



## FIFTEENTH 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, France)**

1. The purpose of the report is to present the salient points of the Working Party's discussion of 21 March 2005. Real progress had been made since the November 2004 meeting in defining specific ways of following up the report of the World Commission on the Social Dimension of Globalization, as well as the specific role of the ILO firmly anchored in its core mandate. A consensus emerged within the Working Party that the promotion of decent work as a global goal was the ILO's distinctive contribution to ensuring progress towards a fair globalization.
2. The Working Party had the honour to welcome the European Union's Commissioner for Employment, Social Affairs, and Equal Opportunities, Mr. Vladimir Spidla, who spoke during the opening session. In his introduction of the speaker, the Director-General observed the growing convergence between the agendas of the European Union (EU) and the ILO, and that the promotion of decent work as a global goal, and the concerns and action relating to the social dimension of globalization, had become integral parts of the EU's strategy both within the enlarged Union and in its relations with the wider world. Mr. Spidla elaborated on these points, noting that the ILO had a vital role to play in the global political dialogue that was seeking to forge partnerships for greater policy coherence within the multilateral system. Arguing that the confidence of citizens depended on our capacity to reduce the stark inequalities which inadequate global governance of globalization had in part created, he noted that the EU's Council of Ministers had given its full support to the World Commission's efforts to reinforce the social dimension of globalization, and noted that the EU embeds a social dimension in its bilateral and multilateral agreements and in its external cooperation.
3. The European approach was founded on two main principles that were similar to those of the ILO: the need to focus on growth and on quality employment, an objective that was behind the revision of the Lisbon Strategy; and the effort to modernize social policy through the new European Social Agenda. The new Agenda and the approach adopted by the ILO to promote decent work for all converged in at least four ways:
  - First, coherent and comprehensive action was needed to roll back the informal economy and give full support for the Doha Development Agenda on opening national markets to products from developing countries.

- Second, it was essential to promote youth employment, and the Agenda was wholly consistent with the aims of the Youth Employment Network. The Commissioner assured the Working Party of the EU delegation's active participation in the discussion on youth employment at the forthcoming session of the International Labour Conference.
  - Third, it was important to promote fundamental rights and dignity at work, without which it would be impossible to stem the "brain drain" from developing countries. ILO Conventions on fundamental rights at work, including freedom of association and the right to collective bargaining, had to be respected and ratified by all member States.
  - Fourth, ten years after the Fourth World Conference on Women, held in 1995 in Beijing, it was still necessary to combat discrimination at the workplace, including gender discrimination, and to encourage greater labour market participation by women. The Commissioner noted that in order to achieve these objectives, partnerships needed to be constructed for a fairer globalization. It was in this context that he found the paper before the Working Party to be particularly relevant, since it called for closer partnerships with the international agencies that developed economic and social policies, and he supported without reserve the three mechanisms proposed in the paper. He cited the increasingly close collaboration between the EU and the ILO, founded as it was on a shared respect for tripartism and social dialogue.
4. Mr. Spidla consistently emphasized the need for a holistic approach to economic and social policy-making and, in response to a question from the Director-General, said that the Czech experience indicated that successful integration involved looking at all the consequences of policy choices, involving a broad range of actors, and striking an appropriate balance. Employers' delegates emphasized that there could be no social dimension to globalization without growth and jobs. Things had to be considered in the right order, beginning with growth and employment. These in turn raised issues of governance, the rule of law, corruption and the informal economy, all of which needed to be addressed if growth and employment were to be promoted. The Workers' delegates noted the importance of encouraging the economic and social councils to make their views heard at the national level in the EU. Dialogue needed to be structured between the finance and trade ministries, on the one hand, and the labour ministries and social partners, on the other. The economic and social council model ought to be of relevance at the international level as well. While the Workers' delegates welcomed efforts by the ILO to enter into greater dialogue with the international financial institutions and the WTO, they considered that there needed to be a structured way in which the social partners could participate in these policy rounds at international level, as they did at the OECD. There was no shortage of good will in trying to promote greater policy coherence but results thus far had been meagre. The ECOFIN Council needed to engage more effectively with this agenda.
5. In his introduction of the paper before the Working Party, the Director-General began by noting that the World Commission's report had been welcomed and endorsed in a wide range of institutional contexts at the international, regional and national levels. There was, for example, a reference to the need to promote a "fully inclusive and equitable globalization" in the United Nations General Assembly Resolution (A/RES/59/57) of December 2004 on the World Commission report. Similarly, the African Heads of State, in the Declaration of the African Union Extraordinary Summit on Poverty Alleviation and Employment Creation, held in 2004 in Ouagadougou, agreed to support and implement the recommendations in the World Commission's report. The Director-General noted that the ILO's own contribution to an inclusive and equitable globalization was through the Decent Work Agenda, which could best be pursued only if the ILO worked with all who shared its views. The ILO's main comparative advantage lay with its long experience of social

dialogue and consensus building. On this basis the ILO was surely well placed to work for policy coherence. It was what had enabled the World Commission, made up of members of widely divergent views, to produce a report at all. The ILO had shown that it could shepherd this process through to a successful outcome.

