

## For a worker-centred trade policy – ETUC concept paper

A renewed transatlantic cooperation on trade has to deliver for working people. This concept paper outlines key features we would want to form the framework of the EU-US Trade and Technology Council (TTC). The Biden-Harris Administration put on high priority a worker-centred trade policy in the US and the ETUC believes this is now also an opportunity to change the trade paradigm in Europe. This concept paper builds on previous adopted ETUC positions, such as the [“ETUC Resolution for an EU progressive trade and investment policy”](#) which lays out in detail the main elements of a trade policy that would benefit workers.

Trade is essential to a functioning global economy. By spreading innovation and new technologies, trade has the potential to facilitate the green and digital transition. However, trade must be put in its place and context. Not everything should be traded. Recent trade negotiations have gone far beyond trade and have encroached into policy space (e.g. through domestic regulation provisions) and public services (e.g. liberalisation commitments on eldercare), both at national and local levels. Regulatory cooperation in trade must not undermine European or national policy spaces. New technology areas such as Artificial Intelligence (AI) must be underpinned first with robust European AI and data strategies that address the workplace dimension in an ambitious and proactive manner because workers are particularly affected.<sup>1</sup>

EU trade policy has not lived up to the promises made to workers. Certain sectors of the economy have done well. But far too many workers and communities were left behind. The consequences for working people when jobs are outsourced, and factories closing, are real. And they were real for the workers who lost their jobs due to unfair competition with imports produced by workers in substandard working conditions. This created a lack of confidence with citizens and workers in several EU member states about free trade.

Unfair trade has put downward pressure on wages and has undermined collective bargaining in many European countries, where real wages have not grown in line with productivity growth and the income and wealth gap has widened significantly. This inequality is neither fair nor sustainable. It is the result of a long pursuit of labour deregulation and privatisation as well as tax and trade policies that encouraged a race to the bottom. In too many countries, trade liberalisation has not been matched by sound labour market and education policies.

The COVID-19 pandemic has exposed the fragility and problems related to international trade, global supply chains and industrial value chains, leaving workers often unprotected and exploited<sup>2</sup>. The COVID-19 crisis has demonstrated how companies externalise risks and costs towards weaker supply chain partners. These business models and purchasing practices then, in turn, cause or contribute to adverse human rights impacts on workers, smallholders, communities and the environment, both in the EU and in third countries. This is why we need responsible purchasing practices guaranteed by due diligence obligations for all businesses as an additional tool to ensure decent work conditions for workers in partner countries and ban unfair

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<sup>1</sup> [ETUC Resolution on the European strategies on artificial intelligence and data](#)

<sup>2</sup> [The ETUC supports a TRIPS waiver at the WTO to make COVID-19 vaccines available for all.](#)

trading practices. Public procurement must respect fundamental labour rights and democracy at work and be conditional to social and environmental criteria. The award of public contracts must only go to companies that have collective bargaining agreements with their workers and respect essential labour rights in their own business operations and supply chains. Time has come for a new progressive paradigm in trade, which turns its back to the neoliberal paradigm that has been dominant in the last decades.

We need to replace the current trade agenda with a trade policy having the interest of workers at its core and promoting a green and digital transition. A just transition will only take place when an agenda of upskilling, reskilling and social dialogue accompanies trade policy. To ensure that workers can reap the benefits of globalisation, economies need to be underpinned with Welfare States and well-functioning and financially strong public services, which must be excluded from trade agreements, as well as labour market policies that provide for sustainable social protection systems and schemes to facilitate transition of workers. Strong trade unions will be important in this transformation, as only the unionized voice of workers can truly and strongly represent their interests. A successful EU trade policy must be complemented by high ambitions nationally in the field of social, environmental, labour market and education policy.

We believe a new worker-centred trade policy must feature essential elements:

### **A new democratic process**

EU trade agreements should be negotiated and monitored through a transparent, democratic and inclusive process. Trade unions should be closely involved throughout the entire process with a privileged position, as we represent millions of workers across Europe and their call for social justice and sustainability. The role of the Domestic Advisory Groups should be strengthened, so that they can play a role in this process<sup>3</sup>.

Trade agreements should be subject to rigorous review by social partners, European and national parliaments. The first step to achieving this goal is creating a more inclusive process. Trade unions must be meaningfully consulted on all trade negotiations, trade policy and in World Trade Organisation discussions in order to ensure trade policies benefit workers, support decent jobs and reduce global inequalities. Listening to worker representatives on trade policy will also help connecting trade to the needs of the people. In the framework of the transatlantic cooperation on trade, we call for the creation of a Transatlantic Labour Dialogue.

