



**Asia-Pacific
Economic Cooperation**

Advancing
Free Trade for Asia-Pacific
Prosperity

APEC Trade and Human Resource Development (HRD) Capacity Building for Inclusive Trade: **Preliminary findings on key challenges, solutions, and next steps**

3rd May 2019 – Viña del Mar, Chile

Presentation outline



Asia-Pacific
Economic Cooperation

1	<p>Introduction</p> <ul style="list-style-type: none">• Project background• Challenges, Inclusive Trade Goals and Policy options• Notable activities in APEC	Slide 3
2	<p>Case Study Introduction</p> <ul style="list-style-type: none">• Common labor force challenges• Case study policy themes	Slide 6
3	<p>Case Study: Australia</p> <ul style="list-style-type: none">• Labor force challenges and Inclusive Trade goals• Measures for inclusive trade• Spotlight: & Automotive Industry Structural Adjustment Plan (AISAP)	Slide 7
4	<p>Case Study: Singapore</p> <ul style="list-style-type: none">• Labor force challenges and Inclusive Trade goals• Measures for inclusive trade• Spotlight: SkillsFuture	Slide 11
5	<p>Case Study: Japan</p> <ul style="list-style-type: none">• Labor force challenges and Inclusive Trade goals• Measures for inclusive trade• Spotlight: AI Strategy 2019	Slide 15
6	<p>Conclusion</p> <ul style="list-style-type: none">• Preliminary recommendations• Next steps	Slide 19

1. Introduction- Project background



#APECChile2019

APEC Context

- Support for liberalized trade and regional integration for economic growth
- APEC Action Agenda on Advancing Economic, Financial and Social Inclusion
- 2017 APEC Regional Trends Analysis

Components

- Discussion paper
 - Literature review on inclusive trade
 - Case studies on Australia, Japan and Singapore
- Symposium: share initial findings and discuss case studies among expert speakers and guests
- Final Report: combine literature and symposium outputs to identify best practices/lessons learned

1. Introduction



Asia-Pacific
Economic Cooperation

Challenges

- Trade drives global growth and reduces poverty, but can produce inequality
- Challenges and opportunities from emerging innovations in labor-saving technology
- Trend towards more protectionist trade policies in some economies

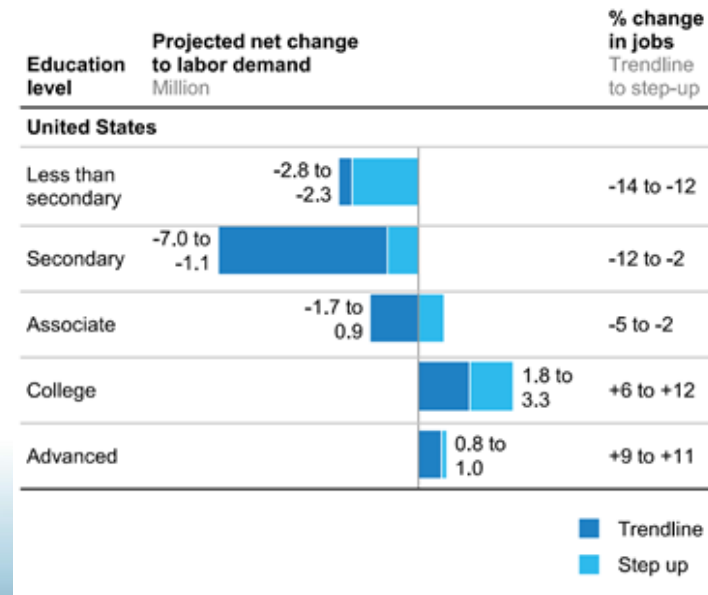
Goals

- Continue support for liberalized trade while ensuring inclusivity
- Support technological innovation and digital transformation without leaving parts of the workforce behind

Policy

- Measures needed for workforce adjustment amid new economic realities
- Options include worker education, promoting labor market participation by disadvantaged groups, and other active and passive labor programs

Net change in total employment by education required, 2016–30



1. Introduction- Active Labor Market Policies (ALMPs)



Asia-Pacific
Economic Cooperation

Active Labor Market Policies as defined by APEC PSU

ALMP	Policy Types
Employment	<ul style="list-style-type: none">• Collaboration with employers and industry groups to maintain or grow employment and reduce unemployment or underemployment
Labor market information systems	<ul style="list-style-type: none">• Gathering labor market information through surveys of the labor force and firms/employers• Projecting future labor supply trends that can be used by government, employers, job seekers, workers and education providers to understand the current labor market and required skills for emerging jobs• Feedback from social protection programs
Skills development	<ul style="list-style-type: none">• Improving access to primary and secondary education• Providing technical and vocational training and apprenticeships, especially for displaced workers and disadvantaged groups• Supporting lifelong learning
Social protection	<ul style="list-style-type: none">• Skills matching• Job information portals• Employment assistance

