



VCCI



DIỄN ĐÀN VIỆC LÀM VIỆT NAM

VIET NAM EMPLOYMENT FORUM



Việc làm bền vững,
Tăng trưởng và Hội nhập
Decent Work, Growth and Integration

việc làm
bền vững

16,17&18 tháng 12, 2007
16,17&18 December 2007

Sheraton Hotel
Hà Nội, Việt Nam

Tăng trưởng và Hội nhập



THE MINISTRY OF LABOUR, INVALIDS AND
SOCIAL AFFAIRS



THE INTERNATIONAL LABOUR OFFICE
IN VIET NAM

VIET NAM EMPLOYMENT FORUM
Decent Work, Growth and Integration
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REPORT OF THE FORUM

Hanoi, February 2008

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REPORT ON THE RESULTS OF THE FIRST VIET NAM EMPLOYMENT FORUM

I. Background

1. The first Viet Nam Employment Forum was held in Hanoi from 16-18 December 2007. The theme of the Forum was decent work, growth and integration. The Forum was a practical response to the Asian Decent Work Decade and was jointly organized by the Ministry of Labour, Invalids and Social Affairs (MOLISA) and the International Labour Organization (ILO) in collaboration with employers' and workers' organizations; the Viet Nam General Confederation of Labour (VCGL), the Vietnamese Chamber of Commerce and Industry (VCCI), and the Viet Nam Cooperative Alliance (VCA)

2. The Forum gathered 200 participants, including senior officials of the Government, policy makers, representatives from the employers' and workers' organizations, international organizations, universities, research institutions and enterprises and ILO experts from the ILO Office in Viet Nam, the ILO regional and sub-regional offices in Bangkok (Thailand) and ILO headquarters in Geneva (Switzerland). The Forum was held with the aim to create opportunities for participants to share their experience, and expertise and propose recommendations for promoting employment and decent work in Viet Nam by 2010 and beyond as Viet Nam engages further with the world economy.

3. The main goal of the Forum was to draw attention to and highlight the importance of employment creation and decent work as central goals of socio-economic development strategies and policies of Viet Nam. The Forum was also an opportunity to review the challenges which Viet Nam faces in the field of labour in the context of its integration into global and regional markets as well as in reaching the goal of becoming a middle income country by 2010. (Sachiko Yamamoto, ILO Regional Director for Asia and the Pacific).

4. In the opening speech of the Forum, H.E. Deputy Prime Minister - Pham Gia Khiem, after highlighting achievements in economic growth and employment creation in the past period, indicated that currently Viet Nam has to face major challenges in "ensuring decent work for young workers as the rate of agricultural workers remains more than 50% of which the majority are not trained, employment quality is not high, the productivity per worker is low, the risk of unemployment and underemployment is high while the gap between the rich and the poor is increasing". The Deputy Prime Minister also affirmed that ensuring decent work and successful implementation of unemployment insurance for workers are decisive elements in efficiently making use of the abundant workforce, bringing into play internal strength, making full use of opportunities, creating new driving forces, so that the country is able to overcome challenges and sustain rapid development.

5. H.E. Nguyen Thi Kim Ngan, Minister of Labour, Invalids and Social Affairs, in her speech, recalled the fundamental viewpoint of the socio-economic development strategy of Viet Nam in the period of 2001-2010, namely that "employment is a decisive factor to make full use of human resource, stabilizing and developing the economy, ensuring social stability,

and meeting the legitimate and pressing demands of the people". In striving towards this, the system of legislation and policies on labour, employment and social security have been gradually finalized. The Labour Code has been supplemented and amended several times; some new laws such as the Law on Vocational Training, Law on Social Security, and Law on sending Vietnamese workers abroad under contract have been promulgated. Policies on labour and employment have been timely issued, supplemented and amended in line with the market mechanism and international integration, ensuring the rights and interests of actors in industrial relations. The Government has promulgated several policies on assistance for vulnerable workers and implemented the National Target Program on Employment. Achievements made include the creation of more jobs, a decrease in the urban unemployment rate, and an increase in the utilization of working time in rural areas, contributing to raising incomes and improving the living standards for people.

6. These achievements have been made partly as a result of the important contribution of the ILO which has supported social partners in Viet Nam through policy consultations, capacity building and technical assistance towards expanding opportunities for male and female workers to engage in better employment as well as participate in the process of decision making which influences their lives. Employment is at the centre of the National Cooperation Framework on Promoting Decent Work (DWCF) in Viet Nam, which was signed by ILO and its Vietnamese social partners in July 2006. Mr. John Hendra, Resident Coordinator of the United Nations in Viet Nam pointed out that Viet Nam has integrated many contents of the global employment agenda and decent work agenda into its programs and strategies after carrying out the "doi moi" reform policy. The Resident Coordinator also highlighted that United Nations organizations in Viet Nam had supported decent work as a component of the One UN Plan in Viet Nam and asserted that the United Nations would continue its cooperation towards ensuring all Vietnamese people to have the opportunity for decent work.

7. However, besides the achievements, labour and employment in Viet Nam is still an area with pressing issues and constraints to overcome. The quality and sustainability of work is not high. The labour market has not been comprehensively developed. The quality of human resources is low; nearly 70% of workers are untrained, about 80% of youths do not receive any vocational training before entering the labour market and workers' qualifications can not meet the demand of enterprises.

8. Priorities include the following:

1. Enhancing productivity through vocational training and skill development;
2. Promoting the process of shifting the labour structure from agriculture to industry and services;
3. Developing labour market institutions, especially in rural areas;
4. Strengthening labour market information systems;
5. Increasing labour productivity, competitiveness to make full use of opportunities brought about by globalization;
6. Strengthening State administration of the labour market;
7. Broadening the coverage of social security;
8. Promoting social dialogue.

9. The Deputy Prime Minister requested participants, international guests, especially ILO experts to: communicate important employment messages to government agencies, donors and all stakeholders; identify causes, especially internal ones; put forward recommendations for employment policies; and propose specific measures. Such policies should be tailored to each locality and local government agency enabling them to address employment issues, contributing to realizing the goal of creating 8 million new jobs by 2010, ensuring employment for 49.5 million people and reducing the urban unemployment rate to below 5% by 2010, ensuring the successful implementation of the Social - Economic Development Plan 2006-2010. H.E. Minister Nguyen Thi Kim Ngan believed that through the Forum, the issues of decent work in the new period, especially in the period after WTO accession would be presented and discussed and many proposals, recommendations and solutions from labour administrators, domestic and international experts would be put forward to assist Viet Nam in implementing the goal of decent work, bringing into full play the potential of human resource for development.

