

**FIGHTING FOR
WORKERS' HUMAN
RIGHTS IN THE
GLOBAL ECONOMY**



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At our 1996 ICFTU World Congress, delegate after delegate spoke about the fears of working women and men over their jobs. Insecurity in employment, worries about pay, increased intensity of work, authoritarian management, union busting, discrimination, children at work when they should be at school, dangerous and unhealthy conditions, and most of all the difficulty in getting workers' views heard. Although they saw the potential of the expanding global market, what they felt from their members was the pressure of increased competition undermining basic workers' rights. Their answer to these problems was not a reversal of the process of opening up trade and investment but stronger rules to ensure that core labour standards are universally observed in the new global economy.

In this booklet you will find the ICFTU's proposals for linking basic workers' rights to trade liberalization. We explain their rationale and answer the critics, we summarize the history of our campaign and we point to the next steps forward.

The ICFTU Campaign on Labour Standards and Trade focuses on a short list of basic human rights at work. Aimed at preventing repression, discrimination, forced and child labour, they are enabling rights which all countries regardless of their level of development can and should apply. With these rights workers have a voice, an opportunity to have their say about their working conditions. It is a simple but powerful demand that anybody who professes to believe in democracy and human rights can accept. But these rights are all too often abused, and as a result legitimate grievances and aspirations are suppressed.

Markets, including the global market do not work without rules. That is why the World Trade Organization (WTO) was set up. Its agreements cover an impressive range of subjects, but not the fundamental workers' rights that are essential to determining contracts of employment that reflect a reasonable balance between the interests of the employed and employers. World trade is a complex chain of interwoven contracts across national boundaries, but the first link in that chain is the exchange of work for pay. The absence of agreed rules on basic workers' rights is a gap that could threaten the whole elaborate edifice of the global market. Without common rules applied by all member states of the WTO, workers can have no confidence that their efforts to meet the challenge of competition will not be unfairly

undermined by unscrupulous employers and governments looking for a quick profit.

I hope this booklet will be widely read by trade unionists and all who are interested in ensuring that the world economy is founded on co-operation as well as competition. Our arguments are making headway, even though a lot of work still needs to be done to convince those who have genuine doubts about the workability of our ideas. We must build on and strengthen the acknowledged competence of the International Labour Organization on labour standards. And we must break down the barriers which separate the world of commerce from the everyday concerns of working people.

Read this booklet! Use it! Give it to your friends and to all those who see the dangers of globalization without a human face! And let us have your views.

1998 could be the year when governments start their preparations for the Millennium Round of trade negotiations. They will not get far if they do not take heed of workers' fears that globalization is for a rich few and promises only more insecurity for working people. This booklet shows how the international community can begin to respond to the needs and aspirations of hundreds of millions of working people for a say in their future.



Bill Jordan
General Secretary
ICFTU

PART I

THE NEED FOR A WORKERS' RIGHTS CLAUSE IN INTERNATIONAL TRADE AGREEMENTS

BASIC WORKERS' RIGHTS IN THE GLOBAL ECONOMY

According to the world's leading economic institutions the International Monetary Fund (IMF), the OECD and the World Trade Organization (WTO), trade, investment and economic growth are all booming. Globalization of the world economy is stimulating massive investments by transnational corporations (TNCs) which is acting as a dynamo to produce more jobs and higher profits worldwide. Somehow, however, the experiences of individual workers do not correspond to this rosy view of world developments. Poverty and inequality are on the increase in the developing world and growing insecurity and mass unemployment scar the industrialized world.

This contradiction has a simple explanation - we are seeing a worsening of the two-tier economy, with the divisions between rich and poor widening as income distribution worsens everywhere. The world economy is producing wealth and dividends for some but poverty and insecurity for many others.

Yet the only answer seems to be more of the same. Governments desperate to increase their countries' exports and attract foreign investment are finding themselves in a buyers' market dominated by companies who can name their price. And that price all too often includes cheap labour, low standards and no trade unions.

DEFENDING FUNDAMENTAL TRADE UNION RIGHTS

The most recent edition of the ICFTU's Annual Survey of Trade Union Rights¹ shows that 264 trade unionists were murdered in 1996. There is no doubt that many of these murders took place as a result of governments' failure to protect trade union rights and, in some cases, with the tacit agreement of certain governments. Trade unionists in Colombia, where 80 of their colleagues were killed during the year, say that the security forces were implicated in many of the killings. They add that violence against union members was never investigated.

The persecution of trade unionists in Colombia is extreme but not unique. It is merely one example of a pattern listed throughout the Survey: workers carrying out normal trade union activities are accused of threatening the country's economic progress, and then find themselves the victims either of repression by their own governments, or by company thugs. In many countries, the trade union movement's scope of action is being steadily curbed by batteries of new laws, special powers, and so-called "labour code reforms", with trade unionists being

treated as criminals and accused of sabotage, subversion, and even terrorism. These accusations are used to justify repressive legislation against trade unions, or the persecution of individual trade unionists. The Survey records over 7,600 cases of harassment, intimidation and death threats made against union members in 1996, and lists 4,262 cases of people being arrested or questioned for carrying out activities recognized in international law and codified by the International Labour Organization.

Some countries will not tolerate free trade unions at all. China is becoming a powerful player on the global economic stage, with many experts predicting it will have the biggest economy in the world within the next 25 years. There are 153 million manufacturing workers in southern China alone powering an economy unencumbered, as the regime would see it, by any kind of independent voice demanding higher standards or fair wages. Many factories in China are run by the army, and the country has an extensive forced system of labour camps where the labour is unpaid. It is difficult to see how any other government could compete with that, no matter how tightly it restricted workers' rights.

Yet that is what many governments seem to be doing, especially those who are competing for foreign investment. In Latin America, governments are investing heavily in Export Processing Zones, and touting them as sources of cheap, mainly female labour where unions are suppressed. Some Asian leaders have tried to portray trade unions as alien institutions that are threatening Asian culture - though this is not a view their citizens seem to agree with, whenever they have the liberty to organize free trade unions. In Central and Eastern Europe, there is widespread hostility to trade unions, with governments designing labour laws so as to frustrate, rather than encourage collective bargaining, and to place limits on trade union activity.

An important part of the explanation for this downward pressure on trade union rights is the global competition for trade and investment. Rather than trade being the well-spring for the improvement of living and working conditions through the resources provided by higher exports, it is all too often the source of misery as governments actually reduce workers' rights in order to minimize labour costs. This "beggar-thy-neighbour" competition has effects on all countries, including the industrialized, but it goes without saying that the countries worst affected are those developing countries genuinely seeking to protect workers' human rights and raise basic living standards, for these are the countries most vulnerable at the margin to being forced out of the world market.

It's hurting, but is it working? Ironically, the answer appears to be no. According to the OECD2, countries that suppressed union rights did not improve their economic performances, and "concerns expressed by certain developing countries that core standards would negatively affect

their economic performance are unfounded". The OECD also said that "host countries may be able to enforce core standards without risking negative repercussions on FDI [Foreign Direct Investment] flows".

The conclusion is irresistible: never was so much inflicted on so many for so little and so needlessly. A workers' rights clause as suggested by the ICFTU would end this downward spiral in living and working conditions. The international labour standards we propose constitute basic human rights for workers. We do not advocate global minimum wages and working conditions - what we seek to stop is governments trying to gain competitive advantage through the repression, discrimination, and exploitation of workers, and instead to ensure that globalization does result in gains for all workers.

SETTING A MINIMUM AGE FOR EMPLOYMENT

Almost every country has laws against child labour, and virtually all have signed the UN Convention on the Rights of the Child, protecting children from exploitation. Many countries respect this Convention as well as ILO Convention 138 on the Minimum Age for Employment and an increasing number are taking steps to enforce their own child labour laws. Some are not, however; a minority of countries is prepared to tolerate child labour in the belief that it will give them a competitive edge.

Again, this is simply not true. There is no evidence that child labour does anything other than exploit the children and enrich a handful of unscrupulous employers. The short term gain will easily be outweighed by the long-term damage being done a country's skills base if it puts its children in factories rather than in classrooms. In other words, today's child labourers are tomorrow's unskilled and unemployed young workers.

Opponents of a workers' rights clause also deploy the same argument in the case of child labour as in the case of free trade unions: they say that child labour is a part of the culture of some countries, and that those who want to get rid of it are trying to impose "Western values". But child labour is a world-wide problem, as a 1996 ICFTU report on child labour³ made clear. It exists throughout Latin America and it exists in North America, Africa, Asia, and Europe. There is nothing "cultural" about it. Loving your children and wanting the best for them is not a "Western value". Families put their children out to work because the family needs their income to survive. The ICFTU report quotes a study in the UK that found a clear link between child labour and the parents' being unemployed.

The cruelties inflicted on children who work illegally are well-documented. In Peru, gold prospectors buy child slaves from contractors in the Peruvian Sierra. There are media reports of secret graves of uniden-

tified children in the forests, and children who have escaped tell of the treatment they have received: girls are raped, boys are beaten; they get just one meal a day; there is no medical service and no education; all they do is work.

CHILD LABOUR IN A WORKERS' RIGHTS CLAUSE

The ICFTU would expect a workers' rights clause to lead all governments to undertake genuine efforts to address child labour. A three-pronged approach to the elimination of child labour is needed. Laws need to be adopted and implemented to ensure that children who should in their own, their families' and the nation's interest be at school, are not at work; the priority must be to get rid of the most blatant forms of commercial exploitation of children. The availability of school places needs to be increased. The problem of family poverty which can drive parents to send or even sell their children for work needs to be addressed, in part through guaranteeing trade union rights so that workers can bargain for a higher wage.

The experience of today's industrialized countries demonstrates that the enactment and enforcement of laws against child labour was a vital step in ending the exploitation of children in a range of occupations including extremely dangerous ones such as mining. The announcement by India in 1995 of a major campaign, backed by a US\$270 million fund, with the stated objective of eliminating child labour in hazardous industries by the year 2000 demonstrates the effectiveness of international pressure. Labour laws backed up by trade policy can make a major contribution to ending child labour. However many of the poorest countries in the world still need international assistance to build up the anti-poverty and education programmes and the labour inspection services that are needed and the ICFTU strongly advocates increased international development assistance to match countries' own efforts to tackle child labour.

The procedures proposed for the implementation of a workers' rights clause are designed to ensure that those countries making demonstrable progress in tackling what is in some cases a large scale challenge would not be penalized. On the contrary they would be assisted, not least by the international discipline that would prevent competitor countries undermining their efforts by allowing the continued exploitation of children.

In the Bangladeshi capital, Dhaka, children are locked into garment factories for 10-14 hours at a time. Some of them are not even paid, but forced to work for nothing as "apprentices".

A child from a carpet factory in the Indian state of Rajasthan described the primitive medical care he and his friends received. The employer would put turmeric paste on their fingers if they got cut. Not for any medical reason - but to stop blood dripping on the carpets.

In the United Kingdom, children suffer appalling injuries through working illegally in unregulated factories.

All these and countless other examples point to a multilateral world problem that cannot be solved by unilateral action alone. This is not to

say that specific initiatives have no value; the ICFTU, the International Trade Secretariats, and individual trade unions and national centres are all involved in and committed to projects designed to stamp out specific instances of child labour. But all these initiatives risk being undermined by the few countries who turn a blind eye to child labour for sake of short-term competitive advantage.

The most effective way to protect children would be through a workers' rights clause that would punish these countries by removing that advantage. Countries where the abuse and exploitation of children is tolerated would become outcasts from the world trading system - no more than they deserve - while those who are trying to work their way out of poverty and eliminate child labour at the same time would be given help.

The workers' rights clause would also help eradicate child labour because it would protect and encourage free trade unions. Trade unions have shown themselves to be vociferous and effective campaigners against child labour, and exploitation of any sort flourishes where organizing rights and collective bargaining rights are weak.

Given how effective a workers' rights clause would be in eradicating child labour, it is surprising that it still arouses such virulent opposition.

