

## ICFTU/SOLIDAR - WORKING TOGETHER ON WORKERS' RIGHTS AND TRADE

In March 1999 the ICFTU and Solidar, the NGO campaigning on labour standards organised a joint signing of a giant "Charter Against Child Labour" at the March session of the European Parliament. Giant copies of the charter in English, French and Spanish were signed by 120 MEPs, from all political parties, and from all 15 countries of the European Union. Pauline Green, the leader of the Parliament's Socialist Group led the signing.

Copies of the charter were given to all those who signed over a two-day period, and this provided a good opportunity to publicise the issue of child labour, and of labour rights in the Parliament.

There seems no justification for global regulation to protect property rights, while claiming that the same type of international regulation cannot operate to protect basic human and trade union rights.

But what of the economic case? What of the accusation that a workers' rights clause is a protectionist device designed to safeguard Western workers from the more competitive and efficient developing countries? This is the argument we confront in Chapter Three. First, we look at some of the other development, environment, democracy and gender issues which have so far been undermined or neglected by the world trading system.

<sup>1</sup> The Asia Pacific Labour Network (APLN), a grouping within the ICFTU represents over 30 million workers throughout Asia-Pacific nations.

## PART II

### THE PROPOSAL FOR A WORKERS' RIGHTS CLAUSE

#### COMPLACENCY IN THE FACE OF IMPENDING FINANCIAL MELT-DOWN

Globalisation isn't all that it was cracked up to be. Most people now agree it has failed to deliver overall benefits for everyone.

The past three years have seen the worst financial crises since the years of Depression in the 1930s. Asia, Russia, and Latin America have or are facing financial crises. Africa is experiencing a fall in growth and a setback to prospects for employment and poverty reduction. Look at what has happened in the name of globalisation.

#### Asia

Asia's economic and social catastrophe began in the summer of 1997, when Thailand had to stop shoring up its currency the baht, against the dollar. As it plunged downwards, the Thai currency dragged those of Indonesia, Malaysia and South Korea with it. The main cause of this crash was the bursting of the speculative bubble precipitated by a lack of transparency and the vested interests of the region's elites. From a financial crisis, it became an economic and a social crisis which engulfed whole swathes of the region's economies, plunging millions of people into abject poverty. The cause of the financial crisis in the region was the single-minded pursuit of financial liberalisation, without a proper regulatory framework to prevent mismanagement, speculation and corruption. This was combined with social neglect and repression of basic human rights, while governments left the responsibility for managing their economies to financial markets.

Thailand, Indonesia, the Republic of Korea, Malaysia, the Philippines and the People's Republic of China have all been affected. In all these countries the most vulnerable are having to suffer the worst effects.

In Thailand and Indonesia, families are sending their children and grandparents to scavenge on rubbish tips, while the adults search for casual labour. A recent World Bank report said that the effect of the crisis had been worse for female workers since they worked in many of the sectors which were dependent on international finance. Women in several sectors were often the first to be thrown out of work, and growing poverty resulted in a disproportionate number of girls being withdrawn from school.

In Indonesia, which is the world's fourth largest nation, half of the population is now living on an income below the poverty line, and the minimum wage is equivalent to 2.6 kilograms of rice.

Migrant workers are another vulnerable group affected by the crisis. There is tension in the main host countries of migrant workers, especially Thailand, Malaysia and Singapore, because of the large numbers of unemployed migrant workers, who do not want to return to their country of origin because of the lack of job opportunities there. From the other side, the Philippines, one of the main countries which supplies migrant workers in the region, is finding itself with high unemployment because of the forced return of migrant workers.

The political response to the crisis was inadequate. The situation worsened as millions of workers did not benefit from even minimal social safety nets. In one report to the WTO, the ICFTU stated that 'the financial crisis has revealed the short-comings of the pursuit of economic development at the expense of broadly based social development targeted at reducing poverty.'

### Russia and the CIS

In Russia a new elite has built massive fortunes from privatisation and the growth of a largely unregulated financial sector. Individuals have transferred a large proportion of their assets into foreign currency accounts in Switzerland and Cyprus, while 50% of the Russian workforce is not receiving regular wages. In many areas a barter economy has replaced one based on currency, as millions of Russian workers have been paid in kind - coffins, can openers and manure are just some of the more bizarre examples.

