

(Final - 2 November 2005)

**Summary of Trade Union Proposals¹
to WTO Trade Negotiators
for the 6th WTO Ministerial Conference
(Hong Kong, 13-18 December 2005)**

Introduction - Employment and the Multilateral Trading System

The reality of recent years is that expectations of more broadly shared economic growth and social development based upon the expansion of international trade and globalisation have failed to materialise. Many developing countries that have undertaken trade liberalisation on the basis of current multilateral rules have experienced a collapse of domestic industry coupled with increasing balance of payments difficulties. Under the same rules, many industrialised countries are facing stagnant levels of employment and are beginning to question the results from their participation in world trade. The gap between the rich and the poor, both between and within countries has grown. That is why the current rules of trade are under challenge (as exemplified by the failed WTO Conferences in Seattle and Cancún), and need to be reassessed and made coherent with development and poverty reduction objectives. Restoring faith that the multilateral system can help deliver balanced development and not undermine social justice is the wider challenge to WTO members that goes beyond the negotiations in Hong Kong.

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. The current pressure on developing countries to agree to wide-ranging tariff reductions and tariff binding, and to sign up to “benchmarks” or “complementary methods” in the GATS negotiations, contravenes the principles on which the Doha negotiations were begun and runs counter to the concept of a round to meet the interests of developing countries which, in many cases, have not had the time and resources to examine the long-term implications of the commitments being negotiated. The inadequately managed developments in the textiles and clothing sector at the present time are adding to these concerns and resulting in the closure of firms and transfers of production, and increasing the precarity of employment in a growing number of predominantly developing countries. There is a serious impact in particular on the women workers who frequently predominate in the sector. In this context, it is not

¹ Earlier this year, 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 6th World Trade Organisation (WTO) Ministerial Conference. The present document provides a summary of the proposals that we consider must be debated and adopted at the Conference. The longer statement provides the full position, 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).

surprising that public perception is rapidly turning against open trade and competition.

It is essential to reverse these trends and address the unfair elements of the rules under which international trade currently takes place. The negotiations underway within the framework of the Doha Development Round represent, therefore, a crucial opportunity - against a growing sense of frustration and social tensions - to give proper consideration to establishing a fairer framework of shared rules capable of fostering economic growth based on a sustainable social dimension, in line with the proposals of the trade union-supported Global Call to Action against Poverty (GCAP).

More specifically, trade unions consider that the reaffirmation in the Agenda of the Doha Round of provisions aimed at development and the creation of decent work² should be the central priority of governments as they meet in Hong Kong.

The following are our proposals for negotiators:

Negotiating objectives for the Doha Round

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

NAMA (Non-Agricultural Market Access)

- Current efforts to undermine the principle of less than full reciprocity for developing countries (e.g. through a “Swiss formula” for tariff reduction) must stop. That principle must be given precedence in the negotiations of any retained formula for tariff reductions or the level of tariff bindings, to ensure developing countries have the policy space to undertake legitimate domestically-based industrial development strategies. 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. Developing countries (particularly least developed countries) that do bind their tariffs should be able to alter that commitment on grounds of justified social and development purposes.
- Any 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. Therefore, 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

² *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.*

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.

- 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 these GATS negotiations could undermine the universal service obligations of governments and their capacity to regulate crucial aspects of the market. Such obligations should not be subject to the constraints of GATS commitments, and governments must preserve full prerogatives in certain specific areas. 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. Such universal public provision is vital to move towards achieving the Millennium Development Goals.
- 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 government regulations cannot be challenged through WTO disputes settlement procedures.
- The “positive list” approach to GATS commitments must be maintained to enable WTO members to choose to preserve their policy space, in view of the quasi-irreversible nature of any undertakings. Current proposals to establish quantitative and, effectively, compulsory “benchmarks” stipulating minimum levels of GATS liberalisation should be discarded, therefore.
- More transparency around the negotiations is a necessity. 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 in this area, 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 equal to 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 elimination of all agricultural export support, including export subsidies, is urgent and an early end-date for their elimination must be set in Hong Kong. All forms of dumping must cease. All trade-distorting cotton subsidies should be phased out as quickly as feasible. At the same time, developing countries need increased stable and predictable access to industrialised country agricultural markets.
- 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. It should, therefore, be thoroughly taken into account.
- 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, 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 necessity has become apparent since the 5th Ministerial Conference and 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. In particular, implementation of the TRIPS agreement must ensure that all developing countries can achieve access to low-cost medicines in case of health need, as in the case of anti-retrovirals for treating HIV/AIDS.
- 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.
- 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, it needs to be made 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.

- The WTO should 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.
