



# What social face of the new EU trade agreements?

## Background document

For lunch debate with Pascal Lamy, Brussels, 23 June 2015

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In the past decade, the EU has been negotiating bilateral trade agreements at a tremendous pace. In the same fashion, **the social ambition of the EU's trade agreements has grown to a remarkable extent**<sup>1</sup>. Not only does the new generation of trade agreements commit the trade partners to the fundamental labour Conventions of the International Labour Organization (ILO), there are also provisions to settle disputes by a Panel of Experts, and civil society organizations from both sides have a formal role in monitoring the social commitments. As such, **it seems that the EU is strengthening its soft, cooperative approach** to promoting labour rights through trade. This lunch debate presents a valuable opportunity to critically assess some of the main issues of the social dimension of the EU's new trade agreements.

In this debate we want to focus on three sets of issues: (1) the cooperative nature of the EU approach, (2) the involvement of civil society in the implementation of labour provisions and (3) the effectiveness of the EU's trade-labour linkage.

### Cooperative approach

This typical cooperative EU approach is characterized by the fact that no trade sanctions are foreseen if these labour provisions are not respected. This stands in stark contrast to the other chapters of the trade agreement where an enforceable dispute settlement system is foreseen. This 'promotional' approach is often contrasted to the US and Canadian approaches where the non-fulfillment of the labour provisions can lead to sanctions. However, in practice there seems to be no strong difference between both approaches, given that sanctions under the US and Canada agreements have never been applied.

Specific questions related to the EU's approach include:

- How should we evaluate the cooperative nature of the EU's approach?
- How does it differ from the 'hard' approach pursued by the US and Canada?

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<sup>1</sup> Van den Putte, L., Bossuyt, F., Orbie, J., & De Ville, F. (2013). Social norms in EU bilateral trade agreements: a comparative overview. In T. Takacs, A. Ott & A. Dimopoulos (Eds.), Linking trade and non-commercial interests: the EU as a global role model. Den Haag: TMC Asser Institute.

## **Involvement of civil society in monitoring the implementation of labour provisions**

Related to this, the EU's trade agreements give civil society from both the EU and the trade partners a role in monitoring the implementation of the labour aspects of a trade agreement. This monitoring role was introduced for the first time in the EU-Chile agreement (2003) and is more explicitly pronounced since the EU-South Korea agreement (2010). This takes the form of either Domestic Advisory Groups, Civil Society Forums with fixed participation or a more open forum. In some cases, civil society should discuss these issues in national mechanisms dealing with labour policy in general. In addition, one could question whether the relevant stakeholders in third countries, such as trade unions in Colombia, are actually aware of their right to act on the basis of the respective trade agreements with the EU. In practice, it remains to be seen to what extent civil society is really able to advise the governments on the implementation and have an impact on policy making.

Issues to be discussed in this regard include the following:

- Is the involvement of civil society in monitoring activities truly a way to engage civil society or is it just a way to sell the agreement to the European Parliament and to civil society critical of the EU's free trade agenda?
- To what extent do these civil society forums transcend the level of a talking shop?
- Should the EU consider the possibility for civil society to file a petition, knowing that this possibility by itself gives for example trade unions in third countries a sense of empowerment?

## **Effectiveness**

While in theory the EU is putting a stronger emphasis on labour issues in its trade agreements, little is known so far about the effectiveness of this approach. There is no concrete evidence so far indicating that this in practice leads to more respect for labour standards in third countries or in the EU.

In particular, the following questions could be raised:

- What picture emerges when comparing the EU's efforts under GSP+ with those under the current bilateral agreements? Is the EU in practice acting stronger on the trade-labour linkage than before?
- Does the chapter on sustainable development (including labour and environmental provisions) provide sufficient guarantees to mitigate the impact of increased economic liberalization on social realities?
- How can we better assess the impact of a trade agreement on human rights and the labour situation in third countries, before as well as after the conclusion of an agreement?
- Is the EU perceived as a legitimate actor when it comes to the trade-labour linkage? If so, how can it use this legitimacy to have an impact in third countries?
- To what extent is the European Parliament acting on the trade-labour linkage after its approval of the trade agreements?
- To what extent is the EU prepared to engage in government consultations and panels of experts on labour issues?