



SIXTEENTH ITEM ON THE AGENDA

**Report of the Working Party on the
Social Dimension of Globalization**

**Oral report by the Chairperson of the Working
Party, Ambassador Eui-yong Chung of the
Republic of Korea**

1. This is a succinct summary of the discussion in the Working Party on 24 and 25 March 2004, focusing on the key themes which emerged and the procedural follow-up. A full report of the discussion over the two days will be prepared after the Governing Body and provided to delegates to the International Labour Conference in June 2004.

**Presentation of the report of the World
Commission on the Social Dimension of
Globalization: *A fair globalization:
Creating opportunities for all***

2. Mr. Juan Somavia, Director-General of the ILO, welcomed His Excellency Mr. Benjamin Mkapa, President of the United Republic of Tanzania, and co-Chairperson of the World Commission on the Social Dimension of Globalization, to the ILO as the first African Head of State to address the Governing Body and highlighted the significance of the discussion on the report of the Commission. His Excellency President Mkapa presented the report of the World Commission to the Governing Body. He looked forward to hearing how the ILO proposed to take forward the agenda set out in the report. The ILO's Governing Body had shown vision and foresight in establishing the Commission. He was looking to the ILO to fully exploit its mandate and provide leadership in the international system.
3. In his opening statement, the Employer spokesperson said his group appreciated the attention given in the report to the principles and values which should underpin globalization. He stressed the positive contribution of globalization in terms of the expansion of trade, production and freedom. The Worker spokesperson said that his group attached special importance to the recommendations concerning the need for coherence in economic and social policy at the national and international level, to those that addressed the widening gap between rich and poor countries and within countries, and to those that underscored the importance of labour standards and social dialogue. He strongly endorsed

the recommendation that all relevant international organizations should assume their responsibility to promote these standards and ensure that their policies and programmes do not impede their realization.

Overall reactions by the Working Party to the work of the Commission

4. There was widespread appreciation for the work of the Commission, and all who spoke welcomed the report and thanked the co-Chairpersons and the Commission for their work. There was praise for the high quality of the report and for its balance, coherence and comprehensiveness. It was a timely contribution to the debate on globalization. The report should be circulated as widely as possible and would “serve us all well in the international community”.
5. The report provided a credible basis for achieving a breakthrough in the debates on globalization. The recommendations set out in the report were described as being realistic. The diversity of the Commission, the broad and diverse dialogues that informed its work, and the demonstrated effectiveness of dialogue as an instrument for forging consensus were repeatedly highlighted. Some underlined the way in which the report had sought to separate perceptions from facts.

Values and approach

6. The values which informed the report’s orientation were underscored: the emphasis on fairness and inclusiveness, the focus on people and their needs, the importance of fundamental rights, and the importance of dialogue. While globalization had brought many benefits and offered much potential, its benefits could be harnessed for more people. To this end there was a need, as set out in the report, for good governance at the local, national, regional and global levels. Fairer global rules and better policies were also crucial if the benefits of globalization were to be more equitably distributed.

Response to the key recommendations

7. It was encouraging to note the convergence of views on many key instruments that the report recommended for achieving a fair globalization:
 - *Stronger national action.* The governance of globalization began at home with a focus on local and national policies, actions and responsibilities. International efforts could only be successful if they were undertaken in concert with strong commitments at the national level. The importance of a well-functioning market economy on the one hand, and an effective and democratic State to address market failures on the other, was highlighted. Higher sustainable growth and development of domestic entrepreneurship were crucial. Integrated policy frameworks addressing both economic and social aspects of national policy needed to be developed and supported. National and global policy actions were not necessarily sequential but needed to be pursued in parallel. Some noted that sound national responses might require wider policy space in global rules and there was thus a need to pursue national and international reforms simultaneously.
 - *Fair rules.* There was a need to re-examine global rules for trade and finance, and reform of the financial architecture. The negative impact of agricultural subsidies, greater market access for products from developing countries and improved measures

for special and differential treatment were all recognized by many as issues requiring urgent attention.

