

Rebalancing globalization – The role of labour provisions in existing international trade arrangements and development finance policies

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Main findings

- As highlighted in Chapter 1, a significant debate has emerged on the question of how globalization can be made fairer in the wake of the global crisis. As a contribution to the debate, this chapter takes stock of two of the key existing arrangements that take the social dimensions of globalization into account: Labour provisions in international trade arrangements and in the policies of development finance institutions (DFIs).
- A key finding of this chapter is that labour provisions adopted in trade arrangements have multiplied over the past 25 years.
 - Labour provisions in trade arrangements can be categorized as conditional or promotional in nature. Conditional provisions rely upon either sanctions or positive incentives. Promotional labour provisions focus on elements such as monitoring and capacity building. To date, 37 of the 186 trade agreements that are currently in force and have been notified to the WTO were found to contain labour provisions, an increase from only four such agreements in 1995. Of these provisions, 46 per cent are conditional in nature, while 54 per cent have a promotional character. Two of the current 13 Generalized Systems of Preferences include conditional labour provisions.
 - Nine trade agreements concluded among developing and transitory countries that contain labour provisions were identified in this study. With one exception, these trade agreements were found to involve only promotional elements.
 - About 60 per cent of the labour provisions in trade agreements examined in this study make specific reference to the ILO 1998 Declaration or to ILO Conventions.
 - In some cases, the same beneficiary country is subject to different labour provisions, depending on the trade agreement in question. As a result, some countries have to comply with diverging types of labour provisions.
- Many of the major DFIs (including international, regional and bilateral development banks) have started to include labour provisions in their operations over the past ten years. At least twelve of the 16 DFIs examined make reference to the ILO 1998 Declaration or to ILO Conventions. Many of these institutions have put in place comprehensive procedures, including recourse by stakeholders affected under these policies to a separate review body.
- The rapid increase in labour provisions suggests a growing interest among governments in making globalization fairer, which is an important dimension of the Global Jobs Pact. Further research is required to understand how the practical application of labour provisions in trade arrangements and DFI policies, as well as the use of the different conditional or promotional elements, contributes to the improvement of employment and working conditions in the global economy.