

## **Resolutions from the 1998 Inaugural CC**

### **1. TRADE AND INDUSTRIAL POLICY**

#### *Vision*

1. For COSATU, industrial policy is not confined to promoting exports. Such a policy will have limited success. We reject GEAR and free market purity as being inappropriate to address the socio-economic and political ills of South Africa. Market forces on their own will not build efficient and dynamic industries and they will not maximise the national social and economic interests.
2. Instead, we propose the creation of an activist, developmental and interventionist state for carrying out the task of social and economic transformation. This state must be biased to, and seek to advance the interests of, the working class in policy formulation and implementation. The democratic state must recognise the inherent historical imbalances in social and economic power relations and must therefore pursue a sustained programme to shift the balance of power in favour of the working class and the rural poor, who constitute the main motive forces for fundamental transformation.
3. An interventionist policy should build efficient and dynamic industries without ignoring the need to address national social and economic interests. An interventionist approach could, for example, employ taxation sticks and incentive carrots to encourage industries to invest in education and training.
4. The industrial policy that the new democratic state pursues must integrate Southern Africa as an integral part of our reconstruction and development strategy.
5. Furthermore, it is recognised that over the years the mining industry has declined relative to manufacturing and services. It however remains vital, together with other sectors, for the South African economy and will remain so for years to come. Our trade and industrial policy must thus have a long-term social plan approach that anticipates the gradual downscaling of mining and manufacturing as well as other sectors of the economy.

6. The fundamental objective of industrial policy should be a significant increase in the number of quality and sustainable jobs and full employment. Other objectives should include the following:
  - To lower the costs of production of basic goods and services to meet redistribution needs through increased efficiency, particularly through new investment, skills, technology, management systems, and in work organisation.
  - Industry must produce high quality basic goods and services at prices that are affordable to everyone.
  - We need to develop and sustain domestic consumption, with an emphasis on consuming products with high local content.
  - Industry must be capable of paying a living wage to workers and have an equitable wage structure that seeks to narrow the wage gap.

Industry must contribute to the development of human resources of our society.

- Our objective in regard to trade should be policies that ensure that trade contributes to full employment and fair labour standards in all countries.
  - Industry must ensure it implements environmentally sustainable policies including healthy and safe working and living conditions.
  - Since South African industry will have to function in a world wide economy, our objective in relation to the world economy should be that our costs and prices should compare favourably with world costs and prices, but to do so without cutting labour standards.
  - We need a general rise in productivity that will narrow the adverse price, quality and technology gap between products manufactured on world markets and those manufactured in South Africa. We need also to develop our economy's capacity to beneficiate and process new materials through manufactured processes. These policies will create a wider capacity for the successful production for domestic markets and export of manufactured products and beneficiated products.
- 
7. To achieve these objectives, we should negotiate and campaign at national, regional, industry and company level around the following:
    - Restructuring of the economy and industries. Particular attention should be paid to:
      - Labour intensive production.
      - Maximising the potential for beneficiation of our natural resources.
      - Ensuring sustainable growth.
      - Stopping the outflow of capital
    - The allocation of investment funds by government, the financial system and companies.
    - The use of technology and the increased use of Research and Development.
    - An appropriate tariff and trade policy.
    - The setting up of a publicly funded National Restructuring Fund (which should be a tripartite body) to finance the introduction of new technology and work organisation, in instances where companies are able to show expanded output and creation of new jobs.

- The passing of legislation to break-up conglomerates and monopolies where necessary in order to ensure economic efficiency and growth and to reduce their economic power.

*Sources: NUMSA, NUM, SACTWU, SADTU, Social Equity, Economic Policy Conference 1992, September Commission, Labour Job Summit document, Parliamentary submission on industrial policy 1998.*

### *Policy Proposals*

## **8. Job creation**

### **In defence of jobs:**

We need to put strategies in place that protect and restructure existing industries while laying the groundwork for new areas of employment, which includes a social plan.

1. We need to maximise the impact of those sectors which are job creating, including the service sector. Industries which can serve as an engine for job creation in South Africa must be identified, and such an analysis must extend beyond identifying labour intensive industries. In addition, the down-stream and up-stream linkages (e.g. between companies which supply components to the sector or distribute the product manufactured) must be identified and actively promoted.
2. Supply-side incentives should be explicitly linked to job creation. Such job creation should be new jobs, in compliance with minimum labour standards, and not just transfer of employment from existing workplaces. Supply side measures which are currently in place (e.g. those linked to export promotion or technological innovation), should be evaluated and implemented taking into account their employment-generating effects. Punitive supply-side measures can also be introduced, for example tax disincentives to job shedding.
3. The state should use a fiscal strategy that introduces and promotes productive development projects.

*Source: Labour submission to Job Summit, FAWU, SACTWU, SADTU.*

## **9. Export Processing Zones (EPZs), Spatial Development Initiatives (SDIs) and Industrial Development Zones (IDZs)**

COSATU remains opposed to EPZs as they downgrade labour standards. We should vigorously oppose attempts by business and government to establish EPZs.