A worrying addition to this phenomena is the growing number of children who are now working in Russia in order to help their families to survive.

#### CHILD LABOUR INCREASING IN THE RUSSIAN FEDERATION

Research by the ICFTU's Moscow office found that more and more children are being forced into work because of economic circumstances and the serious decline of the country's education system.

Most of the children are employed in small business (motor garages, kiosks, cafes, laundries, etc) or street vending, but more and more are being used by criminal syndicates to sell or distribute illegal drugs because children under 14 are below the age of criminal responsibility.

There are also many "Dungeon Children" living on the streets of St Petersburg. Vitalki, a boy who lives in one group (average age 13) left his parents because he was raped by his stepfather while his mother looked on. He earns money through prostitution, as does Lena, a 10-year old girl in the group.

In the countryside, 12-year-old Nikolai works all summer on a large state farm in Samara, for up to 14 hours a day as an assistant combine harvester operator. He is paid in grain and fodder for his mother's two cows. He still goes to school during term time but wants to start full time work.

Payment in kind is increasingly common throughout Russia, where up to 50% of the Russian workforce has not received regular wages, and survives by bartering the "in-kind" payments they get from employers and cultivating small-holdings.

The impoverishment of Russia has meant a startling increase in child illness. In 1996, 2,300 pre-school age children were infected with Tuberculosis in Samara Oblast alone, while the number of hospital beds is falling.

The fast deteriorating Russian education system is the other main factor pushing children into child labour. In 1996 the authorities admitted that only half of the necessary 100 million school books for the country had been printed, and in 1997 teachers faced an average delay of three months before being paid.

### Latin America

Latin America has been hard hit by natural as well as man-made disasters in recent months. Hurricanes Mitch and Georges have devastated entire regions, justifying the appeals of the local communities for international assistance and debt relief. At the beginning of this year there was a threat that natural disasters would be followed by an economic crisis as the Brazilian Real was halved in value and there were massive currency shifts out of the country.

In Brazil the social cost has been high, interest rates were hiked to 45% in the wake of their devaluation, unemployment is rising, and the education budget has been cut by 10% and the health budget by 6%.

#### HEALTH DECLINES AS VIOLENCE INCREASES

In Brazil, the devaluation of January 1999 hit the population badly, and affected such vital items as the price of medicine. "Even before the devaluation a packet of antibiotics cost 50 reals, already prohibitively expensive . After devaluation, some pharmacists promptly pushed prices up further" explains Rosely, a doctor working in the favelas (shanty towns) of Rio and a feminist activist. "The way a lot of pharmaceutical companies think is that those who have money have so much of it they can afford to pay exorbitant prices. The poor have so little that they cannot pay for anything anyway. Respiratory diseases (pneumonia, tuberculosis...) are very common among these people. With a shortage of supplies in clinics, the lack of health education, coupled with malnutrition and the humidity of unhealthy housing, these diseases are wreaking havoc."

"The link between the crisis and the general rise in violence is also obvious. This morning on TV they were talking about a young couple. The woman was pregnant, they had no money and out of desperation they attacked a taxi driver. He refused to hand over his money, and so the couple set on him with knives. The driver met a bloody death. In this district (the Rio suburbs) 8 per cent of all

deaths are linked to crime." Rosely adds: "In the 15 to 25 age group, one death in five is linked to crime, with a ratio of 8 to 1 between men and women. That is not to say that women do not suffer from the violence, far from it. As the mothers or wives of the young men who are killed, they are they ones who have to bear the burden."

Even before the crisis, the International Monetary Fund acknowledged that Brazil had one of the world's worst records for social justice. According to the barometer used by economists to measure the rate of inequality - the Gini index - Brazil is top of the league with a rate of 0.59, far higher than the Asian average of between 0.35 and 0.39. And the crisis is bound to create further inequality.

### Africa

Of the 45 countries classified by the United Nations as least developed, 32 are in Africa. These 32 countries account for about 46 per cent of the total continental population, but only about 16 per cent of its GDP. More than half of the 360 million people in Eastern and Southern Africa live on less than \$1 a day, four years after their leaders committed themselves to eradicating poverty at the World Summit on Social Development in Copenhagen in 1995.

