

COMMENT

Labour policy revamp under TPP

REFORM: Ratifying the TPP will prove a game-changer for workers and propel the nation forward

AS Malaysia is poised to take part in the mega-trade bloc Trans-Pacific Partnership (TPP) as early as 2018, the ratification process is underway. This is important so that provisions and commitments under the TPP will be supplemented and strengthened by new and adjusted Malaysian policies.

An area of concern is the Labour Chapter in the TPP, where countries need to follow closely in practice, the provisions and commitments highlighted in the International Labour Organisation (ILO) Declaration of 1998, even though ratification of the declaration itself is not needed.

For this to be done successfully, existing Malaysian labour laws need to be amended and adjusted, so that they are in line with the agreement. Rules and procedures governing the behaviour of employers and employees will need to be spelled out

clearly as well. According to a study on the TPP undertaken by the Institute of Strategic and International Studies (ISIS) Malaysia, there will be eight law amendments concerning the provisions on forced labour and freedom of association.

The amendments are required for the Employment Act 1955, Trade Union Act 1959, Child and Young Persons (Employment) Act 1966, Passport Act 1966 (implementing regulations), Industrial Relations Act 1967, Sabah Labour Ordinance (Chapter 67), Sarawak Labour Ordinance (Chapter 76), Private Employment Agencies Act 1981 and Workers' Minimum Standards of Housing and Amenities Act 1990.

The Passport Act 1966, however, will remain intact, with the introduction of additional implementing regulations to ensure that the rights of foreign workers holding their own passports are protected.

Why are these amendments needed under the TPP?

Trade unions in Malaysia are relatively weak if compared with neighbouring countries like Indonesia or Vietnam. The Malaysian Trades Union Congress is not very powerful, as it has no influence on wage determination.

It has a lot to do with the repressive laws that we have inherited

from the British colonial era. To attract foreign direct investments, economic and political stability, coupled with an abundant supply of relatively cheap low-skilled workers, are the main ingredients.

According to a study by the ILO, to ensure that a stable environment is created in Malaysia, policies were introduced "in general to reinforce the existing basic posture of restraining the unions from obstructing economic development, by adding the motive of protecting the interests of foreign capital".

The next question then is, will the reforms in our labour laws result in our workers being more empowered in the near future? The answer is yes. As workers are able to organise and bargain efficiently, they will have more say in the workplace if compared with the current situation now on the ground.

To see how dire the situation is, let's look back to 1996. In 1996, the union membership rate was only at eight per cent. Twenty years later, unfortunately, the percentage has not changed, despite the increase in the number of trade unions and their members.

To date, major unions in Malaysia only include teacher unions, plantation workers, commercial workers, bank staff and also transport work-

ers. The manufacturing sector still has the lowest membership rate compared with other industries. Higher membership rates are concentrated in the electric power and water supply industries, and in plantation sectors, according to the ILO study.

With drastic reforms in our labour policies, there will be a tremendous change in the way employees and employers behave and interact with each other and with regulators.

The control imposed by the government on the activities of the trade unions will be lessened significantly.

In the short term, there will be adjustment costs, as the trade unions, employers, and the government will try to maximise and manoeuvre within their new boundaries; be it in the form of additional rights for the unions, or in the form of policy space for the regulators.

Whichever way you see it, without doubt the strengthening of our labour policies will be a game-changer that can be the enabler to propel Malaysia into a developed nation status, where workers' rights are protected and upheld.

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