

Labour and Social Trends in ASEAN 2010

Sustaining Recovery and Development through Decent Work

This report provides an analysis of the major trends in employment and social conditions in the ASEAN region since the beginning of the global financial, economic and jobs crisis, while also reviewing national policy responses and identifying lessons learned for the post-crisis era. The report examines the policy opportunities and challenges in sustaining the recovery and in fostering more balanced and inclusive pathways to growth – including in the areas of improving competitiveness and productivity, promoting skills development, addressing issues related to labour migration, preparing for green growth and strengthening social dialogue.

ASIAN 2006
DECENT WORK
DECADE 2015



International
Labour
Organization

Labour and Social Trends in ASEAN 2010

Sustaining Recovery and Development
through Decent Work



DECENT WORK



A better world starts here.

ISBN: 978-92-2-123585-9

International Labour Organization
Regional Office for Asia and the Pacific

Labour and Social Trends in ASEAN 2010

**Sustaining Recovery and Development
through Decent Work**

International Labour Organization
Regional Office for Asia and the Pacific

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

Labour and social trends in ASEAN 2010 : sustaining recovery and development through decent work /
ILO Regional Office for Asia and the Pacific. - Bangkok: ILO, 2010
vi, 61 p

ISBN: 978-92-2-123585-9 (print);
978-92-2-123586-6 (web pdf)

ILO Regional Office for Asia and the Pacific

labour market / employment / decent work / social conditions / poverty / economic recession / economic recovery / ASEAN countries

13.01.2

ILO Cataloguing in Publication Data

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and electronic products can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland, or ILO Regional Office for Asia and the Pacific, 11th Floor, United Nations Building, Rajdamnern Nok Avenue, Bangkok 10200, Thailand, or by email: BANGKOK@ilo.org. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org. Visit our website: www.ilo.org/publns

Printed in Viet Nam

Foreword

This fifth issue of the *Labour and Social Trends* report, a regular publication of the ILO Regional Office for Asia and the Pacific, focuses on the Association of Southeast Asian Nations (ASEAN). The report has three main aims. The first is to present an update of major trends in employment and social conditions in the ASEAN region since the beginning of the recent global economic and jobs crisis, while also reviewing national policy responses and identifying lessons learned for the post-crisis era. The analysis shows that ASEAN Member Countries have responded to the global decline in demand and the mounting pressure on job losses with extraordinary fiscal and monetary measures as well as a range of employment and social protection initiatives. Many of the policy actions introduced by the countries reflect the recommendations found in the ILO Global Jobs Pact, which was unanimously adopted by governments, employers' and workers' organizations from ILO member States at the International Labour Conference in June 2009.

The second aim of the report is to illustrate the importance of internationally comparable gender- and age-specific labour market statistics across the ASEAN region and beyond. Reliable and up to date labour market information is critical for businesses, workers and jobseekers as well as for policy-makers to design, implement and monitor policies. Quality statistics are also essential in identifying policy gaps and measuring progress in achieving the MDGs, realizing decent work, and establishing the ASEAN Community.

The third aim of the report is to provide background analysis and policy recommendations for the discussion on human resources for economic recovery and development at the 2nd ASEAN Human Resource Conference, to be held in Viet Nam in May 2010. The report shows the important role that education, training and skills development play in shaping the region's recovery, competitiveness and longer-term development. In particular, as a strong recovery is now underway in the ASEAN region, the analysis draws attention to the shifting priorities in skills development, from short-term urgencies to longer-term objectives. Member Countries are increasingly focusing on improving workforce and job quality to facilitate structural change and the move to strong, balanced and sustainable development.

As ASEAN Member Countries collectively continue to build a people-oriented ASEAN Community, decent work is key to sustained economic growth, shared prosperity and social progress. Decent work is a goal, meaning not just whether women and men have any job, but rather productive employment that provides an adequate income to keep them and their families out of poverty, security in times of adversity, good working conditions and a voice in the decisions that affect their lives and livelihoods. This involves many opportunities and challenges including protection from external shocks, improving competitiveness and productivity, promoting skills development, addressing issues related to labour migration and preparing for green growth. The ILO and ASEAN have built strong partnerships in many of these areas - on the basis of the Cooperation Agreement that was signed by the ASEAN Secretary-General and the ILO Director-General in 2007.

The report was produced by a team led by Gyorgy Sziraczki, and that included Kee Beom Kim, Brooks Evans and Phu Huynh. Special mention should be given to Guy Thijs, Philippe Egger, Carmela Torres, Sukti Dasgupta, Dragan Radic, John Ritchotte, Chris Donnges and Sandra Rothboeck for their helpful comments on the draft report and to Somsward Punkrasin for administrative and logistical support. Colin Sollit provided research assistance. Collaboration on data and related technical matters with ILO units in Geneva, including the Department of Statistics and the Employment Trends Team, in particular Steven Kapsos, is also acknowledged.

I hope that this report will contribute to informing a sustained recovery and development in the region and in strengthening the social dimension of ASEAN integration.

Sachiko Yamamoto
Regional Director
Asia and the Pacific Region

Table of contents

Foreword	iii
1. Overview	1
2. Labour market trends and policy lessons learned	5
2.1 Economic performance.....	5
2.2 Labour market performance	7
2.3 Labour migration.....	12
2.4 Policy implications	14
3. Improved productivity and competitiveness for balanced and inclusive growth	17
3.1 Productivity challenges	17
3.2 Competitiveness challenges	23
3.3 Infrastructure development	25
3.4 Small and medium-sized enterprises	26
3.5 Policy implications.....	29
4. Human resources for balanced and inclusive growth	31
4.1 Human resources development measures during the crisis	32
4.2 Human resources development for a sustained recovery	33
4.3 Meeting current and future skills needs	38
4.4 Migration, skills and development.....	41
4.5 Policy implications.....	41
Annex I: Recovering from the crisis: A Global Jobs Pact	43
Annex II: Statistical Annex - List of tables	53
List of text boxes	
1.1: The ILO Global Jobs Pact	3
2.1: Impact of the crisis in Cambodia's garment Sector: Recent survey results	9
3.1: Better Work: Improving labour standards and competitiveness in supply chains	22
4.1: Skills development in Indonesia's fiscal stimulus package	32
4.2: Singapore shifts budget from crisis response to productivity growth and job quality	34
4.3: Labour market information and analysis.....	39
List of figures	
2.1: Quarterly GDP growth, year-on-year (%).....	5
2.2: Unemployment rate, selected ASEAN countries, recent quarters (%)	7

2.3: Share of employment in industry and services, selected ASEAN countries, recent quarters (%).....	8
2.4: Vulnerable employment, ASEAN, 2007-2009	11
2.5: Working poverty (US\$ 1.25 per day), ASEAN, 2007-2009	11
2.6: Immigration and emigration in ASEAN, 2005	12
2.7: Workers' remittances, compensation of employees, and migrant transfers, credit, 2006-2009 (US\$ million)	13
2.8: Labour force growth in ASEAN+3 and India, 2010-2020 (%).....	14
3.1: Output per worker in ASEAN, China and India, 2000-2009 (constant 2009 US\$).....	18
3.2: Output per worker, selected countries and ASEAN, 2008 (constant 2009 US\$)	20
3.3: Global competitiveness and infrastructure rankings, selected countries, 2009-2010.....	26
3.4: Output per worker by sector, selected countries, 2008 (constant 2000 US\$).....	28
4.1: Global Competitiveness Index (GCI) and on-the-job training.....	38

List of Tables

2.1: Informal employment and employment by status in Indonesia, 2008 and 2009 (millions)....	10
2.2: GDP and employment, average annual growth, selected ASEAN Member Countries, 2001-2008 (%)	15
3.1: Productivity and real wages, average annual growth, selected countries, 2001-2007 (%).....	20
3.2: Global Competitiveness Index (GCI) rankings and scores, ASEAN+3 and India	23
3.3: Contribution of SMEs to value added, employment and export, most recent year (%).....	27
4.1: Key education indicators, selected countries, most recent year (%).....	36
4.2: PISA mean scale performance for mathematics, reading and science, 2006.....	37
4.3: Labour force surveys in ASEAN.....	40

1

Overview

ASEAN recovering rapidly, but challenges remain

While the impact of the global economic and financial crisis has been large on the ten countries of the Association of Southeast Asian Nations (ASEAN), the region is rebounding, and rebounding better than many had previously predicted.¹ Year-on-year quarterly GDP growth figures indicate that economic growth in many countries in the region is now at pre-crisis levels and that the ASEAN region as a whole is expected to grow by 5.4 per cent in 2010, compared to a mere 1.4 per cent growth in 2009. Fiscal stimulus undertaken by most countries in the region, combined with external demand from fast growing China, has played an important role in ASEAN's remarkable rebound.

The key challenge going forward is to re-balance demand in the region. This means, first, a gradual transition to private sector led growth; second, stronger domestic-led growth (both higher investment and higher consumption) especially in the larger and more developed economies; third, preparing workers and businesses for green growth and green jobs; and fourth, deeper regional integration driven by the ASEAN commitment to create a single economic area by 2015 and the prospect for slower economic growth in major markets in the short-term, especially in the United States and the European Union.

The re-balancing of demand, whether as part of stimulus exit strategies or as part of a search for the more balanced growth within and across ASEAN Member Countries to which ASEAN Leaders recently committed themselves, will depend on a number of factors.² These include the centrality of employment and incomes in growth - a challenge to ASEAN. Prior to the crisis, employment growth lagged output growth and wage growth did not keep pace with the rising productivity of workers either. More recently, as chapter 2 shows, while unemployment levels in the region have decreased to pre-crisis levels, informal employment, where earnings are typically low, has risen and the manufacturing sector has continued to shed jobs, contributing to a decline in the share of

Growth in jobs and incomes is key to balanced development

¹ ASEAN Member Countries include Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, Singapore, the Philippines, Thailand and Viet Nam.

² ASEAN Leaders' Statement on Sustained Recovery and Development, Hanoi, 9 April 2010.

employment in industry and a rise in services. The shift of workers from manufacturing to services during a period of labour market weakness is worrisome as it may entail the movement of workers from relatively high value-added (and hence higher-paid) activities to lower value-added (and hence lower-paid) work.

Accelerating productivity growth and ensuring a fair distribution of productivity gains

Re-balancing demand in the region will depend on improving productivity growth and competitiveness and enabling workers to translate productivity gains into higher wages, better working conditions, and improved employment prospects (chapter 3). Accelerating productivity growth in the region has become critical. Despite impressive performance in the past decade, ASEAN's labour productivity position vis-à-vis China and India has deteriorated further during the crisis. Between 2007 and 2009, average annual labour productivity in the ASEAN region contracted by 0.3 per cent while labour productivity in China and India surged by 8.7 per cent and 4.0 per cent, respectively.

Investment in infrastructure and the need for creating an enabling environment for small- and medium-sized enterprises (SMEs) are two common issues throughout the ASEAN region for improving productivity and competitiveness in the medium-term. Deeper regional integration, including through the effective management of labour migration, can also support ASEAN's competitiveness while at the same time supporting a re-balancing toward regional sources of growth.

Equipping workers with skills for present and future jobs

The prosperity of the region will depend on the ability of workers and enterprises to adapt to changing markets and to benefit from innovations and investments in new technologies, clean energy, health and infrastructure as economies re-balance the drivers of growth. In this regard, the quality of the workforce and skills are particularly critical, fostering a virtuous cycle of higher productivity, employment-rich and income-led growth and development (chapter 4). In recognition, crisis responses in ASEAN Member Countries have included re-training and employment services measures, while in the post-crisis era countries are focusing on improving the quality of the workforce. Improving access to and the quality of education, vocational training and workplace learning, strong partnerships between governments, employers and workers in the design and implementation of education and training programmes and the early identification of skills needs, including through improved labour market information and analysis, play important roles in enhancing the quality of the workforce and skills.

Moving towards environmentally sustainable patterns of growth: the potentials of green jobs

To the challenge of re-balancing towards stronger domestic consumption and higher investment there is the added but often complementary task of re-balancing towards more environmentally sustainable patterns of growth. Preparing for the transition to clean energy, improved land and water use, and better conservation must be supported. Such efforts could enhance energy efficiency and food security in the region, improve the environment and create new sources of growth and millions of green jobs.

Taken together, the re-balancing of demand needs to be supported not only with growth-enhancing policies but also with employment and social reforms to create more inclusive labour markets through investment in quality education and skills development, strengthened social protection, improved labour market institutions, social dialogue and the respect for rights at work. The policy challenge is not only an ASEAN challenge but one that is facing many countries, both developing and industrialized, across the world. The Group of Twenty (G-20) Labour and Employment Ministers also recognized that the G-20 Framework for Strong, Sustainable and Balanced Growth requires that “productivity gains are shared with workers as rising living standards; that work is a reliable path out of poverty for all of our people; that the fundamental rights of workers are respected; and that social dialogue is fostered.”³

A balanced and inclusive growth for ASEAN

As ASEAN Member Countries individually and collectively seek to foster more balanced and inclusive pathways to growth, the ILO's Global Jobs Pact, unanimously adopted by the International Labour Conference in June 2009, provides a set of balanced and realistic policy measures that countries in the region can adopt to accelerate the recovery of decent work opportunities and look further beyond to the future by strengthening their ongoing efforts to pursue economic, social and environmental sustainability (see box 1.1).

Sustaining the recovery and beyond with the Global Jobs Pact

Box 1.1 The ILO Global Jobs Pact

Faced with the prospect of a prolonged global increase in unemployment, poverty and inequality, and the continuing collapse of enterprises, the ILO in June 2009 adopted a Global Jobs Pact. It provides both a range of crisis-response measures that countries can adapt to their specific needs and situation, and measures aimed at promoting and sustaining a productive recovery centred on investments, employment and social protection. The Pact is designed to reduce the time lag between economic recovery and a recovery with decent work opportunities.

The Pact calls on governments and organizations representing workers and employers to work together to collectively undertake policies that are in line with the ILO's Decent Work Agenda. It urges governments to consider options such as public infrastructure investment, special employment programmes, broadening of social protection and minimum wages. Particularly in developing countries, such measures can reduce poverty, increase demand and contribute to economic stability. It further urges a shift to a low-carbon, environmentally-friendly economy that will help accelerate a job-rich recovery. Donor countries and multilateral agencies are called on to consider providing funding for the implementation of the Pact's recommendations and policy options.

The challenge is to translate the measures in and commitment to the Global Jobs Pact into measures at national and regional level which generate real jobs, real incomes and contribute to a sustained recovery and development of the ASEAN region.

Note: See Annex I for the full text of the ILO Global Jobs Pact.

³ G-20 Labor and Employment Ministers Recommendations to G-20 Leaders, 21 April 2010.

Labour market trends and policy lessons learned

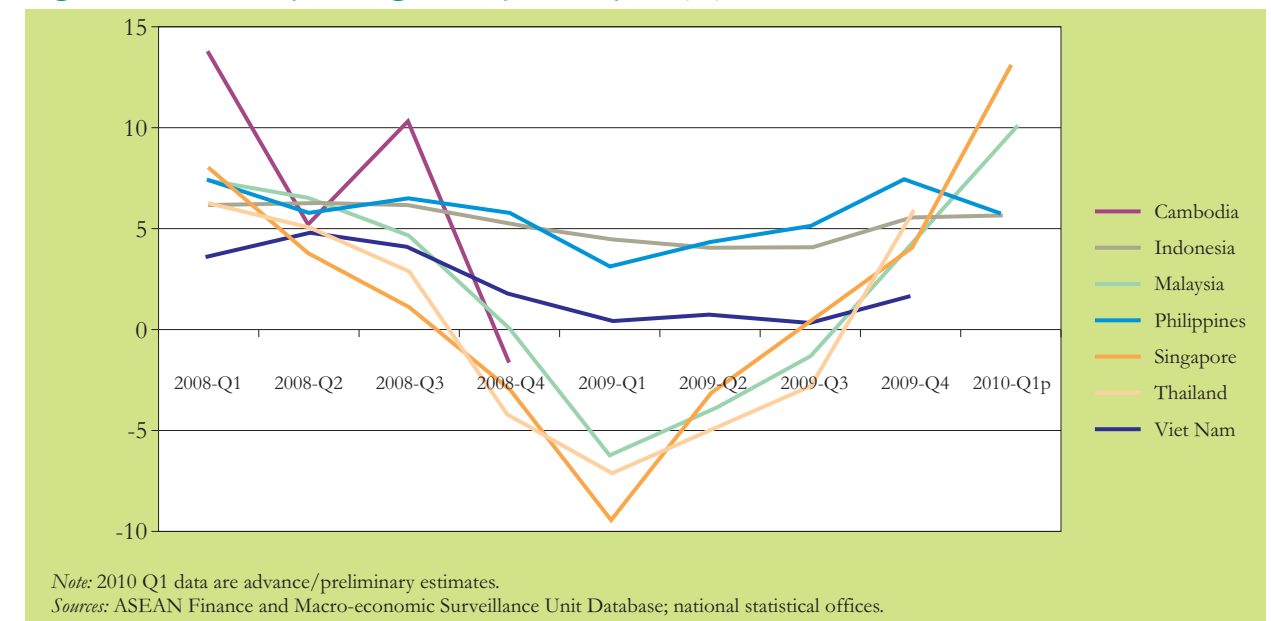
The ILO's *Labour and social trends in ASEAN 2007 and 2008* reports provide detailed analysis of ASEAN's labour markets in the past decade.⁴ This chapter examines the impact of the recent global crisis on the region's labour markets and the lessons learned from policy responses for the post-crisis era.

2.1 Economic performance

In 2007 output growth in ASEAN Member Countries registered 6.5 per cent, the highest rate since 2000. This robust growth began to be threatened in 2008 as soaring energy and food prices weakened living standards, particularly of the poor, who spend a large share of their small incomes on food and fuel. In the second half of 2008 countries in the region began to bear the full brunt of the global financial and economic crisis, which quickly escalated into a global jobs crisis (figure 2.1).