10. Ms. Sachiko Yamamoto, Director of ILO regional Office for Asia and the Pacific, also pointed out that one aim of the Forum was to seek ways to cope with challenges which Viet Nam are facing in the field of labour and the quality and sustainability of growth, highlighting the importance of employment creation and decent work as central goals in strategies and policies on socio-economic development. Discussions in the Forum would also help identify new areas for cooperation between ILO and tripartite partners in the National Cooperation Framework on Promoting Decent Work in line with the ILO's Global Employment Agenda. Discussions at the Forum would help the incorporation of the DWCF into the One UN Plan in Viet Nam in 2008.

II. Major themes

11. Six themes had been identified for the first Viet Nam Employment Forum, as follows:

1. Viet Nam's Employment Strategy in the framework of growth and integration;
2. Labour law, social dialogue and competitiveness;
3. Flexibility and security in the labour market;
4. Skilling for tomorrow;
5. Promoting employment at the provincial level in association with rural-urban employment structure shift;
6. Employment and the implications of globalization.

THEME 1. VIET NAM'S EMPLOYMENT STRATEGY IN THE FRAMEWORK OF GROWTH AND INTEGRATION

Achievements

12. Ensuring employment for workers is considered a priority task for socio-economic stabilization and development, and employment creation is defined as a fundamental social policy element bringing into play human capital. The Employment Strategy for

the period 2001-2010 had been formulated by MOLISA with an aim to “shift employment structure in line with economic structure, ensuring employment for workers in need of jobs, enhancing labour productivity, increasing income and improving the quality of people’s life”. Employment creation can be done in 3 ways: through economic growth, international manpower (workers and experts) supply and implementation of the National Target Program on Employment (Nguyen Dai Dong, MOLISA¹).

13. Sustained high economic growth during the past years has contributed to the creation of many jobs. Since 2001, the GDP growth rate has been sustained at a high level; 7.5% per year in the period of 2001-2005, 8.2% in 2006 and 8.4% in 2007. Foreign investment has rapidly increased from USD 3.14 billion in 2001 to USD 10.2 billion in 2006. In the first 9 months of 2007 alone, it reached USD 9.61 billion. The promulgation of many important laws such as the Labour Code, the Law on investment, the Law on enterprises, the Law on land utilization, etc., and administrative reform have created a favourable environment for business investment. The number of newly established enterprises has increased rapidly, absorbing a significant amount of workers. Since 2001, programs on socio-economic development have created more than 70% of total employment yearly, and in the period of 2001-2005, 5.55 million jobs were created for workers, in 2006 employment was provided for 1.222 million workers. It is estimated that in 2007, 1.17 million additional workers found employment. Rapid economic growth linked with high productivity has contributed to shifting the labour structure, increasing competitiveness and reducing poverty. (Elizabeth Morris, Senior Labour Market and Human Resources Policies Specialist, ILO)

14. The National Target Program on Employment, including the National Fund for Employment has played a key role in supporting job creation. Established in 1992, the National Fund for Employment has increasingly brought into play its supporting role to efficiently create jobs. Every year, based on labour-employment plan, the Government approves the additional budget for the program, in 2001: VND 137 billion, in 2002: VND 164 billion, in 2003: VND 180 billion, in 2004: VND 200 billion, in 2005: VND 218 billion, in 2006: VND 235 billion and in 2007: VND 250 billion. Thus the total capital for providing loans with preferential interest rates for production and business establishments (e.g. small and medium-sized enterprises, traditional handicraft villages, farms, cooperative groups and production facilities etc.) and to households is more than VND 2,900 billion. In the period of 2001-2005, nearly 100 small projects were provided with loans, contributing to creating jobs for 1.67 million workers. In 2006 alone, 350 thousand jobs were created, and it is estimated that the figure in 2007 was also 350 thousands. New effective models of job creation have been established from these loans.

15. Viet Nam has been successful in implementing the program on sending workers abroad under contract, of which rural workers account for a high percentage. At present, Vietnamese workers are present in more than 40 countries and territories in over 30 types of occupations mainly in Korea, Japan, Taiwan, Malaysia and the Middle East. The quality of workers is increasingly enhanced. More than 50% of workers abroad receive vocational training and over 90% are provided with pre-departure orientation. In the period of 2001-2005, Viet Nam sent nearly 295.1 thousand workers abroad on a contractual basis, and it is estimated that in 2007 the number was 80 thousand workers, raising the total number of Vietnamese workers abroad up to more than 400,000.

1 Nguyen Dai Dong, MOLISA, issues paper prepared for the Employment Forum

16. In the process of restructuring State-owned enterprises, the Government of Viet Nam has consistently implemented the policy to support redundant workers in stabilizing their lives and seeking new jobs after resignation. By the end of 2006, the State budget had spent VND 6,376 billion on assistance policy for nearly 200 thousand workers in 3,656 restructured enterprises, aimed at creating favourable conditions for workers after leaving enterprises, enabling them to set up business by themselves or find new jobs suitable for their abilities. In addition, the national target program on poverty reduction, the national target program for socio-economic development of mountainous areas (Program 135) and other programs for local economic development and job creation for vulnerable groups have contributed to creating more employment for poor people and workers in rural areas.

Issues of concerns

17. High levels of unemployment and underemployment remain key challenges. The rates of unemployment in urban area and underemployment in rural areas are still high. The female and youth unemployment rates are 3 times as much as the average share of unemployed young people and account for 45% of total unemployment.

18. There is an imbalance between the supply and demand of qualified and skilled workers and a shortage of managers and experts. The imbalance is not only in terms of professions and qualifications but also across geographical areas. In some localities, particularly in industrial zones, there is a serious shortage of trained workers. Enterprises are faced with many difficulties in recruiting workers with appropriate qualifications, experience and skills.

19. Viet Nam's comparative advantage of cheap labour is gradually fading away and urging the need to enhance the quality of its workforce. Meanwhile, nearly 80% of youths have not been trained before entering the labour market. An inevitable consequence is low employment quality and labour productivity. Thus, challenges still remain in employment creation, not only in terms of the workers who are currently unemployed or have lost their job, but also the 1.1 to 1.3 million workers entering the labour market every year. (Azita-Berar Awad, Director of Employment Policy Department, ILO)

20. The process of shifting the labour structure is still slow and does not reflect its potentials. While the proportion of GDP in agriculture is rapidly decreasing, the proportion of workers in agriculture is falling less rapidly.

21. Policies to mobilize investment and resources for employment creation are not effective enough. The implementation of the national target program on employment in some localities is still weak, and the effect of some loan projects is still low.

22. The operation of employment service centers is not effective. Currently, the job transition success rate in these centers only accounts for 10% of the total, as compared to the world average rate of 35-40%. The system of transition is in its initial stage, unprompted and unevenly developed across regions, and localities and not yet linked to a nationwide system.

23. The system of labour market information is segmented, incomplete and incomprehensive. Databases on labour and employment trends are not only insufficient but also not updated regularly. Data is recorded and administrated manually and primitively, creating difficulty in using it for job searching. The infrastructure for collecting, providing and dealing with information such as informatics equipment, software, etc., is still insufficient and outdated.

