She stressed the importance of robust public services, wealth redistribution policies and fiscal reform, as well as policies for climate justice which were the most effective means of reducing inequality.

141. *A substitute Workers' delegate from Brazil*, speaking on behalf of trade union confederations in Brazil, stated that the focus in the meeting on sustainable development was the result of a progressive awakening to the contradictions in the capitalist model between the importance of guaranteeing a good quality of life and the poor's right to development, and the realization of the planet's physical limits in meeting the needs of humanity as a whole. The unprecedented social, political, environmental and financial crisis was a product of the established development model, governed by market laws and which had resulted in the concentration of wealth and the dismantling of local subsistence economies. However, Latin America continued to be a privileged region for the development of alternative economic models and a new generation of social programmes, focused on the most marginalized sectors of society and on the transition towards universal social protection. The struggle against poverty should be conducted through continuous dialogue between workers, employers and governments for the promotion of the common good.
142. *A Workers' adviser from Peru* referred to the Development Platform for the Americas and indicated that social dialogue was fundamental in driving decent work, sustainable development and social inclusion. Dialogue should also contribute to a better distribution of wealth and to streamlining interests, and the agreements made in forums such as the American Regional Meeting should be honoured.
143. *A Workers' delegate from the Bolivarian Republic of Venezuela* highlighted the changes made in favour of the working class in Latin America since the 1990s. Production systems should not be based on the exploitation of workers and outsourcing. Moreover, the dignity of work and the trade union movement should be respected.
144. *A Workers' delegate from Honduras* underscored the importance of social dialogue in moving towards decent work, and of respect for tripartism and the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), in achieving universal social security.
145. *The representative of the United Nations Environment Programme (UNEP)* said that the development model needed to change, as highlighted by some of the issues raised by the participants. The region had achieved progress but at a cost to the environment and causing greater inequality, which endangered current progress and threatened to cancel out the gains of development. Those three dimensions needed to be taken into consideration as a matter of urgency in both the private and public sectors.
146. *The representative of UNI Global Union* said that her organization was strongly committed to sustainable development and strong and inclusive democracies. There was a need for clear rules that could be applied to both the private sector and to the rights of workers at the international and national levels. Many enterprises completely flouted workers' rights and she stressed the value of collective bargaining as the sole means of redistribution and as part of the social equation.

Closing statements

147. *The Employer representative* said that he was in agreement with the Workers' delegate from Uruguay regarding the need to generate greater wealth for all. He also agreed with the representative of UNI Global Union on the need to establish clear rules for both parties.

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148. *The Worker representative* said that he welcomed the panel participation from the Caribbean, which was often overlooked in such meetings. Productivity was a major factor in development and respect for diversity and plurality was urgently needed as a strategy to strengthen democracy.
149. *The Minister of Labour, Employment and Social Security of Argentina* highlighted five points: (1) politics should be handed back to the people and not given over to the markets; (2) labour and income policies needed to be aligned with macroeconomic policies; (3) on the firm belief that work generated growth and wealth, human, social, gender and labour rights needed to be strengthened; (4) social protection floors should be reinforced; and (5) the State's guardianship role should be strengthened through dialogue and social inclusion in order to move towards resolving those challenges. Together they should dare to build a fairer world with less inequality, more work, stronger productivity, fewer banks and greater happiness.
150. *Professor Ffrench-Davis* observed that macroeconomics should take the dynamics of the world of work into consideration. The complementarity of the public and private sectors was evident but the predominant neo-liberal macroeconomic policies had not promoted the creation of wealth. Given that only one sixth of trade in the region was carried out between neighbouring countries, geographical location should be optimized, tapping into the great potential for productive development through commercial cooperation between countries.
151. *The Director-General* congratulated the panel members and participants for their inclusive dialogue and exchange, drawing his conclusions regarding its implications for the ILO. The macroeconomic framework was important and the ILO had a mandate in that area and was present in the G20. The ILO needed to continue its campaign to ensure that decent work was included in the post-2015 development agenda. It should also continue its dialogue with the World Bank, the International Monetary Foundation and regional institutions. The region stood at a difficult juncture due to deceleration and it needed to decide whether it was going to repeat history or create a new future. The State had an important role to play in placing decent work and employment at the heart of policies, both nationally and internationally. In 2008, when markets were suffering from a collective heart attack, they had called on the State to act as an ambulance. The State accordingly came to the world's rescue, at an enormous cost for national finances. He recognized the importance of productivity and productive transformation, as a shared responsibility which required a better distribution of its results, and the essential role of occupational and vocational training. He also pointed to the importance of productive diversification, through industrial, research and innovation policies. There had been consensus on the importance of social dialogue, as a guarantee of social justice and democracy; regarding the respect of fundamental rights, in particular freedom of association and collective bargaining; and on the need to commit to social dialogue, not only in the ILO but also in the outside world. He concluded by observing that there had been little discussion of the environment, the informal economy and the situation of women at work owing to a lack of time at that session.

