



POLICY BRIEF

on ASEAN AND WOMEN IN INFORMAL ECONOMY

SEPT 2010

TOWARDS AN ASEAN AGENDA FOR WOMEN IN THE INFORMAL ECONOMY

Informal work is expanding in the ASEAN region as a result of globalization, and this is often linked to poverty aggravated by the impact of the global financial, economic, and environmental crises. Women are very much into informal employment, and therefore poverty in the region usually has a woman's face. ASEAN leaders should reassess development priorities and directions within the region and involve all the stakeholders, especially organizations of the working people, women and men, in the making of a truly inclusive, balanced, equitable, caring and sharing ASEAN Economic Community. This is not possible without openness, transparency, accountability, and basic respect for human rights. ASEAN member states should ratify key ILO Conventions on workers' and women's rights, ensure social security and protection for all, and support social enterprises and fair trade groups for the economic empowerment of the marginalized, particularly women in the informal economy who comprise a large portion of the working poor.

Introduction

In ASEAN as of 2007, at least one out of ten workers lived in extreme poverty, subsisting at less than one dollar a day. (In the Philippines, one out of five; and in Laos and Cambodia, one out of three). Of the more than 262 million workers in ASEAN, 148 million or 56.5 percent - at least five out of ten -- were living in poverty, subsisting at less than the two dollars a day then defined as the poverty line. In terms of country breakdown, 80 percent of workers in Cambodia and Laos, 70 percent in Indonesia, and

60 percent in the Philippines did not have enough income to get themselves out of poverty. ((ILO, 2007:4, 18).



	US\$1 a day working poor				US\$2 a day working poor			
	Millions		Share in total employment (%)		Millions		Share in total employment (%)	
	1996	2006	1996	2006	1996	2006	1996	2006
ASEAN	36.7	28.5	16.9	10.8	140.1	148.7	64.5	56.5
East Asia	145.0	95.0	20.3	12.1	442.9	347.2	61.9	44.2
South Asia	250.8	196.9	51.9	33.0	427.1	500.2	88.4	83.7

The ILO predicted that due to the current global crisis, 200 million workers in developing countries would be pushed to extreme poverty (living on \$1.25 a day) in 2009. This, presumably, would be in addition to the 1.4 billion people (1 in 4) already classified as extremely poor in 2008. (World Bank, 2008).

The latest figures on working poverty point to a picture which is just as grave as before.) The proportion of working poor in South-East Asia and the Pacific remains alarming – more than half survive on less than USD 2 a day, and one-fourth, on less than USD 1.25 a day. (ILO, 2010: 34).

The current global financial crisis has a woman's face (Jayaseelan, 2009) since “it will affect women and men differently and unequally.” (Dejardin, 2009). There is gender-based job segregation, which has placed women in labor-intensive, export-oriented industries that have suffered severely from a downturn in the global market. With flexibilization and outsourcing in the labor market, women are pushed into being casual, temporary, contracted or home-based workers who are employed when orders come in and just as easily shed off when orders dry up. Men are considered the breadwinners, and women the secondary or supplemental earners who depend on men and therefore could be paid less or be easily dismissed. But as the crisis worsens, and family income plummets, women are forced to enter what is called “distress employment” in low-paying and backbreaking informal work. Unlike men, they cannot afford to be choosy because providing food on the table and general family survival are uppermost in their heads. They become overburdened as they continue caring for their families and households even while

worrying about higher costs of food, transportation, housing, water, energy, and medical care. Many women also opt to migrate to other countries where they occupy vulnerable jobs as domestic and other service workers.

