

**TRIPARTITE CONFERENCE ON INDONESIAN RETAIL SECTOR
22ND JULY 2009 JAKARTA, INDONESIA**

**SOCIAL PARTNERSHIP FOR DECENT WORK,
PRODUCTIVITY AND COMPETITIVENESS**

THE MILLENNIUM COMMUNIQUE

We, the representatives of the Indonesia retail sectors, having participated at the First Tripartite Conference of Indonesian Retail Sector adopted the following communiqué as an expression of our commitment to work together in social partnership to enhance the competitiveness of the Indonesia retail industry in an increasingly globalized economy.

This Conference organized by UNI Apro and Aspek Indonesia in co-operation with FES Germany in Jakarta on 22 July 2009 enabled us:

- ✓ to recognize the root cause and the challenges confronting the Indonesian economy and the retail sector in particular,
- ✓ to explore and set the framework for genuine and active social partnership to sustain industrial peace and revitalise the retail sector.

We recognise that meaningful social partnership must be based on co-operative and harmonious labour management relations. This is crucial in building up productivity and competitiveness of the Indonesian retail industry. This is obvious, as no industry today can survive if it cannot provide competitive products and services in a globalized market at home or overseas.

However, such competitiveness cannot be realized unless there is a concerted joint effort by both employers and employees for the pursuit of continuing high productivity. Furthermore, no productivity and competitiveness program will work if the employees do not enjoy decent terms and conditions of employment and their rights not fully recognized.

We also recognize that for the formula of decent work, productivity and competitiveness to take off, both parties must be able to engage in regular serious and honest dialogues in the spirit of true and genuine social partnership. The meaningful dialogue that took place between the tripartite partners of the Indonesian retail industry at this conference can be looked upon as the beginning of the process.

We further recognize that relations between employers and unions have sometime been adversarial and even hostile at times. For the sake of a progressive and sustainable industrial economy and decent employment, we unanimously agreed that such relationship should be transformed.

To overcome industrial discord and ensure industrial harmony, we - the employers and trade unions recognize that social partnering must be based on the fundamentals of a progressive industrial relations system, where labour and management:

- ✓ Recognize and respect each other basic rights and interests under the Indonesian Constitution, laws and ILO conventions.
- ✓ Accept that there are areas where the interests of both labour and management converge and diverge and that both parties endeavor to accommodate each party's interests to the maximum possible and resolve conflicts in a harmonious win-win fashion.

- ✓ Collaborate closely to develop appropriate confidence and capacity-building mechanisms and nurture an environment supportive of the foregoing principles and processes. In this connection, the development of mutual trust bred by mutual respect, goodwill, understanding and accommodation of each other's interests must be the objectives of all strategy and activities.

In line with this principle, employers must recognize that basic workers' rights include the following:

- ✓ right to work and to better qualifications for work
- ✓ right to organize, to bargain collectively and engage in legal concerted activity
- ✓ right to a redress of just grievances and to due process under the law,
- ✓ right to enjoy decent employment, wages, benefits and work conditions mandated by law and/or negotiated under the CBA
- ✓ right to secure and healthy work environment, and social protection for all; and
- ✓ right to equal opportunity and non-discrimination at work.

On the other hand, trade unions must recognize that basic employers' rights include the following:

- ✓ Right to freely choose the business they want to invest in, including the right to shop closures,
- ✓ Right to just returns on investments; and
- ✓ Right to manage business freely in accordance with the exigencies of the market, including the inherent right to manage work and work processes and to discipline employees subject only to the limitations imposed by law, CBA and fair play.

We are convinced and believe that by working together guided by the principles of social 'partnering', we will be able to effectively confront the challenges of globalization and develop understanding and social pacts to address common issues and challenges.

Employment and Competitiveness

In an increasing globalised economy, we recognized the perpetual need of the industry and enterprises to adopt appropriate competitiveness adjustment measures needed to remain viable and profitable. Such measures may include measures affecting the organization, production set-up, personnel deployment and job design, among others.

We agree that consideration for competitiveness adjustment measures should be subjected to extensive discussions by both the concerned employers and unions on alternative ways of enhancing business survival and viability without resorting to job-displacing measures.

If they have direct impact on personnel deployment and job security, they should be tempered by the requirements of job preservation (to the maximum possible) and/ or job creation (to absorb or redeploy affected employees) through new investment projects. Likewise, these adjustment measures should be subjected to the test of fairness and legality and should be submitted for consultation with the affected union and workers.

The other critical counter measures could be the development of competitiveness measures in the form of programs to support higher productivity and decent work, through the use of technology and development of the skills of retail sector workers and strengthening labor-management cooperation.

Institutionalizing the Dialogue Process and the Development of Constructive Social Partnership Industrial Relations

The success of this joint undertaking depends on the joint follow-up activities and the implementation of the joint labor-management commitments. For this purpose, we will form a joint steering committee to help plan and guide the affairs of this joint program on training and retraining as well as industrial relations, including the formation of the dispute settlement body and other institutions.

We call upon:

- ✓ The Government to establish a Tripartite Committee for the Indonesia Retail Sector to institutionalize co-operation and collaboration between the social partners in the retail sectors in the quest to develop a competitive retail sector capable of providing a good return on investments, generate decent employment and contribute to the development of the Indonesian economy and society.
- ✓ The ILO to provide technical and resource support in developing the Tripartite Committee for the Indonesia Retail Sector.

We appreciate the support and guidance provided by UNI Apro in the introduction and development of the social partnership industrial relations concept in the retail sector and Indonesia and look forward to their help to facilitate the planning, organizing, implementing, monitoring and evaluating of this endeavor to develop social partnership industrial relations.

We are thankful to the FES Germany for their co-operation in the development of trade unions and harmonious industrial relations and look forward to their continuing support and guidance.

We are privileged to have the benefit of the extensive experiences of various organizations as represented by the speakers at the Conference. We are inspired by their positive experiences and motivated by their commitments and will endeavor to emulate your effort. Obviously, we are looking forward to their support and guidance.

We are aware of the many hurdles that still have to be overcome in our common quest to develop a truly social partnership relation between employers and trade unions in the retail sector in Indonesia. But this Conference has given us a cause for optimism. It marks the beginning of a constructive and sustained dialogue in support of our common goal -- the attainment of a stable, progressive and sustainable retail sector in a people economy in Indonesia..