

Trade, Labour Standards and Gender

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Introduction

The attached paper was prepared by the TUC as a briefing note in the run up to the WTO Hong Kong Ministerial and sought to set out the key reasons why the international trade union movement believes that the current world trade system is undermining rather than enhancing working conditions globally with a particularly negative effect on women workers. Securing a more universal adherence to the International Labour Organisations core labour standards is seen as being vital to improving conditions for women in all sectors of the global economy.

The Global Unions statement on the agenda for the Hong Kong ministerial (the document that formed the basis of joint lobbying work by the international trade union movement¹) contained the key points called for in the TUC document. It drew attention to the need for far greater analysis of the differential impact of trade agreements on women, noting that in all sections of WTO negotiations there was a need to take this into account. For example in regard to NAMA the fact that the vast majority of workers in Economic Processing Zones where labour rights are often waived to attract outside investment are women and that the sectors where employment has been hardest hit by recent changes to trade rules, such as clothing and textile mainly employ women. In services issues include; the disproportionate impact that the rolling back and/or privatisation of public services is having on women and girls, the fact that women migrant workers are especially open to exploitation in a system, that under GATS Mode 4, continues to treat workers as commodities rather than people with rights and the impact of agreements such as TRIPS have on access to vital medicines and related pharmaceuticals. In agriculture the fact that it is women who form the majority of small rural produces in many parts of the world and that existing gender inequalities in regard to property rights, access to knowledge and technology are being reinforced by the current system which is reducing food security and concentrating resources in the hands of an ever decreasing number of agri-business multinationals.

To begin to address these issues the trade union movement calls for far greater coherence with other international bodies such as the relevant United Nations organisations including the ILO and UN Interagency Task Force on Gender and Trade (as called for in the Beijing Platform of Action) and far greater use of impact assessments with a strong emphasis on gender and the publication of data (disaggregated by gender) to enable countries to better assess the impact of trade agreements in the long term.

The fact that so little progress was made on issues of central concern to trade unionists at Hong Kong was sadly hardly surprising, but the trade union movement remains committed to highlighting the impact of the current system on workers in general and women workers in particular and post Hong Kong is now engaged in a major discussion in regard to trade union tactics and strategy in relation to the WTO and International trade more broadly.

¹ The International Confederation of Free Trade Unions, World Confederation of Labour, Trade Union Advisory Committee to the OECD, European Trade Union Confederation and the 10 Global Union Federations (formally called International Trade Secretariats)



Trade, labour standards and gender

Introduction

The global trade union movement views the integration of International Labour Organisation (ILO) core labour standards in the multilateral trading system as the cornerstone of sustainable, gender-equitable development. There is still a perception held by some governments within the World Trade Organisation (WTO) that trade union calls for the effective implementation of core labour standards are simply a cover for developed country protectionism, and which mistakenly sees core labour standards as a possible consequence, rather than a precursor, of the economic development of the world's poorest nations.

The Trades Union Congress (TUC) calls on the WTO to discuss core labour standards within the next round of multilateral negotiations, with a view to their integration within multilateral trading agreements.

The TUC represents working people in Great Britain, and has 6.4 million members organised in its 66 affiliated unions. This paper outlines the TUC's position on trade, labour standards and gender and its recommendations for the WTO.

The first section explains how the absence of ILO core labour standards in multilateral trade agreements exacerbates gender inequality in the global workplace. It demonstrates that WTO support for labour standards would improve the position of women. The second section critiques the WTO's position, showing why core labour standards are a pre-requisite of economic development. The need for the WTO to mainstream gender into trade policy is considered throughout; the final section addresses mechanisms, other than core labour standards, which could be employed to overcome gender inequality.

Core labour standards, trade and development

The global trade union movement views the integration of core labour standards in the multilateral trading system as essential to the promotion of gender equality and the economic development of developing countries. The core labour standards of the ILO are freedom of association and the right to collective bargaining; and freedom from forced labour, child labour and discrimination at work. These standards, which contribute to the ‘decent work’¹ agenda, are vital to the protection of workers in developing countries from the adverse effects of unfair international competition.

Women, who have suffered the most from poor working conditions, would gain the most from the inclusion of core labour standards in WTO trade agreements. Achieving these internationally recognised ILO standards has been compromised by the globalisation of production chains without adequate safeguards. This has intensified competition to attract Foreign Direct Investment (FDI), which can cause a “race to the bottom” to lower labour standards. Long-run prospects of sustainable, gender-equitable development are undermined by this pursuit of short-term comparative advantage.

