



This editorial is my first contribution to the IOE.net and also my first message to the membership since my June election to the presidency of our Organisation. I will tell you what is on my mind as a result of six months of experience in the job, as well as what I believe the impact of developments in the world economy will have on our Organisation.

Editorial

As on most subjects, there is a bit of good news and a bit of bad. The good news is that I found the Organisation revitalized, to a large extent because of the efforts of my predecessor, François Perigot, in leading the exercise on “The way forward”. We are forging ahead on a communications strategy with our membership and with a broader audience. We have launched the Global Industrial Relations Network. And we have set forth a number of ideas of how the Organisation might be more useful to our member federations. We have made concrete progress in launching a new relationship with the World Health Organization, made possible in part by that Organization’s appreciation of our solid work on HIV/AIDS.

As for the bad news, I am disappointed by the limited response to my call for suggestions from the membership as to what kinds of projects or activities we could undertake to be of greater utility to them. We have proven useful to some member companies and I hope we could do more on a cost-recovery basis. The budget continues to be problematic in the sense that, while it has been maintained on a sound basis, the Organisation is on a tight leash. I am determined that this should not stop us from undertaking new useful activities. If such activities are thought to be of genuine interest to the membership, we will find the funding and the personnel resources to accomplish the tasks.

As to our staff, led by Secretary-General, Antonio Peñalosa, I must say the good news for me is that I found the output in terms of quality and quantity significantly higher and better than when I left the Organisation six years ago. This has been accomplished by a lot of hard work on the part of capable staff members. The bad news is that, in the last few months, we have lost some

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valuable staff members. This is inevitable in the case of young capable staff. I am very familiar with the phenomenon, because that is how we operate in the US Council for International Business. Our programme managers are generally young people, mostly out of graduate schools and, after several years' of making their mark, they are recruited at higher salaries by companies that offer them significant career opportunities that a small organization cannot do. The good news is that turnover leads to a certain renouvellement des cadres, which offers the opportunity for even further improvement in the performance of the staff.

Looking beyond our own Organisation and its concerns to the impact of current developments in the world economy on our mission, there is both good news and bad news. Most experts feel that the outlook is good. The economies of the high income countries last year probably grew by about 3.1%, and even the sluggish members of this group grew by about 2.4%. The economies of the developing countries, led by China and India, expanded by 7%. This despite significant economic and political shocks. As Martin Wolf summarized recently in the Financial Times, the world economy is being driven by four closely interconnected forces: technological innovation, especially in the area of information technology; entry into the world economy of the vast majority of human beings (I would hasten to qualify this by the continuing lag in much of Africa); the "catch up" process in most of these economies; and the integration of global markets in goods, services and capital that we call globalization. Most experts believe that these factors will continue to work, despite possible short-term slowdowns in one sector or another.

The economic experts, who paint a more pessimistic picture, generally cite the imbalances mainly of a financial nature in the world economy. My concern is more of a political nature. We have already seen specific examples of the backlash to globalization in the form of what one can characterize broadly as a populist reaction. At its root is the widespread perception that the majority of the world's population has not been gaining from recent growth and that most of the benefits have accrued to capital rather than labour. The backlash takes different forms in different countries, but I will stress one aspect of this backlash, which will affect our work as employers, as representatives of business and as constituents of the International Labour Organization. This is the re-emergence, as a major politico-economic issue, of the "social clause" (i.e. the incorporation of the rule that would permit importing countries to equalize or neutralize the advantage of exporting countries stemming from the situation in their labour market). This is an old issue, dating back at least as far as David Owen in the UK in the 19th century. It was one of the major reasons the International Labour Organization was created, with its capacity to promulgate international labour legislation to protect the rights and improve the conditions of workers by means of freely-ratified Conventions.

The campaign led by the labour movement, with the support of those industries most likely to be impacted by imports from developing countries, was blunted by the Singapore Declaration of 1996, in which the developing countries made it clear that they would not accept any labour conditions in the negotiations and the rules of the World Trade Organization. The responsible business communities of the developed countries supported this position. Workers' rights and labour conditions are the province of the ILO and must be isolated from the process of

trade rule-making and negotiation. Employers played an important role in strengthening the International Labour Organization by our initiative to promulgate the Declaration of Fundamental Principles and Rights at Work and its follow-up.

