

## **ETUC RESOLUTION ON A RIGHTS-BASED TRADE POLICY FOR WORKERS AND JOBS**

Adopted at the Executive Committee of 27-28 September 2023

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This resolution<sup>i</sup> outlines the key features necessary to change the paradigm in response to recent crises<sup>ii</sup>, partners' policies e.g. US Inflation Reduction Act, emerging anti-democratic powers and complex geopolitics, leading the EU to negotiate new partnerships and accelerate the conclusion of trade deals to secure the supply of raw materials, including critical ones, intermediate goods and alternative energy as most sought-after commodities (see Annex), despite serious violations of human and workers' rights<sup>iii</sup> globally.

The ETUC considers respect for human and trade union rights and the environment mandatory for European companies. EU trade agreements should promote the same values and prevent violations resulting in a competitive advantage.

The ETUC favours a progressive rules-based trade open, just and sustainable, providing equal rights and benefits for workers and citizens, with the ILO, as global leader in social regulation, working with the WTO and the UN to regulate multilateralism. Trade liberalisation did not deliver redistribution of wealth and was not matched by expansive and equitable economic, labour market and education policies. The upcoming MC13 must be an occasion to overhaul the WTO to embed just transition and workers' rights. Enforceable trade and sustainable development (TSD) chapters in trade agreements are key but their language must result in effective change.

Prevalent business models and purchasing practices, while creating some jobs, have also increased inequalities with adverse impact on workers, communities and the environment, particularly in the Global South. The time has come for the EU to turn its back on the neoliberal paradigm, fully embrace "open strategic autonomy" and the newly stated aim<sup>iv</sup> of EU trade policy while being in line with EU Industrial Strategy objectives and protecting public services through their exclusion from trade agreements, as well as the exclusion of other sectors where the trade deal would have a negative impact on workers.

EU trade policy must be complemented by ambitious, coherent and integrated national social, environmental, labour market, industrial and education policies, and where appropriate, by their equivalent at European level e.g. coordinated industrial policy and investment to maintain cohesion within the EU. To secure the functioning of the single market the EU should, in certain trade issues<sup>v</sup>, also take into account the EEA agreement.

We see the following as essential elements against which we will assess the EU's trade instruments:

### **A new democratic process**

All EU trade agreements should be negotiated through transparent, democratic and inclusive processes, with a role for trade unions in EU and partner countries, from negotiation to monitoring and evaluation of the agreement. This would help counter the excessive influence of big business.

Trade unions must be meaningfully consulted on negotiations, OECD and WTO discussions to ensure benefits for workers, good jobs and reduce inequalities in both global North and South. The creation of a Transatlantic Labour Dialogue is a good first step, but it must be more incisive on the EU-US ministerial agenda, should not remain an isolated instance and should be replicated in other trade partnerships.

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

The new EU policy to incorporate sanctions on labour and environmental standards is welcome. However, agreements already concluded do not contain such clauses: new TSD chapters should be included in FTAs which are yet to be finalised and in existing FTAs when they are reviewed. Once included, the EU must go further with implementation, effective investigation of labour rights violations, guarantee of redress and access to justice for victims.

Ratification and implementation of ILO Core Labour Standards, compliance with up-to-date conventions and instruments<sup>vi</sup> must be a pre-condition for entering into negotiations. If a partner country fails on this count, it must demonstrate through a binding and enforceable roadmap how this will be corrected in set time.

The ETUC rejects accusations of protectionism<sup>vii</sup>: the EU should answer similar allegations by stating clearly why certain conditions are key to address global challenges<sup>viii</sup> and by offering technical support, transfer of technologies and development cooperation to jointly reduce global inequalities and poverty, rather than exacerbating them through extraction of raw materials without any value creation in partner countries.

