



# TRADE UNIONS, EMPLOYERS AND LABOUR MINISTERS INITIATED A SECTORAL SOCIAL DIALOGUE ON ASEAN LEVEL



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## PREFACE



As the 15th ASEAN Summit was taking place in Hua-Hin (Thailand) from 23rd until 25th October more than 60 representatives of the ASEAN Services Employees Trade Union Council (ASETUC) met on October 24th 2009, in Bangkok, Thailand with their social partners from the ASEAN Senior Labour Officials Meeting (ASEAN SLOM), the ASEAN Secretariat as well as the ASEAN Confederation of Employers (ACE) for their first tripartite dialogue at the ASEAN level. During this meeting, cooperation between these three partners of social dialogue was mutually developed and further collaboration was agreed.

Before this tripartite dialogue, trade unionists from ASETUC which consists of member-organisations UNI Apro (services sector), BWI AP (construction and forestry sectors) and PSI AP (public services sector) had a public review over the results of the assessment-study "ASEAN Economic Integration and its Impact on Trade Unions and Workers". The study was conducted by an

expert research team over the last two months. Together, the participants agreed upon a joint communiqué "Bridge the Gap: The Workers' Voice in ASEAN Integration" (find attached), which was discussed on the second day of the conference with ASEAN SLOM officials from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Myanmar, Thailand and Viet Nam as well as the ASEAN Confederation of Employers (ACE) represented by APINDO, Indonesia and ECOT, Thailand and the ASEAN Secretariat led by Dr Donald Tambunan.

As trade unions we very much appreciate the initiated sectoral social dialogue and fully commit our movement to the ASEAN community, which we seek to develop in close cooperation with our partners from ASEAN SLOM, the ASEAN Secretariat and the Employers' Organizations. We call therefore for union recognition on national and regional level as equal partners and commit at the same time to a future constructive engagement for economic growth with economic justice in the region.

A handwritten signature in black ink, appearing to read 'Shafie', written over a horizontal line.

**Mohamad Shafie BP Mammal**  
General Secretary  
ASEAN Services Trade Union Council, ASETUC



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## ASETUC Workshop on ASEAN ECONOMIC INTEGRATION AND ITS IMPACT ON TRADE UNIONS AND WORKERS:

24th October 2009 Bangkok, Thailand

### BRIDGE THE GAP: THE WORKERS' VOICE IN ASEAN INTEGRATION

#### JOINT COMMUNIQUÉ

We, the participants at the ASETUC workshop on the *ASEAN Economic Integration and its Impact on Trade Unions and Workers* adopt the following communiqué as an expression of our commitment to work together in social partnership to contribute to the building of a caring and sharing, people-oriented ASEAN community, promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security, sustainability and human dignity with trade unions' participation.

This Conference was organized by the ASEAN Services Employees Trade Union Council (ASETUC) in co-operation with the BWI, PSI and UNI with the support of the FES Germany in Bangkok on 24th October 2009 to enable us to:

- better understand the impact of the ASEAN Economic Community (AEC) on trade unions and workers through research conducted on sectoral industries as outlined in the ASEAN Economic Blueprint and identified priority sectors.
- explore, set the framework and plan for genuine and active social dialogue and strategic partnership with the ASEAN to achieve the objective of decent work for all.

#### ASEAN Integration Challenge

We believe that the process of regional economic integration being undertaken by the ASEAN has the potential to provide ASEAN member countries with competitive advantages in an era of globalization by pooling resources and expertise, spurring economic growth, providing greater decent job opportunities, and promoting overall socio-economic development in the region.

This integration will shape the new economic governance, build the way towards a low carbon, sustainable development of ASEAN and deal with the effects of climate change while generating food and financial security.

However, we are concerned that this laudable goal might be undermined by the lack of attention and understanding of the critical importance of social protection, economic justice, respect for international core labour standards and decent work. Indeed, the greatest challenge facing us in ASEAN is to put the interests and well-being of workers and their families at the top of the regional integration agenda. We want closer linkages between and among the ten ASEAN countries. In addition, we believe that the integration process should be inclusive and truly beneficial and equitable for workers who constitute the majority of ASEAN society.

## Trade Union as Active, Committed and Constructive Partner of ASEAN

We recognize that as trade unionists, workers and citizens of ASEAN, we have a responsibility to contribute to the building of a caring and sharing ASEAN community. Our unions have significant expertise and knowledge which we are prepared to commit to this process. Trade unions within the ASEAN member countries have been active in engaging ASEAN on the economic and social dimensions of the various regional and industrial liberalization programs and policies. In particular, we have been propagating an integration process that leads to genuine social and economic cohesion among the peoples of ASEAN. We have and will continue to monitor the impact of economic integration on economic sectors that we represent. We will continue to conduct studies to enable our membership to appreciate the implications of the ASEAN regional economic integration on workers and their families in the region. The present studies are focused on three sectors in the ASEAN, namely Construction, Finance and Healthcare and will be expanded to include other sectors.

## Trade Unions' Commitments

To help workers within ASEAN fully appreciate and understand the ASEAN regional integration process, trade unions in ASEAN will disseminate comprehensive, understandable and accessible information in their national languages to workers regarding ASEAN. We are committed to prepare trade union leaders and members for meaningful and constructive dialogue with employers and governments at the national and ASEAN levels.

Trade unions are ready to engage and support the efforts of ASEAN regional integration by offering constructive inputs to help in the development of industries. Trade unions are committed to work in partnership with the ASEAN Chambers of Commerce and Industry (ASEAN-CCI) and the ASEAN Business Advisory Council (ASEAN-BAC), ASEAN Confederation of Employers (ACE) as well as other regional and national employers and employers' associations concerned to





promote the Global Jobs Pact. Trade unions and our affiliates will continue to support and pursue the vision and mission of ASEAN Community 2015, the joint efforts of the ASEAN SLOM to achieve Vision 2020 and the work of the ASEAN Secretariat and the other ASEAN partners.

We adhere to and emphasize the important role that trade unions play in ensuring industrial peace to facilitate the growth and development of companies and industries in a competitive environment. Tripartite social partnership and social dialogue are therefore important to provide effective channels for information and mechanisms for consultation. In this way, trade unions will be able to anticipate and manage changes in a socially acceptable and responsible manner. We, the ASEAN trade unions are committed to developing and maintaining harmonious labour management relations and ready to work in close partnership with employers and governments at the sectoral, national and regional levels.

## **Institutionalizing the Participation of Trade Union and the Development of Constructive Social Partnership**

The success of the ASEAN integration process depends on the engagement of both employers and trade unions to commit to work together. Therefore, we call upon:

- ASEAN governments to support these initiatives by facilitating social dialogue between employers and trade unions participation in the various ASEAN forums. In line with the ASEAN Charter and the vision of "One Caring and Sharing Community", it is vital that there be a systematic effort to facilitate and enable trade unions' participation in the ASEAN processes. This is essential to enable and encourage trade unions and employers to work in partnership at sectoral, national and ASEAN levels.
- ASEAN governments to nurture and facilitate the continuity of social dialogue, develop strategic social partnership and maintain meaningful and constructive channels of communications at the national and ASEAN levels to help ASEAN industries enjoy sustainable growth while ensuring workers have decent jobs. In regards to this, we would like to continue the research oriented direction as a think-tank contributor and we would urge ASEAN community to be engaged with and acknowledge our findings in the future as a foundation for better dialogues.
- ASEAN Secretariat and the ASEAN Senior Labour Officials Meeting (SLOM) to support and assist in the accreditation process of ASETUC. On our side, we commit ourselves to fully satisfy the criteria set by ASEAN.

We are grateful for the participation in this workshop of Senior Labour Officials from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Myanmar, Thailand and Viet Nam as well as the ASEAN Confederation of Employers (ACE) represented by APINDO, Indonesia and ECOT, Thailand and the ASEAN Secretariat led by Dr Donald Tambunan.

We appreciate the support and guidance provided by the Global Union Federations in the Asia and Pacific region and we sincerely thank the Friedrich Ebert Stiftung (FES) for their support to our workshop and look forward to their continuing collaboration in our efforts to achieve a people-oriented ASEAN.



