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DRAFT VERSION

Working (and struggling) in the upper-side of the chain. The case of pharmaceutical representatives in Argentina

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Introduction

From 2002 onwards—after the collapse of the economy in late 2001—Argentina witnessed a process of sustained economic growth which included improvements in socioeconomic conditions for the vast majority of the population. As the country grew at an average 7 percent during the 2003-2013 decade, labour markets strengthened through a fall in unemployment levels, job creation—at least until 2009—real wage increases, minimum wage increases and revitalized collective bargaining mechanisms. Workers and unions improved their conditions, becoming stronger vis-à-vis the previous decade—dominated by anti-labour legislation typical of neoliberal policies. Although the State was a pillar in the bettering of conditions, the trade unions played a central role in advancing workers' rights within an overall pro-labour context.

This essay focuses on a union—the pharmaceutical sales representative union, AAPM¹—that increased its bargaining power and capacity of collective action during this period within an economic sector—the pharmaceutical industry—that was one of the largest 'winners' of the decade in terms of growth. The paper analyses a number of critical issues: the changes in the union internal organization towards a more militant leadership; changes in collective bargaining agreements pushed by the State; the organizational perspectives of the pharmaceutical industry and the potential role of AAPM in organizing along the value chain of a select group of Argentine-origin multinational companies.

The pharmaceutical industry is an increasingly important economic sector in Argentina, growing consistently in the post-convertibility² period and considered one of the 'winners' of the Argentine

¹ The Asociación de Agentes de Propaganda Médica (AAPM)

² The convertibility system was implemented during the early 1990s and lasted for an entire decade. It meant that the Argentine peso was pegged to the US dollar, strengthening the local currency at the same time that it decreased the capacity of manufacturing to export. The system collapsed towards the end of 2001 and was dismantled during the following year.

economic recovery since 2002 (AFIP 2010). The sector is integrated by a mix of large multinational corporations with their headquarters abroad, and significant multinationals based in Argentina controlling a larger share of the market. Organized in three different chambers—one for the foreign multinationals, one for the local ones and one for the small and middle size laboratories—the interest of the sector is not always unified, creating spaces for trade union action within those cracks. Two trade unions operate within the sector, representing workers' at different levels of the value chain: the federation of health workers, FATSA³; and the pharmaceutical sales representatives, AAPM. This paper focuses on AAPM since it is exclusively occupied in the industry, while for FATSA pharmaceuticals represent only one among many sectors, including healthcare.

There are three characteristics of AAPM that make the union different from others working in the private sector: it is affiliated to the Argentine Workers' Confederation (CTA)⁴; it utilizes militant strategies for a sector of high wages; it operates within foreign and locally-based transnational corporations. These three elements are central in the analysis regarding the possibilities for AAPM to further organize along the value chain of the pharmaceutical industry, especially regarding the Argentine-based multinationals that are increasing their presence throughout Latin America.

The post-2001 model of economic development, defined as neo-developmental⁵ (Katz 2015) in this paper, improved overall conditions for workers' individual and collective rights (see Cook 2008). In spite of this, this paper debates whether than state-led developmental strategy is enough to overcome structural limitations that begin to appear once economic growth is halted in the context of an economy ever more dependent on transnational capital. The presence of active, militant, and relatively autonomous trade unions is a necessary condition for two reasons: the continuation of a redistributive matrix targeted towards decreasing inequality; challenging the power of transnational corporations at home and abroad. The case of AAPM is useful in identifying the limitations and possibilities of organizing autonomously from the State and within a sector characterized by high wages. Furthermore, AAPM's possibilities in the international arena also outline changing patterns of transnational organization, when the multinationals are not solely from the global North and the

³ Federación de Asociaciones de Trabajadores de la Sanidad Argentina (FATSA)

⁴ CTA is a relatively new trade union confederation in Argentina, created in the mid-1990s intending to confront the neoliberal policies being implemented at the time in negotiation with the main trade union confederation, the CGT. Its main union affiliates come from the public sector (teachers and public employees) while the confederation also incorporates social movements and individual affiliations.

⁵ There are several interpretations around the nature of the socioeconomic process that began in 2003. Here the definition provided by Katz characterizes Argentina's strategy as a model of strong state regulation within a capitalist economy, reinforcing distributive measures at the same time as it continues to be based on the income from exporting commodities to the world market.

new scenario includes some from the global South.

This paper is divided in four sections. Section one outlines key issues within the pharmaceutical sector in the world and in Argentina, looking at recent developments. Section two presents the trade union presence within it, focusing on AAPM. Section three discusses organizing strategies of AAPM with a focus on the international work. Section four provides concluding remarks.

1- The Pharmaceutical industry globally and in Argentina⁶

The pharmaceutical industry worldwide is characterized by three main elements that shape the entire value chain: the presence of defining regulatory frameworks (since healthcare is especially influenced by pharmaceuticals); the relevance given to research and innovation in order to maintain and make the industry grow; a competitive world market in which a few large pharmaceutical companies compete with similar products for world markets—and increasingly for the emerging markets--(Gurrera and Trajtemberg 2013: 57-58). In these three elements the role of the state is central, since it authorizes the sales, regulates the new products and recognizes or denies the patents on a specific product. We are therefore referring to a global value chain that is led by multinationals but in which state authority remains an actor to consider.

The pharmaceutical sector is one of the fastest growing industries in the world, with larger than average profit margins—over 70 percent returns against 15 percent in the other industrial sectors (IEPS 2012: 2). The growth of this industry has been led by a group of large multinational companies, which in the last decade have been subject to a process of mergers and acquisitions that impacted in the concentration of the market⁷ as well as conditions of production, distribution, and more importantly, employment levels. This concentration is underlined by the fact that today the first fifteen laboratories—mainly from Europe and the United States—represent more than 50 percent of the pharmaceutical sales at the world level.

⁶ Significant information for this section was extracted from the book *The Truth about The Drug Companies* by Angell in 2004.

⁷ An example of this process been the merger of two large companies in 2009, Pfizer and Wyeth, which led Pfizer to hold the single largest share of the world pharmaceutical production and distribution market (7 percent of the total); See IEPS 2012

Chart No.1. Sales of the top 15 pharmaceutical labs in the world, 2010

Company	Country of origin	Sales (in billions of dollars)	Share of the market
Pfizer	US	55.6	7.0%
Novartis	CH	46.8	5.9%
Merck & Co.	US	38.4	4.9%
Sanofi-Aventis	FR	35.8	4.5%
AstraZeneca	UK	33.6	4.5%
Glaxo Smith Kline	UK	33.6	4.3%
Roche	Ch	32.7	4.1%
Johnson & Johnson	US	26.8	3.4%
Abbott	US	23.8	3.0%
Lilly	US	22.1	2.8%
TEVA	IL	21.1	2.7%
Bayer	DE	15.6	2.0%
Amgen	US	15.5	2.0%
Bristol-Myers Squibb	US	15.0	1.9%
Boehringer Ingelheim	DE	14.6	1.8%

