Employers' Organisations responding to the impact of the crisis

Working Paper No. 2

ILO
Bureau for Employers' Activities
2010

ILO Cataloguing in Publication Data
Employers' organisations responding to the impact of the crisis / International Labour Office, Bureau for Employers' Activities. - Geneva: ILO, 2010

1 English edition
ISBN: 9789221230281; (print)
9789221230298 (web pdf)

French edition:
978-92-2-223028-0 (print)
978-92-2-223029-7 (web pdf)

Spanish edition:
978-92-2-323028-9 (print)
978-92-2-323029-6 (web pdf)

International Labour Office; Bureau of Employers' Activities
economic recession / employers organisation / employers role / Armenia / Australia / Cambodia / Chile / China / Costa Rica / Croatia / Cyprus / Czech Republic / Estonia / Finland / Georgia / Honduras / India / Ireland / Jamaica / Kenya / Malaysia / Mauritius / Netherlands / New Zealand / Nigeria / Norway / Singapore / South Africa / Sri Lanka / Tunisia / Turkey / United States of America
03.04.3
ILO Cataloguing in Publication Data

Printed in Switzerland

Foreword

Employers' organisations are institutions set up to organise and advance the collective interests of employers. Given that the range and content of such collective interests vary from one country to another, the structure, membership basis and functions of employers' organisations differ widely between countries.

Employers' organisations fulfil a variety of functions. The issue of membership growth, income generation and improvement of relations with members are important for all employers' organisations and while the historic raison d'être for employers' organisations is their direct role in the collective bargaining process, employers' organisations are also involved in influencing labour market and industrial relations environments in other ways, for example through participating in statutory bodies, consultations on labour market issues and lobbying activities on behalf of their members.

Employers' organisations also provide services to their members. These can range from more traditional industrial relations services to becoming a focal point for dialogue and information sharing for companies seeking good practices in human resources management. In this context, employers' organisations often play an advocacy role with their members by highlighting business practices that can improve enterprise performance.

This working paper describes the national level action taken by 29 employers' organisations in countries across all regions in the world in responding to the impact of the global financial and economic crisis. The text for each national level action does not attempt to describe all interventions that have been initiated and pursued. The brief texts seek to provide some illustrative insights into how employers' organisations have responded to the negative consequences of the global financial and economic crisis while also pursuing opportunities for positive change for enterprises and businesses.

We wish to express our thanks to those involved in the development of this working paper, the representatives from the employers' organisations for sharing their experiences and to Henrik Moller from ACT/EMP who together with Sean Robertson were responsible for putting it together.

We hope that the readers – be they executives or staff from employers' organisations, business associations, consultants or others will find inspiration and insights from the experiences and examples highlighted.

Jean-François Retournard
Director,
Bureau for Employers' Activities

Table of Contents

The Global Financial and Economic Crisis

The global financial crisis has spread throughout the real economy by means of three mutually-reinforcing transmission channels, namely: limited availability of credit for working capital, trade finance and viable investments in the real economy (the credit crunch), cautious spending decisions leading to lower output, levels of employment and prices, in turn affecting confidence among consumers and investors (the vicious cycle of depression), and international trade and investment linkages and remittances flows (the globalization channel).

The bleak labour market picture affects certain groups disproportionately – notably women, migrant workers and youth. In some countries, the financial, construction and automobile sectors are suffering the most. In general, export-oriented sectors, which in many developing countries are major providers of formal jobs, notably for women, face the prospect of rapidly shrinking world markets. The impact of the crisis on labour markets will go beyond job losses. In particular, the incidence of informal employment and working poverty will rise, aggravating pre-existing challenges. (The financial and economic crisis: A decent work response, ILO 2009).

The ILO response is the *Global Jobs Pact*, which was adopted at the International Labour Conference in 2009. In essence, the *Global Jobs Pact* proposes a balanced and realistic set of policy measure that countries can adopt to strengthen their ongoing efforts to address the crisis. It represents an integrated portfolio of policies that place employment and social protection at the centre of crisis response where the policies can be tailored to national and local situations.

Employers' organisations are traditionally active partners in shaping and tailoring policies to the national labour markets and particular local situations. Responding to the financial and economic crisis is no exception. The brief texts highlighted in this working paper are examples of what national employers' organisations have done. Interventions are obviously very diverse as the national situations and the impact of the crisis are different from one country to the other. Nevertheless, the reader will find certain patterns of similarity and common features in the interventions and examples of reasoning behind the interventions chosen.

Armenia

Since the breakup of the Soviet Union in 1991 Armenia has made steady progress transitioning from a planned economy system (market socialism) towards a market economy, and at this point, is now considered a developing economy. Armenia has been able to develop its economy with significant support in the form of investment and technical advice from developed countries and international organisations (WB, IMF, WTO, EU and others). The economy of Armenia is based mostly around trade, the food industry, mining, machinery and mechanic tools, IT and tourism. Armenia's economic growth has averaged over 10% over the last five years and in 2008, the GDP was approximately USD 18 billion.

Employers' Organisation: Republican Union of Employers of Armenia (RUEA)

RUEA was created on November 15, 2007 and was officially registered as a republican employers' organisation on 29 November 2007. Its membership is composed of both large companies and small and medium-sized enterprises. Presently, RUEA is formed as a non-commercial and non-governmental organisation in accordance with the Law on Employers' Unions of Armenia, adopted in February 2007. RUEA membership is voluntary.

The founding document of RUEA is the Charter, which is based on the Labour Code as well as other legislative provisions on social partnership and employers' organisations. The Charter describes the RUEA objectives, main principles of operation, rights and responsibilities, membership issues as well as the governing and operational structure of the organisation.

Crisis Impact:

Since the onset of the global crisis Armenia has experienced a series of adverse shocks. Falling international commodity prices have adversely affected mining, a key export sector, leading to lower revenues for exporters and substantial job losses causing Armenia's growth rate to drop to 6.8% in 2008. With neighbouring Russia experiencing serious economic difficulties, both remittances and foreign direct investment have also fallen.

Market confidence in Armenia's currency and financial system has also been weakening in recent months, with the result that capital outflows picked up. Economic activity has now slowed to the point that the country's real GDP growth is likely to be negative in 2009.

Crisis Response:

I Increased Tripartite Collaboration

In response to the crisis, a working group was established in 2008 involving all the social partners in the labour sphere with the purpose of conducting mutual consultations and collective negotiations in order to draft the Republic Collective Contract. This Contract was signed on behalf of the Prime Minister of the Armenian Government, the President of the Trade Unions' Confederation of Armenia and the President of the RUEA on 27 April 2009. This Contract defines additional guarantees in social-working relationship arrangements in the areas of occupational security and health, safety, jobs, wage and population living standards, the labour market and employment, social insurance and social security through 30 July 2012.

II Negotiated Support for SMEs

On behalf of small and medium-sized enterprises (SMEs), RUEA has lobbied successfully for improved legislation within the tax system, with more than twenty types of verifications now reduced for SMEs with USD 18,000 in revenue. RUEA has also supported enterprises in the process of receiving loans from the government during this period of crisis and has advocated facilitating the loan requirement process for start-up businesses. Beginning in 2008, RUEA has organised discussions to facilitate the process of state purchases as well as the participation of local producers in this process to serve as a support system for SMEs.

III Sustainable Development Programme

RUEA has been an active participant in IMF and World Bank discussions on the creation of a framework for Armenia's Sustainable Development Programme for 2009-2011. RUEA has suggested a package of reforms that include facilitating the process of enterprise liquidation, a strengthening of the support mechanism for SMEs and a one-stop window for enterprise registration. RUEA President, Executive Director and President of the RUEA sectoral association are members of the Coordinator Committee for this Programme.

IV Education System Reforms

In October 2009, RUEA signed an agreement of reforms with the Ministry of Education and Science in the VET sphere in order to implement efficient reforms in education system to help meet the needs of the labour market as it emerges from the crisis.

Australia

In recent decades, Australia has transformed itself into an internationally competitive, advanced market economy. It boasted one of the OECD's fastest growing economies during the 1990s, a performance due in large part to economic reforms adopted in the 1980s. Emphasis on reforms, low inflation, a housing market boom, and growing ties with China have been key factors over the course of the economy's 17 solid years of expansion. Robust business and consumer confidence and high export prices for raw materials and agricultural products have also helped fuel the economy in recent years, particularly in mining states.

Employers' Organisation: Australian Chamber of Commerce and Industry (ACCI)

ACCI is the peak council of Australian commerce and industry and is the largest and most representative business organisation in Australia. Through its member associations it represents employers across all States and Territories on all matters affecting them, with high priority given to workplace and labour matters. ACCI is active at the national and international level, while its member associations operate principally at State, sectoral and enterprise level.

The ACCI network is made up of 35 member associations incorporating over 300,000 enterprises in all sectors of economic activity, principally in the private sector. This represents over 50% of eligible employers employing close to 65% of the total workforce.

Crisis Impact:

While Australia may have avoided the worst of the global recession, unemployment has risen steadily since early 2008. Internationally comparable data from the OECD show that Australia's unemployment rate has risen from 3.9% in February 2008 to 5.8% in July 2009, an increase of around 40% and the highest rate in almost six years. Nevertheless, it remains well below the OECD average of 8.3%. Flexible labour market arrangements and social dialogue enabled enterprises to re-structure working arrangements for many existing employees, resulting in a lower than forecast level of unemployment but nonetheless a residual loss of working hours and incomes.

Australia's fiscal stimulus package, together with accommodative monetary policy in the early months of the crisis had a strong effect in cushioning the decline in employment caused by the global economic downturn with OECD estimates suggesting that fiscal measures will have saved 150,000 – 200,000 jobs by the end of 2010. A well performing labour market going into the downturn, together with a fiscal surplus and regulatory oversight of the finance industry, were also contributing factors to avoiding recession.

Youth unemployment has also been a concern as the unemployment rate for 15-19 year olds is almost three times the adult rate at 16.4%. Around 130,000 young people neither work nor are enrolled in full-time education, an increase of 35,000 since the same time last year.

Crisis Response:

I Adjusted Resources and Lessons Learned

As the economic crisis began to take shape ACCI adjusted quickly by moving more resources into areas that dealt with employment and economic issues. ACCI was also able to enhance capacity internally by filling gaps exposed in past recessions and adapting the ACCI team to involve people who had previous experience working in similar economic conditions.

II Bipartite Collaboration for Short-Term Unemployment Incentives

The Australian Job Network has traditionally focused on long-term unemployment concerns rather than shorter-term unemployment issues. In order to respond to the demands of the economic crisis, ACCI worked with the government to create incentives to focus more energy towards addressing short-term unemployment in order to avoid long gaps in employment as a result of redundancies. In some cases ACCI has even provided support to employers' organisations that created employer broker programmes to find placements for people through the local employment services structure, known as the Job Services Network.

III Dialogue for Training and Transition Programmes

ACCI established a dialogue with the government on labour market skills issues, sharing their economic analysis and providing advice and insight from the private sector on proposed fiscal measures in order to identify how industry and government could work together more effectively. These dialogues resulted in training programmes to help workers retain skills to adjust and transition through redundancies more efficiently and have made a real difference in some areas hit hardest by the crisis, including textiles and the automotive sector. These programmes also proved especially effective in helping young apprentices retain their skills by providing financial incentives to businesses to allow apprentices to complete their training.

IV Investment Allowance Programme

ACCI has helped develop tax incentives as a part of the public stimulus plan for new private sector investment. These incentives have been heavily (though not exclusively) directed at small and medium-sized enterprises and have significantly helped maintain private sector investment. This AUD 4.2 billion programme provides a depreciation incentive to allow businesses to purchase new equipment and has been extremely successful, especially in the retail motor sector. Significant input from the business community resulted in raising the initial tax incentive from 10% to 30%, a move that has been partly responsible for the success of the programme.

Cambodia

The Cambodian economy has been strongly integrated in the regional and global economy since Cambodia became a member of ASEAN in 1999. Regionalization and globalization have assisted Cambodian economic development through export led growth and development of the tourism sector. Overall, the Cambodian economy has performed well in the last decade with a real annual GDP growth average of 9.5%. The construction sector has been a major contributor to Cambodia's economic growth following the garment sector. In 2007, Cambodia's financial sector enjoyed very strong growth as bank deposits rose by 74% (after rising 45% in 2006) and bank loans surged by 80% (after increasing by 48% in 2006). Employment in the banking industry is booming and the microfinance industry has also enjoyed very strong growth over the past few years. The hospitality sector has continued to demonstrate impressive growth as well.

In regards to tourism, Cambodia received two million tourists in 2007, which is 19% higher than in 2006 and nearly double the figure for 2004. The telecom sector has shown signs of growth as well, with the number of mobile subscribers reaching 2.5 million (17% penetration) in 2008, with an annual rate of growth close to 50%. New telecom service providers entered the market in 2007 and 2008, and employment in the sector is growing rapidly.

Employers' Organisation: Cambodian Federation of Employers' and Business Association (CAMFEBA)

CAMFEBA is the central organisation representing private sector employers in Cambodia. CAMFEBA is recognized regionally, nationally and internationally and has become the largest federation representing, promoting and safeguarding the rights and interests of employers in terms of labour-related issues. CAMFEBA provides a forum for consultation and discussion among members on matters of common interest, and seeks for the adoption of sound principles and practices of human resource and industrial relations through information, advice, research, training and other activities.

CAMFEBA collectively represents over 1,000 businesses both unionized and non-unionized. Members include small and medium-sized enterprises, leading Cambodian businesses, multinational companies and Cambodia's major business associations covering all sectors of business.

Crisis Impact:

The current global economic crisis has created significant challenges for the Cambodian economic and financial system and has resulted in reduced sources of capital flow for private investment, a decrease in demand for Cambodia's major commodities, and a drop in the number of tourist visits to Cambodia. The sectors most seriously affected have been the garment industry, tourism, and construction and real estate.

The garment sector, the main contributor to the Cambodian economy, has been strongly affected by the global economic downturn as close to 90% of investment capital comes from overseas. In the first five months of 2009, garment export dropped 27%. As a result of the global economic crisis and lack of demand, more than 50 factories were closed resulting in job losses for over 60,000 workers. The agricultural sector, which contributes close to 30% of GDP, is also faced with low growth forecasts for 2010. Tourism has been in decline with the number of international tourist arrivals to Cambodia dropping below expectations. The construction sector, which contributes 7% of GDP, has been shrinking due to lack of investment and some construction projects have been suspended. The price of real estate has decreased continuously since the end of 2008. The average rate of inflation fell to around 4% in 2009 from 12.5% in 2008 and is predicted to reach 5% in 2010.

Crisis Response:

I Tax and Labour Regulations

CAMFEBA, as the representative of private sector in Cambodia, has proactively responded to the challenges of the crisis by working very closely with members to lobby the government to help business by extending the income tax holiday for the private sector until the end of 2010. In order to build up the industrial peace, CAMFEBA has also urged the government to strictly enforce the labour laws and regulations and establish the trade union law.

II Crisis Response Study

With financial support from the International Labour Organization, CAMFEBA started conducting a survey study in November 2009 with members to understand how the global economic recession has affected them and how they have responded to this crisis.

III Guidebook for Employers

To assist members in managing the challenges of the crisis within the framework of Corporate Social Responsibility, CAMFEBA has developed a guidebook for employers on *Socially Responsible Transition Management in Cambodia: A Guide for Employers* and has provided training for members on this topic.