The path to equity: From the informal to the formal economy – Good practices

152. The second dialogue was entitled "The path to equity: From the informal to the formal economy – Good practices". The panel was composed of: Mr Alfonso Navarrete Prida, Secretary of Labour and Social Protection, the United Mexican States; for the Employers, Ms Lina María Echeverri Pérez, Director, Public Affairs for Latin America for Telefónica SA; and Mr Guillermo Zuccotti, for the Workers, from the Department of Occupational

Health and Safety of the UOCRA, member of the CGT RA International Affairs Secretariat team, and of the Trade Union Confederation of the Americas (CSA TUCA) Informal Economy Continental Team. Mr José Manuel Salazar Xirinachs, ILO Assistant Director-General for Policy, acted as moderator.

153. *The Director-General of the ILO* said that the panel was addressing one of the most complex issues facing Latin America and the Caribbean: the high rate of informality in its labour markets. In the previous decade, the region had registered economic growth rates that had resulted in a considerable reduction in poverty and unemployment, but not in informality and inequality. There were still 130 million workers working under conditions of informality in Latin America and the Caribbean – almost half (46.8 per cent) of the economically active population.
154. While informality had many faces, in general it was associated with precarious working conditions, low income, job instability, lack of social protection and lack of labour rights. Half of all women workers and six of every ten young workers worked under conditions of informality. Among the poorest workers, the rate of informality rose to 72 per cent and, for those with the lowest levels of education, to 75 per cent. In addition to labour informality, there was considerable informality in productive units, particularly in small and medium-sized enterprises, which were the biggest generators of jobs.
155. The following year's session of the ILC would continue its discussion of a new international instrument and the current debate could feed into that process.
156. Formalizing the informal sector required social dialogue and a broad combination of policies, such as improved education and vocational training, including better alignment with the labour markets; giving new impetus to productivity; the establishment of a conducive environment for sustainable enterprises; increased social security coverage; simplification of taxation formalities; strengthening of labour institutions, including labour inspection, wage policy, collective bargaining and active labour market policies; and in particular, greater respect for labour rights, including freedom of association.
157. He said that the Regional Office had launched the Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC), and that during the current week a special preview of *Labour Overview* would be presented. He concluded by saying that informality would not be solved by legislation alone, but called for integrated strategies promoted by States.
158. *The Secretary* noted that Mexico was the 11th most populous country and had one of the most complex labour markets in the world, with an economically active population of more than 50 million people. Mexico had an income inequality ratio of 30:1. The lack of productive employment and quality jobs continued to be a challenge.
159. He said that, in 2013, the National Institute of Statistics and Geography (INEGI) had adopted the methodology proposed by the ILO for measuring informality. As a result, the Government recognized the scale of the challenge and had initiated a process to redesign public policies, so as to address the problem appropriately. In order to promote a job-creating growth of around 5 per cent, a set of structural reforms had been adopted, including labour reform, education reform and tax reform. Coordinated efforts had been made with the state governments to promote the affiliation of workers to the social security system, without imposing fines. As a result, the formalization rate had reached levels higher than the economic growth rate.

