

The NAMA 11 Trade Union Group: Overview and Achievements

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At the end of 2006 some of the NAMA 11 trade unions felt the need for closer cooperation and coordination on the NAMA negotiations given the serious impacts these negotiations would have on employment and industrial development in their countries. It was decided to set up a NAMA 11 trade union group in support of the NAMA 11 governments group in the WTO. It started off with a few trade unions from NAMA 11 countries and was gradually expanded to most NAMA 11 countries, with some trade unions playing a more active role than others. The main aim was to coordinate national and international trade union action on NAMA, to follow negotiations more closely, to respond quickly to key events in the negotiations, and to inform all members of the group of the different activities that are taking place at the national level with regard to NAMA.

The members of the group are representatives from trade unions from Argentina (CGT), Brazil (CUT), South Africa (COSATU), Tunisia (UGTT), India (HMS), Indonesia (KSBSI), the Philippines (TUCP and APL) and Namibia (NUNW). Trade unions from Egypt and Venezuela have not engaged actively so far, but have signed on to some of the declarations. Other trade unions that have been included as signatories on some of the statements are FEDUSA (South Africa) and CITU (Indonesia).

The main channels of communication between the members of the NAMA 11 trade union group are an e-mail list and the use of telephone conferences at a regular interval. Between December 2006 and February 2009 more than thirty teleconferences have taken place.

Since the start of the group a number of declarations have been put together by the members of the group with an aim to react to different stages in the negotiations and to regularly communicate the trade union position with respect to the different NAMA proposals.

The original position of the group on the NAMA negotiations was characterised by the following points:

- Pressure developed countries to make unconditional offers of greater market access in Agriculture, which must not be linked with NAMA. The benefits from market access in agriculture are likely to flow to a few countries only, and are likely to benefit capital intensive agriculture. Industrial development and jobs in manufacturing in our countries should not be exchanged against these. Even in countries that benefit from market access in agriculture, it is not right to have a trade-off between future industrial growth and the development of the agriculture sector.
- 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.
- Ensure that developing countries' "paragraph 8" flexibilities, as 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. Developing countries should not have to choose between these two options. At the same

time, these 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; these flexibilities should also allow for changes over time in the tariff lines that will be selected to be covered by paragraph 8, so as to respond in a flexible way to future industrial development needs.

- Maintain their unity at the WTO in the face of pressure from developed countries
- Ensure 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.

These demands have continued to serve as the basis for subsequent interventions and declarations by this group.

The group prepared a second statement at the occasion of a NAMA 11 ministerial gathering that took place in Geneva on 11 June 2007. The NAMA 11 Ministers invited the NAMA 11 trade unions for a meeting. All NAMA 11 trade unions were present at this occasion¹. The main demand that they put forward was for the NAMA 11 group to keep its position in the NAMA negotiations and to refrain from making further compromises, given that their current position was already a compromise in the view of the trade unions, i.e. the demand of a difference in coefficients between developed and developing countries of at least 25 points, and to ensure that countries can make tariff reductions in line with their levels of development, while respecting the principle of less than full reciprocity. Furthermore the demand for more flexibilities was put forward strongly by the trade union group, including the demand that flexibilities can be changed over time, depending on specific development needs.

In June the ITUC General Council meeting in Brussels (20-22 June) adopted a resolution on NAMA. This resolution calls for developing countries not to be pressured for trade offs in NAMA in exchange for benefits in agriculture and for tariff reductions that will negatively affect their economies, employment and future industrial development. It further demands that the paragraph 8 flexibilities in NAMA should be expanded substantially, allowing both the exemption of certain tariff lines and for lower tariff cuts on other tariff lines, and for countries to be allowed to make changes in their choice of flexibilities over time, based on future industrial development needs. The resolution also calls for a profound *ex ante* analysis by the WTO and ILO of the consequences of proposed Doha Round trade liberalisation on the level of decent work. Finally, it calls upon the ITUC secretariat and its affiliates, and regional trade union organisations, to increase action and lobbying on NAMA in support of developing country affiliates and the NAMA-11 trade unions.

In July 2007 the NAMA draft modalities text came out. In response to this text another statement was prepared by the NAMA 11 trade union group. The statement criticized the draft modalities