IV Enhanced Training

To respond to member needs, CAMFEBA has conducted training programmes to help build up the core competencies for employees of member businesses. These programmes include both the Public and Customized Training programmes, which cover topics on Industrial Relations, Human Resource Management, Leadership & Supervisory Skills, Personal Effectiveness, Customer Service, and Occupational Safety and Health. The Customized Training Courses are designed to meet an individual employer's requirements in one or a combination of the above areas. All CAMFEBA training courses focus on providing practical and quality training at affordable rates.

Chile

Chile has a market-oriented economy characterized by a high level of foreign trade and a reputation for strong financial institutions and sound policies that have given it the strongest sovereign bond rating in South America. Exports account for 40% of GDP, with commodities making up some three-quarters of total exports. Copper alone provides one-third of government revenue. The Chilean Government conducts a rule-based countercyclical fiscal policy, accumulating surpluses in sovereign wealth funds during periods of high copper prices and economic growth, and allowing deficit spending only during periods of low copper prices and growth.

Employers' Organisation: Confederación de la Producción y del Comercio (CPC)

CPC is a leading organisation of the Chilean business community and groups together the main productive sectors of the country. Its mission is to promote adequate conditions for the creation and continuation of business initiatives, and an institution that encourages free competition and growth to ensure sustainable economic, social and environmental development.

To fulfil its mission, CPC interacts with the different public powers as well as other social actors. In its capacity as representative of the private sector in Chile, it is continuously presenting initiatives to the Executive Power and participating in the mixed committees in operation in the different ministries and public services so as to advise the respective governmental authority.

In the sphere of civil society, CPC maintains close ties with trade unions, workers, universities, educational centres and the media.

Crisis Impact:

Chile is considered one of the most transparent, safe, and stable countries in Latin America and although Chile has posted healthy growth numbers for the past few years, recent reports show that the economy grew at only 0.5% in December 2008. This is the worst growth performance in a decade and comes amid expectations of aggressive interest rate cuts. Forecasts suggest a significant trade deficit in 2009 as the outlook for copper prices fall and domestic demand continues to slow. In fact, in January 2009, the trade surplus decreased by 71%, with exports dropping by 41%.

As is being seen globally, the economic crisis is taking a hit on construction and investment. Chile's mining sector, considered the best performing sector in recent years, lost approximately 12,000 jobs in 2008. On January 6, 2009, President Michelle Bachelet announced the largest economic stimulus plan in Chile's history with the goal of minimizing the effects of the global economic crisis.

Crisis Response:

I Tripartite Collaboration for Employment, Training and Labour Protection

In May 2009, CPC adopted a tripartite Labour Protection Pact with the government and the trade unions to prevent job losses over the next 12-month period. This historical agreement was adopted on a tripartite basis by the social partners and signed by President Bachelet on May 6, 2009. The agreement includes six specific instruments to prevent job losses and will last 12 months. The main objective of the Pact is to protect jobs, provide security for families and promote training for workers. The agreement seeks to reduce, as much as possible, the negative impact of the economic crisis on employment. The six measures taken under the Pact are hoped to reduce the unemployment rates by 1.5 points benefiting approximately 125,000 individuals. The six measures under the Pact are:

1. Incentives to retain and train. This measure creates a special incentive for enterprises to retain and train workers. To do this, enterprises may deduct 2.5 times the monthly cost for the training of workers with income of CLP 380,000 per month from their monthly interim payments as long as they keep the allocation of workers hired in April 2009.

2. Permits for training. As an alternative to dismissal, employee and employer may agree (on a voluntary basis) to allow the employee to attend training for a period of up to five months. During this period, the employee will get guaranteed cash benefits equal to 50% of the previous six months salary, caped on CLP 190 million. The employment contract will remain along with all the workers' rights. Monthly payments to the employee come from a contribution of worker and unemployment insurance, with continuing coverage if the contract ends during or after maternity leave for workers who meet the entry requirements.

3. Pre-contract training. In order to enhance the possibilities of a future contract for employees, this instrument would allow the use of tax relief to fund the layer of employees in the process of being hired by a company.

4. Unemployment insurance benefit for workers with temporary contracts. This measure allows workers hired under "fixed-term contracts" or under "specific task contracts" to access unemployment insurance. To do so, these workers should have worked (and contributed to the unemployment insurance) for at least 12 months during the previous 24 months to May 1, 2009.

5. SME Scholarships for heads of household workers. Under this measure, the 2009 budget for this "support venture" programme will be doubled. The idea is to support 20,000 new "micro-ventures" proposed by low-skilled workers currently unemployed. This measure combines training, food and transport subsidies.

6. Acknowledgement of skills. The purpose of this measure is to "certify" knowledge acquired by workers during their work-life. The certification will be done through an evaluation system implemented by technical agencies. This programme will start with 1,000 workers between 2009 and 2010 and will focus on productive areas that already have articulated training programmes.

This Labour Protection Pact has stimulated social dialogue at the highest level in Chile and the Tripartite Committee now meets once a month to follow-up on the Pact's impact. Figures analyzed during the Committee meeting in November 2009 confirmed that the measures taken under the Pact have benefited over 190,000 workers and over 5,000 enterprises. The most popular measures were those related to the Youth Employment Subsidy and grants to women entrepreneurs. The Pact has been considered a success so far during the economic crisis, preventing unemployment figures from increasing over 2.5 points, as was originally projected. The Minister of Labour has stressed that although the figures for the last quarter of 2009 show a 10.2% unemployment rate, there are good signs that the actions taken under the Pact will save jobs and create better conditions for workers to be reinserted through training. Chile expects to arrive at an unemployment rate below double digits in the beginning of 2010.

II Innovative Tools and Information

CPC launched an online tool to diagnose enterprise health to prevent and detect at-risk enterprises in August 2009. Under the project NUEVAMENTE, this unique tool was created to prevent and detect risks within enterprises before it became too late. The programme is conducted in collaboration with Foro Innovación, Octantis, IDB MIF, BCI, the Ministry of Economy and InnovaChile-Corfo.

Project NUEVAMENTE (which means *again* in English) is the result of efforts from a number of public and private institutions. The programme assists businesses' current plans and provides the most appropriate tools to prevent failure, support re-entry into business channels and allow business owners to tap in the lessons learned by entrepreneurs who have unfortunately failed, but are willing to try again. It will also help formulate public policies to support enterprise development.

This tool seeks to help entrepreneurs avoid bankruptcies by helping them to rectify errors on management strategy or, if it is too late, to allow them to close professionally with lower costs. It is also hoped that this instrument will boost entrepreneurship through an in-depth cultural change, moving away from punishing failure, but rather rewarding venture, risk and entrepreneurship.

The tool operates through an anonymous; free of charge questionnaire, accessible at www.nuevamente.org, which seeks to obtain information on the enterprises current situation and provides an estimate on how likely it is for the company to enter into a crisis situation. The questionnaire focuses on four key areas: business trajectory, business liquidity, management strategy and staff. Users of the tool receive a full report on these areas.

As of December 2009 over 25,000 entrepreneurs have visited the NUEVAMENTE web page and 1,660 enterprises have been diagnosed through the electronic tool. This has created a community of almost 500 business people currently involved in exchanging views and suggestions. 89% of the consultations have been made from Chile, but consultations from nine other countries (Colombia, Mexico, Bolivia, Peru, Spain, USA, Argentina, Venezuela and Ecuador) have also been registered.

III Negotiated Support for SMEs

A plan to accelerate SME reactivation was negotiated and adopted in October 2009 by the Chilean Government and the CPC. The Plan will benefit more than 170,000 SMEs. This ambitious programme to accelerate the reactivation of micro, small and medium-sized enterprises in the post-crisis period was announced by President Michelle Bachelet together with the Undersecretary for Economic Affairs, the CPC President and Conapyme´s President.

The plan aims to improve competitive conditions as well as the productivity of SMEs to enable them to fully benefit from business opportunities that emerge during the economic recovery stage. The plan is financed through public funding as well as private contributions and has five specific lines of action:

1. Betting on Entrepreneurship. Over CLP 7.3 million in co-financing to stimulate a competitive start with high productivity and employment generation and or facilitate the orderly closure troubled companies. One of the main areas of focus is the NUEVAMENTE project led by the CPC, which includes a network of expert assistance to businesses at financial risk.

2. Avanza with Innovation. This involves public and private resources amounting to CLP 18 billion, aimed at the installation of five technology extension centres, the implementation of a supplier development programme and a new model of business incubators, among others.

3. Update your Practice. This line will assist at least 5,000 companies, by strengthening their capacities to compete in the domestic and external markets. This includes a web portal that gives SMEs access to inside information on business opportunities with the top 50 investment projects underway in Chile.

4. Learn to Grow. Dedicated to enhancing the development of human capital for competitiveness through the implementation of pilot programmes for the certification of labour skills in the areas of mining, food, aquaculture, special interest tourism and global services, which correspond to the five priority clusters in innovation policy.

5. Saving Time. Seeks to reduce the administrative burden of small businesses and facilitate the launching of new businesses, through the simplification of procedures.

IV Proactive Leadership

CPC has been able to inspire public confidence by taking a proactive stance in responding to the issues of the crisis with specific actions to prevent job losses and help enterprises survive the crisis turmoil.

China

China's economy during the past 30 years has changed from a centrally planned system that was largely closed to international trade to a more market-oriented economy that has a rapidly growing private sector and is a major player in the global economy. The restructuring of the economy and resulting efficiency gains have contributed to a more than tenfold increase in GDP since 1978. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2008 stood as the second-largest economy in the world after the United States, although in per capita terms the country is still lower middle-income. With 807 million workers, China possesses the largest labour force in the world.

Employers' Organisation: China Enterprise Confederation (CEC)

The mission of the CEC is to seek an active role in the aspects of employer-related work, tripartite mechanism, research and investigation, employee training, business consulting, publication, information service, business evaluation and international cooperation.

CEC's membership is composed mainly of enterprises, companies, entrepreneurs, provincial and municipal associations, industry associations and trade associations. Today CEC has 545,000 members, including state-owned enterprises and individual employers representing 30 industry sectors in 30 provinces, 28 industrial cities and 118 regions.

Crisis Impact:

While China's economy has been in relatively good shape throughout the crisis, there is rising unemployment in rural areas as well as some downward pressure on economic growth. China's economy grew by 9% in 2008, but only by 6.8% in the final quarter of the year, as overseas demand for China's exports has decreased. As the demand for China's exports shrinks the country has begun to focus now on expanding domestic consumer demand.

There has also been a sustained package of measures implemented aimed at increasing economic growth, as well as a series of policy measures in the financial sector. Notwithstanding, China has so far avoided the worst of the crisis. Its banks are healthy and, with the help of a USD 586 billion stimulus, 2009 economic growth is on track to top 8%.

Crisis Response:

I Provide Business Information to Government

When the financial crisis began to emerge in the United States, CEC began to actively research among their members to determine how they might be hit by the crisis. This information was collected and provided to the government for their consideration in the form of two reports: *The Report on the Situation of Companies* and *The Study Report on Labour Relations in Companies of Various Ownership*. These reports contained possible measures that could be taken by companies, as well as the government to navigate through the global crisis. The Prime Minister was able to comment on these reports and feedback was given through CEC that would be used to help members.

II Tripartism to Support Enterprise

CEC engaged in negotiations with the government, trade unions and major companies to draft recommendations for the government with a focus on employment. This document, entitled *Guidance on Stabilizing Labour Relations in The Current Economic Situations*, was accepted by the government and contained provisions on labour relations as well as possible responses to the crisis. These recommendations received a positive response from all the involved social partners and received attention in the media. CEC also worked with the social partners to encourage companies to supply on-the-spot training instead of dismissals, as well as free training programmes for migrant workers.

III Policy Lobby for SME Development

CEC has lobbied the government for increased access to credit for SMEs as the economic crisis has created cash flow problems for SMEs in the country. CEC has lobbied for easier access to loans, access to credit, and longer periods for repayment in order to reduce the burden on SMEs during this time, while allowing them to finance necessary upgrades in technology to increase efficiency and productivity.

IV Encourage Flexibility

CEC has encouraged companies to avoid redundancies by finding practical solutions that save jobs. In lieu of dismissing workers, CEC has encouraged members to create flexible employment options, including reduced salaries, working times and work sharing arrangements. CEC has also encouraged companies to offer on the job training and has called for favourable social security policies, job allowances and training subsidies for companies that have been able to avoid significant reductions in staff.

Costa Rica

Costa Rica's basically stable economy depends on tourism, agriculture, and electronics exports. Exports have become more diversified in the past 10 years due to growth in the high-tech manufacturing sector, which is dominated by the microprocessor industry and the production of medical devices. Tourism continues to bring in foreign exchange, as Costa Rica's impressive biodiversity makes it a key destination for ecotourism. Foreign investors remain attracted to the country's political stability and relatively high education levels, as well as the fiscal incentives offered in the free-trade zones. Costa Rica has attracted one of the highest levels of foreign direct investment per capita in Latin America. Poverty has remained around 20% for nearly 20 years, and the strong social safety net that had been put into place by the government has eroded due to increased financial constraints on government expenditures.

Employers' Organisation: Costa Rican Union of Chambers and Associations of Private Enterprise (UCCAEP)

UCCAEP is the umbrella organisation of Costa Rican employers. It comprises 42 affiliated employers' and sectoral organisations and institutions, representing the majority of Costa Rican enterprises and covering all economic sectors.

UCCAEP seeks to promote the country's competitiveness and enhance the influence of private enterprises through concerted efforts on the part of the production sector and interaction with other social and political stakeholders, thereby helping to improve the quality of life of Costa Ricans.

Crisis Impact:

In 2008, Costa Rica experienced a slowdown in economic growth. While GDP grew during the previous five years by 6.6% on average per year, the growth rate in 2008 was 2.6% and overall economic growth was even less. This trend has continued into 2009 resulting in government revenues lagging behind rising costs, and even when the government did manage to budget for a small surplus, economic contraction and an increased fiscal deficit remained unavoidable. Inflation in 2008 reached 13.9%, exceeding established targets. Reducing inflation remains a difficult problem because of rising commodity import prices and labour market rigidities, though lower oil prices should decrease upward pressures. The Central Bank is moving towards a more flexible exchange rate system to focus on inflation targeting by 2010.

Crisis Response:

I Long-Term Proposals

UCCAEP has responded to the economic crisis with four proposals addressed to the society and President of the Republic. The aim of these proposals is to avert longer-term consequences of the crisis for the Costa Rican population. These proposals include measures to ensure enterprise liquidity at a low cost, boost family income and consumption, take advantage of current conditions to reduce "red tape" when starting up enterprises and lastly, UCCAEP has proposed draft legislation aimed at protecting jobs in times of crisis.

II Flexible Work Schedules

UCCAEP has lobbied for time-bound measures that will not affect workers' social and employment rights including the use of accumulated and anticipated leave. The aim of this measure would be to allow employers to bring forward accumulated leave in proportion to the time actually worked. Employers would also be able to change employee schedules so that workers could be transferred from a night schedule to a day or a mixed schedule (but not from a day or mixed schedule to a night schedule).

III Reduced Working Times

To help save jobs, UCCAEP has lobbied for employers to be able to reduce normal weekly working hours by up to one third. The hourly rate of pay would not be affected and social security contributions would be calculated on the basis of the wages actually earned. However, if the wage earned is below the threshold for the minimum contribution, the employer would be required to pay the minimum contribution established under the relevant regulations.

IV Pay and Benefit Cuts for High Income Earners

UCCAEP has also lobbied for employers to be able to reduce wages and other benefits for a fixed period for all workers whose total monthly income exceeds the non-taxable allowance for employed workers. UCCAEP has advocated for this, and all other measures with the aim to preserve jobs, with certain restrictions applied so that an employer would not be able to implement more than one specific measure in regards to any one worker.