Steep falls in output in late 2008 and early 2009

Figure 2.1: Quarterly GDP growth, year-on-year (%)



⁴ ILO: *Labour and social trends in ASEAN 2007: Integration, challenges and opportunities* (Bangkok, 2007); ILO: *Labour and social trends in ASEAN 2008: Driving competitiveness and prosperity with decent work* (Bangkok, 2008).

V-shaped recovery

As illustrated in figure 2.1, economic growth in ASEAN rebounded strongly beginning in the second quarter of 2009 in the worst affected ASEAN Member Countries, supported by the significant fiscal stimulus packages undertaken in response. Singapore's economy grew by an estimated 13.1 per cent in the first quarter of 2010 compared to the same period a year earlier, prompting the Government to significantly raise its growth forecast for 2010 to between 7.0 per cent and 9.0 per cent from between 4.5 per cent to 6.5 per cent.⁵ Malaysia's economy in 2010 may also expand at its fastest rate since 1996.⁶ ASEAN as a region also is expected to rebound strongly in 2010 and 2011, rising to 5.4 per cent and 5.6 respectively, compared to a mere 1.4 per cent growth in 2009 (see Annex II, table A1).

ASEAN Member Countries that experienced the greatest contractions in GDP in the region in 2009 (Cambodia, Malaysia, Singapore and Thailand) are heavily export dependent and with the exception of Cambodia, the share of domestic consumption in GDP is relatively low. Countries in the region that have fared comparatively better and registered positive output growth in 2009 have a relatively high share of domestic demand in GDP and with the exception of Viet Nam, are less reliant on exports. Gross capital formation is also relatively high in these countries compared to the other ASEAN Member Countries. Such impacts raise important implications in terms of reducing excessive dependence on exports to drive growth in some countries in the region.

Furthermore, as the recovery in the more developed economies (Japan, the European Union and the United States) is expected to be weak, ASEAN's export engine of growth has to come from trade within the region. Recent developments in the European Union concerning fiscal situations and their longer-term consequences further illustrate this challenge. While ASEAN's share of total exports to the above developed economies has been declining over the past decades, they still accounted for about 30 per cent of total exports in 2009. In the Philippines and Viet Nam, exports to the more developed economies represented nearly 50 per cent of total exports. In Cambodia exports to the European Union and the United States represent around 77 per cent of total exports. The expansion of intra-regional trade driven by ASEAN's commitment to establish the ASEAN Community by 2015 provides an important opportunity for Member Countries to benefit from regional integration and strengthen resilience against future external shocks.

⁵ Singapore Ministry of Trade and Industry: "MTI revises 2010 Growth Forecast to 7.0 to 9.0 Per Cent", <http://www.singstat.gov.sg/news/news/advgrp1q2010.pdf> (accessed 28 April 2010).

⁶ W. L. Lee: "Malaysia to grow at fastest pace since 1996, says Amresearch", in *The Malaysian Insider*, 23 April 2010, <http://www.themalaysianinsider.com/index.php/business/60989-malaysia-to-grow-at-fastest-pace-since-1996-says-amresearch> (accessed 3 May 2010).

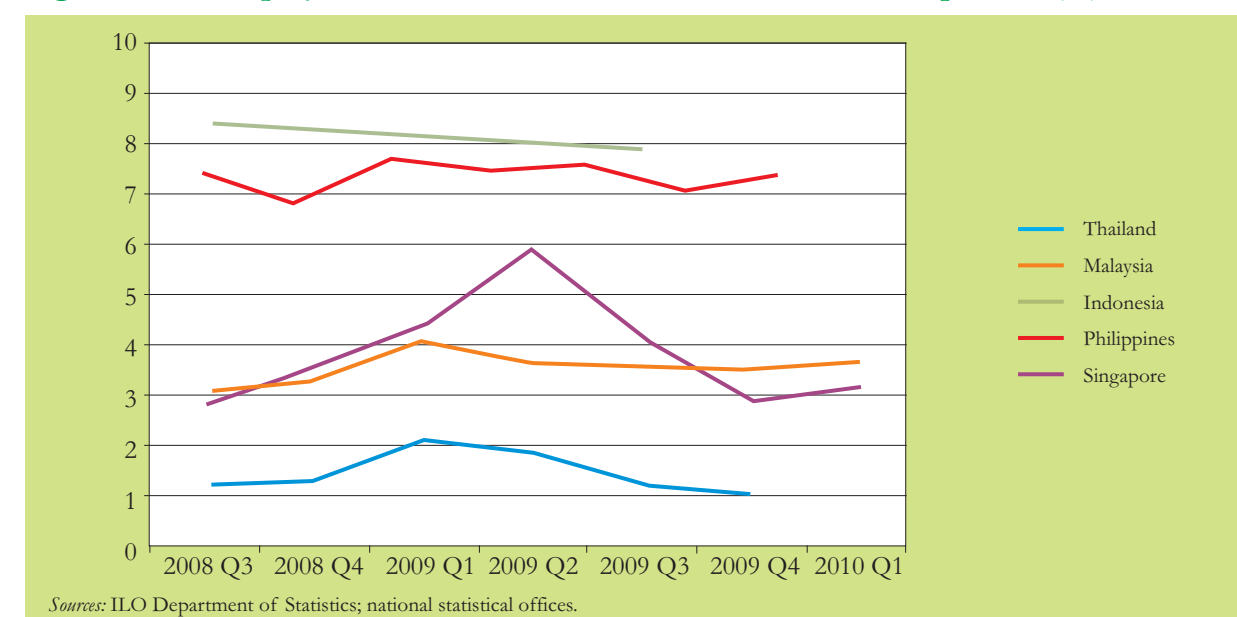
2.2 Labour market performance

As growth slowed or contracted in 2008 and 2009, a large initial impact in ASEAN was on unemployment.⁷ Unemployment rates increased in all the ASEAN Member Countries for which information is available in the first quarter of 2009 compared to its previous periods, with the exception of Indonesia (figure 2.2). In Singapore for example, the non-seasonally adjusted unemployment rate more than doubled between the third quarter of 2008 and the second quarter of 2009.⁸ In Thailand, the unemployment rate increased in the first two quarters of 2009 compared to the same periods the previous year. In Malaysia, the unemployment rate increased to 3.8 per cent in the first half of 2009 compared to the same period the previous year. Unemployment rates have subsequently begun to decrease from their highest points in 2009, and by the fourth quarter of 2009 unemployment rates were near levels seen in the same period the previous year. More recently however the information available from Malaysia, the Philippines and Singapore suggests that unemployment rates have crept upwards in the first quarter of 2010.

Young women and men aged 15-24 have been hit particularly hard by the crisis. Even before the crisis youth were three times as likely as adults to be unemployed in the region, and their situation is likely to have deteriorated. In Singapore for example, the unemployment rate for those below the age of 30 increased by 1.5 percentage points between 2008 and 2009, compared to a one percentage point increase for the other age groups.⁹

Crisis induces widespread job losses

Figure 2.2: Unemployment rate, selected ASEAN countries, recent quarters (%)



⁷ For a discussion on the impacts of the global crisis in the broader Asia and the Pacific region, see P. Huynh; S. Kapsos; K.B. Kim; G. Sziraczki: *Impacts of the current global economic crisis on Asia's labour market*, Paper prepared for ADBI Conference on Labor Market in the People's Republic of China (PRC) and its Adjustment to Global Financial Crisis, Tokyo, 18-19 June 2009 (Tokyo, Asian Development Bank Institute, forthcoming).

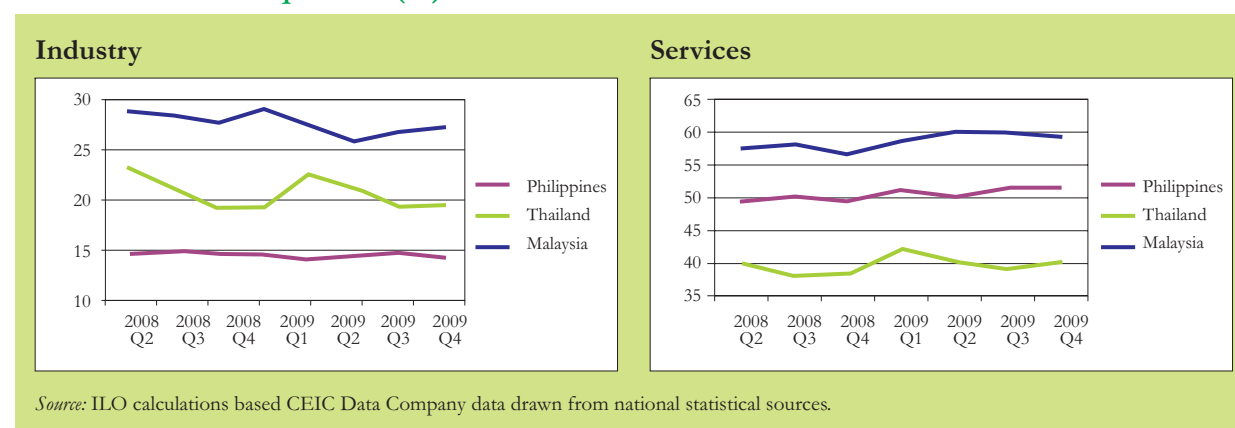
⁸ On a seasonally adjusted basis, the unemployment rate in Singapore rose from 3.4 per cent in the third quarter of 2008 to 4.6 per cent in the second quarter of 2009. See Singapore Ministry of Manpower: *Labour Market 2009* (Singapore, March 2010), http://www.mom.gov.sg/Home/MRSD/Documents/GLM/qlmr094_16Apr10.pdf (accessed 3 May 2010).

⁹ Singapore Ministry of Manpower: *op. cit.*

*Share of employment
in industry declines
while that in
services expands*

The movement of workers during the crisis has shown a distinct sectoral pattern. The manufacturing industry in many ASEAN Member Countries has shed jobs as a result of the global economic crisis. In manufacturing activities that employ a significantly larger proportion of women, such as garments, women have borne the brunt of job losses. As a consequence the share of employment in industry has declined in Malaysia, the Philippines and Thailand in the past two years, while the share of employment in services has increased (figure 2.3).¹⁰ While such trends can be part of the long-term shift from rural/agricultural-based production to more industrial and service-orientated sectors, a key concern that arises from such a shift of workers from manufacturing to services during a period of labour market weakness is the movement of workers from relatively high value-added activities to lower value-added activities.¹¹

Figure 2.3: Share of employment in industry and services, selected ASEAN countries, recent quarters (%)



*Informal employment
expands*

In low and middle-income ASEAN Member Countries a salient impact of the crisis on labour markets is the rise in informal employment rather than a significant rise in unemployment (see box 2.1). This is corroborated by the cases of Indonesia and Thailand. In Indonesia, the rate of growth in the number of workers with occupational statuses deemed to be more vulnerable and carry higher economic risk, in addition to being less likely to have formal work arrangements, such “casual workers not in agriculture” and “unpaid workers”, have grown at a faster rate than the number of employees (table 2.1). Consequently, the share of workers in informal employment increased by 3.4 percentage points from August 2008 to August 2009, or from 61.3 per cent to 64.7 per cent. In Thailand, the share of workers in vulnerable employment, defined as the sum of own-

¹⁰ See also Asian Development Bank (ADB): *Asian development outlook 2010: Macroeconomic management beyond the crisis* (Manila, 2010), p. 32-33 for further data on rising employment in services.

¹¹ In most ASEAN Member Countries, productivity in manufacturing is significantly higher than in services (see chapter 3).

account workers and contributing family workers,¹² increased in each of the first three quarters of 2009 compared to the same quarters the previous year.¹³

**Box 2.1:
Impact of the crisis in Cambodia's garment sector:
Recent survey results**

In a collaboration with the Cambodia Institute of Development Study (CIDS), ILO and UNDP, a benchmarking survey was undertaken between September and December 2009 to better understand the impact of the global economic crisis on workers in Cambodia's garment sector.

The survey covers 1200 employed and 800 unemployed Phnom Penh-based garment sector workers, and indicates that employed workers face a range of hardships, most importantly reduced income in 2009 compared to 2008. Workers now feel they do not have enough money to cover remittances and basic needs such as food, healthcare, and transport. Some employed workers who were retrenched and have since found new jobs are working under less favourable conditions. Many surveyed have sought assistance from trade unions to deal with challenges such as asking for leave and late wage payments.

Most unemployed workers surveyed lost their jobs during factory closures or cutbacks due to reduced orders. One in ten unemployed workers were retrenched two or more times in 2009. While a small percentage of those retrenched have since found new jobs, at the time of the survey, the majority were still looking for work.

The survey also found that laid off workers most commonly look for jobs in other garment factories, although only one in three succeed in finding work. Those who look for work outside the garment sector typically look to the service sector for jobs as salespeople, tailors, food vendors or tuk-tuk drivers. Very few enrol in training programmes, even though many would like to. The families of some workers - both employed and unemployed - have sent additional family members to find work to help cope with reductions in income, mostly two female siblings between 16-28 years of age. Significantly, three-quarters of unemployed workers said they would return to their home villages if they could not find work within six weeks.

Source: K. Chandararat and L. Dannel: *Tracking study of Cambodian garment sector workers affected by the global economic crisis: Benchmarking survey report* (March 2010), <http://www.betterfactories.org/content/documents/1/Benchmarking%20Survey%20Report%20on%20Garment%20Workers.pdf> (accessed 3 May 2010).

¹² Contributing family workers and own-account workers are less likely to have formal work arrangements, which allows for the use of “vulnerable employment” to confirm or refute claims of an increasing informalization of labour markets. Despite some limitations, vulnerable employment shares are indicative for informal economy employment, especially for the less developed economies. For more details see ILO: *Key Indicators of the Labour Market (KILM), 5th Edition* (Geneva, 2007).

¹³ ILO calculations based on data from the Thailand National Statistical Office.

Table 2.1: Informal employment and employment by status in Indonesia, 2008 and 2009 (millions)

	August 2008	August 2009	Change (%)
Informal employment			
Number of workers in informal employment	63.82	67.86	8.0
Share of informal employment in total employment (%)	61.3	64.7	
Employment by status			
Own-account worker, working alone	20.92	21.05	0.6
Own-account worker, assisted by temporary/unpaid family workers	21.77	21.93	0.7
Employer	3.02	3.03	0.3
Employee	28.18	29.11	3.3
Casual employee in agriculture	5.99	5.88	-1.8
Casual employee not in agriculture	5.29	5.67	7.2
Unpaid worker	17.38	18.19	4.7
Total	102.55	104.86	2.3

Source: BPS-Statistics Indonesia.

Vulnerable employment and the working poor remain massive

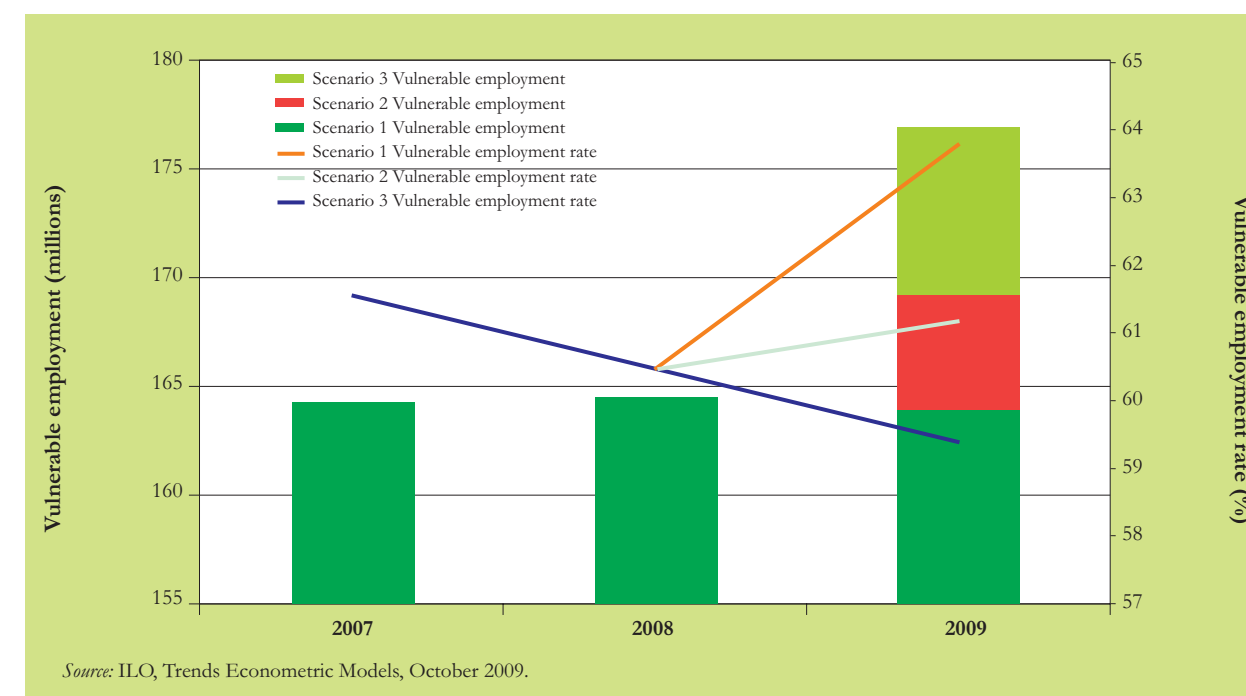
The crisis is thus likely to have reversed the declining trend between 2003 and 2008 in the share of workers in vulnerable employment, defined as the sum of own-account workers and contributing family workers, in the ASEAN region. Vulnerable employment has a women's face as an estimated 65 per cent of women compared with 58 per cent of men in ASEAN are in vulnerable employment.¹⁴ Many women and men in vulnerable employment status operate in the informal economy, which typically offers low-quality, unproductive and poorly remunerated employment opportunities. Moreover, many of these jobs often are not recognized or protected by law, offer little or no social protection and are typically characterized by the absence of rights at work and a lack of representation and voice in the workplace. This kind of low productivity and low wage employment also has a negative effect on the growth of domestic and regional markets whereby a lack of jobs in the more productive and better paying enterprises limits domestic and regional demand for goods and services and prevents the formation of a virtuous cycle of increasing labour demand, wages, and production.