24. There have been weaknesses in implementing policies and strengthening mechanism and institutions for labour market governance (RoseMarie Greve, Director of ILO Office in Viet Nam). A longer-term and sustainable strategy on decent work and employment should be developed. In particular, more attention should be paid to the efficiency of capital resources for employment creation (Pham Lan Huong, Central Institute for Economic Management (CIEM)).

25. The process of industrialization and urbanization reduces the amount of land available for agricultural production with unexpected impacts on farmers. Losing land is also a cause of increasing migration flows of workers to urban and industrial zones. Meanwhile, migrant workers face many challenges in terms of access to basic social services, employment opportunities and social protection.

26. Regarding enterprise development and employment creation, small and medium-sized enterprises, employers and employees have to cope with increasing competitiveness and they need to be willing to face these challenges. In the new competitive environment, employers have to be clearly aware of the importance of enhancing employees' skills, addressing the issues of wage and income, as well as other social issues of employees.

Directions and solutions

27. In order to make policies on employment more consistent and harmonious, there is a need to strengthen the linkages as follows (suggested by Elizabeth Morris, ILO):

- ◆ Education and training linked with the demand of employers.
- ◆ Training standards and quality linked with the shifting economic structure and new technology.
- ◆ Wages linked with productivity increase.
- ◆ Labour market policies and social protection programs including unemployment benefit nationwide linked with the increase of migration workers.
- ◆ Active labour market policies such as consultation, training, retraining linked with social security, including unemployment benefit.
- ◆ Job services to promote opportunities for self-employment as part of labour market policies linked with strategies on poverty reduction, with the aim to encourage workers to stay in and develop their localities.
- ◆ Employment service centers affiliated to provincial Departments of MOLISA (DOLISA) linked with employment service centers of social partners or great mass organizations such as Viet Nam Chamber of Commerce and Industry, Viet Nam General Federation of Labour, Viet Nam Women's Union, Viet Nam Youth Union and Viet Nam Farmer's Association, and private employment service centers and training institutions.
- ◆ The restructuring State-owned enterprises and increasing pressure on land linked with policies on assistance for farmers who are wage earners or self-employed.
- ◆ Policies on migration linked with policies on local socio-economic development, special areas and international manpower supply.

28. It is necessary to apply the latest approaches and practices in the world and adapting employment strategies in the context of Viet Nam. In particular, it is necessary to apply

the methods of the Global Employment Agenda (GEA) of the ILO in addressing challenges of employment at the national level (Azita Berar-Awad, Director of Employment Policy Department, ILO). At the heart of the GEA, there are three fundamental principles:

- a) First, employment goals and targets need to be integrated as central goals of economic and social policies and development strategies not as desirable derivatives. Decent work is not an output but a productive factor to sustain growth, economic performance and inclusive development. It is needed to consider decent work as the element of productivity. Increasingly, there is recognition among policy makers and the international community that the promotion of full productive employment and decent work needs to take centre-stage in the development framework of a country. Enhancing employment quality contributes actively not only to social progress but also to increasing wealth and competitiveness. Many countries are reviewing their development strategies and planning process in order to identify and assess the employment impact of various economic policies before embarking upon those policies;
- b) Second, accelerated economic growth is a prerequisite for employment generation but not all growth patterns are generating sufficient employment and quality employment. In fact, in many countries the relationship between growth and employment generated has been weakening in recent times and deliberate policies are needed to strengthen that linkage;
- c) Employment and decent work are the key to achieving sustainable poverty reduction, and therefore, should be incorporated into policies on poverty reduction.

29. In developing a strategy on employment, it is necessary to take into consideration 6 categories of policies reflecting the demand and supply side, including macro and micro interventions, as well as qualitative and quantitative measures and institutional factors, including:

- (a) Economic policies on broadening employment (the demand side). Policies on macro economy, finance, commerce and investment should be developed to create an investment-supportive and enabling environment for employment creation and sustainable development. Sectoral policies have to be consistent with the framework of macro policies in promoting sustainable development and absorbing the labour force. Special intervention measures are also necessary to encourage vulnerable groups to seek for jobs, including both paid jobs and self-employment. Migration and migrant workers are among the top priority issues in Viet Nam.
- (b) Skills, technology and employability (the supply side). This should be developed to match the demand. Economic re-structuring, increasing competitiveness and the increasingly important role of the knowledge based economy is leading to rapid changes in demanded skills, calling for adjustment in the education and training system, new training methodology and life-long learning.
- (c) Enterprise development requires incentives and long-term policies for adjusting and supporting sustainable development of small and medium sized enterprises, mostly in the informal sector, as well as policy frameworks and regulations, upgrading value chains and local economic development.
- (d) Labour market institutions and policies. These should be adjusted through

consultations with the social partners with the aim of ensuring rights in the work place, protection for workers and at the same time flexibility of the economy in the context of increasing competitiveness. It is also necessary to adapt labour legislations, industrial relations, wage policies, employment services and employment service institutions, active and passive labour market policies to the specific circumstances of Viet Nam.

- (e) Administration, empowerment and organizational capital. Each individual who works in the formal or informal sector should also be regarded as the person who creates wealth and materials for development, and therefore, should be empowered and supported. Besides, it is also necessary to pay attention to freedom of association, collective agreements, participation of tripartite partners, the role of social dialogue as well as preparation at the local level in applying consistent approaches in line with the reform of socio-economic policies and institutional changes.
- (f) Social security, including social insurance, money transfer and social safety nets are essential in ensuring policies and a framework of institutions for the protection of workers and income security, especially in the context of economic restructuring and adjustment and rapid globalization.
- (g) Other cross-cutting issues, such as gender equality, youth employment promotion and the formalization of informal economy need to be promoted and addressed through a coordinated policy framework.

30. Solutions for employment and decent work must be done in a synchronized manner through different mechanisms with various sectors' participation. Some basic solutions need to be concerned as follows:

- (a) Capital resource enhancement. If employment creation and decent work are the key issues in the development agenda, there must be a commitment to providing enough capital for the implementation of this agenda, modifying, supplementing and finalizing the legal framework, removing policy constraints and administration procedure barriers to make the most of all social resources for production and business development. Besides the National Fund for employment and other capital resources are needed for providing employment related activities.
- (b) Capacity building. It is necessary to enhance the quality of policy implementing agencies and service providing units.
- (c) Information enhancement. Effective measures for employment creation and decent work should be based on the labour market information system so as to be able to define the policies, monitor the implementation and assess the impact of the policies. Qualitative and quantitative data of all decent work related fields is needed to formulate indicators to assess trends of the labour market and build forecast models of labour market development. New data collection methods are needed to monitor the implementation of social insurance schemes and public employment services for migrant workers.
- (d) Strengthening consultation. Policies should be established based on consultations with employers and employees. Social dialogue has proved its effectiveness in formulating and implementing integrated policies on labour standards to reach development goals.

