

Excellencies,

Ladies and Gentlemen,

It gives me a distinct pleasure and a great honor to be with you all this evening to deliberate on the most challenging issue of Decent Work for a Fair Globalization. The topic is not only timely, but also critical if we want to succeed in a more equitable and inclusive process of globalization, which so far has been neither equitable nor inclusive.

There has been growth, some phenomenal growth, yes. But the gap between us and among us, the rich and the poor, within country and in the international community, has been ever widening. And if we are not careful, this gap will be our structural defect that would threaten our global community in the long run.

If there is a region that benefits most from the process of globalization, it is Asia. And coming from Asia, let me share with you how globalization has been managed, where we succeed

and where we need to work harder in order to make globalization work for all our citizens. And I am sure our experiences in Asia can be a lesson to study and a pitfall to avoid by many of you from other parts of the world.

1. People experience globalization most directly through their work - not just whether they have a job but whether they have productive and decent employment that provides: an adequate income to keep them and their families out of poverty, security in times of adversity, basic rights and a voice in decisions that affect their lives and livelihoods.

2. Invariably, globalization also makes people feel insecure about the very permanence of their jobs, due to the displacement effects and its parallel emphasis on productivity gains. A decent job therefore respects and confers the dignity of work but is also central to an individual's sense of personal and family stability.

3. Since decent work is a concept that is entwined and embedded in three processes----i.e. stable economic growth, fair globalization, and education for all (EFA), all of which must yield

income that are above poverty line----it is imperative for these three conditions to be properly aligned.

4. Creating decent work, and battling the scourge of poverty, as underlined by the Millennium Development Goals, are key to the success of decent work too.

5. At the global level, the United Nations World Summit in September 2005 made explicit reference to ILO employment goals and strongly endorsed fair globalization, full and productive employment and decent work for all as "a central objective of our relevant national and international policies as well as our national development strategies, including poverty reduction strategies, as part of our efforts to achieve the Millennium Development Goals".

6. However, Asia's economic performance has not been matched by performance in job creation; an indication that maybe all three processes mentioned earlier have not been properly aligned in domestic setting.

7. Recent unemployment rates, even among university graduates, represent large increases over those prevailing five to seven years ago and typically well above the pre-financial crisis levels. Open unemployment is but the tip of the iceberg.

8. So far, economic growth in Asia has reduced the number of people who live on US\$1 a day by 250 million since 1990 to 600 million. Still, about 1.9 billion in the region live below the threshold of US\$2 a day, according to the estimates of the International Labor Organization (ILO). Asia accounts for about 4 billion of the world's 6.5 billion people.

9. In its annual 'Key Indicators 2005,' the Asian Development Bank (ADB), which covers 40 countries, also noted that the people living in absolute poverty (i.e. less than US\$ 1 a day) in the region had dropped from 922 million people in 1990 to 621 million people by 2003. But the number of people who live below the one US dollar mark account for nearly a fifth of Asia's population, states the report

on the economic, financial and social indicators of the region.

10. It is a number that gets worse when those who live on less than two US dollars a day are considered. There are nearly 1.87 billion people, or about 57.4 percent of the continent's population, who were living on less the two US dollars a day in 2003, states the ADB report, which was based on information gathered up to that year.

11. In 2005, some 40 per cent of workers in South Asia, 58 per cent in South-East Asia, 47 per cent in East Asia did not earn enough to lift themselves and their families above the US\$2 a day poverty line.

12. Of the region's 621 million absolute poor, 327 million live in India, 173 million live in China and 77 million live in other South Asia countries. Clearly, the figures of ILO and ADB have given policy makers the closest approximate to the situation.

13. As long as policy makers can combine equitable national economic growth with fair globalization and EFA, with the overarching aim to meet the seven Millennium Development Goals by 2015, then the policy framework will increase in coherence.

14. Be that as it may, the need for jobs in the region is acute. ILO Director-General Juan Somavia affirmed in 2006 that just to keep up with growth in the labor force Asia will need to create about 250 million more jobs between now and 2015.

15. These numbers should ideally all be able to realize the ideals of decent work. Decent work is a concept that includes the creation of jobs and businesses, social protections for laborers and workplace rights including organization and collective bargaining.

16. But the above statistics are true only to the formal economy only. According to the latest estimates, informal employment comprises about 65 per cent of non-agricultural employment in developing Asia, 51 per cent in Latin America, 48 per cent in North Africa, and 72 per cent in sub-Saharan Africa. This share would be significantly larger

in some countries if informal employment in agriculture were included.

