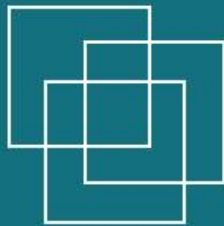


ASEAN Community 2015:

Managing integration for better jobs and shared prosperity



Overview

- **Background**
- **Findings of the study**
 - **Current situation**
 - **AEC impact**
- **Priorities for action**

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- Focuses on how AEC 2015 affects people through the labour market
 - How can integration be managed to ensure **inclusive growth**?
 - What will be the impact on **job creation, job quality, women**?
 - What kind of **skills** will be in demand?
 - What will be the effect on **productivity** and **wages**?
 - What will be the implication for **labour migration**?
- Draws on CGE model simulations, occupational projections, policy analyses, ASEAN employers' survey, extensive consultations

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IMPRESSIVE ECONOMIC PERFORMANCE, BUT POOR QUALITY JOBS AND GENDER GAPS PERSIST



CURRENT SITUATION

ASEAN integration in the global context



- **US\$2.4 trillion GDP in 2013; 300 million labour force**
- **Relative resilience to global economic crisis**
 - Between 2007-13, ASEAN economies grew faster than global average
- **Changing trade and FDI flows**
 - Rising FDI inflows relative to rest of the world
- **Rapidly growing middle class**
 - From 1991-2013, 83 million workers joined the middle class; number expected to reach 144 million by 2017
- **But rising inequality is a major concern**



CURRENT SITUATION

ASEAN integration in the global context



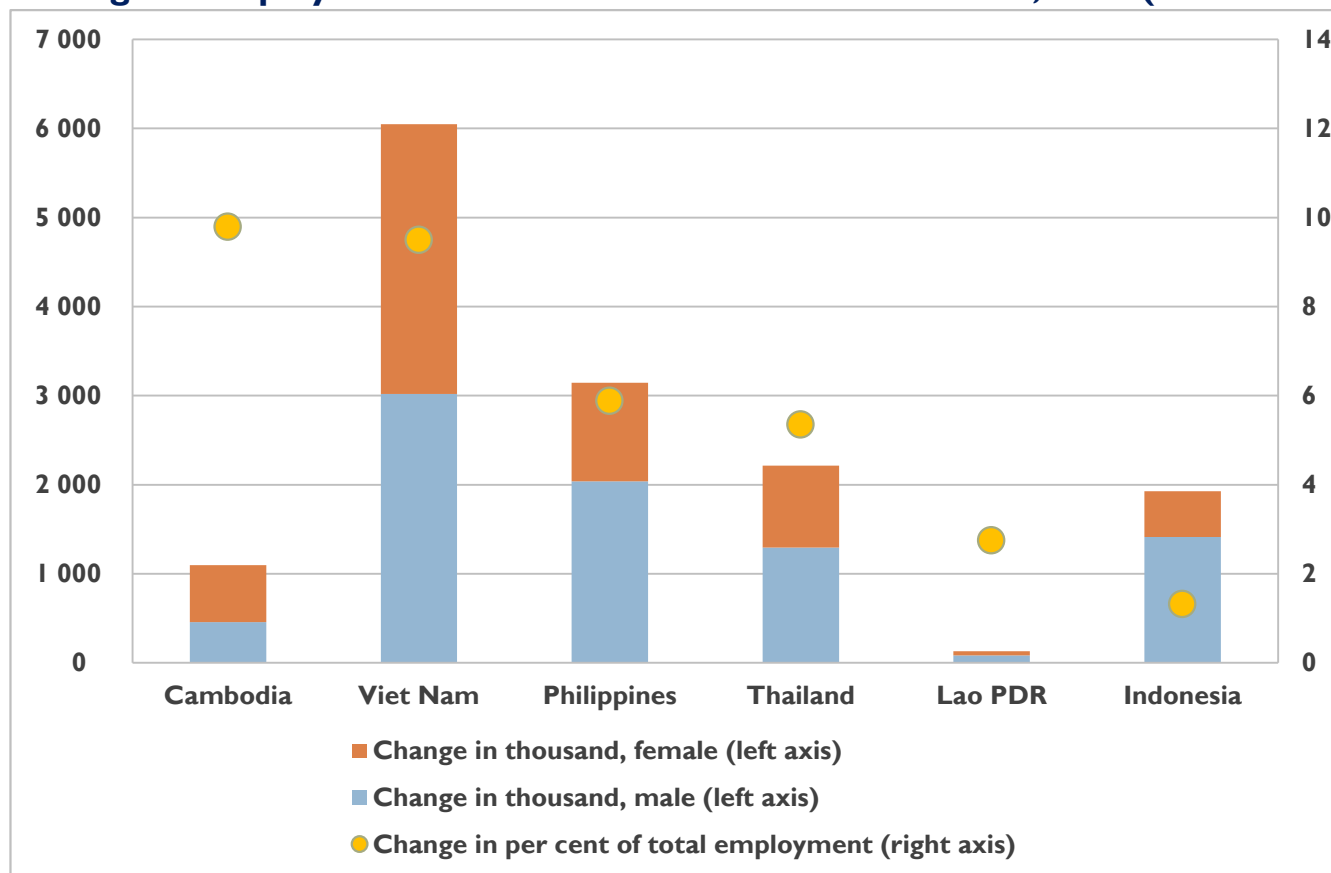
- **Considerable labour market deficits**
 - 2 in 5 workers in low-productivity agriculture
 - 3 in 5 workers in 'vulnerable' employment (own-account plus unpaid family workers)
 - High informality, with low social protection coverage
 - 13% youth unemployment
 - Persisting gender disparities in the labour market

