



► Labour Provisions in FTAs

UNESCAP Online Course on Sustainable Development in FTAs

Marva Corley-Coulibaly, ILO Research Department

► Labour provisions definition based on 3 Cs

Commitment: any principle or standard (including international labour standards) or rule, which addresses labour relations, minimum working conditions, terms of employment, and/or other labour issues;

Cooperation and Dialogue: any framework to promote compliance with standards through cooperative activities, dialogue and/or monitoring of labour issues; and/or

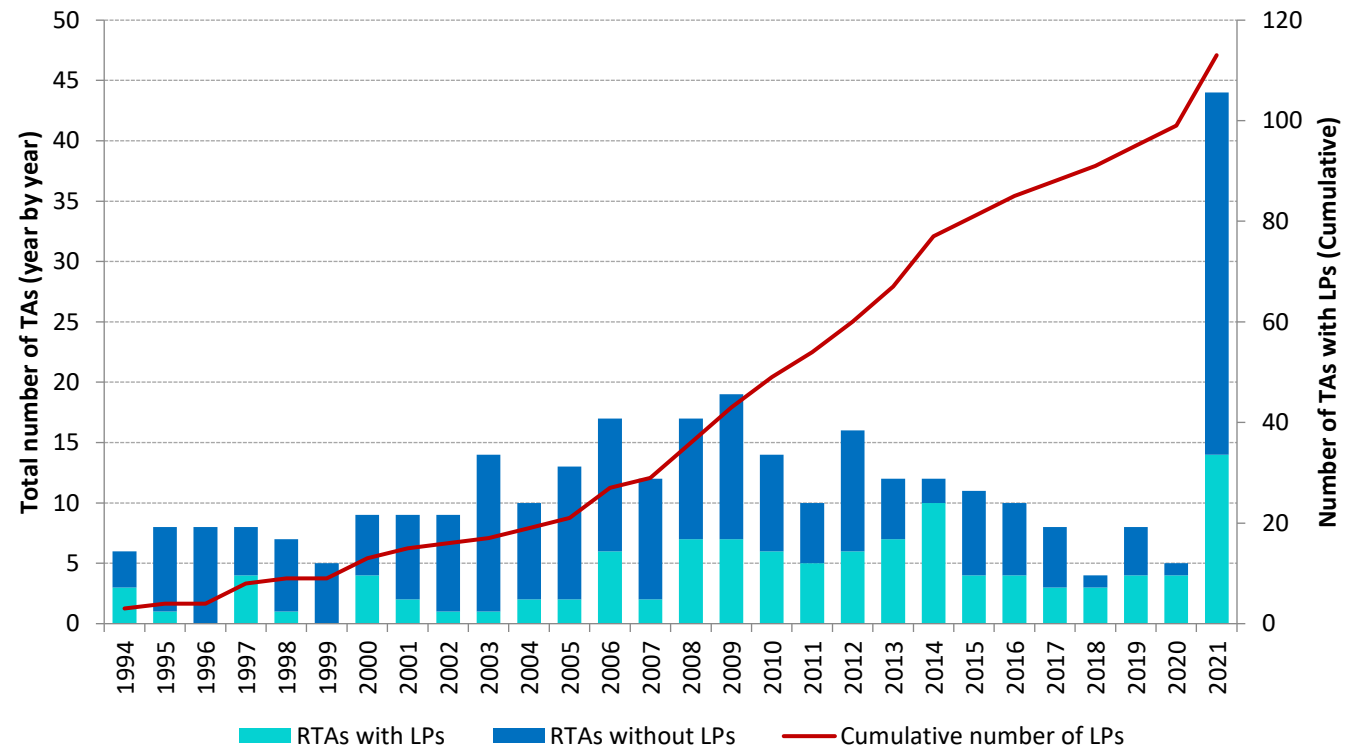
Compliance: any mechanism to ensure compliance with standards, either set under national law or in the trade agreement.

ILO (2013, 2016, 2017, 2019 and 2021)

Labour Provisions in Free Trade Agreements

- ▶ 113 out of 354 FTAs reported to WTO include LPs (1 out of 3)
- ▶ Half came into existence in the last decade (2011-2020)
- ▶ Compared to 22% in previous decade (2001-2010)

