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**Impacts of International Labour Standards from ILO Declaration on Fundamental Principles and Rights at Work (1998) to the national business level and competition in TPP**

It is my pleasure to address the Viet Nam Leadership Forum in HCMC at this critical juncture. Seventy-one years have passed since the declaration of independence of Viet Nam, and 30 years have flown by since the adoption of *Doi Moi*. Now Viet Nam is entering a new era of economic and social development, with its deeper global integration through various FTAs.

Under the visionary leaders and with a strong sense of common goals among members of the society, Viet Nam has achieved impressive economic development, while drifting millions out of the poverty for the last thirty years. Based on the experiences and lessons learned, Vietnam is aspired to become the upper-middle income country by 2035. It is a very ambitious goal, but not unachievable.

With the establishment of ASEAN Economic Community (AEC), conclusion of EU-Vietnam FTAs and TPP, Viet Nam is one of a few countries in the world which are positioned very well to accelerate its economic growth and deepen structural reform required for sustained economic growth. Forecast or projection of future growth varies from one economist to another. But most observers agree that the deeper global integration will increase growth potential significantly, and it will boost Viet Nam’s export, particularly for apparel and footwear, and other manufacturing export industries.

However, nothing comes for free. To enjoy the full benefits of the TPP and other FTAs, Viet Nam will have to embark on major and wide-ranging reforms with a view to improving business environment, its legal system and institutions, as the previous speakers already highlighted. And I do not need to re-emphasize the need for boosting productivity and stimulating innovation, which is essential requirement for sustainable economic development and industrial upgrading for any society.

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At the same time, Viet Nam will have to embark on major labour reform, particularly its industrial relations system, if Viet Nam is to be qualified for economic benefits promised under TPP. This is the topic I will focus as the Director of ILO Country Office for Viet Nam.

Now that you have heard of the name of the organization where I am from – the International Labour Organization (ILO), I would like to take this opportunity to briefly explain what we are doing. The ILO is a UN agency that brings together Governments, employers and workers representatives to set labour standards, develop policies and devise programmes promoting decent work for all women and men. Our goals are to promote rights at work, encourage decent job opportunities, enhance social protection and strengthen dialogue on work-related issues.

As the previous speaker, Mr Cuong of MOLISA, already mentioned, TPP and EU-Viet Nam FTA does not create any new international labour standards. TPP, also EU-Viet Nam FTA in slightly different languages, requires Viet Nam to adopt and maintain in its statutes, regulations and practices, the following rights as stated in the ILO Declaration on Fundamental Principles and Rights at Work, which include:

1. Freedom of association and the effective recognition of the right to collective bargaining, which are embodied in ILO Convention No 87 and No 98.
2. The elimination of all forms of forced or compulsory labour, embodied in ILO Convention No 29 and No 105
3. The effective abolition of child labour, defined in ILO Convention No 138 and No 182
4. The elimination of discrimination in respect of employment and occupation, defined in ILO Convention No 100 and No 111.

The Declaration was a result of the global debate in 1990s among trade and labour ministers of developed and developing countries whether WTO should establish a direct link between trade and labour standards. In 1996, trade ministers of WTO member states, meeting in Singapore, declared that the ILO is the competent body to set and deal with core labour standards, and affirmed their support for ILO’s work. The WTO ministerial meeting in Singapore paved a way for the adoption of the Declaration in 1998 by representatives of government, workers and employers of ILO member states. The Declaration commits ILO Member States to respect and promote principles and rights enshrined in 8 core conventions, whether or not they ratified those Conventions.

Vietnam has already ratified 5 out of those 8 core conventions. With the conclusion of TPP, Viet Nam is developing a plan to ratify 3 conventions related to freedom of association, right to collective bargaining and the elimination of forced labour. While TPP and the bi-lateral agreement between the US and Viet Nam does not create any labour standards of its own, it obliges Viet Nam to carry out reforms to fully implement the Fundamental Principles and Rights at Work in following manner.