17. Indeed, to the extent there is employment, the wages are also low and inadequate to the needs of the people, especially in lifting them out of poverty, as the wages are low and the hours are long. In Asia, it is not the absence of economic activity that is the source of working poverty, but the less productive nature of that activity. The poor are poor not because they have no work but because of the low productivity and low remuneration of their work.

18. A key challenge for developing countries in Asia is therefore how to promote productivity growth and competitiveness without sacrificing decent jobs, and vice versa.

19. A strategy to increase both productivity and employment over the longer term should have dual components of investing in the dynamic

growing sectors of the economy, while building capacity in sectors where the majority of labor is employed. Establishing linkages in the supply chain between the two is one mechanism, one such strategy.

20. At any rate, lack of productive work and less than fair wages are key reasons why millions of Asians continue to live in absolute poverty.

21. In particular, Asia is in grave danger of letting down the Millennium generation - the world's young people who will be entering the labor force for the first time this century, 60 per cent of whom are in Asia.

22. In 2005, Asia had over 48 per cent or 41.6 million of the world's young people without work. A young person's risk of being unemployed is at least three times as high as that of adults. The ILO has estimated that halving youth unemployment would increase GDP by between 1.5 and 2.5 per cent in East Asia, between 4.6 and 7.4 per cent in South-East Asia, between

4.2 and 6.7 per cent in South Asia, and between 7.1 and 11.4 per cent in West Asia.

23. Over the past two decades, gross emigration of labor also rose at an annual rate of 6 per cent for the Asian region. Migration has been twice the annual growth of the labor force of the origin countries. Labor migration easily becomes a source of economic, social and political tensions, not to mention human trafficking and human exploitation.

24. Underemployment manifests itself in several forms. Millions of workers have to make do with their raw labor in subsistence agriculture and the informal economy.

25. Safety and health hazards including HIV/AIDS pose growing concerns. Even when people have jobs today, their level of insecurity and uncertainty has mounted in the context of intensified global competition and flexible work arrangements. Yet, social protection is largely absent for the huge numbers of workers in the informal economy.

26. Without efficient social protection schemes or social safety nets, most people cannot afford to be openly unemployed, they have to work in order to survive and support their families. The problem is not so much the absence of economic activity as the low productive nature of that activity and low remuneration.

27. Most poor people in Asia are working and most likely working very hard and long hours - but in low-productivity and precarious jobs where they do not earn enough to support themselves and their families.

28. Asian countries are being linked in regional production systems, driven by the operations of multinational enterprises and fuelled by technological progress. Asia has become the centre of activities for outsourcing, off-shoring, in-shoring and supply chaining. The regional labor market has been widening, with growing cross-border flows of Asian workers.

29. Trade, investment and financial flows are increasingly intra Asian. Intra regional trade alone now stands at 57 %, which is some 8 % less than the rates enjoyed by the European Union (EU). The emergence of China and India as the economic powerhouses of the world, having attracted US \$ 64 billion and US\$ 16 billion worth of foreign direct investments (FDI) respectively, has shifted the growth pole from west to east.

30. Global competition is intensifying, but, at the same time, regional integration and cooperation arrangements are deepening. More importantly, there is the issue of jobless growth and widening income gap.

31. A case in point was South Korea which was among the leading economies that helped ensure that the Asia-Pacific region recorded a 6.2 percent growth rate in 2005, against a predicted 3.5 percent growth rate for the world economy but still showed rising unemployment.

32. South Korea chalked up a 3.2 percent growth rate in 2003, followed by 5.2 percent growth in 2004. Yet the country's unemployment figure rose to 3.6 percent in 2004, up from the 2.8 percent jobless rate in 2002.

33. Yet, increasingly, there are ways out of the conundrum. Globalization has paved the way for the expansion of the service sector, as regional tastes and needs become more diversified. Services such as travel and tourism, housing and real estate development, retailing and distribution, and education and health, are all sectors where relatively large numbers of productive jobs could be created.

34. The potential of ICT-enabled services is another case in point. To tap into these new markets, some essential requirements include investments in education and training to enhance information and communication technology (ICT) proficiency and related skills, quality infrastructure and promotional policies to attract FDI in such services. Very importantly, any strategy for effective ICT implementation must involve accommodating institutional, industrial and work organization

structures and sound industrial relations in order to have a positive impact on competitiveness, growth and decent employment.

