

## National wage council gives employers and workers a voice

Viet Nam's National Wage Council was launched in August, marking a transformation from a solely Government-led minimum wage fixing mechanism into a new tripartite body which recognizes the importance of workers and employers' participation.

The Council includes 15 members and is equally represented by the Ministry of Labour, Invalids and Social Affairs (MoLISA), workers' and employers' organizations. They meet regularly and can gather for urgent cases upon decision by the Council's chairman, who is now MoLISA Vice Minister Pham Minh Huan.

According to Chairman Huan, the Council, as a consultancy body for the Government in setting regional minimum wages, will replace the previous indirect and separate consultation between the Government and different parties in industrial relations with direct consultation

within the Council in order to share the information and improve consensus in a proposal for regional minimum wage adjustment.

Addressing the launching ceremony, Deputy Prime Minister Vu Van Ninh said minimum wages play a significant role in a market-oriented economy.

"[Minimum wage] sets a floor and no employers are allowed to pay their workers lower than that level. It is the safety net for waged workers in the society, which helps reduce poverty and labour exploitation," he said, emphasizing that employers and employees can negotiate on a salary higher than minimum wage in the labour market.

Praising the country on the Council launch, the ILO Viet Nam Country Director Gyorgy Sziraczki called the birth of a new minimum wage fixing body as "a tangible achievement" of Viet Nam in moving towards sound and co-operative industrial relations.

"The Council can improve minimum wage setting mechanism based on data and evidence, and at the same time, promote social dialogues and search for compromise, and hence industrial peace," he said. "But making the National Wage Council well operate will be a bigger challenge than establishing it."

He called on the Council to find a way to "reconcile" with the still existing regulation that requires MoLISA to prepare and circulate minimum wage proposals to other ministries for comments before finalization.

Viet Nam currently has four minimum wages, varying from VND1,650,000 (US\$78) to VND2,350,000 (\$111) per month, for four different regions based on their level of development and living standards.

## SPOTLIGHT

### ILO-GSO collaboration betters labour statistics

The ILO and the General Statistics Office (GSO) have recorded positive outcomes nearly one year after signing a Memorandum of Understanding (MoU) on improving the country's labour statistics.

The 2012-16 MoU aims to strengthen the capacity of GSO to produce timely and relevant labour and employment statistics for evidence-based policy making and monitoring in Viet Nam.

Accordingly, the collaboration has resulted in the production and dissemination of quarterly and annual Labour Force Survey (LFS) reports for 2012.

This can be seen as great progress toward meeting the demands for information from researchers to socio-economic policymakers.

The LFS data set also allows measurement of informal employment and informal economy, in line with international standards as well as national legal framework.

GSO Director General Do Thuc emphasized that "the GSO highly appreciates ILO support in improving the country's labour statistics system, particularly when the demand in using labour market indicators to monitor the labour and employment dimensions of the economic reforms is quite urgent for Viet Nam to ensure the growth quality of a middle-income country."

The ILO's assistance in labour statistics is part of the joint efforts of the UN in Viet Nam to support the implementation of the Viet Nam Statistical Development Strategy for the 2011-20 period and the advancement of the national statistical system in line with international standards.



**What do you think are the biggest achievements of the Confederation in the period 2008-13?**

In terms of legal framework development, VGCL advised the Party in the issuance of Resolution 20 on building the Vietnamese working class in the period

**The eleventh Congress set out major targets – 10 million union members by 2018 or at least 90 per cent of businesses with more than 30 workers having a trade union. What are the major challenges for the confederation to make these goals achievable?**

These difficulties mostly lie in non-State businesses, especially in garment, textile and footwear industries where the most labour disputes happen and working conditions are not good enough.

**What is the breakthrough to overcome these challenges?**

No single measure is enough. We have put forward four programmes. They include expanding membership for the 2013-18 period, training trade union leaders, improving the quality of the negotiation and implementation of collective bargaining agreements. We

# Workers need to understand trade unions' roles



On the occasion of the eleventh Congress of Viet Nam Trade Union in late July, ILO in Viet Nam talks to Vice Chairman of the Viet Nam General Confederation of Labour (VGCL), Mai Duc Chinh, on significant changes of union development in the next five years.

of industrialization and modernization, assisted the amending of the Trade Union Law and worked with MoLISA to amend the Labour Code.

Unions at all levels successfully organized the Workers' Month (every May) focusing to improve living conditions of workers across the country.

Most of the targets set out by the tenth Congress (2008-13) were achieved. For example, we added another 2 million union members, exceeding the target of 1.5 million. Some 65 per cent of companies with trade unions had collective bargaining agreements.