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**AEC WILL DELIVER BENEFITS TO
THE REGION, BUT RISKS LEAVING
SOME BEHIND AND AGGRAVATING
INEQUALITIES**

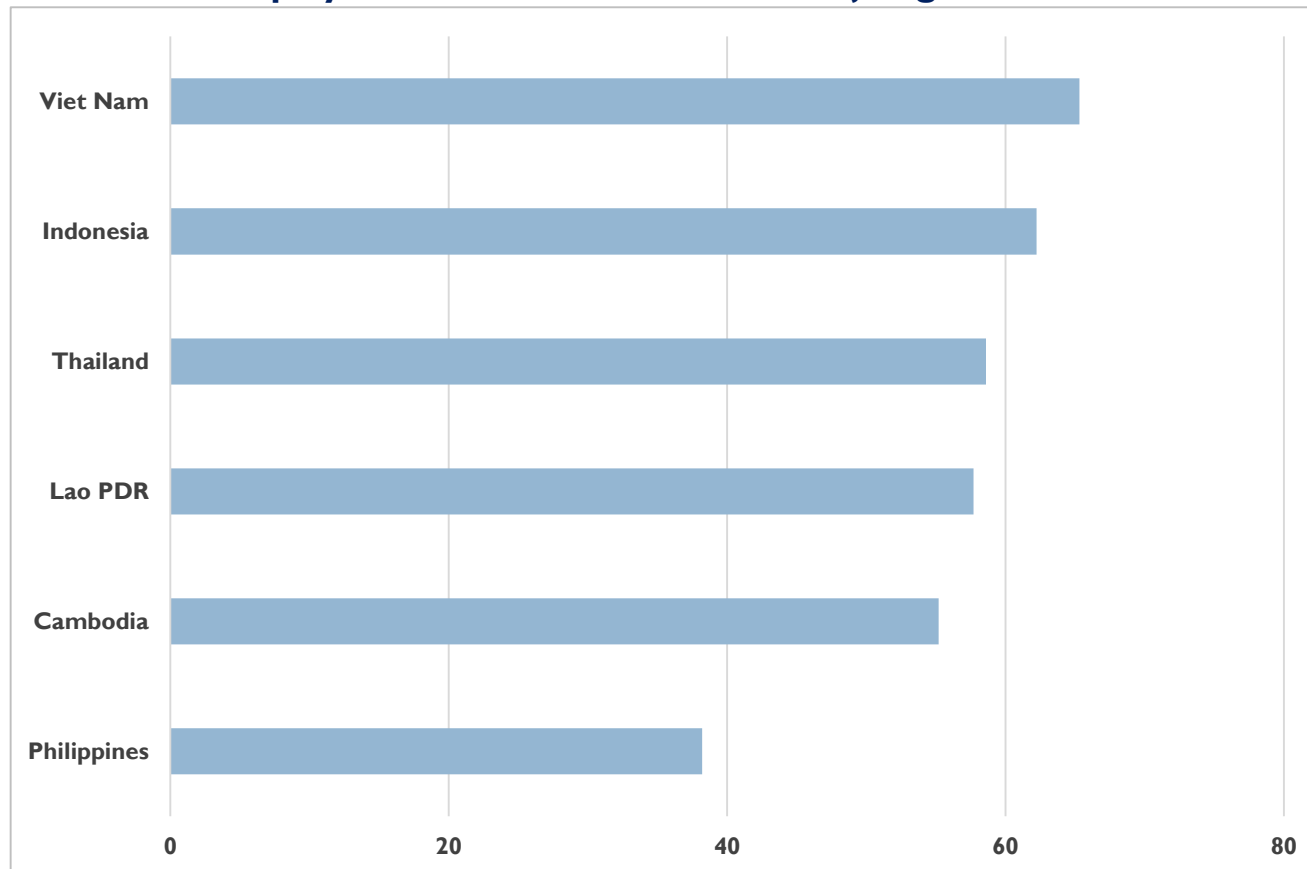
- **AEC could increase GDP by 7.1% and add 14m net jobs by 2025**
- **Gains and losses will be uneven – varying by country, sector, gender**

