

Conclusions
of the High-level Tripartite Seminar
on Wage Policy in Caucasus and Central Asia:
Assessment and Policy Answers to the Economic Crisis
Nicosia, Cyprus, 2-3 November 2009

The High-level Tripartite Seminar on Wage Policy in Caucasus and Central Asia: Assessment and Policy Answers to the Economic Crisis was jointly convened by the International Labour Office and the Ministry of Labour and Social Insurance of the Republic of Cyprus in Nicosia, on 2-3 November 2009. Thanks to the generous hospitality of the Government of Cyprus, the seminar offered to employer, worker and government participants coming from Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan an opportunity for an in-depth exchange on the current financial and economic crisis and its impact on wages. It also helped to highlight the different policy responses provided so far on the wage front. The seminar further provided comparative data and information on wage developments and examples of good practices. The discussion focused on issues calling for priority attention: minimum wages fixing; the non payment of wages and undeclared wages; wage inequalities; wage policy reforms; and the role and responsibilities of social partners in addressing wage issues through collective bargaining and tripartite social dialogue.

The participants highlighted the following:

1. There was a consensus to have a national minimum wage. The participants also agreed that the minimum wage has an important protective role for the most vulnerable workers, especially within the ongoing crisis. Many participants stressed that minimum wages do not fulfil this role as they remain below the subsistence level in many countries. They drew attention to the need to remove constraints, such as the link between social benefits and the minimum wage, in order to allow the minimum wage to fulfil its protective function. Minimum wage rates should be adjusted on a regular basis according to a number of relevant social and economic indicators, such as the ratio of minimum wage to the average wage, the GDP per capita, costs of living, etc.
2. Most participants reported that the problem of wage arrears, which the region had experienced in the past decade, had recently re-emerged as a consequence of the crisis. They also expressed their concern about undeclared wages – the so-called «envelope wage» phenomenon whereby many workers are officially being paid only at the minimum wage rate in order to minimize taxation and social contributions. It was recognized that better data collection and analysis as well as proper legislation and enforcement would be necessary to control and urgently eliminate these practices. Measures in other areas such as taxation policy could also be considered.
3. The participants recognized the need to strengthen their bargaining capacity on wage issues. The development of reliable and independent sources of information and data on wages is a prerequisite for a meaningful dialogue. They raised the relevance of a framework for more voluntary and autonomous collective bargaining. Reforming the existing pay systems – in particular the tariff systems – could also leave more room to negotiations in both private and budgetary sectors. They also agreed that the current economic crisis demonstrated that genuine tripartite social dialogue has a determinant role to play in reaching agreed solutions while minimizing the risks of social conflict.

4. The participants agreed that the search for new approaches and policies should continue to be guided by the relevant ILO standards and principles, including freedom of association and the right to collective bargaining and the principle of equal remuneration for a work of equal value. Particular attention should be given to specific Conventions and Recommendations concerning minimum wage fixing (Convention No. 131), the protection of wages (Convention No. 95), and the protection of workers' claims in the case of employer's insolvency (Convention No. 173), which could inspire the necessary reforms. In view of the low ratification record of the wage related Conventions in the region, the ILO should intensify its efforts to support the acceptance and implementation of these standards.
5. The participants welcomed the timely holding of the seminar which responded to the specific request they formulated at the 8th European Regional Meeting and they expressed their appreciation of the very concrete nature of its content. The seminar revealed a pressing need for further knowledge building and information sharing on matters related to minimum wage fixing methods, and on the institutional framework and process of tripartite consultations on wages. Therefore, the participants emphasized the need to continue monitoring all the social implications of the crisis and seek further expert advice, technical assistance and training on the different aspects of wage policy identified in the seminar.