ENDING DISCRIMINATION IN EMPLOYMENT

Women workers are the underclass of the global economy. All over the world, in both industrialized and developing countries, they have become the main victims of unemployment; they are confined to the jobs requiring the lowest skills; and most still do not receive equal pay for work of equal value, or even equal pay for equal work. And most of the workers in the new bastions of the global economy - the informal sector, the export processing zones and home working - are women.

A recently-published ICFTU report⁴ logs the growing number of women who are working. In the USA, Canada and Scandinavia, women now make up nearly half of the working population. In Central and Eastern Europe, despite the recession brought about in the move towards a free market economy, one in two women is working. Their contribution to the economies of developing countries may be even higher because of under-reporting. In Africa alone, the International Fund for Agricultural Development (IFAD) says that women produce 70 per cent of the food.

Yet they have paid a heavy price to get into the labour market. Many governments, after pressure from trade unions and women's groups, have tried to remove inequalities. But their efforts have been undermined by employers who still see women, especially young women, as

a source of cheap labour. Many in developing countries rely on labour-intensive industries with a predominantly female workforce to boost their exports. To keep up with international competition, the average wage paid to these women can be half of what men get. Some countries even boast about the fact that they employ women workers in advertising aimed at attracting foreign investment, pointing out that not only are the women cheap, but they are more docile and less likely to become trade union activists. Some multinationals, keen to escape high wages, stricter laws and stronger unions in the industrialized world, have been only too happy to take advantage.

The main culprits are the factories in the export processing zones - special zones where foreign companies are offered tax breaks and exemptions from labour laws if they invest. On average, 80 per cent of the workers in these zones are women. They are subject to a level of abuse, exploitation and humiliation which would cause a public scandal if it happened in the investor's home country. Working hours are long and safety protection is usually poor. The discipline is harsh and arbitrary, and sexual harassment is a common problem. The ICFTU report quotes the case of a young Salvadorian woman who died after an attack of gastroenteritis for which her employer refused her treatment. Another woman working at a Korean factory in the same country was beaten so badly by a supervisor that she suffered a miscarriage. In some countries, young women have to take a pregnancy test before they can be hired. If they later become pregnant, they are sacked.

These women have been forsaken by their own governments. Once they start work in the zones, they are beyond the protection of their national laws. Nor do they find it easy to protect themselves. Trade unions are denied access to the zones, and women who try to join or form unions face at best dismissal, and at worst persecution.

Countries with higher standards cannot hope to compete fairly with the export processing zones. Whatever advantage the zones bring is only temporary: South Korea, for example, once benefited from its low wages, but it soon found itself undercut by workers in countries like Indonesia, China, Sri Lanka or Vietnam. They too will find themselves undercut by others, perhaps from Africa. The only real winners in this game are the transnational corporations who can move from country to country as soon as the going gets too expensive.

This is a problem that will have to be tackled internationally by a workers' rights clause. Nearly all the countries in the world have signed up to the ILO convention on discrimination in employment. Nearly all of them were represented at the United Nations Fourth World Women's Conference in Beijing in 1995. There is a clear international commitment to ending the injustices inflicted on women; and a clear need to end the

unfair competition that is threatening to undermine what has already been achieved, and what women in many countries are striving to achieve.

A workers' rights clause would help women to join together in trade unions to protect themselves; and it would make it clear to every country and every transnational corporation that exploiting women was no longer economically viable.

FREE TRADE OR SLAVE TRADE?

The media image of the global economy is of a technology-driven, high-production free market gearing itself up for the 21st century. But how free is a market that tolerates forced labour?

Since 1994, Burma's military dictatorship, the State Law and Order Restoration Council (SLORC) has been building a railway line that will connect the town of Ye in the southern part of Mon state, to Tavoy. The railway will be used to transport troops to and from a pipeline linking huge natural gas deposits in the Gulf of Martaban with customers in Burma and Thailand.

It has been alleged that 160,000 Mon and Karen people have been forced to work on the project. Human rights groups have obtained copies of requisition orders issued by SLORC ordering village headmen to provide workers. They contain sentences like "If you do not comply with the order, you will suffer the most severe consequences", or "if you do not report for work, a bullet will come to you".

The workers are supervised by armed guards. They have to forage for their own food and firewood. Hundreds have died of cholera, and countless others have been beaten and tortured by the guards.

The gas pipeline itself is alleged to have been built under similar conditions. Thousands of villagers have been thrown off their land to make way for the pipeline, and thousands of others have been press-ganged into working on the project. The total value of the project is estimated at over \$12 billion. Foreign companies involved include the French-based TOTAL, and the US-based UNOCAL.

Burma is an extreme case, but it is not the only offender. Forced labour exists in Latin America, Africa, the Middle East and elsewhere in Asia. In 1993, the ILO said that "Pakistan is beset with some of the most critical problems in the world in terms of forced labour". Forced labour is used in several sectors, including carpet-weaving, shoe-making and agriculture. The problem is caused by a loan system, known as bonded labour, under which outstanding debts bind the creditor to the debtor. The interest is so high that the debt is passed on through generations, and in fact, is never paid off. The employer gets free labour not just for life but for several lives.

PAKISTAN, BURMA AND THE EUROPEAN UNION'S GSP

Pressure by the ICFTU and the ETUC persuaded the European Union's to attach a workers' rights clause to its Generalized Scheme of Preferences (GSP), in effect since 1995. This provides further scope for European trade unions to co-operate with trade unions in developing countries on ICFTU campaigns to improve labour rights. In June 1995, the ICFTU and the ETUC, along with the textile workers' international, the ITGLWF and its European section the ETUC/TCL, submitted a complaint under the European GSP over the use of forced labour in Pakistan. Burma has had its tariff preferences withdrawn following a submission under the forced labour provisions of the GSP by the ICFTU and ETUC.

These campaigns depend very heavily on the commitment and courage of the unions in the producer countries. The Pakistani trade unions operate under a barrage of restrictive legislation. Workers in Export Processing Zones cannot form or join free trade unions, and the government has extensive power to intervene in internal union affairs. Cumbersome legal procedures make legal strikes almost impossible, and the unions claim that the authorities collude with the business community and politicians to repress workers' rights. The economic stakes are high, which means that the unions face accusations of being wreckers and even traitors. Western countries buy 97 per cent of carpets produced in Pakistan, India, and Nepal. In 1992 and 1993, Pakistani exports to the European Union amounted to about 1.7 million Ecus each year. Textile and clothing imports - both sectors where child labour and bonded labour are widely used - account for over 60 per cent of Pakistan's products that benefited from the GSP. The Pakistani trade unions and their allies in other campaigning organizations are taking on powerful vested interests. They deserve and need the backing of the whole international trade union movement.

The free trade unions in Burma face even harsher opposition. Unions are banned in the country itself. The Federation of Trade Unions of Burma operates underground, working in the border areas, and maintaining a secret network of workplace branches. Its activists are under surveillance by the police and the intelligence services and live in permanent fear of arrest and torture.

Several of the products made using this kind of labour find their way onto world markets, and it is the international connection that enabled the trade union movement and human rights groups to take action.

In the cases of Burma and Pakistan, the ICFTU, the relevant International Trade Secretariats and the European Trade Union Confederation (ETUC) have framed complaints about forced labour under the European Union's Generalized System of Preferences (GSP). This allows preferential access to certain goods from developing countries into the EU's markets, and makes such access conditional upon respect for basic workers' rights as set out in ILO conventions. As a result of the trade union complaint, Burma was formally suspended from the European Union's GSP in March 1997.

There is no doubt that withdrawal or the threat of withdrawal of GSP benefits will go a long way to helping eradicate forced labour. But in a global economy, any such system has to have global coverage.

Burma's recent efforts to secure its membership of the Association of South East Asian Nations (ASEAN) show how international approval does matter to repressive regimes. Other ASEAN countries argued that the SLORC would modify its behaviour after joining the club. But the opposite has happened. The ICFTU says that it has treated its membership as a "license to increase repression", sentencing an activist of the Free Trade Unions of Burma (FTUB) to life imprisonment on trumped-up charges of terrorism, and other pro-democracy activists to long jail terms.

A workers' rights clause would turn countries like Burma into out-law states. But it would have enough flexibility to help countries that were genuinely trying to deal with the problem of bonded labour, while removing the economic incentives that make forced labour so attractive to unscrupulous employers and foreign buyers.

THE HUMAN RIGHTS CASE FOR A WORKERS' RIGHTS CLAUSE

The moral case for a workers' rights clause is unanswerable. Globalization promises a great deal, but delivers insecurity and cruelty to millions. The world cannot tolerate an economic system that depends on repression for profit; that exploits children and young women; and that makes slavery a sound business option. A workers' rights clause would create the potential for a different future, one that creates a basis for really achieving workers' rights and economic development and growth on the basis of respect for human rights and improvement in living and working conditions for all world citizens.

The international community already agrees that the global economy needs global regulation. That is the whole basis for the World Trade Organization; for international standard-setting; for laws banning the manufacture and sale of counterfeit and protecting intellectual copyright; and for the environmental initiatives following on from the Earth Summit. Many of the mechanisms set up to enforce these regulations are expensive for the companies to operate, and operate across the jurisdiction of nation-states.

There seems no justification for allowing all this, but for 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 safe-

guard featherbedded Western workers from the more competitive and efficient developing countries? This is the argument we confront in the next chapter.

¹ ICFTU Annual Survey of Violations of Trade Union Rights, 1997

² Trade, employment and labour standards: a study of core workers' rights and international trade, OECD (1996)

³ No time to play: child workers in the global economy; June 1996

⁴ Worlds apart: women and the global economy, March 1996

PART II

THE PROPOSAL FOR A WORKERS' RIGHTS CLAUSE

THE WORKERS' RIGHTS CLAUSE- HOW WOULD IT HELP DEVELOPING COUNTRIES?

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

A workers' rights clause, it is alleged, is just part of a protection racket run by the industrialized countries. The real aim is to shield high-wage Western industries from the competitive, labour intensive industries of the developing world. Thereby, it is argued, a workers' rights clause will bring about an international minimum wage that will drive the industries in poor countries to bankruptcy; it will split the world market into two camps and undermine global free trade; it will weaken the national sovereignty of developing countries; and it will undermine their national culture by imposing Western values on traditional societies.

Some of the people making these accusations are insincere, for they represent the repressive governments with everything to lose from a workers' rights clause. But there is no doubt that the idea of a workers' rights clause also arouses genuine concern, especially among developing countries. However, much of this concern is the result of a misunderstanding about what a workers' rights clause is and how it would work. A workers' rights clause is protective - it will help protect workers and children from exploitation - but it is not protectionist. Its aim is not to undermine economic competition, but to enhance it by removing unfair advantages. It will not restrict free trade, but will bring more people into the global economy. And it will work to close, rather than to widen, the gap between the developing and the developed world.

THE ICFTU ASIA PACIFIC LABOUR NETWORK

The ICFTU / APLN)* was established in 1995 to support and promote the work of trade unions of the Asia Pacific Economic Cooperation (APEC) region in their dialogue with governments, business and other groups involved in the APEC process. Its aim is to achieve an improvement of the conditions of work and life of the citizens of this populous region. The APLN consists of all the affiliates of the ICFTU in APEC countries, together with the ITS.

Since its creation, the ICFTU Asia Pacific Labour Network has held meetings with the Prime Minister of Japan, host of the 1995 APEC Leaders' Meeting; the President of the Philippines, host of the 1996 Leaders' Meeting; and the Prime

Minister of Canada, host of the 1997 Leaders' Meeting. At the same time the trade union centres affiliated to the ICFTU/APLN have lobbied strenuously for recognition of the need to tackle inequality (both within countries and within the region as a whole), a wide distribution of the benefits of growth, employment creation, broad-based participation and gender perspectives.

The work of the ICFTU/APLN has been thrown into sharp relief by the September 1997 environmental disaster in Indonesia and Malaysia, and the currency crises in the region. Both are examples of reckless industrial development in a lawless free market, and both could have been avoided if the countries involved had the kind of checks and balances that follow from allowing democratic and trade union organizations to have some say in how the economy is run. APEC labour ministers have now committed themselves to a project that will bring labour, management and governments together to discuss technology, training and human resources issues, but the ICFTU/APLN will continue to push for a full labour forum within APEC. The APEC process needs opening up so that the labour movement and civil society can take part in decisions on the economic future of countries on the Asia-Pacific rim. A workers' rights clause would make such an opening up inevitable.