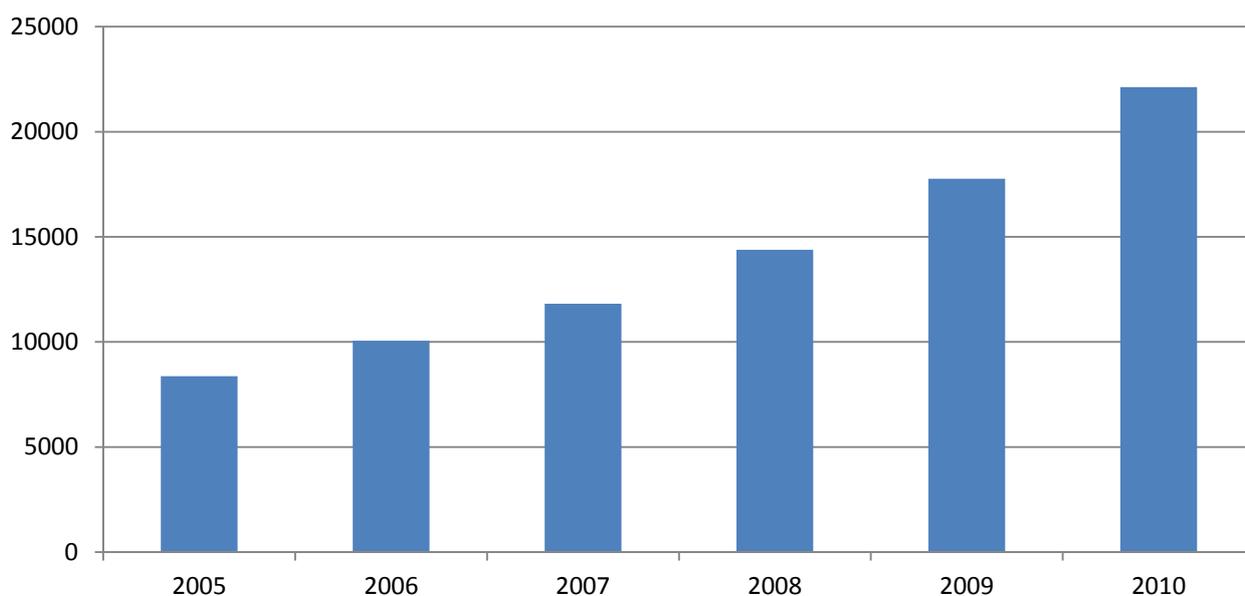
Source: IEPS 2012, based on information from IMS Health.

The largest markets remain in the ‘global North’, North America (just over 40 percent) and the European Union (28 percent) heading the list. However, there is a growing interest within the industry to exploit two groups of countries that are potential markets: the BRICMT (BRICs plus Mexico and Turkey) and the ‘Pharmerging Tier 3’—those with either greater than \$25,000 per capita income and/or have a five-year pharmaceutical market aggregate growth of greater than \$1 billion—(*PharmaExecutive*, June 2014). In the later group is Argentina, which does not reach the annual per capita income but has fulfilled the aggregate industry growth expected for an emerging market. The growing middle classes of the global South represent an attractive market for the major companies, which began expanding into those markets with their mainstream products but also increasingly concerned with producing for lower middle-class sectors (*PharmaExecutive* September 2013).

The media outlets of the industry—like the quoted magazine *PharmaExecutive*—outline a central element in the development of the industry for emerging markets. The larger the middle classes grow, the further the chances for private health care and medicine given the incapacities of State to provide quality public services. In this sense, the expectation for the emerging markets comes hand in hand with the lower regulating standards in that area than the one experienced in the Global North. However, even in these countries—the Northern ones—deregulation on the sale of medicine and the proliferation of over-the-counter (without medical prescription) sales was obtained through lobby by the industry on different branches of government (IEPS 2012; Angell 2004). The approval

of new medicine continues been highly regulated by governments, leading companies to promote different strategies: lobby for the extension of patent rights; pushing for the approval of selling over-the-counter (OTCs henceforth) those same medicines which patents are about to expire; increasing concentration through mergers and acquisitions (IEPS 2012: 15-17). Furthermore, the industry has attempted to cover the loss of patents in developed countries by moving to emerging economies while lobbying those governments to recognize the nearly-expiring patents. Lastly, the international trend in pharmaceutical has been to move towards direct relationship, in certain products, with ‘consumers’—patients—through the sale of OTCs. By way of this the industry requires less intervention of doctors and pharmaceutical sales representatives, and promotes the marketing of medicine as any other commercial product⁸. The proliferation of television advertising in the field of pharmaceutical products is an indication of this tendency, amounting for an increasingly larger share of the companies’ investment (Angell 2004).

Graph 1. Global expenditure in medicine (in billions of dollars)



Source: IEPS 2012.

In Argentina, the pharmaceutical industry follows a similar pattern as the one mentioned above for the global market, but with specificities that make it unique in the within the Latin American region. The industry represented 4.7 percent of the Argentina’s GDP (IEPS, 2006), with a large presence of locally-owned companies, which controlled in 2014 57 percent of the total pharmaceutical market⁹. The presence of large multinational Argentinean companies in the local market is a characteristic distinctly within Argentina and within this specific sector. According to a report by CEDES (2007)

⁸ In the case of Argentina, this move to OTC sales has been coupled by the installation of new chains of pharmacies that are open every day of the week, 24 hours. The case sample is the chain ‘Farmacity’ which is a cornerstone of where the industry is heading to. See Revista Crisis #21 for a detail story of its latests development.

⁹ <http://www.pharmexec.com/country-report-argentina>, accessed on 10-August-2015.

the market share of foreign multinationals represented 75% of the total in Brazil; 57% in Chile; 88%; 88% in Mexico and 74% in Uruguay. This presence has historical roots (pharmaceutical national companies had historically developed in Argentina) but is mainly explained by the shift produced at the end of the 1990s with Argentina's socioeconomic crisis that led to the collapse of the neoliberal decade. During that decade, the nineties, multinational companies had actually gained a majority share of the market (see Chart 2). The crisis created a situation in which multinationals left the country through outsourcing the production and distribution to local companies while retaining the main inputs for the industry and guaranteeing a share of the profits through licenses to local laboratories (Bonofiglio and Gingberg 2010).