In 2009, the share of workers in vulnerable employment in the ASEAN region is estimated to have increased to 61.3 per cent from 60.6 per cent in 2008, with a confidence interval from 59.5 to 63.9 per cent (figure 2.4).¹⁵ Even before the onset of the global economic crisis an estimated 164

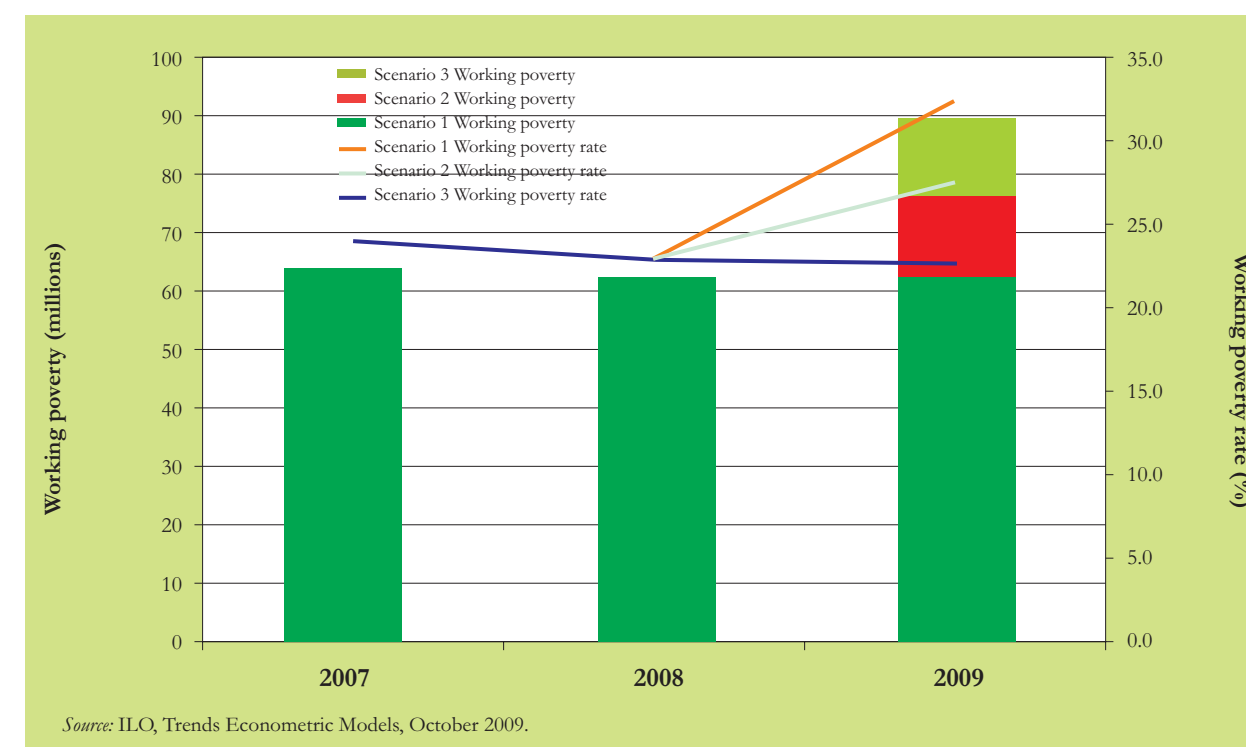
¹⁴ ILO, Trends Econometric Models, October 2009.

¹⁵ Vulnerable employment is a long-term trend indicator that tends to lag changes in GDP growth. Accordingly, the lower bound of the range (which is based on the historical relationship between vulnerable employment and GDP growth in each country) should be viewed as the long-term path that the world was on prior to the onset of the crisis, rather than a likely estimate for 2009. For detailed methodologies on the estimates and confidence intervals see ILO: *Global employment trends: January 2010* (Geneva, 2010).

million workers in the region were in vulnerable employment, which is more than 10 times as many workers as the number of unemployed in the region.

Figure 2.4: Vulnerable employment, ASEAN, 2007-2009

Source: ILO, Trends Econometric Models, October 2009.

Figure 2.5: Working poverty (US\$ 1.25 a day), ASEAN (2007-2009)

Source: ILO, Trends Econometric Models, October 2009.

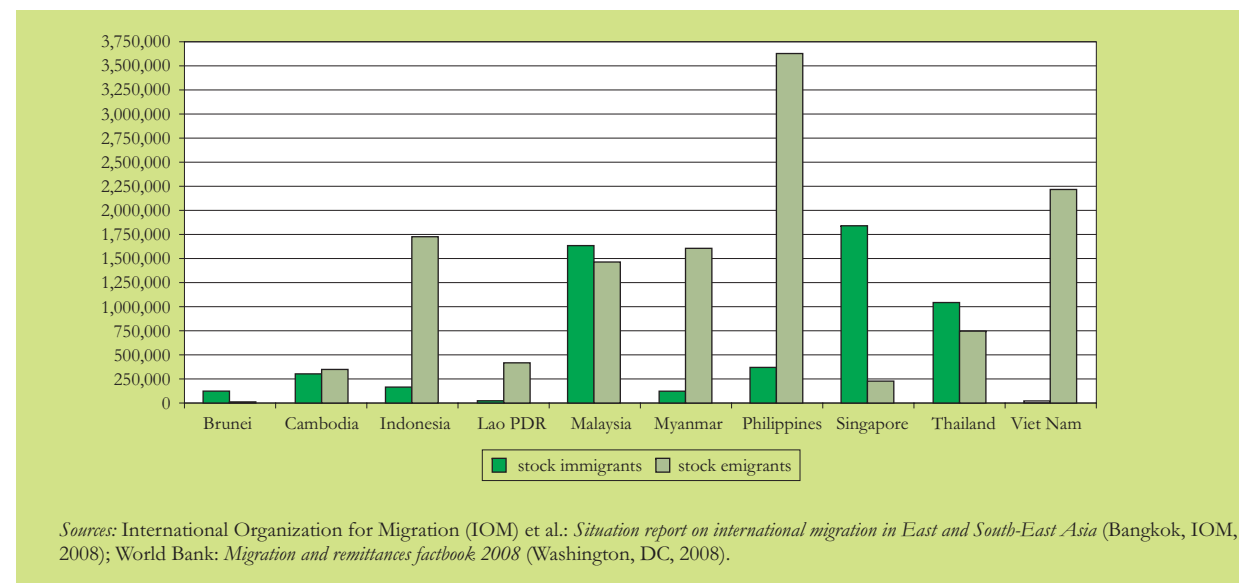
Furthermore, prior to the onset of the crisis, around 140 million workers in the region (51 per cent of the region's workers) lived with their families on less than US\$ 2 a day with at least 62 million of these workers estimated to be living in extreme deprivation on less than US\$ 1.25 a day (figure 2.5). The crisis is likely to have pushed up the number of working poor below the US\$ 2 a day poverty line to 158 million, with a confidence interval from 141 million to 172 million. This would mean 57 per cent of workers in the region are living with their families on less than US\$ 2 a day, a proportion not seen since 2005.

2.3 Labour migration

Labour migration an important element of regional integration

Prior to the crisis in 2007 there were an estimated 13.5 million migrants originating from the ASEAN region, with around 39 per cent (5.3 million) of these migrants working in other ASEAN Member Countries.¹⁶ Figure 2.6 provides an overview of migrant stock in the region, with immigrants representing foreigners working in a country and emigrants representing workers of that country working overseas. Singapore and Brunei Darussalam are primarily labour receiving countries. Cambodia, Malaysia and Thailand are both labour receiving and labour sending countries, while Indonesia, Lao People's Democratic Republic, Myanmar, the Philippines and Viet Nam are labour sending countries.

Figure 2.6: Immigration and emigration in ASEAN, 2005



Given the lack of information on migration there is much uncertainty about the impact of the crisis on migration in the region. Remittances are expected to have decreased slightly in 2009 compared to the previous year in most ASEAN Member Countries (figure 2.7). On the other hand, remittances are estimated to have increased in 2009 in the Philippines, although at a slower rate than in the previous year. A key concern of migrant workers during the crisis has been their treatment.

¹⁶ ILO: *Labour and social trends in ASEAN 2007: Integration, challenges and opportunities* (Bangkok, 2007).

These workers, particularly newly arrived migrants, have in many cases invested heavily in getting recruited, travelling to and establishing themselves in a foreign country.¹⁷ As a consequence, returning to their home country is often not an option and they may accept almost any conditions just to retain their jobs. In cases where they have lost their jobs and work permits, they become undocumented and may move to the informal or shadow economy.

Figure 2.7: Workers' remittances, compensation of employees, and migrant transfers, credit, 2006-2009 (US\$ million)



While the global crisis may have temporarily slowed down the flow of migrant workers and the associated remittance flows, migration is likely to grow even quicker over time due to uneven labour supply and persistent income differentials between receiving and sending countries in the ASEAN+3 region (figure 2.8). Japan, the Republic of Korea and Singapore all have ageing workforces and should therefore have an increasing demand for labour from other countries. Conversely countries such as Cambodia, the Lao People's Democratic Republic and the Philippines have an oversupply of young workers and so opportunities may exist for increasing migration. If proper safeguards are in place labour mobility can be a win-win for both sending and recipient countries.¹⁸ Workers from sending countries can earn higher wages, some of which can be sent home as remittances that provide substantial incomes for some families in the region. Remittances as a share of GDP in the region ranged from 11.2 per cent in the Philippines and 7.9 per cent in Viet Nam to around 1 per cent in

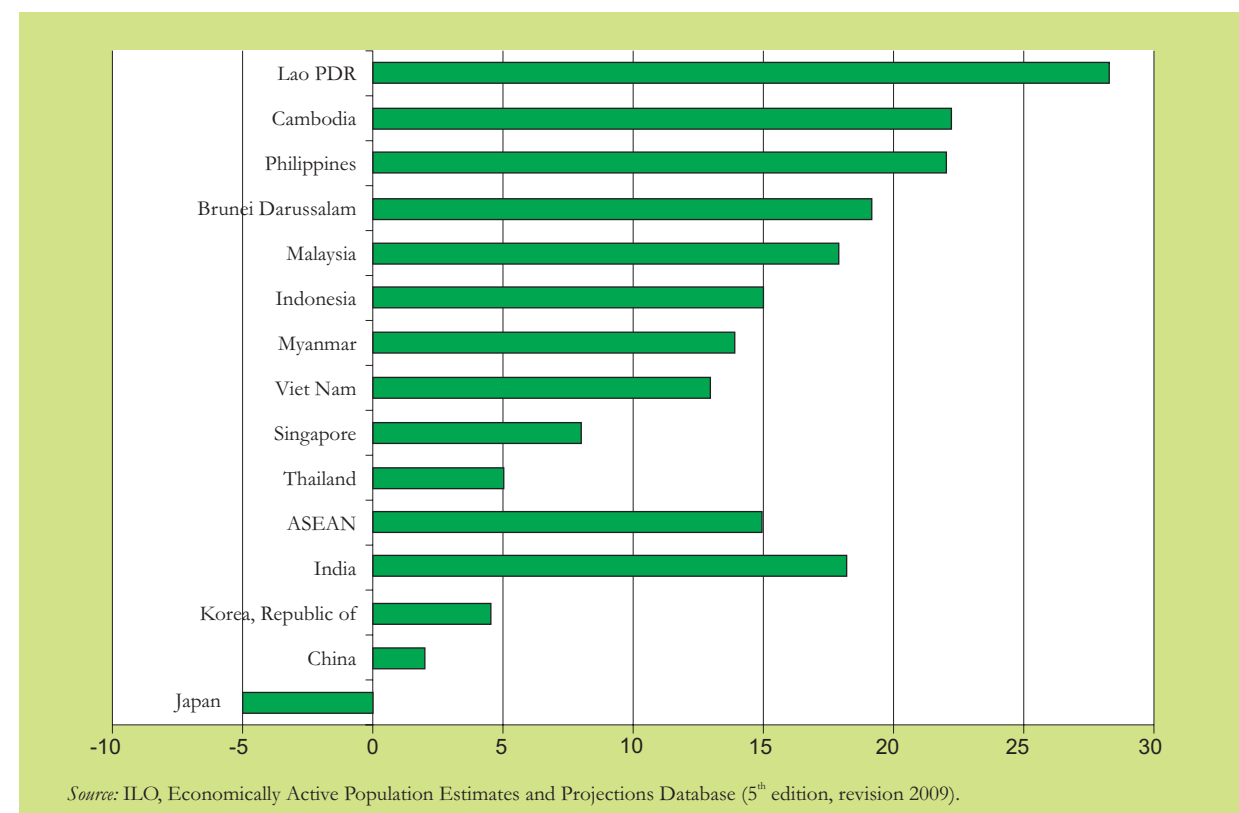
...and likely to grow even quicker

¹⁷ M. Abella and G. Ducanes: *The effect of the global economic crisis on Asian migrant workers and government responses*, ILO Technical Note (Bangkok, ILO, 2009).

¹⁸ In 2007, ASEAN Member Countries adopted the ASEAN Declaration on the Promotion of the Rights of Migrant Workers and called for the development of an ASEAN instrument on the protection and promotion of the rights of migrant workers.

Indonesia, Malaysia and Thailand.¹⁹ Higher income countries on the other hand benefit by filling gaps for lower skilled jobs as well as expanding higher-skill sectors. However, without proper safeguards migrants can be particularly vulnerable and the crisis has unfortunately highlighted concerns in the current management of migration in the region, including excessive recruitment costs, worker abuse, exploitation and cases of forced labour and human trafficking. The establishment of the ASEAN Community in 2015, and the accompanying freer movement of skilled labour, are expected to further support migration in the region. This highlights the importance of mutual skills recognition among ASEAN Member Countries, an issue that is discussed in chapter 4.

Figure 2.8: Labour force growth in ASEAN+3 and India, 2010-2020 (%)



2.4 Policy implications

Growth in decent employment and incomes key in re-balancing demand

ASEAN Member Countries have rebounded strongly from the crisis, supported in part by the fiscal stimulus undertaken.²⁰ A key challenge going forward is to sustain the recovery while managing a gradual transition to growth led by household consumption and business investment. Although it may be premature at this stage to fully exit from fiscal stimulus packages, fiscal space is limited in many countries in the region and the stimulus alone cannot sustain demand for extended periods. Hence,

¹⁹ World Bank: *Migration and remittances factbook 2008* (Washington, DC, 2008).

²⁰ For an analysis of the situation of labour markets beyond ASEAN and on lessons learned from crisis policy interventions, see ILO: *Accelerating a job-rich recovery in G20 countries: Building on experience*, ILO Report to the Meeting of G20 Labour and Employment Ministers, 20-21 April 2010, Washington, DC (Geneva, 2010).

stronger private sector growth - reflected in investment, production and consumption - is a precondition for sustainable recovery. The crisis has also highlighted important implications in reducing excessive dependence on exports to drive growth in some countries in the region, and in strengthening regional demand through deeper regional integration for a sustainable recovery and development.

Such a re-balancing, whether as part of stimulus exit strategies or as part of a search for a balanced and inclusive growth within and across ASEAN Member Countries - to which ASEAN Leaders recently committed themselves - depends critically on growth in employment and incomes.²¹ This, however, has been a challenge for many ASEAN Member Countries as even in periods of strong growth, employment growth has been weak (table 2.2). In Viet Nam for example, whereas the economy expanded by an annual average of 7.6 per cent between 2001 and 2008, employment grew by only 2.0 per cent per year during the same period. The low employment growth is a particular concern in ASEAN Member Countries with high rates of labour force growth (see figure 2.8). A post-crisis macroeconomic framework that fosters a more inclusive and balanced growth in the region calls for a renewed commitment to full employment as a core macroeconomic policy goal. Furthermore, many countries in the region have a large share of workers in the informal economy, where earnings are typically low. The recent rise in informal employment and shift of workers from the higher productivity (and hence higher paid) industry sector jobs to lower productivity (and hence lower paid) employment are added challenges. Growth in decent employment and incomes in the region, and in particular in countries with a large share of low-income households, can make a valuable contribution to a balanced and inclusive growth.

Table 2.2: GDP and employment, average annual growth, selected ASEAN Member Countries, 2001-2008 (%)

Country	GDP growth	Employment growth
Indonesia	5.4	1.7
Malaysia	5.7	1.8
Philippines	5.3	2.8
Thailand	5.2	1.7
Viet Nam	7.6	2.0

Sources: IMF, World Economic Outlook Database, October 2009; ILO, LABORSTA.

²¹ ASEAN Leaders' Statement on Sustained Recovery and Development, Hanoi, 9 April 2010.

The impact of the global crisis in ASEAN Member Countries has in particular brought to the fore the issue of insecurity and vulnerability in employment and demonstrated the urgency of strengthening the “automatic stabilizers” of social protection and gradually building a basic social protection floor that includes access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and working poor. Unemployment insurance in particular can function as an automatic stabilizer that cushions the impact of economic shocks and helps maintain aggregate demand. While the majority of ASEAN countries do not have unemployment insurance systems in place, the crisis has prompted countries in the region, including the Philippines and Malaysia, to consider establishing unemployment insurance schemes that can be scaled up and expanded quickly during a crisis.²² In addition to smoothing consumption, an effective unemployment insurance system can support countries in their efforts to re-balance the sources of growth, through, for example, freeing up excessive precautionary savings for consumption or investment or in facilitating structural shifts. Malaysia's recently announced New Growth Model contemplates an unemployment relief fund to support structural reforms.²³

The above issues highlight the critical needs for coordinated macroeconomic, employment and social protection policies for a sustainable recovery and balanced and inclusive growth in ASEAN.²⁴ The ILO's Global Jobs Pact, unanimously adopted by the International Labour Conference in June 2009, provides a set of coordinated and realistic set of policy measures that countries in the region can adopt for the appropriate policy mix to reduce the time lag between economic recovery and the recovery of decent work opportunities and look further beyond to the future by strengthening the ongoing efforts to pursue economic, social and environmental sustainability.

