



## Fifth item on the agenda

### Report of the Committee on the Promotion of Cooperatives

1. The Committee on the Promotion of Cooperatives was set up by the International Labour Conference at its first sitting on 6 June 2001. The Committee was originally composed of 173 members (80 Government members, 35 Employer members and 58 Worker members). To achieve equality of voting strength each Government member having the right to vote was allotted 406 votes, each Employer member 870 votes, and each Worker member 525 votes. The composition of the Committee was modified several times during the session and the number of votes attributed to each member was adjusted accordingly.<sup>1</sup>

2. The Committee elected its Officers as follows:

*Chairperson:* Mr. M. Pliszkiewicz (Government member, Poland).

*Vice-Chairpersons:* Mr. A. Tan (Employer member, Philippines) and Mr. E. Patel (Worker member, South Africa).

*Reporter:* Ms. M. Supersad (Government member, Trinidad and Tobago).

<sup>1</sup> The modifications were as follows:

- (a) 7 June: 178 members (78 Governments entitled to vote with 19 votes each, 38 Employer members with 39 votes each and 57 Worker members with 26 votes each);
- (b) 8 June: 169 members (82 Governments entitled to vote with 420 votes each, 40 Employer members with 861 votes each and 42 Worker members with 820 votes each);
- (c) 9 June: 146 members (84 Governments entitled to vote with 85 votes each, 34 Employer members with 210 votes each and 20 Worker members with 357 votes each);
- (d) 11 June: 146 members (84 Governments entitled to vote with 85 votes each, 34 Employer members with 210 votes each and 20 Worker members with 357 votes each);
- (e) 12 June: 137 members (85 Governments entitled to vote with 112 votes each, 28 Employer members with 340 votes each and 16 Worker members with 595 votes each);
- (f) 13 June: 138 members (86 Governments entitled to vote with 56 votes each, 28 Employer members with 172 votes each and 16 Worker members with 301 votes each);
- (g) 14 June: 138 members (89 Governments entitled to vote with 364 votes each, 28 Employer members with 1,157 votes each and 13 Worker members with 2,492 votes each).

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3. At its 10th sitting, the Committee appointed a Drafting Committee composed of the following members: Mr. J. Wolas (Government member, France), Mr. T. Moorhead (Employer member, United States), Mr. E. Patel (Worker member, South Africa) and the Reporter of the Committee, Ms. M. Supersad (Trinidad and Tobago).
  4. The Committee had before it Reports V(1) and V(2) prepared by the Office for a first discussion of the fifth item on the agenda: "Promotion of cooperatives".
  5. The Committee held 14 sittings.

## Introduction

6. In his opening remarks, the Chairperson noted that the context for cooperative development worldwide had changed considerably in recent years; the functioning of cooperatives themselves had also changed. As a result, the existing Recommendation had a number of limitations, which could be addressed by the adoption of a new instrument. This would allow cooperatives to address more effectively a range of socio-economic problems, such as unemployment and social exclusion.
7. The representative of the Secretary-General noted the global importance of cooperatives, estimated to employ more than 100 million women and men and had more than 800 million individual members worldwide. Cooperatives mainly operated in agricultural marketing and supply, finance, wholesale and retailing, health care, housing and insurance, but were also continuously entering new fields of activity, including most recently the information and communications technology sector. The ILO viewed cooperatives as successful in promoting economic and social development because they balanced the need for profitability with the wider interests of the community.
8. The ILO had been concerned with cooperatives since its inception. The ILO Cooperative Branch was established as far back as 1920, and the Office's first Director-General actually came from the cooperative movement. Nowadays, the ILO cooperative programme included advisory and information services in the field of cooperative policy, legislation and human resource development as well as an important technical cooperation programme.
9. In March 1999, at its 274th Session, the ILO Governing Body had decided that the question of the promotion of cooperatives should be included on the agenda of the International Labour Conference to decide on the need for a new instrument to replace the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127). Over the last 35 years, economic and social changes had affected the situation of cooperatives throughout the world. Although cooperatives had a significant new role to play both in industrialized countries and in the transition economies, Recommendation No. 127 concerned only developing countries. A new instrument could enable cooperatives everywhere to develop their self-help potential and to meet current socio-economic challenges. Another issue was the role of governments in cooperative development. Given the reduced government role in most developing and transition countries, it was necessary to create an environment where cooperatives could function as democratic member-based enterprises respecting universally recognized cooperative principles.
10. The Office had prepared Report V(1), which gave an overview of recent developments in law and practice regarding cooperatives and contained a questionnaire for ILO member States, and Report V(2), which was a compilation of the responses to the Office questionnaire and which contained the Proposed Conclusions. The Office had received

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replies from a total of 99 member States. The majority of replies had suggested that a new instrument should take the form of a Recommendation. This would not be open to ratification but would provide guidance on policy, legislation and practice for ILO member States. It would ensure flexibility and the possibility of adaptation to different local conditions and circumstances.

## General discussion

11. The Employer Vice-Chairperson noted that the reasons for reviewing the Recommendation had been well expressed in the Office reports. He pointed out that a number of factors had made it imperative to update Recommendation No. 127. These were: the political changes over the past three decades, particularly the collapse of communism and the emergence of transition economies; the effects of structural adjustment programmes; the onset of globalization and trade liberalization; the financial crises that had led to greater unemployment and withdrawal of the state from certain economic activities; and the great number of people who suffered hardships and were reduced to poverty. In this environment, cooperatives had emerged as self-help entities that sought to achieve common objectives through collective action. Although originally mainly concerned with agricultural activities, cooperatives now covered a wide range of social and economic activities. Hence, Recommendation No. 127 which focused on developing countries and on rural areas, was no longer adequate.
12. The Employer Vice-Chairperson expected that, while the types and characteristics of cooperatives varied from country to country, the Committee's discussions would lead to the adoption of a new universal instrument in 2002. Such an instrument should be flexible enough to cover all types of cooperatives and not include reference to issues which did not directly affect cooperatives and their objectives.
13. Cooperatives worldwide accounted for more than 100 million jobs. This clearly illustrated the important role they played in employment creation. Cooperatives were essentially self-help entities that aimed at meeting the social and economic needs of their members. They also had a great potential for job creation. This should be reflected in the work of the Committee.
14. Recognizing the special characteristics of cooperatives, the Employer members felt that cooperatives should not be treated more favourably than other forms of enterprise. There should be a level playing field and this should feature in the new instrument. Although there was clearly still a role to be played by governments, the level of presence foreseen in Recommendation No. 127 was no longer appropriate.
15. Finally, the Employer Vice-Chairperson stated that, given the ILO's tripartite character, non-governmental organizations attending the Conference as observers should be permitted to make one statement only, after which they could distribute their written positions for the Committee's consideration.
16. In his opening statement, the Worker Vice-Chairperson pointed out that cooperatives were based on the notion that production and consumption of goods and services were compatible with the promotion of human values and solidarity. He also noted that worldwide cooperatives employed 100 million people, and contrasted this with the 86 million employed by multinational enterprises. He cited a number of other figures to illustrate the important role that cooperatives could play, not only in meeting global employment and poverty challenges, but also in promoting the Decent Work Agenda in the

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current context where globalization had contributed to increased income inequality, concentration of wealth, poverty and large scale unemployment.

- 17.** Regarding the definition of cooperatives, the Worker members did not have a dogmatic position. They had examined the definition in Recommendation No. 127 and the principles adopted by the International Cooperative Alliance (ICA) and found that the Proposed Conclusions had taken these two into account. The Office questionnaire had, however, failed to ask any question about the values that cooperatives were expected to embody. It was clear that any new instrument should reflect ILO values and principles.
- 18.** Cooperatives were part of the so-called third sector of the economy, the social economy. A clear distinction should therefore be made between cooperatives and public and private enterprises. Cooperatives could also be distinguished from other non-profit enterprises in the third sector such as the ones created by churches and charities. Aware that the Committee's discussions had to focus on cooperatives, the Worker Vice-Chairperson suggested that the Committee could consider the adoption of a Resolution addressing the promotion of these other forms of economic organization.
- 19.** The Workers' group considered that a new instrument should deal with a number of questions of principle. Most importantly the instrument should be truly universal, covering all countries since the cooperative form of enterprise could be helpful in society across categories of development.
- 20.** The instrument should "not try to fix what was not broken". In other words, it should incorporate those elements of Recommendation No. 127 which were still valid.
- 21.** The instrument should strongly assert and defend the autonomy of cooperatives. The Workers' group recognized that in some countries the autonomy of cooperatives had been limited by government directives and actions. In some extreme cases cooperatives had been used as economic conveyor belts for ruling parties. Autonomy, however, was not equal to absence of regulation, nor lack of special treatment. Indeed, there was wide acceptance of the need for the State to set up a supportive regulatory and policy framework for cooperatives. In establishing an appropriate public policy framework it was also essential to ensure that competition policy, or anti-trust laws, did not undermine the basic objectives of legitimate cooperatives.
- 22.** Because the primary objectives of cooperatives included the generation of employment and promotion of community development, there was a fallacy in the argument for equal treatment of profit-oriented enterprises and cooperatives. Equal treatment could only be applied to equal actors. It was clear that cooperatives had very distinct and different social and economic objectives as compared to private enterprises. The Office summary of the replies to the questionnaire on this point did not appear to be consistent with the actual replies in the report. The Proposed Conclusions made no reference to any of the specific examples of state support to cooperatives that had been mentioned in the replies to the questionnaire. The Worker Vice-Chairperson gave a number of examples of the types of government support that could be provided without affecting the autonomy of cooperatives, such as, tax benefits, loans, grants, access to public works' programmes and special procurement provisions.
- 23.** The instrument should have an added value, reflecting the ILO's comparative advantages to make a unique contribution to the development of cooperatives. In this connection, many workers had pointed out that cooperatives provided valuable alternative employment opportunities when jobs in the public and private sectors were reduced as a result of structural adjustment. The Worker members regretted that the Proposed Conclusions did

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not contain any reference to core labour standards, to the ILO Declaration on Fundamental Principles and Rights at Work or to the concept of decent work. The Workers' group would propose a number of amendments to correct this major shortcoming.

- 24.** The instrument should also promote the application of best practice labour standards in cooperatives. In this connection, member employees of a cooperative should have the same rights in respect of international labour standards and national labour legislation as other workers. The ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) was clear on this point. Member employees of a cooperative could be equated with workers who were also shareholders in a company but still had the right to organize and bargain collectively. Just as the level of economic development was not a bar to the applicability of fundamental rights, so too the nature of the legal ownership relationship should not be a bar either: universality applied to wherever work was performed.
- 25.** On corporate governance, the Worker Vice-Chairperson said that cooperatives should introduce transparency in their dealings with employees and consumers, in dissemination of information in collective bargaining and they should maximize the participation of employees in the decision-making process. Cooperatives could also introduce social auditing to measure the extent of giving effect to cooperative principles.
- 26.** The instrument should further reflect the fact that cooperative human resource development was fundamental for successful cooperative activity. Cooperatives should be encouraged to invest in their employees and to devote financial resources equivalent to 4 per cent of the wage bill to human resource development. The current focus of the Proposed Conclusions on this issue was too narrowly focused on “entrepreneurship skills” and should also cover technical and vocational skills, responsible business practice, cooperative values and general economic and social policy skills. The possibility of introducing a Master’s degree in Cooperative Administration was also mentioned by the Worker Vice-Chairperson.
- 27.** The Worker Vice-Chairperson considered that the instrument should encourage cooperatives to pay particular attention to the empowerment of the poor and voiceless, enabling them to participate in the decisions affecting their lives, giving them the resources and education to bring about real change and ensuring their ownership or control over their productive resources. Promoting gender equality was another important issue in this context. Policies designed to maximize gender equality should form part of cooperative mission statements and means of assessing concrete progress should be introduced.
- 28.** It was also important for the instrument to deal with the issue of cooperatives and the informal sector. The Proposed Conclusions did not do so adequately. In this respect, the conclusions of the discussions on human resources development during the 88th Session of the International Labour Conference in June 2000 were highly relevant since they could form the basis for a consensus in this area, in particular the conclusion that the policy objective was to “transform what are often marginal, survival activities into decent work, fully integrated into mainstream economic life”.
- 29.** The Workers’ group considered that the success of cooperatives could be enhanced by measures to increase international cooperation within the cooperative movement. Some countries had developed uniform legislation within regional economic groupings. This helped to coordinate cooperative activities and improve their impact.
- 30.** The Worker Vice-Chairperson emphasized that it was essential that any new instrument would be effective. The weakness of Recommendation No. 127 was not so much the result

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of its contents but rather was due to the absence of effective follow-up mechanisms. Recommendation No. 127 contained explicit provisions about protecting the autonomy of cooperatives. In spite of this, the practice in a number of countries had been the opposite. While noting the flexibility of the Workers' group on the nature of the instrument, the Worker Vice-Chairperson reminded the Committee that the meeting of experts on cooperative law, convened by the ILO in 1995, had concluded that it might be appropriate to have a Convention accompanied by a Recommendation. He also pointed out that the ILO Constitution provided scope for a more comprehensive follow-up than was normally applied to Recommendations. The Worker members would therefore work with the Employer and Government members of the Committee to develop an effective instrument and avoid the mistakes made in 1966.

- 31.** Concluding, the Worker Vice-Chairperson indicated that the questions of principle he had just outlined would constitute an appropriate framework for the new instrument on cooperatives. Although the Workers' group had serious reservations about the Office reports, they had confined themselves to setting out a positive vision for the promotion of cooperatives and were serious about working towards a consensus on a strong instrument which would help retain and strengthen cooperative integrity and principles in a complex and ever-changing environment and would promote decent work in cooperatives.
- 32.** The Government member of Trinidad and Tobago recognized the unique role of cooperatives in the achievement of social and economic goals and the improvement of quality of life. She noted in particular the cooperative contribution to employment creation and income generation. She stressed the need for a contemporary and universal application of a viable and dynamic instrument, which would reflect the changes within the cooperative movement and the different environments in which cooperatives operated. She informed the Committee that the meeting of Caribbean Cooperative Registrars held in May 2001, had agreed upon a number of amendments to be submitted to the Committee.
- 33.** The Government member of Sweden regretted that they had not been able to submit a reply to the Office questionnaire on time. A new international instrument was clearly needed to take account of new trends such as liberalization and globalization. He also referred to the social dimension of cooperatives and their capacity to combat unemployment. In Sweden, cooperatives often created jobs for disadvantaged groups where the public and private sectors had failed, e.g. in the case of the mentally disabled, immigrants and the long-term unemployed. In view of the special character of cooperatives, they warranted government support but of course governments should not control cooperatives. His Government fully supported the cooperative definition and principles of the ICA, which had been adopted after many years of extensive discussion.
- 34.** While agreeing in principle that cooperatives could play an important role and deserved support, the Government member of Argentina was concerned that in his country, workers' cooperatives were not used properly. He pointed out that in Argentina, large workers' cooperatives were acting as subcontractors selling the labour of their members. As a result their members worked without proper labour contracts and were not covered by social security or labour inspection.
- 35.** The Government member of India pointed out that in his country, cooperatives had a long history which had started before independence. After independence, cooperative development had been a central element of economic development strategy. At present his Government was phasing out its shareholdings in cooperatives and minimizing its regulatory role. It was in the process of developing a new national policy for cooperatives and had already carried out extensive consultations. In India, cooperatives played an important role in agriculture credit, fertilizer supply and sugar production. Cooperatives

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had a great potential to generate opportunities for self-employment. In order for cooperatives to realize this potential they needed excellence in management, a stronger financial base, innovation and increased productivity.

