

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

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### RELATIONSHIP OF INTERNATIONALLY-RECOGNIZED LABOUR STANDARDS TO INTERNATIONAL TRADE

#### Request for the establishment of a working party

#### Communication from the United States

The following communication, dated 27 October 1987, has been received from the United States with the request that it be circulated as a document and that this matter be included as an item on the agenda of the Council meeting scheduled for 10-11 November 1987.

The idea of a relationship between international labour standards and trade is not new to GATT. Indeed, the preamble to the GATT states that relations among countries "in the field of trade...should be conducted with a view to raising standards of living, ensuring full employment..."

Further, Article XXIX of the General Agreement obliges contracting parties to undertake to observe the general principles of certain chapters of the Havana Charter. Among the principles to be observed by GATT contracting parties under Article XXIX are those found in Article 7 of Chapter II, relating to "Fair Labour Standards". In the first paragraph of Article 7, the drafters of the Havana Charter recognize that unfair labour conditions, particularly in production for export, create difficulties in international trade and agree that they should take whatever action may be appropriate and feasible to eliminate such conditions within their territories. The general principle in this article is that unfair labour conditions, particularly in production for export, should be discouraged in member countries.

In document L/6196 of 3 July 1987, the United States Delegation indicated that it is of the view that the possible relationship between international trade and respect for international labour standards deserves discussion in a multilateral forum and that the GATT Council is the appropriate forum. We also indicated that our experience has shown that a working party established under the Council would be the most suitable vehicle for facilitating such a discussion.

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Since June, we have been consulting informally with a large number of contracting parties that have expressed an interest in this issue. Our objective in these consultations has been to seek input in the crafting of our request so that the terms of reference for a working party would be certain not to prejudice the position of any delegation on the substance of the matter. We are not advocating any conclusions, but simply asking for the establishment of a working party to study this issue objectively.

With this background, the United States requests that the Council, taking note of document L/6196 and this communication, agree to establish a working party with the following terms of reference:

"To examine the possible relationship of internationally-recognized labour standards(\*) to international trade and to the attainment of the objectives of the General Agreement.

In the light of this examination, to consider any proposals and suggestions that may be put forward with respect to issues relating to trade and the observance of internationally-recognized labour standards; and,

To report its findings and conclusions to the Council."

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\* The international labour standards to be addressed in this examination are those relating to:

- freedom of association;
- freedom to organize and bargain collectively;
- freedom from forced or compulsory labour;
- a minimum age for the employment of children; and,
- measures setting minimum standards in respect of conditions of work.