



Promoting Workers' Rights through Trade Policy

As ethical conduct has moved from a niche issue into mainstream debate, the impact of trade policies on sustainable supply chains and workers' rights has gained momentum.

Through Free Trade Agreements (FTAs), the Generalised Scheme of Preferences (GSP) and government-led sustainability standards, trade policies have become powerful enablers to promote labour rights in global supply chains and an important supporting platform for the UN Sustainable Development Goals.

But there is a long way to go. This session explores how to scale efforts towards harnessing the potential of these growing policy led opportunities in a meaningful way. Join us to debate how trade policy can promote inclusive economic growth for long term sustainability.

Speakers

- **Dr. Pierre Michael Gröning**, Director of Trade Policy - FTA
James Harrison, Associate Professor/Reader – University of Warwick
- **Sandra Gallina**, Director for Sustainable Development – EPA, ACP, Agrifood and Fisheries. DG Trade, European Commission
- **Gothami Silva**, Minister (Commercial & Economic Affairs), Embassy of Sri Lanka to the European Union, Brussels

Session Highlights

- **Gothami Silva:** Sri Lanka been a beneficiary of GSP since its inception. The EU has introduced sustainability aspects into the trade agenda through negotiations. Sri Lanka was not only required to introduce many reforms but also to prove the conventions were being effectively implemented. Since the ratification of these conventions, Sri Lanka government taken appropriate action to make sure they're implemented. Exports to the EU grew by 8%. Total exports to the world grew by only 2.2% - US, Canada, other major markets. Garments exported to EU at 15% increase. Sri Lanka was awarded GSP+ but lost it. Sri Lanka could achieve highest market share its ever achieved of 0.16%
- **Sandra Gallina:** GSP+ is a unilateral tool – in a certain sense when you do something that is not reciprocated – we're in a joint house. That person is giving rules to me and I am giving rules to them. Reciprocity is what rules relationships. In this whole debate, we will need to speak loudly about what is unilateral and what is not.

Some countries are absolutely fine with references to labour standards. But when it comes to environment, we have a bit of a problem. But they want to lead, so they're happy to subscribe to the multi-lateral way of doing things. ILO is doing fantastic work why would we duplicate that. Then other countries, no problem for labour but a hell of a problem for environmental.

- **Sandra Gallina:** A different type of instrument used for the first time in Bangladesh – the compact. Myanmar we had a investment agreement. These two instruments are very laborious – they're good but extremely demanding. Bangladesh-wise it's not working too well. Because Chinese and Korean companies are growing without the need to respect compacts.
- **James Harrison:** Looking at trade agreements – leaflet talking about the limits of the EU approach when it comes to the EUs trade agreements. We looked at Moldova, Caribbean ...we found limitations – no real evidence of progress on key labour issues. Korea is a really complex situation, trade unions in hiding, demonstrations on the streets. That EU model is up for renegotiation, discussion about changing that model. The key problem is enforceability – so we need a broader discussion on what the purpose of these trade and sustainability chapters is.
- James Harrison: it looks like dialogue is the main mechanism – a soft, problematic mechanism for addressing issues. We need more focus than simply CSR dialogue. Korea, Moldova and Caribbean have very different issues. Simple ideas of enforceability should drive debate.
- **Sandra Gallina:** We know there is this issue of how the big companies will pass this on to smaller companies. It's mainly competence of the member states. We have had this directive for big companies to go forward with criteria. Whether this will trickle down or not I don't know but we haven't progressed on that yet.
- **James Harrison:** Some things are very hard to measure. When we were in Korea, there was a sense that Korean labour wars are being weakened. Some people said it was because of increased competition thanks to the labour agreement...how can you measure that? You can't.
- **James Harrison:** There will be ideological differences about how you bring about development and improve workers rights. One of my worries at the moment is that things aren't happening as robustly as they should. What the effects of the GSP, trade agreements. The crucial thing is that with all these policies we need to be in a better position about what the results are.
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You many include as many highlights as necessary!

Quotes

- **Gothami Silva:** Children engaged in child labour has dropped from 1% to 0.5%. Sri Lanka is heading towards becoming a child labour free country.
- **Pierre Groning:** I think this shows trade policy can be a strong trigger to improving certain services. This stick and carrot approach did much good for Sri Lanka.
- **Sandra Gallina:** I agree, but we should also speak loudly when good things are done in developing countries – which FTA is doing here now.
- **Sandra Gallina:** Sometimes I hear these claims that sanctions work. Where? Can you give me one example?
- **Sandra Gallina:** The EU has a completely different approach to the American model. We don't have a status quo, we want people to improve. We have immense sustainability chapters that cover all areas...we want people to improve. We have binding provisions, but they're not phrased in a thou shalt not way...but a public process through civil society that participates in

expressive complaints, the government does something and may refer case to a panel of experts. It's a system that has logic.

- **James Harrison:** Are they about ensuring that free trade agreements themselves have a positive impact. At the moment we have no adequate methodology for measuring where they do. Are they about tackling the worst abuses – using trade as a way of doing that?
- **James Harrison:** Like in the Caribbean, customs is becoming much more formalised and extensive, and those customs arrangements seem to be having an affect on the small traders moving from island to island. Some of that is exaggerated, myths but some of them are not.
- **Sandra Gallina:** It's not the big guys who need our trade agreements. They can speak if they want even to the president. It's the small guys. For SMEs, the reality I find is that it's only Europe proposing provisions for SMEs despite them providing such a huge share of the economy. SMEs need to have a better voice here in Brussels. A typical case of a group being forgotten because it hasn't got a voice.
- **Gothami Silva:** We estimate that because of GSP+, trade from Sri Lanka will increase by 300+ mil euro. Initial stocks up by 53 bil Sri lankan rupees – 75,000 new jobs – household income will increase by 10 billion
- **Sandra Gallina:** trickle down economics doesn't exist. Issues of wealth distribution – it's very difficult to think that you think a trade agreement can fix that.