¹ Trade unions from Argentina, Brazil, Venezuela, Egypt, Tunisia, Namibia, South Africa, India, Indonesia and the Philippines

text for proposing only a small range of very low coefficients (between 19 and 23) for developing countries, which does not respect the principle of less than full reciprocity and does not respect a 25 point difference between the coefficient for developed and developing countries (whereas a coefficient of 8-9 was proposed for developed countries without any flexibilities). ITUC simulations showed that such coefficients as proposed in the modalities would result in cuts in applied rates in a number of sectors in a number of developing countries. At the same time such coefficients would cut deeply in the bound tariffs of countries leading to cuts of 60%, resulting in new bound tariffs of between 12 and 14% for most countries, which is considered to be very low as a basis for industrialization. A NAMA 11 trade union letter (as well as a declaration of Latin American trade unions) was sent to the NAMA 11 governments. The letter was also sent to all Geneva based missions, to the Chair of the NAMA negotiations and to the press. At the same time the NAMA 11 trade unions also sent the letter to their capital based trade delegates and local press. The key message of the letter was to call upon governments not to accept the draft modalities text as a basis for further negotiations, given that the coefficients and flexibilities proposed were extremely low, and not at all reflecting the NAMA 11 trade union position. In addition, the draft modalities did not leave any room for further negotiations and could therefore be considered as almost final modalities whereas in Agriculture a lot of issues remained to be negotiated. Again the NAMA 11 trade unions called upon the NAMA 11 group to take a strong and united position.

After the summer-break, when it became clear that the NAMA text would not serve as a basis for further negotiations, a letter was prepared by the trade union group to express appreciation for resisting an unbalanced NAMA text. During this period a lot of pressure was put on the NAMA 11 group by developed countries, the NAMA chairperson, Director General Pascal Lamy, and other developing countries, to accept the text as a basis for further negotiations. On several occasions the group was warned that blame would be put on the NAMA 11 if negotiations would remain deadlocked because of opposition to the NAMA text.

During the fall, preparations were made for NAMA 11 trade union group lobby meetings in Geneva. However, due to the lack of progress in the NAMA negotiations such meetings were postponed. Action was however undertaken by the group in reaction to some developed country WTO submissions in December 2007. These submissions stated that the coefficients as put forward in the July text were considered to be balanced ones. They would not result in reductions in the applied tariffs and would fulfill the principle of less than full reciprocity. They also indicated that no more flexibilities could be extended to the developing countries beyond the ones already on the table. A US and EU communication went even further and proposed to reduce the flexibilities beyond those in the July draft modalities text. The NAMA 11 trade union group reacted with a declaration stressing the importance of the flexibilities for developing countries and the urgent need to allow for more flexibilities instead of less. The declaration also argued for the possibility to change flexibilities over time, if industrial development needs would require such changes. This declaration was again widely distributed.

On the 8th of February the Chairperson of the NAMA negotiations presented a new draft modalities text. The text proposed again a range of coefficients for developing countries between 19 and 23. This time the percentages for flexibilities were left open in the text, but could be adjusted both upwards and downwards. In reaction to these draft modalities the NAMA 11 trade

union group prepared a response in which it rejects the proposed range for coefficients for developing countries. Despite opposition to these coefficients by the NAMA 11 governments in July 2007, the Chair continued to include this range in the text. The NAMA 11 trade union group felt that such a range will seriously affect employment and industrial development in their countries and should therefore not form the basis for further negotiations. Concerning the flexibilities the trade unions welcomed the fact that these are still subject for discussion, but urged members to increase flexibilities much further than before. The trade union group also called upon the NAMA 11 countries to keep the NAMA 11 group united.

In March 2008 lobby meetings were held in Geneva by some fourteen trade union representatives from NAMA 11 trade union organizations and Latin American trade unions. The programme included meetings with the NAMA 11 negotiators, the Latin American negotiators, the EU, US, the Chairperson of the NAMA negotiations Ambassador Stephenson, and the press.

In July a new NAMA modalities text (TN/MA/W/103/Rev.2) was presented by the chairperson, building on the previous ones, just before the mini-ministerial, which was organized by Director General Pascal Lamy. Around 35 ministers came to Geneva, including ministers of most NAMA 11 countries. Again, trade union lobby meetings were organised to counter the pressure put on the governments present in the negotiations. Trade unionists from Brazil, Argentina, the Philippines and India came together in Geneva and prepared a joint declaration with the Latin American trade union group. Press conferences were held and active lobbying took place.

The negotiations took mainly place in a small group of seven countries: Brazil, India, the EU, the US, China, Japan and Australia. The negotiations hardly made any progress, but at the end of the first week Lamy tabled a text with a number of issues for agreement on a take it or leave it basis. The G-7 almost accepted the entire set of issues, except for the special safeguard mechanism in Agriculture. Some also expressed reluctance on sectoral negotiations and the anti-concentration clause in NAMA. However, the numbers for the coefficient and the flexibilities in NAMA for developing countries were accepted by India, Brazil and China. The proposal (see also JOB(08)/96) included three possibilities: a coefficient of 20, with flexibilities of 6.5% or 14%; a coefficient of 22 with flexibilities of 5% or 10%; or a coefficient of 25 without flexibilities. These coefficients, like the previous ones, would result in high tariff reductions and job losses, they would not reflect the principle of less than full reciprocity and undermine industrialization. These proposals neither reflect the NAMA 11 position and the NAMA 11 trade union position. Moreover, the flexibilities that were offered remained far too low, despite a slight increase.