The proponents of the social clause shifted their attention to bilateral trade negotiations, where domestic politics could play a greater role. In the United States this campaign was to a large extent blocked, but certain compromises were made – beginning with the North American Free Trade Area (NAFTA) – and further compromises were made in subsequent free trade agreements, but the essential line was held. Now there are voices in the new Congress, which appear to be pressing for further moves in the direction of the ability to apply trade sanctions in the name of workers’ rights or conditions of work. Similar pressures have existed in the European Union in connection with their bilateral programmes. Two things are clear to me. If the Doha round of trade negotiations fails, there will be a greater push on the part of developed countries to conclude bilateral trade agreements, which will have the effect of fragmenting the world trading system, thereby threatening continuing growth and prosperity of the world economy; and, for the purpose of this discussion, renewed efforts to incorporate a social clause of some sort in these agreements.

The other aspect of this new challenge is that the international labour movement now united as the International Trade Union Confederation (ITUC) has made clear that one of its major goals is to redress the balance of globalization by rewriting the rules of the game in both trade and investment. This clearly means returning to the charge of the social clause in the multilateral trade and investment system, which would constitute a major threat to the integrity of that system upon which we depend.

Our primary response to this challenge must be to strengthen the International Labour Organization and make more effective and visible its contribution to protecting the rights of workers and improving their conditions at work. And here, as in the case of the earlier challenge, must be the centrality of the Declaration of Fundamental Principles and Rights at Work. The bad news is that somehow the implementation of the Declaration has not lived up to its objectives. It has turned into a bureaucratic ineffective routine. The major substantive challenge to us in the International Organisation of Employers must be to strengthen the Declaration by innovating and devising a more effective implementation that will restore it to its original objective. The social clause is a political threat to the system. The Declaration is our political response to the objective of ensuring workers’ rights and conditions.

This must be a major new task that we must face in the immediate future. I solicit from all of our members ideas for more effective and credible implementation of the ILO Declaration, which we as employers initiated.



Abraham Katz
President

IOE and Member Activities

At the last meeting of the Presidents of Iberoamerican employers' organizations, which was held last November in Punta del Este (Uruguay), serious concerns were raised at the present trends in Venezuela and Bolivia towards renewed state interventionism and nationalizations (notably in the energy sector) as well as the general unfriendly attitudes towards the private sector by the governments of those countries.

Following this meeting, the IOE sent a letter to Evo Morales, President of Bolivia, expressing its support for the Confederation of Bolivian Private Business (CEPB) and requesting him to receive an IOE mission. The purpose of this mission, envisaged to be held during the first week of March, is to provide international support to the CEPB in its defence of the market economy and private enterprise. Furthermore, the IOE Secretary-General and the Vice-President for Latin America will be visiting Venezuela during the last week of January to discuss with the Venezuelan employers' organization (FEDECAMARAS) how to co-ordinate international support and additionally explore appropriate action at the ILO.

The latest elections in Ecuador (Rafael Correa) and in Nicaragua (Daniel Ortega) – both close to Chavez, Morales and Castro - have also created further general concerns. The IOE will closely follow events in these countries. IOE Contact: [María Paz Anzorreguy](#).

Populist measures in some Latin American countries raise concerns amongst the employer community

At the end of December, the IOE and the Bulgarian Industrial Association (BIA) organized a high level Conference on the theme of "Advocating for a Better Business Environment in South Eastern Europe". The principal objective of the Conference was: to facilitate an exchange of dialogue and 'best practice' experiences on national reform efforts; to create awareness of the availability of tools and methodologies to assist the business community in advocacy efforts; and to develop strategies to further reform efforts. Presidents and Directors-General from employers' organizations throughout the region presented their national experiences and adopted a set of strong and clear Conclusions (currently available on the IOE website www.ioe-emp.org). The International Finance Corporation (World Bank Group) also participated in this event which, in its opinion, was an important step in highlighting the importance of the issue politically in the region. Cooperation with IFC regionally will intensify in 2007 with follow-up events already in the pipeline. IOE Contact: [Eric Oechslin](#).

IOE Conference on a better environment for business in South East Europe

The IOE and the International Confederation of Free Trade Unions-Africa Regional Organization jointly organized a capacity building seminar on how to respond to HIV/AIDS in the workplace in Kampala (Uganda) in mid December. Organized with the support of the ILO and its training centre in Turin, and officially opened by the Deputy Prime Minister, participants were provided with tools and materials on: how to build partnerships for effective resource mobilization; how to implement projects on HIV/AIDS; and how to monitor and evaluate them. Participants also shared experiences on lessons learned from their respective HIV/AIDS initiatives.

