



Trade Agreements and Employment

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Trade Agreements & Employment

- Globalisation
- Trade Liberalisation
- What are Trade Agreements?
- Framework for Trade Liberalisation
- Labour issues emerging from Trade Agreements

Globalisation

Globalisation refers to “increasing global integration and interdependence in the economic, social, technological, cultural, political, and ecological spheres.”

Globalisation conti.

World Commission on the Social Dimension of Globalization states that *“the global market economy has demonstrated great productive capacity. Wisely managed, it can deliver unprecedented material progress, generate more productive and better jobs for all, and contribute significantly to reducing world poverty.”*

Trade Liberalisation

- **Trade liberalization, loosely defined as a move towards freer trade through the reduction of tariff and other barriers, is generally perceived as the major driving force behind globalization. Critics of trade liberalization have blamed it for a host of ills, such as rising unemployment and wage inequality in the advanced countries; increased exploitation of workers in developing countries and a “race to the bottom” with respect to employment conditions and labour standards; the de-industrialisation and marginalization of low-income countries; increasing poverty and global inequality; and degradation of the environment**

What are Trade Agreements?

- Trade Agreements can be describe as a framework in which international trade is regulated.

Examples of Trade Agreements

- World Trade Organisation (WTO) Agreements
- Regional Agreements e.g. NAFTA, CARICOM
- Bilateral Agreements e.g. CARIFORUM, Cotonu now being replaced by EPAs

What are the issues as it relates to Employment?

- Labour -ILO standards
- ILO 1998 Declaration on Fundamental Principles and Rights at Work, represent the minimum set of rules for labour in the global community. These core labour standards are:
 - Freedom of association and the effective recognition of the right to collective bargaining;
 - The elimination of all forms of forced or compulsory labour;
 - The effective abolition of child labour; and
 - The elimination of discrimination in respect of employment and occupation

Labour Issues in the Trade Negotiations

- social issues should be considered independently of the rules and disciplines which the economic integration processes seek to develop and should therefore not be linked
- concern of these countries is that their performance, or non performance for that matter, on social and non-trade issues could be used as non-tariff barriers

Labour Issues in the Trade Negotiations conti..

- trade issues could be used as conditionalities and become disguised trade sanctions in the trade arrangements

What are the Labour Issues in the WTO?

- the significance of the core labour standards developed and promoted by the ILO and commits to the observance of these standards

What are the Labour Issues in the WTO?

- *We renew our commitment to the observance of internationally recognized core labour standards. The International Labour Organization (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO secretariats will continue their existing collaboration.*

What are the Labour Issues in the FTAA?

- Ministerial Declaration agreed to the following general objective:
- *“to further secure, in accordance with our respective laws and regulations the observance and promotion of worker rights, renewing our commitment to the observance of internationally recognised core labour standards and acknowledging that the International Labour organisation (ILO) is the competent body to set and deal with those core labour standards.”*

Labour Standards in the Bilateral Trade Agreements

- Several countries have resorted to including respect for core labour standards and enforcement of national labour legislation in bilateral trading arrangements which create conditionalities for receipt of special concessions

Labour Standards in the Bilateral Trade Agreements conti...

- Central American Free Trade Agreement (CAFTA) example
- The CAFTA contains a three-part strategy to improve worker rights in Central America: all countries are required to effectively enforce their domestic labour laws; Central American countries are required to work with the ILO to improve existing labour laws and enforcement; Central American countries are required to build local capacity to improve workers rights. These obligations serve as conditionalities for the grant of trade concessions by the US and are enforceable through the Dispute Settlement Procedures contained in the agreement

Labour Standards in the Bilateral Trade Agreements conti...

- Cotonou example
- Article 50 which provides that (a) parties reaffirm their commitment to the internationally recognised core labour standards, and the ILO Conventions, and in particular, the freedom of association and the right to collective bargaining, the abolition of forced labour, the elimination of worst forms of child labour and non-discrimination in respect to employment; (b) they agree to enhance cooperation in particular areas; and (c) the parties agree that labour standards should not be used for protectionist trade purposes.

Implication of Trade Agreements on Employment

- Opportunities and Threats
- Looking at NAFTA

Solution

- Solution is in the Policy.
- **How do we meet the challenges inherent in the new form of globalization? And how do we grasp the opportunities presented?**
- Globalisation creates winners and losers

Conclusion

- The relationship between trade liberalization and growth and employment is likely to be “a contingent one, dependent on a host countries and external characteristics.
- Providing adequate income support for displaced workers is a necessary complement to active labour market and poverty-reduction policies
- appropriate redistribution mechanisms need to be in place at a domestic level.

The End

Thank you.