

## ***New challenges and opportunities for Occupational Safety and Health (OSH) in a globalized world***

by [Alberto López-Valcárcel](#)  
International Labour Office  
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Globalisation of the economy has intensified over the recent years and, together with the development of the new information and telecommunications technology, it is bringing about radical changes in society, comparable to those produced during the industrial revolution. Occupational safety and health cannot ignore those changes. And, in this context, the greatest challenge for the countries is the transformation of the difficulties involved in adapting to the new situation into opportunities for the future development of occupational safety and health.

### **Harmonising standards: labour standards and product standards**

One of the most important impacts that economic integration and the liberalisation of international trade have had on occupational safety and health is undoubtedly that of the harmonisation of standards.

In talking about occupational safety and health standards, we are in fact referring to two distinct types of standards.

First, there are the standards concerning labour. They define the general conditions of occupational safety and health in the workplace. The objective in harmonising this type of standard is to prevent "social dumping"; i.e. prevent the comparative advantages that are derived from lower production costs at the expense of inferior working conditions in the enterprise. By harmonising these standards, we are also seeking social integration within the process of economic integration and liberalisation, in such a way that the economic growth, achieved through economic integration and liberalisation, is accompanied by social progress.

Second are the standards concerning product safety. As tariffs are eliminated or reduced, as is currently occurring with the regional economic integration agreements and with the signing of multilateral trade agreements in the framework of the World Trade Organisation (WTO), non-tariff technical barriers acquire more significance in international trade (Kenneth). Technical standards, particularly those related to product safety, could block international trade as effectively as high tariffs did in the past, and for that reason harmonisation of product safety standards has become a prerequisite for economic integration.

This harmonisation has in fact already had a positive impact on the development of occupational safety and health (OSH) in many countries.

In many European countries, OSH has benefited as the result of these countries joining the European Union (EU). That was not only due to the application of European Directives related to the social policy area <sup>1</sup> - aimed at harmonisation in the framework of progress of occupational safety and health conditions - but also due to the efforts made to achieve a single market (Castellá). To guarantee the free flow of products and to avoid having to invoke safety reasons that could impede free circulation, measures were taken so that only "safe products" could be traded. In doing so, the safety of a product has become an indispensable condition for its trade and free circulation. At the same time, as the worker is the user of many of these products (substances, machinery, equipment), establishing a system that guarantees the safety of products purchased by the employer and used by the worker means, in fact, an important contribution to the progress of OSH.

In the case of Mexico, NAFTA's side agreements <sup>2</sup> introduced an interesting (and innovative) approach to the development of occupational safety and health. The Agreement on Labour Co-operation considers that the national legislation of the three NAFTA member countries (Canada, Mexico and USA) contains the basic principles of worker protection. Therefore, the Agreement does not oblige the parties to modify their national legislation in this regard, but requires them to guarantee the effective application of their legislation. In addition, it creates an institutional scheme to ensure compliance with these obligations, and it also establishes a special system for dispute resolution in cases related to the lack of effective enforcement of OSH, child labour, and minimum wage labour standards (NAFTA).

But the most far-reaching process regarding harmonisation of safety product standards is probably taking place within the new agreement on Technical Barriers to Trade (TBT, signed in 1994 within the Uruguay Round of GATT) <sup>3</sup> (WTO). The harmonising strategy of the TBT/1994 is based on adherence of the national standards to international standards, and in the transparency of the standard setting process (Kenneth). For many developing countries adaptation to the TBT/1994 will require profound reorganisation of their standard setting systems and institutions; but this effort will bring about a double benefit: better opportunities for exporting their products, and a significant improvement in the safety of them.

## **Occupational safety and health (OSH) and competitiveness**

With the elimination of tariff barriers, less state intervention in economic matters and the globalisation of the economy, markets are becoming more and more transparent and an enterprise that wants to stay in the market is forced to continuously improve its competitiveness.

Three factors can be seen as determining the competitiveness of an enterprise: its capacity for innovation, the quality of its products and its productivity. It is, therefore, not surprising that these three factors have

become a true obsession for the modern enterprise that wants to remain competitive and thus, survive in the global economy.

