

# LOOMING CRISIS



The threat of industrial trade liberalisation negotiations at the WTO on India's textile and leather industries

“

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”

# Summary

As the World Trade Organisation's Ministerial meeting in Hong Kong in December approaches, many developing countries are under intense pressure to lower their trade barriers to manufactured and industrial products. These WTO negotiations on non-agricultural market access (NAMA) could threaten the jobs of thousands of workers in infant industries and traditional sectors of employment in developing countries, wiping out livelihoods for many poor and vulnerable communities.

New research by ActionAid shows that while India is held up as an example of successful liberalisation, its past trade reforms have been far from painless for its manufacturing sector. Millions of workers in the textile and leather sectors have suffered falling incomes, increasing debt and job losses because of increased competition from cheaper imports and scarcity of raw materials because of rising exports. Many families have faced malnutrition, starvation and even suicide as a result. This research adds weight to ActionAid's demand that rich countries must stop forcing poor countries to open up their manufacturing and industrial sectors, and respect their right to adopt trade policies that will help them to end poverty.

## Key findings

Trade liberalisation policies in India over the past 15 years have brought some success to India's IT and services sectors, and to overall economic growth. But traditional sectors of mass employment, such as textiles and leather, have struggled to survive. Economic inequality has increased. New research for ActionAid's Trade Justice Campaign found:

silk handloom weavers facing starvation because of the influx of Chinese silk:

**"I feel sad about the future filled with more deaths and everyone suffering. There is no work. I am just sitting and begging.. "**

**Vishambar from Varanasi**

1 ActionAid has outlined a number of key principles that should guide any new NAMA negotiating text. See ActionAid (2005a) *Bound and tied: the developmental impacts of industrial trade liberalisations at the World Trade Organisation* at [http://www.actionaid.org.uk/index.asp?page\\_id=797](http://www.actionaid.org.uk/index.asp?page_id=797)

cotton handloom weavers struggling as yarn prices increase:

**"We have cut down on expenses like food. We have less intake now and it is less nutritious. There is some decrease in the quality of food – no vegetables.."**

**Venkataramanama from Chirala, Andhra Pradesh**

shoe workers losing their jobs as Chinese imports grow:

**"The work is reduced now, because of the government. They keep importing shoes from outside... We have become jobless.."**

**Hosiyar from Agra**

garment workers suffering job insecurity and poor labour conditions

**"I have lost my income. I'm also indebted... I don't know what I should do. They have removed other workers from the factory also.."**

**Prakash from Delhi**

## ActionAid recommends that:

- developed and developing countries halt the current NAMA negotiations and reject the current NAMA negotiating text of July 2004.
- a full, independent assessment of the potential development and environmental impacts of the NAMA negotiations is carried out.
- WTO members should bring forward a new pro-poor negotiating text that puts the interests of all developing countries at its core.<sup>1</sup>

### 1) What is NAMA?

Negotiations on non-agricultural market access (NAMA) form a key part of the ongoing WTO negotiations under the 'Doha Round' – a series of negotiations aimed at reforming trade rules while supposedly protecting the interests of developing countries. These negotiations relate to liberalisation of all manufacturing and industrial trade and cover sectors such as machinery, electronic goods, chemicals, textiles, wood and fish products.

Trade policy, particularly in agriculture, services and manufacturing, is a key component in promoting development and eradicating poverty in developing countries. Industrial tariffs play an important role in protecting infant industries, creating jobs or tackling balance of payment problems. For these reasons, many developing countries have maintained flexibility in industrial trade policy to ensure successful development of their manufacturing base.

The purpose of NAMA negotiations is to liberalise manufacturing and industrial trade, seeking to remove barriers to trade and open up markets in both developed and developing countries in three ways:

**increasing the amount of bound tariffs** – developing countries are being asked to set ceilings for (or 'bind') their tariff rates to at least 95% of their industrial and manufacturing products lines. Once they have made these commitments, WTO members will not be able to raise their tariffs above these ceilings, which may restrict their ability to protect key industries in the future.

