



Amicus submission to Treasury Committee **Globalisation: its impact on the real economy**

Amicus is the UK's second largest trade union with 1.2 million members across the private and public sectors. Our members work in a range of industries including manufacturing, financial services, print, media, construction and not for profit sectors, local government, education and the NHS.

Amicus believes that globalisation can be a force for enormous economic, social and cultural good¹; similarly it can continue to enforce the status quo whereby institutions and multinationals prevail over social considerations. We stand at a crucial point of equilibrium between the best and the worst that can happen.

Executive Summary

- Amicus campaigns to protect the rights of its members and campaigns for the promotion and upholding of global labour standards.
- Amicus believes that globalisation presents a challenge to industry and workers and threatens to broaden disparities of wealth both domestically and globally. However, if globalisation is managed effectively it can promote economic growth and dynamism and can deliver millions out of poverty.
- Amicus warns against increasing flexibility and liberalisation at the expense of employment standards. Competition will only lead to innovation, productivity and high quality goods and services if it has a social dimension.
- Amicus believes companies, operating both in the UK and abroad, have a duty of care to their workforce and local communities. This duty of care should exist irrespective of prevailing local conditions. Amicus calls for the government to support an international legally binding framework for Corporate Social Responsibility to ensure the maintenance of global labour standards in accordance with ILO and UN Global Compact guidelines.
- Globalisation threatens to render UK workers at a global disadvantage in terms of employment security and Amicus therefore calls for a "level

¹ Keith Didcock, *Whatever happened to Globalisation?*, 2004

playing field” to ensure British workers are afforded the same labour rights as their European neighbours.

- Amicus is concerned at the damaging impact offshoring is having on the UK skills base. Amicus is also concerned that businesses are being put under pressure to outsource without being aware of the associated complexities and dangers.
- Amicus urges the government to ensure that employee inclusion is paramount in company decisions to relocate operations abroad. Amicus’ Offshoring Charter establishes a standard of best practice for companies who wish to reorganise. This Charter provides labour standards for disadvantaged UK workers and those subsequently employed in host countries. Amicus has successfully utilised the Charter to produce Globalisation Agreements with the offshoring parent companies.
- Amicus advocates International Framework Agreements (IFAs) as a means of improving and protecting labour standards at a global level. Amicus urges the Government to push multinationals to negotiate IFAs with the relevant Global Union Federations.
- Amicus believes that investment in skills, enterprise, innovation and infrastructure is crucial in allowing UK industry to remain productive and competitive. Amicus calls on the government to ensure that the necessary support and incentives for investment exist. In particular, Amicus emphasises the need to provide support for exporters and funding for small enterprises.
- Amicus urges the government to prioritise investment in Research and Development and the UK science base. Amicus believes that only through advancing economic enterprise and dynamism can the UK forge a lead in safeguarding and delivering high quality jobs, businesses, products and services.
- Amicus urges the government to support the funding and implementation of schemes to deliver skills to the UK workforce. Amicus highlights the vital role trade unions play in training and learning in the workplace.
- Amicus opposes the liberalisation of essential public services and urges the WTO to ensure that developing countries are given the time and flexibility to pursue effective development policies. Amicus calls for an end to unfair EU subsidies and urges the UK Government to work to this end.
- Amicus calls on the government to utilise increases and innovations in taxation to meet its commitment of allocating 0.7% of GDP to Official Development Assistance by 2013.

The Globalisation Phenomenon

1. The nature and impact of globalisation on the UK economy

1.1 The meaning of globalisation

1.1.1 The term globalisation refers to the growing economic interdependence of countries worldwide through a rapid increase in cross-border movement of goods, services, resources, technology and capital.

1.1.2 Globalisation – particularly in its most recent guise – is characterised and driven by the liberalisation and deregulation of markets. The key players in facilitating this are national governments (through World Trade Organisation negotiations), multinational enterprises and the Bretton Woods institutions (i.e. World Bank and International Monetary Fund). Technological advances, the reduction in transport costs and greater international specialisation² have likewise contributed to the current trends.

1.2 The recent phase of globalisation as a new phenomenon

Globalisation itself is not a new phenomenon; rather it can be described as evolving through distinct phases in history. The most recent ‘contemporary’ phase of globalisation (broadly defined as 1970 to the present day) has been characterised by the liberalisation of international trade, the expansion of foreign direct investment and the emergence of massive cross border financial flows³. It is also increasingly characterised by the exploitation of the developing world, the weakening of labour standards and a widening gap between the world’s rich and poor.

