
White Band Day 2007 union briefing
Listen to the South!
Support global standards

Trade justice, an end to debt and more and better aid

In 2005 the Make Poverty History coalition brought together over 500 organisations campaigning against global poverty and for sustainable development. The campaign chose three headline demands aimed at targeting the systemic problems that lock countries and people into poverty rather than just trying to solve problems with short term charity.

Trade justice

Getting the global trade system right could have the longest term positive impact on reducing global poverty, but at the moment despite the stress placed by ministers from the PM down on this issue we are not even close. Indeed at Gleneagles and subsequent G8 summits trade made the least progress.

The rules of the international trade system are stacked in favour of the most powerful countries and of the multinational businesses. In the worst case scenarios the current system allows some developed countries to pay massive subsidies to farmers and companies to export food, destroying the livelihoods of farmers in the developing world whilst deliberately ensuring that poverty eradication, labour/human rights and environmental standards come a distant second to the aim of 'eliminating trade barriers' and liberalising markets in policy terms.

We believe that increasing trade is a good thing, but in itself it is not enough. The key issue remains the distribution of the benefits of such increases. All too often the current system simply exacerbates current inequalities. The UK is engaged in three main sets of trade negotiations, all via the European Union, which has responsibility for trade.

At the multilateral level the EU is part of the World Trade Organisation (WTO) which has a membership of 151 and sets the rules for the global trading system. The current round of talks is called the 'Doha Development round' but this has turned into a misnomer as key countries and blocs have refused to give ground and negotiations have stagnated. Broadly, the US refuses to reduce subsidies to its farmers, the EU remains adamant that it will not allow more access to European agricultural market unless major developing countries such as India and Brazil open

their doors to our manufactured and service sector exports and in turn the Indians and Brazilians have pointed to their fears of the impact on jobs of opening up their markets before they are ready to compete.

With the main WTO talks likely to go into suspended animation for several years (until at least after the next elections in US, India and elsewhere) more significance is being placed on bilateral talks. The EU is engaged in two main sets, Regional Trade Agreements (RTAs) and Economic Partnership Agreements (EPAs). RTAs are direct talks on free trade agreements with individual countries or groups including; India, South Korea, the Association of South East Asian Nations and Central America countries. The international trade union movement has been pushing hard to ensure the inclusion of labour standards in such agreements so that none of the parties involved can cut basic rights to try to attract investment and increase exports. The EU is committed to calling for the inclusion of language on labour and other standards but signs are that if such text makes it into the agreements it will not have the same weight as clauses that are considered commercial such as those protecting companies' intellectual property rights (IPR).

The last set of major trade talks involves the negotiation of six Economic Partnership Agreements with groups of countries in Africa, the Caribbean and the Pacific (ACP). These agreements are not supposed to be free trade deals, but rather trade agreements designed to foster economic development. They will replace the existing Cotonou agreement which granted preferential access to European markets to ex-colonies and is in breach of WTO rules. There are many concerns with the way in which the EU has been aggressively negotiating to include a range of issues that developing countries have managed to get excluded from WTO talks. The international trade union movement is specifically concerned about the lack of clarity on what language (if any) will be included on adherence to labour standards and the potential negative impact on jobs if ACP countries find themselves swamped with European exports (see TUC pamphlet *EPAs: New Deal, New Dangers* <http://www.tuc.org.uk/extras/EPAbriefing.pdf>)

The trade union movement is continuing to increase the pressure on government to include labour standards and at the very minimum core labour standard in all trade agreements as an essential part of securing trade justice.

An end to debt

In 2000 the Jubilee Debt campaign (including many unions) raised the profile of the scandal of the debt owed by developing countries to a new level. The British Government deserves credit for taking a lead in trying to address this issue. 100% of debt owed to the UK by the 30 Highly Indebted Poorer Countries (HIPC) was written off. At the Gleneagles G8 Summit both the Prime Minister and Chancellor fought hard to get agreement from the rest of the G8 to write off over \$50 billion owed to them and many HIPC countries such as Uganda and Tanzania are already

benefiting and have started to transfer money that was being spent on interest payments to expenditure on public services.

However problems remain. Some developed countries are still pushing unreasonable conditions such as privatisation of public services before they will cancel debt owed to them. A large amount of debt is still owed to private sector lenders who are pushing for its repayment and continuing to impose stifling interest charges. The phenomenon of 'Vulture funds' has received considerable press attention in recent months. These funds buy outstanding private debt at a fraction of its real value and then take legal action against governments who are benefiting from government to government debt relief to force them to pay back the full amount. Gordon Brown has agreed to look at legal measures to counter this, but countries such as Zambia are already falling victim to such unscrupulous operators. Finally China's expansion into Africa is raising fears of a new debt crisis as large sums of money are offered at currently favourable terms which could store up future indebtedness. The international trade union movement will continue to lobby for faster debt cancellation and monitoring of new threats.

More and better aid

The Labour government can be proud of its record on aid. Since 1997 total UK overseas aid has more than doubled from £2.6 billion to £5.3 billion. Britain also now has a firm target of 2013 to achieve the UN target of 0.7% of Gross Domestic Income being given as aid, a target that only a handful of other developed countries have achieved. The TUC has consistently supported this objective, most recently in our submission to the Comprehensive Spending Review.

There has also been an ongoing programme to improve the way aid is provided. Campaigners have long called for an end to 'economic conditionality' the process by which aid was given with many stings attached i.e. countries would be required to spend money on British products or to privatise essential services. Officially this has now been stopped although some concerns remain over the role of DFID funded consultants in advising that privatisation is best course of action.

Aid flows have also been made more stable, long term and predictable with increasing coordination between international donors allowing countries to develop public sector infrastructure and enabling countries to reduce the burden that came from having to deal with literally hundreds of separate inspection visits to check how money was being used. Transparency in budgeting is vital but can be achieved with far less red tape through coordinated aid provision and increasing the ability of civil society with unions to the fore to act as a check on where money is being spent.

However despite progress at the UK level all is not well globally in regard to the provision of more and better aid. At Gleneagles the G8 committed to increase overall aid by \$50 billion, but only half of this amount has been realised with a

number of countries actually backsliding with the result that total aid flows actually fell in 2006. Countries have also been trying to count some fairly spurious budget flows towards their overall aid targets with the US for example arguing at the OECD that its spending on 'security' in Iraq should be included in calculations about its total spend on overseas assistance.

Summary

Overall, substantial progress has been made in recent years, but far more remains to be done. Trade unions in both the developed and developing world have a vital role in holding governments to account and in building the political consensus that there is nothing inevitable about millions living in poverty. With the right political choices global poverty can be massively reduced, but job creation/decent work and development of public services and social protection has to be at the heart of thinking about how the trade system should be reshaped, where the results of debt relief should be spent and where increased aid should be targeted.