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## Sri Lanka fully endorses the efforts of the International Labour Organisation

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Address made by Hon Athauda Seneviratne, Minister of Labour Relations and Manpower Sri Lanka at the 98th Session of the International Labour Conference on June 18th, 2009

Mr. President On behalf of the government and the delegation of Sri Lanka, let me congratulate you and the Vice Presidents on your election to preside over the 98th session of the International Labour Conference. We also wish to take this opportunity to congratulate the Director-General for presenting to us his report, &ldquo;Tackling the Global Job Crisis: Recovery through Decent Work Policies&rdquo; which provides the background to larger part of work in the Conference including discussions at the plenary. Mr. President We have sufficient empirical evidence to show that the economic crisis has affected the whole world. While the developed countries see sharpest cuts in terms of economic growth rates, it is the developing countries that are most vulnerable. We observe that unemployment is becoming a crisis, and without concerted action taken multilaterally, bilaterally and nationally it will certainly become a humanitarian crisis world over. In this context, Sri Lanka fully endorses the efforts of the ILO for making the 98th Session of the International Labour Conference a platform to discuss and determine responses to the crisis, and placing decent work at the center of the responses. As the World Bank has found in a recent analysis, Sri Lankan economy has affected moderately by the economic crisis. Sri Lanka is a trade dependent country with a highly concentrated export market where the EU and the US account for 62 per cent of the total exports, and a concentrated export basket of garments, tea and gem account for 58 per cent of the total exports. In this context, Sri Lanka will feel the brunt of the economic crisis due to the high unemployment and low consumption of the major trading partners. Upto the first quarter of 2009, the macro data do not reflect significant increase in unemployment. However, there is micro evidence that can be adduced to show an increase in job loses. Also it has been observed that the impact on the labour market in the forms of lay offs, deferred payment of social security contributions, freeze on recruitment, rationalization of factories, elimination or reducing special facilities and special allowances, voluntary pay cuts etc. Although, Sri Lanka so far has not experienced a significant impact on the overseas labour market where around 1.5 million Sri Lankans, that is, equivalent to around 15 per cent of the labour force, work, we have reports of loss of employment of workers in certain sectors, such as construction. We lack information with regard to the impact on small and medium scale enterprises, and the large share of the labour force working in the informal economy who are mostly denied with decent employment. Naturally, in the situations such as the present crisis, the poor, with few assets and limited access to markets, are often the hardest hit. Also the income shocks drive many non-poor into poverty. Sri Lanka has successfully implemented programmes for reducing poverty. The poverty levels have dropped from 23 per cent in 2002 to 15 per cent in 2007. However, unless immediate and effective labour market policies are implemented to protect both the industry and employment levels, the present crisis will have a negative impact on the poverty levels, and would make it difficult for us to achieve the Millennium Development and the Decent Work goals. The measures so far taken by the government is to mitigate impact on the industry as well as the level of employment. Few administrative measures within the labour administration such as expeditious action on appeals from the employers for relief and, defer payment of social security contributions, shorter working periods etc. have been taken. Sri Lanka also has introduced a stimulus package for which the entitlement is determined on the criteria of maintaining employment level of 2008. In all our efforts, social dialogue has been the tool in determining policy measures and administrative measures. I should commend our social partners for their understanding of the realities of the present crisis and extending their cooperation at this critical juncture. Mr. President Sri Lanka after ending a conflict that ravaged the country for nearly thirty years is now feeling a sense of peace. I believe that when terrorism, the most extremist of its kind is successfully eradicated, our task should be to focus on the post conflict challenges we are currently faced with. Reintegration, reconciliation, reconstruction, resettlement of internally displaced persons, and maintain and stabilize peace and understanding amongst all the Sri Lankans, is our priority. His Excellency the President of Sri Lanka, Mr. Mahinda Rajapakse has already appointed a task force to formulate and implement 180 days short term programmes and two year mid-term programmes for rebuilding of the war affected areas in the North of the Country. Mr. President Sri Lanka has been resilient to many shocks, and the most recent experience was the successful rebuilding of the country devastated by Tsunami with nearly 40,000 deaths and another half a million persons displaced. Despite the thirty years war, affects of tsunami, the affects of food and oil crises etc, Sri Lanka was able to maintain an average growth of six percent during the last few years. However, the cooperation and assistance both nationally and internationally is needed to address the post conflict challenges and the challenges posed by the economic crisis and ensuring decent work for our people. We hope our multi-lateral and bi-lateral partners will complement our efforts in rebuilding the country and support us in effectively responding to the challenges of the current economic crisis. Thank you