2. Case Studies: Introduction



Asia-Pacific
Economic Cooperation

Case Study common elements

	Description
Labor force challenges	<ul style="list-style-type: none">• Aging society and demographic transition• Alignment of skills supply with skills demand• Structural change and technological advancement
Digital skills	<ul style="list-style-type: none">• Importance of digital skills for workers as well as business competitiveness• Educational reforms to align curricula with much needed digital skills• Programs to provide workers with digital skills to support career development and transitioning
Support for MSMEs	<ul style="list-style-type: none">• General support provided for entrepreneurs and MSMEs using training and mentorship• Support for digital transformation of MSMEs• Trade promotion policies to support MSMEs international expansion

2. Case Studies: Introduction



Asia-Pacific
Economic Cooperation

Case Study themes

Topics	Australia	Japan	Singapore
Trade context	Job losses from trade in specific sectors	Shortage of IT professionals to achieve domestic goals and compete in global markets	Increasing labor productivity to support inclusive growth
Policy	Unemployment support for specific sectors	Various programs for HRD of AI professionals	Integrated education/skills development for citizens
Theme	Targeting of unemployment supports based on need	Supporting workers and business competitiveness in advanced technologies	Governance of education and skills training, demand responsiveness.

3. Case Study: Australia



Asia-Pacific
Economic Cooperation

Overview

1. Inclusive Trade Priorities and Workforce Challenges

- Labor force challenges: inadequate participation rate, gender-based challenges, long-term unemployment, disadvantaged groups, structural change/technological advancements
- Inclusive trade goals: minimize adjustment costs, mitigate barriers faced by disadvantaged populations

2. Measures for Inclusive Trade

- Skills Development: reforms to better align education with in-demand skills
- Policies for labor market disadvantage and targeted adjustment support for regions/sectors
- Active Labor Market Policies: employment services for job seekers with varying needs

3. Initiative Spotlight: Automotive Industry Structural Adjustment Program (AISAP)

- Targeted fund for retrenched automotive workers to access intensive employment services
- Lessons on targeting of adjustment assistance

3. Australia- Labor Force Challenges and Inclusive Trade Goals



Asia-Pacific
Economic Cooperation

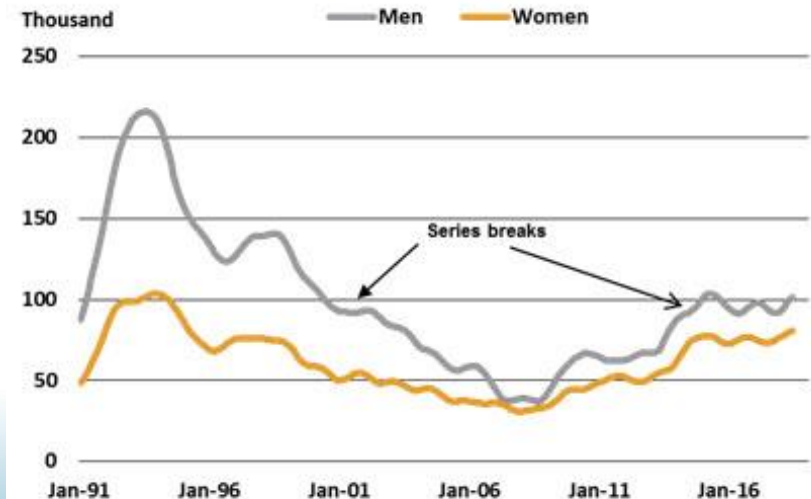
Labor force challenges

- **Ageing society:** mature-aged Australians face challenges in the labor force, leading to decreasing tax base, increased expenses on care, etc.
- **Structural change/technological advancements** lead to changing skills requirements for workers
- **Long-term unemployment** leading to the loss of skills and job readiness and long term exclusion from labor force
- **Barriers for disadvantaged populations** to acquire skills and employment
- **Indigenous unemployment** from unique barriers to employment, with inequalities more pronounced in rural areas.

