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WTO Ministerial: Serious jobs impact in developing countries

Brussels, 24 July 2008 (ITUC OnLine): As negotiations intensify at the World Trade Organisation (WTO) aiming for a final deal to conclude seven years of negotiations in the Doha Round, the ITUC has criticised the pressure on developing countries to make disproportionate commitments, in particular in the "NAMA" (non-agricultural market access) negotiations on manufactured goods.

"At a time when governments everywhere are committing to decent work, our affiliates in developing countries are warning that millions of their members face the risk of losing their jobs with grave consequences for their families and for the economic future of their countries.

Developing countries are being pressured into giving up industrial potential, in stark contrast to the protections that would be kept by developed-country agriculture," said ITUC General Secretary Guy Ryder.

Trade unionists from the "NAMA 11" group of developing countries that stand to be particularly affected by the negotiations (currently comprising Argentina, Brazil, Venezuela, Egypt, India, Indonesia, Namibia, Tunisia, Philippines and South Africa), and from other developing countries, are in Geneva this week to lobby against a deal that threatens their members' jobs and their countries' development.

"If we sign this agreement, Argentina could lose 200,000 jobs," warned Ruben Cortina from CGT, Argentina. The representative of the trade union institute Observatorio Social in Brazil, Felipe Saboya stated that, "the last time Brazil made significant tariff cuts, we lost 1.3 million jobs. Since then we have started recovering, but all the gains of the past few years could be significantly threatened."

The ITUC is particularly alarmed at the newly proposed anti-concentration clause, which would further restrict the way in which developing countries can use their "flexibilities" to exempt certain sensitive industries, which were already inadequate. Further restricting them could create serious difficulties for the capacity of developing countries to protect their industries, employment and the policy space for future industrial development, in total contradiction to the aspirations of a "development round". This would add pressure for low-wage competition between developing countries, with negative impacts on fundamental labour and environmental standards.

ITUC projections show that the current proposals are likely to impact hardest in the textiles sector, and also have effects across a wide range of manufacturing employment.

As many as 650,000 workers are employed in sectors facing tariff cuts in South Africa, with some 500,000 each in India and Indonesia.

Based on the coefficients that are being proposed, applied tariff rates in South Africa would be cut by between 30% and 60%, causing problems for the workers in sectors such as textiles and clothing, leather, footwear, plastic, rubber, wood, automobile, chemicals, machinery, furniture and metals. "If our countries accept what is on the table it will cause a serious employment crisis," warned COSATU's Rudi Dicks.

"The pressure that is being put on the South African government will ultimately be borne by our workers and our members."

In Argentina and Brazil the picture is the same, as the proposed coefficients would lead to real tariff cuts of between 20 and 50%.

Metals, furniture, automobiles, textiles, clothing, leather and footwear would be particularly affected, with the potential for the loss of over 1.2 million formal jobs in Brazil and over 150,000 in Argentina.

In Indonesia, the Philippines and India, it would mainly be clothing and automobile and transport equipment that would bear the brunt of tariff cuts, with over half a million formal jobs at in play in India and Indonesia and some 400,000 in the Philippines.

Although there are fewer sectors directly concerned, the high cuts in bound tariffs would put a straightjacket on future industrial development in these countries, and the "anti-concentration" clause that is on the table would not allow them to protect jobs in the sectors that are affected.

Another NAMA 11 country that would be severely affected is Tunisia, with direct tariff cuts of between 30 and 70% in sectors like textiles, clothing, leather, footwear, metals, rubber, wood and automobiles that could affect 150,000 workers.

Even countries that are not part of the NAMA 11 group would face difficulties, and trade unionists from these countries too are concerned about the proposals on the table, as they fear both job losses and also future developmental constraints. These countries include, for example, Mexico, Peru, Colombia, Costa Rica and Chile. In particular Mexico, Colombia and Peru could face some direct impacts, with 135,000 jobs concerned in Colombia, over 100,000 in Peru and 1.5 million in Mexico.

"The ITUC calls upon all Ministers and negotiators to bring the development dimension back to the table," said Guy Ryder. "Developed countries need to end agricultural trade practices such as export subsidies that undermine production in developing countries, without making extreme demands on developing countries in the NAMA talks. Developing countries need to be able to sustain employment and to retain the policy space they need in order to be able to achieve development."

The ITUC represents 168 million workers in 155 countries and territories and has 311 national affiliates. Website: http://www.ituc-csi.org

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