1.3 The roles of India and China in the globalisation process

1.3.1 Recent globalisation trends have witnessed an increasing integration of emerging markets into the world economy. This has been possible largely as a result of the huge resource of cheap labour available and the ability of large companies to exploit advances in transport and technology. This phenomenon necessarily brings economic advantages and human/labour rights concerns.

1.3.2 Amicus acknowledges that to compete with such nations on an economic footing UK industry must evolve its skill base and productivity levels, requiring innovation and investment. Amicus welcomes the economic progress of such nations as India and China as a means of lifting populations out of poverty and enhancing living standards. Amicus is extremely concerned, however, that human rights and labour standards are not being upheld.

1.3.3 Ineffective labour representation can lead to the exploitation of labour within these rising economies. Amicus expresses concern at the existence –

² HM Treasury, *Responding to Global Economic Challenges*, 2005

³ International Labour Organisation, *A Fair Globalisation: Creating opportunities for all*, 2004

in both India and China - of appalling working conditions which include child labour, long working hours, poor wages, low levels of health and safety and restrictions on organised labour.

1.3.4 Amicus strongly urges the UK Government to contribute to creating a global framework – working in conjunction with multinational corporations – that raises and protects labour standards and human rights, in line with guidelines drawn up by the International Labour Organisation and United Nations Global Compact.

1.3.5 Amicus further believes that multinational corporations investing in and benefiting from these emerging markets have a duty of care to ensure that core labour standards are met in line with OECD and ILO guidelines. Furthermore, the UK Government must find ways to press multinational corporations to adhere to these labour standards.

1.3.6 Amicus does not wish to see global labour standards reduced through bad practice in regions where organised labour is less developed or, in the case of China, not yet independent.

1.4 The opportunities and challenges which globalisation presents for the UK

1.4.1 Globalisation is a manageable concept, and as such the opportunities it offers can be harnessed to serve the needs of an inclusive global society. At present globalisation is benefiting the few while increasing disparities of wealth at home and abroad.

1.4.2 Globalisation presents a huge challenge to the UK, most particularly for workers. If not managed correctly, British industry may be rendered uncompetitive in a new dynamic global marketplace. The implications of this in terms of job losses and the movement of industry abroad are severe.

1.4.3 Amicus believes that British industry must therefore evolve by up-skilling, improving production and leading the way in innovation and enterprise. Management and employers have a key role to play here. The challenge for government is to ensure that the UK industry and labour market receives sufficient investment, guidance and support to be able to adapt and compete on this new level.

1.4.4 On a global scale the challenge is twofold. Firstly, Amicus believes that global rules and institutions must collectively ensure that developing nations are afforded the opportunity to capitalise on globalisation and work their way out of poverty. In this case, unfettered liberalisation is not the answer.

1.4.5 Secondly, Amicus believes that labour standards need to be protected through a global legal framework reflecting the principals set out by the ILO and the UN Global Compact. This demands the involvement of the labour movement and business in ensuring that global standards are implemented and remain intact across the board.

1.4.7 Capitalising on globalisation – through dedicated partnership between government, business and trade unions – affords the UK the opportunity to build a highly skilled workforce and a dynamic and enterprising economy. On a global level it presents a pathway out of poverty and a means of achieving an unprecedented global framework for human rights and labour standards.

The Governments Domestic Policy Response to Globalisation

2. Businesses

2.1 Business investment

2.1.1 In a competitive globalised marketplace, where lower labour and operating costs encourage businesses to locate abroad, investment in UK industry is put at risk. Investment is crucial to productivity and is called for by Amicus on a number of inter related fronts such as skills, enterprise, innovation and infrastructure.

2.1.2 Investment in manufacturing is particularly important in generating productivity and international competitiveness. Between 1999 – 2002 private sector manufacturing investment in the UK fell by 18.3%. Current investment figures are consistently low. The revised estimate of investment for the fourth quarter of 2005 was 1.3% higher than the same period the previous year and 0.9% lower than the previous quarter.⁴ The culture of short-termism in the UK and the risk premiums attached to the cost of borrowing by lending institutions are compounding the problem.

2.1.3 Amicus welcomes the government's attempts at addressing some of these issues in Pillar Two of the Manufacturing Strategy on Investment. In particular, Amicus welcomes the establishment of incentives for investment, Regional Venture Capital Funds, Early Growth Funding, R+D Tax Credits and the Small Firms Loan Guarantee.