- 36.** The Government member of Cameroon endorsed the need for a new Recommendation but noted that this did not rule out the possibility of developing a Convention at a later stage. He called for a more comprehensive definition of cooperatives than the one currently proposed, particularly with respect to cooperative values. He also noted that Recommendation No. 127 was more complete in its references to the inclusion of cooperative values in school and university curricula. He informed the Committee that the Pan-African Conference in Yaoundé (2000), had formulated an Action Plan to fight poverty through cooperative development. The Conference had charged the President of Cameroon with an advocacy role for this Action Plan.
- 37.** A representative of the World Bank drew the attention of the Committee to its experience with cooperatives in developing countries. He recognized the leading role of the ILO in providing technical support to often weak cooperatives in developing countries. Cooperative specialists often seemed to focus more on members' rights than on the business needs of cooperatives. As a result, in those countries where the World Bank was working with cooperatives, more than half of registered cooperatives were found to exist only on paper. Only some 20 per cent was economically viable and truly based on the support of their members. He considered that it was necessary to "de-ideologize" and "de-politicize" cooperatives, provide them with effective business development services, create an enabling environment for cooperatives and mobilize more donor support for cooperatives. In this context a new ILO Recommendation would be extremely helpful.
- 38.** The Government member of Panama explained that his country had a constitutional mandate to promote cooperatives, create the necessary support bodies and institutions and establish an appropriate legislative framework. In Panama there were many credit and savings cooperatives. As many people would otherwise become victims of moneylenders, such cooperatives were essential. Agricultural cooperatives also played a significant role in Panama by addressing social problems and helping to prevent migration from rural areas. However, agricultural cooperatives faced problems caused by unstable climatic conditions and their members often had a low level of education. Cooperative education was being provided to young people. This had led to an increased understanding of cooperatives and increased participation of women. Globalization and privatization had affected cooperatives and some state-run companies were now in the hands of workers. He disagreed that cooperatives constituted unfair competition. In fact many private businesses in Panama even promoted savings and credit cooperatives. A good relationship existed between the cooperative movement and the Government of Panama. Cooperative legislation was formulated in consultation with cooperatives. It was the responsibility of the State to ensure that the interests of cooperative members were protected. With regard to cooperative education it was now possible to take a Master's degree in Cooperative Administration at the University of Panama.
- 39.** The Government member of the Syrian Arab Republic stated that since Recommendation No. 127 had been adopted, many changes had occurred which made a revision necessary. The Proposed Conclusions were a useful basis for discussion. Cooperatives existed in the housing, agriculture and health sectors in the Syrian Arab Republic. Consumer and handicraft cooperatives were also active. The Government had adopted legislation to ensure the independence of cooperatives. Cooperatives could buy land at reasonable rates; they were favourably taxed; they had access to loans at low interest rates; they could sell consumer goods for a profit, and there was no state interference in their affairs. However, cooperatives had not taken full advantage of these benefits due to a lack of awareness.

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40. The Government member of China explained that cooperatives played an important role in urban and rural development in his country. The State provided support to cooperatives which were instrumental in creating employment opportunities and increasing the incomes and standard of living of their members. His Government was in favour of the definition of cooperatives in the ICA – Statement on the Cooperative Identity (1995). He considered that there should be appropriate legislation and policies supporting cooperatives in line with the different practices of member States. His Government supported equal treatment in policies and legislation for all types of enterprises including cooperatives, but disadvantaged and vulnerable groups should receive favourable treatment. It was necessary to strengthen international collaboration and exchange information from experiences in other countries. The ILO had an important role to play in this respect.
41. A representative of the ICA started by emphasizing that cooperatives were enterprises that put people first. They were owned by members and democratically controlled. They needed to be as efficient as other enterprises in the marketplace, even if they were not driven by profit but by needs. For cooperatives to be successful, governments should create an enabling environment. The ICA hoped that a new instrument would provide a long-term policy framework for member States, be global in nature and scope, while addressing the needs of all types of cooperatives and focusing on the conditions that enable cooperatives to function and thrive independently.
42. The ICA, representing 253 member cooperative organizations in 101 countries, had reviewed the Proposed Conclusions. They considered that four basic but fundamental points should be considered by the Committee. Firstly, the definition should refer to the ICA – Statement on the Cooperative Identity, as it clearly noted the autonomous nature of cooperatives, defined cooperative values and principles and the role of cooperatives in promoting economic, social and cultural development. Secondly, the autonomy of cooperatives must be guaranteed and, in this regard, the role of government was to create and maintain an enabling environment for cooperative development and not necessarily to promote cooperatives as that might give too active a role to government. Thirdly, cooperatives should have real equality with other types of associations and enterprises. Finally, cooperatives should be for everyone and should not be limited to a specific group of people or sector of the economy.
43. The Government member of Cyprus noted that governments could supervise cooperatives in order to ensure that they were working efficiently and effectively and respected the relevant legislation. This supervision, however, should not in any case involve intervention in the day-to-day operations of cooperatives and their independence and autonomy should be maintained. Cooperatives were not profit-oriented. They could therefore be active and create jobs in areas or sectors which were not profitable for private companies. Governments could create special incentives for such cooperative activities.
44. The Government member of the Libyan Arab Jamahiriya regretted that the Libyan Arab Jamahiriya had not been able to respond to the questionnaire sent by the Office. In his country, cooperatives were considered one of the major pillars of the economy, working for the well-being of society. They were active in various sectors including consumer services, agriculture, housing and health. They were particularly effective for people with limited income in small towns and villages. The Government provided certain incentives for cooperatives including fiscal benefits, credit, transport and premises. A new instrument should be kept sufficiently flexible to respond to different needs of different countries.
45. The Government member of Kenya informed the Committee that the cooperative movement in Kenya was organized in a four-tier system, consisting of primary and secondary cooperatives, national federations and the apex organization. It was supported

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by the Cooperative College which served as a national cooperative human resources development institution. Cooperatives in Kenya cut across all sectors of the economy including finance, agriculture, livestock, manufacturing and distribution trade, contributing to 45 per cent of the national GDP. The cooperative movement in Kenya had been liberalized three years ago with the enactment of a liberal cooperative law. This had caught the cooperative movement unprepared and it was still having problems to adjust to the new environment and was suffering from loss of membership and capital. The major problems were unclear legislation, competition from NGOs (particularly in micro-finance), weak management, high illiteracy and lack of enthusiasm among members. The Government was committed to creating a favourable environment for cooperatives and for revitalization of the cooperative movement.

- 46.** The Government member of Congo mentioned that his country had experienced hard times. During the formerly socialist regime, cooperatives were directed by the Government and operated mainly in agricultural production and fishery with the objective to combat rural exodus and unemployment. Like other state enterprises, these cooperatives were not very successful. Since then, as a result of the economic crisis and the civil war, the country had suffered from excessive unemployment and cooperatives had performed slightly better. Recently, the cooperative movement had undergone further changes as the State had withdrawn from direct interference. The role of the State was now limited to the supervision of the rights and duties of cooperatives. Members of cooperatives operating in the informal sector, in particular, needed protection. His Government had recently reached an agreement with workers and cooperatives to extend social security coverage to cooperative members. Cooperatives in his country still lacked experience, basic instruments and technical assistance. He suggested that a Convention could be adopted in addition to a Recommendation.
- 47.** The Government member of Denmark said that although Recommendation No. 127 had been of great use for many countries, it was outdated and did not meet today's requirements. Her Government was satisfied with the Proposed Conclusions, which were similar to Recommendation No. 189 on employment creation in small and medium-sized enterprises. Denmark had a long cooperative tradition, especially in the agriculture and food sectors. Cooperatives were based on voluntary and open membership, democratic member control, member economic participation, autonomy, independence and cooperation among cooperatives. No general legislation on cooperatives existed in Denmark, but cooperatives were regulated through practice of law, customs and rules adopted for individual enterprises, in such areas as labour standards, concerning safety and health and social security. It might be difficult to find a definition of cooperatives, which would cover all economic sectors and differences between countries. The policy and legislative framework in which cooperatives operated was important but cooperatives should first and foremost strengthen their own structures and functions. Although the number of cooperatives had fallen in Denmark, the country had a lot of experience to offer. This was the reason why it strongly supported the ILO's technical cooperation programme for the promotion of cooperatives. Decent work was the main objective of the ILO, and cooperatives could contribute to its achievement.
- 48.** The Government member of Burkina Faso stated that a new instrument should take into account the relevant international labour standards, particularly those concerning rural workers. The development of cooperatives would contribute to income generation and job creation, especially for disadvantaged groups like women. His Government had promoted cooperatives since the 1990s through a national policy and two cooperative laws. The first law dealt with cooperative societies and groups and the second one with credit and savings cooperatives. The State retained a regulatory and control function. In his opinion, employers and cooperatives should not consider themselves as competitors. Their

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collaboration as suppliers and consumers or vice versa should make the economy more dynamic. Relations between workers and cooperatives should be intensified in order to help workers who had lost their jobs because of structural adjustment and the effects of globalization. New cooperatives and a good cooperation between governments, employers' and workers' organizations and cooperatives could generate jobs for the unemployed, including women, and would contribute to poverty reduction. His Government regularly organized seminars for agricultural producers and rural workers, and had simplified administrative procedures and introduced fiscal advantages for cooperatives. International cooperation between cooperatives was necessary in order to exchange experiences and to improve the organizational and financial aspects of the cooperative movement and living conditions in general.

- 49.** The Government member of France agreed that it was necessary to adapt Recommendation No. 127 to a new context characterized by globalization and its various effects. He felt that there was a need to emphasize the specificity of the cooperative movement and to define the conditions of its autonomy. The social usefulness of cooperatives was part and parcel of the cooperative movement and his Government was convinced of its important contribution to the social economy through its mutual basis and solidarity principles. He referred to the important role that mutual societies played in his country in such sectors as insurance and health. He pointed out, however, that mutual societies in France did not enjoy cooperative status, as defined by the law of 1947. On the other hand, a new type of cooperative was being introduced in French legislation: the "cooperative society of collective interest". This would facilitate synergies between social actors operating at the local level such as communities and associations and would enable associations to become cooperatives. Reflecting their interest to consult with the cooperative movement, his Government had created a state secretariat for "*economie solidaire*". A new type of solidarity was called for to address the major challenges of today's world and only the cooperative movement could respond to this challenge. The ILO was the best forum to take up this challenge.
- 50.** The Government member of Canada informed the Committee that his Government had consulted at all levels of government, and with employers' and workers' organizations and cooperative apex bodies. The cooperative movement in Canada was an active partner of the Government in promoting cooperative development in over 20 countries. Regarding the definition of cooperatives, he noted that the ICA definition had been agreed upon in 1995, following extensive consultation, and that it should therefore be given serious consideration by the Committee. The autonomy of cooperatives should be respected, particularly as regards the roles of government. While endorsing the need for equal treatment of cooperatives in general, he suggested that cooperatives needed encouragement to work in areas, such as rural or remote regions, which were not well served by other bodies. He concluded by stating that a new instrument should be both simple and meaningful.
- 51.** The Government member of Japan noted that cooperatives were not among the tripartite constituents of the ILO, and that therefore a Recommendation would be the logical form for a new instrument on cooperative development. Any alternative might be outside the ILO's mandate. He also proposed that the instrument be flexible, to accommodate local conditions, but that it should be in full compliance with the objectives of the ILO.
- 52.** The Government member of Brazil informed the Committee that cooperatives had been active in her country since 1891. They now played an important role in many sectors. Although, over time national legislation had evolved, her Government was currently working to improve the legislative framework, particularly to afford greater legal protection to workers in cooperatives. Currently, workers in cooperatives involved in

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outsourcing or subcontracting relationships were not covered by existing labour legislation. The new instrument should pay special attention to this matter.

- 53.** Supporting the proposal for a new instrument, the Government member of the United Kingdom proposed that cooperatives should receive similar treatment to non-cooperative bodies. She felt that the ICA principles should be part of the new instrument which should be a Recommendation rather than a Convention. Previous consultations had been held on this basis, and any change now would require renewed consultation with home governments. While there had not been any new legislation for cooperatives recently in the United Kingdom, interesting new forms of cooperatives had emerged in recent years.
- 54.** The Government member of Costa Rica noted the importance of the cooperative sector in his country, particularly in rural areas and agriculture. Cooperatives played an important role in local development and promoting democracy in his country. He supported the proposed idea of reflecting the ICA definition and cooperative principles in the new instrument to achieve consistency and universality. He informed the Committee that the constitution of Costa Rica called for the Government to actively promote cooperative development. He suggested that, following the Swiss example, in addition to a regulatory role, governments could also support cooperatives more actively, for instance, through temporary tariffs.
- 55.** The Government member of South Africa stressed the need for cooperatives in his country to address the high rates of poverty and unemployment. To achieve this, the previous dualistic cooperative structure needed to be replaced by a unified structure. One of the most urgent tasks was the revision of the cooperative law. Well established commercial cooperatives mainly made up of members of minority groups needed to assist emerging cooperatives. The government had to create an appropriate environment for cooperatives, including improved access to financial and technical support, without interfering in the internal affairs of cooperatives.
- 56.** The Government member of Ghana noted that her country had adopted a new cooperative policy to promote and stimulate cooperatives as business enterprises. The policy also covered cooperatives and similar groups in the informal sector. Her Government viewed cooperatives as viable channels for employment creation in rural and urban areas. She felt that the Proposed Conclusions dealt inadequately with the informal sector. She suggested that the consensus on human resources development in the informal sector that had emerged during the 88th Session of the International Labour Conference could be used as the basis for defining the role of cooperatives in the informal sector. This role should be linked to other measures such as training, fiscal policies, provision of credit and the extension of social protection and labour laws to improve the performance of informal sector enterprises and the employability of informal sector workers, thus promoting decent work. The success of the cooperative movement could be greatly enhanced through international cooperation. A new instrument should include effective follow-up mechanisms to protect the autonomy of cooperatives.
- 57.** Commenting on the interventions by the Government members, the Worker Vice-Chairperson noted that there seemed to be a broad consensus on the need for a new universal standard on the importance of cooperative autonomy and independence and on the role of cooperatives in development. There also seemed to be strong support for applying international labour standards to cooperatives. He felt that the reference to the informal sector by the Government member of Ghana captured the orientation of what would emerge from the Committee's discussions. Referring to the statement by the representative of the World Bank, he disagreed that government support for cooperatives

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usually had a detrimental effect. The examples of Italy and Spain proved the contrary. Deregulation was not the solution for cooperatives. New forms of cooperatives were emerging and a new instrument should therefore be flexible in scope while remaining faithful to the true nature of cooperatives. There also seemed to be a consensus that cooperatives should not be the subject of discrimination and that special measures should be taken to support cooperative development. He added that the ICA principles would need to be taken into account in the Committee's discussion.