Croatia

Between 2000 and 2007 Croatia experienced moderate but steady GDP growth between 4% and 6% led by growth in tourism and credit-driven consumer spending. Inflation over the same period remained low and the currency remained stable. Croatia has a relatively high unemployment rate, a growing trade deficit and uneven regional development. The state retains a large role in the economy, as privatization efforts have often been met with public and political resistance. Macroeconomic stabilization has largely been achieved, yet structural reforms have lagged behind as a result of resistance on the part of the public and lack of strong support from politicians. The EU accession process should accelerate fiscal and structural reform.

Employers' Organisation: Croatia Employers' Association (CEA)

CEA plays a significant role negotiating labour market policy and regulations. It coordinates and concludes branch collective agreements and influences the development of social legislation through social dialogue with the government and the trade unions.

The objective of CEA is to promote, maintain and strengthen the business climate in Croatia. CEA offers member services, including information and assistance, on labour market affairs, and provides advice and assistance in solving labour disputes.

CEA is made up of 25 branch associations, representing approximately 5,000 members from both enterprises of private or mixed ownership from all sectors of economic activity. These member enterprises account for approximately 370,000 of all working Croatians.

Crisis Impact:

Croatia has faced the initial impact of the global financial crisis comparatively well prepared. Appropriate policies (both monetary and prudential) taken well in advance to create the adequate liquidity reserves in the banking system helped Croatia withstand financial market disturbances. A government measure to increase guaranteed deposits as well as the establishment of the Stability Fund by non-bank financial institutions have proved equally important in these volatile times to secure the trust and confidence in the financial system.

While long-term growth prospects for the economy remain strong, Croatia will face significant pressure as a result of the global financial crisis. Croatia's high foreign debt, strained state budget, and over-reliance on tourism revenue will result in higher risk to economic stability over the medium term.

Crisis Response:

I Enhanced Social Dialogue

CEA negotiated a freeze in water usage fees with the government to help keep operating costs for business down during the crisis. CEA was also able to reduce the cost of raw materials for business by negotiating for a reduction in the price of domestic timber, while obtaining extensions for payment deadlines and re-programming the payment of current obligations. CEA also lobbied actively for the adoption of work-sharing programmes and helped draft the policy on programmes that reduce the working week from five days to four days to help prevent redundancies.

II Increased Media Pressure

CEA was able to use the media effectively to lobby for a change in gas-supply policies in order to avoid compounding the complications of the economic crisis with gas supply issues. CEA responded promptly to the eastern European gas crisis with active use of the media in order to reduce the damages and loss in profits a gas shortage would incur. CEA was able to significantly reduce the impact of gas shortages and save the industry more expenses.

III Focus on New Markets

To reduce the impact of the crisis on members, CEA has worked to actively help businesses expand into new markets. CEA has provided members with information as well as help with financing in order to realize new business opportunities, including matching Croatian furniture companies with new clients, connecting automotive supply companies with international auto manufactures and linking textile companies with the Malaysian Government to supply clothes for the military.

Cyprus

Strategically located in the eastern Mediterranean Sea where three continents meet, Cyprus has in the past few decades transformed itself from an agriculturally based to an advanced market economy. For almost a decade, Cyprus experienced low inflation, uninterrupted growth and almost full employment until the outbreak of the global financial crisis. Today the country is a full member of the European Union and part of the Euro zone, with tourism, services and construction sectors being the largest contributors to the economy. Cyprus boasts a robust banking sector unaffected by toxic assets, excellent infrastructure and one of the lowest corporate tax rates in the EU.

Employers' Organisation: Cyprus Employers & Industrialist Federation (OEB)

OEB is the most representative employers' organisation in Cyprus representing companies operating in all sectors of the economy, including the semi-governmental sector and municipalities. OEB's member enterprises, including 63 sectoral and industrial associations, employ about 65% of the island's private sector and semi-governmental workforce.

OEB represents members both within the bipartite and tripartite system of industrial relations and at the international level through European (BUSINESSEUROPE) and International Organisation of Employers (IOE).

Crisis Impact:

Though the Cypriot economy has performed admirably and avoided the worst of the global financial crisis, unemployment has risen steadily since early 2009 and by October 2009 unemployment stood at 6%.

With Great Britain being a major trading partner of Cyprus, the strengthening of the euro against sterling began to seriously affect tourism related construction (holiday homes) as well as the tourism sector in general. Car sales were also affected severely as Cypriots postponed new car purchases.

As no banks in Cyprus were at risk of failing, the government did not implement any fiscal stimulus packages. However, interest rates in Cyprus are among the highest in Europe, with businesses facing serious financing problems.

Crisis Response:

I Subsidization of Employment

As soon as the global financial crisis emerged, OEB warned about the threat posed on employment, business activity and public finances and lobbied the government to subsidize employment and assist businesses who retain their employees and want to hire new ones. Funds for this subsidy will come from the Redundancy Fund, whose reserves run well above Euro 300 million and to which the sole contributors are the employers.

II Introduction of the Partially Unemployed Concept

Along similar lines was OEB's suggestion to introduce the "partially unemployed" concept to assist businesses that want to hire registered unemployed workers on a part-time basis while at the same time allowing part-time workers to retain their unemployment benefits. However, though both of the above proposals were cost effective with all the necessary safeguards to avoid abuse, they were not adopted.

Furthermore, OEB suggested that the Human Resource Development Authority reserves be utilized to introduce new programmes providing wage subsidies for on-the-job training for newly hired employees. A number of relevant programmes have also been introduced since then.

III Stimulation of Business Activity

To assist retail businesses in continuing their operation with as few interruptions as possible, OEB urged the government to extend the time retail shops in urban areas may operate during winter (Cyprus law imposes certain limitations) thus allowing them to retain their employees, hire new ones to cope with the increased demand and provide convenience for the public.

IV Subcontracting of Public Sector Services

Moreover, OEB lobbied the government to subcontract public sector services to the private sector. This would not only retain jobs but also create new ones and expedite the commencing of new projects while reducing the current backlog.

V Tourism Sector and Business Financing

To assist the ailing tourism sector, OEB proposed a number of measures including the reduction of airport taxes, the reduction of municipal taxes for tourism related businesses and the provision of special incentive schemes for large development projects that would improve tourism infrastructure (i.e. golf courses) and consequently tourism products on offer.

Given the extent of financing problems Cypriot businesses face, OEB urged the government to issue new bonds to enhance the banks' liquidity and ease credit access. Some steps were taken towards that direction but not to the desired extent.

Czech Republic

The Czech Republic has been one of the most stable and prosperous of the post-communist states of Central and Eastern Europe. Maintaining an open investment climate has been a key element of the Czech Republic's transition from a communist, centrally planned economy to a functioning market economy. As a member of the European Union, with an advantageous location in the centre of Europe, a relatively low cost structure, and a well-qualified labour force, the Czech Republic has been an attractive destination for foreign investment. Prior to its EU accession in 2004, the Czech Government harmonized its laws and regulations with those of the European Union. The government plans to meet the criteria for joining the Euro zone around 2012. The small, open, export-driven Czech economy grew by over 6% annually from 2005-2007 and strong growth continued throughout the first three quarters of 2008.

Employers' Organisation: Confederation of Industry of the Czech Republic (SP)

SP participates in the high-level national tripartite body (the Council for Social Dialogue), signs General Agreements with the government and defends the interests of its members in national and sectoral tripartite negotiations on selected issues such as employment, labour legislation, collective bargaining, wages and occupational health and safety. The range of services SP provides to its members include: lobbying, advisory services (legal, economic and social) and educational services (the Institute of the SP). The Secretariat distributes the SP Bulletin and the Data Processing Centre keeps statistical data and carries out economic analyses, which are kept at the disposal of member companies.

SP is composed of 26 employers' and professional federations grouping approximately 1,100 large and small and medium-sized enterprises operating in various manufacturing and service industries representing a workforce of one million people.

Crisis Impact:

Despite the global financial crisis, the conservative Czech financial system has remained relatively healthy. The rate of Czech economic growth, however, fell in the fourth quarter of 2008, mainly due to a significant drop in demand for Czech exports in Western Europe. This trend is expected to continue, with many analysts predicting the Czech economy to contract slightly in 2009 as a secondary effect of the crisis as trading partners experience a slowdown in their economic growth, which will have an effect on the Czech economy in return.

Crisis Response:

I Reduce Redundancies and Limit Layoffs

In an effort to maintain 50,000 to 70,000 jobs, SP participated with the government and trade unions in the preparatory work to lower social insurance contributions to 1.15 times the amount of gross wages. Insolvency measures were also implemented to help companies facing bankruptcy to provide larger securities for their staff.

II Reduce Tax Burden and Help Stimulate Business Activity

In order to leave companies with more free resources, SP successfully lobbied the government to shorten the write-off period from three years to one year in the first category and from five years to two years in the second category, which should raise free resources Euro 360 million for business. In January 2009 SP also helped lower the social insurance rate by 1.5%, and help create guarantees for loan support.

To help support SMEs, SP lobbied for faster VAT refunds for companies and entrepreneurs who submit an electronic tax return, and for companies with less than five employees to avoid advance income tax payments in 2009. These initiatives will help small companies by providing them with more financial resources.

III Secure Orders for Companies in Time of Crisis

To provide support for exporters, SP lobbied for an increase in working capital for the Czech Export Bank and resources for the official agency providing export insurance. A support package worth Euro 140 million was implemented for entrepreneurs in the agricultural sector and investment in transport infrastructure was increased to more than Euro 4.4 billion. In an effort to create long-term support for the economy, SP also successfully lobbied for investments worth Euro 1.4 billion, including funds from the European Union, for research and development.

IV Support for the Auto Industry

With car companies Skoda and Hyundai opening new factories in the country SP has been actively lobbying the government to extend VAT deductions on cars in order to stimulate demand. This will hopefully provide a financial boost for an important sector of the Czech economy.

Estonia

Estonia entered the European Union in 2004. The country has a modern market-based economy and one of the highest per capita income levels in Central Europe. Estonia's successive governments have pursued a free-market, pro-business economic agenda and have wavered little in their commitment to pro-market reforms. The economy benefits from strong electronics and telecommunications sectors and strong trade ties with Finland, Sweden, and Germany. The current government has pursued relatively sound fiscal policies, resulting in balanced budgets and low public debt. Rapid growth, however, has made it difficult to keep inflation and large current-account deficits from soaring, putting downward pressure on the country's currency. The government has not given up on adopting the euro, but has repeatedly postponed its target date.

Employers' Organisation: Estonian Employers Confederation (ETTK)

ETTK's mission is to raise the competitiveness of the Estonian economy by improving the economic environment, providing social stability and creating a climate in the country that is as favourable to business as possible. ETTK's objective includes representing members in relations with legislative and executive authorities and trade unions, to stand for the rights of its members, and to represent their member organisations both in Estonia and abroad.

ETTK is an umbrella organisation representing 24 branch organisations composed of more than 1,500 companies and 60 single large enterprises that employ 35% of all private sector employees in Estonia. ETTK is a member of the International Organisation of Employers (IOE) and a member of BUSINESSEUROPE. The government of Estonia and the trade unions acknowledge ETTK as a social partner and participant in tripartite and bilateral negotiations and commissions. It is the most representative employers' organisation in Estonia.

Crisis Impact:

Estonia's economy slowed down markedly and fell sharply into recession in mid-2008, primarily as a result of an investment and consumption slump following the bursting of the real estate market bubble. Estonia's most recent economic and labour market indicators have revealed the highest decline in gross domestic product since 1995, while the number of unemployed persons increased by 90% during 2008. The average wage increase has fallen with pay cuts already apparent in the fishing and construction sectors. These developments have affected trade union membership as well as collective bargaining.

Crisis Response:

I Lobbying for Decreases in Public Sector Spending

In an effort to meet the challenges of the economic crisis ETTK has actively lobbied the government for a decrease in public sector employee salaries to the same level as those in the private sector. ETTK has also lobbied for a decrease in welfare payments by 10-20%, a decrease in pensions by 10%, an increase in the official age of retirement to 67 years and the implementation of administrative territorial reform in order to decrease governmental spending.

II Actively Addressing Unemployment

In order to decrease the unemployment rate ETTK has lobbied for the generation of social jobs programmes to be funded with more resources from the European Social Fund. ETTK has also lobbied for tax advantages for employers hiring long-term unemployed people and for the state funding of six months re-training programmes.

III Enhanced Enterprise Competitiveness

ETTK has been engaged in national promotional activities to attract foreign investors to support Estonian companies' entrance into foreign markets. ETTK has also been actively reviewing plans to use aid from the European Structural Funds to increase investments in new technologies, research and development and export marketing by Euro 200 million.

ETTK has also been lobbying the government to maintain the current employers' tax level and coordinate all planned tax changes with employers' organisations before they are enacted. They have also been developing a strategy and action plan to improve industrial sector competitiveness in an effort to minimize unfair competition and to improve the regulation of public procurement.

Finland

Finland is a highly industrialized, largely free-market economy with per capita output roughly similar to the UK, France, Germany and Italy. Its main exporting sector is manufacturing. Finland's most important sectors are forestry, chemicals, metals, engineering and electronics industries. Finland depends on imports of raw materials, energy, and some intermediate goods for manufacturing and the share of high-tech exports such as mobile phones has increased dramatically over the last few years.

Employers' Organisation: Confederation of Finnish Industries (EK)

EK was established on 1 January 2005. Before EK, the manufacturing and service industries were represented by separate organisations.

EK has 36 member organisations representing different branches of manufacturing and services. EK is the leading business organisation in Finland. It represents the entire private sector and companies of all sizes.

EK's task is to create a better and more competitive operating environment for the business community in Finland. This requires strong action in both Finland and the European Union, because the rules concerning companies are being regulated increasingly at European level.

Crisis Impact:

Although Finland has been one of the best performing economies within the EU in recent years and its banks and financial markets have avoided the worst of global financial crisis, the world slowdown has hit export growth and domestic demand and has caused a sharp decline in GDP in 2009. The slowdown of construction, other investments, and exports has caused unemployment to rise and during 2009, unemployment rose to almost 9%. Long-term challenges include the need to address a rapidly aging population and decreasing productivity, which poses a threat to competitiveness, fiscal sustainability and economic growth.

The biggest challenge for the SMEs involved in subcontracting chains has been that some large companies have demanded a change to contract terms as a result of the impact the economic crisis has had on business.

Although the recovery in the global economy has begun, Finnish exports and industrial output have remained stagnant. There is little doubt that a turnaround will occur, but details on how and when are still unclear.

Youth unemployment has also been a concern as the unemployment rate for 15-19 age group is almost three times the adult rate. Close to 130,000 young people neither work nor are enrolled in full-time education, representing an increase of 35,000 from the same period in 2008.

Crisis Response:

I Investigating the Impact of the Crisis

EK has conducted six surveys on SMEs between October 2008 and October 2009 to support and strengthen its lobby efforts. Through surveys EK has investigated the impacts of the financial crisis by focusing on demand for products and services, access to financing and solvency among SMEs.

The most recent survey revealed problems in obtaining finance were still common in October 2009. As a result, many SMEs had to postpone investments. Moreover, solvency problems among SMEs increased due to reduced demand. Addressing working capital and short-term financing issues thus became a focus for policy.

EK's *Business Tendency Survey* provided policy makers with useful, real-time information. In addition to regular publications and communications, EK has created specific calculations for certain branches that demonstrate how seriously the economy has been affected by declining demand.

