



## STATEMENTS 2010

Opening message for the Tripartite Consultation Meeting on  
Freedom of Association and Collective Bargaining Rights in Export Processing  
Sector in the Philippines

16 November 2010

Greetings:

Undersecretary Hans Cacdac, Director Rebecca Chato and Director Celeste  
Valderrama of the Department of Labor and Employment

Professor Rene Ofreneo of the University of the Philippines

Lisa Tortell, a colleague from ILO Geneva

Focal persons from the Philippine government, employers' and workers'  
organizations

Ladies and gentlemen, **magandang umaga sa inyong lahat!**

I am glad to welcome all of you to this dialogue on the export processing sector in  
relation to freedom of association and collective bargaining.

Export processing zones, a sub-component of the export sector, encourage  
manufacturing activities through special incentives. In many countries, incentives  
include absence of custom duties and exchange controls, authorized repatriation of  
capital, preferential credit and subsidized plant, and services to attract foreign  
investors.

Countries set up export processing zones to create jobs, increase exports, attract  
investments and generate foreign exchange.

Small fishing villages were transformed to industrial areas. Farmlands were  
converted to sites for factories and buildings. Indeed, jobs were created but there  
were many challenges.

In countries where export processing zones exist, we hear issues related to working  
conditions and labour relations. The situation was often worse for many countries  
due to the global economic crisis. Demand for export products sharply declined.  
The crisis changed the economic landscape with a significant impact on jobs.

Countries were pressured to have a stimulus plan that will create and save jobs.  
Companies were under strain. Workers were laid off while others have to accept  
short-term or reduced working hours.

Rather than becoming unemployed, people were willing to take whatever work is available to survive. This resulted to an increase in the number of vulnerable employment in which workers are less likely to have formal work arrangements. They lack decent working conditions, social protection, employment benefits and social dialogue.

We need a coordinated global policy options to strengthen national and international efforts centred decent and productive jobs, sustainable enterprises and quality public services. We have to protect people, safeguard their rights, and promote voice and participation.

In response to this call, the Global Jobs Pact was adopted unanimously at the International Labour Conference in 2009 by actors of the real economy – governments, employers' and workers' organizations. The Pact is currently being used in many countries to guide national and international policies to stimulate economic recovery, generate jobs and protect working people and their families. The new administration's commitment is linked to the Global Jobs Pact as it placed creating decent and productive employment opportunities, achieving inclusive growth and reducing poverty central to the Philippines Medium Term Development Plan.

However, without social dialogue, recovery and development will not work. Social dialogue, including collective bargaining, is an invaluable mechanism for reducing social tensions in times of crisis and designing policies to fit local, national and regional priorities. It is a strong basis for building the commitment of employers and workers to joint action with governments to overcome the crisis and sustain recovery.

Bringing issues to the table seem to be quite hard but it is not impossible. Some of you already know that I grew up in an environment where issues relevant to unions and management relationships were discussed on a daily basis. My father was an officer of a machinist and aerospace workers' union before becoming an Engineer, while my mother was part of the management of our city's school system. For 23 years, I worked in a number of countries in Central America, Eastern and Central Europe, East Asia and South East Asia to address constraints to growth through decent and productive work. I headed a team tasked to monitor and assess the global economic crisis. Social dialogue is a keystone in this process. Place social dialogue at the forefront can be a challenge but it can be achieved.

As most of you would recall, there was no adequate system of labour regulation and labour-management relations when export processing zones started in the Philippines.

After years of industrial conflict, the country implemented reforms and established a system of labour-management relations including respect for trade union rights. However, not all zones in the Philippines are developing at the same pace, therefore the reason why we are here today.

I am pleased to inform you that the Philippines is a pilot country of a Global Project which aims to promote freedom of association and collective bargaining in the export processing sector. The Global Project is funded by the Swedish International Development Cooperation Agency. Through the Global Project, a study on freedom

of association and collective bargaining in the export processing sector was conducted.

Today, we will listen to Professor Rene Ofreneo as he presents initial findings of his study.

The Global Project aims to develop and implement a national plan of action. We recognize the vital role of the ILO constituents in the Philippines - government, employers' and workers' representatives. At the onset, I've been ask to request that you to nominate two focal points for the Global Project. Lisa Tortell, our colleague from Geneva is here with us today to provide more details on the ILO SIDA Global Project.

Before I end, let me acknowledge the support and cooperation of the Department of Labor and Employment as well as the Philippine Economic Zone Authority to this initiative.

The export processing activities have played a significant role in the economy of the Philippines. There are many challenges but how do we turn these challenges to opportunities:

- opportunities to improve working conditions and labour relations through social dialogue
- opportunities to provide a globally competitive environment for investments
- opportunities to achieve development and recovery

I look forward to the success of this dialogue and the ILO SIDA Global Project in the Philippines. Mabuhay!