Inclusive Trade Goals

- Increase worker's resilience to changes through reducing adjustment costs
Targeting supports to disadvantaged populations

Long-term unemployment increasing in Australia



3. Australia- Measures for inclusive trade



Asia-Pacific
Economic Cooperation



Skills Development

- Education reforms to better align curricula with in-demand skills
- Funds to support apprenticeships and training
- Vocational education reforms



Labor market disadvantage

- Policies for mature-age workers,
- Regional funds for areas undergoing structural adjustment
- Skills training and employment services for workers in sectors with large-scale redundancies



Active Labor Market Policies

Employment services for job seekers

- Referrals to education/training
- Skills matching
- Incentives
- Advisory



3. Australia- Initiative Spotlight: Automotive Industry Structural Adjustment Program (AISAP)

AISAP

- 2008: AISAP launched, including \$50 million allocated to assist retrenched automotive workers through ~2017
- Reduced requirements to access intensive jobactive services
- Services include: résumé preparation, job applications, interview skills, training to obtain tickets or licenses, work experience provided to automotive workers through
- Connections to relocation assistance, wage subsidies, training, apprenticeships and entrepreneurship support

Program evaluation

- Generally available adjustment measures are favorable
- Assistance should be targeted towards those who face greatest employment challenges (not sector-based)
- Responding to workforce challenges with measures that consider overall cost/benefit to the economy

December 2017 advertisement on Facebook for AISAP



Drive Your Future

If you have been made redundant, you may be eligible for support through the Automotive Industry Structural Adjustment Programme (AISAP). This is in addition to the support available through Drive Your Future. To access AISAP you must register with a jobactive provider within six months of your redundancy date. Read more: <http://bit.ly/2jZQb1K>

Dec 10, 2017 · Public · in Timeline Photos

4. Case Study- Singapore



Asia-Pacific
Economic Cooperation

Overview

1. Labor Force Challenges and Inclusive Trade Goals

- Education and skills development as a policy tool for economic development
- Governance of education and skills development system designed to be responsive to industry needs

2. Inclusive Trade Priorities and Programs

- Industry Transformation Program: ensure skills keep up with industrial transformation
- Adapt & Grow program: career development support amid changing economic conditions

3. Initiative Spotlight: SkillsFuture

- Lifelong learning initiative to help citizens make career choices, acquire skills and increase responsiveness of education/training to industry needs
- Credits, grants, subsidies, education and training programs in emerging fields, sectoral planning efforts.

4. Singapore- Labor force challenges and Inclusive Trade Goals



Asia-Pacific
Economic Cooperation

Labor force challenges

- **Ageing society:** declining workforce, challenges for mature-aged workers
- **Two-tier economy:** domestic industries lag in labor productivity versus export-oriented industries
- **MNCs, labor productivity and foreign workers:** reliance on multi-national corporations (MNCs) and low-skilled foreign workers has led to stagnating labor productivity
- **Skills deficiency:** upskilling of domestic workforce required to achieve productivity and growth goals

Inclusive Trade Goals

- Use education and skills training to achieve economic development goals, as well as equitable social outcomes
- Human capital as asset to attract FDI, and HRD in collaboration with investors

Singapore's employment policy objectives

A Great Workforce A Great Workplace 

How can we continue to create good employment opportunities for all Singaporeans?



4. Singapore- Measures for inclusive trade



Asia-Pacific
Economic Cooperation

Industry Transformation Program (ITP)

- Industrial planning to ensure skills of citizens keep up with industrial transformation
- Measures for productivity improvement, innovation, internationalization and skills development
- Information on career, job roles and skills to support workers in making decisions about education and training
- Goals of ITM to be achieved by Adapt & Grow and SkillsFuture

Adapt & Grow

- Program for citizens' career development amid changing economic conditions
- Various supports to help workers find jobs that align with their skills or acquire new skills that are needed by employers
- Job placement supports and training for professionals looking to switch careers or facing redundancy

Electronics ITM workforce goals



4. Singapore- Initiative Spotlight: SkillsFuture



Asia-Pacific
Economic Cooperation

Goals

Lifelong learning initiative with objectives including:

- Assist citizens in making education, training and career choices;
- Education and training that is responsive to changing needs;
- Recognize employers who invest in employees' skills and lifelong learning;
- Promote a culture of lifelong learning throughout society

Planning

- Collaboration on Sectoral Manpower Development Plans (SMDPs)
- Goal: meet high demand for skilled labor, improve relevance of training, and improve talent attraction/retention

SMDP for the Biologics sector

OBJECTIVE: Attract, Develop, and Sustain a Highly Skilled and Resilient Workforce for the Biologics Manufacturing Industry

