

Assessing and Addressing the Effects of Trade on Employment (ETE)

Objective:	Analysing and supporting formulation of effective and coherent trade and labour market policies that address the adjustment challenges that workers and employers face and expand opportunities for the creation of decent employment in developing countries.
Key Partners:	<ul style="list-style-type: none">■ Ministry of Manpower and Transmigration■ Ministry of Trade■ Coordinating Ministry for Economic Affairs■ National Development Planning Agency■ Indonesian Employers' Association (Apindo)■ Trade Unions■ International Organizations
Duration:	4 years (2009 – 2013)
Geographical Coverage:	National
Country Programme Reference:	Employment Targets in Medium Term Development Plan are underpinned by policies and programmes with emphasis on pro-poor employment growth and enterprise development.
Donor:	 The European Union
Budget:	EUR 3,397,590 (The budget covers a global project and four local projects in Indonesia, Bangladesh, Guatemala and Benin)
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Trade and Employment in Indonesia

The Indonesian economy is influenced by policies adopted, as part of global and regional cooperation in international trade. The various forms of Indonesia's international cooperation are expected to bring positive benefits, particularly in boosting the competitiveness of the Indonesia's domestic economy. Increased activity in the external sector may help strengthen the economy through the increase in exports of goods and services and by more robust domestic investment activity. The overall improvement in external and domestic demand since 2008 has sustained Indonesia's GDP growth. The economy is predicted to continue to grow and reach the range of 6.5 to 7.5 percent in 2014, although growth might slow down in anticipation of the worsening crisis in Europe.

Indonesia's participation in the G-20 has strengthened its position in formulating global actions and policies to improve and safeguard global economic and financial stability. Indonesia's commitments to various forms of international regulation will take on a more binding nature. The impact of trade on employment depends on the kind of and volume of goods and services traded, as well as on labour market regulations. Increasing liberalization of trade and the planned formation of the ASEAN economic community will bring opportunities and challenges to Indonesian businesses.

Project Description

The project will develop global knowledge tools that can support the formulation of coherent trade and labour market policies that address the adjustment challenges and expand opportunities for the creation of decent employment at the national level, based on sound data and diagnosis and with the involvement of the social partners. Actions will be taken at the global level and in four pilot countries, to strengthen the capacity of policy makers, researchers and the social partners to assess, address and monitor the effects of trade on employment.

Project Objectives

The project will seek to promote a fair globalization by supporting the efforts of developing countries to take effective action to address any negative effects that might arise from trade-related adjustment and

to take advantage of potential opportunities for the creation of decent employment.¹ It will facilitate consideration of the interaction between trade and labour market policies and support the design of effective, coherent and complementary policies.

Overall objective: *Analysing and supporting the formulation of effective and coherent trade and labour market policies that address the adjustment challenges that workers and employers face and expand opportunities for the creation of decent employment in developing countries.*

The specific objectives of the project are:

Specific objective 1: Develop global knowledge tools that can support the formulation of coherent trade and labour market policies at the national level, based on sound data and diagnosis, with the involvement of the social partners.

Specific objective 2: Enable the design of effective and coherent trade and labour market policies that maximize employment-related opportunities created by trade and minimize the adjustment costs of trade-induced economic restructuring.

Main Activities in Indonesia

- Review existing literature on trade and employment and available statistical data for assessing the effects of trade on employment. Develop training tool together with the International Training Centre of the ILO;
- Train policy makers and specialists from relevant government departments in Indonesia to assess the effects of changes in trade policy on employment and to support the formulation of coherent trade and labour market policy;
- Train the social partners on the effects of trade and employment;
- Establish a Policy Working Group to facilitate policy coherence and to determine terms of references for country studies;
- Conduct assessments/studies of the effects of trade on employment and of complementary labour market policies and strategies to address the employment effects;

¹ See: *A fair globalization: Creating opportunities for all*, Report of the World Commission on the Social Dimensions of Globalization, ILO, 2004. The report argued that a fair globalization begins at home, with effective actions to strengthen economic capabilities, maximise employment opportunities and raise productivity and incomes.



- Tripartite social dialogue between relevant policy makers, representatives from employers organizations, trade unions and other institutions on the outcomes of the assessments/studies; and
- Formulate policies, strategies and programmes to facilitate adjustment and enhance opportunities for employment creation.

Achievements to Date

Activities at the global level

Development of a training tool together with the International Training Centre of the ILO.

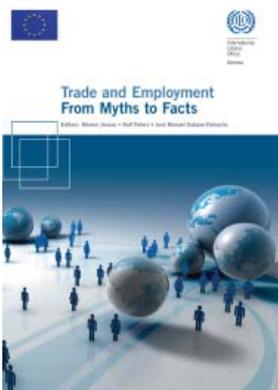
<http://sdti.itcilo.org/trade/courses-under-ete-project>

A joint-publication between the ILO and European

Union with factual assessments and policy analysis of the employment implications of trade, using the most recent evidence, and guidance on the design of tools to assess the employment impacts of trade: "Trade and Employment: from Myths to Facts"

<http://www.ilo.org/employment/areas/trade-and-employment/>

WCMS_162297/lang--en/index.htm



Activities in Indonesia

- Training for Trade Unions on The Effects of Trade on Employment (17-20 May 2010);
- Knowledge Sharing Workshop for Social Partners on The Effects of Trade on Employment (12-16 July 2010);
- Training for Social Partners on the use of "World Integrated Trade Solutions (WITS)" software (2-3 November 2010);
- A review of existing literature on "the Employment Effects of International Trade: the Indonesian case" (December 2010);
- Technical Training for Specialists in Indonesia: "An Introduction to Social Accounting Matrix and Multiplier Analysis" (7-11 February 2011);
- Five Week Follow-up Training on Social Accounting Matrix and Multiplier Analysis (25 February-25 March 2011);
- Study on "Trade and Employment Linkages in Indonesian Agriculture" (November 2011);
- Ongoing work on the National Country Study: "Trade and Employment in Indonesia" (2011/2012); and
- Ongoing study on "Trade in the Services Sector and Employment in Indonesia" (December 2011-present).

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