However, the acceptance of the NAMA part of the Lamy text by India, China and Brazil had serious consequences for the NAMA 11 position. The break-away by these countries from the joint position, without prior consultation was not very much appreciated and also found great disappointment among the trade unions. The non-G-7 NAMA 11 members were further divided. Most of them decided to agree on the proposed ranges for coefficients and flexibilities as they did not want to be seen as a dealbreaker, like the Philippines, Indonesia, Tunisia and Egypt. Venezuela opted for the status of a Small and Vulnerable Economy, given its dependence on oil. Only South Africa and Argentina really opposed the Lamy text and could not accept the proposed coefficients and flexibilities.

The NAMA 11 trade union group found itself in a difficult position as well, since an important reason for establishing the group was to give support and to pressure the NAMA 11 governments to take a strong position on NAMA. The NAMA 11 trade unions continued to try and alter the government positions and CUT Brazil engaged in an analysis of the employment impacts with the government, based on the Brazilian position in the G-7.

Another issue that came up during the mini-ministerial meeting was the demand by some European sectoral trade unions (metalworkers, supported by textile workers and mining and chemical workers), in support of the European Commission demand, for market opening in developing countries. This position went against the ITUC General Council resolution for support to the NAMA 11 and developing country trade unions against the unfair NAMA demands by the developed countries. The European trade union demands were therefore rather surprising. The NAMA 11 trade unions felt that a discussion would have been useful before such a position was taken and had difficulties to understand the European trade union position. Since the NAMA proposals are not in the interest of trade unions in developing countries (too high tariff cuts leading to unemployment and deindustrialization) nor are they in the interest of developed country trade unions (employment losses in Europe in some sectors without any flexibilities) it would have made more sense to join forces and to support one another in opposing the current NAMA proposals. Instead the NAMA 11 trade unions felt a clear lack of support on the side of their European colleagues, putting international trade union solidarity into question.

From September on, the NAMA 11 regrouped but focused on a range of other NAMA issues around which they could build a NAMA 11 consensus. These are the sectoral negotiations and the anti-concentration clause. The NAMA 11 position calls for a non-mandatory participation in sectoral negotiations, as stated in the 2005 Hong Kong Ministerial Declaration. This position is also supported by the NAMA 11 trade unions, since sectoral negotiations aim at eliminating tariffs in the various sectors that have been selected for this approach, and which would have a seriously negative impact on employment in those sectors in the NAMA 11 countries.

In December 2008 the new NAMA chairperson, Luzius Wasescha, tabled a revised modalities text (TN/MA/W/103/Rev.3), based on the previous texts and with proposals for the coefficient and the flexibilities reflecting the Lamy July text. Different treatment for South Africa, Argentina and Venezuela remains under negotiation.

South Africa and Argentina have continued bilateral negotiations with several WTO members on the coefficient and flexibilities to be applied to them. They can not accept the developing country ranges for the coefficient and indicated the need for a higher coefficient and more flexibilities. The trade unions in these two countries continue to support their governments on this basis. No final outcome has been reached although negotiations for South Africa seem to be more advanced than with Argentina.

Activities in the NAMA 11 trade union group have not just taken place at the international level. Many of the participating trade unions have also followed up with work at the national level, through meetings with their respective trade ministries, press work, capacity building and research. Examples of a number of these individual trade union activities at national level can be found elsewhere in this publication.

The work on the NAMA 11 trade union group was further supported by the IMF (International Metalworkers Federation) which has a key interest in the NAMA negotiations given the impacts on employment in their sector. In that respect a study by the Social Observatory in Brazil on the impacts of the NAMA negotiations on employment in the metal sector was conducted in 2008².

The main results of the work of the NAMA 11 trade union group so far are:

- The work on NAMA among different NAMA 11 trade unions from different parts of the world has created a strong group, with a positive atmosphere and a feeling of solidarity.
- The work has shown that lobbying can be effective, that together they can stand strong and have an impact.
- The effectiveness of the activities depends on a strong coordination, continuous access to information and interventions on the right moments.
- Both the international and the national level interventions are important and are complementary.
- The effectiveness of national level interventions depends on the trade union strength, regularity of engagement, channels for engagement and trade union capacity on trade.
- Relations with the press are important. The group is now considered as an important player in the NAMA negotiations that has an influence on the NAMA 11 positions and unity and thus on the rest of the negotiations.
- There has been a good cooperation with the Latin American trade union group on specific actions and both groups complement and reinforce each other.
- The work has shown that developing country trade unions can stand strong together, that they can make a difference, but it requires commitment.

It is unclear how actively the trade union group will continue in 2009. With a slowdown in the negotiations very likely to take place in the first half of 2009, the work of the group is also likely to be reduced and will mainly consist of monitoring of the negotiations. However, the group has shown a strong capacity to mobilize rapidly at crucial moments and will continue to do so in the future.

² Impactos das Negociações de NAMA sobre o setor Metalúrgico na Argentina e no Brasil, LASOS, Laboratorio social sindical y Instituto Observatorio Social, Parceria FITIM e OIT, Sao Paulo, Junho 2008.