



Asia-Europe Meeting

Conclusion of Asia Europe Meeting (ASEM) on Promoting Social Security Improvement through Social Dialogue in Asia and Europe Region Bali, Indonesia, 30 September - 2 October 2015

The Ministry of Manpower of the Republic of Indonesia has hosted Asia Europe Meeting (ASEM) on Social Dialogue which was held in Bali, Indonesia on 30 September-2 October 2015. The theme of the meeting is Promoting Social Dialogue through Social Security in Asia and Europe Regions, which aims at enhancing social dialogue, exchange of views and experience in the implementation of social security policies among ASEM Partners. The meeting was attended by delegations totally 60 participants consist of government officials, social partners organizations and experts representing countries of the Asia and European (Belgium, China, Cambodia, Germany, Indonesia, Japan, Malaysia, Thailand, Vietnam) and International Labour Organizations experts.

In his remarks representing the European region, H.E. Patrick Herman (Ambassador of Belgium), has welcomed the Seminar this year in Indonesia, which is a follow-up of the previous ASEM Seminar on Social Dialogue in Brussels in 2014. He underlined the fundamental of social dialogue on social protection including social security policies for the workers. Based on the Belgian experience, the social security system has been established since 1944 through dialogue between the employers and the workers. Over the years, this system has proved to be instrumental in boosting productivity and competitiveness. Tripartite consultation has been a major contribution to productivity and preventing dispute as well as promoting social justice and cohesion particularly in the midst of the economic crisis. Social dialogue need to be inclusive for designing appropriate economic policies. There are also challenges like high mobility of workers and, during the crisis especially female workers and seasonal workers need particular attention since many of them are not fully covered by social security system. The Seminar is expected to help identify linkages between social dialogue and social security improvement, as well as build strong ideas and reflections for promoting social security policies under the framework of ASEM cooperation.

In her opening remarks of the seminar, Director General of Industrial Relations and Workers Social Security, (Mrs. Haiyani Rumondang) on behalf of the Minister of Manpower of the Republic of Indonesia, has welcomed all delegates for supporting the seminar and stated the importance of this event in strengthening ASEM cooperation in social dialogue on social protection particularly social security. Implementation of social protection is in line with international commitment of the ILO Recommendation No.202 on Social Protection Floor for All. This issue gains more important recently as also discussed in APEC and ASEAN. There are four instruments of social protection namely social welfare, safety net, insurance and active labour market intervention. She also invite ASEM Partners to exchange of views since there is huge challenge in developing countries such only 20% of population covered by social security scheme. While in the middle income countries, rate of coverage around 20%-60% and almost 100% in industrialized economies. Underline that tripartite cooperation is important to create conducive business environment and find way out from crisis. It is hope that through the discussion there will be recommendations for creating commitment in facing the global crisis and economic sustainability, as well as share best practices, lesson learn, and provide input for social welfare and social security development and implementation. It is hoped that through dialogue there will be more support of the tripartite mechanism in enhancing social security regulations.

Session I: Transformation of Social Security in Indonesia

Ambassador H.E Patrick Herman (Belgium) becomes a Chair of this Session.

Mr Wahyu Widodo (Director of Social Security, Directorate General of Industrial Relations and Workers Social Security, Ministry of Manpower of the Republic of Indonesia, as the resource person, has highlighted transformation of social security policy in Indonesia through new legislation and implementation of Agency for Social Security (Badan Penyelenggara Jaminan Sosial -BPJS), which carries out 4 (four) programs of social security programs, namely work accident, death insurance, old age insurance, and pension scheme. In pension system, there will be a defined benefit. Its implementation would be regularly reviewed and taking into account the dynamics of the national economy. Acknowledge that there is a concern on the possibility of “unfunded” sometime in the future. Based on the current assessment, the strength of pension fund will be durable for 50 years. This is affected by the number of those paying for the contribution. Increase of 1% on contribution will add 4 years of fund sustainability. The fund will be invested in infrastructure.

Since 3 months of the implementation of pension program, the number of participants reach 3.9 million persons from 29,000 companies.

