



## Governing Body

316th Session, Geneva, 1–16 November 2012

GB.316/HL/PV/Draft

High-Level Section

HL

*Warning: this document is a draft and may contain omissions or errors. It is made available solely for the purpose of verification and correction. Persons referred to in this document are not to be regarded as bound by statements attributed to them. The ILO declines all responsibility for any errors or omissions which this document may contain, or for any use which may be made of it by third parties.*

DRAFT MINUTES

## High-Level Section

### Working Party on the Social Dimension of Globalization

1. The High-Level Section met on Tuesday, 13 November. It was chaired by the Chairperson of the Governing Body. Mr Funes de Rioja and Mr Sommer were the Employer and Worker spokespersons.

#### First item on the agenda

#### Global economic prospects and the Decent Work Agenda (GB.316/WP/SDG/1)

2. The Governing Body had before it a paper summarizing the latest information on global economic and employment prospects and identifying issues concerning the ILO contribution to the coordination of multilateral efforts for sustained recovery and growth. The Director-General introduced the paper. He recalled the alarming trends in unemployment, underlining the need to focus the discussion of the Working Party on how best the ILO could concretely contribute, along with others, to restoring economic and social stability and promoting decent work. The situation differed across countries and regions. Africa was enjoying an encouraging period of sustained growth, while Europe was in deep recession. No country or regional grouping, however, could get away with individual solutions. The reality of economic interdependence required internationally coordinated policy responses.
3. The ILO had to be at the fore in ensuring that the social impact of crisis-response policies was properly addressed. He called for deeper engagement with regional bodies, for instance by means of more systematic interaction with the regional development banks. He underlined the need for continued ILO efforts to influence global institutions and groupings – such as the G20 – to better address the global jobs crisis. He also highlighted

the importance of bilateral cooperation with the International Monetary Fund and the new opportunities to work together with the World Bank opened up by the recently released *World Development Report 2013 Overview: Jobs*. The challenge to the Working Party was to trace out alternatives, to which the ILO could contribute, to respond to the global demand for decent jobs.

4. *The Employer Vice-Chairperson* stressed that the Employers' message on job creation had been consistent and clear: the key elements included economic growth, increased business confidence, and improved skills and employability, with special consideration for youth employment. Only private-sector employers, overwhelmingly small and medium-sized enterprises (SMEs), could create jobs on a scale needed to overcome the global employment crisis. Disincentives, such as regulations that increased labour costs, needed to be avoided.
5. Employers wanted to see words turned into action on the jobs crisis and believed that the ILO should increasingly focus on following up on the implementation of policies at the global, regional and national levels, with job creation at the heart of everything the ILO did. He cautioned the ILO against labelling certain job-creating forms of work as "precarious", particularly with regard to youth employment. The Office needed to engage in realistic labour market solutions. The crisis had exposed the need for structural reform and modernization of labour markets and regulations. The ILO should focus on meeting national constituents' needs and should disseminate to governments a range of experiences, both positive and negative, paying particular attention to the country context. Citing the paper's example of minimum wage increases in his country, Argentina, the Vice-Chairperson cautioned that it was the specific country context that had made that possible.
6. The ILO should neither oppose austerity and public-sector reduction nor flexibility and changing forms of work. The main source of precarious work in many countries was the informal economy, and that should be the focus.
7. *The Worker spokesperson* identified five major challenges arising from the global economic crisis. Firstly, policy responses to the crisis had been a failure, as the shift from supporting growth and jobs to fiscal austerity had pushed many economies into recession and increased unemployment, particularly among youth. Secondly, the European social model, which was at the heart of the ILO's approach, was being undermined by fiscal austerity and structural reforms imposed by the troika. Thirdly, the global slowdown had had devastating consequences on developing countries, including higher food prices, rising unemployment and informality, and a billion workers trapped in working poverty. Fourthly, coordination of international action in favour of decent work in the multilateral system had not been a success. While the Los Cabos Growth and Jobs Action Plan commitment was welcome, there was an urgent need for coordinated action by G20 members. Finally, the increase in the ranks of the working poor, both in developed and developing economies, was of great concern. He stressed that while the Workers' group was neither against flexibility nor the creation of new enterprises, flexibility should go hand in hand with security.
8. In view of those challenges, the Workers suggested five priorities for ILO action. Firstly, the ILO should enhance its analytical and policy advice capacities in order to contribute to a new development model based on decent work. Secondly, the ILO needed to innovate with regard to policy advice delivery at the country level in order to respond more efficiently to crisis situations. Those responses should be based on the Global Jobs Pact and incorporate job-centred, income-led growth policies. Thirdly, a new social compact for Europe was needed to support the European social model. Fourthly, the ILO needed to strengthen its macroeconomic capacity on policy issues and their impact on employment.