The EU should stand up against worker abuse worldwide and effectively promote and support decent work<sup>ix</sup>, the right to organise and collective bargaining. All tools<sup>x</sup> should be deployed to achieve greater accountability from those that profit from labour exploitation, and ensure no public funds benefit those ignoring collective agreements. We call on the EU to support the UN Binding Treaty on business and human rights, to promote WTO rules that require respect for ILO standards and allow tariffs to be placed on goods from companies that abuse workers' rights.

### **Strong enforcement**

The ETUC has welcomed innovative elements in the US-Mexico-Canada Agreement such as the Rapid Response Mechanism<sup>xi</sup>. Similar mechanism should be included in EU agreements and the role of existing Domestic Advisory Committees should be enhanced, in terms of remit and resources.

Beyond bilateral deals, the EU should use unilateral instruments to leverage improvements in labour rights and working conditions, notably through redoubling efforts to adopt a revised GSP framework; denying or suspending GSP status, or its upgrade, in case of continuous violations e.g. in Myanmar, Philippines. This framework must be improved to give trade unions and civil society, also from partner countries, a stronger role in monitoring commitments to labour and human rights.

The ILO should have observer status in monitoring of TSD chapters. The Commission should take into account ILO CAS's reports on implementation of fundamental rights in partner countries.

### **Diversification and sustainable supply chains**

The EU should work with partners to make supply chains less vulnerable and more resilient, moving away from 'lowest price, highest profit' logic, and to foster public policies in the general interest. The multilateral system needs reforms that improve cooperation, due diligence throughout the supply chain, sustainable development, just transition and peace, rather than cut-throat competition.

By working with democratic partners on trade enforcement, the EU will more effectively respond to the policies of autocratic, non-market economies that hurt Europe's competitiveness. Recently proposed action against unfair trade practices, such as screening of FDIs, is welcome.

EU Global Gateway investment projects<sup>xii</sup> must be based on an impact assessment that ensures democratic ownership in partner countries and social and environmental sustainability of the projects.

## ***Annex 1 – Critical Raw Materials, energy and other supply chains***

Circular economy, resource efficiency, change in consumption patterns and sustainable reshoring where feasible must reduce the EU dependence on global supply chains and the overall need for raw materials.

Affordable energy is a key condition to increase the competitiveness of Europe's industries, but the EU is still highly dependent on energy imports. While energy consumption should progressively be reduced, the EU's quest for new energy suppliers cannot ignore the serious violations of human and trade union rights as in the case of the Memorandum of Understanding with Tunisia, which the ETUC has strongly condemned, and a modernised custom union with Turkey and the EU updated strategy for the Middle East.

While monitoring the Carbon Border Adjustment Mechanism gradual implementation and its impact on relevant sectors – including on sectoral trade balance, the EU must also work with partners to better articulate the trade, social and climate agendas to limit the risk of carbon and investment leakage, mitigate the risk of trade tensions due to subsidies, as well as allowing the pursuit of climate action and other policies in the public interest without the risk of incurring litigation<sup>xiii</sup> from competitors.

The EU has announced the creation of Critical Raw Materials (CRM) Clubs. In our view the EU should only team up with countries that respect democratic values and workers' rights. We demand transparency with regards to their goals, the measures therein and the process of negotiating such clubs.

Trade unions oppose unilateral export bans on CRM by any country, including in the EU, and call to respect WTO rules to ensure a level playing field, while respecting partner countries' legitimate interest to develop their own industrial policy and resist exploitation of their natural resources without any value creation.

The EU should implement the new ILO strategy<sup>xiv</sup> on decent work in supply chains, that seeks to address exploitation, violations of fundamental rights in CRM supply chains and looks at remedies.

Transatlantic trade diplomacy should be intensified to limit friction and speed up decarbonisation. The EU should accelerate its efforts to seal an international deal<sup>xv</sup> to address decarbonisation, dumping and prevent unfair discrimination. The EU must also accelerate negotiations with the US to allow relevant critical minerals, extracted or processed in Europe, to count towards requirements in the Inflation Reduction Act<sup>xvi</sup>. More broadly, the EU-US Trade and Technology Council must be used to also mitigate trade tensions beyond the EU-US.