Since ASEAN countries are facing the ASEAN Economic Integration, it is anticipate that there will be high mobility of workers among ASEAN member countries. He proposed the idea of establishing 3 schemes of social security for the workers who work abroad. First, scheme for workers social security to be provided at the receiving countries. Second, scheme for workers social security provided by the sending countries. Third, establishing bilateral scheme between sending and receiving countries for the workers social security.

In the question and answer session, there has been dynamic discussion on this issue. Several delegates have appreciated Indonesian Government policy in establishing the Implementing Body for social Security Program. Some questions have been identified like the impact of the current economic sluggishness to the sustainability of the Implementation for social Security Program (Belgium); what is the most effective measure in ensuring coverage for social security and social security for those in informal economy and for those who cannot work (Germany); how to keep sustainability against ageing population (Japan); and how to develop institutional capacity and raise public awareness based on social dialogue consensus (China). Underline specific categories of workers to be covered by the social security, since there is a risk of difficulties for paying the defined benefit system in the future; role of social partners in the management and consultation of policy.

In his response, Mr Wahyu Widodo has stated that BPJS is the reflection of the Government presence in improving the welfare of its workers. In terms of implementation, it is actually step by step approach. For pension insurance it is mandatory for medium and big enterprises but for small enterprises the scheme is voluntary.

The most important thing is the assessment by actuaries. In case of a worker gets an accident and is not able to work and has only paid for one month, the Government will bear the cost for the pension insurance. It is hoped that there will be a better protection in the workplace which will lead to increase of productivity.

Indonesia needs to learn from the model of *Sharoushi* (Labour Law Attorney) in Japan for improving participation to social security. In anticipating the ageing population, the Government will regularly review the age of pension for workers every 3 years. For example, the pension age of 56 will be raised to 57 after 3 years. It is hope that the problem of ageing will be overcome and every 3 years there will be opportunity to review the implementation of pension scheme.

Session II: Enhancing Social Dialogue in Policy Making

Ms Adriani, Director of Wages, DG of IR and Workers Social Security, Ministry of Manpower of Indonesia has chaired the session.

Ms Michiko Miyamoto, Deputy Director of International Labour Organization (ILO) Office in Jakarta has delivered her presentation on the issue of social dialogue based on the ILO standards, which highlighted the pillar of tripartism among employer, worker, and government. She addressed the issues of typology of social dialogue; identify conditions necessary for achieving a meaningful social dialogue and what the social dialogue can deliver.

The ILO definition of social dialogue captures all type of negotiations, consultations, information sharing on issues of common interest of social and economic policies. Social dialogue entails a longer consultation process among stakeholders. There is variety of social dialogue in countries. It may consist of not only labour relations issues but also on wide social and economy issues, among others are macro-economic and monetary policy, wages, gender equality, poverty alleviation, structural adjustment program, industrial relations (bipartite, tripartite, and tripartite plus). Examples of the implementation of social dialogue mechanism such as social dialogue mechanism at national levels in Belgium and Germany while in the USA multi-employer agreement has been in place.

In the development of tripartite plus, partners may engage wider stakeholders like environmental groups, disability, indigenous groups, women, and youth.

On the issue of achieving meaningful social dialogue, it is underlined that implementation of social dialogue is of high importance. In the decision making process, it needs an established mechanism. If there is a constraint in this process, then it needs a monitoring system to smoothen the dialogue.

On the issue of what can social dialogue deliver, it is stated that despite lengthy process, when consensus is achieved, there is a high possibility of all social partners to support and participate in implementing the decision since decision is legitimate. In the period of economic crisis, the role of social dialogue has proved its effectiveness in creating social harmony and stability. In such a process, the Government should be involved and actively encouraged social partners.

In the Question and Answer session, some questions have been identified namely in the linkage between implementation of social dialogue and improvement of social security (China and Indonesia); is there a practical representation of informal sector worker and multinational enterprises in social dialogue (Germany); to what extent social partners involved in social security such as tripartite consultation on determination of social insurance benefits (China); what is the ILO solution concerning the lack of capacity of those involved in social dialogue (Indonesia).

In her response, Ms. Michiko has stated that institutions/organizations needs more expertise and need to continue learning process of social dialogue. Underline the importance of capacity building among those involved in social dialogue, and ILO may offers its assistance to ASEM countries based on requests.