- 58.** The Employer Vice-Chairperson, referring to the Worker Vice-Chairperson's comments concerning the applicability to cooperatives of the ILO Declaration on Fundamental Principles and Rights at Work and of international labour standards, more in general, urged members to focus on the review of Recommendation No. 127 and the promotion of cooperatives, and not to take up other issues. He stressed the importance of a simple, flexible and workable instrument and had been encouraged by the fact that most Government members seemed to prefer that a new instrument take the form of a Recommendation.
- 59.** The Worker Vice-Chairperson responded that it was necessary to define what was relevant for the promotion of cooperatives. He urged the Committee members to look at the ILO Constitution to remind themselves of the core values and unique role of the Organization in the world of work. It was this insight, expertise and values that the ILO, uniquely, could bring to the world of cooperatives. This would definitely help the Committee to define the scope for its work.

## **Consideration of the Proposed Conclusions concerning the promotion of cooperatives**

### **A. Form of the instrument**

#### Point 1

##### *D.41*

- 60.** The Government member of Costa Rica introduced an amendment submitted by the Government members of Argentina, Brazil, Costa Rica, Spain and Uruguay to add the words "of a universal character" after the word "instrument". While the idea was implicit in the text, he felt that it was important to be explicit on the subject. The Employer and Worker Vice-Chairpersons supported the amendment, which was then adopted.

- 61.** Point 1, as amended, was adopted.

#### Point 2

- 62.** As there were no amendments, Point 2 was adopted without discussion.

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## **B. Preamble**

### Point 3

#### *D.12*

- 63.** The Employer Vice-Chairperson introduced an amendment to delete the Preamble. He stressed the unique purpose and characteristics of cooperatives and noted that some of the instruments referred to made no specific mention of cooperatives. He therefore felt that the text was not relevant to this instrument.
- 64.** The Worker Vice-Chairperson explained why the Workers' group felt that the Preamble should be retained. Firstly, it added value by setting the context for the instrument. Secondly, it was very relevant, in that the instruments listed dealt with themes of central importance to cooperatives, such as the ILO instruments dealing with employment and human resources development. Thirdly, there were many precedents in other ILO Recommendations for including a Preamble in such an instrument.
- 65.** The amendment was also opposed by all Government members who spoke. The Employer Vice-Chairperson then withdrew the amendment.

#### *D.22*

- 66.** An amendment submitted by the Government member of India was not seconded. The amendment was therefore not considered.

#### *D.60*

- 67.** The Worker Vice-Chairperson introduced an amendment to include specific reference to the ILO Declaration on Fundamental Principles and Rights at Work as well as to four additional ILO Conventions. He argued that these references were very relevant to the situation of cooperatives. The ILO Declaration on Fundamental Principles and Rights at Work was universal in character, and set out core values for all countries to promote and respect. The core Conventions set out the most basic rights that ought to apply to all those who perform work, irrespective of their legal status.
- 68.** The Employer Vice-Chairperson opposed the amendment, since there was a danger that it would burden cooperatives with too many obligations. He reminded the Committee that many workers in cooperatives were also owners or members and some of the Conventions referred to were therefore not necessarily applicable. He suggested that the instrument should limit itself to the principles mentioned by the representative of the ICA in the general discussion.
- 69.** The Worker Vice-Chairperson responded that the intention was not to overload the instrument but rather to strengthen it with references to the most fundamental ILO instruments. Cooperatives, as indicated by the Employer Vice-Chairperson himself, were self-help organizations with some workers also being owners and others only employees. Irrespective of their status, however, both workers and owners should enjoy the right to organize. The reference to the ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111) was also relevant, as demonstrated in the general discussion by the Government member of South Africa.

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- 70.** The Government member of Panama felt that the original text should be maintained in order not to create unnecessary complications for members of cooperatives, who were usually of humble origins.
- 71.** The Government member of Cameroon argued that the amendment was superfluous, while the Government member of Trinidad and Tobago suggested that it might be advisable to only include a reference to the ILO Declaration on Fundamental Principles and Rights at Work.
- 72.** The Government members of Argentina, Burkina Faso, Costa Rica, Cyprus, Finland, France, Italy, Lebanon, Lesotho, Mali, Norway, South Africa (also speaking on behalf of Kenya and Swaziland), Sweden, the Syrian Arab Republic and Togo all supported the amendment, mainly emphasizing that the fundamental standards referred to should, by definition, also apply to cooperatives and were therefore relevant.
- 73.** The Employer Vice-Chairperson reminded the Committee of the danger of expanding its mandate. He also argued that the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) was not necessarily relevant to the informal sector or the disadvantaged. The Employers' group would therefore not support the amendment and wished this to be reflected in the record of the Committee's discussions.
- 74.** The Worker Vice-Chairperson thanked the Government members who had spoken in support of the amendment, since it had enriched the debate. The amendment was then adopted.

#### *D.58*

- 75.** The Worker Vice-Chairperson introduced an amendment to add a reference to the external context, particularly the effects of globalization, which the Workers' group considered relevant to the instrument.
- 76.** The amendment was supported by most Government members who spoke. The Government members of Spain and Sweden, however, felt that it would overload the Preamble. Some Government members questioned the formulation of the amendment. After some discussion, the Workers' group proposed a number of subamendments, following which the amendment, as subamended, was adopted with the following text: "Recognizing that globalization has created new and different pressures, problems and opportunities for cooperatives."

#### *D.59*

- 77.** The Worker Vice-Chairperson introduced an amendment to include references to decent work and the Philadelphia Declaration. He explained that in addition to a reference to the global external context, it was important to include a reference to ILO values and objectives, especially since the concept of decent work and the idea that labour is not a commodity fitted so well with cooperative principles and values. He believed that including these references would not overload the Preamble and pointed out that the Preamble of Recommendation No. 189 contained a total of ten paragraphs.
- 78.** The Employer Vice-Chairperson opposed the amendment on the grounds that it would make the Preamble too long. The Government member of Sweden supported the amendment while the Government member of Cameroon opposed it. The Government member of Trinidad and Tobago considered that it was imperative to include the proposed

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references. The Government members of Senegal, the Syrian Arab Republic and Togo also spoke in support of the amendment.

- 79.** The Government member of Panama felt that the amendment was not required. He also expressed concern that the cooperative sector itself was not represented in the Committee. The Chairperson noted, however, that some of the members of the Committee were drawn from the cooperative sector. The Government members of Costa Rica, Cyprus, Guatemala, Norway, Spain and the United Kingdom all spoke in support of the amendment.
- 80.** In response to the comments of the Government member of Panama, a representative of the ICA expressed the view that the instrument should be flexible and address the needs of all types of cooperatives. The emphasis of the instrument should be on the promotion of cooperatives.
- 81.** The Government member of Malawi wondered whether the amendment might not be consolidated with the amendment submitted by the Worker members, which included references to the ILO Declaration on Fundamental Principles and Rights at Work and four ILO Conventions. The Worker Vice-Chairperson considered this to be an acceptable option and reminded the Committee that, even without the proposed consolidation, this amendment would only lead to four substantive points in the Preamble. Since the Preamble of Recommendation No. 189 contained ten paragraphs there appeared to be no risk of overloading.

### Point 3

#### D.59

- 82.** The Employer Vice-Chairperson considered that the amendment represented a shift away from cooperative development, as the focus for the instrument, and towards the protection of workers' rights and labour standards within cooperatives. He drew the attention of the Committee to the Report of the Director-General: *Reducing the decent work deficit – A global challenge*, which placed a very high priority on the creation of employment. There could be no workers' rights without work. The emphasis of the instrument should therefore remain on cooperative development. He continued to oppose the amendment.
- 83.** The Worker Vice-Chairperson noted that the Director-General's Report talked of focusing the ILO's energies on decent work as a "major global demand of our time". Since the Committee had been established specifically to develop a new instrument appropriate for our time, it was logical to include a reference to decent work. In the Report of the Director-General he had not been able to identify any forms of enterprise, or categories of work, which were excluded from the scope of decent work. Indeed, there was a "happy marriage" between the values of the ILO and the solidarity on which cooperatives were founded. He agreed with the Employer Vice-Chairperson that there could be no workers' rights without work. This concern was, however, clearly addressed in the concept of decent work, since it covered both the need for more jobs and the need for better jobs.
- 84.** The Government members of Brazil, Ghana and Italy supported the amendment, given the importance of cooperatives in job creation, particularly for vulnerable and disadvantaged groups and for rural people.
- 85.** The Worker Vice-Chairperson submitted a subamendment, rephrasing the amendment to reduce possible ambiguity and include a reference that decent work was now a primary objective of the ILO. The Government member of France still had some doubts regarding the wording.

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**86.** The Employer Vice-Chairperson indicated that he was not against the formulation as such, but still felt that it was not necessary to include the amendment. The Government member of Trinidad and Tobago submitted a subamendment to delete the word “now”. Following some discussion and an indication from the Employer Vice-Chairperson that his group preferred to abstain, the amendment, as subamended by the Worker members, and further subamended by the Government member of Trinidad and Tobago, was adopted.

**87.** Point 3 was adopted as amended.

Point 4

*D.13*

**88.** The Employer Vice-Chairperson introduced the amendment to delete the words “adopt new measures” after the word “should”, since caution was required as to what Governments could actually do. The Worker Vice-Chairperson wondered how one could promote something without adopting measures. He pointed out that the words “adopting measures” were included to encourage governments to actively promote cooperatives. For this reason the Workers’ group preferred the original text. The Government members of Argentina, Burkina Faso, Finland, India, Italy, Lebanon and the Syrian Arab Republic all indicated that they preferred the original text. The Employer Vice-Chairperson then withdrew the amendment.

*D.9*

**89.** The Government members of Canada, Cyprus, Finland, France, Ireland, Italy, Japan, Luxembourg, New Zealand, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States introduced an amendment to replace clause 4(a) with the words “create and develop their income-generating activities and sustainable employment”. The Government member of France explained that it was important to emphasize the creation of sustainable employment in line with the social objectives of cooperatives.

**90.** The Employer and the Worker Vice-Chairpersons supported the proposed amendment. The Worker Vice-Chairperson then proposed a subamendment introducing the word “decent” after the word “sustainable”.

**91.** The Employer Vice-Chairperson and the Government member of France considered that the reference to decent work in the Preamble was sufficient. The Worker Vice-Chairperson explained that the Preamble only provided the context for the instrument but did not form part of the substantive provisions. It was therefore useful to include the reference here as well.

**92.** The Employer Vice-Chairperson reminded the Committee of the danger of including constant references to workers’ rights in the instrument, which was meant to be an instrument for the promotion of cooperatives. Furthermore, the concept of decent work had not yet been clearly defined.

**93.** The Government member of Trinidad and Tobago considered that the term “sustainable” was comprehensive and included the concepts of decent work as well as human resources development and employability.

**94.** The Government member of South Africa supported the amendment and subamendment, while the Government member of the Syrian Arab Republic considered that there was no need for the subamendment as decent work had already been mentioned in the Preamble.

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- 95.** The Worker Vice-Chairperson wondered what the problem was in including a reference to decent work. In his view it was just a matter of giving recognition to the reference in the Preamble. The term “sustainable” did not necessarily include the concept “decent work”. Referring to the Employer Vice-Chairperson’s comments concerning the length of the instrument, he noted that “decent” was a word with only six letters.
- 96.** The Employer Vice-Chairperson reminded the Committee that the Government members of France, the Syrian Arab Republic and Trinidad and Tobago had suggested that it was not necessary to include the reference. The Government member of Kenya indicated that, although she had no objection to including the reference here, it was not necessary to include it all through the Proposed Conclusions. The Government member of Mali asked to hear the views of the Legal Adviser on the matter. The Legal Adviser confirmed that, as indicated by the Worker Vice-Chairperson, the Preamble was not part of the substantive provisions of an instrument. The Preamble was important, however, in the sense that it indicated the direction of the instrument and was meant to help the application of the substantive provisions.
- 97.** A long discussion ensued during which the Government members of France, Ireland, Lebanon and Suriname indicated that they felt that a reference to decent work in the Preamble was sufficient, while the Government members of Argentina, Brazil, Congo, Costa Rica, Ghana, South Africa and Venezuela expressed their support for the subamendment. The Worker Vice-Chairperson indicated that there was no harm in including the word “decent” since the word “sustainable” referred mainly to the duration rather than the quality of employment. The Employer Vice-Chairperson interpreted the Legal Adviser’s views to mean that there was no need for a reference to decent work here and suggested that a vote be taken. The Worker Vice-Chairperson disagreed with the Employer Vice-Chairperson’s interpretation and asked the Government members who had submitted the amendment to reconsider their opinion that the subamendment was not necessary. The Government member of France agreed to the suggestion that the Committee might want to vote on the matter, while stating that he was now willing to support the subamendment. The Government member of Trinidad and Tobago also indicated that she was now in favour of the subamendment.
- 98.** The Employer Vice-Chairperson submitted a motion for closure, which was not opposed. The Government members of Burkina Faso, Lebanon, Lesotho, Malawi, Oman, Swaziland and the Syrian Arab Republic, who had asked for the floor before the motion for closure had been submitted, all expressed their support for the amendment and the subamendment.
- 99.** In his final argument the Employer Vice-Chairperson reminded the Committee that there was still no clear definition of decent work. The Worker Vice-Chairperson noted that there were 18 Government members’ interventions in favour of the subamendment. Decent work had been referred to in the Preamble and now needed to be integrated in the operational points of the Proposed Conclusions. Reflecting on the pitfalls of legal interpretation, he expressed the view that it would “do no harm” to include the reference, whereas it might “hurt” to leave it out.
- 100.** A vote was then taken by which the amendment, as subamended, was adopted by 11,220 votes in favour and no votes against.

#### *D.53*

- 101.** The Worker Vice-Chairperson introduced an amendment, which he immediately subamended, to include a reference to technical and vocational skills, to refer to “responsible” entrepreneurial and managerial capacities and to insert the words “the values

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of the cooperative movement and general economic and social policy skills”, before the words “through education and training”. He noted that similar references had been included in the Resolution on human resources development adopted by the 88th International Labour Conference (2000), and that these references would make the Proposed Conclusions more comprehensive. The Worker Vice-Chairperson also highlighted the importance of developing entrepreneurial and managerial capacities which were responsible and took into account the needs of the wider society. The term used by cooperatives for this was “concern for community”.

- 102.** The Employer Vice-Chairperson agreed that the inclusion of a reference to technical and vocational skills would be useful. He did not agree to the inclusion of the word “responsible” since it implied a value judgement and therefore did not improve the text. He also felt that there was no need to include a reference to cooperative values in this Point of the Proposed Conclusions.
- 103.** The Government member of Mexico pointed out that the Spanish translation of the word “responsible” was not exact. The Government members of Cameroon, Ghana and Trinidad and Tobago agreed that it was not necessary to include the word “responsible”.
- 104.** The Worker Vice-Chairperson agreed to withdraw the word “responsible” on the understanding that in cooperatives, entrepreneurial and managerial capacities should by definition be responsible.
- 105.** The amendment, as subamended, was then adopted.
- 106.** An amendment, submitted by the Government member of India, was withdrawn.