The search for new relationships with clients and suppliers, as factors for productivity, is nothing new in business strategy. What is new, however, in this era of globalisation, is the emergence of a new culture concerning the nature of the relationship between the enterprise and its workers. This new culture can be summarised by the words "there is a need to invest in the worker", both in their training and in the improvement of their working conditions. Thus, OSH is beginning to be seen by many enterprises not only as a legal requirement but also as a means of improving productivity.

Another determining factor for competitiveness is the quality of the products. Over the years concepts and programmes such as quality control, quality circles, total quality, and quality assurance, have gained ground. But in the context of international trade, one usually frequently refers to the international quality management standards, ISO 9000, that over a short period have become the most well known ISO standards. Customers are starting to demand that enterprises obtain ISO 9000 registration, and the number of enterprises all over the world obtaining this certification has escalated <sup>4</sup> (ISO)

Although, the ISO 9000 series does not explicitly cover the issue of OSH, they show many of the links that exist between OSH and quality. Thus, a programme for the management of the quality of an enterprise has to ensure the safety of the production processes. On the other hand, there is a similarity between the nature of the safety problems and the quality problems (e.g. shortcomings, errors). Besides, there are also similarities between the solutions and organisational structures that, within the limits of the enterprise, both safety and quality apply (e.g. documentation, workers' participation, criteria for training, motivation and qualification). Finally, quality has to be built into the workstation. Therefore, ergonomics is an essential factor to be taken into consideration. If the operator has appropriate conditions with regard to temperature, lighting, cleanliness, workload, etc., the probability of human error decreases significantly (López Peña). As a result, many enterprises now consider their policies for improving working conditions as a key element in their policies for improving quality.

To reach high levels of quality, the fact of having appropriate technology is not sufficient; nor is it sufficient to have highly trained workers. The high levels of quality required today can only be reached if the enterprise can also count on workers who are willing and interested in achieving it. Therefore, concepts such as motivation, participation and co-operation are becoming so important in the management of modern enterprises. Thus also the importance of investing in the OSH of the worker in order to improve both quality and productivity.

The third factor that determines competitiveness is the capacity for innovation. Many of the characteristics of a work environment that favour innovation can also be found in safe and healthy work environments. It has been said, for example, that creativity blooms where the work atmosphere is relaxed or even

playful, where conflicts among personnel are at a minimum, and where the worker enjoys ample freedom in the manner in which he performs his work. All of these are also characteristic of good OSH conditions.

## **Occupational safety and health (OSH) and the environment**

Following the success of ISO 9000, the International Standards Organisation has also developed a series of environmental management standards, ISO 14000. These standards have appeared at a time of increased interest by consumers for environmentally-friendly enterprises and products. In this context, it seems that the new series will favour international trade, as the ISO 9000 standards did.

Although the ISO 14000 series does not directly deal with OSH issues, they will probably have a positive impact on the management of OSH in the workplace, due to the link that exists between the work environment and the environment in general.

This link is especially clear when we consider the handling of chemicals. The standards and handling requirements for the environmentally-sound management of chemicals are similar to those required by OSH for the safe use of chemicals at the workplace.

The problems faced by chemical safety are enormous, not only as regards the protection of the environment but also with respect to the prevention of occupational risks. At a meeting of experts organised by the ILO (ILO 1987), it was estimated that the number of chemicals available on the market was approximately 80,000; and that 5 to 10 per cent (i.e. 4,000 to 8,000) of those should be considered hazardous.

Classification of chemicals, according to the type and degree of their hazards, is a key element of any chemical safety policy. Another key element is correct labelling, to reduce the risks associated with not using them correctly. Standards related to the classification and labelling of chemicals are in fact product safety standards and are, therefore, subject to the requirements of harmonisation inseparable from the liberalisation of international trade. A draft proposal prepared by the Co-ordinating Group for the Harmonisation of Chemical Classification Systems is already available on the Web (ILO/IOMC 2001).

