

GLOBAL FRAMEWORK AGREEMENTS

Editorial

In general terms, trade union strength has been falling across the industrialised market economies in recent decades. Global Framework Agreements (GFAs) are one reaction to this trend. These agreements, which principally concern core labour standards and are negotiated between a particular union and a multinational enterprise, are a relatively new concept, but in a short period of time seem to have attracted a great degree of prominence. They generally apply throughout the relevant company and in some instances also have implications for local suppliers.

The key issues with these agreements are: they are a completely new concept and their legal implications remain vague; they can have implications for existing partnership arrangements and practices with local unions at a national level; they are seen as a long term arrangement to be renewed when required; and they may have unpredictable effects and be used by unions as benchmarks across an industry. Perhaps the greatest danger in relation to GFAs is the latter point – the prospect of a sectoral approach. This approach continues to concern the IOE for the simple reason that what might work for one company will not necessarily work for another. If a company signs up to a GFA then it is its own decision and one that it has concluded makes sense for its organisation. This may not be the case for other similar companies, which should not feel pressurised into signing an agreement simply because a competitor has. *GFAs are not a public relations exercise and have real industrial relations implications for companies.*

Another process that is happening concurrently is increased trade union collaboration across borders, which can manifest itself through unions in one jurisdiction playing a direct role in industrial disputes in another. Over the last number of years there have been numerous instances of this kind of activity, including coordinated transnational boycotts, and the trend appears to be on the increase. The International Metal Workers Congress (2002) has formalised this procedure, which actively promotes the principle of *Sympathy Strikes & Actions Across Borders*. There is a growing trend to extend more formative structures to this form of cooperation as well as to actual union mergers.



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<p>There are many unanswered questions. What is the final destination of this strategy – is it a sectoral approach to GFAs? Is it to impose international labour standards on companies? What are the implications for suppliers? Will those companies that do not sign be signalled out for coordinated union action?</p> <p>This is an area that enterprises need to be fully informed of and aware of the entire range of implications. In this regard the IOE will continue during the year to exchange information, share experiences and reflect collectively on these agreements and cross border trade union approaches.</p> <p style="text-align: right;">Antonio Peñalosa Secretary-General</p>	
<p>President of FEDECAMARAS arrested</p>	
<p>The violent arrest by the Venezuelan authorities on 19 February of Carlos Fernández, President of FEDECAMARAS (the IOE member federation in Venezuela) is a cause for serious concern for the IOE and the international business community.</p> <p>IOE President François Perigot, Executive Vice-President Daniel Funes de Rioja and Secretary-General Antonio Peñalosa have written to Venezuelan President Hugo Chavez expressing the Organisation’s deep concern at the situation and reminding him of the civil rights which are an essential component of the principle of freedom of association, as recognized by the ILO core labour standards, ratified by Venezuela, and requested Carlos Fernández’s immediate release. They have also requested assistance in this urgent matter from César Gaviria, Secretary-General of the Organization of American States as well as from Juan Somavia, Director General of the ILO.</p> <p>Annexed to this IOE.net is an IOE Declaration delivered a few hours after the detention to the international press.</p> <p>Member federations are urged to contact their governments and the Venezuelan representatives in the country to convey their concerns on the situation and to send support to FEDECAMARAS: intfedecamaras@telcel.net.ve</p>	<p>Venezuela</p>
<p>International Labour Organization</p>	
<p>Momentum is building behind the Youth Employment Network (YEN) which now has received funding from the Swedish Government to establish a secretariat at the ILO. A series of expert meetings were held recently with the active participation of IOE members and the Secretariat, in addition to a meeting of the High Level Panel in January. Between now and July the YEN Recommendations, which were initially formulated in 2001, will be updated. Work is being organised in four groups according to the four pillars (employability, entrepreneurship, equal opportunities and employment generating macroeconomic policies) and will intensify in the coming few months. Employers will play a key role in this process.</p>	<p>Youth Employment Network</p>