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- 160.** The Secretary also presented the scheme of incentives for the formalization of productive units, consisting of temporary tax exemptions for those registering their workers in the social security system, access to the health-care services of the social security system, corporate credit and housing, and access to training. As a result, over 600,000 jobs had made the transition to the formal sector. Although economic growth was not sustained, progress was being made in the area of formalization, with a reduction in informal employment of almost three points in only 18 months. That had been achieved as a result of improving productivity, working in value chains, strengthening state intervention with contributory policies and social dialogue. He noted that social dialogue was crucial if further reductions were to be made.
- 161.** *The Director, Public Affairs for Latin America for Telefónica SA* said that she represented an enterprise that had a presence in 24 countries and 25 years of experience.
- 162.** The enterprise had a fairly extensive value chain, the members of which were seen as strategic partners with whom the enterprise maintained an ongoing dialogue. It was part of the enterprise's code of ethics to work with the value chain and move towards the formalization of labour.
- 163.** The enterprise had more than 11,000 suppliers in Latin America, with more than 600,000 points of sale in Brazil alone and over a million in Latin America. A strategic management model had been designed to promote compliance with the law, based on four pillars: risk assessment; assessment of the life cycle of the business relationship between the company and its suppliers; a culture of sustainability; and a commitment to ensuring sustainability in the supply chain. Accordingly, the Aliados programme had been established in 2007, focusing on enterprises that created more employment but also ran the risk of using informal employment. A campaign had been launched to promote formal employment, by creating a formal contractual relationship with those enterprises, ensuring that the objectives of the values were being upheld. Then an audit process had been carried out, with the most critical suppliers being selected.
- 164.** The results had been achieved through raising the awareness of suppliers and creating replicable models, which meant that the programme could be standardized and suppliers could consider the alliance as a search for continuous improvement. The company was now working with a proactive management model, identifying and implementing good practices. It was also working to identify how in its value chains it could contribute to eliminating child labour.
- 165.** *The member of the CSA-TUCA Informal Economy Continental Team* said that it was an honour to have been invited to participate in the panel, and that it was his responsibility to convey the viewpoints of the trade union movement that had been expressed in the various discussions on the formalization of employment.
- 166.** He noted that the Director-General of the ILO had mentioned some of the indicators which would have to be taken into account in the formalization process. That meant that there was a need to seek immediate answers and to take up the challenge of formalization by means of strategies for development with social inclusion. It was not sufficient to implement isolated formalization programmes. Formalization required a range of comprehensive active policies, not only labour policies.
- 167.** The problem of informality extended beyond labour matters and standards: it was a political problem. It was therefore impossible to resolve with the enforcement of standards alone: it required the implementation of active fiscal policies. There was the continent with the most inequitable distribution of taxes and income.

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168. Responding to a request to provide examples of success stories, he presented the case of Uruguay, highlighting the policies of inclusion which had been implemented in recent years. Firstly, the case of Uruguay was the most convincing example of the results that can be obtained when programme activities contained in the ILO Declaration on Social Justice were developed, taking into account the four components of decent work.
169. Uruguay's progress had been achieved not only through its active policies of social protection, but also taking into account the headway it had made with standards, especially in relation to Convention No. 189, in the agriculture sector and the promotion of a regulatory framework aimed at including workers, increasing coverage of collective bargaining over all sectors, fostering freedom of association and promoting unrestricted union membership. Those were only some of the key components of what should be done. The way forward was clear: utilizing standards in combination with a tripartite approach.
170. That was where the Employment Policy Convention, 1964 (No. 122), became of relevance given that, without employment, it would be impossible to make the transition from informality. There was also a need for compliance with Convention No. 87, and for engagement in effective social dialogue, as the Director-General had indicated in his Report.
171. Progress in Uruguay was a product of political will, as well as the institutional participation and agreement of the unitary workers' central of the country, to reach consensus in order to make headway on active policies. The country had come from a lack of social protection, leading to inequality, which was a pervasive and nefarious problem.
172. Lastly, he declared that a "motorway" to formalization should be built. A new standard-setting instrument was needed, which would be discussed at the ILC in 2015, and which would also need to address the issue of informality in the formal economy. Progress should be made on the ILO's standards framework, to promote more employment, social protection and dialogue, with the participation of all sectors.
173. *The Employer representative* underscored that informality was a problem for workers, whose rights were not protected, for enterprises, which suffered from unfair competition, and for States, limiting public revenue and social security contributions. There was no one cause for informality and its roots varied from region to region, but its common traits included poverty, excessive regulation, lack of access to credit, high taxes and corruption.
174. In particular, labour legislation was a subject that needed to be analysed. Many countries had not reviewed their legislations for a number of decades and they were therefore no longer in line with current production processes which, moreover, operated in a context of global competition. In addition, while some informal enterprises grew out of necessity, others simply sought to cut costs by not complying with the regulations. It was important to identify such differences and to strike the right balance between rewards and punishments.
175. He indicated that the Inter-American Conference of Ministers of Labor in Medellín had drawn attention to problems related to excessive regulation, lack of governance and corruption, among others. In that regard, ensuring that micro- and small enterprises operated in the formal economy required education policies that would increase productivity, simplified enterprise registration mechanisms making greater use of technology, preferential access to credit for state procurement and greater labour flexibility. Protectionist laws should not be applied to informal enterprises and it was important to continue analysing the current obstacles in the informal sector.