Session III: The Importance of Social Dialogue in Providing Protection for Workers

Ms. Dewi Gustina Tobing (Director of American and European Intra-regional Cooperation, Ministry of Foreign Affairs of the Republic of Indonesia) has chaired the session. She mentioned about the significance of ASEM cooperation based on the principle of informality, multi dimensionality, and equal partnership. Next year in 2016 ASEM will be celebrating its 20th years of anniversary at the ASEM Summit in Mongolia. In addition to the exchange of views, information and experiences, it is hoped that ASEM social dialogue could also explore more on tangible activities and cooperation among members.

Mr. Cunha Nuno (ILO Regional Bangkok) has mentioned that some say that social security can better reflect social reality of the work of the ILO which is also a relevant topics for all social partners. Social insurance is the best optimum mechanism of social security. ILO Convention No.102 Year 1952 on Social Security was agreed by tripartite basis which states responsibility for adequate social security

coverage. The state is the ultimate responsibility to make sure benefits are provided. The Convention requires participation representatives of persons protected, public entities and employers. In this regard, ILO wishes to ensure that there is meaningful participation to reach decision and underlines the importance of access of information for all for the insurance scheme. Despite there may have been an actuarial study, but people still need to know more and even be more educated.

There is also a need to have a system of monitoring and capacity building. It needs a sustained investment. Education of social insurance has also been underlined. There are many different ways of organizing social security in the context of social dialogue. The tripartite needs to be involved in the management of social security. Representatives of worker and employer should be involved in the management boards and advisory boards.

Some examples have been referred to such as in Austria, which is social security institution is set up as public body which involves employers and workers representatives. Netherlands has a social pact. Portugal has a standing committee for social dialogue and national council for social security involving employers and the protected persons.

On the issue of pension scheme, many countries are reforming their pension system. In Malaysia and the Philippines there is a tripartite mechanism in the pension scheme. There is divergent interests in level benefits, age of retirement, level of contribution, level of solidarity within and between generations, risk bearing. Despite this but it needs a social dialogue to reach a pact.

Some recommendations have highlighted such as all residents should enjoy at least a minimum level of social security and member states of ILO should establish Social Protection Floors, Recommendation ILO No. 202 as a fundamental element of their social security systems. It is also underlined that tripartite participation with representative organizations of employer and worker be involved in the dialogue.

It is also underlined that the important of involving stakeholder in designing social security policies, such as ministries, civil society, local governments, national statistics, and relevant UN Agencies.

Some conclusions have been highlighted such as shared values, trust and mutual expectations, which can be best served through social dialogue, especially in the period of economic crisis. There is a need to educate the young generation, especially in facing a challenge of ageing population where there will be less contribution for social security while the benefits must be provided. For ILO, social dialogue is the best instrument to deal with change of social and economic conditions including social security.

In the question and answer session, some questions have been identified: the representative of trade union in Indonesia, now in process of developing management board of social security management (Indonesia); involvement of social partners in legislation need to make sure that legislation is enforced and need involvement of social partners in pension body. The judges of Labour and Social Courts can be also represented by social partners (Germany). Participants also highlight the link between social dialogue and social security, the distinction between social welfare, social security and social protection, as well as the classification of informal workers participating in social insurance scheme. (China); which social security scheme should priorities to be introduced in developing countries, is the type of social dialogue in each social security system is different? (Japan); the importance of education through vocational training and need more sharing experiences as well as information within ASEM cooperating mechanism because there is different level of development in social security. (Vietnam).

In his response, Mr. Cunha Nuno has addressed among others the different terminology of social welfare, social security and social protection is inter-related. In ILO concept, Social security includes social insurance (funded from contributions) and social assistance (funded from tax). Some countries have different terminologies. Not one single answer that fits for all solution. Terminology is related with tradition of each country.

Session IV: Social Security for Japanese Workers who Work Abroad

Mr Lv Yulin (Deputy Director General, Department of International Cooperation, Ministry of Human Resources and Social Security of China) has chaired the session.

Mr Tomoaki Katsuda (Assistant Minister for International Affairs, Ministry of Health, Labour and Welfare, the Government of Japan) has made his presentation about "The Coverage of Social Security Schemes for Japanese Workers Abroad". In Japan there are universal social security schemes covers pension, medical/health insurance, and long-term care. There is also social security for worker cover work accident and unemployment.