Chart 2. Share of the pharmaceutical market according to origin, Argentina 1991-2011

Share value/ years	1991	1996	1998	2000	2002	2004	2007	2011
Multinational	40.2%	47%	50.9%	54%	50.5%	44%	43.6%	38.9%
National	59.8%	53%	49.1%	46%	49.5%	56%	56.4%	61.1%

Source: IMS Health

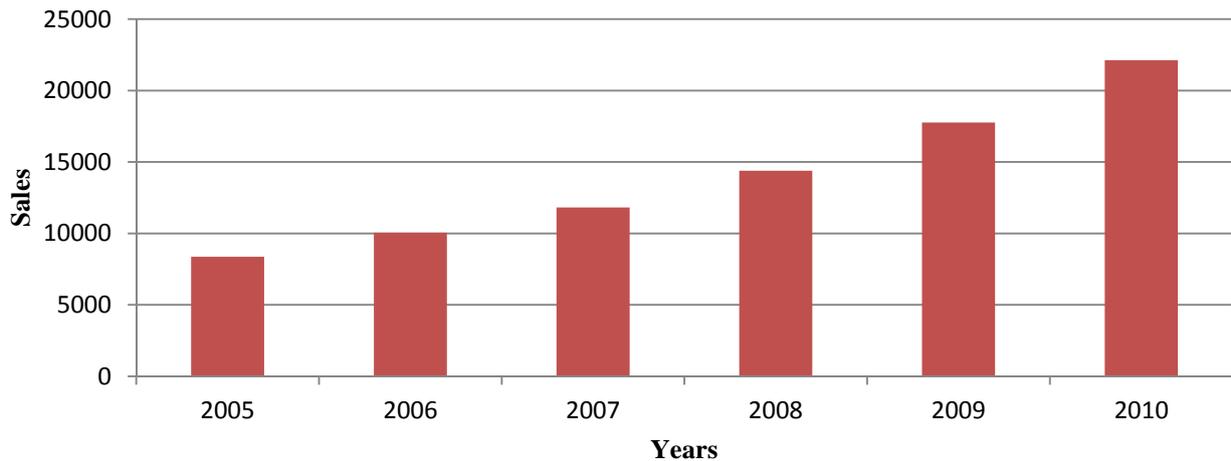
The share of the market held by the local companies implies that these have their own representation, separate from the multinationals. The corporate representation is divided between three organizations: CILFA¹⁰, which represents the national companies; CAEME¹¹, representing the multinationals; and COOPERALA¹², representing the small and middle size laboratories. These three groups are also the main lobby of the industry and generally act together when it comes to collective bargaining with the trade unions. Roughly, the division of labour within the groups is the following: the multinationals do not participate significantly on the local production, importing the main products and selling the basic inputs for the production of national companies as well as the newest innovations in the market; the large local companies—represented in CILFA—concentrate on production and distribution, while a few of the firms have managed to internationalized their production and some of their products; lastly, the smaller national laboratories produce at a lower scale and compete mainly through lower prices and targeting specific markets (Gurrera and Trajtemberg 2013: 61).

¹⁰ Cámara Industrial de Laboratorios Farmacéuticos Argentinos; Industrial Chamber of Argentine Pharmaceutical Laboratories.

¹¹ Cámara Argentina de Especialidades Medicinales; Argentine Chamber of Medical Specialties

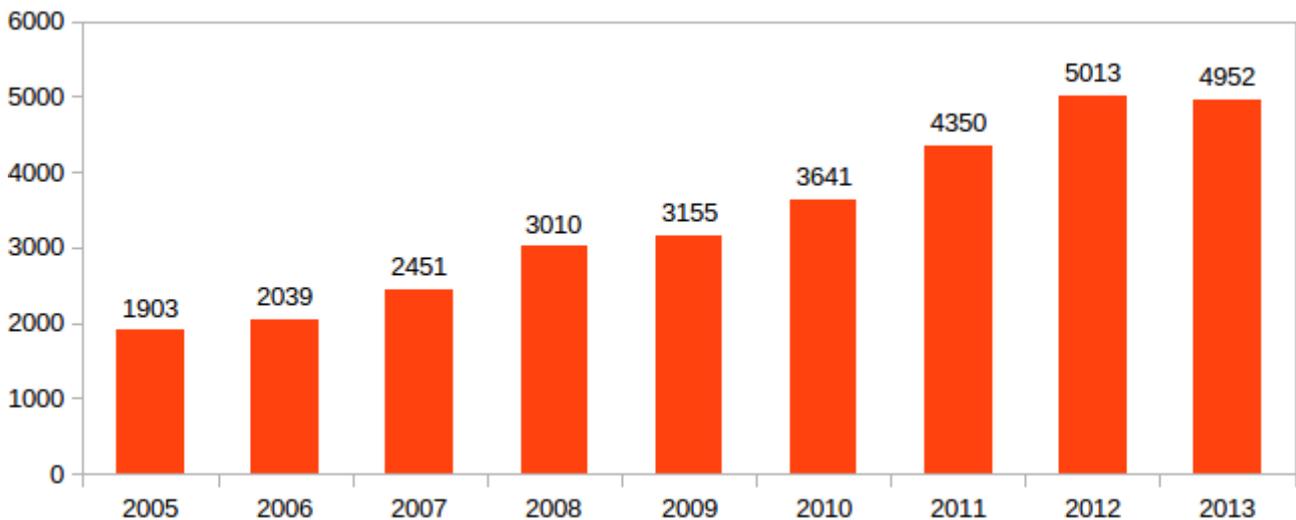
¹² Cámara Empresaria de Laboratorios Farmacéuticos; Business Chamber of Pharmaceutical Laboratories.

Graph 2. Sales of Pharmaceutical industry in Argentina, 2005-2010



Source: AFIP 2010

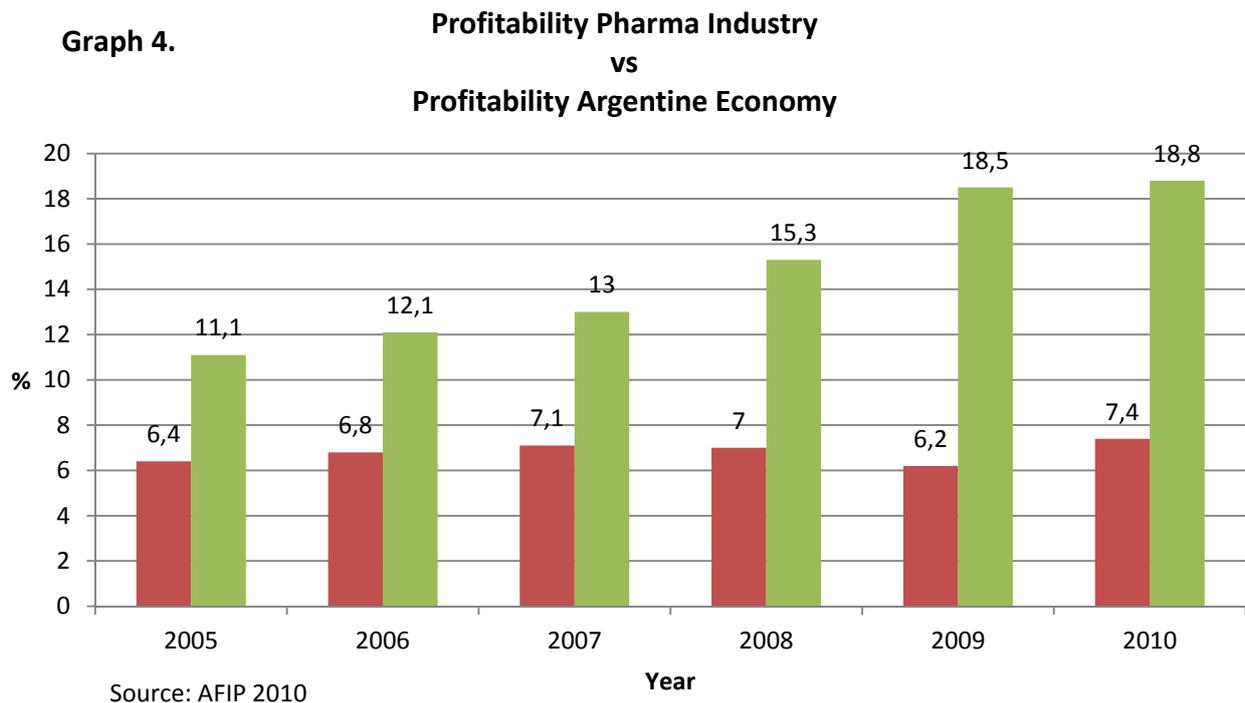
Graph 3. Sales of Pharmaceutical Industry in Argentina. 2005-2013 (in dollars)



Source: KPMG 2014.

