

THE WORLD COMMISSION ON THE SOCIAL DIMENSION OF GLOBALIZATION

Editorial

The World Commission on the Social Dimension of Globalization, made up of 22 eminent persons, had its inaugural meeting after the Governing Body at the end of March. The IOE President and Executive Vice-President (ex-officio) are amongst its members. The creation of this Commission is a personal success for the ILO Director-General, Juan Somavia, and a unique challenge for the Organization as a whole.

At present, there is a general recognition in the ILO that the liberalization of national economies has the potential to bring substantive benefits. Globalization has been spectacularly successful for many of those countries that have embraced it. In China, for instance it is estimated that, in the twenty odd years since the economy has started to liberalize, the number of rural poor has declined from 250 million to 34 million. The fundamental issue for employers and a key challenge for the Commission is to examine why many countries have been excluded from globalization, to explore the reasons why this is the case and what are the policies required to rectify it.

While employers enter the Commission with a positive frame of mind seeking a balanced and fair outcome, they do have concerns. In the first instance, it is important that the Commission does not try to eclipse or contradict the workings of the Governing Body Working Party on the Social Dimension of Globalization. The Commission needs also to ensure that it listens clearly to the concerns that may be raised by the ILO's constituent groups, that it does not look for solutions in past failures and finally that it makes the best use of its time by identifying key areas and not trying to solve all the problems all at once.

The Commission is scheduled to have four meetings in total (March, June, October 2002 and January 2003). The IOE will keep members informed of its progress and will canvass the views of experts in certain fields, where appropriate. At its preliminary meeting on 25 March, the Commission expressed its intention to approach a selected number of enterprises before the end of the year. This will probably be done through the newly established IOE Enterprise Advisory Group. For the employers in the ILO, the World Commission is a tremendous challenge to refocus and improve the institutional debate on globalization.

Antonio Peñalosa
Secretary-General

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International Labour Organization	
<p>At the outset of the debate on Standards Reform in 1999, one of the employers' main concerns was to solve the credibility crisis of ILO standards. This led to the adoption by the IOE's General Council of a position paper in 2000. The standards discussion was meant to be a global review of all aspects of standards-related activities. Two years later, the debate seemed to be losing a bit of its momentum and some started to question whether the ILO has achieved enough. Although the employers could be satisfied with some of the progress achieved – particularly in the area of standard-setting - several issues remain outstanding (i.e. the supervisory machinery and their procedures, entry into force and denunciation of Conventions). The following working plan for the next two years was agreed upon:</p> <p>November 2002: “Promotional activities: advocacy, training and technical assistance and cooperation”. This debate is timely, as it will give the ILO guidelines on the manner in which the conclusions of next year's integrated approach debate on health and safety should be dealt with.</p> <p>March 2003: “Final provisions: entry into force and denunciation of Conventions”; “Drafting of proposed standards”; and “Improvements of questionnaires sent by the Office to constituents”. From an employers' perspective, the main concern is the subject of entry into force and cycles of denunciation, as current ILO practice has led to rigid provisions that deter ratification of new standards.</p> <p>November 2003: “Article 24 procedures”. This could be considered as the first incursion in the subject of the ILO's supervisory machinery. In the past, employers have expressed their concerns with the way article 24 procedures (complaint mechanism) have been used – or abused - by the workers. The IOE's aim will be to put in place some sort of filtering mechanism to prevent the misuse of the system.</p> <p>March 2004: “Articles 19 and 22 of the ILO Constitution”. Although not a priority for employers, this subject is important, as these two constitutional provisions are the basis of the regular ILO supervisory system.</p> <p>For further information: http://www.ilo.org/public/english/standards/relm/gb/docs/gb283/pdf/prs-4.pdf</p>	<p>ILO Standards reforms</p>
<p>Throughout this meeting (25- February – 1 March) the issue of Global Framework Agreements was to the fore. Increasingly, unions are seeing these as a mechanism to increase their influence and to halt declining membership. There have been some recent examples of these types of agreements being signed by some large MNEs in this particular sector - for example, Statoil (Norway), Freudenberg (Germany) and Endesa (Spain) have all signed global accords with ICEM. Most of these agreements allow for some form of monitoring by the union of the companies' activities and a reporting mechanism. In Endesa's case the agreement provides for the setting up of a global council composed of management and unions which will meet regularly.</p> <p>The employers' view at the Oil and Gas meeting was that, while these agreements may be suitable for some companies, they are not suitable for <i>all</i> companies and cannot be interpreted as representative of an industry as a whole. However, as evidenced by this meeting, this route of global agreements will be an increasing feature of discussions between MNEs and unions.</p> <p>For further information: http://www.icem.org/agreements/agrindexen.html</p>	<p>Tripartite Meeting on the Promotion of Good Industrial Relations Practices in Oil and Gas Production and Oil Refining</p>