The current crisis emphasizes the need for publicly funded services for SMEs in their pursuit to engage with international markets. SMEs too often consider it difficult to enter into the international network and often find the services offered to assist them complicated to use. A recent EK survey is currently in process to bring support to the vital need to reform the current system as it concerns SMEs.

II Increased Specialist Public Financing

According to the EK *Business Financing Survey* conducted in August 2009, almost one third of companies seeking new funding experienced problems in accessing finance, compared with only 3% prior to the economic crisis. The typical problems faced by small companies include tight collateral requirements and the basic availability of funding. Challenges for medium and larger sized companies generally concerned the high price of funding and a shorter-than-requested loan period. To address these challenges, EK has actively lobbied for increased specialist public financing arrangements through such bodies as the state-owned company Finnvera and through relending of employment pension funds.

III Social Security Contributions and Unemployment Benefits

The Finnish stimulus package of January 2009 contained a tripartite agreement to lower labour costs by lifting the employers' national pension contribution. The contribution was lowered for the year 2009 and will be lifted altogether for 2010. This measure will lower labour costs on average by 1.4%. This measure has had a positive impact on employment, especially during the recession. It is regrettable, however, that the government decided to compensate the loss of income by increasing future energy and environmental taxes.

In connection with lifting the national pension contribution, the general employment pension contribution paid by employers and employees will be increased by 0.8%. This increase will take effect gradually from 2011 to 2014. By postponing this increase over years in the future the support and retention of jobs can be maintained throughout the current crisis.

By lifting the national pension contribution and increasing the employment pension contribution space was created for the social security package of 21 January 2009. The labour market organisations also reached an agreement to shorten unemployment periods and postpone the average retirement age. The government also decided to increase social assistance for unemployed citizens who participate in active labour market measures, such as training, resulting in a positive effect on employability. Unemployment benefits will also be increased in the beginning of 2010.

IV Reforming Collective Agreements

As the period of centralized agreements and comprehensive income policies that had lasted almost 40 years came to an end in 2007, EK has been actively engaged in coordinating the sectoral bargaining process. EK has also lobbied hard to avoid general wage increases as a response to the crisis as EK believes a new round of wage increases would lead to spiralling costs and increased unemployment.

One of the main challenges with regard to recovery is the outcome of on-going collective bargaining negotiations and the inflexibility of the wage system. Unfortunately the current Finnish negotiation system does not allow social partners at the company level to decrease negotiated wages, even on a temporary basis. However, many companies have successfully cut their wage costs by replacing agreement-based holiday bonuses with increased free time.

Currently EK coordinates sectoral partners in reaching moderate wage solutions and improving productivity and competitiveness by opening up possibilities for local bargaining. With the help of company-level wage solutions, the different situations facing companies in specific sectors can be better taken into account. Companies operating within the same branch or sector often face varying situations on profitability and demand and sectoral solutions do not take this into account.

EK is also concerned that the public sector will lead the current wage round by providing higher wage increases than the private sector. This challenge will have serious consequences for the private sector and could undermine the competitiveness and possibilities for recovery of companies in the private sector.

EK has also encouraged sectoral partners to introduce more flexible working hours and flexible workforce possibilities and to lift restrictions on different forms of employment, the use of foreign labour and opening hours.

V Tax Cuts and Other Stimulus Measures

EK has worked to keep the government on track with promised tax relief programmes in order to lighten the tax burden for households and companies. EK has pointed out that the government should lower taxation on labour and has specifically lobbied for the extension of deductions for household services.

In 2009 the government lowered taxes for households and companies by Euro 2 billion, representing over 1% of GDP. In 2010 the government will continue the tax cuts, with the total taxation on labour decreasing only slightly as municipal income tax and social security contributions paid by employers and employees rise.

EK has taken the initiative to introduce a more effective loss balancing system as it relates to company taxation. EK believes that companies should have the opportunity to deduct present losses from past profits (carry back) temporarily for two or three years. EK has also lobbied for the postponement of certain payments for business.

According to EK, the government must utilize all means available to promote the competitiveness of companies and the business environment for the export industry. The minimum expectation is that energy and other costs for companies should not be increased as a result of domestic measures. EK has also lobbied for a doubling of the depreciation of investments on a temporary basis for 2009 and 2010.

EK has also asked the government to accelerate house-building projects while promoting the mobility of labour and maintaining transportation corridors to support construction. Additional priorities include education, vocational training, research and development.

Georgia

Georgia, officially known as the Republic of Georgia from 1990 to 1995 is a country to the east of the Black Sea. A former republic of the Soviet Union, it shares a border with Russia in the north and Turkey, Armenia, and Azerbaijan in the south. The capital city is Tbilisi and the official language is Georgian. Georgia's main economic activities include the cultivation of agricultural products such as grapes, citrus fruits, and hazelnuts; mining of manganese and copper; and output of a small industrial sector producing alcoholic and non-alcoholic beverages, metals, machinery, aircraft and chemicals. There has been recent growth in construction, banking services, and mining sectors, but reduced availability of external investment and the slowing regional economy present an emerging risk. The country imports most of its needed supplies of natural gas and oil products. It has sizeable hydropower capacity, representing a growing component of its energy supplies.

Employers' Organisation: Georgian Employers' Association (GEA)

GEA is an independent, non-governmental, non-commercial, non-profit making, self-managing business organisation that acts according to the Constitution of Georgia, international agreements and legislation, as well as its own statutes. As the voice of Georgian business, its mission is to defend the rights and legal interests of employers in economical, legal, social and labour activities at the national and local levels and to promote entrepreneurial development and stability, with a focus on social and economical progress. GEA works to establish decent work environments, while promoting innovation and investment as well as tripartitism and social dialogue. It represents approximately 1,000 companies, both big businesses as well as SMEs.

Crisis Impact:

Georgia faced many challenges in 2009 as a result of the global economic crisis, including a fall in investments, a 32% decline in remittances and a consequent slow-down in economic activity. While Georgia's economy had sustained GDP growth of close to 10% in 2006 and 12% in 2007 supported by strong inflows of foreign investment and robust government spending, growth slowed to less than 3% in 2008, with even lower levels expected for 2009. Georgia also faced a decline in aggregate demand and a reduced demand for Georgian exports. Rising unemployment has become a serious challenge along with rising levels of poverty, especially in rural areas.

Crisis Response:

I Crisis Impact Survey

To better understand how the economic crisis has affected their members GEA conducted the *Business Survey: Impact of Economic Crisis and August Conflict*. This survey resulted in several recommendations that were delivered to the government. These recommendations involved the creation of a united country strategy to deal with the crisis, including amendments to the tax code to stimulate business, the development of a new budget to stimulate the implementation of innovative technologies, efforts to increase bank liquidity, the implementation of macro and micro economic regulation mechanisms, and increased levels of transparency between business and potential investors.

II Focus on Increased Access to Foreign Investment

One of the priorities for GEA throughout the crisis has been to enable members more access to foreign partners and investors through initiatives such as the German Caucasus Project on Partnership. This agreement assists Georgian enterprises in creating partnerships with German businesses and investors through joint business meetings and forums.

III Participation in Tax Legislation

GEA will actively participate in an audit on tax legislation scheduled for 2010. GEA will focus on amendments that will create a more transparent, competitive business environment that will not only be more attractive to domestic business, but that will also attract increased levels of foreign investment. GEA will work as an active social partner in the Tripartite Council on Social Partnership in January 2010 to reform tax, labour and social regulations.

IV Increased Services

To help members through this difficult economic period, GEA has increased the level of services offered to their members. These services include enhanced juridical consultancy for SMEs as well as qualified advisory services in the tax and labour fields and other legislative spheres.

Honduras

Honduras is one of the poorest countries in South America, with an economy that relies heavily on a narrow range of exports, notably bananas and coffee, making it vulnerable to natural disasters and shifts in commodity prices; however, investments in the free trade zone and non-traditional export sectors are slowly diversifying the economy. Macroeconomic performance has improved in recent years, thanks mainly to success in achieving the objectives of poverty reduction and economic growth through cooperation with the International Monetary Fund.

Development of the Honduran economy continues to be closely linked to the economic performance of the United States, the country's largest trading partner. Tourism dominates the national economy as Honduras is the most rapidly growing tourist destination in the region and is endowed with beaches and islands, the world's second largest coral reef, nature reserves and parks, a variety of indigenous cultures, as well as Mayan relics and old colonial towns.

Employers' Organisation: Private Enterprise Council of Honduras (COHEP)

COHEP is the umbrella organisation of Honduran employers. It is noted for its sustained and socially oriented involvement in formulating and developing proposals for the country's development. Its aim is to be the authentic voice of the country's employers, and with that in mind it advocates a free-market economy within a context of corporate social responsibility along with a free and democratic social and economic system.

COHEP comprises more than 40 affiliated employers' organisations, representing 90% of all enterprises in the country.

Crisis Impact:

Honduras has been hit hard by the global recession. In 2009, national production fell by almost 2%, a sharp contrast with the growth recorded during 2008. The sectors most affected have been those linked to international trade such as the free trade zone and the agricultural industry. In the domestic sector, construction and services have also seen a significant drop in activity.

The effects of the crisis are also reflected in the unemployment figures. The National Social Security Institute, for instance, lost more than 30,000 members between November 2008 and January 2009. The government has taken action to mitigate the effects of the crisis with an anti-crisis plan that promotes fiscal and monetary responsibility and through programmes to help reverse the effects of the recession.

Crisis Response:

I Recommendations to the Government

In response to government proposals involving a range of fiscal and monetary measures aimed at mitigating and reversing the effects of the crisis, COHEP presented a document summarizing the main needs their members. The aim of this document was to promote a joint effort in addressing the challenges of the crises while also setting out a number of initiatives that not only address the immediate effects of the crisis but also seek to promote long-term economic growth.

II Increased Lobbying

Since the crisis began, COHEP has actively lobbied for the following measures:

a) Negotiation of a stand-by agreement with the IMF to maintain minimum levels of Net International Reserves (NIRs) and ensure greater exchange rate stability

b) The provision of tax credits for micro, small and medium-sized enterprises in order to make them sustainable in the short term, with tax allowances and differentiated tariffs for electrical power

c) Adapting the labour policy for hiring purposes, while protecting jobs and workers' rights, including a reduction of the working day to prevent further job losses and promote re-employment

d) Creation of a public–private partnership to promote consumption of goods and services produced by domestic enterprises and the replacement of cash payments in some of the country's social programmes with direct deliveries of goods and services produced by domestic industry. This would include, for example, building materials used in various aid programmes or foodstuffs used in school meals.

III Improved National Dialogue

COHEP has proposed the creation of a Commission for National Dialogue, to approve and administer the National Anti-Crisis Plan. This multi and inter-sectoral working party would enable the country to follow-up any measures adopted and ensure transparent and timely implementation of proposals. The proposed commission would also help promote social stability, dispel uncertainty and build trust with the citizens of Honduras. COHEP continues to emphasize that "cautious optimism" is what is needed as the country faces the special challenges of this economic crisis.

India

India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Services are the major source of economic growth, accounting for more than half of India's output with less than one third of its labour force. The economy has posted an average growth rate of more than 7% in the decade since 1997, reducing poverty by about 10 percentage points. India achieved 9.6% GDP growth in 2006, 9% in 2007, and 6.6% in 2008, significantly expanding manufacturing through late 2008.

Employers' Organisation: Council of Indian Employers (CIE)

CIE's primary mission is to interact with the government in the formulation of long-term labour, economic and social welfare policies concerning labour and employers. It has contributed to creating a sound industrial relations climate in the country and has aimed to achieve the prosperity and growth of industry. The main function of CIE is to present and make representations or proposals to the government and other related organisations on matters concerning the welfare of the partners of progress and development in general. CIE is composed of three apex organisations: the All-India Organisation of Employers is composed of 50 regional Associations of Employers and 149 corporate companies, the Employers' Federation of India with 30 regional Associations and 173 corporate companies, and the Standing Conference of Public Enterprises is composed of 240 central government enterprises.

Crisis Impact:

For the most part, the economic crisis has not had as damaging an impact on the Indian economy as it has in many other countries. While some sectors of the Indian economy, such as gems and jewellery and garments have been hit hard by the crisis, a low dependence on exports and aggressive action on monetary and fiscal policies have made India less vulnerable than other countries to financial downturn. Rising tax revenues from better tax administration and economic expansion helped India make progress in reducing its fiscal deficit for three straight years before skyrocketing global commodity prices more than doubled the cost of government energy and fertilizer subsidies. The ballooning subsidies, amidst slowing growth, brought the return of a large fiscal deficit in 2008.

Crisis Response:

I Working with Government to Stimulate Demand

When the crisis first began CIE worked with the government on policy changes focusing on stimulating domestic demand as export markets fell. Through effective social dialogue CIE was able to convince the government that there was a need to act fast, and the government followed through by cutting VAT by almost half. This led to a boost in production as well as consumption and resulted in a re-investment in business as well as added jobs. Sharing challenges with the trade unions resulted in more effective dialogue with the government, and made for a more convincing argument to reduce VAT, which has ultimately been a great success.

II Emphasizing Employment

CIE was able to help influence the government to reduce interest rates by focusing on the effect it would have on employment. By shifting the argument towards employment CIE focused on the benefits of reducing interest rates as a means to protecting jobs. The government ended up reducing the rates and combined with reduced commodity prices, businesses were able to significantly reduce their costs while increasing their profits, which in turn resulted in the protection of more jobs.

III Focus on Value

CIE has helped member businesses with strategies on how to create value for money. By helping to shape VAT and interest rate policies, CIE has created an environment for business that allows for the creation of a quality product at a low price, creating secure conditions for domestic, as well as multinational businesses. For example, in 2009, 50% of all Hyundai auto imports to Europe came from India, making it one of the only countries able to expand production in the automotive sector during late 2008 and early 2009.

Ireland

The Irish economy is set to experience three years of negative economic growth over the period 2008-2010. Cumulatively over this period the scale of the economy and individual living standards are set to contract by about 15%. The pace of contraction in the domestic economy accelerated significantly during the fourth quarter of 2008 and into the early months of 2009. Consumer and retail spending has weakened considerably in 2009, while the construction sector slowdown has spread from the housing sector in 2008 to all aspects of the industry in 2009. Within the context of the approximate 14% collapse in global trade in 2009, forecasts of a 3% decline in Ireland's exports does not appear particularly weak. Exports of both the pharmaceutical and medical devices sectors have actually increased during 2009 while traditional sectors such as food and drink and engineering have contracted substantially. Sectors dependent on the construction sector have recorded the largest declines in output – averaging between 20% and 30%. GDP in Ireland fell by over 7% in 2009 and will fall by about 1.5% in 2010. The government has already taken a number of measures to correct the public finances, including tax increases and expenditure cuts. The Budget deficit will stabilize in 2010 before falling in 2011 and returning to below the Euro zone requirement of 3% by 2014.

Employers' Organisation: Irish Business Employers' Confederation (IBEC)

IBEC is the leading business representative group in Ireland. Its 7,500 members employ close to 70% of the private sector workforce in Ireland. IBEC provides a range of services to businesses in areas such as industrial relations, policy development and sectoral specific priorities. IBEC has been central to Ireland's social partnership process, which originated in 1987 and over the last 20 years IBEC has been involved in centrally negotiated pay settlements with trade unions and government. Over the past decade the social partnership process has broadened to include wider community and voluntary group interests and policy issues covered in agreements have become wide-ranging and comprehensive.

Crisis Impact:

Ireland has been one of the most affected of all developed countries by the economic crisis. Severe difficulties have emerged in the banking sector, public finances and the real economy. The cumulative fall in the GDP will be among the largest for any OECD country. The government has been required to implement a major bank rescue package including a bad bank type approach. Adjustments to public finances have already been made on five occasions since Summer 2008 in order to stem the rise in the budget deficit. Unemployment has returned to over 12% as the level of employment fell by over 8% in the last year alone.