Within the national companies, the growth during the post-crisis period in Argentina has been impressive, accumulating 135% increase in sales between 2007 and 2011 (Gurrera and Trajtemberg: 62). The imported medicines increased the sales by a larger margin than the locally-produced, indicating a lack of participation in the innovation process on behalf of the local firms. The transnationalization of companies like Bago and Roemmers indicate a tendency to search for new markets—following the international trend—within the Latin American region, where the presence of these companies has expanded. These two companies are among the most successful of the model of ‘multilatinas’ that most states in Latin America have recently promoted (Santiso 2013). These are companies committed, at least for the time being, to national development,

promoting high levels of state intervention that benefits them in terms of financial support for expansion abroad, as a way for countries to become competitive. Bago has now presence in 18 countries, mostly South America but also including Asia where it has a production plant in Pakistan and a logistical center in China (Santiso 2013: 69-70). Both Bago and Roemmers appeared as part of the select group of 19 Argentine multinationals that was published by the governments' research agency ProsperAr (see ProsperAr and Vale 2009). The presence of these companies abroad is based on innovative strategies of expansion but also on the high profits resulting from Argentina's sales markets, one of the most profitable in the region (see Graph 4).



As outlined in this section, the Argentine pharmaceutical sector, following a global trend, has been among the most profitable in the recent decade. A combination of government support and the continuation of deregulations that began in 1990s are among the main reasons. Improvements in the internal market due to socioeconomic growth we are also part of it, although the sector has continued to increase its sales—even if measured in US dollars—even when the overall economy was not growing, as it happened after 2012. In the following section this essay explores some of the main elements of the trade union action within this sector, focused on AAPM.

2- Organizing at the upper-end of the chain. AAPM in the last decade

The overall economic growth generated in post-crisis Argentina had a positive impact in the strengthening labour markets, through net job growth, diminished unemployment, increasing real wages and the overall strengthening of trade unions and collective bargaining (Senen Gonzalez and del Bono 2013). The pharmaceutical industry was no exception in this path, with the distinction that while the main indicators stabilized—or stagnated—from 2011 onwards, for the big drug companies growth continued at a high pace (see Graph 3). This growth was joined by employment growth during the decade and also wage increases, becoming a leading sector in terms of wage hikes, especially when referring to basic wage levels—the wages of the newcomers into the industry—which increased exponentially over the decade. This section of the paper focuses on the trade union side of the pharmaceutical industry analyzing the main debates carried through by one of the workers' organizations, AAPM.

The trade union movement in Argentina has historically had a strong presence in the economic, social and political life of the country. Since the early twentieth century, militant trade unions were formed in services sectors—including the public administration—later expanding, together with the economy, into the sphere of industries (Torre 2012). The presence of different tendencies of socialist, anarchist, communist and independent trade unions made unification remain difficult until the years of the Peron government when the main tendencies unified in one confederation—the CGT—. It was during this time—from 1945 onwards—that many of the central components for strengthening trade unions were set-up. Chiefly among these: the presence of workers representatives in the majority of the workplaces (leading to a high trade union density, peaking 60% by the late 1980s, currently around 40%); the administration of healthcare programs and clinics by unions; collective bargaining mechanisms established by law; recognition of one union per economic sector; political leverage of the unions regarding governments and business sectors¹³. These mechanism of union political, social and economic participation remained throughout the decades, in spite of the changing socioeconomic contexts. During the neoliberal decade of the 1990s, most of the pillars mentioned above remained in place, while few were put on hold—such as collective bargaining mechanisms. The maintenance of these elements—and a high density in comparative terms—speaks both of the vitality of trade unions and the historical strength that has made the system—and its contradictions—nearly untouchable.

13 These are only but a few characteristics of the labour legislation and regulation during Peron and later on. For detail analysis see Torre 2012.

The post-2001 crisis found labour in troublesome conditions. Unemployment had reached nearly 20 percent while collective bargaining was significantly diminished (to an average 200 yearly negotiated agreements). Flexible working conditions were introduced mainly in that decade, increasing process of outsourcing and precariousness (Trajtemberg et al 2010). From 2003 onwards the situation began to change, with exponential growth based on a combination of a boom in the commodities Argentina exported (mainly soybean) and the reinforcement of the internal market, leading to growth of local industries and services (Katz 2015). Collective bargaining increased significantly, peaking 2038 agreements in 2010 (a sharp increase with the average of the 1990s) (Ministry of Labour); more than 5 million jobs were created in 2003-2011 and even during the 2008-2009 crisis moment special clauses were negotiated between unions, governments and employers to avoid massive lay-offs (Marticorena 2014).

The pharmaceutical industry witnessed similar characteristics to those mentioned regarding Argentina's economy. The industry had—and continues to have—record growth of sales. Between 2003 and 2013 the industry had an accumulated growth in sales of 600 percent in pesos, starting at just over 4.7 billion pesos in 2003 and reaching just over 27 billion pesos in 2013 (KPMG 2014). Measured in dollars, the industry more than tripled its sales, from 1.6 billion dollars in 2003 to 4.9 billion in 2013 (KPMG 2014). The three largest locally-owned companies with transnational strategies—Roemmers, Bago, Gador—have consistently had larger margins than the average. Considering 2010 as an example, the growth rate of the industry during that year was 25.7% while Roemmers grew 29%; Bago 27.9% and Gador 27.8% (IEPS 2012). The strengthening of the industry has increased employment levels, but not at the same pace. Between 2003 and 2010 employment in the sector grew by 34 %, numbering close to 30,000 direct employees in the industry. These numbers have remained stagnant since 2008, even though the companies continued to expand their sales and profits (IEPS 2012).