Capacity Building Seminar on HIV/AIDS in the Workplace

<p>The capacity building seminar is a follow up to a similar one held in Geneva in 2004, which brought together employer and worker representatives from the eight African countries taking part in the IOE/ITUC pilot programme on HIV/AIDS. IOE Contact: Frederick Muia.</p>	<p>→ <i>Capacity Building Seminar on HIV/AIDS in the Workplace</i></p>
<p>IOE members from East, Central and Southern Africa will meet in Gaborone, Botswana at the end of February 2007 for their annual Conference. The Conference, which brings together Chief Executives and Presidents of member federations, is an opportunity to deliberate on issues of concern to employers in the region. The theme for this year is the role of employers' organizations in employment creation and poverty alleviation. The Conference will also afford participants the opportunity to reflect on employer priorities in advance of the 11th ILO African Regional Meeting, which is scheduled to take place in Addis Ababa, Ethiopia at the end of April. IOE Contact: Frederick Muia.</p>	<p>East, Central and Southern Africa Employers' Organizations Conference</p>
<p>Increasingly, many enterprises have sought to “use” international labour standards in their codes of conduct and related mechanisms, chiefly because of the visibility of core labour standards, particularly in the context of the Global Compact and because they appear to squarely address the very difficult labour and employment issues with which many companies are confronted on a daily basis. This is however a highly complicated proposition, principally because those standards have been drafted for and directed exclusively at governments and, by virtue of the action they require, <i>they cannot be directly relevant to companies</i>. The problem is that this answer is no longer sufficient as the pressure increases on companies to answer to stakeholders who frequently challenge companies on their “compliance” with international instruments.</p> <p>In this respect the Secretariat has stepped up efforts and it is hoped that this will result in a guidance tool for businesses wishing to use ILO standards as a reference in managing their labour and employment-related issues. The ongoing work is focused on the Conventions and principles related to: child labour; discrimination; freedom of association and collective bargaining; and forced labour. The ultimate aim would be to try and answer the questions that confront business in relation to these four areas in terms of their day-to-day operations. IOE Contact: Brent Wilton.</p>	<p>Companies and International Labour Standards</p>
<p>Following a decision taken by the IOE Management Board, the IOE will launch a <i>Global Industrial Relations Network (GIRN)</i> in the coming months. The GIRN will be an informal network of multinational enterprises invited by IOE members to meet to discuss freely global industrial relations/human resources issues. The Network will provide a unique space for invited companies to discuss amongst themselves global issues affecting their HR/IR strategies, to explore current trends and to exchange views. It additionally provides an opportunity for them to be specifically briefed by the IOE on trends and issues arising in global IR/HR as they emerge from UN agencies, trade unions and NGOs. IOE Contact: Brent Wilton.</p>	<p>Global Industrial Relations Network</p>

<p><i>The Dutch Employers' Cooperation Programme (DECP)</i> established by the Dutch employers' organization (VNO-NCW) to provide technical assistance to employers in developing and transition economy countries is now well underway. DECP commenced its '<i>Strengthening Employers' Organizations</i>' programme in Indonesia at the end of 2006 , with assistance from the IOE, the ILO Bureau for Employers' Activities and the ILO Turin training centre. This programme is designed to assist employers' organizations with operationalizing the basic elements of running an employer organization (in Indonesia the programme is designed to strengthen regional employer organizations). The programme is expected to be rolled-out in a number of other regions later this year. IOE Contact: Gary Rynhart.</p>	<p>Dutch technical assistance programme</p>
<p>The Employers' Confederation of the Philippines (ECOP) convened the 32nd Asian Confederation of Employers (ACE) Chief Executive Officers and Board of Directors meeting in Manila in December. The meeting principally served to coordinate the agenda for employers throughout the sub-region and additionally coordinate their contribution to international policy debates.</p> <p>This yearly meeting provides an occasion for employers' organizations of the region to share internal information on how they are responding to the different issues facing their organizations. The IOE Secretary-General, Antonio Peñalosa, participated in a special session designed to help members in the region better integrate their organizations within IOE activities and strategy. IOE Contact: Brent Wilton.</p>	<p>IOE meets with ASEAN employers' organization leaders</p>
<p>International Labour Organization</p>	
<p>The 96th International Labour Conference this June is shaping up to be one of the most important in years, with all three technical committees likely to prove to be challenging. The discussion on "<i>The promotion of sustainable enterprises</i>" is technically-speaking perhaps the most "employer friendly" topic on an ILC agenda in a number of years. Early indications are, however, that the background report for this discussion will take a much broader view of the issue than employers would have wished. Likewise, the approach the trade unions will take is also not looking particularly helpful. The discussion on "<i>Strengthening the ILO's capacity to assist its Members' efforts to reach its objectives in the context of globalization</i>", also known as the 'Maupin initiative', is perhaps the most opaque topic. Ostensibly the discussion is meant to be a <i>process-driven</i> discussion on how to better connect the ILO and its work with the constituents, but confusion reigns and even at this stage the entire concept still means different things to the different groups. Finally, the fishing discussion, which failed to garner enough support for adoption in 2005, is back on this year's agenda and early indications of an acceptable outcome are more promising (see next article). The Secretariat will prepare guidance material for members on all these topics in the coming period.</p>	<p>International Labour Conference</p>

