



04-07

+ FOUR YEAR REPORT +
RAPPORT ANNUEL + INFORME ANUAL

Presented by
the Secretariat of the Commission for Labor Cooperation

In cooperation with the
National Administrative Offices of Canada, United States, and Mexico

Washington DC, December 2009

FOREWORD

This report summarizes the work of the Commission for Labor Cooperation from 2004 to 2007 -- a significant period leading up to 15th anniversary of the North American Agreement on Labor Cooperation, in 2009.

A supplementary accord to the North America Free Trade Agreement, the NAALC was formed to improve living standards and working conditions in the member countries of Canada, Mexico and the United States. Recognizing the importance of collaboration to achieving these aims, it established the Commission for Labor Cooperation which includes a Ministerial Council and a Secretariat. The Council oversees implementation of the Agreement and directs activities of the Secretariat, including: establishing priorities for cooperative action and developing technical assistance programs; facilitating party-to-party consultations; addressing differences between the parties regarding the interpretation and application of the Agreement; and, promoting the collection and publication of comparable data on enforcement, labor standards and labor market indicators. The Secretariat assists the Council in carrying out its functions; specifically, it prepares periodic background reports of publicly available information on labor law and administrative procedures; trends and administrative strategies relating to the implementation and enforcement of labor law; labor market conditions; and, human resource development issues in the three countries. The Secretariat also annually reports its activities and expenditures to the Council. The Agreement further requires parties to establish National Administrative Offices to serve as points of contact between governments and the Secretariat; to provide publicly available information to other governments and the Secretariat; and, to receive communications from members of the public in each NAALC party about labor law matters in another member's territory.

Together, these mandates position the Commission to identify and act on shared concerns, and to foster exchanges of knowledge and expertise. They enable governments, employers and unions to draw on each other's experiences and good practices to realize the Agreement objectives. They also provide baseline information about labor markets, laws and administration to foster informed discussion and decision-making. Last, but not least, the mandates provide a framework for accountability by ensuring appropriate responses to public communications regarding implementation of the Agreement.

NAALC objectives and mandates remain as vital today as they were in 1994. Access to employment under decent conditions is critical to the well-being of most North Americans. In the workplace, people contribute to their economies as well as their societies, shape their professional and personal identities, and earn income to support themselves and their families. Fair, safe and productive employment has never been more important to the economic and social success of Canada, Mexico and the United States.

Successful workplaces result from a combination of initiatives by employers, workers, unions and governments. These measures should strike a balance that is appropriate and responsive to the rapidly changing economic and social context of each country. In the last 15 years, international trade has become increasingly important to the prosperity of NAALC members. There has also been significant growth in the population of young workers in Mexico and a simultaneous expansion of an aging workforce in Canada and the United States. Understanding these and other phenomena in the context of the ever-increasing global competitiveness; rising inequality in the labor market; and, growing recognition of the importance of workplace human rights is vitally important. Successfully joining North American economic integration with policies and practices that support decent employment growth is essential for employers, workers, unions and governments.

Between 2004 and 2007, the NAALC Council Designees got together six times with the Secretariat. During the same period, different proposals were submitted and six cooperation activities took place in the three countries, which dealt with issues related to occupational safety and health, one in the field of labor intermediation services, two related with labor markets, one on labor laws, one regarding trafficking in persons and one on corporate social responsibility. In addition to these activities, the Secretariat published eleven different reports. In 2007, the Secretariat also modernized its web site, updating it to include all their activities. During this period, it was also brought to the Commission's attention the need to have better financial controls within the Secretariat, and the latter has taken decisive steps to establish them.

As the NAALC and the Commission enter their 15th year, we will be reviewing our accomplishments and considering opportunities for enhancement and renewal. The Commission has appointed a new team at the Secretariat to strengthen financial controls by implementing the independent auditors' recommendations. In addition to identifying members' priorities for research and cooperative activities, the Secretariat will share its knowledge and perspectives on labor markets, laws and administration. Together, we will advance the important goals of the NAALC in our uncertain economic climate. Challenges are opportunities!

TABLE OF CONTENTS

FOREWORD	2
I. COUNCIL OF MINISTERS	4
a. Meeting of Council Designees and Executive Director	4
b. Ministerial Council Meeting	5
II. COOPERATIVE CONSULTATIONS AND EVALUATIONS	6
a. Public Communications	6
b. Activity during 2004-2007 related to previous public communications	8
III. SECRETARIAT ACTIVITIES	10
a. Research Projects	10
i. High Performance Work Systems (HPWS)	11
ii. North American Labor Markets, Third Edition	11
iii. Workplace Anti-Discrimination and Equal Pay Laws	11
b. Other Projects	12
iv. The Commission Digital Library	12
v. Website Renovation	12
IV. COOPERATIVE ACTIVITIES	13
a. Occupational Safety and Health	13
b. Employment Services.....	14
c. Labor Markets	15
d. Labor Law	15
e. Trafficking in Persons	16
f. Corporate Social Responsibility	16
V. AUDITED FINANCIAL STATEMENT	17
VI. THE COMMISSION FOR LABOR COOPERATION	30



I. COUNCIL OF MINISTERS

A. MEETINGS OF COUNCIL DESIGNEES AND EXECUTIVE DIRECTOR

The designees of the Council of Ministers met six times during the 2004-2007 period. Summaries of those meetings appear below.

MEETING OF COUNCIL DESIGNEES (CD) AND EXECUTIVE DIRECTOR, *Washington, DC, June 29, 2004*

Participants included John McKennirey, assistant deputy minister of labor in Canada, who chaired the meeting, Claudia Franco, Coordinadora General de Asuntos Internacionales, Secretaría del Trabajo y Previsión Social, attended on behalf of Mexico, and Arnold Levine, and deputy under secretary for international labor affairs, U.S. Department of Labor, on behalf of the United States. Anthony Giles attended as acting executive director of the Secretariat.

The meeting addressed staffing and compensation at the Secretariat; finalizing the review of the NAALC for the period 1998-2001; and, scheduling a Ministerial Council meeting

COMMISSION SECRETARIAT

The U.S. proposed Mark Knouse for the position of executive director, to begin his duties as of August 1, 2004. Canada proposed William Worona for the position of director of cooperative consultations and administration, to begin work in November 2004. Mexico indicated that it would soon name a candidate for the director of research.

The Council approved minor adjustments to reflect actual end-of-year balances in the special funds for the web page redesign; employment relations and migrant guide projects; and, the 2004 operating budget.

FOUR-YEAR REVIEW OF THE NAALC

The CDs agreed to retain the four-year period 1998-2001 as the formal timeframe for reviewing NAALC operations and providing updated versions of the Secretariat documents prepared for public view on its web site. The Council also decided to issue a joint press release of the review and agreed that it wasn't necessary to hold a public event for it.

NEXT MINISTERIAL COUNCIL MEETING

The CDs decided to arrange the next Ministerial Council meeting in Canada in June 2005, which would be after the meeting of the International Labor Organization (ILO).

MEETINGS OF COUNCIL DESIGNEES AND SECRETARIAT, *Washington, DC, September 1, 2005*

COMMISSION SECRETARIAT

The Secretariat provided a six-month status report of expenses of the fiscal year to date. A surplus was expected in part due to the mid-year arrival of Dr. Isabel Studer, director of research, and the departure of the acting director, publications manager and two researchers. The option of moving the Secretariat to a less expensive venue was discussed.

The CD's reviewed the seminars and conferences in each country as well as Secretariat support of 2004 initiatives. The Secretariat suggested an activity in Mexico that would focus on labor market interdependence.

Dr. Studer outlined research goals for 2006; she based her strategy on an assessment of the backlog of pending projects. To maximize resources and produce the highest caliber of work, the Secretariat proposed consolidating or terminating any suspended or dormant projects. The CD's agreed.

MINISTERIAL COUNCIL MEETING

Regarding the Ministerial Council Meeting, Canada proposed hosting the next Ministerial Council meeting in Quebec, possibly before the end of the year. Mexico and the US supported holding the meeting in December.