**reducing tariffs** – developed country members, such as the EU, US and Canada, are demanding deep cuts to current tariff rates on manufacturing goods. These deep cuts would be implemented through what is known as the 'Swiss' formula, which would result in greater cuts to higher tariffs. This will mean that developing countries will have to make bigger cuts to their tariffs than developed countries.

**making big reductions or eliminating tariffs in specific sectors** – developed countries have proposed that specific sectors are chosen for deeper tariff cuts or even elimination of import tariffs. Sectors such as textiles, clothing, footwear and leather have all been proposed for these drastic tariff cuts. Negotiations at the WTO have yet to decide whether commitments under this 'sectoral initiative' will be voluntary or whether countries will be expected to make some minimum commitments.

The framework for negotiations on NAMA specifies that while the aim of the negotiations is to reduce – or in some instances eliminate – non-agricultural tariffs, 'the negotiations shall take fully into account the special needs of and interests of developing and least-developed country participants'<sup>2</sup> and developing countries will not be forced to make greater concessions than developed countries.

Despite this commitment, the formula for tariff cuts being proposed by countries such as the US and EU will undermine the WTO's Doha mandate, which states that developing countries will be subject to 'less than full reciprocity in reduction commitments'.<sup>3</sup> This very aggressive tariff liberalisation agenda is far from being in the interests of developing countries.

### 2) Current NAMA negotiations

The NAMA negotiations have stalled and become subject to fierce disagreements between developed and developing countries, mainly over the best formula for reducing tariffs. Several rich country members, such as the EU, are seeking ambitious outcomes in NAMA, adding to the impasse in current negotiations, for what they regard as concessions they have given in agricultural negotiations. They are doing this in spite of the fact that the meagre concessions they have given on agriculture relate to commitments already made under previous WTO agreements (Uruguay Round) and a misleading reclassification of subsidies.<sup>4</sup>

It is clear that developing countries' interests and concerns have not been sufficiently reflected in NAMA negotiations. To date, a radical proposal put forward by the EU, the US and Canada in August 2003 has completely dominated discussions.<sup>5</sup> The WTO's draft Ministerial text from its meeting in Cancun in 2003 reflected this proposal. And the WTO's 2004 July Framework duplicated this Cancun text.

<sup>2</sup> WTO Doha Ministerial Declaration, WT/MTN (01)/DEC/1, Nov.-14, 2001 Doha at: [http://www.wto.org/english/thewto\\_e/minist\\_e/min01\\_e/mindecl\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm)

<sup>3</sup> *ibid*

<sup>4</sup> ActionAid (2004) *Five reasons why a comprehensive review of green box subsidies is required within the WTO* at <http://www.actionaid.org.uk/791/agriculture.html>

<sup>5</sup> The EU/US/Canada proposal was clearly reflected in Annex B of the draft Cancun Ministerial Declaration in September 2003 and despite developing countries' rejection of the Annex at Cancun, the exact same text is still on the table

Alternative proposals by developing countries have been stalled by developed country members. India, Brazil, Argentina and other developing country groups have put forward alternative proposals for a formula for tariff reductions under NAMA that would give greater flexibility and special treatment for developing countries. But the US and EU have complained that these proposals will not result in deep enough tariff cuts or sufficient market access.

Some of the poorest developing countries are also concerned that they will lose their preferential access to Northern markets, as multilateral tariff liberalisation will allow increased competition in these markets.

The interests of developing countries are being trampled on, as rich countries seek to conclude NAMA negotiations for the benefit of their multinational corporations. It is this push by developed countries for increased access to markets, particularly those in 'advanced' developing countries, that is driving the NAMA agenda.

### Three reasons why ActionAid is campaigning against NAMA negotiations:<sup>6</sup>

- i) loss of trade policy control – by pushing developing countries to bind the tariff levels for 95% of their industrial products, NAMA will severely limit poor country governments' ability to change tariffs to protect their industries in the future
- ii) de-industrialisation – deep tariff cuts could expose vulnerable industries to harsh international competition, leading to bankruptcy, closure of factories and massive job losses
- iii) loss of revenue – by cutting tariffs, many developing countries could lose vital public revenue. For example, India relies on trade tariffs for 18.5% of total government revenue.<sup>7</sup> This money is being spent on important public services, such as healthcare and education.