Change in employment under the AEC relative to baseline, 2025 (000s and % of total employment)



- Sectors likely to grow include trade, transport and construction
- New jobs could be in sectors that are vulnerable and informal

Vulnerable employment as a share of additional job gains under the AEC scenario, 2025 (%)





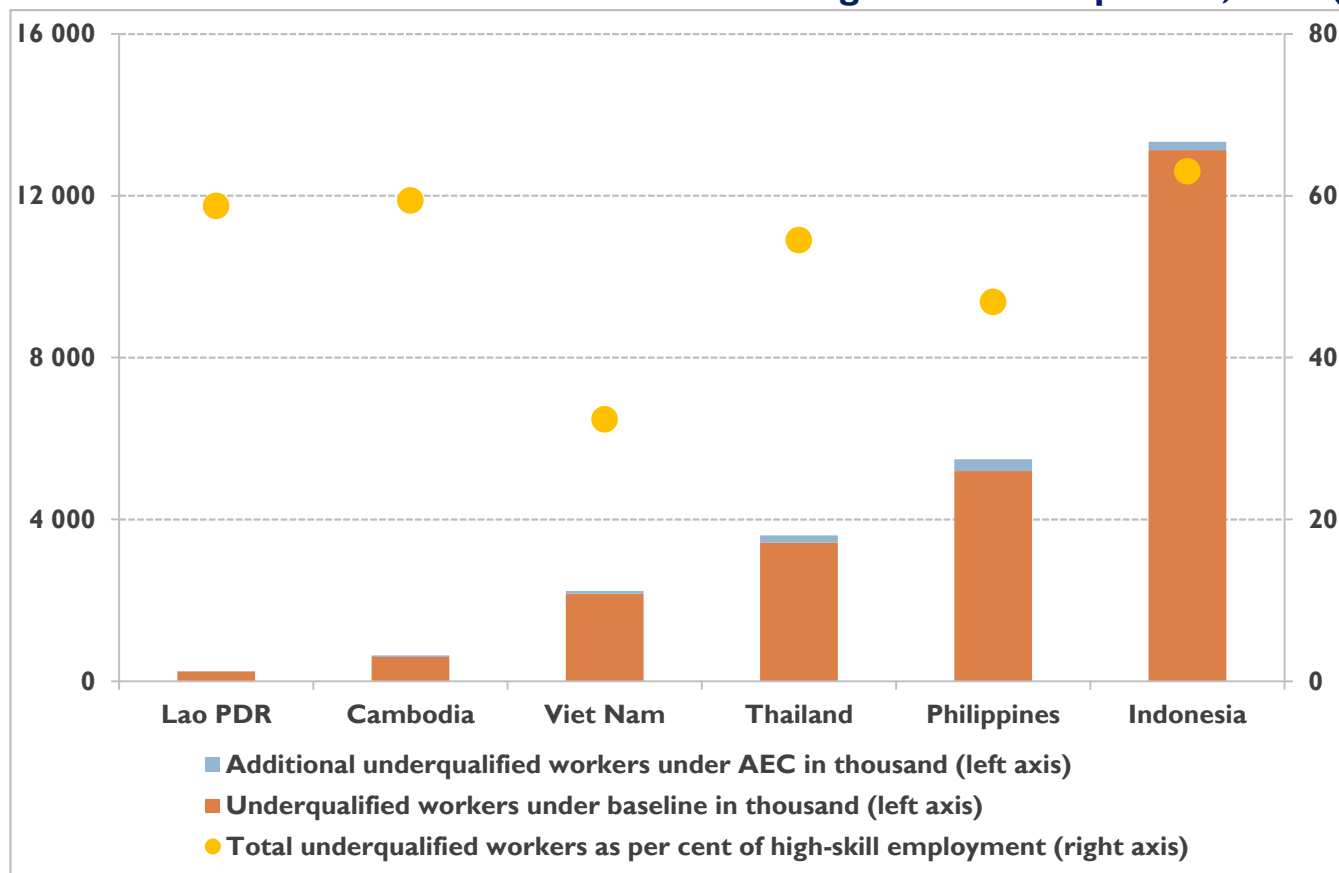
AEC IMPACT

Moving up the skills ladder



- **Different skills demand: high (+41%), medium (+22%) and low (+24%)**
- **Skills gaps likely to worsen: high-skilled jobs filled by underqualified**

Estimated skills and educational mismatch in high-skilled occupations, 2025 (000s and %)





