

SPIEF – B20 Meeting

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“Employment issues”

- Pleasure to be in Saint Petersburg this year again and grateful to Mr Shokhin and the Russian Employers for their kind invitation.
- We all share the **same diagnosis of the current situation**: eight years after the beginning of the financial crisis, the world is still going through challenging times.
 - o Indeed, **global growth has been sluggish and uneven**. The global economy is expected to grow by 3.6 per cent in 2016 (3.1 in 2015) - significantly lower than the pre-crisis growth record and less than predicted by the IMF a year ago. Such a weakening of the world economy is partly being driven by the slowdown in emerging and developing economies.
 - As you rightly point out in your **draft policy paper**, **world unemployment** today already has reached **almost 200 million**, still around 30 million higher than before the crisis.
 - **Youth unemployment** remains one of our biggest

challenges with around 75 million. Almost 43 per cent of the global youth labour force is still either unemployed or working yet living in poverty.

- At the same time, growing issue of **ageing** population and **migrations**.
- Current demographic trends bring **40 million people to the labour market each year**, meaning that between now and the year 2030 the world economy needs to create around 600 million new jobs. Current and forecast growth rates do not leave us to expect much improvement.
- When looking at our European and Central Asian region, we clearly see that the impact of the **global downturn** is somehow exacerbated by **various factors**, such as international tensions, the slowdown in the EU and falling energy prices affecting in particular the Russian Federation and other CIS countries. Ex. **declining remittances** - significant source of income for several countries. At the same time, nothing is ever completely one-sided and the Russian food embargo may also have stimulated exports from some countries of the region.
- Beyond quantitative aspects: **quality, especially jobs' quality, matters**.
 - o In the coming years, the share of **vulnerable employment** is expected to remain at around 46 per cent globally. The challenge will be particularly acute in emerging economies, where the

number of vulnerable workers is projected to grow by some 25 million over the next three years.

- o In particular, **inequalities are growing** throughout the world and our region is not an exception. As reported in the ILO World employment and social outlook, poverty rates have increased in several countries of region and income inequality – in almost all countries in Eastern Europe and Central Asia. 780 million workers are still living under the \$2 a day **poverty line**. In Europe and Central Asia, 14 per cent of the population -more than 61 million according to the World Bank- live in poverty. Russian Federation is not immune either and I remember that you (Mr. Shokhin) mentioned this worrying trend of raising poverty in your statement before the ILC last week.
- The world of work is characterized today by what the Director General of the ILO recently described as a “**widespread insecurity**” under which reliable and protected full-time employment is no longer the rule. Amongst salaried workers worldwide, only one in four are working fulltime.
 - o **Informality** is one of main feature of today’s world of work insecurity and I am happy to see that you put a specific emphasis on transition from informal to formal employment especially for youth among what you identified as “structural barriers” to youth employment. Stress here the relevance of Recommendation 204

adopted by the ILC in June 2015 on transition from informal to formal economy.

- o Rising inequality and insecurity has not only corrosive social effects, but is also **weakening consumption and demand**. How therefore break the vicious circle “economic slowdown – rising unemployment – increasing inequalities – slack demand – poor growth”?
- o Today, the scale of the challenge we are facing requires a real **mobilisation of all partners** concerned and a full range of policies able to simultaneously address deficits in demand, starting at the household consumption and investment levels, and deficits in supply with a strong emphasis on actions to tackle inequalities.
- o For national strategies to be more effective, employment promotion has to be central in national growth and development strategies in line with **C. 122 on Employment policy**. All policies (macroeconomic, financial, fiscal, education, skills development, innovation, employment, social protection) should be mobilised to promote jobs for all. For each country the appropriate mix of policies will need to be tailored, including policies that support aggregate demand and reduce inequality. To foster inclusive growth and jobs, labour market policies, combined with fiscal and development measures, should in particular focus on: strengthening labour market institutions, reducing wage inequality, fostering transition from informal to formal economy and addressing labour market segmentation, promoting

education, skills development and lifelong learning, promoting universal social protection.

- In other words, we need a **comprehensive, concerted and multifaceted approach consisting of an integrated policy “package”** as promoted by the Global Jobs Pact adopted in 2009. Such a package is certainly not a “one-size-fits-all” solution but should reflect the specific needs and context of each country with the participation of all ministries and sectors concerned as well as the workers’ and employers’ organisations.
- Such requirements have been at the heart of the ILO’s mandate since its inception and this remains our daily work – see our **cooperation with countries on employment** and youth employment, including in the CIS region, ex. The **Lukoil project**.
- Let us not forget the **rights based approach** which remains at the roots of the ILO’s approach. While the ILO would certainly agree with your call for more a more favourable business environment and less barriers to entrepreneurship, it is equally important to reaffirm the fundamental principles and rights at work (freedom of association and collective bargaining; non-discrimination; eradicating child labour; and forced labour) as cornerstone of any policy package for more and better jobs. And indeed fundamental principles and rights are in essence “enabling rights” paving the way for other labour rights to be developed and quality jobs to be created.

- This is definitely for the ILO an issue of real concern, especially at a moment when decent work and full and productive employment have been put at the heart of the **UN global agenda with the adoption of the 2030 Agenda for Sustainable Development** and its Goal number 8 that fully reflects the topic of our today's meeting: "promote sustained, inclusive and sustainable growth, full and productive employment and decent work for all".
- Finally, I would like to welcome the **focus the B20 is making on innovation** and the need for being prepared for a new era of technology and global markets. This means facing huge challenges in terms of entrepreneurship, education and skills policies.
 - o This is precisely what is behind the **ILO Centenary Initiative on the Future of Work** structured around the **4 conversations** identified by our Director General: work and society; decent jobs for all; organisation of work and production; and governance of work.
 - o This is not only about technological changes, but also about people and rights in the new world of work in the 21th Century. The G20 is obviously one of the privileged platform of cooperation with the ILO on the future of work and I welcome the 4 priorities already identified by **Germany in view of its 2017 Presidency**: namely: Future of Work; Global Supply Chains; Women at work; and migrations.
 - o Such priorities are fully in line with both the ILO's agenda and our today's discussions. I am therefore looking forward to **pursuing**

our reflections together on how to shape a better world of work
in the 21th Century.