<p>The key momentum to the process comes in the form of the Resolution that was adopted in December by the UN General Assembly and co-sponsored by 106 Member States. The Resolution encourages Member States to prepare national reviews and action plans on youth employment and invites the ILO (in collaboration with the other stakeholders) to assist and support their efforts in this process, in addition to undertaking a global analysis and evaluation of progress made. A progress report will come before the next General Assembly. The High Level Panel will meet again on 1-2 July to finalise the updated Recommendations and to report to the Heads of the UN, World Bank and ILO. Formal delivery of the Recommendations to the UN Secretary-General will follow at the end of July/early August.</p> <p>For further details contact Gary Rynhart: rynhart@ioe-emp.org</p>	
<p>Delegates attending the next Governing Body can expect to find some eighty plus working papers waiting for them. The obvious question is: can any one delegate seriously be expected to read – and be able to react to – this amount of information? The danger is that, in the morass of paper, there are many real and very serious issues.</p> <p>Some of the blame for the current situation lies with delegates, as calls for a paper on a particular subject have occasionally in the past been made a little too hastily. But this does not detract from the simple fact that the ILO Governing Body is increasingly resembling a series of technical meetings and not what it should be – an actual governance structure. The process of reforming the International Labour Conference will begin at the next Governing Body. Reform of the Governing Body is equally important.</p> <p>For current Governing Body papers: www.ilo.org/public/english/standards/relm/gb/docs/gb286/index.htm</p>	<p>The March Governing Body</p>
<p>The IOE facilitated the ILO in reaching an agreement with Real Madrid and FIFA to promote its IPEC programme through the ‘Red Card to Child Labour’ initiative. The event took place on 18 December – World Football Day – at a match between Real Madrid, who were marking their centennial anniversary, and a world selection team. At a pre-game ceremony, football players entered the stadium accompanied by 22 children wearing T-shirts with the logo of the campaign and raised special red cards to demonstrate support for an end to Child Labour.</p> <p>At a public ceremony in the Santiago Bernabéu Stadium on the eve of the match, Kari Tapiola, ILO Executive Director and Florentino Pérez Rodríguez, the President of Real Madrid, signed an agreement of mutual collaboration on the Red Card campaign. The agreement has been facilitated by the IOE and the Spanish Employers' Confederation (CEOE). IOE Secretary-General, Antonio Peñalosa, witnessed the signing along with José María Cuevas, President of CEOE, representatives of the Spanish Government, including Eduardo Zaplana, Minister of Labour and Social Affairs, and Joseph Blatter, President of FIFA.</p>	<p>Child Labour</p>

<p>In a new study, the ILO estimates that the number of unemployed worldwide grew by 20 million since the year 2000 to reach a total of 180 million at the end of last year. In addition, the report says the weakness of labour markets has reversed recent reductions in "working poverty" achieved in the late 1990s. Particularly hard hit have been women and youth, who often have jobs that are particularly vulnerable to economic shocks. Among the major findings in the report:</p> <ul style="list-style-type: none"> • At the end of 2002, the number of working poor, or workers living on \$1 or less a day, resumed its upward trend, returning to the level of 550 million recorded in 1998; • While the global economic slowdown and post September 11 developments increased unemployment worldwide, Latin America and the Caribbean were hit hardest, with recorded joblessness rising to nearly 10 per cent; • To absorb new entrants into the labour market and reduce working poverty and unemployment, at least one billion new jobs are needed during the coming decade to get on track for the UN goal of halving extreme poverty by 2015. <p>For further information : www.ilo.org/public/english/bureau/inf/pr/2003/1.htm</p>	<p>New ILO Report on Global Employment Trends</p>
<p>United Nations Agencies and Other International Organizations News</p>	
<p>At the request of UN Secretary-General Kofi Annan, IOE President François Perigot has joined the Global Compact Advisory Council as the only representative of an international business organisation. The Advisory Council was established as a result of the rapid growth of interest in the Global Compact amongst companies and will advise the Secretary-General on the further promotion of the Compact.</p> <p>As part of the activity associated with the Global Compact, the Global Compact Office organises annual policy dialogues on the contemporary challenges of globalization, providing a platform for an exchange of views between business, labour and civil society. The first of these focussed on “the role of the private sector in zones of conflict”, looking at how the private sector can work with labour and civil society on initiatives related to conflict prevention and peace building. The second dialogue was devised in support of the World Summit on Sustainable Development and explored practical experiences dealing with sustainability. As of January 2003, six major meetings have been organized and eight self-sustained working groups are active.</p> <p>Copies of both reports of these dialogues are available at: www.unglobalcompact.org</p>	<p>IOE President Perigot attends Global Compact Advisory Council</p>