6. The Director-General noted that the paper before the Working Party contained three ideas on how to harness dialogue to promote the aim of decent work as a global goal. The first of these was the idea of policy coherence and the proposal for collaboration across the multilateral system on growth, investment and employment. The ILO was already pursuing a policy coherence agenda in the normal course of its work. Its contribution to the Ouagadougou Summit had enabled it to encourage policy coherence across 15 international organizations. He noted that greater coherence was every bit as important at the national level, and observed that this was the aim of decent work country programmes (DWCPs) and of ILO involvement in poverty reduction strategy papers (PRSPs). The aim was not to create new institutions, but to work more effectively with existing ones. The Director-General invited the constituents to make available to the Office their own experts on the world of work and thus to tap the knowledge already available in the ILO. The Office in turn would come back to the Working Party in November 2005 with a preliminary reflection on the relationship between growth, investment, and decent work in light of the Working Party discussions.
7. The second idea was for a Globalization Policy Forum (GPF), with the successful Global Employment Forum of 2001 as a possible model. Here, the intent would be to create a space, with the ILO's constituency playing a central role, for dialogue at the top level, both within the United Nations and outside the multilateral system. The ILO was uniquely placed to do that because its tripartite structure gave the ILO a natural tendency to seek and find balance. The third idea was for Policy Development Dialogues with the aim of seeking solutions to problems that affected the core concerns of the ILO but which depended on factors outside its mandate. The example of restructuring under way at the global level and, more particularly, the restructuring that was occurring in the garment and textile industries as a result of the dismantling of the Agreement on Textiles and Clothing was offered. The Director-General concluded by stressing the timeliness of those efforts as the ILO could make a distinctive and important contribution to the review of the follow-up to the Millennium Declaration and progress made in implementing the Millennium Development Goals (MDGs) by the United Nations General Assembly in September.
8. The Working Party's discussion of the paper and its three proposed ideas resulted in the following conclusions with regard to the proposed Policy Coherence Initiative (PCI):
  - The Working Party as a whole showed agreement that the ILO should strengthen its partnership with the other agencies of the multilateral system, in particular the World Bank, the IMF and the WTO, within the respective mandates of each institution. Delegates noted that the strength of the Office lay in its ability to concentrate on activities in which the Organization had a real value added. Delegates were pleased that the first PCI on the aforementioned theme had been progressing with only a relatively modest demand on the Office's human resource and budgetary constraints. Many delegations had expressed the wish for more information on the progress of the initiative, while nevertheless encouraging the Office to continue its efforts. Both Employers' and Workers' delegates underscored the need for the Office to pursue policy coherence not only at the international level, but at regional and national levels as well. The Employers' delegates noted in particular that it was national governments that needed first and foremost to promote policy coherence and that the Office might begin its work at the local level. A Workers' delegate observed that a PCI at the international level should also aim to allow the multilateral system to produce coherent policy advice on national policies.

- Some delegations, such as the delegates speaking on behalf of the European Union, the Latin American countries and the Caribbean countries, respectively, called for greater government involvement in the initiative. One suggestion called for the governance structures of the international financial institutions and the WTO to be informed and consulted, while another recommendation was for government involvement in the meetings of the PCI.
  - While support for the topic of growth, investment and employment was widespread, other topics were also mentioned as relevant. The World Bank representative, expressing the willingness of his institution to work on policy coherence, noted that in his view there was a need to focus on rural job creation, the transition from informal to formal work, and the employment impact of trade in services. The Government delegate from Brazil felt the focus should be on growth and investment, but attention should also be given to the informal economy, while the Employer Vice-Chairperson felt that the topics of migration, the informal economy and SMEs were important.
9. The paper's proposals concerning the elaboration of Policy Development Dialogues (PDDs) also met with agreement in the Working Party. Workers' delegates suggested that the topic of export processing zones be retained for one such dialogue. Employers' delegates pointed to the need for some internal coherence in Office activities, referring first to the theme of corporate social responsibility and then to that of the consequences arising from the expiration of the Agreement on Textiles and Clothing as already subjects of meetings the Office would organize during the course of the year. A Government delegate noted that the objectives of a PDD could sometimes be met by expanding participation in such meetings. Several delegates held that the theme of trade policy change in the garment and textile industries was an important one for dialogue.
- A number of other policy gaps were noted, including the areas of foreign direct investment and migration. Workers' delegates also called the attention of the Working Party to the desirability of addressing the issue of migration. Government representatives noted that the theme of an integrated approach to decent work was promising and that PDDs should be clearly focused on the world of work, and more specifically on migration, technology and the informal economy, and recommended that the Office draw up a full list of issues. The Government delegate from India noted that there should be no bias in favour of developed countries in the selection of themes and, in particular, that a PDD should not address linkages between trade policy and labour standards.
10. When discussion turned to the GPF, a number of Government delegations, including the Latin American and Africa groups, as well as the Workers, offered their support. As in November 2004, the Employers' delegates indicated that they still did not support the proposal for a GPF in view both of its cost as well as the relevance of the diverse points of view of those who would attend. Several speakers were of the opinion that, if the proposal were to be retained for further discussion, it should be on the basis of a scaled-back event, as proposed in paragraph 29, with very concrete terms of reference which the Working Party could examine in November 2005. Additionally, a certain number of ideas were put forward:
- Several African Government delegates voiced support for a GPF, one speaker finding such a forum to be very much an implied outcome of the Ouagadougou Summit, while another underscored the need for a GPF, in particular to address problems that no one country alone could address, such as human trafficking. With regard to representatives from other regions, some Government speakers held that a GPF could be useful in looking at a new development model with people at its centre, and welcomed the concept of a GPF, hoping that the Office would present a specific proposal in November.