2.1.4 Amicus urges the government to ensure that the Export Credit Guarantee Department (ECGD) continues to offer competitive support for exporters, in line with provision on offer in other countries. The US Export-Import Bank and Coface in France are increasing their support within their respective countries. Amicus welcomes the establishment of an ECGD Fund to support the inherent risk involved in large projects.

2.1.5 The Manufacturing Advisory Service has proved a huge success, giving manufacturers advice on improving their business. This success needs to be built upon with additional funding needed to fulfil its objectives and extend its facilities to manufacturers. A lack of funding still hampers Small to Medium Sized Enterprises' (SMEs) efforts to invest. A government underwritten dedicated investment bank for the manufacturing industry would assist the SME sector in gaining access to funds.

⁴ www.statistics.gov.uk

2.1.6 Amicus urges the Bank of England to take account of industrial and regional employment patterns when making interest rate decisions.

2.2 Promoting Innovation

2.2.1 “In an increasingly global world, our ability to invent, design and manufacture the goods and services that people want is more vital to our future prosperity than ever [and] is absolutely essential to safeguard and deliver high-quality jobs, successful businesses, better products and services”.

– Tony Blair, *DTI Innovation report, Competing in the Global Economy: The Innovation Challenge*, December 2003

2.2.2 Amicus endorses the view of the UK government that effective innovation is crucial in ensuring that British industry is able to meet global challenges and bridge the gap in productivity with international competitors. Success is dependant on investment in new products, new designs, new materials and new production techniques. Research and Development is particularly important to the future of the UK’s manufacturing industries.

2.2.3 Government can play a key role in promoting innovation, through direct investment in Research and Development and the UK science base. Amicus welcomes announcements by the government in this year’s budget that there will be an expansion in the R+D credit by doubling the size of company that can claim the higher credit. Amicus also welcomes the implementation of a comprehensive programme for the recruitment and retention of 3,000 science teachers along with a new entitlement to study the full range of science subjects at GCSE level and the funding of after school science clubs⁵.

2.2.4 Amicus welcomes government initiatives to promote knowledge transfer from research institutions to businesses, notably through the Higher Education Research Fund. Amicus also welcomes the funding of SMEs through tax credits and access to finance via the UK High Technology Fund and technology venture capital funds. Amicus encourages regional authorities – such as the Regional Science and Industry Councils – to play a leading role in promoting business innovation.

2.2.5 Amicus supports the European Research Framework Programme and the Labour Party’s National Policy Forum which has agreed to commit the UK to increase R+D investment to 2.5% of national income.

2.2.6 Amicus urges the government to implement tax deductions for the cost of acquiring intellectual property, and to increase funding within the scientific sector to further encourage enterprise and dynamism within our economy.

2.3 Outsourcing by UK Businesses

⁵ Brown, G., *Budget Speech*, 2006

2.3.1 Offshoring is becoming increasingly attractive to UK businesses who wish to reduce labour costs and increase profits. Amicus welcomes the social and economic benefits that offshoring brings to developing countries. However, Amicus is concerned at the pressure British business is coming under to outsource work abroad and in particular the damaging impact this is having on the UK skills base.

2.3.2 Practically every modern office based job is affected by offshoring; this extends beyond call centres to highly skilled jobs such as software development, HR, and equity research. HSBC (4000 jobs), Aviva (2,350 jobs), LloydsTSB/Scottish Widows (1,500 jobs) and National Rail Enquiries (700 jobs) serve as examples of recent outsourcing by British companies. It is predicted that 2 million jobs currently based in western economies will migrate to India by 2008. Amicus is well qualified to discuss this issue since offshoring has accounted for significant job losses within the union's membership; not least through reorganisations in the financial companies quoted above.

2.3.3 Amicus is similarly concerned that offshoring is not producing the savings envisaged by companies. A number of companies – namely US giant Capital One, Dell and UK insurer AXA PPP healthcare – are already recalling work from India because of problems relating to low customer service standards and data protection. Nationwide Building Society has responded to news that HSBC expects to double the number of jobs it offshores by stating that while offshoring may save costs in the short term, there is no evidence that such savings are passed on to the customer in the form of better value products and service. Such decisions against offshoring do not necessarily safeguard UK jobs however. Broker AA Insurance services has announced that, having abandoned offshoring plans, it could cut more than 1500 jobs based in Cardiff and Newcastle in a bid to meet necessary cost cuts.

