



NINTH ITEM ON THE AGENDA

Report of the Working Party on the Social Dimension of Globalization

Oral report by the Chairperson of the Working Party

Summary of the discussion

1. I opened the meeting by recalling that in March the Working Party had requested the Director-General to consult widely and prepare a paper presenting ideas for enhancing the action of the Working Party. The paper GB.281/WP/SDG/1 was the product of this process and I looked forward to an important debate.
2. The Employers' group recalled its worries that meeting during the Conference posed a number of practical difficulties for the preparation of the meeting and these had been borne out. They still detected a tendency for the Office papers to understate the positive aspects of globalization, which could not be blamed for all social ills. While appreciating the value of a medium-term framework for the agenda of the Working Party, the flexibility to respond to topical issues should not be lost. They welcomed the emphasis on drawing on the expertise of other agencies in the preparations for its meetings. High-level exchanges could be useful but needed careful preparation and consultation to be effective. The idea of an authoritative report on the social dimension of globalization had value but the group sought more clarity on the role of the Working Party in its preparation. The process of its preparation should be transparent and not sideline the ILO's constituents who should retain control through the Working Party and the Governing Body. Nor should the process call into question the tripartite nature of the ILO through the indiscriminate involvement of non-governmental organizations. Subject to these qualifications, the Employers' group had a positive view of the paper. The Workers' group expressed some frustration with the slow pace of progress in the Working Party now in its seventh year. However the paper did try to remedy this weakness. One omission that would need to be redressed was the absence of a gender dimension in the consideration of how to advance policy integration. The Workers' group wanted practical progress and action, and viewed with suspicion press reports that some governments might use the Working Party as a tactic to avoid addressing the issue of labour standards and trade in other organizations. The international trade union movement would continue to campaign on this issue in other forums. Nevertheless, they could support the proposals in the paper provided there was agreement on getting an output

from the process within a defined and reasonable period of time. They favoured the ideas of a commission and a report although a number of practical problems would have to be addressed. A more detailed paper would be required in November to explain how a commission would work. While sharing some of the concern of the Employers over the ILO's relations with the NGOs, they considered that relevant NGOs could make a useful contribution to the Organization's work.

3. A large number of governments welcomed the initiative of the Director-General in presenting important issues in the paper. Developing country delegates emphasized the importance of a balanced approach to the future work taking into account both development and equity aspects of the problems of the social dimension of globalization. They stressed that studies by the Working Party should be based on the principle that labour standards should not be used for protectionist purposes and the comparative advantage of developing countries should not be called into question. The Working Party should continue to proceed on the basis of consensus. The proposal for one or more small technical workshops was supported, provided it reflected an equitable balance and different shades of opinions. The Office's technical capabilities should be strengthened. Consideration of the social dimensions of globalization needed to be founded on study of a wide range of issues related to poverty reduction and employment including trade and investment, technology transfer, the link between the regulation of financial markets and social stability, the volatility of capital flows and participation in decision-making structures of the international economic system. They highlighted the need to improve the data needed for the empirical studies required for better understanding of issues. With regard to the proposed report, a number of developing countries expressed the view that it should not be restricted by deadlines and should be conducted by the ILO. A number of countries held the opinion that consultation on the option of a global commission of eminent personalities should continue for consideration at a later stage. On the issue of the trade aspects of the social dimension of globalization, the importance of examining questions such as the effects of barriers to agricultural trade, safeguard and anti-dumping measures, technical barriers to trade and similar issues was mentioned. Health and education should also be covered in the report.
4. A large number of developed and developing countries' governments expressed broad support for the propositions in the paper including the idea for occasional high-level segments or sessions, the preparation of an authoritative report and a global commission. Several, while favouring the idea of a commission, expressed willingness to consider other options. In preparing a report, they thought the ILO should cooperate with other international organizations. They also supported the suggestions for improving the technical capabilities of the Working Party through expert meetings, hearings and task forces with other organizations. Some, however, expressed some reservations on the role of other international organizations, and on the procedures and transparency of any possible hearings. Some speakers highlighted the need for an early discussion on voluntary private initiatives. In progressing with the ideas in the paper, the importance of strengthening the Office's capacity for economic analysis was important, especially for the dialogue with other international organizations. A number of speakers urged that poverty reduction feature prominently in examining the way in which the ILO's decent work agenda could contribute to policy integration. The target of the 2003 International Labour Conference for a report received support whilst it was also recognized that, given the relatively short time, it would have to concentrate on mapping out issues and identifying further steps. The related issue of the ILO's support for capacity building to enable developing country governments, employers and unions to meet the challenge of the social dimension of globalization was also raised.
5. Responding to the debate, the Director-General observed that one of the major challenges for the Working Party to overcome was lack of trust in the capacity of a multilateral

system to address in a truly balanced way the complex question of the social dimension of globalization. This was perfectly understandable given the experience of many countries, but recognizing the reality of this problem was an essential first step to moving forward. With regard to the role of the Working Party in relation to the report, he stressed the need to separate the process of preparing a report from any subsequent action by the ILO. The report envisioned in the paper would need to be comprehensive and balanced in its coverage of the range of economic and social issues involved in globalization and the comments received were welcome and could be fitted into the overall framework. Development aspects would be central since many of the social problems were most acute in the developing world and particularly the least developed countries. It should not however neglect the social issues in developed countries. As well as encompassing the variety of perspectives of countries at different levels of development, the report would examine the concerns of employers and workers.