* The Asia Pacific Labour Network (APLN), a grouping within the ICFTU represents over 30 million workers throughout Asia-Pacific nations.

WHAT WOULD A WORKERS' RIGHTS CLAUSE SAY?

The idea of a workers' rights clause originated with the ICFTU. We have devised the following text which we would like to see in the WTO and similar international agreements:

"The contracting parties agree to take steps to ensure the observance of the minimum labour standards specified by an advisory committee to be established by the WTO and the ILO, and including those on freedom of association and the right to collective bargaining, the minimum age for employment, discrimination, equal remuneration and forced labour."

The first thing to note is what the clause doesn't say. There is no mention of an international minimum wage; no mention of developing countries versus industrialized countries; and no question of imposing any "cultural values".

THE MYTH OF AN INTERNATIONAL MINIMUM WAGE

The ICFTU has never advocated an international minimum wage. All that a workers' rights clause does is guarantee workers' right to negotiate their own wages. Its significance lies in its emphasis on

the right to freedom of association and collective bargaining. What is crucial about these rights is that they are enabling rights. They give workers and employers the means to negotiate improvements in wages and working conditions as trade and development expand.

In those negotiations, they would obviously take note of how their employer was doing, how much their country could afford etc.; negotiations don't take place in an economic vacuum. Unlike fly-by-night transnationals who are only interested in making cheap goods for a quick profit, workers have a long-term interest in their country's prosperity. They would expect a fair share when things are going well; and if they were allowed a genuine say in economic policy, they would be more likely to accept and carry out difficult decisions when there were problems.

In any event, it is not true that low wages will give countries a guaranteed competitive edge. Labour costs obviously figure in the final price of any product entering the world market. The exact weight of labour costs, however, depends on productivity; a poor country with low per capita income and low wages may still not have much competitive advantage on world markets because of low productivity. Likewise high wages matched by high productivity may make the output of rich countries very competitive.

The best way for developing countries to guarantee prosperity is to base their economies on high productivity and high skills; and the best way to do this is to allow workers and employers to set high standards, and fair wage levels. It makes sense that as trade and productivity grows, wages and other conditions of work also rise as national conditions permit, rather than be kept down by exploitation and repression.

There is plenty of evidence to back this assertion. An ILO report⁵ cites several studies showing that the economic performance of the East Asian newly industrializing countries (NICs) has not been boosted by exploiting workers or by keeping wages low. The real power of the Asian Tigers comes from the productivity gains brought about by education, and infrastructure development, and by restructuring low-wage, labour-intensive markets with upgraded value-added and skill-intensive techniques.

Countries that take the high road to development will become more efficient, more competitive and more prosperous as long as their efforts are not undermined by countries who try to cut corners by exploiting their citizens. A workers' rights clause will help close off the short cuts.

DEVELOPING COUNTRIES VERSUS INDUSTRIALIZED COUNTRIES?

The ICFTU has been leading the campaign for a workers' rights clause, and it is important to note that that campaign did not originate in the industrialized countries alone. The ICFTU is a world-wide confederation with over 120 million workers in all five continents. Our proposals take account of the interests of workers in all countries and are based on the democratic decisions of our Congress and Executive Board. How many TNCs can say that? How many views do they take into account in developing their investment strategies?

However, trade unions do not have a seat at the trade negotiations and we need to seek the support of governments. The ICFTU, its affiliates, and its regional organizations are making every effort to get governments to examine and discuss our proposals. Some who have done so have been convinced.

In March 1995, speaking at the UN World Summit for Social Development in Copenhagen, President Nelson Mandela of South Africa announced his support for a workers' rights clause. The proposal for a workers' rights clause, or at the very least for the establishment of a WTO working group to examine the case for such a clause, has been supported at various times by governments from Argentina, Honduras, Venezuela, Barbados, Nicaragua, Panama, Chile, Mauritius, Senegal, Gabon and Tunisia.

We know that several other government have been having discussions at senior level about the merits of a workers' rights clause. And we know that there are some developing countries have never bought in to the model of progress through exploitation. Mauritius, which has used its Export Processing Zones to develop an impressive industrial base, has emphasized the improvement of skills, working conditions and pay of its workforce. A Director of a Mauritian promotional agency for the zones has stated: "It is not our aim to attract foreign investors with cheap labour. In the long term, it is always counter-productive, because unskilled workers produce goods with no value added which do not sell well on the export market"⁶.

DEVELOPING COUNTRIES VERSUS...DEVELOPING COUNTRIES?

This remark underlines the telling point that 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

THE OECD AND KOREA

OECD membership itself is now linked to respect for core labour standards thanks to the efforts of TUAC, the Trade Union Advisory Committee to the OECD. But the controversy surrounding the Republic of Korea's membership highlights the need for there to be strict enforcement mechanisms as proposed for a workers' rights clause.

Korea knew that it would have to change its labour laws to join the OECD. TUAC held a conference in Seoul in September 1995 on "The Social Dimension of Economic Integration: International Standards in Labour Market and Social Policy" as a further means of bringing pressure to bear on the Republic of Korea to bring its labour legislation into conformity with ILO standards.

In April, 1996, the Korean president announced a review of the labour laws during a visit to the country by the OECD's secretary-general designate. In October 1996, Korea was admitted as a member after promising to bring its labour laws in line with international standards. Korea had already made similar promises when it joined the ILO just a few years previously.

Two months after joining, in a breathtaking display of contempt for the OECD and the ILO, the Korean National Assembly met in secret and passed new labour laws that would make the KTUC union centre illegal until the year 2000. The meeting took ten minutes. It was held at six o'clock in the morning. No opposition members were present.

The ICFTU and its Korean affiliates, the FKTU and KTUC, launched an immediate solidarity campaign. There was a call for a general strike, and a wave of demonstrations shook the country. Warrants were issued for the arrest of senior trade union leaders. Three ICFTU solidarity missions visited Korea during January and February 1997. A massive letter writing protest campaign was initiated as well as intensive lobbying with the OECD, European Union and international financial institutions. Picket lines were organized on 10 January at Korean embassies in Brussels, London, Washington and other world capitals. Early in February a Korea strike fund was launched and over US\$200,000 was contributed by a wide range of affiliates to help the Korean unions. A case against the Korean government (no. 1865) was submitted by ICFTU to the ILO's Committee on Freedom of Association on 28 December 1996.

Early in March 1997, Korea made cosmetic changes to the draft legislation but the current law still falls far short of international standards.

Korea is abusing its own workers and making a mockery of those countries who have played by the OECD's rules to become and remain members. International solidarity efforts co-ordinated by the ICFTU and TUAC have had a major impact but the Korean workers' quest for freedom of association continues. The international community itself needs the power to take action against governments who flout the law. A workers' rights clause would give them that power.

are obvious. There, the labour isn't just cheap; a lot 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?

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 Asian countries, such as Singapore, Hong Kong and Malaysia, the investments made in Export Processing Zones - where cheap labour, use of young female workers and lack of union rights are among the main selling points - have generally failed to spill over into the rest of the economy.

Anyone from a developing country who harbours doubts about a workers' rights clause should look at what has happened in the merchant shipping sector since the Flag of Convenience system started. The system allows ship-owners to register their vessels in countries where the labour is cheapest and the standards are the lowest. It has undermined safety standards at sea, and it has kept wages in the industry down. But while it has undoubtedly helped the shareholders of many of the world's shipping fleets, it has bought no long-term benefits to the countries that have sought to exploit it for obvious reasons: first, European seafarers were cheaper than American; then Asians were cheaper than Europeans; now Eastern Europeans are cheaper than some Asians, and some Asians are cheaper than other Asians...

It shows how unfettered competition can lead to a race to the bottom. Without a workers' rights clause, this is the shape of things to come for low-wage economies.

SO DEVELOPING COUNTRIES CAN'T USE LOW LABOUR COSTS TO COMPETE...?

A workers' rights clause is not about labour costs; it's about labour rights. No-one can seriously suggest that giving workers in the developing world the basic rights enshrined in a workers' rights clause will lead to their wage costs spiraling up to European levels overnight. It just won't happen. Developing countries will still be able to enjoy comparative advantages from their abundant supply of labour. All that will happen is that governments will not be able to

keep these costs down by oppressing their workers; and transnational corporations will not be able to bully countries into the kind of competitive repression we're seeing in the world economy now.

The ICFTU does not accept that cheap labour is all that developing countries have to offer the world. Not only is that an insulting picture of their economies; it is also inaccurate. To take just one example, India turns out 250,000 science graduates a year. Many of the world's leading companies are hiring Indian computer programmers to write their software and to process their data. Cost is a factor; but so are skill-levels. This is the kind of competition developing countries will have to offer in the information age. A workers' rights clause will give them the space to do that by easing the constant downward pressure on standards brought about by the present system.

AND A GREAT PROFIT WENT OUT OF THE LAND...

The real beneficiaries of the current world trading system are not the developing countries, but the transnational corporations - TNCs.

Of the 100 top economies in the world, only 49 are countries. The rest are TNCs.

The combined sales of the world's top 200 corporations surpass the combined economies of 182 countries - every country on earth minus the nine biggest. These corporations have almost twice the economic clout of the poorest four-fifths of humanity. They control well over a quarter of the world's economic activity. But nobody controls them, except their shareholders.

Many of these increasingly powerful and mobile TNCs can play one country off against another in search of the best deal. The long-term value of the kind of investment some of them are offering is questionable; they will pull out at the slightest economic shock or change in the regulatory environment; and are unlikely to develop strong links with the rest of the economy. This problem is especially acute in low-skill industries such as garments and footwear, where exit costs are low.

Unchecked and unregulated, the labour market in the global economy will become nothing more than a vast shopping mall for the TNCs, with countries forced to cut their costs to bargain-basement levels. A workers' rights clause will help bring the TNCs under the rule of law. It will create an environment where countries can compete without fear, and where companies can invest for the long term.

HOW WOULD A WORKERS' RIGHTS CLAUSE BENEFIT THE GLOBAL ECONOMY?

For many countries and many companies, it will be business as usual. No country which is keeping to its legal obligations under the UN Charter and which is applying the core conventions of the ILO has anything to fear from a workers' rights clause.

As we have argued, we believe that a workers' rights clause will reinforce the global economy. The universal application of basic labour standards will help to ensure a more balanced expansion of world trade and a smoother process of adjustment to changes in the global division of labour. High-wage countries would still face the challenge of competition from low-wage countries. But that competition would at least be based on a broader-based expansion of markets and the knowledge that the women and men who work in competitor countries were not being exploited or abused, and weren't being forced to subsidize the TNCs.

And a workers' rights clause would make it impossible for some irresponsible TNCs to leap from country to country in search of a government prepared to violate workers' rights. If there was no reason to move on, they might stick around. This would encourage a more sustainable process of foreign investment which would bring increased benefits to the host country, and long-term, stable profits to the investor.

So much for the principle. What about in practice? As in all negotiations, the devil is in the detail. How will a workers' rights clause be enforced? What is to prevent the rich and powerful countries from exploiting it to their own advantage?

A SOCIAL DIMENSION TO FREE TRADE IN THE AMERICAS

The ICFTU regional organization for the Americas ICFTU/ORIT has been intensifying its work in the context of the Free Trade Area of the Americas (FTAA) over the years since the inception of the FTAA in 1994. Parallel trade union summits, have been held on the occasion of the FTAA Summits in Denver (US) in 1995, Cartagena (Colombia) in 1996 and Belo Horizonte (Brazil) in 1997. In 1996 the ICFTU/ORIT created a working party on "Hemispheric Integration in the context of Globalization". ICFTU/ORIT and its affiliates have been calling for the FTAA member states to set up an FTAA working party on labour issues as well as a Labour Forum as an official consultative body. At present while some governments have provided strong support for the ICFTU/ORIT proposals, there has yet to be a final decision on establishing the fora proposed by ICFTU/ORIT. The ICFTU/ORIT Working Party is engaged in actions to affect the 1998 Summits of the Organization of American States (OAS) in Santiago, Chile and of the FTAA in Costa Rica.

