Do Labour Provisions in EU Trade Agreements Improve Workers’ Lives and Working Conditions Around the World?

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The “Working Beyond the Border: European Union Trade Agreements and International Labour Standards” Research Project

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• Labour Provisions in Trade & Sustainable Development Chapters
The “Working Beyond the Border: European Union Trade Agreements and International Labour Standards” Research Project

Two main foci of the research

• Negotiation of the labour provisions in the trade agreements and their operationalisation and implementation

• Tracking the effects on workers’ lives and working conditions in major export-oriented sectors – the intersection of global value chains and TSD

The European Commission’s 2015 Trade for All strategy recognises the centrality of global supply chain integration to its trade liberalisation agenda, and ties this to the agenda of “sustainable development” and the responsible management of global supply chains
Research Design and Methodology

• Three country/FTA case studies
  • South Korea (FTA with EU provisionally applied 2011; entered into force 2015)
  • CARIFORUM/Guyana (Economic Partnership Agreement with CARIFORUM states provisionally applied since 2008)
  • Moldova (DCFTA part of the 2014 Association Agreement)

• Sectoral/value chain focus
  • Automotives (South Korea) – 16% of EU imports from SK; 17% of industrial employment
  • Sugar (Guyana) – 43% of EU imports from Guyana; 10% of total employment
  • Clothing (Moldova) – 18% of manufacturing exports to EU; 19% of industrial employment

• Contrastive case studies involving just under 200 key informant interviews and focus groups in third countries and the EU – government, institutional (CSOs), industry and trade unions) & reviews of relevant documentation
EU-Moldova Association Agreement & DCFTA
EU-Moldova Association Agreement & DCFTA

Mismatch with TSD labour provisions

- Prevailing wage systems arising from supply chain pressures are not dealt with in the TSD framework: need living wage considerations
- Current inability of TSD institutional structures to raise and deal effectively with real labour issues
EU-Korea FTA

EU FTA puts pressure on profitability of Hyundai Motor Group (HMG) with growing import of high margin luxury cars from EU. HMG share of South Korea auto market drops from 30% in 2000s to 65% in 2016.

HYUNDAI MOTOR GROUP’S VALUE CHAIN

Captive parts suppliers are squeezed by HMG: between 2006-2014 finished car prices grew by 34.1% but car parts price grew by just 2.1%.
Mismatch with TSD labour provisions

- Unorganised workers in lower parts of the value chains, where wages and working conditions are the worst, are not clearly represented in the TSD framework.
- European Commission repeatedly failed to respond effectively to EU DAG requests to raise and deal with the Korean state’s labour abuses.
Mismatch with TSD labour provisions

- Trade-related restructuring and sectoral economic decline not dealt with in the EPA
- Industrial relations highly politicised and not amenable to appeals to social dialogue
Summary Research Findings

• Working conditions and workers’ lives are impacted by a range of factors including the forms of global value chain integration in the dominant export sectors in each country, and specific political contexts.

• Diversity of sectoral and country experiences illustrates the limits of a “one size fits all” approach to labour provisions in trade agreements in dealing with labour conditions in global value chains.

• A wider question of whether EU trade agreements can effectively govern the complexities of global value chains due to the world market and competitive pressures in leading export sectors.

• Positives: EU-Moldova AA contains implementation of employment and OHS directives, and EU civil society successful lobbied for the inclusion of more independent trade union representation on the Korea DAG.
• Pre-ratification

• **Reach of Core Labour Standards** - beyond CLS

• **More effective implementation** should include effective monitoring & incentives; serious Dispute Settlement; graduated sanctions

• **Labour provisions beyond the TSD template** to account for most prevalent labour concerns and to enhance the role of civil society

• Move **beyond state-to-state** institutional relations to include corporations and key export sectors