- *Increased aid.* Priority attention had to be given to raising sufficient resources for development. This included increasing development assistance, action on debt relief and delivery on international commitments made.
 - *Accountability.* Improved national and global governance of globalization required democratic accountability of the actors influencing the process. Reform of the multilateral system, and a stronger and more effective United Nations within it, were highlighted as priorities by many. Regional integration and other regional initiatives needed to be reinforced as possible ways of increasing the benefits of globalization, and the New Partnership for Africa's Development (NEPAD) was cited as an example.
 - *Global production systems.* Within global production systems, voluntary private initiatives and social dialogue with multinational enterprises (MNEs) were emphasized as important means to promote social objectives. Special attention needed to be given to efforts to ensure decent work in export processing zones. More thinking and dialogue were needed on policy frameworks for investment and to promote competition within global markets.
 - *Cross-border movement of people.* It was agreed that more thinking, discussion and dialogue were needed to address the issue of the cross-border movement of people. The limited freedom of movement of people across borders contrasted with freer international movement of other factors of production. A multilateral framework for migration could facilitate greater freedom of movement. However, it was also argued that this was an issue best dealt with on a bilateral basis. Several speakers said they looked forward to the forthcoming discussion on migration at the June 2004 session of the International Labour Conference.
8. *Decent work as a global goal.* There was widespread support for making decent work a global goal. Every effort should be made to advance all four of its components, and attention was drawn to specific proposals in the report:
- The objective of full *employment* needed to be a priority with special emphasis on women, youth and the informal economy. Poverty alleviation was strongly linked to employment generation. The private sector and enterprise had an important role to play in employment creation. Greater emphasis needed to be given to wealth creation.
 - The ILO's capacity to promote *labour standards* in general and fundamental principles and rights at work in particular needed to be strengthened.
 - Emphasis was placed on the importance of a *global socio-economic floor*, of social protection and of support for workers displaced by industrial restructuring.
 - *Social dialogue* was highlighted as an important tool to bring about more equitable outcomes in the workplace, at the national level and at the international level in the context of global production systems.
9. *Policy coherence.* Globalization could not be cut up into slices. There was broad agreement that greater policy coherence at both the national and global levels was an essential condition for success in achieving the decent work objective. National policy coherence was an essential counterpart to global coherence and the report provided a useful tool for dialogue and policy coherence at the national and international levels. Rather than establish new institutions, the report recommended action and dialogue to

improve policy coherence at both the national and international levels. This included proposals for policy coherence initiatives, a globalization policy forum and policy development dialogues. These proposals were interesting and worth exploring, and the Office was encouraged to develop them in more detail. While the ILO should work with other international organizations to promote policy coherence, this should not distract the Organization from its primary mandate and concern with labour and employment.

10. Some issues had not been adequately addressed by the report, and required further work. These included: the role of technology and of the media; the impact of globalization on the environment and on culture, values and traditions; the international security environment; policies in respect of the rural poor and HIV/AIDS; and human resource development and training.

Next steps

11. The recommendations contained in the report now needed to be translated into concrete action. There was a need to get an early start, to determine priorities, develop concrete action plans and begin to implement the recommendations. The International Labour Conference in June 2004 and the Governing Body sessions in June and November 2004 provided occasions to move forward in many areas. The Director-General would undertake discussions with other organizations on relevant follow-up issues and consult with the Officers of the Governing Body to review developments and particular aspects of the follow-up.
12. In his closing remarks, the Director-General thanked the Working Party for the stimulating discussion that had taken place over the two days. It had provided the ILO with important signposts for its future action. The Commission's report placed tripartism at the centre of a fair globalization. He noted that this was a challenge to the ILO to use its methods to contribute to policy coherence at both the national and international levels, and the follow-up was now in the hands of its tripartite structure. In closing, President Mkapa called for a consistent, comprehensive and coherent approach to global issues that touched the lives and prospects of people everywhere. Together, the Commission and the ILO had set in motion a credible process that could truly make globalization more fair and make its benefits and opportunities more accessible to more people in countries.

Geneva, 25 March 2004.