Even before this most recent crisis, majority of women were already in informal work (averaging 65 percent of all women in non-agricultural employment in Asia), and when agriculture (where a lot of women are also found) is factored in, this share of informal employment goes up a lot. This perhaps helps explain why two-thirds of the working poor in Asia are women. (ILO, 2006:25-26). Gender plays a key role in the informal economy, which absorbs women who have been among the first to be displaced from formal work, especially in the garments industry, as globalization progressed. Thus, even before globalization took effect, many women could already be found in the informal economy, since informal work (e.g., homebased work) was compatible with their reproductive work (child care, domestic chores). Furthermore, formal employment was often an elusive opportunity for



ASEAN Economic Integration: Gainers and Losers

In the eyes of its working peoples, particularly the impoverished, marginalized, and excluded, rapid ASEAN regional growth is not necessarily good news. In the first place, ASEAN countries do not have the same levels and modes of development and therefore the employment opportunities and living standards of ASEAN peoples also vary. Brunei is an oil-rich state while Singapore is a prosperous trading outpost. It was not too long ago when four ASEAN countries – Malaysia, Thailand, Indonesia, and the Philippines – were hit by the 1997 -98 Asian financial crisis which, according to the ILO, resulted in the loss of 24 million jobs in East Asia alone. This crisis was itself a consequence of the liberalization and deregulation of financial markets culminating in the successive domino-like devaluation of Asian currencies. Affected countries used different strategies in addressing the

crisis, with Malaysia and Thailand faring better because they fully or partly took their own course. Indonesia and the Philippines, which followed IMF and World Bank prescriptions, did not do as well and still remain highly indebted. There are countries such as Cambodia, Laos, and Burma where the per capita GDP is less than a thousand dollars. Vietnam, which is an “economy in transition,” is progressing much faster than its neighbors in Indochina.

Thus, in the much vaunted ASEAN success story, the question must be asked: Who are benefiting? Who are suffering? Who are the gainers and losers? Studies show that economic liberalization and integration in ASEAN benefit transnational corporate interests and their partners the most. They are the ones with the global networks to take advantage of new investment opportunities in the fast changing regional production and trading system

in Asia. More and more, ASEAN exporting countries have become sources of parts and components (principally semiconductors and others related to telecommunication equipment and office and automated data processing machines) for the final production platform, which is China. And the final products in China are in turn exported to the United States and the European Union. Transnational corporations are the ones in position to determine the products, processes, and industries that go into this export-driven loop which takes advantage of cheap and abundant labor wherever it may be found across the region.

Home grown ASEAN transnational corporations like CP of Thailand and San Miguel of the Philippines are also engaged in regional production and marketing in pursuit of their narrow interests.

Obviously, not all ASEAN countries can be players in the economic integration game. The least developed are not in the export oriented loop as much as the others, and for Burma, this relative exclusion is worsened by the current negative political climate created by continuing military

rule. In the case of ASEAN economies “integrating” under the command of transnational companies in search of easy profit, employment suffers in terms of quantity and/or quality. Growth is occurring, especially in information technology-related industries, but it is not matched by a comparable increase in jobs. And whatever jobs are created are mostly in the unprotected and unregulated informal economy.

Economic integration in ASEAN is also simply understood as the opening up of each other’s borders to each other’s products (through the ASEAN Free Trade Area – Common Effective Preferential Tariff Treatment - AFTA-CEPT). This has not encouraged intra-ASEAN trade because ASEAN countries export similar agricultural and industrial products. What has happened instead is the entry of a flood of cheap imports and smuggled items from China and other non-ASEAN countries, resulting in the ruin of local farm producers as well as domestic firms, and leading to the displacement of thousands of agricultural and industrial workers. Thus when the question is asked: Who are losing in an “integrating ASEAN,” the answer is quite obvious: the working people. And among their ranks, the informal workers suffer more.

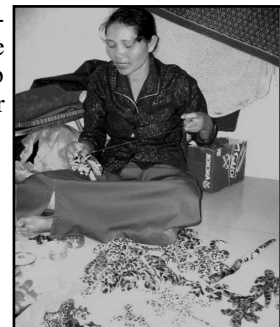
Women in the Informal Economy: Primary Losers

Many women workers in the informal economy have been adversely affected by trade liberalization. Those at the bottom of the value or production chain in the garments industry have been hit by foreign competition in both the domestic and the export markets. In many countries in the region, cheap imports and second-hand clothing from abroad are flooding local outlets and streets, driving out or marginalizing many local producers. In the Philippines, homebased workers who used to derive their main income from subcontracted embroidery for export products, are suffering from a drastic decline in orders due to competition in the global market from cheaper sources as well as the impact of labor-displacing computer-aided embroidery machines. The same fate has befallen Indonesian homebased workers.

