

# Summary of Trade Union Priorities<sup>1</sup>

## for the 30 April 2006 deadlines in the WTO Trade Negotiations

### **Introduction**

The flawed deal agreed at the 6<sup>th</sup> WTO Ministerial Conference in Hong Kong provided a further blow to employment generation and sustainable development and ignored the urgent need to improve the lives of working women and men in both developing and industrialised countries worldwide. Despite the concerns expressed by millions of people calling for trade justice and despite the ongoing adjustment havoc wreaked by trade liberalisation in many sectors, the agreement reached in Hong Kong did little for growth or development and did not address the key issue of decent work. The Hong Kong Declaration did nothing to dispel the fears that working women and men hold about globalisation or the image of the WTO as a club for the rich and powerful. Instead, the use of the “Aid for Trade” proposals to pressure developing countries into agreement provided a manifest example of the arm-twisting that has given WTO meetings a bad name for manipulative negotiating practices.

As negotiators strive to meet the 30 April deadlines in NAMA and Agriculture while continuing to ignore the burning need for trade to result in employment creation world-wide and genuine economic development, they are putting the multilateral trading system at risk. The Doha development agenda was supposed to be about sustainable development, yet there is no sign of either the economic or the social pillars that are internationally agreed to be an integral part of sustainable development. We need instead a multilateral trading system with a social and labour dimension that is linked in with other global institutions such as the ILO, UNCTAD, WHO and other agencies of the UN. This is the wider challenge to WTO members that goes beyond the current negotiating deadlines. Until the WTO starts to put people first, globalisation will not give us the world we want with decent work<sup>2</sup> and a decent life for all working women and men, worldwide.

The following are our proposals for negotiators as they prepare for the new set of deadlines in the Doha Round decided upon in Hong Kong.

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<sup>1</sup> *In 2005, the GLOBAL UNIONS GROUP, the WORLD CONFEDERATION OF LABOUR (WCL) and the EUROPEAN TRADE UNION CONFEDERATION (ETUC) produced a 56-paragraph statement concerning all major aspects of trade issues on the agenda of the 6<sup>th</sup> World Trade Organisation (WTO) Ministerial Conference. The present document provides an update of the trade union proposals that we consider are the priorities for decision at the WTO in the aftermath of the Hong Kong Conference. The earlier statement is available at:*  
<http://www.icftu.org/displaydocument.asp?Index=991221675&Language=EN>.

*The Global Unions group is made up of the International Confederation of Free Trade Unions (ICFTU), the Trade Union Advisory Committee (TUAC) to the OECD, and the Global Union Federations (GUFs) which represent their respective sectors at the international trade union level (UNI, IFBWW, IUF, IMF, PSI, EI, ITGLWF, IFJ, ITF and ICEM).*

<sup>2</sup> *Decent work comprises employment, respect for rights at work (including trade union rights to freedom of association and the right to collective bargaining), social protection and social dialogue, according to the definition of the ILO. All are necessary elements for sustainable development.*

***i) Regarding the outcome of the Round and its key negotiating areas, trade unions seek the following:***

**NAMA (Non-Agricultural Market Access)**

- The decision taken in Hong Kong to pursue NAMA negotiations on the basis of a Swiss formula is regrettable, as this formula undermines the principle of less than full reciprocity for developing countries. It is clear now that there will be at least two coefficients, either one for developed countries and one for developing countries, or several coefficients such as coefficients based on countries' average bound tariffs as in the ABI and Caribbean proposals. In either case, coefficients should be set to conform to the principle of less than full reciprocity. In order to ensure that developing countries have the policy space to undertake legitimate domestically-based industrial development strategies, developing country coefficients need to be set high enough to avoid serious adverse effects.
- Similarly, in any decision on rapid advancement of NAMA negotiations under a "sectoral approach", developing countries should not be put under pressure to take part, in line with the decision in Hong Kong that such negotiations should be non-mandatory. Developing countries that are now being obliged to bind their tariffs should be able to alter that commitment on grounds of justified social and development purposes.
- In Hong Kong, trade union and civil society efforts to win support for serious assessment of the real impact of the Doha Round on employment, development were, in effect, rejected by trade negotiators. Yet the push for expanding market access through harmonisation of tariff cuts could produce serious adverse effects on factory closures, unemployment, deindustrialisation and increased poverty in many countries, developed and developing alike. It remains essential that before finalising their negotiating concessions, countries should be required to conduct an ex ante impact assessment, possibly at product or product group level, of the effects of these negotiations on development, decent work and standards of living with special attention to labour intensive sectors, including an analysis of the gender impact. The WTO, the ILO, UNCTAD and other relevant international institutions should work together to ensure developing countries have the necessary financial resources and independent technical assistance to undertake such impact assessments, which further require the involvement of trade unions to convey their views on how proposed concessions would affect the sectors they represent.
- Now that a Swiss formula has been adopted, the "paragraph 8" flexibilities agreed in July 2004 are becoming increasingly important. These flexibilities, which allow for exemption of a certain percentage of tariff lines from formula cuts or allow for less than formula cuts, need to be expanded in order to provide meaningful protection in particular for labour intensive industries in developing countries and to enable countries to manage the adjustment of sensitive sectors and to prevent the social disruption caused by job losses and closure of enterprises that would result from further liberalisation. These flexibilities should not be linked to the level of coefficients in the formula for tariff reductions.