* Viet Nam should amend its Labour Code and Trade Union Law in accordance with the US-Viet Nam bi-lateral agreement, which is specific expression of ILO standards. Only after Viet Nam does so, TPP can come into entry for Viet Nam.
* Implementation of legal provisions in full compliance with ILO standards is linked to the tariff reduction plan. In other words, only when Viet Nam is proven to fully respect and implement the reforms as required by the agreement not only in terms of laws and regulations but also in terms of actual practice, Viet Nam can fully enjoy economic benefit of tariff reduction. There will be regular monitoring of the implementation for this purpose.
* ILO will be entrusted to implement a large scale technical assistance program to support government, trade unions, and employers in reforming Viet Nam’s industrial relations system, including laws, institutions and practices. At the same time, ILO is likely to be invited by the US and Viet Nam to be an independent chair of the bi-lateral Labour Expert Committee, which will monitor and review the implementation of the agreement on labour.

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At the heart of the TPP requirement is Viet Nam’s full respect the freedom of association principle, which is seen to be the most difficult part of the labour challenges under TPP.

As you know very well, at the moment all unions must be a part of the Vietnam General Confederation of Labour (VGCL). Under the TPP, workers should be given freedom to set up or join organization they choose. This is a significant change not only for workers and VGCL but also for employers and Government. It is because employers may have to deal with workers’ organizations that may not be a part of VGCL at their workplace, and the Government will have to develop a system for effectively recognizing them as the representative organization of the workers for collective bargaining and other collective actions in industrial relations.

I know it may cause some concerns among political and business leaders. But I would like to say, ‘don’t worry’, because absolute majority of countries in the world have industrial relations system, which functions very well based on the freedom of association, except a few countries, for example, China and North Korea.

In this respect, it is commendable that Mr. Dang Ngoc Tung, the President of VGCL stated unequivocally clearly his support for VGCL reform and his commitment to respecting freedom of association, even though it poses a challenge to VGCL. Political commitment to industrial relations reform in compliance with ILO standards has been made by Vietnamese political leaders at highest level. Indeed, I truly believe Vietnam should use the TPP challenge as a golden opportunity to transform the outdated industrial relations into effective and modern industrial relations system which can serve Vietnamese business, Vietnamese workers and Vietnamese society.

There are clear and obvious signs and symptoms that the current system of industrial relations is not functioning and outdated.

Since the adoption of Labour Code in 1994, there were more than 5,500 strikes. All of them, without a single exception, were wildcat strikes, meaning firstly no strike was organized by trade unions, and also no strike went through procedures required by laws and regulations. It is the most glaring example of mal-functioning industrial relations system in Viet Nam. It shows that most trade unions at the grassroots level fail to represent workers – in fact, they are better connected to employers at the workplace as often trade unions chairperson is HR manager, and also better connected to local government and party at district and provincial levels than to workers. Modern industrial relations system in market economies is based on representative trade unions that are organizations of workers, by workers and for workers. We need to modernize trade unions in respect of freedom of association, if we want to make industrial relations system work for Viet Nam.

We also have challenge of making labour administration work for Vietnamese workers, employers and society. Labour administration in modern society provides effective service to employers and workers in preventing and resolving labour disputes, promoting sound industrial relations and collective bargaining, providing advice for better compliance, and enforcing laws and regulations, which should reflect needs and reality of employers and workers. In this regard, there are significant room for improving the ways MOLISA and DOLISA work. Again, I would like to emphasize that TPP presents a golden opportunity to improve and modernize Vietnam’s labour administration for serving needs of business and workers.

It also presents an opportunity for businesses to modernize their HR and labour relations practices in response to the new challenges of independent unions at their workplace. In this respect, there are important roles for VCCI and business associations to play for helping individual businesses to develop modern HR policies. At the same time, it presents an opportunity for different stakeholders in global supply chains, including local private firms, vendors and multinational enterprises, to start dialogue and collaboration in more systematic manner, with a view to improving labour rights and their HR practices to comply with TPP and international labour standards requirement, while exploring ways to have fairer distributions of economic gains arising from TPP and EU-Viet Nam FTA.

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International experiences and comparative research at global level clearly show that effective industrial relations system creates benefits for all stakeholders.

