



GLOBALISING DECENT WORK

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The jobs trade off: Impacts of *Global Europe* on Decent Work

What: Conference on *Global Europe* and Decent Work

Who: Leaders of trade unions, labour movement organizations from North and South, Members of European Parliament, European Commission and international organizations, NGOs, representatives of national governments

Where: European Parliament, Brussels (Room TBC)

When: November 18 & 19

Context

Now more than ever, creating decent jobs that provide an adequate level of income and protect workers' rights is central to getting ourselves out of the crisis. Already millions of people have lost their jobs and there are many more that look set to lose theirs. This on top of the fact that even before the crisis we were in the middle of a jobs crisis: 189.9 million people worldwide are unemployed, half the world's workforce works but earns less than US\$2 per day. Even in developed countries the outlook is bleak: unemployment in OECD countries is predicted to increase by over eight million by 2010. But having a job is not the end of it - decent employment is also the key mechanism by which wealth is redistributed. Men and women want a global system that enables people to work themselves out of poverty in freedom and dignity.

The question of whether and how trade liberalization can contribute to the eradication of poverty and inequality is high on the agenda yet again, particularly as in the wake of the global economic crisis many neo-liberal policy makers have been calling for a speedy conclusion to the latest round of trade negotiations at the WTO, whilst civil society, academics and trade unions, having recognized that the liberalization of financial services has played a major factor in the cause of the crisis, have been calling for a complete re-think of the global trading system.

As the evidence contradicting the notion that trade liberalization creates decent work has piled up, some of the world's most strident supporters of free trade have had to admit its' drawbacks. The World Bank has admitted that "during periods of trade liberalization ...job

destruction rates can be expected to proceed at a much faster pace than job creation. Globalisation could therefore be associated with higher unemployment rates”³.

Global Europe: The EU's trade agenda

“Rejection of protectionism at home must be accompanied by activism in opening markets abroad.”(*Global Europe*)

In October 2006, Peter Mandelson - the former EU Trade Commissioner - launched the EU's new strategy for a *Global Europe – competing in the world*¹ which presents a roadmap for Europe's trade policy in the upcoming period. This strategy looks in two directions: outward to the EU's relations with other countries, particularly in the South and inwards to the kind of Europe that is envisioned for the future. Global Europe is conceived as the “external dimension” of the Lisbon Strategy for “growth, jobs and competitiveness” (adopted in 2000) and a response to the emergence of new geo-political players, such as China and India.

For the first time, the policy clearly links the EU's external trade agenda with the necessity of becoming more competitive within Europe itself. This will demand de-regulation of social and environmental standards or as the communication states - “an open and flexible approach to setting our rules”. It envisages loosening regulation around services, which could mean more privatization, as well as government procurement, which could have a negative impact on jobs within the EU itself.

The external dimension of *Global Europe* has alarmed many due to its possible effects on developing countries. The objective of sustainable development, of which Decent Work is a part, is mentioned fleetingly. Instead the strategy emphasises “a sharper focus on market opening and stronger rules in new trade areas of economic importance to us”. Access to public services, and industrial and public procurement markets of emerging economies is a central element of the new strategy. This ambitious agenda intended to ensure European Transnational corporations remain competitive at any cost also extends to demanding access to natural and energy resources.

The communication states that “Many key issues, including investment, public procurement, competition, other regulatory issues and IPR enforcement, which remain outside the WTO at this time can be addressed through FTAs,[Free Trade Agreements]” and yet these are exactly the issues that many developing countries have rejected at the WTO due to concerns of their impact.

This Global Europe strategy has served to guide the EU's negotiations of FTAs with a range of regional trading blocks - the Community of Andean Nations, Central America and ASEAN, as well as bilateral negotiations with countries – South Korea and India amongst others.

How does *Global Europe* fit with the EU's other commitments

What is Decent Work?

Decent Work was proposed as the primary goal for the International Labour Organisation (ILO) at the 87th Session of the International Labor Conference (June 1999) by its Director General Juan

¹ http://ec.europa.eu/trade/issues/sectoral/competitiveness/global_europe_en.htm

Somavia: “The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.”