Furthermore, the developed countries' ambitious agenda on NAMA ignores historical facts. Developed countries first developed their industries behind protective barriers and liberalised only when their industries were competitive. This is exactly the opposite of what is being proposed for developing countries in NAMA talks.<sup>8</sup>

### 3) The human cost of trade liberalisation in India's traditional industrial sectors

India, along with other large developing countries such as Brazil, is under intense pressure from developed members of the WTO to open up its market for manufactured goods under NAMA negotiations. Over the past 15 years, India has gradually liberalised its trade policies, lowering industrial tariffs, phasing out restrictions on quantities of imports and getting rid of restrictions on exports.<sup>9</sup>

Economic growth rates, and some specific sectors such as IT and services, have done well under these trade liberalisation policies. But India's manufacturing sectors have fared less well, and sectors such as textiles and leather have struggled to survive the impact of international competition. Workers in these sectors have suffered declining incomes, increasing debt, job losses and, in the worst cases, starvation and suicides.

Further trade liberalisation under NAMA negotiations threatens to expose these traditional sectors of employment to even harsher competition in the future.

<sup>6</sup> For further information see ActionAid (2005b) *Non-agricultural market access negotiations at the WTO: why ActionAid International believes that the current negotiations should be halted, Annex B rejected and that an alternative pro-development and pro-poor text is brought forward.*

<sup>7</sup> ActionAid (2005a) op cit p28

<sup>8</sup> *ibid*

<sup>9</sup> Jha, V (2005) *Trade adjustment study: India case study* for UNCTAD Conference, January 2005 at: <http://192.91.247.38/tab/namameeting/nama.asp#NAMADocs>

## Looming crisis

The threat of industrial trade liberalisation at the WTO on India's textile and leather industries

[www.actionaid.org](http://www.actionaid.org)

Photo: G. Rama Raju/ActionAid



Between 2000 and 2005 the average annual growth rate of handloom production has been -6.99 percent. The impact of this on the livelihoods of handloom weavers and their families has been devastating.

### Silk handloom weavers, Varanasi

More than 500,000 weavers live in and around Varanasi, weaving silk saris mainly for the domestic market.<sup>12</sup> But since the 1990s, these silk handloom weavers have seen their markets vanish.

There are many reasons for this decline: increasing competition from powerloom weaving, changes in government protection policies,<sup>13</sup> rising prices in raw silk and shifts in market demand. In the past five years, as import tariffs have come down and restrictions have been lifted,<sup>14</sup> imports of silk fabric from China into India have more than doubled, exacerbating the poverty of Varanasi silk weavers.<sup>15</sup>

The impact of increasing competition in recent years on sari weavers has been dramatic. Workers' wages have halved since the 1990s and local traders estimate that half the weavers have shifted to other jobs such as rickshaw pulling or construction work.<sup>17</sup> Many have also died from starvation or committed suicide.

Thirty-five-year-old Vishambar has been a weaver since childhood. As a result of the downturn in the weaving sector, he lost his job and his silk looms, and his family started to suffer hunger and malnutrition. In April 2005 his wife died from hunger-related illnesses, and a few days later, his daughter also passed away. In May 2005, his two-month old son died of hunger and malnutrition.

I feel sad about the future filled with more deaths and everyone suffering," says Vishambar. "There is no work. I am just sitting and begging... I want work for myself and for other people in the village."

10 Yadagiri Tadaka (2005) *Globalisation and rural industries: a study of handlooms*. Department for Political Sciences, Nizam College, Hyderabad; K. Srinivasulu 'Handloom weavers' struggle for survival' in Centre for Handloom Information and Communication (2003) *Victims of globalisation: handloom weavers in India*. Hyderabad, India

11 Indrani Mazumdar (2005) *Approach paper: vulnerabilities of women homebased workers*. Centre for Women's Development Studies, Delhi p13; Anita Bharti and Lenin Raghuvanshi (2005) *Banarasi saree weaving sector of Varanasi: a study of the working conditions of the unorganised workers of these sectors*. Varanasi.