MEETING OF THE COUNCIL DESIGNEES AND SECRETARIAT, *Conference Call, January 11, 2006*

The Secretariat chaired the teleconference on January 11, 2006 from Washington, DC. The parties approved the work plan and confirmed the funding of the Occupational Health and Safety Working Group (subject to all of the CDs' authorization). They also agreed to implement the cost-of-living adjustment in the operating plan, as well as establish personal and hospitality allowances for the Secretariat. The CDs approved the nomination and résumés of two candidates for research positions, and one for publications coordinator.

MEETING OF THE COUNCIL DESIGNEES AND SECRETARIAT, *U.S. Labor Department, Washington, DC, August 24, 2006*

This meeting addressed three subjects: the work plans for 2006 and 2007; the organizational structure; and, the budget.

The work plan for 2006-07 projected publishing seven completed projects: *Labor Markets in North America*, 3rd Edition; *Workplace Anti-discrimination and Equal Pay* Vol. 2; *Occupational Health and Safety* Vol. 4; *Migrant Workers Rights* Vol. 3; *Violence at Work*; *Occupational Health and Safety in North America*, and, *High Work Performance Systems*.

The parties agreed to apply the recommendations of KPMG audit report. They also discussed the ministerial consultations (U.S. NAO Submission 2003-01), and agreed to hold a trilateral ministerial consultation on it.

MEETING OF THE COUNCIL DESIGNEES AND SECRETARIAT, *Washington, DC, February 23, 2007*

Attendees addressed the budget and work plan of the Secretariat, including the three-year strategic plan, and the schedule for the next Ministerial Council and CD meetings.

COMMISSION SECRETARIAT

The parties agreed to further consider proposals for the Three-year Strategic Plan and to provide comments to the Secretariat.

They also agreed to the Secretariat's 2007 Work Plan, subject to final approval pending a review of details from the acting executive director.

MEETING OF THE COUNCIL DESIGNEES AND SECRETARIAT, *Washington DC, October 12, 2007*

The parties discussed the status of the cooperative activities and reviewed the new website. They agreed on the importance of hiring a new financial officer at the Secretariat; the need for a ministerial meeting to address the consultation; the resumption of annual ministerial meetings; public communications; and, of making U.S. NAO Public Communication a priority.

II. COOPERATIVE CONSULTATIONS AND EVALUATIONS

A. PUBLIC COMMUNICATIONS

U.S. NAO PUBLIC COMMUNICATION 2004-01 was submitted on July 12, 2004, by UNITE-HERE and Centro de Apoyo a los Trabajadores de Yucatán. It alleged violations to labor principles of minimum employment standards and prevention of occupational injuries and illnesses in two apparel companies in Merida, Yucatán. The public communication was withdrawn by the submitters on August 26, 2004.

U.S. NAO PUBLIC COMMUNICATION 2005-01 was submitted on February 17, 2005, by the Washington Office on Latin America and 22 labor unions from Mexico, Canada and the United States. It concerns a labor law reform proposal presented to the Mexican Chamber of Deputies on December 12, 2002. The public communication alleges that the proposed labor law reform would substantially weaken some labor rights, codifying violations to the right to strike, freedom of association and protection of the right to organize, the right to bargain collectively as well as others protected by the Mexican Constitution, International Labor Organization (ILO) Conventions ratified by Mexico, and the North American Agreement on Labor Cooperation (NAALC). In March and May 2005, the Mexican NAO sent the U.S. NAO related information, indicating that it was beyond the scope of the NAALC. An agreed-upon initiative resulted from dialogue between the three countries and was sent to the U.S. NAO. The U.S. NAO considered the public communication and, determining that a review would not further NAALC objectives, decided not to accept it on February 21, 2006.

MEXICO NAO PUBLIC COMMUNICATION 2005-01 was filed on April 13, 2005, by the Northwest Workers' Justice Project, the Brennan Center for Justice of New York University School of Law, and Andrade Law Office. The public communication is about the supposed failure by the U.S. Government enforcing labor legislation concerning labor rights of migrant workers under the H-2B Visa program in Idaho, Wyoming, Florida, Arkansas and Oregon. It includes violation of NAALC labor principles regarding prohibition of forced labor, minimum employment standards, elimination of employment discrimination, equal pay for women and men, prevention of occupational injuries and illnesses and compensation in cases of occupational injuries and illnesses, and protection of migrant workers.

On March 29, 2006, the petitioners presented an addendum at the Mexican NAO integrating what they considered to be a breach of the minimum employment conditions for workers with a H2-B Visa like payment of wages and working hours among others on territories like Colorado, Delaware, New Mexico, North Carolina and Texas. In October 2007, Mexico's NAO requested technical consultations with the U.S. NAO according to NAALC Article 21.

U.S. NAO PUBLIC COMMUNICATION 2005-02 was filed on May 27, 2005, by the Airline Pilots' Association of Mexico (ASPA). The public communication is about the supposed failure to enforce Mexican labor law, regarding freedom of association and the right to organize, the right to bargain collectively.

The U.S. NAO determined that the information provided by the submitters did not substantiate the Mexican government's failure to enforce its laws regarding the establishment of a union, especially in light of the Mexican Supreme Court decision on November 25, 2005, which let stand a lower-court ruling that ASPA was not entitled to establish a pilots-only union, information that was sent by the Mexican NAO to the U.S. NAO and the Canadian NAO as well, on August 2005. As to the unjustified dismissal of workers, the submitters had substantially resolved their outstanding claims. In accordance with its procedural guidelines, the U.S. NAO determined that a review of the submission would not further the objectives of the NAALC, and accordingly, declined it on July 7, 2006.



CANADIAN NAO PUBLIC COMMUNICATION 2005-01 was filed on May 31, 2005 by the Airline Pilots' Association of Mexico (ASPA). The public communication alleged failure on the part of the government of Mexico to enforce its labor laws regarding freedom of association, the right to organize, and the right to bargain collectively.

In August 2005, the Mexican NAO sent information regarding a lower-court ruling resolving that ASPA was not entitled to establish a pilots-only union and administer the pilots' collective contract, and explaining that the Supreme Court was at that time reviewing that ruling. The Canadian NAO determined that the information provided by the submitters did not substantiate the allegation of the Mexican government's failure to enforce its laws regarding the establishment of a union, especially in light of the Mexican Supreme Court decision on November 25, 2005, which let stand the lower-court ruling. After consideration, the Canadian NAO declined this public communication on January 23, 2006, because the information in the public communication did not address and explain the alleged failure of the Mexican Government to comply with its obligations under the NAALC, including the enforcement of labor law.

U.S. NAO PUBLIC COMMUNICATION 2005-03 was submitted on October 14, 2005 by the Progressive Union of Workers of the Textile Industry, the Manufacturing, Cutting and Confection of Fabric and Garments in General and Related and Similar Industries in the Mexican Republic, a member of the Vanguardia Obrera Workers Federation of the Revolutionary Confederation of Workers and Peasants (FTVO-CROC), with the support of the U.S. Labor Education in the Americas Project, and the Washington Office on Latin America Issues. The public communication alleges the failure of the Mexican government to enforce labor laws related to the events at an apparel plant in the municipality of Tepeji del Río, State of Hidalgo, Mexico.

The submitters alleged that the government of Mexico failed to comply with its obligations to effectively enforce labor laws under Article 3 of the NAALC related to freedom of association and protection of the right to organize; the right to bargain collectively; the right to strike; prohibition of forced labor; labor protections for children and young persons; minimum employment standards; elimination of employment discrimination; prevention of occupational injuries and illnesses; compensation for occupational injuries and illnesses; and, under Article 5 of the NAALC, fair, equitable and transparent labor tribunal proceedings.