6. With regard to the process of preparing the report, the Director-General said that, in theory, he could take the subject of the social dimension of globalization for his regular thematic report for the 2003 International Labour Conference, and prepare it in the normal way. However, on this issue he preferred to work with the Working Party, and do it as a sort of common process within his overall responsibility, keeping the Working Party regularly informed of progress, seeking its comments and consulting widely with the Governing Body members. Following presentation of the report to the Conference, it would be a natural act of respect given its coverage and potential use by the UN system to present it to the UN Secretary-General. He felt that making it available to heads of other agencies would also be normal in the process of inter-secretariat collaboration. This timetable would ensure that the process did produce results but clearly the report should not aspire to be the last and definitive word on the social dimension of globalization. Realistically, it could well prove to be a first step in a continuing process. He felt that despite some worries about the proposal to consult widely and in depth with the secretariats of other organizations in the preparation of a report, he felt confident that the ILO could manage the process well to the satisfaction of everybody. He therefore proposed to continue his consultations, including on the modalities of a commission's relations with the Working Party, the overall responsibility of the Director-General and the form in which a report would be presented to the Conference, and bring the results to the November meeting.
7. Commenting on the debate, the Worker's group expressed support for an emphasis on development issues that they shared, as the majority of workers they represented were from developing countries. There appeared to be broad support for the proposals in the paper with only differences on whether to set up a commission now or later. The group favoured an early decision, as delay would mean over a decade having passed before substantial action had been decided upon. They also favoured further consultations on how and when to take up the important issue of voluntary private initiatives. The Employers' group appreciated the attention given to their concerns regarding transparency and the role of the Working Party in relation to the report. They had heard others echoing their positive attitude to enhancing the action of the Working Party. Like the Workers, they were open to further consultation on how to handle discussion of voluntary private initiatives, but believed it more properly belonged in the Employment and Social Policy Committee. A developing country Government representative commented that the debate had relieved a number of concerns. The credibility of the exercise envisioned depended on building the trust of developing countries in the product and the process, which in turn rested on a strong emphasis on the development dimension especially the importance of employment opportunities to poverty reduction.

Conclusions

8. In my concluding remarks, I highlighted three very important aspects of the discussion. One was the question of maintaining tripartite control over the process. It was felt that the consultations should continue on this subject, especially with a view to clarifying what the role of the Governing Body would be. A second aspect was transparency. There was a lot of concern that in this process all decisions should only be taken after full consultation. For example, while everybody agreed with the idea that the technical capabilities of the Working Party should be raised, different views were expressed on specific ways in which this should be done. So more consultations were desirable on specific points. The final point was the question of the development dimension of the whole exercise. While these points were actually present in the paper, they should be made more explicit. The contributions of the different groups of countries as well as the social partners had helped to have these developmental considerations properly reflected in whatever was done.
9. I then summarized the agreements that I felt had been reached. The first was that the Working Party had embarked on a process and not a final action. However, it had to take meaningful initial steps otherwise the process itself would lose credibility. One such step that was not controversial was the question of raising the technical capabilities of the Working Party and having specific subjects for meetings decided in advance. I thought this had general agreement since I did not hear any opposition. On the contrary, I heard many people say that employment was a very important aspect to be considered in this context and the first item was precisely on trade liberalization and employment. It was also clear that investment, seen in a broader context, was accepted as an important subject with special emphasis on poverty eradication.
10. There was also general agreement on the question of having a permanent forum for exchange of views and dialogue. There could be high-level meetings but these would be decided on an ad hoc basis. There would have to be prior consultations under the proper constitutional processes of the ILO.
11. On the third point, there was general agreement as to enhancing the ILO contribution to an integrated policy framework. In this context, there was broad support to the notion of a report on the social dimension of globalization. There were different views on the issues to be covered in such a report but these were not contradictory to the suggestions made in the paper, which were seen by some as insufficient. Therefore more attention should be given to particular aspects such as those related to the development dimension, eradication of poverty and other questions. The Director-General had taken note of these comments and would take them on board when consulting on the parameters of the report. On the proposal for a commission there were expressions of different preferences. I did not really actually hear any opposition to the idea of having a commission. I heard ideas on how it should be constituted, how it should receive inputs from this or that area, how the report should be prepared, but I did not really hear any opposition to the idea of a commission. Several delegations said in a joint statement that it would be better to decide on the issue in two years' time. Yet it was important that the Working Party act by consensus. There was consensus that the idea of a commission was worth pursuing. Moreover, since it would be very difficult to agree in the abstract to a commission it would be sensible to authorize the Director-General to proceed in his consultations and, of course, then the final decision would be taken in November in the light of what he brings back to us.
12. I explicitly asked the members of the Working Party if they felt comfortable with these conclusions. I think I am on solid ground to say that this is so.