11th February 2009 Bogor, Indonesia

## **Bogor Statement of ASEAN Trade Unions Unity Towards ASEAN Regional Economic Integration**

We, the representatives of Global Union Federation (GUF) affiliates and trade unions, gathered in Bogor, Indonesia on 9-11 February 2009, to convene a regional workshop on Trade Unions and the ASEAN Regional Economic Integration. On this historical occasion, we recognize that as trade unionists, workers and citizens of ASEAN, we have a responsibility to contribute to the building of a caring and sharing ASEAN community. We are committed to work together to build a people-centred ASEAN with trade unions' participation.

We believe that the process of regional economic integration being undertaken by ASEAN has the potential to provide ASEAN member countries with competitive advantages in this age of globalization by spurring economic growth, providing greater job opportunities and promoting overall socio-economic development in the region. Our unions have significant expertise and knowledge which we are prepared to commit to this process. However, we are seriously concerned that this laudable goal is being undermined by a lack of attention and understanding of the critical importance of social protection, social justice, and international core labour standards that must accompany this rapid economic integration.

Indeed, the greatest challenge facing us in ASEAN is to put the interests and well-being of the working people in the ten ASEAN countries at the top of the regional integration agenda. We want closer linkages between and among the ten ASEAN countries. However, we also want the integration process to be not only inclusive but also truly beneficial and equitable for those who constitute the majority of ASEAN society.

Towards this end, ASEAN trade unions have been active in engaging ASEAN on the economic and social dimensions of the various regional and industrial liberalization programs. In particular, we have been pushing for an integration process that respects the universal core labour standards and therefore leads to genuine social and economic cohesion among the peoples of ASEAN.

After intensive deliberation over these past three days, we, the ASEAN trade unions, have given our commitment to the following plan of action to contribute constructively and collectively to the ASEAN integration process.

1. To better understand the impact that the ASEAN regional economic integration will have on the approximately 263 million working people in the region, the trade unions and GUF affiliates will undertake a series of comprehensive studies of the impact of economic integration on economic sectors where our members are employed. These studies will focus on the impacts on the workers in the various sectors in ASEAN in relation to:
  - Development of the sector in terms of evolution of the industries, ownership and their operations;
  - Employment trends and practices, particularly regarding job opportunities, types of employment, and terms and conditions of employment;
  - Skill requirements and training needs;
  - Best practices in industrial relations and labour management relations; and
  - Trade unions status, situation, and existing partnerships.
2. To help ASEAN workers fully appreciate and understand the ASEAN regional integration process, trade unions in ASEAN will disseminate comprehensive, understandable and accessible information in their national languages to our members regarding ASEAN. We are committed to prepare trade union leaders and members for meaningful and constructive dialogue with employers and governments at the national and ASEAN levels. Such a social dialogue will help ASEAN industries to enjoy sustainable growth while ensuring workers have decent jobs.
3. Trade unions are ready to engage and support the efforts of ASEAN regional integration by offering constructive and timely inputs to help in the development of the respective industries. Trade unions will offer these constructive suggestions and feedback to the ASEAN Business Advisory Council (ASEAN-BAC) and to ASEAN Chambers of Commerce and Industry (ASEAN-CCI) as well as other employers and employers' associations. These suggestions will focus on ways to improve the performance of the industry which can directly help in promoting employees' productivity, ensure sustainable corporate growth, and enhance the terms and conditions of the workers.
4. Trade unions are committed to work in partnership with ASEAN-BAC, ASEAN-CCI, and regional and national employer federations to develop harmonious labour management relationships based on the concept of social partnership in industrial relations that promote and protect the rights of workers.
5. Trade unions in ASEAN are also deeply concerned about labour migration because migrant workers in the region are employed in all economic sectors.<sup>1</sup> A number of our unions are members of Task Force on ASEAN Migrant Workers (TF-AMW) and have actively participated in TF-AMW national and regional consultations, in collaboration with NGOs, mass organizations, and Government representatives. These consultations aim to develop a civil society draft of a comprehensive Instrument on the Protection and Promotion of the Rights of Migrant Workers that will be presented to ASEAN later in 2009. We strongly believe that ASEAN must have a rights-based approach to labour migration that offers real protections, in line with international labour standards, for all migrant workers in the region.

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<sup>1</sup> These sectors include, but are not limited to, construction, distribution, domestic work, entertainment, finance, forestry and plantations, health care, graphical services, manufacturing, mining and mineral extraction, professional services, security and maintenance services, telecommunications, tourism/hospitality, and air, land and sea transport.



6. We sincerely hope that the ASEAN governments will support these initiatives by opening the door to trade unions and ensuring our equal right to participation in ASEAN forums, comparable to the opportunities currently afforded to employer organizations. In line with ASEAN Charter and the vision of "One Caring and Sharing Community" we believe that it is vital that there be a systematic effort to facilitate and enable trade unions' participation in the ASEAN processes, thereby encouraging trade unions and employers to work in partnership at sectoral, national and ASEAN levels.

We support the initiative to establish the ASEAN Service Employees Trade Union Council (ASETUC) as the coordinating body to facilitate cooperation among ASEAN-based trade unions in their engagement with ASEAN bodies.

Building a people-centred ASEAN requires the whole-hearted participation of all sectors of ASEAN civil society. As trade unionists, we commit ourselves to promoting deeper and closer unity among the trade unions and civil society organizations in the region. We will continue to systematically engage with ASEAN-based community based organizations, NGOs, academics and environmentalists to ensure that a unified agenda is developed to support full consideration by ASEAN of concerns related to migration, human and trade union rights, decent work, food security and environment as the ASEAN integration agenda moves forward.

We recognize that our success in achieving a vision of ASEAN with the concerns of workers and their families at its core will require greater unity among trade unionists behind this vision. To build this unity, we are committed to undertaking a comprehensive program of education, awareness building, and technical training for our members and social partners on all aspects of ASEAN and its regional economic integration plans.

We sincerely thank the Friedrich Ebert Stiftung (FES) for their support for our workshop and look forward to their continuing collaboration in our efforts to achieve a people-centred ASEAN.

We, the representatives of the workers of ASEAN, recognize that it is our members who will face the most direct impacts from ASEAN's regional economic integration. We are strongly committed to engaging with all ASEAN social partners and Governments to ensure that our voice is heard, and all workers are treated with justice and dignity!

## Overview about ASEAN Regional Economic Integration: “Inclusion for Workers and the Unions”

By Maragtas S.V. Amante  
Professor, College of Economics and Business Administration,  
Hanyang University Erica Campus (Korea)

*This paper offers an analysis of efforts to achieve regional integration in ASEAN, along with the emerging web of regional, bilateral and multilateral free trade agreements. The evaluation then identifies potential impacts of these efforts on labour, and the representation of workers' voice through unions in the ASEAN. Finally, recommendations are offered to overcome the deficit in worker voice in ASEAN.*

### Key points:

- ASEAN economic integration moves on, but needs labour on board.
- Promotion of workers welfare needs more organized mechanisms for dialogue.
- Focus needed to strengthen industrial relations between workers, employers and government in ASEAN.
- Diversity in nature and role of ASEAN unions and employer organizations provides advantage and flexibility in negotiations, but with risk of diffused, shrill voices which lack follow up.
- Capacity needs to be developed for a network of experts in industrial relations, among worker and employer organizations, as well as government and academe.
- A reinforced ASETUC could be an inclusive voice for workers in ASEAN. There is need for an enhanced agenda and self genesis through stronger organized efforts. Union action programs require recognition of new realities through research, exchange of information through study meetings and stronger resolutions with clear defined outcomes.

## 1. ASEAN Economic Integration

In 2009, member countries ratified the ASEAN Charter – 40 years after its inception, further strengthening “the bonds of regional solidarity to create a community that is ... cohesive, economically integrated and socially responsible”. Earlier in 2007, the ASEAN leaders agreed on a roadmap to guide action plans and programs, and accelerating integration to be achieved by the year 2015, instead of 2020.

The ASEAN Charter, ratified by all ASEAN members, will act as the firm foundation of ASEAN's move to become “a rules-based, people-oriented and integrated union” of 10 countries with a combined population of 560 million, land area of 4.48 million square kilometers, and a combined Gross Domestic Product (GDP) of US\$ 1,506,807 million in 2008. There is great diversity in the populations, land areas, and economies of the member countries, with Brunei and Singapore having GDPs of more than US\$ 35,000 per person, in contrast to Myanmar at \$465 per person. Singapore is the richest in per capita GDP, while it is also the smallest in land area.