*D.14, D.7, D.55 and D.38*

- 107.** The Employer Vice-Chairperson introduced an amendment to delete clause (d) in order to keep the Proposed Conclusions flexible so that cooperatives could themselves decide in which areas to be active. The Worker Vice-Chairperson agreed that, although the clause could be helpful as an indication of the broader social remit of cooperatives, the proposed text was too specific. He saw merit in keeping clause (d) but in a shorter form. In any case, his group was proposing a different text for discussion under the subsequent amendment. The Government member of Mali agreed that a more general formulation was required. The Chairperson then suggested that the amendment be discussed together with three other amendments relating to the same clause.
- 108.** The Government member of the United States introduced an amendment, submitted by her and the Government member of the United Kingdom, to insert the words “economic and” before “social well-being,” to keep in mind that cooperatives were economic enterprises, as indicated in many of the replies to the Office questionnaire. She further proposed to delete most of the remainder of the paragraph since its content was static and was likely to be incomplete. The Employer Vice-Chairperson agreed to withdraw his earlier amendment to delete the whole clause and supported the amendment just introduced.
- 109.** The Worker Vice-Chairperson introduced an amendment to retain references to gender and racial equality, while the Government member of South Africa introduced one to retain only the reference to gender equality. The Government members of Sweden and Trinidad and Tobago agreed to the first two amendments.
- 110.** Following some further discussion and the submission of subamendments by the Government members of Italy and Mexico, and by the Employer and Worker

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Vice-Chairpersons, agreement was reached on the following formulation: “improve social and economic well-being, taking into account the need to eliminate all forms of discrimination”.

- 111.** The amendment, submitted by the Government members of the United Kingdom and the United States, as subamended, was then adopted.

*D.24*

- 112.** The Government member of India introduced an amendment, seconded by the Government member of Trinidad and Tobago, to include a clause concerning access by cooperatives to markets and finance. The amendment was motivated by the cooperative experience in his country which had shown that such access was essential for the success of cooperatives.
- 113.** The Employer Vice-Chairperson supported the amendment in principle but indicated that it was important to avoid the impression that cooperatives should receive preferential treatment. He therefore submitted a subamendment to indicate that cooperatives should be treated on equal terms with other private sector organizations. The Worker Vice-Chairperson and the Government members of Argentina, Brazil, Ghana, Malawi, South Africa and the Syrian Arab Republic all supported the amendment, but not the subamendment. The Government member of Cameroon introduced a subamendment to replace the word “increase” by “facilitate”. The Employer Vice-Chairperson then withdrew his subamendment while expressing support for the subamendment submitted by the Government member of Cameroon. The Worker Vice-Chairperson also expressed his support for the latter subamendment.
- 114.** The amendment, as subamended by the Government member of the Cameroon, was then adopted.
- 115.** An amendment, submitted by the Government member of India, was withdrawn.

*D.51 and D.39*

- 116.** The Worker Vice-Chairperson introduced an amendment to include a clause concerning the implementation of international labour standards. He considered such a clause important to reflect the fact that cooperatives should also respect relevant standards.
- 117.** Seconded by the Government member of Mozambique, the Government member of South Africa introduced an amendment to include a clause referring to fair labour standards.
- 118.** The Employer Vice-Chairperson vigorously opposed both amendments. Another Employer member argued that a practical instrument was needed and wondered which standards were relevant to cooperatives and how cooperatives could implement international labour standards in countries that had not ratified such standards. He also referred to the statement by the Government member of South Africa indicating that each member State had to define its own requirements. The Government member of Canada, speaking on behalf of the Government members of Canada, Cyprus, Finland, France, Italy, Japan, Luxembourg, Spain, Sweden, Turkey, the United Kingdom and the United States agreed with the statement of the Employer member. The concept of decent work and the application of international labour standards had already been referred to under the Preamble and under Point 4. He could therefore not support the amendment and suggested that the discussion focus on the promotion of cooperatives.

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- 119.** The Worker Vice-Chairperson reminded the Committee of the nature of the proposed instrument, adding that a Recommendation did not impose international legal obligations upon governments. His amendment, in fact, sought to take on board the values of the ILO. Cooperatives should treat their employees fairly and he was open to any suggestions for subamendments that would better reflect this. He wondered how the amendment detracted from the promotion of cooperatives. He agreed, however, that the Committee should be selective and only include references to international labour standards where in fact they added value to the text.
- 120.** The Government member of Argentina introduced a subamendment to include a reference to “labour fraud”, a problem which was prevalent in some workers’ cooperatives. It concerned the situation where employers used workers’ cooperatives to reduce labour cost by avoiding compliance with existing labour legislation. This possibility was created by the fact that workers’ cooperatives had two types of workers: the first, worker members, who were not covered by existing labour legislation, and the second, contract workers, who were covered. The problem arose when workers’ cooperatives were no longer true cooperatives.
- 121.** The Worker Vice-Chairperson noted that many Government members seemed to support a reference to international labour standards but were concerned that too many references would defeat the purpose. He therefore withdrew the amendment on the understanding that there was no objection to a reference to the application of international labour standards in cooperatives in the operative part of the Proposed Conclusions but that this was not the right place to refer to them. He indicated that the Workers’ group would introduce an amendment at an appropriate place in the text. The Government members of Argentina and South Africa also withdrew their respective subamendments.

#### *D.56*

- 122.** The Worker Vice-Chairperson introduced an amendment to include a new clause which was taken from Recommendation No. 127. He considered that it was still valid and useful because it introduced the notions of democratic control and equitable distribution of surplus. It was also relevant in the context of employee share-ownership plans.
- 123.** The Employer Vice-Chairperson saw no need for the amendment since the subject was already covered in clause (a). Another Employer member pointed out that the Proposed Conclusions were not meant to be an economic charter but rather aimed at facilitating the promotion of cooperatives. He suggested that the Committee should be careful not to suffocate the Proposed Conclusions with all kinds of obligations.
- 124.** The Government member of Kenya considered that the amendment was not necessary since the references to cooperative values and principles were already included in the Proposed Conclusions and would be covered later. The Worker Vice-Chairperson indicated that it was not the intention to command cooperatives to do something but rather to assist them. He considered that it was useful to make the notions explicit as examples of cooperative values and principles. Since the language of the amendment had been taken from Recommendation No. 127, a tripartite consensus already existed. In the spirit of compromise, he urged a rethink of this particular amendment. The Government members of Mexico, Panama, Philippines and the United States indicated that the Proposed Conclusions risked becoming too heavy and therefore did not support the amendment. The Government member of Trinidad and Tobago, on the other hand, felt that the amendment constituted a valuable addition for the Proposed Conclusions.

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- 125.** The Worker Vice-Chairperson, noting the limited support for the amendment, withdrew the amendment.

*D.57*

- 126.** The Worker Vice-Chairperson introduced an amendment to include a clause stressing the role of cooperatives in “increasing national income, export revenues and employment by a fuller utilization of resources”. It was based on a similar clause in Recommendation No. 127.

- 127.** The Employer Vice-Chairperson opposed the amendment. The ideas put forward were already part of the cooperative principles. The Government members of Burkina Faso, Congo, Greece, Mexico, Panama and the United Arab Emirates agreed with the Employer Vice-Chairperson. The Worker Vice-Chairperson then withdrew the amendment. He also withdrew an amendment which dealt with the order of the clauses in this Point and suggested to leave the order to the Drafting Committee.

- 128.** Point 4 was adopted as amended.

Point 5

*D.5*

- 129.** The Government member of Canada introduced an amendment, submitted by the Government members of Canada, Cyprus, Finland, France, Ireland, Italy, Japan, Luxembourg, New Zealand, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States to move Point 5 before Point 4, as Point 5 set the context for the objectives, scope and definition of the instrument. The amendment was supported by the Employer and Worker Vice-Chairpersons and by the Government members of Mali and the United Arab Emirates.

- 130.** The amendment was then adopted.

*D.50 and D.15*

- 131.** The Worker Vice-Chairperson introduced an amendment to reflect the fact that the instrument should be universal and cover all cooperatives “without distinction whatsoever”. The Employer Vice-Chairperson introduced a similar amendment which was shorter and clearer. The Worker Vice-Chairperson withdrew his amendment in support of the amendment submitted by the Employer members.

- 132.** The amendment submitted by the Employer members was then adopted.

- 133.** An amendment, submitted by the Government member of India was withdrawn.

- 134.** Point 5 was adopted as amended.

Point 6

*D.6, D.37, D.40 and D.61*

- 135.** The Government member of Sweden introduced an amendment, submitted by the Government members of Canada, France, Ireland, Sweden, Turkey, the United Kingdom and the United States, and supported by the Government members of Cyprus and Italy, to

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include the same definition of cooperatives as the one adopted by the ICA in 1995. The Government member of Spain introduced an amendment submitted by the Government members of Argentina, Brazil, Costa Rica and Spain which combined elements of the ICA definition with the one contained in Recommendation No. 127. Similar amendments had been submitted by the Government member of Italy, and by the Worker members.

- 136.** The Worker Vice-Chairperson withdrew his amendment in favour of the one submitted by the Government member of Spain, since the concepts were exactly the same. The Employer Vice-Chairperson also supported this amendment.
- 137.** The Government member of Panama preferred the amendment containing only the ICA definition, while the Government member of the United Arab Emirates spoke in favour of the amendment introducing the combined definition. He suggested that the word “common” be inserted before the words “economic, social and cultural needs” in the amendment submitted by the Government members of Argentina, Brazil, Costa Rica and Spain. The Government member of Argentina opposed this, considering that this would be superfluous.
- 138.** The Government member of Sweden expressed an interest in hearing the views of the ICA on the proposed combined definition, while the Government member of Canada expressed doubts about including a definition which was different from the one adopted by the ICA. The Government member of Cameroon spoke in favour of the latter amendment but suggested the insertion of the words “on their own initiative” after the words “voluntarily join together”. His suggestion was not taken up by other members of the Committee.
- 139.** The amendment introduced by the Government member of Spain was then adopted. The Government member of Spain advised special caution with regard to the translation of the definition, especially regarding the word “autonomous”, and suggested that the original Spanish version be taken as the basis.
- 140.** Point 6 was adopted as amended.

#### Point 7

##### D.16

- 141.** The Employer Vice-Chairperson introduced an amendment to delete clauses (e), (f) and (g). He considered that only the first four clauses defined the specific character of cooperatives, while clauses (e) to (g) referred more to the services that cooperatives could provide. These should therefore be relocated under Point 12 instead. His group had submitted a number of amendments under Point 12, accordingly.
- 142.** The Worker Vice-Chairperson stated that all seven clauses were principles and should be included in the Proposed Conclusions. He spoke in favour of the principles relating to education, cooperation, and concern for community. The principles had also received considerable support in the replies to the Office questionnaire. He therefore urged members to retain the three clauses.
- 143.** An Employer member added that many types of organizations were engaged in education, training, cooperation and concern for community, so these elements were not unique to cooperatives. Clauses (a) to (d) were, on the other hand, genuine and distinct principles not just ideals or aspirations.

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- 144.** In response, the Worker Vice-Chairperson stated that principles could apply to more than one form of organization and he gave examples of types of social organizations and enterprises, such as trade unions, that also applied the principles mentioned in clauses (a) to (d). That these principles were not unique to cooperatives had not prevented the Employer members from accepting their inclusion in the Proposed Conclusions.
- 145.** The Government members of Argentina, Italy, Suriname and Sweden did not support the amendment, preferring to retain the full set of ICA principles. The Employer Vice-Chairperson then withdrew the amendment.
- 146.** The Government member of Trinidad and Tobago introduced an amendment, submitted by the Government members of Bahamas, Barbados and Trinidad and Tobago, to include the six cooperative values. She explained that Point 7 addressed the identity of cooperatives. It indicated the essence of what made cooperatives a special and distinct type of organization. Since cooperatives were value-based, this should be reflected in the Proposed Conclusions. It was also important to include the values since they could contribute to the empowerment of disadvantaged persons. Without the values, the Proposed Conclusions would be incomplete.
- 147.** The Employer Vice-Chairperson, although not disagreeing with the values, preferred to leave the text as it was. The Worker Vice-Chairperson fully supported the amendment since he had submitted a similar one which he would withdraw if this one was adopted. The Governments of Mexico, South Africa and Suriname supported the amendment, considering that the cooperative values should necessarily accompany the cooperative principles. The Employer Vice-Chairperson then no longer opposed the amendment.
- 148.** The amendment was then adopted.

#### *D.4*

- 149.** The Government member of Canada introduced an amendment, submitted by the Government members of Canada, Cyprus, Finland, France, Ireland, Italy, Japan, Luxembourg, New Zealand, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States to include the words “internationally recognized”. The Employer and Worker Vice-Chairpersons both supported the amendment.
- 150.** The amendment was then adopted.
- 151.** A number of other amendments under this Point were withdrawn following earlier informal consultations concerning the desired frequency of references to decent work.
- 152.** Point 7 was adopted as amended.
- 153.** An amendment submitted by the Worker members to include a reference to cooperative values as a new Point 8 was withdrawn in the light of the earlier adoption of an amendment that addressed the issue.

#### Point 8

#### *D.43*

- 154.** The Government member of Argentina introduced an amendment, submitted by the Government members of Argentina, Brazil, Costa Rica, Spain and Uruguay, reformulating the entire Point to emphasize but not limit the importance of cooperatives to disadvantaged

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groups. The Employer Vice-Chairperson disagreed with the amendment, indicating that his group had also submitted a number of amendments. The Worker Vice-Chairperson considered the amendment a substantial improvement and an excellent text which obviated the need for further amendments.

- 155.** The Government members of Finland, the United Kingdom and the United States preferred the existing text since they were concerned about including a specific reference to disadvantaged groups, which might have the effect of excluding such groups when constituted in a different, e.g. non-cooperative form. In response, the Government member of Argentina explained that the amendment recognized the special character of cooperatives and the important role they could play in promoting social inclusion. He agreed, however, that obviously cooperatives and their activities should not be limited to disadvantaged groups. The Government member of Kenya supported the amendment and proposed a subamendment to replace the words “in particular” with “including” before disadvantaged groups. She hoped that this would go some way in meeting the concerns expressed by some Government members.
- 156.** The Government members of Cyprus, Italy, South Africa and Spain expressed support for the amendment and the subamendment. The Worker Vice-Chairperson indicated that the amendment was neither prescriptive nor exclusive and just encouraged the adoption of special measures. He also supported the subamendment.
- 157.** Following some lack of clarity regarding the exact wording of the subamendment, the Employer Vice-Chairperson proposed a subamendment to delete the words “inspired by solidarity” because other types of business organizations were also inspired by solidarity.
- 158.** The Worker Vice-Chairperson felt that the words “inspired by solidarity” captured very well why there was a need for special measures without limiting such measures exclusively to cooperatives. It would not be appropriate to refer to other forms of enterprises inspired by solidarity as the Proposed Conclusions concerned cooperatives. The Government member of Spain agreed with this.
- 159.** The Government member of Mexico pointed out the need to improve the Spanish version of the amendment by replacing the word “*capaciten*” by “*permitan*” or “*faculten*”. The Employer Vice-Chairperson presented a subamendment to reintroduce the words “like any other form of enterprise and organization”.
- 160.** The Worker Vice-Chairperson explained that cooperatives are inspired by solidarity, one of the cooperative values. The attraction of this amendment was that it made this principle stand out. He repeated that the instrument addressed cooperatives but this did not imply that special measures concerned exclusively cooperatives.
- 161.** The Government members of France, Ghana, Greece, Guatemala, Mozambique, South Africa, Sweden and Trinidad and Tobago all supported the amendment as subamended by the Government member of Kenya.
- 162.** Noting that the majority of Government members appeared to be in favour of the amendment, the Chairperson asked for a show of hands. No Government members opposed the amendment, while four Government members abstained. Acknowledging the result, the Employer Vice-Chairperson conceded.
- 163.** The amendment, as subamended by the Government member of Kenya, was then adopted.
- 164.** Point 8 was adopted as amended.