0. With regard to existing investment incentive schemes such as tax holidays and proposed schemes such as the Industrial Development Zones, mechanisms must be put into place to ensure that new investments do not have the effect of displacing the jobs of currently employed people without creating additional jobs. If the effect of these schemes is merely to displace those presently in employment as enterprises are unable to compete with new, subsidised (the effect of not having to pay tax) enterprises, then there will be no positive net job creation, only an unnecessary decline in tax revenue and increased pressure on the budget deficit. In instances where IDZ or spatial development initiatives encourage capital intensive projects, this should only be permitted on the basis of clearly specified projections of up-stream and down-stream job creation and measures to realise these projections. Monitoring mechanisms must be put into place to see to it that these projections are indeed met. Mechanisms must also be put in place to ensure that SDI's and IDZs do not simply become EPZs with a different name.
  
1. In engaging those who propagate the concept, the following principles should underpin our engagement:
  - Community participation in the project development and trade union representation on the management boards of these areas.
  - Capacity building as it relates to human resource development and training programmes.
  - Diversification of investment to avoid possible failures.
  - Backward and forward linkages to stimulate local and regional industries to such zones.
  - Guaranteed labour standards and full compliance with ILO standards, the extension of Bargaining Council agreements to these areas, and no exemptions to labour laws. Workers should be mobilised to ensure that these standards are actually met.
  - RDP-based development.
  - Department of Trade and Industry proposals that Industrial Development Zones focus primarily on export promotion should be reconsidered. There may be numerous benefits which would flow from focussing aspects of IDZ activity on the expansion of production for the domestic and broader Southern African market
  - SDI's and IDZs should not be used by industries/companies to merely relocate.

These points should be negotiated at NEDLAC.

Further discussions on these issues will be taken up in structures of the federation, particularly in a meeting of the regions.

*Source: NUMSA, FAWU, SACTWU, TGWU, Parliamentary submission on industrial policy 1998, Labour submission to Job Summit*

## **10. Black Business and Small, Medium, and Micro Enterprises (SMMEs)**

Employers are hell-bent on implementing business ventures under the pretext of the empowerment of previously disadvantaged groups.

0. SMMEs can play a crucial role in the social and economic development of the country if they operate correctly.
1. A "National Policy Approach" should be developed in order to ensure that we have a coherent approach to SMMEs. In developing this policy, our support for SMMEs should be based on the following: creation of jobs; economic empowerment for the participants; and fostering of good labour practices in the SMME sector.
2. In this context, we will not support SMME development in relation to subcontracting activities for the following reasons:
  - Such activities do not generally create new jobs, but rather displace existing unionised labour with jobs that offer lower labour standards;
  - Where the sub-contracted activity is linked especially to a particular company, the sub-contractor is often highly dependent on the particular enterprise, which limits the depth of the economic activity;
  - It creates a conflict in the workplace.
3. Our approach should be to prioritise SMME development in workers' community or workplace context, to try to identify new products or services that are not currently being provided.
4. Government should provide incentives to SMMEs but not at the expense of workers. Instead it should be linked to compliance with labour standards and tax requirements.
5. SMMEs should be used as a tool for collective empowerment instead of self-enrichment.
6. To campaign that any special affirmative action for black business must be linked to respect for workers rights.
7. COSATU should meet with black business organisations to discuss the implementation of fair and progressive labour practices and policies.
8. Government must ensure anti-discrimination measures amongst financial institutions to facilitate easy access to credit for the SMMEs market. Where such anti-discrimination measures do not generate enough credit to SMMEs, government must provide easy access to financial support.
9. There is a need for NGOs and other financial intermediaries to increase their capacity since it is currently insufficient to meet the needs of the SMME market. Here government needs to play an active role.
10. The resolution on campaigns should deal with a campaign regarding the credit bureaux.

*Sources: SACTWU, SASBO, NUMSA, FAWU, NUM.*

## **11. Cluster studies**

A process with potential for union influence is the cluster study/development process.

0. Cluster studies should be needs driven and linked to RDP initiatives, for example, housing delivery programme (finished product determine the establishment of clusters).
1. We reject the notion of export-driven studies at the expense of developing the domestic market.
2. All affiliates must make it a priority to participate proactively in this process.
3. Our participation in the cluster studies should be to defend the interest of workers, and secure workplace transformation.
4. Affiliates in a sector should meet with the DTI sectoral bureau for that sector, to discuss plans and processes for sectoral industrial strategy.
5. Through such involvement, the industrial policy team can start to think about an 'industry plan' for its sectors or subsectors.
6. Such an industry plan should include a component on a strategic trade policy (including appropriate tariff policies) to foster sectoral growth.
7. COSATU should secure funding (from IDC, DTI, Fund for Research into Industrial Development, Growth, and Equity (FRIDGE)) for training and capacity building for union representatives participating in these structures.
8. COSATU and affiliates should develop report-back and mandating mechanisms throughout these processes.

*Sources: September Commission, NUMSA, FAWU, SACTWU.*

## **12. Pricing of raw materials**

The high price of raw materials is a major restriction on the ability of higher value added industries to become internationally competitive, e.g. ISCOR's steel.

