



FIFTEENTH ITEM ON THE AGENDA

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

### **Oral report by the Chairperson of the Working Party, H.E. Ambassador Azevedo, Government delegate of Brazil**

1. The Working Party on the Social Dimension of Globalization met on 16 November 2009. H.E. Ms Azevedo (Government, Brazil) chaired the meeting. Mr Daniel Funes de Rioja (Employer) and Sir Roy Trotman (Worker) were the Vice-Chairpersons.
2. The Working Party had a single agenda item on the Global Jobs Pact: Policy coherence and international coordination. An Office paper <sup>1</sup> provided background information for the discussion.
3. We had the honour of welcoming as a guest speaker the Minister of Foreign Affairs of Brazil, Mr Celso Amorim. In a wide-ranging address, Minister Amorim stressed that a new global governance was needed to protect the most vulnerable members of society from the adverse effects of the global economic crisis and called on the International Labour Organization (ILO) to continue to play a leading role in promoting a job-based recovery and a fairer globalization. (The text of his address is available on the Governing Body page of the ILO web site.)
4. The Director-General introduced the discussion recalling a series of important international meetings that had welcomed or endorsed the ILO Global Jobs Pact including the UN's Economic and Social Council and the G20 Pittsburgh Summit. Looking ahead, he also highlighted a series of challenges for the ILO in contributing to the shaping of an employment-oriented framework for strong, sustainable and balanced growth.
5. The Working Party had a rich and broad-ranging discussion on the relationship between the global economic crisis, the Global Jobs Pact and the role of international coordination and policy coherence which revealed a large number of points of convergence among delegates. To facilitate further discussion in the Governing Body, I will endeavour to set out my understanding of these points of convergence. A full report summarizing the contributions of participants is being prepared for circulation after the current session of the Governing Body. I hope that this brief report captures the general sense of the meeting.

<sup>1</sup> GB.306/WP/SDG/1 and GB.306/WP/SDG/1(Add.).

The main points can be grouped under three headings: review of the ILO's response to the crisis and support for the Global Jobs Pact; shaping an employment-oriented framework for strong, sustainable and balanced growth; and further action by the Office to support constituents and contribute to coherent international policies.

## **Review of the ILO's response to the crisis and support for the Global Jobs Pact**

6. Many delegates expressed appreciation for the successful efforts to embed the Global Jobs Pact approach in an internationally coordinated response to the crisis.
  - Participants strongly supported the role the ILO has played in developing responses to the crisis as well as the role played by our Organization in the pre-crisis period, particularly through the World Commission on the Social Dimension of Globalization.
  - The ILO had responded rapidly and pragmatically when the financial crisis intensified in September 2008. The statement by the Officers of the Governing Body in November 2008 – which contained six points for action – was a timely and appropriate response.
  - Discussions in the March 2009 Governing Body and the subsequent International Labour Conference discussion last June elaborated upon this initial agreement. The Global Jobs Pact which emerged from this process contained a comprehensive and balanced package of policy measures. Supporting constituents utilizing the Pact is a top priority.
  - The Pact had received widespread endorsement, including by the UN Economic and Social Council, the G20 Pittsburgh Summit, the G8 plus L'Aquila Summit and by recent meetings of ministers of labour at the Organisation for Economic Co-operation and Development (OECD), at the African Union Labour and Social Affairs Committee, in the Organization of American States and the Arab Labour Organization.
  - Participants acknowledged the call to other international organizations to use the Global Jobs Pact framework in their crisis and post-crisis responses and requested governments to undertake the necessary follow-up in the governing bodies of the relevant organizations.

## **Shaping an employment-oriented framework for strong, sustainable and balanced growth**

7. To enable countries to make full use of the Global Jobs Pact and to transition from initial crisis response to recovery on to stronger, more sustainable and balanced growth, a number of structural constraints and imbalances need to be addressed. The ILO has a key role to play in identifying these and sharing experience as to how these might be overcome. In this regard, the G20 process has set up a framework to promote strong, sustainable and balanced growth with a strong employment orientation. Policy areas mentioned in the Working Party's discussion included:
  - promotion of employment through the expansion of sectors and industries that are employment intensive and provide decent work;

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- promoting and implementing social protection for all including through a social floor, according to national circumstances;
  - promotion of enterprises that are economically, socially and environmentally sustainable;
  - concern that finance should serve the real economy and productive investment;
  - adaptation and sequencing of the implementation of “exit strategies” to unwind stimulus measures until a sustained reduction in unemployment and underemployment was under way;
  - avoiding deflationary wage spirals and addressing declines in the wage share in national income, including through appropriate minimum wages and general wage adjustments;
  - strengthening of training and other active labour market policies to prevent the expansion of long-term unemployment and maintain existing labour force participation rates;
  - maximizing the potential for green jobs in adjustment to new environmental policies to adapt to and mitigate climate change;
  - supporting greater policy and fiscal space, and increased resources, in developing countries, including through bilateral and multilateral aid policies;
  - expanding assistance to less developed countries with a view to increasing productivity and incomes in the agricultural and rural sector, as well as providing the foundations for an expansion of formal wage employment;
  - promoting social dialogue and collective bargaining;
  - exercising vigilance in defence of fundamental principles and rights at work and promoting full use of international labour standards; and
  - further development of the potential for a positive relationship between trade and employment, especially in developing countries, with a view to supporting the completion of multilateral trade negotiations and to avoid resorting to protectionism. Varying development levels should be taken into account in lifting barriers to trade.

## **Further action by the Office to support constituents and contribute to coherent international policies**

8. The 1998 Declaration on Fundamental Principles and Rights at Work, the 2008 Declaration on Social Justice for a Fair Globalization and the Global Jobs Pact are the foundation for further efforts by the Office to support constituents in their response to the crisis and in shaping an employment-oriented framework for a strong sustainable and balanced global growth. The Office was encouraged to expand and deepen its support to constituents and countries utilizing the Global Jobs Pact approach.

9. The Office should:

- continue to monitor the employment, social and income policies being implemented at national level in response to the crisis;
- deepen its evidence-based analysis and assess which policies have been most efficient and effective;
- contribute to the international discussion and decision-making on these issues; among them, the United Nations Millennium Development Goal review in 2010, the follow-up to the Pittsburgh Summit, the action of regional organizations and the ILO partnership with other international organizations;
- further develop its technical contributions to global, regional and national debates, in close cooperation with governments, employers' and workers' organizations;
- to assist countries to work still more closely at the country level with UN Resident Coordinators, the United Nations Development Programme (UNDP), the United Nations Development Assistance Framework (UNDAF) process, the International Monetary Fund (IMF), the World Bank and regional development banks, and other international development cooperation partners;
- look to expand policy dialogues and the exchange of best practices and lessons learned through South–South cooperation, including triangular cooperation, in order to identify appropriate policies and programmes in the efforts to overcome the crisis; and
- build upon existing technical and financial resources and further deepen ILO capacities with the support of international partners.

Geneva, 19 November 2009.