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REPORT OF WORKING GROUP 1
LABOR DIMENSIONS OF THE SUMMIT OF THE AMERICAS PROCESS: GLOBALIZATION,
EMPLOYMENT AND LABOR

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I. INTRODUCTION

The Ottawa Plan of Action of the XII Inter-American Conference of Ministers of Labor (IACML) tasked Working Group One with examining the labor dimensions of the Summit of the Americas process, including questions of globalization related to employment and labor. The Working Group was asked to identify areas of agreement and issues where further work needs to be done, and prepare a report containing recommendations for consideration of the XIII Conference.

The Working Group was also mandated to create a process for improved collaboration and coordination on the labor dimensions of the Summit of the Americas process, between labor ministries and other appropriate ministries and key international organizations.

At the outset, the Working Group decided to focus its discussions on the labor dimensions of economic integration, both because of the current importance of the topic and in the interest of ensuring a manageable scope for its deliberations.

The Working Group met twice, in Santo Domingo, Dominican Republic, April 9-11, 2002, and in Montevideo, Uruguay, March 31 and April 1, 2003. The work program was supplemented with several seminars and technical workshops. Representatives from COSATE and CEATAL participated in all of these activities.

These meetings served as a valuable means for improved collaboration and coordination with key international organizations on the labor dimensions of the Summit of the Americas process. Further, the work program provided key opportunities to engage in productive discussions in this regard with officials from other relevant government ministries.

The discussions of the Working Group benefited from the presentations, views and reports provided by invited academics and international organizations.

This report summarizes our deliberations and presents our recommendations for consideration by Ministers of Labor. It begins with a synthesis of central themes and observations that emerged in Working Group discussions. These themes provide context for the specific points of agreement and proposed areas for future work that follow. The report concludes with recommendations. In response to the request from the hemisphere's Trade Ministers, we recommend that this report be shared with them, prior to their next Trade Ministerial in November 2003.

II. CENTRAL THEMES EMERGING FROM OUR DELIBERATIONS

Labor Ministries support a common agenda for improving the well being of workers throughout the hemisphere. This agenda is reflected in the goals articulated by Heads of State in the Third Summit of the Americas “to create greater prosperity and expand economic opportunities while fostering social justice and the realization of human potential.” Integration can and should serve this goal.

The integration process is broader than economic considerations alone. The labor dimension cannot be viewed in isolation from other aspects of the Summit of the Americas process. Our governments’ initiatives to promote democracy, security, transparency in governance, and economic and social development are interdependent and mutually reinforcing. Labor markets, just as capital markets, depend on transparent and effectively administered laws and regulations to function efficiently. A skilled and adaptable workforce is essential to realize the potential benefits brought about by economic integration. Promoting compliance with the basic rights of workers contributes to social and political stability and to broadly based prosperity. Modern labour policies that put human beings at the center of all economic activity are a key to the success of a global economy.

Ministries of Labor must contribute to the creation of an appropriate policy and programmatic framework to mitigate the potential negative effects that the integration of our economies could generate on labour markets, both at the domestic and the regional levels. We examined different approaches that have been adopted to respond to the needs of unemployed workers. We considered the important role of employment services and of timely, accurate labor market information in our dynamic economies, and the emergence of new employment relationships in the digital world. We place continued emphasis on the need to improve the capacity of Labor Ministries throughout the hemisphere to perform these functions by, *inter alia*, strengthening their professional career staffing; developing sound management systems and expertise; and promoting social dialogue.

Regional integration agreements throughout the hemisphere, multilateral instruments and recently negotiated Free Trade Agreements contain labor commitments. We debated the strengths and limitations of various modalities of labor commitments. Further, we have commissioned a study to analyze, in volunteer subject countries, the de facto implications of such labor commitments, including a review of legal instruments in place to give effect to these labor commitments as well as the procedures and practices used to enforce them. We considered the important contributions of different cooperative mechanisms, even beyond the hemisphere, to build capacity in support of these commitments and the overarching goals of improved working conditions and rising standards of living.

Economic integration is vital to the future of working men and women in the western hemisphere. An increasing stream of productive investments, trade across borders free of protectionist discrimination, and secure international markets are key to economic growth and development. At the same time, we recognize that economic integration presents challenges for workers, as well as opportunities. Challenges vary from one country to another, but are faced by all -- mature industrialized economies as well as small or developing economies. In some circumstances, the forces of globalization may enhance short-term economic incentives to avoid labor practices and policies that serve the long-term best interest of governments, workers, employers and economies. In some areas, there is concern about exclusion and readiness to compete in an increasingly global economy. In this economy our common agenda is also in our common interest.

The task for Ministries of Labor is to prepare our people to take advantage of the opportunities presented in a dynamic economy; foster workplaces that put human capital and effort to their best use; reaffirm human dignity and the central role it plays in the economic and business world; promote effective compliance with, and ensure

effective application of, labour laws and standards; and, to implement programs that lessen the negative impacts on workers, particularly for those most vulnerable groups of individuals. Ministries of Labor must direct renewed efforts, including social dialogue, toward increasing our understanding of the labor impacts of integration, so that we are better able to respond to the needs of workers and their families. Building the confidence of workers in their ability to adapt to change and to benefit from integration will broaden our societies' support of the Free Trade Area of the Americas process.