<p>An ILO tripartite meeting on employment, employability and equal opportunities in the postal and telecommunications services will be held in Geneva, May 13 to 17. The meeting will address the following areas:</p> <ul style="list-style-type: none"> • The impact that new technologies are having on the sector • The digital divide between rich and poor countries • The impact on employment due to technological advances, privatization and reorganization • The importance of training and retraining in IT and other areas • Assisting workers and management in adapting to new equipment, new forms of ownership and new ways of working. 	<p>ILO Tripartite Meeting in the Postal and Telecommunications Services sector</p>
<p>An ILO tripartite Forum was convened in Geneva on 25 and 26 March last, to stimulate dialogue on the aims and application of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The Forum was centred around an exchange of views and practical experiences on <i>The MNE Declaration Principles and Regional Economic and Development Frameworks; Vocational Training and Re-Training in Changing Markets; and Maintaining High Standards of Safety and Health</i>. Subsequently, three working groups were set up to identify strategies to promote security of employment; create the infrastructure for decent work; foster effective means of consultation, negotiation and bargaining; and secure a common floor of fundamental principles and rights at work.</p> <p>There was a general recognition throughout the discussions of the positive impact MNE operations were having worldwide. For example, one government representative highlighted that in his country, MNEs tended to be more interested in general and further education than local enterprises, leading to an increase in the level of qualifications and to higher wages. Participants acknowledged that, while the MNE Declaration was as relevant today as it was when it was adopted 25 years ago, little was known of it outside the ILO, especially among MNEs themselves. And while most major MNEs were doing more than what was recommended in the Declaration, there is a need to make its principles better known, especially to smaller MNEs. To this end, proposals were put forward to hold similar Fora at the regional / sectoral level and to promote the Declaration among CEOs as well as among trade unions working in multinational enterprises.</p> <p>Summing up, Renate Hornung-Draus, the Employers' Vice-Chairperson of the Subcommittee on MNEs, said that the ILO Declaration should be promoted as a universal basic reference on corporate social responsibility, with emphasis on its voluntary character, the primacy of national law and equality of treatment between MNEs and national enterprises.</p> <p>For further information: http://www.ilo.org/public/english/employment/multi/forum.htm</p>	<p>ILO Forum recognizes positive impact of MNE operations</p>

**United Nations Agencies and other
International Organizations News**

WTO Director General Mike Moore told the International Conference on Financing for Development, held from 18 to 22 March in Monterrey in Mexico, that developing countries would gain more than 15 times the estimated US\$10 billion needed to achieve the core Millennium Development Goal of universal primary education, if trade was further liberalized. Abolishing all trade barriers could boost global income by US\$2.8 trillion and lift 320 million people out of poverty by 2015, he said, citing World Bank estimates. And developing countries need not wait until the conclusion of the Doha Development Round, he added. South/south trade in the 1990s grew further than world trade and now accounts for more than one-third of developing country exports, or about \$650 billion. The World Bank reports that 70% of the burden on developing countries' manufactured exports result from trade barriers of other developing countries.

**Monterrey
Conference**

The Conference adopted the "Monterrey Consensus" as the outcome document of the Conference. According to this document, governments resolve to address the challenges of financing for development around the world, particularly in developing countries. Their goal is to eradicate poverty, achieve sustained economic growth and promote sustainable development in the following way: mobilizing domestic financial resources for development; mobilizing international resources for development/foreign direct investment (FDI) and other private flows; international trade as an engine for development; increasing international financial and technical cooperation for development; external debt; and addressing systemic issues. The Consensus recognises that mobilizing domestic financial resources will be enhanced by: good governance; fighting corruption; sound macroeconomic policies; securing fiscal sustainability; social security and safety nets; financial sector strengthening; and capacity-building. The UN Secretary-General will submit an annual report on follow-up efforts and there has been a call for a follow-up international conference to review the implementation of the Consensus, the modalities of which will be decided no later than 2005.