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- 176.** *The Worker representative* said that it was fundamental to understand that economic growth did not, in itself, increase the rate of formalization in countries. The fact was that there was a lack of political will. Few countries had developed comprehensive policies to promote formalization, including policies for specific groups such as employees, workers in micro- and small enterprises and domestic workers.
- 177.** She believed that integrated policies were required that incorporated: (1) a set of policies addressing the rights of independent workers, those working in micro-enterprises and domestic workers; (2) guarantees of the right to freedom of association and collective bargaining; (3) guarantees of enforcement agencies; (4) effective dialogue; and (5) a gender component. Formalization depended on employment, marketing, and social protection policies, among others. In addition, the formalization strategy also had to include a progressive fiscal system that fought tax evasion and fraud at the same time.
- 178.** She said that the exchange among the panellists had strengthened public policy on this topic. In this respect, it was vital that there be a follow-up to the discussion which took place at the 103rd Session of the ILC, with a view to developing a regulation on formalization at the next Conference.
- 179.** *Speaking on behalf of the Government group*, the Minister of Labour and Social Development of Panama said that certain considerations needed to be included in this discussion such as employment statistics, the link between employment policies and formalization, youth and vocational training policies, and the role of social partners in policy development. In Panama, four out of every ten jobs were informal, mostly affecting young people, domestic workers and self-employed workers. The Government had several initiatives related to this situation, notably the creation of the High Commission to establish Public Employment Policies in Technical and Professional Occupations; the “Spreading Values for the Future” programme; the “Pro Youth Panama” programme; and the restoration of full respect for trade union rights in the country. Panama had also moved towards a fair compensation policy, a more simplified process, and strengthening inspectorates and trade unions. The country had planned to establish a national decent work programme through a process of social dialogue.
- 180.** *The moderator* underlined that one of the eight ILO areas of critical importance for the biennium 2013–14 was formalization. In 2013, the ILO launched the ILO Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC) in the Americas region, which had already borne considerable fruit. The recently published new *Panama Laboral* summarized good practices related to this matter. There were two important lessons: (1) informality was a heterogeneous and multidimensional phenomenon; and (2) diverse yet integrated policies were needed. Productive development policies were also important due to low productivity. The average productivity in the region was 55 per cent of the productivity of the United States and the gap had not yet begun to lessen. Sectoral and value chain policies were recommended, along with skilled productive transformation policies and policies that improved distribution based on the size of the enterprises. The recent publication by the Inter-American Development Bank *Rethinking Productive Development* made important recommendations on this topic.
- 181.** Likewise, initiatives were needed to improve standards and regulations. Positive experiences on this topic existed, such as in Chile and Colombia. Attractive incentives to formalize were also required, including tax incentives. In the region, 15 countries had special tax regimes for small enterprises. Taxation and compliance also needed to be improved. Interesting examples could be found in Chile, Colombia and Brazil. The good news was that countries were beginning to implement an integrated approach and that the target of formalizing was establishing itself.

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- 182.** *The Minister of Labour of Trinidad and Tobago* stated that formalization should be recognized for its contribution to sustainable development. Poverty was, in any place, a threat to progress. Efforts should be made to cover the full range of subjects relating to productivity and the development of sustainable enterprises. The debate was timely and of particular importance for micro and small enterprises. In that regard, he emphasized that in Trinidad and Tobago a political framework had recently been defined to include the promotion of enterprises in the formal sector, and also the transition from informal enterprises to the formal sector. That policy incorporated the creation of financial and non-financial incentives, as well as an enterprise creation programme. In conclusion, he insisted that efforts to develop micro- and small enterprises should continue.
- 183.** *A Workers' delegate from Dominica* affirmed that, as a result of history, it was difficult for the small island State of Dominica to engage successfully in competition. The preferential prices for some of the country's goods were decreasing; corruption had spread and the crime rate had become a serious problem in relation to tourism. As a small island State, Dominica was in need of regional dialogue which also covered challenges pertaining to climate change.
- 184.** *A Workers' substitute delegate from Colombia* stressed that formalization was an important subject and that the general regional overview in that area was not encouraging. It was necessary to seek real solutions and not be restricted to words alone. Informality and precarious work led to inequality and poverty, which affected women and young people in particular.
- 185.** *The Vice-Minister for Human Rights and Labour Relations of the Bolivarian Republic of Venezuela* considered it necessary to treat statistics in a uniform manner so as to achieve clarity regarding the meaning of "informal". He stated that the Bolivarian Republic of Venezuela had made progress in the implementation of a compulsory social security policy for all enterprises, irrespective of the size of the enterprises. Micro-enterprises should therefore no longer be considered to be part of the informal sector. The Government had defined what was meant by informal employment, since even self-employed workers had access to social security. In conclusion, he stated that it was necessary to take into account the promotion of the informal sector by formal enterprises which made use of outsourcing.
- 186.** *A Workers' delegate from the Dominican Republic* said that transition to formality depended to a large extent on political will towards vulnerable groups. This was clear from the case of Uruguay, a country that had implemented ILO instruments, including Convention No. 189. Other examples were the single tax in Argentina and progress made in certain countries in rural areas. Fundamentally, everything that needed to be done to promote formalization was already clearly established and documented.
- 187.** *An Employers' adviser from Peru* pointed to the need to consider transaction costs and administrative procedures that impacted on formality, such as high levels of taxation. Informality in Peru was the result of inadequate legislation and inadequate policies, and especially the high cost of formality, poor regulation that did not encourage growth and productivity, but rather punished it, the complicated compliance system, taxation built around collection, rather supporting the development of enterprises. Equally, he mentioned concerns in respect of insufficient sanctions, as well as the decrepitude of the public services, which made the country more costly and adversely affected enterprises' capacity to compete.
- 188.** *A Workers' delegate from Uruguay* said that informality and precarious work were directly related. An emergency plan was needed in the first instance, which would include programmes for persons who were excluded from formality, with specific measures.