- 165.** The Worker Vice-Chairperson introduced an amendment to insert a new Point following Point 8 to define “autonomy” and elaborate on its importance in the cooperative context. He explained that in spite of two references to the autonomy of cooperatives in Recommendation No. 127, experience had shown that in many cases the autonomy of cooperatives had been significantly compromised. He further pointed out that the issue of autonomy had been raised by Committee members from the three benches during the general discussion. He also proposed a subamendment to indicate that cooperatives “are part of the economy of the social sector”, explaining that this would distinguish them from public sector undertakings.
- 166.** The Employer Vice-Chairperson wondered why the term “autonomy” deserved special treatment. Another Employer member considered that the amendment added no substance and that there were already too many elements in the Proposed Conclusions which appeared to invite interference in the management of cooperatives. He doubted whether it was appropriate to say that cooperatives were exclusively part of the economy of the social sector.
- 167.** The Worker Vice-Chairperson noted that the issue of autonomy had attracted particular attention during the consultation process. It was one of the issues most often raised in replies to the Office questionnaire. It therefore deserved special attention. Nevertheless, he welcomed proposals for subamendments to improve the text.
- 168.** The Government member of Congo supported the amendment, as subamended. While understanding the concern, the Government member of the United States opposed the amendment, since the principle had already been covered in the definition and would be considered again in Point 9.
- 169.** The Government member of Suriname supported the amendment, introducing a subamendment to consolidate the first two sentences into one and to insert the word “therefore” before the words “the state should not interfere”. The Worker Vice-Chairperson supported this subamendment.
- 170.** A representative of the ICA underlined the importance of the issue of autonomy and of good governance, but informed the Committee that many cooperatives did not consider themselves part of the social sector or of the social economy.
- 171.** The Employer Vice-Chairperson supported the view of the Government member of the United States, considering that there was no need for the amendment, since references had already been included elsewhere and the issue would be discussed again shortly.
- 172.** The Government member of Argentina agreed in principle with the amendment but considered that it should also refer to the roles played by other actors in the economy and to the relations between those actors. The Government member of Swaziland also supported the amendment, introducing a further subamendment to reflect that other sectors could also have an influence on cooperatives.
- 173.** The Government member of Trinidad and Tobago agreed that the principle of autonomy was important but felt that a more subtle approach was needed. It would be more appropriate to include a reference in the following Point. The Government member of Canada also felt that the issue was more appropriately addressed elsewhere in the text. In addition, he noted that in many countries, cooperatives were part of the private sector

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rather than part of the social sector. The amendment therefore risked making the Proposed Conclusions irrelevant for those countries.

- 174.** The Government member of Greece considered that the idea behind the amendment was good but that the text of the amendment was too detailed. The Government member of Ghana agreed that it would be more appropriate to address the issue later.
- 175.** While agreeing with the importance of the issue, the Government member of Mexico considered the limitation of cooperatives to the social sector unfortunate and agreed with previous speakers that the issue should be dealt with under the next Point. The Employer Vice-Chairperson expressed the view that a consensus was emerging to consider the issue under Point 9.
- 176.** The Worker Vice-Chairperson agreed that a consensus seemed to be emerging to include a reference to autonomy under Point 9 and he therefore withdrew the amendment.

#### Point 9

*D.115, D.142, D.143, D.146, D.147  
D.148, D.149, D.150 and D.156*

- 177.** The Government member of Canada explained that the Government members of Canada, Cyprus, Finland, France, Italy, Japan, Luxembourg, New Zealand, Norway, Spain, Sweden, Turkey, the United Kingdom and the United States had submitted seven amendments concerning this Point which he suggested should be discussed together. Following the submission of these amendments further consultations had taken place and a paper had been circulated informally proposing a number of subamendments. These subamendments had the support of the same Government members, with the exception of Norway. They were also supported by the Government members of Greece and Ireland.
- 178.** The Worker Vice-Chairperson suggested that the seven amendments be discussed together with similar ones submitted by the Worker members and by the Government members of Argentina, Brazil, Costa Rica and Spain. The Employer Vice-Chairperson agreed that it would be logical to discuss all the amendments together.
- 179.** The Worker Vice-Chairperson, introducing the amendment submitted by his group, subamended it to add references to reflect the autonomy of cooperatives, cooperative values, the need for simple and efficient registration procedures, appropriate cooperative structures and oversight measures. The amendment, as subamended, reflected the need to make explicit the distinctive characteristic of cooperatives which was to pursue public goods, such as employment and community development. Enterprises which promoted public goods deserved public support. As he had explained during the general discussion, this did not contradict the principle of autonomy. In addition, the issue of equal treatment was not relevant to this context since equal treatment was applicable only to equal players.
- 180.** The replies to the Office questionnaire had also indicated wide approval of government support for cooperatives. The Proposed Conclusions only allowed for government regulation. He ended by stating that the amendment, as subamended, was simple and it aimed at symmetry in terms of the role to be played by the state and other actors such as employers' and workers' organizations and the cooperatives themselves. The amendment foresaw two types of government action with respect to cooperatives: one concerned the regulation and oversight necessary to ensure the proper democratic functioning of cooperatives, the other concerned public support for cooperatives which could vary from country to country.

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- 181.** The Government member of Argentina, introducing the amendment submitted by the Government members of Argentina, Brazil, Costa Rica and Spain, noting that similar ideas were proposed, in order to save time the authors should get together to agree on a text for Point 9
- 182.** The Employer Vice-Chairperson felt that the amendment submitted by the Workers' group complicated matters and that most of its contents had already been included in the amendments introduced by the Government member of Canada. He therefore supported the text of the amendments, as subamended, which had already been circulated informally. He proposed a subamendment, however, to delete the clause referring to cooperative structure.
- 183.** The Worker Vice-Chairperson suggested that there was high degree of overlap among the different amendments and that the Committee had two options before it: one was to have a lengthy debate among the authors of the different amendments in order to arrive at a common understanding, the other was to have the sponsors of the different amendments get together to achieve consensus on a revised text. After some further discussion, during which a number of Government members and an Employer member expressed their support for the amendments introduced by the Government member of Canada, the Committee agreed to briefly suspend the discussion, so that consensus could be achieved among the authors of the amendments.
- 184.** Upon resumption of the discussion, the Government member of Canada introduced a number of additional subamendments to reflect the agreements that had been reached with the sponsors of the amendments introduced by the Worker Vice-Chairperson and the Government member of Argentina. The Employer and Worker Vice-Chairpersons supported the amendments as now subamended. The Government member of Trinidad and Tobago queried the omission of a reference to cooperative values. A number of French and Spanish speaking Government members pointed out that there were some translation difficulties but agreed that this could be solved by the Drafting Committee.
- 185.** The amendments, as subamended by the Government member of Canada, were then adopted.
- 186.** Point 9 was adopted as amended.

Point 10

- 187.** Before giving the floor to members of the Committee, the Chairperson explained that the last clause under this Point as well as under Points 11 and 12 indicated that the lists of suggested actions were not exhaustive. He was afraid that some of the amendments submitted under these Points did not take this into account and he asked the members of the Committee who had submitted amendments to perhaps reconsider.

*D.65 and D.116*

- 188.** An Employer member introduced an amendment to replace the entire Point with a text that was more concise. The purpose of the amendment was to clarify the principles that cooperatives could become members of employers' organizations and that all members should have equal access to the services of employers' organizations.
- 189.** The Worker Vice-Chairperson introduced an amendment which he felt was similar to the one just introduced but added a reference to the possible role of employers' organizations in promoting cooperatives to avoid retrenchment in the case of proposed closure of

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enterprises. He immediately subamended the amendment to take into account anticipated employer' concerns by adding the words "to the extent possible".

- 190.** The Employer Vice-Chairperson sought clarification on the meaning of the amendment submitted by the Workers' group and regretted its submission. The Worker Vice-Chairperson explained that the intention was to promote cooperatives as a possible alternative to enterprise closure. He referred to the example of company buyouts. He indicated, however, that in the spirit of cooperation he was willing to withdraw the amendment if it did not get any resonance from the Employers since the focus of Point 10 was, in fact, employers' organizations.
- 191.** An Employer member appreciated the explanation given by the Worker Vice-Chairperson but considered that his amendment was incompatible with the mandate of employers' organizations. The Worker Vice-Chairperson then formally withdrew his amendment.
- 192.** The amendment submitted by the Employer members was then adopted and therefore Point 10 was adopted.

#### Point 11

*D.88, D.89, D.91, D.92, D.119 and D.120*

- 193.** The Worker Vice-Chairperson indicated that since a number of similar amendments on this Point had been submitted by his group and by Government members, he had had consultations with the Government members concerned and planned to introduce a number of subamendments to reformulate the Point taking into account the contents of most of the other amendments. The Employer Vice-Chairperson agreed that this was a good idea. The Government member of Argentina had no objection to discussing the different amendments together but expressed the hope that the issue of health and safety at work could be included in the revised text.
- 194.** The Worker Vice-Chairperson introduced the different subamendments which together constituted the revised Point. He felt that a reference to safety and health would be more appropriate in a later Point concerning the policy framework for the promotion of cooperatives. The Government member of Argentina agreed to this.
- 195.** The Employer Vice-Chairperson acknowledged that Point 11 fell within the purview of the Worker members. However, an Employer member sought clarification, for the record, on the meaning of the proposed new text for the first clause since it did not distinguish between cooperative members and employees of cooperatives. The latter could of course join workers' organizations but whether members of cooperatives could join such organizations depended on the relevant legal arrangements at the country level.
- 196.** The Worker Vice-Chairperson appreciated the Employers' acceptance in principle of the proposed subamendments. He explained that members and employees of cooperatives could have multiple roles. There were those who were only employees and they could of course join workers' organizations. There were members of cooperatives who were not employees, for instance, in the case of consumer cooperatives. Such persons were not eligible to join workers' organizations. Then there were members of cooperatives who were also employees of cooperatives. Such persons were often affiliated to workers' organizations and should be fully entitled to join workers' organizations. He indicated that such a multiple legal relation was not unique to cooperatives and applied also to civil servants, who in a way chose their own management by voting, and to shareholders in companies who bought products from the companies they held shares in. These multiple

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roles carried different legal obligations and rights but one did not have precedence over the other. Therefore, whether a member of a cooperative who was also an employee of the cooperative could join a workers' organization depended essentially on the constitution of the respective workers' organization.

- 197.** The Employer member who had spoken previously on this Point agreed that the constitution of the workers' organization concerned was indeed an important element but so was national legislation. He did not feel that the standpoints of the Employer and Worker members on this issue were incompatible. The Worker Vice-Chairperson appreciated the basic understanding, indicating that it was not necessary to enter into a discussion on the importance of national legislation since he had not raised this issue under the previous Point. The Workers' group, however, would not support any qualification that referred to national legislation. The proposed text was clear. The Employer Vice-Chairperson then proposed that the amendments, as subamended, be adopted by the Committee.
- 198.** The Government member of Suriname suggested that the Workers' group add a reference to "facilitate access to information technology by cooperatives" but his suggestion was not taken up. The Government members of South Africa and Trinidad and Tobago supported the new text, as subamended by the Workers' group. The Government member of Trinidad and Tobago was particularly appreciative that the subamendment reintroduced an issue that had been the subject of an earlier unsuccessful amendment.
- 199.** The different amendments, as subamended by the Worker members, were then adopted.
- 200.** Point 11 was adopted as amended.

Point 12

*D.94*

- 201.** Seconded by the Employer and Worker Vice-Chairpersons, the Government member of Mexico introduced an amendment to replace in the first clause the word "partnership" with "relationship". He felt that the word "relationship" reflected better the fact that cooperatives should be autonomous. The Employer and Worker Vice-Chairpersons supported the amendment, which was then adopted.

*D.81*

- 202.** An amendment, submitted by the Government member of India and seconded by the Employer Vice-Chairperson, was not taken up by the Committee.

*D.125*

- 203.** The Worker Vice-Chairperson introduced an amendment to modify the second clause to reflect the fact that cooperatives did not always fully finance their support services. The originally proposed text did not foresee external assistance to cooperatives, an issue which had already been discussed by the Committee. The proposed text sought to ensure that other forms of assistance were not excluded. The Employer Vice-Chairperson agreed with the amendment.
- 204.** The amendment was then adopted.

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*D.62, D.66 and D.67*

- 205.** The Employer Vice-Chairperson withdrew three amendments concerning the second, third and fifth clause of the Point, respectively.

*D.95*

- 206.** The Government member of Trinidad and Tobago introduced an amendment, submitted by the Government members of Bahamas, Barbados and Trinidad and Tobago, to replace in the third clause the word “furnish” by “provide”. The Employer and Worker Vice-Chairpersons supported the amendment, which was then adopted.

*D.126*

- 207.** The Worker Vice-Chairperson introduced an amendment to delete a reference to the informal sector from the fifth clause since his group intended to deal more fully with the informal sector later on. The Employer Vice-Chairperson supported the amendment, which was then adopted.
- 208.** The Worker Vice-Chairperson withdrew an amendment which was no longer relevant following the adoption of the previous amendment.
- 209.** Similarly, the Government member of France withdrew an amendment, submitted by the Government members of Canada, France, Italy and the United States, which was no longer relevant.

*D.109*

- 210.** The Government member of Canada introduced an amendment, submitted by the Government members of Canada, New Zealand, Turkey and the United Kingdom, to add a new clause which would read “facilitate networking among cooperatives”. He explained that international networking among cooperatives could be very useful and that cooperatives had a lot to learn from each other. The Employer Vice-Chairperson was not against the idea, in fact he supported it, but felt that it was already sufficiently covered under Point 7. The Government member of Canada then withdrew the amendment.

*D.128, D.129 and D.130*

- 211.** The Worker Vice-Chairperson withdrew three amendments proposing new clauses, indicating that the issues referred to would be dealt with more appropriately elsewhere in the text.