Crisis Response:

I Support for Enterprise and Employment

IBEC has engaged extensively with the government on the need to introduce measures to support enterprise and employment through this crisis. This process has resulted in the launch of an

Enterprise Stabilization Fund and an Employment Subsidy Scheme to help those ultimately viable enterprises that are currently in a vulnerable position. A budget of Euro 250 million has been allocated to the Employment Subsidy Scheme in order to provide assistance to companies struggling with the crisis to maintain their employment levels. A further Euro 100 million has been allocated for the Enterprise Stabilization Fund to help export focused companies experiencing funding difficulties. The government has indicated that up to Euro 1 billion could ultimately be allocated to a range of measures aimed at addressing the jobs crisis.

II Measures to Stabilize Public Finances

IBEC has supported the government in its efforts to correct public finances since the onset of the crisis. Public spending was first cut in Summer 2008 as an initial response to the worsening state of the public finances. Budget 2009 introduced Euro 2 billion adjustment package, while further tax increases and expenditure cuts were introduced in a supplementary budget in April 2009. In advance of the 2010 budget, IBEC argued that the government had already increased tax rates as far as could be borne and that the bulk of further adjustments to public finances would have to be on the expenditure side. Budget 2010 delivered an adjustment package of Euro 4 billion, which largely focused on reducing expenditure, involving cuts in public sector pay and some reductions in social welfare payments. The budget deficit has now stabilized at 11.6% and the government plans to reduce it to below 3% by 2014.

III Work Placements for Graduates

IBEC has launched its own initiative to help provide work experience for the approximately 16,000 graduates who left college in 2009 and were unable to find employment. The matching service allows graduates to view internship opportunities across a range of sectors and different business types through a dedicated website. IBEC has also engaged with the government to allow graduates undertaking internships to retain their existing social welfare entitlements in cases where companies are unable to pay wages during placements. This initiative could be instrumental in ensuring that graduates do not emigrate to seek employment opportunities elsewhere.

IV Bringing Down the Cost of Doing Business

The onset of the crisis exposed a considerable lack of cost competitiveness across a range of business sectors in Ireland. IBEC has worked closely with the government and through the social partnership process on measures aimed at reducing the cost of doing business in Ireland. One particular area of focus has been energy and electricity, where costs in Ireland are well above the EU average. As a direct response to the crisis, electricity prices to businesses and households have been reduced through a range of mechanisms.

Jamaica

The third largest island in the Caribbean, Jamaica has a population of over 2.8 million and workforce of 1.9 million. The Jamaican economy, once exclusively agrarian, has become more diversified through development of the mining and tourism sectors with tourism now a major foreign exchange earner. In recent years, the impetus for economic growth in the country has come from the service sectors accounting for over 60% of the national GDP with remittances accounting for approximately 20% of GDP in 2007-2008. The rate of inflation has dropped from 16.8% in September 2008 to 7.2% in September 2009 and external trade exports have decreased from JMD 1.3 billion (June-July 2008) to JMD 0.7 billion (Jan-June 2009). Jamaica has exhibited one of the lowest economic growth rates in Latin America throughout the global economic crisis and is expected to experience serious long-term problems as indicated by an 11% unemployment rate, underdevelopment and a high debt to GDP ratio.

Employers' Organisation: Jamaica Employers' Federation (JEF)

Formed in 1958 and registered as a trade union for employers under the Trade Union Act of 1919, JEF is recognized nationally, regionally and internationally, as the voice of Jamaican employers. Membership spans the spectrum of private enterprises, from micro-enterprises to the large businesses and quasi-government organisations. JEF plays a pivotal role in creating a more productive, competitive and harmonious climate in which the country's business sector can achieve growth and relevance.

JEF is an active partner in the tripartite arrangement between the government, private sector and trade unions. The Labour Advisory Council (LAC) and the Jamaica Productivity Centre (JPC) are two avenues where JEF is involved in preserving and maintaining dialogue and industrial harmony, while encouraging employers' to achieve excellence in employment practices, to enhance productivity, competitiveness and quality of life.

Crisis Impact:

The global financial and economic crisis has sent shock waves of varying intensity around the world. The impact on the Jamaican economy has been felt in the both the private and public sectors with significant pressure placed on the job market as companies seek to adjust operations to withstand the current economic downturn. The banking, bauxite, tourism and manufacturing sectors have been especially impacted throughout the crisis with redundancies and job cuts affecting over 40,000 workers. Jamaica has been in dialogue with the IMF for support and is close to reaching an agreement with conditions to be disclosed in 2010.

Crisis Response:

I Tripartite Discussions and Support for the Jamaican Productivity Centre

JEF has responded to the challenges of the crisis by encouraging more frequent dialogue between the social partners in tripartite discussions within the Labour Advisory Council (LAC). JEF has advocated for the swift passage of certain relevant acts that affect critical areas of industry, while enhancing their role and support in the Jamaica Productivity Centre (JPC). JEF has also remained mindful of the ILO Global Jobs Pact which has helped focus JEF's efforts in the social dialogue process.

II Training Programmes

JEF has taken a very active approach towards training and education in response to the crisis by focusing on retraining, re-skilling and retooling programmes for workers who have lost their jobs. Additionally, JEF's Workplace Solutions Programme has provided direct assistance and advice for companies and individual members, as well as potential members, in areas of industrial relations and human resource practices.

III JEF Convention 2009

The JEF Convention is part of the effort to entrench Jamaica's private sector as a dependable engine of national growth and business development. JEF Convention 2009 with the theme: SUCCEEDING IN TURBULENT TIMES: "Partnership, Performance, Productivity", was aptly focused on the adequate tools required to navigate the current challenges of the economic crisis. The Convention included workshops and seminars focused on helping members negotiate in a crisis environment through the utilization of practical tools and strategies.

IV Support for Youth Development and Entrepreneurship

JEF has continued to support youth development and entrepreneurship throughout the crisis. The Young Entrepreneurs Association, an initiative of JEF, has continued to help young businessmen and women with training, support and advice. JEF recognizes that young people are an important source for business in the future and has actively worked to develop their skills and talents.

JEF is also the focal point for the Youth Employment Network in Jamaica. This network has recently been revived as a direct response to the crises with the aim of addressing, in collaboration with the government, the high rate of unemployment among young people between the ages of 16 and 30. JEF intends to play an active role in Jamaica's recovery from the crisis by collaborating with both the public and private sectors to provide training for Jamaica's youth.

Kenya

Kenya is a regional hub for trade and finance in East Africa and is a country of great ethnic diversity. Kenya has been able to maintain stability since independence despite changes in its political system and crises in neighbouring countries. A cross-party parliamentary reform initiative in 1997 revised some of the oppressive laws inherited from the colonial era that had been used to limit freedom of speech and assembly and in 2007 the government issued a statement declaring that from 2008, secondary education would be heavily subsidized, with the government footing all tuition fees. The capital city, Nairobi, continues to be the primary communication and financial hub of East Africa with the region's best transportation linkages, communications infrastructure, and trained personnel with a wide range of foreign firms maintaining regional branches or representative offices in the city. Kenya's population has rapidly increased over the past few decades, and consequently it is relatively young with 73% of Kenyans under the age of 30. In 80 years, Kenya's population has grown from 2.9 million to 37 million.

Employers' Organisation: Federation of Kenya Employers (FKE)

FKE has become an essential partner in the country's tripartite labour relations machinery, which includes the Central Organisation of Trade Unions and the Ministry of Labour. FKE bargains directly on behalf of its members and, if necessary, appears for them at the Industrial Court.

The overall objective of FKE is to defend employers' interests, and to raise the social and economic consciousness of the employers in order to enable them to realize the full potential of their enterprises by promoting increased labour productivity, sound management techniques, better industrial relations, fair labour practices, effective work organisation and staff motivation. Federation membership is open to trade associations and to individual enterprises, including local authorities but excluding the civil service and disciplined forces. The total membership, including members of the 18 affiliated associations is about 3,000, with an aggregate workforce of approximately 750,000.

Crisis Impact:

As a result of the crisis, the value of the Kenyan Shilling has depreciated, making foreign debt service more expensive to maintain. Imports to the country have become more expensive, the value of remittances from outside the country has significantly decreased and while the banking system is poised to withstand the crisis, the Nairobi Stock Exchange has been adversely affected. There has also been a reduced level of foreign direct investment in Kenya as developed countries continue to consolidate their own financial position. Tourism has suffered a blow and export prices have declined. The crisis has aggravated the current account deficit as well as the budget deficit.

Crisis Response:

I Increased Public-Private Dialogue

FKE has worked with the private sector to help create a National Business Agenda on areas where the government could help business navigate the economic crisis. This document contained challenges facing the private sector as well as recommendations for government action. Through roundtable discussions involving the President, the Prime Minister and the Speaker in Parliament, FKE was able to help the government create a plan to support business and relate more effective to members how this plan would contribute to their business survival.

II High Level Forum on the Financial Crisis

As part of the activities to commemorate the Federation's Golden Jubilee, FKE organised and hosted the African Employers' High Level Forum on The Financial Crisis, Economic Recovery and Employment. This forum was organised in collaboration with the International Organisation of Employers (IOE), International Labour Organization (ILO) and the Pan African Employers' Confederation (PEC). The two-day forum took place in Nairobi in May 2009 and was attended by over 20 representatives from African countries, one from the United States and one from China. Participants developed recommendations for the government and employers to work together to deal with the crisis, as well as specific actions employers could take; and recognized that the government would need to offer employers assistance in order to reduce the risk of job losses.

III Enhanced Information Exchange

FKE dramatically upgraded their website in order to better provide members with updated information and training schedules in an effort to help their members through this economic downturn. FKE has also worked to help members understand and utilize changes in the labour laws that occurred just before the crisis began, and has conducted a survey to evaluate how these changes have affected members in relation to the economic crisis in order to develop services that address member needs.

IV Training Packages

FKE has increased their focus on training to help members develop the skills that will help them get through this difficult economic period. New training packages offer specific services for specific sectors with new programmes on dealing with conflict in the workplace and discipline management, along with existing programmes on productivity and redundancies, which have proved especially useful to members. Training schedule and application forms are now available on the FKE website for download.

Malaysia

Malaysia has made significant strides in the development of its economy, nation-building and improving the quality of life of its citizens. Since independence, real gross domestic product (GDP) has grown at an average of 6.5% per annum during 1957 to 2005, one of the highest growth rates achieved by sovereign nations of similar age and size. Within the same period, GDP per capita in current prices grew by 7% per annum, which has translated into substantial improvements in the quality of life for the citizens of Malaysia. Advances have been made in education, health, infrastructure and industry. The once primarily agrarian economy has been transformed into a diversified and relatively prosperous nation. Malaysia is now an open trading economy participating in an extremely competitive and fast-moving global marketplace.

The National Mission Framework developed by the government has been aimed at obtaining greater impact and performance from the country's development efforts towards achieving Vision 2020. The framework acknowledges that to attain developed nation status, formed in its own mould and confident in its own capabilities, Malaysia must pursue policies and programmes which enhance its capacity to compete globally, which improve national integration and unity, and which bring about a better distribution of income and wealth through meaningful participation of all groups in the competitive and productive growth process.

Employers' Organisation: Malaysian Employers' Federation (MEF)

Established in 1959, MEF is the central organisation of private sector employers in Malaysia. The mission of MEF is to be the premier employers' representative at national, regional and international levels and to be a leader in the development of human resources and the promotion of good employment practices and harmonious industrial relations with a view to achieving national objectives. MEF provides a forum for consultation among members on matters of common interest and seeks the adoption of sound practices of human resources and industrial relations through advice, training and research activities.

Crisis Impact:

Malaysia has not been insulated from the effects of the global economic crisis despite strong economic fundamentals. The sharp deterioration in global economic conditions and lower commodity prices in the latter part of 2008 led to a significant decline in external demand causing the Malaysian economy to contract by 6.2% in the first quarter of 2009 (Q4 2008: 0.1%), the first time this has occurred since the third quarter of 2001. The economy is expected to turn around in the third quarter, however GDP is forecasted to contract by 3% in 2009. The labour market weakened in the second half of 2008 as businesses, particularly the manufacturing sector, turned cautious in the face of the increasingly uncertain conditions. The economic downturn has also affected labour demand, as reflected in higher retrenchments and lower vacancies. The unemployment rate increased to 4% in the first quarter of 2009 (Q4 2008: 3.1%), following the downturn in economic activities. The number of unemployed increased 13.2% to 450,700 persons (Q4 2008: 5.3%; 351,000 persons). At the same time, the labour force increased 2.6% to 11.21 million (Q4 2008: 1.8%; 11.17 million). The labour market began to show signs of improvement in the second quarter of 2009 as the unemployment rate declined to 3.8% in April 2009 and 3.6% in

May 2009. Total retrenchments decreased significantly to 7,470 workers in the second quarter (Q1 2009: 12,590). The bulk of retrenchments (5,307 workers) were from the manufacturing sector, contributing 71% of total retrenchments (Q1 2009: 9,778; 78%). The unemployment rate for 2009 is expected to be 3.9%.

In order to prevent a deeper recession, the government launched two economic stimulus packages. On 4 November 2008, the government unveiled the first stimulus package amounting to MYR 7 billion in an effort to pre-empt and mitigate the impact of the global economic crisis. The aim of this first stimulus package was to sustain and encourage domestic economic activities as well as stimulate private sector activities. In March 2009, the Second Stimulus Package tabled in Parliament amounting to MYR 60 billion was implemented. The MYR 60 billion-stimulus package, which accounts for almost 9% of the GDP, will be implemented over the period of 2009 and 2010.

Crisis Response:

To deal with the current challenges of the economic crisis, MEF identified various strategies for human resource development by focusing on the role of education, training, lifelong learning and capacity building. The more pertinent measures include:

I Skills Certification

The majority of Malaysian employees are not certified based on their skills. For an employee to be certified based on skill, each employee must pay a certification fee of MYR 300. It is estimated that around 107,000 Malaysians join the labour force every year without any such skills certification. MEF has lobbied to the Ministry of Human Resources to waive the fee for skills certification so that the majority of the Malaysian workers can become skills-certified. This certification will encourage employees to take up multi-skilling and multi-tasking programmes to improve their skills, which will eventually improve the productivity and the competitiveness of the company.

In response to MEF's proposal the government recently approved a budget of MYR 3 million for the skills certification programme. Although this was only a small percentage of what MEF had proposed, it was nevertheless a step in the right direction, as about 7,000 employees of MEF members will benefit under the initial stage of the skills certification programme based on the National Occupational Skills Standard (NOSS) curriculum.

MEF is at present directly involved with the Special Accreditation of Prior Achievement (APA) Programme. This pilot project is conducted by the Skills Development Department under the Ministry of Human Resources. The objective of this programme is to accredit employee skills by providing them with the opportunity to obtain the Malaysia Skills Certificate (Sijil Kemahiran Malaysia (SKM)) levels 1, 2 and 3.

II Efforts to Reduce Reliance on Foreign Workers

MEF has supported the government's policy to reduce dependence on foreign workers and has advocated that the phasing out the foreign workers should be done gradually and not on an ad hoc basis so that employers have ample time to adjust. Against the backdrop of the current economic crisis, MEF succeeded in convincing the government not to double the levy for foreign workers that employers have had to pay from 1st of April 2009.