INDUSTRY KEY PRIORITY 1

Meet High Demand for Skilled Manpower

INDUSTRY KEY PRIORITY 2

Improve Relevance of Training Programmes

INDUSTRY KEY PRIORITY 3

Talent Attraction and Retention

STRATEGY 1

Build Pools of Skilled Talent in Technical and Management Positions

STRATEGY 2

Enhance Current Training Provisions to Meet the Needs of Current and Future competencies

STRATEGY 3

Profile Industry to Improve Attraction and Retention

Measures

- Credits for all Singaporeans to spend on education and training
- Education and training oriented towards industry-relevant skills with linkage to employment
- Digital skills development and instruction on how to apply these to careers

Source: Government of Singapore

5. Case Study- Japan



Asia-Pacific
Economic Cooperation

Overview

1. Trade, Skills Development and Labor Force Challenges

- Labor force challenges: ageing society, lack of IT talent, wages and inequality
- Inclusive trade goals: foster inclusion through digital skills, internationalize MSMEs

2. Measures for inclusive trade

- Support for disadvantaged workers
- Employment creation subsidies
- Social safety net programs

3. Initiative Spotlight: Initiative Spotlight: HRD for Artificial Intelligence (AI)

- Shortage of IT professionals
- Various programs and reforms to promote AI/IT proficiency among students and workers

5. Japan- Trade, Skills Development and Inclusive Trade Goals



Asia-Pacific
Economic Cooperation

Labor force challenges

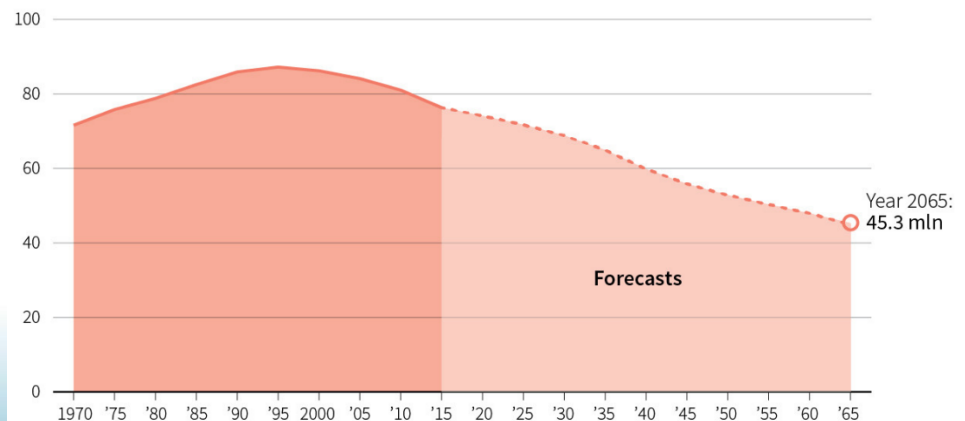
- **Aging society:** demographic pressure on sustaining economic growth
- **Labor shortage in high-tech fields:** lack of professionals to promote/implement labor-saving technologies (robotics, AI) in context of demographic challenges
- **Productivity:** productivity in Japan is low by OECD standards
- **Wages and income inequality:** labor market dualism (regular vs. non-regular workers) leads to inequality and stagnation of wages
- **Participation of women in labor market:** room to improve women's participation through accessible childcare, reduced working hours, and measures to promote equal pay

Skills Development and Inclusive Trade goals

- Society 5.0: solve social issues through technologies of the fourth industrial revolution and preparing workforce with advanced digital skills
- Growth Strategy 2018: support expansion in exports by MSMEs

Working-age population forecasts in Japan

WORKING-AGE POPULATION
Aged 15-64, in million



5. Japan- Measures for inclusive trade



Asia-Pacific
Economic Cooperation

Trade promotion for MSMEs to promote inclusive trade

- Japan External Trade Organization (JETRO) coordinates activities among various agencies, the Japan Bank for International Cooperation and National Tax Agency to support MSMEs
- Access to finance: public finance institutions support
- E-commerce and data analytics on consumer trends
- Support in navigating foreign business environments
- Support to enter high-risk, high-return markets to create path for others

