

Labour provisions in G7 countries a comparative analysis

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Trade, decent work and sustainable development



2030 Development Agenda

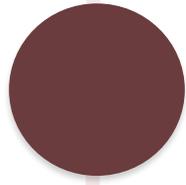
SDG 8: full and productive employment and decent work for all.

Goal 17: inclusive, non-discriminatory and equitable multilateral trading system.



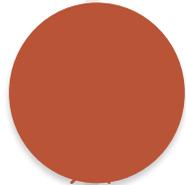
2016 WTO Public Forum on inclusive trade

Discussed how a wider range of businesses and individuals can benefit from trade through WTO rules.



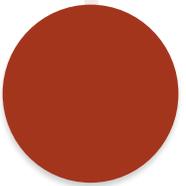
2018 Annual Meeting for the IMF and WBG

“new multilateralism,” which was described as a “more inclusive, people-centred, and results-oriented” international system that would facilitate cooperation.



2019 ILO Commission on the Future of Work

“The success of the human-centred growth and development agenda we propose depends heavily on coherence across between trade, financial, economic and social policies.”



2018 ILO/OECD Global Deal for Decent Work and Inclusive Growth

“The realities of the international trade... have created challenges as well as opportunities to promote social dialogue as a route towards sound industrial relations and improved labour rights”

What are the links between trade and decent work?

1) Employment creation

- At the aggregate level, positive relationship
- But, a lot of heterogeneity across countries & sector-, firm-level
- Better understanding of winners and losers

2) Job quality

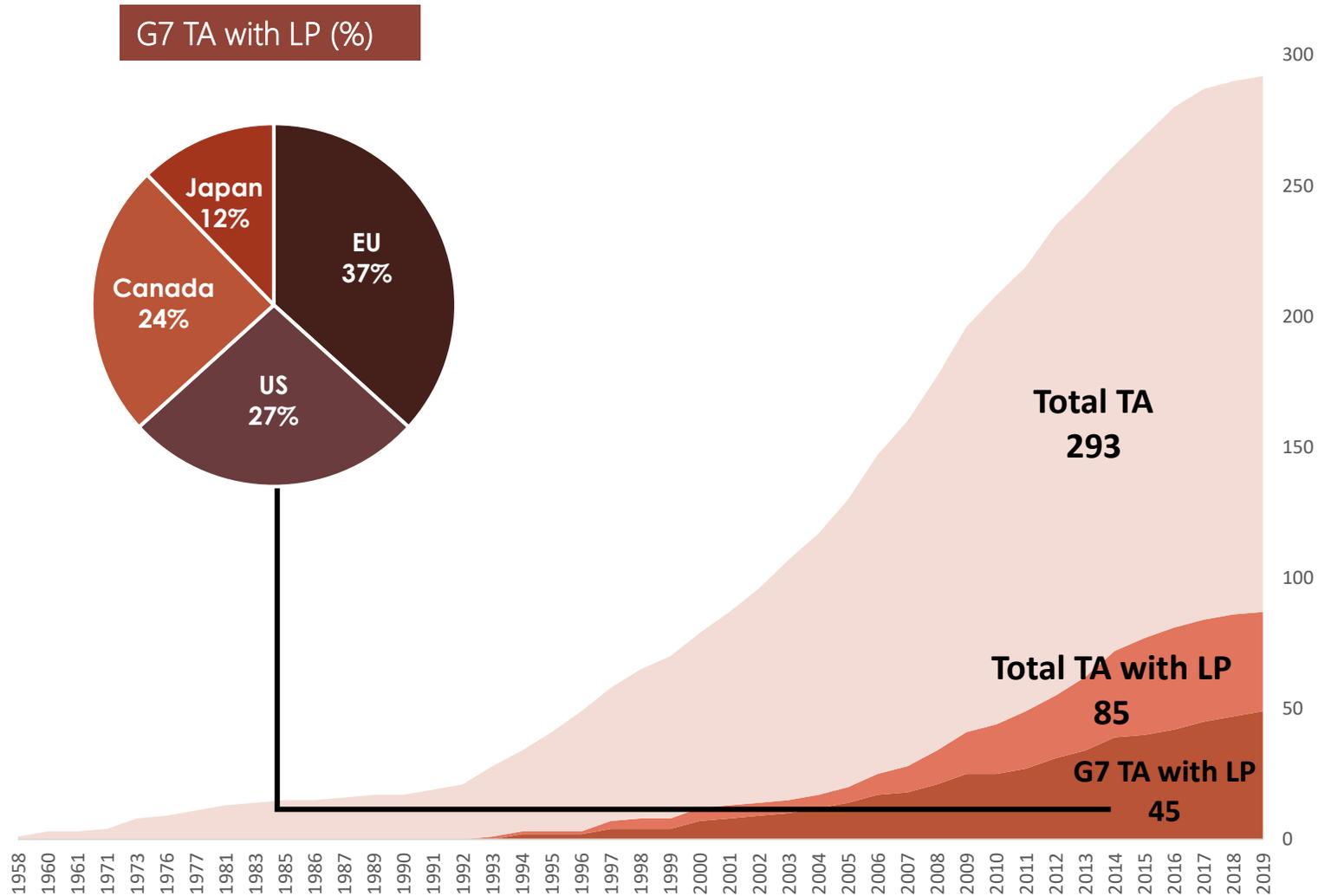
- *Informal employment*: some evidence supporting increase
- *Inequality*: increase in wage inequality; but no consensus on magnitude
- *Working conditions*: labour standards