2.3.4 A recent report by Deloitte Consultancy⁶ revealed that 70% of 25 “world class” case study organisations felt dissatisfied by their outsourcing experiences. The key concerns expressed were the unexpected hidden service costs and the inability of a movement in operations to deliver on quality and cost savings.

2.3.5 The skills implications of the offshoring phenomenon are considerable. It is vital that UK workers have the opportunity to enhance their qualifications so that they can find alternative employment, and so that the UK can maintain a competitive edge. It is only possible for employees to have the opportunity to make career choices in a rapidly changing employment market if organisations take a long term view of training and skill development.

2.3.6 The 2005 White Paper *Skills: Getting on in Business, Getting on at Work*, published by the Department for Education and Skills suggested that “The UK's future lies in producing goods and services with high knowledge content” where the “skills capability of the workforce” comes into play. Amicus

⁶ Deloitte Consulting, *Calling for a Change in the Outsourcing Market*, 2005

would urge the government to implement specific measures to ensure that the skills capability of the UK is fully developed.

2.3.7 Specifically, Amicus urges the Government to support work accredited learning and the development of Employer Training Pilots across all sectors of the economy. Additionally, the government should support the Skills Councils to develop professional qualifications and assist the Regional Development Agencies in ensuring they meet their aim of enhancing the “development and application of skills relevant to employment”.

2.3.8 Companies must be seen to be making an investment in their staff. The current approach of many employers to skills and development is having a detrimental effect upon the UK’s competitiveness, levels of customer service and ability to compete on a global level. Only if skills and development are invested in will sectors be able to compete and develop in tomorrow’s global environment. Amicus calls on the government to reintroduce the training levy, compelling employers to provide a statutory minimum amount of training every year for their staff.

2.3.9 The need to develop a strong and dynamic skill base in the UK notwithstanding, Amicus believes that the disappearance of a lesser skilled workforce can threaten the competitiveness of industry further up the skills ladder. To this end, Amicus calls on the government to acknowledge the importance of workers with a lower skill base to the success of the UK’s manufacturing and service industries.

2.4 Corporate Social Responsibility

2.4.1 Amicus believes that Corporate Social Responsibility is inextricably linked with the issues of offshoring. Companies have a duty to their workforce and the communities that host them regardless of where in the world they operate. Employees in every part of the world should enjoy basic human rights, good rates of pay and decent terms and conditions of work.

2.4.2 Globalisation threatens to undermine labour standards of good business practice. Multinational corporations should comply with global human and workers’ rights guidelines laid down by the ILO and OECD. This commitment must exist irrespective of human rights standards in host societies.

2.4.3 The implications of a lack of such commitment – in particular non-compliance to fair pay and working hours – will not only see an abuse of workers abroad but will cause a reduction in the global benchmark. This in turn impacts on labour standards in the UK as pressure is put on workers to match the cost efficiency of offshoring.

2.4.4 Amicus calls for companies acting within the UK and overseas to be partners in the competency framework established by the government’s CSR Academy. Amicus urges the government to implement a legally binding framework for Corporate Social Responsibility, and also to push for the development of a legally binding framework at the European level. A clear role

for trade unions exists in producing and monitoring such a framework which should encompass social, environmental and financial aspects.

2.5 The Design and Level of Business Taxation

2.5.1 Amicus urges the government to ensure that any increases in taxation are fair and equitable and that progression is consistent within the European and Global context. Amicus believes that such rises should in part contribute to achieving the government's pledge of 0.7% of GDP to Official Development Assistance by 2013.

2.5.2 As a member of the *Stamp out Poverty* Coalition, Amicus advocates the implementation of innovative taxation as a means of bridging the funding gap required to achieve the Millennium Development Goals. Amicus further urges the Government to look seriously at a swift implementation of such a tax.

2.5.3 Amicus welcomes the UK operation of a tax on share prices and urges the government to implement further taxation innovations. These include the Air Ticket Levy, levies on financial transactions and a stamp duty on currency transactions. The latter innovation alone has the potential to raise \$3 billion annually in the UK (\$35 billion worldwide)⁷.