- (e) Creativeness enhancement. Viet Nam will develop its own model to develop and implement its policies and programs in support of employment creation and decent work.
- (f) Enterprise development. Combine employment opportunities with policies and programs on supporting enterprise development, self employment creation as well as enhance employment quality. Develop small and medium enterprises to reach the target of having 500,000 business registered by 2010 in the whole country. Facilitate the process of shifting the economic structure and industrialization-modernization of agriculture and rural areas. Support disadvantaged groups to develop their business and associations. (Phùng Quang Huy, Director, Bureau for Employers Affairs, Viet Nam Chamber of Commerce and Industry).
- (g) Human resource development. An important factor is labour quality; it is necessary to consider it as a key point for discussion and labour policy in the future. Specific actions need to be taken in order to enhance worker's skills and competitiveness. It is necessary to mobilize all available resources to develop education and training as well as to enhance training quality. Study and life-long-learning should be encouraged for all regardless of age and gender. The quality of human resource should be enhanced in terms of both education and skills. Training should be done in parallel with enhancing workers' knowledge of law, discipline and health conditions.
- (h) Social security system development. Expand coverage of the social insurance, unemployment insurance, improving safety and health conditions for employees. Establish a fund supporting self-employment for 1 million of poor workers (Mai Đức Chính, Vice President of Viet Nam General Confederation of Labour).

THEME 2. LABOUR LAW, SOCIAL DIALOGUE AND COMPETITIVENESS

Achievements

31. After 22 years of renovation, employment and industrial relations in Viet Nam are almost regulated by market principles. (Nguyễn Bá Ngọc, Vice Rector, University of Labour and Social Affairs)². In some fast developing provinces and cities such as Ho Chi Minh city, Dong Nai province, Binh Duong province, an effective labour market is being established. The labour market has developed in line with industrial relations development and the specific labour movements of the economic transition process.

32. The legislation reforms, including the Labour Code, the Law on Enterprise, the Law on Investment, the policies on private sector development, rural development, the State enterprise reform and the legislation framework have important implications on the labour market, creating more employment and enhancing the quality of the workforce.

33. Changes in the system of labour legislations and the application of international labour standards have laid the foundation for the labour market's operations and development. The legislation system provides regulations for activities before, during and after engaging in the labour relations of workers and employers, facilitating social dialogue and collective negotiation, completing the labour management system and encouraging initiatives on corporate social responsibility.

34. In 1994, the first Labour Code and the Law on Trade Union laid the foundations for the establishment of the legal framework for the development of industrial relations (Nguyễn Mạnh Cường, Director in charge of Industrial Relations, MOLISA)³. Tripartism and representative mechanisms have been developed and strengthened at all levels (from central to local). The National Industrial Relation Commission was established in mid 2007. This is a tripartite Commission functioning as an advisory body to the Prime Minister on policies and measures related to industrial relations. This Commission also supports the establishment of inter-sectoral cooperation mechanisms in industrial relations at the provincial level.

Issues of concern

35. Emerging out of a centrally planned economy, Viet Nam has yet to develop its own labour market governance model, a key pillar of which is the industrial relations system designed to harmonize interests of workers and employers and to manage the constantly evolving process arising from the changing social and economic environment. (Chang Hee Lee, Senior Expert in Industrial Relations and Social Dialogue, ILO)⁴

36. Although the Labour Code has been revised many times and some parts have been separated to become new laws, such as the Law on Social Insurance, the Law on Vocational Training, there are still many limitations. The legal framework is outdated. (Đặng Đức San, Director, Department of Legislation, MOLISA). The labour standards in the Labour Code are backward, too rigid and fail to reflect the current situation. For example, some regulations on female workers are hard to implement, because they are not conformable to the practice or lack of supervision mechanism. Viet Nam has approved 17 ILO Conventions, however, many regulations referred to in the Labour Code are different from the international law. The Labour Code protects many employee's interests, but their responsibilities to their enterprises are not clearly specified. (Nguyễn Thị Tòng, General Secretary, Viet Nam Leather and Footwear Association - LEFASO, Viet Nam).

37. Efforts in promoting social dialogue and collective bargaining agreements are facing difficulties because many enterprises do not have trade unions, which is a necessary condition in order to have a collective agreement. Currently, 65% of FDI enterprises and 85% of private enterprises do not have trade unions. Meanwhile, under the Law on Trade Union an enterprise must have established a trade union 6 months after being established (Đặng Đức San, Director, Department of Legislation, MOLISA). Shortcomings in the implementation process and in sanction mechanisms also lead to certain violations by enterprises such as evading or deferring social insurance premium contributions, exceeding over-time work hours and abusing short-term labour contract.

38. Shortcomings also exist in representative institutions. For example, the VCCI only has representative offices in 10 provinces. In provinces/cities where a VCCI branch is missing, it is difficult to find an employers' representative to take part in the Labour Arbitration Council.

39. The capacity of industrial relations actors is limited, especially at the grassroots level because of the lack of knowledge, information and awareness of labour law, dialogue and negotiation skills.

3 Nguyễn Mạnh Cường, MOLISA, issues paper prepared for the Employment Forum

4 Chang Hee Lee, ILO, issues paper prepared for the Employment Forum

40. Strikes are increasing, mainly in provinces with a large number of enterprises and industrial zones. In particular, the number of strikes increased dramatically in 2005 and 2006. Most of them were wildcat strikes and did not occur in accordance with the law. Therefore, there seems to be a problem with law enforcement and sanctions (Chang Hee Lee, Social Dialogue Specialist, ILO). However, in the period 1995-2006, the main cause of the strikes was dispute over lawful rights of the employees because of employers' violations. Since 2007, the main cause of the strikes has been conflicts over economic benefit.

Guidelines and solutions

41. In modern economies, labour market operations depend on labour law, social norms, government's policies and industrial relations. Therefore, each country should develop its own approach to promoting sound industrial relations (Chang Hee Lee, ILO). In conclusion, whatever model of market economy one country follows, it should ensure harmony and balance in the economy (Kari Tapiola, Executive Director for Standards and Fundamental Principal and Rights at Work Sector, ILO).

42. It is noted that two tools of industrial relations are dialogue and negotiation. It is clear that Labour law is the necessary condition, but dialogue and negotiation are the sufficient condition for any industrial relation. It is not a new labour law that enhances the partners' capacity, rather capacity enhancement should be in parallel with law improvement. In many cases, collective bargaining agreement is better than the law and ensures better harmony than the law. It means all people should know that they should respect laws and regulations. For Viet Nam, it is necessary to disseminate information about the law to management boards, employees and employers in order to improve awareness and compliance with the law.

43. It should be noted that industrial relations do not stand independently, but are framed within a certain socio-economic environment. Therefore, measures to promote sound industrial relations should be accompanied by measures to improve socio-economic environment. (Nguyễn Mạnh Cường, Director in charge of Industrial Relations, MOLISA).