12 Outlook India *Looms of Doom*, 27 September 2004

13 For example, in 1996 the government reduced the number of items reserved for the exclusive production from handloom weaving from 22 to 11. This original policy had been introduced with some limited success in 1985. See Indrani Mazumdar (2005) *op cit*

14 In 2001 India also abolished its quantitative restrictions on silk imports on demand from the WTO. Since then annual growth rates of silk imports have soared.

15 Indian Department of Commerce (2005): <http://dgft.delhi.nic.in>

16 Collated from data at: <http://commerce.nic.in/eidb/ecomq.asp>

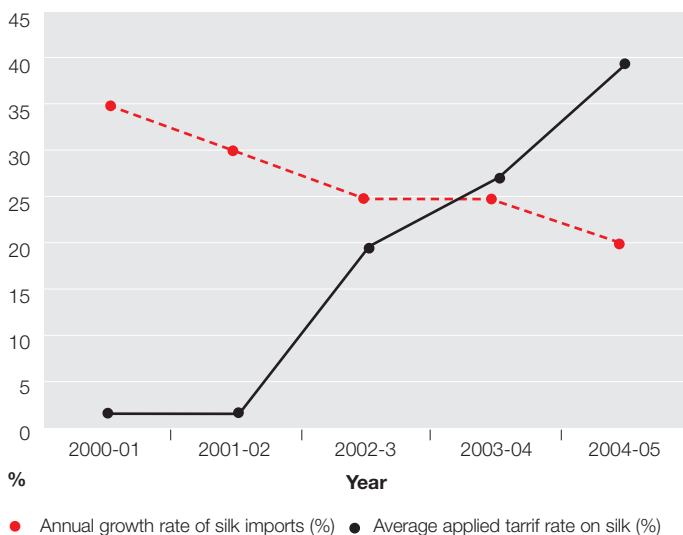
17 Neelam Raj *Great Fall of China and Brand Banarasi takes a beating* in the Sunday Times of India, New Delhi, September 4, 2005

### 3.1) Textile industry

The textile industry has traditionally been one of India's thriving sectors of mass employment. However, international trade liberalisation and domestic economic reforms have had a negative impact on the industry.

Handloom weavers who make traditional items such as saris, dhotis, sheets and shawls have been hit the hardest. Of the 38 million people employed in the textiles sector, 12.4 million are concentrated in handloom weaving.<sup>10</sup> The majority of them are low caste and extremely poor, working in small family units. More than 60% are women.<sup>11</sup>

Figure 1: Changes in Indian silk tariffs and silk imports: 2000-01 to 2004-5



Source: Government of India, Department of Commerce.<sup>16</sup>

## Looming crisis

Many of the weavers in Vishambar's village have suffered similar problems – just a few days before our visit, Kanhaiya, a 40-year-old weaver, was reported to have died from chronic malnutrition.

In the past year, the Indian government has tried to ease the problems facing silk weavers by increasing import tariffs and bringing an anti-dumping case to the WTO against Chinese silk fabric.<sup>18</sup> But current NAMA proposals could see import tariffs on silk reduced dramatically, even to zero per cent. And the Indian government's future ability to raise import tariffs or use other measures to protect workers such as silk weavers could be severely restricted.

### Cotton handloom weavers

Cotton handloom weavers have also been adversely affected by changes in government import and export policies. Following the first wave of reforms in 1991, a number of export restrictions on cotton and cotton yarn were abolished, and the impact on yarn exports was dramatic (see table 1). As a consequence, domestic availability of cotton yarn declined significantly and the price rocketed.

These developments hit cotton handloom weavers hard, because the cost of yarn constitutes 70% of their total input costs.<sup>19</sup> In the past two years the situation has worsened because the Indian government lifted all remaining export restrictions on yarn and cotton exports in 2002.<sup>20</sup>

Table 1: Exports of cotton yarn by India (quantity, million kg)

1988-89	1990-91	1992-93	1994-95	1996-97	1998-99
40.38	90.11	128.63	228.53	464.9	486.78

Source: Government of India, Ministry of Textiles (1999) *Report of expert committee on textile policy*.