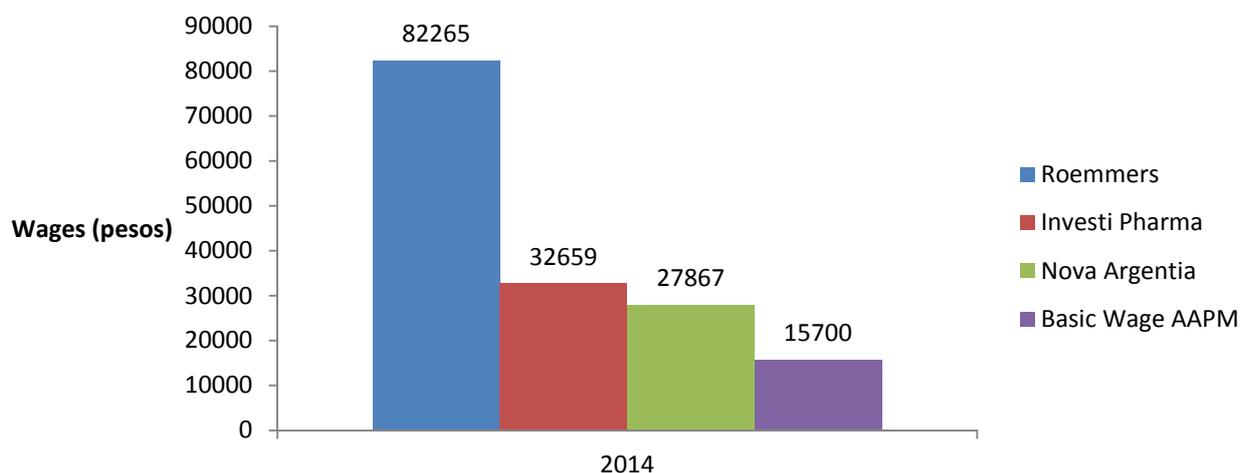
The trade union movement in this industry is divided in two organizations: FATSA, organizing the production workers; and AAPM¹⁴ which organizes the sales representative in the sector. Although both the unions have a long existence and historic affiliation, since the 1990s onwards they've taken different paths on strategies for organizing. This paper focuses on AAPM, considering that it has been the more militant union of the two, incorporating novel debates to labour through its participation in the CTA and also solely concentrated in the pharmaceutical industry¹⁵.

14 AAPM actually belongs to a federation, FAAPM, but the bulk of the union work is concentrated on the union, so as the majority of the affiliates.

15 FATSA represents all health workers, and their largest representation lies in the healthcare sector rather than in the pharmaceuticals (just over 10% of total affiliates come from this sector).

AAPM was created in 1934, organizing medical representatives in the incipient pharmaceutical industry. The pharmaceutical sales representatives have distinct characteristics that make their organization complex: it is a sector of historically high wages; the transnational pharmaceutical companies present a firm opposition to union organizing; work is dispersed in different places, lacking a unified workplace that tends to enable union organization. Furthermore there is a strong wage dispersion between workers of different laboratories—the ones in multinationals tending to earn up to seven times the basic wage, while those working for middle size labs earn three times the basic wage¹⁶-- (Gurrera and Trajtemberg 2013: 69). Graph 5 shows that dispersion, considering the cases of three different national laboratories, all belonging to the same chamber (CILFA), and comparing each of the companies' wages with the basic wage of the sector as a whole.

Graph 5. Wage dispersion AAPM CILFA Labs October 2014



Source: AAPM Collective bargaining database.

Despite the disparity of incomes, the dispersion of the workforce, and the anti-union policy of the foreign transnationals¹⁷, AAPM has managed to maintain a high affiliation density within the sector. According to the last union affiliation numbers, AAPM's presence is 73% of the total medical sales representatives, overcoming the average in Argentina (40%) and establishing a presence in every company that belongs to the industry¹⁸. In addition to this, the union has managed to maintain membership even though the healthcare coverage¹⁹ administered by the union is

¹⁶ Interview with Alejandra Seifer, AAPM Communications advisor, August 14 2015.

¹⁷ As explained by AAPM's Secretary General: "For multinationals we are some are an exception to the rule. In most places where they operate they might have to deal with unions at the production level, but almost never when it comes to the distribution and the sales representatives. If organized, this sector tends to have a pro-business aspect. We are always struggling more with the multinationals than with the national companies, who understand better the need to come to agreements on collective bargaining" Interview with Ricardo Peidro, August 14, 2015.

¹⁸ Interview with AAPM's General Secretary, Ricardo Peidro, August 14, 2015.

¹⁹ The healthcare system in Argentina is divided in three sectors: a private one (generally used by the upper

generally not used by the affiliates from the highest earnings (like those working for Roemmers), therefore reinforcing the identity with the union beyond the services it provides.

During the 2003 elections of AAPM, a change in leadership took place at the union leading to changing strategies in three relevant fields: affiliation to the confederation; union mobilization strategies; refocus on the collective bargaining demands. Each of these changes were significant, and for the purpose of this paper, they will be essential in order to expand in the future organization across the global value chain of companies—mainly multinationals based in Argentina. AAPM had been historically affiliated to the CGT, the largest confederation in Argentina and with close affiliations to the Peronist party. During the 1990s, a majority of the trade unions leading CGT decided to participate in the neoliberal restructuring policies by supporting key elements of the reform, especially the major privatizations. This strategy produced a break within the CGT. A group of unions decided to remain within the CGT, but were in opposition to the neoliberal reforms (mainly in the transport sector). These unions created a grouping called the Argentine Workers Movement—MTA in Spanish—but never broke away formally and eventually rejoined the CGT in late 2003. Another group of unions, led by the public sector workers and the teachers, went on to create a new trade union, the CTA—Argentine Workers' Confederation—questioning neoliberal policies and also the historical link between unions and the peronist movement.

CTA became a form of alternative trade union movement²⁰, accepting affiliation from unions, individual workers, unemployed workers, and also affiliating social movements. It became a confederation and as well as an umbrella organization for many social movements to join in. The idea behind its formation was that workers in the 1990s Argentina were different from the traditional industrial worker. The logic, as expressed by the founding secretary general, was “the new factory is the territory” (De Gennaro 2001), involving workers' identities beyond the workplace and also addressing the need to organize the masses of unemployed workers of that decade. The CTA is not exempted from contradictions—the tensions between the unions and social movements exist—but the fact that unions participate within its structure explains a departure from the conventional trade unionism that is represented in the CGT. In terms of gaining allies beyond the workplaces while engaging in broader social struggles, AAPMs participation has been fruitful, since

classes); a union-managed one (where the majority of formal workers attend) and the public hospitals. The presence of union-managed healthcare is a central pillar of the maintenance of the trade union system installed since Peron. It has also been a factor sustaining union presence during the neoliberal times (see Novick 2001)

20 The recent developments within the CTA have begun to challenge the reality of this confederation as an 'alternative'. However, the participation through direct affiliation of non-organized workers and the inclusion of social movements within its structures is a salient characteristic that distinguishes the confederation from the CGT and from most confederations around the world.

it is a sector that had not had links beyond the union movement. Belonging to the CTA has also expanded the demands of AAPM, incorporating a more holistic view of social struggle beyond specific union demands.