Lastly, he urged the ILO to strengthen advocacy, which should be research-based and backed by authoritative statistics and forecasts. He reiterated that the ILO should play a more active role in multilateral bodies on global economic policies so that the voices of workers and employers could be heard.

9. *Speaking on behalf of the Africa group*, a Government representative of Egypt regretted the paper's lack of reference to the economic situation outside the developed world, including Africa. The group urged the Office to better coordinate data collection and analysis in collaboration with United Nations regional economic commissions and other regional organizations, including the African Union. The group identified the key challenges in the region as the reduced momentum for job creation, particularly for young people; respect for the fundamental principles of the ILO; informality; and support for SMEs. The Social Protection Floors Recommendation, 2012 (No. 202), could help in defining a new vision and monitoring progress towards agreed social protection targets in Africa. He concluded by recalling that the 2004 Declaration on Employment and Poverty Alleviation in Africa issued by the Ouagadougou Summit remained the cornerstone for the development of continent-wide action, making employment creation for poverty alleviation an explicit and central objective of economic and social policies, and offering a basis for close involvement of the ILO and other international partners. The outcome of the ILO's 12th African Regional Meeting, held in Johannesburg in 2011, provided a clear roadmap on priorities in respect of the African Decent Work Agenda 2007–15.
10. *Speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC)*, a Government representative of Colombia underlined the concern in the region about the implications of the difficult global economic situation on workers' rights. GRULAC urged the Office to broaden the analysis contained in the paper, delving more into country and regional variations. The paper did not adequately recognize the new global dynamics resulting from the expansion of the emerging economies. Some major developing countries had recovered promptly from the global financial crisis. Their policies encompassed investment in training and higher levels of public spending, unlike developed economies where fiscal cuts, unemployment allowances and subsidies to enterprises had been prioritized. Those policy differences should be analysed in order to determine the impact of the crisis on decent work. Youth unemployment was a critical concern and must be addressed in the broad frame of stronger employment and social protection policies. The Global Jobs Pact remained of special relevance, as underlined in the United Nations Economic and Social Council (ECOSOC) 2012 Ministerial Declaration. The ILO's priority was to ensure that employment recovery was accompanied by workers' rights, adequate remuneration and social protection, in order to lead to more inclusive and sustainable growth.
11. *A Government representative of Germany* said that the ILO could contribute to permanent recovery and sustainable growth by continuing to play a prominent role in the area of international cooperation, including the G20. He stressed that the large number of people working in the informal economy were outside the scope of social security protection. Highlighting the importance of Recommendation No. 202, he said that his country had planned to provide significant financial support to social security projects in 20 countries, including to ILO projects.
12. *A Government representative of Sudan* said that in spite of political and economic challenges her country was endeavouring to comply with international labour standards. Sudan was attempting to tackle rising unemployment and to support SMEs through microcredit schemes, which would promote transition from the informal to the formal economy. Considering the interlinkage between national and international policies, her Government supported the efforts of the ILO to promote fair globalization and achieve

social justice worldwide in the context of the ILO Declaration on Social Justice for a Fair Globalization.

