

**The 8<sup>th</sup> ITF Asia/Pacific Regional Conference**  
**Organising to Build Strong Transport Unions in the Asia/Pacific Region**  
**14-17 May 2013, Hong Kong**

**Agenda item 5: ECONOMIC AND EMPLOYMENT OVERVIEW OF ASIA PACIFIC**

1. According to ADB, Asia and the Pacific region generates the largest share of global GDP. The People's Republic of China (PRC), India, and Japan remain the top contributors to the region's GDP, with more than 70% of its total. In per capita GDP, the PRC, India, and Japan moved to lower ranks. The global economic and jobs crisis has entered its fifth year, following a year of economic adversity and disappointing labour market trends. After a relatively encouraging first quarter, the crisis returned during the remainder of 2012, with weakening economic growth in nearly every region of the world.<sup>1</sup> After the 2008 global financial crisis, growth in the Asia-Pacific region has slowed, mainly caused by the setbacks of the recovery in advanced economies. For Asia as a whole, real GDP growth averaged 5.5% (year over year) in the first half of 2012, well above the global average, but the lowest rate since the 2008 global financial crisis, the capital inflows started to resume in the third quarter.<sup>2</sup>
2. Growth decelerated by 1.4% in East Asia, largely due to a notable slowdown in China, where growth slowed to 7.8%— the lowest rate of annual growth since 1999. In South Asia, where growth in India slowed sharply to 4.9%, the lowest annual rate of growth in the country in a decade, the regional GDP growth rate decelerated by 1.6% points. In South-East Asia and the Pacific, which has demonstrated remarkable economic resilience throughout the past year, growth accelerated to 5.2%, versus 4.6% in 2011.<sup>3</sup>
3. Across the region, the focus has shifted to joint ventures, raising equity/debt, and strategic acquisitions. According to a survey it has been found that infrastructure investment will be the single most helpful form of government support. Passenger numbers/freight volume will increase over the next five years, as will fares/freights.<sup>4</sup>
4. Ban Ki Moon UN Secretary General recently said that "with robust domestic demand in several Asia-Pacific economies, the region is becoming increasingly important for other developing regions. To support these trends, Asia-Pacific economies should complement their active participation in global trade with greater efforts to increase domestic demand."

**Asia Pacific transport sector**

5. Asia Pacific ranks equal to Europe as the market of greatest importance to the global **shipping** sector. The top five container **ports** in Asia and the Pacific were located in China; Japan; Republic of Korea; Singapore; and Hong Kong.

<sup>1</sup> [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_202326.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_202326.pdf)

<sup>2</sup> [http://www.seatransport.org/seaview\\_doc/SV\\_100/Econ%20Analysis.pdf](http://www.seatransport.org/seaview_doc/SV_100/Econ%20Analysis.pdf)

<sup>3</sup> [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_202326.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_202326.pdf)

<sup>4</sup> <http://www.nortonrose.com/files/the-way-ahead-asia-pacific-regional-transport-survey-211-pdf-560kb-49982.pdf>

6. Before recession, the global trade was expanding and industries were transformed as supply chains grew in complexity. Asia became the global manufacturing hub for numerous products and became the most important region for the industry. In 2009 when trade volumes fell, industry revenue contracted 4.4%. The industry recovered due to measures like JIT and ongoing growth in emerging economies. As a result, industry revenue is expected to grow at an average annual rate of 1.8% to \$36.1 billion in the five years to 2013, including an increase of 3.3% from 2012 to 2013. Additionally, global recession increased the cost of capital, effectively increasing the barriers to new entrants. Global Marine and Container Terminal Operation Industry Market Research Report (2013).

<b>Top 10: Ports- Asia Pacific [Teu]</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Shanghai, China	28.01 m	25.00 m	29.07 m	31.74 m
Singapore, Singapore	29.90 m	25.87 m	28.43 m	29.94 m
Hong Kong	24.49 m	20.98 m	23.53 m	24.38 m
Shenzen, China	21.42 m	18.25 m	22.51 m	22.57 m
Busan, Korea	13.45 m	11.95 m	14.16 m	16.17 m
Ningbo-Zhoushan, China	10.99 m	10.50 m	13.14 m	14.72 m
Guangzhou, China	11.00 m	11.19 m	12.55 m	14.26 m
Qingdao, China	10.02 m	10.26 m	12.01 m	13.02 m
Tianjin, China	8.50 m	8.70 m	10.08 m	11.50 m
Kaohsiung, Taiwan	9.68 m	8.58 m	9.18 m	9.64 m
<i>Source: Cargo Systems, Last update: 22/01/2013</i>				

