



## The Social dimension of globalisation

1. The ETUC Executive Committee read with interest the Communication from the European Commission on the social dimension of globalisation and its assessment of the report by the ILO World Commission on the Social Dimension of Globalisation.

2. The Communication from the European Commission marks a step forward conceptually compared to its 2001 Communication on core labour standards and social governance. This new approach strives to incorporate the social dimension, decent work and sustainable development in the multilateral trade policy and the international cooperation of the Union and its Member States.

3. Nevertheless, whether this integrated policy will gain international acceptance and actually be implemented remains unanswered. In the past, EU foreign policy (WTO negotiations, agreements concluded with third countries and external regions, the Cotonou Agreement) has given priority to the development of free trade over genuine cooperation designed to foster development.

4. ETUC must be consulted shortly by the Commission to discuss the ways and means of implementing this policy perspective within its trade policy in the WTO and other international institutions, within the programmes resulting from the EU's bilateral and regional cooperation agreements, and within the EU itself.

5. The ETUC Executive Committee is of the opinion that the report by the ILO World Commission represents a significant stage in the ongoing struggle by trade unions and international trade union organisations to have all international organisations take responsibility for promoting fundamental labour standards, and the WTO take on board the social and environmental dimension of trade and investment with a view to promoting sustainable and fair development in all countries.

Despite the limitations inherent in such an exercise (seeking to reach a compromise between widely diverging participants), the World Commission reached a conclusion shared by ETUC: *"Seen through the eyes of the vast majority of women and men, globalisation has not met their simple and legitimate aspirations for decent jobs and a better future for their children."* The report focuses on a series of well-established facts (growth in trade with no actual impact on sustainable development; liberalisation of financial markets along with social and fiscal deregulation; unfair conditions governing structural adjustments and restructuring in employment, education, health and labour law; growing inequities in all countries, including the industrialised countries). ETUC condemns the social conditions surrounding company relocations and the development of 'just-in-time manufacturing' within international outsourcing chains, the growing informal component of the economy, rising job insecurity and assaults on trade union rights and collective bargaining, a situation which is particularly worrying in export processing zones (EPZs).

The changes recommended by the World Commission are necessary: they can and must be implemented. That is the positive aspect of the report.

6. International trade can contribute to sustainable (social, economic and environmental) development, provided it is implemented within a rigorous framework — as recommended in the World Commission's report:

- A multilateral framework to protect migrants;
- a multilateral framework to promote social protection (which 80% of the population does not enjoy);

- a multilateral framework to promote dignified and fair work as a key tool for reducing poverty;
- a multilateral framework for protecting the rights of workers, food safety, health, education, gender equality and the full autonomy of women.

ETUC would like the WTO negotiations to take the social and environmental dimension on board too. To do this, the negotiations should include components that are essential to sustainable development (enforcement of international labour standards, support for decent employment strategies, process for creating systems of social protection, preserving public services, the fair sharing of resources, measures to protect the environment, health and safety, the development of South-South trade, etc.).

7. ETUC shares the opinion of the European Commission and the ILO World Commission denouncing the obstacles placed in the way of trade in goods by developed countries in sectors where developing countries receive a comparative advantage.

Recognising that there is a particularly clear link between trade, jobs and poverty in the agricultural sector — an area of critical concern to developing countries — ETUC supports the recommendations of the World Commission on rapidly eliminating existing export aid in the countries of the North. Export aids create obstacles to imports from developing countries and result in unfair competition on the markets in developing countries.

In this way, ETUC reiterates its attachment to the principle of states' sovereignty in matters of food safety.

8. The WTO must operate transparently and more democratically, and must cooperate positively with other international institutions. The Communication from the European Commission suggests promoting just such an approach, although it does not give any practical details on how this might be done.

The Executive Committee calls on the European Union and its Member States to play an active role in ensuring that the World Commission's recommendations are applied. Noting the inadequate progress made in terms of the commitments set out in the 2001 Communication on core labour standards, ETUC is of the opinion that the priority now is to take concrete action to exploit the full potential of EU policies designed to promote the social dimension of globalisation.

9. The Executive Committee shares the point of view expressed by the European Commission, which supports the adoption of multilateral regulatory solutions, augmented with and enhanced by voluntary solutions and codes of conduct negotiated between the stakeholders, as must be the case when it comes to corporate social responsibility.

10. Consultation between the public authorities and the economic and social players at national, European and global level must prevail when devising regulatory measures so as to ensure that economic activity, trade and the development of technological capabilities are given social and humane objectives.

Accordingly, under its new reference framework, the European Commission should promote information, consultation, negotiation and evaluation tools involving the social partners on globalisation-related issues.

The European Commission should seriously step up its efforts to ensure that the representative economic and social stakeholders can — in the spirit of the Social Protocol of the Treaty - find contractual solutions to the social dialogue that is so essential at national, European and international level.

11. The Commission's Communication acknowledges the importance of the European model of social integration for improving living and working conditions, constructing a competitive European economy, and managing the social repercussions of globalisation.

