Employers’ Statement

Thank you, Chair.

During the Governing Body session in November, I said that the issue of the ILO’s cooperation with the tobacco industry is extremely important for the Employers, since how we address it will set a precedent that will reach far beyond the tobacco sector.

First, based on the lack of consensus in the Governing Body, we did not think it would be constructive to reopen the contentious debate about funding again in this session of the GB. We thought that we had all the ingredients to overcome the remaining difficulties and reach consensus after efforts from all parties, but since the paper opens this issue once again, we have no choice but to restate our position.

Let me briefly remind us all of the process so far:

- **In October 2016**, the ILO Office started undertaking internal consultations with tripartite constituents to discuss the potential consequences of the model policy on preventing tobacco industry interference in public health policies related to tobacco control.

- **In March 2017**, the GB decided to postpone the discussion to November, and requested the Director-General to provide additional information, taking into full account the different issues at stake.
• **In November 2017**, despite extensive discussions, the GB was deeply divided on the issue of funding from the tobacco sector and could not reach consensus. So rather than prolong a contentious debate where there was clearly no consensus, the GB asked the Office to submit a broad integrated strategy to address all decent work deficits in the tobacco sector, which all parties agreed was necessary.

• **During the tripartite consultations in January**, an outline of the integrated strategy was produced, which the Employers supported as we found it constructive and well designed. The outline referred to the overall structure of the strategy and **called the Office to mobilize a broad range of resources and partnerships**. It also referred to the key role of companies, producers and employer's organizations in implementing the strategy.

The discussions in these consultations were positive and the exchange proved that most Constituents wanted to avoid reopening the debate and instead be more practical and focus on where there is agreement. During those consultations our spokesperson, **Mr. Mdwaba, endorsed the structure of the Strategy proposed and clearly affirmed that the discussion in this GB should avoid taking us back to the controversy on the financial cooperation between the ILO and the tobacco sector and focus more on the strategy. But he also said that the Employers would obviously engage in that debate if it was reopened since core principles for the Employers were at stake. 
Second, we support the draft integrated strategy presented in paragraphs 29-34.

It recognizes that more than 60 million people depend directly or indirectly on tobacco growing and that it provides income and work opportunities for numerous marginalized groups and has been an important source of employment for women. It provides some important data and evidence on the existing challenges on Fundamental Principles and Rights at Work, not just on child and forced labour but also on freedom of association and non-discrimination. And it suggests three points for the strategy that we support: first, an enabling environment for employment and rural development in tobacco growing areas, although here we think the strategy needs to explicitly address the need for formalization, second, strengthening social dialogue and third, promoting both decent work and transitions to alternative livelihoods, although here the strategy must recognize since transitions to alternative livelihoods will be a long term process may face considerable challenges in countries that currently rely heavily on the sector for jobs, incomes and export earnings.

We also want to note that, where the paper says that the strategy should take into account the obligations of parties to the FCTC, we believe that it already does so since no ILO projects or activities address public health policies related to tobacco control, which is the sole focus of the relevant provision in the FCTC.

Third, the Employers cannot support the section on resources and implementation modalities in paragraphs 35-41, which in our view
contradicts the exchanges that we had in January and in the last GB and reopens the debate on the funding issue.

This is because the way the issue is presented here would, in practice, mean the end of all partnerships with the tobacco sector and a de-facto ban on future partnerships, which is simply not acceptable to the Employers. As we have stated numerous times, the core principle for the Employers is that the ILO must be able to engage with all legal sectors, and a de-facto ban on partnerships with the tobacco sector would violate that principle. And here we need to be clear: for the Employers, a de-facto ban on partnerships with an entire legal sector is just as bad as an explicit ban, and is therefore equally unacceptable.

It also puts at risk all the efforts made by all of us to achieve a consensus. As mentioned before, in the informal consultations most Constituents expressed support to a resource mobilisation strategy that seeks to combine domestic funding at country level with development aid from a “broad variety of sources” as well as “broad partnerships”. These references have now disappeared.

Also, the document suggests the use of Regular Budget supplementary account and regular budget for technical cooperation to channel the short-term strategy after the expiry of the current PPPs in 2018. It also refers to a “targeted” resource mobilization, as opposed to the “broad” long term resource mobilization presented earlier. It calls for “development partners” but without mentioning the private sector, even if it contains an ambiguous reference to importance “working with the tobacco industry and the sector.” This must be rectified.
Also I want to make clear that this is not about replacing funds, either in the short term or the long term. We all agree that the impact of the ILO cooperation programs with the sector has been highly positive. The project’s goals were met or surpassed, and it has been assessed as a “High Impact-Low Scale” intervention on livelihoods for families and specially children. The goal should not be to replace existing funds, but rather to increase funding to increase the positive impact.