<p>Arab countries should remove tariffs and other barriers among themselves, liberalize trade in services and encourage the establishment of large Arab transnational corporations in the region if they hope to maximize the benefits of globalization and reduce its adverse affects, according to a new United Nations report the "Annual Review of Developments in Globalization and Regional Integration in the Countries of the ESCWA Region, 2002 " – the principal publication of the Economic and Social Commission for Western Asia. The report, which assesses the extent to which the Arab world has become part of the world economy and follows up on progress made towards Arab regional economic integration, examines the extent of progress by focusing on four main indicators: trade, foreign direct investment, communications and tourism. The report also recommends establishing links between stock markets in Arab countries as well as a regional bank aimed at financing development in the region.</p> <p>For further information: http://www.escwa.org.lb/</p>	<p>New UN report on globalization in Arab countries</p>
<p>The UNDP is providing \$3.5 million under a funding programme to the New Partnership for Africa's Development (NEPAD). According to the UNDP the programme entails the following strategic objectives:</p> <ul style="list-style-type: none"> • to strengthen the capacity of the NEPAD Secretariat, enabling it to enlist experts to promote NEPAD's objectives. • to help develop an advisory panel to advise "on the evolution of NEPAD". Such a panel is expected to meet twice a year and include representatives from the public sectors, civil society and private sectors of the five African sub-regions. • to enhance the ability of the NEPAD Secretariat to manage democracy and good governance under an African peer review mechanism. • to assess the performance of NEPAD's external partners, and promote NEPAD goals at country level. <p>For further information: www.undp.org</p>	<p>The UNDP and the New Partnership for Africa's Development</p>
<p>Progressing the areas of the Doha Development Agenda that need resolution in time for the Fifth Ministerial Conference in September in Cancun, Mexico, have proven difficult.</p> <p>The Trade Negotiating Committee met during the first week of February to take stock of progress in negotiations (it will now meet on a monthly basis) and the WTO General Council also met during the same period with new chairs being appointed for the regular standing bodies for 2003. However, problems are being encountered in a variety of areas, with deadlines missed. For instance, negotiations in the Committee on Agriculture (CoA) continue to raise concerns. While there has been some progress on issues such as tariff quota administration and export credits, in other areas such as interpretation of the Doha mandate, divisions on special and differential treatment and the role of non-trade concerns remain outstanding. A draft proposal by the Committee Chair, which controversially called for halving current export subsidies within six years and ending them in ten, formed the centrepiece of (difficult) discussions at the most recent ministerial meeting in Tokyo. The resulting lack of progress demonstrated the very real political difficulties of this issue for many countries.</p>	<p>Doha Development Agenda</p>

<p>The Council for Trade-Related Aspects of Intellectual Property Rights (TRIPPS) has encountered considerable difficulties in moving forward with discussions which have been protracted and fractious. According to the Doha Declaration, the Trips Council must find an expeditious solution by the end of 2002 to the problems countries may face in making use of compulsory licensing (i.e. the practice by a government to authorise itself or third parties to use the subject matter of a patent without the authorisation of the right holder for reasons of public policy) if they have insufficient or no pharmaceutical manufacturing capacity. Much of the difficulties in the Council have focused on the issue of how extensive disease coverage would be (i.e. beyond HIV/AIDS, malaria, tuberculosis and similar diseases). However, there have been some recent positive developments with intensive efforts from the outgoing Chair, with some tentative indications that progress can be made.</p> <p>The danger is that without incremental progress the burden that will be shifted to the Cancun meeting may place impossible constraints on the effectiveness of that meeting. Intensive efforts need to be made in the coming months.</p> <p>For further information: www.wto.org/english/news_e/news_e.htm#news</p>	
<p>The International Standardization Organizations' multi-stakeholder strategic Advisory Group on Corporate Social Responsibility, which the IOE is represented on, concluded its second meeting in February with fairly limited recommendations. This was contrary to the impression conveyed in its press release following the meeting. The group agreed that ISO should:</p> <ul style="list-style-type: none"> • develop a technical report (informative only) that gives context, examples of principles, and case studies; and • after the technical report is completed, develop a justification study to assess whether a guidance standard on CSR is needed. <p>The ISO Technical Management Board will decide how the technical report will be developed, probably with input/guidance from the Advisory Group with the Advisory Group then probably undertaking the justification study.</p> <p>Importantly, the Group is recommending that any work by ISO should address the social responsibility not only of business corporations, but of all types of organizations.</p> <p>For further information: www.iso.org.</p>	<p>International Standardization Organization CSR Advisory Group Recommendations</p>