These people are also affected by structural adjustment programmes, many of which were brought in as a condition of loans from international financial institutions, which had to lend to countries after former dictators left having milked the country dry of all their resources. The massive foreign bank deposits of ex-President Mobutu in the - now renamed - Democratic Republic of Congo provide an example of this phenomenon.

### DROWNING IN DEBT

The current debt for Africa is over \$350 billion. Countries like Rwanda and Tanzania spend as much as 60 per cent of their revenues on servicing foreign debt, six times the amount they spend on education.

Thelma Awori, Director of UNDP, Africa, recently expressed her frustration at the situation as follows: "We should ask ourselves today, whether Africa, a place of diamonds, gold forests, oil and abundant beauty should be the home of people living in miserable conditions".

Many of these countries have found themselves owing debts hundreds of times their annual earnings, which they have absolutely no chance of repaying. To deal with this the Highly Indebted Poorest Countries (HIPC) initiative was brought in to reduce and in some cases to write-off the debt. However, its implementation has been very slow and disappointing. The \$7 billion promised mainly to

African debtors over the next four years contrasts starkly with the \$100 billion loans mobilised for Asia over just one year.

### TRADE AND DEVELOPMENT

Given the present world economic crisis, most developing countries feel lukewarm, at best, at the prospect of a new round of WTO negotiations. They know that as things stand at the moment, they will find it hard to make their views count. Low-income developing countries have little negotiating strength in the WTO process.

Two-thirds of ICFTU affiliates come from these countries and the ICFTU is very much aware of those trade unions' concerns about a new round. If developing countries are to support the new WTO round, they need effective guarantees that they will benefit from it.

The ICFTU proposes that a new WTO Negotiating Group on 'Treatment of Developing Countries' be set up in the new Round. This would review the WTO's current mechanisms and functioning in order to make it more flexible in dealing with the needs of developing countries, especially the Least Developed Countries, and in protecting their rights. WTO industrialised country members will have to make a much greater financial commitment to assist developing countries so that they can obtain a positive impact from trade.

**The ICFTU advocates the following measures for developing countries:**

- a much more generous financial commitment from the industrialised country members of the WTO to help developing countries, including trade assistance programmes that are gender-sensitive;
- assistance in using the trade disputes mechanism of the WTO;
- the use of capital controls to prevent financial destabilisation;
- the opening up of world trade in agricultural products;
- strengthened provisions on food security in the WTO Agreement on Agriculture, with attention to the situation of women agricultural producers;
- renegotiation of the Trade-Related Intellectual Property Rights (TRIPs) Agreement to provide improved protection for developing countries, especially LDCs, including exemptions for life-saving drugs and particular regard to the problems of indigenous peoples and rural communities;
- urgent removal of tariffs and import quotas for least developed countries respecting core labour standards;
- acknowledgement of the need for a multifaceted development strategy which stimulates internal demand at the same time as export production while maintaining food security.

These measures would provide developing countries with some assurance that their interests will be taken into account in the new WTO negotiating round.

Furthermore, the ICFTU supports the NGO Jubilee 2000 initiative on debt relief. It agrees that the process must be speeded up to provide debt relief for all potential qualifying countries by the year 2000. Large scale concerted action is essential to avert the risks of a deep and long world recession, through :

- a major increase in financial assistance to the developing and transition countries in the front-line of the crisis, targeted on social programmes and the restructuring of private and public debt;
- substantial reforms to the architecture of the global financial system;
- a coordinated cut in interest rates across the OECD countries;
- support for the building of democratic institutions and the principles of good governance, including the respect for fundamental workers rights; and
- a determined drive to eradicate poverty.

#### TRADE AND THE ENVIRONMENTAL PERSPECTIVE

Since the Singapore WTO Conference various other factors have become central to the debate. The first concerns the environment. The presence of smog which obscured the sky over much of Indonesia and Malaysia during autumn 1997, brought home to people the importance of controlling the rape of the environment by the race for a quick buck.

The WTO lacks any legal clarity to make sure that its trading regulations are compatible with trade provisions of multilateral environmental agreements such as the UN Convention on Climate Change (UNCCC). In other words, countries which agree to comply with targets for reducing ozone or greenhouse gases risk being found guilty of trade discrimination because they are not in line with trading regulations of the WTO.