13. *A Government representative of Lithuania* described several measures aimed at reducing youth unemployment undertaken by her Government. Such measures included subsidies for employers hiring young workers, microloans and training offered to young entrepreneurs. As a result, youth unemployment in Lithuania had been substantially reduced the previous year.
14. *A Government representative of Zimbabwe* suggested that the ILO's response to the crisis, largely embodied in the Global Jobs Pact, while still relevant, needed to be sharpened and fine-tuned. She called on the Office to carry out an in-depth impact assessment of the Global Jobs Pact on the mitigation of the labour and social ramifications of the crisis and to present the results at the 319th Session of the Governing Body in October 2013.
15. *A Government representative of Algeria* said that there was a need to reform the global financial system and its rules for a sustainable recovery of the global economy. The ILO had an important role to play in developing new rules and reforms to enable an exit from the crisis and should continue to work with the G20. He outlined the key policy initiatives in his country, which included infrastructure investment, support to young people for SME creation, raising the quality of human resources and building capacity for social security in collaboration with the ILO. He also highlighted progress his country had made on balanced gender representation in its legislature and judicial system.
16. *A Government representative of Ghana* said that, contrary to the general trends noted in the Office paper, his country's economic outlook remained positive, aided by strong exports of cocoa and gold. Recent growth had not translated into more jobs, however, particularly for youth. He emphasized that jobs could be created only as a result of the integration of trade, economic, employment and social policies. Ghana had undertaken a number of measures, with ILO assistance, to promote productive employment, including strengthened implementation of international labour standards, skills training for youth and wider social protection for informal sector workers to promote transition to the formal economy.
17. *Speaking on behalf of the European Union and its Member States*, the Permanent Representative of the European Union (EU) to the United Nations said that while the Office paper adequately described challenges that had been faced by a few countries in the region, it did not adequately describe the concerted EU-led efforts aimed at diminishing the social consequences of the crisis. The different situations of advanced, emerging and developing economies should also be addressed, their challenges and policies analysed, and analytical work used to support adequate responses. Multilateral responses should be built on a shared understanding of the situation. She encouraged the ILO to promote the principle that labour and employment issues should be examined in conjunction with economic, monetary and fiscal issues in order to support strong and sustainable growth and strengthen the social dimension of globalization.
18. *A Government representative of Australia* agreed with the paper that the ILO must continue to advocate strongly and effectively in the multilateral system to ensure that the creation of good and decent jobs remained a global priority. The Global Jobs Pact policy framework was still relevant, and his country welcomed the ILO's commitment to deepen its work on labour market policies and offer guidance on the best practices to the governments.
19. *A Government representative of Kenya* recalled the importance of employment policy as a key component of national development and economic policies, particularly in the context of the post-2015 discussion. Since the slowing of advanced economies was dragging down

the growth and performance of emerging and developing economies, her Government called on the ILO to steer multilateral effort.

20. *An Employer member from Bangladesh* noted that while economic challenges among regions differed, the imperative for jobs was a shared challenge. Europe needed sustained growth to generate jobs, but Asia needed structural transformation and further labour market development to sustain economic growth and social development. Governments in all regions should scrupulously avoid disincentives in labour market regulation that raised labour costs and risks for businesses and investors. The focus should be on policies that helped ensure both flexible labour markets and sustainable employment opportunities.
21. *A Government representative of the United States* highlighted the challenges for the Decent Work Agenda, including assisting the many who had been in crisis before 2008, such as the vulnerable, those living in poverty and informal sector workers. He stressed that austerity and economic hardship must not diminish the fundamental rights of workers, something that had been affirmed in the Leaders' Statement at the 2009 G20 Pittsburgh Summit. Recognizing that labour ministries could only do so much, he encouraged labour ministries to work in concert with financial and economic institutions, both at the national and international levels, to influence macroeconomic policy. The ILO's support to the G20 had already proved invaluable. ILO collaboration with multilateral institutions, however, should move beyond high-level meetings and seek development of common goals, methods and outcomes.
22. *A Government representative of France* stressed the need to coordinate policies at the international level to sustain growth and employment, such as through the G20 and its Task Force on Employment at the European level to achieve eurozone stability, and at the national level to create jobs. Social dialogue was playing an important role in France and discussions were under way on employment issues, particularly youth employment. He highlighted his country's new programme "Jobs of the future", focusing on youth in neither employment nor training, and the "generation contracts" being proposed by the social partners to hire young people while maintaining older employees. Discussions on job security and flexibility were also in progress. The crisis response required reinforced social dialogue and improved cooperation between States and among social partners. The ILO should rapidly improve its analytical capacity to ensure its voice was heard. France was fully committed to the inclusion of decent work among the post-2015 development goals.
23. *An Employer member from Panama* recalled the experience of Panama, where sustained economic growth over the previous decade had led to near full employment, an increase in the minimum wage and significant poverty reduction. The inflow of irregular migrants from neighbouring countries and unemployment among youth were the main labour market concerns. To address the latter, employers and civil society had joined forces to suggest proposals for reform of the national education system.
24. *A Government representative of Romania* presented her country's policies to restart the economy. More flexible legislation to promote job creation was under consideration. A national plan on jobs creation had just been launched. It aimed to reduce unemployment, particularly youth unemployment, through SME development, youth mobility, apprenticeship and training, and incentive measures directed at employers. The Government of Romania was ready to collaborate further with the ILO and the European Commission to ensure coherence between its policies and international labour standards and European legislation.

