

Speech by Zwelinzima Vavi, General Secretary of the Congress of South African Trade Unions, to the LO Norway Co-operating Parties Conference in Maputo, Mozambique on 1 March 2004

Let me start off my input by telling you the stories of workers in South Africa from the clothing and textile sectors who had been retrenched as a result of trade - including increased imports and grey goods.

Karen, age 51, lives together with her husband and three sons in Elsie's River. For the last month, a friend of her son has been staying at the house as well. Karen has a standard 7 education, and has worked most of her life. She was always proud of her ability to hold a job. Today, the family must survive on the income of her husband and her eldest son - a total of R670 per week. When Karen still worked as a machinist, her wages added R436 per week to that total.

Karen found the transition to joblessness quite difficult. "It was very hard. I have to depend on my husband's money now. I was independent all the years. My life changed dramatically. I went through depression." She is still depressed today, and believes her husband is depressed as well. "Sometimes we argue a lot." Karen finds it troublesome to accurately describe her distress: "When you haven't gone through it, you can't understand." Trying to clarify, she adds, "I was a very happy person. I would communicate with other people. I'm not the same person anymore. It really affects me."

With his income, Karen's husband pays rates, electricity, and other necessities. He does not share what is left over with the family. Karen's eldest son gives most of his wages to her, approximately R200 each week. Karen spends all of it on food, adding "there's no money for me." Previously, the family had spent R380 per week on food. There have been times in the past year when the family went hungry because of a lack of money for food. Karen must carefully budget her R200 to make sure there is at least bread and tea in the days before the next paycheque.

We have heard many similar stories about hardship suffered by workers as a result of ill-conceived trade agreements. I'm sure that many of you could tell stories from your own countries. We would also hear stories about workers from other parts of the world - like story of Mis Qin who works in a company in China that produces predominantly for Wal-Mart - the retail store in America. She can rarely afford meat on her \$75-per-month wages and has to eat mainly vegetables. While she makes plastic toy trains for Wal-Mart she cannot afford to buy toys for her 9-year-old son and says that "In four years, they haven't increased the salary". She may only join the party-run union as independent unions are banned and has to accept the company lowering conditions of employment and extending working hours. She is reminded of her lack of rights by a sign on the factory wall which says: "If you don't work hard today, tomorrow you'll have to try hard to look for a job."

These shocking stories show real hardship and suffering. Yet everyday we read stories of how the rich are getting richer, how cattle in the USA, Europe and Japan have subsidies much higher than many people in Africa have to live on. This cannot be right. This cannot go unchallenged.

COSATU engages on multilateral, regional and bilateral trade issues on a consistent basis. Our view is that, we and other developing countries with high levels of poverty and other such problems, must manage trade to support key developmental goals. For South Africa that means addressing poverty and inequality while restructuring the economy toward more equitable, job-creating growth.

In light of soaring unemployment, trade negotiations must be much more sensitive than in the past to employment issues. Accession to the GATT (and subsequently the WTO) from 1994 contributed to rising unemployment by allowing substantial and rapid import penetration accompanied by large-scale job losses in manufacturing. We cannot afford to repeat this experience. For trade negotiations to support employment the negotiators must make sure that agreements do not unnecessarily accelerate import penetration in relatively labour-intensive sectors - that is, above all, services and light industry. Generally, COSATU - and organised labour as a whole - will oppose any further tariff cuts in labour-intensive sectors.

More broadly, agreements on trade and related issues must not further undermine the ability of individual countries and regions to take forward effective economic and social development strategies. Above all, governments must be able:

1. To ensure the provision of basic services to the poor both directly, through state-owned enterprise, as well as through regulation and subsidisation of private providers.
2. To direct public and private activity to support job-creation and equity.
3. To support household food security.
4. To protect and support national ownership where necessary to achieve broader economic and social aims.

It is also vital that trade agreements do not promote a "race to the bottom" where countries undermine labour rights and conditions in an attempt to attract investment and promote trade. A race to the bottom can only hurt us all and we will continue to see increased poverty and misery as a result of ill-conceived trade and a lack of labour rights. It is therefore also very important to continue to work to ensure that labour rights are promoted and linked to trade agreements.

As everyone knows the WTO Ministerial deadlocked in Cancun last year. While a detailed analysis will take too long to go into now, it is worth noting that Cancun demonstrated a major shift in the balance of power. No longer will the quad (that is the EU, USA, Canada and Japan) be able to push developing countries to adopt positions that are not in their interests. No longer will the quad be able to legitimately sustain the blockages for developing country goods into their markets. Cancun thus reflects a partial victory in the context of on-going negotiations. It laid the basis for genuine discussion and negotiation about what would constitute a developmental approach to trade policy. But we also need to ensure that the deadlock does not lead major parties - above all the U.S. - to simply walk away from multilateral negotiations.

What should we do to defend and advance workers' and the working class's rights and interests in the future? To start with, we need to be clearer on our own demands. We need to further develop our demands for world trade rules. We also need to organise to have a greater influence on negotiations at the WTO as well as in regional and bilateral trade agreements. Labour

must work actively to ensure that its voice is heard and its influence felt.

A critical problem for workers and the poor in developing countries remains high trade barriers to labour-intensive and agricultural exports. But any negotiations must take into account the problems of both partners. The reality is that we will only win concessions to increase developing-country exports if the countries of the North do more to assist the affected workers to find new jobs. Our people in the South cannot continue to pay to maintain these industries in the North. But as long as the governments of the North continue to make workers and poor communities bear the cost of adjustment, they will not find the political basis for change. In particular, the reluctance of the U.S. government to adopt more active structural policies makes it very hard to reform subsidies to agriculture and other unfair measures to protect labour-intensive industries.

In contrast, many European countries have experience with structural and active labour market policies that ensure that the cost of adjustment is shared more equitably. That type of policy is critical to building broader political support for fair trade agreements. More broadly, we need to develop a clear and progressive framework defining the relationship between trade and development. In effect, that points to the need for a better understanding of the links between national development efforts and global markets.

The central problem remains how to ensure that developing countries have the power to defend crucial industries and social protection. That is critical to improve productive capacity and create jobs in the longer run. In that context, our states must have the capacity to limit capital flows so that they can adopt appropriate domestic policies, especially around fiscal and monetary policy and privatisation. The kinds of question we need to ask are: What types of sectors benefit from greater protection? What types of services should the state provide, and under what circumstances would a competitive private sector be more useful? How can nations control short-run capital flows, and what kind of multilateral regulation would help prevent a race to the bottom as countries try to attract foreign investment at all cost? What kind of agreement on intellectual property rights would support broader access to appropriate and affordable technologies?

A final key challenge is ensuring that workers rights are extended to all across the globe. Labour's attempts at Cancun to get labour rights onto the negotiations agenda failed. This does not mean that we must stop working on the issue. The space exists for labour, social movements and governments to re-evaluate the multilateral trading regime - reports we receive indicate that this re-evaluation is taking place. We must use this opportunity to mobilise and push for labour rights to be inserted into the trade agenda. We must work to unite workers across the world around this key challenge - after all, it is the union that makes us strong.