

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

WTO's Forward Work Programme: Proposed Establishment of a Working Group on Trade and Labour

Communication from the United States

The following communication, dated 30 October 1999, has been received from the Permanent Mission of the United States.

Proposal

1. At their 1999 meeting in Seattle, WTO Ministers should agree to the establishment of a WTO Working Group on Trade and Labour. The proposed group would have a clearly delineated mandate, operate under the supervision of the General Council, and produce a report for consideration by Ministers.
2. The globalization phenomenon, including concerns over job security, has given rise to concerns over the effects of the multilateral trading system on the living standards and employment opportunities of working men and women around the world. The United States believes the WTO should make an important contribution to this debate. The Working Group we are proposing is an appropriate vehicle for enabling the WTO to do so.

Background

3. In January (document WT/GC/W/139) and again before the General Council in late July, the United States proposed the establishment of a forward work programme in the WTO that would address trade issues relating to labour questions where the United States believes Members of the WTO would benefit from further information and analysis on these relationships and developments in the ILO.
4. This proposal to establish a new Working Group at Seattle is reflective of the objectives contained in the WTO's Preamble and the agreement at Singapore. In particular, we see the work of the Group as being limited to the following issues:
 - (a) *trade and employment* - examination of the effects of increased international trade and investment on levels and composition of countries' employment;
 - (b) *trade and social protections* - examination of the relationship between increased openness in trade and investment and the scope and the structure of basic social protections and safety nets in developed and developing countries;

- (c) *trade and core labour standards* - examination of the relationship between economic development, international trade and investment, and the implementation of core labour standards;
- (d) *positive trade policy incentives and core labour standards* - examination of the scope for positive trade policy incentives to promote implementation of core labour standards;
- (e) *trade and forced or exploitive child labour* - examination of the extent of forced or exploitive child labour in industries engaged in international trade; and,
- (f) *trade and derogation from national labour standards* - examination of the effects of derogation from national labour standards (including in export processing zones) on international trade, investment and economic development.

5. The objective of the Working Group in the first two years will be to produce a report on its discussions for consideration by WTO Members at the Fourth Ministerial Conference. In accomplishing its work, the Group would benefit from consultation and collaboration with the ILO, IFIs, and UNCTAD. To facilitate collaboration of this kind, the WTO would welcome a request by the ILO for observer status.

Rationale

6. WTO Members subscribe to the belief that their trade and economic relations should be conducted with a view to raising standards of living and ensuring full employment, and a large and steadily growing volume of real income. These objectives reflect the underlying principle of the WTO that the further expansion of trade can support improved opportunities for the greatest number of people. Further research in this area will examine the consequences of expanded trade on employment and social protections, and is entirely consistent with the conclusion stated in Singapore that economic growth and development fostered by trade contributes to the promotion of improved labour conditions. Moreover, such work would fully conform to the commitment at Singapore that labour standards issues should not be used as a means to undermine comparative advantage or for protectionist purposes.

7. At Singapore Members renewed their commitment to the observance of internationally recognized core labour standards and supported WTO and ILO collaboration. Members also recognized that WTO and ILO had different mandates and that while ILO is charged with the development and supervision of labour standards, WTO is charged with promotion of the liberal international trading system. The proposed approach again is fully consistent with the Singapore consensus.