*D.131*

- 212.** The Worker Vice-Chairperson introduced an amendment to include a new clause to reflect the importance of training and to encourage human resources development in cooperatives and cooperative organizations. An Employer member explained that his group was not against human resources development nor against payroll investment for this purpose, but he felt that the issue was already covered elsewhere in the text and that, in any case, inclusion of a specific figure was too prescriptive. The Government members of Canada and Suriname supported the idea but felt that it was not appropriate to specify a percentage level. The Employer Vice-Chairperson submitted a subamendment to delete the reference to a percentage. This was accepted by the Worker Vice-Chairperson. The Government member of Costa Rica wondered whether it would not be useful to insert the word “all” before “employees” but his suggestion was not taken up.

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**213.** The amendment, as subamended, was then adopted.

*D.105*

**214.** An amendment to add a new clause, submitted by the Government member of South Africa, was not seconded and therefore not discussed.

**215.** Point 12, as amended, was adopted.

Point 13

*D.113*

**216.** The Government member of the United States introduced an amendment, submitted by the Government members of Canada and the United States, to replace in the first line the words “based on” by “guided by”. The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson had no strong views on the amendment but asked for clarification to make sure that the cooperative principles would always be the basis for the proposed guidance. The Government member of the United States confirmed this, indicating that the purpose of the amendment was simply to refine the wording of the text.

**217.** The Government member of Argentina submitted a subamendment to use both terms. After some discussion, during which a number of Government members indicated their support for the original amendment, the Government member of Argentina withdrew his subamendment, having clarified once more why he had proposed it in the first place.

**218.** The Employer and Worker Vice-Chairperson indicated their support for the amendment, which was then adopted.

*D.108*

**219.** The Government member of Canada introduced an amendment, submitted by the Government members of Canada, Turkey and the United Kingdom, proposing to insert the words “and international” after the word “national” in the first paragraph. The Employer and Worker Vice-Chairpersons both supported the amendment, which was then adopted.

*D.68*

**220.** The Employer Vice-Chairperson introduced an amendment to add the words “only as appropriate to national circumstances” at the end of the first paragraph. The purpose was to reflect the different needs of developing, transition and industrialized countries. The Worker Vice-Chairperson did not support the amendment. He considered that since the Proposed Conclusions were meant to lead to the adoption of a Recommendation there was no international legal obligation on member States as there would be for a ratified Convention. In addition, the amendment seemed to be in contradiction with the one just adopted. He reminded the Committee that cooperatives played a useful role in all countries and that there was no need for this type of detail since the cooperative principles were universal.

**221.** The Government members of France, Italy and the Philippines agreed with the Worker Vice-Chairperson. The Employer Vice-Chairperson then withdrew the amendment.

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D.132

- 222.** The Worker Vice-Chairperson introduced an amendment to replace the second paragraph with a new text which included references to employment promotion, rural development and activities "... directed at vulnerable, marginalized and disadvantaged groups of people.". He emphasized that the proposed text encouraged support measures only "... where appropriate".
- 223.** An Employer member preferred the Office text since it was easily understood and more concise. The text proposed by the Worker members could give rise to confusion and was in any case not exhaustive. The list could have included other subjects such as urban renewal and land reclamation. He reminded the Committee that according to the definition adopted earlier cooperatives could have all types of purposes.
- 224.** The Government member of France had no problem in principle with the amendment but proposed a subamendment to add references to employment and rural development at the end of the text proposed by the Office. The Worker Vice-Chairperson pointed out that his amendment included the words "such as" and the examples were therefore not exhaustive. He had no objection to adding the examples mentioned by the Employer member. He agreed that not all cooperatives had public policy outcomes. That was precisely why the words "where appropriate" had been included in his amendment. He felt that the Office text was too limiting.
- 225.** The Government member of Argentina considered that the amendment was somewhat contradictory. He preferred not to include any specific examples. The Employer Vice-Chairperson considered that the matter was already dealt with under Point 8. The Government member of Israel proposed a subamendment to replace the word "should" by "could" and to delete the examples. The Government member of Burkina Faso agreed with the previous three speakers since the examples were covered by public policies anyway. The Government member of Suriname also considered that the matter had already been dealt with under Point 8 and therefore preferred the Office text. The Government member of Spain proposed a subamendment to maintain the first part of the amendment followed by the words "such as employment promotion or the development of activities benefiting disadvantaged groups or regions". The Worker Vice-Chairperson supported this subamendment, while the Employer Vice-Chairperson did not object.
- 226.** The amendment, as subamended by the Government member of Spain, was adopted.

D.133

- 227.** The Worker Vice-Chairperson introduced an amendment to include a third clause with references to "tax benefits, soft loans, grants, access to public works' programmes and special procurement provisions.". He immediately subamended the amendment to delete the word "soft" and to replace the word "should" with "could". The purpose of the amendment was to illustrate possible measures that could be taken by member States.
- 228.** An Employer member paraphrased Gilbert and Sullivan, stating "we've got a little list and nothing will be missed". He was under the impression that agreement had been reached earlier not to have lists with examples and he therefore opposed the amendment. The Worker Vice-Chairperson replied that lists had already been included in earlier parts of the Proposed Conclusions with the support of the Employer members and that this illustrated list would be helpful to member States.

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- 229.** During the discussion which followed the Government members of Costa Rica, Democratic Republic of the Congo, Cyprus and Italy expressed support for the amendment. The Government members of France, Norway and the United States felt that the amendment was not necessary and that the text could become irrelevant if the policy environment changed. The Government member of Mexico submitted a subamendment to qualify the references with the words “as far as possible”. The Worker Vice-Chairperson proposed a modification of the subamendment so that it would read “among others, and in so far as possible,”.
- 230.** The Employer Vice-Chairperson submitted a motion for closure of the debate, which was not opposed. The Government member of Cameroon, who had asked for the floor before the motion had been submitted, supported the amendment as subamended but indicated that she had planned to propose that it be taken into consideration under Point 14.
- 231.** An Employer member regretted the confusion, which he believed was the result of not retaining the text proposed by the Office. He called upon the Committee members to keep in mind that the Proposed Conclusions were about the promotion of cooperatives. If too many references not directly relating to the promotion of cooperatives were included, there was a risk that governments could be alienated. He therefore urged rejection of the amendment.
- 232.** The Worker Vice-Chairperson regretted that a vote would be taken. He reminded the Committee members that the Preamble and Points 7 and 8 already included helpful examples in the form of “lists”. He felt that these types of examples were useful without being too prescriptive. They also took into account the different circumstances of different countries. The Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) contained a number of lists, one of which contained 23 examples. The current amendment contained only a few and that these were functional to the Proposed Conclusions. Moreover, the text was very flexible and he reminded the Committee again that the instrument being developed was a Recommendation.
- 233.** A vote by show of hands was then taken by which the amendment, as subamended, was adopted by 6,608 votes in favour and 56 votes against.
- 234.** An amendment, submitted by the Government member of Canada and the United Kingdom, to introduce a new paragraph, was withdrawn.

*D.97*

- 235.** An amendment to include a clause containing a reference to women’s participation in cooperatives, originally submitted by the Government member of India, was introduced by the Government member of Sweden, following secondment by the Government member of Costa Rica. The Government member of Sweden noted that the reference was already implicit in an earlier reference to non-discrimination. It was an important issue, particularly in developing countries, and therefore deserved to be highlighted in this Point.
- 236.** The Employer and Worker Vice-Chairpersons both supported the amendment, which was then adopted.
- 237.** Point 13 was adopted as amended.

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Point 14

*D.69*

**238.** An Employer member withdrew an amendment referring to the first clause.

*D.99 and D.100*

**239.** The Government member of Trinidad and Tobago introduced two amendments, submitted by the Government members of Bahamas, Barbados and Trinidad and Tobago, to include more specific references to education and training. She considered that it was important to address this issue in a more holistic way since cooperative education and training are complementary and needed to be introduced at all educational levels.

**240.** An Employer member supported the first amendment but felt that the words “at all levels” were not appropriate since he considered that cooperative education at the primary level would not be very practical. The Worker Vice-Chairperson withdrew a similar amendment since he considered that the amendments under discussion merited the support of his group because they were brief and to the point. He spoke in favour of including education on cooperatives at all levels of the education system. The Government members of Ghana and Suriname supported both amendments and considered that it was possible to familiarize very young students with cooperative values and principles. The Government member of Costa Rica also supported both amendments, mentioning that in his country cooperative education and training at all levels were foreseen under national legislation.

**241.** The Government member of France considered that the words “at all levels” were a bit problematic and therefore proposed a subamendment to replace them with the words “at appropriate levels”. This subamendment was supported by the Employer Vice-Chairperson and by the Government members of Trinidad and Tobago and the United Kingdom. The Government member of Spain submitted an additional subamendment to reflect the fact that cooperative values and principles should also be promoted outside the national education system. The subamendment was supported by the Worker Vice-Chairperson and by the Government members of Mexico and Sweden.

**242.** An Employer member indicated that the Proposed Conclusions did not limit the promotion of cooperative values and principles to the educational system. The Worker Vice-Chairperson then proposed a new subamendment which was accepted by the Employer Vice-Chairperson. The two amendments were then adopted, the first as submitted, the second as subamended by the Worker Vice-Chairperson.

*D.135*

**243.** The Worker Vice-Chairperson introduced an amendment to replace the third clause of the first paragraph with a new text. He immediately subamended his amendment to delete the word “responsible”, to replace “member-workers” by “workers” and to add a reference to improved access to information and communication technologies. The proposed text was consistent with Point 5. It also clarified that workers who were not members of cooperatives should not be excluded from human resource development activities in cooperatives. It further reflected the importance of information and communication technologies which had been described so well by the Government member of Suriname earlier in the discussion. An Employer member indicated that his group accepted the motivation for the amendment and would therefore not oppose it.

**244.** The amendment, as subamended, was adopted.

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*D.101*

- 245.** An amendment submitted by the Government member of India could not be discussed since the Government member of India was not present and his amendment was not introduced nor seconded by any other member of the Committee.

*D.136*

- 246.** The Worker Vice-Chairperson introduced an amendment to include a new clause containing references to the application of the ILO Declaration on Fundamental Principles and Rights at Work and of core labour standards in cooperatives. He immediately introduced a subamendment to add the words “and ensure that cooperatives are not set up for, or directed at non-compliance with labour laws or used to implement disguised employment relationships”. He explained that since it had been agreed during the general discussion and the adoption of the Preamble that international labour standards and the ILO Declaration on Fundamental Principles and Rights at Work were applicable to cooperatives it was important to include appropriate references under this Point. It was also important to include text which would help ensure that cooperatives were not used to bypass existing labour legislation. He had taken into account that some Government members had indicated that it was not necessary to include this type of reference throughout the Proposed Conclusions and had therefore already withdrawn similar amendments under earlier points. He did feel, however, that this was an appropriate place to include these references.

- 247.** An Employer member asked for clarification whether the word “Members” at the beginning of the paragraph referred to “Governments”. He reminded the Committee that the ILO Declaration on Fundamental Principles and Rights at Work applied to governments but not to individual enterprises, workers’ organizations, cooperatives or individuals. This should be reflected in the formulation of the amendment. Provided this was done, the Employer members could accept the amendment. The Worker Vice-Chairperson confirmed that the term “Members” referred to member States.

- 248.** The amendment, as subamended, was then adopted.

- 249.** The Worker Vice-Chairperson proposed that the Drafting Committee decide whether the Proposed Conclusions should use the words “member States” instead of “Members” in order to avoid any confusion. He also proposed that the Drafting Committee decide on the order of the different clauses under this paragraph. His proposals were accepted.

*D.114*

- 250.** The Government member of the United States introduced an amendment, submitted by the Government members of Canada, France and the United States, to add the words “promote training and other forms of assistance to” at the beginning of clause (1)(e). The purpose of the amendment was to clarify the text. The Employer Vice-Chairperson supported the amendment. The Worker Vice-Chairperson supported the amendment and reminded the Committee that during the discussion under Point 11, the Government member of Argentina had suggested to include a reference to safety and health at work. It had been agreed to include the reference later. He felt that this would be good to include it in this Point and he proposed a subamendment accordingly. Following an observation by the Employer Vice-Chairperson concerning the repeated use of the words “to promote”, the Worker Vice-Chairperson again subamended the amendment to overcome the concern.

- 251.** The amendment was then adopted as amended.

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*D.137*

- 252.** The Worker Vice-Chairperson introduced an amendment to add a new clause concerning gender equality. He immediately subamended the amendment to add the words “and leadership” after “membership” and the word “to” after “resources”. He was open to further subamendments, since the essence of the amendment was to emphasize gender equality which had not yet been sufficiently highlighted.
- 253.** The Employer Vice-Chairperson indicated that a reference to gender equality had already been included earlier and therefore considered that the amendment was not necessary. The Government member of Norway supported the amendment, since the earlier reference might not have been clear enough. The Government members of Argentina, Saudi Arabia and the United States agreed with the Employer Vice-Chairperson that there was no need for the reference under this Point. The Worker Vice-Chairperson indicated that the reference under Point 13 only partially covered the subject. He was ready to substantially subamend the amendment if that would help to have it accepted. Following some further discussion and the submission of a number of subamendments, agreement was reached on the following text “encourage gender equality in cooperatives and in the work of cooperatives.”.
- 254.** The amendment, as subamended, was adopted.
- 255.** Three other amendments, submitted respectively by the Government member of Madagascar, the Government member of the United States and the Government members of Canada, New Zealand and the United Kingdom, were withdrawn.

*D.111*

- 256.** Seconded by the Government member of Canada, the Government member of the United States introduced an amendment to replace the words “where possible“ with “where appropriate” in clause (2)(a). She explained that this was important since conflicting rules and regulations between local level jurisdictions could present problems. The Employer and Worker Vice-Chairpersons both supported the amendment. She indicated that the amendment was also supported by the Government members of Japan, New Zealand and the United Kingdom.
- 257.** The amendment was then adopted.

*D.138*

- 258.** The Worker Vice-Chairperson introduced an amendment to replace clause (2)(b) with a new text. He explained that the proposed text recognized the specific character of cooperatives. It was based on the consensus reached earlier that cooperatives should not necessarily be treated in the same way as other types of economic organizations. He pointed out, however, that the clause dealt only with operational and oversight issues.
- 259.** The Government members of Costa Rica, Cyprus, New Zealand, Saudi Arabia and Swaziland supported the amendment. The Government members of Belgium and Mexico supported the amendment in principle but asked for further clarification. The Worker Vice-Chairperson explained that it was necessary to define the legal obligations of cooperatives in order to ensure that they would not be burdened by overly heavy rules and legislation. He also indicated that the amendment was consistent with the text adopted under Point 13, paragraph 2. The Government member of Sweden supported the amendment.

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- 260.** The Government member of France proposed a subamendment which was not taken up. An Employer member indicated that if the word “define” meant “explain”, the Employer members could support the amendment.
- 261.** The amendment was then adopted.
- 262.** An amendment, submitted by the Government member of France, was withdrawn.