These are crucial questions that touch at the heart of what a workers' rights clause is about. If a workers' rights clause is to command respect, it must be open and transparent; and it must be strictly and fairly enforced. It must not be seen as a stick with which aggressive countries can beat their commercial competitors; but nor must it be seen as simply a pious declaration to which countries and corporations need only pay lip service.

The ICFTU has devised an enforcement procedure which we believe satisfies all these criteria. It will all be done out in the open, so there need be no fear of groups of countries ganging up on weaker countries; it will give plenty of chances to put things right for countries which transgress through negligence rather than malice; the emphasis will be on helping countries meet the required standards, rather than on belabouring them for falling short; but in the end, it will have teeth that bite and bite hard for persistent offenders.

WHO WOULD IMPLEMENT A WORKERS' RIGHTS CLAUSE?

The aim behind a workers' rights clause is to ensure that the promotion of free trade goes hand in hand with the improvement of workers' rights. Implementation should therefore be a joint operation between the World Trade Organization (WTO) and the ILO. The ILO has obvious competence in setting standards and in supervising their application; and the WTO would make sure that failure to enforce the basic standards does not lead to unfair competition.

Our proposal is that a joint WTO/ILO Advisory Body could be set up to oversee the implementation of a workers' rights clause. This body would have the authority to undertake periodic reviews of how countries were applying the principles enshrined in a workers' rights clause; or to step in if there was a well-justified complaint.

This side of the operation would be the particular responsibility of the ILO team on the joint advisory body; the ILO already does much of this anyway, although there would be a need to reinforce its existing procedures.

The reviews would typically show either that the standards were being followed - in which case, no further action would be needed - or that the country concerned was in breach of its obligations, and certain changes in labour law and/or practice were necessary.

In the latter case, the ILO report would make recommendations to the country concerned on these changes and, if necessary, offer technical assistance and make additional resources available to help countries put things right.

The government of the offending country would then have a period of

time in which to change its ways. We are suggesting two years, following which there would be a second report. This second report would typically reach one of three conclusions. It could show that the country was applying the standards; or that while the problem had not yet been solved, but progress was being made; or that the government had failed to co-operate with the ILO and that the standards were still not being met.

Where progress was being made, a further report would be prepared in a year or two.

If the government concerned was clearly ignoring the ILO's recommendations, there would be a final warning; if within one year there was still no co-operation with the ILO, the matter would then be referred to the WTO Council for consideration of possible trade measures.

When it came to deciding on the appropriate sanctions, the WTO should have a range of options which could be escalated over time if the government carried on offending. A first step might be to suspend the countries' right of access to the WTO's new binding rules for dispute resolution.

THE AIM IS TO HELP, RATHER THAN PUNISH

The procedure is hardly Draconian. It places the right blend of emphasis on opening up markets and enforcing basic rights. The emphasis throughout is on helping countries reach the required standard, rather than on punishing each and every failure. Trade measures are only used as a last resort, and even there, the measures are initially quite mild. We know that there are many countries who have been forced into a low-wage, low standard economic policy by the present set-up. It would make no sense to impose unrealistic targets and timetables on such countries. On the other hand, there are countries who are willfully profiting from repression; these countries have to know that at some stage, there will be sanctions, and those sanctions will hurt.

It is also important that their people know that the international community has recognized their plight, and is prepared to do something to help them. In all the talk of committees and advisory bodies and macro-economics, we must not forget that a workers' rights clause is designed to help individual workers and their families. There is real misery out there, and real money being made out of that misery.

The step-by-step procedures we have outlined provide just the right blend of stick and carrot. It has all the elements of clarity, predictability and objectivity that an effective multilateral system requires.

It builds on the established competence of an existing specialized international agency - the ILO.

It also provides enough time for problems to be solved by dialogue.

It avoids the danger of the big players trying to dictate terms for market access to small countries.

And it is even-handed; because it refers to universal standards, all countries would be subject to equally close scrutiny. Fully transparent procedures would be used which would leave no opening for misuse for protectionist purposes.

In fact, the opposite would happen; a workers' rights clause would ease protectionist pressures, and strengthen free trade. Many people in the industrialized world blame competition from cheap manufactured goods from the developing countries for job losses. This is increasing the support for populist demands for protection in one form or another. If unemployment worsens, there is likely to be increased public pressure to restrict the flow of what are perceived to be "unfairly" produced goods.

Whether these allegations have an economic basis or not, they pose a serious threat to the world trading system. In the absence of any international curb on goods that are seen as "subsidized" by abuse of basic standards, there could be an irresistible temptation to rely on unilateral protectionist measures. This could result in endless argument at international level, and perhaps even political tension between countries. A workers' rights clause could rein in these unilateral measures and provide a more open and fair means for settling disputes. It could lower rather than raise protectionist tendencies and help keep markets open by sharing out the benefits of trade more fairly.

Industrial countries would also benefit from a workers' rights clause too, in the long term. A more balanced development of consumer markets around the world would generate further growth for all countries. It would not end the need for labour market adjustments in the industrialized countries. But such, often painful, adjustments would be easier to justify against the background of a common set of core principles for the treatment of workers. Further growth of world trade would also open up new job opportunities both in industrialized and developing countries.

By guaranteeing fair trade, a workers' rights clause would protect free trade.

WHAT ABOUT NATIONAL SOVEREIGNTY?

The notion that a workers' rights clause would violate national sovereignty is simply not true. A workers' rights clause would not infringe any country's national sovereignty; if anything, it would

strengthen it. In today's global economic environment, national sovereignty is anyway something of a myth. Many TNCs outgun developing countries economically and politically, as they have done for years. The famous phrase, "banana republic" just about sums it up. It refers to countries so dependent on the export of their banana crop that they had surrendered economic and political authority to the companies controlling the banana trade. Without a workers' rights clause, we're all in danger of becoming banana republics.

How much national sovereignty does a country have when it dare not pass laws enforcing its own citizens' trade union rights for fear that half its foreign investors will shut down their factories and pull out? How much power does it have when it is forced to put areas of its own territory off-limits to its own laws in Export Processing Zones? What's the point of having parliamentary accountability when citizens going into those zones have to surrender their rights in order to get a job in their own country?

The reality is that sovereignty has already been surrendered and policy is being shaped to an increasing extent by the demands of the global market. The issue is not whether but how policy will be determined internationally - through the market or through political negotiations.

A workers' rights clause would restore sovereignty by allowing policy to be determined through negotiations - providing a counterweight to the enormous economic muscle of TNCs. Its aim is not to limit power, but to limit the abuse of power.

Both the WTO and the ILO (the organizations which would be charged with implementing a workers' rights clause) proceed by consensus. This can mean that they move slowly at times; but it also means that they move very surely - and that their legitimacy is unquestionable. The WTO negotiations have a timetable designed to take account of the needs of ministers to report back to their citizens, and to consult all their constituents. The ILO is a United Nations agency made of national representatives of governments, employers and workers. Over its 76-year history, it has developed standards which are elaborated through a two-year process of discussion and adopted by a full Conference of all 179 member-states.

While there can be no compromise on the principles established by these core labour standards, how they are translated into law and practice may vary according to the institutions and customs of the country concerned.

A workers' rights clause would be based on these core standards, and enforced within countries in the same way. The rights it enshrines are enabling rights. They would put sovereignty back where it belongs: with the people and with their governments, rather than with the TNCs.

A workers' rights clause will give developing countries a powerful weapon with which to assert their economic independence against the invisible pressures of international trade and investment.

WHAT ABOUT THE THREAT TO NATIONAL CULTURE?

The argument that a workers' rights clause would threaten national culture is another myth. The real threat to national cultures comes from the uncontrolled commercialism of the free market. To take one single, but powerful example, how many national cultures embrace compulsory contraception, or enforced sterilization? Yet both these are common in many export processing zones, where companies want to employ young women, but don't want the inconvenience and expense of granting them maternity rights.

It is the TNCs who are undermining national cultures. Because their activities are unchecked, they can impose wage levels, patterns of work and working conditions without taking any account of the needs or interests of anyone. A workers' rights clause would mean that where workers want to form a union of their own choice, companies would have to negotiate with trade unions, and shape their activities according to what their workers want. It will restore to people the basic human rights that globalization has stolen from them.

These basic rights are based on the most highly ratified of the ILO conventions. Over 100 States have ratified at least six of the seven. By no stretch of the imagination can they be said to embody "Western values".

AFRICAN TRADE UNIONS FOR THE WORKERS' RIGHTS CLAUSE

African trade unions have demonstrated strong support for a workers' rights clause, recently at the May 1997 Congress of the ICFTU African Regional Organization (ICFTU/AFRO) held in Dakar (Senegal) which adopted a strong statement calling for a workers' rights clause in the WTO. Subsequently, the seminar of the Organization for African Trade Union Unity (OATUU) on globalization and labour standards, held in Tunis (6-8 September 1997) stated that, "the participants confirm and support the implementation of a social clause which has to be consolidated through links between the requirements of the respect of the core standards of ILO and the mechanisms and agreements which should regulate international trade."

Many ICFTU/AFRO affiliates have been campaigning for a workers' rights clause for very many years. These efforts have borne fruit in a number of cases where African governments have agreed to their arguments. At the ILO Conference, the proposal to advance the debate on international labour standards and trade has been supported by seven African governments: South Africa, Mauritius, Malawi, Tunisia, Madagascar, Gabon and Senegal. At the World Summit for Social Development (Copenhagen, March 1995), President Nelson Mandela went further and expressed South Africa's full support for the workers' rights clause.

They contain a built-in flexibility which makes them applicable for all countries whatever their level of development. Furthermore, how they are translated into law and practice can vary according to the institutions and customs of the country concerned, just as already happens with ILO conventions. The ILO in its supervision of the standards does not attempt to impose a global harmonization of labour laws; it examines whether the effect of laws and practice achieve the objective of ensuring that the principles are applied.

To argue that the principles themselves are "Western values" is offensive and dangerous. It splits the world's workers into first- and second-class citizens. It legitimizes the notion that workers in the "West" are more "advanced" than workers in the developing world, while the people in the developing world neither need nor deserve any protection of their basic rights. That is what this argument is really saying. It is surprising that it is being put forward with such fervour by governments in the developing world; and it is interesting that this view is not shared by the citizens of these countries. Workers in the developing world make up some of the most committed members of trade union organizations; their women workers are among the most passionate advocates of equal treatment; and the campaign against child labour and slave labour has strong roots in the developing countries.

All women are entitled to equal treatment; all children should be protected from child labour; all workers must be allowed to join trade unions, and must be free from the threat of slavery. To argue that workers in developing countries must be treated differently from workers in the industrialized countries is to promote global economic apartheid.

It will divide the world as surely as a workers' rights clause will unite it.

⁵ Amsden, A.H. (1989), *Asia's next giant: South Korea and late industrialization*, Oxford University Press, Oxford; Lim, L.Y.C. (1990), Singapore, in Herzenberg, S.A, Perez-lopez, J.L and Tucker, S.K (eds.) (1990), *Labour Standards and Development in the Global Economy*, US Department of Labour, Washington, DC; and World Bank (1993), *The East Asian Miracle: Economic Growth and Public Policy*, Washington DC.

⁶ *op cit.*, ICFTU (1996), p.25 and 26.

PART III

THE CAMPAIGN FOR WORKERS' RIGHTS IN INTERNATIONAL TRADE AGREEMENTS

INTRODUCTION

Ever since world trade began, merchants and manufacturers have dreamt of a borderless economy around which goods and capital could flow without let or hindrance; a free-market Shangri-La, uncluttered by rules or restrictions. Political and technological changes are at last making that dream a reality. We are living in the global village with its own global market-place. According to the free market acolytes, the role of governments and international institutions now is to refine and accelerate the process of globalization by removing all the remaining barriers to trade. Anything else is irrelevant; it has no place on the world's economic agenda.

That might be how some people like to tell it; but it's not how it is. In fact, the kind of concerns being raised by the trade unions have been connected with the whole globalization project from the very beginning. They were raised during the attempt to set up the International Trade Organization at the end of the Second World War; and while it is true that the international business community managed to sideline them during the years of the GATT, they have remained central to wider attempts to create an international community - as opposed to an international shopping mall. The reason our proposals are making such an impact now is that more and more people are beginning to see that globalization will fail if it has no social dimension.