44. The Labour Code needs to be revised and restructured. In the meantime, there is a need to evaluate the implementation of the Labour Code, including industrial relations, dialogue, and tripartite mechanism to revise the corresponding provisions in light of international standards.

45. Sound industrial relations can only be achieved if both employers and employees participate in a substantial dialogue, which in turn can only be conducted if participants have enough willingness, capacity and based on sound condition. Therefore, representative and dialogue capacity should be enhanced. Trade unions should be representative boards of employees. Their roles should be reoriented and redefined both at the enterprise and higher levels. In China, professional trade union officials are recruited and paid by higher trade union organizations (city or district) to help trade unions at enterprises be more independent from employers (Chang Hee Lee, ILO).

46. Enhance tripartite consultation mechanisms. Strengthen institutions for employers' representative organizations at the central, local and sectoral levels. In China, after establishing the national tripartite consultation mechanism, this type of mechanism was formed at the provincial and district levels. The objective of tripartite consultation is to manage internal disputes and to do so negotiators must be professional and the government would need to create a favorable environment for negotiation.

THEME 3. FLEXIBILITY AND SECURITY IN THE LABOUR MARKET

Achievements

47. The reform of the labour legislation system has made the country's labour market more flexible. During the past years, labour institutions have been developed step by step and policies on recruitment, labour contracts, wages, collective bargaining agreement, and social insurance have been issued. According to the labour legislation, employers have the right to recruit workers directly or through employment service agencies, and to increase or reduce the number of employees in accordance with production and business requirements and in compliance with the provisions of the law (Doãn Mậu Diệp, Director, Institute of Labour Science and Social Affairs, ILSSA)⁵.

48. The provisions of labour contracts have been well respected in Viet Nam, though there are some differences across economic sectors. In State-owned enterprises, workers who have labour contracts account for nearly 100% of the total number of workers. The rate in foreign invested enterprises is 80-90% and in domestic private enterprises 50-70%. Mechanisms for social dialogue and collective negotiation have witnessed important progresses.

49. The Government of Viet Nam has issued many labour market policies to ensure security for workers, including policies on temporary transfer of workers, termination of labour contracts, job loss and severance allowance; policies for redundant workers in the process of restructuring State-owned enterprises; policy on rural workers whose loose their agriculture land, unemployment insurance, training and retraining, and employment services. It can be said that, in Viet Nam, there have been many good regulations protecting employees from risks and changes in the labour market (Chang Hee Lee, ILO).

Issues of concern

50. The labour market is now more flexible; however, it is also more competitive, leading to increased employment-related risks. In many enterprises, the model of life-long employment has been changed into definite term labour contract employment. In rural areas, the reduction of available agriculture land due to urbanization and industrialization has caused millions of workers to lose their jobs.

51. Social insurance is one of the tools used to minimize the risks. Any worker who is not covered by social insurance might face many disadvantages. However, in 2007, only 7.7 out of 11 million workers participated in compulsory social insurance schemes, implying that nearly 30% of employees did not participate. In non-State enterprises, nearly 40% of employees participated in the insurance. (Phạm Đỗ Nhật Tân, Director of Social Insurance Department, MOLISA)

52. Besides the low coverage of compulsory social insurance, there is a growing concern that enterprises are evading and deferring social insurance contributions, causing losses to the social insurance fund. In Ho Chi Minh city, currently, social insurance debt is up to 2,000 billion Viet Nam dong. Many enterprises have evaded contributing social insurance premiums and even deprived the workers' contribution of 6% of their salary (Mai Đức Chính, Vice President, VGCL). Causes of this situation are: (1) A separate law on labour contract has yet to be developed, detailed regulations on specific types of contract have

5 Doãn Mậu Diệp, ILSSA, issues paper prepared for the Employment Forum

yet to be elaborated; (2) A big gap still exists between wages and real income. Some enterprises have two types of labour contracts: one for social insurance premium and the other for wage payment. The apparent consequence is a low pension rate in the future.

53. The implementation of labour legislation and policies to protect workers reveal shortcomings due to weaknesses in monitoring, missing strict sanctions, instability of the labour market, labour changes due to seasonal characteristics of some sectors such as textile, leather, the competition between enterprises and the lack of commitment of workers to staying in enterprises.

54. There are many shortcomings in the current mechanism of wage bargaining between the employer and employee, including the minimum wage determination, building wage scales and wage tables, wage increases, and wage bargaining. Viet Nam is now applying different minimum wages for domestic enterprises and foreign investment enterprises. But in fact, the negotiation on wages between the employer and employees is not substantial.

55. Both employers and employees' understanding of the law is inadequate, especially employees are unaware of what they are entitled to when participating in social insurance. (Nguyễn Tuyết Minh, Deputy Director, Bureau for Employers' Affairs, VCCI). Meanwhile, activities to raise awareness of employers and employees are still limited.

Guidelines and solutions

56. Flexibility and security for employees entail policies to support them when they lose their jobs. This requires social dialogue: consultation and negotiation. In the Vietnamese context, law enforcement is more important than law formulation. In the law implementation process, it is important to consider the use of active labour market policies, (Peter Auer, Economic and Labour Market Analysis Department, ILO) consisting of 3 main components: dialogue enhancement, flexible labour contract and income security.

Active labour market policies



57. Revise the Labour Code. Build the law on labour contracts, which requires wage and payment issues to be elaborated clearly in the labour contracts. Promote the signing of labour contracts between workers and employers. Promote the signing and implementation of collective bargaining agreements and social dialogue.

58. Enhance monitoring mechanisms, inspections, and sanctions to enforce law compliance and minimize violations.

59. Enhance communication and dissemination of information about the policies for employees to increase their awareness of their rights, benefits, and responsibilities.

60. Implement the reform process of the social security system. In 2006, the law on social insurance was issued and came into effect to help the workers and their family in case of sickness, maternity, work accidents, occupational diseases, retirement and death. The provisions on voluntary social insurance shall take effect as of 1st January 2008 and provisions on unemployment insurance as of 1st January 2009. (Phạm Đỗ Nhật Tân, Director of Social Insurance Department, MOLISA).

THEME 4. SKILLING FOR TOMORROW

Achievements

61. In the socio-economic development strategy 2001-2010, the Vietnamese Government has officially initiated the program on human resource development. The skills development policy aims at: universalizing general education to improve human capital and provide the labour force with enhanced access training and higher education: reforming the vocational education system to train workers to meet the requirements of modernization and industrialization, particularly with regard to exports; improving efficiency in higher education to produce elite workers. Viet Nam has made impressive achievements in enrolment rates at all levels.

62. In 2005, the new Law on Education was adopted and in 2006, the Law on Vocational Training. The latter defines technical education and vocational training models and restructures teaching methodologies and programs, concentrating on training as modules and trainee-centered training methods. The Law includes measures to enhance the role of the enterprise community in designing and standardizing the training program through a systematic consultation process. The Law also includes regulations on management, quality monitoring and effectiveness enhancement.

