



Trade and Sustainable Development Chapters in EU trade agreements

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Context of the debate on TSD Implementation

- European Union's commitment to a responsible trade policy, international rules-based order
 - "Trade for All" strategy – COM(2015)497 of 14 October 2015 (preceded by "Trade, growth and development" of 2012 and "Global Europe" of 2006.
 - UN 2030 SDG Agenda (2015), Commission Communication, "Next steps for a sustainable European future", COM(2016)739 of 22 November 2016
 - Reflection paper on "Harnessing Globalisation" COM(2017)240 of 10 May 2017
- High interest that labour and environment provisions in trade agreements are respected
- Commission discussion paper of July 2017 to Member States and European Parliament on current TSD implementation practice and scenarios for improvement



Trade and Sustainable Development (TSD) Chapters – Current Approach

- An integral part of EU FTAs since 2011 (EU -South Korea)
- Emphasis on labour and environment in a trade context
- 6 FTAs / TSD chapters in implementation: Korea, Central America, Colombia/Peru/Ecuador, Georgia, Moldova and Ukraine
- Based on dialogue and cooperation to develop a positive agenda and to address shortcomings.
- Combined with a specific monitoring and enforcement mechanism to ensure compliance with commitments.

Rationale for TSD Chapters

- Recognise trade contribution to sustainable development
- Strengthen the multilateral governance and standards on labour (ILO) and environment (MEAs); no parallel set of bilateral rules on labour and environment
- Avoid a '*race to the bottom*' through weakening domestic labour or environment protection
- Long-term engagement to bring changes: incentivize partner countries to work with us and systematic dialogues on sensitive issues
- Broad scope: covering trade related labour, environmental and CSR/RBC issues

Achievements

- Establish TSD institutional and civil society structures
- Regular and focused dialogue / activities on often sensitive TSD issues. Examples:
 - ❖ Korea: Non-discrimination at work
 - ❖ El Salvador and Guatemala: fundamental ILO conventions
 - ❖ Colombia: CITES
 - ❖ Cost Rica: responsible Global Value Chains jointly with the OECD and ILO
 - ❖ Moldova and Georgia: technical discussion on labour inspections
- Intensified cooperation with ILO

Commitments on labour

- Adherence to ILO core labour standards:
 - ❖ Freedom of association and effective recognition of the right to collective bargaining
 - ❖ Elimination of all forms of forced or compulsory labour
 - ❖ Effective abolition of child labour
 - ❖ Elimination of discrimination in respect of employment and occupation

- Ratification and effective implementation of ILO fundamental conventions

- Promotion of decent work agenda

Commitments on environment

- Effective implementation of Multilateral Environmental Agreements including:
 - ❖ Biodiversity (CITES, CBD, Cartagena and Nagoya Protocol)
 - ❖ Climate change (UNFCCC (Kyoto Protocol, Paris Agreement), Montreal Protocol)
 - ❖ Chemicals and Waste (Rotterdam, Basel, Stockholm and Minamata Conventions)

- Thematic articles
 - ❖ Forests and trade in timber including combatting illegal logging and related trade
 - ❖ Fisheries, including fight against IUU fishing, regional fishery management bodies
 - ❖ Climate change and trade
 - ❖ Biodiversity and trade

Cross-cutting commitments

- Provisions encouraging trade practices and schemes that support and promote sustainable development, such as:
 - ❖ Corporate Social Responsibility and Responsible Business Conduct;
 - ❖ Eco-labelling and fair and ethical trade initiatives

Sub-Committee (SC) on Trade and Sustainable Development

- Inter-governmental meeting: EU and trade partner
- Officials from both (all) trade partner countries: trade, labour and environment
- Meets once a year
- Reports to the Trade Committee

- Monitor the implementation of the TSD Chapter (in current FTA)
- Advises and recommends on TSD issues

Sub-Committee on TSD reports to CS on the implementation of the TSD Chapter

Expresses views and opinions to promote the achievement of the objectives of the TSD Chapter

Domestic Advisory Groups (DAGs)

- Independent representative organisations of civil society
- Balanced representation of labour, environment, business organisations and other relevant economic and social stakeholders
- Monitoring and advisory role