Safety net programs and adjustment policies for workers

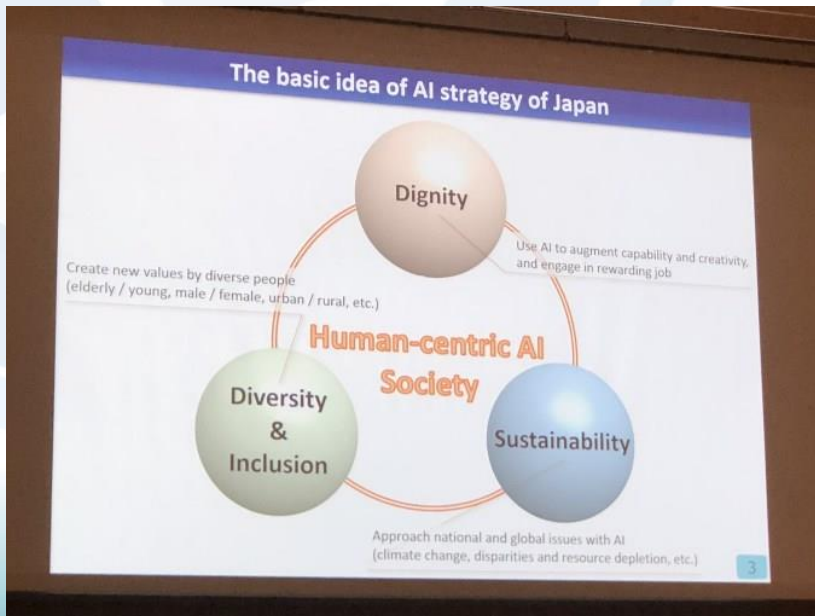
- **Support for vulnerable workers:** job-matching for youth, elderly, disabled and foreign workers
- **Measures for local employment:** subsidies and funds for employment creation in regions, areas impacted by natural disasters, low-income regions, etc.
- **Public vocational training:** training support for unemployed and employed workers seeking new jobs or improvement of skills
- **National Trade Skill Testing and Certification:** testing and certification of workers' skills in 126 occupations to support workers in demonstrating and developing their skills

5. Japan- Initiative Spotlight: Human Resources Development for Artificial Intelligence professionals

Challenges

- Acute shortage of IT professionals (2016- 171,000; 2020- 369,000; 2030- 789,000)
- Broader challenge of declining workforce

Basic Idea of Japan's AI Strategy



Four pillars of support for education in AI

- **Goal:** equip citizens with skills to thrive in a society where economic activity and services are deeply linked with AI
- **Education reforms** to incorporate IT in primary and secondary education, Massive Open Online Courses (MOOCs), etc., to prepare students for advanced IT jobs
- **Skills certifications and education for professionals:** training for work-ready young AI professionals, training for IT professionals in 'unexplored fields', funding for innovative work by young researchers
- **Coordination between industry and educational institutions:** public/private consortia on AI education

6. Conclusion- Preliminary findings

Best Practices

Priority	Challenge	Economy	Measures
Developing Education and Skills Policies that are Responsive to Industry Needs	Mismatch between supply and demand of skills.	Singapore	Governance of education and skills training to create demand-responsive programs by involving relevant authorities and stakeholders (government, industry, unions, workers, trade associations, etc.)
		Japan, Singapore	Create skills certification programs that address key skill mismatch needs and meet global standards
		Singapore	Secure investments by foreign companies in skills development to provide citizens with advanced and internationally competitive skills
	Risk of job losses from labor-saving technologies	Japan	Implement policies to encourage digital skills development to prepare workers for a rapidly changing economy, and prepare citizens to be competitive in high-tech fields like AI

6. Conclusion- Preliminary findings



Asia-Pacific
Economic Cooperation

Best Practices

Priority	Challenge	Economy	Measures
Prioritizing Inclusivity and Social Protection in Workforce Development	Challenge to support disadvantaged populations in the workforce	Australia	Active labor market policies should target assistance to workers facing the greatest employment challenges
		All	Reduce barriers to education for disadvantaged workers to increase labor force participation through creating programs that specifically respond to their needs, especially for mature-aged workers.
Supporting MSMEs in global value chains through trade promotion and skills development	Pervasive barriers faced by MSMEs in benefitting from trade	Japan	Improve trade promotion public policy support mechanisms for MSMEs in global value chains, such as through improving MSMEs' access to finance, supporting the skills and capability development of MSMEs (including assistance with developing their digital skills), helping them to overcome non-tariff barriers, and consolidating public sector resources so that MSMEs can easily access key information.

6. Next steps for Capacity Building for Inclusive Trade



Asia-Pacific
Economic Cooperation

Thank you!

Thank you very much for your participation in this event.

The Discussion Paper and these presentation slides are available online at:

<https://www.wcore.com/apec-workshop/>

WASHINGTON | CORE

A final paper will be prepared including outputs and insights from this symposium.

If you have any questions or suggestions regarding this workshop or guideline development for this study please feel free to contact at:

James Tetlow – james@wcore.com

Sean Chappell – sean@wcore.com