²² Thailand and Viet Nam have established unemployment insurance schemes.

²³ L. Gooch: “Malaysia outlines new growth strategy”, in *The New York Times*, 30 March 2010, <http://www.nytimes.com/2010/03/31/business/global/31ringgit.html> (accessed 3 May 2010).

²⁴ For an in-depth discussion, see S. Dasgupta and K.B. Kim: *Coordinated macroeconomic, employment and social protection policies in Asia and the Pacific* (Bangkok, ILO, forthcoming).

Improved productivity and competitiveness for balanced and inclusive growth

Sustaining the economic and labour market recovery discussed in the previous chapter will require coherent policy efforts, including improving productivity and competitiveness. Equally importantly, it will require that increased productivity translates into more and better jobs, as emphasized in the ILO Global Jobs Pact. Greater investment in infrastructure, small- and medium-sized enterprises (SMEs), which employ the majority of workers in the region, and sectors with growth potential are also important drivers of productivity growth and competitiveness. Such a policy mix can make a valuable contribution to strong, balanced and inclusive growth that ASEAN Leaders have recognized as critical.²⁵ This chapter highlights the important role that labour productivity, national competitiveness and supportive employment and social policies could play on the demand side in fostering growth, facilitating structural change, and promoting more and better jobs. Policy measures on the supply side, such as improving the quality of the education and skills development, are taken up in chapter 4.

3.1 Productivity challenges

The two fundamental productivity challenges confronting the ASEAN region are to accelerate productivity growth and to ensure that productivity gains translate to higher wages, better working conditions, and improved employment prospects. Meeting the first challenge is critical for the region to keep pace with very rapid productivity growth in China and

²⁵ ASEAN Leaders “recognize[d] the need to support more balanced growth within and across economies, achieve greater inclusiveness in our societies, sustain our environment, and raise our growth potential through good governance, innovation and a knowledge-based economy”. See: *ASEAN Leaders' Statement on Sustained Recovery and Development*, Hanoi, 9 April 2010.

India, while addressing the second one is essential for an employment-rich and income-led development strategy. The two challenges are closely interlinked as accelerated productivity growth is obviously a precondition for the creation of more and better jobs that can boost domestic demand and drive development.

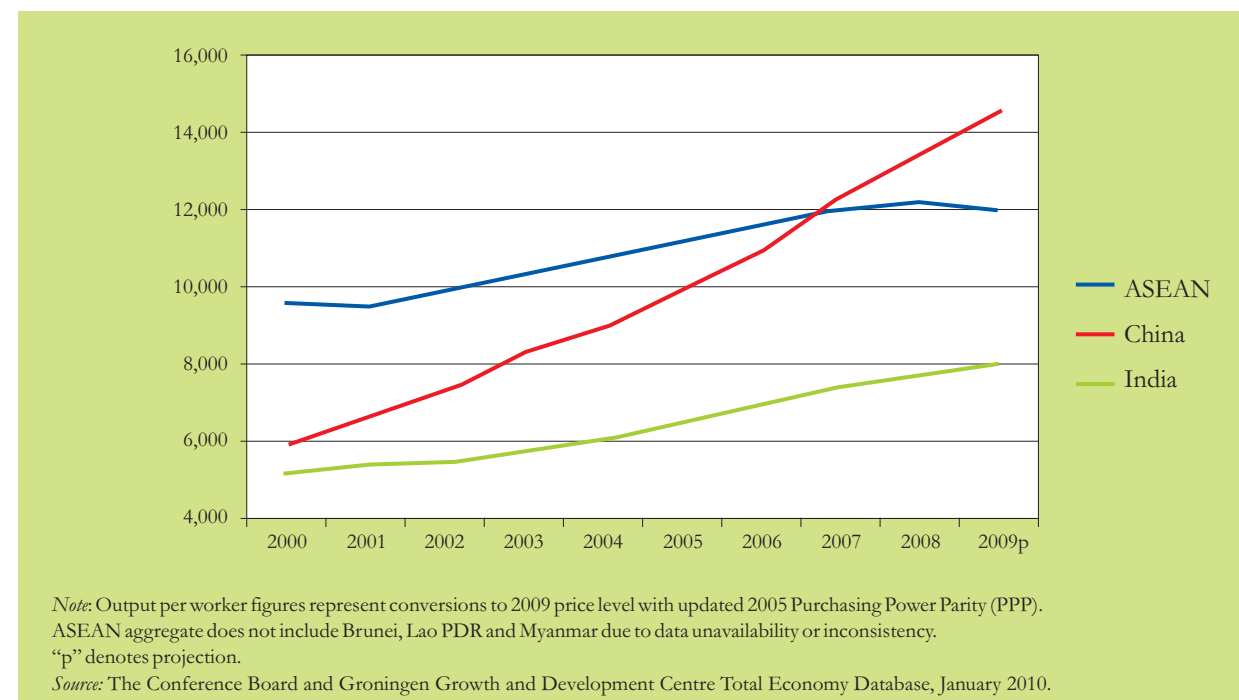
ASEAN's productivity record is impressive

Prior to the global crisis ASEAN experienced a tremendous increase in labour productivity. This was driven by buoyant investment, structural shifts in employment and production from relatively low-productivity agriculture to higher value-added industrial and services sector activities and in movement up the value chain in some economies, with ASEAN firms entering and competing successfully in higher value markets. Overall, output per worker in the ASEAN region rose at an average annual rate of 3.3 per cent between 2000 and 2007, versus an average of 1.4 per cent in North America's developed economies and an average of 0.9 per cent in the EU-15.²⁶

... but lags behind the performance of China and India

In 2000 the level of output per worker in the ASEAN region was 61 per cent greater than in China and 84 per cent greater than in India. But extremely rapid productivity growth in China propelled the country ahead with labour productivity there exceeding the average for the ASEAN region in 2007 (figure 3.1). India has also closed the gap gradually.

Figure 3.1: Output per worker in ASEAN, China and India, 2000-2009 (constant 2009 US\$)



²⁶ North America includes Canada and the United States. The EU-15 includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. See: The Conference Board and Groningen Growth and Development Centre Total Economy Database, January 2010.

Worryingly, during the recent global crisis, ASEAN's labour productivity position vis-à-vis China and India has further deteriorated, as can be seen in figure 3.1. Between 2007 and 2009 average annual labour productivity in the ASEAN region contracted by 0.3 per cent, while labour productivity in China and India surged by 8.7 per cent and 4.0 per cent respectively. Much of the productivity gains in China and India can be attributed to their exceptionally strong GDP performance in the past two years. As a result China's advantage in the level of labour productivity increased from 2 per cent in 2007 to 18 per cent in 2009. India was also catching up: the average output per worker was only 33 per cent lower in India in 2009 than in the ASEAN region versus 39 per cent in 2007.

These trends highlight a serious competitive challenge to the ASEAN region today - particularly for the more developed economies such as Malaysia, Indonesia, Thailand and Singapore - countries where labour productivity has stagnated or even declined in recent years. In Singapore for example, total labour productivity contracted by 7.6 per cent in 2008 and declined by 4.7 per cent in 2009, with productivity levels falling the most in services in the latter year.²⁷ Not only are average labour costs comparatively lower in China and India, rapid increases in labour productivity in both countries are further boosting their international competitiveness. Looking ahead, because cross-country wage differentials are expected to lessen, productivity will play an even greater role in determining international competitiveness.

It is important to note that a large gap remains in terms of labour productivity levels between the ASEAN region as a whole and the more developed economies in Asia and the Pacific and elsewhere. The overall level of output per worker in ASEAN is around one-sixth the level in the region's developed economies and the European Union and only around one-eighth the level in North America. Many workers in the ASEAN region remain trapped in low-productivity, precarious employment with little hope of earning a decent livelihood.

ASEAN's labour productivity performance must be addressed with urgency to avoid falling further behind and undermining the region's competitiveness and future living standards. At the same time, as noted in the ASEAN Economic Community Blueprint, further upgrading productivity in the less developed countries will be important for their enhanced participation in deeper regional integration.²⁸ In addition, there is still great variation in the levels of labour productivity across countries within the ASEAN region, with output per worker in Cambodia only 4 per cent of that in Singapore (figure 3.2).

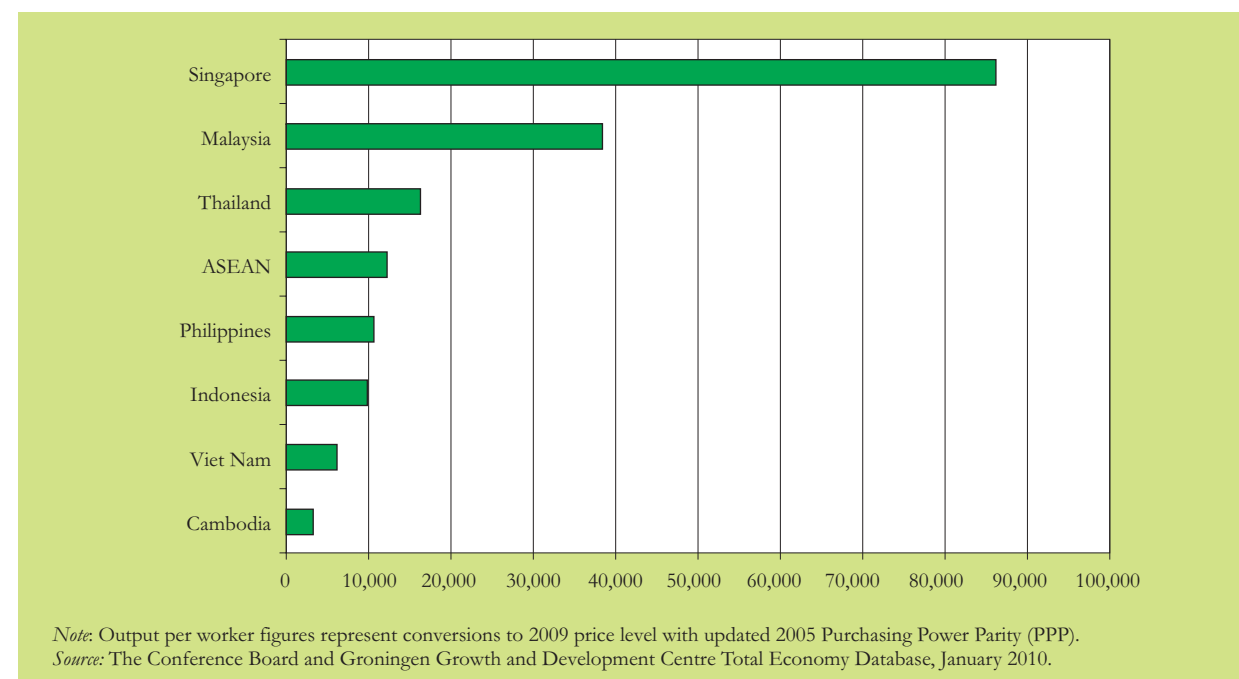
²⁷ Singapore Department of Statistics: *Monthly digest of statistics, April 2010* (Singapore, 2010).

²⁸ *ASEAN Economic Community Blueprint*, Paragraph 66.

ASEAN's labour productivity growth has slowed down during the crisis

Large gaps in productivity levels among ASEAN Member Countries

Figure 3.2: Output per worker, selected countries and ASEAN, 2008 (constant 2009 US\$)



Ensuring that productivity improvements translate into more and better jobs

Accelerating productivity growth is a critical precondition for addressing some challenges that have been built up even before the crisis. In some countries such as India, Singapore and Thailand, productivity growth has outpaced growth in real wages for several years leading to a weakening of consumption - a major driver of growth in most economies (table 3.1). Moreover, vulnerable employment still remains massive in the ASEAN region's low-income countries and millions of working women and men do not earn enough to lift themselves and their families out of poverty.

Table 3.1: Productivity and real wages, average annual growth, selected countries, 2001-2007 (%)

Country	Productivity	Wages
Indonesia	4.0	4.2
Singapore	4.1	1.8
Thailand	3.5	0.6
China	11.1	12.9
India	5.4	1.6

Sources: Wage data from ILO: *Global wage report 2008/09: Minimum wages and collective bargaining: Towards policy coherence* (Geneva, 2008); Productivity data are GDP per person employed (in constant 2009 US\$) from The Conference Board and Groningen Growth and Development Centre Total Economy Database, January 2010.

Sharing productivity gains between enterprises and workers - including through collective bargaining - and with society more equitably could contribute to a virtuous circle of improved productivity, employment growth and development, and hence decent work:

- Workers can benefit from productivity gains if translated to higher wages, better working conditions, respect for labour rights, further training, adaptability to change, better employment prospects, and other factors that contribute to quality jobs and quality of life. Collective bargaining is one mechanism that can help align productivity gains with wage growth and better working conditions.
- Enterprises can benefit from productivity gains by increasing profitability and reinvesting in product and process innovations, diversifying business activities, maintaining and improving competitiveness and market share.
- Society can benefit from productivity gains in terms of higher living standards, better quality and efficiency of services, reduced poverty, social equity, and competitiveness in changing markets and dynamic growth sectors.

But this virtuous productivity growth requires healthy industrial relations that contribute to a more equitable distribution of income and wealth. Management and workers should recognize their mutual rights and responsibilities, including the need to negotiate in good faith. This may be illustrated by workers' ability to obtain and understand macro-, industry- and enterprise-level economic data, and the willingness of management to share information on firm performance. Governments should create a policy environment that balances the relationship between workers and employers and encourages genuine collective bargaining. A higher share of wages in national incomes could, in turn, spur domestic spending and create market opportunities for local enterprises. Evidence from other parts of the world show a positive correlation between the number of workers covered by collective bargaining and more equitable distribution of wealth, as well as a much closer match between productivity gains and wage increases.

Respect for workers' rights and commitment to negotiated outcomes are two critical preconditions for shared productivity gains. Such conditions could also help translate parts of the productivity gains to better working conditions, including improved occupational health and safety, which support both enterprise competitiveness and job quality.

The Better Work programme provides a good example of such an approach in the supply chain in South-East Asia (box 3.1). By linking compliance with labour law with training on productivity, the programme aims to improve competitiveness in the supply chain. Productivity growth and better wages and working conditions, facilitated by social dialogue, can thus make an indispensable contribution to re-balancing demand towards greater domestic and regional sources of growth.

Box 3.1:
Better Work: Improving labour standards and competitiveness in supply chains

The Better Work programme is a partnership between the International Labour Organization and the International Finance Corporation. It was launched in 2006 in order to improve labour standards and enterprise competitiveness through a strong emphasis on improving worker-management cooperation, working conditions and social dialogue. Enhancing respect for labour standards helps enterprises to meet the social compliance demands of global buyers, which can increase their market access. Improved working conditions help firms become more competitive by increasing worker productivity and product quality.

Better Work focuses on labour intensive industries having large numbers of vulnerable workers in developing countries, such as agribusiness, apparel, construction, and light manufacturing. The programme is developing both global tools and country level projects. Global tools include:

- A framework for assessing compliance with core international labour standards and national labour law, allowing enterprises to track the impact on quality and productivity;
- An information system that captures data on compliance and remediation;
- Virtual communities for sharing knowledge among all stakeholders in the supply chain;
- Training resources on workplace cooperation, quality assurance, health and safety, productivity, working conditions, human resource management and other local priorities;
- Proven techniques that raise worker awareness on their rights and responsibilities through media such as comic books, radio and television soap operas, and workbooks to solve problems in enterprises; and
- Model policies and good practice guides to address common challenges for enterprises.

At the country level, for example, Better Work Viet Nam seeks to improve working conditions with a focus on occupational safety and health and business performance in the garment industry. During 2009 alone and for all industries, a total of 6,421 people were injured at work in Viet Nam: 550 of whom died and 1,221 of whom were severely wounded (the data covers only the formal sector which employs approximately less than 25 per cent of all workers and total occupational injuries are expected to be significantly higher). The programme includes an assessment of labour compliance according to international labour standards and Vietnamese national labour law, and advisory and training services for sustainable improvement.

Source: <http://www.betterwork.org/vietnam>.

3.2 Competitiveness challenges

Competitive economies are those that have in place a set of institutions, policies and factors that enable them to achieve sustained productivity and economic growth and long-term prosperity. The competitiveness landscape of ASEAN reflects the significant economic, geographical and cultural diversity of the region.²⁹

Singapore (3rd on the overall global ranking) has the best quality institutions and the most efficient product and financial markets in the world (table 3.2). It also runs one of the best education and training systems. Behind Singapore, the other countries from ASEAN span the entire global competitiveness ranking. Malaysia (24th) scores high in business sophistication and innovation. Oil-rich Brunei Darussalam (32nd) tops the global ranking in macroeconomic stability, thanks to hefty budget surpluses, high savings and controlled inflation. Thailand (36th) performs well in terms of macroeconomic stability and market size, while Indonesia's competitiveness (54th) is increasingly driven by business sophistication. Viet Nam (92nd), the Philippines (95th) and Cambodia (110th) are placed lower in the ranking. ASEAN is thus a region with a large spread in performances, perhaps not surprising given that it hosts a population of almost 600 million people and great diversity in terms of the size and levels of development among individual countries.