Decent Work is captured in four strategic objectives: 1. access to freely chosen employment; 2. fundamental principles and rights at work and international labour standards; 3. social protection and social security; 4. and social dialogue.

These objectives hold for all workers, women and men, in both formal and informal economies; in wage employment or working on their own account; in fields, factories and offices; in their home or in the community. (ILO)

At the same time as implementing trade policy which has had a detrimental impact on Decent Work, the EU has played an active role in promoting Decent Work as a Global Agenda – it has promoted the European Social Model as a successful example of economic development accompanied by a high level of social cohesion.

Already in 2005, when the European Consensus on Development was adopted, employment was recognised as a crucial factor to achieve a high level of social cohesion. For that reason, the Consensus states: “the Community will promote investments that generate employment and that support human resources development. In this respect, the Community will promote decent work for all in line with the International Labour Organisation (ILO) agenda” (paragraph 99).

In the same year as Global Europe, the EC issued a Communication on ‘Promoting Decent Work For All – The EU contribution to the implementation of decent work agenda in the world’ in 2006. In this document, which defines an overall strategy for the promotion of decent work, the Commission reaffirmed this approach and also identified the need for better coherence between its external policies areas and namely development cooperation, trade, migration and neighbourhood policies.

Impact of Global Europe on decent work

The labour movement and civil society organizations, as well as governments in developing countries have been raising serious concerns about the impacts of these agreements on decent work – fearing unemployment, impact on the level and quality of social protection and public services as well as conditions and labour rights more generally. In the context of the financial crisis these concerns have become even graver, given the impact lowering tariffs would have on public revenue and looser public procurement regulations would have on the ability of domestic firms to compete and hence create employment. Governments often provide preferential access for local companies to these contracts in order to build-up domestic industries and create local jobs. UNCTAD has argued that developing countries should not give up the right to award such contracts, as they are a vital tool to build-up local companies, keep money in the country and counter increases in unemployment.

There are additional concerns that would impact on people’s ability to lead a decent life. For example, some developing countries put taxes, quotas or even bans on the export of raw materials or food out of their country. Europe wants these abolished so that European companies can access raw materials and food more easily and at a cheaper rate. But countries use these taxes and quotas to encourage local processing of raw materials into higher value goods, to ensure that enough raw materials or food are available locally, or to

keep the price lower for such goods in the country concerned, which in the context of the food crisis is crucial.

Most rich countries used some or all of these regulations during their own development process. It is this which has in fact enabled the European Social Model to function. And yet, DG Trade has recently argued that "...the Community should consider introducing carefully targeted restrictions on access to parts of the EU procurement market, so as to further encourage our partners to offer reciprocal market opening"²;

Objectives of the conference

This conference will bring trade unions and labour movement organizations from the developing world to provide their own accounts of how trade liberalization has affected them and to engage with European decision-makers, NGOs and trade unions of how trading rules can be changed to ensure decent work for all. With a new European Parliament and Commission, the discussion will inform and provoke debate within Europe about what kind of trade model would benefit people everywhere.

The conference will examine both short and long term challenges. Coming just ten days before the World Trade Organisation Ministerial to be held in Geneva from the 29th of November to the 2nd of December, the event is an opportunity to:

- engage in the discussion about how the EU will tackle the negotiations on key issues related to decent work on the Doha Development Round Agenda, such as Non-Agricultural Market Access and services. ;
- discuss the repercussions of the current negotiations on Economic Partnership Agreements, the FTAs with Peru, Colombia, ASEAN countries and India on human and labour rights and regional integration;
- discuss the implications of the shift of EU trade policy focus from tariff lowering to Non-Tariff Barriers;
- discuss the effectiveness of social, labour and sustainable development chapters in trade agreements;
- discuss the possibility of redirecting EU trade policies towards the creation of decent work.

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² http://ec.europa.eu/trade/issues/sectoral/gov_proc/index_en.htm.