Leaders from member and observer States of the recently inaugurated [New Partnership for Africa's Development](#) (NEPAD) held a summit at the end of March in Nigeria to discuss priority projects for the organization. African leaders examined a report on proposed NEPAD programmes including peace and security, agriculture and market access, capital flows, economic and corporate governance, infrastructure and human development. The group aims to draw an annual US\$64 billion in foreign investment to Africa and to bring the region into the global economic mainstream. The meeting also drew up NEPAD's presentation for a June Group of Eight summit in Canada. Countries represented at the summit were Algeria, Botswana, Cameroon, the Republic of the Congo, Egypt, Ethiopia, Gabon, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Tunisia and Zambia, with observers from Ghana, Sao Tome and Principe, Tanzania, Uganda and Zimbabwe has not been included in NEPAD.

**African Summit on
NEPAD**

Further information is available at: www.dfa.gov.za/events/nepad

<p>The World Trade Organization will host a public symposium from 29 April to 1 May 2002 on the challenges and opportunities arising from the Doha Ministerial Declaration. Participants from governments, parliaments, civil society, academia and the media are invited to discuss how the new negotiations can address key challenges facing the multilateral trading system. For further Information:</p> <p>http://www.wto.org/english/tratop_e/dda_e/symp_devagenda_02_e.htm</p>	<p>WTO to host public symposium on the Doha Development Agenda</p>
<p>The UN Commission on Sustainable Development (CSD) began its third preparatory session in New York on 25 March for the World Summit on Sustainable Development, which will be held Aug. 26 August – 4 September in Johannesburg. The two-week session will review the CSD chair's paper that was transmitted to the second preparatory session which points to endemic poverty, unsustainable lifestyles and environmental degradation as major concerns that continue to plague the world ten years after the 1992 UN Conference on Environment and Development in Rio de Janeiro. The Commission will release a comprehensive review of its action plan from the Rio conference, also known as Agenda 21. The final document will be presented at the Johannesburg summit. Three working groups will take up issues in the paper such as poverty eradication, sustainable consumption and production, management of natural resources, globalization, health and strengthening governance for sustainable development.</p> <p>For further Information: http://www.un.org/esa/sustdev/csd.htm</p>	<p>World Summit on Sustainable Development</p>
<p style="text-align: center;">IOE Activities</p>	
<p>The IOE Enterprise Advisory Group has been finalised and will hold its inaugural meeting in October in Geneva. The rationale behind the establishment of the group was predicated by the growing practice within international organizations to enter into direct contact with business. The Enterprise Advisory Group consists of senior executives drawn from companies nominated by member federations. Discussions with this group will add to the IOE's understanding of the issues confronting business today and will supplement the policy responses formulated by the IOE through its member federations in the ILO and other international fora. The group's agenda for the coming year will include subjects such as corporate social responsibility and, in particular, globalization.</p>	<p>IOE Enterprise Advisory Group</p>
<p>The Employers' Federation of Thailand (ECOT) in consultation with UNDP and supported by the Partnership Facility, completed a 10 month Global Compact project in December 2001. With a limited budget and strong leadership from ECOT, the results have proven to be quite impressive. For instance, a new partnership with one of the leading national educational institutions was established which will promote the values of the Global Compact through curricular and teaching courses designed specifically for young business people. Views and experiences on such issues as HIV/AIDS, human rights and local governance capacities in the work place, were shared and could serve as best practice examples. Due to the strong promotion of the principles of the Global Compact by the project leaders, awareness amongst business people has risen considerably as witnessed by the increased numbers of companies in the task group meetings and thematic workshops, with companies from all economic sectors participating. For example, the first pilot project was the Electricity Generating Public Company Limited, the largest independent power producer in Thailand, which will introduce the Global Compact in the area of the environment.</p>	<p>Global Compact: IOE meets Kofi Annan</p>