→ The impact of trade by itself not clear-cut

→ Institutions play an important role

→ Using **labour provisions** an option?

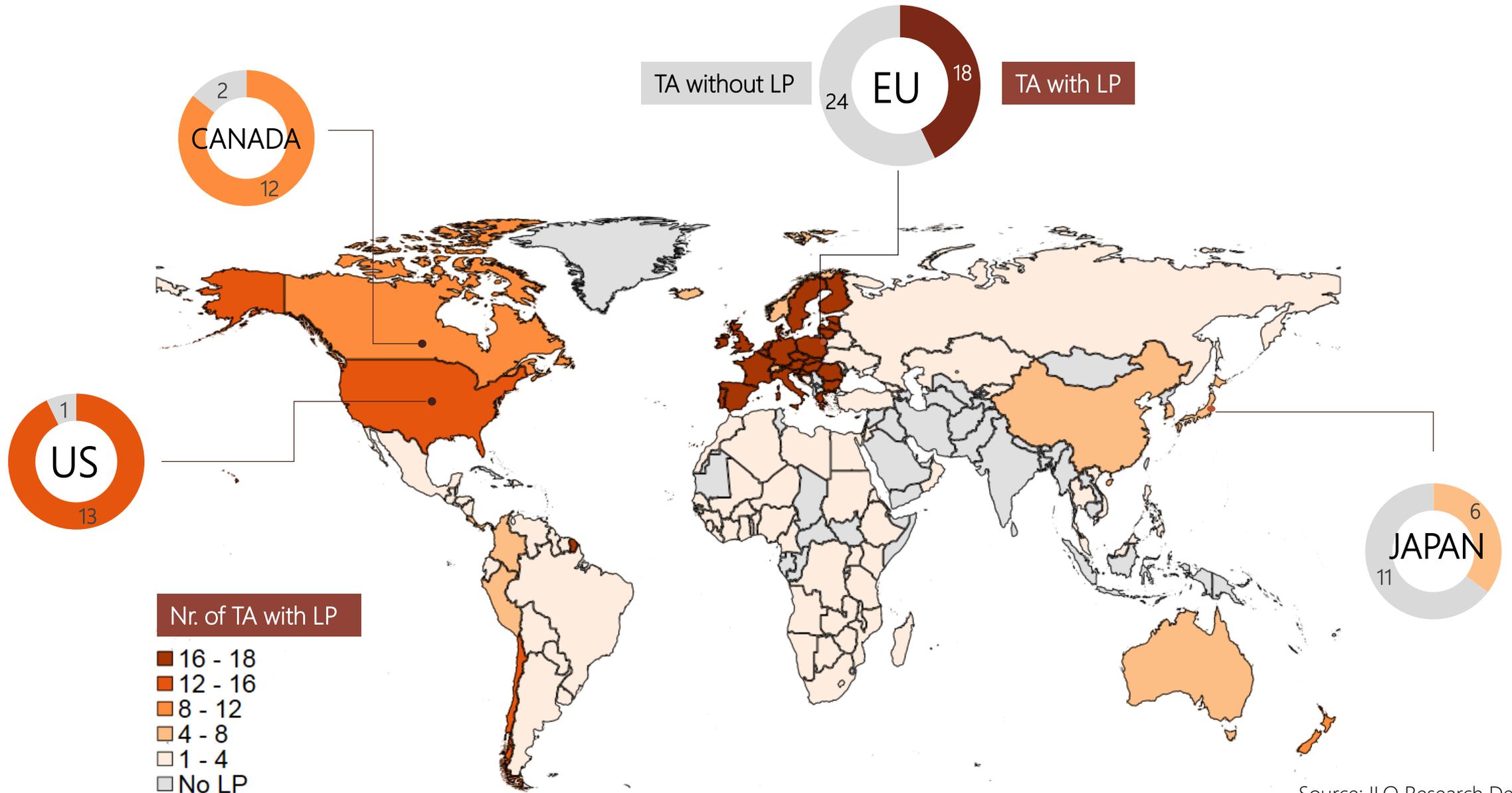
One-third of trade agreements include labour provisions... ...half of those are represented by G7 countries