Collaboration and cooperation between Ministries of Labor and other ministries, both at the national level and in international fora, provides a fuller understanding of interrelationships and better informs our policy deliberations and decision-making. We recognize the need to fully evaluate the labor and employment implications of economic policies.

Finally, greater attention must be directed to ensuring that labor commitments undertaken by Heads of State in the Summit of the Americas and by Labor Ministers in the IACML and in other multilateral instruments are translated into actions and practical outcomes. For our Working Group, this demands an even deeper focus to completely understand the existing relation between the labor and the economic dimensions of integration.

III. AREAS OF AGREEMENT AND ISSUES FOR FURTHER WORK

- In a context of deepening international economic integration, the commitment of the Heads of State and Government of the Americas to adopt and implement legislation and policies that provide for the effective application of core labor principles as embodied in the ILO Declaration on Fundamental Principles and Rights at Work, and the rejection of the use of labor standards for protectionist trade purposes, are of central importance.
- The Decent Work Agenda of the ILO including the strengthening of social dialogue is central to the labor and employment dimensions of the Summit of the Americas process. Integration under the Summit process should be pursued in a manner that maximizes opportunities to realize that agenda.
- We strongly support and encourage other efforts under the Summit process to promote democracy, financial market stability, transparency, the rule of law, accessible health care, and lifelong learning and accessible education, as important complements to the labor and employment dimensions of the Summit of the Americas process.
- Ministries of Labor have a vital and multi-faceted role in providing the necessary foundations to achieve the broad goals of the Summit of the Americas:
 - Promote and protect the basic principles and rights of workers, as embodied in the ILO Declaration on Fundamental Principles and Rights at Work;
 - Preparing workers and employers to succeed in a dynamic integrated economy by providing them with the requisite skills;

- Improving the functioning of labor markets by providing workers with increased economic security and training during unemployment and access to employment services to assist in the transition to new employment;
 - Fostering the comprehensive development of individuals and the productive potential of workplaces;
 - Deepening the understanding of the labor impacts of integration, including through social dialogue; and
 - Participating actively in key economic and social policy debates to foster productive employment.
- We strongly support and encourage efforts to modernize and strengthen labor ministries to carry out these functions. Horizontal cooperation and technical assistance have an important role to play in this regard. The mandate and efforts of this Conference to increase the effectiveness of capacity building projects and technical assistance would benefit significantly from the development of appropriate networks and other means to structure them and provide continuity. The discussion document presented by the Chair *pro tempore* entitled *Modernizing Labor Administration: Concept Paper for an Americas Institute for Professional Labor Administration* has provided a sound basis for further work. We acknowledge the valuable contribution of Mexico in its discussion paper entitled *Inter-American System of Labour Cooperation*.
 - This Working Group has been tasked with considering the implications of the ILO report “Labor Standards and the Integration Process in the Americas”. We have followed up with discussions of the labor provisions of various regional institutions and by commissioning a report on the operation in practice of the labor commitments of those agreements and institutions, which the Conference will receive shortly. It will be important to build on this work.
 - Further enquiry is needed into the effects of economic integration upon labor markets and labor policy, into methods for studying these questions and into means to enable labor ministries in smaller economies to undertake such analyses.
 - A productive dialogue with trade officials in the course of IACML meetings, in particular in view of the request by Trade Ministers in their Quito Declaration of November 2002, for a report on the results of this Working Group, will promote a more informed approach to the integration process and the Free Trade Area of the Americas. There is significant value in continuing such exchanges of views and information with Trade Ministries, and in seeking similar exchanges with other relevant ministries.
 - Valuable contributions were made through the active participation in our work by business and labor, through CEATAL and COSATE, and by key international organizations including the Pan-American Health Organization, the Organization of American States, and the International Labor Organization.

IV. RECOMMENDATIONS

The Working Group respectfully recommends that Ministers of Labor prepare a Plan of Action leading the IACML to:

1. On the basis of the work of the XI and XII IACML on different regional agreements and institutions addressing labor standards in the context of integration, and the continued study of labor provisions in emerging free trade agreements, elaborate options emphasizing cooperation to allow a better implementation of labor commitments and labor legislation and policies, including through increasing the capacity of Labor Ministries;
2. Conduct further enquiry into the effects of economic integration upon labor markets and labor policy, into methods for studying these questions and into means to enable labor ministries in smaller economies to undertake such analyses;
3. Develop the institutional means to structure coordination and collaboration of strengthening Labor Ministries' capacity to carry out their functions. To this end, commission a feasibility study, with recommendations, to be brought forward for the consideration of the XIV IACML;
4. Extend invitations to senior officials from relevant ministries, as appropriate, to attend IACML seminars, workshops, and Working Group meetings when agenda items address topics of cross-cutting nature. Ministries of Trade and Ministries of Education were identified in this regard by the Working Group;
5. Continue to encourage the active participation of CEATAL, COSATE and key international organizations in the work of the Conference regarding the labor dimensions of the Summit of the Americas process; and,
6. Convey the contents of this report to Trade Ministers in response to the request in their Quito Declaration of November 2002.

ANNEXES

- A.- Country presentations on labor dimensions of integration (Antigua and Barbuda, Argentina, Canada, Chile, Mexico, Uruguay)
- B.- Labor dimensions of integration from the employers' perspective (CEATAL)
- C.- Labor dimensions of integration from the workers' perspective (COSATE)
- D.- Status of follow-up study on *Labor Standards and labor integration agreements* (XII IACML-ILO Project)