*D.104*

- 263.** The Government member of Kenya introduced an amendment to add a clause on corporate governance. She explained that the issue of corporate governance was especially important in developing countries where board members of cooperatives often interfered in their management, which was not appropriate. The Worker Vice-Chairperson proposed a subamendment to rephrase the clause as follows: “promote best practice on corporate governance in cooperatives.”. The Employer Vice-Chairperson wondered whether the amendment would really improve the text. The Government member of New Zealand supported the amendment.
- 264.** Following a question by the Government member of Cameroon, the Worker Vice-Chairperson explained that the term “corporate governance” referred to systems which were put in place to ensure transparency, efficiency and integrity in the management of an economic or social entity. He gave a number of examples such as the election of a board of directors of a company, the requirement to publish annual reports, and ballot and subscription rules in workers’ organizations. The Government member of Cameroon considered that such matters could be covered by cooperative legislation. The Government members of Kenya and Lesotho supported the amendment as subamended.
- 265.** The Government members of Argentina, France, Nigeria and Spain supported the idea in principle but pointed out that the term “corporate governance” was not necessarily clearly understood by everyone, especially since no equivalent term existed in French and Spanish. An Employer member indicated that the term was widely used in business circles where it covered shareholders, management and workers. He was convinced that the term would in the future also be used more and more outside the business community. He therefore supported the amendment as subamended. The Worker Vice-Chairperson suggested that the amendment be adopted but that the drafting of the French and Spanish equivalents be left to the Drafting Committee.
- 266.** The amendment, as subamended, was then adopted.
- 267.** Point 14, as amended, was adopted.

*D.140*

- 268.** The Worker Vice-Chairperson introduced an amendment to include a new Point after Point 14 referring to competition policy. He explained that the remit of competition law seemed to have been expanding recently, particularly in the European Union and the United States. The purpose of the amendment was to have a reference in an international instrument which could protect cooperatives in cases where competition law would be applied unfairly or inappropriately to cooperatives. Without such an amendment there was a possibility that competition policy could undermine the legitimate role of cooperatives. He gave the example of farmers’ marketing and distribution cooperatives which could conceivably be accused of anti-competitive behaviour.

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- 269.** An Employer member thanked the Worker Vice-Chairperson for the explanation provided. He was not convinced, however, that farmers' cooperatives needed to be treated differently from other enterprises. He felt that the amendment threatened the level playing field concept. Since in the European Union, competition policy was quite strong, he wondered as to the views of the Government members from European Union countries.
- 270.** Considerable discussion ensued during which the Government members of Argentina, Belgium, Greece and the United Kingdom indicated that they were opposed to the amendment since normal competition policy should apply to cooperatives operating commercially. To explain his opposition, the Government member of Argentina gave the hypothetical example of large cooperatives squeezing out smaller ones.
- 271.** The Government members of Costa Rica, Malawi, Mexico and Spain supported the amendment in principle but wondered whether a different wording would not be more appropriate.
- 272.** The Worker Vice-Chairperson, taking into account the views expressed during the discussion, withdrew the amendment. He noted that the Committee would however need to consider harmonization of laws to avoid legitimate cooperative practices from being constrained by the operation of laws and policies directed at private enterprises.

*D.139*

- 273.** The Worker Vice-Chairperson introduced an amendment to add a new Point making reference to informal economic activities. He immediately subamended the amendment to read: "members should promote the important role of cooperatives in transforming what are often marginal, survival activities (sometimes referred to as the informal sector) into legally protected work, fully integrated into mainstream economic life.". He explained that in different countries, different terms were used to describe informal economic activities. This had already been reflected in a number of amendments to the Proposed Conclusions. Cooperatives had an important contribution to make in the context of the consensus that had been reached during the discussions on human resources development in the 88th Session of the International Labour Conference (2000), concerning what the ILO should do with respect to the informal sector. Another reason he had subamended the amendment was that in some countries, the term "informal sector" was equivalent to "illegal". To avoid a debate on the term he had subamended the original text.
- 274.** The Government members of Burkina Faso, France, Mali, New Zealand, Spain, Sweden and the United States all supported the amendment as subamended. The Employer Vice-Chairperson wondered what was meant by the term "legally protected". After the Worker Vice-Chairperson explained that the term referred to work covered by national laws and regulations, the Employer Vice-Chairperson indicated his acceptance of the amendment.
- 275.** The amendment was adopted as a new Point.

Point 15

*D.70 and D.71*

- 276.** The Employer Vice-Chairperson introduced two amendments which aimed at merging the first two paragraphs. He immediately subamended the first amendment to replace the words "taking into account" with "guided by" to bring the text into line with wording used in an earlier Point. The Worker Vice-Chairperson agreed to the proposed merger and the

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use of the words “guided by”. He subamended the amendment to introduce the notion of cooperative values. He also proposed that instead of the words “may” the word “should” be used and that the words “when necessary” be replaced by “when appropriate”. The Employer Vice-Chairperson agreed to these subamendments.

**277.** The amendment was then adopted as subamended.

*D.176*

**278.** The Government member of Argentina introduced an amendment, submitted by the Government members of Argentina and Costa Rica, to include a new paragraph concerning the special situation of members of cooperatives who were also employees of cooperatives. The Employer Vice-Chairperson considered that this issue was covered in the previous paragraph. The Worker Vice-Chairperson had sympathy for the amendment since the issue was of concern to a number of countries. He pointed out, however, that it was a very complex issue and it would be very difficult to draw up a text which was unambiguous. He therefore preferred that the amendment be withdrawn. The Government member of Costa Rica appreciated the concern. He explained in some more detail the complexity of the issue, indicating that it was particularly relevant in the case of service cooperatives. Following this explanation he withdrew the amendment.

*D.165 and D.72*

**279.** Seconded by the Government member of the United States, the Government member of Japan introduced an amendment to modify the third paragraph. He immediately subamended the amendment to add the words “when appropriate”. He explained that the proposed new wording would make the text more effective. The Employer Vice-Chairperson introduced an amendment to improve the grammar. Following some discussion, the Government member of Japan withdrew his amendment.

**280.** The amendment, submitted by the Employer members, was then adopted.

**281.** Point 15 was adopted as amended.

Point 16

*D.73*

**282.** The Employer Vice-Chairperson introduced an amendment to replace the text of the first paragraph to reintroduce the notion of “... access ... on equal terms”. It was important for cooperatives to avoid situations where they could be accused of unfair trading. He considered that only in very special circumstances, should exceptions be made to the rule of a level playing field for all economic actors. This was especially important in this paragraph which referred to commercial activities. Account also had to be taken of the fact that in the future, cooperatives could become important economic players.

**283.** The Worker Vice-Chairperson had some doubts about the formulation of the Proposed Conclusions but still preferred it over the text of the amendment. He indicated that some cooperatives deserved special support. The Government member of the United Kingdom supported the amendment, suggesting that it might be helpful to replace the words “equal” by “similar”. The Government member of Finland also supported the amendment. The Government members of Burkina Faso, Cyprus, France, Italy and Turkey opposed the amendment. The Government member of the United States supported the idea of subamending the amendment by replacing the word “equal” with “similar”. An Employer member preferred the word “comparable”.

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**284.** The Government member of Sweden indicated that if the amendment referred to cooperatives operating in the market economy, he supported the amendment. The Government members of Kenya, Saudi Arabia and Spain all preferred the Office text. The Worker Vice-Chairperson also indicated that he preferred the original text of the Proposed Conclusions, given the risk that a long discussion could follow if the amendment continued to be subamended. The Government member of Canada recognized that different countries treated cooperatives differently. His Government had consulted the cooperative movement in Canada and the consensus had been that cooperatives should be treated on equal terms. He reminded the Committee that the ICA also favoured equal access. He could therefore not support the amendment. The Government member of Trinidad and Tobago considered that cooperatives filled a void. She would have liked to see this reflected more fully in the Proposed Conclusions but, nevertheless, accepted the Office text.

**285.** The Employer Vice-Chairperson then withdrew the amendment.

*D.75*

**286.** The Employer Vice-Chairperson introduced an amendment to replace, in clause (2)(a), the words “training programmes” by “human resource development programmes including those”. The Worker Vice-Chairperson supported the amendment, proposing a subamendment to add a reference to technical and vocational skills. The Employer Vice-Chairperson accepted this.

**287.** The amendment, as subamended, was then adopted.

*D.74*

**288.** An Employer member introduced an amendment to insert at the beginning of the second paragraph the words “where possible”. The purpose was to reflect the reality of the situation since not all services listed were necessarily available or required. The Worker Vice-Chairperson considered that paragraphs 1, 2 and 3 should be read together and proposed a subamendment to improve the grammar. This was accepted by the Employer Vice-Chairperson.

**289.** The amendment, as subamended, was then adopted.

**290.** Another amendment concerning clause (2)(a) was withdrawn by the Worker Vice-Chairperson.

*D.76*

**291.** The Employer Vice-Chairperson introduced an amendment to delete the word “external” in clause (2)(d) since he considered that it was superfluous. The Worker Vice-Chairperson agreed and the amendment was then adopted.

*D.162*

**292.** The Government member of the United States introduced an amendment, submitted by the Government members of Canada, Cyprus, Finland, France, Ireland, Italy, Japan, Luxembourg, New Zealand, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States, to slightly modify paragraph (2)(i). She explained that the change would strengthen the text. The Employer and Worker Vice-Chairpersons supported the amendment, which was then adopted.

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D.175

**293.** The Government member of Costa Rica introduced an amendment, submitted by him and the Government member of Argentina, to replace the text of paragraph (3). The amendment was meant to clarify and elaborate on the Office text. The Employer Vice-Chairperson preferred the Office text since it was clear and concise. The Worker Vice-Chairperson supported the amendment since it was consistent with earlier discussions and brought in some useful elements. He proposed a subamendment to insert the words “be encouraged” before the words “take part”. The Government members of Brazil, Italy, Mexico, Saudi Arabia, Suriname, Swaziland and Turkey supported the amendment. The Government member of Canada was concerned that the term “facilitate” could be interpreted to affect the autonomy of cooperatives. The Worker Vice-Chairperson considered that there was no risk of undermining the autonomy of cooperatives through the amendment. He pointed out that many governments provided similar support services for small and medium-sized enterprises. This did not affect their independence. The Employer Vice-Chairperson shared the concern of the Government member of Canada but still gave his support to the amendment.

**294.** The amendment was then adopted as subamended.

**295.** Point 16 was adopted as amended.

Point 17

D.77

**296.** An Employer member introduced an amendment to delete Point 17. She reminded the Committee that it had agreed that the primary role of governments was to establish a legal and regulatory framework under which cooperatives could function and that governments should promote cooperatives. The issue of access to credit and finance was already dealt with under Points 14 and 15. There was therefore no need to repeat it under this Point. In any case, there was too much detail in the proposed clauses. Some were asking too much from governments and did not recognize that circumstances were different from one country to another. Moreover, some of the measures listed were not government tasks. Once again, the issue at hand was the level playing field concept. Little reference had been made so far in the discussion to small and medium-sized enterprises, with the exception of a reference to Recommendation No. 189 by the Worker Vice-Chairperson. The Committee seemed to be under the impression that most cooperatives were small while private enterprises were usually big. In fact, in her country (Canada) 75 per cent of enterprises employed less than five people. Such enterprises employed more than 50 per cent of the total number of employees. This situation was similar in most other countries. That was why Recommendation No. 189 had been adopted. She pointed out that the language in Recommendation No. 189 did not favour subsidies. She regretted that the Committee seemed to be taking another direction.

**297.** The Worker Vice-Chairperson was not convinced by the arguments of the Employer member. He pointed out that Recommendation No. 189, in fact, contained significant detail on this issue. He considered that some detail was also necessary in the Proposed Conclusions and he was willing to discuss amendments to the text to improve the language.

**298.** In response, the Employer member pointed out that the wording of Recommendation No. 189 was quite neutral. It was clear that small economic entities faced difficulties in the area of finance and that governments could help. This was, however, already dealt with

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elsewhere in the Proposed Conclusions. The Employer Vice-Chairperson suggested that governments should have flexibility in this area and there was therefore no need for Point 17.

- 299.** The Worker Vice-Chairperson indicated that the Proposed Conclusions were similar in structure to Recommendation No. 189. Paragraph 14 of Recommendation No. 189 included the term “access under satisfactory conditions” as well as four examples of possible measures. The references in Points 14 and 16 did not contain sufficient detail. It would therefore be useful to include some examples under this Point without being prescriptive. The Employer member pointed out that Recommendation No. 189 also referred to cooperatives, so the examples given already applied to cooperatives. On the issue of grants, she considered that subsidies for one type of economic entity were not appropriate if they were to the disadvantage of other economic entities.
- 300.** The Government members of Burkina Faso and Kenya, the latter also speaking on behalf of the Government members of Cameroon, Nigeria, South Africa and Swaziland, considered that inclusion of some examples was appropriate. The Government member of Argentina agreed, suggesting that the text could be improved. He reminded the Committee that the Proposed Conclusions were guidelines and did not constitute obligations nor did they give much detail. The Government members of Costa Rica, Cyprus, Italy and Panama all opposed the amendment. The Government member of France also opposed the amendment, pointing out that some of the measures being proposed were similar to those already in force in his country. The Government member of the United Kingdom supported the amendment pointing out that not all cooperatives were small or start-ups nor were all cooperatives made up of disadvantaged groups. Many cooperatives had chosen that structure for commercial reasons and special measures should therefore not apply.
- 301.** The Employer Vice-Chairperson then withdrew the amendment.

*D.174, D.172 and D.160*

- 302.** The Government member of Argentina introduced an amendment, submitted by the Government members of Argentina and Costa Rica, to change the end of clause (a), replacing the words “under market conditions” by “under conditions appropriate to their needs”. The Worker Vice-Chairperson introduced an amendment proposing to drop the last part of the clause, indicating however that he would also be willing to accept the amendment just introduced by the Government member of Argentina. A similar amendment to drop the last part of the clause had been submitted by the Government members of France and Italy. The Government member of Italy considered that it was not a question of better or worse conditions, but rather that each country should decide on its own.
- 303.** An Employer member suggested that some parameters were necessary and proposed a subamendment to use wording from a similar Paragraph of Recommendation No. 189. The Worker Vice-Chairperson did not support the subamendment since there were differences between cooperatives, which had objectives other than making a profit, and small and medium-sized enterprises which were profit oriented. Recommendation No. 189 could therefore not be used as an example across the board. He suggested that the Committee adopt his amendment to be able to conclude the discussion.
- 304.** The Employer Vice-Chairperson then withdrew his amendment, supporting the one submitted by the Worker members. The Government members of Argentina and France withdrew their respective amendments.

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**305.** The amendment was then adopted.

**306.** Point 17 was adopted as amended.

Point 18

*D.166*

**307.** The Government member of the United States introduced an amendment, submitted by the Government members of Canada, Cyprus, Finland, France, Ireland, Italy, Japan, Luxembourg, New Zealand, Portugal, Spain, Sweden, Turkey, the United Kingdom and the United States to replace the word “create” by the word “encourage” in the first line and replace the word “encourage” by the word “facilitate” in the third line. The Employer and Worker Vice-Chairpersons both supported the amendment, which was then adopted.