- Workers' delegates voiced support for the idea of a GPF as they had done at the meeting of the Working Party during the November 2004 session of the Governing Body. They queried, however, whether a major one-off event in Geneva, on its own, could adequately address the concerns of workers and their families who wanted to know how to enter the labour market and who were concerned about their future. It would perhaps also be best to set the stage by assembling a group of experts chosen on a tripartite basis to first examine issues relating to globalization at several national levels. If workers were to consider a GPF relevant to them, it was important that their concerns should be accurately reflected, and a preliminary procedure could go some distance towards ensuring that that would occur.
- Several delegations had expressed concerns over costs. In that context, the proposal in paragraph 29 for a more modest forum, initially mentioned by the Workers, could be entertained. The Government delegate from China noted that limited resources required priorities to be set and his delegation preferred, at that point, to support the PCIs. The Government delegate from Nigeria, speaking on behalf of the Africa group, acknowledged the cost of a GPF and recommended that complementary funding be sought, in particular, from other organizations in the United Nations system.

**11.** Four other themes emerged from the discussion:

- The first was the proposal for a state of globalization report, which was of interest to a number of speakers, although they wished to have more information on the proposed content of such a report at a future meeting.
- The second was the need to distinguish more clearly the various mechanisms, both to avoid duplication and to ensure that efforts were clearly focused on what they were trying to achieve. It might be possible to streamline and combine those.
- The third, expressed in particular by the representative from the World Bank and a Workers' delegate, underscored the need for any mechanism to proceed on the basis of solid research. The World Bank was pleased to note the Office's efforts to strengthen its evidence-based research capacity, because policy, in order to be coherent, should be based on sound, empirical foundations. Research, including that based on the knowledge and experience of ILO constituents, should be combined with discussion of the political challenges involved.
- The fourth concerned the role of the Working Party. A number of speakers, supporting greater dialogue with the international financial institutions, suggested that the issues proposed for dialogue and consensus building merited discussion in the Working Party itself, with a wider range of actors. It was, however, noted that the limited frequency and duration of Working Party meetings pointed to the need for other occasions for dialogue.

**12.** In his reply to the discussion, the Director-General noted the progress that had been made since November in identifying the best way forward and addressed some of the issues raised in the debate. He assured participants that there was no danger of the ILO straying from its core mandate and activities: the promotion of decent work as a global goal situated the ILO squarely within its role in the multilateral system. In fact, the Programme and Budget for 2006-07 was clearly anchored in the four strategic objectives of the ILO. The call that the national, or even local, level in PCIs should not be neglected was similarly part of the existing ILO agenda, and was the basis of ILO technical work in DWCPs. Concern had understandably been expressed about the urgency to move from talk to action. He stated that a number of measures had already been provided for in the programme and budget, for example, the InFocus Initiatives pertaining, on the one hand, to corporate social responsibility and, on the other, to export processing zones. He observed

that the three mechanisms discussed all had a common foundation – social dialogue – which was precisely the comparative advantage of the ILO. Finally, with regard to cost concerns, it could be noted that there were no fewer than 29 meetings and forums of various sorts scheduled for the remainder of 2005, as part of the normal course of ILO activities. The proposal for a GPF should be seen in that perspective.

**13.** The meeting resulted in a clear consensus on the promotion of decent work as a global goal as the ILO's distinctive contribution to a fair globalization. The next steps that the Office could take, in November, to move forward could be:

- to give effect to the suggestion of the Director-General that a paper presenting initial results on the linkages between growth, investment, and decent employment, and drawing on the experience and knowledge of the constituents and their experts, be presented to the Working Party in November;
- to report on the status, at the political and substantive levels, of the PCIs, on the same theme;
- to formulate specific proposals and select issues to be considered as a priority for PDDs, and to do so according to the potential for synergies among the three mechanisms proposed in the discussion of the present paper;
- to propose possible themes and other modalities with regard to a state of globalization report;
- to submit a concrete proposal for a GPF, taking due account of paragraphs 19 and 29 and the views expressed in the discussion.