

Speech of Mr. Javed Ashraf Hussain
Federal Secretary
Ministry of Industries & Production

Sub : Pre-launching workshop on Global Compact

Honorable guests
Ladies and Gentlemen

A commitment to multilateral engagement and open markets has impelled growth and development in the decades since the Second World War. In the last decade, globalization and liberalization of economies have been social buzzwords. In the new millennium, sovereign goals have crossed borders and barriers earlier considered difficult to mitigate. The new world order of the WTO regime is a major challenge for the developing economies. Yet, the concept of global and free market economy is still to be fully understood by all.

Despite of this fact, opposition to globalization is rising in many parts of the world, as the ability of markets to meet societal expectations and needs is questioned, and the spread of market forces outpaces the ability of societies and their political systems to adjust effectively. No doubt therefore, safeguarding past achievements and preparing the ground for a new period of prosperity requires urgent action on two fronts: renewing a commitment to openness and inclusion; and finding new ways to embed global market forces in universally shared social values, in order to allow all countries and cultures a sense of ownership in the global economy.

Ladies and Gentlemen:

I believe global markets require global rules. The aim should be to enable the benefits of globalization to spread to all people by building an effective framework of multilateral rules for a world economy that is being transformed by the globalization of markets. Only a multilateral and integrated approach can deal with complex and often interrelated consequences of globalization, and meet rapidly changing business conditions arising from global economic and financial integration, and the worldwide spread of technological innovation.

You will all agree, the effects of globalization boil down at the micro level. As the impact of globalization and the flow of information increases, society's expectation of the corporate sector is also increasing. It is not only being evaluated on the basis of financial performance, but also on what has come to be known as "the triple bottom line", which includes financial, social and environmental performance. Being socially responsible positively impacts several areas, including corporate reputation, employment, financial performance, operating costs, access to capital, economic development and poverty alleviation.

To my mind, there is a definite relationship between the global corporate sector and the society at large. A corporate entity cannot operate in isolation. Whatever happens in the society is affected by the functions of the corporate sector, the most primary of which is the creation of wealth. This is what a society is fuelled by. Without the creation of wealth the society would become disabled. At the same time, the corporate sector is affected by whatever happens in the society. A corporate entity in a declining society gets its share of the negative. Thus a corporate entity's function by definition is much broader than simply providing products and services or looking after employees' welfare for that matter. In short, to be sustainable, globalization must be accompanied by the effective promotion and protection of human rights, labor standards and the environment. This underpins the need to address societal expectations.

I would like to take this opportunity to appreciate and commend the work being done in this field by the United Nations and other major intergovernmental organizations. The launch of Global Compact in 1999 has laid down a platform for the business community to work in partnership with UN organizations, to encourage and promote good corporate practices and learn experiences in the areas of human rights, labor and the environment. Indeed, Global Compact provides a basis for

structured dialogue between the UN, business, labor and civil society on improving corporate practices in the social arena. It also offers a means to significantly broaden the number of companies undertaking such activities.

Ladies and Gentlemen:

Undeniably, it is a great honor for me to address this distinguished gathering today, when Pakistani businesses are at the threshold of formally embracing and enacting the Global Compact. Your presence here highlights a key fact about our businesses: we intend to voluntarily support and represent core values i.e. the nine principles which reflect the importance of corporate social responsibility.

Of course, even more meaningful is what we actually do in our organizations. It was once fashionable to say that corporations are responsible only to their shareholders, and that the business of business is the business. Today, enlightened business leaders recognize that their reputations, and even their bottom lines, are intimately tied to good corporate citizenship. They know that consumers care about the environment, and do not like the exploitation of labor. More and more, what makes sense to ordinary, decent people makes good business sense as well.

Distinguished guests:

What brings us together here today? Surely, the crucial question for us is : How are our organizations meeting social responsibilities ? How do we create an environment in which business does what it does best -- create jobs and wealth -- while ensuring that people's basic needs are met?

I believe that companies can best promote human rights and improved labor and environmental standards by the way they conduct their own

businesses and by the spread of good corporate practices. By setting themselves high standards in these fields, they exercise a positive influence in their immediate environment and among customers, suppliers and business associates. By creating wealth and jobs, companies help to defeat poverty -- the enemy of the humanitarian values. Supporting and advancing the nine principles of the Global Compact is not only the right thing to do -- it makes good business sense.

At the same time, companies cannot be expected to take on responsibilities outside their own sphere of activity that are properly the preserve of governments. The Compact does not ask companies to take over the responsibilities of governments. They are asked to take action only within their respective spheres of influence. Our presence here affirms the government's commitment to embrace the Global Compact in Pakistan and to facilitate our organizations to become social corporate citizens. However, business expertise is necessary to help government to find the right balance between the freedom that allows the private sector to create wealth and employment, and rules that provide a background of economic stability and social cohesion. We expect the private sector to cooperate with us in this regard.

It is also crucial to engage labor and non governmental organizations in constructive participation. All potential partners should recognize that a non-confrontational approach is conducive to arriving at solutions to the social challenges of globalization.

Before I conclude today, I must mention the concrete steps, which our companies could take to turn the Global Compact principles into practice:

- carrying out a human rights assessment of the situation in countries where they are or intend to do business to identify the risks of

involvement in human rights abuses and the company's potential impact on the situation;

- adopting explicit policies which protect the human rights of workers in its direct employment and in its supply chain;
- ensuring that security arrangements, whether its own, contracted or supplied by the State, do not contribute to human rights violations;
- establishing a monitoring system to ensure that its human rights policies are being implemented.

Today, while we are declaring to adopt the Global Compact, I expect to receive the commitment from our businesses to issue a clear statement of support for the Global Compact and its principles, and engage in public advocacy for the Compact; post a concrete example of progress made or lessons learned in implementing the principles once a year on the Global Compact website; and engage in partnership with UN organizations by undertaking activities that further the implementation of the principles, or by entering strategic partnerships in support of broad UN goals such as poverty eradication.

Our participants here today recognize that the capability of companies to create wealth and to meet their responsibilities to their customers, employees and shareholders is indispensable to fulfilling the Compact. We recognize that, as history shows, improvements in human rights and in labor and environmental standards are more readily attainable in conditions of rising prosperity, produced by the interaction of the market economy and good governance.

Advancing universally shared values would help to safeguard open markets and provide a strong underpinning for the process of globalization. Today, we agree that a continued cooperative partnership

between the United Nations and the private sector would do much to spread the benefits of globalization.

Finally, I would like to facilitate^{er} Mr. Ashraf Tabani, President of Employers' Federation of Pakistan and his team for this bold initiative to formally launch the Global Compact in Pakistan. Their efforts will go a long way in building a social corporate culture in Pakistan and meeting societal expectations. I assure them of Government's support in their endeavors.

Thank you.