A similar trend may be seen in weaving and other handicraft. For example, in Lao PDR and other Southeast Asian countries, there are reports of traditional weaving facing competition from imports that duplicate the same traditional patterns but are able to sell the cloth for less, thus threatening local weavers (usually low-income women whose families depend on the income

from these sales). In the Philippines, indigenous women talk about the influx of imported blankets made of synthetic fibers that cut into their markets. Despite rising cost of raw materials, not to mention the cost of living, their incomes and piece rates have remained stagnant for many years. Indigenous weaving is one of the best artistic traditions of indigenous peoples and local communities, passed on from generation to generation. If it loses its market, this will be a loss to the richness and diversity of culture.

In many parts of Southeast Asia where bamboo craft is a long-standing tradition, bamboo-made furniture is being sidelined by cheap monobloc chairs and other products from abroad.



Women who used to produce bags made of indigenous fiber no longer get orders from local outlets since there are cheaper bags from other countries now on sale. Baskets, cooking utensils, traditional mats and carpets made of local fibers are also taking a beating.

In insular Southeast Asia, those who are in food production and processing also feel the negative effects of unfair trade. Vegetable raisers find their markets contracting with the influx of cheap and often smug-

gled vegetable items from abroad. Poultry and hog producers are disadvantaged by imported chicken parts and pork dumped at unbelievably low prices in the local markets. The prevalence of chemical-based agriculture and animal husbandry, which is propagated by transnational suppliers of farm inputs and feeds, also does irreparable harm to the environment as well as to the health of consumers.

Towards an ASEAN-wide Agenda

In the face of all the challenges posed by globalization, women homebased and other informal workers through the national homenet, Homenet Southeast Asia, and other networks, have attempted to be involved in both the macro and micro levels. They have issued position papers and joined demonstrations on trade-related issues. They have been active in various forms of fair trade advocacy in collaboration with trade unions, business groups, and civil society organizations. Through this exposure and their own discussions, informal women worker leaders in several Southeast Asian countries have evolved their own conception of fair trade – taking it to mean changes in macro-economic policies (including tariff reform, stopping smuggling and dumping of cheap foreign products) to give an even chance to local producers to have their rightful share of the domestic market; enhancing sustainability of production by making use of locally available resources, catering to basic community needs, and safeguarding the environment; ensuring workers' rights to just remuneration, job security, social protection, and safe working conditions; and promoting gender equity through recognition of women's work, greater equality in the division of labor, and stronger participation of women in decision-making. They have tried to put these fair trade principles to work at the micro-level by forming their own social enterprises and marketing networks.

Fair trade groups are now working with indigenous women and other local artisans to preserve, develop and market traditional arts and crafts in Vietnam Cambodia, and Timor Leste. Similar initiatives focusing on food, textiles, basketry, soap and cleaning agents, home décor, fashion accessories, etc. are taking shape and beginning to bear fruit among homebased workers' groups in the Philippines, Thailand, Indonesia, and Laos through the various national Homenets. These ini-

tiatives, in order to take root in local economies, need continuous support from governments, business groups, international development agencies, civil society and community-based organizations in terms of patronage and access to capital, technology, and marketing facilities, including e-commerce.

One positive example in this regard is the ASEAN ICT Homeworkers' Training held in Bangkok in 2009, which resulted in the formation of ASEAN ICT Homeworkers' Network. This can narrow the digital divide and enable homeworkers to make use of new technology for their own needs, particularly e-commerce. Another positive example is provided by SAARC, ASEAN's counterpart in South Asia, which supported through Homenet South Asia, the establishment of a SAARC Business Association of Homebased Workers (SABAH) in each of the seven member countries of SAARC through the SAARC Development Fund.