35. There should be forward and backward linkages in the supply chain between fast growing sectors and those in which labor is dominant. The growing ICT sector in India is a case in point. Currently, India's ICT sector employs about 800,000 people, a figure that is expected to increase to 2 million by 2008 – but this is still only 0.5 per cent of the 400 million-strong labor force.

36. In the Philippines, the development of call centre activities has registered very high growth rates but is not expected to provide a solution to the country's employment problems; only about 4 per cent of applicants are selected and many are university graduates with good English for whom a call centre job is a form of underemployment. The challenge, then, is to broaden the ICT sector, while deepening the linkages with other sectors in the economy – sectors where the majority of workers are employed.

37. Food processing is another labor-intensive industry which has been identified by market analysts as having significant potential to expand both domestically and internationally. It could also be an important value-added chain from rural agriculture to urban and international markets. In India, however, less than 2 per cent of fruit and vegetable production is processed, compared to 30 per cent in Thailand and 80 per cent in Malaysia.

38. That said, the strategy of investing only in dynamic sectors in attempts to "leapfrog" may not be enough to reduce poverty, mainly because the fastest growing sectors may often not be where the majority of people are employed.

39. Focusing on sectors where the majority of workers are employed is one way of balancing employment and productivity in both the interim and long term. For Asian developing countries this entails investing in strategic growth sectors by acquiring and internationalizing the knowledge developed

elsewhere if they are to catch up, while at the same time improving worker productivity in traditionally low-productivity sectors, such as agriculture and the urban informal economy.

40. In South Asia and parts of South-East Asia, agriculture remains the main source of income for a very large section of the population, and poverty is predominantly a rural phenomenon. Therefore, improving productivity in agriculture is not only important for the development of the economy as a whole but also for poverty reduction. It provides employment opportunities and a chance for the poor to work their way out of poverty. Increased public investments in rural infrastructure including irrigation, rural transport and rural electrification, and the provision of new technologies through agricultural extension services, have a critical role to play in improving farm productivity and incomes.

41. Such public expenditures to raise farm productivity need to be combined with private assets, especially land (or land rights). The

experience of countries such as the Republic of Korea has shown that land reforms have a beneficial impact on the incomes of marginal farmers. However, success in agriculture depends not only on national efforts but also on the world community. Only within a framework of a more equitable globalization process, in which developing Asia has a chance to participate in the fair trade of agricultural products, can this sector contribute to employment creation and poverty reduction.

So, Excellencies, Ladies and Gentlemen,

All sectors are facing globalization and are being affected by globalization. Even if we help them to increase their productivity, they still have to face protection and barriers of all kinds. Agricultural protection and support for unproductive small agricultural sector in developed countries stand in between decent jobs and decent life for millions of people living in poverty in agricultural sector around the world.

The Doha Round could not be completed because we do not have the courage to lift illogical and indecent support for only small number of people who happen to have big voice in our political system.

Where market force should have been released to work for the majority of poor farmers around the world, we do not dare to go the extra mile to decide in their favor.

That is why we need this kind of Forum of the ILO and its associated agencies and partners to review our management, internally and internationally, of this fast paced phenomenon of globalization. Our success or failure will affect the fate of our global community for a long long time to come.

I wish you all a successful deliberation. And effectively communicate our findings, our concerns and our commitment to the rest of the world.

Let's make it a fairer globalization. Let's make the world a better place to live through decent work and decent life.

Let me end by appealing to you all that achieving a Fair Globalization is our common challenge and common responsibility. We need new approaches and new ideas to tame this thing called Globalization.

Old approaches and obsolete strategies are no longer adequate and effective. We do not want the Millennium Generation and future

generations to pass a judgment on our generation, our assembly here in Lisbon, now at the end of 2007 that we have not prepared a better world for them, that we passed on to them an indecent world full of indecent work places.

Let me quote for you what a Persian-Turkish Sage by the name of Jalaluddin Al-Rumi once said about the need for new ideas and new strategies to solve new problems. He said:

“Vendors of old Goods are gone. We are the new vendors. THIS IS OUR BARZAAR.”

The world as we see it, Ladies and Gentlemen, is our Bazaar. We better come up with new ideas, new strategies and new products. Because we want to make this Bazaar more equitable and more inclusive and more just to all our people.

Decent Works and Decent Work Places must be the main feature of that Bazaar of ours now and in the future.

THANK YOU FOR YOUR ATTENTION !!!!