MEF advocated the view that the government should increase efforts to detect and deport illegal foreign workers who are estimated to number about one million in the country. In addition, MEF proposed that the government withdraw the licenses for outsourcing companies, which are largely responsible for flooding the labour market with foreign workers.

However, as Malaysians tend to shun jobs that are dirty, difficult and dangerous – or jobs often referred to as the 3D – MEF forwarded the view that foreign workers will continue to be needed in certain industries, particularly in the plantation and construction industries. For instance, while the plantation companies have strived to reduce dependence on foreign workers through efficient management practices, agronomic improvements and mechanization, due to the very nature of the industry it may not be economically feasible for plantation companies to fully mechanize the harvesting of palm oil and tapping rubber.

In order to fill in the impending gaps left by exiting foreign workers, MEF promoted the view that the government should put in place measures to attract women, retirees, students and persons with disability to join the labour market.

III Encourage Job Creation

As it can be difficult to secure a permanent job during an economic downturn, MEF has lobbied for the creation of more part-time positions. For year 2009 the unemployment rate is forecasted to exceed 4%. In order to make part-time work more feasible to employers and employees, MEF has advocated for new guidelines for the employment of part-time workers, as the existing legislation is not conducive for part-time work. Currently, part-time employees are legally entitled to the full spectrum of benefits as specified in legislation such as Employment Act 1955 and IR Act 1967 to SOCSO and EPF.

MEF has proposed that the Minister of Human Resource should rapidly establish a guideline for the employment of part-timers and the regulation on part-time employment. The guideline on part-time employees should be on the basis that a part-time employee may work up to 70% of the normal hours that a full-time employee would work. The hours of work may vary from day to day and so long it does not exceed 70% of the normal hours of work of the full-timers. A part-time employee would be entitled to the benefits as provided for in the law and it is proposed that the benefits applicable to the part-time employees should be in line or proportionate to the number of hours worked. The guideline on part-time work should be given as much flexibility as possible so that employers are encouraged to engage in hiring part-time employees.

MEF has also lobbied for the creation of government guidelines for more flexible forms or work, such as telecommuting. These guidelines should provide as much flexibility as possible so that the employers are encouraged to engage in these practices. The government should also set up mechanism to resolve the disputes on payment that may arise from telecommuting. Tele-commuting can provide a win-win situation for both the employer and employee. On the part of the employer, there is no need to provide office space resulting in a reduction of the cost of doing business. On the part of the employee, the employee does not have to travel daily to a place of work resulting in substantial savings in time and the cost of travelling.

IV Graduate Training Programme

As a part of the Second Stimulus Package, Bank Negara Malaysia (Central Bank, Malaysia) will sponsor a Graduate Training Programme (GTP) to provide participating graduates with the opportunity to develop the skills and attributes required in the labour market. As a partner to the GTP, MEF will coordinate and encourage members to participate in the programme. Bank Negara Malaysia is sponsoring 500 graduates and as of September 2009, MEF had received 137 applications from various companies offering 1,367 training places.

V MEF National Conference 2009

The MEF National Conference 2009 was specifically designed to help companies address the critical challenges of the crisis through improvements in human resources and service delivery. The MEF Conference, which is usually conducted towards the end of the year, was purposely brought forward to May 2009 in view of the urgency of the current economic situation. A total of 220 participants from member companies attended the conference.

VI Additional Assistance to Members

In responding to the crises, MEF also stepped up its own provision of effective services to members including simple and practical guidelines and circulars to members on managing cost cutting measures to avoid retrenchment and additional consultancy services to members in implementing lay off and retrenchment programmes.

Through its consultancy services MEF has advised members on handling voluntary separation programmes as well as how to make retrenchments a last resort. Members have been advised to follow the sound principles laid down in the Code of Conduct for Industrial Harmony drawn up in 1975 between MEF, Malaysian Trade Union Congress and the Ministry of Human Resources. MEF has also worked closely with the Labour Department on the implementation of cost cutting measures that can be implemented by the companies in order to avoid retrenchment.

Mauritius

Mauritius has developed from a low-income, agriculturally based economy to a middle-income diversified economy with growing industrial, financial, and tourist sectors and an average annual GDP growth of around 5-6% since independence in 1968. This continued growth can be attributed to equitable income distribution, increased life expectancy, lowered infant mortality, and a much-improved infrastructure. The economy rests on sugar, tourism, textiles and apparel, and financial services. It has recently expanded into fish processing, information and communications technology, and hospitality and property development. Sugarcane is grown on about 90% of the cultivated land area and accounts for 15% of export earnings.

Employers' Organisation: Mauritius Employers' Federation (MEF)

The primary objective of MEF is to safeguard and defend the interests of its members and promote free enterprise in Mauritius. It is the voice of all employers in social and economic matters in Mauritius involving the government and other social partners. MEF represents the interests of its members in statutory boards and committees at the sectoral, national and international levels.

The range of services offered by MEF has expanded over the years according to its members' and the country's needs. It currently deals with industrial relations, economics, statistics and research, training and productivity, management, small-scale enterprise development, occupational safety and health, and environment management and social welfare including Corporate Social Responsibility. Present membership consists of enterprises of predominantly private ownership from all sectors of economic activity with an aggregate workforce of 150,000.

Crisis Impact:

The impact of the crisis on the Mauritian economy has so far been generally moderate. At the level of the enterprise, most businesses have been only moderately affected by the crisis. The enterprises that have been severely affected are those operating in international overseas markets. The sectors that have been worst hit up to this point include export-oriented manufacturing, followed by hotels, restaurants and construction.

Enterprises mainly serving the domestic market have faced difficulties given the significant slowdown of the Mauritian economy, while hotel operators have experienced a boost from rapid and concerted marketing efforts to promote the industry and the implementation of strategic action to cope with the crisis. Despite the depressing economic environment, massive redundancies are likely to be avoided.

Crisis Response:

I Understanding the Impact of the Crisis on Business

In June 2009 MEF completed a survey of 141 enterprises of different sizes from all the main sectors of the economy in order to examine how Mauritian businesses have been affected by the economic crisis and the mitigating actions they have taken to contain its impact. The survey also gauged the mood of the business community against the current backdrop of economic uncertainty. The coverage of this survey in terms of employment amounted to over 37,000 workers, or more than a third of the total workforce of MEF members. MEF has been able to use the information gained from this survey to successfully guide their policy lobbying and negotiations with the social partners on behalf of the private sector.

II Focus on Social Responsibility and Solidarity

MEF has welcomed the decision of the government to call for a Social Contract that emphasizes the need for employers to demonstrate social responsibility and solidarity towards their employees and the community. MEF has advocated for a Social Pact that will be in the interests of employers, employees and the country at large to bring the people of Mauritius together to face the challenges of this difficult economic period.

III Economy Drive

In the same spirit of the Social Pact, MEF called for an economy drive on the part of employers. This economy drive implies a commitment on behalf of employers to preserve employment during this difficult economic period, as far as it would be practical. The aim of this drive is for businesses to find opportunities to save resources without resorting to redundancies. As a part of recognizing the human element of business, MEF advocated the use of redeployments and flexible work arrangements to improve efficiency and reduce costs in an effort to make layoffs a last resort.

IV Improving the Skills of the Workforce

MEF believes that this current economic downturn represents a significant opportunity to improve the skills of the workforce in an effort to better position enterprises to take advantage of growth opportunities when the economy begins to recover. MEF has been working to remind businesses that while layoffs can help cut costs in the short term, they can often lead to long term skills gaps and that by redoubling training efforts during this period businesses will be able to capitalize on the improved skills of their workforce when the economy begins to rebound. To help make training efforts a realistic alternative to redundancies MEF has succeeded in lobbying for provisions in the Employment Protection Measures that provide eligible enterprises the possibility of providing training in lieu of work on one day, or at most, two working days a week for a period up to three months with the possibility of renewal during the economic crisis. Workers concerned will still be paid their basic salary for the one or two days on which they undertake training. The National Empowerment Foundation (NEF) will refund the employer an equivalent amount according to an agreed formula.

Netherlands

The Netherlands has an open economy, which depends heavily on foreign trade. The economy is noted for stable industrial relations, low unemployment and inflation, a sizable current account surplus (until 2008), and for its important role as a European transportation hub. While the economy has a large and differentiated service sector, industrial activity is predominantly in food processing, chemicals, petroleum refining and electrical machinery. The Netherlands has been one of the leading European nations for attracting foreign direct investment and is one of the four largest investors in the United States. The pace of job growth reached a 10-year high in 2007, but economic growth fell sharply in 2008 as fallout from the world financial crisis reduced demand and raised the spectre of a recession in 2009.

Employers' Organisation: Confederation of Netherlands Industry and Employers (VNO-NCW)

VNO-NCW is the largest employers' organisation in the Netherlands. VNO-NCW represents the interests of business and industry and provides a range of services to its members. VNO-NCW strives to represent its members' interests by promoting a high quality business environment and investment climate in the Netherlands, with a view to boosting the competitiveness of industry. Their involvement extends to matters relating to education, infrastructure, public finances, taxation, the environment, labour market and social security.

Over 160 branch associations are members, representing more than 115,000 enterprises. They cover almost all sectors of the economy, except agriculture, and include more than 80% of all medium-sized companies in the Netherlands and nearly all of the larger, corporate institutions. Virtually every company with more than 500 employees is represented by VNO-NCW and more than half of the smaller companies employing between 10 and 100 employees are members of VNO-NCW.

Crisis Impact:

The global economic crisis led to a downturn in the economy, causing unemployment numbers to rise moderately. After a sharp recession, the economy is set to grow again as world trade begins to recover. A well-designed fiscal stimulus and easier monetary conditions have also helped set the stage for economic recovery, however, growth will probably not be strong enough to prevent further increases in unemployment until the end of 2010. In order to restore fiscal sustainability, more focus will be required on active labour market policies and easing labour protection legislation to help stimulate employment growth.

Crisis Response:

I Labour Foundation Agreement

VNO-NCW has a strong tradition of social dialogue and tripartism, and as such, has been able to come to an agreement with the trade unions in the bipartite Labour Foundation in March 2009 in conjunction with the policy programme of the government. This agreement includes measures for the use of flexible contracts, an agreement on a pension recovery plan and a moderate wage increase.

II Prevention of Youth Unemployment

VNO-NCW, along with the other social partners, identified the prevention of youth unemployment as an important aim for the period ahead. As the VNO-NCW believes it is crucial to integrate and keep young people in the labour market over the long-term, they have actively lobbied for traineeship programmes that would offer training to every school-leaver who is jobless for more than three months. This will also prevent a situation where students are unable to get their vocational qualification because they cannot find a traineeship. Upon completion of this training programme trainees will be offered employment contracts where possible.

III Retraining for Positions in Labour Shortage Sectors

Once the economy begins to recover, VNO-NCW recognizes that various sectors may have difficulties filling vacancies. To combat this, VNO-NCW has begun lobbying for retraining programmes that will train people now for jobs that will become available in a few years time. To ensure that those made redundant by the crisis can resume working as soon as possible, VNO-NCW succeeded in lobbying for the creation of mobility centres closely allied with various sectors to help provide professional support and promote mobility between jobs.

IV Focus on Jobs Over Income

VNO-NCW has been actively advocating for placing the focus of crisis recovery efforts on work over income and believes that any available money should be spent on employment security and training before using it to increase wages. In order to preserve the purchasing power of private and public sector employees, VNO-NCW has lobbied for modest, differentiated wage movements across the board, with the main goal of keeping as many jobs as possible.

V Reduced Working Hours Scheme

Under this scheme, businesses affected by the crisis can apply to temporarily register some of their employees under the Unemployment Insurance Act (WW). Employers may reduce working hours by as much as 50% during which period the employees receive unemployment benefits for the hours that they are not working. The scheme initially applies for a maximum of three months, with the possibility of two extensions of six months each, and it is accompanied by training agreements for employees during the period they are not working. The maximum budget for the scheme has been set at Euro 375 million.

New Zealand

Over the past 20 years New Zealand has moved from an agrarian economy dependent on concessionary British market access to a more industrialized, free market economy that can compete globally. The economy fell into recession in 2008. In line with global peers, the Central Bank cut interest rates aggressively and the new government responded with plans to raise productivity growth and develop infrastructure.

Employers' Organisation: Business NZ (Business NZ)

Business NZ was established in 2001 with the amalgamation of two previous organisations, the NZ Employers' Federation and the NZ Manufacturers' Federation.

Business NZ is both the national and international policy advocacy provider for four regional business services organisations and their business members:

- Employers' & Manufacturers' Association (Northern)
- Employers' & Manufacturers' Association (Central)
- Canterbury Employers' Chamber of Commerce
- Otago Southland Employers' Association

Business NZ is primarily funded through regional organisations by means of voluntary subscriptions. It also operates a major companies group of more than 40 of New Zealand's largest companies. In affiliation with an Industries Group, made up of approximately 70 industry and trade associations, Business NZ is able to tap into the views of over 80% of employers and businesses, ranging from the smallest to the largest.

Business NZ functions as a policy making and advocacy body, developing and promulgating policy on the advice of its council and its member organisations.

Business NZ takes part in bipartite consultations with government as well as in tripartite discussions involving the central trade union organisation.

Crisis Impact:

As a small nation on the world's periphery, New Zealand is affected by the sharp decline in world trade, which began in late 2008 and is unlikely to be reversed during 2009. At the start of the crisis, both fiscal and monetary policies had substantial room for counter cyclical action, and this was undertaken on both fronts. There remains more room for monetary policy easing than in most OECD countries, while fiscal policy is now constrained by the projected growth in debt and associated credit rating concerns. Even so, a protracted recession, involving a housing market correction and de-leveraging of household and business balance sheets, has occurred and is only now moving into weak growth.

Crisis Response:

I Cost Cutting/New Sources of Revenue

Business NZ's first order of business in responding to the crisis was to begin cutting costs and economizing without sacrificing the quality of service their members have come to count on. Secondly they began aggressively searching out new members, new sources of revenue and service opportunities. For instance, Business NZ members have begun running more seminars on topics that have received the most enquiries from members, such as retrenchment; as well as offering increased legal advice.

II Redundancy and Employment Transition Advisory Group

This group, developed in collaboration with the Department of Labour and the participation of the trade unions, was created to allow for practical feedback and guidance from the business community on employment related issues. This group is chaired by the CEO of Business NZ, with two representatives from Business NZ and two from the New Zealand Council of Trade Unions and meets approximately once a month to discuss formal unemployment statistics and develop appropriate strategies that are both honest and pragmatic to meet the demands of the crisis.

III Greater Collaboration = Stronger Lobby

They have taken an increased desire on behalf of business to talk more with politicians and created a new class of membership, the Major Companies Group. This is a grouping of more than 40 major businesses or multinationals in the country from every sector, representing companies who employ close to half of all working New Zealanders. This group provides a platform for major businesses to share information on what crisis responses are working in the areas of training and employment and allows them to focus on the possibilities for leading New Zealand out of the recession. This group has access to the highest levels of government and has helped business and government work together more effectively to reduce the impact of the economic crisis. This initiative has not only resulted in a forum for collaborative business discussions but also growth in revenue for Business NZ in Wellington, the office responsible for lobbying.

IV Leadership and Partnership

When New Zealand held a National Job Summit (Nov. 2009) to meet the challenges of the crisis, Business NZ submitted a public paper, containing 20-30 practical actions the government could take to mitigate the effects of the crisis. This initiative was very effective and the government adopted many of these actions. Throughout this difficult economic period Business NZ has taken steps like this to provide public leadership by keeping members, as well as the general public informed of new developments and policy decisions. They are constantly searching out new opportunities to work with government and senior officials and to form partnerships with other organisations.