Likewise, nothing could be expected from the goodwill of enterprise, but only from laws, such as the law on outsourcing.

- 189.** *The Minister of Labour of Barbados* said that informality was increasing rather than falling, with several impacts on the rights of workers; social dialogue was needed to promote intensive growth. Likewise, work should be better regulated, and thought should be given to which areas had the most growth potential. In attempting to formalize the informal economy, measures that might prove punitive should not be taken, but rather those that tended to inform small enterprises and encourage them to register, as well as support them and recognize that they had a human face, and that the workers and business were not simply statistics.
- 190.** *A Government adviser of Peru*, speaking on behalf of the National Directorate for Labour Taxation (SUNAFIL), set out the main ideas upheld by the institution. Under ILO Convention No. 81, SUNAFIL had been created to optimize and institutionalize a framework that would make it possible to ensure fundamental rights in the field of work and seek to establish a structure to address in systematic fashion the problem of informality. Its objectives were related to the promotion and oversight of labour rights, but at the same time to create instruments that made it possible to advise and train the parties involved in the process. Its primary purpose was the eradication of child labour and of forced labour and ensure full exercise of labour rights. He welcomed the space for dialogue provided by the American Regional Meeting which made possible a sharing of critical opinions to lead to fairer and more balanced decisions in developing public policies to improve human development, and not simply economic interests.
- 191.** *A Government adviser of Argentina* welcomed the fact that three central questions had emerged from the panel: the need for better statistics; the need for integrated policies; and above all, the need for value chains in the frameworks and policies which may be put in place to reduce informality. The analysis of informality in Argentina should take two aspects into account: dynamics and the heterogeneousness of the design of public policies. Levels of unregistered wage earners stood currently at 33 per cent of all wage earners. On the other hand, statistics on informality of non-wage-earners should take into account the high degree of heterogeneousness, which was largely invisible in the case of home surveys. By the application of two special surveys, it becomes apparent for example that 20 per cent of contributing non-wage-earners are professionals. They also show that informality is at its highest in these sectors. These results are the effect of a combination of policies, not just growth policies, but also of active policy and the implementation of an integrated plan for the registration of workers combining both sanctions and incentives, in some cases, increasing fiscalization and reducing contributions for the smallest enterprises at others.
- 192.** *An Employers' delegate from the Plurinational State of Bolivia* said that the Employers' Confederation of Bolivia had maintained a firm position regarding the necessary adoption of policies to increase the level of formality. Those enterprises that complied with formality were frustrated at the sight of those who profit from informality and its anonymity to create an unfair advantage for themselves, by avoiding taxes and offering undignified employment. The Confederation considered that integrated policies should not only concern labour, but should also be fiscal, with access to the financial system and to social security systems. He indicated his concern in the face of the need for sustainability of social security systems, with States persisting in burdening enterprises in the formal sector with taxes, labour and social contributions. The policies adopted should not have a contrary effect on formalization, but should encourage it.
- 193.** *A Workers' substitute delegate from the Bolivarian Republic of Venezuela* welcomed the Director-General's Report. In the Bolivarian Republic of Venezuela political changes had been made so that not only would there be no informal employment, but workers' quality

of life would improve. Workers would not be unwilling to surrender what had been achieved in order to return to neo-liberal policies and the IMF.

