



## FOURTEENTH ITEM ON THE AGENDA

**Report of the Working Party on the Social Dimension of Globalization****Oral report by the Chairperson of the Working Party, Mr. Philippe Séguin, Government delegate of France**

1. The purpose of the report is to present the salient points of the Working Party's discussion of 15 November 2004. The substance and the character of the discussion, which focused on the follow-up action to be taken on the report of the World Commission on the Social Dimension of Globalization, were especially productive and encouraging.
2. In his presentation of the document before the Working Party, the Director-General first emphasized that the initiative and the results obtained showed that the ILO's dialogue-based methodology could be effective and could produce recommendations that were both relevant and balanced on subjects of crucial importance. He also recalled that the decisions on the follow-up action on the Commission's recommendations remained the responsibility of the Governing Body and the International Labour Conference, and this had been decided when the Commission was set up. The process in question was a gradual one, which allowed progress to be made step by step. After the Working Party's meeting in March 2004, and following the discussion on the Director-General's Report to the Conference, he had considered that this new meeting would provide an ideal setting for a strategic debate which would allow more precise orientation of the Office's activities – other Committees, such as the Programme, Financial and Administrative Committee (PFAC), having some days before examined ways of translating these ideas into specific programmes. The Director-General mentioned the strong demand among the constituents for integrated and coherent responses to globalization, both at the national and global levels. That demand for greater coherence was felt far beyond the ILO. The initiatives to enhance policy coherence proposed by the World Commission and set out in the Office document should therefore lead to a common approach with regard to specific problems, which would involve harnessing together the efforts of the various multilateral organizations concerned. In this regard, participation in an initiative on growth, investment and employment should be based on the extensive knowledge of economic realities found among the ILO's constituents.
3. The discussions had taken place in a cordial and constructive atmosphere. Many participants had spoken, touching on a wide range of subjects. All the observations that had been made would obviously be considered and analysed in depth by the Office. A certain number of areas of convergence had emerged during the discussions.

- Speakers expressed their appreciation for the efforts made by the Office to promote the dissemination of the report as soon as it was published. The Working Party also noted with satisfaction the many positive reactions at the national and international levels to the results of the Commission's work. This had helped the ILO to enhance its visibility and had provided it and its tripartite constituents with an opportunity to exercise greater influence on the course of globalization.
- A significant number of important activities had already been implemented in many countries, and several Government representatives had offered their support to the Office in different areas of the programme of work approved by the Governing Body. This included the organization of workshops or seminars to allow discussion and dialogue on certain recommendations made in the report, or support to specific activities, especially at the national level.
- The importance of regional initiatives in support of the Commission's report was also emphasized by several speakers. Reference was made in particular to the recent Extraordinary Summit of the African Union on Employment and Poverty Reduction, and the communication of the European Commission to the European Council.
- It was agreed that one way in which the ILO could adjust the course of globalization was to ensure that decent work was a global objective. That objective needed to be incorporated in the commitments made by the international community to implementing the Declaration and the Millennium Development Goals. It was essential to encourage the creation of decent jobs if a fair globalization and a sustainable reduction in poverty were to be achieved. That fact highlighted the relevance of the ILO's standards and strategic objectives in finding a cogent response to the challenges of globalization.
- Activities to boost the implementation of the Decent Work Programme (including the four strategic objectives) at the national level were also regarded as indispensable. The fundamental role of employment and decent work, as well as that of the social partners, in poverty reduction strategies – in particular the Poverty Reduction Strategy Papers (PRSPs) – was emphasized by many of the delegates. The importance of action to promote better governance at the national level was also referred to. The Employers' group emphasized the crucial contribution to development of the ILO's competencies in areas such as promotion of entrepreneurship, creation of small enterprises, and youth employment. In this context, the Workers' group highlighted the fundamental role of standards and of decent work, and recalled that the Global Employment Agenda had been considered by everyone as a key instrument.
- Forging effective partnerships within the multilateral system was vitally important to any successful follow-up action. Promotion of greater policy coherence, which included the integration of economic and social policies and paying greater attention to the social dimension of globalization, was a fundamental objective. Improving the existing dialogue and collaboration between the ILO (and its tripartite constituents) and the international economic and financial institutions was a highly desirable goal.
- It was important to be realistic and to recognize the limits of the ILO's financial and human resources. On the other hand, realism should not lead to inertia. On the contrary, the existence of such limitations should encourage the development of concrete but imaginative proposals within the current budget constraints, which could also attract support within the Governing Body, as well as additional extra-budgetary resources.