7. In 1995 **railways** in Asia-Pacific handled 1.2 trillion passenger-kilometres and 2.9 trillion ton-kilometres of freight. By 2009 this figure increased to 2.2 trillion passenger-kilometres, and in 2010 railways in the region handled 5.5 trillion ton-kilometres of freight. The railways of China, India and Japan registered the highest number of passenger-kilometres in 2009. In 2010, China, India and the Russian Federation recorded the most freight (in tons-kilometres).<sup>5</sup>
8. **Aviation** in Asia Pacific came off a difficult 2011, due to stubbornly high fuel prices and weaker yields in a challenging global economic environment. Overcapacity was looming as a threat in 2012 as the region's full service airlines geared up for a period of growth and change in the coming decade. Record aircraft delivery levels are being maintained even as traffic growth slows. According to Boeing's Current Market Outlook, published in 2012, an unprecedented 460,000 new pilots demand will occur during the years 2011 to 2030 globally, 40% of which will be needed in the Asia-Pacific region. This because Asia Pacific being an intensely competitive market, with low cost airlines, Gulf carriers and Chinese airline companies will each be vying for larger shares of markets which were historically the territory of the region's flag carriers.
9. The number of inbound tourist arrivals in the region totaled nearly 250 million in 2010, up 11% from 2009. With the exception of the Pacific, all of the sub regions recorded double-digit percentage increases in inbound tourist arrivals. In the region, expenditures by inbound tourists rose to US\$350 billion in 2011, up

<sup>5</sup> <http://www.unescap.org/stat/data/syb2012/did-you-know.asp>

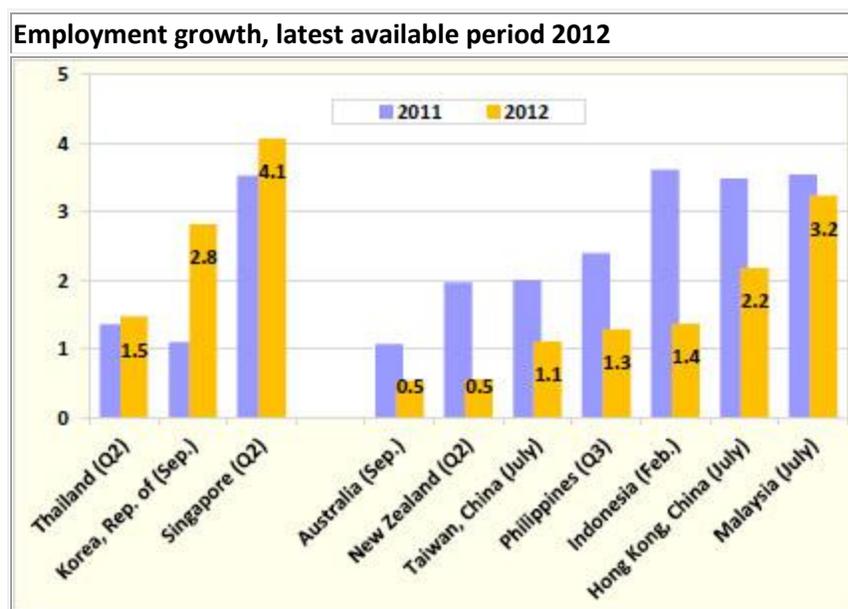
from US\$310 billion the previous year. China, Malaysia and Turkey saw the most inbound tourism arrivals.<sup>6</sup>

### FDI in Transport Sector

10. In the context of sectoral recovery, post financial crisis, Asia-Pacific's transport sector in the first half of 2012 witnessed more than 100 FDI in projects. The second quarter of the year, which is typically the sector's slowest, accounted for 61 of these projects. Historically, the most popular destination country for transportation FDI into Asia-Pacific is China. Countries in south-east Asia such as Indonesia, which is Asia-Pacific's 10th ranked destination country in terms of number of transportation projects, attracted the third most projects in the region until 2012. The US is the main source country for transportation FDI in Asia-Pacific, followed by Germany in second position and Japan in third.<sup>7</sup>

### Labour and employment in Asia Pacific

11. According to an ILO Report, economic growth has slowed down in many Asia-Pacific countries, affecting labour markets both in terms of the quantity and the quality of jobs available. The [October 2012 Asia-Pacific Labour Market Update](#), says jobs growth in the region has slowed down compared to 2011, although the situation varies greatly among countries. For example, while Indonesia, the Philippines, Australia, New Zealand and Taiwan (China) experienced a significant slow-down in employment growth, the Republic of Korea and, to a lesser extent, Singapore and Thailand, saw a rise in job creation.



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<sup>6</sup> <http://www.unescap.org/stat/data/syb2012/did-you-know.asp>

<sup>7</sup> Asia-Pacific sees transportation sector boom, Mark Thompson

<b>Employment figures of 2010 in percent</b>			
	<b>Agriculture employment</b>	<b>Industry employment</b>	<b>Services employment</b>
East and North-East Asia	33.1	28.4	38.6
South-East Asia	42.3	18.4	39.4
South and South-West Asia	49.3	21.3	29.4
North and Central Asia	19.5	24.4	56.1
Pacific	17.1	17.6	65.3
Asia and the Pacific	39.1	24.2	36.7
World	34.1	22.1	43.8