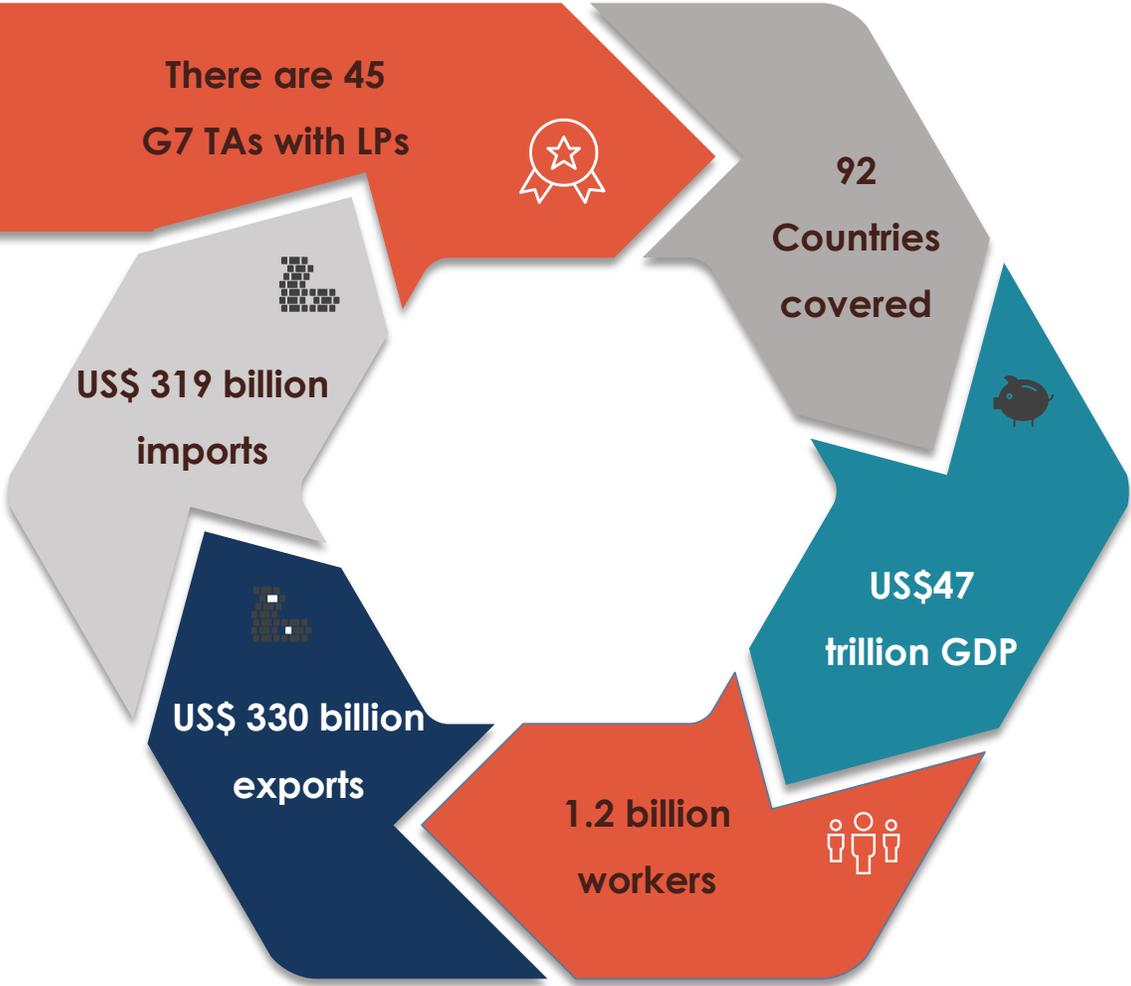
Trade-related labour provisions are:

- (i) any **standard** which addresses labour relations or minimum working terms or conditions
- (ii) any **mechanism** for monitoring or promoting compliance
- (iii) any **framework** for cooperation, dialogue and/or monitoring of labour issues

Global overview of TAs with LPs



Economic relevance of G7 TAs with LPs



*Total between G7 and partner countries

Source: ILO Research Department

Key characteristics of labour provisions in G7 trade agreements

What arrangements for implementation?