Nigeria

A new constitution was adopted in 1999, and a peaceful transition from a military to civilian government was completed. The government now faces the difficult task of reforming a petroleum-based economy and institutionalizing democracy. In addition, Nigeria continues to experience longstanding ethnic and religious tensions. Although both the 2003 and 2007 presidential elections were marred by significant irregularities and violence, Nigeria is currently experiencing its longest period of civilian rule since independence in 1960. The general elections in April 2007 marked the first civilian-to-civilian transfer of power in the country's history.

Employers' Organisation: Nigerian Employers' Consultative Association (NECA)

NECA is the umbrella organisation of employers in the organised private sector of Nigeria, providing a platform for private sector employers to interact with the government, labour, communities and other relevant institutions in and outside Nigeria for the purpose of promoting harmonious business environment that will enhance productivity and prosperity. NECA has a membership base of about 450 companies engaged in business or economic activities spanning manufacturing, distribution, retailing, agriculture, mining, finance, transport, services, consultancy, etc employing a minimum of five workers. Their primary function of NECA is to protect employers' interest and establish the private sector as a dependable engine of development.

NECA mainly, but not exclusively, represents the private sector. There are also fifteen industrial and sectoral employers' associations that are affiliate members of NECA resulting in membership strength of over 2,000 enterprises.

Crisis Impact:

The economic crisis has resulted in a collapse of commodity prices, which has had a direct impact on the Nigerian economy as a result of the lowered price received on oil exports. Revenue has also contracted and capital inflows into the economy have declined. De-accumulation of foreign reserves has placed pressure on exchange rates and limited foreign trade finance for banks has created credit line issues. However, Nigerian banks have been able to withstand the initial shock of the crisis on the strength of cash savings from previous oil revenues.

Indicators point to expected growth in the Nigerian economy of around 2.9%. While this is encouraging, it is still down from the previous pace of growth of the last three years, which had been steady at or above 6%. This is encouraging Nigerian officials to clearly articulate monetary policy plans and to cautiously proceed with adopting an inflation-targeting framework.

Crisis Response:

I Presidential Advisory Team

In January 2009, a Presidential Steering Committee on the Global Economic Crisis was established to identify sectors impacted by the crisis and to set aside intervention funds. Two members from NECA were part of this team, providing NECA with close access to government. The Steering Committee identified the textile and agricultural sectors as being especially impacted by the crisis and as a result of NECA advocacy in the social dialogue process USD 70 million in intervention funds were appropriated for the textile sector and USD 300 million for the agricultural sector. This development has been viewed by NECA as a big success in terms of effective social dialogue, which at times can be difficult in the country.

II Information Sharing

As a result of the crisis NECA has been organising quarterly meetings to share information on how members are addressing the crisis. These meetings are broken down into committees dealing with human resources and financial and economic matters so that each committee can share information and practices more efficiently with their relevant counterparts from other businesses. NECA has also arranged for seminars on the management of redundancies and best practices, which have proved extremely useful to members.

III Consultancy Programmes

NECA also arranged for an expert in the field of productivity and quality management to provide free seminars on managing businesses in crisis. These seminars addressed general interests of members and what specific issues they should look at in developing their business through this period of crisis. These consultancy programmes were carried out on a needs basis and targeted small and micro businesses specifically. The programmes were paid for by NECA and the business response to these programmes suggests they helped make a big difference to small and micro business owners.

IV Report on Government

In 2010 NECA intends to move forward with a Report on Government in which government policies are assessed based on their impact on business and society. In the report NECA will elaborate on issues where they feel the government has had success as well as where more work is needed. The government response to the crisis will be explored more fully, along with the effectiveness of social dialogue in developing future economic policies.

Norway

Norway has one of the highest GDP per capita in the world. However, like all industrialized countries, Norway is facing new challenges with globalization. Wage costs in Norway are high, which has made the export industry vulnerable to competing markets. The workforce is highly competent, but efforts within innovation, research and development are comparatively low. While Norway has substantial income from its petroleum-based economy there is, however, a need for economic policy that supports growth in mainland-based industries competing on the international markets. Unemployment in Norway is relatively low, around 3.1% as of October 2009. The labour market is tight and in the future Norway will need more qualified people to join the labour force. Migrant workers today represent around 4% of the total Norwegian workforce. Norway is part of the EEA (European Economic Area) and Norwegian businesses participate in the EU Internal Market and are greatly affected by EU policies and regulations.

Employers' Organisation: Confederation of Norwegian Enterprise (NHO)

NHO is the main representative body for Norwegian employers within the private sector with a current membership of 20,000 companies, representing approx 508,000 workplaces ranging from small family-owned businesses to multinational companies. In addition to the central organisation in Oslo, which has cross-sectoral responsibility for members' interests, member companies also belong to one of 21 nationwide sectoral federations. The sectoral federations protect and promote branch related interests. NHO also has 15 regional offices offering a local point of contact between member companies and authorities. Activities of NHO cover three main areas:

- Promoting legislation and industrial policies that are conducive to a prosperous business climate and ensuring that framework conditions for business and industry are consistent with this goal
- Representing employers in collective bargaining
- Providing services and advising member companies on a wide range of issues (legal assistance, collective bargaining and interpretation of agreements, advice on European and international legislation and policies, public procurement, trade policy, pension rights, ethics and corporate social responsibility, etc).

Crisis Impact:

A labour force survey from Statistics Norway has shown a negative employment trend for 2009 indicating that companies now feel forced to seriously adjust workforces to the falling activity levels with a considerable number of companies expecting to lay off employees in the coming months, especially in the manufacturing, building/construction and tourism/hospitality sectors.

The next two years will test the ability of significant segments of Norwegian industry to adapt, in particular, companies that supply ships, marine equipment and equipment to the oil industry will face problems and will require major structural changes.

Crisis Response:

I Crisis as Opportunity

When the Norwegian Government came up with a crisis relief package in January 2009, many of the proposals put forward by NHO were included to a certain extent. NHO pointed to the importance of looking at the economic crisis also as a possibility to strengthen Norway's long-term competitive advantages, with a special focus on construction and infrastructure, research and development, environment and labour market, which are all important factors in creating growth to strengthen the Norwegian economy as it emerges from the crisis.

II Increased Financing for Business and Infrastructure

As a result of NHO advocacy, financing for basic business related research was increased, a special increase for a business/academia PhD scheme was introduced, state financing for apprentices was increased, and a special tax deduction for R&D within companies was increased. Extra funding for road, railways and other infrastructure projects were also increased and various tax incentives for companies were implemented. In addition, relief measures to increase the use of renewable energy sources and energy efficiency were implemented.

III Allocations for SMEs

An important achievement for NHO involved considerable allocations channelled through Innovation Norway, a state-owned company that promotes industrial development to help release the potential of different districts and regions, especially targeted for small and medium-sized companies.

IV A Flexible System for Temporary Layoffs

Joint demands were also presented by NHO and LO (The Norwegian Confederation of Trade Unions), especially targeting the industry/manufacturing sector and the labour market. These demands led to a more flexible system for temporary lay-offs, as the most important result.

V Enhanced Public-Private Cooperation

At the beginning of 2009 NHO began highlighting an initiative for public-private cooperation for investments within the public sector, infrastructure and research as an important means of exiting the crisis. The same kind of initiative has recently also been proposed by the European Commission.

Singapore

The population of Singapore, including non-residents, is approximately five million. Singapore is highly cosmopolitan and diverse with Chinese people forming an ethnic majority among large populations of Malay, Indian and other people. English, Malay, Tamil, and Chinese are the official languages. The economy depends heavily on exports and refining imported goods, especially in manufacturing. The manufacturing sector is important in the Singaporean economy and the industry is well diversified with significant electronics, petroleum refining, chemicals, mechanical engineering and biomedical sciences manufacturing sectors. Singapore has one of the busiest ports in the world. The national economy is forecast to rebound in 2010 from a recession in 2009.

Employers' Organisation: Singapore National Employers Federation (SNEF)

SNEF was established in 1980. SNEF is a trade union of more than 2,000 employers dedicated to preserving industrial harmony and helping employers achieve excellence in employment practices, thereby enhancing productivity, competitiveness as well as the quality of their employees' work life. SNEF is an active player in facilitating the tripartite industrial relations partnership among the government, employers and unions.

Crisis Impact:

Singapore went into technical recession in the third quarter of 2008 with the financial industry and manufacturing industry getting hit the earliest. In the fourth quarter of 2008, almost all key industries were hit and Singapore GDP declined by 4.2%, year-on-year. The government brought forward the budget to January 2009 and introduced the SGD 20.5 billion Resilience Package to stimulate the economy. However, GDP still declined by an unprecedented 9.5% in the first quarter of 2009 as external and domestic demand declined sharply.

In the labour market, a total of 18,000 workers were retrenched in the fourth quarter of 2008 and first quarter of 2009. Resident unemployment rate also increased from 3.6% to 4.8% for the same period. Hence, one of the key early responses to the economic downturn was to save as many jobs as possible.

Crisis Response:

I Managing Excess Manpower

SNEF along with the Ministry of Manpower (MOM) and National Trades Union Congress (NTUC) released the Tripartite Guidelines on Managing Excess Manpower on 19th November 2008 to help companies manage their excess manpower and use retrenchments only as last resort. These guidelines included the implementation of a shorter workweek, temporary lay-off, cut wages and other non-wage cost-cutting measures. SNEF moved swiftly to brief more than 3,000 member representatives on these guidelines and helped over 250 companies to implement them. As a result, the number of workers on shorter workweeks and the number of temporary lay-offs increased from

550 before the downturn to 26,500 in the first quarter of 2009. Had these guidelines not been available, many of these workers might otherwise have faced retrenchment.

II Training and Upgrading Skills

In December 2008 the Skills Programme for Upgrading and Resilience (SPUR) was introduced by the government to heavily subsidize training course fees and absentee payrolls. This Programme allowed companies to make better use of excess capacity by sending staff for training and skill upgrading and SNEF was able to help over 200 companies train 10,000 workers the first year. In January 2009, the tripartite partners released a set of revised National Wages Council guidelines on tackling wage challenges during the downturn, providing the basis for companies to implement wage freezes and wage cuts when necessary. At the same time, SNEF also asked companies to reduce other non-wage costs. The government responded by reducing corporate tax and providing other tax rebates and incentives in the 2009 budget.

III Tripartite Taskforce

A taskforce, comprised of the government, NTUC and SNEF, was formed to gather feedback and updates on manpower-related issues during the economic downturn. The taskforce also revised the Tripartite Guidelines on Managing Excess Manpower to improve its relevance for application and as a result of feedback gathered from employers and unions, the number of courses under SPUR increased from 150 to more than 1,000. In addition, the Professional Skills Programme was introduced to help workers gain new skills or upgrade their skills. As of October 2009 about 244,000 workers had signed up for training courses under SPUR.

The Taskforce, led by SNEF, formed 12 Tripartite Upturn Strategies Teams (TRUST) to visit companies to create awareness on the full spectrum of measures available as well as to provide advice and guidance on implementation of measures specific to the company and industry. The TRUST teams directly assisted over 600 companies.

IV Increased Capacity to Assist Employers

Due to the severity of the downturn, SNEF opened its free telephone and email advisory service to non-members, resulting in a surge in calls for advice on managing excess manpower. Between November 2008 and July 2009, 5,000 companies were assisted in this area. To accommodate the demand for training, SNEF increased their training capacity by 40%, hiring additional staff to help cope with the increased workload and a new unit to market SPUR courses was also created. SNEF also introduced a funding scheme to help any members who required assistance from SNEF consultancy services in an effort to change employment practices, HR policies, wages structure and implement cost-cutting measures to improve their competitiveness and sustainability.

South Africa

South Africa is a middle-income, emerging market with an abundant supply of natural resources; well-developed financial, legal, communications, energy, and transport sectors; a stock exchange that is 17th largest in the world; and modern infrastructure supporting an efficient distribution of goods to major urban centres throughout the region. Daunting economic problems remain from the apartheid era – namely a huge infrastructure backlog and high poverty and inequality, lack of economic empowerment among disadvantaged groups, and a shortage of public transportation. South African economic policy for the first 15 years focused on macroeconomic stability following decades of poor economic management, thus the thrust of the policy has been a commitment to fiscal prudence, maintaining price stability and creating policy certainty and predictability through the Medium Term Expenditure Framework. The government uses state-owned enterprises to provide economic and social infrastructures.

Employers' Organisation: Business Unity South Africa (BUSA)

BUSA aims to ensure that organised business plays a constructive role within the context of the country's economic growth, development and transformation goals, with an aim to achieving an environment in which businesses of all sizes and in all sectors can thrive, expand and be competitive both nationally and internationally.

BUSA serves as the principal representative of business in South Africa in its national, sub-continental, continental and international spheres of activity so as to ensure a primary and consistent representation of the views of the South African business community. BUSA's objective includes promoting broad-based black empowerment, job creation and the alleviation of poverty, representing the voice of business and enabling business to play a meaningful strategic role in South Africa's overall development.

Crisis Impact:

South Africa's financial sector has been able to navigate the crisis successfully due to an adequate regulatory framework and well developed risk management systems. However, the collapse of the global demand, significant reduction in consumer and business confidence and the collapse in commodity prices has had an impact on the South African economy. In addition, the international credit crisis has made investors wary of emerging markets such as South Africa.

The result has been that South Africa entered its first recession since 1992 with economic growth projected at -1.9% for 2009 and 2% for 2010 respectively. This will impact South Africa's ability to meet its stated objectives of halving poverty and unemployment by 2014. Government finance will also remain under pressure, with the consolidated budget deficit expected to amount to ZAR 184 billion in 2009-2010, equivalent to 7.6% of GDP. This will require proper prioritization of government spending. The South African Government has, however, maintained its commitment to extending social transfers.

Crisis Response:

I Early Engagement

In December 2008 the social partners that comprise the Presidential Economic Joint Working Group, namely organised Labour, Business and Government, met to consider how South Africans should respond collectively to the serious economic crisis. The Social Partners subsequently met in a forum convened by National Economic Development and Labour Chamber, and agreed on a collective response to the challenge facing the South African economy.

II Tripartism Framework Agreement

The framework for South Africa's Response to the international economic crisis, *The Framework Agreement*, sets out the collective response of government, organised labour, business and community to the international economic crisis, recognised by all social partners as the deepest and most serious economic crisis in the last 80 years.

III Training Layoff Scheme

With the help of the social partners, BUSA helped create a training programme to save jobs. In the Training Layoff Scheme, workers who would have originally been laid off as a result of the crisis are sent for training for a period of three to four months. While in training they receive a reduced salary paid for with the combined funds from the Unemployment Insurance Fund and the National Skills Fund. This ZAR 2.4 billion fund pays for training that not only allows workers to catch up on their skills, but also to develop new skills to make them more employable in the future. In order to receive funds from the programme, trainees must provide proof they attended all training courses.

IV Help for Companies in Distress

BUSA was able to effectively lobby the government to increase funding to the Industrial Development Corporation (IDC) to fund programmes for firms in distress. These are solvent firms, which due to the current economic crisis were facing short-term liquidity challenges. The IDC programme aims to develop entrepreneurial skills, particularly in small and medium-sized businesses. The support has ranged from soft-loans to strategic support to address competitiveness issues facing such firms.

V Maintain Infrastructure Expenditure

The social partners have ensured that the government will maintain its commitment to the ZAR 787 billion infrastructure programme. This is primarily because it is widely recognised that this programme will support gross capital formation and stimulate demand creating economic growth and the creation of jobs.