2.6 Reducing the Burden of Business Regulation

2.6.1 Amicus warns against increasing flexibility and liberalisation at the expense of employment standards. Amicus believes that competition will only lead to innovation, productivity and high quality goods and services if it has a social dimension. Without a level playing field underpinning competition, market forces will lead to firms competing on the basis of low quality, low prices and poor, low paid jobs.

2.6.2 Amicus believes that choosing competitiveness over social protection and sustainable development is short sighted. Such short termist strategies can only lead to damaging shareholders, communities, consumers and, of course, employees.

3. Households

3.1 Labour Market and Employment

3.1.1 In the absence of appropriate provision and protection, the increasingly competitive world can render UK workers at a global disadvantage in terms of employment security. Amicus advocates a "level playing field" – a framework for affording British workers the same benchmark labour standards as those in countries with better protection. Although this should begin by aiming for a level playing field at the European level, the goal should also be pursued at the wider global level through the various international institutions, so that ultimately there is a single floor of good labour protection around the globe.

⁷ Stamp out Poverty, *Submission to DfID*, 2006

3.1.2 It is generally cheaper and easier to make British workers redundant than it is elsewhere in the EU. Inevitably this makes British workers the first option when it comes to cutting jobs. Stronger social legislation ensured the Corus steel works in the Netherlands remained open. This meant the end to thousands of jobs in the UK. In contrast, Amicus members have experienced numerous closures and redundancies over the last decade. Notable examples include Vauxhall at Luton, BMW/Rover at Longbridge and Peugeot at Ruyton.

3.1.3 Amicus calls for a common European social safety net where everybody enjoys at least the same basic standards of social protection at work. In particular, Amicus calls for equality in reference to redundancy costs and consultation procedures.

3.1.4 Amicus believes that a 'long hours' culture results in low productivity, reduced competitiveness and economic success. Productivity in France, where there exist higher standards at work and a maximum working week, is significantly higher than in the UK. Amicus therefore calls for an end to the UK opt-out of the Working Time Directive.

3.1.5 Amicus likewise calls for the government to support the Temporary and Agency Workers Directive and work for its swift and effective implementation.

3.1.6 Minimum redundancy pay in the UK is amongst the lowest in the EU. Amicus urges the government to deliver on promises made in the manifesto and honour commitments to increase statutory redundancy pay in line with the levels of our European neighbours.

3.1.7 State Aid in the UK is significantly less than that allocated to other EU states⁸. This puts UK industry at a competitive disadvantage. Amicus calls on the government to provide more support within EU rules and develop a more imaginative approach to allocation of State Aid.

3.1.8 Amicus has been opposing the Services Directive on account of the threat it poses to the minimum wage and health and safety laws in Britain. Amicus calls for fair working conditions and equal treatment for workers to go hand in hand with any measures to promote an internal market for services. Services should be regulated by the laws of the country in which they are carried out while all Services of General Interest – including health, welfare services and education – should be excluded from the Directive. Similarly, Amicus calls for labour law, the agency sector and provisions relating to the Posting of Workers Directive to be excluded from the Directive.

3.1.9 Amicus urges the government to promote a procurement strategy that enables companies to base investment decisions on knowledge and be positioned to win work for UK businesses, thus safeguarding jobs and skills.

⁸ http://europa.eu.int/comm/competition/state_aid/scoreboard/indicators/k1.html#total

3.1.10 Amicus also urges the Government to support Global Works Councils as a means of backing core International Labour Organisation Conventions on fundamental human rights at work. Global Works Councils are a highly effective tool for encouraging information and consultation exchange between trade unions and management at a global level in MNCs. Likewise International Framework Agreements are a source of protection for labour standards at a global level and provide an essential check on the actions of multinational corporations. Amicus members have experience of negotiating and participating in Global Works.

3.2 Migration

3.2.1 Amicus welcomes the effects of globalisation in facilitating increased cross border flows of people. Amicus does, however, express concern at the negative implications of such a trend.

3.2.2 Many low income countries are critical of barriers to migration to industrialized countries. This concern must be balanced however with the “brain drain” effect which accompanies migration and undermines efforts to build national capabilities. Sub-Saharan Africa currently has less than 1 health workers per 1000 people⁹.

3.2.3 Amicus welcomes the efforts of the Department for International Development (DfID) and the Department of Health to ensure that the UK does not “poach” medical personnel needed in developing countries. Amicus also welcomes DfID aid – most notably in Malawi – directed at increasing staff numbers and salaries and ensuring effective capacity replacement.