<p>On April 26th an IOE delegation, lead by IOE President François Perigot, will meet with UN Secretary General Kofi Annan in New York to present him with all replies and updated Global Compact contributions received from member federations and to discuss with him future IOE involvement in the Global Compact.</p>	
<p>The Federation of Employers Association of Seychelles (FEAS) has launched a programme on HIV/AIDS and the workplace. The IOE provided technical support at a three-day training seminar for human resource managers of member companies that followed the launching ceremony.</p>	<p>Seychelles HIV/AIDS Programme</p>
<p>The Swiss cooperation agency will finance the joint ETUC/IOE programme on labour law, the purpose of which is to create a network of experts in labour law in employers' and workers' organizations throughout the region. This programme will be managed by the IOE with the support of the Croatian member (HUP) and will include the eight countries of the Stability Pact (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Romania and Yugoslavia). Concurrently, the ILO office in Budapest will manage a project on social dialogue. A second programme on human resource and vocational training is currently being considered by the French Ministry of Cooperation and, if launched, this would be managed jointly by MEDEF and the IOE.</p>	<p>Stability Pact for South Eastern Europe</p>
<p>The Serbian and Montenegrin Union of Employers is expected to become the 136th member of the IOE at the General Council in June. Time has been difficult for a number of years for employers in Serbia and Montenegro, but there are positive signs emerging from the region in recently and the Stability Pact for South Eastern Europe is playing a positive role in strengthening the capacity of employers' organizations. We look forward to welcoming our newest member and reaffirm our commitment to be of practical and ongoing assistance to them.</p>	<p>New IOE Member</p>
<p>The G8 will organize a meeting of Labour Ministers in Montreal (Canada) at the end of the April the theme of <i>The knowledge imperative, skills and learning challenges for the 21st century</i>. The IOE will be represented by Alain Dumont (MEDEF, France) and Anna Walker (USCIB, USA). Also in April (23 and 24), the ILO, in cooperation with the World Bank, UNESCO, OECD and the EU will organize a workshop on <i>Knowledge and skills for productivity</i>. The objective of this meeting is to review, exchange and disseminate national, regional and international experiences of training policy reform, supporting increased investments in learning and training, and developing national skill recognition and qualification frameworks.</p>	<p>Human Resource Development</p>
<p>OTHER NEWS</p>	
<p>The ICTFU has launched a publication on globalization entitled "A Trade Union Guide to Globalization." The key tenet of this publication is to further emphasize the need to strengthen international trade union co-operation, and to show how workers can use global trade union organizations to engage their common employers, MNE's. The publication rails against the perceived loss of control that governments have over the process of globalization. Lobbying for changes in international institutions and influencing and engaging MNE's are also among the topics covered in the guide. The paper reiterates the ICTFU position of linking labour standards to trade. The guide also promotes the use of framework agreements, which a few MNEs have adopted. The paper can be downloaded from : www.icftu.org</p>	<p>ICTFU publishes guide to globalization</p>