0. Government can change this both through its ownership (through IDC) and policy approaches such as:
  - Import/export controls on strategic materials (energy, steel etc.),
  - Costs and efficiency of transport (rail, road and shipping policy) and communications,
  - The use of environmental and design regulations,
  - Exploration permits and mineral and energy policy.
1. Infrastructure development will have a major positive impact on both basic living conditions and foreign exchange earning industries, particularly tourism.
2. Government's interventions should be biased towards meeting of the basic needs of our people.

*Source: NUMSA*

### **13. Local content**

We reject the current relaxation of the local content provision as it has led to the collapse of a number of industries.

0. An industrial policy must have a local content provision in the final product.

*Source: NUMSA*

### **14. Investment**

#### **Investment code**

An Investment Code should be implemented which requires prospective investors to:

- Invest in boosting the productive capacity of the economy.
- Invest in labour intensive sectors that create jobs.
- Emphasise training and skill development.
- Abide by all ILO conventions on minimum standards.
- Abide by social and labour laws and regulations and the constitution and all existing legislation of South Africa as a minimum, and actively implement improvements to these. Where companies operate in decentralised areas, they will need to abide by national social and labour standards.
- Disclose information.
- Facilitate transnational contact between shop stewards.

#### **Employment creation:**

1. Companies will endeavour to increase employment opportunities as a priority in harmony with national social development policies. They will use technologies which generate employment, both directly and indirectly.
2. There is also a need for foreign companies producing goods in South Africa to be jointly owned by South Africans and/or government, to ensure the distribution of profits within the country.

*Sources: NUMSA and Economic Policy Conference 1992, FAWU, SACTWU.*

### **15. General Investment Policy**

Some key policies which can boost productive investment and encourage employment creation are:

- Expanding the production of infrastructure and public investment in the economy.
  - Lowering interest rates, which can have a substantial impact on investment in an economy.
  - Create a stable economic environment. This must not, however, require pursuing highly restrictive macro-economic policies or a repressive labour relations regime.
  - Give women access to financial resources. Develop small-scale lending programmes to ensure that women can access financial resources.
  - Establish capital controls. Discourage unproductive, speculative investment and limit damaging capital outflows. Use measures such as exchange controls, taxes on speculative investments, and short-term capital gains taxes.
  - Focus on parastatals as key investors.
  - Financing and credit relationships between finance and industry must be reformed with an aim to building relationships which promote job creation. Directed credit and differential interest rates could be used to help foster such changes.
  - Prescribed assets and control over pension funds and the financial sector. Implement a policy of prescribed assets to channel investment funds into job-creating opportunities. Local investment socio-economic upliftment programmes should be prescribed through 10% of retirement funds.
1. There should be increased investment in research and development, co-ordinated with research institutions.
  2. COSATU should lobby government to conduct an in-depth investigation of the financial sector and how to ensure channelling of financial resources into industrial development.
  3. Mechanisms must be put in place to ensure that investments flowing from industrial participation (counter-trade) schemes, linked to armaments procurement, be channeled into labour intensive, job creation activities which also encourage skills transfers and general socio economic upliftment. Participatory procedures need to be put in place to ensure labour's participation in such industrial participation schemes

*Source: Labour Job Summit document, NUMSA, Parliamentary submission on industrial policy 1998, September Commission, SACTWU.*

## **16. Multilateral Agreement on Investments (MAI)**

The Multilateral Agreement on Investments (MAI), which originated in the Organisation of Economic Development (OECD) and may soon be part of the agenda of the World Trade Organisation (WTO), is designed to further strengthen the power of transnational corporations throughout the world. It poses a grave threat to the ability of nation-states to serve their citizens, and can further relegate the status of developing countries to that of "wholly owned subsidiaries" of the TNCs.



0. MAI represents a single most serious threat to the sovereignty of independent nations. Its provisions amount to an international bill of rights for multinational corporations.
1. COSATU should join the growing international campaign against the MAI
2. Government should be urged to use its upcoming chairpersonship of the Non-Aligned movement (NAM) to mobilise further opposition to the MAI, and to support the view that an entirely new investor agreement be negotiated, with full participation from developing countries and civil society and based on respect for fundamental worker rights, and the sovereign right of parliament to pursue national development goals..

*Source: Resolutions Committee, SACTWU.*

## **17. Role of IDC**

Job creation should be the primary mandate of the IDC.

0. The IDC needs to be re-oriented from its focus on capital intensive mega-projects to incorporate labour intensive projects as well
1. In addition to the allocation of funds from the investment portfolio of the IDC, the full pre-tax profit of the IDC should be applied to job creation ventures.
2. Private sector investments in partnership with the IDC should be required to invest in job-creating investments.

*Sources: Social Equity, NUMSA*

## **18. Competition Policy**

0. There is a need for far reaching changes to the corporate structure in South Africa.
1. Competition policy needs to form part of a broader industrial strategy.
2. Competition Policy should be informed by the following objectives:
  - To reduce concentrations of power which enable a handful of individuals to wield undue influence.
  - To see to it that workers' interests are taken into account, in particular potential for job loss must be an important criteria in the regulation of mergers and acquisitions.
  - To ensure "fair" pricing, in particular for basic goods.
  - To move towards worker ownership and control.
  - To enable the state to intervene decisively in regulating enterprise structure and conduct in the public interest, and
  - To facilitate, as part of a coherent industrial strategy, the production of surplus and its distribution in such a way that the economy develops and grows.
3. Any competition policy should not lead to job losses, down-grading of labour standards and deterioration of social welfare.
4. We support the forced unbundling of apartheid-era conglomerates where this is in the public interest on the basis of their over-concentration of particular

markets. Further the potential should exist for forced divestiture to be triggered as soon as large firms abuse their dominance against their workers or consumers.