Social enterprises and other forms of livelihood however cannot be sustained without the accompanying provisions for social protection, services, and assistance in the event of sudden loss of jobs or markets, death or illness in the family, natural disasters and other catastrophic events





related to a fast deteriorating environment.

The working conditions in such enterprises cannot be improved without paying close attention to occupational safety and health which has

emerged as a major problem area in informal work. For women workers in particular, reproductive health services as well as facilities to address domestic and other forms of gender-based violence are essential.

ASEAN as a caring and sharing community should meet the ASEAN people's minimum expectations: more and better quality jobs which will provide them the means to lead decent, fruitful and satisfying lives. In order to ensure the creation of these jobs, regional integration should be people-centered and not just be driven by the narrow interests of transnational business. Such an integration should occur within a rights-based framework and should be governed by the principles of fair trade as well as participatory governance. ASEAN leaders should reassess development priorities and directions within the region and involve all the stakeholders, especially the working people, in the making of a truly inclusive, balanced, equitable, caring and sharing ASEAN Economic Community. This is not possible without openness, transparency, accountability, and basic respect for human rights. It is in this light that the following recommendations were made by Homenet Southeast Asia:

1. There should be promotion, protection, and realization of workers' rights and the representation of formal and informal labor groups, including both women and men, in ASEAN decision-making bodies and processes.
2. ASEAN member states should ratify and implement key ILO Conventions on freedom of association, social protection, and the elimination of forced labor, child labor, and discrimination in employment, including the ILO Convention on Home Work (ILC 177) which grants the same rights and entitlements enjoyed by formal workers to homeworkers.
3. ASEAN governments, consistent with its vi-

sion of a caring and sharing community, should work towards health insurance systems that will cover informal workers and all those in poverty (such as Thailand's universal health care system). They should also take measures to extend social security coverage to all working people, promote occupational safety and health, provide essential services to ensure women workers' reproductive health and protection from violence, and evolve participatory and gender-responsive disaster risk reduction and management mechanisms to address the adverse impact of climate change and other environmental catastrophes.

4. ASEAN should use its collective power to help ensure that global, regional, and bilateral trade negotiations do not prejudice the interests of the ASEAN peoples.
5. ASEAN member states should craft national laws and policies recognizing the rights and entitlements of informal workers, and addressing, in a gender-responsive way, their particular issues and concerns which are distinct from those of formal workers.
6. Social enterprises and fair trade groups within ASEAN, especially those run by women in the informal economy, should be supported by governments, business groups, international development agencies, civil society and community based organizations in terms of patronage and access to capital.



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Why ASEAN should ratify ILC 177: 11 good reasons

1. ILO Conventions are international law. After a country ratifies a Convention, it must transpose it into national legislation. So the Conventions provide a basis for individual legal protection and legal security.

2. The Home Work Convention (C 177) provides for equality of treatment between homeworkers and other wage earners (Article 4.1).

3. C 177 calls for minimum labour standards and minimum standards of protection, so homeworkers around the world cannot be played off against each other.

4. C 177 is universally applicable to all homeworkers, and not just to those in one sector. So it affords protection to those who are at the bottom of a production chain.

5. Home work is a major part of the informal economy. Ratification of C 177 would mean that this sector was regulated and would thus bring it out of the economic "grey area".

6. Homework is mainly done by women, and it has done some of the world's worst pay rates. Ratification of C 177 would give recognition to this type of work and would be a step towards preventing the worst forms of exploitation.

7. Statistics on the worldwide dimensions of home work are inadequate. But statistics are the basis for political action. C 177 specifically calls for the inclusion of homework in labour statistics (Article 6).

8. Convention 177 emphasizes homeworkers' right to establish or join organization of their own choosing and to participate in the activities of such organizations (Article 4, 2a). Ratification of C 177 would encourage homeworkers to organize themselves and would give them legal security.

9. Ratification of C 177 would be an act of solidarity with homeworkers in the South.

10. Only if the core labour standards and other minimum standards are implemented worldwide can the downward spiral in living and working conditions be halted.

11. Ratification of an ILO Convention entails compliance with a reporting and monitoring system on its application.