Acceleration of trade liberalisation has created new employment opportunities for women, and gender specific challenges, which the WTO must now urgently address. The majority of women workers globally are in precarious, low-paid, unprotected work, often in the informal sector. The facts speak for themselves:

- 70% of those living on under a \$1 a day are women.
- Of the 550 million working poor, the ILO estimates that 60% are women.
- In developing countries 50-75% of workers are in the informal sector, and the majority

¹ Decent work comprises good jobs, respect for rights at work (including trade union rights to freedom of association and the right to collective bargaining), social protection and social dialogue, according to the definition of the ILO.

THE CORE LABOUR STANDARDS

The Core Labour Standards are set out in the International Labour Organisation (ILO) 1998 *Declaration on Fundamental Principles and Rights at Work*. The 175 affirming member states drew the 4 standards from 8 core conventions:

- i) **freedom from child labour** - 1973 Minimum Age Convention (138), 1999 Worst Forms of Child Labour Convention (182);
- ii) **freedom from forced labour** 1930 Forced Labour Convention (29), 1957 Abolition of Forced Labour Convention (105);
- iii) **freedom from discrimination at work** - 1951 Equal Remuneration Convention, (100), 1958 Discrimination (Employment and Occupation) Convention (111) ; and
- iv) **freedom of association and collective bargaining** - 1948 Freedom of Association and Protection of the Right to Organise Convention (87), 1949 Right to Organise and Collective Bargaining Convention (98).

The *Declaration* and the standards it sets out are binding on all member states whether or not they have ratified them. This is because they are regarded as **human rights** and are incorporated in other **international law**.

are women.

- Women earn less than men for the same type of work.

The lack of labour standards has contributed to relatively deteriorating employment conditions for women. The increasingly internationalised division of labour has allowed multi-national corporations (MNCs) to outsource and sub-contract lower levels of production; work predominately done by women.

Trade liberalisation has created new jobs in Export Processing Zones (EPZs), where labour standards are often waived to attract FDI. Women constitute the majority of workers in these low-skill, labour intensive export industries, notably clothing, footwear and semi-conductors. Trade union campaigns to assert core labour standards, such as *Playfair at the Olympics*, have always had a specific focus on women workers, in this case in the global sportswear industry, with a 70%-90% female workforce, which is often concentrated in EPZs. We suggest that governments which waive core labour standards in EPZs are encouraging unfair international competition and distorting WTO rules. Inclusion of core labour standards in multilateral trade agreements would end this form of trade distortion in EPZs, and the problems that this causes, to the mutual benefit of workers, especially women, and multilateral fair trade.

Trade agreements do not safeguard against discrimination at work; this particularly affects women. Women's work is often segregated, generally considered as a supplementary income, and receives less remuneration than the same work done by men. In reality, women's work is often the primary income, especially where the HIV/AIDS epidemic is widespread. In these regions, women's unpaid work, which includes bearing children, and caring for children and the elderly, is greatly exacerbated by caring for the sick. Even where women's work is a secondary income, trade negotiations should reflect their contribution to the social economy, which underpins all productive activity. The WTO's adoption of the core labour standard covering freedom from discrimination at work would begin to tackle these gender specific problems.

Since countries' labour policies are dependant on those of their trading partners, the only viable remedy is the integration of the ILO's core labour standards into the conditions of the WTO.

WTO and labour standards

Many governments within the WTO have mistakenly seen labour standards solely as a product, rather than a cause of economic development. *The TUC, alongside the international trade union movement, urges the WTO to review their policies on core labour standards and the differential gender impact of trade agreements.*

We are concerned, more generally, by the WTO's negative analysis of unionism in their 2004 *World Trade Report*, which overlooks trade unions' constructive role in economic development, focusing instead on opposition to trade liberalisation. We support the calls in the *Report of the World Commission on the Social Dimensions of Globalisation 2004* for greater policy coherence between the WTO and other UN bodies, including the ILO. Only through integrated action will the Beijing Platform for Action and the Millennium Development Goals (MDGs) be achieved.

The WTO has previously misunderstood that core labour standards help workers to lift themselves out of poverty. On the most basic level, humane treatment at work can boost productivity because, as the ILO recognises, "labour is not a commodity"². More specifically, each core labour standard brings economic benefits at the micro and macro levels:

- **Freedom from child labour and forced labour** - The abolition of child labour increases the life expectancy and the working life of future generations, and improves economic growth by facilitating investment in "human capital" through education.
- **Freedom from discrimination at work** - Effective legislation against discrimination allows previously under-utilised skills, particular those of women, to enhance workplace productivity.
- **Freedom of association and collective bargaining** – These are pre-requisites of a more inclusive form of globalisation, which is necessary for a secure world. Free and representative trade unions are essential to political stability, which in turn attracts economic investment, creates jobs and contributes to economic development. Multi-national corporations (MNCs) usually prioritise the political and social stability of the host country above low labour costs.³ Freedom of association provides the opportunity for women to organise themselves, to assert their other rights to maternity provisions, protection from sexual violence/harassment, living wages and safe conditions at work.