The public communication focuses on attempts to organize a union at a plant in the municipality of Tepeji del Río, State of Hidalgo. It alleges that Mexico's Federal Conciliation and Arbitration Board No. 6 did not provide workers with fair, equitable and transparent proceedings to protect their right to form a union to collectively bargain and Local Conciliation and Arbitration Board No. 51 did not inform worker the status of the "amparos" interposed. Also, it alleged failure on the part of state and federal authorities to provide effective onsite inspections and remedies for supposed violations regarding forced labor, minimum wage, overtime pay, prevention of labor discrimination, occupational safety and health, and protection for children and young persons. The public communication was accepted for review on January 6, 2006. On March 30, 2006, the U.S. NAO requested technical consultations to the Mexican NAO, under Article 21 of the NAALC. On June 2006, the Mexican NAO responded with consultations based on information provided by competent authorities. Among other things, it was informed that: the petitioners did not present claims before the corresponding authorities; the claims for unjustified dismissals and others were settled according to the law, as well as information on the inspections carried out and their results. The U.S. NAO issued a public report of the review on August 31, 2007, thus concluding the issue.

MEXICAN NAO SUBMISSION 2006-01 was submitted on October 17th, 2006, by the Frente Auténtico del Trabajo, the United Electrical Radio and Machine Workers of America, the Canadian Labour Congress, and the Union Nacional de Trabajadores, among 54 organizations from Canada, the United States and Mexico.

The public communication is about the supposed violations of the U.S. Government to the rights of public employees in North Carolina to freedom of association; the right to organize and to bargain collectively; minimum employment standards, the elimination of employment discrimination; equal pay for women and men; the prevention of occupational injuries and illnesses; and, compensation in cases of occupational injuries and illnesses. Petitioners contend that North Carolina General Statute 95-98 – which declares public sector collective agreements "to be against the public policy of the State, illegal, unlawful, void and of no effect" – violates the obligations contained in Part



Two of the NAALC and the labor principles set forth in Annex I of the Agreement. The petitioners allege that the prohibition of collective bargaining agreements has resulted in public sector workers being denied a voice in establishing conditions of work and has thus contributed to the prevalence of race and sex discrimination, wage and overtime violations, and unsafe workplace conditions.

In October 2007, the Mexican NAO requested U.S. NAO technical consults under Article 21 of the NAALC in order to have more elements for the review of the public communication.

U.S. NAO PUBLIC COMMUNICATION 2006-01 was submitted on November 9, 2006, by the United Steelworkers (USW). The USW alleged that the Mexican government failed to fulfill its obligations to protect the rights of miners and their union at the Pasta de Conchos mine in Coahuila. The submitters contend that workers were denied freedom of association and access to appropriate labor tribunals, and focus on the Mexican government's actions with the National Union of Miners and Metalworkers and its leadership. The USW claimed that the Mexican government "repeatedly failed to fulfill its obligation to enforce labor regulations requiring employers to provide workers with satisfactory working conditions that are free of health and safety hazards." In particular, the USW cited inadequate inspection and enforcement actions at Pasta de Conchos, where an explosion resulted in the regrettable death of 65 miners on February 19, 2006. On January 2 and May 17, 2007, the Mexican NAO sent detailed information to the U.S. NAO about numerous actions undertaken by the Mexican government regarding the miners union conflict and the accident at Pasta de Conchos, including on occupational safety and health issues, information which is available to the public at the website of the Secretariat of Labor and Social Welfare (www.stps.gob.mx). The Mexican NAO considered that the review of the public communication under the NAALC should not proceed because many issues were subjudice, which goes beyond the scope of the Agreement.

The U.S. NAO determined on August 31, 2007 that the numerous pending proceedings in Mexico's labor justice and criminal law systems, the complaints filed with the International Labor Organization and the ongoing efforts on the part of Mexico's minister of labor, should be given an opportunity to address the issues raised. Therefore, the U.S. NAO declined the review of the submission.

B. ACTIVITY DURING 2004-2007 RELATED TO PREVIOUS PUBLIC COMMUNICATIONS

MEXICAN NAO PUBLIC COMMUNICATION 2001-01 was filed with the Mexican NAO on October 24, 2001, and accepted for review on November 15, 2001. The Chinese Staff and Workers' Association, National Mobilization Against Sweatshops, Workers' Awaaz, Asociación Tepeyac and several individuals submitted the public communication. The public communication raises concerns regarding the prevention of, and compensation for, occupational injuries and illnesses in the state of New York and labor protections for migrant workers. The petitioners allege that the U.S. authorities did not comply with its NAALC obligations regarding the effective enforcement of its labor law and procedural guarantees, due to the fact that the workers' compensation system of the state has unnecessary delays without warranting workers to receive compensation. In the cases where compensation is given, it is insufficient and inappropriate. It is alleged that the proceedings before the Labor Compensation Board of New York to determine labor compensation are not equitable for those migrant workers who do not speak English.

The Mexican NAO issued a public report on this public communication on November 8, 2002, based on the information and documents submitted by the petitioners, due to the fact that the technical cooperative consultations requested by the Mexican NAO to the U.S. NAO on December 17, 2001, under Article 21 of the NAALC, had not been responded to until the issuance of the report. On November 19, 2004, the Mexican NAO issued a second public report based on the response of the U.S. NAO of February 3, 2004, studies and public reports. It was therefore determined to request ministerial consultations. On December 7, 2004, the secretary of labor and social welfare of Mexico requested ministerial consultations to the secretary of labor of the United States.



MEXICAN NAO PUBLIC COMMUNICATION 2003-01 was submitted by the Farmworker Justice Fund, Inc, and Mexico's Independent Agricultural Workers Central (CIOAC) on February 11, 2003. It was accepted for review on September 5, 2003. The public communication alleges violations by the U.S. government to the NAALC labor principles of protection of migrant workers under the H-2A program in North Carolina, including: freedom of association; the right to organize and bargain collectively; the right to strike; the right to minimum employment standards; elimination of employment discrimination on the basis of age, gender, and other improper factors; prevention of occupational injuries and illnesses; and, compensation in case of occupational injuries and illnesses. The public communication alleges that the governments of the U.S. and North Carolina failed to warrant temporary migrant workers who hold the H-2A Visa adequate access to labor justice, and thus the violation of the rights of such workers. According to the NAALC, migrant workers should have the same protection as nationals.

On September 15, 2003, the Mexican NAO requested technical cooperative consultations with United States under article 21 of the NAALC. The U.S. responded in February 2004. The petitioners sent additional information in June 2004. Due to the similarities with the Mexican NAO Public Communication 2005-01, Mexico studied both cases according to its domestic rules and requested cooperative consultations in October, 2007, under Article 21 of the NAALC.

U.S NAO PUBLIC COMMUNICATION 2003-01 & CANADA NAO PUBLIC COMMUNICATION 2003-01 The public communication – a joint declaration -- was submitted to the U.S. NAO on September 30, 2003, by the United Students Against Sweatshops and the Centro de Apoyo al Trabajador. The same public communication was filed with the Canadian NAO on October 3, 2003, by the Maquila Solidarity Network (MSN), a Canadian organization, the United Students Against Sweatshops (USAS), from the United States, and the Centro de Apoyo al Trabajador (CAT), from Mexico.

This public communication alleged the supposed failure to comply the labor legislation within an apparel factory in the state of Puebla, Mexico. The addenda submitted on November 10, 2003, and February 13, 2004, included similar allegations in another apparel company, also located in the state of Puebla. The public communications and its addenda refer to alleged violations under the NAALC regarding labor principles of freedom of association and protection of the right to organize; the right to bargain collectively; minimum employment standards; prevention of occupational injuries and illnesses; and, access to fair, equitable and transparent tribunals.

The U.S. NAO accepted the public communication for review on February 5, 2004. On August 3, 2004, the U.S. NAO issued a report of the review recommending to request ministerial consultations. The secretary of labor of the United States requested ministerial consultations to the secretary of labor and social welfare of Mexico on October 29, 2004. On November 8, 2004, the secretary of labor and social welfare of Mexico accepted to hold such consultations.

The Canadian NAO accepted the public communication for review on March 12, 2004, and on May 11, 2005 issued a report of review recommending ministerial consultations. The report also suggested that the Parties to the NAALC undertake trilateral consultations in this case.

On May 20, 2005, the Canadian minister of Labor requested ministerial consultations to the Mexican secretary of labor. On August 2, 2005, the secretary of labor and social welfare of Mexico agreed to hold ministerial consultations and suggested that these be conducted trilaterally with the United States and Canada.

