

Trade Unions Voice Concerns

Kanaga Raja

[Trade Unions from major developing countries warned that some of the positions being pushed by developed countries in the negotiations on non-agricultural market access (NAMA) in the WTO could result in the destruction of jobs and development prospects in many developing countries.]

A trade union grouping from major developing countries warned of rising unemployment if their countries accept demands by the developed countries to open up their markets for manufactured goods.

In a statement on the non-agricultural market access negotiations (NAMA) at the World Trade Organisation (WTO), trade unions from the NAMA-11 countries called upon trade ministers and negotiators from the NAMA-11 group to make no further concessions in the NAMA negotiations, given that even their existing position would already deliver deeply negative results for manufacturing employment and industrial development in many developing countries.

They also urged the NAMA-11 members to maintain their unity at the WTO in the face of pressure from the developed countries.

The NAMA-11 is a grouping of developing countries that was formed at the WTO to maintain and defend a common position in the NAMA negotiations. Its members are Argentina, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa, Tunisia and Venezuela.

The NAMA negotiations are aimed at the reduction of tariffs in industrial or manufactured products.

Trade union leaders from Brazil, India, South Africa, and other developing countries met recently in Geneva to deliver their message to the WTO members. They have formed a NAMA-11 trade union group to defend the interests of their workers.

At a press briefing on 9 March, Guy Ryder, General-Secretary of the International Trade Unions Confederation (ITUC) that represents some 168 million members, said that the representatives of the trade unions had met with the NAMA-11 negotiators.

He said that their message to the negotiators was that they are in support of the NAMA-11 position and urged the NAMA-11 to remain firm in its positions.

Also present at the press briefing were representatives from the Congress of South African Trade Unions (COSATU), Central Unica dos Trabalhadores (CUT), Brazil and La Organizacion Regional Interamericana de Trabajadores (ORIT).

Ryder said that the demands that are being made on the developing countries in respect of NAMA tariff reductions are unreasonable.

He emphasized that trade unions in the developed countries, as well as in the developing world and transition economies shared a united position in opposition to what is being demanded of the developing countries in respect of NAMA.

Some of the positions being currently taken on NAMA would result in a destruction of jobs and development prospects in many developing countries and this should be opposed, Ryder said.

Ryder said that the NAMA trade union grouping had met with WTO Director-General Pascal Lamy on 8 March. Ryder described the meeting as a “helpful and productive exchange” where the unions made their points strongly to Lamy. They are also expected to meet with the Chair of the NAMA negotiations Ambassador Don Stephenson of Canada.

Rudi Dicks of COSATU raised concerns around the number of possible compromises that could be reached by government negotiators and the demands by the US and the EU on NAMA tariff reductions that would put the developing countries in a difficult stage of development. These would have the effect of reducing the level of employment and development and have a negative effect on measures towards the reduction of poverty.

Another area of concern, he said, is the issue of possible trade-offs between NAMA, and agriculture and services. Dicks stressed that NAMA tariff reductions should be in line with the level of development of each specific country. The one-shoe-fits-all approach will not be helpful.

He also emphasized that there needs to be policy space for countries to address development issues. If South Africa, for example, were to agree to the type of tariff reduction rate suggested by the EU and the US, this will have an adverse effect on the country in its attempts to implement a successful industrial policy to deal with the high levels of unemployment, inequality and poverty.

Dicks also referred to the issue of sensitive tariff lines in NAMA. He said that there was a need to ensure that the sensitive tariff lines are increased, particularly for vulnerable sectors where a huge number of jobs could be lost.

“This round is supposed to be a development round but we do not see development issues being raised; rather we see the issue of market access as a critical factor. What has happened to the development issues?” Dicks asked.

Kjeld Jakobsen of CUT Brazil also raised concerns over the positions adopted by the developed countries in terms of tariff reductions in NAMA.

He highlighted a study done in Brazil where depending on the coefficient in the tariff reduction formula, there was in some cases some 3,000 tariff lines being affected.

He recounted the bad experiences of Brazil in the 1990s when it applied the results of the Uruguay Round agreements. At that time, some 3 million jobs were lost in the industrial sector.

This was also the time when Brazil adopted the ‘Washington Consensus’ policies and restructured its economy, and part of that restructuring was a very quick and hard reduction of Brazil’s external tariffs, he noted.

According to the NAMA-11 trade union statement, the current NAMA-11 position, dating from 29 June 2006, states that a difference of at least 25 points is needed between the coefficient for developed and the coefficient for developing countries.

From a trade union point of view, the current NAMA-11 position would have substantial negative effects and should be reviewed, the statement said.

The statement said that assuming a coefficient of 10 for developed countries, this would result in a coefficient of 35 for developing countries under the NAMA-11 position. But even a coefficient of 35 would have serious consequences for the applied rates of a number of tariffs in several of the countries, especially in the clothing, textiles, footwear, leather, plastic and rubber, furniture and automobile sectors. Even if flexibilities were adopted they would not prevent such consequences.

“Given that all countries are at different stages of development and have different future needs, a one-size-fits-all formula cannot deliver in terms of development and will prevent our economies from developing,” the statement said.

The NAMA-11 trade union grouping urged the NAMA-11 developing country members to pressure developed countries to make unconditional offers of greater market access in agriculture, which must not be linked to NAMA.

They also urged the NAMA-11 to ensure that developing countries can apply a tariff reduction that is in line with their stage of development, in conformity with the agreed principle of less than full reciprocity, and which should be substantially lower than the cuts undertaken by developed countries and the proposals for tariff cuts currently on the table.

There is also a need to ensure that developing countries can exercise the flexibilities as currently set out in the July 2004 framework, are expanded substantially. The flexibilities should allow for both the exemption of tariff lines as well as lesser tariff cuts for a number of tariff lines.

At the same time, the percentages should be increased to a percentage considerably higher than the current levels in brackets, and criteria with regard to import value should be dropped. This would assist developing countries in managing the adjustment of sensitive sectors and preventing the social disruption caused by job losses and closure of enterprises that would result from further liberalization.

The statement also called upon the NAMA-11 members to ensure that the Doha Development Round benefits developing countries.

By agreeing to some of the proposals currently on the table or by relaxing the group's current positions, this round will not deliver on its aim of promoting development for the world's poor. If anything, it will keep them in low-level agriculture and minerals extracting jobs, the trade unions said. □□□