

>>> press@icftu.org 04/21/06 10:10 >>>

INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

Media Release - For Immediate Use

072/210406

WTO: Turning back the clock on development

Brussels, 21 April 2006: Following the latest round of WTO negotiations on industrial tariffs, which finished today, the ICFTU called on negotiators to reverse their commitment to the proposed so-called Swiss formula for tariff cuts.

"Some negotiators are expressing their exasperation at the fact that developing countries will not accept a steep reduction in tariffs, but frankly why should they commit economic suicide? Previous liberalization has shown that a sudden reduction in industrial tariffs, without any regard for the effect on the livelihoods of workers, would wreak havoc on economies and people's lives" said Guy Ryder, ICFTU Secretary General.

"It is disingenuous for some developed countries, which had the right to protect their own industries at their infant stage, to be asking developing countries to give up the right to protect theirs. The demands for high reductions of tariffs also make a mockery of the principle of less than full reciprocity which is meant to provide developing countries with lower cuts than developed countries in recognition of their hardship" Ryder continued.

"Steep tariff reductions could severely harm developing countries' local industries, their balance of payments, and their tariff revenue, all of which are crucial elements in development and poverty reduction strategies. Many developing countries already face a serious unemployment problem. Taking away the instruments that enable them to create and maintain decent jobs will result in de-industrialisation and take them back to square one in their fight against poverty," Ryder added.

"Moreover, it will place workers in other countries, even in democratic ones like South Africa in direct competition with the exploited

workforces of dictatorships like China, where workers are deprived of independent trade unions to protect their most basic rights."

A closer look at some developing countries reveals the following:

- * in South Africa, a Swiss formula with a coefficient of 30 would lead to cuts of between 40% and 55% in applied rates in textiles and clothing, auto and autoparts, plastic products, furniture and TV.;
- * in Indonesia a coefficient of 15 would lead to cuts in applied rates in food products, beverages, tobacco, apparel and vehicles, sectors in which a total of over 1 million people are working;
- * in the case of Argentina a coefficient of 30 would lead to cuts in applied rates in textiles and clothing, leather and footwear, autoparts, plastic products and furniture. These sectors represent around 20% of industrial employment in Argentina.;
- * India, with a Swiss formula coefficient of 30, would see cuts in applied rates especially in food, beverages, tobacco and transport equipment. These sectors represent employment of 1.8 million people.

"If the negotiators are serious about completing the Doha round, the best thing they can do at this point is return to its original principles by giving developing countries the flexibility to make decisions about if, how and when they lower their industrial tariffs. If they choose to instead strong-arm countries into accepting an outcome that will harm them, the whole multilateral system will be at stake,"
Ryder concluded.

The ICFTU represents 155 million workers in 236 affiliated organisations in 154 countries and territories. [<http://www.icftu.org/>](http://www.icftu.org)

ICFTU is also a partner in Global Unions. [<http://www.global-unions.org/>](http://www.global-unions.org)

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