5. We support the inclusion of a regulated Ministerial discretion in regulating mergers in the public interest in order to avoid job loss and to protect domestic industry from predatory activity by Multi National Corporations operating in the global economy.

*Sources: Social Equity, NUMSA, Labour submission on Competition Policy, April 1998 CEC, SACTWU.*

## **19. State procurement policy**

0. State Procurement Policy needs to comply with the following conditions:
  - The policies must not be used to keep firms alive which fail to meet minimum standards. These standards should stipulate the participation of labour in the decision phase;
  - Policies must be transparent so that corruption can be eliminated;
  - Establishing competitive relations between firms may not be the most effective policy;
  - Decisions should not be made simply on the basis of the goods or services supplied, but also the production process etc.; production of labour intensive goods should be prioritised e.g. through prioritising labour intensive production;
  - Centralised purchasing can only be relaxed after basic standards have been achieved;
  - The establishment of national markets should not be jeopardised by misguided regional, local or agency devolution;
  - Assistance should be provided for new or innovative firms which are considering tendering;
  - Preference should be granted to those companies which are expanding production for both the domestic and export market.
  - Purchasing policy should be tied to research and development efforts.
  - Procurement policies must have provision for local content.
  - Counter trade agreements must not violate the provisions of industrial policy.
  - Trade agreements, bilateral agreements, ministerial declarations, and/or protocols must not negate the provisions of the industrial policy.
1. A Workers Rights Index should be developed, and companies tendering for public and private contracts should be required to report on compliance with the standards in the index. These standards should include the following core areas:
  - No employment of scab labour during legal strikes
  - Participation in centralised bargaining institutions where these exist
  - Contribution of a minimum of 4% of payroll towards training programmes agreed to with the trade union movement.
  - Implementation of a 40 hour working week.

2. The WTO is currently discussing neutralising these procedures as instruments for fostering domestic industry. The government should remain a non-signatory to the WTO's Procurement Policy so as to avoid parastatals e.g. Eskom, Telkom, purchasing equipment abroad.
3. COSATU should lobby government to take a stronger stand against the WTO Procurement Policy at WTO debates. The government should ensure that there is tighter coordination on these matters with the third world countries (developing and underdeveloped) to build a uniform stance against these unfair provisions pushed by some of the powerful developed countries.
4. The government should also reject the OECD's proposed Multi-lateral Agreement on Investment (MAI) so as to encourage expansion of domestic production and to avoid obligations where government and parastatals will be required to purchase equipment from abroad. Further, on the basis of procurement policies and in the furtherance of other objectives, government should campaign against the proposed MAI and the proposed US Growth and Opportunity Bill in line with a policy of working towards a transformed WTO and other multi-lateral global institutions.

*Sources: NUMSA, NEHAWU, NUM, Social Equity, September Commission, Parliamentary submission on industrial policy 1998.*

## **20. Tariff reduction and trade barriers**

0. Tariff reduction without supporting policies in affected sectors leads to job losses.
  1. An immediate moratorium on any further reductions should be imposed, particularly for those sectors that are geared towards the support of the RDP.
  2. Tariffs should not be reduced at a rate faster than that required by our obligations to the World Trade Organisation; We object to government's tariff reduction faster than its own obligations in terms of GATT.
  3. Where South Africa has lowered individual tariff rates to below GATT commitments and these have resulted in job losses, these must be increased up to the GATT binding rate.
  4. Tariff reduction should be preceded by active industrial policies to promote efficiency.
  5. An audit of the effects of tariff reductions on particular sectors or industries must be carried out under a tripartite forum funded by the IDC. This forum would also make proposals to renegotiate the agreement with the WTO as well as assess the impacts of foreign policy on trade agreements.
  6. The Social Plan with its social adjustment packages should be implemented at sectoral level, especially in those industries facing tariff reductions and downscaling. Concrete social adjustment programmes to transfer workers into new jobs must be introduced if tariff reduction leads to retrenchments.
  7. Government should use tariffs strategically to protect jobs and promote industrial development.

8. The current EU and SADC negotiations on tariffs for sensitive industries exclude labour representatives. COSATU strongly condemns this, and the revision of mandates without any discussion with affected workers. COSATU calls for an immediate review of these negotiations to ensure no job losses in South Africa. Trade union representation in the negotiations with SADC and the EU is required, particularly from affected sectors.
9. COSATU should network with progressive movements to ensure international solidarity action and campaign against trade relations unfavourable to the poor countries.

