



European Union
Statement

International Labour Conference
104th session
(1st - 13th June 2015)

Committee on the transition from the informal to the formal economy

Opening EU Statement

Geneva, 1st June 2015

- CHECK AGAINST DELIVERY -

International Labour Conference
104th session
(1-13 June 2015)
Committee on the transition from the informal to the formal economy

Opening EU Statement

Thank you, Chairperson.

I am speaking on behalf of the European Union and its Member States.

I would like to begin by congratulating you on your appointment as Chairperson of this Committee and wish you success in guiding our deliberations.

We thank the Office for the excellent report and the proposed Recommendation put forward for discussion during this Committee. We appreciate as well the efforts made by the Office to prepare this Committee through informal consultations among all constituents.

We acknowledge that the informal economy comprises many realities and represents a substantial share of the economy in many countries. We therefore acknowledge the particular relevance of this recommendation to the reality and challenges of labour markets in developing countries. At the same time, we share the view that in many circumstances the informal economy does not guarantee fair and adequate working conditions and can deprive workers from enjoying fundamental and basic rights at work. This phenomenon is widespread all over the world and addressing it with appropriate measures will be a step forward in the promotion of decent work at a global level.

We support the basic principles and objectives of the proposed Recommendation and share its contention that promoting a progressive transition from the informal to the formal economy will contribute to better working conditions, to reach gradually the objective of social protection to all and a higher level of living standards for many people worldwide.

We reiterate the fact that the proposed instrument has relevance to the European Union and its member States which are exposed to certain degree of informality in employment practice. According to estimates, the share of undeclared work was considered to be equivalent to 18.4% of European Union GDP in 2013, and the shadow economy was estimated to EUR 1.87 trillion in

2013. This phenomenon has adverse impact on our economies, as it is a driver for unfavourable working conditions for the workers, unfair competition with respect to the formal sector, a threat to the rule of law, and a major source of state revenue losses.

The European Union has decided to address this issue resolutely and is currently making progress in setting up a European platform to enhance cooperation in the prevention and deterrence of undeclared work through improved cooperation between Member States. We assume that this approach, among others, can have relevance for many countries in the world in their attempt to build a fair system which provides people with an adequate standard of living.

We believe that the Recommendation on transition from the informal to the formal economy will be pivotal to governments to address this multifaceted issue. For that reason, the instrument while setting ambitious standards for the well-being of workers, should take a pragmatic approach and provide national authorities with practical guidance, taking into account the specific country contexts. For example a clarification of the applicable rules to dependent workers and own account workers would be welcomed in this regard.

In defining this instrument, we should pay attention to not endanger the means of subsistence of millions of workers. We consider it crucial as well to develop the Recommendation in complementarity with the Recommendation on Social Protection Floors. A right combination of sound social protection systems with decent working conditions and enhanced voice for informal workers should be at the heart of measures addressing this important challenge.

We hope that the future Recommendation will aim at reaching the common goal of providing millions of people currently in the informal economy with rights, voices, dignity and safe working conditions as part of the transition.

We look forward to the Chairperson and to the Office guiding our work and to working together with other governments, employers' and workers' representatives to fulfil our tasks in the Committee, and we will put all our effort into contributing to a fruitful discussion.

Thank you Chairperson.