The new leadership of AAPM began taking a more aggressive form of union mobilization, considering that the number of members is low (roughly 5000 affiliates), and rallies were not an effective form of influencing the industry. The main mode of protests continues to be mobilization (see Chart 4), as AAPM became known within the industry for their strategies addressed to disturbing formal activities of the companies, intending to bother CEOs and general managers more than anyone else. An anecdote by AAPM's Secretary General illustrates this dynamic:

“A few years ago we had a problem with one of the multinational companies, which was not recognizing our union representatives in the province of Misiones. The company decided, coincidentally with our struggle, to hold a convention in which national and international managers would part-take. The convention was in a five star hotel, far from the city and very exclusive. Through an inside contact in the hotel we managed to reserve two rooms for that weekend. With a group of comrades we dressed well and went to the convention as if we belonged there. We made sure all the big heads were in and then we went to get our drums and flags. We blocked the stage of the convention and had a sit-down. We would only move after the company signed an agreement to recognize our union representatives in that province. Out of embarrassment, the local management ended up signing the agreement and since then we have a recognized union representation in that company”²¹

These strategies are used by AAPM repeatedly, as a way to force local management of multinational firms, who in these conventions intend to show the success of the local branch. Disrupting these conventions became a way for AAPM to pressure the industry.²² A second strategy has been the picket lines in front of the headquarters of the companies and even in front of the houses of the owners of the local multinationals—as done several times in front of the residence of the Roemmers family. Although not the most used approach, the fact that most general managers inhabit upper-class neighbourhoods or apartment buildings makes this strategy particularly effective—at least in starting a negotiation.

The last element to pinpoint is the changing focus of collective bargaining negotiations. The

²¹ Interview with Ricardo Peidro.

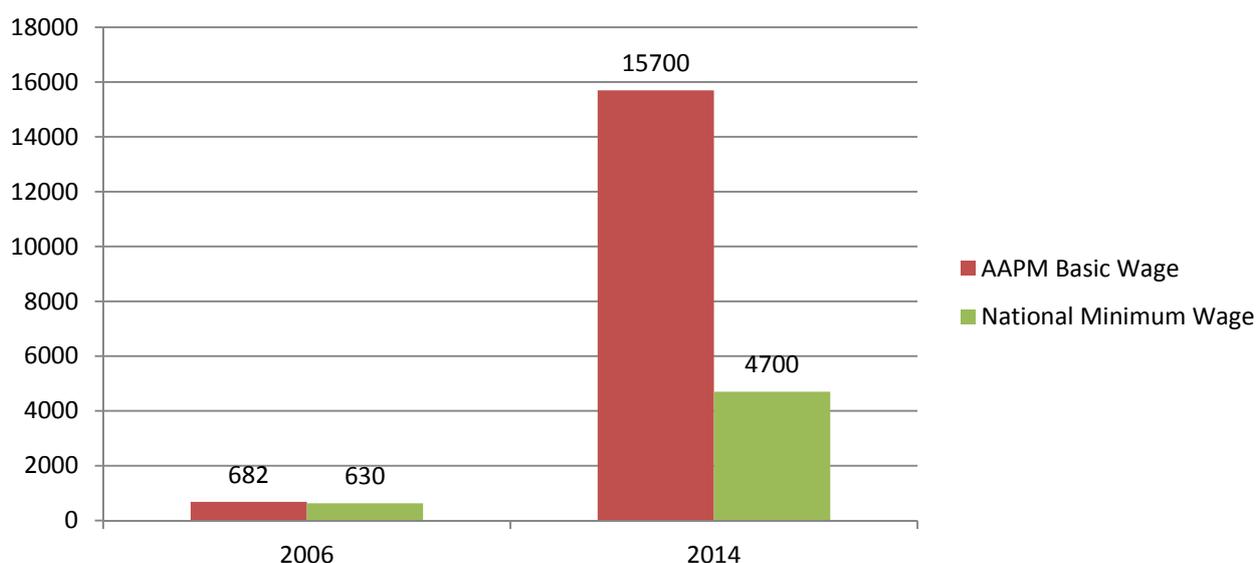
²² The disruption of Pharmaceutical conventions is helped by the fact that medical sales representatives work in formal outfit, and generally hotel managers where conventions take place do not find them 'suspicious'.

collective bargaining agreements in the industry are divided in two levels: first there is an agreement between AAPM and the three chambers mentioned earlier—CILFA, CAEME and COOPERALA—which set the floor for the next negotiations that take place at the company level. For the largest companies, and especially for the multinationals, the collective agreement negotiated at the sectoral level had historically been a secondary element, since wages had remained high. However, from 2006 onwards there was a decision within the leadership of the union to change the negotiating strategy and attempt to create a ‘solidaristic’ wage formation by focusing collective bargaining on the basic wage. This has several reasons, but as explained by one of AAPM’s lawyers, Horacio Meguira, “discussing the basic wage is important for the newcomers into the industry but also for those who are threatened of being fired. The compensation in case of dismissal is based on the basic wage, and therefore by increasing its value significantly we are making the dismissal of workers more difficult”²³

The focus on the basic wage did not go in detriment of increases in the median wages. However, it did managed to address three issues: the newcomers to the industry were given significantly better wages as compared to the minimum wage; for the workers of the small and middle size laboratories the company-level negotiations had depended on the basic wage agreed at the sectoral level; in the cases of layoffs, the compensation was based on a number of basic wages (usually three to four basic). This collective bargaining strategy has strengthened the workers with lower incomes the chain and also those that were put under pressure of layoffs—especially in the multinationals—who had now created an further obstacle to layoff strategies.

²³ Interview with Horacio Meguira, August 14, 2015.

Graph 5. AAPM's basic wage evolution vs. National Minimum Wage evolution, 2006-2014



Source: data from AAPM’s collective bargaining agreement

Chart 3. AAPM’s basic wage evolution January 2006- January 2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Basic Wage	650	2150	2650	3870	4290	5393	7142	8998	12058

Source: AAPM and Ministry of Labour Collective Agreements database

The changes in the collective bargaining negotiation of AAPM allowed for a significant increase in the basic wages in comparison to the average wage, realizing a solidaristic wage negotiation focused on the lower levels. This has increased the capacity of the union organize newcomers—by showing interest and strategy in improving the conditions of entry into the industry—and also to mobilize the workers at the upper-end in favour of those in worst positions. The legitimacy given to this strategy is indicated in the re-election of the leadership in successive elections.

This increase in wages, however, has not come solely by the contextual improvement in the Argentina economy during the period. It has also been due to a mobilizing strategy by AAPM that had put pressure on the laboratories. AAPM is considered by the industry²⁴ as a conflictive organization, and the numbers of conflicts since 2003 seems to affirm that perspective. According to the ministry of labour, between 2006 and 2011 AAPM led a total of 24 conflicts involving 3250

²⁴ <http://www.pharmabiz.net/apm-negociaciones-frias-y-salarios/> accessed 26-08-2015. <http://www.pharmabiz.net/apms-paritarias-muertas/> accessed 26-08-2015. An indication of the tensions between the industry and the union is that AAPM does not receive any sums for the union as part of the collective agreements; while the other union in the sector FATSA does, while maintaining an agreement for social peace.

members²⁵. The majority of the conflicts took place at the company level (17), while the remaining protests involved the entire industry (7). Furthermore, from the total conflicts eight (8) involved a strike and 16 did not (Gurrera and Trajtemberg 2013: 80).

Chart 4. AAPM’s conflicts 2006-2014

Year	No. Conflicts	Conflicts with strike
2006	1	1
2007	1	1
2008	7	1
2009	2	-
2010	2	-
2011	6	2
2012	9	-
2013	6	1
2014	5	-
TOTAL	39	6

Source: CTA’s Observatory for Social Rights.