Trade agreements with and without labour provisions, 1994-2021

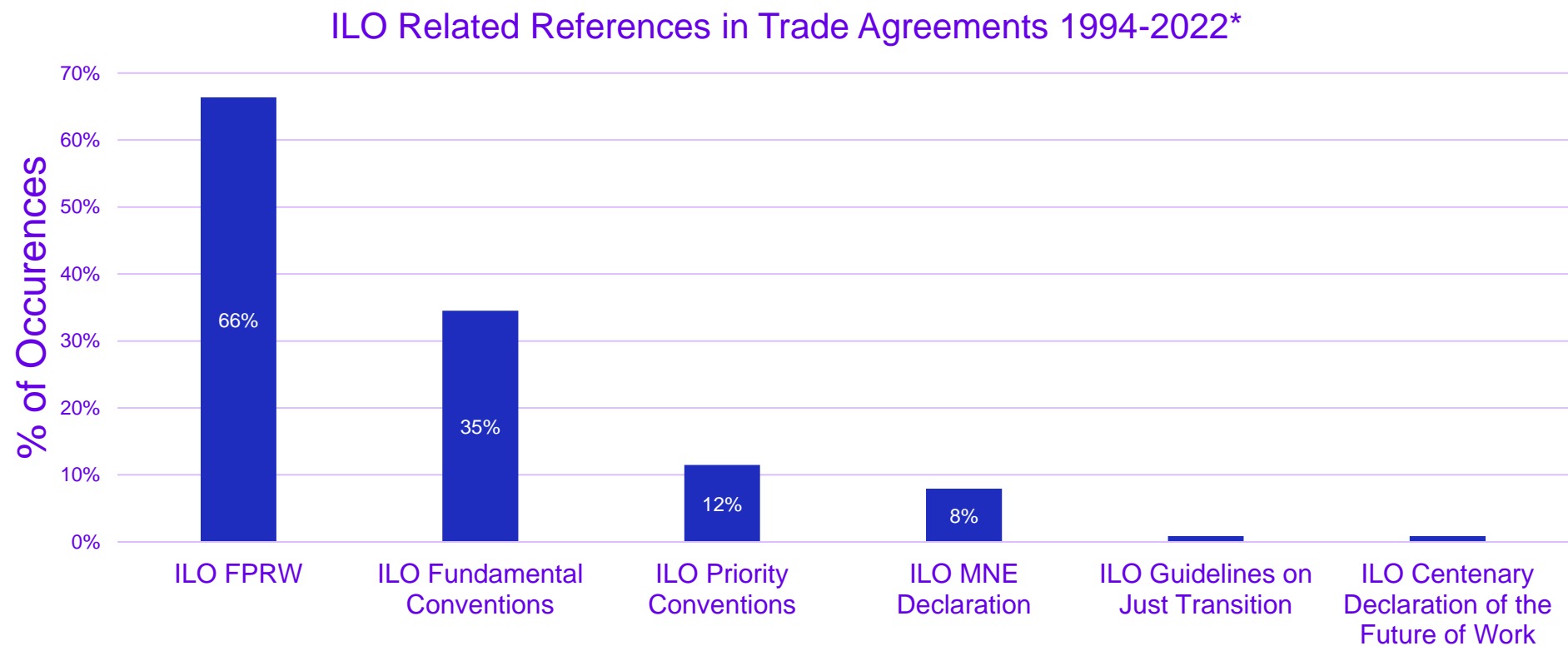


Why link trade and labour?

- ▶ **For workers:** to address governance gaps by promoting workers rights and international labour standards in sectors where decent work deficits exist.
- ▶ **For firms:** to 'level the playing field' between trading partners



► Most obligations are aligned with an ILO instrument



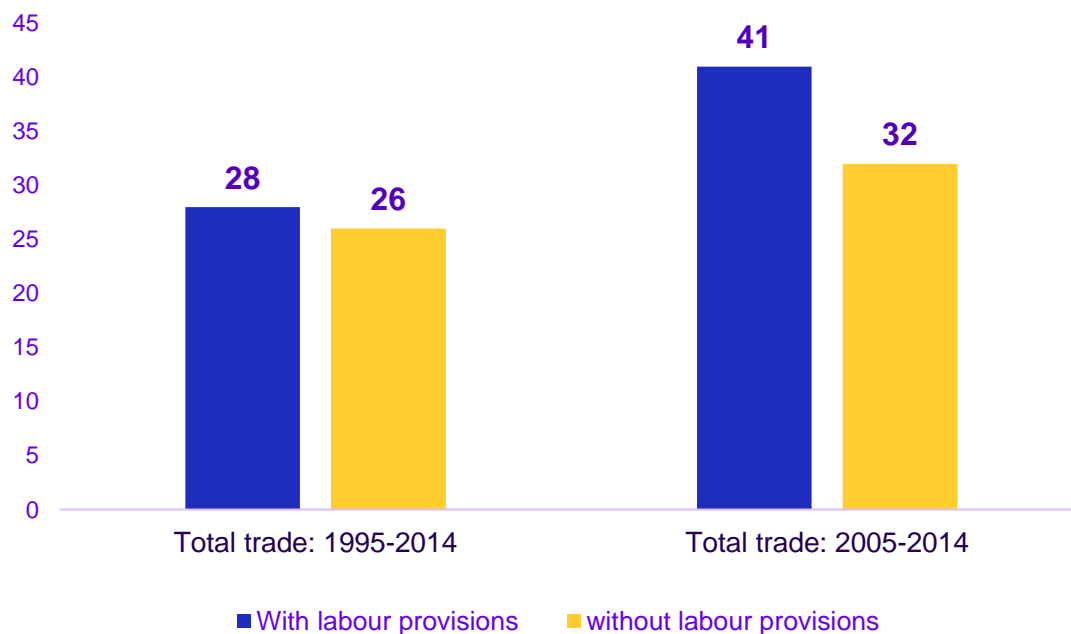
Notes: Data are available for 104 trade agreements with labour provisions notified to the WTO until January 2022, including NAFTA that incorporated first binding labour provision but not active anymore. Source: ILO Labour Provisions in Trade Agreements Hub (2022).

Question:

▶ Does compliance with labour standards reduce firms' competitiveness and adversely affect trade?

Trade agreements with labour provisions do not reduce or divert trade


Estimated impact of trade agreements on trade
(selected time periods, in %)



Source: ILO Research Department.

▶ What else do we know about effectiveness of labour conditionality?

✓ Maintaining competitiveness

- ▶ RTAs with LPs boost trade equally ([ILO 2016a](#); [Carrère, et al 2021](#))
- ▶ Core Labour Standards  productivity and profitability ([Distelhorst & Locke, 2018, p.695](#); [ILO, 2016b, p.30](#)).

✓ NO evidence of protectionism

- ▶ No evidence of difference in compliance or submissions; focus on dialogue and cooperation ([Engen, 2017](#); Corley, et al forthcoming)
- ▶ Importance of dialogue-based approach for conflict resolution

► From 3 Cs to 3 pillars