As a result of the increase in the cost of cotton yarn, increased mechanisation of production and the lack of will within the Indian government to enforce reservation and other protection policies,<sup>21</sup> it is estimated that tens of thousands of weavers have become jobless in weaving centres such as Tamil Nadu and Andhra Pradesh.<sup>22</sup> By 2000 the number of idle looms had risen to 66,835 from 19,256 in 1985.<sup>23</sup> Many weavers have also seen their wages stagnate or decline. Hundreds of weavers have even committed suicide because of the crisis created by increases in yarn exports and prices.<sup>24</sup>

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Thirty-eight-year-old Ganji Venkataramanama from Chirala in Andhra Pradesh started weaving 'jacquard' saris when she got married. At that time, life for her and her husband was comfortable. But recently her family has become increasingly indebted. Her husband took out several small loans, but in January 2005 their financial situation became so hopeless that he committed suicide.

Today, Venkataramanama struggles to support her family by weaving saris for which she earns about 1000 rupees (£12.70) a month. Life has become a lot harder. "We have cut down on expenses like food," says Venkataramanama. "We have less intake now and it is less nutritious. There is some decrease in the quality of the food – no vegetables. We are just living on pickles and rice."

Reductions in the tariffs on cotton fabric imports could prove disastrous for cotton handloom weavers should they result in import surges like the ones experienced in the silk sector. Simulation models show that a reduction in tariffs by 25% would be likely to result in an increase in textile imports by almost 20%, while textile imports would increase by 126% if tariffs are reduced to zero.<sup>25</sup> Concerns have also been raised within the Indian textile industry that further liberalisation of tariffs on cotton yarn in key export markets as a consequence of the WTO's NAMA negotiations may lead to greater exports of cotton yarn from India.<sup>26</sup> Weavers' organisations in India are calling on the Indian government to introduce and implement policies to secure an adequate and affordable supply of yarn suitable for handloom weavers to protect this key employment sector.<sup>27</sup>

18 Government of India, Ministry of Commerce and Industry, Directorate General of Anti Dumping and Allied Duties, 18 May 2005 [http://commerce.nic.in/adint\\_silkfabric20-100\\_chinapr.htm](http://commerce.nic.in/adint_silkfabric20-100_chinapr.htm)

19 'Struggle to survive: crises from the past haunt AP weavers' by A. Krishnakumar in *Frontline magazine*, 10 March 1995

20 <http://dgftcom.nic.in/exim/2000/pn/pn01/pn5901.htm>

21 The government of India has attempted to maintain a share of the market for cotton textiles for handloom weavers through policies such as the Handloom Reservation Act (1985) which at first reserved 22, and then only 11, varieties of cloth for handloom production. But this measure, alongside others such as the Hank Yarn Obligation act (1985), which specified that spinning mills have to provide 50% of their yarn at reasonable prices for handloom production, has not been fully implemented and has been considerably weakened over the last ten years. From Mazumdar (2005) op cit

22 Macharla Mohan Rao, RCKS Union (2005) *Indian Textile Industry in the context of Economic Reforms (1985 – 2000)*.

23 *ibid* Data from Compendium of textile statistics 2000 and Handbook of statistics on cotton textile industry.

24 It is estimated that 110 weavers committed suicide in 1991 in Andhra Pradesh as a result of the crisis brought about by increases in yarn prices. *Ibid*

25 See General Equilibrium Analysis model simulations featured in Jha (2005) op cit p53

26 *ibid*

27 Macharla Mohan Rao, RCKS Union (2005) op cit

Photo: G. Rama Raju/ActionAid



Today Agra accounts for around 65% of domestic shoe sales.<sup>32</sup> Around 200,000 people are employed in the sector, primarily in small, home and family-based workshops.<sup>33</sup> Since the onset of liberalisation, the city has seen a steady decline in the production and earnings of its small-scale shoemaking units. Many of the artisans have turned to construction work, or selling fruit and vegetables to earn enough to support their families.<sup>34</sup> Job losses and declining incomes have resulted in increasing alcoholism, depression and domestic violence against women.