At successive UN Environmental meetings like the Commission Sustainable Development (CSD), where the trade union delegation is a strong force, trade unionists have been forcing home the point that ensuring sustainable development depends, to a very large extent, on respecting core labour standards. One way to reduce greenhouse gases is for trade unions to work with employers to achieve agreed targets at workplaces, and to promote political support for other measures within their communities around the world.

It was a major success for the trade union movement when, in 1998, the CSD defined a sustainable workplace as one that respected all the core labour standards. This definition was stated again at the Commission for Sustainable Development in April 1999.

In addition, the ILO has developed a body of sustainable development indicators which link health, safety and environment issues with core labour standards, which have been used extensively at the CSD.

The WTO Committee on Trade and Environment needs to be strengthened. While the WTO Committee has provided an important forum for discussion since it was set up in 1994, it has so far not made sufficient progress in harmonising emerging global rules on the environment with trade policy.

Environmental concerns need to be mainstreamed throughout the WTO, and this should be done in Seattle by establishing a formal WTO Negotiating Group on 'Environmental Protection and Trade'.

Formal recognition is needed of the importance of the precautionary principle in environment and health-related trade questions, including preventing hazards at work.

The ICFTU has stressed how important trade unions can be in protecting the environment. Not only are they crucial to worker involvement, they are in a strong position to facilitate education and communication as well as to intervene with governments and employers as well as other stakeholders.

#### WORKERS AND TRADE UNIONS IN THE WEB OF TOURISM

The ICFTU/TUAC produced a book for the 1999 United Nations Commission of Sustainable Development (CSD) entitled "The Web of Tourism", which was the subject of debate at this year's CSD.

The publication's arguments clearly illustrated the links between the need for a workers' rights clause and the environment. It argued that sustainable tourism would only succeed if it involves workers who feel that they have a stake in it, which means being democratically involved at work. In addition, the book argued that incorrectly managed tourism leads to the universally criticised aspects of tourism such as child sex tourism. Therefore, implementation of core labour standards, such as that banning child labour, is needed to achieve sustainable tourism.

The book said that tourist workers have great potential for shaping the understanding and perception of the tourists they serve. Through the use of education, workers can be proponents of sustainable tourism.

### THE TRADE AND GENDER PERSPECTIVE

The absence of social considerations in WTO negotiations to date has meant that WTO procedures and mechanisms proceed as if trade was gender-neutral. Therefore, in spite of the fact that hundreds of millions of women work in export sectors or are affected by trends in international trade, no attention was paid in the Uruguay Round, or so far in any part of the WTO work programme, to the gender implications of trade liberalisation. As a result, trade policies that are not gender sensitive adversely affect women and increase the gender segmentation of the labour market. For example the expansion of export processing zones and clothing, textiles and light manufacturing industries has generally been based on low-wage female labour working in unacceptably bad conditions, often without any protection of their right to organise into trade unions.

In other countries, traditional agricultural products mainly produced by women often cannot compete with imported goods when trade barriers are reduced, as has been shown by work of the Informal Working Group on Gender and Trade (IWGGT). This can also result in decreased food security. The reduction in revenue when import tariffs are reduced frequently results in fewer public services, which tends to have its most negative effects on women who depend on services such as health care, child support, maternity assistance payments and so on. Local producers, often women, may be replaced by TNCs. Export promotion measures, including subsidies and access to credit, may also adversely affect women's income and employment positions.

According to the ILO 'Since the 1980s women have been providing the bulk of all new labour supply in most regions of the world. However, although women's employment has been growing they still have higher unemployment rates than men and far outnumber men among the poor and the underemployed....Women are crowded into low-skilled, low-status, low-paid and atypical jobs under precarious forms of employment arrangements.'

### WOMEN ALWAYS COME OUT WORSE

Whatever the economic situation, their level of education or the type of job they have, women always earn less than men, in both rural and urban areas. In the service sector, women earn 70% of the monthly income of their male colleagues. In industry the difference is even greater as women receive on average 56% of the male salary. In total, women receive only 25% of the wealth they have helped to create.