3.2.4 Amicus urges the government to do more to put pressure on fellow OECD countries to stop recruiting skilled workers from vulnerable countries. Amicus strongly supports efforts at capacity building in health and other crucial sectors within these developing economies, in full consultation with the trade unions in those sectors in those countries.

3.2.5 Amicus is concerned that key terms and conditions of employment in the UK are threatened as employers and employment agencies seek to exploit migrant workers. The employment of migrant workers at reduced pay rates at Cotham Power Station is an example of such exploitation. Fortunately, in this instance Amicus has been successful in negotiating more equitable terms and conditions.

3.2.6 Likewise, Amicus is concerned at the growing number of migrants being driven into the illegal economy.

3.2.7 Amicus urges the government to ensure that labour standards remain uniformly high across the board and that abuse of immigrant workers is detected and not tolerated.

⁹ www.dfid.gov.uk/news/files/world-health-day-2006.asp

3.3 Training and the Acquisition of Skills

3.3.1 There is no doubt that Trade Unions play a vital role in training and learning both in and out of the workplace. Amicus believes that skills and training should be part of the collective bargaining agenda under statutory recognition arrangements. The development of the Union Learning Representatives system has already led to thousands of workers receiving training and many more have been made aware of the importance of skills to not just their job security and the wider economy but also to their fulfilment both in and out of work.

3.3.2 The UK still lags behind our major international competitors in terms of the workforce who are qualified to NVQ Level 2 or equivalent, this impacts upon our productivity and our ability to adapt to technological change. Developments within the global marketplace – namely increased economic competition, technological change and greater innovation – make it essential for the UK to retain and develop skills within the workforce.

3.3.3 Amicus welcomes the role Sector Skills Councils (SSCs) play in delivering skills. The SSCs have a key role in shaping and driving the strategic skills agenda for their industries and should seize the opportunity to work with all stakeholders in bringing greater coherence into the system. Amicus advocates that SSCs, and employers within those sectors, should be set strict targets and action should be taken against sectors that underachieve.

3.3.4 Amicus welcomes the Government's commitment to enhancing the link between supply and demand through Skills Academies. However, it is essential that trade unions are able to support and contribute to the work of Academies, as with SSCs, throughout their structures.

3.3.5 Amicus is encouraged by the success of Employer Training Pilots and more recently the development and national roll out of Train to Gain initiatives in enhancing productivity and competitiveness. However, Amicus is concerned that this initiative is restricted to individuals undertaking their first Level 2 course, which excludes those wishing to retrain in another occupation. Amicus is also concerned that individuals are prevented from undertaking courses above Level 2, which is precisely where the greatest benefits to productivity and employability are gained.

3.3.6 Amicus welcomes the move to make manufacturing related courses more accessible to those at school through initiatives such as Connexions-Direct, Vocational GCSE in Engineering and the creation of specialist engineering colleges. However, more needs to be done to ensure that apprenticeships are fully available and utilised.

3.3.7 Specifically, restrictions on apprenticeship funding need to be removed while young people need to be made more aware of career opportunities within the manufacturing occupations with more funding for career advisors. In

addition, initiatives to re-skill older workers through mature modern apprenticeships would be welcome.

3.3.8 Amicus is concerned that measures should be put in place to ensure that the UK has the capacity to meet the needs of a highly productive, high skilled manufacturing sector.

3.4 The provision of support for those disadvantaged by Globalisation

3.4.1 Amicus' Offshoring Charter seeks to ensure provision for workers in the UK disadvantaged by company reorganisations. This Charter sets out standards of best practice for companies intending to relocate operations abroad and advocates meaningful consultation between company and union, clear business rationale for relocation, a commitment versus compulsory redundancies and site closures and a responsibility to nurture outgoing staff through training and skill development.

3.4.2 Amicus has ensured concrete provision for its members through Globalisation Agreements with Prudential UK and Royal and Sun Alliance Insurance. These agreements are not an attempt at protectionism; rather they reflect Amicus' efforts to ensure that those disadvantaged in the UK are provided for while those host workers in developing countries are afforded decent labour standards.

3.4.3 Amicus urges the government to ensure that employee provision is paramount in company decisions to offshore and that correct procedures are followed and standards upheld. This should include funding for retraining and acquisition of alternative employment and a commitment to statutory minimum redundancy pay referred to earlier in this submission.