EU DAG

EESC provides secretariat

Trade Partner(s) DAG

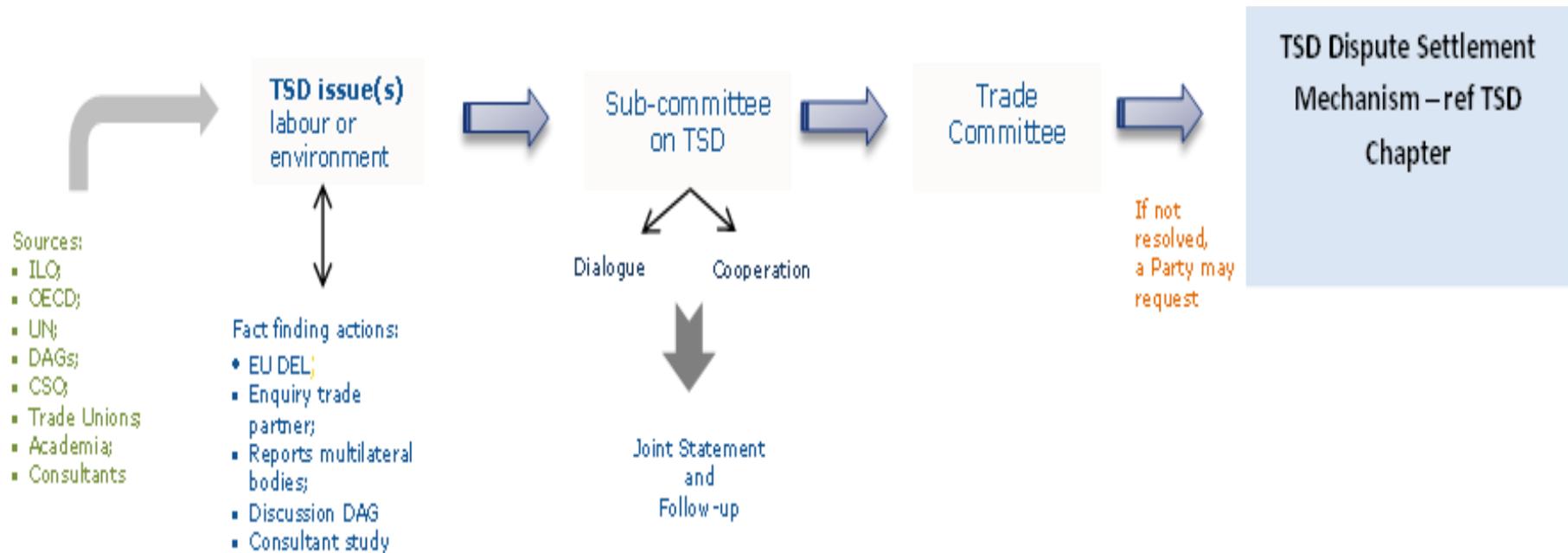
TSD Institutional Mechanisms

Civil Society Dialogue Forum

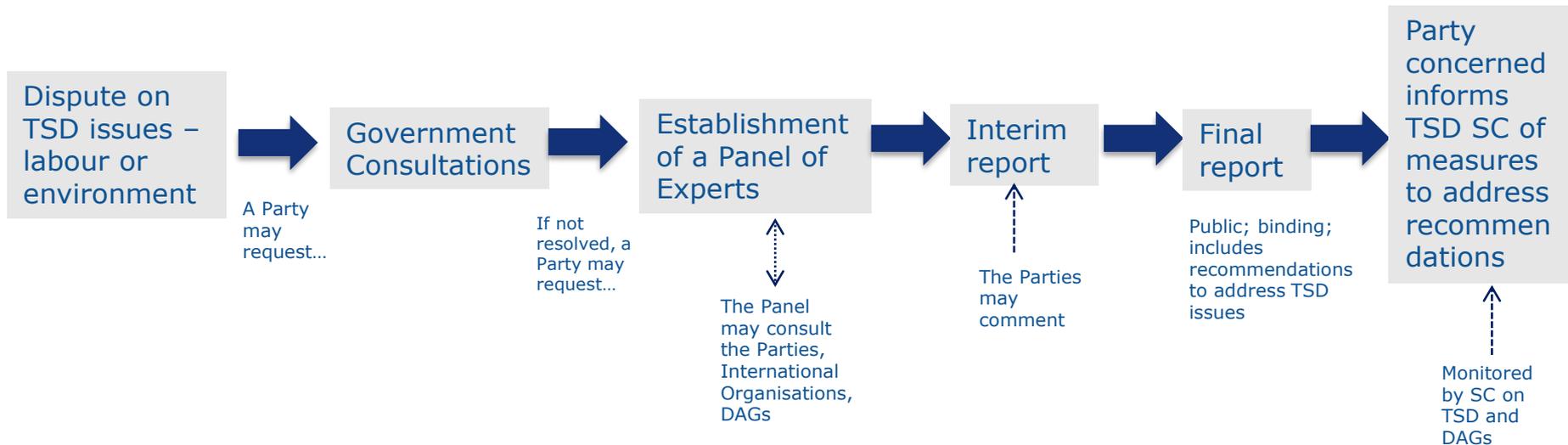
- **Open dialogue** between the Sub-Committee on TSD and the civil society
- Meets once a year (back-to-back with Sub-Committee on TSD)
- Civil society represented by members of the DAGs
- In some FTAs, other CSO are also represented

Selection process differs
They adopt their own rules of procedures
They meet regularly
DAG to DAG meetings could be organized

TSD Monitoring Mechanism



TSD Dispute Settlement Mechanism



TSD Models - comparison

EU model	US Model
International standards and multilateral bodies	Domestic legislation
Level playing field and strengthening multilateral systems and governance	Level playing field
Sub-committee on TSD; institutional structure for CSO involvement (DAGs, CSF); involvement of multilateral bodies	Body on TSD; significant involvement of labour department (+/- 50 staff; budget); a single CS body for all trade agreements
Dispute settlement: government consultation, panel of experts, involvement of civil society, trade relevance	Dispute settlement: government consultation, panel of experts, sanctions as last resort; trade impact test

Debate on TSD implementation

- Key: what is the diagnosis?
- What are the achievements and shortcomings?
 - **Achievements** – see previous slides
 - **Shortcomings**
 - Functioning of Domestic Advisory Groups
 - Insufficient use of existing monitoring and enforcement mechanism
 - Lack of understanding of TSD chapters by stakeholders – expectations
 - Insufficient use of multilateral bodies (ILO, MEAs)
 - Insufficient focus – priorities, resources
 - Absence of streamlined complaint mechanism
 - **Context**
 - Level of development
 - Cultural / historical differences

Debate on TSD implementation

(1) Are TSD chapters meeting expectations? What works, what are the shortcomings?

(2) How can the shortcomings be addressed?

Through:

⇒ A more assertive partnership on TSD in FTAs (option 1)? Or

⇒ A sanctions based approach following a North American model?

(3) Are there other related issues to be addressed?



European
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WE WOULD LIKE TO HEAR YOUR VIEWS

THANK YOU!