63. The Government has adopted the Decree on providing loans for students to access vocational training. The Government has provided 60 billion Viet Nam dong to provinces to implement the program for students.

64. Vietnamese workers must have an enhanced ability to study and adapt quickly in some sectors such as information and communication.

Issues of concern

65. The majority of the labour force has not been trained and is unable to access training courses. The number of skilled workers remains low. Two features are particularly worrying: elementary training is still a problem and there are significant skills and training imbalances, while there is an increasing demand for skilled workers. The number of wage-earners has increased rapidly in Viet Nam over the past ten years, but mainly in low-skilled

labour intensive industries. In comparison with enterprises globally, enterprises in Viet Nam are facing many difficulties in recruiting skilled labour. (Nolwen Henaff, Institute of Research for Development)⁶.

Table 1: Labour force qualifications

	1996	2005
Total	100.0	100.0
Unskilled	87.7	74.7
Skilled	12.3	25.3
Skilled without certificate	2.1	10.6
Skilled with certificate	2.3	3.5
Elementary training	1.8	1.0
Secondary vocational education	3.8	4.7
Higher education	2.3	5.5

Sources : MoLISA, *Status of Labour employment in Viet Nam 2004: 243; 2006: 144*

66. There is a lack of skilled workers in high-tech industries, inadequate foreign language capacity and the computing and managerial skills required by enterprises are not being met. Meanwhile, the unemployment rate among university graduates in information and management at technical secondary school level is higher than the average. The competition is even fiercer among employers in recruiting highly-qualified workers. In Dong Nai and Ho Chi Minh city, the imbalance between labour supply and demand is of great concern (Nguyễn Xuân Nga, Deputy Director, Department of Socio-economic Policies, VGCL).

67. Other obstacles that hinder better adjustment between supply and demand of labour skills include: geographical restriction of labour movement; lack of vocational orientation and assistance to help job seekers to find a job and employers to identify a qualified candidate.

68. Other limitations exist in financial and human resources, the linkage between the employee and the labour market as well as the renovation in the education and training system, which despite considerable efforts requires further attention.

69. For many people, access to education and vocational training is limited. In the rural and remote areas, on the one hand few training centers are found and on the other hand, local people are unable to move to other locations to seek for training. Few workers recruited into non-state enterprises have the chance to be trained after they start to work.

70. The quality of Viet Nam's education is not high. Meanwhile, the Vietnamese are more concerned with the certificate, rather than the professional skills acquired.

6 Nolwen Henaff, Institute of Development Research, issues paper prepared for the Employment Forum

71. There is a lack of reliable forecasts on the demand for labour. Thus, enterprises and vocational training/guidance institutions have difficulties in setting up the vocational training and consultation plan (Nguyễn Hồng Hà - VCCI, HCMC).

Guidelines and solutions

72. The basic awareness of vocational training, particularly for youth, should be improved (Nguyễn Việt Phát, Ho Chi Minh Youth Union). The vocational training should be based on market demand and closely linked with the enterprise (Nguyễn Tiến Dũng, General Director, General Department of Vocational Training, MOLISA).

73. The Government of Viet Nam aims at increasing the rate of trained workers from 30% to 50% by 2010 and has committed to a higher budget allocation for education and vocational training. A large credit program has been set up to fund the vocational training and career for youth. This program will assist the MOLISA, the Committee for Viet Nam Youth and the Ministry of Education and Training to strengthen their education and training programs, especially the vocational training institutions.

74. More attention should be paid to skills upgrading, renovating technical education and vocational training with the view to change and enhance awareness of the workers on the importance of skills, particularly working skills, management, language and computing skills.

75. Comprehensive and concrete solutions should be elaborated to accomplish the policy framework and mobilize the participation of related stakeholders including businesses, vocational centers and workers. The coordination with the Ministry of Education and Training, particularly in preparation of the education and training strategy should be strengthened. Furthermore the coordination between provincial departments of Education and Training and departments of Labour, Invalids and Social Affairs in vocational orientation should be enhanced. It is important to cooperate with People's committee at all levels to help the poor get access to education and vocational training (Holwen Henaff, Institute of Research for Development).

76. Training and retraining are very important to workers, enterprises and the society in general. Thus, it is important to encourage and generate more continuous life-long education and training opportunities. The role and necessity of working skills development should be seriously considered. Promoting socialization and participation of the non-state sector in delivery of such services is crucial. Establishing a resource mobilizing center, which is responsible for mobilizing the resources to furnish the material facilities for the life-long training centers is also an important task. Enterprises and trade unions should work together to provide skills training courses for workers from all sectors as well as to establish relationships with education centers. (Jeffrey Wong, Ministry of Manpower, Singapore)

77. Emphasis should be put on establishing certificate accreditation mechanisms that recognize and acknowledge the skills of workers and issue professional certificates to them. The training program should be changed and improved, material facilities should be upgraded, targeting the establishment of high quality training centers, international training programs should be introduced and certified within Viet Nam. Specific requirements, in particular, the introduction of standards for teachers/lecturers at vocational schools/centers should be elaborated.

78. There should be a Center at the national level in charge of coordinating the collection and sharing of labour market information and human resource management in Viet Nam. This Center should work closely with enterprises, other employment services centers to provide assessments, forecast and recommendations on the supply and demand of labour.

THEME 5. PROMOTING EMPLOYMENT AT THE PROVINCIAL LEVEL IN ASSOCIATION WITH RURAL-URBAN EMPLOYMENT STRUCTURE SHIFT

Achievements

79. Based on the national strategies, policies and available local resources, provinces/cities should develop their own socio-economic development plans. Economic growth and economic structural shifts are the most important economic indicators at the provincial level. Social targets are more likely to be dependent on the efforts of provincial authorities. Provincial authorities have paid due attention to the disadvantaged groups, such as the poor and ethnic minorities. In recent years, more attention has been paid to environmental issues in making the provincial socio-economic development plan (Lê Xuân Bá, Senior Expert, CIEM)⁷. In general, provinces are more active in the implementation of strategies of industrialization and modernization of agriculture, shifting to higher value added products.

80. Considerable improvement has been made in improving awareness of the relationship between rural and urban areas and the development of the linkages between these two areas for a more balanced and sustainable development process. Agricultural and rural development programs have been initiated. The movement of the labour force from rural to urban areas has been accepted as an inevitable consequence of industrialization and economic structural shifts.

81. Due to rapid economic growth and a high rate of job creation for a long period, Viet Nam has made impressive achievements in broad-based poverty reduction. The poverty rate in Viet Nam (1 USD/day) has been reduced from 23.6% in 1996 to 4.9% in 2006 (and respectively from 69.4% to 36.3% with the new poverty standard of 2 USD/day). Moreover the small GINI coefficient shows that Viet Nam has effectively implemented a balanced development strategy and that local development strategies in Viet Nam might have been more effective than in other countries in the region (Raymond Mallon)⁸.