In August 2006, the three Parties agreed that the ministerial consultations focus on three key issues:

- *Workers' rights to reinstatement when they have been unjustifiably dismissed, in accordance with labor legislations of the three countries.*
- *Administrative procedures established to form unions in the labor legislations of the three countries.*
- *Measures to ensure that workers have knowledge of their collective bargain agreements and have access to them in the three countries.*

The Parties worked to conclude a framework to carry out the ministerial consultations.

III. SECRETARIAT ACTIVITIES

Alfonso Oñate, executive director, left the Secretariat at the conclusion of his three-year term on January 1, 2004. Anthony Giles served as acting executive director until the end of June 2004. Norman Caufield, director of research, then became acting executive director until the end of July 2004, when Mark Knouse became executive director from August 2, 2004 until he resigned on October 6, 2006. Peter Accolla was appointed as acting executive director on November 1, 2006, and served until September 30, 2007.

A. RESEARCH PROJECTS

PUBLICATIONS IN 2004

In 2004, Secretariat researchers advanced a comparative agenda with four publications in the “Briefing Notes Series.” These short, topical discussions of current developments in labor in North America aim to provide experts and the general public with timely, relevant information. The report titles were:

- *Benefits in North America;*
- *Workplace Injuries and Illnesses in North America;*
- *Labor Force Educational Attainment in North America; and,*
- *Employment Rates and Demographic Trends in North America.*

The Secretariat also released the *Guide to Labor and Employment Laws for Migrant Workers in North America*, which gives migrant workers accessible information about their rights and responsibilities in the workplace. It alerts them about means for enforcing labor laws and emphasized those affecting agricultural workers. The guide consists of single-topic brochures, a tri-national *Migrant Worker Resources* binder, and books that provide information specific pertaining to Canada, the United States and Mexico. Available on the Secretariat website, it is free and can be downloaded, reproduced and distributed.

In addition, the Secretariat published *North American Labor Markets: a Graphical Portrait*, which provides indicators of recent labor market trends in the NAFTA countries. The book illustrates trends in gross domestic product, the labor force, employment and unemployment in North America (it also presents trends in earnings, productivity and income distribution). The graphs, which portray data supplied by statistical agencies of the three countries cover the period from 1993 to 2002 to facilitate comparisons.

PUBLICATIONS IN 2006

In 2006, the Secretariat published *Violence at Work in North America*. This study begins by framing a definition of violence at work, after which violence at work is categorized by type. The prevalence of violence at work is then examined, and it is followed by discussion of the reasons for the lack of adequate, uniform, reliable and comprehensive statistics on violence at work, and brief summaries of related data from the three countries.

The study provides a model of the various dimensions of workplace violence and synthesizes the work of some of the contributors to the Montreal conference. Victim and assailant characteristics, along with individual and organization risk factors are discussed, as well as the consequences of violence for the victims and the organizations with which they work. Also addressed are certain high-risk occupations, linking the characteristics of these occupations to the risk factors in the model, and best practices for prevention and remedy.

**All publications are available in English, French and Spanish at: www.naalc.org.*

With a backlog of research publications in various stages of production, the Secretariat began to modify and consolidate existing projects to accelerate their completion and dissemination. As a result, the Secretariat efficiently employed its resources and expedited release of the “pipeline” studies and reports with an impermanent shelf-life. The following were published in 2007:

- *High Performance Work Systems (HPWS)*
- *North American Labor Markets, Third Edition*
- *Workplace Anti-Discrimination and Equal Pay Laws*

Each appears in the digital library on the NAALC website. The first two, which are elaborated below, were published as part of the Secretariat “Working Paper Series.”

i. High Performance Work Systems

This report outlines practices that are associated with “high performance work systems” (HPWS). Drawing on existing research in the field, it analyzes the following: functional flexibility (teamwork, multi-skill use); new compensation systems (incentives, pay-for-knowledge); skill enhancement; employee participation; decentralization of authority; and, numerical flexibility (e.g., employment security).

Noting the limitations that preclude an exhaustive consideration of HPWS in North America, the report summarizes the existing literature and, where possible, compares and contrasts the situation in the three countries. The paper is organized around three themes. First, it notes that the transition from low performance work systems (LPWS) to high performance ones closely relates to the transition from mechanical technology to electronic technology. Second, it presents the characteristics of restructuring and transition between economic models in North America from 1982 to 2005. Last, it examines HPWS in each country and pays close attention to differences. It concludes with an evaluation of HPWS in North America.

ii. North American Labor Markets, Third Edition

The third in a series of background reports on North American Labor Markets, this report provides a statistical overview of recent labor market trends in Canada, Mexico, and the United States. It describes economic conditions in the NAFTA countries from 2000 to 2002, and gives special attention to gross domestic product, international trade and foreign direct investment. The study also explores changing demographic, workforce, and employment and unemployment indicators in each country. The final sections address productivity, income and income distribution, unit costs of labor, hours of work and hourly pay.

iii. Workplace Anti-Discrimination and Equal Pay Laws

This report is a comprehensive guide to NAALC Principle 7 (the elimination of employment discrimination on race, religion, age, and sex), and to Principle 8 (equal pay for women and men) and their implementation in each country. The research examines the laws, practices and administrative procedures and thus facilitates comparisons.

It provides a narrative summary of the law as well as relevant practices, procedures and NAALC obligations. Each country part is divided into seven sections. Section 1 presents a general introduction to the country’s basic labor policy; the domestic legal foundations of labor rights; dividing lines between labor law jurisdictions; legal background of individual employment contracts; and, exclusions from labor law coverage. Sections 2 through 7 describe, respectively, the law and practice relating to the obligations found in the correspondingly numbered NAALC article. Thus, Section 2 deals with the substantive rights and protections provided by the labor laws of the country in question. Section 3 describes government enforcement measures; section 4, private rights of action to enforce labor rights; and section 5, the due process protections and remedies available to ensure enforcement. Section 6 outlines practices with respect to publication of labor laws, procedures and administrative rulings. Section 7 provides a brief overview of public information available on labor law and enforcement and compliance procedures in the country.

Each section is divided further into subsections, which present the key legal and practice components. To facilitate cross-country comparisons, the subsections, where possible, parallel one another. This is the second volume in the Secretariat’s series of comparative guides to labor and employment law in North America.

III. SECRETARIAT ACTIVITIES



B. OTHER PROJECTS

iv. The Commission Digital Library

The Secretariat placed all Commission-published document in the digital library, which appears on its website. This makes the site a valuable tool for researchers, stakeholders and the general public interested in the Commission's work.

v. Website Renovation

In 2007, the Secretariat redesigned its website. The site, which has a new look, was updated to facilitate navigation. The information is organized and readily accessible.

IV. COOPERATIVE ACTIVITIES

A. OCCUPATIONAL SAFETY AND HEALTH

FOURTH MEETING OF THE TRI-NATIONAL WORKING GROUP OF GOVERNMENT EXPERTS ON OCCUPATIONAL SAFETY AND HEALTH,
Toronto, Canada, April 25-26, 2004

Formed in 2002, the working group consists of government experts from the U.S., Mexico and Canada who seek to strengthen cooperation on safety and health issues. The chairmen of the working group were John Henshaw, assistant secretary of labor for occupational safety and health; Manuel Rodriguez-Arriaga, Mexican director general for workplace safety and health; and Gerry Blanchard, Canadian director general for operations. They discussed numerous issues in subgroup meetings, including: the tri-national webpage; training of technical assistance staff and inspectors; occupational safety and health management systems and voluntary protection programs; and, handling of hazardous substances. The group also visited a Steelcase Canada Ltd. plant.

TRAINING COURSES FOR TECHNICAL ASSISTANCE STAFF AND INSPECTORS,
Mexico, August 2-4, 2004

The courses, which took place in the STPS facilities, were given by the Occupational Safety and Health Administration personnel of the U.S. Department of Labor. More than 50 Mexican inspectors attended the event, which addressed machinery safety and pressured containers.