Women's labour is the staple of the burgeoning export zones, which now number over 850. The expansion of these zones has generally been based on low-wage female labour, in unacceptably bad conditions, without any protection to organise into trade unions. ICFTU reports have described how some countries deliberately advertise these zones as places where women can be 'bought' very cheaply to carry out work, often in the textile or electronics sector. For example a recent campaign to encourage investors described Salvadorian women as 'submissive, hard-working, skilful and non-unionised'. This, they believe, gives a country competitive edge over rivals. However, although the combination of direct investment, employment and technology transfer are presumed to stimulate development of the host country, there is virtually no link between the EPZ and the economy of these countries.

Export zones were originally established in Central and South-East Asia. They have now gained a foothold in all regions of the world, particularly in Africa and in Central and Eastern Europe. According to the ILO, women, who represent 90% or more of the EPZ work force in the textile, clothing and electronic assembly sectors, suffer more disadvantages than men, long working days, low wages, lack of social facilities and the often arduous nature of the work.

### DISCRIMINATION IN BOLIVIA

Elvira starts her day at 4am. She prepares breakfast and lunch, before helping her children to get ready for school. At 6.30 she goes to the factory, returning home only having worked 12 hours non-stop at her sewing machine. At the end of the month she brings home 500 bolivianos (\$80). Juan, her husband, does the same work in another clothing factory. However, in his case he only works the statutory eight hours, and at the end of the month he is paid 650 bolivianos (\$110). As well as earning less, women like Elvira are forbidden by their bosses to become pregnant, in order not to have to pay them maternity leave.

However, it is clearly not simply in the Export Processing Zones that women are discriminated against at work. Women, who make up the bulk of public service workers, have also felt the effects of the recession. The public sector is a sector where there have been major cutbacks.

For example in Russia, and in the rest of the former Soviet Union, state coffers are empty. Public expenditure on education has been slashed, basic social services have stopped and the public sector has collapsed. In 1997, even though women comprised 53% of the population of the Russian Federation, they represented 70% of the jobless total.

In practical terms as well, women's share of unpaid work, mainly in the home, has grown. Once again women are finding themselves confined to a gender-based system of dividing labour where the man is the 'powerful' one, the 'breadwinner' and women have become entirely responsible for the family, bringing up the children and doing all the housework.

The 7th ICFTU World Women's Conference, which took place in Rio de Janeiro, Brazil in May this year (1999) took as its theme Women in the 21st Century: Demanding our Space, Taking our Place. The discussion at the Conference centred round how to change the face of globalisation so that it responds to women's needs. Current research shows that of the 1.3 billion people living in poverty worldwide, more than 70% of them are women and girls.

As part of the trade union lobbying of the WTO, the ICFTU is cooperating with NGOs and other social groupings to defend the interests of women workers. It is also part of the Informal Working Group on Gender and Trade (IWGTT) which comprises more than 30 women's groups.

It submitted a Declaration on Gender and Trade to the WTO's Second Ministerial Conference in Geneva, drawing attention to the way in which trade liberalisation adversely effects women. For example, it stressed that when social service provision is reduced, the burdens are shifted on to the household, and inevitably, to the woman. The statement also drew attention to the way in which, historically, the expansion of trade has been based on access to low wage female labour.

Fundamental to defending the working standards of women, is the ban on any form of discrimination against women, a ban which is central to the objectives of equality and development which were defined at the 4th United Nations' Women's Conference in Beijing 1995, in which the ICFTU played an active part.

As a follow-up to Beijing, the ICFTU is continuing to call on governments to respect the pledges they made there. It will also be taking an active part in the UN General Assembly debate "Women 2000 -Gender equality, development and peace for the 21st Century" which takes place in June 2000 .

Because of growing pressure for women's groups to make globalisation adapt to women's needs, there is likely to be a demand at the Third WTO Ministerial that these issues are clearly addressed within the WTO, and that gender concerns must be mainstreamed within the WTO's structure. One way to do this is for the WTO to build

into its functions the respect of the core labour standards on discrimination - Convention 100 on equal pay, and Convention 111 on discrimination.

### TRADE AND TRANSPARENCY

The last factor to surface has been an increasing impatience from the world outside the WTO with the undemocratic mechanisms of the organisation. Among the measures to begin opening up the WTO are efforts to involve NGOs more directly. One move has been to open up its website to contributions from NGOs.

However, the WTO system still needs to become much more democratic. It needs to set up proper channels for involving trade unions and other democratic representatives of civil society, and it needs to recognise that they have legitimate concerns.