Tackling unfair purchasing practices must also be a priority since price pressures between brands and procedures often result in unpaid wages, forced overtime and health and safety issues. Trade unions call on the EU to propose a directive to tackle unfair trading practices in the garments supply chain<sup>xvii</sup>.

The ETUC calls on the EU to consider the possible exclusion from FTAs of critical sectors of the economy when the conclusion of such agreements would be detrimental for workers and other vulnerable actors, given the fragility of the economic, social and environmental sustainability of these sectors.

<sup>i</sup> The resolution builds on previous ETUC positions [Positioning the ETUC for an EU open strategic autonomy with a strong social agenda (2022) <https://etuc.org/en/document/positioning-etuc-eu-open-strategic-autonomy-strong-social-agenda>; ETUC Position on EU Trade Policy Review (2020) <https://etuc.org/en/document/etuc-position-eu-trade-policy-review>] and the [Action Programme](#), seeking to provide guiding principles to stand the ETUC vis a vis quickly shifting trade and geopolitical landscape.

ETUC Resolution for an EU progressive trade and investment policy (2017) <https://etuc.org/en/document/etuc-resolution-eu-progressive-trade-and-investment-policy>

<sup>ii</sup> the pandemic and disruptions in global value chains, energy price crisis, cost of living crisis, climate emergency, a crisis of the multilateral system etc

<sup>iii</sup> ITUC Global Rights Index 2023 <https://www.globalrightsindex.org/>

<sup>iv</sup> EU Green Deal Industrial Plan for the Net Zero Age [Communication: A Green Deal Industrial Plan for the Net-Zero Age | European Commission \(europa.eu\)](#); [COM\(2022\) 409 The power of trade partnerships: together for green and just economic growth](#) – both set out the objective to support economic recovery by boosting green and digital transformations, strengthening multilateralism and reforming global trade rules to ensure their fairness and sustainability.

<sup>v</sup> for instance, US duties on steel and the EU response.

<sup>vi</sup> such as the Forced Labour Protocol and ILO Conventions on health and safety at work.

<sup>vii</sup> This is the position of the Indian government, for instance, which is refusing to countenance a trade and sustainable development chapter (TSD) in negotiations with the EU for a EU-India trade agreement. This position is not an isolated one since some MERCOSUR governments too object to the reopening of the draft agreement for the inclusion of a binding TSD chapter, while they would support a reopening to secure greater market access for their agricultural and industrial sectors.

<sup>viii</sup> For instance the Carbon Border Adjustment Mechanism is part of the EU's climate action and it serves a broader public interest.

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

<sup>x</sup> Including the [International Procurement Instrument](#) and the upcoming Corporate Social Due Diligence Directive.

<sup>xi</sup> open to trade union complaints that allows quick action to penalise specific companies abusing workers' rights to freedom of association, collective bargaining etc.

<sup>xii</sup> it pledges to mobilise up to EUR 300 billion in investment between 2021 and 2027 for projects to improve digital, energy and transport connection infrastructure, and to strengthen health, education and research systems worldwide, as well as projects linked to CRMs in Democratic Republic of Congo, Namibia, Argentina, Chile, Kazakhstan.

<sup>xiii</sup> As it could be the case under the Energy Charter Treaty or trade agreements containing ISDS, which the ETUC continues to oppose.

<sup>xiv</sup> [Strategy on decent work in supply chains, ILO, 347th Session of the GB, March 2023.](#)

<sup>xv</sup> [Global Arrangement on Sustainable Steel and Aluminium with the US and other trade partners](#)

<sup>xvi</sup> [Section 30D clean vehicle tax credit of Inflation Reduction Act](#)

<sup>xvii</sup> similar to EU [Directive 2019/633](#) on unfair trading practices in the agricultural and food supply chains.