Competitive landscape

Table 3.2: Global Competitiveness Index (GCI) rankings and scores, ASEAN + 3 and India

Country	2009-2010 rank	2007-2008 rank	2007-2008 to 2009-2010 score difference	2007-2008 to 2009-10 adjusted rank change*
Singapore	3	7	0.10	4
Malaysia	24	21	-0.23	-3
Brunei Darussalam	32	-	-	-
Thailand	36	28	-0.14	-7
Indonesia	54	54	0.02	1
Viet Nam	75	68	-0.01	-6
Philippines	87	71	-0.09	-15
Cambodia	110	110	0.03	0
Japan	8	8	-0.06	0
Korea, Rep. of	19	11	-0.40	-8
China	29	34	0.17	5
India	49	48	-0.03	0

Note: The most competitive economy is ranked 1st, while the least competitive are ranked lower. The rankings are based on a scale of 0 to 7, where 0 is least competitive and 7 is most competitive.

* The adjusted rankings exclude countries that have been added since the 2007/2008 report to avoid any ranking changes occurring from additions. The 2008/2009 report had 134 countries, adding Brunei Darussalam, Côte d'Ivoire, Ghana, and Malawi, which are therefore not included. The 2009/2010 report had 133 countries as there was not sufficient data for Moldova, which has also been excluded.

Source: World Economic Forum: *The global competitiveness reports 2007-2008, 2008-2009 and 2009-2010* (Geneva, various years).

²⁹ The review of national competitiveness in the ASEAN region relies on the World Economic Forum's Global Competitiveness Index (GCI), which captures the microeconomic and macroeconomic foundations of competitiveness, and draws on the related report. See: World Economic Forum: *The Global Competitiveness Report 2009-2010* (Geneva, 2009).

*Competitive economies
weather the storm better
and recover stronger*

The recent crisis and national policy responses provide some important lessons for national competitiveness prospects. First, advancement in competitiveness over the past decade has helped many ASEAN countries to weather the economic storm better and recover faster. Competitive economies are more resilient to shocks, thanks to stronger fundamentals, and they can recover and adjust faster due to their greater market efficiency and the capacity to innovate.³⁰ This has also helped mitigate the employment and social impact of the crisis. For example, both Singapore and Malaysia experienced negative GDP growth in the first quarter of 2009, but they have rebounded faster than other countries with weaker fundamentals.

Among the ASEAN+3 countries, China provides another example of resilience. Rapid advancement in competitiveness has enabled the country to rely on a relatively sophisticated business environment and its capacity to innovate and move up the value chain. In addition, China's enviable fiscal situation has allowed the government to stimulate domestic demand, invest in infrastructure, and introduce economic reforms. As a result China has navigated through the storm well, thanks to sound fundamentals achieved in recent years, and it is now back to double-digit growth.

*Keeping an eye on
long-term development
amid short-term
challenges*

In order to gauge the extent to which the global recession has affected the longer-term competitiveness of ASEAN Member Countries, table 3.2 shows the competitiveness ranking of ASEAN Member Countries for 2007-2008 and 2009-2010, and the change over time. Even during the crisis some ASEAN economies - notably Singapore - have realized significant improvements. Others such as Cambodia and Indonesia maintained their competitiveness ranking. In a few ASEAN countries however, the impact of the crisis revealed weaknesses and their ranking has markedly dropped, including Viet Nam, Thailand and the Philippines. Addressing specific weaknesses such as the macroeconomic instability in Viet Nam, political instability in Thailand and the quality of public institutions in the Philippines is critical for improving the medium- to long-term productivity prospects of national economies.

The need for deeper integration in ASEAN and the Asia and the Pacific region as a whole has been putting pressure on some countries and sectors to adjust. For example, the global downturn has forced Cambodian garment factories both to expand and diversify their markets to include those in Asia and the Pacific to reduce reliance on those in the United States and the European Union, while also boosting domestic demand for Cambodian garments. There is also a renewed urgency now for Cambodia to “develop a reliable and cost efficient electricity supply, for the benefit of all businesses,” including the garment industry, since high power costs are impeding the regional competitiveness of its garment firms.³¹

³⁰ World Economic Forum: *The global competitiveness report 2009-2010* (Geneva, 2009), p. 3.

³¹ CAMFEBA and BDLINK: *Understanding the impact of the global economic crisis on the Cambodian garment sector* (ILO, 2010).

Another lesson that ASEAN's experience underscores is the importance of not losing sight of long-term competitiveness fundamentals amid short-term challenges. Several policy measures introduced during the crisis have served such combined objectives, and they may have some positive implications for longer term development potentials. Examples include strengthening social protection (as discussed in chapter 2), investment in environmental conservation and green technology, using downtime to retrain workers or to upgrade skills for future skills needs (see chapter 4). Furthermore, investment in infrastructure and the need for creating an enabling environment for SMEs are two common issues throughout the ASEAN region for improving productivity, competitiveness and generating job-rich growth in the medium-term.

3.3 Infrastructure development

Infrastructure development plays a key role in creating jobs, reducing inequalities while improving competitiveness and expanding markets and consumption. Infrastructure spending has a large multiplier effect on employment and is a very direct way of increasing employment and of boosting aggregate demand.³² In addition, the quality and extensiveness of infrastructure networks significantly reduce poverty and income inequalities through enabling less developed communities to connect to product markets and social services. Infrastructure is also an important factor in determining the location of businesses and the kind of activities or sectors that can develop in a particular economy. Some studies have shown that the quality and extensiveness of infrastructure is often a precondition for product market reforms aimed at boosting efficiency, investment and trade.³³

It is not surprising that many stimulus packages in countries such as Cambodia, Indonesia, Malaysia, the Philippines and Thailand include a large infrastructure component. The Indonesian government, for example, has estimated that its IDR 12.2 trillion infrastructure package generated about 1 million jobs in 2009.³⁴ Thailand is upgrading the country's railways system and expanding Suvarnabhumi Airport, while the Philippines is targeting the telecommunication, power and water sectors.³⁵ China and India are also investing significantly in infrastructure.

Efforts to improve infrastructure need to be maintained after the countries exit fiscal stimulus measures. The need for infrastructure is pronounced throughout the region for high, middle and low-income

*Infrastructure development
boosts employment,
reduces inequality and
expands demand*

*Infrastructure development
remains a priority in the
post-crisis era*

³² ILO: *Protecting people, promoting jobs: A survey of country employment and social protection policy responses to the global economic crisis*, An ILO report to the G20 Leaders' Summit, Pittsburgh, 24-25 September 2009.

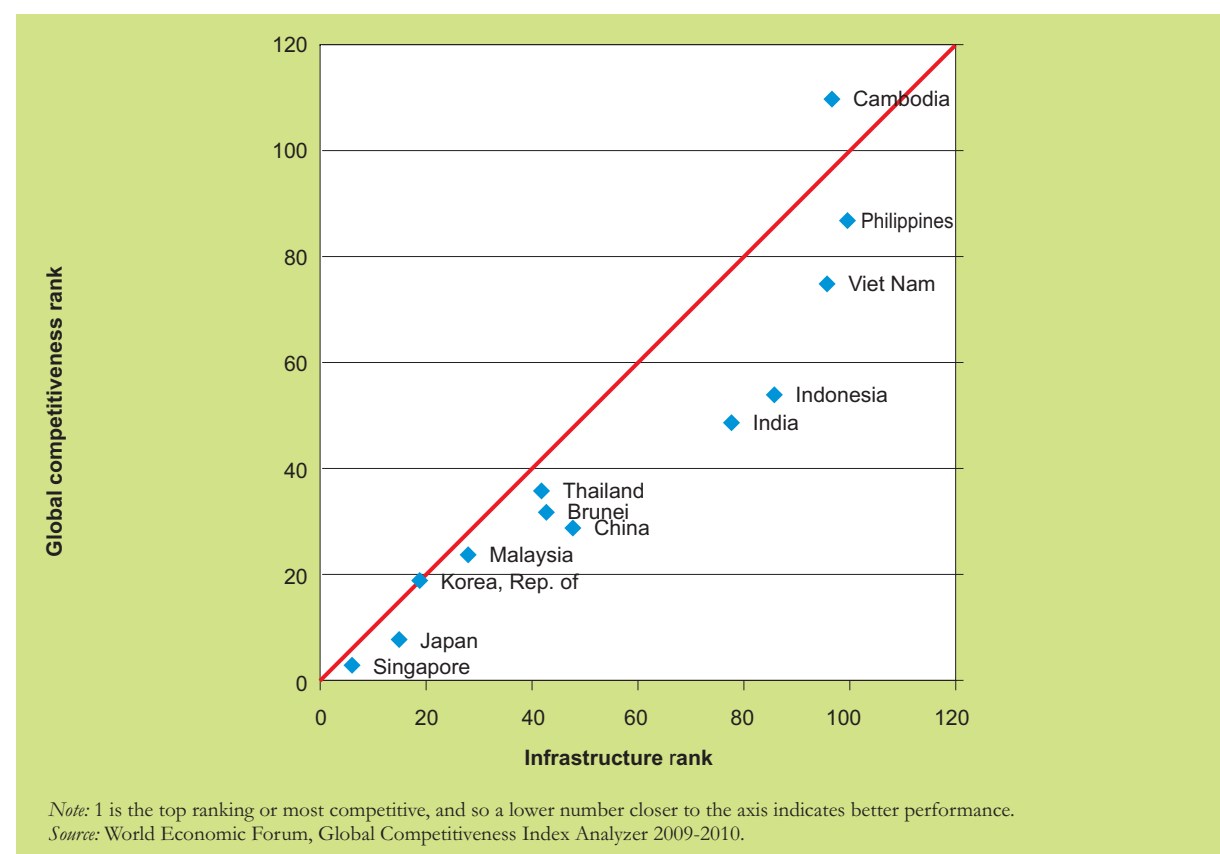
³³ P. Gupta et al.: *What constrains Indian manufacturing?*, ERD Working Paper No. 119 (Manila, Asian Development Bank, August 2008).

³⁴ ILO: *Indonesia's response to the crisis*, Country brief to the Meeting of G20 Labour and Employment Ministers, 20-21 April 2010, Washington, DC (Geneva, 2010), p. 2.

³⁵ C. Leyco: “Government to spend P100 billion for 2010 stimulus, bulk for infrastructure”, *Manila Bulletin*, 22 March 2010, <http://www.mb.com.ph/articles/249061/gov-t-spend-p100-billion-more-2010-stimulus-bulk-infrastructure> (accessed 3 May 2010).

countries. 10 of the 12 countries in ASEAN+3 and India for which data are available have a lower infrastructure ranking than their overall competitiveness ranking (figure 3.3). Improvements in infrastructure could place countries such as Indonesia, Viet Nam as well as the Philippines not only on a stronger growth trajectory but could create millions of jobs and reduce inequalities and poverty.

Figure 3.3: Global competitiveness and infrastructure rankings, selected countries, 2009-2010



Moreover, better infrastructure is also a prerequisite for deeper integration among ASEAN Member Countries. In April 2010, the ASEAN Leaders' Statement on Sustained Recovery and Development re-affirmed the importance of infrastructure development. It emphasized that infrastructure and connectivity "will play a crucial role in achieving sustainable global economic recovery through enhanced trade, investment, tourism and development."³⁶

3.4 Small and medium-sized enterprises

While infrastructure remains critically important, policy efforts must also focus on small and medium-sized enterprises (SMEs), which hugely outnumber large enterprises in ASEAN Member Countries in both the quantity of establishments and the share of the labour force they employ. Thus, improving productivity in those enterprises will be an essential route to increasing productivity of the overall economy and strengthening the backbone of the ASEAN Community.

³⁶ ASEAN Leaders' Statement on Sustained Recovery and Development, Hanoi, 9 April 2010.

Further, given that the majority of SMEs in low and middle-income countries operate in the informal economy (where incomes are typically insufficient to lift workers and their families out of poverty and working conditions are poor with little or no economic security), boosting productivity in small-scale activities and integrating them into the formal economy can bring the added dividend of decreasing vulnerable employment and the numbers of working poor.

In the ASEAN Member Countries for which data are available, SMEs account for between 26 per cent and 58 per cent of total value added and between 52 per cent and 99 per cent of employment (table 3.3). In the ASEAN+3 countries and India, SMEs are the major sources of output, value added and employment (contributing relatively more to employment than to value added). SMEs also make valuable contributions to export production.

Table 3.3: Contribution of SMEs to value added, employment and export, most recent year (%)

Country	Year	Value added	Employment	Exports
Indonesia	2003	57.6	99.4	10.6
Malaysia	2005	47.3	65.1	15
Philippines	2001	32.0	70.0	-
Singapore	2005	34.7	51.8	16
Thailand	2006	-	68.1	10
Viet Nam	2004	26.0	77.5	20
China	2004	68.7	85.2	40~60
India	2003	40.0	85.8	-
Japan	2004	53.8	71.0	13.5
Korea, Rep. of	2004	59.4	86.5	40

Note: Data for exports refer to the most recent year available.
Sources: For value added and employment data, UNCTAD in M. Fujita: *FDI by MNEs in global context: Implications for ASEAN*, Paper prepared for ASEAN-Japan Seminar on FDI: Sharing Japanese SMEs' dynamism in ASEAN Integration, 28-29 May 2007. For data on exports, UNCTAD: *Improving the competitiveness of SMEs through enhancing productive capacity*, Doc. No. TD/B/COM.3/51/Add.1 (Geneva, 2003).

The differences in the contribution of SMEs to output and employment underscore the substantial productivity gaps between SMEs and large enterprises. For example, in Indonesia where there is a very large difference between the SME contribution to value added and to employment, labour productivity in micro and small enterprises was only 6.9 per cent of that in medium-sized and large enterprises.³⁷ In Malaysia, where the gap between value added and employment is considerably lower, average value added per worker in SMEs was around 30 per cent of that in large enterprises.³⁸

³⁷ T. Tambunan: "Entrepreneurship development: SMEs in Indonesia", in *Journal of Developmental Entrepreneurship* (Jakarta, 2007), Vol. 12, No. 1, pp. 95-118. Micro-enterprises refer to those with 1-4 workers, small enterprises are those with 5-19 workers, medium enterprises are those with 20-99 workers and large enterprises are those with 100 or more workers.

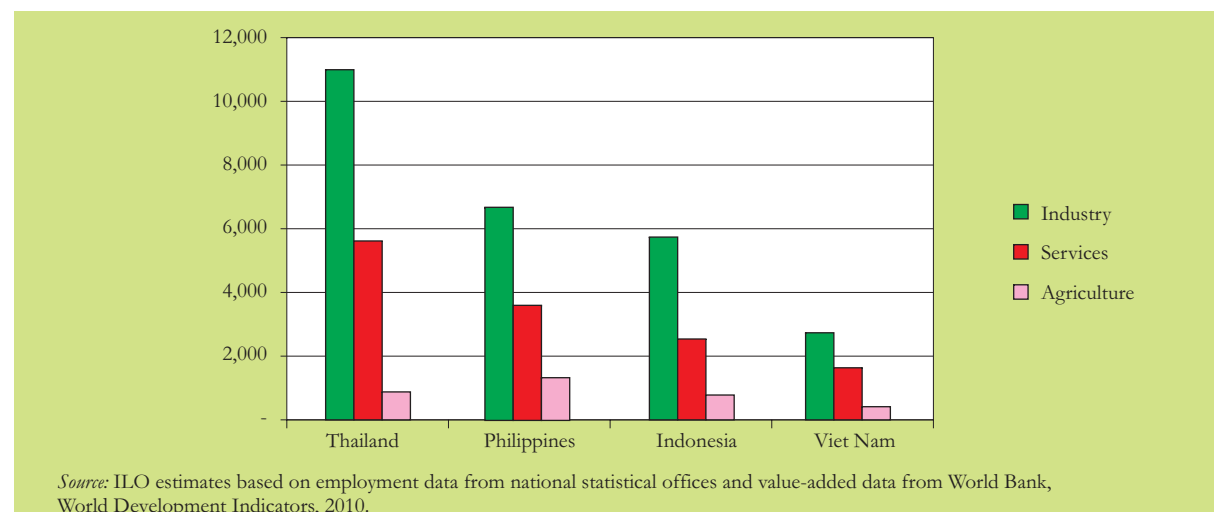
³⁸ Central Bank of Malaysia: *Small and Medium Enterprise (SME) annual report 2006* (Kuala Lumpur, 2006), <http://www.bnm.gov.my/index.php?ch=116&pg=350&ac=101> (accessed 3 May 2010)

It is precisely because SMEs employ so many workers that their potential to improve productivity, generate quality jobs, and increase wages could become critical in boosting living standards and domestic demand. In this regard, the Asian Development Bank has pointed out that one of the crucial factors on which the success of re-balancing will depend on is the emergence of a large and rapidly growing middle class.³⁹ This in turn will hinge on the dynamism of ASEAN businesses, especially small- and medium-sized enterprises. Regional initiatives such as the ASEAN Policy Blueprint for SME Development (2004-2014) can play an important role in strengthening the dynamism of these enterprises.

Focusing on sectors with growth and job-creation potential

As highlighted in chapter 2, employment during the crisis has expanded in the services sector where labour productivity is significantly lower than in industry (figure 3.4).⁴⁰ The services sector is nonetheless vastly heterogeneous, encompassing jobs that range from high value-added occupations such as finance to lower value-added activities such a petty trade at street stalls. Available information from the Philippines and Thailand, where the services sectors of wholesale and retail trade and community and personal activity have increased the most suggests that some workers in the region may have shifted to less productive jobs. The employment shift to services is a result of both short-term (crisis induced) and long-term structural trends, and this shift needs to be supported by increased productivity.

Figure 3.4: Output per worker by sector, selected countries, 2008 (constant 2000 US\$)



³⁹ Asian Development Bank: “Enterprises in Asia: Fostering Dynamism in SMEs”, in *Key Indicators for Asia and the Pacific 2009*, 40th Edition (Manila, August 2009), p. 21.

⁴⁰ ILO: *Labour and social trends in ASEAN 2008: Driving competitiveness and prosperity with decent work* (Bangkok, 2008).