All ILO member countries have made a commitment to core labour standards, yet the WTO's overarching enforcement mechanisms often take precedence over other international standards. Greater coherence between the WTO and other multilateral organisations is needed so that core labour standards can contribute to the economic, political and social benefits outlined above.

Women and trade – the need to reform

² Stated in the ILO's Declaration of Philadelphia (1944).

³ Sengenberger, W., *Globalisation and Social Progress: The Role and Impact of International Labour Standards*, (Bonn: Friedrich-Ebert-Stiftung, 2002) p.65

Inclusion of core labour standards in the multilateral trade system would significantly improve women's position at work, but other areas of trade also require reform. Gender mainstreaming into all WTO policy is necessary to achieve the Beijing Platform for Action and the MDGs. The Beijing Declaration states that the advancement of women and the achievement of equality between men and women are human rights issues and a condition for social justice. Promoting women's economic rights and independence, including access to employment and appropriate working conditions, was a key concern of the Platform for Action, and remains so ten years on. Similarly, promoting gender equality and empowering women is a MDG, recognised by the UN as a pre-requisite to overcoming poverty. The recent *MDG Report 2005* shows how much progress is still to be made, and this can only be achieved through multilateral coherence between the WTO, the ILO, and other UN bodies, in particular, the UN Inter-Agency Task Force on Gender and Trade. The TUC proposes that, alongside the inclusion of core labour standards, reform of the following WTO policies would have the strongest impact in raising the position of women:

- **Gender impact assessments** - All WTO policy should be subject to gender impact assessments, which could be achieved under the Trade Policy Review Mechanism.
- **End trade distorting agricultural subsidies** - The negative impact of developed countries' agricultural subsidies, together with the growth of global agri-business, has driven small women farmers out of business. Diversification into non-traditional agricultural exports, such as cut flowers, is a direct result of the declining profitability of traditional agriculture. Working conditions in these sectors, where women form the vast majority of the workforce, need urgent attention.
- **Service sector** - New jobs in the global services sector, such as data entry positions, which are often undertaken by women, must be subject to core labour standards.
- **Adjustment assistance** - We believe that a balance between market flexibility and job security is yet to be reached; and urge the WTO to encourage governments to provide adjustment assistance for working women and men whose jobs have been displaced by trade.
- **Public services** - In line with Global Unions' stance, we strongly urge for provision to be made across GATS negotiations for access to public services at uniform and affordable prices. Cuts in public services are particularly harmful to women. Even from a purely economic perspective, reduced access to health care, child support and maternity assistance affect women's health and their input to the productive economy.

The rapidity of trade liberalisation makes a gendered approach to trade agreements more important than ever before.

Summary and recommendations

Trade can and should be the path out of poverty for millions of working women and men, yet core labour standards are a neglected cornerstone of sustainable poverty reduction in developing countries. Core labour standards would particularly benefit women, who endure some of the worst working conditions. However, only when this forms part of a wider WTO commitment to engender trade agreements, and co-operate more effectively with other multilateral agencies, will greater equality between women and men be achieved.

For too long, the WTO has misinterpreted labour standards as a form of developed countries' protectionism. Too often, decent work is seen as a consequence, rather than a precursor of economic development. It is now time for the WTO to acknowledge that the relationship between decent work and economic development is symbiotic; core labour standards form part of broader gender mainstreaming, are in our common interest and must be incorporated into the multilateral trading system.

The TUC calls on the WTO to:

- Discuss core labour standards within the next round of multilateral negotiations with a view to their inclusion within multilateral trading agreements.
- Recognise that core labour standards are a pre-requisite of developing countries' economic development, and that trade unions can play a constructive role in the development process.
- Acknowledge that waiving core labour standards in Export Processing Zones encourages unfair international competition.
- Recognise the differential impact of trade policy on women, and mainstream gender into all WTO policies.
- Make provision in GATS negotiations for access to public services at uniform and affordable prices.
- End agricultural subsidies.
- Encourage provision of adjustment assistance for workers whose jobs have been displaced by trade.
- Improve multilateral coherence with the ILO and other UN bodies.