Continuing summits between ASEAN and Plus Three countries – China, Japan and Korea – is giving further impetus to the idea of an East Asia Economic Community. In October 2009, a summit between the heads of states of Japan, China and Korea will formally propose an East Asia Community. Meanwhile, ASEAN economic ministers have commissioned studies and held discussions in Bangkok in August 2009 regarding the creation of this proposed economic bloc. ASEAN economic integration is working, and getting faster. Despite the global financial crisis in 2008, ASEAN's total trade in goods managed to grow by 6.2 percent, from US\$ 1,610.8 billion in 2007 to US\$ 1,710.4 billion in 2008, albeit a marked slowdown from the previous year's growth of 14.7 percent. Total ASEAN exports expanded by 2.3 percent, from US\$ 859.8 billion in 2007 to US\$ 879.3 billion in 2008. Total ASEAN imports increased by 10.7 percent - from US\$ 751.0 billion in 2007 to US\$ 831.2 billion in 2008. Intra-ASEAN trade expanded by 14 percent, from US\$ 401.9 billion in 2007 to US\$ 458.1 billion in 2008. The top five trading partner countries of ASEAN in 2008 were Japan, the European Union (EU), China, US, and Korea. The share of ASEAN trade with these countries increased to 50.6 percent of total ASEAN trade from 47.8 percent in the previous year.

**Social and labour impact of ASEAN regional integration:** ASEAN aims to be a socio-cultural community. There are significant similarities and contrasts between the economies of the original six ASEAN countries (Brunei, Indonesia, Malaysia, Philippines, Thailand and Singapore), and the four latecomers in the group (Cambodia, Laos, Vietnam, and Burma/Myanmar). ASEAN's political and social systems diverge: many are republican democracies with elected parliaments, but there is also a "people's democracy", a socialist republic, a military junta, as well as an absolute and a constitutional monarchy. Political diversity may be a reason for, or a consequence of social structures and historical incidents. The economic and social structure gives rise to a workforce which is mainly agrarian and rural, but with bursting cities overflowing with formal and informal market activities.

## 2. ASEAN and Labour

**The ASEAN – Japan Program on Industrial Relations:** The objective of the ASEAN – Japan Programme on Industrial Relations is to assist and facilitate efforts of ASEAN countries in promoting sound industrial relations, industrial harmony, higher productivity and social justice as essential elements of development. In the regional and national seminars, the sharing of knowledge, experience and information results in the stronger capacity of employers, workers and government to promote decent work environments through establishing sound industrial relations.

In Phase I of the project, regional workshops and national seminars in the first phase of the programme took place from 2002 to 2004, and provided valuable opportunities to exchange information and share experiences in industrial relations on the following themes: (a) fundamental framework of industrial relations and labour legislation; (b) wages and productivity; and (c) globalization, regional integration and technical innovation.

Phase I and II of the "ASEAN Programme on Industrial Relations" was implemented with technical assistance and funding from Japan. Phase III (2008 to 2010) is undertaken in cooperation with ILO and Japan.

Participants in these seminars were officials of employers and workers organizations, and government officials in charge of, or with experience and expertise on industrial relations, disputes settlement and design of labour legislation. Announcements, processing of nominations and selection of the participants were entrusted to the host ministries of labour, through national contact officers in charge of ASEAN matters on labour and industrial relations.

**ASEAN – ILO Cooperation Agreement (2007):** ASEAN and the International Labor Organization (ILO) agreed on the following:

- Exchange of relevant information, documentation, books, studies, research results and good practices, as a means to promote cooperation and complementation in their work;
- Cooperation in the implementation of programmes and projects, including but not limited to occupational health and safety, HIV/AIDS and the workplace, employment implications of trade agreements, labour market reforms and industrial relations, youth employment, vocational training, social security and labour migration;
- Research studies, including gathering statistics, on matters of mutual interest;
- Representation at specified meetings of each organization based on formal invitation;
- Mutual cooperation in all other aspects that is consistent with the objectives of both organizations and the spirit of this Cooperation Agreement.

The ASEAN and ILO Secretariats agreed “to continue and develop dialogue established through participation in meetings”, such as the ASEAN Senior Labour Officials’ Meeting (SLOM) and in workshops convened by the ILO on employment and labour issues. These meetings and workshops serve as the mechanism for reporting on progress of activities under the agreement. The agreement also provided that “invitations to such meetings and workshops shall be subject to the procedures of the respective organizations and participation shall be at each organization’s own expense.” Part of the agenda of the ASEAN Labour Ministers’ Meeting is to select a representative, and discuss a common position on issues brought before the ILO General Assembly and Governing Board.

**Role of the ASEAN Secretariat:** The ASEAN Secretariat coordinates, provides technical support, and documents the official results of the meetings. In many cases, workshops and seminars are projects outsourced to qualified institutions or individuals, including consultants and facilitators with deep knowledge about the subjects covered in the meetings. Labour related meetings are organized under the heading “functional cooperation”. In the ASEAN Charter of 2009, worker concerns are classified with the “socio-cultural community”, but business and employer matters which affect employment are with the “economic community”. An ASEAN Secretariat director reports to the deputy secretary general on the progress and results of these meetings. They work with the designated project consultant or expert.

**Role of the ASEAN Labour Ministers Meeting (ALMM):** The ASEAN Labour Ministers started to meet in 1975. They now meet every two years: first within the ten ASEAN member countries, and in a separate session, with the labour ministers from the ASEAN + 3 countries (Japan, Korea, and China). The communiqués are published on the ASEAN Secretariat website. In 2000, the labour ministers agreed on the vision and mission of the ALMM, as follows:

- “To set the appropriate policy environment that fosters employment creation;
- To promote the development of a productive, competent and capable workforce by investing in their training, education and skills upgrading;
- To share knowledge on labour market policies and information, skills standards, experiences and best practices on lifelong learning, innovative schemes of employment generation, social protection and social security practices;
- To enhance national capacities to assess and effectively deal with the social impact of trade and investment liberalisation and globalisation;
- To share experience on skills training, trainers’ training, human resources development planning through close coordination of work programmes in each country; and

- To promote and foster regional cooperation and collaboration in HRD and skills upgrading so that capacities in ASEAN could be strengthened to achieve sustained economic growth and social progress."

Since 2000, ASEAN's work on labour and human resources has been guided by the ASEAN Labour Ministers (ALM) Work Programme, to prepare the region's labour force to face the challenges of globalization and trade liberalization. The five broad priorities initially set in the Work Programme are in the areas of employment generation, labour market monitoring, labour mobility, social protection, and tripartite cooperation. In May 2006, the ASEAN Labour Ministers agreed in their Joint Statement of 2006 to add a sixth priority area, occupational safety and health (OSH), in the ALM Work Programme. From the six priorities under the ALM Work Programme, two area-specific work programmes have been adopted by the ASEAN Senior Labour Officials for priority areas on tripartite cooperation and OSH capacities and standards in ASEAN. Apart from the priorities set in the ALM Work Programme, ASEAN made a groundbreaking move to address the issue of migrant workers on 13 January 2007, when its leaders signed the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers.

**Role of the ASEAN Senior Labour Officials Meeting (SLOM):** The senior labour officials are deputy or senior officials of the ministries, who meet to thrash out technical details, approve project reports or project proposals, for recommendation to the ASEAN Labour Ministers Meeting (ALMM). The SLOM meets every year. The communiqué of the ALMM is usually based on the summary of the SLOM meeting. For instance, the latest 2008 ALMM meeting in Bangkok "noted with satisfaction the report of the Senior Officials on the progress of ASEAN Cooperation in the area of labour, in particular the decisions on the following: (i) The reconstitution of the Ad-Hoc Working Group as a "SLOM Working Group on Progressive Labour Practices to Enhance the Competitiveness of ASEAN" (SLOM-WG), which would be a permanent grouping reporting to SLOM. The Chairmanship of the SLOM-WG would coincide with that for the ALMM, while the outgoing Chair could serve as the Vice-Chair; (ii) The follow-up to the implementation of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers"; (iii) The adoption of an incremental approach to skills recognition that is based on prior establishment of national skills frameworks, before discussing how regional skills recognition arrangements can be established. The technical working group comprising the relevant experts would continue to drive the initiatives on skills recognition.