3.5 Policy implications

Labour productivity is a principal determinant of competitiveness, employment and poverty reduction. Accelerating productivity growth in the region has become critical since, despite impressive performance in the past decade, ASEAN's labour productivity position vis-à-vis China and India has deteriorated during the crisis. Employment-intensive investments in infrastructure in the less developed ASEAN Member Countries for example can boost agricultural productivity. Promoting growth in small- and medium-sized enterprises in all ASEAN Member Countries is crucial in expanding domestic markets and in improving the productivity and competitiveness of the overall economy. These policies, in addition to others outlined in the ILO Global Jobs Pact, can also serve to support the transition from the informal to the formal economy.

Sustaining productivity and competitiveness improvements however will depend on a fair distribution of the gains arising from improved productivity levels. Effective mechanisms for dialogue, organization and voice, based on fundamental principles and rights at work, facilitate such a distribution and also allow for the effective identification of partnerships required to seize the opportunities of regional integration, while also finding negotiated and sustainable solutions to its challenges.

Accelerating productivity growth and ensuring a fair distribution of productivity gains

Human resources for balanced and inclusive growth

The previous chapter examined labour productivity and competitiveness for a balanced and inclusive growth. This chapter focuses on human resources in the ASEAN region. In particular it looks at workforce quality and skills, which are critical in meeting the changing demands created as ASEAN Member Countries re-balance their sources of growth, and in fostering a virtuous cycle of higher productivity, more employment of better quality, income growth and development.⁴¹ As noted in the ILO Global Jobs Pact, equipping the workforce with the skills needed for today and tomorrow are important elements of a coherent policy package that supports economic, social and environmental sustainability.

Improving the quality and skills of the workforce has been an important crisis response measure in many countries in the ASEAN region and beyond.⁴² With a recovery underway, countries in the region have also focused on preparing the workforce for future challenges and opportunities, including meeting and anticipating skills needs, green jobs and migration, as well as improved labour market information systems and analysis. Investing in workforce quality and skills is critical for ensuring a competitive and inclusive ASEAN.

⁴¹ ILO: *Skills for improved productivity, employment growth and development*, International Labour Conference, 97th Session (Geneva, 2008).

⁴² For example, G-20 Leaders at the Summit in Pittsburgh pledged to “to support robust training efforts in (their) growth strategies and investments”, recognizing that “successful employment and training programs are often designed together with employers and workers.” The G-20 Leaders also called on the ILO to develop a training strategy for the Leaders' consideration. See *Leaders' Statement: The Pittsburgh Summit*, 24–25 September 2009.

4.1 Human resources development measures during the crisis

Crisis response has focused on re-training and employment services

The severity of the crisis prompted many countries in the ASEAN region to make greater investment in skills training, re-training and employment services, as reflected in stimulus packages (see box 4.1). Some of the training programmes targeted jobseekers to improve their employability; others focused on the employed with the twin aim of upgrading obsolete skills during idle demand while keeping workers attached to the enterprise. Many countries in the region also strengthened public employment services to assist retrenched and vulnerable workers. The Philippines set up overseas mobile teams to assist migrants in Dubai and the Republic of Korea.⁴³ Cambodia, the Lao People's Democratic Republic, Malaysia, and Viet Nam either established or enhanced their network of job centres. While during economic downturns the effectiveness of employment services faces particular challenges, they have an important intermediary and information role in labour market functioning. The main challenges they face is to have access to timely labour market information and to reach the informal economy that accounts for a large share of the workforce in many ASEAN Member Countries.

Box 4.1 Skills development in Indonesia's fiscal stimulus package

As part of its drive to upgrade workers' skills and employability, the Government of Indonesia undertook measures to support vocational training in the country's US\$7.6 billion fiscal stimulus package. The package included funds to deliver additional training for jobseekers and migrant workers as well as productivity enhancement. Funds were also allocated to improving the physical infrastructure of training centres.

As vocational training is decentralized in Indonesia, most Vocational Training Centres (BLKs) are under the management of local governments. The Ministry of Manpower and Transmigration (MOMT) allocated the funds among regions using three criteria: severity of unemployment; the number of laid-off workers; and capacity of BLKs. The funds meant that nearly three thousand additional courses were offered and about 50 thousand jobseekers received training throughout the country. Based on assessment of skills demand, local governments decided on the areas covered by the extra training courses. These included motorcycle and automotive repair, welding, construction, sewing, computer and language skills. BLKs also fostered entrepreneurship through training. Public-private partnership enhanced the effectiveness and relevance of the training, with private training institutions contracted by local governments delivering 670 courses in areas including business and management skills.

The stimulus funds were also used to enhance the capacity of BLKs, including by renovating old training centres and purchasing new training materials and equipment. The MOMT sees benefits from such investments stretching beyond the crisis. Another government initiative in response to the crisis was greater use of mobile training units, which are vans with training equipment. These can deliver training to remote villages in areas such as food

⁴³ ILO: *National Employment Service (PES) Response to the Global Economic Crisis*, Background paper to the Governing Body (Geneva, November 2009).

processing, carpentry and electrical engineering. This was effective because many laid-off workers returned to rural regions, where access to BLKs is not always easy.

High on the agenda for the Government is training of skills relevant for both the formal and informal economies. The government also views as urgent the continued revitalization of training centres managed by the MOMT. The ILO is supporting the Government in these efforts, including improving management and instructor training at the vocational training institutions and establishing tripartite training advisory boards.

Source: ILO: *G20 country briefs: Indonesia's response to the crisis* (April 2010), http://www.ilo.org/public/libdoc/jobcrisis/download/g20_indonesia_countrybrief.pdf (accessed 3 May 2010).

4.2 Human resources development for a sustained recovery

With the initial phases of recovery underway, education and skills development policies have shifted to longer-term objectives in many ASEAN countries. Singapore and Malaysia for example have recently introduced major reforms aimed at improving the quality of the workforce. Malaysia's New Growth Strategy, unveiled in March 2010, outlines a reform programme aimed at allowing the country to become a developed nation by 2020.⁴⁴ The programme intends to support economic diversification and private sector growth with measures such as boosting the quality of the workforce through improving the education system.⁴⁵ Singapore provides an example of how national priorities are shifting from crisis response to skills upgrading and improving workforce quality (box 4.2).

In the post crisis-era priority shifts to the quality of the workforce

⁴⁴ L. Gooch: "Malaysia outlines new growth strategy", in *The New York Times*, 30 March 2010, <http://www.nytimes.com/2010/03/31/business/global/31ringgit.html> (accessed 3 May 2010).

⁴⁵ Malaysian Prime Minister Najib Razak stated that the programme also includes measures to help the disadvantaged: "We cannot have the high income, sustainable and inclusive economy we seek when disparities in income are not addressed." See: L. Gooch: "Malaysia outlines new growth strategy", in *The New York Times*, 30 March 2010, <http://www.nytimes.com/2010/03/31/business/global/31ringgit.html> (accessed 3 May 2010).

**Box 4.2:
Singapore shifts budget from crisis response
to productivity growth and job quality**

The 2010 Singapore budget announced in March marks a dramatic shift from a more reactive crisis response in the past two years, to the new, more proactive budget for polices centred on long-term productivity gains for sustained and inclusive growth. More than 10 per cent of the US\$33 billion budget will be earmarked for boosting productivity with a target of two to three per cent annual growth in the next decade. Emphasis is on skills upgrading to improve the quality of jobs, which should lead to more productive workers and businesses. Singapore is creating the new National Productivity and Continuing Education Council that will coordinate the nation's various productivity and training initiatives.

While Singapore has the highest income per capita in ASEAN, productivity gains have slowed in the past decade to approximately 1 per cent per annum and productivity levels still lag that of the United States and Japan. Some contributing factors to the sluggish recent growth have included a slowdown in the rapid gains in the past decades that Singapore achieved due to its low initial base for GDP, investment and exports and reliance on low-cost wages. Now that Singapore is increasingly focused on the high-value added service sector, skills upgrading of existing workers will be essential to increase productivity.

In presenting the budget, the Finance Minister stated that "our priority during last year's global crisis was to keep jobs. Our priority must now be to improve the quality of jobs".

Sources: Singapore Government: *Budget speech 2010: Towards an advanced economy: Superior skills, quality Jobs and higher Incomes*, http://app.singaporebudget.gov.sg/budget_2010/default.aspx (accessed 3 May 2010); and M. Wijaya: "In Singapore, productivity at all costs", in *Asia Times*, 23 March 2010, http://www.atimes.com/atimes/Southeast_Asia/LC23Ae01.html (accessed 3 May 2010).

*Basic education is
the foundation for
decent work*

The Lao People's Democratic Republic continues to implement its National Education System Reform Strategy 2006-2015, which includes efforts aimed at improving the levels and quality of education and integrating a comprehensive Technical and Vocational Education and Training Strategy that will allow the improvement of skills and qualifications from basic to above-basic levels.⁴⁶ The Strategy foresees doubling the enrolment in technical and vocational education and training in the future.⁴⁷ This is particularly important as enrolment in primary, secondary and technical and vocational education and training remains low (table 4.1). Other countries in the region are also facing challenges in the provision of education. Survival rates to grade 5 remain low in Cambodia, the Lao People's Democratic Republic, Myanmar and the Philippines and many children in these and other ASEAN Member Countries do not make

⁴⁶ Ministry of Education, Lao People's Democratic Republic: *Master plan of technical and vocational education and training (2008-2015)* (Vientiane, 2007).

⁴⁷ N. Hinds: "Education reform in Laos Unique programme targets four key areas", 1 April 2010, http://www.unescobkk.org/no_cache/information/news-display/article/education-reform-in-laos-unique-programme-targets-four-key-areas/ (accessed 3 May 2010).

the transition to lower secondary school. Some countries in the region are also struggling with completion of secondary education. While Indonesia and Malaysia have similar net enrolment rates at the secondary level (around 70 per cent), only 20.6 per cent and 6.5 per cent of Indonesia's labour force have secondary and tertiary education respectively, compared to a respective 56.3 per cent and 20.3 per cent for Malaysia.⁴⁸

For ASEAN Member Countries in the lower levels of per-capita income, strengthening the quality of basic education and improving the access to and completion of primary and secondary education should be the priority focus in education and training policies, including particular emphasis on targeting vulnerable children and youth who have been left out of the school system. For countries with a stronger achievement in basic education, improving the quality of and participation in secondary education as well as technical and vocational education and training (TVET) are key. It is at this point in the education system that young people acquire the higher levels of skills, training and knowledge required to meet the increasing demands of labour markets that are shifting towards more skilled manufacturing and services-based employment. Nonetheless, few students who do enrol in secondary education in ASEAN pursue technical and vocational training, ranging from 0.6 per cent in the Lao People's Democratic Republic to 16.4 per cent in Thailand.

⁴⁸ Labour force education data are from World Bank Edstat.

Table 4.1: Key education indicators, selected countries, most recent year (%)

	Gross enrolment rate, primary	Survival rate to grade 5	Transition from primary to lower secondary	Gross enrolment rate, secondary	Gross enrolment rate, tertiary	Tech. & vocational enrolment (% of total secondary enrolment)
	2008	2007	2007	2008	2008	2008
Brunei Darussalam	106.7	99.7	99.4	96.7	16.0	7.4
Cambodia	115.9	62.1	79.1	40.4	7.0	2.2
Indonesia	120.9	84.4	88.5	75.8	18.0	12.8
Lao PDR	111.8	66.8	78.8	43.9	13.4	0.6
Malaysia	97.9	91.7	99.0	69.1	29.7	5.9
Myanmar	115.0	71.5	73.8	49.3	10.7	-
Philippines	108.2	74.0	99.1	81.4	-	-
Singapore	-	-	91.5	-	-	11.7
Thailand	-	-	-	-	-	16.4
Viet Nam	-	92.1	92.7	-	-	6.4
China	112.1	-	-	74.0	22.1	16.9
Japan	102.2	-	-	100.7	57.9	12.4
Korea, Rep. of	103.7	99.3	98.9	97.5	96.1	12.6
India	113.1	65.8	84.0	57.0	13.5	0.8

Notes: '-' denotes no data available; data for year indicated or most recent year with available data.
Sources: UNESCO Institute for Statistics; Technical and vocational enrolment data from World Bank Edstat.

Quality of education and training raises concerns

Equally important to increasing educational attainment at all levels is the quality of education and training. Educational outcomes, measured by the OECD's Programme of International Student Assessment (PISA) Surveys show that students from Thailand and Indonesia perform below the average scores for 28 middle-income and OECD countries, and significantly below countries such as the Republic of Korea and Japan (table 4.2).⁴⁹ Moreover, the findings indicate that a large proportion of students from Thailand and Indonesia do not possess proficiency levels in mathematics, science and reading, which are deemed critical for effective and productive participation in life and work.⁵⁰ The need to address the above challenges lies at the heart of the Cha-Am Hua Hin Declaration on Strengthening Cooperation on Education to Achieve an ASEAN Caring and Sharing Community, adopted by ASEAN leaders in October

⁴⁹ The OECD's Programme for International Student Assessment (PISA) surveys assess the extent to which 15-year-old students have acquired key competencies and cognitive skills needed for work and life as adults.

⁵⁰ ILO: *Labour and social trends in ASEAN 2008: Driving competitiveness and prosperity with decent work* (Bangkok, 2008).

Table 4.2: PISA mean scale performance for mathematics, reading and science, 2006

	Mathematics	Science	Reading
Indonesia	391	393	393
Thailand	417	421	417
28 middle-income economies average	437	443	425
Korea, Rep. of	547	522	556
Japan	523	531	498
OECD average	498	500	492

Note: The 28 middle-income economies are: Argentina, Azerbaijan, Brazil, Bulgaria, Chile, Colombia, Croatia, Estonia, Hong Kong (China), Indonesia, Israel, Jordan, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Macao (China), Montenegro, Qatar, Romania, Russian Federation, Serbia, Slovenia, Taiwan (China), Thailand, Tunisia and Uruguay.
The 30 OECD countries are: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Republic of Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.
Source: OECD: *PISA 2006: Volume 2: Data* (Paris, 2007).

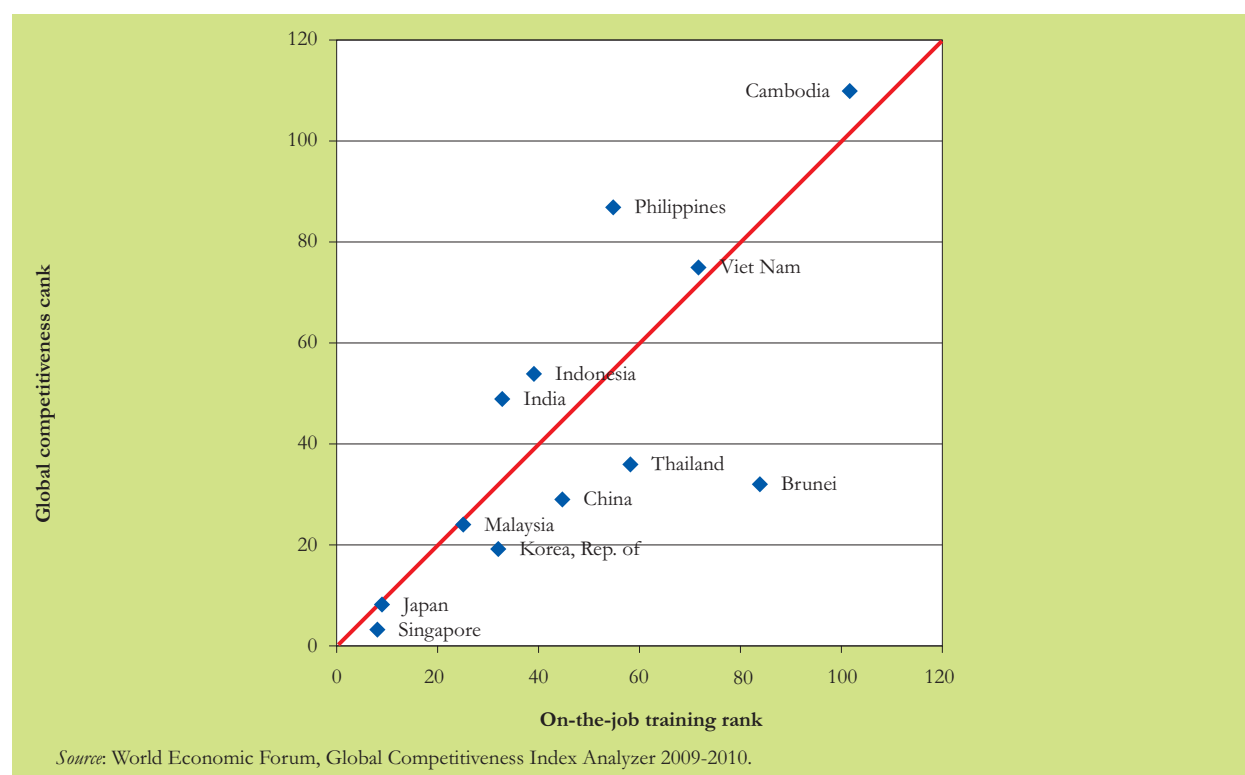
Improving the relevance and quality of education and training will require strong partnerships between government, employers and workers. At the vocational and tertiary levels of education there is a need to further strengthen demand-driven curricula with industry inputs, as well as for more practitioners in school staff, as in the Penang Skills Development Centre in Malaysia. In the Philippines, the Technical and Education and Skills Development Authority (TESDA) has organized its decision-making board with tripartite representation to reflect both industry and workers requirements in skills development. More emphasis on the development of core skills as well as increased awareness of workers' rights are equally crucial. Also, relevant work experience programmes that improve the employability of graduates need to be part of the curricula of universities and technical and vocational education institutions, as in Singapore and Malaysia.

Critically, also there needs to be greater recognition that most learning will be workplace-based and that the extent and quality of such training is a source of competitiveness (figure 4.1). Government policies are crucial in providing incentives to the business sector to invest more in their workers and for individuals to take advantage of opportunities for lifelong learning and career development. Partnerships between governments, employers and workers can create effective workplace learning structures, quality assurance of training and the certification of skills obtained.