*Sources: NUMSA, FAWU, Social Equity, SACTWU, Labour submission to Job Summit*

## **21. Customs and Excise**

0. We are experiencing job losses through illegal goods entering our markets and the dumping of goods on our markets.
  1. Finances should be made available or in the next budget to increase staffing and systems to collect more taxes and prevent illegal goods entering the country.
  2. Customs and excise institutions are still managed by corrupt officials from the old guard. They need to be transformed, including:
    - Changes to reflect the population, composition, to increase the efficiency of the system and to conform to the needs of our economy.
    - Increasing the resources at ports of entry, computerising all ports of entry, and ensuring that information is provided on a timely basis;
    - Establishing the norm of a minimum of 5% of all consignments being checked and specifically applying this target to each employment-sensitive sector;
    - Providing for product-dedicated ports of entry;
    - Beefing up the invoice analysis auditing programme;
    - Providing effective control over exports of goods subject to incentives;
    - Setting up resourced border posts with the BLNS (Botswana, Lesotho, Namibia, Swaziland) countries and airport inspection posts;
    - Increasing the number of inspectorate posts and the rate of container inspections;
    - Increasing the quantum and flexibility of remuneration packages for technically skilled customs staff;
    - Rotating customs staff between different posts;
    - Utilising private sector technical assistance for customs related activities;
    - Increasing and publicising rewards for information leading to successful prosecutions;
    - Raiding the warehouses of suspects and publicising the names of companies found guilty of fraudulent customs and clearance transactions;
    - The replacement of corrupt officials, who should be charged with the crime which they have committed; and a monitoring structure with labour representatives must be established;

- Structures in government e.g. Board of Tariffs and Trade must be strengthened and restructured to be tripartite in character, to ensure proper monitoring of dumping and effective action to ensure that it does not take place.
- To ensure that integration in SADC has a pre-requisite that effective customs controls be placed on all external borders and ports of entry.

*Sources: NUMSA, SACTWU, CWIU, NUM, Social Equity.*

## **22. Trade**

0. An active trade policy should specifically target incentives, and supply-side measures, e.g. skills training to those industries that create jobs directly, or either up-or-down stream of the targeted industry.
1. Both import substitution and export promotion should be pursued. Production for the export market often tends to be less labour intensive and therefore in those instances create fewer jobs than production for the domestic market. Import substitution will also stimulate the domestic production of intermediate (inputs used in the production of final goods) and capital goods (machinery) which will also have large employment effects.
2. Expansion through import-substitution operates through reducing the propensity to import, reducing leakages from the domestic economy. The objective of such an expansion in an underemployed economy is to reduce the propensity to import competitive goods. Specific strategic sectors must be targeted for a concerted programme of import substitution. The chief criterion in selecting these sectors must be their ability to generate sustainable employment.
3. Any anti-import substitution bias which may be prevalent in existing industrial policy measures should be worked out of the system. In addition to encouraging domestic production and expanding the domestic market as more people are drawn into employment, a carefully managed import substitution strategy can have the benefit of improving the balance of trade and taking pressure off the balance of payments.
4. Unfairly subsidised imports into South Africa should be stopped. We should make increased usage of anti-dumping and safeguard duties. It is crucial that safeguard duties take national interests into account. Job losses resulting from a sudden increases in imports should be prioritised when implementing safeguard duties to protect the domestic industry.
5. Rules of origin provisions should be implemented. In the event of SADC becoming a single market, which would allow for the free movement of goods across borders, one way to protect South African industries and develop the economies of SADC countries would be the impose rules of origin. This would mean that countries have to prove that the goods they are exporting consist of, for example, 25%, 50% etc. of domestic production.
6. A social clause should be implemented. This would serve to discourage countries from competing on the basis of labour repression, exploitation and poor or non-existent health and safety standards. A

- number of SADC countries are already using such strategies to improve competitiveness. Malawi, Mauritius, Mozambique, Namibia and Zimbabwe already host or are in the process of establishing EPZs.
7. It should be a mandatory pre-requisite that 'employment impact assessments' should be carried out and published before South Africa can bind itself to any trade agreements.
  8. We seek representation for the trade union movement in the international trade negotiations, including direct representation of labour on the negotiating committees concluding bilateral and multilateral trade deals.
  9. Parliament should be given an effective overseeing role on trade negotiations.
  10. The WTO should become a tri-partite structure, and should have compliance with the social clause as one of its requirements for a country. Trade unions internationally should form a common front in dealing with the WTO.

*Sources: Parliamentary submission on industrial policy 1998, Social Equity, Labour submission to Job Summit, SACTWU.*

### **23. Southern African Region**

0. Growth in South Africa without growth in Southern Africa would be counter productive to all. The poverty in the surrounding countries would rapidly undermine progress in SA whilst at the same time denying our economy a viable market closest to its borders. South Africa's economy and particularly its labour market are impossible to separate from the Southern African region. South Africa enjoys a substantial trade surplus with the SADC and SACU countries. It is necessary for the region to develop a focus to expand the regional market, and to develop balanced relations within the SADC community and externally. In addition, regional integration should not focus only on economic policy, but should also deal with issues of social development.
1. In developing sectoral industry policies we should be conscious of the potential for co-operative development, with linked supply chains between countries, and complementing industrial policies.
2. A regional reconstruction and development plan for southern Africa must be developed through a regional summit of governments and trade unions.
3. The South African government needs to initiate a process to negotiate a set of minimum standards to be established across the whole region. COSATU should support the struggle for decent labour standards in all countries in the region.
4. To achieve general growth and development for the whole sub-continent requires mutually beneficial agreements to be reached between the countries concerned. Such co-operation should be underpinned by solidarity between trade unions in the sub-continent.
5. COSATU should propose a Regional Development Bank.
6. South Africa needs to play an active part in the development of the Southern African economies through the collective action of public

enterprises (e.g. transport, utilities) to increase regional economic growth. COSATU should support a programme of infrastructural development projects, especially those which link two or more countries of the region, such as the Maputo corridor, based on clearly defined criteria.