### **Labour and social rights at the centre**

Trade deals must contain clear, binding and enforceable labour standards. That means upholding fundamental labour rights agreed upon by businesses, workers and governments at the International Labour Organisation (ILO) and international standards on Responsible Business Conduct such as the OECD Guidelines for Multinational Enterprises. Ratification and implementation of the eight ILO Core Labour Standards as well as compliance with up-to-date ILO conventions and instruments such as the Forced Labour Protocol and ILO Conventions on health and safety at work must be a

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<sup>3</sup> *The non-paper on Domestic Advisory Groups gives recommendations on how to do so.*  
<https://www.cnvinternationaal.nl/dag>

pre-condition for entering in EU trade negotiations. However, if a partner country has not ratified or properly implemented these conventions, it must demonstrate through a binding and enforceable roadmap how this will be achieved in a timely manner. ILO up-to-date instruments must be included in all EU trade agreements in a manner that makes them effectively enforceable.

This includes standing up against worker abuse everywhere in the world and effectively promoting and supporting decent work<sup>4</sup>, the right to organise and to collectively bargain. The European Commission should utilise the full range of trade tools and work with international partners to ensure living wages, gender equality and protect labour rights, including the elimination of forced labour. We must also achieve greater accountability from those in the business community that profit from labour exploitation. In February 2022, the Commission finally presented its proposal for a Directive on Corporate Sustainability Due Diligence. For ETUC, the proposal is a first important step, but should be amended. It falls far short on preventing and ceasing the adverse impact by business conduct on human rights, including trade union and workers' rights, and the environment<sup>5</sup>. We also call on the EU and its Member States to support an UN Binding Treaty on Transnational Corporations, which would be a central element to a worker-centred trade policy.

The current review of Trade and Sustainable Development provisions in EU trade agreements represents an opportunity<sup>6</sup> not to be missed by the European Commission to change EU Trade Policy towards a more assertive enforcement of labour rights and a new inclusive process for consultation with trade unions. We expect it to incorporate our key elements of a worker-centred trade policy.

### **Strong enforcement of labour and social rights**

EU trade agreements must include enforceable labour provisions with sanctions for violations of labour rights. This is a longstanding ETUC demand, which is gaining wider support.

A worker-centred trade policy means learning from the most innovative trade tools to deliver for workers existing in other parts of the world. The ETUC welcomes new innovative elements in the US-Mexico-Canada Agreement (USMCA) when it comes to the effective enforceability of labour rights. The USMCA includes a new Rapid Response Labour Mechanism (RRM) open to trade union complaints that allows quick action at a specific factory where workers face denial of their rights to freedom of association and collective bargaining.

The ETUC welcomes the success of the RRM that for the first time was triggered in the cases in Mexico of the General Motors facility in Silao, where workers were denied their rights during a contract ratification<sup>7</sup>, and at the Tridonex auto-parts plant in Matamoros<sup>8</sup>.

Beyond bilateral trade deals, EU unilateral trade instruments should be used to their maximum to leverage improvements in labour rights and working conditions – notably

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<sup>4</sup> As defined by ILO's Declaration on Social Justice for a Fair Globalization

<sup>5</sup> [Commission delivers "bare minimum" on Corporate Sustainability Due Diligence.](#)

<sup>6</sup> [ETUC Position on EU Trade Policy Review.](#)

<sup>7</sup> ['Fed up' GM workers in Mexico pick new union in historic vote](#)

<sup>8</sup> [Independent union wins workers' vote at Mexico's Tridonex plant](#)

through a revised General Scheme of Preferences (GSP) framework with a functional complaint mechanism, greater transparency and involvement of civil society and trade unions.

### **WTO Reform for workers' rights**

A renewed transatlantic cooperation offers new opportunities for a common EU and US engagement for a rule based multilateral order and for multilateral solutions in the context of a reformed WTO. We call to reform the WTO<sup>9</sup> in order to promote sustainable development, social justice and decent work, with respect of labour standards as set and monitored by ILO to be included as part of WTO considerations and in future multilateral agreements.

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<sup>9</sup> <https://www.etuc.org/en/document/etuc-position-wto-reform-promote-sustainable-development-social-justice-and-decent-work>