Strong tripartite partnerships required to address education and training challenges

On-the-job training as a key source of competitiveness

Figure 4.1: Global Competitiveness Index and on-the-job training



4.3 Meeting current and future skills needs

Early identification of skills needs to reduce skills gaps

The previous *Labour and Social Trends in ASEAN 2008* report details increasing skills shortages in the region.⁵¹ With the global economic crisis bringing about long-term structural changes in labour markets in ASEAN and around the world, it is even more imperative now that the future skills needs are identified early and appropriate policies designed. The time available to equip workers with knowledge and skills is often short while adjusting the education and skills training takes longer.

Early identification of future skills needs could help to reduce skills gaps. It could also help adjust the curriculum of initial education to future skills needs and enable training providers to prepare relevant training programmes early on. It could help young women and men to base their training choices on realistic employment prospects and facilitate informed investment decisions in training and lifelong learning by employers and workers. Moreover, it could assist enterprises to adopt new technologies based on the availability of skilled workers.

However, the ability to anticipate future skills needs is still limited. For example, systematic data collection on skills and the knowledge-base of the workforce is necessary to sustain the shift to a low carbon economy but such information is still lacking. Similarly, little is known about future job

⁵¹ ILO: *Labour and social trends in ASEAN 2008: Driving competitiveness and prosperity with decent work* (Bangkok, 2008).

growth and related skills needs associated with expanding domestic demand and deepening regional integration. Yet a solid understanding of skills requirements in a range of sectors is a precondition to take action.

Effective skills identification and forecasting requires data collection and analysis including tracking employment trends in industries with high growth potential as well as the impact of new technologies on job content (see box 4.3). Governments have the primary responsibility for skills identification but the contribution of training institutions as well as that of the social partners through sectoral bodies, bipartite and tripartite institutions are invaluable. Social dialogue and collective bargaining are essential also in promoting a culture of learning, promoting skills development and facilitating the equitable and efficient distribution of the benefits of improved productivity that arise from greater skills development.

Anticipating the future requires labour market information and analysis and social dialogue

Box 4.3 Labour market information and analysis

The economic downturn and greater market volatility have highlighted the importance for ASEAN Member States to strengthen their labour market information systems (LMIS) to better monitor, track and forecast labour market developments. In this regard, ASEAN Member Countries have emphasized the need to “enhance capacity of governments to monitor labour markets and human resource indicators, and design social impact policies” in the ASEAN Socio-Cultural Community Blueprint (2009-2015).⁵²

As a starting point, a sound LMIS requires the regular collection and broad dissemination of reliable data, as well as data analysis and concise presentation of findings to shape the appropriate response measures to shifting labour market dynamics. Such a system could help policymakers to better design, monitor and evaluate policies, as well as support businesses, recent graduates, jobseekers and others to anticipate the supply and demand in the labour market. Moreover, it can inform training and education providers to better tailor curricula to match market needs.

The basic foundation for a robust LMIS are gender- and age-disaggregated labour market statistics based on international definitions and standards, derived from household and establishment surveys and administrative records. In addition, the primary data source is often a household-based labour force survey (LFS). In the ASEAN region, however, there are broad variations in the implementation of LFS (see Table 4.3). While LFS are conducted regularly in most countries, significant gaps exist, particularly in Cambodia, where the LFS was last implemented in 2001, and in the Lao People's Democratic Republic and Myanmar, where the LFS has not yet been carried out.⁵³ Moreover, despite the regular collection of labour force data in other ASEAN countries, users of the data could benefit greatly if the timeframe between conducting the surveys to releasing the data results was shortened. In addition, countries should consider

⁵² ASEAN Socio-Cultural Community Blueprint, paragraph 13, Action (i), <http://www.aseansec.org/5187-19.pdf> (accessed 3 May 2010).

⁵³ In this regard, the ILO is supporting the national statistical offices of Cambodia and the Lao People's Democratic Republic to implement labour force surveys in 2010, with special questions and modules to assess the extent of children who are working and economically active.

expanding their LFS to cover dimensions of decent work beyond employment and unemployment, including informal employment, wages and income, working conditions, social protection and unionization, among others.

Table 4.3: Labour force surveys in ASEAN

	Frequency	Date of last survey
Brunei Darussalam	Non-regular	2008
Cambodia	Non-regular	2001
Indonesia	Bi-annually (Feb. and Aug.)	Feb. 2010
Lao PDR	-	-
Malaysia	Quarterly	Q1 2010
Myanmar	-	-
Philippines	Quarterly	Apr. 2010
Singapore	Quarterly	Q1 2010
Thailand	Quarterly	Q1 2010
Viet Nam	Annually	2009

Note: “-” indicates no LFS has been carried out to-date.

Source: Authors' compilation based on national statistical offices.

Furthermore, there is an urgent need to facilitate the matching of recruiting employers with jobseekers and to prepare the workforce for future skills needs. LMIS, therefore, should increasingly include information on job vacancies as well as statistics on the demand and supply for skills and the provision of technical skills training. Many countries in the ASEAN region however lack the relevant information on skills needs and availability, which in turn represents considerable challenges for employers to find qualified workers and training institutions to anticipate impending skills requirements to support and prepare jobseekers. To tackle these issues, for example, the Singapore Ministry of Manpower has developed a strong LMIS which includes regular analysis on labour market trends and forecasts and a collection of tools to assist jobseekers to make informed decisions on career planning and training.⁵⁴

It is also important that ASEAN Member Countries build their LMIS with a view towards enhanced regional labour migration. Using common data concepts, definitions and indicators would foster the harmonization and integration of labour market information at the regional level. Consequently, this standardized system would help facilitate the matching of workers with the right qualifications and experience with expanding businesses and emerging industries not only in their home country but across the region.

⁵⁴ These various tools for jobseekers include, among others: 1) *Career Compass*, an e-guide for students on what are the occupations and key industry sectors in the medium-term; 2) *Labour Market Highlights*, a labour market guide jointly produced by the Ministry of Manpower and the Singapore Workforce Development Agency; and 3) *Strategic Skills List*, which is drawn up following consultations with industry and other government agencies and highlights the skills for which there is expected to be strong industry demand in the coming years. See: Singapore Ministry of Manpower website, <http://www.mom.gov.sg> (accessed 3 May 2010).

An emerging area where many countries in the ASEAN region and beyond are reporting skills shortages and where future skills needs will arise is in green jobs. Moving towards cleaner production and environmental friendly development is altering patterns of energy use, affecting how industries are operating and raising demand for new 'green skills' across a broad range of industries. In the area of climate change mitigation for example, areas such as engineering, construction and manufacturing for better energy efficiency will continue to grow; examples include solar panels and insulation. Adaptation to the impact of climate change will also increase in importance and in turn have potential impacts on relevant skills in the areas of agriculture and irrigation. In preparing for a greener economy, countries face two major skills challenges. The first is to re-skill workers to 'green' existing jobs, enterprises and industries. The second skills challenge is to educate new generations of students and young workers to take up appropriate skills to meet the rising demand for skilled workers in renewable industries and new green technology.

4.4 Migration, skills and development

As indicated in chapter 2, intra- and inter-regional migration flows are likely to intensify in the next decade and the demand for high-level professionals and skilled workers outpacing the region's requirements for lower skilled labour, with the establishment of the ASEAN Community by 2015 further accelerating this trend. This will have important implications for the management of migration flows and national labour markets, affecting education, skills and training.

The development of a regional qualifications framework in ASEAN has been deferred until all countries in the region have developed their own national qualifications system. Nonetheless, the development of national qualifications frameworks will require close regional coordination to avoid unnecessary adjustments to national frameworks upon the eventual establishment of a regional framework.

In a related initiative, the ASEAN Framework Agreement on Services aims to eliminate restrictions to trade in services of ASEAN Member Countries and deals with skills and competency recognition. Developments include Mutual Recognition Arrangements (MRAs), aimed at facilitating the freer movement and employment of qualified personnel within the region. These initiatives can support ASEAN economies to address the changing labour market demands, meet the rising skills shortages and drive productivity and competitiveness.

4.5 Policy implications

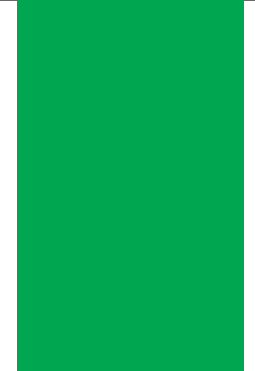
Supply-side measures aimed at improving the region's human resources, in particular investment in education and skills development, are critical in fostering growth and inclusive labour markets. Strengthening national education and training systems, closely coordinated at the regional

Skills for green jobs and green economies

Effective assessment and accreditation of workers required to facilitate migration

Equipping workers with skills for present and future jobs

level, to better prepare ASEAN's workforce with the skills and competencies required to keep pace with changes in the world of work, are critical elements of building a competitive and inclusive ASEAN. Vocational training and workplace learning, strong partnerships between governments, employers and workers in the design and implementation of skills policies, including those required for green jobs, and the early identification of skills needs, including through improved labour market information and analysis, play important roles in enhancing the quality of the workforce and skills. These policies, undertaken in a coherent manner as reflected in the ILO Global Jobs Pact, can make an important contribution to balanced and inclusive growth in ASEAN and in shaping a fair and sustainable globalization.



Annex I

Recovering from the crisis: A Global Jobs Pact ⁵⁵

The General Conference of the International Labour Organization,

Having heard the Heads of State, Vice-Presidents, Prime Ministers and all other participants in the ILO Summit on the Global Jobs Crisis,

Having received the proposal made by the Conference Committee of the Whole on Crisis Responses,

Considering the important role that the Governing Body and the International Labour Office have in the implementation of resolutions adopted by the Conference,

Having in mind the Decent Work Agenda and the Declaration on Social Justice for a Fair Globalization as ways of dealing with the social dimension of globalization,

adopts, this nineteenth day of June of the year two thousand and nine, the following resolution.

I. A decent work response to the crisis

1. The global economic crisis and its aftermath mean the world faces the prospect of a prolonged increase in unemployment, deepening poverty and inequality. Employment has usually only recovered several years after economic recovery. In some countries, the simple recovery of previous employment levels will not be enough to contribute effectively to strong economies, and to achieve decent work for women and men.
2. Enterprises and employment are being lost. Addressing this situation must be part of any comprehensive response.
3. The world must do better.
4. There is a need for coordinated global policy options in order to strengthen national and international efforts centred around jobs,

⁵⁵ Adopted by the International Labour Conference at its 98th Session, Geneva, 19 June 2009.

sustainable enterprises, quality public services, protecting people whilst safeguarding rights and promoting voice and participation.

5. This will contribute to economic revitalization, fair globalization, prosperity and social justice.
6. The world should look different after the crisis.
7. Our response should contribute to a fair globalization, a greener economy and development that more effectively creates jobs and sustainable enterprises, respects workers' rights, promotes gender equality, protects vulnerable people, assists countries in the provision of quality public services and enables countries to achieve the Millennium Development Goals.
8. Governments and workers' and employers' organizations commit to work together to contribute to the success of the Global Jobs Pact. The International Labour Organization's (ILO's) Decent Work Agenda forms the framework for this response.

II. Principles for promoting recovery and development

9. Action must be guided by the Decent Work Agenda and commitments made by the ILO and its constituents in the 2008 Declaration on Social Justice for a Fair Globalization. We set out here a framework for the period ahead and a resource of practical policies for the multilateral system, governments, workers and employers. It ensures linkages between social progress and economic development and involves the following principles:
 - (1) devoting priority attention to protecting and growing employment through sustainable enterprises, quality public services and building adequate social protection for all as part of ongoing international and national action to aid recovery and development. The measures should be implemented quickly in a coordinated manner;
 - (2) enhancing support to vulnerable women and men hit hard by the crisis including youth at risk, low-wage, low-skilled, informal economy and migrant workers;
 - (3) focusing on measures to maintain employment and facilitate transitions from one job to another as well as to support access to the labour market for those without a job;
 - (4) establishing or strengthening effective public employment services and other labour market institutions;
 - (5) increasing equal access and opportunities for skills development, quality training and education to prepare for recovery;
 - (6) avoiding protectionist solutions as well as the damaging consequences of deflationary wage spirals and worsening working conditions;

- (7) promoting core labour standards and other international labour standards that support the economic and jobs recovery and reduce gender inequality;
- (8) engaging in social dialogue, such as tripartism and collective bargaining between employers and workers as constructive processes to maximize the impact of crisis responses to the needs of the real economy;
- (9) ensuring that short-term actions are coherent with economic, social and environmental sustainability;
- (10) ensuring synergies between the State and the market and effective and efficient regulation of market economies including a legal and regulatory environment which enables enterprise creation, sustainable enterprises and promotes employment generation across sectors; and
- (11) the ILO, engaging with other international agencies, international financial institutions and developed countries to strengthen policy coherence and to deepen development assistance and support for least developed, developing and transition countries with restricted fiscal and policy space to respond to the crisis.

III. Decent work responses

10. The above principles set the general framework within which each country can formulate a policy package specific to its situation and priorities. They equally should inform and support action by the multilateral institutions. Set out below are some specific policy options.
11. To limit the risk of long-term unemployment and increased informality which are difficult to reverse, we need to support job creation and help people into work. To achieve this, we agree to put the aim of full and productive employment and decent work at the heart of the crisis responses. These responses may include:
 - (1) boosting effective demand and helping maintain wage levels including via macroeconomic stimulus packages;
 - (2) helping jobseekers by:
 - (i) implementing effective, properly targeted active labour market policies;
 - (ii) enhancing the competence and increasing resources available to public employment services so that jobseekers receive adequate support and, where they are working with

- private employment agencies, ensuring that quality services are provided and rights respected; and
- (iii) implementing vocational and entrepreneurial skills programmes for paid and self-employment;
- (3) investing in workers' skills development, skills upgrading and re-skilling to improve employability, in particular for those having lost or at risk of losing their job and vulnerable groups;
 - (4) limiting or avoiding job losses and supporting enterprises in retaining their workforce through well-designed schemes implemented through social dialogue and collective bargaining. These could include work-sharing and partial unemployment benefits;
 - (5) supporting job creation across sectors of the economy, recognizing the multiplier effect of targeted efforts;
 - (6) recognizing the contribution of small and medium-sized enterprises (SMEs) and micro-enterprises to job creation, and promoting measures, including access to affordable credit, that would ensure a favourable environment for their development;
 - (7) recognizing that cooperatives provide jobs in our communities from very small businesses to large multinationals and tailoring support for them according to their needs;
 - (8) using public employment guarantee schemes for temporary employment, emergency public works programmes and other direct job creation schemes which are well targeted, and include the informal economy;
 - (9) implementing a supportive regulatory environment conducive to job creation through sustainable enterprise creation and development; and
 - (10) increasing investment in infrastructure, research and development, public services and “green” production and services as important tools for creating jobs and stimulating sustained economic activity.
12. Sustainable social protection systems to assist the vulnerable can prevent increased poverty, address social hardship, while also helping to stabilize the economy and maintain and promote employability. In developing countries, social protection systems can also alleviate poverty and contribute to national economic and social development. In a crisis situation, short-term measures to assist the most vulnerable may be appropriate.

- (1) Countries should give consideration, as appropriate, to the following:
 - (i) introducing cash transfer schemes for the poor to meet their immediate needs and to alleviate poverty;
 - (ii) building adequate social protection for all, drawing on a basic social protection floor including: access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and working poor;
 - (iii) extending the duration and coverage of unemployment benefits (hand in hand with relevant measures to create adequate work incentives recognizing the current realities of national labour markets);
 - (iv) ensuring that the long-term unemployed stay connected to the labour market through, for example, skills development for employability;
 - (v) providing minimum benefit guarantees in countries where pension or health funds may no longer be adequately funded to ensure workers are adequately protected and considering how to better protect workers' savings in future scheme design; and
 - (vi) providing adequate coverage for temporary and non-regular workers.
 - (2) All countries should, through a combination of income support, skills development and enforcement of rights to equality and non-discrimination, help vulnerable groups most hard hit by the crisis.
 - (3) In order to avoid deflationary wage spirals, the following options should be a guide:
 - social dialogue;
 - collective bargaining;
 - statutory or negotiated minimum wages.

Minimum wages should be regularly reviewed and adapted. Governments as employers and procurers should respect and promote negotiated wage rates. Narrowing the gender pay gap must be an integrated part of these efforts.
13. Countries that have strong and efficiently run social protection systems have a valuable inbuilt mechanism to stabilize their economies

and address the social impact of the crisis. These countries may need to reinforce existing social protection systems. For other countries, the priority is to meet urgent needs, while building the foundation for stronger and more effective systems.

14. International labour standards create a basis for and support rights at work and contribute to building a culture of social dialogue particularly useful in times of crisis. In order to prevent a downward spiral in labour conditions and build the recovery, it is especially important to recognize that:
 - (1) Respect for fundamental principles and rights at work is critical for human dignity. It is also critical for recovery and development. Consequently, it is necessary to increase:
 - (i) vigilance to achieve the elimination and prevention of an increase in forms of forced labour, child labour and discrimination at work; and
 - (ii) respect for freedom of association, the right to organize and the effective recognition of the right to collective bargaining as enabling mechanisms to productive social dialogue in times of increased social tension, in both the formal and informal economies.
 - (2) A number of international labour Conventions and Recommendations, in addition to the fundamental Conventions, are relevant. These include ILO instruments concerning employment policy, wages, social security, the employment relationship, the termination of employment, labour administration and inspection, migrant workers, labour conditions on public contracts, occupational safety and health, working hours and social dialogue mechanisms.
 - (3) The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy is an important and useful tool for all enterprises, including those in supply chains, for responding to the crisis in a socially responsible manner.
15. Especially in times of heightened social tension, strengthened respect for, and use of, mechanisms of social dialogue, including collective bargaining, where appropriate at all levels, is vital.
16. Social dialogue is an invaluable mechanism for the design of policies to fit national priorities. Furthermore, it is a strong basis for building the commitment of employers and workers to the joint action with governments needed to overcome the crisis and for a sustainable recovery. Successfully concluded, it inspires confidence in the results achieved.