25. A *Government representative of Trinidad and Tobago* called for the ILO to pay closer attention to the new global dynamic and accompanying market shifts, which were transforming the global business landscape. Changing global migration patterns, including the return of migrant workers to countries of origin and developed country nationals on the move to secure jobs abroad, had implications for social protection systems, issues related to freedom of association and labour market functioning. New talent would increasingly be sourced from non-traditional areas, particularly emerging economies.
26. A *Government representative of India* underscored the need for coordinated efforts to secure job-rich recovery among countries because, in spite of the better economic performance in some developing and emerging countries, all were affected by financial instability and fragility in developed economies. He cited inadequate infrastructure as a major bottleneck for job creation in developing countries. The large informal sector and dependence on agriculture were also constraints.
27. He emphasized the importance of social protection for people in the informal sector and of helping them in their transition to the formal economy. He stressed that decent work should be not only an outcome, but also an important driver of economic growth.
28. An *Employer member from South Africa* expressed regret for the continued focus on the crisis, as many economic challenges, such as the lack of employment, job creation and poverty, had existed before 2008. The crisis provided a convenient excuse for missing the Millennium Development Goal targets. Infrastructure projects, education and entrepreneurship needed to be ensured. Tripartism should be more proactive in finding ways to improve flexibility and job-rich growth while alleviating poverty. While the G20 work in Guadalajara and the Los Cabos Declaration were important steps, the private sector continued to be confronted with punitive legislation.
29. A *Government representative of Brazil* reiterated the strong support of his Government for the promotion of decent work. As an example of social dialogue, he mentioned the first National Conference on Employment and Decent Work that had been held in Brazil the previous August and attended by over 1,500 tripartite delegates. He stressed that Brazil's strong economic growth over the previous decade had been a result of more equal income distribution, the increase in minimum wages and stronger social protection coverage.
30. A *Government representative of Qatar* stressed the need to reform the international financial system and regenerate confidence in the global economy. The Doha Round of the World Trade Organization negotiation should be concluded rapidly. He highlighted the need to strengthen social policy for better protection of workers.
31. A *Government representative of China* asked the ILO to pay more attention to the economic and employment situation in developing countries and to strengthen its research capacity. China's policy of expanding domestic demand in its 12th five-year plan had given domestic consumption a role that outweighed that of investment in driving economic growth. In spite of good results on employment and social protection, China continued to face challenges in creating full and high-quality employment. The ILO's continued support was appreciated, and his country looked forward to further cooperation under the leadership of the new Director-General.
32. A *Government representative of Congo* supported the statement made on behalf of the Africa group concerning the exclusion of Africa from the paper, and recommended that the word "Global" should be omitted from the title. He asked the ILO how Africa would be integrated into the analysis of the paper.

33. *A representative of the Council of Europe* recalled that the achievement of human rights, democracy and the rule of law depended extensively on social cohesion. He shared the Worker spokesperson's view that the financial and economic crisis threatened the European social model. Unemployment, underemployment and inequality were tearing apart the social fabric and weakening democracy. Legislation and programmes should aim at reducing inequality, the precariousness of young people, the stigmatization of migrants, racism and xenophobia, while promoting dialogue, accountability, participation and social mobility. He called for greater commitment from all the stakeholders, not only governments, to defend the European social model by fighting against social exclusion and discrimination, promoting social justice and ensuring the accountability of governments and leading corporations to civil society.
34. *The Director-General* said that the discussion had made it clear that the global jobs crisis was a priority of priorities for the Organization. While the impact was felt less severely in some countries, there was common concern regarding the need to construct an effective response. The lack of comprehensive regional coverage in the discussion paper identified by several speakers would be remedied in the future. The implications of the new global dynamics mentioned by GRULAC and others spoke very strongly to him. He noted a general consensus that the Decent Work Agenda remained the framework for responding to the crisis. He stressed that creating and sustaining enterprise creation, pointed out by the Employers, was not inimical to the other elements of decent work. There was a need to be especially attentive to the needs of the most vulnerable and the working poor. He acknowledged the requests to strengthen the capacity for research and action by the Office, an item already discussed in an earlier section of the Governing Body. Advocacy needed to be founded on evidence-based research.
35. He appreciated the expressions of support for the Global Jobs Pact and agreed on the need for a reality check. One important element of the Pact – social dialogue – appeared to have been one of the victims of the crisis in some countries. Fortunately, experiences like that of France could serve as useful counter-examples. He also noted the support for ILO engagement with the multilateral system and the importance of exploring opportunities arising at the regional level. Overall, the ILO approach should be a layered one, with better analytical capacities, better provision of services at the national level, including exchange of experience and good practice, together with active advocacy globally and regionally.