THE HAVANA CHARTER

Between 1946 and 1948, the United Nations held a conference on Trade and Employment. The agenda was ambitious. The aim was to create a third institution along with the World Bank and the International Monetary Fund that would handle international economic co-operation. More than 50 countries were involved. The new institution was to be a specialist United Nations agency known as the International Trade Organization (ITO). Its charter would cover employment rules, commodity agreements, restrictive business practices, international investments and services. Known as the Havana Charter, this draft document included a workers' rights clause that specifically linked economic progress and trade liberalization to fair labour standards. The text read as follows:

1. The Members recognize...that all countries have a common interest in the achievement and maintenance of fair labour standards

related to productivity, and thus in the improvement of wages and working conditions as productivity may permit. The Members recognize that unfair labour conditions, particularly in the production for export, create difficulties in international trade and, accordingly, each Member shall take whatever action may be appropriate and feasible to eliminate such conditions within its territory.

2. Members which are also members of the International Labour Organization shall co-operate with that organization in giving effect to this undertaking.
3. In all matters relating to labour standards that may be referred to the Organization....[under dispute settlement provisions of the Charter] it shall consult and co-operate with the International Labour Organization⁷.

The unions which shortly afterwards became the ICFTU's founder-members backed the ITO, and its Workers' rights clause. Unfortunately, although the draft was approved at the UN Conference on Trade and Employment in Havana in 1948, some national legislatures refused to ratify it. Opposition by the US Congress proved to be the fatal blow; the US government, which had been one of the driving forces behind the ITO, announced in 1950 that it would not seek Congressional ratification of the Charter. The ITO was dead, and with it died a workers' rights clause. For the time being.

GATT - THE PROVISIONAL ITO

Even while the ITO talks were going on, 23 out of the 50 participants began negotiations on reducing customs tariffs. With the war having just ended, they wanted to give an early boost to liberalizing the world economy, and to start hacking down all the protectionist barriers that were still in place from the 1930s. The first round of these negotiations, which took place in Geneva, brought about 45,000 tariff concessions affecting \$10 billion worth of trade. The participants also agreed that they should "provisionally" accept some of the trade rules in the ITO Charter to protect some of the tariff concessions they had negotiated. The "Geneva 23" became founding members (known officially as "contracting parties") to the General Agreement on Tariffs and Trade (GATT).

Even though it was provisional, GATT remained the only multilateral instrument governing international trade until the WTO was set up in 1995. Its agenda was limited to traditional commercial aspects of trade in goods and since it was assumed that the ITO would eventually supersede GATT, the ITO chapter on employment and labour (among many others) was not included in GATT.

ONLY A GAME

In 1996, Parachute Pictures, a London-based film company, produced a video showing evidence of child labour and other violations of trade union rights in the production of soccer balls in Sialkot, Pakistan. The balls being stitched by children in the film were clearly labeled with what could be identified to be the official license of soccer's world governing body, FIFA. Given this evidence, the ICFTU, ITGLWF and FIET in co-operation with certain affiliates launched a campaign to eradicate child labour in the production of soccer balls and secure basic workers' rights on the eve of the European Championship in June, 1996.

The campaign made a dramatic impact. Public opinion was outraged that a multi-million industry was relying on child labour for a chunk of its profits. The ICFTU approached FIFA to negotiate a Code of Labour Practice for production of goods licensed by FIFA, and an agreement was reached in September 1996. But the deal was more than just an outright ban on child labour. It recognized the problems facing families in Sialkot. As a result, a major ILO project in the region to get children out of work and into school has started.

Apart from Article XX(e) which permits governments to ban trade in goods produced by prison labour, GATT makes no further reference to labour standards - though the trade union movement has pressed repeatedly for their inclusion.

The GATT did a great deal to promote the liberalization of trade. During the 1950s and the 1960s, it is estimated that tariff reductions alone boosted world trade by an average of eight per cent per year. But as time passed, problems grew. A series of recessions in the 1970s and the 1980s led to factories shutting down, and unemployment soared. Many governments sought new protectionist devices to safeguard their industries. They sought bilateral deals with competitors and extended subsidies to keep their hold on trade. Both these tactics undermined the GATT's credibility and effectiveness.

The ICFTU would not maintain that a workers' rights clause would have eliminated these difficulties and the tensions they caused. But it is worth pointing out that such a clause would have provided a potential mechanism for dealing with the problem; and that at the very least, it would have removed any suspicion of unfair competition on wage costs.

The most recent stage in the evolution of GATT was the mammoth Uruguay Round of trade talks, launched in Punta del Este in September 1986. It took seven and a half years; involved 125 countries; and covered almost every product and service that could be made and traded. It was the biggest trade negotiation in history - probably the biggest negotiation of any kind.

The Uruguay Round ended in Marrakech in April 1994. The Marrakech meeting was a significant success for the trade union movement. It is true that there was no formal declaration referring to the link between trade and labour standards; all that came out of the meeting in the way of a text was in the chairman's concluding remarks. But a workers' rights clause was firmly on the agenda, being the single issue that dominated discussions all week long. The issue received extensive press coverage, and there were at least 20 governments (not all from the industrialized countries) who spoke in favour of discussing the need for the clause. Another ten governments were receptive to and interested in the idea, but concerned about whether the WTO was the proper forum for this debate, and were anxious about protectionism. Twenty-two countries spoke out in opposition to a workers' rights clause.

In January, 1995, the agreements signed in Marrakech began to take effect in Geneva with the creation of the World Trade Organization (WTO).

THE WTO - A WINDOW OF OPPORTUNITY?

There is no doubt that the WTO represents a real opportunity for a workers' rights clause campaign. This is partly because of the success we have had in arguing our case; but it is also because of the nature of the WTO itself.

The WTO effectively takes the role which the ITO would have had. Unlike GATT, which, despite its longevity, was never more than a provisional arrangement, the WTO is the legal and institutional foundation for a multilateral trading system. It provides a contractual framework which determines how governments shape and implement domestic trade laws and rules. It is a platform on which trade relations among countries can evolve through debate, negotiation and consensus.

The WTO is a rules-based organization. It is dedicated to maintaining a system of rules for open, fair and undistorted competition. Those rules will be worked out in "trade rounds" where trade concessions are negotiated in a package. This means that concessions which are necessary but would otherwise be difficult to defend domestically can be made sold within a package which contains other politically and economically attractive benefits.

It is a genuinely global organization. 76 governments became members of the WTO on its first day, and by the end of 1997 the WTO had 132 members.

Both the "package deals" and the way the WTO operates as an organization mean that the ICFTU and our affiliates can target our

lobbying campaigns much more clearly. The WTO also has a review mechanism, which sets a useful example for a workers' rights clause, and which means that WTO members have already given the organization some policing powers that could be said to have implications for national sovereignty. The WTO monitors national trade policies through its Trade Policy Review Mechanism (TPRM). The purpose of the TPRM reviews are to increase transparency and understanding of trade policies, to stimulate public and intergovernmental debate on the issues, and to assess the effects of policies on the world trading system.

The reviews are conducted regularly. The four biggest traders - the EU, the US, Japan and Canada - are examined approximately once every two years. The next 16 countries in terms of their share of world trade are examined every four years, and the remaining countries every six years; with the possibility of a longer interim period for the least-developed countries. The reviews are conducted in the Trade Policy Review Body (TPRB) on the basis of two documents; a policy statement prepared by the government under review and a detailed report prepared independently by the WTO Secretariat.

SAY IT WITH FLOWERS

The production and export of cut flowers has become a big international industry, and working conditions and environmental aspects are causing concern. In March 1997, the ICFTU together with the foodworkers' international, the IUF, the commercial workers' international, FIET and a number of affiliates, commissioned Parachute Pictures to investigate the cut flower industry in Colombia and Uganda. The investigation showed that the unions' concerns were well founded. People were being blinded by noxious sprays; pregnant women were miscarrying or giving birth prematurely; people being forced to work close to where chemical spraying was going on, and there was widespread use of banned or restricted chemicals. Workers who tried to organize trade unions in Colombia were harassed and even murdered, and there was a lot of child labour. Salaries were very low. Workers in Uganda were paid the value of one rose on a European market for one days' labour.

German importers, who are amongst the largest buyers of flowers on the world market, had developed their own label in an effort to reassure consumers that flowers were produced under reasonable conditions. Representatives of the ICFTU, the IUF and FIET, along with their German affiliates, have agreed to approaches from the German importers to try and improve the labeling scheme. Trade unions in several consumer countries are seeking similar meetings with national importers, and in producer countries, the trade union movement is now giving a high priority to assisting workers in the rapidly expanding flower growing sector.

The TPRM shows that the WTO is an organization that means to monitor its members' activities to make sure they are sticking to the rules. One method by which the WTO, in cooperation with the ILO, could reinforce internationally recognized core labour standards is through the examination of the effects of non-observance in the context of the regular country trade policy reviews. The ICFTU would contend that labour standards should be considered among the trade-related issues which are discussed by the WTO General Council when it undertakes a debate of the trade policies of WTO members. Accordingly, over the course of 1997 the ICFTU began producing reports on core labour standards in the countries subject to TPRs by the World Trade Organization, as a basis for encouraging an informed debate on the issue.

The aim now is to intensify the campaign to convince WTO members that a workers' rights clause should be part of those rules. Twenty already agree. The rest must be persuaded to follow. In March 1995, there was yet another sign of the way the pendulum is swinging in our direction.

THE UN SOCIAL SUMMIT

In March 1995, leaders from 115 countries gathered in Copenhagen for the United Nations World Summit for Social Development. Known as the "Social Summit", this meeting was the first time that world leaders had sat together and held a thorough discussion on how to put social concerns at the centre of economic and political developments. It was a massive international endorsement of what the trade union movement had been arguing since the Havana Charter and before: that the global economy has to have a social dimension.

The Summit proved to be more than a talking shop. At the end of the Summit, everyone present signed up to a series of commitments⁸ that entailed not just international obligations, but also action at home.

The extracts below are taken from the commitments which relate to the ICFTU campaign for a workers' rights clause:

"We commit ourselves to create an economic, political, social, cultural and legal environment that will enable people to achieve social development." (Commitment 1)

INTERNATIONALLY, GOVERNMENTS HAVE PROMISED TO:

- Promote social development through international co-operation in economic policies and agreements on trade, investment, technology, debt and development aid;

- Reaffirm and promote all human rights, which are universal, indivisible, interdependent and interrelated.

THE NATIONAL ACTION PROMISED UNDER THIS COMMITMENT INCLUDES A PROMISE THAT GOVERNMENTS WILL PROVIDE:

- full respect for human rights, freedoms and the rule of law;
- equality and equity between women and men;
- transparent and accountable government;
- and that they will work in partnership with free and representative organizations.

"We commit ourselves to promoting the goal of full employment as a basic priority of our economic and social policies, and to enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work."
(Commitment 3)

INTERNATIONALLY, GOVERNMENTS HAVE PROMISED TO:

- Ensure that migrant workers are protected against exploitation, in line with international instruments on migrant workers;
- Promote sustained economic growth through international co-operation on economic policy, trade and investment, and through exchange of experiences on successful approaches.

THE NATIONAL ACTION PROMISED UNDER THIS COMMITMENT INCLUDES A PROMISE THAT GOVERNMENTS WILL:

- put job creation at the centre of government policy, with full respect for workers' rights and with the participation of employers, workers and their organizations, and with special attention to long term unemployed people, the disadvantaged and those subject to discrimination;
- expand work opportunities, productivity and access to resources in the rural and urban sectors, including in the informal sector and small and medium enterprises;
- ensure that workers and employers have the education, information and training needed to adapt to changing conditions;
- ensure that women have access to employment, protection in the labour market and equal treatment, especially equal pay;
- promote quality jobs, and safeguard workers' rights in line with relevant ILO Conventions and to this end, freely promote respect for relevant ILO Conventions, including on forced and child

labour, freedom of association, the right to organize and bargain collectively and the principle of non-discrimination.