Workers benefited from many social activities organized by unions, including the establishment of the fisheries' union and support for workers and fishermen in the areas of Spratly and Parcel Islands.

In Viet Nam, many employers fail to understand the roles and functions of trade unions. Therefore, they do not provide favourable conditions for workers to establish and develop trade unions.

On the other hand, up to 95 per cent of leaders of grassroots trade unions have a normal full-time job at enterprises, leaving them with little time for trade unions. Many heavily depend on their employers, which again makes trade union activities ineffective.

The amended Trade Union Law — a big step in bringing union activities into real life — stipulates that the establishment of a trade union should not come from a request from a higher level but originates from the needs of workers themselves. This is a major improvement but poses a major challenge. It is much more complicated to develop trade unions in the new way because workers have to understand the close benefits that the union can bring them, thus voluntarily decide to join.

**Which sectors are the toughest when it comes to having effective trade unions?**

will also encourage workers to keep on learning and improving their professional skills.

**How international organizations such as the ILO can support trade unions development?**

International cooperation plays an important role in terms of information, experience sharing, training and financial support. The VGCL highly appreciates the support of international organizations in general and the ILO in particular.

For example, the second phase of the Industrial Relations Project of ILO Viet Nam (for four years starting in 2013) aims to help the VGCL research ways through which workers can establish trade unions and implement effective union activities, improve negotiation skills to reach collective agreements, hold dialogues to solve and prevent wildcat strikes, and train union leaders.

Other organizations also support us in legal advice and training collective bargaining experts.

We hope to continue to receiving this valuable support in the future.

As rapidly growing and changing labour market has led to a significant growth in the number of recruitment agencies, Viet Nam is one of a few countries that have successfully introduced a self-regulatory tool to promote fair competition and better protect migrant workers.

The Viet Nam Association of Manpower Supply (VAMAS) introduced the Code of Conduct (COC-VN) for recruitment agencies in 2010 with ILO support.

The COC-VN – a voluntary instrument that aims to improve compliance with Vietnamese legislation and international standards – covers various issues, such as advertising, selection, training, contracts for Vietnamese workers abroad, dispute settlement and helping workers return to Viet Nam.

Although COC-VN does not replace the Government's monitoring and inspection system, which has the power to sanction agencies, it encourages companies to review and improve existing procedures.

In 2011, VAMAS launched a monitoring mechanism to measure the application of the principles of Code of Conduct.

Last year, twenty companies – responsible for sending almost 30 per cent of Vietnamese workers going abroad – volunteered to be part of the first pilot phase that rated agencies according to their compliance with the COC-VN.

Eight of them were listed as "excellent". Now the evaluation will expand to a total of 50 agencies among the approximately 170 that exist in the country.

Max Tunon, the coordinator of the ILO's GMS TRIANGLE project, said monitoring recruitment agencies was particularly important for countries like Viet Nam that send large number of workers abroad.

"Viet Nam's experience can become a good model for the region," he said. Countries like Bangladesh, Cambodia, Lao PDR and Myanmar are considering similar self-regulation tools.

According to MoLISA Vice Minister Nguyen Thanh Hoa, the COC-VN helps companies to improve their reputation in the eye of workers and foreign partners, while better



# Self-regulation takes recruitment industry to new heights

protecting the rights of migrant workers.

For VAMAS Chairman Nguyen Luong Trao, the COC-VN is "a tool for fair assessment that promotes a healthy competition among enterprises".

Tran Van Tu, head of VGCL Policy Division said compliance with the Code can help prevent abusive practices in the recruitment processes, thus reducing costs for workers and improving the quality of service that companies offer.

The benefits of this practice have also been recognized by recruitment agencies and workers themselves.

Phung Thi Tram, who consulted the ranking in July when her younger brother was looking for a recruitment agency to help him find work in Japan, was happy that she now had a credible source to rely on. Meanwhile, LETCO, a Hanoi-based agency, said it has attracted more clients and international and local partners since it was ranked second among the recruitment agencies.

About 80,000 Vietnamese workers are sent abroad every year. Approximately 500,000 workers are working abroad under contract in more than 40 countries. They are expected to send home remittances of US\$1.8-2 billion in 2013.

## Labour Code and Trade Union Law now available in English

The English version of the 2012 Labour Code was published in August by the MoLISA. The VGCL also launched the bilingual publication of the revised Law on Trade Union in July. The translation of the laws into English, as well as the amendment process of the important legal documents, was supported by the ILO.

## More middle-class jobs, increasing inequality: two sides of a coin

Strong economic progress in Asia Pacific has raised middle class employment to nearly 40 per cent of the workforce from only 5 per cent in 1991, shows a new ILO working paper focusing on four countries, including Viet Nam. But the continued rapid growth in the middle class (those living with their families on US\$4 and above per day) has coincided with increasing inequality and persistent vulnerability.