- 194.** *The Deputy Minister of Labour Relations of Colombia* pointed to a consensus on the premise that economic growth alone would not guarantee social equity and decent work, and furthermore that informality could not be solely reduced by legislation. It would require different and harmonious policies as well as the exchange of best practices. Labour rights were human, social and cultural rights. Colombia had proceeded in two directions: firstly, via the application of public policy for the restoration of rights, implementing plans and programmes specific to the targeted territory. Secondly, by having public policy for rights recognition, thereby attempting to identify those who were employed under precarious conditions, or in flagrant violation of labour laws, particularly violations of freedom of association. He thanked the ILO Regional Office for its support in improving Colombia's formalization indices.
- 195.** *A Government delegate of Uruguay* indicated that the decline of informality in Uruguay had been constant from 2006 onwards where unregistered employment decreased from 35 per cent in 2006 to 25.6 per cent in 2013. This trend was not to be entirely explained by labour inspection improvements. The application of policy instruments and tax reforms simplified social security and tax contributions for small business activities. These activities were developed primarily via public means such as self- or family employment, as well as special schemes for households below the poverty line. The Government had adopted policies that were not focused on deregulating or removing rigidities to facilitate the generation of formal jobs, or to encourage the formalization of workers, but had had an impact on working conditions, peoples' rights, and on formality. He mentioned three measures: minimum wage, in full compliance with Convention No. 131; regulation of subcontracting and labour supply; and, at the judicial level, Recommendation No. 198 on labour relations had been implemented as an instrument to allow for uncovering cases of concealment and labour fraud that prejudice labour relations.
- 196.** *An Employers' adviser from Mexico* emphasized that informal employment generated little added value, low pay and lack of social security, and therefore should be considered as a subsistence economy. There was informality by necessity or convenience which increased when the rules of formality did not generate any value for those that must comply or when the costs associated with compliance were mismanaged, or corruptly managed. The benefits of formality had to be evident to workers, employees, and for the State to justify its existence for the correct application of the resources with quality and efficiency standards while creating an improved, less bureaucratic coexistence.
- 197.** *An Employers' delegate from Belize* said that her country's geographical location and its porous borders made it attractive for its Central American neighbours. Consequently, a constant flow of migrant workers had created an informal labour force and therefore had put an additional burden on the national social system. She highlighted the lack of adequate data and resources for monitoring and research, and also for the recording of seasonal migrant workers to whom permits were given. There were no controls to verify their leaving the country or if they were simply absorbed by the informal economy. Inclusion and formalization could encourage workers and foster a sense of belonging and, therefore, a feeling of less isolation. Education and expansion of a competent, innovative, competitive and entrepreneurial labour reserve would have a direct impact on the country's economic growth.
- 198.** *A Workers' adviser from Mexico* urged delegates to give priority support to the proposal of a standard on violence against women and men at work during the next meeting of the ILO Governing Body in November. Gender-based violence remained one of the most pernicious violations at work that involved different forms of violence. Unfortunately there

was not yet an international standard of work that had addressed gender-based violence in a holistic or sufficient manner.

- 199.** He believed that the informal economy was a result of new forms of exploitation that deprived governments of public revenues by limiting their fiscal capacity, social security, and education, among others. There was no denying the gap between labour productivity and the stagnation of wages that reduced purchasing power. Concrete measures had to be put in place to promote decent work, and the exercise of labour rights when making the transition from informality to formality. This therefore would ensure an adequate standard of living with fair wages and social protection, and eliminate underemployment, gender inequality and poverty.
- 200.** *A Workers' adviser from Peru* considered that in the transition from informality to formality, the example to be followed was that of Uruguay. He highlighted the importance of discussion in the American Regional Meeting and the need to deal with policies that privileged profits rather than those that, through decent salaries, could give justice to workers.
- 201.** *A Workers' delegate from Cuba* stated that millions of migrants had only found the worst forms of subsistence through informal, poorly paid jobs. In Cuba, the new forms of non-state employment, organized individually or in cooperatives, benefited from greater income and a variety of employment, in contrast to the informal workers. Many were highly qualified, highly educated and cultured, and all were protected by Cuban labour law. They had the right to unions and the protection of social security, enjoyed maternity rights, trained in taxation and other specialist employments.
- 202.** *A Workers' adviser from Argentina* commended the choice of the Uruguayan case as an example. He highlighted that it was precisely in the countries that emphasized employment and formality that the best results were seen: this was a question of political will. Social dialogue was necessary to apply these policies, but had to arise from political decisions. Finally, he stated that those who most benefited from the reduction in informality were entrepreneurs because of the growth of the internal market and improvement in social issues.
- 203.** *A Workers' delegate from El Salvador* stated that it was not possible to talk of decent work when businessmen or some governments proposed policies that would heighten the crisis, that is, the same policies that brought about the crisis. Central American trade unions and the CSA-TUCA shared the concern expressed by the workers last March in the Governing Body regarding the application of the SIMAPRO system in enterprises and micro-enterprises, where there were no trade unions in productive environments that were reluctant to engage in social dialogue. Employers should recognize the historical debt to workers and now was the time to have a genuine, frank and sincere dialogue on social justice; to this end, it was important to guarantee full respect of the fundamental rights of labour.
- 204.** *A Workers' adviser from Peru* highlighted the statement by the Director-General of the ILO on the need to foster and/or further specific policies that would promote formalization and take into account working conditions, minimum wage and social protection. He also highlighted the violation of collective bargaining and freedom of association rights in both the public and private sector and the risk in Peru of cutting back labour rights as a means of promoting formalization.
- 205.** *An Employers' delegate from Argentina* said that informality was a scourge in Latin America and that it was necessary to work towards a joint diagnosis. He mentioned three key elements to move forward in formalization: (1) increased and improved control;