This is particularly critical since the proposed Strategy aims at broadening the scope of ILO action on the tobacco sector, from child and forced labor action to social dialogue, employment, alternative livelihoods in tobacco growing areas, formalization, and other areas. I want to ask the Office: How will it fund this more ambitious approach just by replacing the existing funds, $15 million, which are now used only to tackle child labor?

And paragraph 41 of the paper is disconnected with the rest of the paragraphs. It refers to other Agencies having explicitly prohibited receipt of funding from tobacco. This, apart from being disconnected, is not balanced, as it does not contain information on other international organizations (the majority) that have not prohibited this collaboration. It does not take into consideration either the important number of existing international and national PPPs with the tobacco sector. We find this reference biased and not helpful. Additionally, we question the motives of compiling a list of other substances and activities that tobacco is grouped with and which have been prohibited? This is not designed to achieve consensus, but to divide the constituencies more.
For all the reasons that I have presented in the last GB, we cannot support the resources and implementation modalities presented in paragraphs 35-41. Let me explain again, even if much briefer, why it is so crucial for the ILO to cooperate with the sector.

1. **This discussion is not just about the contribution of tobacco but about the contribution of the entire private sector to the Agenda 2030**

- Tobacco growing, and tobacco products are part of a legal business sector that is regulated by States and are thus legitimate business activities. As such, we must be extremely careful to avoid creating any arbitrary or discriminatory policies that apply to one legal business sector but not to others.

- Tobacco is certainly not the only business sector with social or environmental risks, so how the Governing Body decides to address this question could set an extremely damaging precedent for how the ILO engages with any number of other legal sectors with social or environmental risks.

Many interest groups are already pushing to apply this approach of banning partnerships with tobacco to a growing number of other sectors, including: oil and gas, mining and coal, chemicals, food and agriculture (such as sugar and palm oil), alcohol, including beer, wine and spirits, forestry and paper, beauty products, and many others. If we end ILO cooperation with one legal sector, then we open the door to ending ILO cooperation with any legal sector.
• This precedent is especially important in the face of the commitments that we all made related to the 2030 Agenda. As you know, the 2030 Agenda, on one side, calls for broader and more ambitious partnerships, specifically involving the private sector, “no one will be left behind”, and “mobilizing all available resources”. And, on the other, fixed a specific ambitious target to secure the prohibition and elimination of the worst forms of child labour, by 2025. Cutting the cooperation with the private sector is simply totally contradictory with this more ambitious approach in partnerships.

• Additionally, the recent Buenos Aires Declaration called ILO members to “promote collaborative efforts of all stakeholders”, and to increase “funding commitments, at all levels”, as well as to encourage “enterprises and governments to collaborate on elimination of child labour and forced labour”. ILO cannot simply pick sectors, it needs to work with all of them.

2. The tobacco sector falls within the ILO mandate and ILO needs to put people and social rights first.

We understand and support the role of national public health authorities and the World Health Organization in promoting public health policies with respect to tobacco control. This is important work and deserves our support. But the ILO’s mandate to promote Fundamental Principles and Rights at Work is equally as important and not incompatible with these policies.
We remind everyone that, as a recent ILO reports refers, “tobacco growing, in contrast to manufacturing, still functions as a safety valve which safeguards livelihoods for millions of people who, for the most part, belong to vulnerable social groups”. While we appreciate that there are other forms of livelihoods, they have not and will not replace tobacco albeit that they complement it. So this discussion is also about opportunities and employment.

3. **Private sector co-operation with the tobacco industry has had a major impact in ILO development cooperation projects aiming to eradicate child labour and forced labour.**

The tobacco industry has contributed $15.5 million dollars to support ILO projects and programmes. This Funding from the tobacco industry has been instrumental in reducing child labour in tobacco growing communities in Brazil, Malawi, Tanzania, Uganda and Zambia. Many children were withdrawn or prevented from engaging in child labour; viable income generating alternatives were provided to many families; farmers were trained on hazards; sustainable systems were created for child labour monitoring and for supporting policies and plans, including expanding education and strengthening legal frameworks.

The short-term funding strategy presented by the Office will not be able to replace this funding and risks undermining this important positive impact. Furthermore, the question should not be how to “replace” but how to enlarge and to expand this contribution within a holistic integrated strategy. This is our joint duty. Rejecting, either explicitly or
de-facto, financial contributions which are critical is simply an irresponsible attitude based on unfounded prejudices.