Sri Lanka

Although suffering a brutal civil war that began in 1983, Sri Lanka saw GDP growth average 4.5% in the last 10 years with the exception of a recession in 2001. In late December 2004, a major tsunami took about 31,000 lives, left more than 6,300 missing and 443,000 displaced, and destroyed an estimated USD 1.5 billion worth of property. Government spending on development and military action drove GDP growth to about 7% per year in 2006-07 before the global recession slowed growth in 2008. High government spending and high oil and commodity prices also raised inflation to around 15% in 2008. Sri Lanka's most dynamic sectors are now food processing, textiles and apparel, food and beverages, port construction, telecommunications, insurance and banking.

Employers' Organisation: Employers' Federation of Ceylon (EFC)

EFC represents the employers' interests in industrial relations and the settlement of labour disputes with trade unions and workers. It coordinates the employers' position with a view to improving relations between members and their workers and to encouraging the observance of fair conditions of employment.

The main services that EFC provides to members include representation before Labour Tribunals, arbitrators, Industrial Courts and at Labour Department inquiries; advice on legal and industrial relations matters; negotiation of collective agreements and disputes settlements at the enterprise and sectoral levels and training programmes.

EFC represents employers' interests in a number of national bodies of a bi- or tripartite basis such as the Wages Board Committee and National Advisory Council. EFC is made up of 400 individual enterprises of private or mixed ownership from all sectors of economic activity. The aggregate workforce employed is approximately 500,000 with some 375,000 in the plantation sector.

Crisis Impact:

It has only been in the second half of 2009 that Sri Lanka has begun to feel the effects of the financial crisis. Quarterly reports for traded companies in Sri Lanka have shown profits trending downwards. There is also a risk of depressed foreign exchange levels if Sri Lankans working as domestic workers in the Middle East begin losing their jobs. There is very little liquidity in the market, making it difficult to obtain government loans, and while the government has been able to maintain GDP levels; the GDP can be a misleading indicator at this point because government expenditure has been high. In terms of solutions, there is already significant government spending, reducing the boost a stimulus could provide to the economy.

Crisis Response:

I Symposium on the Global Recession and Strategic Options for Employers

EFC with the assistance of the ILO organised a symposium to discuss and understand the potential impact of the global economic crisis on business in Sri Lanka that took place in May 2009. Representatives from employers' organisations, from trade unions, government and international organisations were all in attendance. Economist Dr. Ramani Gunatilleke gave the keynote presentation on the current economic downturn and the challenges posed by the labour relations framework in Sri Lanka. In his presentation he identified some of the challenges facing Sri Lanka as a result of the crisis, including increasing flexibility in working arrangements and work allocation, retrenchment procedures, training and development, enhancing productivity and effective engaging in the process of social dialogue.

II Lobbying for More Cost-Effective Policies

ECF was able to use information gained from the symposium to effectively lobby the Department of Labour to consider cost-effective changes in labour policy. As a result, some member businesses have been able to obtain administrative approval for the implementation of a five-day workweek arrangement. These businesses have found the new work arrangements very useful in terms of managing expenses.

III Membership Survey

EFC conducted a survey for all members in order to better understand the impact of the economic crisis on Sri Lankan businesses. The survey questions focused on issues related to manpower levels, voluntary retirement schemes and the general retrenchment of workers. Upon the completion of the survey, EFC held a workshop to discuss the findings. The survey revealed that employers were actively searching out crisis response options other than retrenchment wherever they could. The workshop provided an opportunity for enterprises to share their responses to the crisis and also find out what other effective options were being taken within the business community. The findings of the survey were also disseminated through the media.

Tunisia

Tunisia has a diverse economy, with important agricultural, mining, tourism, and manufacturing sectors. Progressive social policies also have helped raise living conditions in Tunisia relative to the region. Real growth, which averaged almost 5% over the past decade, declined to 4.7% in 2008 and will probably decline further in 2009 because of economic contraction and slowing of import demand from Europe - Tunisia's largest export market. However, development of non-textile manufacturing, a recovery in agricultural production, and strong growth in the services sector have somewhat mitigated the economic effect of slowing exports.

Employers' Organisation: Tunisian Union of Industry, Commerce and Handicrafts (UTICA)

UTICA represents employers' from Tunisia's industrial, commercial, service and craftsmanship sectors. UTICA is the voice of private sector companies and engages with all organisations and institutions whose activities have a direct or indirect impact on business in Tunisia. It is organised regionally through unions and sectorally through its trade associations.

Crisis Impact:

The impact of the global financial and economic crisis has been felt in Tunisia since the fourth quarter of 2008, mostly in the export sectors, which have been hit by the slowdown in growth and consumption in the EU countries. The worst affected sectors of the export manufacturing industry have been in textiles and clothing, leather and footwear, electrical and electronic industries, and all equipment manufacturers for the automotive industry, particularly original equipment. This slowdown in the exporting sectors has indirectly affected related services and industries such as the international transport and the packing industries. These effects include a drop in turnover, the cancellation of orders already placed and in production, payment delays because clients' bankers have withdrawn credit and requests for export prices to be reduced.

Crisis Response:

I Regional Meetings and Monitoring Units

In order to mitigate the effects of the crisis a meeting of the National Council, UTICA's second decision-making body, was held in order to decide on an action programme for various regions and sectors. Regional meetings were held, chaired by UTICA's President, in order to consult and advise businesses affected by the crisis. This resulted in the creation of monitoring units at central, regional and sectoral levels to monitor the impact of the crisis on business. A high-level committee involving the social partners and chaired by the Prime Minister was also created with the task of studying in detail how various sectors have been affected, and to discuss appropriate recommendations.

II Enhanced Consultation Services

The consultation and advisory mechanisms of UTICA's social department were strengthened in order to serve as a contact point for businesses to advise them on what to do. These consultations focused on a reduction of working hours, annualized working times and temporary lay-offs in order to prevent redundancies and retain workforces for the future. The Redundancy Monitoring Committees and the National Social Security Fund provided support to help businesses that would otherwise have had to implement redundancies.

III Increased Promotional Activities

UTICA stepped up its international activities with partner employers' organisations in order to preserve exports and direct foreign investments. Promotional measures were also increased in the textile sector with the organisation of the *2009 TEXMED International Textile Fair.* UTICA also organised seven different promotional events abroad to increase the visibility of Tunisia export products and plans to participate in the North Africa session of the Annual Leather and Footwear Fair in 2010.

IV Training for the Future

In order to secure a strong workforce for Tunisia as the nation recovers from the crisis, UTICA has offered more vocational training programmes. Along with these training programmes, UTICA has begun offering members more seminars on quality standards and productivity with the main goal increasing the level of competitiveness in the Tunisian business environment.

V Legal measures

The President ordered a series of exceptional economic, social, fiscal and financial measures in December 2008, which were promulgated in a law on cyclical support measures to enable business undertakings to pursue their activities, in particular:

Payment by the State of the employer's contribution to the statutory social security scheme: 50% for wages paid to workers whose working hours have been reduced by at least eight hours per week, and 100% for wages paid to workers temporarily laid off.

Payment by the State of 50% of the insurance premiums payable for insurance contracts on exports.

Payment by the State of the difference, up to two percentage points, between the interest rate for rescheduling loans and the average money market rate, for exporting firms which have fallen behind in paying off debts on exports because of the loss of their markets abroad.

These measures and many others have been extended now that the provisions of this law are to apply until June 2010.

Turkey

Turkey's economy is a complex mix of modern industry and commerce and a traditional agriculture sector that accounts for about 24% of employment by the end of 2008. It has a strong and rapidly growing private sector, yet the state remains a major participant in industry, banking, transport and communication. The largest industrial sector is textiles and clothing, which accounts for one-quarter of industrial employment. However, other sectors, notably the automotive and electronics industries are rising in importance within Turkey's export mix. Despite the strong economic gains from 2002-07, which were largely due to renewed investor interest in emerging markets, IMF backing, and tighter fiscal policy, the economy is still burdened by a high current account deficit and high external debt. Oil began to flow through the Baku-Tblisi-Ceyhan pipeline in May 2006, marking a major milestone that will bring up to one million barrels per day from the Caspian Sea to the market. Economic fundamentals are sound, marked by moderate economic growth and foreign direct investment.

Employers' Organisation: Turkish Confederation of Employers' Associations (TISK)

TISK was established in 1962 and is the only umbrella organisation representing Turkish employers in industrial relations both in Turkey and abroad. TISK represents 23 affiliated employer associations operating in various sectors of the economy with nearly 9,600 enterprises and 1.2 million employees. TISK represents Turkish employers in over 40 different platforms nationally.

The main goal of TISK is to maintain peaceful labour relations while pursuing a liberal market economy and promoting free enterprises through enhancing the international competitiveness of Turkish enterprises. TISK focuses on promoting production, productivity, exports and investment as well as organising employers under a powerful confederation for representation of employer interests.

Crisis Impact:

The financial crisis created an earthquake-like effect globally in the summer of 2008 that has had a significant effect on the Turkish economy, particularly in the industrial sector. The yearly change in production in September 2009 was -9.3% over -5.3% in 2008 and 2.9% in 2007. The economy is continuing to contract and GDP is expected to shrink by 18% in 2009. The already existing problem of unemployment has also been climbing rapidly to an expected 14.6% in year 2009.

Crisis Response:

I Enhanced Social Dialogue

TISK issued a report on the crisis well before the effects were felt in Turkey in order to inform employers, as well as the general public, on what to expect and requesting for rapid measures to be implemented by the government. Additionally, TISK created a publication for employers compiled of labour market related forecasts of international institutions as well as global measures that have been taken to combat rising unemployment numbers. TISK has also brought the issues of crisis and unemployment to the agenda of the Tripartite Consultancy Board.

II Lobbying For Employment Incentives

TISK has amplified their lobbying efforts since the crisis began, with a focus on increasing employment opportunities. TISK has had success lobbying the government to allow employer contributions to social insurance programmes to be funded from the Unemployment Insurance Fund for young people under the age of 29 and for women above the age of 18, providing an incentive to hire women and young people through 30 June 2010. Private sector employers' obligation to employ ex-convict and terror-victims has been lifted, while the 3% quota obligation to employ disabled has been protected. Public sector employers are obliged to follow the 4% disabled and 2% ex-convict quotas. A recent addition of a new paragraph (h) to Article 81 of the Social Insurance and Universal Health Insurance Law No. 5510 foresees the Turkish Treasury to pay for 5 % of employers' premiums for disability, old-age, and death insurance premiums.

III Short-Time Work

As a result of TISK initiatives a new legal arrangement on the application of shorter work schedules has been established through 2009. This new arrangement allows employers to extend the short-time work period, where employees work reduced hours and have their wages supplemented through unemployment insurance, from three months, to six months with the short-time working allowance increased from 40-60% of the minimum wage.

IV Unemployment Insurance Fund Related Arrangements

TISK has helped initiate the development of a new regulatory framework for the unemployment insurance fund. This new framework allows for 1% of the short-term social premium for employee and employer insurance contributions, as well as the universal health insurance premium to be financed from the unemployment insurance fund if an unemployed person receiving benefits is employed in addition to existing personnel, for the remaining period of unemployment benefit payments.

Also, in accordance with the government decision on state assistance for investments, employment creation is promoted through supported investments and social insurance employer contributions financed by the Turkish Treasury.

V Tax Support

In an effort to help businesses through this difficult financial period, TISK succeeded in lobbying the government to reduce the 10% withholding tax on equity for local investors to zero, and payment of tax debts that occurred before 1 September 2008 have also been postponed 18 months with only 3% interest.

United States of America

The United States is the largest national economy in the world, both by nominal value and purchasing power parity (PPP). According to the International Monetary Fund, the 2008 U.S. GDP of USD 14.4 trillion constitutes 23% of the gross world product at market exchange rates and almost 21% of the gross world product at PPP. The country ranks tenth in the world in nominal GDP per capita and sixth in GDP per capita at PPP. The U.S. economy has been fuelled by abundant natural resources, a well-developed infrastructure, and high productivity. A central feature is the economic freedom afforded the private sector, allowing it to make the majority of economic decisions on the direction and scale of production. Relatively low levels of regulation and government involvement, as well as a court system that generally protects property rights and enforces contracts contribute to economic growth and stability.

Employers' Organisation: United States Council for International Business (USCIB)

Founded in 1945, USCIB promotes open markets, competitiveness and innovation, sustainable development and corporate responsibility, supported by international engagement and prudent regulation. Its members include top U.S.-based global companies, law and professional services firms, and business associations from every sector of the U.S. economy, with operations in every region of the world. With a unique global network encompassing the International Chamber of Commerce (ICC), the International Organisation of Employers (IOE) and the Business and Industry Advisory Committee (BIAC) to the OECD, USCIB provides business views to policy makers and regulatory authorities worldwide, and works to facilitate international trade and investment.

USCIB formulates policy positions through a network of over 40 committees and other working bodies. These groups are comprised of corporate and other business experts drawn from USCIB membership. USCIB also serves as the U.S. official issuing and guaranteeing entity for ATA Carnets, which are customs documents allowing temporary, duty-free import of merchandise for eventual export.

Crisis Impact:

The U.S. economy began to slow significantly in 2007 and officially entered recession late that year. Subsequently, a sub-prime mortgage crisis, investment bank failures, falling home prices, and tight credit contributed to the 2008 global economic downturn. In August 2009 the U.S. Federal Reserve announced the end of a recession that nevertheless was the longest in decades. By the end of 2009, unemployment in the U.S. remained over 10%.

To help stabilize financial markets, the U.S. Congress established a USD 700 billion Troubled Asset Relief Programme (TARP) in October 2008. The government used some of these funds to purchase equity in US financial institutions and other industrial corporations. In January 2009 the U.S. Congress passed and President Barack Obama signed a bill providing a USD 787 billion fiscal stimulus - two-thirds on additional spending and one-third on tax cuts - to create jobs and to help the economy recover. Given persistently high unemployment, a second, smaller stimulus package is currently under discussion.

Crisis Response:

I Cost Cutting/Budget Restructuring

In December 2008, USCIB announced a number of “Phase One” restructuring and cost-containment moves in anticipation of financial challenges in 2009. These included salary, capital spending and IT development freezes. In March, 2009, after it became clear that the organisation would experience an unprecedented drop in revenues (primarily due to a 15-20% drop in ATA Carnet activity but also to softness in membership), USCIB implemented “Phase Two” expense cuts—consisting of expense cuts in almost every expense line and an across-the-board salary reduction of 10-20%, depending on salary level. A smaller “Phase Three” cut was implemented over the summer to help with cash-flow shortage.

II Protecting Jobs/Maintaining Membership

USCIB sought to avoid reducing staff. However, several vacant positions were not filled and consultants’ hours reduced. In order to preserve the membership base, USCIB implemented a policy of case-by-case consideration for member companies facing financial pressure during the economic downturn. USCIB benefited from the generosity of other companies that were able to make special contributions.

III Lobbying/Policy Priorities

USCIB does not lobby the U.S. Government on domestic issues. However, it does seek to bring an international perspective – in support of open markets at home and abroad – to the domestic debates over trade, investment, and economic recovery. Its 2009 policy priorities were guided by its core values of international engagement and regulatory prudence in support of open markets, sustainable development, competitiveness and innovation, and corporate responsibility.

IV Leadership in difficult times

USCIB believes that it is critically important for global companies to remain engaged and provide necessary leadership in the fast-changing global business environment.

V Global Engagement

USCIB believes that close international cooperation is required to lift the major economies out of recession and lay the groundwork for future prosperity. With its global business network and strong links to key government and international bodies, USCIB plays an instrumental role in providing business with a clear, coordinated voice in major intergovernmental forums.