- The process of determining the follow-up programme should be firmly anchored in the ILO's institutional structure. This required the necessary tripartite consultations so that a consensus could be achieved in the Governing Body on all the items that could be included in the follow-up, and on the best way of carrying out these activities.
- These activities should be well within the ILO's mandate and not encroach on those of other international organizations, although it was acknowledged that there were areas of overlap, such as the link between growth, investment and employment. There was a call to respect the mandates of the different organizations. The type of follow-up required to strengthen partnerships and ensure policy convergence was seen as being fully in keeping with the mandate contained in the Constitution and the Declaration of Philadelphia, and with recent decisions by the International Labour Conference and the Governing Body. It was pointed out that, within the ILO's broad mandate, priorities should be established based on the Organization's comparative advantage.
- Stringent criteria should be applied when determining priorities. The process should be based on the Report of the Director-General and the views expressed on this subject at the Conference. Within this framework all the proposals should be concrete and realistic, and detailed information on estimated costs and benefits should be provided, as was the case for all ILO programmes.

#### 4. Certain preferences were expressed with regard to specific aspects of the follow-up.

- There was support for the policy coherence initiative on “growth, investment and employment”. The Workers' group, as well as several Government representatives, pointed out that this initiative would enable the ILO to discharge its constitutional and moral responsibility to engage in studies and debate on how macroeconomic and other economic policies affected the decent work objective. The Workers' group also argued for the consideration of issues of current concern, such as the social impact of the imminent restructuring of the global textiles and garment industries or the case of export processing zones. The Employers' group were in favour of activities in areas where the ILO had a real comparative advantage, such as employment generation (through the private sector and enterprise development, labour market policies and skills development through educational and training programmes) and, most importantly, integration of the informal economy. Several Government representatives stated that the ILO should play its role in promoting policy convergence and expressed their willingness to support such efforts. One indicated that the ILO should be involved in the discussion of issues related to global governance.
- A number of speakers pointed out that inequalities between countries had grown in the last decades, and that this had had major repercussions on many categories of workers and their families. They supported the observations in the report of the World Commission with regard to meeting the commitments undertaken at major international conferences such as the International Conference on Financing for Development held in Monterrey in 2002, mentioning in particular an increase in the resources provided to developing countries, and action relating to trade policies, specifically access to markets and special treatment for less developed countries. These points should be taken into account in the different initiatives proposed by the Office under the follow-up.
- There was general interest in the potential usefulness of policy development dialogues as an instrument for follow-up. It was agreed that each of the subjects proposed by the World Commission and taken up in the Office document should be the starting point for further in-depth and specific development on a

case-by-case basis. Several speakers highlighted the importance of addressing the issue of cross-border movement of people. One Government representative recalled the priorities set forth in the discussion of the Director-General's Report at the Conference and stressed the importance attached by his country to further discussion of a socio-economic floor and voluntary private initiatives. Another speaker, while expressing support for policy development dialogues, stated that they should not address the issue of a multilateral framework for investment. A speaker from the Workers' group wished to clarify this point, indicating that the intention was not to embark on a new attempt at a Multilateral Agreement on Investment (MAI), but rather to look at ways of maximizing the benefits of foreign direct investment (FDI) for developing countries and for workers.

- There was general interest in the idea of a globalization policy forum and a request was made for fuller and more specific information. However, the Employers' group did not support the initiative at present. The group did not include the idea among its own institutional priorities, and did not think such a forum was a priority for the ILO among the recommendations of the World Commission. The Office would undertake the necessary tripartite consultations and report to the Working Party in March 2005.
  - As regards paragraphs 20-26 and the possibility of increasing the ILO's capacities, there was interest in this proposal. It was generally agreed that there should be further reflection and tripartite consultation before this matter could be examined in an appropriate way by the Governing Body. The Workers' group hoped that this question might be considered when drafting the agenda of the Conference for 2007.
  - The Workers' group called upon the ILO to launch a campaign to combat all abuses of workers' rights in export processing zones. They also stressed the timeliness of looking more closely into the consequences of the rapid growth in global supply chains, as well as the issue of corporate social responsibility (CSR). In this respect, the Employers' group suggested that CSR should be examined by the Working Party in future. A discussion of this nature would be based on the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and research carried out by the Office. A number of Government representatives highlighted the importance of promoting national development in a context of rapid changes in global production systems and the multilateral trade system.
  - A number of suggestions were made concerning immediate actions that could be taken. The Presidency of the European Union and the European Commission thus proposed that the Director-General should approach the Secretary-General of the United Nations so that the latter might take into account the recommendations of the World Commission during the review of the Millennium Declaration, which would take place in September 2005. As part of the policy to disseminate the report of the World Commission, the Workers' group suggested that the Office should continue promoting the translation of this report into the national language or languages of each member State.
5. The quality of the discussion yielded a wide range of specific ideas and preferences with respect to possible modalities and issues that could be included in the follow-up. The Office would ensure that each of these would be carefully and duly examined. There was unanimous support for the proposal in paragraph 45 of the document, inviting the Office to put forward more detailed proposals on the most important areas for future action, with a view to discussion in March 2005. The broad agreement reached on some fundamental objectives and basic parameters for the follow-up process had provided clear guidelines for the preparation of this paper.

Geneva, 17 November 2004.