- It was decided in Hong Kong that developing countries (apart from LDCs) will be required to bind 100% of their unbound tariffs by adding a mark-up to their current applied tariffs, as a basis for subsequent tariff reductions. These mark-ups should be set at a high number of percentage points, so that the countries concerned can maximise their policy space when it comes to the tariff reduction phase.
- Paragraph 24 of the Hong Kong Declaration states that the level of ambition in market access in Agriculture and NAMA should be comparably high, and consistent with the principle of special and differential treatment. The current push for high ambition in NAMA (i.e. through agreeing on low coefficients, which will result in high cuts in import tariffs) is inconsistent with that paragraph. In its place, the principle of less than full reciprocity for developing countries must be maintained, i.e. demands in NAMA that stand to result in high import tariff cuts by developing countries should not be pursued.
- An evaluation of non-tariff barriers (NTBs) should be undertaken, with the involvement of specialised UN agencies as well as trade unions and other civil society groups concerned, in order to ensure that reasonable requirements for consumer and environmental protection remain untouched by WTO rules.
- The issue of preference erosion must be addressed through longer implementation periods and international assistance measures wherever any changes to preferential schemes are contemplated.

## **Services**

- There is growing concern that the outcome of the GATS negotiations could undermine the universal service obligations of governments and their capacity to regulate on the supply of services. Such obligations should not be subject to the constraints of GATS commitments, and governments must preserve full regulatory prerogatives. Public services and services of general interest should therefore be excluded from further GATS negotiations. Across all GATS negotiations, provision should be made on a horizontal basis for access to universal quality services at uniform and affordable prices at the point of delivery. Such universal public provision is vital to move towards achieving the Millennium Development Goals (MDGs).
- The contradiction in the preamble of GATS, between its stated goals of liberalisation and regulation, must be resolved through a clarifying statement which would state explicitly that existing or new domestic government regulations cannot be challenged through WTO disputes settlement procedures. Governments that do make commitments must include the strongest possible limitations (i.e. explicit exemptions from GATS commitments) to protect their right to regulate.
- The “positive list” approach to legally-binding GATS commitments must be maintained to enable WTO members to choose to preserve their policy space, in view of the effectively irreversible nature of any undertakings. Given that all WTO members insist that the plurilateral negotiating approach that was decided upon in Hong Kong is not mandatory, countries should not be pressured into participation in these negotiations.

- More transparency and inclusiveness around the negotiations is a necessity. All requests made of any member state must be publicised in that state so that the people of the country concerned can make their feelings on sensitive service and policy issues known to their government. Negotiators should be required to assess the impact of any commitments on development, employment and gender, both on a sectoral and overall basis, as required by Article XIX of the GATS treaty, before governments enter into commitments.
- The competences and structure of the WTO do not enable it to regulate the temporary cross-border movement of workers, as envisaged under the Mode IV negotiations, in a manner that protects migrant workers' rights and consequently the WTO should not be the place for decisions in this area. Should any governments nonetheless make offers on Mode IV, these must be preceded by formal trade union consultation and refer to respect for national labour law and existing collective agreements in receiving countries, as well as fundamental workers' rights, in order to ensure that migrant workers receive employment conditions no less favourable than those of nationals.

### **Agriculture**

- The Agreement on Agriculture must be revised to ensure that developing countries may make use of the policy tools necessary to defend and develop national and local systems of food production, protect the rights of agricultural workers and their trade unions as well as small producers (most of whom are women), raise rural living standards and enhance food security, i.e. universal access to adequate levels of food at affordable prices.
- In this regard, clear provisions for special and differential treatment are needed to ensure that developing countries possess the necessary degree of flexibility, especially with respect to their demands regarding special products and a specific safeguard mechanism. The more specific language on the SPs and SSM in the Hong Kong Declaration provide a step in the right direction, which must now be translated into concrete results in the ongoing negotiations.
- Although an end date of 2013 for the elimination of export subsidies was set in Hong Kong, this still depends on the outcome of negotiations on the elimination of other forms of export support such as food aid, trade-distorting practices of State Trading Enterprises (STEs) and export credits, which must be agreed upon by the end of April 2006. At the same time, developing countries need increased stable and predictable access to industrialised country agricultural markets.
- Although an end date for the elimination of cotton export subsidies was agreed upon in Hong Kong, one of the most damaging forms of trade distorting support comes from domestic subsidies for cotton, for which an early end date must be set.
- Domestic agricultural subsidies must be reduced and reoriented in ways that encourage socially and environmentally sustainable methods and protect the rights, the living standards and the health and safety of agricultural and plantation workers, rather than overwhelmingly benefiting corporate agribusiness as at present.