Basically Japanese social security are for workers, citizens working/living in Japan, but those workers seconded from Japanese business to abroad covered by pension health insurance and unemployment insurance on the basis of wages paid in Japan. There is also a scheme to cover work injury for those work abroad.

For Japanese workers who are working abroad are provided social security through bilateral agreement with receiving country. So far Japan has bilateral agreement with 15 countries in this regard. He also acknowledges that social security for foreign national working in Japan is indeed an important issue to be discussed.

The Chair has also informed that China is in the process of negotiation with a number of countries and so far have signed agreement with six countries namely Germany, Korea, Denmark, Finland, Canada, and Switzerland.

In the discussion session, some questions have been identified: how to get claim under the bilateral agreement between Japan and other country. Also, whether the social security in Japan cover diverse groups like students, seasonal workers, and refugees (Malaysia); what is the comparison between worker's insurance contribution and the benefit for civil servant and worker (Indonesia); China informed that there is tripartite conference mechanism at national, provincial and prefectures levels. Under this framework, China has established pension schemes for urban and rural residents, as well as employees in public institutions, therefore achieving of social security for all. (China); do poor people need to pay for the health insurance share of contribution (Germany); what is the calculation of benefit value under bilateral agreement. How to make seasonal workers including migrant workers to be covered in social security. This issue will also be in the ASEAN context (ILO).

The resource person has responded inter-alia social security of Japanese workers are partly paid by the Japan and by the receiving countries. A migrant worker who is working in Japan will be covered by the social security. For students, there is a different scheme.

Concerning the comparison of contribution and actual benefit over pension scheme are not easy to answer because indexation and every 5 years pension review. Coverage of health and pension system are universal coverage since 1960's.

Concerning medical cost for poor people, Japanese government has public support system.

Session V: Social Security System in Germany

Mr. Mohamad Asri bin Ngosman (General Manager Customer Section, Planning Corporate Affairs Division, Social Security Organisation (SOCSO) Malaysia) has chaired the session.

Mr. Jan Farzan (Federal Ministry of Labour and Social Affairs/BMAS, Germany) has made his presentation about three issues of social security; including social security through social dialogue and social security for immigrants. Concerning social security, in Germany it includes social insurance, which is the most important social compensation system, and social welfare system (the last two are covered

by taxes). Majority of expenses for insurance is to cover sickness and old age. Thanks to the good economic development, there is not much payment for those who are unemployed.

The German pension system is based on contribution. People are encouraged to have additional contribution from private sector. About 18,7% of salary is allocated for pension insurance, which is half to be paid by the employer. The insurance is based on the principle of solidarity and the contract of generations. Those persons who are unemployed, will be covered by unemployment benefit. For 12 months will be covered 60% (with the children) of previous wage to ensure adequate living. The insurance is financed by employee and employer.

Concerning social security through social dialogue, the social insurance covers 5 main areas: old age, unemployment, accident, health and long term care. Under these framework, there is participation of workers/insurant and employers. The insurance system is compulsory (with few exception). As one element of social dialogue, there is a jurisdiction of Labour and Social Courts which consist of 3 judges (1 chair judge and 2 honorary judges, representing workers and employer). In general social dialogue has been proven to make economy stronger.

Concerning social security for immigrants, there are many bilateral agreements between Germany with various countries on pension, accidental insurance, unemployment, health insurance, family allowance, and mobility. Germany still needs immigration with certain qualifications to sustain the economy. In the question and answer session, participants exchanged ideas on reviewing bilateral social security agreement (China); the effect of newly introduce minimum wage on social security, decentralization of labour management negotiation (Japan).

In his response, Mr Jan Farzan has underlined that indeed sustainability of financing is a challenge because of demographic development. To reduce the danger that the pension expenses will be too high, the pension age has been raised and the amount of payment has been limited. People are also encouraged to use private pension which is supported by government contribution. On the effect of minimum wage on social security, previously there was concern that this might have negatively impacted the unemployment rate, but in fact, it is not the case. On the contrary there is an increase of jobs with proper social security. Social security has been strengthened.