TRI-NATIONAL WORKSHOP FOR THE RECOGNITION PROGRAM OF EXCELLENCE IN OCCUPATIONAL SAFETY & HEALTH,
Mexico, September 8, 2004

The subgroup on Volunteer Programs on Protection and Management Systems of Occupational Safety and Health (SASST/PVP) organized the workshop. Attendees discussed the viability of establishing the Tri-national Recognition Program, with the objective of broadening the protection of workers and acknowledging the work of the companies that reach a level of excellence in matters of occupational security and health in Canada, Mexico and the United States.

Officials from the U.S. Department of Labor, the Canadian Labor, Human Resources and Skills Development Department, and the Secretaría del Trabajo y Previsión Social in Mexico, as well as industry and labor representatives, participated in this workshop.

FIFTH MEETING OF THE TRI-NATIONAL WORKING GROUP OF GOVERNMENT EXPERTS ON WORKPLACE SAFETY AND HEALTH,
New Orleans, U.S., September 13-14, 2004

The working group established priorities and activities for inspector and technical assistance staff training; occupational safety and health management systems; voluntary protection programs; handling of hazardous substances; and, the tri-national web site. Tools and indicators for evaluating the above subgroup activities were also explored.

Participants also established a work plan for 2005; highlights include: an expanded and enhanced web site; a training workshop for safety and health inspectors; a workshop on risk assessment for chemicals in the workplace; continued work on the Globally Harmonized System for hazard communications; and, establishing a recognition program for companies that excel in occupational safety and health.

Plans for additional projects included completing a strategy to prevent occupational injuries and illnesses among youth; exchanging information on safety and health management in the construction industry; providing safety and health training on fall protection and pressure vessels in

Mexico; and, expanding access to safety and health materials on the web site.

SIXTH MEETING OF TRI-NATIONAL WORKING GROUP OF GOVERNMENT EXPERTS IN SECURITY, HEALTH AND LABOR ENVIRONMENT,
Orlando, Florida, U.S., September 2005

During the meeting, delegation chiefs from Mexico, Canada and the US emphasized the exchange of ideas during the negotiations in teleconferences in 2005; expressed appreciation for the experts' valuable contributions; and, acknowledged their support of the Secretariat's agreement based on the Tri-National Working Group of Government Experts on Occupational Safety and Health (GTE) frame.

Technical subgroups of hazardous materials handling, security management systems, labor, health and inspector training created their 2006 – 2007 activity calendar. Delegation chiefs checked and approved the program of activities of the subgroups. The tri-national web page subgroup made an electronic presentation on progress and new content.

TRI-NATIONAL GOVERNMENT EXPERTS WORKSHOP ON THE ROLE OF LABOR MINISTRIES IN THE EFFECTIVE PROMOTION OF MINE SAFETY AND HEALTH IN NORTH AMERICA,
Guadalajara, Mexico, October 30 - 31, 2007

The Secretariat held the "Tri-national Government Experts Workshop on the Role of Labor Ministries in the Effective Promotion of Mine Safety and Health in North America."

Participants discussed innovative practices that map new regulatory mine safety and health standards; tripartite solutions; shared responsibility for successful policies and programs; best practices for inspecting in mine safety and health (including first-hand experiences from inspectors on the ground); best practices in managing mining accidents, including emergency plans and rescues; and, labor inspector training.

The workshop also discussed the role of labor authorities in promoting mine safety and health. A starting point for exchanging knowledge, advances and recent technology on mine safety and health among the governments, it also provided an opportunity to explore future technical cooperation among institutions responsible for regulating and enforcing safety and health in the mining sector.

Although focused on government officials, discussions emphasized the private sector's shared responsibility for occupational safety and health. Participants examined the roles of labor and the employer in protecting workers, and agreed to engage these stakeholders in future related activities.

B. EMPLOYMENT SERVICES

SUPPORTING ECONOMIC GROWTH THROUGH EFFECTIVE EMPLOYMENT SERVICES,
Cancún, Mexico, September 29-30, 2004

In 2003, the Ministerial Council agreed that the parties and Secretariat would make a joint-contribution from North America to the Action Plan of the 13th Inter-American Conference of Ministers of Labor. This included presenting the document, *Impacts of Integration and Trade on Labor Markets: Methodological Challenges and Consensus Findings in the NAFTA Context Markets* (May 2004), and a workshop on employment services that contribute to economic growth.

The workshop attracted representatives from 34 countries, the World Bank, the Inter-American Development Bank and the International Labor Organization. Discussions addressed mechanisms for strengthening the labor market and, more specifically, the economic benefits of labor intermediation via job-matching services, market information, career counseling and training guidance. Two potential follow-up projects were discussed: 1) the creation of an information repository on employment services; and, 2) the development of a self-diagnostic tool to help countries assess their employment services.

C. LABOR MARKETS

MEETING OF OFFICIALS OF THE U.S. BUREAU OF LABOR STATISTICS AND THE OFFICE OF EMPLOYMENT AND LABOR POLICY OF THE MINISTRY OF LABOR AND SOCIAL WELFARE OF MEXICO,

Mexico City, July 12-15, 2004

Representatives of the U.S. Department of Labor Bureau of Labor Statistics (BLS), the Mexican Secretaria del Trabajo y Prevision Social (STPS), the Instituto Nacional de Estadísticas, and the Geografía e Informática (INEGI) met to discuss statistical methodologies for labor. BLS presented information on training courses in productivity measurement and employment projections. The conference was a follow-up to the December 11-12, 2003 meeting of BLS and STPS on the same topics.

FOURTH SEMINAR ON INCOMES AND PRODUCTIVITY IN NORTH AMERICA,

Washington DC, October 22, 2004

The Carnegie Endowment for International Peace and the Secretariat jointly organized this event, which assembled prominent academics, business people, union representatives, and government officials to discuss North American incomes and productivity. Participants from the three countries addressed issues ranging from industrial restructuring and diversification to remuneration and productivity performance in the service sector to exploring alternative strategies for generating sustainable development in rural and agricultural areas. They addressed each of these in the context of the increasingly competitive global market. The proceedings were published on the NAALC web site.

LABOR MARKET INTERDEPENDENCE IN NORTH AMERICA: CHALLENGES AND OPPORTUNITIES OF AN AGING POPULATION,

Mexico City, November 13, 2006

The Centro de Investigación y Docencia Económicas (CIDE) and the Secretariat held a one-day seminar on demographic trends in North America. The main objectives - fostering dialogue among stakeholders and exploring innovative public policies and strategies - were achieved. Participants discussed private sector and higher-education efforts to address the countries' respective labor needs, and focused on opportunities for exploiting labor market complementarities and adopting best practices.

D. LABOR LAW

SEMINAR ON WORKPLACE DISCRIMINATION AND THE LAW IN NORTH AMERICA,

Washington, DC, November 18-19, 2004

Organized by the George Washington University Law School, the North American Consortium on Legal Education and the CLC Secretariat, this seminar attracted well-known academics, lawyers and other experts on workplace discrimination in North America.

The seminar entailed three conferences on workplace discrimination; a panel on alternative measures to achieve equity in the workplace; three sessions focusing on women, indigenous peoples and people with disabilities; and, a session on international perspectives of the problem. The proceedings were published in the Secretariat's website.

IV. COOPERATIVE ACTIVITIES

E. TRAFFICKING IN PERSONS

NAALC CONFERENCE ON TRAFFICKING IN PERSONS IN NORTH AMERICA,
Washington DC, December 6-7, 2004

The two-day public conference focused attention on, and raised awareness of, trafficking in persons as a growing phenomenon in North America. Information was exchanged on approaches by governments and NGOs to combat trafficking. The U.S., Canada and Mexico made presentations on successful approaches to address trafficking, victim protection and victim prosecution. It also included presentations on international and regional anti-trafficking initiatives that may have potential for tri-national cooperation.