- The WTO must not be used to undermine existing Multilateral Environmental Agreements such as the Biosafety Protocol to the Biodiversity Convention.

### **Development, Employment and Trade**

- Determining the impact of trade liberalisation on the level and quality of employment is essential in evaluating the contribution of the Doha Round's results to raising living standards, promoting development and eliminating poverty, with a view to providing a contribution achieving the MDGs. The impact on employment must, therefore, be a condition to be addressed in agreement-specific language in all the individual agreements in this Round.
- The current path of liberalisation gives too little attention to the costs. A more comprehensive set of transition policies needs to be developed, including adequate social protection. Ignoring such costs would further increase poverty both in developing and industrialised countries, due to increased unemployment and the shift of formal to informal and unprotected employment. In particular, an emergency work programme needs to be established with a remit to study growth, exports and employment in the textiles and clothing sectors, in order to put in place a comprehensive industrial and trade policy approach aimed at coping with the impact of the end of the quota system.
- Decent work is fundamental to the realisation of the goals of sustainable social and economic progress. That is why, as indicated above, trade negotiations must take place on the basis of a fully informed assessment (with the involvement of trade unions) of their impact on the level and stability of employment, respect for fundamental workers' rights, equality between women and men, good working conditions, social protection and access to quality public services. The pursuit of short-term competitive advantage through the violation of fundamental workers' rights undermines long term development prospects, and the WTO must go beyond the unfulfilled commitments of previous WTO Ministerial Declarations on core labour standards. Export processing zones, where workers' rights are significantly repressed with a particularly negative effect on women workers, constitute a distortion of trade and such production should be ruled impermissible under WTO rules.

#### **ii) *Regarding the implementation of WTO procedures and decisions:***

- It is a key objective of the Doha Round to qualitatively increase developing country participation in the WTO. This needs to be facilitated through further improvements in transparency of WTO working methods and procedures in order to enable smaller countries to participate effectively in future WTO decision-making.
- Another area that requires full attention by negotiators is the provision of special and differential treatment for developing countries, allowing adequate flexibility in the implementation and interpretation of the various WTO agreements when required by their economic and social development. The negotiations on S&D should not be left until the very end of the Doha Round,

as the deadline of 31 December 2006 suggests, but should be dealt with up-front in parallel with the main areas of negotiations.

- It is the responsibility of governments to provide adequate funding for employment assistance when jobs are lost. The international institutions and the “demandeur” countries should assist developing countries to implement such policies, including the provision of funding for development of infrastructure and skills, particularly since the processes of trade liberalisation and structural adjustment in developing countries have already caused a significant loss of employment.
- “Aid for Trade” should provide new money and should not be a reallocation of existing resources. Furthermore, aid for trade should not be provided as a trade-off for obtaining concessions from developing countries in the negotiations. Neither must it be used as a substitute for achieving adequate trade benefits for developing countries from the Doha Round. As demanded by many developing countries in Hong Kong, it must be allocated to the building of supply-side capacity and not simply further “expertise” to convince them of the benefits of trade liberalisation.
- Given the legally binding nature of WTO rights and obligations, the WTO’s dispute settlement understanding (DSU) should provide a fuller role for whichever UN agencies are concerned specifically in any particular complaint and, as recommended by the Sutherland report, should open disputes panel and appellate body hearings to the public, developing criteria and procedures requiring acceptance of amicus curiae submissions.
- The WTO’s 2004 *World Trade Report* demonstrated significant misunderstanding of the role of trade unions, a perspective that needs to change urgently. To remedy the lack of scope for representation of workers’ interests in the WTO, a discussion must begin on how to make it more transparent and accessible through the creation of a formal consultative structure such as the trade union advisory committee (TUAC) to the OECD, as recommended by the ILO’s World Commission on the Social Dimension of Globalisation.
- On the basis of paragraph 56 of the Hong Kong Declaration, the WTO should now take steps to ensure the full involvement and assistance of key UN agencies including the ILO in WTO processes and in the current negotiations, as a move towards granting observer status and as part of a genuine integration of the WTO into the UN system as a whole. Achieving such coherence should be facilitated through a decision to convene a first-ever global meeting of Trade and Labour Ministers, with the participation of trade unions and employers’ organisations.
- Regarding **the conduct of WTO business**, trade unions consider it essential that:
  - The requirement for a thorough **analysis of social, gender and environmental concerns, including employment, workers’ rights** and related provisions, should be made **a mandatory item in future trade policy review mechanism (TPRM) examinations** of WTO members. Trade unions’ presentations or their written contributions must be part of these examinations, as required.

- The General Council should agree to the need for comprehensive examination of the **impact on employment and development** which may result from the progressive implementation of trade liberalisation measures, and set up a formal mechanism to develop specific guidelines within its terms of reference.
- In line with the commitment on decent work agreed at the United Nations World Summit of September 2005 (para. 47), the final WTO Ministerial Statement to be adopted at the end of the Doha Round should mandate the WTO to establish a **work programme on Trade and Employment** to be overseen by a WTO committee or working group (perhaps as a sub-committee of the WTO Trade & Development Committee).

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