7. A regional trade union solidarity fund, with R20 million a year, made available by all governments in Southern Africa, for programmes by the labour movement in the region should be set up.
8. COSATU affiliates should establish firm links with their counterpart unions in the region, with the aim of analysing the problems in their sectors and developing ideas about how their industries could be developed in a mutually beneficial way across countries. Affiliates should establish cross-regional company shop steward councils to build solidarity. COSATU should also assist unions in the region to develop their organisational, research and educational capacities.
9. COSATU should campaign for a SADC which is based on upward convergence of social and labour standards, and the setting up of a Southern African Development, Labour and Economic Council (SADLEC), with representation by trade unions and community groups. SADLEC should serve as a forum to negotiate the terms of social and economic policies for the integration of the Southern African region.

*Sources: NUMSA, NUM, Economic Policy Conference 1992, Social Equity, September Commission, SACTWU.*

#### **24. Institutional transformation**

0. All industrial policy-related state and parastatal institutions need to be restructured and reoriented. Such restructuring needs to go beyond changes in composition and representivity, and needs to position such institutions as tools in the meeting of the objectives outlined in our vision.
1. COSATU needs to develop a consistent strategy in relation to the IDC, the DBSA, NPI, the Land Bank and NOSA. The federation should initiate discussions with the relevant ministries (Trade and Industry, Finance, Labour, Agriculture) and the institutions themselves about their restructuring (or in the case of NPI and NOSA, their possible closure) and labour representation on their boards. Each of the boards should contain nominees from labour.
2. The Board of Directors of the DBSA should include trade union representatives and community representatives.
3. Researchers should be seconded to the DBSA, joint projects could be explored and the DBSA should be accountable to NEDLAC as well as parliament.
4. The boards of the IDC and other relevant institutions should be required to publicly report on a six monthly basis on the impact on employment, and the net number of direct jobs created, by its investment and technical assistance policies.
5. The resourcing of the IDC and DBSA should be guided by their success in fostering labour intensity and employment creation.

6. CSIR resources as well as public funding for research and development should be directed to labour-absorbing sectors and processes.
7. Both the national state tender board and particularly the provincial tender boards need to be restructured and an immediate commission of enquiry to investigate contracts that have been awarded. If any government employee is found to be guilty of colluding with parties to get the tender, she/he should be criminally charged. Laws should be passed to enable this to take place. Representation in the provincial tender boards should be based on the same model used in the national State Tender Board.
8. Institutions such as SBDC, MDC, and SABS should be streamlined to promote the products or programmes which could be developed for the purpose of establishing co-operatives.
9. The industrial development programme should be such that co-operatives can rise to be efficient and dynamic by world industrial standards.

*Sources: September Commission, NUM, NEHAWU, NUMSA.*

## **25. Capacity building**

0. COSATU must develop greater capacity to co-ordinate policy formation and engagement on industrial development issues. COSATU should concentrate on co-ordinating and building the NEDLAC team in the trade and industry chamber and the parliamentary office's interventions on industrial policy issues, as well as supporting affiliates which are engaged in specific Campaigns over industrial development issues.
  1. Resources must be made available at NEDLAC to develop the capacity of labour to engage more effectively in industrial policy development in the Trade and Industry Chamber, including through the employment of labour researchers in this area.
  2. Every affiliate should establish its own industrial policy department or team, to develop industrial policy, participate in COSATU industrial policy processes, and engage with employers, NEDLAC and government. COSATU and affiliates should develop industrial policy teams to drive the development of policy in each sector. This would require demarcation of various sectors, and co-operation between relevant affiliates, e.g. in the energy sector. These sectoral teams should cover industrial development both in the public and private sectors.
  3. NALEDI should establish an industrial development research capacity. This could provide research and policy support to COSATU and affiliates. In addition, we recommend that NALEDI convene an industrial policy reference group consisting of trade unionists – from affiliates and COSATU involved in industrial policy, to collectively develop strategies and Guide research. COSATU should consider a longer-term research project, housed in NALEDI, to assess industrial development strategies, based on an evaluation of international comparative experience, with a view to developing a vision for long-term industrial development in South Africa. In particular, NALEDI



should be commissioned to undertake research on SDIs and IDZs which will feed into the federation's discussions on the issue.