### 3. The labour dimension of regional integration and unions in ASEAN

Between 2005 and 2015, ASEAN's total population is expected to grow by 67 million (or 12.1 per cent) to around 620 million. Most of this growth, 43.5 million, will occur in the prime-age population, aged 25-54 years. Projections indicate the population aged 55 years and older will grow by 27.1 million (44 per cent), while the child and youth population younger than 25 years is expected to shrink by about 3.6 million (2.5 per cent).

ASEAN's labour force is large and growing. In 2005, it stood at about 275.8 million and it is expected to increase by around 55 million, or 19.8 per cent, between 2005 and 2015. Most ASEAN countries have a rich variety of labour laws and procedures on the fundamental framework of industrial relations, to promote decent work. Efforts to develop capacity need to intensify.

Eight ILO Conventions have been identified by the ILO's Governing Body as being fundamental to the rights of human beings at work, irrespective of levels of development of individual member states. Only four of the ASEAN countries have ratified all of the core labour dimensions



concerning freedom of association (ILO Convention 87) and the right to organize and collective bargaining (ILO Convention 98). Except Brunei Darussalam, all ASEAN countries ratified ILO Convention 29 on the abolition of forced labour; but only four ASEAN member countries ratified the convention for its abolition (ILO Convention 105). Only two ASEAN countries (Brunei and Myanmar) did not ratify prohibition of discrimination in employment (ILO Convention 100); half the number ratified equal pay for equal work (ILO Convention 111). Except Myanmar, all countries pledge to eliminate the worst forms of child labour (ILO Convention 182) (see Box). Brunei Darussalam, a new member of the ILO, has so far ratified only one core labour convention against child labour.

Capacity to implement the conventions needs to be developed among the countries which ratified them. In some of the countries, which did not ratify the core conventions, national labour laws and regulations are in place, to partially provide for workers rights and other provisions on decent work, such as health and safety. Effective ratification depends upon the capacity to devote resources to implement the observance of core labour standards. Ratification also depends upon the circumstances of the relevant government instrumentality mandated to ratify international commitments.

In ASEAN, there is common recognition of the need to provide the fundamental framework of industrial relations, i.e. freedom of association and collective bargaining through legislation. In almost all of the ASEAN countries, basic laws on industrial relations have been introduced in the 1950s or earlier. With the exception of Thailand, these labour laws had their origin in the rule of the colonial authorities - Great Britain in the case of Myanmar, Malaysia, Singapore and Brunei; The Netherlands in the case of Indonesia; France in the case of Laos, Cambodia and Vietnam; and the United States in the case of the Philippines - in the context of controlling labour unrest as nationalism flourished and the cold war started between the Soviet Union and the East Bloc, versus the United States and the western powers. By the 1970s, Cambodia, Lao PDR, Myanmar and Vietnam (CLMV) ventured into central planning and socialism, and labour relations were subordinated to the state. In the 1990s, the CLMV reopened their economies, and re-established laws on labour relations in part to respond to the need to regulate the labour market in the period of transition.

In contrast, the older members of ASEAN had several decades of experience on the fundamental framework of labour-management relations, with clear precedents on decisions on labour disputes accumulated through the years. Labour laws had their roots in the 1950s at the start of the cold war, designed to control labour unrest and national liberation movements, and in the transition from colonial rule to national independence. A common theme in labour law reform is the need to respond to changing needs in the 21st century, such as demands for labour market flexibility as a consequence of globalization. Common ambiguities and loopholes exist in the fundamental framework of industrial relations. Labour laws provide for the right to organize and bargain collectively, but workers observed to be covered by collective bargaining agreements are very few. Labour laws prohibit discrimination on the basis of gender, political beliefs or other basis, but the implementing rules are unclear and ambiguous on the sanctions. Labour laws are also unclear on the status of union shop stewards and their election; due to lack of training on their expected role, stewards are unable to contribute effectively to the improvement of working conditions and the processing of disputes at the workplace.

Although the right to strike is enshrined in the labour laws, and the law protects workers from reprisals due to strike action, there are cases of workers being forced out of employment as a result of collective action such as strikes, pickets, slowdowns and demonstrations. There is a need to encourage the exhaustion of alternatives such as mediation, conciliation, dialogue, and negotiations before concerted action is carried out. The availability of authoritative third parties for mediation, either outside or inside government and the development of mediation and negotiation skills is expressed very clearly as a need by many ASEAN countries.

The CLMV countries re-established some fundamental laws on industrial relations. The main problem concerns limited resources and know-how of officials, which constrain the effective implementation of labour laws. The country reports from the CLMV also recognize other common problems and issues. The enforcement of procedures to recognize trade union rights by the government is inadequate, due to lack of resources, experience and skills of officials, trade union leaders and employers in resolving disputes. As a consequence, tripartism do not operate properly, as expected.

There is diversity in the accepted concept, level of acceptance and practice of unions in ASEAN. There are gaps in the capacity, and role of both national and regional affiliates of global unions as inclusive voice of workers in ASEAN. The gap indicates an urgent demand for a regional trade union body to represent the workers in appropriate regional meetings, where labour issues and concerns are at stake.

There is a sizable number of global unions with regional offices and affiliates in Asia and the Pacific, including or perhaps, overlapping with the ASEAN. There is a need to coordinate the global level concerns, raise awareness in the regional level, and provide specific inputs to national action plans. Nationally, there are significant variations on the significance given to and applicability locally, or provincially concerning workers and their unions. Global concerns of workers in unions may reflect regional, national and local concerns; in some cases, they may be irrelevant.

#### 4. Recommendations

ASEAN regional integration is in search of a cohesive and inclusive social model. A new architecture will definitely emerge from the wealth of political, economic, socio-cultural arrangements in the region. A key pillar in this new architecture is a strong recognition, documented in many summits and ministerial meetings, about the link between ensuring economic growth and social progress as desirable outcomes. There is a strong consensus to promote competitive enterprises in a social market economy – not as an end in it, but as a means to raise the living standards of people, and serve the welfare of everyone.

The processes of ASEAN economic integration could be used as opportunities to develop human resources through education or skills training which matches emerging job requirements required by new technology, create decent work conditions, provide for health care and social safety net support. Good industrial relations in ASEAN could be a tool to reduce, if not eliminate poverty, identify and raise awareness against discrimination in work and society, and raise living standards.

The impact of ASEAN regional economic integration shows an urgent need for ASEAN to establish labor market policies and institutions to provide a clear, organized voice to promote and sustain commitment to decent work. ASEAN workers need to organized, and exercise their rights to freedom of association and collective bargaining, to improve wages, health and

safety, job security and other working conditions. National labor laws need to be harmonized, to provide for equal opportunities for employment, fair procedures for dismissal of workers, and settlement of labor disputes.

In the wake of global recessions and the financial crisis, there is a need to provide for adjustment assistance to workers, in particular to low-skilled workers. Workers need severance pay and access to retraining. The creation or strengthening of labour institutions to ensure harmonious and productive industrial relations is a priority. The paradigm may even shift, given calls to redesign economic management models away from export orientation, to balanced growth, or stronger domestic markets. Aside from a balanced economy, the G20 leaders meeting in Pittsburgh on September 2009 emphasized adherence to decent work and fundamental rights at work. As a way forward, the ASEAN + 3 (with China, Korea & Japan) leaders, where at least four of the G20 summit leaders are regular members, need to put muscle and especially teeth to these stated commitments.

Many ASEAN economies provide greater financial resources to strengthen education and training programs, develop social safety nets for workers who lose their livelihoods due to competitive pressures, and invest in intellectual capacity to provide more current and reliable labour market information, so that policies can be appropriately targeted and efficiently implemented.

ASEAN will also need to address growing inequalities, both within and between countries. Sound labour market institutions are required to reduce inequalities, and to support both high-skilled and low-skilled workers. Moreover, ASEAN countries need to build the capacities of local firms, both to compete more effectively with MNEs and to provide local goods and services for FDI. These measures must ensure that the promotion of FDI does not create an uneven playing field to the disadvantage of domestic investors and domestic enterprises, and must support the competitiveness of firms through decent and productive workplaces rather than super-exploitation of workers.

