



FEDERATION OF FREE WORKERS

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TRADE MUST SERVE SOCIAL AND HUMAN DEVELOPMENT

The Situation

Six years of the WTO has not resulted in its promise of progress. Instead: unemployment is increasing; poverty is deepening while income gaps are widening; and social exclusion abounds, be this within developing and least developed countries, or because of the imbalance and injustice in trade between and among the developed and developing countries of the world, or as a result of intermittent regional and global economic crises triggered by financial speculations and the consequences of the global debt problem.

This situation is the natural breeding ground of global terrorism that must be stumped.

The Philippines is similarly situated.

Underlying Principle

Social and Human Development is the end, for which trade is one of the means. The WTO must accept this fundamental principle.

Subsequently, its actions should be subjected to independent monitoring, verification and evaluation along this fundamental principle, while its Work Plan should be reshaped and pursued accordingly in a way that will promote more space for global democracy to grow.

Our Critique

While WTO and other UN Bodies can become institutions for global democracy and global good governance, we question the fundamental legitimacy of the WTO in seeking to impose its trade norms over other equally legitimate internationally established standards (by UNCTAD, WHO, FAO, UNDP and ILO and by the Declaration on Sustainable Development of the Rio Conference as well as by the Declaration on Social Development by the World Social Summit in Copenhagen). This results in the tendency

to reduce social and human development in the service of trade, and exacerbate the greed of the market in the absence or inadequacy of appropriate democratic countervailing forces.

Multilateral negotiations, in the context of prevailing imbalance in the powers of states, and between states and civil society, is neither decent in any civilized society nor is it conducive to promoting democracy globally.

We find no use, then, to another round of multilateral trade negotiation at the moment, given this reality, and until that reality is altered.

Our Propositions:

We propose that:

1. Instead of expanding its field of competence or opening up another round of trade negotiations, WTO should first and principally address the concerns of the Copenhagen World Summit for Social Development in its Work Plan, particularly in respect to promoting and safeguarding employment, fighting poverty and eliminating social exclusion in a sustainable manner. In addition, it should be more useful for WTO at the moment to assess its actions vis-avis its avowed goals¹ and Declarations and complete the operational realization of its mandates before proceeding to new grounds or rounds any further. For example, it could assess the impact of its Agreements on jobs, on the rights of labour and on sustainable development. If the Bretton Woods Institutions are doing it, albeit dubiously, we find no cogent reason why WTO should not. The draft Doja Ministerial Declaration (JOB (01)140) is a good beginning but it is not enough, especially in respect to promoting decent work and labour rights.
2. WTO should concretely put in operation its Singapore Ministerial Declaration, adopted on 13 December 1996, principally through the signing of cooperation agreement between it and the ILO, that will realize the pre-eminence of the ILO in respect to social questions arising out of international trade, and that will address core international labor standards squarely in its Work Programme. Onwards, WTO must recognize the ILO Declaration on Fundamental Principles and Rights at Work and its Follow Up, as an instrument equal to others, in the shaping of trade agreements. The same holds true for other inter-governmental organizations whose mandates relate to finance, health, agriculture and whose standards-setting functions in their respective competence should be recognized by the WTO, instead of working against it or trying to supplant it.

¹ Among others, WTO's stated goals are: raising of living standards and income levels, realization of full employment, increase in production and trade, optimum use of resources worldwide from a perspective of sustainable development, positive efforts to enable the poorest countries to take part in the growth of world trade.

3. WTO should be democratized: it must *work as a part and partner* of, and not apart from, a global regulatory mechanism to promote economic and social development alike and equally, and not to supplant other global institutions in its rule-making functions; *civil society and trade unions must be recognized in its representations* as partners, at least in social dialogue if not in actual negotiations; *democratic procedures*, the least of which is transparency but also democratic representation, must be observed in its operations, specifically in its dispute settlement procedures, much like in other UN bodies.
4. Stop any attempt at introducing the Multilateral Agreement on Investments in the WTO. This is not the competence of WTO,
5. Instead of expanding areas for trade negotiation or its competence, WTO should pay attention to promoting fair trade practices and decent work, to the extent that developing countries and their workers, especially the least developed ones, should concretely benefit under the present trade regime. In respect of which, financial, technical and trade obstacles that prevent these countries from dealing in, and benefiting from, fair trade and decent work, should be leveled, by the WTO as by other inter-governmental organizations in whom these mandates reside, and which are within their respective competencies. This can start in agriculture.
6. Include the "Precautionary Principle" clause in all present and future trade agreements. In the context of environmental protection and sustainable development, this clause states that *"should the risk of serious and irreversible damage arise, the lack of absolute scientific certainty must not serve as a pretext to postpone the adoption of effective measures to prevent environmental degradation."*² While this principle applies directly to issues about environmental protection, a similar principle must be made to apply in considering issues related to health, on the ground that common interests overrides commercial interests, and that, therefore, states must have the right to reject imports of health products, given commonly reasonable grounds.
7. WTO as an international governmental body should impose on Multinational Enterprises, in respect to their trading practices, their social obligation to help in economic and social development of their host countries, and to respect international labor standards, by among others, linking trade by MNEs to Social Accountability 8000, by promoting negotiations for Multinational Codes of Conducts between MNEs on one side, and the Trade Unions and Civil Society on the other, and by recognizing the Declaration on Multinational Enterprises and Social Policy and harmonizing these in the setting of norms or standards or rules in trade.

² As quoted in WCL, "Trade must be in the service of Social Development", Statement made in Seattle 1999 and Geneva 2000.

8. Above all, WTO must recognize the principle that labor is HUMAN in need of DEVELOPMENT, and NOT A COMMODITY for sale in the market, and, hence, must benefit in any trade deal as befits human dignity. This must particularly find expression in the general agreements in trade in services that should include protective clauses for migrant workers in accordance with the UN Declaration on International Migration, as well as in the negotiations of social plans³ for workers who are displaced as a consequence of multilateral trade agreements. Towards this end, we propose the, recognition, adoption and operationalization of a Reciprocal Social Commitment⁴ in the functioning of the WTO as a specialized UN Body.

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Ramon J. Jabar
National President

³ Social Plans are adjustment measures negotiated bilaterally between employers and workers' organizations or trilaterally among government, and the most representative organizations of workers and employers that seek to preserve and enhance jobs, find alternative employment or livelihood, educate and train workers and provide a financial package, for workers who are displaced as a result of trade agreements, structural adjustment or corporate restructuring.

⁴ The Reciprocal Social Commitment (RSC), in our conception, should link trade to promoting decent work and to leveling the playing field towards fair trade, in similar manner that links environmental protection and sustainable development to trade issues. But instead of penalties, incentives should be given to Agreements among trading partners who successfully negotiate these RSCs. A Fund could be set up, under the auspices of the United Nations to provide these incentives, including resolution of disputes between, and technical assistance for, the countries involved. Other UN Bodies -- such as the ILO, Bretton Woods Institutions, UNDP, UNCTAD, FAO, WHO -- could be tapped for their expert services in their respective fields of competence.