(2) establishing favourable regulatory conditions, particularly for small enterprises; and
(3) coordinating labour and economic policies. He mentioned and commended the example of Telefónica for its efforts to improve working conditions in its supply chain and thus encourage formalization.

- 206.** *A Workers' delegate from Antigua and Barbuda* mentioned the need to take into account the singularity of Caribbean countries. Given that an American Regional Meeting of the ILO had never been held in the Caribbean, he expressed a desire that a Caribbean country would soon host one.
- 207.** *A Workers' delegate from the Plurinational State of Bolivia* affirmed that the defence of labour rights was the responsibility of everyone, not just of workers' organizations. Workers should be taken into account in the definition of policies in the context of tripartite social dialogue.

Final statements

- 208.** *The Secretary for Labour and Social Security of Mexico* was represented by the Director for International Relations of the Labour Office of Mexico, who said that it was evident in the debate that there was great interest and concern throughout Latin America and the Caribbean in solving the problem of informality. From the statements, it was clear that progress was being made, though not as much as expected; there was a long way to go. It was necessary to explore new ways; there was a need for innovation and creativity. He considered that the ILO was a great ally in this task and commended the leadership of the Director-General of the ILO on this central topic. Finally, he affirmed that social dialogue should be the mechanism through which suitable solutions were sought and found.
- 209.** *The Director, Public Affairs for Latin America for Telefónica SA* mentioned the network of focal points the Global Compact had in Latin America, which could be excellent allies in promoting formalization activities in the value chains of enterprises. She also thanked the ILO for the invitation to take part in the event.
- 210.** *The representative of the Trade Union Confederation of the Americas* asked, "Why are we dealing with informality? Is it not a way of justifying cutbacks in labour rights?". He pointed out that there were currently two different standards of labour rights: workers with rights in the context of decent work; and precarious workers with reduced labour rights.
- 211.** *The Director-General* said that the debate had been highly interesting, substantive and participatory, with 28 statements on essential issues. He said that the debate was a preamble to the one that would take place in June of the following year in Geneva. He summarized the conclusions in four broad aspects: it would be a mistake to think that there was a simple recipe for formalization; there was currently a great tripartite consensus – recognition that informality was a problem that was counter to the interests of employers, workers and governments; informality was not compatible with decent work and inclusive development; it was necessary to build a highway that would lead to formality, which implied a consensus of policies that balanced control measures with incentives; formalization was clearly linked to other challenges the ILO faced, such as responsible management of value chains, domestic workers, youth employment, and others.
- 212.** He concluded by inviting the tripartite delegates of the region to continue the debate, together with the delegates from the rest of the world, at the upcoming ILC in Geneva in June 2015.

Presentation of the report of the Credentials Committee

213. *The Chairperson of the Credentials Committee* said that 33 of the 38 member States of the region had participated in the Meeting, with a total of 301 delegates, of which 33.2 per cent were women. It was the first time at an American Regional Meeting that there had been over 30 per cent participation by women. She called on the employers' and workers' organizations to include more women in their delegations. No complaints had been submitted to the Committee, likewise an improvement on the previous Regional Meeting.

The Meeting took note of the report of its Credentials Committee.

Adoption of the conclusions and report of the Meeting

214. *The Employer spokesperson* welcomed the recognition that sustainable enterprises and entrepreneurship were at the heart of sustainable development, economic prosperity and social justice. The ILO should focus on promoting policies that encouraged productivity and competitiveness, a favourable macroeconomic environment, good governance and an institutional framework propitious to fruitful industrial relations. National employment policies should support the needs of small and medium-sized enterprises; build entrepreneurship; develop human resources through training that met the needs of enterprise; and remove obstacles to trade, such as over-regulation. Tax regimes should be fair and the right to property must be upheld. If governments promoted such policies, informality would diminish naturally.
215. *The Worker spokesperson* said that, contrary to the 17th American Regional Meeting (Santiago, December 2010), his group was satisfied with the outcome. It was essential that the next few years saw the establishment of a solid process of social dialogue and collective bargaining in the region. The Report of the Director-General had centred on inequality. The issue of precarious employment in the region must be urgently addressed. He drew attention to the 2007 resolution concerning sustainable enterprises, noting in particular the emphasis it laid on the equitable sharing of the profits derived from the economic activities of enterprises. Collective bargaining and social dialogue were essential tools to achieve this.
216. *The Chairperson of the Government group* welcomed the report of the Meeting. He supported the call made by all ministers to continue the work of the Meeting and promote decent work and the transition from informality to formality.