<p>A Round Table was convened in Geneva in December to examine the more problematic areas (and explore solutions) of the forthcoming International Labour Conference discussion on fishing. The Conference discussion on “<i>Work in the fishing sector</i>” in 2005 ended with the non-adoption of a proposed <i>Convention on Work in the Fishing Sector</i> due in the main to an overtly restrictive draft instrument that would have been un-ratifiable by a great number of countries, especially in the developing world. It was agreed at that time to revisit the issue in 2007.</p> <p>The key issues addressed at the Round Table were: medical examination; manning and hours of rest; posting of fishers (recognition of private employment agencies) and accommodation. The approach proposed by the employers - “<i>Progressive Implementation Approach</i>” - received an encouraging degree of support from the two other groups. If this approach were to be adopted, all provisions and requirements of the Convention would be mandatory. <i>However</i>, each member State could, after consultation, progressively implement the provisions of certain articles (still to be specified) within a maximum period of “X” years after ratification, but only to the extent that the member State would be sufficiently developed or organized to enable effective implementation of the provisions concerned.</p> <p>This Round Table discussion allowed for respective positions and misunderstandings to be clarified and, although no firm commitment was made, the exchange of views has no doubt opened a dialogue which increases the chances of success in June. IOE Contact: Jean Dejardin.</p>	<p>Round Table on Labour Standards for the Fishing Sector</p>
<p>For many years now, sectoral activities have been an extremely useful tool for employers' organizations and their members and an appreciated means of communication with other employer representatives and of social dialogue with workers' organizations and governments. To maintain the relevancy and usefulness of this tool, the March 2007 session of the ILO Governing Body will review the entire programme.</p> <p>In this respect the Secretariat has received from the Global Unions Federations (GUFs) a specific set of proposals, the essence of which is to group the existing twenty-two ‘sectors’ into clusters of eight. According to the GUFs, the ‘cluster’ concept aims to get away from the system of rotation of the twenty-two sectors over two biennia and allow for greater flexibility, along with increased involvement of workers and employers in proposing and planning ahead. Additionally, each cluster would set its own priorities and develop activities that are meaningful for the constituents. In view of this forthcoming debate, the Secretariat would appreciate receiving any suggestions from members on ways to improve the present programme. IOE Contact: Jean Dejardin.</p>	<p>Reform of ILO Sectoral Activities</p>
<p>In the conclusions of the 2006 International Labour Conference discussion on technical cooperation the importance of public-private partnerships (PPPs) was clearly noted. “<i>Public-private partnerships have potential as a source of funding...the ILO, in its partnerships for technical cooperation, should make use of the expertise and contributions of private enterprises in creating decent and</i></p>	<p>Public-private partnerships</p>