17. Strengthening capacities for labour administration and labour inspection is an important element in inclusive action on worker protection, social security, labour market policies and social dialogue.

IV. The way forward: Shaping a fair and sustainable globalization

18. The above agenda closely interacts with other dimensions of globalization and requires policy coherence and international coordination. The ILO should collaborate fully with the United Nations and all relevant international organizations.
19. The ILO welcomes the G20 invitation to the ILO, working with other relevant organizations, to assess the actions taken and those required for the future.
20. We affirm our support to the ILO's role within the UN Chief Executives Board (CEB), which can help to create a favourable international environment for the mitigation of the crisis. We encourage the ILO to play a facilitating role to ensure effective and coherent implementation of social and economic policies in this respect.
21. Cooperation is particularly important on the following issues:
 - (1) building a stronger, more globally consistent, supervisory and regulatory framework for the financial sector, so that it serves the real economy, promotes sustainable enterprises and decent work and better protects savings and pensions of people;
 - (2) promoting efficient and well-regulated trade and markets that benefit all and avoiding protectionism by countries. Varying development levels of countries must be taken into account in lifting barriers to domestic and foreign markets; and
 - (3) shifting to a low-carbon, environment-friendly economy that helps accelerate the jobs recovery, reduce social gaps and support development goals and realize decent work in the process.
22. For many developing countries, especially the least developed, the global recession exacerbates large-scale structural unemployment, underemployment and poverty. We recognize the need to:
 - (1) give much greater priority to the generation of decent work opportunities with systematic, well-resourced, multidimensional programmes to realize decent work and development in the least developed countries;
 - (2) promote the creation of employment and create new decent work opportunities through the promotion and development of sustainable enterprises;

- (3) provide vocational and technical training and entrepreneurial skills development especially for unemployed youth;
 - (4) address informality to achieve the transition to formal employment;
 - (5) recognize the value of agriculture in developing economies and the need for rural infrastructure, industry and employment;
 - (6) enhance economic diversity by building capacity for value-added production and services to stimulate both domestic and external demand;
 - (7) encourage the international community, including international financial institutions, to make available resources for countercyclical action in countries facing fiscal and policy constraints;
 - (8) keep commitments to increased aid to prevent a serious setback to the Millennium Development Goals; and
 - (9) urge the international community to provide development assistance, including budgetary support, to build up a basic social protection floor on a national basis.
23. Governments should consider options such as minimum wages that can reduce poverty and inequity, increase demand and contribute to economic stability. The ILO's Minimum Wage Fixing Convention, 1970 (No. 131), can provide guidance in this respect.
24. This current crisis should be viewed as an opportunity to shape new gender equality policy responses. Recovery packages during economic crises need to take into account the impact on women and men and integrate gender concerns in all measures. In discussions on recovery packages, both regarding their design and assessing their success, women must have an equal voice with men.
25. Giving effect to the recommendations and policy options of the Global Jobs Pact requires consideration of financing. Developing countries that lack the fiscal space to adopt response and recovery policies require particular support. Donor countries and multilateral agencies are invited to consider providing funding, including existing crisis resources, for the implementation of these recommendations and policy options.

V. ILO action

26. The ILO has recognized authority in key areas of importance to respond to the crisis and to promote economic and social development. The ILO's capacity for research and economic and social

data analysis is important in this context. Its expertise should be at the centre of its work with governments, social partners and the multilateral system. It includes, but is not limited to:

- employment generation;
- social protection design and financing models;
- active labour market programmes;
- minimum wage setting mechanisms;
- labour market institutions;
- labour administration and labour inspection;
- decent work programmes;
- enterprise creation and development;
- international labour standards implementation and monitoring;
- social dialogue;
- data collection;
- gender equality in the labour market;
- workplace programmes on HIV/AIDS; and
- labour migration.

27. The following activities can only strengthen the practical work outlined above:
- improving countries' capacity to produce and use labour market information, including on wage trends, as a basis for informed policy decisions, and collect and analyse consistent data to help countries benchmark their progress;
 - collecting and disseminating information on countries' crisis response and recovery packages;
 - assessing the actions taken and those required for the future, working with other relevant organizations;
 - strengthening partnerships with regional development banks and other international financial institutions;
 - strengthening country-level diagnostic and policy advisory capacity; and
 - prioritizing crisis response in Decent Work Country Programmes.
28. The ILO commits to allocating the necessary human and financial resources and working with other agencies to assist constituents who request such support to utilize the Global Jobs Pact. In doing so, the ILO will be guided by the 2008 Declaration on Social Justice for a Fair Globalization and accompanying resolution.



Annex II

Statistical Annex - List of tables

A.1. Gross domestic product (annual growth rate) - 2000, 2007-2011	54
A.2. Labour force (ages 15+) - 2000, 2010, 2015 & 2020.....	55
A.3. Employment - 2000, 2007-2009.....	56
A.4. Unemployment - 2000, 2007-2009.....	57
A.5. Status in employment, most recent year	58
A.6. Employment by major economic sector, most recent year	59
A.7. Output per worker - 2000, 2007-2009.....	60

A.1. Gross domestic product (annual growth rate) - 2000, 2007-2011

	2000	2007	2008	2009	2010p	2011p
ASEAN	6.4	6.6	4.4	1.4	5.4	5.6
Brunei Darussalam	2.9	0.2	-1.9	-0.5	0.5	1.0
Cambodia	8.8	10.2	6.7	-2.5	4.8	6.8
Indonesia	5.4	6.3	6.0	4.5	6.0	6.2
Lao People's Democratic Republic	6.3	7.8	7.8	7.6	7.2	7.4
Malaysia	8.7	6.2	4.6	-1.7	4.7	5.1
Myanmar	13.7	11.9	3.6	4.8	5.3	5.0
Philippines	6.0	7.1	3.8	0.9	3.6	4.0
Singapore	10.1	8.2	1.4	-2.0	5.7	5.3
Thailand	4.8	4.9	2.5	-2.3	5.5	5.5
Viet Nam	6.8	8.5	6.2	5.3	6.0	6.5
"Plus 3" Countries and India						
China	8.4	13.0	9.6	8.7	10.0	9.9
Japan	2.9	2.4	-1.2	-5.2	1.9	2.0
Korea, Republic of	8.8	5.1	2.3	0.2	4.5	5.0
India	5.7	9.4	7.3	5.7	8.8	8.4

Note: "p" denotes projection.

Source: IMF, World Economic Outlook Database, April 2010.

A.2. Labour force (ages 15+) - 2000, 2010, 2015 & 2020

	Total			Male			Female					
	2000	2010	2015	2020	2000	2010	2015	2020	2000	2010	2015	2020
ASEAN	246 583	297 780	320 941	341 470	143 889	173 250	186 543	198 505	102 694	124 530	134 398	142 965
Brunei Darussalam	155	202	223	241	94	115	124	132	61	87	99	108
Cambodia	5 903	8 050	9 020	9 844	2 927	4 177	4 746	5 230	2 976	3 873	4 274	4 614
Indonesia	96 958	117 578	126 886	135 501	60 501	72 733	78 298	83 454	36 457	44 844	48 587	52 047
Lao People's Democratic Republic	2 473	3 179	3 639	4 080	1 234	1 582	1 832	2 075	1 239	1 597	1 807	2 005
Malaysia	9 726	12 250	13 369	14 401	6 340	7 894	8 536	9 146	3 386	4 356	4 833	5 255
Myanmar	25 187	27 337	29 283	31 181	14 001	15 232	16 228	17 207	11 186	12 105	13 054	13 974
Philippines	31 477	39 639	43 943	48 400	19 731	24 304	26 747	29 356	11 746	15 335	17 197	19 044
Singapore	2 059	2 632	2 790	2 834	1 236	1 534	1 615	1 642	823	1 098	1 175	1 192
Thailand	34 304	38 977	40 162	40 794	18 415	20 981	21 547	21 831	15 889	17 996	18 615	18 963
Viet Nam	38 342	47 936	51 626	54 195	19 410	24 697	26 870	28 431	18 932	23 239	24 756	25 764
"Plus 3" Countries and India												
China	728 656	797 593	817 051	817 478	403 132	442 077	456 424	460 748	325 524	355 516	360 627	356 730
Japan	67 513	65 152	63 080	61 600	40 087	37 918	36 307	35 119	27 426	27 234	26 773	26 481
Korea, Republic of	22 385	24 679	25 446	25 796	13 250	14 306	14 709	14 903	9 135	10 373	10 737	10 892
India	395 831	483 777	529 154	572 119	287 823	350 146	382 925	413 700	108 009	133 630	146 229	158 419

Source: ILO, LABORSTA, Economically Active Population Estimates and Projections (5th Edition, revision 2009).

A.3. Employment - 2000, 2007-2009

(thousand)

	Total			Male			Female					
	2000	2007	2008	2009	2000	2007	2008	2009	2000	2007	2008	2009
ASEAN	234 217	266 303	271 670	276 204	136 598	155 510	158 039	161 030	976 186	110 793	113 631	115 173
Brunei Darussalam	...	179	182	...	...	109	111	...	...	69	71	...
Cambodia	...	...	6 841	...	...	...	3 346	...	...	...	3 495	...
Indonesia	89 838	99 930	102 553	104 870	55 439	63 148	63 899	...	34 399	36 782	38 653	...
Lao People's Democratic Republic	...	2 740	...	...	...	1 364	...	...	...	1 374	...	...
Malaysia	9 269	10 538	10 660	10 897	5 974	6 747	6 851	...	3 296	3 791	3 809	...
Myanmar	...	...	...	...	...	...	...	...	...	...	...	...
Philippines	27 452	33 560	34 089	35 060	17 193	20 542	20 959	...	10 259	13 018	13 129	...
Singapore	...	1 803	1 852	1 869	...	1 038	1 054	1 066	...	765	799	803
Thailand	33 001	37 122	37 837	38 372	18 165	19 977	20 405	20 787	14 836	17 145	17 432	17 584
Viet Nam	38 368	45 579	...	...	19 292	23 525	...	...	19 076	22 053	...	...
"Plus 3" Countries and India												
China	720 850	769 900	774 800	...	...	...	...	...	...	...	...	...
Japan	64 460	64 120	63 850	62 820	38 170	37 530	37 290	36 440	26 290	26 590	26 560	26 380
Korea, Republic of	21 156	23 433	23 577	23 506	12 387	13 607	13 703	13 734	8 769	9 826	9 874	9 772
India	331 383	...	...	...	236 189	...	...	...	95 193	...	...	...

Notes: 2009 ASEAN aggregates are preliminary estimates; Lao People's Democratic Republic: 2007 column shows data for 2005; Philippines: series break in 2005, data not strictly comparable. Source: ILO, Trends Econometric Models, October 2009; ILO, LABORSTA; Data from national statistical offices and ministries of labour.

A.4. Unemployment - 2000, 2007-2009

(per cent of labour force)

	Total			Male			Female					
	2000	2007	2008	2009	2000	2007	2008	2009	2000	2007	2008	2009
ASEAN	5.0	5.5	5.4	5.7	5.1	5.2	5.2	5.5	4.9	5.8	5.6	5.9
Brunei Darussalam	...	3.4	3.7	...	...	3.1	3.6	...	...	8.7	9.0	...
Cambodia	...	...	1.6	...	...	...	1.5	...	...	...	1.8	...
Indonesia	8.1	9.1	8.4	7.9	7.2	8.1	7.6	...	9.6	10.8	9.7	...
Lao People's Democratic Republic	...	1.4	...	...	...	...	...	...	...	...	...	...
Malaysia	3.0	3.2	3.3	3.7	3.0	3.1	3.2	...	3.1	3.4	3.7	...
Myanmar	...	...	...	...	...	...	...	...	...	...	...	...
Philippines	10.1	7.3	7.4	7.5	10.9	7.5	7.6	...	9.9	7.0	7.1	...
Singapore	...	4.0	4.0	5.9	...	3.7	3.6	5.4	...	4.3	4.4	6.5
Thailand	2.4	1.2	1.2	1.2	2.4	1.3	1.3	1.2	2.3	1.1	1.0	1.1
Viet Nam	2.3	2.4	...	...	2.4	2.4	...	...	2.1	2.5	...	...
"Plus 3" Countries and India												
China	3.1	4.0	4.2	...	...	...	...	...	...	...	...	...
Japan	4.7	3.9	4.0	5.1	4.9	3.9	4.1	5.3	4.5	3.7	3.8	4.8
Korea, Republic of	4.4	3.2	3.2	3.6	5.0	3.7	3.6	4.1	3.6	2.6	2.6	3.0
India	4.3	...	...	...	4.4	...	...	...	4.1	...	...	...

Notes: 2009 ASEAN aggregates are preliminary estimates; Lao PDR: 2007 column shows data for 2005; Philippines: series break in 2005, data not strictly comparable. Source: ILO, Trends Econometric Models, October 2009; ILO, LABORSTA; Data from national statistical offices and ministries of labour.

A.5. Status in employment, most recent year

(per cent)

Year	Both Sexes				Females				Males				
	Wage & salaried workers (employees)	Employers	Own-account workers	Contributing family workers	Wage & salaried workers (employees)	Employers	Own-account workers	Contributing family workers	Wage & salaried workers (employees)	Employers	Own-account workers	Contributing family workers	
ASEAN	2009	37.7	2.8	39.1	20.4	35.3	1.3	29.0	34.4	39.5	3.8	46.4	10.3
Brunei Darussalam	...	...	...	...	...	...	...	...	...	...	...	...	...
Cambodia	2008	17.3	0.1	39.6	42.9	14.0	0.1	25.3	60.6	20.7	0.2	54.5	24.5
Indonesia	2009/2008	38.8	2.9	41.0	17.3	33.1	1.4	33.4	32.1	41.7	3.9	46.6	7.8
Lao PDR	2003	14.4	3.8	55.7	26.1	...	...	...	...	...	...	...	...
Malaysia	2008	74.6	3.5	17.4	4.6	78.9	1.4	11.7	8.1	72.2	4.7	20.5	2.6
Myanmar	...	...	...	...	...	...	...	...	...	...	...	...	...
Philippines	2009/2008	53.3	4.1	30.6	12.0	51.4	2.4	28.8	17.4	52.9	5.3	32.8	9.0
Singapore	2009	85.2	4.9	9.2	0.6	90.0	2.8	6.2	1.0	81.6	6.5	11.5	0.3
Thailand	2009/2008	42.9	2.7	32.6	21.7	42.6	1.3	24.8	31.1	43.7	3.7	37.8	14.7
Viet Nam	2007	22.6	0.3	34.3	42.4	21.4	0.2	24.7	53.5	23.6	0.4	43.3	31.9
"Plus 3" Countries and India													
China	...	...	...	...	...	...	...	...	...	...	...	...	...
Japan	2009	86.9	2.5	7.0	3.2	87.6	1.0	4.7	6.3	86.4	3.5	8.7	1.0
Korea, Republic of	2009	70.0	6.5	17.8	5.7	71.2	3.5	13.4	11.9	69.2	8.6	21.0	1.3
India	...	...	...	...	...	...	...	...	...	...	...	...	...

Notes: ASEAN aggregates are preliminary estimates; Indonesia, Philippines and Thailand: Aggregated data are from 2009 and sex-disaggregated data are from 2008; Indonesia: Employees include casual employees.

Sources: ILO, Trends Econometric Models, October 2009; ILO, LABORSTA; Data from national statistical offices and ministries of labour.

A.6. Employment by major economic sector, most recent year

(per cent)

	Year	Agriculture	Industry	Services	Other
ASEAN	2009	44.0	17.8	38.2	0.0
Brunei Darussalam	2008	4.2	46.7	49.1	0.0
Cambodia	2008	72.3	8.5	19.8	0.0
Indonesia	2009	39.7	17.5	41.5	1.3
Lao People's Democratic Republic	2003	82.2	9.3	8.6	0.0
Malaysia	2009	13.8	26.9	59.5	0.0
Myanmar	1998	62.7	12.2	25.1	0.0
Philippines	2009	34.3	14.5	51.1	0.0
Singapore	2009	...	21.8	77.1	1.1
Thailand	2009	41.5	19.5	39.0	0.1
Viet Nam	2007	52.2	19.2	28.6	0.0
"Plus 3" Countries and India					
China	2008	39.6	27.2	33.2	0.0
Japan	2009	4.1	27.2	68.6	0.0
Korea, Republic of	2009	7.0	23.7	69.3	0.0
India	2004	54.0	20.0	26.0	0.0

Note: ASEAN aggregates are preliminary estimates.

Sources: ILO, Trends Econometric Models, October 2009; ILO, Key Indicators of the Labour Market, 6th Edition; Data from national statistical offices and ministries of labour.

A.7. Output per worker - 2000, 2007-2009

(constant 2009 US\$)

	2000	2007	2008	2009p
ASEAN	9 626	12 076	12 219	12 012
Brunei Darussalam	....	....	....	....
Cambodia	2 415	3 022	3 176	3 239
Indonesia	7 552	9 821	9 915	9 888
Lao People's Democratic Republic	....	....	....	....
Malaysia	29 782	37 111	38 376	37 837
Myanmar	....	....	....	....
Philippines	9 044	10 356	10 562	10 642
Singapore	80 564	92 618	86 226	74 790
Thailand	13 192	16 124	16 200	15 441
Viet Nam	4 132	5 926	6 195	6 465
"Plus 3" Countries and India				
China	5 993	12 313	13 414	14 560
Japan	63 543	71 659	71 229	69 467
Korea, Republic of	47 754	59 355	60 291	58 817
India	5 235	7 405	7 710	8 013

Notes: "p" denotes projection; ASEAN aggregates exclude data for Brunei Darussalam, Lao PDR and Myanmar.

Source: Conference Board and Groningen Growth and Development Centre Total Economy Database, January 2010.