In fact, one of the Agenda 21 objectives (UNCED - United Nations Conference on Environmental and Development, Rio de Janeiro, 1992) is the establishment of a globally harmonised system of classification and labelling of chemicals. According to the Agenda, this system will not only serve to improve the control of chemical hazards, but will also favour the development of international trade. Agenda 21 considers, moreover, that collaboration between UNEP, ILO and WHO within the framework of the IPCS (International Programme for Chemical Safety) should be reinforced and become the nucleus for international co-operation in the environmentally-sound management of toxic chemicals (UN).

A major concern related to international trade is the export of dangerous chemicals whose use has been prohibited or severely restricted in the exporting country itself. Several United Nations agencies have adopted international standards to ensure that the importing country, appropriately informed, may make a sound decision regarding the eventual acquisition of such products.

Thus, UNEP has introduced provisions for Prior Informed Consent (PIC) in its London Guidelines (UNEP); and FAO, the principle of Information and Previous Consent in its International Conduct Code for the Distribution and Use of Pesticides (FAO). Similarly, the ILO (Convention No. 170, on Chemical Products -1990) (ILO 1990) calls for communication between exporting and importing countries when hazardous chemicals have been prohibited for OSH reasons. In addition, a joint FAO/UNEP programme has been launched for the operation of the PIC procedures for chemicals all over the world.

### **New codes of conduct adopted by the enterprise**

A final issue to consider is the growth of consumer action against enterprises that do not have adequate environmental or social behaviour. This situation is leading companies to adopt voluntary codes of conduct.

In today's world where information flows at high speed, where increased competition is increasing consumer power, and where state control of enterprises is lessening, a significant change is occurring in the demands of the consumers from enterprises. They are beginning to demand not only price and quality, but also specific codes of conduct with respect to the environment, workers and the community in general.

One of the codes of conduct worth highlighting is the chemical industry's initiative, called "Responsible Care". This is a public and voluntary commitment by the chemical industry to improve its performance with respect to safety, health and the environment. Employers associations in 45 countries have already adopted the "Responsible Care" programme (ICCA).

Another voluntary initiative that is getting a lot of attention is that of the "Corporate social responsibility", a concept that is generally understood as the commitment of the enterprise to be fair to all its stakeholders, and specially its employees. In a recent opinion poll 12,000 European consumers were interviewed on their attitudes to the role of business (CSR). Seventy per cent of them said that a company's commitment to social responsibility is important when buying a product or a service. Moreover, the issue European consumers care about most is the protection of workers' health and safety <sup>5</sup>.

Recognising the existence of a range of OSH management-related international and national voluntary programmes, and also the ISO standards on quality and environment management, the ILO has recently adopted Guidelines on occupational safety and health management systems ILO-OSH 2001 (ILO 2001). These guidelines carry no legal obligation, and emphasise

concepts such as continual improvement, employers' leadership and commitment, and workers' participation.

The successful enterprise in this time of globalisation can no longer afford to be a faceless institution that does nothing more than sell the right product at the right price. But it will have to present itself with a more personalised image, expressing explicit moral judgements when dealing with its own employees, the community and society at large (The Economist). Moreover, a product or a workplace that is seen as unsafe by clients or the community, will inevitably affect the image of the enterprise, and will reduce its competitiveness.

### Footnotes:

1. The fact that most EU Directives related to the area of social policy are OSH Directives (approximately 66% of them) is a clear indication of the high status of OSH within the EU.
2. The North American Free Trade Area (NAFTA) signed by Canada, Mexico and the USA, in 1993, has two side agreements: The Agreement on Environmental Co-operation; and the Agreement on Labour Co-operation
3. One of the fifty-three agreements of the Uruguay Round GATT was the agreement establishing the World Trade Organisation (WTO), an institution that is to, among other issues, deal with the dispute settlement under the Uruguay Round agreements, included the TBT/1994. Members of the WTO agree to conform their domestic laws to implement the Uruguay Round GATT agreements. At the end of 1999, WTO had 135 members.
4. According to the ISO Survey of ISO 9000 and ISO 14000 Certificates, at December 2000 there were 408,631 certifications of enterprises to ISO 9000, in 158 countries.
5. 70% of the consumers answered that "Protecting the health and safety of its workers" was an important area for the companies to support; while 68% of them consider "Ensuring products do not harm the environment" was also an important area for the companies to support

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