"We commit ourselves to promoting full respect for human dignity and to achieving equality and equity between women and men, and to recognizing and enhancing the participation and leadership roles of women in political, civil, economic, social and cultural life and in development." (Commitment 5)

WORKERS' RIGHTS IN THE INFORMAL SECTOR

In many developing countries, a majority of workers are in the informal sector; engaged in production for the domestic economy. Any workers' rights clause should include measures to benefit those workers as well. It should simply state that all WTO members would fully respect the basic workers' rights included in the workers' rights clause - not just in export production but throughout the economy.

A workers' rights clause would therefore lead governments to confront a problem which many have so far largely ignored. Governments would have to start an effort to apply the basic labour standards covered in the workers' rights clause to all workers in their countries, including those in the informal sector. This should be complemented with a range of supporting policies to upgrade the living and working conditions of people in the informal sector.

INTERNATIONALLY, GOVERNMENTS HAVE PROMISED TO

- Promote and protect women's rights and encourage the ratification of the Convention on the elimination of all forms of discrimination against women and other relevant instruments;
- Recognize the full extent of women's work and all their contributions to the national economy, including unpaid and domestic work;
- Assist developing countries to achieve equality and equity and the empowerment of women.

THE NATIONAL ACTION PROMISED UNDER THIS COMMITMENT INCLUDES A PROMISE THAT GOVERNMENTS WILL:

- promote gender balance and equity in decision-making and integrate a gender perspective in economic and social policies;
- promote equal partnership between women and men and full and equal access of women to education;
- work to eliminate all obstacles to human dignity, equality and equity;
- enhance the equality of girls;

- combat and eliminate discrimination, exploitation, abuse and violence against women and girls;
- support gender equality in the labour market through positive action, legal protection, child care and other support services.

The trade union movement must campaign and lobby to make sure that governments keep their word on these commitments. Many of them are very specific and trade union organizations will be working with community groups and NGOs on particular issues. But the fact is that the commitments governments entered into at the Social Summit will never be fully realized without a workers' rights clause. No country, however much it acknowledges the importance of the social dimension, will take initiative which it thinks may threaten its economic well-being. No-one will want to be the trail blazer. A workers' rights clause will enable the international community to move forward collectively on the commitments made at Copenhagen as a community.

FROM COPENHAGEN TO SINGAPORE

The Social Summit gave a powerful boost to a workers' rights clause campaign. The UN Fourth World Women's Conference held in Beijing in September 1995 reaffirmed the principles adopted in Copenhagen, especially respect for basic workers' rights including the core ILO labour standards. The next key date in the diary was the WTO Ministerial Summit in December, 1996.

Singapore was a difficult meeting. But the final Declaration that came out of the meeting included a paragraph as follows:

"We renew our commitment to the observance of internationally recognized core labour standards. The International Labour Organization is the competent body to set and deal with these standards and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO secretariats will continue their existing collaboration."

Both sides were giving their own views of this text after the meeting. There will be plenty of battles ahead over how it is interpreted. But our view is that the text is a small, but significant step forward. It is not the Havana Charter; but it is the first time in the fifty-year history of GATT that a commitment to core labour standards had been made.

THE WTO STRUCTURE

The highest authority in the WTO is the Ministerial Conference, composed of representatives of all WTO members. This meets at least every two years and can take decisions on all matters under any of the multilateral trade agreements. The day-to-day work of the WTO is done by the General Council, the Dispute Settlement Body and the Trade Policy Review Body.

Decision-making in the WTO is by consensus and not by voting, although votes are allowed under some circumstances when consensus is not possible. In such circumstances, decisions are taken by a majority of votes cast and on the basis of "one country, one vote". Four specific voting situations can take place: a majority of three-quarters of the WTO members can vote to adopt an interpretation of any of the multilateral trade agreements; by the same majority, the Ministerial Conference can waive an obligation imposed on a particular member by a multilateral agreement; decisions to amend positions of the multilateral agreements can be adopted through approval either by all members or by a two-thirds majority depending on the nature of the provision concerned. (These amendments only apply to those WTO members who accept them.) Finally, a two-thirds majority in the Ministerial Conference can admit new members.

We haven't got a workers' rights clause yet. But we do have a sound basis for the next stage of the campaign, leading up to the WTO ministerial meeting from 18-20 May 1998 in Geneva.

OTHER TACTICS

The trade union movement's final goal is to get a workers' rights clause enacted within the WTO. But the WTO is not the only show in town, just the biggest. The battle to defend workers' rights is being fought on several other fronts.

There are the Generalized System of Preferences (GSP) arrangements operated by the USA and the European Union. These are deals by which certain developing countries get preferential access to US and European markets. Both GSPs include references to observance of basic labour standards.

There are the OECD Guidelines for Multinational Enterprises, adopted in 1976; the ILO Tripartite Declaration of Principles concerning Multinationals and Social Policy, adopted in 1977; and a number of codes of conduct in particular sectors, an issue that has been given greater impetus by the rise of "ethical consumerism".

THE GSP OF THE UNITED STATES

The GSP was adopted by the US Congress in 1974. It provides temporary duty-free treatment to certain products from developing countries. A country cannot get GSP status if it "has not taken or is not taking steps to afford internationally recognized worker rights to workers in the country".

Organizations and individuals can petition the government at public hearings to review the behaviour of countries benefiting from GSP status. The Committee examining these petitions looks at information on workers' rights in the State Department annual Country Reports on Human Right Practices, findings of the ILO, reports from US Embassies and Consulates, and US International Trade Commission reports on the economic effects of GSP decisions. In a number of countries of Central America and the Caribbean, and most notably in the Dominican Republic, the threat of US GSP sanctions brought about changes to the labour code and improved rights to collective bargaining and freedom of association for workers. There is no doubt that potentially and in practice, the GSP is a powerful instrument for enforcing international labour standards.

At present six countries are suspended from the US GSP for violating workers' rights: Brunei, Liberia, Maldives, Mauritania, Sudan and Syria. Further petitions filed by the AFL-CIO are under investigation including Belarus, Swaziland, Pakistan, Indonesia and Thailand.

THE GSP OF THE EUROPEAN UNION

In 1994, the European Union integrated some workers' rights into its own GSP. Countries which respect core labour standards can get additional GSP benefits, while countries denying core labour standards face suspension.

As from 1 January 1995, countries which tolerate forced labour, or which export goods made by prison labour could face trade sanctions in the form of temporary suspension from the GSP scheme. Investigation by the European Commission can be initiated by member states or any natural or legal persons or associations able to demonstrate a bona fide interest in the case. Sanctions, if any, cannot be implemented before a year of investigation and a decision by the (qualified) majority of the Council.

In March 1997, the European Union formally suspended Burma's trade privileges on the grounds that Rangoon's military regime sanctions the use of forced labour. This action set a precedent in the Commission's bilateral trade relations by linking trade and core labour standards for the first time.

Starting from 1 January 1998, countries can apply for "special incentive arrangements in the form of additional preferences", provided that they have adopted and apply the substance of ILO standards concerning freedom of association and collective bargaining.

GUIDELINES AND DECLARATIONS

In the 1970's, the international trade union movement was campaigning to establish a system of guidelines for multinational corporations. The OECD adopted its Guidelines for Multinational Enterprises in 1976 and the ILO its Tripartite Declaration of Principles concerning Multinationals and Social Policy in 1977. The OECD Guidelines are voluntary and consequently, not legally enforceable. The ILO Declaration is also voluntary and is essentially a statement of principles on issues such as basic human rights, conditions of work, equality of treatment and industrial relations. As it is voluntary, it cannot be enforced in the same way as an ILO Convention. Nevertheless it and the OECD Guidelines have been used by unions to pressure companies and governments to live up to the standards they have adopted.

International negotiations have started at the OECD on a global investment instrument (Multilateral Agreement on Investment - MAI) to set rules governing the treatment of foreign direct investment. Once ready, non-OECD members could also sign the MAI, which could serve as the basis for a world-wide investment instrument through the WTO. TUAC is working to ensure that the OECD Guidelines for Multinational Companies are linked to the new instrument. The new agreement must contain a clause to stop governments promising cheap labour and a union-free environment to attract investors. The UN Commission on Trade and Development and the WTO are also looking at how a global instrument might be negotiated and the ICFTU is following these discussions closely, stressing the need to incorporate the ILO declaration on Multinationals and respect for core labour standards.

OTHER WTO INITIATIVES

As well as the policy reviews and the general preparatory work for the Geneva meeting, the WTO has a work programme in other areas where labour standards and other labour issues arise, such as investment, competition and environmental protection. They are clearly areas of relevance to workers and in which the trade unions have both interests and expertise, especially in the developing countries.

THE NAFTA SIDE AGREEMENT ON LABOUR

The North American Free Trade Agreement (NAFTA) is a further stage in the process of economic integration in North America. There was, and still is strong concern that NAFTA could bring downward pressure to bear on wages and working conditions. To accommodate this concern, a "side" or "parallel" agreement on labour standards was negotiated. The North American Agreement on Labor Co-operation (NAALC), also commonly known as the NAFTA Side Agreement on Labor, came into force at the same time as NAFTA on 1 January 1994.

The NAALC provides for a commitment to uphold existing labour laws in basic areas of workers' rights including freedom of association, the right to collective bargaining and the right to strike; prohibition of forced labour; discrimination; protection of migrant workers; health and safety; child protection; and minimum employment standards. In the areas of minimum wages, safety standards and child labour alone, fines of up to \$20 million could be levied on countries that allow their companies to gain a competitive advantage by violating labour laws in these areas. Seven submissions have so far been filed for review under the NAALC.

The agreement has shortcomings, however. The procedures are highly complex and time consuming. And crucially, it makes no reference to internationally recognized labour standards. The focus is on the enforcement of each country's own labour laws.

INTERNATIONAL COMMODITY AGREEMENTS

Some international commodity agreements also refer to core labour standards: the International Sugar Agreements, the Tin Agreement of 1981, the Cocoa Agreement of 1986 and the International Rubber Agreement of 1987.

These clauses are essentially statements of intent. They contain no special sanctions or control mechanisms. They are therefore of limited use, but they do nevertheless add strength to the trade union argument that there is nothing unprecedented about linking trade to labour standards.

THE RISE OF ETHICAL CONSUMERISM

Ethical consumerism really began with the campaign against apartheid. It now encompasses a range of issues from environmental protection to concern about workers' rights. Trade unions have formed alliances with consumer's organizations and human rights groups to ride the tide of ethical consumerism by drawing attention

to abuses of workers' rights, child labour and exploitation of women, especially in labour-intensive industries like clothing and sports goods. Unions have campaigned to force transnational companies to adopt Codes of Conduct on the treatment of workers that will apply right down the whole production chain. Typically, the brand owners of such goods use a chain of suppliers and sub-contractors, and deny responsibility for any maltreatment of workers they do not employ directly.

UNICEF's 1997 State of the World's Children report further called on TNCs to adopt codes of conduct banning the use of child labour by their suppliers in developing countries.

Among the companies to adopt codes of conduct have been clothing makers Levi-Strauss and Phillips-Van Heusen, athletic footwear makers Nike and Reebok and retailers Eddie Bauer, The Gap, Nordstrum, JC Penney, Sears Roebuck and Co. and Wal-Mart. All of these retailers are heavily involved in organizing the production of clothing and footwear internationally through outsourcing. In 1996, the US clothing giant The Gap went even further, by reaching agreement with a coalition of trade union, human rights and religious organizations to establish a system of independent monitoring of the observance of this company's code of conduct by its subcontractor in El Salvador. Levi's has terms of engagement with its 600 contract manufacturers around the world in which it states that it will not do business with companies who use child or prison labour.

Fifa, soccer's world governing body, has agreed to a code of conduct for manufacturers of soccer balls, after a trade union campaign by the ICFTU, the ITGLWF and FIET revealed that souvenir balls for the Euro '96 championship had been produced by child labourers in Pakistan.

The Fifa code will set labour standards for suppliers of Fifa-approved balls, covering the minimum working age, hours and conditions, and union representation.

DO THE CODES WORK?