- Platform for social dialogue, domestic & cross border, monitoring
- Reinforce inclusion, transparency, and accountability

How to facilitate compliance?

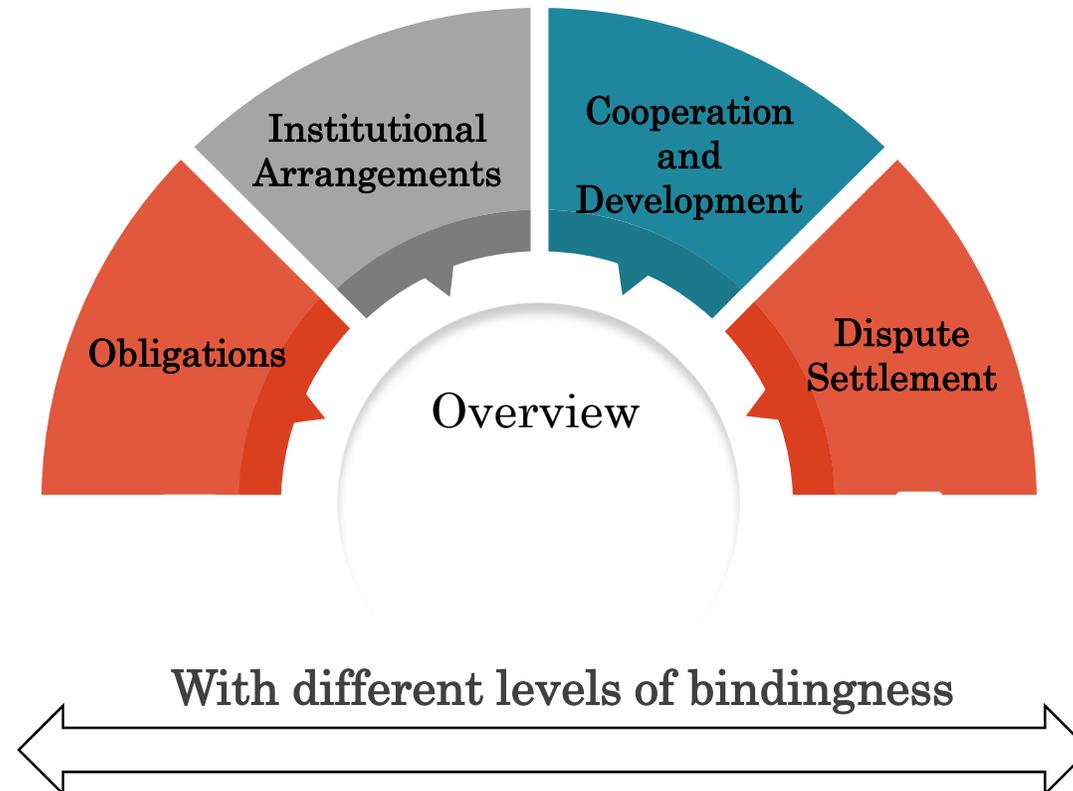
- Technical and cooperative activities
- Exchange of information/best practice

What are the obligations?

- General statements of intent
- Substantive obligations
- Language is an important overarching aspect

How to enforce?

- Public submissions
- Consultations; Panels
- Sanctions



G7 at a glance: Latest developments

US



USMCA*

Canada



CETA
CPTPP

EU



EU-JAPAN
EVTN*

Japan



EU-JAPAN
CPTPP

Location

- › Separate labour & environment chapter; also in ROO

- › Separate labour & environment chapter; also in investment

- › Integrate environment & labour chapter; also in cooperation pillar

- › Separate chapters in CPTPP; integrated in EU-Japan

Obligation

- › Sector specific minimum wages

- › Fundamental Conventions in CETA

- › Fundamental Conventions; other ILS

- › Fundamental Conventions (EU-Japan)

Implementation

- › **Annex 23-A: labour laws in Mexico (CB)**

- › Working groups (ITAG); Peace Clause

- › Consistent civil society involvement

- › Platforms to engage with civil society

DSM

- › Same mechanism as other chapters

- › Different mechanism from other chapters (ex. CPTPP)