A proper consultative process should be established to ensure that international union, business and other non-governmental organisations can present their views to WTO committees and discuss issues of mutual concern with trade ministers, on occasions such as WTO Ministerial Conferences. The WTO General Council should furthermore take immediate measures to improve public access to information emanating from the WTO. This should entail automatic de-restriction of documents except under exceptional circumstances.

### BANANAS - LABOUR, SOCIAL AND ENVIRONMENTAL STANDARDS

So far, the US-EU banana trade dispute has failed to talk about the social and environmental problems in banana exporting countries. This illustrates a major gap in the international machinery for resolving the dispute.

Central American bananas are produced on large 'industrial' plantations which employ large numbers of poorly paid workers. In some cases workers trying to organise unions have been murdered by para-military gangsters and thugs. The large quantities of fertilizers used, and the rerouting of natural water sources have also caused huge environmental problems.

On the other hand Caribbean bananas are produced on small family farms, mostly farmed by women in mountainous districts at relatively high cost. Many of these islands are dependent on the banana industry.

An innovative programme is needed to improve the observance of labour and environmental standards in Central America, and to broaden the employment base in the Caribbean, as well as ensuring that the governments and powerful multinational companies contribute to sustainable development in Central America and the Caribbean..

At the moment there are no WTO guidelines which allow it to look beyond a narrow trade definition of a dispute. The trade system is threatened by trade sanctions because politically well-connected multinationals have pushed governments into being champions in a battle for market share in consuming countries.

The WTO's dispute settlement procedures need to be opened up for public information and involvement. The relevant civil society groups concerned by any dispute settlement process should be able to engage in direct participation in the procedures. There should be a swift public release of the findings and conclusions of disputes settlement procedures.

Developing countries, too, find it hard to participate in the WTO system. A much more generous financial commitment is needed from the industrialised country members of the WTO to enable developing countries to better participate in the process. A package of financial, technical and legal assistance needs to be made available to developing countries, especially the least developed, to assist them in capacity-building so as to maximise the benefits of their participation in the global trading system. Many developing country members of the WTO should also be provided further assistance to help them to take a full part in the technical negotiations involved in areas such as intellectual property rights and investment measures.

The global economy needs global rules. Although it could be a powerful mechanism for dynamic development, it can also lead to the exclusion and marginalisation of millions of ordinary citizens. Achieving progress on development, environment, gender, transparency and international workers' rights and trade is one of the keys to the future of the world trading system.

### PART III

## THE PROPOSAL FOR A WORKERS' RIGHTS CLAUSE

### WHY DEVELOPING COUNTRIES WOULD BENEFIT MOST FROM RESPECTING WORKERS' RIGHTS

The accusation most commonly leveled against those campaigning for linking trade and workers' rights is that it is an attack on the up-and-coming developing countries by the hidebound economies of the West.

However, competition is not simply between developing countries and industrialized countries. Low-wage economies are in direct competition not with countries producing high value-added goods, but with other low-wage countries. And the labour on the other side of the border will always be cheaper.

The world's financiers have developed an investment strategy where out of \$100 billion for all the developing world, China alone gets \$38 billion and all of Africa gets just \$5 billion. The attractions of China are obvious. There, the labour isn't just cheap; some of it is free. The country has a vast network of labour camps. Whole factories are being run by the army. Who can compete with that?

Developing countries struggling to emerge from economic crisis, many of which have governments which would genuinely wish to raise working and living conditions, are in a difficult position to compete with other countries with development models based on Export Processing Zones – where cheap labour, use of young female workers and, often, lack of union rights are among the main selling points. Unfettered competition leads to a race to the bottom. Without a mechanism to link core labour standards to the world trading system such as a workers' rights clause, this is the shape of things to come for low-wage economies.

Many developing countries aren't even at the starting gate. Countries in sub-Saharan Africa and Latin America are still struggling to emerge from the economic crisis of the 1980s and have so far been excluded from the benefits of globalization.

Those who have aren't getting the return they deserve. Around the world, income and wage inequalities continue to expand with societies polarized between those who have the wealth or skill to gain from global integration and those who remain trapped in poverty without productive employment or basic labour standards.

Apart from a handful of countries, the investments made in Export Processing Zones have generally failed to spill over into the rest of the economy.