**Urgent issues for dialogue – proposed actions:** ASEAN workers need to register their unified voice in regional summit meetings and discussions on sectoral concerns and issues. Worker organizations must promote protection by fully recognizing the right of workers and trade unions – already provided in the fundamental labour laws of many ASEAN countries – to strive for the protection of existing standards as well as to negotiate improvements in the living and working conditions of workers. Variations in economic performance and social conditions mean that negotiations could be achieved beyond the lowest existing standards. Workers organizations need to address issues regarding unfair competition on wages and working conditions, and discrimination, meaning equal treatment of workers regardless of nationality, race, gender, creed or other relevant criteria.

There is a need to continue engagement with employers and government on the current global financial and economic crisis. In ASEAN, workers and their organizations need to develop clear, coherent and substantive positions with respect to the following issues:

- ASEAN national economic and sectoral or industry recovery plans providing for decent work, alongside the preservation of employment, alongside creation of new jobs, whether stimulus related, temporary or regular in nature.
- Financial and economic recessions must not be used as an excuse to disregard or weaken fundamental principles and rights at work.
- Clear, accessible provisions for income, social protection, and training support for the unemployed and those at risk of unemployment. That could happen flexibel but should secure jobs (flexicurity).

- Proposals on how to fill the gap, and help develop the capacity of ASEAN countries, especially in the CLMV, for a clear agenda of reforms in labor law and other legislation to provide for the core dimensions of decent work: freedom of association, collective bargaining, health and safety, social security, social dialogue, among others.
- ASEAN central banks and financial institutions are in dialogue with the ASEAN + 3 (Japan, China and Korea) over an "East Asia Economic Community. In the summit discussions among the leaders, there must be clear commitment to decent work, balanced growth and full employment, not just price and financial stability. These commitments were made in the G20 meeting in Pittsburgh, on September 24 & 25, 2009. The ASEAN + 3 leaders, where at least four of the G20 summit leaders are regular members, need to put muscle and especially teeth to these stated commitments.
- National economic recovery and expansion programs need to provide for decent, quality jobs, protect employment in key industries, to invest in new, sustainable technologies, and to maintain vital public services.
- More inclusive social security systems to ensure better wages and salaries, pension, and stability in consumer prices to protect the purchasing power of wages.
- No discrimination: equal treatment and equal pay for both local and migrant workers.
- Harmonization of ASEAN regulations of financial markets to ensure protection of worker pension funds, worker deposits and remittances, transparency and publication in executive and managerial pay linked to performance, sanctions against risky behaviour in financial transactions including stock markets, and uniform accounting standards.
- Development of multiple skills for organizing, leadership, negotiations, facilitation, coordination, monitoring, follow up and social dialogue.
- Improvements in the capacity for disputes settlement involving rights and interest disputes; as well as collective and individual disputes, in the areas of mediation, conciliation, and arbitration.

In addition, the ASEAN roadmap has identified key issues which require the attention of workers and their organizations, and to enter into dialogue about with the employers and government.

- Enhance capacity of governments, workers and employers to jointly monitor labour markets and human resource indicators, and design social impact policies;
- Establish national skills frameworks as an incremental approach towards an ASEAN skills recognition framework;
- Endeavour to build an ASEAN network of experts in industrial relations to assist in promoting sound industrial relations, industrial harmony, higher productivity and decent work by 2010; and
- Implement the Plan of Action on National Occupational Safety and Health Frameworks for ASEAN as affirmed by the ASEAN-OSHNET.

The ASEAN Labour Ministers meeting in 2008 also mentioned the implementation of the *ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers* in particular the convening of the *ASEAN Committee on the Implementation of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers*. For instance, with respect to labour law, ASEAN countries need to provide for the right of migrant workers to join unions and other such workers' associations.

**Building capacity for dialogue in ASETUC:** The promotion of decent work is part of the ASEAN roadmap. The strategic goal is to “incorporate decent work principles in ASEAN work culture, safety and health at work place”. The roadmap will likewise ensure that the “promotion of entrepreneurship becomes an integral part of ASEAN’s employment policy to achieve a forward-looking employment strategy”. Furthermore, ASEAN will build “a network of experts in industrial relations to assist in promoting sound industrial relations, industrial harmony, higher productivity and decent work by 2010.”

It is important for ASEAN workers, employers and government to develop capacity for fruitful dialogue on sectoral issues. Dialogues and meetings need to be prepared in advance, with technical papers providing updated information, positions, and items for discussion and negotiation.

Social dialogue on ASEAN regional integration calls for an “ASEAN Labour – Industry Project Committee on Worker Concerns” to focus on urgent sectors: finance / banking services, health services, telecom and construction. The maritime seafarer sector may be considered in the future. The dialogues will involve ASETUC union leaders, employers, and relevant government officials (labour ministry, and the relevant ministries on finance, health, telecom, and construction), on agreed issues regarding the workers in these sectors. Technical support and assistance will be needed to help design, support, organize and follow up these dialogues, as well as to disseminate the results. While the ASEAN Secretariat coordinates these dialogues by providing technical support, expertise on sectoral concerns are often outsourced. ASETUC as a proponent could take the lead in the mobilization of support, including financial, material and technical expertise.

**Coordination and consultation with the ASEAN Secretariat:** Coordination and consultations between ASETUC and the ASEAN would be required to convince and “sell” the idea to other key players, including the concerned ASEAN government officials in the appropriate ministries, and the employers. To achieve a fruitful dialogue, coordination is required not just with the labour ministries, but the appropriate sectoral or industrial ministries, and employers or business associations.

For instance, in the ASEAN process, the usual mode in the design of an ASEAN social dialogue project is for one member country to act as proponent, and “champion”, with the support of the other countries. For example, the ASETUC may lobby with the Malaysian head of state, through perhaps the appropriate ministers of human resources, finance and trade, to develop the idea. Then the specific ASEAN member head of state, through the appropriate minister, formally invites two or three more member countries to join the project committee (perhaps Singapore, Vietnam and the Philippines or Thailand).

Working with the appropriate bureau director is essential, in order to gain their support. When the proposal is clearly detailed, including funds and organization, and with, for example, the support of the European partners through the FES, the project could then be formally presented to the ASEAN Secretariat, for inclusion in the agenda. The ideal situation is for one country (such as Malaysia’s Labour Minister), as project proponent, to Chair the project committee, with the European Union donor country as Co-Chair.

Other suggestions for better coordination and consultation with the ASEAN secretariat include:

- Request ASEAN Secretariat to provide information on summary of discussions, disseminate results of workshops and seminars related to labour, human resources, employment relations in relation to: (a) activities, schedules, participation and documents related to “Phase III of the ASEAN Project on Industrial Relations”, and (b) activities, schedules, participation and documents in the ASEAN – ILO Cooperation.

- Promote transparency and accountability in workshop discussions and seminars, concerning positions taken by employers, workers organizations, and government.
- Representatives of workers organizations participating in ASEAN labour workshops and seminars are chosen by the national focal points of ASEAN, through the international affairs office of the labour ministries. ASETUC requests transparency and information on how the worker organization representatives are chosen. Worker representatives are requested to undertake prior consultations with other workers organizations before attending meetings, and consider the variety of ideas before these are finalized for presentation in the ASEAN wide meetings.

**Building ASETUC capacity:** Among the key points, which ASETUC must address, are questions on the capacity of its "inclusivity" as a voice of the workers in ASEAN:

1. How could ASETUC be next to ATUC the "most influential umbrella organization of workers" in all the ten ASEAN countries? There are no member unions of ASETUC in Myanmar and Brunei. Union members in Vietnam and Lao PDR are part of government.
2. How could the ASETUC deal with the variety of unions in ASEAN, all claiming to represent the workers? How will ASETUC promote concerted representation of the competing union organizations, with diverse politics and interests?
3. How will ASETUC build capacity, to eventually include and represent all the worker organizations in ASEAN, and speak with one strong capable voice for the workers?