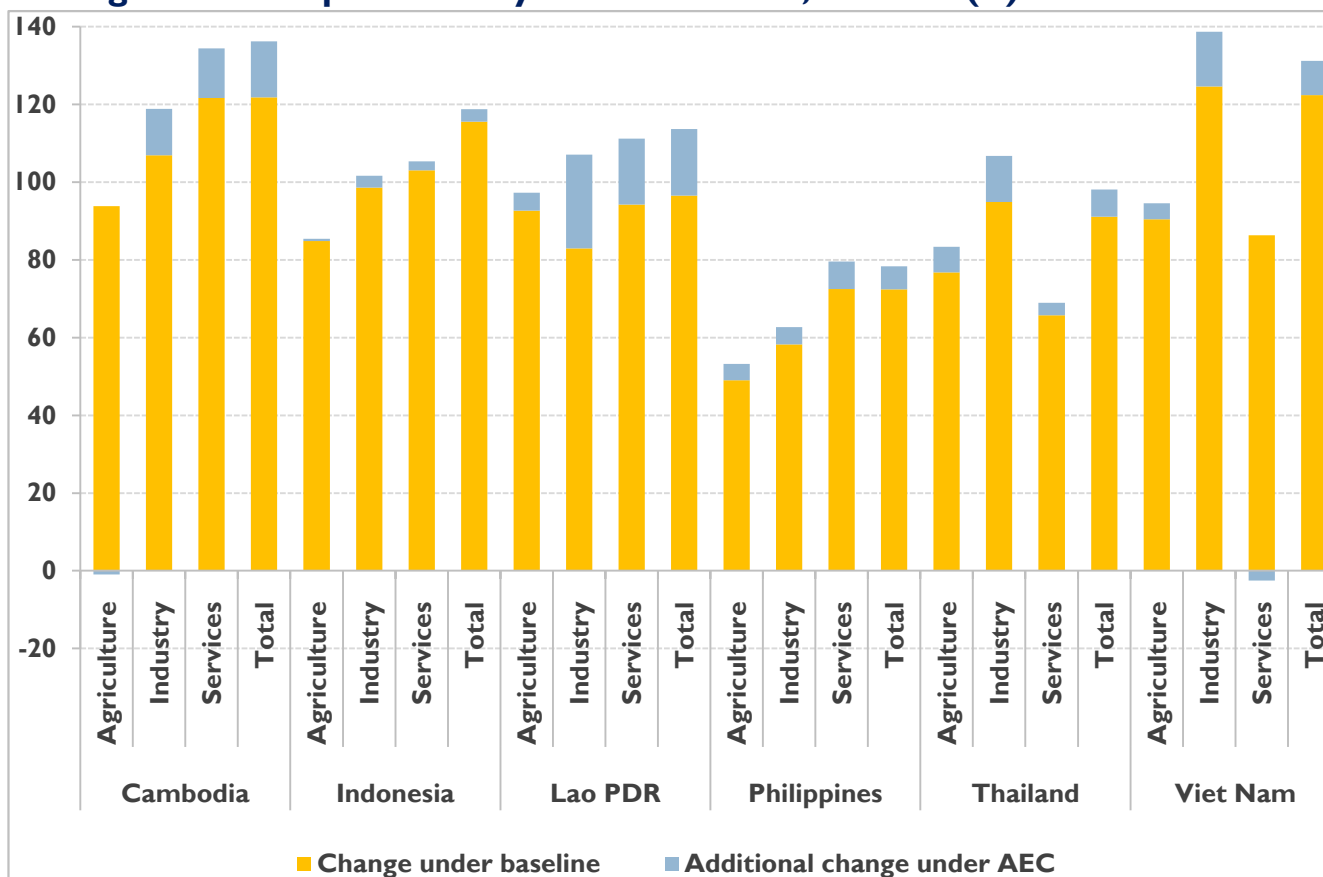
AEC IMPACT

Linking wages to productivity



- **AEC could create productivity gains – and scope for higher wages**
- **Wages of skilled workers likely to increase most from AEC**

Change in labour productivity under the AEC, 2010-25 (%)





AEC IMPACT

Reaping the benefits of labour mobility



- **Intra-ASEAN migration increased from 1.5m to 6.5m (1990-2013)**
- **Mostly medium and low skilled workers**
- **Concentrated in construction, agriculture and domestic work**
- **AEC provisions on skilled labour mobility likely to have little impact**

7 high-skill occupations under AEC, various years (000s and % of total employment)

	Employment in the seven occupations (thousand)			Share of seven occupations in total employment (%)		
	Total	Male	Female	Total	Male	Female
Cambodia (2012)	70.1	45.5	24.7	1.0	1.2	0.7
Lao PDR (2010)	37.8	21.2	16.6	1.3	1.4	1.1
Viet Nam (2012)	735.7	345.2	390.5	1.4	1.3	1.6
Indonesia (2010)	355.3	203.9	151.5	0.3	0.3	0.4
Philippines (2011)	454.5	209.5	245	1.2	0.9	1.7
Thailand (2010)	295	124.6	170.4	0.8	0.6	1.0

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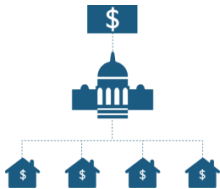
**TO REALIZE THE FULL POTENTIAL OF
THE AEC AND DELIVER SHARED
PROSPERITY, ASEAN MUST TAKE
DECISIVE ACTION... NOW**

PRIORITIES

Decent work in an integrated ASEAN



A. FACILITATE AND MANAGE STRUCTURAL CHANGE



B. ENSURE THAT ECONOMIC GAINS LEAD TO SHARED PROSPERITY



C. STRENGTHEN REGIONAL COOPERATION

Ultimately, the success of ASEAN regional integration will depend on how it affects the labour market – and therefore on how it improves the quality of life of women and men in the region.



The full report “*ASEAN Community 2015: Managing integration for better jobs and shared prosperity*” can be accessed at: www.ilo.org/asia