<p>Seventeen paper and graphical trade unions in 11 countries resolved to build global trade union networks at four multinational companies in the paper, packaging and graphical industries - Finnish-based Huhtamäki, Irish-based Jefferson Smurfit Group plc and its affiliated company Smurfit Stone Container Corp, Canadian-based Quebecor Inc. and Swedish-based Svenska Cellulosa Aktiebolaget. These companies employ approximately 170,000 people in over 40 countries around the world. The unions agreed to form global union networks for workers to share information and experiences and develop new tools for unions to contend with the challenges of globalization. This strategy seems very much in line with ICEM's aim of creating, where possible, global agreements and other similar mechanisms.</p> <p>For further information: http://www.icem.org/update/upd2002/upd02-14.html</p>	<p>Paper and Graphical Unions Forge Cross-Border Networks</p>
<p>Trade union membership has been falling across the industrialised market economies in recent decades and this seems to be the case relatively uniformly across the EU, Japan and the USA. According to most commentators, this is due largely to a number of common trends such as a decline in employment in traditionally high-unionized manufacturing industry and the growth of lower-unionized services employment, and increasing levels of 'atypical' employment. A common trend across the EU (at both European and national levels), Japan and the USA is towards consolidation and merger of trade union organizations. Although union density (i.e. the proportion of those in employment who are union members) varies considerably among EU Member States, average EU levels as a percentage (unweighted for the different sizes of the 15 countries) at 44% are over double those in Japan (21.5%) and over three times those in the USA (13.5%). These are some of the findings in the <i>Industrial Relations in the EU, Japan and USA 2000</i> report. For further information:</p> <p>http://www.eiro.eurofound.ie/2001/11/feature/tn0111148f.html</p>	<p>Declining Union membership</p>
<p>It appears that the transition to monetary union in the EU has been a difficult adjustment for some German unions. The reality of the single currency is that it lays prices bare across the 12 Member State euro-bloc, leading to increased competition for goods and services, labour included. Christian Noyer, Vice-President of the European Central Bank recently predicted that the euro would usher in decentralized bargaining to reflect the entrepreneurial diversity of the 12 disparate economies. In addition to enforcing 'wage discipline' he said it would erode the old centralized wage cartels. Countries no longer have the ability to devalue the national currencies to increase competitiveness, and labour costs now have a direct correlation with national competitiveness.</p> <p>All this makes IG Metall's (Germany's largest union and usual trend setter for wage negotiations) demand for a 6.5% increase all the more baffling, coming particularly at a time when Germany, Europe's biggest economy, is desperately in need of a kick start. IG Metall's policy of keeping wage elasticity to a minimum has blocked the emergence of a low wage sector in Germany, thus keeping unemployment high. The reality is that, with unrealistic wage claims like this, companies will, all things being equal, relocate to a more competitive environment. Indeed, according to the West European Metal Trades Employers Organisation there is evidence this is a happening already, with the migration of German manufacturing jobs to lower cost environments, such as Portugal.</p> <p>Source: International Herald Tribune, Handelsblatt, Dow Jones Newswire</p>	<p>German Unions struggle with new European Paradigm</p>

<p>Increasingly governments are taking a more interventionist role with regard to CSR. Recently, the French government outlined a series of social and environmental indicators that companies must legally report on from next year. Corporations will have to report on three main areas - the workplace, community involvement and the environment, and publicly listed enterprises will have to include relevant information in their annual reports. The Swedish government has asked companies to sign a commitment to uphold international standards on CSR. This comes on the back of a government Commission to examine Sweden's policies on global sustainable development.</p> <p>The Chinese government, in close collaboration with the China Enterprise Confederation, has agreed to the formation of a business council for sustainable development. Similar initiatives on sustainable development constructed along comparable lines are also happening elsewhere. A Portuguese business council was launched last year, a Korean business council is due to be launched shortly and in Ecuador a business council board, which has already met three times, is due to be formally launched later this year. For further information: www.globkom.net & www.legifrance.gouv.fr</p>	<p>Corporate Social Responsibility</p>
<p>More than 100 facilities in 24 countries across Asia, Africa, Europe and the Americas covering some 25 industries including clothing, footwear, toys, food, and cosmetics are now certified to the SA8000 humane workplace standard which was established three years ago. The list of companies includes Carrefour, the world's second largest retailer; Toy's 'R' Us, the world's leading toy seller; Otto Versand, the largest catalogue retailer in the world; Dole, the world's largest producer of fresh fruits and vegetables; and Kesko, the largest retailer in Finland. However the number of companies currently using SA8000 is quite low – and some companies have expressed reservations about it. The nine elements of the standard include: No child labour; No forced labour; A healthy and safe workplace; Freedom of association and right to collective bargaining; No discrimination; No unjust discipline; Limits on working hours; Basic needs wage; Management systems for long term compliance.</p> <p>For further Information: http://www.globalreporting.org/AboutGRI/SA8000.pdf</p>	<p>The SA8000 Humane Workplace Standard</p>
<p>In response to a recent OECD review of Ireland's legislative process, the Irish government has set up a high level group to examine, through a public dialogue, regulation in the various areas of economic and social life. The key questions in this process are:</p> <ul style="list-style-type: none"> • Why is there a need for regulation in certain areas? • What are the choices that are made in deciding how to regulate? • Who is the real beneficiary of regulation and are there alternative methods (e.g. information campaigns, taxation, codes of practice, grants, fines, user charges) to achieve these benefits? <p>The three main themes around which the consultation is structured are: performance of the economy and consumer welfare; quality of governance; efficiency and effectiveness of the public service. This document, which could serve as a useful template for other countries, is available online at: www.betterregulation.ie.</p>	<p>Irish to improve regulation process</p>