IOE Activities	
<p>This meeting for employers from Arabic-speaking countries of the Middle East and North Africa, organized with the local support of the Federation of Egyptian Industries and the ILO Cairo Office, was the first of its kind held to introduce the nine Principles of the Global Compact to representatives from organisations in the region. In addition to explaining the Principles and how employers' organisations can provide leadership in promoting the Principles, the meeting, through working groups, looked to develop action plans for follow up at the national level. The meeting was also supported by representatives of UNDP, UNEP and UNHCHR and the UN Global Compact Office.</p> <p>For further details contact Brent Wilton: wilton@ioe-emp.org</p>	IOE/ILO Inter-regional Meeting on the Global Compact
IOE Members	
<p>The East, Central and Southern African employers' organisations will hold their annual conference in Nairobi at the end of the month (24-25 February), hosted by the Federation of Kenya Employers. The main agenda item is the role of employers' organisations in the promotion of NEPAD and other growth and development initiatives in Africa. Other key issues to be discussed include: current developments in tripartism and social dialogue; national social protection schemes; the role of the national employers' organisations in combating HIV/AIDS in the workplace; Child Labour; the role of employers' organizations in the promotion of cooperatives; Corporate Social Responsibility; and changes in national economic and social conditions.</p> <p>The FOPAO, a sub-regional employers' organisations grouping in West Africa, will host a seminar in Ouagadougou, Burkina Faso (24 -25 February) on the theme of regional economic integration and international cooperation. The seminar will bring together employers' organisations from the Economic Community for West African Countries (ECOWAS). Specific issues to be addressed include support programmes for the private sector, particularly SMEs, and harmonisation of labour laws within ECOWAS.</p> <p>For further information, contact Frederick Muia: muia@ioe-emp.org</p>	African Employers' organizations
<p>In February 2002 member federations from the ASEAN region met in Singapore with the support of the Nikkeiren International Cooperation Centre (NICC) to identify ways in which they, in their national context, could look to explore ways to promote the Global Compact to their members and to identify concrete proposals to demonstrate the Principles in action. Each organisation was required to present a progress report on their initiatives to date and to exchange experiences as part of this ongoing implementation programme. A follow up meeting, which will be hosted by the Board of Directors and Chief Executives of the ASEAN Confederation of Employers (ACE) and the Nikkeiren International Cooperation Centre (NICC), will take place at the end of February to assess progress on the conclusions and recommendations of the 2002 workshop.</p>	ACE/NICC Global Compact Workshop

Other News

The third A.T. Kearney/Foreign Policy Magazine globalization index has once again revealed that the most global economies tend to be small nations for which openness allows access to goods, services and capital not readily available at home. Ireland, Switzerland, Singapore and Sweden ranked as the world's most global nations.

The index employs indicators spanning information technology, finance, trade, politics, travel and personal communication to evaluate levels of global integration in dozens of advanced economies and key emerging markets worldwide. In their definition, globalization entails a dense web of cross-border relationships that range from the very evident (the spread of disease) to the very subtle (the spread of ideas).

The world's most global countries boast greater income equality than their less global counterparts – a counterpoint to the common argument that developing countries are poor and unequal because of globalization. With few exceptions, countries that scored high on the Globalization Index enjoyed greater political freedom and a comparison of the index rankings with Transparency International's survey of perceived corruption suggested that public officials in the most global countries are less corrupt than their counterparts in closed economies. Among emerging markets, Southeast Asia could again claim the title of the world's most economically integrated region. As a share of GDP, Southeast Asia's exports grew by more than 22 percentage points since 1995. For further information:

www.foreignpolicy.com/issue_janfeb_2002/global_index.html

Globalization index

- The Belgian Government officially launched its social label initiative at the end of January. The label will identify products made in compliance with the ILO's eight fundamental Conventions. In order to attain the label, a company should prove that it (and any sub-contractors) respects the eight ILO Fundamental Conventions. It should also be subject to checks by bodies accredited by the Belgian Ministry of Economic Affairs.
- The International Council of Toy Industries (ICTI) is to begin an 'ethical auditing process' of manufacturing sites. The process will entail site visits to see if factories are complying with the ICTI's code of business conduct.
- Discussions currently under way by Australia's investment regulator include proposals to require managers of newly created pension funds and other investment products to disclose 'the extent to which labour standards or environmental, social or ethical considerations are taken into account' and how they put such policies into practice.
- The Italian region of Umbria has introduced a law that allows SA8000 certified firms to join a dedicated SA8000 register, with firms on the register receiving priority when companies are chosen to run Government franchises.