<p><i>productive jobs</i>”. In the follow-up to that discussion, work is underway within the ILO to develop a policy framework for dealing with these initiatives.</p> <p>Indeed, there are already public-private partnerships in operation in the ILO, namely the PREJAL youth employment initiative in Latin America, which was instigated by the Spanish Confederation of Employers’ Organizations (CEOE) and some of its member companies last year. However, considerable hostility exists to the PPP concept both internally in the ILO and, especially, from the Workers’ Group – in spite of the fact that PPPs are increasingly common throughout the UN system.</p> <p>The Secretariat is currently preparing a publication designed to assist employers’ organizations and their members in the development of public PPPs. In this respect, if members have examples of PPPs, particularly where the employer organization itself was or is currently engaged, they are encouraged to contact the Secretariat. IOE Contact: Brent Wilton.</p>	<p>→ <i>Public-private partnerships</i></p>
<p>UN and other International Organizations</p>	
<p>At the request of John Ruggie the UN Secretary-General’s Special Representative for human rights and transnational corporations, and in order to provide policy advice and guidance to members and companies, the IOE, in collaboration with the International Chamber of Commerce (ICC) and the Business and Industry Advisory Committee to the OECD (BIAC), has developed a joint paper on the role of business and human rights in weak governance zones. The paper is currently available on the IOE website www.ioe-emp.org</p> <p>The first part of this paper explores the issues faced by companies operating in weak governance zones and how they can contribute to promoting human rights in these often difficult and complex situations. The paper, however, stresses the primacy of the role of government in human rights promotion and protection and that business’s efforts must be seen as complementary to that role, given the legal and practical limitations faced by any non-state actor. In the second part, the paper identifies actions that companies can take individually and in collaboration with others in order to respond effectively to dilemma situations. IOE Contact: Brent Wilton.</p>	<p>Business and Human Rights</p>
<p>Work on a guidance document for SMEs and the Global Compact (GC) by a “GC SMEs International Taskforce” (of which the IOE is a member) is moving ahead, with drafts expected at the end of next month.</p> <p>Current thinking is that the project should now consist of three different deliverables. First, a resource base for use by facilitators working on the engagement of companies and on their training – such as GC Local Networks and Focal Points. This would include reviews of existing literature, available tools, good practices examples of SMEs and the GC and so forth. Second, an operational guide for small businesses (those with fewer than 50 employees) on the GC principles and their implementation, which would not be more than 3-4 pages. Third, the same guide for medium-scale businesses (50-250 employees).</p>	<p>Global Compact and SMEs</p>

<p>It is hoped that this work will be ready for the GC Leaders' Summit, to be held in Geneva in early July.</p> <p>If members have examples of SMEs and their engagement with any of the Principles of the Compact that they feel would make a useful contribution to this project, they are asked to contact the Secretariat. IOE Contact: Gary Rynhart.</p>	<p>→ <i>Global Compact and SMEs</i></p>
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Corporate Social Responsibility Round-Up

- US retailer GAP has increased the involvement of trade unions, namely the international textile, garment and leather workers federation, in assessing workplace conditions in its supply chains. Previously GAP had relied more on NGOs than trade unions in these endeavours: http://www.gapinc.com/public/SocialResponsibility/sr_fac_partner_csp.shtml
- The UN environmental programme (UNEP) established in December a working group to bring socially responsible business principles into the sphere of property investment. www.unepfi.org/work_streams/property
- Spot checks on consignments and random verification of records were among measures agreed in Botswana recently by members of the Kimberley process, a forum which brings together governments, businesses and NGOs. www.kimberleyprocess.com
- The heads of some of the largest accounting firms have called for financial accounting systems to take into account other “non-financial indicators” of a company’s health – including social and environmental factors. A consultation process is now getting underway to determine what kinds of non-financial information parties want to publish. www.globalpublicpolicysymposium.com
- Eight of the world’s largest electric utility companies have released an ‘agenda for concerted action’ on greenhouse gas emissions www.wbcsd.org
- Concerns are growing in the UK that businesses will not know what they need to include in the annual business reviews required by the UK’s new Companies Act. <http://www.dti.gov.uk/bbf/co-act-2006/index.html>
- Canadian aluminium multinational Alcan has introduced an indigenous peoples policy at its 440 sites worldwide. Convention No. 169 concerning Indigenous and Tribal Peoples is currently the focus of considerable promotional efforts by the ILO, particularly in Latin America. www.alcan.com

Major Forthcoming Meetings

- 7 - 16 February → Presentation of joint IOE-ICC Statement to the 45th Session of the United Nations Commission for Social Development (New York)
- 22 - 23 February → Eastern, Central and Southern Africa Employers' Organizations Conference (Gaborone, Botswana)
- 8 - 30 March → 298th Session of the ILO Governing Body and its Committees (Geneva)
- 23 - 24 March → IOE Management Board (Geneva)
- 24 - 27 April → Eleventh African Regional Meeting (Addis Ababa, Ethiopia)
- 6 - 8 May → G8 Labour and Employment Ministers meeting (Dresden, Germany)
- 29 - May → IOE General Council (Geneva)
- 30 - May-15 June → 96th Session of the International Labour Conference (Geneva)
- 5 - 6 July → Global Compact Leaders' Summit (Geneva)