7 Lê Xuân Bá, CIEM, issues paper prepared for the Employment Forum

8 Raymond Mallon, issues paper prepared for the Employment Forum

Table 2: Poverty in Viet Nam and East Asia

	Headcount Index (% \$1/day: 1996)	Headcount Index (% \$1/day: 2006)	Gini coefficient	Mean 2006 consumption (1993 PPP\$/ month)	GNI/ capita PPP (\$, 2005)
Việt Nam*	23.6	4.9	0.37 (2004)	106.5	3,010
Cambodia	24.2	10.9	0.42 (2004)	90.8	2,490
China	16.4	8.0	0.45 (2001)	182.2	6,600
Indonesia	7.8	8.5	0.35 (2006)	85.6	3,720
Laos	41.3	17.5	..	67.4	2,020
Malaysia	0.8	<0.5	..	399.6	10,320
Philippines	14.8	9.6	0.45 (2003)	118.6	5,300
Thailand	2.2	1.8	0.43 (200\$)	158.5	8,440

*WB data with international poverty line. Viet Nam poverty line (used for national planning)

Source: WB, 2007, Update report for East Asia - Pacific. World Bank, Washington, pp. 57-59 and WDI.

Issues of concern

82. Viet Nam remains an agriculture dominant economy, with 72% of the population working in the agricultural sector (2007). Meanwhile, the value added for agricultural workers in Viet Nam is the lowest in the region (Raymond Mallon). Challenges lie ahead, including:

- ◆ Limited development of non-agriculture and businesses;
- ◆ Inadequate infrastructure;
- ◆ High population growth rate causing pressure on employment generation, management of migration flow etc.;
- ◆ Low labour force quality, in terms of qualifications, working skills, discipline and legal awareness.

83. Big gaps among provinces in terms of management and operation capacity. For example, Lao Cai province has been successful in tourism and service development due to proper policies, which have contributed to lowering poverty and stabilizing people's lives. On the other hand, many other provinces which have more favorable conditions have not been as successful as expected (Phạm Chi Lan, Institution for Development Studies). The gap in management capacity is also shown in the ability to attract foreign investment. While 2007 was a successful year for Viet Nam in terms of FDI attraction, 30 out of 64 provinces were unable to attract this type of investment. (Dominic Smith, ADB/DFID)

84. Provincial socio-economic development plans are not appropriate as they are not based on the practical conditions of the provinces so as to promote the right and suitable industries. The targets set up are more quantitative than qualitative, emphasizing economic growth rather than social targets. One may interpret that the local strategies are not based on wide consultations with people and enterprises in the area; local people are not informed, and are not given the opportunity to discuss and to monitor such targets and indicators of the local development plan and strategy (Phạm Chi Lan, Institute of Development Studies).

85. Some programs have multiple targets which are not easy to achieve given the limited provincial budget. State budget allocation is not sufficient to operate social programs (although this accounts for a large part of the local budget in many provinces). Proper allocation and balance of budget for different social programs is seen as a major difficulty for many provincial authorities.

86. Shortcomings still exists in investment and human resources preparation. Many projects face numerous difficulties in finding the right personnel.

Guidelines and solutions

87. Experience in local development in Asian countries and others (South Korea, Malaysia) shows that successful local development strategies require not only the free market mechanism, open economy, natural resources, favorable geographic condition, but also strong and active coordination between the rural and urban areas, which in turn requires great efforts on behalf of the central Government in planning, setting up of management mechanism, infrastructure development, internal governance and provision of public services such as health care and education (Raymond Mallon).

88. Separation of roles of the government and the market. The government can not cover too many functions and activities. It should focus on playing the role of facilitator by designing better policies to promote the development of labour markets, more efficient allocation and spending of social resources, handing-over of some functions of the authorities to the private sector or non- governmental organizations through sub-contracting or contracts to provide administrative functions.

89. Stronger decentralization of decision-making processes to local authorities allowing these to promote their initiatives, autonomy and self-responsibility. Especially in some public investment programs to develop infrastructure, the planning and implementation should be done at the local level. This is very advantageous for the provinces/cities in attracting investment as investors often require good infrastructure and labour force. However, provinces should adjust their way of thinking about local development strategies, perhaps in terms of a chain that links different sectors in agriculture, industry and service in the locality to help create jobs and reduce labour force movements. Sectoral development should also help shift the labour force from the agricultural sector into the industrial sector. This shift is not only because of the pressure of economic structure shifting process but also as the result of the loss in cultivation areas as the population continues to grow (Phạm Chi Lan, Development Research Institute). The decentralization should be implemented in parallel with measures to minimize corruption and promoting the accountability of the local authority. There should be a suitable institutional environment and the capacity of human resource training centers should be strengthened so as to provide human resource for local authority agencies to effectively implement the decentralization process.

90. Attracting business investment is the key to success of sustainable local development. Foreign investors should be encouraged to establish business relationship with local enterprises and local investors encouraged to get connected better with the rural area. Solutions that spur the above relationships should pay due attention to resolving institutional, infrastructural and administrative procedures and issues and reduce the cost of market information assess. Thus, once again, the capacity at the local level should be adequate to creating such linkage at the local level. The provinces should be assisted in creating s favorable investment climate and developing skills.

91. Investment in the rural areas should be encouraged and non-agricultural activities promoted, while, step by step tapping into the high-tech areas and ensuring the high growth rate in the agricultural sector with high added value, shifting labour from agriculture to the industry and service sectors and encouraging the development of self-employed small business models including the micro credit program.

92. Education and vocational training development should be considered as important pillars in the local development strategy. The quality of general education and vocational training in rural areas and provincial urban areas (urban area level 2)⁹ should have the same quality as that in big cities. Modern information and telecommunication technology are effective tools to help achieve these targets. The relationship between the MOLISA and MOET should be further strengthened to help support the development and capacity building of training centers and teachers. Cooperation opportunities between training centers and the business sector, including international training centers, should be identified.

THEME 6. EMPLOYMENT AND THE IMPLICATIONS OF GLOBALIZATION

Achievements

93. The foreign invested sector has become an important sector of Viet Nam’s economy, accounting for 17% of GDP in 2006 with a higher growth rate than that of the domestic private sector. As the big capital mobilizing channel, FDI has experienced high growth rates over the past years. In 2007, FDI made up 16.1% of total social investment (see Table 3). (Nguyen Van Thanh, Institute of Strategy, Ministry of Planning Investment)

Table 3: FDI in Viet Nam’s economy

	2000	2001	2002	2003	2004	2005	2006
GDP growth (%)	6,79		7,08	7,34	7,79	8,44	8,17
- Total	11,4		7,16	10,52	11,51	13,22	13,99
- FDI sector							
Proportion of FDI in GDP (%)	13,28		13,76	14,47	15,13	15,99	17,02

Source: *Statistics Year Book 2006*

⁹ 80% workforce is working in non-agricultural sectors; 250,000 residents or more; population density of 10,000/km² or more.