*Source: UNESCAP*

**12.** Around four out of five workers in Nepal, India and Pakistan work informally in the non-agricultural sector. In Indonesia, the Philippines and Viet Nam, the proportion was around 70%. Many of these workers are women. The latest data shows unemployment stands below 5% in most Asian economies. There are no signs of this changing in 2013.<sup>8</sup>

**13. Labour and employment in East Asia**

- With economic activity slowing, labour markets were sluggish in 2012.
- The unemployment rate remained low at 4.4% in 2012, but youth unemployment was at 9.5%.
- Employment expanded only 0.5%, or 4.5 million.
- In 2012, only one in two workers was employed as a wage or salaried worker.
- Labour productivity growth was 6.1% in 2012 and projected to increase to 6.8% in 2013.
- Many workers have moved from low productivity sectors to more productive sectors, also during the crisis.
- In addition to structural change, improvements in labour productivity in both the industry and services sectors have contributed significantly to growth and are expected to remain important contributors in 2011-17.

**14. Labour and employment in South East Asia**

- Recovery from the global economic crisis is mirrored in the labour markets.
- The unemployment rate is projected to have remained steady at 4.5% in 2012.
- Labour markets remained tough for young people, but youth unemployment has trended down in the Philippines and Indonesia.
- Progress in reducing vulnerable employment remains uneven. In 2012, 185 million people, or over 61% of the region's employed, were in vulnerable jobs.
- Structural change has remained largely unaffected by the crisis and continues to contribute significantly to growth.
- In addition to structural change, labour productivity improvements in both the industry and services sectors are projected to contribute significantly to growth.

**15. Labour and employment in Pacific**

- In Australia youth unemployment increased to 11.8% in September.

<sup>8</sup> [http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_191716/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_191716/lang--en/index.htm)

- In the Pacific Islands growth remained strong in the first half of 2012, albeit slower than in 2011.2
- In the Marshall Islands economically active youth are nearly three times as likely to be unemployed as their adult counterparts. The share of workers in non-wage employment was lower, but still around 25%.
- GDP growth in Papua New Guinea is projected at 7.5% in 2012, supported by the construction of a massive liquefied natural gas facility.
- In the Solomon Islands growth in 2012 is forecast at 6.0%, benefiting from robust activity in forestry and mining.
- In Samoa economic activity has slowed because of falling agriculture and fishery exports and declining tourism revenues. Nearly half of all workers were an own-account worker or in subsistence agriculture.
- In Samoa and Vanuatu, youth make up nearly 60% and 50% of the total unemployed population respectively.

#### **16. Labour and employment in South Asia**

- Economic growth weakened and did not deliver significant numbers of jobs and decent work.
- Unemployment rates remained low, projected at 3.8% in 2012, but youth unemployment was estimated at 9.6%.
- A large share of workers remained in agriculture, in the urban informal sector or in unprotected jobs in the formal sector.
- Female labour force participation remains low.
- The goal of creating more decent work will be even more elusive in 2013.
- There are widespread skills and education mismatches: many South Asians are leaving school or university without skills that are demanded by employers. Many of these young people “queue” for a job in the public sector.
- Labour productivity improvements within services contributed significantly to growth.
- Structural change has also contributed significantly to growth, but to a lesser extent during the crisis.

#### **17. Labour and Employment in CIS countries**

- The labour market improved moderately but lost some momentum.
- Unemployment, which reached a peak of over 10% in 2009, was down to 8.2% in 2012 and is expected to decline modestly by 2017.
- Labour force participation has increased despite demographic aging.
- Labour market developments were above average in resource-rich countries, such as Russia, where unemployment was 5.4% in July 2012.
- Informal employment remains a major challenge.
- Productive structural change has experienced a sharp slowdown during the crisis and is not expected to fully return to the pre-crisis path in 2011-17.
- Productivity improvements within sectors have contributed much less to growth during the crisis compared to before.
- Labour productivity improvements within services are projected to be the main growth engine in 2011-17.

## Conclusion

18. In many Asia Pacific countries uncertain labour and economic situation persists. Many Asia Pacific countries continue to work in vulnerable and precarious forms of work, where incomes are low or unstable and access to rights and benefits are very restricted. Social protection coverage remains extremely limited, although one positive development is that some Asian countries are now prioritizing the expansion of social protection using a range of strategies. The policy-makers are showing interest in policies that promote sustainable and equitable growth by enhancing employment opportunities, improving skills development, and expanding universal social protection. (ILO, Oct 2012)
19. In the words of ILO Vietnam Country Director Gyorgy Sziraczki “Urgent measures are needed to create more and better jobs and to reactivate sustained growth and development. New initiatives should focus on supporting infrastructure development to boost employment and long-term productivity growth, improving access to bank credits for small and medium enterprises, and extending the coverage of social protection, especially in developing Asia.”

### *Points for discussion:*

**20. Conference participants are invited to comment on the background paper and the presentation:**

- a. *What are the key challenges for unions in the region?*
- b. *What else do we need to know about our strengths and weaknesses?*
- c. *What do we need to do to make unions in the regions stronger?*
- d. *What are the key priorities for the region?*