

GENERAL AGREEMENT ON TARIFFS AND TRADE

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WORKER RIGHTS

The following communication, dated 25 June 1986, has been received from the delegation of the United States with the request that it be circulated to all members of the Preparatory Committee.

Draft Declaration Language

Ministers recognize that denial of worker rights can impede attainment of the objectives of the GATT and can lead to trade distortions, thereby increasing pressures for trade-restrictive measures. Accordingly, the negotiations should review the effect of denial of worker rights on contracting parties, and the relationship of worker rights to GATT Articles and objectives and related instruments, and consider possible ways of dealing with worker rights issues in the GATT so as to ensure that expanded trade benefits all workers in all countries.

Accompanying Paper

Worker Rights

I. Relationship of Worker Rights to Trade

Worker rights are related to trade in many ways, and the link between benefits to workers and trade is not new. The preamble to the GATT itself states that relations among countries "in the field of trade ... should be conducted with a view to raising standards of living, ensuring full employment ...". This statement evolves from the commitment of the Havana Charter for countries to take whatever action may be appropriate and feasible to eliminate unfair labour conditions.

Denial of worker rights can lead to trade distortions, particularly if differentially lower standards are officially sanctioned in particular sectors or industries. This observation does not deny the concept of trade based on legitimately lower costs, but it does suggest that international trading patterns should not be determined by failure to respect worker rights.

Inadequate worker rights or standards in one country, through their effect on trade, can influence conditions in other countries. Artificially low standards in an exporting country can lead to declining standards in an importing country, thereby creating pressure for trade-restrictive actions. They may also adversely affect standards in competing exporting countries.

Trade based on denial of worker rights and artificially low labour standards does not benefit workers in either exporting or importing countries. It runs counter to the GATT objective of raising standards of living. When workers benefit from internationally recognized worker rights, they are more able to take advantage of the benefits of international trade.

The fact that worker rights issues are not dealt with in the GATT has generated pressure for unilateral approaches to these issues.

II. What can the GATT do in the New Round?

A subgroup could examine worker rights in the context of relevant GATT Articles, the overall objectives of the GATT, and the relationship of worker rights to patterns of international trade with a view to developing a means for dealing with worker rights issues in the GATT.

Because the degree to which workers in one country are provided with internationally recognized worker rights can affect the pattern of trade in many ways, it may be appropriate to examine worker rights in the context of other agenda items. The subgroup should be asked to provide guidance as to those aspects of New Round Negotiations in which consideration should be given to the incorporation of worker rights provisions. In addition, negotiating groups could, in the context of their own deliberations, examine the extent to which worker rights considerations are relevant to their issues.

III. Definitions

The United States does not, at this point, have in mind a particular definition of worker rights. An exploratory GATT examination of this question should, however, include not only direct workplace standards such as the existence of minimum wages or of reasonable conditions of health and safety, but also broad political rights such as freedom of association, and the right to organize and bargain collectively. Initially, the GATT could draw on the ILO Conventions and Recommendations as appropriate. The GATT would, of course, have to decide which rights could be appropriately dealt with in the context of international trade rules.