94. FDI projects are becoming bigger and bigger in scale, the number of projects in high-tech, information technology, finance and banking is increasing. Some investment projects are mobilized to develop rural areas.

95. Foreign trade relations and markets are widened. Export turnover rises rapidly; in particular foreign investment made up over 50% of total Vietnamese exports, and reached up to 58% in 2006.

96. Globalization helps expanding market and creates more jobs. In 2006, FDI created nearly 1.2 million jobs. In particular, more high productivity jobs were created in the foreign invested sector, high tech and international labour supply sector. This provides an opportunity for Viet Nam to generate a high productivity labour force participating in expanding markets for international manpower supply, including untrained labour.

Issues of concern

97. Globalization, especially international trade, can either create more job opportunities or reduce them. Trade-related effects on employment depend on the labour market conditions of the country. In general, trade expansion requires workers to acquire new skills. Trade raises incomes but not equally among people.

98. In Viet Nam, globalization increases the risk of unemployment, underemployment and poverty among a group of redundant workers in bankrupt companies. Globalization increases the demand for trained workers while the domestic training capability is limited in terms of scale and quality. Employment competition is becoming fiercer not only among Vietnamese workers but also between Vietnamese and foreigners working in Viet Nam. At the moment there are nearly 40, 000 foreigners working in Viet Nam and this number is likely to increase. If the skills of Vietnamese workers are not upgraded, it will be very difficult for them to find a job. The biggest challenge for the Vietnamese labour force is to develop the capacity to take advantage of the opportunities that globalization and an open economy has brought about. (Trần Đình Thiên, Viet Nam Economics Institute). In particular, rural workers do not have the abilities to move to new sectors because they are not provided with the necessary training and skills.

99. Integration implies numerous risks if all of its impacts are not properly anticipated including world market risk, natural disasters due to the fact that environmental sustainability have been neglected in conducting investment and trade restructuring.

100. Viet Nam has not yet had a specific policy that combines foreign investment and export capability. Viet Nam's foreign investment attraction strategy has not focused on creating high quality jobs. Some export sectors generate low-quality jobs. There has not been a policy in place to improve labour capability to meet integration requirements.

101. Big challenges for Viet Nam's labour market are how to rapidly decrease the proportion of the rural labour force, how to manage immigration processes effectively and how to improve labour productivity and competitiveness for business (Nguyen Lan Huong, Deputy Director, Institute of Labour Science and Social Affairs).

Guidelines and Solutions

102. The process of integration into the world economy provides an opportunity for Viet Nam to shift from being a labour intensive economy where cheap and abundant is considered a comparative advantage, to becoming an economy characterized by increased levels of

productivity and a higher quality labour force (Azita Berar-Awad, Director of Employment Policy Department, ILO). Thus, in the future, more properly trained workers are needed.

103. The fundamental approach to making the best of opportunities brought about by global integration is placing great importance on labour productivity in the comparative advantage of the labour force. Increased productivity is synonymous with improved corporate competitiveness, better benefit for both employers and employees and less poverty. Therefore, improved labour productivity is important for any country. Attracting foreign investment should be designed to improve labour productivity. International experience shows that it is important to make foreign investment the force of mobilizing local capital, while the country should not rely too much on FDI.

104. It is necessary to make full use of FDI's pervasive development effects to help develop businesses and create more jobs by establishing cross-sector associations, connections between rural and urban areas and between FDI and domestic enterprises. Moreover, it is essential to put in place policies and measures supporting small and medium-sized enterprises and the informal sector.

105. Strengthening labour force training, focusing on working skills to meet the ever changing demands of enterprises. It is needed to give priority to training, providing knowledge and raising awareness on global integration of civil servants.

106. It is essential to have good social welfare and support measures to protect highly vulnerable groups, including abundant employees of State enterprises, farmers losing land due to urbanization and economic structural transformation, poor workers, employees in small and medium-sized enterprise, female workers and migrant workers, from the potential negative effects of globalization.

107. It is necessary to make a thorough study of the globalization impacts on specific sectors and groups of workers and enterprises in order to develop the right policies.

III. Main messages

108. During the Forum, six themes were discussed with detailed analysis and opinions. Important policy recommendations were proposed at the Forum. The main messages include:

Employment creation

109. Employment creation should be placed at the center of every socio-economic and macro policy. It is time for Viet Nam to give priority to the improvement of job quality.

Job creation in rural areas

110. Jobs in rural areas should be given special attention as it closely related to the special position of the farmer and rural areas in the development strategy of Viet Nam. It is important to create jobs locally. To do so, the cross-sector connection between rural and urban areas and FDI-domestic businesses linkages should be strengthened. Local development strategies should be based on a thorough analysis of local areas' competitive advantages. The strategies should include such elements as infrastructure development, labour force training and business support.

Vocational training

111. Practical skills should be given special attention in vocational training. Identification of skills needed depends on demand of enterprises. Only when there is a good cooperation from employers and business, the employees have an opportunity to be trained with necessary skills. Vocational training should be attached to life-long learning. Although it is costly to invest in skill training it greatly enhances the competitiveness of each individual, the enterprise, the sector and the country as a whole. It is necessary to give priority to vocational training for rural workers.

Role of businesses in jobs creation

112. Expanding types of businesses, including small and medium-sized enterprises, micro enterprises and self-employment are major sources of employment creation on a large scale.

International manpower supply

113. International manpower supply is an effective way of creating jobs; however, special attention should be paid to the organization and management of this activity to protect the interests of migrant workers.

Labour laws

114. Labour law is the foundation of sound industrial relations for a market economy. Shortcomings in labour laws need to be addressed urgently.

Social dialogue

115. Social dialogue and the capacity to conduct social dialogue is the core issue in enforcing labour laws and promoting harmonized labour relations. It is crucial to enhance awareness and knowledge, and to provide stakeholders with the necessary skills, and to conduct social-cultural dialogue at all levels, from the national level to the grassroots level.

Social protection

116. As the market economy develops, more attention should be paid to workers' social security. Social security helps improving the image of institutions and lessening negative influences on the economy. In the future, social protection should cover all workers.

Labour market information

117. Information about the labour market is an important element in labour management, vocational orientation and consultation and helps workers to access better and productive jobs.

Globalization and employment

118. Foreign direct investment, trade development and business expansion are major sources of employment creation. In fact, chain effects (both positive and negative) of global economic integration on the increase/decrease of jobs largely depend on the reaction of the labour market and the ability to cope with challenges. The flexibility and effectiveness of labour market policies and mechanisms will decide the success or failure of the reaction to these effects.