- › Different mechanism from other chapters

- › Same as CPTPP & EU-Japan

- › Sanctions allowed

- › CPTPP: Trade sanctions allowed

- › Sustained consultation and dialogue

Obligations and references in TAs since 2009

		US	Canada	EU	Japan
Obligations	<ul style="list-style-type: none"> Not to derogate/waive/lower Effective implementation of domestic laws 	✓	✓	✓	✓ EU-Japan CPTPP
Reference to CLS	<ul style="list-style-type: none"> ILO 1998 Declaration FPRW Effective ratification/implementation of ILO Fundamental Conventions 	✓ ✗	✓ EU (CETA)	✓ ✓	EU-Japan CPTPP EU-Japan*
Other ILS	<ul style="list-style-type: none"> Acceptable conditions of work 	✓	✓	CETA	CPTPP
	<ul style="list-style-type: none"> Decent Work Agenda Social Justice Declaration 	✗	Except Rep of Korea	✓	EU-Japan
Other references	<ul style="list-style-type: none"> Gender 	✗	✗	✓	EU-Japan* CPTPP
	<ul style="list-style-type: none"> CSR 	✓	✓	✓	✗

Stakeholder involvement in TA

Institutional arrangements



- National Advisory Committee
- Public submissions



- Domestic Advisory Groups (national)
- Civil Society Forum (transnational)



- National advisory bodies (CETA, Canada-Ukraine, CPTPP)
- Public submissions



EU-Japan/CPTPP

- **MAIN ROLE:** Provide advice and views on implementation
 - The EU underpins the transnational aspect
 - US/Canada: also rely on informal mechanisms, and deep investigation of public submissions (cross-border)
- **COMPOSITION:** Social partners and other stakeholders
- **All have a feedback mechanism that has been progressively strengthened**

Dispute settlement process

- The Submission is accepted by Government or state body

- Consultations are mandatory

- Panel, which includes labour experts (exc. Japan) provides decision report

- Based on Panel's report the parties may agree on an action plan or remedial measures

1st

Activation

2nd

Consultations

3rd

Panel/Arbitral tribunal

4th

Remedies

- **US/Canada** provide for public submissions.
- **EU:** DAGs, CSF may submit views and opinions.

- **US/Canada:** two-step consultation process.
- **US/Japan:** options for ADR such as good offices, mediation (Canada only in CPTPP).

- **Canada/EU** use labour/SD specific panels; **US/Japan** uses mechanism for the whole TA.
- Panel can consult external sources & some allow for 3rd party written submissions.

- **Canada/US/Japan:** possibility of sanctions.
- **EU:** Follow-up via institutional arrangements.

Parties can negotiate an action plan at any time

Cases of Dispute Settlement in G7 FTAs

SUBMISSION/ ISSUED OPINION	ACTIVATION	CONSULTATIONS	PANEL/ARBITRAL TRIBUNAL	REMEDIES
CAFTA-DR: GUATEMALA (2008)	Report issued (2009)	<ul style="list-style-type: none"> • Consultations (2011) • Meeting of Free Trade Commission. 	US request panel (2011) <ul style="list-style-type: none"> • S&E Plan agreed (2013) • Re-activation of Panel (2014) • Final report issued (2017) in favour of Guatemala 	FINAL REPORT 2017
CANADA – COLOMBIA (2016)	Report issued (2017) Action Plan adopted (2018-2021)	ACTION PLAN 2018-21		
EU – KOREA (2013)	<ul style="list-style-type: none"> • EU DAG requested Commission to activate DS (2014) • Follow-up TSD, CSF (2014-2018) 	<ul style="list-style-type: none"> • Request for consultations (December 2018) • Consultations (January 2019) 	EU requests evidence*	

Parties continue to dialogue at all stages of the process



The role of the ILO in TAs

- The ILO provides advice and technical expertise on the design and enforcement (directly or indirectly) of labour provisions.
- The ILO is directly involved in the implementation of labour provisions through its development cooperation programmes.
- The ILO examines trends, implementation and effectiveness of labour provisions and provides training to social partners.
- The ILO engages with and participates in networks and forums with other international trade organizations



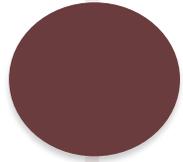
Looking Forward



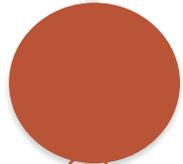
Continue to facilitate ratification and effective implementation of ILO Fundamental Conventions



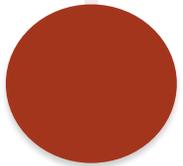
Better coordination of spaghetti bowl of development assistance activities



Facilitating regular dialogue in the committees and working groups



Sharing platforms with IOs for engagement with trade advisory groups



How can the ILO best assist its members?