One in five workers in Viet Nam lives under the

\$1.25 per day poverty line. Nearly three-fifths are in vulnerable employment as an own-account or contributing family worker. Although job prospects for women are worse than men, the gender gap in Viet Nam is smaller than in the other countries.

*(The full document could be found at [www.ilo.org/asia/whatwedo/publications/WCMS\\_218752](http://www.ilo.org/asia/whatwedo/publications/WCMS_218752))*

## First disability law course for future lawyers and judges

About 200 students have been offered to conduct their internships in 20 different branches of the Hanoi Association of Persons with Disabilities as part of the first disability law course offered by Hanoi Law University with the support of the ILO earlier this year.

Future lawyers and judges were expected to learn the practical needs of people with disabilities, which could benefit their future jobs and support the legal rights of 15 per cent of Viet Nam's population.



Only one fifth of the total workforce has social insurance today.

Despite increase in compulsory contribution collection to VND89.6 trillion last year from VND6.3 trillion in 2001, only 47 per cent of all registered enterprises contributed to compulsory social insurance fund in 2010.

Viet Nam started its aging phase when over 60-year-olds accounted for more than 10 per cent of the total population in 2012, five years ahead of prediction. With fewer young workers in the future and a generous pension formula, the pension fund will be in jeopardy unless urgent measures are introduced in the reform.

## Report projects future financial woes of social security fund

A report released in August by the ILO suggests that the Viet Nam Social Security Fund (VSS) could start having deficits by 2021 and experience depletion by 2034 if no reforms are made.

The report, titled “Actuarial Valuation of the public pension scheme of the Viet Nam Social Security Fund,” was presented to the Vietnamese Government at a workshop co-organized by the ILO and MoLISA.

It provides financial projection of the present public scheme of the fund and analyses possible reforms that could increase the fund’s sustainability.

“Social insurance reform is like driving a big boat: the captain cannot wait until the last moment,” said ILO Viet Nam Country Director Gyorgy Sziraczki. “Rather, it should start turning even before seeing the obstacles in front. Unfortunately, the ILO report shows that the obstacle is dangerously close.”

“Government, employers and workers need to work together urgently and find the right balance to ensure pensions now and in the future,” he added.

To ensure the fund’s sustainability, according to the ILO, Viet Nam should gradually increase the retirement age to 65 for both men and women, considering there is and will be a substantial increase in life expectancy and a smaller ratio of the working population to pensioners.

The report also stressed that combined set of reforms to address the issues of financial sus-

tainability as well as the adequacy and the fairness of benefits between private-sector workers and civil servants must be implemented together.

In his opening speech, MoLISA Vice Minister Pham Minh Huan, said that in the 2020-50 period, the rate of aging for Viet Nam’s population would expect to be among the fastest in Asia.

ILO projects are critical for the Ministry to have the ground for future development plan of the social insurance and retirement policies, he added.

The VSS covers Vietnamese citizens with employment contracts of three months or longer but the enforcement remains a challenge.



### Upcoming events

- ILO - UN Women- VCCI workshop on gender aspects of the Labour Code and Trade Union Law, Hanoi, 23 September
- Training for 30 recruitment agencies and provincial government staff of eight provinces on COC-VN monitoring and evaluation, HCM City, 24 September
- Better Work Viet Nam shared learning 2013: Preventing harassment at workplaces, Dong Nai, Binh Duong, HCM City, Long An, Tien Giang, Ben Tre, 26 September – 2 October
- Disability equality training series, 26-27 September (workshop in Quang Ninh), 29 September – 4 October (training of facilitator in Hanoi), 7-8 October (workshop for UN staff in Hanoi)
- ILO - UN Women - WB - VCCI forum sharing good practices on women eco-

nomie empowerment, Hanoi, 2 October

- Capacity building for the Youth Union and counselors at five provincial Migrants Resource Centres on safe migration and anti-trafficking, Thanh Hoa, 3-10 October
- Swiss Federal Councillor Johann N. Schneider-Ammann, head of the Federal Department of Economic Affairs, Education and Research, to visit an ILO project (funded by Swiss and Norwegian Governments) that aims to improve productivity, working conditions and market-access for small and medium-sized enterprises and wood businesses (SCORE), Dong Nai, 25 October
- Award ceremony for Hanoi Law University students for their research on the Law on Persons with Disabilities, Hanoi, October
- Workshops on the legal definition of sexual harassment at workplaces, Hanoi, October
- Workshop on occupational safety and health training system for construction workers, November

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