4. According to the Global estimates of Child Labour, published with the support of the ILO, on page 29 of the report “the latest estimates suggest that sub-Saharan Africa, the regional grouping for which we have comparable estimates for 2012, is falling further behind the rest of the world. Sub-Saharan Africa witnessed a rise in child labour during the 2012 – 2016 period, in contrast to other major regions where child labour continued to decline”.

“A break through in Africa will be critical to ending child labour worldwide short-term solutions are not acceptable public private partnerships are therefore critical and are urgently needed to ensure this breakthrough is achieved.

5. Governments themselves receive huge amounts of resources from the tobacco sector through fiscal revenues

We need to insist that it seems highly inconsistent to exclude ILO from receiving financial contributions from the industry, knowing that national public treasuries receive annually tens of billions of dollars from taxes on the tobacco sector through both income and sales. That tax revenue is used, in part, to fund UN agencies, including the ILO.

6. ILO cooperation with the tobacco industry is entirely consistent with efforts by public health authorities and the WHO to promote public health policies with respect to tobacco control.
ILO’s co-operation with the tobacco industry falls under a completely different field from the WHO Framework Convention, which addresses public health policies related to tobacco control. They were never aimed to be applied to other areas such as the ones under the mandate of the ILO. Pretending the contrary is radically distorting the spirit of this Convention. And ILO has never sought in its action with the tobacco sector to address or had any impact on “public health policies with respect to tobacco control”.

7. Last, even the Model Policy and the ECOSOC resolution which recalls it, both of which are not binding on the ILO, foresee that UN agencies can determine their own policy approach on this matter:

The ECOSOC Resolution “Encourages members of the Task Force, to take into consideration the Model Policy, as appropriate and in line with their respective mandates, and the Model Policy itself states that the [UN] agencies should select the most appropriate” policies “that are applicable to their case.”.

[ADDITION FROM SCOTT]

Ladies and gentlemen - we are the governors of this organisation - trusted with the oversight of its financial management. I encourage all of us to step back and have a think about what is being proposed here from this perspective.

We have working people and communities with clear needs, and we have
services and programs which we all agree must continue to be delivered. And we have an existing source of revenue which is funding this work and can continue to fund this work.

However, we are being asked to abandon and reject this existing, secure source of revenue and instead spend our financial reserves, the cash of this organisation to continue to do this work in the hope that alternative financial streams will be secured. This is not good governance.

This is what para 38 boils down to.

As good governors we also need to ask what the organisation will not be doing – what will be foregone to divert money into this area?

Let me raise a final point that is important for us in terms of process. **We fully respect and support the role and important work of the World Health Organization, as well as that of the Framework Convention on Tobacco Control (FCTC) Secretariat.** We are also more than willing to collaborate with them. But the proper way to approach ILO Constituents matters. **They should not be organizing large forums which aim not to neutrally inform but to lobby ILO Constituents,** or to launch campaigns to press its views, and nor should they be using social media to interpret the Office paper and seek to influence the discussions of the ILO Governing Body. The secretariat of UN Agencies should be independent and not act like an NGO. This is simply not appropriate, and we call on them to use the existing channels that UN Agencies have at their disposal to strengthen cooperation and complementarity in full respect of their own mandates.
In conclusion, we welcome the integrated strategy presented in paragraphs 29-34 and the more systematic and longer-term model of cooperation with the sector. We agree with the need to increase collaboration with development partners and with the major role that the ILO can play to support transition from tobacco to alternative crops.

But we cannot accept the approach followed in relation with resources and implementation modalities presented in paragraphs 35-41. Therefore, we cannot support point a) of the draft decision related to the sort-term term funding strategy and long-term partnership development.

If the objective is to avoid “interference” from the tobacco industry in public health policies related to tobacco control, which again is the sole focus of the relevant provision in the FCTC, we are open to discuss how to achieve that by channeling existing funding from the industry through a trust fund or other mechanism in order to ensure, beyond all doubt, that there is no “interference” in public health policies via ILO projects that are supported by the industry.

Alternatively, if the Office can assure us that the term “development partners” includes the private sector, and the tobacco sector specifically, and that the ILO policy on PPPs will not be affected by this decision, then we would be able to reconsider our position. So we ask the Office to answer these two simple questions:

1) Does the term “development partners” include the private sector generally and the tobacco sector specifically? and
2) Will tobacco companies continue to engage in partnerships with the ILO as a result of this decision?

Thank you.