3.4.4 On a global level, Amicus calls for the government to honour its commitment to achieving 0.7% of GDP in aid to developing countries in line with the Millennium Development Goals. Moreover, Amicus calls for such aid to be deployed in a prudent and focused manner.

4. Resources

4.1 In the 2006 Energy Review, the Department of Trade and Industry predicted that by the year 2020 the UK will be importing $\frac{3}{4}$ of its energy needs. High global energy prices and concern over security issues pose challenges to UK macro economic stability.

4.2 High energy costs can lead to inflation and harm economic growth with the consequence of high manufacturing costs and a potential exodus of skills and jobs from the UK. Amicus believes that a clear energy policy is essential to protect UK economic, industrial and social wellbeing, ensure security of supply and protect against environmental damage.

4.3 Amicus urges the government to set a broad framework with the necessary fiscal and policy regimes to provide for effective delivery and

ensure security of energy supply. The government should commit to a clear political lead on Nuclear energy and support a structured Research and Development programme for a clean coal commercial demonstration plant to fully explore the options for carbon capture and storage. It is also necessary for public awareness of the issues concerned to be raised.

4.4 Amicus calls for increased exploration drilling in the UK Continental Shelf and fresh investment in clean coal, nuclear and renewable energy sources. Likewise, investment in skills – particularly through the creation of adult and youth apprentice schemes – is necessary to ensure future enterprise and dynamism within the sector.

4.5 Amicus welcomes the introduction of the Renewables Transport Fuel Obligation.

5. World Trade Organisation and Fair Trade

5.1 Although it was stipulated that issues relating to trade were beyond the remit of this report, Amicus strongly believes that no discussion of globalisation can take place without reference to its global socio-economic implications.

5.2 Globalisation is a potential force for delivering millions out of poverty. However, under the guidance of the World Trade Organisation (WTO), the global economy is weighted in favour of industrialised nations and impedes progress in the developing world.

5.3 Amicus is concerned at the pressure exerted on developing countries to open their industrial and service sectors to foreign competition. Amicus is also concerned at the effect agricultural subsidies are having on the ability of developing nations to compete both at home and abroad. Agriculture is a key component in leading developed countries out of poverty; however unfair trade rules – in particular the practice of export dumping – are impeding such progress.

5.4 Amicus welcomed the developments at Hong Kong which saw a commitment to end export subsidies by 2013. Nevertheless, Amicus is concerned that this represents only 3.6% of EU spending on agriculture¹⁰. Amicus calls on the government to utilise its influence in the EU and WTO to ensure that greater reductions are made to agricultural subsidies and that better – and unreciprocated – market access is offered to developing nations as a means of reducing the burden of poverty.

5.5 Despite representing members at each end of the industry's spectrum, Amicus welcomes CAP reform in the sugar sector. Similarly, in spite of being directly affected, Amicus members support the ending of unfair EU subsidies. Through compromise, Amicus advocates safeguarding UK industry while balancing the needs of producers in the developing world.

¹⁰ *ibid.*

5.6 Amicus expresses concern at the implications for developing countries of the current negotiations at the WTO relating to the General Agreement on Trade in Services (GATS). GATS covers the provision of such services as banking, insurance, construction, water, sanitation, health and education. Amicus is specifically concerned at the threat public service liberalisation poses to developing countries in disrupted services, failure to provide for the poor, increased prices and corruption.

5.7 In light of the recent failure of a DfID backed privatisation programme in Tanzania, Amicus is particularly concerned at the potential impacts of liberalising such essential services as water, health and education¹¹. The Tanzanian example – which saw the host government terminate its water supply contract with western firm City Water, citing a deterioration in supply and a failure to meet investment obligations – serves to highlight the dangers of such liberalising ventures.

5.8 Amicus believes that the tight schedule agreed by the Hong Kong Ministerial Text – along with stringent IMF aid conditions and plurilateral requests from rich nations – is putting enormous pressure on developing nations to liberalise without taking the time to assess the relative merits of such a move.

5.9 Amicus urges the Government to use its influence in the WTO to ensure that developing nations are given the time and flexibility to pursue effective national development policies. Amicus believes that access to essential public services is a fundamental human right and as such should not be jeopardised by neo-liberalist profiteering. Amicus therefore calls for essential public services such as water, health and education to be excluded from liberalisation commitments on the basis of security and fair pricing of supply.

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¹¹ Oxfam Briefing Paper, *A Recipe for Disaster: Will the Doha Round fail to Deliver for Development?*, 2006