Codes of conduct have obvious drawbacks. To date, they have been entirely voluntary; firms are not legally bound to follow them. There are usually few if any satisfactory monitoring and enforcement procedures, despite constant calls from unions and pressure groups for independent monitoring and verification mechanisms. For many companies, the problem is simply one of public relations; they will do enough to get the campaigners off their back, but no more.

But despite these problems, there is no doubt that codes of conduct do make a difference. Even if all they are worried about is getting a bad press, many companies, especially those who invest heavily in their brand image, are very sensitive to public opinion, and will go to great lengths to avoid adverse publicity. They can be shamed into improving their labour practices. And if respecting labour standards improves a firm's image, and its sales, other firms may start to see labour rights as a bankable commodity.

Campaigning on labour codes also raises public awareness of the way workers' rights are abused, and of the role of trade unions in defending workers. Through these campaigns, trade unions have forged powerful alliances with NGOs, women's groups, consumer groups and human rights organizations that may prove useful in the campaign for a workers' rights clause.

A recent report by the NGO Human Rights Watch claims that public action and serious insistence on human rights can work. Public pressure on conditions of work faced by textile workers have forced large importing companies to source their goods from companies that respect labour rights. Major manufacturers from GAP to Nike have been forced to own up to myriad abuses of workers in a number of developing countries.

Codes of conduct and GSP systems have helped raise public awareness of the reality of globalization; of just why certain goods are so cheap; and of who really pays the full price. They have also blown away the myth that the mighty TNCs are omnipotent and invincible, and given a powerful boost to the confidence of the trade union movement and other campaigners. As well as the substantial publicity these campaigns have attracted, they have made a profound impact in many sectors, especially child labour. People are now much more aware of how extensive and complex a problem this is.

But however many examples one can find of their working, voluntary codes of conduct are no substitute for a workers' rights clause.

That is not to say that the trade union movement will be sidelining its work on developing and strengthening codes of conduct, or on pressing for links between trade and workers' rights to be included in regional trade arrangements. But these campaigns are part of the global campaign for a workers' rights clause.

⁷ Havana Charter for an International Trade Organisation, Department of State Pub. No.3117, Commercial Policy Series 113 (1948)

⁸ The ICFTU has published a "Users' Guide to the Social Summit". Available from the ICFTU, or on our World Wide Web site at <http://www.icftu.org>

PART IV

THE WAY FORWARD**THE NEXT STEP**

The campaign for a workers' rights clause is now at a critical phase. The trade union movement made significant gains from the Marrakech meeting and the Singapore meeting. These gains were the result of careful planning, a lot of media work and intensive lobbying during the negotiations. The next WTO Ministerial Summit will be held in Geneva from 18-20 May 1998. The planning for this meeting has already started, and will intensify over the intervening months. Our aim is keep up the pressure for labour standards and trade nationally and at world level, and to create and use opportunities to keep the issue in the headlines.

THE RIGHT TIME FOR WORKERS' RIGHTS

Time is now on the side of the workers' rights clause campaign. Public awareness of international social issues is high. The growth in media and communications technology has shrunk the distance between countries. Everyone sees more, knows more, and seems to care more.

The political climate has also changed in many parts of the world. Alongside the growing awareness that everything connects has come a recognition that the free market cannot simply be left to operate unchecked and ungoverned. As we have argued earlier, the international business community itself campaigns vigorously for global regulation when it comes to matters like copyright control, or the manufacture of counterfeit goods that affect corporate profits. This sits rather uneasily alongside their opposition to a workers' rights clause.

Women's organizations have become aware of the way the global economy exploits and discriminates against women and girls, especially in employment. There have been a number of campaigns to raise awareness about equal wages and treatment for women workers, improving their working conditions and organization into trade unions, including the ICFTU's international campaign on the rights of working women and the campaigns of the ICFTU Asian and Pacific Regional Organization, ICFTU/APRO on "Women Know Your Rights" and "1 + 1 = Women Power". Women trade unionists and women's organizations were vocal and effective at the United Nations Fourth World Women's Conference in Beijing in 1995, particularly in ensuring that the final declaration included a strong reference to the importance of guaranteeing workers' rights, including rights to protection against discrimination, in international trade agreements.

Ethical consumerism, fired in part by energetic and imaginative campaigning from the trade union movement and other civic groups has also helped dispel the image of the all-powerful, all-conquering TNC. People are beginning to see that these juggernauts can be brought under control; all it takes is the determined activism to generate the political will. All this has created a fertile environment for the campaign for a workers' rights clause.

THE MESSAGE

One reason that the message on a workers' rights clause has got through is that it is a very simple message. Despite (or, perhaps, because of) the vehemence of the opposition, few people doubt that trade and labour standards are connected in just the way that the trade unions maintain - that unscrupulous employers and governments are paying low wages and oppressing workers to maximize profit. It sounds like common sense - and it matches people's experience.

THE FIJI REPORT

In April, 1997, the WTO reported on Fiji*. The ICFTU, in close collaboration with its affiliate, the Fiji Trade Union Congress (FTUC) produced a parallel review on the extent to which Fiji respects core labour standards. It made damning reading.

Many of Fiji's current labour laws were introduced by the military dictatorship that seized power following a coup in 1987. Fiji has ratified just one of the main ILO Conventions on trade union rights and has been the subject of strong criticism by the ILO. Conditions in the country's tax-free export zones are particularly bad, with workers complaining of sexual harassment, low wages and poor working conditions.

Fiji has not ratified the main ILO Convention on child labour, and there is a growing child labour problem, especially in the farming sector.

Although there is no evidence of bonded labour or forced labour, Fiji has a contract labour system for workers from China. There are about 2,000 such workers in the country, mainly in the garment industry. They are employed on two-year contracts through agencies in China to whom they pay an "agency fee" - usually about half their wages. The ICFTU and the FTUC are concerned that these workers may be press-ganged into employment and wants the Fijian government and the ILO to review the system.

The Fijian government maintains that it cannot improve labour rights because the country relies on cheap labour to attract foreign direct investment and increase exports. By 1993, the tax-free export sector contributed \$75 million out of a total GDP of \$885 million. There is clear evidence that Fiji's low labour costs have persuaded investors to transfer operations there from other countries - notably the Cook Islands.

Abuse like this, coupled with Fiji's repressive labour legislation, make the country a prime case for action under a workers' rights clause. The ICFTU report concludes that: "The Fijian government's violation of core labour standards is an important part of their international trade and investment strategy". It said that the Fijian government was not living up to the commitments it accepted at the Singapore WTO meeting, and was failing its obligations as a member of the ILO. It was cheating its own citizens; it was cheating its neighbours; and it was undermining the whole concept of a rules-based trading system.

The report said the WTO should urge Fiji to keep to the pledges it made in Singapore, and should ask the ILO to intensify its work with the Fijian government and make a report to the WTO Council for the next trade policy review.

The combination of international and domestic pressure on the government of Fiji at the time of the WTO trade policy review in April 1997 was instrumental in causing the government to propose certain improvements in the labour law of Fiji, which are being debated in the parliament of Fiji.

The work done by the ICFTU and the FTUC in producing the Fiji report adds more weight to the workers' rights clause campaign. Similar reports are planned for every country on the WTO review list. They will highlight instances of abuse and exploitation that can only flourish under the present free-for-all. They will show the dilemma facing countries forced to choose between treating their citizens fairly and making themselves attractive to foreign investors; and they will show that the only way to resolve this dilemma is to bring every country within the world trading system under the rule of law.

* WTO General council Review of the Trade Policies of Fiji, April 9-10 1997.

All of the abuses that the trade union movement has targeted during the workers' rights clause take place behind closed doors and barbed wire. The abusers are always on the defensive; ministerial pronouncements about "traditional culture" ring hollow when set against images of young children toiling their childhood away in sweatshops and factories; and claims by the big companies that they have no control over what happens all the way down the production chain rarely convince. TNCs cannot at the same time boast to their customers about the rigors of their quality control, while maintaining they have no jurisdiction over what goes on in their sub-contractors' factories. The two propositions are inconsistent.

EMERGING AREAS OF CONSENSUS

As this document has shown, the debate about whether and, if so, how to encourage the parallel improvement of basic workers rights and the opening up of global markets is not new. It was a major topic of discussion and agreement in 1947 in Havana at the first post-war international conference on trade. It gained significance since the signing of the Uruguay Round agreements in 1994 in Marrakech.

The ILO, UNCTAD, the World Bank, the OECD, and the G7 Summit have discussed the issue extensively and a number of serious studies have been produced. There are some signs of an emerging, if partial, consensus upon which trade ministers can build.

Firstly, there is widespread agreement on the ICFTU's proposals for the following seven core ILO standards, supported by the Copenhagen UN Social Summit, the Beijing UN 4th World Women's Conference and in the Singapore Declaration by WTO trade ministers, as points of reference:

- Conventions 29 and 105 on the abolition of forced labour;
- Conventions 87 and 98 on the rights to freedom of association and to bargain collectively;
- Conventions 111 and 100 on the prevention of discrimination in employment and equal pay for work of equal value; and
- Convention 138 on the minimum age for employment (child labour).

These standards are amongst the most highly ratified of the ILO. Over 100 states have ratified at least six of the seven. They are not industrialized country standards; they constitute the most accepted standards in the world for the following reasons:

- they assert the right of workers to form and join unions and to negotiate conditions of employment that are fair and appropriate for their country's level of development;
- they outlaw forced labour or slave labour, which prevent workers from having any say in where they work or in the terms of their employment;
- they seek to end discrimination in employment which stops particular groups of workers such as women or migrant workers, from benefiting from trade growth; and
- they seek to end the commercial exploitation of children, and will lay the foundation for a programme of aid aimed at communities and families who presently depend on child labour to survive.

Adherence to the seven basic ILO standards would prevent the most extreme forms of exploitation and cut-throat competition. It would not end developing countries' comparative advantage, but it would establish a process by which conditions of employment could gradually be improved as trade increases. This would encourage the growth of consumer markets, stimulating both domestic and foreign investment and, most importantly, jobs.

This would help to ensure a more balanced expansion of world trade and a smoother process of adjustment to changes in the global division of labour. At the Copenhagen Social Development Summit in 1995 there was a very broad consensus that these are core labour rights to which all countries should and can commit themselves. Furthermore, as stated in the Programme of Action adopted at the Summit (paragraph 6), "...social progress will not be realized simply through the free interaction of market forces. Public policies are necessary to correct market failures, to complement market mechanisms, to maintain social stability and to create a national and international environment that promotes sustainable growth on a global scale."

A second point of consensus is that all countries should aim for progressively more and more open trade. The global market is thus set to enlarge and affect significantly an ever increasing number of workers. The intensification of competition is already causing trade tensions to rise between states. This calls for a much closer interaction between trade policy and policies in such fields as the environment, foreign direct investment, business practices and labour. The WTO therefore must adapt to these pressures and increase its collaboration with other agencies, such as the ILO.

The third area of consensus is that the international community should exert pressure on countries that violate basic standards not only out of concern for basic human rights but also because such violations call into question the legitimacy of a trading system that allows unscrupulous companies to gain short-term competitive advantage by abusing fundamental workers' freedoms. Already a number of governments and some socially aware companies and trade associations are responding to such concerns by introducing workers' rights provisions into national or regional trade laws and codes of conduct. However such actions cannot provide a general solution. It is high time for the WTO, together with the ILO, to create a pro-active multilateral framework to stave off the danger that even well intentioned unilateral measures could be used for protectionist purposes.

A fourth area of common ground is that fears that core labour standards could negatively affect economic performance are unfounded. Studies of the relationship between trade liberalisation and labour standards show a positive two-way relationship over time in which improved observance of basic workers' rights acts as an incentive to raise productivity through investment, especially in education and training, and helps to create a more stable social framework attractive to foreign direct investment. Nevertheless efforts to extend basic labour standards can be undermined by governments which seek to gain a short-term advantage by suppressing labour rights, typically in Export Processing Zones. The countries most at risk

from such behaviour are typically developing countries with similar levels of labour productivity and which are consequently under pressure to weaken established workers' rights. International action is therefore needed to promote adherence to basic standards and prevent destructive competition which is damaging both for the country and the workers concerned as well as the international system.