Corporate Social Responsibility – recent news

<ul style="list-style-type: none"> • Social performance indicators for financial institutions have been set out in a supplement to the Global Reporting Initiatives guidelines on sustainability reporting. The finance supplement says banks and insurance companies should report on what they are doing to improve access to financial services to disadvantaged populations and SMEs, reduce debts for developing countries, and offer products likely to appeal to ethical investors. • Finally, the Roundtable of the European Commission’s multi-stakeholder CSR forum will hold its first meeting later this month. At least eleven further roundtables are expected to held before June 2004. 	
<p>The second “Preparatory Committee meeting” for the World Summit on the Information Society will take place in Geneva this month. Preparations are evidently in the early stages and a clearer picture of what the principal areas will be is yet to emerge. The background document for this preparatory meeting lays emphasis on the importance of information and communications technologies as a tool for development. It also mentions issues such as “promoting cultural and linguistic diversity, local content and media development” and “building confidence and security in the use of information and communications technologies” – areas which may be problematic as the discussions deepen. The Millennium Development Goals are also identified in the document as a useful framework around which to build some of the aims of the Summit.</p> <p>For further information : www.itu.int/wsis</p>	<p>World Summit on the Informal Society</p>
<p>IOE Secretariat</p>	
<p>The IOE will shortly establish Working Groups in the following policy areas: Globalization; Employment; Corporate Social Responsibility; Human Resource Development; ILO Standards Reform; HIV/AIDS. The aim of the groups is to provide further support to the Secretariat through the involvement of experts from member federations in the various fields of activity. The groups will be chaired by a representative from the membership appointed by the Management Board. Nominations of experts from member federations are requested by Friday 28 February 2003.</p>	<p>IOE Working Groups</p>
<p>The Employers’ Federation of India has recently completed a research study on “<i>Compensation Trends and Unique Practices - Managerial Compensation in India</i>”. The study provides qualitative analysis on how companies are formulating compensation plans for managerial personnel in highly competitive and volatile markets.</p> <p>A recent publication by the World Bank <i>Innovative East Asia: The Future of Growth</i>, suggests that global and regional changes make it imperative for East Asia to implement an agenda of institutional reforms while amplifying its capacity for technological innovation if it is to regain the dynamism and resilience of the miracle years of growth.</p> <p>For information on either study contact George James: James@ioe-emp.org</p>	<p>Publications and studies in Asia</p>

One of the key ways that the IOE can benefit its members is in acting as an information platform. Consequently, the Secretariat has been developing the IOE website so as to increase its practical use for members:

A 'federations page' will be added in the members' only section and members are invited to send to the secretariat electronic publications that they would like to post here. Electronic newsletters will also be posted and members are invited to send these to the secretariat on a regular basis.

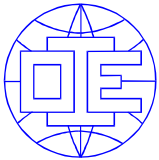
In the News Section a 'News Links' part has been added, which will feature regularly updated links to news stories relevant to employers.

The IOE 'member to member section' is in the process of being made operational. This forum, which will not be moderated, is designed as an interactive device for members to raise questions and issues of direct relevance to employers and engage in debate. The forum is designed simply and questions and comments can be put to it in the working language of choice.

Finally, members are encouraged to make available to the appropriate staff within their organisations the IOE website password. In addition, please send us an updated list of all those within the organisation whom you would like to receive this newsletter on a regular basis.

As always, the secretariat welcomes any comments or feedback that members may have on any of these changes. For further details contact Josefa Cañoto at canoto@ioe-emp.org

IOE Website



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DECLARATION

The INTERNATIONAL ORGANISATION OF EMPLOYERS (IOE), which represents employers' organizations in 136 countries throughout the world, wishes to express its utmost concern at the irregular and violent detention of Mr Carlos Fernández, President of its member federation in Venezuela, FEDECAMARAS.

According to our information, his detention yesterday, 19 February, took place without respect of the rights and guarantees that Venezuela law recognizes for its citizens.

This detention could imply serious violation on the part of the Venezuelan authorities of the right to freedom of association enshrined in Convention No.87 of the International Labour Organization – Convention which Venezuela has ratified – and which protects the rights of the legitimately elected representatives of employers' organizations.

In view of the gravity of the above, we have reported it to the ILO Director-General and are making available to FEDECAMARAS the complaints procedures provided for within the ILO and the United Nations system. Moreover, we are requesting all our member federations to contact their respective governments to convey their concern over this situation. Finally, we demand an explanation from the Government of Venezuela for the irregular detention of Mr Carlos Fernández.

Geneva (Switzerland)

20 February 2003