**308.** Point 18 was adopted.

**309.** The Worker Vice-Chairperson withdrew an amendment to include a new Point.

Point 19

*D.171*

**310.** The Worker Vice-Chairperson introduced an amendment to add a clause introducing a regional dimension. An Employer member considered that the language was not precise. He wondered what was meant exactly by “a regional economic entity” since it could refer to regional bodies within a country. He also pointed out that it would be difficult to apply in countries with a federal government such as the United States and Switzerland. He could therefore not support the amendment. The Worker Vice-Chairperson then subamended the amendment to read “developing, whenever possible and in consultation with cooperatives, employers’ and workers’ organizations, common regional guidelines and/or legislation on cooperatives”. He pointed out that ILO documents regularly referred to regional economic entities. What was meant were not subdivisions within a country but rather (sub)regional entities such as the European Union, Southern African Development Community and the North American Free Trade Agreement. It was clear that different entities had different legal arrangements. The Employer member still considered that the clause could not be applied by federal governments and that it also went against the European Union principle of subsidiarity. The Worker Vice-Chairperson informed the Committee that the European Union was working on a draft statute on cooperatives. He felt that the text of his subamendment was flexible enough to accommodate the concerns of the Employer member.

**311.** The Government members of Belgium and the United Kingdom pointed out that the European Union statute on cooperatives would include both a Regulation and a Directive. It was, however, not an effort to harmonize national legislation, but rather aimed at introducing the creation of “European cooperatives”, which would be able to operate throughout the European Union. The Government member of Trinidad and Tobago supported the amendment since it related to the current global context and was forward-looking. It was also a direction being taken by CARICOM. The Government members of Burkina Faso, Costa Rica, Cyprus, France, Saudi Arabia, Spain, Suriname and Sweden supported the amendment. The Government members of Argentina and Brazil agreed with the Employer members that it would be difficult for federal governments to apply the proposed amendment. Their experience with harmonizing legislation within MERCOSUR proved this.

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- 312.** The Government member of Canada introduced a subamendment to insert the words “as appropriate” after “development” and to delete the word “regional”. The subamendment did not receive any support. The Employer Vice-Chairperson suggested that the issue was one to be decided by governments. The Worker Vice-Chairperson considered that the discussion revolved around an issue of language. The record should make it clear that “regional” referred to an international or cross-border group of countries. The words “wherever possible” in his subamendment should allay the concerns of the Government members of Argentina and Brazil since they also implied that it might take time to develop common guidelines and legislation.
- 313.** Following an informal show of hands which indicated that the majority of Government members was in favour of the amendment, the amendment, as subamended by the Worker Vice-Chairperson, was adopted.
- 314.** Point 19 was adopted as amended.
- 315.** The Chairperson informed the Committee that the Government member of Spain had in the meantime been able to consult the records of the Royal Spanish Academy on the meaning of “governance”. He therefore gave the floor to the Government member of Spain who informed the Committee that in fact, contrary to what he had indicated earlier, a proper Spanish word “*gobernanza*” did in fact exist since it had been adopted by the Academy on 21 December 2000.
- 316.** The Government member of Spain took the occasion to express his appreciation to the Chairperson, the Vice-Chairpersons and the other members of the Committee for bringing the deliberations of the Committee to a successful end. The Chairperson, in turn, thanked the members of the Committee, the secretariat and the interpreters for their cooperation and support.

### **Adoption of the report and the Proposed Conclusions**

- 317.** At its 14th sitting, the Committee met to adopt the draft report on its proceedings as well as the Proposed Conclusions.
- 318.** The Reporter informed the Committee that the Drafting Committee had met for six hours. With the guidance of the Legal Adviser it had reviewed the text of the Proposed Conclusions in English, French and Spanish to ensure concordance of the three language versions. It had also made sure that the amendments adopted by the Committee had been properly reflected. In addition, it had made some stylistic and linguistic changes and reordered some of the Points as requested by the Committee. She indicated that the Proposed Conclusions now referred to “member States” rather than “Members” and that the word “values” had been inserted whenever reference was made to cooperative principles.
- 319.** The Government member of Nigeria was disappointed that the draft report did not contain any reference to the efforts his Government was making to strengthen cooperatives through improving cooperative legislation, direct support, capacity building, and cooperative education and training. The Government members of Brazil, France, Japan, the Libyan Arab Jamahiriya, Mexico and the United Kingdom submitted minor corrections and clarifications, relating to their interventions, for incorporation in the report. Subject to these changes, the report was adopted unanimously.

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- 320.** The Committee then proceeded to adopt the Proposed Conclusions Point by Point and in its totality.
- 321.** In response to a question raised by the Government member of Cameroon, the Legal Adviser indicated that in ILO instruments the word “and” also covered “or”. He reminded the Committee that this was only a first discussion and suggested that if any doubts persisted on this matter the issue could be raised during the Committee’s discussions the following year. Similarly, following a question by the Government member of Kenya, the Chairperson indicated that any suggestions to add words should be taken up by the Committee the following year.
- 322.** The Worker Vice-Chairperson noted that the report referred to the original numbering of the Proposed Conclusions. The fact that the Drafting Committee had changed the order of the Points should be reflected in the report.
- 323.** The Government member of the Libyan Arab Jamahiriya submitted a number of suggestions to improve the Arabic version of the Proposed Conclusions.
- 324.** The Government members of Brazil, France and Cameroon submitted a number of suggestions for linguistic improvements of the Spanish and French versions of the Proposed Conclusions. It was agreed that these suggestions should be considered by the Office Drafting Committee which would draft the proposed Recommendation on the basis of the Proposed Conclusions.
- 325.** The Chairperson thanked the Committee members for their contributions during the discussions. Paraphrasing the sign of a restaurant in Paris which said “here one eats, one drinks and one makes friends”, he considered that in the Committee one proposed, one discussed, one voted and, still, one made friends.
- 326.** The Employer Vice-Chairperson thanked the Committee members for their open-mindedness, insight, diplomacy and patience. He considered that the Committee had become a cooperative of persons voluntarily joined together to produce an instrument.
- 327.** The Worker Vice-Chairperson considered that the Proposed Conclusions just adopted were clear. He thanked the Employer Vice-Chairperson for his willingness to reach agreement and was convinced that the Committee would be able to adopt an instrument the following year. He thanked the Chairperson for his humour and wit. He also thanked the Reporter, the secretariat, the Legal Adviser, the Government members and the interpreters for their contributions. He especially appreciated the work of the Government member of France for his efforts in the Drafting Committee to achieve concordance between the English and French versions of the Proposed Conclusions.
- 328.** The Chairperson, once more, thanked the secretariat, especially for their work during late hours of the night after the Committee had finished its work. He ended by singing “Auld Lang Syne”.

Geneva, 20 June 2001.

*(Signed)* M. Pliszkiwicz,  
Chairperson.

M. Supersad,  
Reporter.

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## Proposed Conclusions

### A. Form of the instrument

1. The International Labour Conference should adopt an instrument of a universal character on the promotion of cooperatives.
2. The instrument should take the form of a Recommendation.

### B. Preamble

3. (1) The instrument should contain a Preamble referring to relevant ILO instruments which should include the following: the Declaration on Fundamental Principles and Rights at Work, 1998; the Freedom of Association and the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Discrimination (Employment and Occupation) Convention, 1958; the Social Security (Minimum Standards) Convention, 1952; the Employment Policy Convention, 1964, and Employment Policy (Supplementary Provisions) Recommendation, 1984; the Rural Workers' Organisations Convention and Recommendation, 1975; the Human Resources Development Convention and Recommendation, 1975; and the Job Creation in Small and Medium-sized Enterprises Recommendation, 1998.

(2) The Preamble should recognize that globalization has created new and different pressures, problems and opportunities for cooperatives.

(3) The Preamble should recall that the Declaration of Philadelphia expressly recognizes that labour is not a commodity.

(4) The Preamble should recall that the realization of decent work for workers everywhere is a primary objective of the ILO.

### C. Scope, definition and objectives

4. The instrument should apply to all types and forms of cooperatives.

5. The instrument should define "cooperative" as an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through the formation of a jointly-owned enterprise, making equitable contributions to the capital required, accepting a fair share of the risks and benefits, and participating actively in its democratic management.

6. The instrument should encourage the promotion and strengthening of the identity of cooperatives based upon:

- (a) cooperative values of self-help, self-responsibility, democracy, equality, equity, and solidarity; and
- (b) internationally recognized cooperative principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community.

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7. Member States should adopt measures to promote the potential of cooperatives, in all countries, irrespective of their level of development, to assist their membership to:

- (a) create and develop income-generating activities and sustainable decent employment;
- (b) develop human resource capacities and knowledge of the values of the cooperative movement through education and training;
- (c) gain access to markets and to institutional finance;
- (d) increase savings and investment; and
- (e) improve social and economic well-being, taking into account the need to eliminate all forms of discrimination.

8. The instrument should encourage the adoption of special measures enabling cooperatives, as enterprises and organizations inspired by solidarity, to respond to the needs of society, including disadvantaged groups, to achieve their social inclusion.

#### **D. Policy framework and the role of member States**

9. The role of member States in relation to cooperatives should be to provide a supportive policy and legal framework consistent with the nature and function of cooperatives, and which is guided by the cooperative values and principles listed in Point 6 which would:

- (a) establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple and efficient a manner as possible;
- (b) provide for the adoption of regulatory measures for the oversight of cooperatives on terms appropriate to their nature and functions, which respect their autonomy and which are no less favourable than those accorded to other forms of enterprise and social organization;
- (c) establish a policy and legal framework for the promotion of cooperative structures according to the needs of cooperative members; and
- (d) encourage cooperative development, including in areas where cooperatives have an important role to play, or provide services which are not otherwise provided.

10. (1) Member States should consider the promotion of cooperatives guided by the values and principles set out in Point 6 as one of the objectives of national and international economic and social development.

(2) Member States should treat cooperatives on terms no less favourable than those accorded to other forms of enterprise and social organization. Support measures should be introduced where appropriate for the activities of cooperatives that meet specific social and public policy outcomes such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include among others, and in so far as possible, tax benefits, loans, grants, access to public works programmes and special procurement provisions.

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(3) Member States should give special consideration to increasing women's participation in the cooperative movement at all levels.

11. (1) Member States' policies should, inter alia:

- (a) promote ILO core labour standards and the Declaration on Fundamental Principles and Rights at Work for all workers in cooperatives without distinction whatsoever and, ensure that cooperatives are not set up for, or directed at, non-compliance with labour laws or used to implement disguised employment relationships;
- (b) promote gender equality in cooperatives and in their work;
- (c) develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential and general economic and social policy skills of members, workers and managers, and improve access to information and communication technologies;
- (d) promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society;
- (e) promote the adoption of measures which provide for safety and health in the workplace, and for training and other forms of assistance to improve the level of productivity of cooperatives and the quality of goods and services they produce;
- (f) facilitate access to credit for cooperatives;
- (g) facilitate access of cooperatives to markets;
- (h) promote the dissemination of information on cooperatives; and
- (i) seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.

(2) Such policies should:

- (a) decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;
- (b) define legal obligations concerning cooperatives in areas such as registration, financial and social audits, and the receipt of licences; and
- (c) promote best practices on corporate governance in cooperatives.

12. Member States should promote the important role of cooperatives in transforming what are often marginal, survival activities (sometimes referred to as the "informal sector") into legally protected work fully integrated into mainstream economic life.

## **E. Implementation of policies for the promotion of cooperatives**

13. (1) Member States should adopt specific legislation on cooperatives guided by the cooperative values and principles set out in Point 6, and revise such legislation when appropriate.

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(2) Member States should consult cooperative organizations, as well as the employers' and workers' organizations concerned, in the formulation and revision of legislation relevant to cooperatives.

14. (1) Cooperatives should have access to support services in order to strengthen their business viability and their capacity to create employment and income.

(2) These services should include, wherever possible, the following:

- (a) human resource development programmes;
- (b) research and management consultancy services;
- (c) access to finance and investment;
- (d) accountancy and audit services;
- (e) management information services;
- (f) information and public relations services;
- (g) consultancy services on technology and innovation;
- (h) legal and taxation services; and
- (i) other services that support cooperatives operating in specific economic sectors.

(3) Member States should help facilitate the establishment of these support services. Cooperatives and their organizations should be encouraged to participate in the organization and management of these services and, wherever feasible and appropriate, finance these services.

15. Member States should adopt measures to facilitate the access of cooperatives to investment finance and credit. Specific measures should:

- (a) enable credit and other financial facilities to be offered;
- (b) simplify administrative procedures, remedy the low level of cooperative assets and reduce the cost of loan transactions;
- (c) facilitate an autonomous system of finance for cooperatives, including savings and credit, banking and insurance cooperatives; and
- (d) include special provisions for disadvantaged groups.

16. For the promotion of the cooperative movement, member States should encourage conditions favouring the development of technical, commercial and financial linkages among all forms of cooperatives in order to facilitate an exchange of experience and the sharing of risks and benefits.

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## **F. Role of employers' and workers' organizations and cooperative organizations and relationships between them**

17. Employers' organizations should consider where appropriate the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions as for other members.

18. Workers' organizations should be encouraged to:

- (a) advise and assist workers in cooperatives to join workers' organizations;
- (b) assist their members to establish cooperatives with the special aim of facilitating access to basic goods and services;
- (c) participate in committees and working groups at the national and local levels to consider economic and social issues having an impact on cooperatives;
- (d) participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;
- (e) participate in programmes for cooperatives aimed at improving productivity and promoting equality of opportunity; and
- (f) undertake any other activities for the promotion of cooperatives, including education and training.

19. Cooperative organizations, and in particular their unions and federations, should be encouraged to:

- (a) establish an active relationship with employers' and workers' organizations and relevant governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;
- (b) manage and contribute to the financing of their own technical support services;
- (c) provide commercial and financial services to affiliated cooperatives;
- (d) invest in human resource development of employees;
- (e) represent the national cooperative movement at the international level; and
- (f) undertake any other activities for the promotion of cooperatives.

## **G. International cooperation**

20. Member States should take appropriate measures to facilitate international cooperation through:

- (a) exchanging information on policies and programmes which have proved to be effective in employment creation and income generation for members of cooperatives;

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- (b) encouraging and promoting linkages between national and international bodies and institutions involved in the development of cooperatives in order to permit:
    - (i) the exchange of personnel and ideas, of educational or training materials, methodologies and reference materials;
    - (ii) the compilation and utilization of research material and other data on cooperatives and their development;
    - (iii) the establishment of alliances and international partnerships between cooperatives; and
    - (iv) the promotion and protection of cooperative values and principles;
  - (c) access for cooperatives to national and international data such as market information, legislation, training methods and techniques, technology and product standards; and
  - (d) developing wherever possible and in consultation with cooperatives, employers' and workers' organizations concerned, common regional guidelines and legislation on cooperatives.

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**Resolution to place on the agenda of the next ordinary session of the Conference an item entitled “Promotion of cooperatives”**

The General Conference of the International Labour Organization,

Having adopted the report of the Committee appointed to consider the fifth item on the agenda,

Having in particular approved as general conclusions, with a view to the consultation of Governments, proposals for a Recommendation concerning the promotion of cooperatives,

Decides that an item entitled “Promotion of cooperatives” shall be included in the agenda of its next ordinary session for second discussion with a view to the adoption of a Recommendation.

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