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Policymakers talk a lot about the impact of the ASEAN Economic Community in 2015. But the real question is, how will this AEC affect the 600 million people who live in the region? Together the International Labour Organization and the Asian Development Bank set out to find some answers, and this week we delivered our findings in a report presented to the ASEAN Secretary-General, H.E. Le Luong Minh [here in Jakarta].

Ordinary men and women first and foremost experience economic change through the labour market. What matters to them is whether they can find a good job that offers security, pays decent wages in decent conditions, and whether, in time, their children will be able to do the same.

Our findings are encouraging. If managed well over the next decade, the AEC could boost the region's economies by 7.1 per cent by 2025 and, generate 14 million additional jobs. However, there are some big "ifs" and "buts".

While some sectors will flourish others are likely to see job losses, and those workers will not necessarily have the right skills to seize the new opportunities created by the AEC. In addition, while improved productivity may bring increases in incomes for some, this could bypass the large majority of people, unless more effective wage-setting institutions are created.

To realize the full potential of closer economic integration, countries across the region need to take decisive action, right now. This is the core, take-away message from our study, "ASEAN Community 2015: Managing integration for better jobs and shared prosperity".

Here are three priorities for ASEAN's leaders to focus on.

The first priority should be to proactively manage and facilitate structural change. This means not only investing in infrastructure and implementing sound industrial and sectoral policies. It also means improving the 'soft' infrastructure – investing in better education and vocational training systems so that workers' skills match those that enterprises need. To be successful, this adjustment process will also require support for small and medium-sized enterprises and for the most vulnerable members in our communities. One route is through stronger social protection systems.

Secondly, economic gains must lead to shared prosperity. By linking wages to productivity gains, workers can benefit from economic progress while enterprises can remain competitive. This requires sound wage-setting systems that can deliver minimum wages that protect the most vulnerable, and stronger collective bargaining procedures that allow employers and unions to negotiate improvements in working conditions and to find solutions that raise productivity.

But, shared prosperity is not just about creating better systems for spreading the wealth, it's also about equitable development and reaching more people. So ASEAN needs to act to realize true gender equality, and more respect for the rights of migrant workers.

Finally, ASEAN countries need to strengthen regional cooperation. Some of the architecture for this is already in place. For example, ASEAN's leaders agreed to "promote decent, humane, productive, dignified and remunerative employment for migrant workers" in the Cebu Declaration. And in the *ASEAN Declaration on Social Protection*, they set out the principle of "equitable access to social protection". What is needed now is concrete action to turn these documents into practical change. Cooperation also needs to expand into other areas, such as skills recognition, labour market information, research and analysis.

The ASEAN Economic Community 2015 will place ASEAN at a crossroads. If these priorities are effectively addressed, the region can make great strides towards equitable economic development

and shared prosperity. But if ASEAN's leaders fail to act, the AEC will increase inequalities, and will bypass the majority of the region's population.