*Sources: September Commission*

**26. Fisheries**

0. COSATU accepts the new Marine Living Resources Act which offers the potential for meaningful restructuring of the industry.
1. COSATU will work with the Alliance and other progressive forces to ensure that access to, and the allocation of marine resources are in line with the RDP and addresses the historical imbalances of the past.
2. The restructuring of the industry must also, in the main, promote our strategy of SMMEs for employment creation and economic growth. Employment creation should be biased towards the previously disadvantaged. Accordingly, COSATU rejects the co-option of black business as a means of safeguarding their quota allocations.
3. COSATU rejects the introduction of access rights to marine resources to European countries in the SA-EU negotiations even before the restructuring of the industry has taken place in South Africa.
4. COSATU demands an improvement in the working conditions of, particularly, the harvesting workers on the boats.
5. Small-scale traditional and artisanal fisheries should be developed for reasons of equity and sustainability of resource use and to create local employment. Certain proportions of national quotas for given fish species, in particular those relevant to onshore fisheries, should be reserved for small-scale community fisheries.

*Source: FAWU*

**27. Food Security**

0. COSATU should establish a task-team to develop a food security policy proposal that is in line with the broad principles as contained in the RDP and in line with the vision of "a better life for all". This task team should include the following issues as a basis for inquiry.
1. To develop a macro-economic strategy that is compatible to, and seeks to achieve the RDP goals. Among others, these would include the enhancement of food security, breaking through the trap of poverty instilled by apartheid, linking growth and human development, and contributing to the development of sustainable livelihoods for the masses. Furthermore, we recognise that food security is a multifaceted goal, which would require related achievements such as the provision of housing and sustainable employment creation.
2. To call for the government to apply a fiscal strategy to the question of food security, instead of the narrow monetarist approach promoted by GEAR which we reject. This would include applying progressive taxation and allowing for a greater budget deficit. Furthermore, to scrap the apartheid debt in order to increase social expenditure or government spending on social issues like health and education, and projects like feeding schemes and food stamps.

3. To call on the government to develop a coherent industrial policy, instead of applying ad-hoc measures, geared towards infrastructural and other development projects that will be job creating and consequently help eradicate poverty and enhance food security.
4. To call for a moratorium on tariff reductions. The government should not reduce tariffs and remove subsidies faster than even the WTO provisions require as this leads to job losses which simply entrenches the poverty cycle. Furthermore, the very role of multilateral institutions (such as the World Bank, the IMF and the WTO) in the South African economy should be critically evaluated.
5. That COSATU develops a wage policy and national minimum wage that will ensure increased disposable income of those working in order for those to have increased access to goods and other consumer spending and thereby increase domestic demand.
6. COSATU should call for lowering of the food prices and VAT exemptions on basic food items, for rural development, for the introduction of SMMEs, thereby making food affordable.
7. To develop infrastructure (including transportation system) in order to make food accessible to those who cannot afford it at present, including the farthest rural areas, in order to make food available and accessible.
8. That for those state assets earmarked for restructuring, a mechanism must be put in place to ensure mass-based collective social ownership of these assets. This would contribute to poverty eradication and enhancing food security, instead of it resulting in ownership patterns remaining unchanged.
9. That because it is argued that South African development be accompanied by the simultaneous development of the region (i.e. SADC) and the continent, food security and poverty eradication in SADC should be subject to policy development that seeks to address the discrimination inherent in north-south trade relations.
1. This food security policy proposal shall contain as its other central theme the establishment of a social security net that ensures that no one goes hungry and will revive schemes such as feeding schemes.
2. That the living wage demand and campaign serve as the basis for an approach to food security issues that will ensure that the buying power of disposable/real wage on food products is increased.
3. Legislation should be put in place to ensure that companies are forced to donate perishable and other food items instead of dumping these as part of their strategy to restore the price of these products.
4. COSATU should meaningfully engage the Tripartite Alliance and attempt to secure an Alliance policy position on food security. COSATU should also engage other organs of civil society that broadly belong to the democratic movement.
5. COSATU should embark on a campaign (in line with the World Food Summit in Rome) to mobilise broad social support in forcing the government to take into account policy proposals before the ultimate cabinet approval of food security policy which must address poverty.

*Source: FAWU*

## **28. Energy Sector**

0. Energy sector policy should be consistent with overall industrial and development policy. The development of our energy policy should be transparent and allow for the involvement of all stakeholders. Our energy policy should include the development of the Southern African energy grid as Southern Africa has plenty of natural energy resources which is not being utilised effectively. (NUM). COSATU should engage the White Paper on Energy published by the Department of Minerals and Energy Affairs. In particular, attention should be paid to its vision to restructure the electricity distribution industry, deregulate the liquid fuel industry, and nuclear energy.

### **1. Restructuring of the Electricity Supply Industry.**

0. The role and structure of Eskom should be tailored to advancing the aim of universal access to affordable electricity both for households and industry, within an overall policy of cross-subsidisation from rich to poor. In order to advance this aim legislation should clearly outline that Eskom is owned and controlled by the state and that in its external and internal programmes Eskom should be accountable to government's broader RDP objectives.
  1. THE Bill that has gone through Parliament has clarified the ownership of Eskom i.e. Eskom being state owned. The Central Committee should endorse this position.
  2. However, a programme of action should be developed to resist the corporatisation of Eskom through:
    - · Incorporation in terms of the Companies Act 1973
    - Eskom being made a tax and dividend paying Company
  3. Our emphasis should be on making Eskom report in terms of Public Entities Reporting Act.
  4. We are opposed to Eskom paying taxes and dividends.
  5. Eskom should be given clear targets and be benchmarked against clear performance targets set.
  6. The whole Electricity Supply Industry should be under a single Governance Structure. This Governance Structure should have a small management team to provide technical back-up.
  7. The Industry should be structured into two public utilities established in terms of Acts of Parliament.
    - Eskom to remain responsible for all Generation and Transmission.
    - A National Distributor should be established consolidating all Electricity Distribution. This national distribution, for efficient distribution of Electricity, can set up subsidiary regional Electricity Distributors and District Electricity Distributors.
  8. The biggest consumers of electricity must pay more per unit and the poor less, with special consumption rates for the unemployed, pensioners, old age homes, public schools, crèches, clinics, hospitals and rural schools.

