The trading system and internationally recognized labour standards

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OBJECTIVE: The communication explores the prospects for a discussion within the WTO on the recognition of basic labour standards at international level while taking into account a respect for the comparative advantage derived by the developing countries arising from their access to large low-wage workforces. SUBSTANCE: The Commission document emphasizes the fact that the European public is becoming more and more concerned by the threat to employment in Europe of competition from countries where labour standards are very low. Banking largely on the role and efficiency of the WTO (World Trade Organization) in this area, the communication foresees a return to protectionism if nothing is done to regulate basic labour standards at the minimum level. Those standards are 'core' standards which are universally recognized covering aspects connected with human rights: - freedom of association and collective bargaining, - non-discrimination in employment, - prohibition of forced labour and slavery, - prohibition of child labour. According to the Commission, the objective is not to reduce the legitimate competitive advantage of low-wage economies (and thereby to create new indirect trade barriers) but rather to create the conditions which are essential for the promotion of the growth of internal demand and improving working conditions in those countries. To that end, the Commission proposes that the question be addressed within the framework of the WTO, the only international institution it deems capable of imposing a consensus on this matter at world level, using support of ILO (International Labour Organization) in this area. The Commission takes the view that the WTO has a genuine role to play in this area to further both the development of free trade and promote social progress in such countries as an indivisible entity. The avenue of approach should therefore be the development of trade within an open non-discriminatory multilateral system, rather than trade restrictions. In conclusion, the Commission proposes the incorporation of social issues in the WTO's work programme and that this matter should become a clear objective of the Union. It therefore proposes the setting up of a separate working party within the WTO in order to make compliance with fundamental labour standards implicitly obligatory for all members of the ILO, whether or not they have ratified existing international conventions.