The comparison with the other trade union in the sector, FATSA, contributes to explaining why these numbers are higher. In the same period, FATSA had seven (7) conflicts, only two of them with strikes. It did involve more workers, but the average day of strike per worker was much higher for AAPM (5.2 for the period) than for FATSA (1.4). The majority of the conflicts in AAPM were for wage increases followed by ‘anti-union practices’ which generally meant the non-recognition of trade union representatives by companies (in this cases the union used the strategy of breaking into the conventions an effective tool for getting recognition since it is relatively ‘cost free’ for the company).

The conflicts by AAPM have included a strategy of addressing the issue of public health within the pharmaceutical industry. AAPM finances the Institute for the Study of Health Policies, through which it follows the developments in the industry and campaigns against the excesses of the pharmaceutical companies. The campaigns and publications led by the institute have targeted the large profit margins made by the industry (see IEPS 2011) and the lobbying on governments to increase promotion of over-the-counter sales, extending a market that misinforms the public and affects the sources of employment of the union. Moreover, a third target has been government de-regulation of the pharmaceutical sector, making medicine in Argentina comparatively higher than countries like the United Kingdom²⁶. The focus this campaigns has also been on the cost that higher products have for the Argentine healthcare system, which is one of the largest buyers of the

²⁵ There is a discrepancy in the number of conflicts between the Ministry of Labour and the one carried by CTA’s
²⁶ http://www.ieps.com.ar/es/template.php?file=notas/2015/02/15-02-12_Argentina-paga-los-medicamentos.html

industry.

The mobilization of AAPM within the pharmaceutical industry has given positive results on the affiliates—through significant wage increases, especially for those at the lower ends of the pay scale—but further works needs to be done in two fronts: first, the possibility of aligning in strategic issues with the other union present in the sector, FATSA, intending to overcome the historical difficulties. FATSA has the ‘muscles’ that AAPM lacks, but at the same time the latter organization is placed in a strategic location for the industry to succeed; second, working along the value chains of the largest companies within Argentina and abroad remains a necessity in order to further confront the industry and redistribute its wealth. The next section looks at some future possibilities on this front.

3. Organizing across borders

Considering the expectations of the pharmaceutical industry, as well as the location within that industry in Argentina of AAPM, there are two strategic outlooks at which the union is looking to, one related to their domestic possibilities; the other one looking more at the regional context. Domestically, AAPM is already on the way to change their statutory representation and move into a scheme that will allow the union to represent more workers within the industry. This is especially important considering the plans for the industry on the fronts of the Industrial Economic Program (which includes the fabrication and distribution of medicine), expecting to increase by more than 30,000 new jobs towards 2020. The second element is the need for AAPM to further their international work, by going along two possible lines: utilizing the union's affiliation to the global union UNI; and encouraging the articulation with other medical reps through the Latin American Association of Medical reps (ULAVIM), which for the moment has only had a limited impact in the coordination of actions across the region.

The organization of AAPM within the pharmaceutical industry has proven capable of sustaining high wage levels, a solidaristic approach to collective bargaining and a militant mobilization strategy even in a context of dispersed membership. The last decade has shown positive developments in organizing the union within the industry, especially if considered that the State, through the ministry of labour, has been on tense relationships with the union and with the confederation the union belongs to, the CTA. In the neo-developmental model of socioeconomic development, the State is a central player in the economy, but not the only important one and in

many cases not even capable of playing a central role. Within the case of the pharmaceutical sector, the State has supported the industry as a cornerstone of the Argentine economy in the decade and looking ahead at the future. AAPM's actions in this context are a signalling of the need to organize, affiliate and confront with capital beyond the possibilities offered by a more 'pro-labour' government. This section discusses three possible strategies for extending the presence of labour in the industry and the possible organization along the value chain, especially when looking at the firms with the capacity to do so in Latin America.

As explained in a recent article written by Fichter (2015), the capacity of labour to organize along the value chains of multinational companies depends on understanding the functioning of that global value chain within the sector (2015: 7); and combining three levels of action: the local, the national and the international (Fichter 2015: 7-9). These three levels need to be coordinated with each other and depend—essentially—on the capacity of the trade unions to generate alliances with each other and with other social movements who can become main allies in the struggle within multinationals. In the case of AAPM and the pharmaceutical companies there is an existing potential on all three levels, some of which are beginning to be explored by the union.

At the local level, AAPM is launching an affiliation campaign starting next November, to organize those workers within the companies in which the union is weakest, and with the explicit goal of reaching over 80 percent of union density in the pharmaceutical sales representatives sector. A second strategy at the local level implies a change in the statutory representation oriented towards including groups of workers that participate in the industry and cannot be represented at the moment by the union, remaining without union representation in most cases²⁷. This strategy is led by two facts: one is that the number of workers in the sales representatives sector has stagnated since 2011 without new incorporations despite the continuing growth of industry's sales; the second is that groups of workers approached AAPM's demanding to be represented by the union. This last element has presented an opportunity and a problem, since both the industry and the Ministry of Labour are not in good terms with the union and prefer workers to be represented by the largest union in the sector, FATSA²⁸. A case that can be considered as an example in this direction of expansion took place in November 2012, when workers at the production line of the Bajer laboratory decided to come out publicly against the company for what appeared as an un-announced shut-down of the factory, and against FATSA for not taking workers' interest during the previous three months of the conflict. AAPM intervened and supported the workers' of the factory even

²⁷ Interview with AAPM Treasury secretary Carlos Chasson, August 28 2015.

²⁸ Interview with Ricardo Peidro, August 28th 2015.

though this was not a sector for which they had the legal representation. As the company did not respond to the demands, the leadership of AAPM decided to push further and asked for the intervention of the Self-Administered Workers Association (ANTA) which is part of CTA and organizes workers in the recovered factory movement (see Dobrusin 2013). The presence of ANTA pushed workers of Bajer to occupy the factory and consider re-starting the production under workers' management. The presence of ANTA and AAPM, together with the promoting the possibility of a workers' takeover, put pressure on the owner of the company, who after three months without responding came up with a new investor, paid the four months of wages owed to the workers and put the factory working again²⁹. This story illustrates the possibilities for organizing at the local level that lies further ahead for AAPM.

At the national level, AAPM's organizing strategy is oriented towards public pressure on two fronts: challenging the proliferation of over-the-counter medicines; and confronting the industry over High-Cost-Medicines (HCM) through searching for allies in different levels of governments and non-governmental organizations. Both items are related to world-wide phenomena in the pharmaceutical industry, by which the mediation of medical representatives and even of doctors is being diluted in favour of direct relationships with the 'customers' (Angell 2004). In Argentina, OTCs have increased in share of total industry sales since lobbying by the industry managed to get government approval in 1991, deregulating the sale of medicine and allowing it to be sold in places unheard of before (IEPS 2011). The deregulation in OTCs has not been reversed and actually expanded during the recent decade, hand in hand with the proliferation of 24 hours pharmacies³⁰. For AAPM, organizing public campaigns around the problems with self-medication and risks entailed in OTCs has been a major issue since 2003. The creation of the Institute for Health Policies is part of a strategy to create alliances with social organizations and NGOs and challenge the industry's policy of furthering these sales. In line with this move, AAPM has aligned itself with other unions from the healthcare sector—mostly belonging to CTA—demanding a positioning on behalf of the ministries of health—national and provincial levels—regarding the cost of HCM's, which are bankrupting public healthcare systems due to the unrealistic and disproportional—to the cost of making—prices. The HCM is actually today the main strategy of the large laboratories—both national and multinational—who target governments and media at all levels showing the

²⁹ This case has been reconstructed based on interviews with union representatives of AAPM, ANTA and CTA's news agency reporting. See following links for more:

<http://agenciacta.org/spip.php?article6432>

<http://agenciacta.org/spip.php?article6253>

<http://agenciacta.org/spip.php?article6199>

³⁰ For a story of Farmacity's expansión in Argentina and especially in Buenos Aires under the current administration see Revista Crisis #21.