THE NEED FOR DIALOGUE

There is clearly a need for further dialogue. The ICFTU and its affiliates have had extensive discussions with governments, international organizations, employers and many other interested experts and non-governmental organizations. These have revealed widespread recognition that a problem exists and that practical solutions need to be found which reinforce the integrity of the open trading system and improve the observance of basic workers' rights. We are convinced that the elements of consensus that are emerging could be enlarged through a deeper and more considered examination of the options and in particular the procedural mechanisms for cooperation between the ILO and the WTO.

CORPORATE CODES OF CONDUCT ON LABOUR PRACTICES

The ICFTU/ ITS Working Group on Multinationals has been working on a set of guidelines to trade union negotiators involved with corporate codes of conduct. The objective is to have a model for the terms of such codes and their monitoring and implementation. A number of NGO's are also active on codes and the ICFTU and ITS have a wide range of contacts. The industries targetted for codes so far include toys, sporting goods, cut flowers, diamonds and gemstones, textiles and clothing and footwear. The key companies in these discussions are characterised by their extensive global sub-contracting. In essence the trade union work on codes is a "second front" in which the aim is to tie companies and industry associations to the observance of core labour standards through the explicit challenge that revelations of exploitative practices pose to their image on the consumer market and with "ethical" investors. The pressure on companies feeds back into the debate with governments and the international organisations of employers.

Developing countries working to improve the rights of their citizens at work at the same time as increasing their participation in the global market have most to gain from a reinforcement of basic workers' rights. Responsible business, that recognises that the security and productivity of their investments ultimately depends on the degree to which the system in which they operate produces social justice, would also benefit. Support could also be expected from industrial country governments that are trying to adapt to a

new global world economy and stave off the dangers of a protectionist backlash. And workers everywhere would be able to face rapid and sometimes intimidating changes with a greater degree of confidence. The potential consensus includes all the major social and political adherents of what is known as the free world. This basis of support was and remains vital to the GATT system and for the future of the WTO.

The ICFTU, for its part, is more than ready to participate in an open dialogue with all concerned. What is needed is an organized forum for such discussions so that by the time ministers or heads of state and government meet to agree on the agenda for the WTO for the 21st century, they can examine specific policy options for the international community. A WTO Working Party should therefore be set up with a remit to study and report on how the Organization can contribute to furthering the observance of basic international labour standards in an open trading system with well-defined non-discriminatory mechanisms for action.

The promotion of trade and enabling workers to exercise their basic rights are mutually reinforcing. There is no evidence that respect for workers' rights weakens the competitive position of developing countries, indeed by laying the foundations for cooperation between workers and employers, core labour standards contribute positively to trade and development. A workers' rights provision would strengthen the political authority of the WTO and break, rather than build, barriers to world trade. It would provide a means of solving disputes that, if allowed to persist, might increase pressures for protectionism. And it would serve to reinforce the case for enlarged access for developing countries to world export markets. A workers' rights provision in the WTO would need to be backed up, where necessary, by international financial and technical assistance through the ILO, particularly to fund programmes designed to eliminate child labour through the expansion of education facilities and increased income-generating opportunities of the poorest families.

The Geneva Trade Ministers Meeting of the WTO in May 1998 is an opportunity to move on the process of finding a way forward on a issue which threatens to provoke serious disagreement. What is required is a cool objective examination of how the WTO, working closely with the ILO, can take action to improve the likelihood that the benefits of trade growth will be more broadly spread within and between countries, thus widening the constituency of support for trade liberalisation. Such an initiative is vital to ensuring a non-protectionist means for securing basic workers' rights in an increasingly competitive world market.

THE ILO

The link between the ILO and the WTO is crucial to the success of a workers' rights clause. The final declaration of the Singapore meeting clearly gives the WTO a mandate to co-operate with the ILO.

The ILO's pre-Geneva work programme will therefore provide some vital occasions to follow-up on the gains made in Marrakech and Singapore. The ILO Governing Body Working Party on the social dimensions of globalization meets regularly. The priority at the ILO Governing Body will be to continue the pressure to enhance ILO supervision of the core conventions.

INTERACTING WITH THE ASIA-EUROPE DIALOGUE IN ASEM

"ASEM" consists of the 15 members of the European Union (EU) (Sweden, Finland, Denmark, Germany, Netherlands, Luxembourg, Belgium, France, United Kingdom, Ireland, Austria, Italy, Spain, Portugal and Greece) plus the European Commission; the 7 members of ASEAN prior to its latest enlargement (Indonesia, Singapore, Malaysia, Brunei, Philippines, Thailand and Vietnam); and three other Asian countries: China, Japan and Korea. The first ASEM Summit of heads of state or government took place on 1-2 March 1996 in Bangkok.

The ICFTU/APRO prepared a Statement to the 1996 ASEM Summit in Bangkok calling on governments to include the social dimensions of economic co-operation on their agenda. The Second ASEM Summit in London in April 1998 offers an opportunity for unions to raise their profile in relation to ASEM and the ICFTU, ICFTU/APRO and the European Trade Union Confederation (ETUC) are submitting a joint statement for the London ASEM Summit.

The ILO Conference itself brings together representatives from all the main players in the workers' rights clause debate - governments, big business, and unions. It will be a perfect platform from which to highlight the link between trade liberalization and labour standards. The main focus of attention in 1998 is likely to be the debate on strengthening the supervisory mechanisms for the core Conventions. This is already being discussed in the ILO Governing Body and was a major theme of the Director-General's report to the 1997 Conference. The debate has developed around the idea of the adoption by the ILO Conference of a Declaration on fundamental rights, and of new supervisory mechanisms which would give the ILO significant new capacities to examine the situation in respect of those rights in countries which have not ratified the relevant conventions.

Paradoxically, both sides of the workers' rights clause argument have reasons to back a stronger ILO: those who want labour rights issue to be solely an ILO matter have an interest in its being

seen to have a more effective machinery; while those, like the ICFTU, who are looking for an eventual linkage want new procedures in place so as to highlight the need for WTO action on cases of persistent and gross abuse of core standards.

The ICFTU and the whole union movement is further gearing up for the new ILO Convention on child labour, which is on the agenda for the 1998 and 1999 ILO conferences. Our principal objectives for the new standards are to retain the age benchmarks set in Convention 138, to maintain a strong connection between C138 and the proposed new Convention, and to include strong references in the new Convention to the "intolerable" nature of commercial exploitation of children and to work that interferes with the education and development of children, along with other criteria already contained in the text circulated by the ILO. This will be an perfect opportunity to raise the profile of what is already a headline issue. And it will be another area where the ILO will be better equipped to set the standards that will underpin a workers' rights clause.

Public attention to this issue is expected to increase early in 1998 with the holding of the Global March Against Child Labour, an international event over several months, organized by NGOs and trade unions, culminating at the International Labour Conference in Geneva in June.

THE NEXT WTO SUMMIT: AN OPPORTUNITY TO MAKE PROGRESS

The dates of the next WTO ministerial meeting have been announced as Monday 18 May to Wednesday 20 May 1998 in Geneva. The opening on 18 May is likely to be a short ceremony to celebrate the 50th anniversary of the GATT. The format of the following two days is still under discussion. It is envisaged that the meeting will provide an occasion for ministers to review progress since Singapore and prepare for a new "Millennium Round" of multilateral negotiations to be launched in 1999 or 2000.

Endorsed by the United Nations Summit for Social Development (Copenhagen 1995), the universal observance of core labour standards would mark a major step forward in ensuring that all workers have the opportunity to benefit from the potential that an open trading system offers for growth and improved living standards. At their meeting in Geneva, trade ministers should therefore consider the following proposals:

- the establishment of a Working Party on International Labour Standards and Trade to examine how the WTO, in collaboration

with the ILO, can contribute to improving the observance of core labour standards;

- including core labour standards as one of the subjects for discussion in the next round of WTO trade negotiations;
- strengthening cooperation between the ILO and the WTO in line with the agreement in paragraph 4 of the Singapore Declaration;
- that the WTO should in future receive regular reports from the ILO on what countries are doing to respect core labour standards.

CONCLUSION

The campaign for a workers' rights clause is probably the most wide-ranging in the history of the trade union movement. It is a campaign that goes a long way beyond the confines of that movement. It touches every aspect of the global economy at every level.

In this campaign, the trade unions are asking governments and corporations whether the global economy as it stands now really represents the kind of a world they want to create; or whether they have the courage to face a different vision; and whether they have the courage to face the facts about the global economy, rather than the fantasies; to look behind the sound-bites and the buzz words at the reality of globalization that our members - their citizens and their employees - live out every day.

The global economy is asking people too many people to make too high a sacrifice for too uncertain a reward. The injustice of all the trappings of the global economy - the export processing zones, child labour, discrimination, persecution of trade union activists - could not be plainer. We have to confront the international community with those injustices, and we have to ask them to choose between that vision and between ours; between looking backwards and facing the future.

The global economy needs global rules. In an era when multinational corporations have more money, better technology, and more raw power than many nation-states, it makes no sense to pretend otherwise.

There is a wide consensus that they should apply to tariffs, standards, and all the practical paraphernalia of getting goods and services across borders and into as many market places as possible; there is broad, if grudging agreement that they need to cover the environment - no country can keep its own air pure, and few can keep their own water clean; and there is passionate agreement (especially among the multinationals) that they should cover copyright and the protection of intellectual property. Why should these rules not cover workers' rights?

The ICFTU is focusing its efforts now on the Geneva meeting. That meeting is likely to be a staging post in a journey that began even long before the Havana declaration of 1948. We may not get a workers' rights clause in Geneva. What we are certain of, however, is that the tide is now flowing in our favour. And we intend to achieve a commitment that workers' rights are important and should be discussed in the next round of WTO trade negotiations. With all our resources, and all our strength behind our message, we intend to succeed in what will rank as the greatest project ever mounted by the trade union movement - saving the global economy; and creating a true global society.

GLOSSARY

• AFL-CIO	American Federation of Labor - Congress of Industrial Organizations
• APEC	Asia Pacific Economic Co-operation
• ASEAN	Association of South East Asian Nations
• ASEM	Asia-Europe Meeting
• ETUC	European Trade Union Confederation
• ETUC/TCL	European Trade Union Committee: Textiles, Clothing and Leather
• FDI	Foreign Direct Investment
• FIET	International Federation of Commercial, Clerical, Professional and Technical Employees
• FIFA	International Federation of Football Associations
• FKTU	Federation of Korean Trade Unions
• FTAA	Free Trade Area of the Americas
• FTUB	Free Trade Unions of Burma
• FTUC	Fiji Trade Union Congress
• G7	Group of Seven largest industrialized countries
• GATT	General Agreement on Tariffs and Trade
• GDP	Gross Domestic Product
• GSP	Generalized System of Preferences
• ICFTU	International Confederation of Free Trade Unions
• ICFTU/AFRO	ICFTU African Regional Organization
• ICFTU/APLN	ICFTU Asia Pacific Labour Network
• ICFTU/APRO	ICFTU Asian and Pacific Regional Organization
• ICFTU/ORIT	ICFTU Inter-American Organization of Workers
• IFAD	International Fund for Agricultural Development
• ILO	International Labour Organization
• IMF	International Monetary Fund
• ITGLWF	International Textile, Garment and Leather Workers' Federation
• ITO	International Trade Organization
• ITS	International Trade Secretariats
• IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
• KCTU	Korean Confederation of Trade Unions
• MAI	Multilateral Agreement on Investment (of the OECD)
• NAALC	North American Agreement on Labor Co-operation
• NAFTA	North American Free Trade Agreement
• NGO	Non-governmental Organization
• NIC	Newly Industrializing Country
• OAS	Organization of American States
• OATUU	Organization for African Trade Union Unity
• OECD	Organization for Economic Cooperation and Development
• SLORC	State Law and Order Restoration Council (Burma)
• TNC	Transnational Corporation
• TPR	Trade Policy Review (of the WTO)
• TUAC	Trade Union Advisory Committee to the OECD
• UN	United Nations
• UNCTAD	United Nations Conference on Trade and Development
• UNICEF	United Nations Children's Fund
• WTO	World Trade Organization

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