Firstly, research and experience show that effective social dialogue helps business and government to make better informed decision. When voices of employees can be channelled, through regular mechanism of social dialogue by their representatives and unions, into business decision-making, it improves quality, relevance and effectiveness of decisions. It can also help government decision when government can get regular inputs from representative organizations of workers and employers. It is good for business and good for better governance.

Secondly, effective industrial relations system creates stable and predictable environment for business and modern economy, as conflicts between employers and workers can be channelled through orderly practices of collective bargaining and dialogues to find common solutions to common problems. It is good for business and good for society.

Lastly, many research shows that effective and comprehensive system of collective bargaining contributes to more equitable income distributions at societal level. This is a very important function of industrial relations, which we should consider seriously. The deeper integration into global economy tends to widen gaps between different economic actors and increase volatility in a society, which can threaten social cohesion and long term sustainability of economic development. Effective mechanism of collective bargaining can mitigate negative effects of globalization and maintain social harmony. Effective industrial relations is good for globalization and good for society.

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Of course, I am fully aware that it is not easy for any country to move from the old industrial relations system to a new one. And it is very natural people are worried and nervous about the changes, when nobody has any experience. But I am happy to tell you Vietnam is, well almost, ready to move. ILO has been working with the government, employers and trade unions for more than a decade, very gradually, to improve legal environment for industrial relations, to raise basic awareness among industrial relations practitioners, and also to experiment innovative ways of managing industrial relations. I have seen meaningful improvements in many areas for the last 10 years. Those are not enough to bring systematic changes, but those experiences are a great starting point for our journey towards building effective industrial relations. ILO works not only on policy-making at national level, we do many things with our partners at provincial level, and even at the factory level.

ILO, together with International Financial Corporation (IFC) has been implementing Better Work programme to improve compliance of garment factories with national laws and ILO standards since 2009. Now Better Work Vietnam covers more than 360 garment factories, which employ almost half million garment workers. There have been significant improvements of compliance with regard to non-discrimination, implementation of collective bargaining. An assessment of Better Work impacts shows that better work factories are now preferred suppliers in global supply chains, meaning they have better chance for business success. Advice given by Better Work programme helps to boost labour productivity and improve staff retention. Also, according to the study, profits were found to be 7 per cent higher at factories where workers report improved working conditions. And 5 per cent improvement in factory compliance is associated with 10 per cent increase in worker incomes, and 3% improvement in workers’ health. In short, improving working conditions and improving compliance is good for workers, good for business and also good for society.

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So, there is a strong business case for improving compliance and improving industrial relations. Certainly TPP labour chapter poses a challenge of building new industrial relations. And we have a long journey ahead of us. Before we start our long journey, I would like to look back common history between ILO and Viet Nam.

ILO was created in 1919 as a part of the Treaty of Versailles that ended World War I to reflect the belief that universal and lasting peace can be accomplished only if it is based on social justice, and the belief that the failure of any nation to adopt human conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries. ILO is the only UN agency with tripartite decision-making structure where representatives of not only government, but also employers and workers sit together to make joint decision. ILO itself is the embodiment of social dialogue and industrial relations. That is why ILO Constitution adopted in 1919 demanded all of its member states to respect, among other things, recognition of the principle of freedom of association.

In 1919, there was another man who put forwards the same idea. He was a man from a French colony, who was not allowed to participate in the Peace Conference in 1919. In his letter to the delegations of the Peace Conference, he demanded, among other things, freedom of association. Does anyone here know who he is? His name is Ho Chi Minh. He shared the same ideal and principles with the founders of the ILO. It was also interesting for me to find that both ILO Constitution and Ho Chi Minh in 1919 demanded people be given opportunity for vocational and technical education, recognizing importance of skilled workers for national development.

ILO will soon celebrate its 100 years anniversary in 2019. I do hope that we can celebrate together in 2019 the realization of the principle of freedom of association, the ideals of not only ILO but also the President Ho Chi Minh. And it is not just to satisfy TPP requirements, but primarily to build the legal, institutional and spiritual foundation of effective industrial relations, which should serve needs of Vietnamese business, needs of Vietnamese workers and needs of Vietnamese society.

Thank you