Hosiyar Singh, a 42-year-old father of seven children, has been a shoemaker in Agra for 28 years. Previously he used to make leather shoes, but two years ago he closed his workshop because he could no longer cover the cost of production. Since the end of 2004 he has been making synthetic and leather trainers for a major international brand, which are sold in the domestic market. Life is much harder now.

Hosiyar blames the increasing imports of Chinese ready-made shoe parts and finished shoes. *"The work is reduced now, because of the government,"* says Hosiyar. *"They keep importing shoes from outside. They are not exporting anything from here. We have become jobless. I used to make 150 pairs a day, now I'm down to 32 pairs in a day."*

By focusing on export growth and ignoring the plight of the millions of small-scale leather workers and shoemakers involved in footwear production for the domestic market, the Indian government is condemning millions of the poorest and most vulnerable manufacturers to further hardship. Reductions of import tariffs by 25% are estimated to increase imports of leather and footwear products by 19.3%, whilst zero tariffs would be likely to result in increases of up to 110%.<sup>35</sup> With the prospect of such increases in imports as a result of further tariff reductions – or even tariff elimination – on footwear imports as a result of WTO NAMA negotiations and the absence of adequate government support, millions of shoemakers like Hosiyar will struggle to survive.

28 *ibid*

29 Government of India, Ministry of Commerce and Industry at: [http://commerce.nic.in/ad\\_pre02.htm](http://commerce.nic.in/ad_pre02.htm)

30 Government of India, Department of Commerce website:[http://commerce.nic.in/ad\\_pre02.htm](http://commerce.nic.in/ad_pre02.htm)

31 <http://www.euroleather.com/india.htm>

32 CEC (2003) *The Shree Jee fire that killed 44: report on the accident in the footwear manufacturing unit of Agra*. New Delhi p9

33 *ibid*

34 From interview with Mr Bharat Singh, corporator with Agra Municipal Corporation and President of Agra Joota Dastakaar Federation (shoe artisan federation), 18 September 2005, Agra

35 Jha (2005) *op cit*

### 3.2) The leather industry

The leather industry is important to the Indian economy because of its potential to generate employment, export and foreign exchange. Small-scale, cottage and artisan production units account for more than 75% of production in the sector.<sup>28</sup>

The leather sector has experienced large fluctuations in growth rates following liberalisation, with the most recent decline coinciding with the second round of reforms in 2000. While larger, export-orientated units have managed reasonably well, small-scale production units producing primarily for the domestic market have faced increased hardship as a consequence of tariff liberalisation and the abolition of import restrictions.

As a result of these policy changes, cheaper, imported shoes from China are rapidly taking over the shoe market in India. Imports of ready-made sports shoes from China increased from 468,000 pairs in March 1999 to 570,000 pairs in October 2000, and as a consequence, production levels in the domestic shoe industry fell by 11.24%.<sup>29</sup>

India's small-scale shoemakers have also suffered from the increasing scarcity, as well as increasing prices, of raw materials. Exports of leather hide increased 147% from 1999 to 2005<sup>30</sup> after India, under pressure from the EU, abandoned measures that effectively barred the export of leather hides throughout the 1990s.<sup>31</sup> These changes in trade policy have threatened the livelihoods of small-scale shoe manufacturers in shoemaking cities such as Agra, Kanpur and Lucknow.

Photo: Tom Pietrasik/ActionAid



back of severe exploitation of the garment workforce. Wages as a share of total manufacturing costs in the garment sector decreased from 26.86% in 1973 to 17.07% in 2000<sup>40</sup> and employment terms and conditions in the sector have deteriorated significantly post-liberalisation.

As export-orientated garment manufacturers have fought to maintain profits in ever-more competitive international markets, they have increased the use of unorganised and casual labour, which is both cheaper and more flexible. Today, more than 90% of workers in the garment sector are considered 'informal' or 'unorganised' workers.<sup>41</sup>

Recent surveys in Delhi, Mumbai and Tirupur (Tamil Nadu) show that overtime is the norm, wages at the lower end of the production chain, for jobs such as thread-cutting and ironing, are paid below the minimum wage, and 70% of workers do not receive any social security (provident fund).<sup>42</sup> The Indian government bears some of the responsibility for these developments, because, in order to encourage growth in this sector, the government has started to relax labour laws and inspections of working conditions.<sup>43</sup>

Twenty-one-year-old Prakash<sup>44</sup> lost his job at one of the major garment factories in Noida, New Delhi, earlier this year. He used to earn 5000 rupees (£63.50) a month in the factory, pressing clothes. The company sacked him after he asked them to increase his wages and make his contract permanent.

