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**Trade and Labour Standards**  
**UNICE comments in view of the WTO Millennium Round**

**Introduction**

1. European business is strongly opposed to exploitation of child labour and forced labour, and supports active promotion of the respect of basic human rights.
2. UNICE has already commented on trade and labour standards in previous position papers<sup>1</sup>. These comments reflected UNICE's views on whether governments should use trade and investment policies to promote or enforce observance of core labour standards through the possible introduction of a "social clause" in the rules of the World Trade Organisation (WTO) which govern international trade.
3. UNICE is convinced that an open, multilateral trade system is the best way to maximise the growth needed to secure a world-wide improvement of living, working and educational conditions. UNICE therefore does not accept the rationale behind the calls for introduction of such a social clause or moves to use trade policy to achieve social-policy objectives by the possible use of trade sanctions. In UNICE's view, such action would not be an appropriate or effective means to achieve the objectives pursued. It would have serious negative implications for the multilateral trade system, and consequently damage the situation of the very people it is trying to help.
4. Nevertheless, UNICE supports further discussion on how to promote universal implementation of basic labour standards more efficiently. UNICE believes that this discussion should focus on identifying abusive working conditions such as the worst forms of child labour and forced labour. UNICE also underlines the need to examine what could be done to bring about positive change through co-operation, dialogue and example.

**ILO is the competent organisation**

5. UNICE considers that WTO is not the right forum to discuss labour standards because it was specifically created to administer the rules governing liberalised international trade. By contrast, UNICE considers that the International Labour Organisation (ILO) - specifically dedicated to improving labour standards since its formation 80 years ago - is the appropriate organisation to assume the lead in the area not least because of its established expertise, long experience, universal character and unique tripartite structure representing governments, employers and unions.

UNICE supports the approach decided at the 1996 WTO Ministerial meeting in Singapore, which recognises ILO as the competent body to deal with the observance of internationally recognised labour standards and which underlines the importance of

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<sup>1</sup> "Trade and Labour Standards", May 1996 – "Trade and Labour Standards", June 1998

pursuing co-operation between the ILO and WTO secretariats. UNICE therefore welcomes the fact that these principles were recently reaffirmed by the OECD Council of Ministers, the G 7 and the European Union's General Affairs Council.

6. UNICE rejects the recent calls by the European Parliament that labour standards be defined within WTO and that a working group on labour standards be established within the framework of the Seattle Ministerial Conference. In UNICE's view, the primary objective is rather to step up efforts within ILO to address these concerns.

UNICE thus supports the conclusions of the OECD Council of 26 and 27 May, 1999, whereby Ministers opposed the use of labour standards to serve protectionist ends and welcomed the work of ILO aimed at promoting the new Declaration on Fundamental Principles and Rights at Work.

### **Promoting fundamental principles and rights at work**

7. Since the Singapore meeting, much attention has been given to strengthening ILO's role in monitoring progress in the implementation of ILO's fundamental rights conventions and recommendations. The Declaration on Fundamental Principles and Rights at work, which was adopted by ILO in June 1998, marks the latest stage in the promotion of human rights and will provide ILO with a clear framework for developing initiatives and programmes.
8. The Declaration, unlike ILO conventions, applies automatically to all ILO member countries. It is important, in UNICE's view, to promote realisation of these basic rights and principles in economic and social practice. Member countries will have a clear role to play in promoting and realising these fundamental principles.
9. With the Declaration, ILO will fulfil part of the mandate entrusted to it at the Singapore meeting, which is to highlight and address persistent serious patterns of abuse of core labour rights in different parts of the world. In this respect, UNICE notes the report of ILO's Director-General to the 1999 International Labour Conference "Decent Work", which calls for promotion of the Declaration and sets out a detailed follow-up action programme.

### **Making existing ILO means of action more effective**

10. UNICE supports ILO's objective of stepping up the struggle against abusive forms of child labour. It supports the new ILO Convention concerning the prohibition and immediate elimination of the worst forms of child labour, as well as the accompanying Recommendation, adopted by the ILO on 17 June 1999.
11. In this respect, UNICE notes that ILO has been developing more specific technical programmes relating to child labour, including the International Programme for the Elimination of Child Labour (IPEC). These technical programmes form an indispensable tool for the promotion and implementation of such fundamental rights. UNICE believes that these programmes, as well as helping to eliminate the worst forms of child labour, are also instruments for promotion of economic and human development.
12. Through the adoption of labour conventions and recommendations, ILO has since its establishment contributed to promoting the goals of human dignity and social justice. UNICE notes that ILO has successfully launched a campaign to speed up ratification of the main ILO conventions and welcomes the current debate within ILO on how to improve further the effectiveness of ILO's work on promoting labour standards.

UNICE also believes that new ways should be explored within ILO to focus attention on core standards, such as the four principles embodied in the June 1998 Declaration<sup>2</sup>. Equally, UNICE believes that promotional efforts, monitoring, review and follow-up mechanisms need to be enhanced and made more effective through sustained dialogue within the ILO.

13. Having said that, not every problem can be best resolved by a legal response.. Other ways should also be considered within a comprehensive and concrete approach. ILO has a wide array of tools (international focus programmes, technical programmes, research, communication) which need to be drawn upon in a co-ordinated way to meet the strategic objectives it has for itself.

### **Conclusion**

14. UNICE does not accept the rationale for the option of trade sanctions to achieve social-policy objectives. For UNICE, ILO, whose work is based on tripartite dialogue, co-operation and assistance (as opposed to punitive measures), is the international organisation which has the true competence in this field. The ILO is best placed to contribute to a world-wide improvement in working conditions, rather than WTO whose sole competence is to govern international trade.

Finally, measurable progress has been achieved through the work of ILO for the improvement of working conditions and UNICE supports ILO's efforts to promote the realisation of basic rights. Employers will follow this debate very closely and intend to contribute actively to further progress in this area.

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<sup>2</sup> *Freedom of association and right to collective bargaining, elimination of forced labour, abolition of child labour and non-discrimination in employment.*