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# THE LABOR SECTOR AND U.S. FOREIGN ASSISTANCE GOALS

## GEORGIA LABOR SECTOR ASSESSMENT EXECUTIVE SUMMARY



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Source: CIA World Factbook

# EXECUTIVE SUMMARY

Georgia currently faces a number of economic and political challenges. First, Georgia confronts an increasing level of poverty and unemployment, with workers who are ever more vulnerable in light of the global economic crisis and lack of social safety nets. Second, the external security threat posed by Russia and the ‘territorial integrity’ question of the territories of Abkhazia and South Ossetia, formerly under Georgian control prior to the August 2008 war, is a pressing concern which has overshadowed many other issues. This threat has also posed the related problem of dealing with roughly 250,000 internally displaced persons (IDPs) from Abkhazia and South Ossetia. Third, Georgians are increasingly frustrated with national political leaders, as exhibited in the spring 2009 protests, yet lacking a viable opposition to support; the country must find a way to make the political process more responsive to the needs of a broader cross-section of the population. A particular challenge is a weak and marginalized civil society, with a low level of public understanding and trust in civic organizations, including trade unions. Finally, having committed itself to external economic orientation, and joining the European Neighborhood Program and the European Union (EU)’s generalized system of preferences plus (GSP+), Georgia must meet certain standards and establish economic, political, and education and training systems that will enable Georgians to take advantage of new trade and investment opportunities and cope with competition from regional and global trade and investors.

The largest organized labor group, as well as the largest membership-based civil society organization (CSO), is the Georgian Trade Unions Confederation (GTUC). After undergoing leadership changes in 2005, it is in the process of transforming itself from a Soviet-era union to an independent organization, taking steps toward internal reform and increased transparency and democratic governance. However, it faces a number of obstacles, including: addressing the Soviet-era mentality of the population, and some union members and leaders, regarding the role of trade unions; government policy toward labor relations; and generally low understanding of civic participation and how joining with others can help individuals to achieve rights and solve problems. There remain huge gaps in union representation as the retail, private- and foreign-owned industry, small business, and other less formal sectors have extremely low proportions of unionized workers. There are very few means, formal or informal, for these non-unionized workers to have their concerns addressed by the government. The Tripartite Social Dialogue agreement signed in late 2008 presents an opportunity, but needs to be further developed and institutionalized.

Recent analysis shows that many labor-related policies, whether they are concerned with crafting a new labor code, improving the skill match between workers and employers, ensuring a climate where the freedoms necessary for workers to organize exist, or increasing protections for workers, are closely related to broader goals of democracy and governance. In particular, labor sector programming might contribute to improved public participation in civic activities through increased capacity of trade unions to educate members and advocate for reforms, as well as increasing public trust through providing a viable voice for workers generally. In addition, more effective and responsive democratic governance and improved judicial independence and capacity can be facilitated through the efforts of trade unions and CSOs to improve labor-related legislation and government services. Labor programming can contribute to economic growth objectives for improved economic competitiveness and welfare, through increased labor organization understanding of government reforms and linkages to efforts to improve vocational training and assist vulnerable populations.

Over the long-term, the ultimate goal is for workers’ rights to be protected and international core labor standards promoted through support for vibrant, independent, and democratic trade unions and CSOs that promote labor rights, labor justice, and the representation of workers’ interests and their participation in local and national arenas.

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