These questions indicate some of the urgent gaps to be addressed by ASETUC, and its partners. One solution: to mobilize resources, including funds and technical support to develop ASETUC capacity to engage employers and government ministers / officials in the three sectors – finance / banking, health services and construction – on the following:

1. Promotion of decent work in the sector – freedom of association, disputes settlement, social dialogue on labour market issues arising from regional integration in these industries, etc.
2. Focused research on related sectoral issues concerning industrial relations in these sectors, to help understand, explain and improve the key dimensions of decent work - workers rights, collective bargaining, disputes settlement, health and safety, and social dialogue.
3. Training seminars and a formal education program to develop competencies and skills to address industrial relations in the industry sectors.
4. Additional projects such as a web based IR network in cooperation with the Europe IR Observatory as portal for information exchange; study visits on best practices between IR institutions in ASEAN and Europe, academic exchanges, publications, symposia, and participation in significant conferences to support fellowships for the training of young labour leaders.
5. Most ideal is the establishment of an independent web-based ASEAN Labour Training Institute (ALTI) to help train young union leaders on skills and competencies for trade union organizing, leadership, negotiations, collective bargaining, disputes settlement, and social dialogue.



**Need for an ASEAN Industrial Relations (IR) think tank** There is need to develop the capacity, and promote ASETUC as an inclusive voice of workers in ASEAN. Worker organizations urgently need a regional think tank for unions to think about regional concerns and issues, prepare studies and develop strategies for ASEAN workers and unions. The think tank is needed to undertake research, prepare and train leaders for effective negotiations and dialogue to maximize positive aspects, and mitigate the impact of regional integration on labour - including employment, wages, health and safety, disputes settlement, and improvement in living standards.

There is a need for a reliable and up-to-date source of research, analysis, news and comparative information on industrial relations developments and trends for the key actors in the field of ASEAN industrial relations. ASEAN employers, trade unions, and governments need objective and quality information as a basis for discussion, negotiations and agreement. There is need for research analysis and information for instance, on the following issues: labour market statistics; employment and unemployment; wages and salaries; consumer prices and inflation; industry productivity trends; health and safety; unions and worker organizations; collective bargaining trends in the region; individual and collective disputes; work and life balance; stress and psycho social factors at work and other relevant information.

There were previous efforts to establish such a regional industrial relations think tank, but failed due to lack of funding commitments despite available expertise in the region. Other regional think tanks focus on economic or specialized sectors such as health, agriculture, or political issues. An option will be to develop close or complementary relations, programs and projects with existing regional socio-economic think tanks, such as the ERIA, ADB ARIC, and other academic institutions. A think tank might be modeled on the work of the European Trade Union Institute (ETUI). A similar institute might be established for employers.

## Construction Sector in ASEAN: “Minding the builders – the Plight of Construction Workers in ASEAN Economic Integration”

By Carmel V. Abao, Faculty Member, Political Science Department, Ateneo de Manila University (Philippines)

This document presents the highlights and conclusions of a lengthier study of the same title. Commissioned by global union federations (GUFs), that have organized the ASEAN Service Employees Trade Union Council (ASETUC) and the Friedrich Ebert Stiftung (FES), a solidarity support organization. Said study is part of a broader research project that seeks to analyze the actual and potential impact of ASEAN economic agreements on workers and unions in Southeast Asia using the lens of workers' rights and interests. This particular study attempts to discuss the situation of the construction sector and analyze implications of regional economic integration that is unfolding under the auspices of the ASEAN. It covers only eight out of the ten ASEAN countries because it is in these countries where the Building and Wood Workers International (BWI), one of the GUFs active in ASETUC and one of the movers of the broader research project, has developed a membership base. These countries are Indonesia, Malaysia, Philippines, Singapore, Thailand, Cambodia, Laos, and Vietnam.

### On the Current State of the Construction Industry in Southeast Asia

**Nature of the Industry.** The construction industry involves a wide range of economic activities that can be roughly categorized as housing projects, non-residential building projects, and civil engineering works. Construction enterprises span the production of goods as well as services. Enterprises involved in on-site construction offer different specializations in terms of type of work. Building materials and components, and, building equipment and machinery are generally purchased or hired from other enterprises. Some companies focus on the supply of design and engineering services.

**Key Players in Southeast Asia.** There are several local construction companies that operate in Southeast Asia. Large multinational corporations that are world leaders in the construction industry are also highly visible in the region and many, in fact, have subsidiaries in the various Southeast Asian countries. Most of these MNCs are the big European companies such as LaFarge, Holcim, Leighton, Hochtief and Heidelberg. Japanese, Korean and Chinese construction companies have also been investing in the region. Construction companies in Southeast Asia have organized associations to serve as venues to represent their positions and advocacies as employers. All of the eight countries covered have national-level employers' groups. At the regional level, there are at least two groups: the ASEAN Constructors' Federation (ACF) which was established in 1985 and accredited by the ASEAN as a civil society organization in 1987, and, the ASEAN Federation of Cement Manufacturers (AFCM) which was formed in 1977.

The public sector also invests and participates in the construction industry. With infrastructure development as a requirement for economic activity and growth, the construction industry is in fact closely linked to national development. Moreover, during times of crisis, governments often

invest in construction-related activities to ease unemployment problems and help spur domestic economies. Governments work with the private sector as well as international financial institutions such as the World Bank, Asian Development Bank and the Japan International Cooperation Agency (JICA) to finance and implement infrastructure projects. Institutional arrangements for public investments in construction-related activities vary from country to country.



**State of the Industry.** The trend in the construction industry follows that of the macro-economy. In all the Southeast Asian countries covered by this study it is evident that the industry experienced high growth, even hyper-growth, in the years leading up to the Asian financial crisis in 1997 and then declined sharply in the aftermath of the crisis. Recovery was achieved in 2000 onwards only to be disrupted again by the recent global financial crisis that started in the United States.

In 2008, the construction industry in the eight countries covered by this study produced somewhere between 2.0% and 8.7% of national-level GDP: 6.3% in Indonesia, 3.0% in Malaysia, 4.6% in the Philippines, 4.2% in Singapore, 2.2% in Thailand, 6.6% in Cambodia, 4.7% in Laos and 8.7% in Vietnam. In all of the countries, however, the construction industry posted declining growth rates from 2007 to 2008: Indonesia – 8.6% to 7.3%; Malaysia - 8.6% to 2.5%; Philippines - 23.1% to 6.1%; Singapore – 20.3% to 18.2%; Thailand - 2.0% to -5.2%; Cambodia – 6.8% to 5.8%; Laos – 9.5% to -1.8%; and Vietnam – 12.1% to -0.3%. Governments in these countries have all released large economic stimulus packages to reverse the trend brought about by the recent global financial crisis.

### On the Current State of Construction Workers in Southeast Asia

**Some Facts and Figures.** According to the International Labour Organization (ILO), there are more than 100 million construction workers worldwide. More than half of these workers are found in Asia, home to two of the biggest developing countries, namely China and India. In the South East Asian region, Indonesia, with a total of 4.4 million workers, absorbs the largest number of construction workers. It is followed by the Philippines with 1.8 million construction workers, Malaysia with 800,000 workers, Thailand with 395,000 workers and Singapore with 64,000 workers. The percentage of construction workers to the labour force ranges from 1.04% (Thailand) to 7.1% (Malaysia).

**Major Problems: Subcontracting, Migration, Occupational Safety and Health.** Subcontracting may be a common practice in other parts of the world, but in Southeast Asia, it is the norm rather than the exception. Recruiting workers has become the job of subcontractors rather than the construction companies. This obscures the employee-employer relationship and workers end up not knowing where to file claims for proper pay and other such rights and entitlements. The practice of indirect hiring and its attendant problems also extends to migrant construction workers. Southeast Asia used to send rather than receive migrant workers. Today, both "sending" and "receiving" countries can be found in the region. The largest sending countries are Philippines, Indonesia, Thailand and Myanmar. Major receiving or host countries are Malaysia and Singapore.

Occupational Safety and Health (OSH) is also a major concern among construction workers. It is common knowledge that the construction site is one of the most dangerous workplaces. Furthermore, with the subcontracting practice, the principal (main contractor) often refuses to accept responsibility for the actions of their subcontractors especially when it comes to complying with safety regulations. Consideration should be given to making the principal contractor the payer of last resort.



