Labour provisions in EU trade agreements

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Content

- EU's responsible trade policy - values and principles such as high social and environmental standards at the core of the EU trade policy – Generalised System of Preferences (GSP), EBA (Everything but Arms), and TSD

- Focus on: Trade and Sustainable Development (TSD) chapters: rationale, contents, institutional set up and civil society involvement

- Debate on improving TSD implementation and enforcement and EU's revamped approach - TSD 15 points action plan (27 February 2018)
Rationale

- **Maximise the contribution that trade and investment can make to sustainable development, focusing on social development and environmental protection**
- **Strengthen the multilateral governance** and standards on labour (ILO) and environment (MEAs); no parallel set of bilateral rules on labour and environment
- **Avoid a "race to the bottom"** through weakening domestic labour or environment protection
- **Long-term engagement** to bring changes: incentivize partner countries to work with us and systematic dialogues on sensitive issues
- **Broad scope**: covering trade related labour, environmental and CSR/RBC issues
Trade and Sustainable Development (TSD) Chapters: state-of-play

- An integral part of EU FTAs since 2011 (EU-South Korea)
- Binding commitments on labour and environment in a trade context
- 8 FTAs / TSD chapters in implementation: South Korea, Central America, Colombia/Peru/Ecuador, Georgia, Moldova, Ukraine, Canada (CETA), Japan
- In the pipeline: 3 more concluded: Vietnam, Singapore, Mexico and 6 under negotiation: Mercosur, Tunisia, Indonesia, Chile, Australia and New Zealand
- Based on joint engagement: dialogue and cooperation to develop a positive agenda and to address shortcomings
- Combined with a specific monitoring and binding enforcement mechanism to ensure compliance with FTA commitments
The EU approach in the TSD chapters - three pillars:

- **Binding substantive provisions** based on internationally recognised standards and agreements - **multilateral environmental agreements and conventions of ILO**

- **Institutional structures** for monitoring and implementation of these commitments, including FTAs-specific civil society structures (so-called DAGs)

- **Dedicated dispute settlement** mechanism including government consultations, panel of experts issuing a binding report on how to bring the partner into compliance, compliance monitored also by civil society.
Labour - substantive commitments

- **Respect** of the fundamental principles and rights at work (freedom of association, forced labour, child labour, discrimination)

- **Ratification** of ILO fundamental conventions and **effective implementation** of all ILO conventions ratified

- **Beyond core labour standards:**
  - promotion of decent work agenda: working conditions, OSH, labour inspection

Environment and climate action:

- **Effective implementation of Multilateral Environmental Agreements including** (e.g. CBD, CITES, chemicals MEAs),
- **Thematic articles** (climate action, forests, fisheries, biodiversity)

Crosscutting commitments: supportive schemes, such as:

- **Corporate Social Responsibility/Responsible Business Conduct**;
- **Voluntary schemes**: Eco-labelling and fair and ethical trade initiatives
**Sub-Committee (SC) on Trade and Sustainable Development**

- Inter-governmental meeting: EU and trade partner
- Officials from both (all) trade partner countries: trade, labour and environment
- Meets once a year
- Reports to the Trade Committee

**Domestic Advisory Groups (DAGs)**

- Independent representative organisations of civil society
- Balanced representation of labour, environment, business organisations and other relevant economic and social stakeholders
- Monitoring and advisory role

**EU DAG**
- EESC provides secretariat

**Trade Partner(s) DAG**

**Civil Society Dialogue Forum**

- Open dialogue between the Sub-Committee on TSD and the civil society
- Meets once year (back-to-back with Sub-Committee on TSD)
- Civil society represented by members of the DAGs
- In some FTAs, other CSO are also represented

**TSD Institutional Mechanisms**

- Monitor the implementation of the TSD Chapter (in current FTA)
- Advises and recommends on TSD issues

- Sub-Committee on TSD reports to CS on the implementation of the TSD Chapter
- Expresses views and opinions to promote the achievement of the objectives of the TSD Chapter
- Selection process differs
- They adopt their own rules of procedures
- They meet regularly
- DAG to DAG meetings could be organized
Debate on TSD implementation (2017/2018) feedback, diverging views, consensus

- Even if there are important achievements in TSD implementation
- These achievements are insufficiently communicated (transparency and communication)
- Overall the EU must step up efforts and improve the implementation of TSD chapters, examples of challenges raised:
  - Insufficient use of resources available in EU (COM, EEAS, MS, EP)
  - Involvement of multilateral bodies (ILO, MEAs)
  - Functioning of Domestic Advisory Groups, role business
  - Insufficient use of existing monitoring and enforcement mechanism
  - Lack of understanding of TSD chapters
  - Insufficient use of multilateral bodies (ILO, MEAs)
  - Lack of delivery, lack of focussed action (priorities)
  - Insufficient use of leverage (moments)
  - Transparency – DAGs, TSD committee what happens generally and what happens with non-compliance issues. Insufficient response to concerns and issues raised by CSOs
EU's revamped approach – TSD 15 points action plan [Commission non-paper of 27 February 2018]

➢ Working together
  ▪ Member States, European Parliament (1); international organisations (2)

➢ Enabling civil society to play its role
  ▪ Monitoring role of civil society (3); responsible business conduct (5)
  ▪ Extend the scope for civil society to the whole FTA (4)

➢ Delivering
  ▪ Step up action throughout the cycle (negotiation to implementation): country priorities (6); early ratification of fundamental conventions (8); assertive enforcement (7)
  ▪ Strengthen commitments on climate action (12) and labour (occupational health and safety; labour inspection) (13)
  ▪ Capacity building: handbook (10); (financial) resources (11)
  ▪ Regular evaluation: reviewing effectiveness of implementation (9)

➢ Transparency and communication
  ▪ More transparency and better communication (14)
  ▪ Time-bound response to TSD submissions (15)
Way forward

- **Focus on implementation.** Efforts on fully implementing the 15 action plan.

- We believe we are on the right path but there are **challenges ahead** – including threats to the multilateral rules-based system.

- Clearly, EU trade and investment agreements will **continue promoting social objectives** and the discussions around TSD will go on.
Thank you