‘innovations’ on medicines that could cure problems like cancer or control HIV. As with the OTCs, the centralization of the industry on HCMs is a worldwide approach by large pharmaceutical companies, leaving the production and distribution of low cost medicine to smaller labs—part of the outsourcing of less profitable activities.

The international strategic approach of AAPM has perhaps been the weakest of all three. This is mainly due to internal disputes on the direction to take, and also on the presence of FATSA as an actor in the region. AAPM’s has began to follow the developments of three Argentine multinationals—Bago, Roemmers and Gador—as they expand especially in Latin America. This work has mainly been focused on the strategic development of the companies, their sales and profits, but more work needs to be done in the form of organizing along those value chains in the region. AAPM has two possible tools for carrying such a strategy forwards. The first is the Union of Sales Reps of Latin American (ULAVIM), which organizes pharmaceutical sales representatives in the region and its lead by AAPM. The ULAVIM has taken similar positions to those of AAPM, denouncing OTCs and HCMs proliferation in the region. However, it works more on the formal exchange between unions rather than actually carrying out cross-regional organizing. According to interviews with different AAPM officials, organizing through ULAVIM is going to be one of the main focuses of the next mandate. A second element is UNI, which does organize targeting multinational companies and has been active in Americas with a strong Argentine presence. AAPM is an affiliate of UNI but has not been involved in most of the organizations activities, especially due to FATSA’s role within it—it heads the UNICARE department. Organizing through UNI can become fundamental in fulfilling the possibility of reaching Global Framework Agreements with the three Argentine multinationals mentioned earlier. This is a possibility that is being explored at the moment³¹, considering that the Argentine pharmaceutical companies have historically been—in spite of logical confrontations—accepting of the presence of trade unions within the industry³². In order to reach the negotiations for a GFA, and for UNI to promote it, some level of collaboration between FATSA and AAPM will be necessary. Since an GFA would not affect the relationships of unions and industry in Argentina—were recognition is a historical fact—it is possible that an understanding between both unions is realized.

³¹ Interview with Alejandra Angriman and Ricardo Peidro, September 2nd 2015.

³² This element is actually a central aspect of the distinction between CILFA (groups national companies) and CAEME (organizes multinationals). The national laboratories have a history of strong union presence and acceptance of labour relations; while for the multinationals union presence in most sectors is generally rejected by the headquarters. This debate is deepened in the case of pharmaceutical sales representatives, who in most cases—the United State for example—are organized as pro-industry.

Overall, from the narrative of leadership and union representatives, the need to capitalize the strength of AAPM in the specific sector and expand the organization's reach into other groups of workers—both at home and abroad—has been defined as a strategic need in the upcoming agenda. However, in order to do so, especially when considering the international aspect, AAPM will need to dedicate resources—to organize within the value chain of large Argentine multinationals in Latin America—and negotiators—to arrange a common strategy with FATSA within UNI. The capacity to carry through with both elements is going to be a defining feature of the success in the organizing campaign along the value chains of the laboratories.

4. Concluding remarks

Throughout this paper we intended to outline three things: the exponential growth of the pharmaceutical industry in Argentina during the last decade; the specificities of union organizing focused on AAPM within the industry; and the potential for expanding unionism in the sector in those Argentine multinationals that have taken an expansionist strategy in Latin America. In doing so, this paper intended to cover background work for future strategic corporate campaigns that should focus exclusively on the main companies that are internationalizing and the spaces for union organization within those changes.

AAPM's high levels of mobilization, wage bargaining strategies and integration into the CTA make it a potential candidate for organizing in the value chain of the pharmaceutical industry beyond the current limitations. The number of conflicts in the recent decade shows that the union managed to keep affiliates active and involve in the development of the entire industry, going beyond each workers' individual situation. This is especially the case with the workers of companies like Roemmers (the largest in terms of pharmaceutical representatives), where the company's hostility towards union organizing and the high wages of workers would indicate less inclination to unionizing. Furthermore, AAPM's bargaining strategy with a focus from 2005 onwards on the basic wage of the industry has implied an improvement for new workers in the field, as well as established a higher floor for compensation—in the cases of firing and early-retirement schemes, the compensation is based on a number of basic wages according to the collective bargaining—indirectly improving the conditions of those workers in different levels. Before these changes in negotiating strategies, the low level of the basic wage implied that firing sales representatives had little cost for the industry. Third, the presence of AAPM within the CTA is also a novel characteristic for a 'traditional' union like this one. CTA's distinct aspect in comparison to the rest of the confederations is that it organizes unions, individual workers and social movements. By

doing so, it exposes the conventional unions to different realities and open spaces of dialogue for using strategies of collective action that differ from the usual. A case point for AAPM was the Bajer laboratory, when the collaboration of ANTA—through common membership in CTA—led workers' of the company considering the possibilities of occupying the facilities and re-starting production under workers' control. Even though this idea was not finalized, the sole threat was enough for the former owner to return, pay debts and bring in an investor that took over the company with all the employees in it.

Lastly, the role AAPM played was carried without government support, and sometimes even with confrontation with the authorities³³. This is central to understanding the potentials of the union for organizing along value chains, since in the international arena companies have generally had much more freedom to act, and governments have less power to interfere in the companies' activities. Unions that rely heavily on government policies and intervention to organize within an industry have faced a significant challenge when attempting to organize internationally. In that sense, AAPM's history during the Nestor and Cristina Kirchner's administrations as an autonomous and confrontational organization is a valuable asset when looking ahead in the near future.

As mentioned by several authors (Fichter 2015; Brofenbrenner 2007, 2009) for unions to resist neoliberal restructuring at the global level and challenge the power of multinational capital, new strategies for cross-border organizing are fundamental. Global Framework Agreements represent a possibility, but not the sole one. Union exchanges must move beyond the formalities of congresses and into the need to organize. The case discussed here portrays a paradigm of the changing times. Multinationals are not anymore solely from the North, but also increasingly from the South. The growing tendency for international expansion of large Argentine pharmaceuticals implies that Argentine unions like AAPM have a central role to play in organizing throughout that value chain, since they have a position of relative strength in the bases of these companies. Realizing that potential cross-border organizing and overcoming political differences within the union movement will be determinant for changing the balance of capital-labour disputes by putting workers in a stronger position to confront multinationals.

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³³ The pharmaceutical industry is among the top financers of political campaigns in Argentina.

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