### Recommendations for ASEAN Economic Integration

ASEAN must take into consideration the fact that the construction industry is strategic and vital to national-level development and regional economic integration and yet, construction workers are among the most vulnerable and exploited of workers. Moreover, while these workers engage ASEAN mostly through the advocacy work of trade unions, they are not able to participate in its processes and bodies in a structural and deliberative manner. Many are not even properly informed or educated about ASEAN and its impact on industry and the workforce. In this connection, ASEAN may well learn from the experiments of its European counterparts such as the European Works Councils that serve as the institutional forum for consultation between employers and employees within and across national borders – upon the directive of the European Commission.

ASEAN must also take into account that AFTA and most especially AFAS impact on the construction sector. Implementation and effects of AFTA need to be monitored especially since tariffs for all construction-related goods and materials have already fallen within the 0-5% tariff band. The AFAS, especially in terms of negotiations for Modes IV (movement of natural persons), will definitely increase intra-regional flow of general construction workers. Without the ASEAN insisting on labour standards for migrant construction workers, most of whom are contractual or project-based, the idea of “national treatment” will be pure rhetoric. As it is, migrant workers in Southeast Asia are clearly discriminated against, in terms of economic benefits and other entitlements. Needless to say the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers will be of utmost importance to construction workers. Moreover, trade unions must be drawn into the monitoring of existing mutual recognition agreements (MRAs) on Engineering Services and on Architectural Services so that they include all skill levels.

To ensure that ASEAN economic integration does not neglect the plight of construction workers, the voice of these workers must be heard in bodies such as the Construction Committee of the Coordinating Committee on Services under the Senior Economic Officials Meeting of the AFTA Council, the Senior Labour Officials Meetings (SLOM) and the ASEAN OSH-NET, and, eventually, in the ASEAN + 3 since East Asia is one of the biggest investors in the Southeast Asian construction industry. Construction workers and unions must also take part in monitoring the “Socio-cultural Community Blueprint” especially the provisions on urban development, safer cities and environmental sustainability. Much of construction work is in urban centers. Moreover, the construction industry – in its production of building materials and in actual infrastructure development – produces a lot of pollutants and this should be a collective concern of workers, employers/investors, and, governments.

## Finance Sector in ASEAN: “Implications of the Liberalisation of Financial Services for Labour in the region”

By Nguyen Xuan Huong Mai, UNI Global Union - Asia & Pacific (UNI Apro) and graduate of National University of Singapore

*The main goal of this research paper is an attempt to chart the path and direction of liberalization of financial services under AFAS of ASEAN. It traces the evolution and development of ASEAN countries from the post-Asian financial crisis 1997-1998 to the present, from the perspective of trade unions and workers. The focus has concentrated on eight ASEAN countries (Indonesia, Malaysia, Philippines, Singapore, Thailand, Cambodia, Laos, and Vietnam). These are places where the UNI Global Union – Asia & Pacific Regional Organization (UNI-Apro), one of the GUFs active in ASETUC has membership bases or strong linkages with to trade unions and workers.*

In 1996, the ASEAN Economic Ministers signed the ASEAN Framework Agreement on Services (AFAS), formalizing the ten countries' common agenda and commitment to the first steps toward realizing an ASEAN Economic Community. This goal was once again reaffirmed in the Bali Summit 2002, otherwise known as the Bali Concord II. The ASEAN Economic Community Blueprint was eventually adopted by the ten member countries on 20 November 2007. The blueprint has set the ASEAN economy the following goals: strengthen the region's financial system, develop currency stability, attract foreign investment and to promote domestic demand. As such, the improvement of the financial infrastructure as well as the commitment to liberalize financial services plays an extremely significant role in creating the platform to support the process of liberalization of not just the banking and financial institutions but also the other trade-related sectors of the ASEAN economy. This exploratory study is dedicated to discussing bank and financial services as the important component of the finance sector.

A closer examination of the various “Packages of Commitments of Financial Services under the ASEAN Framework Agreement on Services”, reveals two points; first, the level of commitment among ASEAN countries is varied. This is due to respect for national policy objectives and the level of economic and financial sector development of the individual members. Second, the content of commitment for services trade liberalization in most of ASEAN countries is still weak, with non-commitment for more than half of the agenda, especially in CLMV countries (Cambodia, Laos, Myanmar, Vietnam). Other ASEAN economic integration initiatives include: The Chiang Mai Initiative, the Asia Bond Market Development, ASEAN Capital Markets Forum and the ASEAN Surveillance Process

A mapping of just some of the major banks operating in ASEAN provides the parameters for discussion on the important contribution to the overall stability and sustenance of the ASEAN integration plan. Banks bring both opportunities and threats to the local markets. Large, multinational banks possess the expertise, technology advancement, experience, capital and often bring investment opportunities to the region. However, the threat of competition with local banks in making profits from the high-net-worth customers and the practice of “cherry-picking” is not favorable for development in the local countries. On another level, local banks in the region have prospered to make their own brand known regionally, such as Maybank, OCBC, DBS and UOB. The expansion of these banks regionally and globally proves the

potential capacity of the financial sector, which enhances the regional effort of liberalization. Similarly, the niche services that major local banks and central banks in individual countries in Southeast Asia ensure that there is no neglect of local needs. Small and medium enterprises and local economic agents such as fisheries and farmers may be supported by local banks to remain competitive in the regional market. Local banks also experience transformation and consolidation, which bring about better standards and practices for the overall finance sector. Such development in the finance sector have the great potential to bring about an increase in employment opportunities not only within the sector directly concerned but would also spill over to benefit other sectors.

Recognizing the positive impact that the expansion of the liberalized financial services could bring to the region in the context of the global economy, this paper nevertheless brings attention to some problems confronting workers and trade unions in finance sector.

Based on the responses from trade unions under the ASETUC Bank Union Council (ABUC), some key trends and characteristics evident within the Southeast Asian banking system are: the consolidation of banks, regional/ multi-entity banking, and regulation oriented banking and banking technology development. Job cuts and automation affect workers, especially women, who have traditional banking skills that are not easily transferable. Without proper training, they find difficulty in fitting into the new employment structure that requires managerial, IT and specialist skills. Furthermore, outsourcing the non-core functions such as cleaning, catering, maintenance and IT or core functions such as sales, customer services and bank security often leads to affected workers being covered by a different, less favorable collective agreement and in some cases no collective agreement at all. Too often, the usual market practices are to give priority to the price of the service and too little – or no – attention to the quality of services provided to bank and financial institutions.

The numbers of financial products available to consumers has increased markedly over the last few years. While most customers have benefited from such developments, a significant minority of financial services consumers have lost out because of bad practices such as hard selling, lack of license, lack of information by both the customers and the insurance workers that bring about bad risks. The drive to sell financial products based on performance bonuses in meeting the sales targets of the bank leads to stress for the workers and non-returned profits for the consumers due to bad risk management.

More recently, February 26, 2009, ASEAN governments represented by the ministers of trade and commerce signed a Mutual Recognition Agreement on Accountancy Services to facilitate the mobility of accountancy services professionals within ASEAN and to exchange information to promote the adoption of best practices on standards and qualifications. It was reported that similar MRAs could be in discussion for other professional financial services providers.

**Recommendations by ABUC in ASETUC:** As an organization representing the interests of workers in the finance sector in ASEAN countries, the ASEAN Bank Union Council (ABUC) proposes the following:

For ASEAN and ASEAN Bank Employees

- To look into the possibility of drawing up an ASEAN/ Asian Charter for the regulation of sales of financial services, such that predatory and risky practices do not threaten the stability of ASEAN's economy - as seen in the case of the global financial meltdown of 2008.
- To explore the possibility that a representative from ABUC participate in the ASEAN Surveillance Process, so as to contribute to strengthening supervisory and regulatory mechanisms by offering constructive feedback and a fresh perspective to the committee.



- To look into the possibility of drawing up a Charter on Bank Security and Cash in Transit to protect and enhance security in the finance sector.
- In preparation for a labour force that is capable for adapting to rapid changes in the finance sector, there should be training programs that are relevant for workers to keep up with the needs of the sector.
- To consider the concept of “flexicurity”: combining a flexible labour force that is able to adapt to new markets and technologies, with security that guarantees workers’ living and working standards.
- To explore the concept of social dialogue and works councils that at present is institutionalized in the European Union context for consideration to be practiced in ASEAN.
- To take note that the increased employment opportunities in ASEAN do not compromise the quality of jobs available for workers, thereby protecting and promoting decent work and jobs for ASEAN peoples.