The Meeting adopted its report unanimously.

Consideration and adoption of the conclusions of the Meeting

217. *The Employer representative of the Drafting Committee* on the conclusions expressed satisfaction at the tripartite support for the draft conclusions. Integrated economic and social policies were required to encourage social inclusion, productive employment and decent work. Quality jobs could only exist with respect for the fundamental principles and rights at work. These were well reflected in the text of the conclusions, and this in turn showed that mutual confidence had been re-established, and that the will existed to work towards more just and equitable development in the region. His group was committed to promoting productive employment and decent work, with respect for collective bargaining

and freedom of association. He proposed that the conclusions should be adopted under the title of the “Lima Declaration”.

- 218.** *The Worker representative of the Drafting Committee* on the conclusions welcomed the draft conclusions, and supported the proposal by his Employer colleague to name the text the “Lima Declaration”.
- 219.** *The Government representative of the Drafting Committee* on the conclusions said that the draft conclusions represented a balanced approach which he hoped would serve as a means of improving the lives and well-being of the region’s populations.

The Meeting adopted its draft conclusions unanimously.

Closing ceremony

- 220.** *The Government Vice-Chairperson of the Meeting* thanked the Government of Peru for its great hospitality and support. He stressed the need to address and resolve the issue of informality in the region. If equity and social inclusion were to become realities, it was essential that labour law should be more strongly implemented. The region should invent social dialogue processes that made it possible to attain the aims of the Meeting.
- 221.** *The Worker Vice-Chairperson of the Meeting* noted that an atmosphere of cooperation had prevailed throughout the Meeting. She welcomed the high level of participation by women, and congratulated the Director-General for stating so clearly in his Report that sustainable development could only be achieved through decent work. The conclusions supported the establishment of an integrated and coherent policy framework essential to the generation of quality jobs, with respect for freedom of association and collective bargaining. They should guide the work of the ILO for the next four years.
- 222.** *The Employer Vice-Chairperson of the Meeting* also noted the spirit of cooperation and understanding that had marked the work of the Meeting. Sustainable enterprises and the creation of a favourable environment to their development should be at the heart of employment strategies that would lead to formalization and decent work. The ILO should promote the legal and regulatory framework necessary to this. The Director-General should ensure that the programme of work of the ILO takes the results of the Regional Meeting into account, in particular in respect of the programme and budget and the areas of critical importance.
- 223.** *The Chairperson of the Meeting* said that the Government of Peru had taken up the challenge of generating decent work in a systematic and coherent manner. However, the history of the region showed that in spite of economic growth, and much investment, shortfalls in labour rights and social security coverage persisted. The Report of the Director-General centred the debate on the search for new models and appropriate and integrated policies. Key elements of development included education, health, social protection and formal employment. He praised the way in which the Meeting had taken up these themes. He also stressed the role of employment in tackling the environmental challenge and in consolidating democracy. He thanked all participants for their contributions, and on behalf of the Government expressed the pleasure with which Peru had hosted the Meeting.
- 224.** *The Director-General of the ILO* noted that the spirit of consensus and cooperation at the Meeting had resulted in concrete, pragmatic conclusions that would guide the work of the Organization over the next four years. The region had been strongly represented at the

Meeting, with 33 out of 38 member States attending. In particular, he noted the strong attendance and participation by Caribbean States, which had shared their experiences and good practices, and the holding of several events parallel to the main Meeting: the Caribbean Tripartite Meeting for consultations on Decent Work, Climate Change and Sustainable Development, the special information session on the follow-up to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the signing by 25 member States of the Declaration constituting the Latin America and the Caribbean Free of Child Labour regional initiative. The Americas must send a message to the world that there could be no human development without decent work, and democracy could only become stronger if there were better jobs for all. These challenges must be met through working together. He thanked the ILO Office for Latin America and the Caribbean for its successful organization of the Meeting, and likewise the Government of Peru for its hospitality in hosting the event. The presence of the President of the Republic at the meeting was a sign of the strong support of his Government for the ILO's Decent Work Agenda.