9. Services should be extended to rural areas and squatter camps
10. Masakhane must be intensified to ensure that, amongst other things, there is increased payment for services. People need to be educated about the importance of electricity.)

## 2. **Liquid Fuels Industry**

0. Studies have shown that deregulation leads to job losses, particularly of petrol attendants. This would be particularly serious in the context of high levels of unemployment and jobless growth.
1. COSATU reaffirms its opposition to the deregulation of the fuel industry, and argues for reregulation in order to give effect to our objectives.

## 3. **Nuclear Energy**

0. Our energy policy should *exclude* nuclear energy as an energy resource.
1. More research should be done into alternative energy resources, including environmentally friendly Coal Generation of Power, so that we can improve our competitive advantage in an area that South Africa is a leader already.
2. All attempts to dump nuclear and chemical waste from industrial countries in Southern Africa should be resisted.
3. All future dumping of nuclear waste at Vaalputs should be stopped pending a clear strategy to deal with waste management.
4. In addition, attention should be paid to Nuclear Safety and Nuclear Radiation in Koeberg Power Station, Pelindaba and NUFCOR.

*Source: NUM*

## 29. **Social plan for the mining sector**

0. The mining industry employs 552 000 people (with up to 5 million dependents), contributes 8% to the GDP and over 50% to our foreign exchange earnings (including processed minerals). The rate of job loss in this industry must therefore be viewed as a *national crisis*.
1. While we pursue the further growth and development of our manufacturing and services sectors, that has to occur within the context of the *managed* downscaling of certain sectors of the mining industry.
2. Such a managed process requires a dedicated statutory downscaling commission with sufficient powers to ensure:
  0. minimal job losses
  1. that unavoidable job losses are cushioned through social rehabilitation or the social plan, which includes counselling and retraining
  2. that healthy mines build up social plan reserves long before they become marginal
  3. targeted state assistance to marginal mines to preserve jobs as long as it is economically and socially feasible

4. a balance between new technology and labour intensive mining
5. beneficiation of minerals, to create further demand and new jobs
6. strong coordination between attempts to stimulate growth in manufacturing on the one hand, and the need to find alternative employment for appropriately retrained and re-skilled ex-mineworkers in mining towns and rural areas

*Source: NUM*

### **30. Technology**

0. Technology and technological innovation that does not displace labour or inhibit job creation requires technology policy that is informed by the following objectives :
  - building complimentary links with southern Africa and other developing countries;
  - a participatory process of policy formulation and innovation;
  - defining a developmental role for the state regarding "new frontier" technologies;
  - ensuring that technology is used to skill and empower workers.
1. To ensure job creation and maintenance unions have to engage with technology at the level of policy development. This includes :
  - Worker and community participation in the National System of Innovation, envisaged in the White paper on Science and Technology, through participation and links with universities, local research and development (R&D) centres, NGOs and the factory floor.
  - The role of the state has to include facilitation of worker involvement in science and technology development, and also direct intervention to develop certain sectors like micro-electronics, and increased finance for R&D. Procurement policy should be used to influence innovation in labour intensive technology.
  - Optimal utilisation and development of technology has to happen through increased numeracy and literacy skills, as part of an integrated education and training policy thrust that links scientific, mathematical and computer skills education.
  - Employers must be required to negotiate with the union at least six months in advance of the introduction of any new technology. In particular, employers must be required to negotiate with the union regarding any changes in numbers and the location of jobs, as well as any forms of work reorganisation
  - Government must develop policies to ensure that South Africa South Africa becomes a developer of new technologies rather than merely a consumer of technologies developed elsewhere. This is particularly important to ensure that new technologies provide for social needs delivery and that they are appropriate to our context as an African developing country.
  - Government must ensure that international agreements, particularly those concerning intellectual property rights, are negotiated to ensure equity for developing countries like South Africa, rather than merely to serve the interests of globalisation.

- Affirmative action policies must explicitly include measures to ensure the redress of historic imbalances of access to and usage of new technologies which are based on race, gender, disability or class.
- Employers must be required to ensure that new technologies are combined with appropriate human resource policies and the training of workers so that skills are upgraded.
- Government's information and communications technology industrial strategy must ensure that such technologies are developed to provide for social needs delivery and to create jobs.
- Employers must be required to provide the union with access rights to their information and communications technology networks and infrastructure to facilitate communication with shopstewards and membership.
- Technological agreements must include the transfer of skills.

*Source: Labour proposals on Jobs Summit, COSATU IT Unit, NUMSA.*