F. CORPORATE SOCIAL RESPONSIBILITY

TRI-NATIONAL CONFERENCE ON THE LABOR DIMENSIONS OF CORPORATE SOCIAL
RESPONSIBILITY IN NORTH AMERICA,
Ottawa, Canada, March 30-31, 2005

The conference, which began with an overview of the labor dimensions of corporate social responsibility in North America, had three working sessions: "Business and Employer Organization Approaches to Corporate Social Responsibility;" "Worker Organization Approaches to Corporate Social Responsibility;" and, "Best Practices from the Private Sector on Corporate Social Responsibility." Participants discussed the benefits of, and barriers to, implementing corporate social responsibility initiatives and labor-related codes of conduct. Each country also presented relevant corporate social responsibility case studies, which highlight best practices and achievements as well as the business challenges of corporate social responsibility initiatives. A panel of government, labor and employer organizations presented conclusions and suggestions for research and action



V. AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

THE HONORABLE MEMBERS OF THE MINISTERIAL COUNCIL
Commission for Labor Cooperation:

We have audited the accompanying statement of the financial position of the Commission for Labor Cooperation (the Commission) as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Commission, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits we made for the purpose of forming an opinion on the basis financial statements taken as a whole. The Schedule of Expenditures – Budget and Actual for the year ended December 31, 2004 is presented for purposes of additional analysis and is not required part of the 2004 basic financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the 2004 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2004 basic financial statements taken as a whole.

KPMG LLP
March 10, 2005
Washington, D.C.

COMMISSION FOR LABOR COOPERATION
Statements of Financial Position
December 31, 2004 and 2003

ASSETS	2004	2003
Cash	\$ 264,968	1,036,977
Investments (note 3)	1,402,724	1,902,453
Prepaid expenses and deposits	17,417	36,684
Property, net (note 4)	90,126	98,850
Total assets	1,775,235	3,074,964
LIABILITIES & NET ASSETS		
Liabilities:		
Accounts Payable	\$ 158,743	130,118
Accrued Expenses	8,759	13,758
Capital lease obligations (note 6)	50,768	33,762
Deferred member assessments (note 5)	1,456,054	2,787,691
Total liabilities	1,674,324	2,965,329
Net assets – unrestricted	100,911	109,635
Commitments (note 6)		
Total liabilities	\$ 1,775,235	3,074,964

COMMISSION FOR LABOR COOPERATION
Statements of Activities
Years ended December 31, 2004 and 2003

	2004	2003
Revenues		
Member assessments (note 5)	\$ 2,381,637	2,103,332
Net investment income (note 3)	38,704	53,006
Total revenues	2,420,341	2,156,338
Expenses (note 2)		
Salaries and benefits	1,328,815	1,242,236
Staff relocation allowances	115,023	10,732
Travel	132,000	48,539
Professional services	78,626	102,467
Research contracts and Council initiatives	223,209	193,739
Depreciation	46,297	44,526
Occupancy (note 6)	250,287	247,220
Office supplies, utilities, and other office expenses	141,702	113,720
Translation and Publications	113,106	160,237
Total expenses	2,429,065	2,163,416
Change in net assets	(8,724)	(7,078)
Unrestricted net assets, beginning of year	109,635	116,713
Unrestricted net assets, end of year	\$ 10,911	109,635

COMMISSION FOR LABOR COOPERATION
Statement of Cash Flows
Years ended December 31, 2004 and 2003

	2004	2003
Cash flows from operating activities		
Change in net assets	\$ (8,724)	(7,078)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and Amortization	46,297	44,526
Net losses (gains) on investments	11,049	(6,357)
Changes in assets and liabilities:		
Increase in prepaid expenses and deposits	19,267	20,979
Increase (decrease) in accrued interest receivable	(5,278)	581
Increase in accounts payable and accrued expenses	23,626	67,108
Decrease in deferred member assessments	(1,331,637)	(103,332)
Net cash provided by (used in) operating activities	(1,245,400)	16,427
Cash flows from investing Activities		
Purchases of property	-----	(19,136)
Proceeds from sales and investments	2,207,635	1,872,515
Purchases of investments	(1,713,677)	(1,602,040)
Net cash provided by investing activities	493,958	251,339
Cash flows from financing activities:		
Payments on capital leases	(20,567)	(17,859)
Net cash used in financing Activities	(20,567)	(17,859)
Increase (decrease) in cash and cash equivalents	(772,009)	249,907
Cash and cash equivalents, beginning of year	1,036,977	787,070
Cash and cash equivalents, end of year	264,968	1,036,977
Supplemental disclosures:		
Cash paid for interest	\$ 5,359	7,895
Equipment purchased under capital leases	37,573	18,312

V. AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

THE HONORABLE MEMBERS OF THE MINISTERIAL COUNCIL

Commission for Labor Cooperation:

We have audited the accompanying statement of the financial position of the Commission for Labor Cooperation (the Commission) as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Commission, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S generally accepted accounting principles.

Our audits we made for the purpose of forming an opinion on the basis financial statements taken as a whole. The Schedule of Expenditures – Budget and Actual for the year ended December 31, 2005 is presented for purposes of additional analysis and is not required part of the 2005 basic financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the 2005 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2005 basic financial statements taken as a whole.

KPMG LLP
March 21, 2006
Washington, D.C.

COMMISSION FOR LABOR COOPERATION
Statements of Financial Position
December 31, 2005 and 2004

ASSETS	2005	2004
Cash and cash equivalents	\$ 305,486	264,968
Investments (note 3)	1,148,327	1,402,724
Prepaid expenses and deposits	17,583	17,417
Property, net (note 4)	72,545	90,126
Total assets	1,543,941	1,775,235
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 47,030	158,743
Accrued expenses	-----	8,759
Capital lease obligations (note 6)	40,848	50,768
Deferred member assessments (note 5)	1,376,515	1,456,054
Total liabilities	1,464,393	1,674,324
Unrestricted net assets	79,548	100,911
Commitments (note 6)		
Total liabilities and net assets	1,543,941	3,074,964

COMMISSION FOR LABOR COOPERATION
Statements of Activities
Years ended December 31, 2005 and 2004

Revenues:		
Member assessments (note 5)	\$ 2,113,383	2,381,637
Net investment income (note 3)	44,716	38,704
Other income	1,800	-----
Total revenues	2,159,899	2,420,341
Expenses (note 2)		
Salaries and benefits	1,161,137	1,328,815
Staff relocation allowances	74,337	115,023
Travel	47,315	132,000
Professional services	183,936	78,626
Research contracts and Council initiatives	207,900	223,209
Depreciation	26,548	46,297
Occupancy (note 6)	279,336	250,287
Office supplies, utilities and other office expenses	153,692	141,702
Translation and Publications	47,061	113,106
Total expenses	2,181,262	2,429,065
Change in net assets	(21,363)	(8,724)
Unrestricted net assets, beginning of year	100,911	109,635
Unrestricted net assets, end of year	\$ 79,548	100,911

COMMISSION FOR LABOR COOPERATION
Statement of Cash Flows
Years ended December 31, 2005 and 2004

Cash flows from operating Activities:		
Change in net assets	\$ (21,363)	(8,724)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	26,548	46,297
Net loss on investments	11,325	11,049
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses and deposits	(166)	19,267
Decrease (increase) in accrued interest receivable	796	(5,278)
Increase (decrease) in accounts payable and accrued expenses	(120,472)	23,626
Decrease in deferred member assessments	(79,539)	(1,331,637)
Net cash used in operating activities	(182,871)	(1,245,400)
Cash flows from investing Activities:		
Purchases of investments	(787,245)	(1,713,677)
Proceeds from sales and maturities of investments	1,029,521	2,207,635
Purchase of property	(8,967)	-----
Net cash provided by investing activities	233,309	493,958
Cash flow from financing activities:		
Payments on capital leases	(9,920)	(20,567)
Net cash used in financing activities	(9,920)	(20,567)
Net increase (decrease) in cash and cash equivalents	40,518	(772,009)
Cash and cash equivalents , beginning of year	264,968	1,036,977
Cash and cash equivalents, end of year	\$ 305,486	264,968
Supplemental disclosures:		
Cash paid for interest	\$ 9,129	5,359
Equipment purchased under capital leases	-----	37,573

V. AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

THE HONORABLE MEMBERS OF THE MINISTERIAL COUNCIL
Commission for Labor Cooperation:

We have audited the accompanying statements of financial position of the Commission for Labor Cooperation (the Commission) as of December 31, 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Commission for Labor Cooperation as of December 31, 2005, were audited by other auditors whose report dated March 21, 2006, expressed an unqualified opinion on those financial statements. As discussed in Note 9 to the financial statements, the Commission has restarted its 2005 financial statements to appropriately record an error correction. The other auditors reported on the financial statements before the restatement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Commission, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

As more fully described in Note 10 to the financial statements, the Commission has recognized member assessments received as a liability. In our opinion, accounting principles generally accepted in the United States of America requires that member assessments/contributions received must be recognized as revenue.