But ETUC feels that although the European Union has made major headway towards integration, it is currently facing some key decisions. Europe's social heritage, the fruit of a social and political struggle as well as the policies conducted by the labour movement (collective bargaining and agreements, genuine social security systems, labour rights and social rights, public services and services of general interest, and so on), is being seriously undermined, yet it is this same heritage that provides us with all the criteria we need to ensure that our markets are truly democratic. Yet at present the EU Member States and European institutions appear more concerned with satisfying the markets than meeting the aspirations of the public, one example being through the draft directive on

services on the internal market.

With this in mind, ETUC produced a series of proposals for the Convention to ensure that the European Union changes tack, in particular by adopting a Growth and Stability Pact that includes binding social criteria, in particular covering employment and industrial policy.

12. ETUC backs regional integration processes which set out to create ways and means of underpinning regulation, social cohesion and solidarity within a given territory. It calls upon the European Commission to provide efficient frameworks for consultations and negotiations involving the social partners in the course of defining and implementing such processes.

In its talks with the EU institutions, ETUC is endeavouring to establish a genuine social dimension for its relations with Central and South America, the Mediterranean countries and the 77 ACP countries (Cotonou Agreement), as well as in its European Neighbourhood Policy, in conjunction with the international trade union movement.

13. ETUC is pleased with the prospects for an agreement between the European Commission and the ILO, and expects to see the social aspects of development better taken on board, but stresses that such an agreement must be reached in a totally transparent fashion in respect of the social partners.

### **ETUC's Commitments**

14. The Executive Committee of the ETUC, along with all its member organisations and in conjunction with the respective international organisations, pledges to make full use of the existing instruments:

#### **► at global level:**

The core ILO standards constitute a minimum set of rules which must be applied in the world economy. Countries must be prompted to ratify and apply international labour standards (eight fundamental ILO Conventions, other operational conventions and recommendations, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy).

ETUC intends, both at European level and worldwide (on the basis of mandates from the respective countries), to promote closer cooperation and complementary action between all the relevant international institutions with a view to ensuring that integrated policies help to reduce poverty, foster universal respect for trade union and human rights and create decent jobs. It will support the action taken by the European Union to establish a Forum on Globalisation and the setting up of Policy Coherence Initiatives, in accordance with the recommendations of the report by the ILO World Commission on the Social Dimension of Globalisation.

ETUC will maintain its support for international campaigns against dictators, for instance in Burma and Belarus, and will continue lobbying the World Bank and IMF.

If globalisation is to be extended, we need new rules governing foreign direct investment which the European Union ought to support. Accordingly, ETUC backs the idea of negotiating a multilateral framework guaranteeing that a fair balance is struck between private interests, workers' interests and public interests, as well as between the rights and responsibilities of the various stakeholders.

#### **► at European level:**

ETUC reiterates its call for formal procedures to be put in place to enable consultation with the social partners on all aspects of European policy pertaining to globalisation (trade, development assistance, compliance with social standards, bilateral and regional relations, investment, etc.).

ETUC reaffirms the need to ratify and apply the standards adopted by the Council of Europe (human rights, the Revised European Social Charter, European Convention on Social Security).

ETUC intends to continue promoting the use of bilateral agreements by the EU to underpin trade union rights and, first and foremost, the Mercosur agreements as well as the partnership agreements and national programmes in ACP countries that are currently

under negotiation.

ETUC will step up its efforts to make the globalisation process more democratic by contributing to the debate on global food safety, in a bid to boost the coherence between the objectives pursued by various key European policies (social and sustainable development policies, trade policy and the Common Agricultural Policy).

The EU must undertake to more forcefully promote the application of the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Working in conjunction with the European industry federations, ETUC intends to develop the use of European Works Councils to ensure the effective application of core labour standards in the context of corporate social responsibility, and see to it that they become driving forces in the processes of negotiating voluntary agreements.

The European Union and its Member States must assert themselves in practice as determined, dynamic players for world peace and advocates of the globalisation of social justice, these being core elements of democracy. Action in this connection should include the drafting of joint positions by the member countries of the IMF and World Bank.

► at national level:

Countries remain the appropriate entities in which to negotiate progress on social issues. Moreover, countries are representatives of international institutions, producing standards. They have established a hierarchy of such standards covering the economy, finance and trade (IMF, World Bank, WTO, OECD), these being deemed important and binding, whereas standards covering social affairs (ILO), health (WHO), education, culture (UNESCO) and the environment are considered of secondary importance and voluntary. This situation is unacceptable and must be changed so that the United Nations' environmental and social standards take priority over financial and trade-related standards.

As the report by the ILO World Commission concludes, it is essential that public and parliamentary control be exercised over the positions adopted by countries in the various international institutions so that we can impose the operational and political coherence required to substantially reform the UN system and gradually imbue it with the authority to regulate and strike a balance between international standards. This authority could be exercised within a 'World Council of Social and Economic Security'.

*"Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realised"* (Article 28 of the Universal Declaration of Human Rights, UN 1948).



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