

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINIMUM INTERNATIONAL LABOUR STANDARDS

The following paper is distributed at the request of the member from the United States in connexion with item 1 of the Annotated Provisional Agenda (CG.18/W/32) for the tenth meeting of the Group to be held on 22-23 October 1979.

The GATT should consider the possibility of implementing some Minimum International Labour Standards (MILS) with respect to traded goods. The objective of such a programme would not be to impose uniform labour standards on all trading nations, but to fulfil the GATT preamble objective of "raising standards of living". GATT consideration would deal with: (a) differential standards favouring export sectors within a given country, and (b) certain working conditions which are dangerous to life and health at any level of development.

Evidence exists that trade distorted by these labour conditions is a problem for the international community. Data show that while many countries, developing and developed, have established minimum standards on safety and health in the work place, the degree of correspondence between law and practice, especially in regard to toxic substances varies greatly among countries. For example, data indicate some corporations locate production in countries because domestic health and safety regulations are non-existent or ineffectively applied. This process appears to have taken place to some extent in the asbestos industry. In addition, some countries provide differentially lower labour standards in production for export. In at least one case, labour in a free-trade zone was subject to a lower minimum wage than labour outside the zone.

A number of reasons exist for the GATT to begin consideration of these topics. Where the conditions referred to above exist, workers in other trading nations, developing and developed alike, perceive that their own quest for improved living standards is threatened. The GATT cannot afford to ignore this perception, since it weakens support for trade liberalization and may even lead to demands for additional barriers to trade.

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The GATT, which provides a framework of rules on international trade, is the appropriate forum to deal with the impact of competition based on trade distorting labour practices. Article XX already allows for restrictions against goods produced by convict labour. Moreover, only the GATT has an effective dispute settlement mechanism to enforce internationally agreed MILS in regard to traded goods.

The issue of MILS and trade has come to the fore in a number of areas. One group of countries suggested it in the MTN safeguard context. Another group discussed it in relation to its trade with developing countries. Labour unions in both developing and developed countries have proposed that MILS initiatives be taken in the GATT.

It would be premature to try to develop a detailed proposal on MILS at this time. However, international consideration of the components and the direction of a possible agreement should be on the GATT work programme for the post-MTN period.

At an appropriate time, a GATT working party could be established to develop further information on the incidence and effects of differential and harmful labour practices on trade. Based on this study, the GATT could consider developing rules regarding MILS for traded goods. Initially, at least, standards could be limited to the key areas mentioned above: differentially lower standards for labour in production for export, compared with production for domestic consumption; and minimum exposure levels for a few of the most widely recognized toxic substances in the work place, (e.g. mercury, lead, asbestos, benzene). Depending upon experience gained in these areas, consideration could be given at a later date to developing standards to include other areas.

A notification/consultations/dispute settlement process could be developed consistent with standard GATT practice.

Technical assistance could be available for developing countries to help meet agreed standards.

The rôle of the ILO in this area will also have to be considered.