In our opinion, except for the effects of the contributions recieved recognized as liabilities, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission of Labor Cooperation as of December 31, 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments to restate the 2005 financial statements for the error correction; as described in Note 9. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the Commission of Labor Cooperation other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2005 financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of Expenditures - Budget and Actual for the year ended December 31, 2006 is presented for the purposes of additional analysis and is not a required part of the 2006 basic financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the 2006 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2006 basic financial statements taken as a whole.

Williams, Adley & Company, LLP
April 28, 2007
Washington, D.C.

COMMISSION FOR LABOR COOPERATION
Statements of Financial Position
December 31, 2006 and 2005

ASSETS	2006	2005
Current assets		
Cash and cash equivalents	\$ 1,038,032	\$ 428,311
Investments	550,520	1,039,539
Receivables	14,996	8,077
Total current assets	1,603,548	1,475,927
Property, net	55,437	54,517
Deposits	17,023	17,023
Total assets	\$ 1,676,008	\$ 1,547,467
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 215,677	\$ 47,030
Deferred member assessments	1,334,316	1,376,515
Current maturities under capital lease obligations	12,324	10,027
Total current liabilities	1,526,317	1,433,572
Capital Lease Obligation	19,248	30,821
Total liabilities	1,581,565	1,464,393
Net Assets		
Unrestricted	94,443	83,074
Total liabilities and net assets	\$ 1,676,008	\$ 1,547,467

V. AUDITED FINANCIAL STATEMENTS

COMMISSION FOR LABOR COOPERATION
Statement of Activities and Changes in Net Assets
December 31, 2006 and 2005

	2006	2005
Revenues:		
Member assessments	\$ 2,219,419	\$ 2,113,383
Net investment income	25,289	44,716
Other income	8,198	1,800
Total revenues	2,252,906	2,159,899
Expenses		
Salaries and benefits	1,090,621	1,161,137
Staff relocation allowances	101,018	74,337
Travel	47,698	47,315
Professional services	352,590	183,936
Research contracts and Council initiatives	122,262	207,900
Occupancy	269,181	279,336
Office supplies, utilities, and other office expenses	139,135	132,138
Translation and Publications	87,602	47,061
Depreciation	31,431	34,187
Total expenses	2,241,537	2,167,347
Change in net assets	11,369	(7,448)
New assets, beginning	83,074	100,911
Prior period adjustment	-----	(10,389)
Net assets, beginning as restated	83,074	90,522
Net assets, end of year	\$ 94,443	\$ 83,074

COMMISSION FOR LABOR COOPERATION
Statement of Cash Flows
Years ended December 31, 2005 and 2004

Cash flows from operating Activities:	2006	2005
Change in net assets	\$ 11,369	\$ (7,448)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating Activities:		
Depreciation and amortization	31,431	34,187
Unrealized losses on investments	5,435	11,325
Interest amortization	(7,635)	-
Changes in assets and liabilities:		
Increase (decrease) in receivables	(6,919)	236
Increase in other assets	-	394
Increase (decrease) in accounts payable and accrued expenses	168,647	(120,471)
Decrease in deferred member assessments	(42,201)	(79,539)
Net cash provided by (used in) operating activities	160,127	(161,316)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,142,000	1,029,521
Purchases of investments	(650,780)	(786,246)
Purchases of equipment	(32,350)	(8,967)
Net cash provided by investing activities	458,870	234,308
Cash flows from financing activities:		
Payments on capital leases	(9,276)	(9,920)
Net cash used in financing Activities	(9,276)	(9,920)
Increase in cash and cash equivalents	609,721	63,072
Cash and cash equivalents, beginning of year	428,311	365,239
Cash and cash equivalents, end of year	\$ 1,038,032	\$ 428,311
Supplemental information		
Cash paid for interest	\$ 7,176	\$ 9,129
Non-cash transaction		
For the year ended December 31, 2005, the Commission retired a fully depreciated asset with an original cost of \$21,147		

V. AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

THE HONORABLE MEMBERS OF THE MINISTERIAL COUNCIL

Commission for Labor Cooperation:

We have audited the accompanying statements of financial position of the Commission for Labor Cooperation (the Commission) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Commission, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

As more fully described in Note 7 to the financial statements, the Commission has recognized member assessments received as a liability. In our opinion, accounting principles generally accepted in the United States of America requires that member assessments/contributions received must be recognized as revenue.

In our opinion, except for the effects of the contributions recieved recognized as habilities, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission of Labor Cooperation as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Williams, Adley & Company, LLP
May 25, 2008
Washington, D.C.

COMMISSION FOR LABOR COOPERATION
Statements of Financial Position
For the Years Ended December 31, 2007 and 2006

ASSETS	2007	2006
Current Assets		
Cash and cash equivalents	\$ 254,259	\$ 1,038,032
Investments	1,239,400	550,520
Receivables	7,354	14,996
Total current assets	1,502,013	1,603,548
Property, net	66,437	55,437
Deposits	17,023	17,023
Total assets	\$ 1,584,473	\$ 1,676,008
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 78,916	\$ 215,677
Deferred member assessments	1,363,109	1,334,316
Current maturities under capital lease obligations	11,153	12,324
Total current liabilities	1,453,178	1,526,317
Capital Lease Obligation	8,095	19,248
Total liabilities	1,461,273	1,581,565
Net Assets		
Unrestricted	123,200	94,443
Total liabilities and net assets	\$ 1,584,473	\$ 1,676,008

COMMISSION FOR LABOR COOPERATION
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2007 and 2006

REVENUES	2007	2006
Member assessments	\$ 1,603,413	\$ 2,219,419
Net investment income	37,396	25,289
Other income	19,855	8,198
Total revenues	1,660,664	2,252,906
EXPENSES		
Salaries and benefits	804,614	1,090,621
Staff relocation allowances	43,862	101,018
Travel	188	47,698
Professional services	301,830	352,590
Research contracts and Council initiatives	20,545	122,262
Occupancy	215,452	269,181
Office supplies, utilities, and other office expenses	110,315	139,135
Translation and Publications	106,344	87,602
Depreciation	28,757	31,431
Total expenses	1,631,907	2,241,537
Change in net assets	28,757	11,369
Net Assets, beginning of year	94,443	83,074
Net Assets, end of year	\$ 123,200	\$ 94,443

V. AUDITED FINANCIAL STATEMENTS

COMMISSION FOR LABOR COOPERATION
Statement of Cash Flows
For the Years Ended December 31, 2007 and 2006

Cash flows from operating activities:	2007	2006
Change in net assets	\$ 28,757	\$ 11,369
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	28,757	31,431
Unrealized losses on investments	300	329
Realized losses on investments	-	5,106
Interest amortization	-	(7,635)
Changes in assets and liabilities:		
Decrease (increase) in receivables	7,642	(6,919)
Increase (decrease) in accounts payable and accrued expenses	(136,761)	168,647
Increase (decrease) in deferred member assessments	28,793	(42,201)
Net cash provided by (used in) operating activities	(42,512)	160,127
Cash flows from investing activities:		
Net proceeds on investments	-	491,220
Net purchases of investments	(689,180)	-
Purchases of equipment	(39,757)	(32,350)
Net cash provided by investing activities	(783,937)	458,870
Cash flows from financing activities:		
Payments on capital leases	(12,324)	(9,276)
Net cash used in financing activities	(12,324)	(9,276)
Increase (decrease) in cash and cash equivalents	(783,773)	609,721
Cash and cash equivalents, beginning of year	1,038,032	428,311
Cash and cash equivalents, end of year	\$ 254,259	\$ 1,038,032
Supplemental information		
Cash paid for interest	\$ 6,909	\$ 7,176