"I have lost my total income. I'm also indebted... I don't know what I should do," he says. "They removed other workers from the factory. But all the time they will blame the workers for some reason or other."

Since then he has found it difficult to look after his family. He wants his job back, even though he complains that the conditions inside the factory affect the workers' health.

While India clearly has an interest in using the NAMA negotiations at the WTO to improve its access to key garment export markets, it is equally clear that if export-led growth in this sector is going to be sustainable, steps must be taken to protect and promote the rights of this rapidly growing labour force. Furthermore, trade liberalisation policies which may boost growth in this sector must not jeopardise the livelihoods of millions of workers in the traditional handloom and leather sectors. NAMA negotiations must allow the Indian government sufficient policy space and special treatment to guarantee decent working conditions and secure livelihoods for workers across its textile and leather industries.

### 3.3) Garment sector – a positive side to India's liberalisation?

India's garment industry is one of the traditional areas of mass employment that has fared relatively well post-liberalisation, both in terms of output growth and export performance. The value of India's garment exports has grown significantly since the early 1990s<sup>36</sup> and today the sector constitutes 16% of total manufacturing exports and 12.5% of total exports from India.<sup>37</sup>

Table 2: Exports of garments from India 1976 - 2003

	1976	1985	1990	1995	2000	2003
Garment/apparel exports (US\$ billion)	0.2	0.9	2.5	4.1	6.1	6.6

Source: Meenu Tawari (2005) Post-MFA Adjustments in India's Textile and apparel industry: emerging issues and trends. ICRIER, Delhi.

The garment sector has received special attention under India's economic reform programme and the good performance of the sector in recent years follows a number of policy changes implemented by the Indian government post-1985 which were specifically aimed at promoting garment exports.<sup>38</sup>

Since the early 1990s employment in the garment sector has increased by 165%.<sup>39</sup> However, export success has come on the

## Conclusion

The stories of Vishambar, Venkataramanama, Hosiyar and Prakash expose the negative impact that trade liberalisation policies have had on workers in traditional sectors of employment in India.

This new evidence mirrors the negative experience of trade liberalisation in Zimbabwe, Bangladesh, Ecuador, the Philippines and Ghana, where sudden exposure to foreign competition has led to stagnation or decline of manufacturing industries, job losses and in many cases, increasing poverty.<sup>45</sup> In comparison, India's more gradual liberalisation path has been more successful, but its traditional industries of mass employment, such as the textile and leather sectors, have paid the price for increased market openness. Without adequate protection, further trade liberalisation under NAMA negotiations at the WTO could threaten these traditional sectors, ruining the livelihoods of millions of poor people and exacerbating poverty in India and other developing countries.

## ActionAid recommends that:

- developed and developing countries halt the current NAMA negotiations and reject the current NAMA negotiating text of July 2004.
- a full, independent assessment of the potential development and environmental impacts of the NAMA negotiations is carried out.
- WTO members should bring forward a pro-poor negotiating text that puts the interests of all developing countries at its core.

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Samantha Goddard

36 Interview with Mr Bharat Singh, 18 September 2005

37 Jha (2005) *op cit* p66

38 *ibid*

39 *ibid*

40 *ibid*

41 NCAER (2004) *Impact of India's trade reforms on the informal sector*. Delhi

42 CEC (2005) *Structure of the garment industry and labour rights in India – the post MFA context* at: <http://www.cec-india.org/leftlinks/03/folder.2004-08-19.7339670463/document.2004-08-19.3623812678>

43 For example, a number of trade unionists and academics mentioned that the system for inspecting factories in Uttar Pradesh has become a lot more bureaucratic as the government has sought to get rid of the 'inspector raj'. This has meant fewer factories are being monitored for labour rights abuses.

44 Not his real name

45 ActionAid (2005a) *op cit*

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