## Healthcare Sector in ASEAN: “Who will care for the caregivers?” Implication of regional Economic Integration to Trade Union Organizing in the Health Care Sector

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### Tension between trade and development in healthcare

Traditionally, health has been viewed as a social development not as an economic much less a trade issue. That is why the health sector has been one of the most contentious issues within the trade liberalization regime. Given the ASEAN member countries' commitment to the Millennium Development Goals (MDGs) and in light of recent indicators pointing to the lack of marked improvement in global health conditions worldwide - with several low-income high-disease burden countries in the developing world showing the most dismal results - concerns to secure sound health policy are high.

Nevertheless, data shows that the ASEAN healthcare market is huge. The role of private healthcare providers in the region is sizable, with the proportion of private health expenditure to overall health expenditure in ASEAN member states at over 50% on the average. Estimates have it that by 2010, the Asian healthcare market will be valued at US\$600 billion, with Japan's spending share at US\$422 billion. Other Asian countries are projected to spend at least US\$190 billion by 2013. Multinational corporations engaged in the production and supply of healthcare goods and services, in particular, giant pharmaceutical and health insurance companies, continue to operate profitably in the ASEAN healthcare market.

### Key players in the healthcare goods & services industries targeted for regional integration

Healthcare was one of the priority sectors identified for accelerated economic integration toward a single ASEAN market. In November 2004, the ASEAN Trade Ministers adopted a Roadmap which was significantly concerned with promoting trade in healthcare goods, such as pharmaceuticals and medical equipment. Two service sub-sectors in the healthcare industry have been specifically targeted for progressive liberalization, namely, (a) services of medical professional, including medical and dental professionals and midwives, nurses, physiotherapists and paramedical personnel; and (b) health services, covering hospital services (including psychiatric hospitals) and the services of medical laboratories, ambulances, and residential health care other than hospitals.

**Healthcare goods.** The giant pharmaceutical companies include Pfizer (USA), Johnson and Johnson (USA), GlaxoSmithKline (UK), Bayer (Germany), Roche (Switzerland), Sanofi-Aventis (France), Novartis (Switzerland), Astra-Zeneca (UK/Sweden), Abbott (USA) and Merck & Company (USA). The drug industry has a huge market, indicated by the fact that all members of the ASEAN are net importers of pharmaceuticals and all save for Singapore do not have research and development capabilities for drugs. High drug prices have hampered access to drugs among the poor even if their availability is widespread. In the case of Singapore,

its health authority aims to become a centre of excellence in ASEAN for biologics and biotechnological products. There are also Health Medical Organizations (HMOs), and medical care equipment or technology suppliers, such as, Philips Healthcare.



**Medical professional services.** Cross-border trade in medical professional services predominantly takes place through Mode 4 (movement of natural persons). This mode of trans-border movement is overwhelmingly made up of individual professionals, mostly female nurses and midwives hired as temporary migrant workers by firms in another country. To a lesser degree, it also involves the movement of medical employees to another country where their firms have set up overseas operations (commercial presence). The Philippines and Indonesia are two of the world's largest source countries of healthcare professionals deployed as temporary overseas workers. The main destinations for this group of individual professionals are the richer countries, including the ASEAN countries of Singapore, Malaysia (also a source country) and Thailand.

Recruitment of medical professionals for overseas work is a lucrative business and takes place either through a government placement agency, private recruiting firms or via direct hiring by foreign hospitals. An allied development has been the mushrooming of medical, dental and nursing schools throughout the region which provides the training for health professionals. In the Philippines, medical college graduates waiting for their board examinations also provide medical transcription to foreign clients.

**Health services.** These are primarily facilities-based services that cross borders through foreign investment in hospitals and other health facilities & medical services. Within ASEAN, Singapore and Thailand have led other countries in setting up joint ventures with hospitals. The key players are the Parkway Group Healthcare (Singapore) and two Thai companies, Bumrungrad Hospital and Bangkok Hospital. ASEAN governments try to attract foreign investment in hospitals and other healthcare facilities as part of their overall health tourism plan to attract the wealthy and middle class from other countries or richer ASEAN countries. The medical tourism industry in Asia is being catalyzed by the Medical Tourism Association (MTA), a US-based non-profit organization that is aiming to set global standards for this industry. This has also motivated low income countries, such as, Cambodia, Laos, and Vietnam to be relatively lax in allowing foreign hospitals to operate in their countries. Medical transcription services firms have also begun to spring up. As of 2004, there were 25 firms owned by US investors in this country.

### Policy reforms toward removing barriers to market access & national treatment

The commitment to have freer movement of medical professionals and health services across the ASEAN has led to the easing of a number of restrictions on foreign participation. In the cases of Cambodia, Vietnam and Laos, their less restrictive policy regimes on foreign shares in health services firms or the professional practice by foreigners were put in place as part of conditionalities attached to their accession to the World Trade Organization.

In light of the ASEAN commitments, domestic regulatory regimes are expected to be adjusted for harmonization and conformance to market access, especially those that discriminate between foreign-invested and domestic professional medical and health services. In some instances, this will be achieved through the adoption of harmonized systems of standards,



technical regulations and conformity assessment procedures. An example of a standardized conformity assessment approach are mutual recognition agreements (MRAs) covering nursing, medical and dental professionals, all of which have already been signed.

The implementation of an ASEAN Common Technical Dossiers (ACTD) for Pharmaceuticals and Medical Device is ongoing. The ACTD is a product that came out of the process of harmonizing national level standards since 1997 at which time the Pharmaceutical Product Working Group (PPWG) was established under the ASEAN Consultative Committee on Standards and Quality (ACCSO). Pressure is now being applied by MNCs and global regulators on the ASEAN to align its ACTD with the standards being put in place by the regulatory authorities of the three richest economies - Europe, Japan and the United States and experts from the pharmaceutical industry in the three regions.

### Implications to workers in the healthcare services sector

**Need for classification system for workers in the healthcare industrie:** Changes in the terrain of the healthcare industries brought about by new services activities have generated much confusion in classifying and identifying the workers at the global level. Without a clear classification system, statistics on the employment, working conditions and wages of specific health workers and an overall analysis of the labour market in the health sector cannot be carried out.

**Challenges for trade union organizing:** The privatization of public health facilities, including hospitals, are leading to the disappearance of large sections of public sector workers. Moreover, the changing employment conditions of medical professionals that move across borders or find themselves under foreign management provide both challenges and opportunities for trade unions. There are, too, the persistent issues of low standards of living and poor working conditions for migrant workers (professionals and non-professionals), exploitative recruitment, occupational health hazards, and various forms of discrimination and violence against women that need to be vigorously monitored and addressed.

**Health protection & development for migrant sending countries:** The extremely high proportion of medical professionals who leave the country each year – most of who are female nurses and midwives – have created a “care deficit” health system in the Philippines. Such health deficit cuts across the public and private, national and local, institutional and informal levels.

**Need for transparency and accountability in domestic regulation.** There is a need to have a more transparent regulatory regime, in terms of having wider consultation before regulatory decisions are made and wider dissemination of those decisions after they are made.

**The ASEAN Services Employees Trade Unions Council (ASETUC)** founded on 27th March 2007, is a network of trade unions in the ASEAN region to formulate and implement a consolidated trade union response to the fast moving development in ASEAN. It aims to anticipate and identify emerging trends and concerns in the liberalization of services under the ASEAN Economic Blueprint. ASETUC aims to promote harmonious and cooperative relations between workers and employers in the ASEAN through meaningful social dialogue. It is propagating the social partnership approach to union-employer relationship in order to promote decent work, productivity and competitiveness. ASETUC is actively propagating and encouraging its member-unions to adopt the philosophy of social partnership and social dialogue that recognizes that employers and workers have common interests in shaping the ongoing regional integration process. The ASETUC is also currently identifying best practices among ASEAN-based employers in order to give them due recognition. The ASETUC is currently deeply involved in three major concerns: the trade liberalization under the ASEAN Framework Agreement on Services (AFAS); labour migration and the rights of migrant workers and the ASEAN Framework Instrument on the Promotion and Protection of Migrant Workers and; occupational safety and health (OSH).

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More Information about ASETUC at [www.asetuc.org](http://www.asetuc.org)







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