V. AUDITED FINANCIAL STATEMENTS

VI. THE COMMISSION FOR LABOR COOPERATION

DIRECTORY

COUNCIL OF MINISTERS

2004

Hon. Claudette Bradshaw
Minister of Labour
165 Hotel de Ville
Phase II, Place du Portage
Hull, Quebec K1A 0J2
Canada

2005 & 2006

Hon. Joseph Frank Fontana
Minister of Labour
165 Hotel de Ville
Phase II, Place du Portage
Hull, Quebec K1A 0J2
Canada

2007

Hon. Carlos María Abascal Carranza
Secretario del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Piso 9
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico

Hon. Carlos María Abascal Carranza
Hon. Francisco Javier Salazar Sáenz
Secretario del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Piso 9
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico

Hon. Javier Lozano
Alarcón
Secretario del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Piso 9
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico

Hon. Elaine L. Chao
Secretary of Labor
200 Constitution Ave. NW
Washington, D.C. 20210
USA

Hon. Elaine L. Chao
Secretary of Labor
200 Constitution Ave. NW
Washington, D.C. 20210
USA

COUNCIL DESIGNEES

Warren Edmondson
Assistant Deputy Minister, Labour
Branch
Human Resources Development
Canada
165 Hotel de Ville
Phase II, Place du Portage
Hull, Quebec K1A 0J2
Canada

John McKennirey
Assistant Deputy Minister
Labour and National Secretariat on
Homelessness
165 Hotel de Ville
Phase II, Place du Portage
Hull, Quebec K1A 0J2
Canada

Claudia Franco
Coordinadora General de Asuntos
Internacionales
Secretaría del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Planta
Baja
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico

Claudia Franco
Julio Faesler Carlisle
Jefe de la Unidad de Asuntos
Internacionales
Secretaría del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Planta
Baja
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico

Jorge Rodríguez Castañeda
Jefe de la Unidad de Asuntos
Internacionales
Secretaría del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Planta
Baja
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico



Arnold Levine
Deputy Under Secretary for
International Labor Affairs
U.S. Department of Labor
200 Constitution Ave. NW, Room
C-4325
Washington, D.C. 20210
USA

Martha Newton
Deputy Under Secretary for
International Labor Affairs
U.S. Department of Labor
200 Constitution Ave. NW, Room
C-4325
Washington, D.C. 20210
USA

NATIONAL ADMINISTRATIVE OFFICES

Canadian NAO
Kevin Banks, Secretary
Inter-American Labour Cooperation
Labour Branch
Human Resources Development
Canada
165 Hotel de Ville
Phase II, Place du Portage
Hull, Quebec K1A 0J2
Canada

Canadian NAO
Pierre Bouchard, Acting Director
Inter-American Labour Cooperation
Labour Branch
Human Resources Development
Canada
165 Hotel de Ville
Phase II, Place du Portage
Hull, Quebec K1A 0J2
Canada

Mexican NAO
Anel Valencia
Subcoordinadora para la OAN
Oficina Administrativa Nacional del
ACLAN
Secretaría del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Planta
Baja
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico

Mexican NAO
Anel Valencia
Subcoordinadora de
Política Laboral Hemisférica
Oficina Administrativa Nacional del
ACLAN
Secretaría del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Planta
Baja
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico

Mexican NAO
Anel Valencia, Subcoordinadora de
Política Laboral Hemisférica
Oficina Administrativa Nacional del
ACLAN
Secretaría del Trabajo y Previsión
Social
Periférico Sur 4271 - Edif. A, Planta
Baja
Col. Fuentes del Pedregal
Del. Tlalpan
14149 Mexico, D.F.
Mexico

U.S. NAO
Lewis Karesh, Acting Secretary
U.S. National Administrative Office
U.S. Department of Labor
200 Constitution Ave. NW, Room
S-5205
Washington, D.C. 20210
USA

U.S. NAO
Peter Accolla, Acting Director
U.S. National Administrative Office
U.S. Department of Labor
200 Constitution Ave. NW, Room
S-5205
Washington, D.C. 20210
USA

SECRETARIAT

1211 Connecticut Ave. NW
Suite 400
Washington D.C. 20036
USA
Tel.: (202) 464-1100
Fax: (202) 464-9490
www.naalc.org

VI. THE COMMISSION FOR LABOR COOPERATION

SECRETARIAT STAFF

2004

Anthony Giles (Canada)
 Director Ejecutivo Interino
 Director, Investigaciones
 01/04-06/04

Norman Caufield (USA)
 Director, Investigaciones
 03/04 – 05/05
 Relaciones Laborales

Clementina Vargas (Mexico)
 Legislación Laboral y del Empleo
 07/02 – 03/06

Patricia López Guerra (Mexico)
 Economista
 03/05 – 12/05

Michael Abbott (Canada)
 Economista
 11/02 – 09/04

Martin Dumas (Canada)
 Relaciones Laborales
 03-02/06-05

Héctor Toledano (Mexico)
 Coordinador de Publicaciones
 07-97/07-04

María Elizabeth Díaz (USA)
 Director, Informática
 02/03-02/05

María Dolores Cox (USA)
 Coordinador de Actividades de
 Cooperación
 11/00-04/04

María Cristina Yelicié (USA)
 Directora, Finanzas
 09/00 – 10/07

Rosario Monroy (Mexico)
 Asistente Ejecutiva
 08/00 – 01/07

María Eva Salvetti (USA)
 Asistente Ejecutiva y de Investigación
 09/00 – 02/07

2005

Mark Knouse (USA)
 Director Ejecutivo
 08/05-10/06

Isabel Studer (Mexico)
 Directora, Investigaciones
 06/05 – 02/07

Bill Worona
 Director Administrativo
 11/04 – 10/06

Patricia López Guerra (Mexico)
 Economista
 03/05 – 12/05

Allan Roberts (USA)
 Coordinador de Publicaciones
 09-04/05-06

María Cristina Yelicié (USA)
 Directora, Finanzas
 09/00 – 10/07

Rosario Monroy (Mexico)
 Asistente Ejecutiva
 08/00 – 01/07

María Eva Salvetti (USA)
 Asistente Ejecutiva y de Investigación
 09/00 – 02/07

2006

Peter Accolla
 Director Ejecutivo Interino
 10/06 – 9/07

Sylvan Cote (Canada)
 Investigador
 02/06 – 02/07

Scott Otteman
 Investigador
 01/06 – 01/07

Antonio Pineda (Mexico)
 Coordinador de Programas
 05/06

María Cristina Yelicié (USA)
 Directora, Finanzas
 09/00 – 10/07

Rosario Monroy (Mexico)
 Asistente Ejecutiva
 08/00 – 01/07

María Eva Salvetti (USA)
 Asistente Ejecutiva y de Investigación
 09/00 – 02/07



Rilla Sánchez (USA)
Asistente Administrativa
01/01 -

Rilla Sánchez (USA)
Asistente Administrativa
01/01 -

Rilla Sánchez (USA)
Asistente Administrativa
01/01

2007

Peter Accolla (USA)
Director Ejecutivo Interino
10/06 – 9/07

Antonio Pineda (Mexico)
Coordinador de Programas
05/06 -

Rilla Sánchez (USA)
Asistente Administrativa
01/01 -

Isabel Studer (Mexico)
Directora, Investigaciones
06/05 – 02/07

Sylvan Cote (Canada)
Investigador
02/06 – 02/07

Claire Breslin (USA)
Asistente Ejecutiva
01/07 -

Gabriel Jiménez (Mexico)
Director Administrativo
08/07 -

María Cristina Yelicié (USA)
Director, Finanzas
09/00 – 10/07

María Eva Salvetti (USA)
Asistente Ejecutiva y de Investigación
09/00 – 02/07

VI. THE COMMISSION FOR LABOR COOPERATION