



European Trade Union Confederation [ETUC]
Confédération européenne des syndicats [CES]

DG Trade Conference

**Global Europe: competing in the world
The way forward
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Speaking Note

The European Commission on 4 October, adopted a Communication *Global Europe: competing in the world* on a new trade strategy for the European Union. While reaffirming its support for multilateral negotiations, this gives priority to concluding bilateral Free Trade Agreements, following the suspension of the Doha talks.

The ETUC stresses its attachment to **multilateralism**:

- It provides a more level playing field between countries with very different levels of development;
- It promotes respect for international law; and for United Nations bodies such as the ILO, the UN Environment Programme (UNEP) and the World Health Organization (WHO).

The ETUC is not opposed to the development of **bilateral or inter-regional agreements**. Indeed we have strongly supported them, as tools for sustainable development.

The Commission should seek to **align such agreements with its internal policies and Treaties**, including related charters and declarations, notably the Charter of Fundamental Rights. Bilateral agreements also provide an opportunity to advance EU positions on issues such as climate change, the environment, public health, intellectual property rights and technology transfers.

The EU needs to act transparently, respecting the precautionary principle, to reinforce its **own specific and original approach to external trade**. Do we want to act like the Chinese, who under the cover of 'non-interference' have launched an offensive in Africa aimed at extracting

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maximum trade benefits to them without any other consideration? No wonder Mugabe is a happy man. Europe surely is better than that.

We also expect **Europe-based companies** to respect European values and international labour standards in their external operations.

The redefinition or revision of the EU's trade strategy is an act of the highest consequence in the context of globalisation. It should involve all the **Commission services, acting coherently**.

But coherence is sadly lacking. A prime example was reported in the Financial Times last week when the Chair of the Africa, Caribbean and Pacific (ACP) group of countries, now negotiating Economic Partnership Agreements (EPAs) with the EU, said "when we sit down with DG Trade they say they do not have a remit to negotiate development, but the Development Directorate say they could not negotiate trade deals. They play us off one against the other".

This is smoke and mirrors. We are told that the EU would not want to include reference to labour rights in EPAs because it considered these already satisfactorily covered by Article 50 of the Cotonou Agreement with the ACPs, which should not be renegotiated in each individual EPA. But the fact is that Article 50 is wholly promotional and has resulted in virtually no EU assistance on promoting Core Labour Standards.

It is clear that the Commission is under strong pressure to be WTO-compliant. But solutions need to be found to **stop the current delinking of trade policy from social, developmental and environmental considerations**. The Communication itself recognises that its scope ranges wider than trade, to issues such as work, social protection, agriculture, the environment etc.

At the same time, we observe a **lack of policy coherence** between this Communication and a range of others dealing, for example, with the social consequences of globalisation; with quality jobs; with decent work.

There, the Commission pledged to use its commercial weight more to promote social standards and decent work in bi- or multi-lateral negotiations, and to take into account Sustainability Impact Assessments in a multitude of instruments or envisaged negotiations, such as

- The Generalised Scheme of Preferences and GSP+
- The Economic Partnership Agreements with the ACP countries
- The Euro-Mediterranean process;
- Central America;
- Mercosur;
- The Gulf Cooperation Council.

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There have been some successes: for example recently El Salvador did ratify core ILO conventions under pressure (sustained by the trade union Movement) of losing GSP+ status. We hope that action on the GSP will bring positive results in Belarus and recognise the Commission's efforts in this respect. But these seem to be exceptions that prove the new rule that Free Trade Agreements should be value-free.

The Communication takes a tunnel-visioned view of **regulations**, as red tape and barriers to trade. But regulations do represent **collective preferences**. For example, REACH might not be to the taste of some companies, particularly American ones, but it does reflect what the people of Europe want. The question of collective preferences was taken off the Commission's agenda when Pascal Lamy left. It should be reinstated.

The Communication ignores the **sectoral dimension**. But trade policy should aim at sustaining industrial policy at home. This is certainly an area that trade unions wish to discuss in detail.

We need also to carefully analyse **product specialisation**. A comparison between the German and American approaches shows that the German focus on diversified and high value-added mid-to-high technology products (machine tools; chemicals) is more rewarding than the American focus on high technology exports.

We need to discuss openly **what price** we as Europeans are ready to pay in FTA negotiations to obtain market opening in third countries, particularly in relation to sensitive areas such as services and movement of labour (Mode 4). The aim of the Commission is to go further than the WTO remit, but such liberalisation can't be left to closeted deals between trade experts. The cost/benefit analysis should involve all of us.

The Communication focuses on **geographical specialisation**. It judges that EU exports are not sufficiently aimed at high-growth markets. The Commission has identified ASEAN, Korea and Mercosur as priority areas, with India, Russia and the Gulf Co-operation Council as also being of direct interest; and China as deserving special attention because of the opportunities and risks it presents.

The ETUC reaffirms the need for respect for the core **ILO Conventions** to be made explicit in all negotiations. We would point out that all FTAs negotiated by the United States at least 'strive' towards the respect of Core Labour Standards – albeit without an enforcement mechanism. The EU should go further than the Americans.

We judge that **ASEAN** represents too wide a range of countries for progress acceptable to us to be achieved with them as a single partner in the foreseeable future. **Mercosur** negotiations are ongoing, and EU trade unions and our counterparts in the region have been pressing for years

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now for a social dimension to be incorporated in any outcome. We reiterate that position.

Korea is a test case for us. This is a country advanced enough to join the OECD club. On joining, in 1996 the Korean authorities committed "to reform existing laws on industrial relations in line with internationally accepted standards, including those concerning basic rights such as freedom of association and collective bargaining". The OECD Council decided to "monitor closely the progress made on labour reforms in the light of that commitment". That process has continued to date, with little headway, and the Korean case No. 1865 (1995) is now the second longest running ILO Freedom of Association case.

Korea is the only OECD country in this position, and it would be quite unacceptable for the EU to reach an FTA with such a country that ignores its international obligations on workers' rights.

We ask that the ETUC and our Industry Federations be particularly closely apprised of any moves undertaken by the Commission towards a trade deal with Korea.

On **India**, we were astonished at the reported statement by Indian Prime Minister Manmohan Singh during the recent Helsinki summit that the EU had agreed to Indian demands to leave labour standards out of any agreement. We expect a denial from the Commission.

So far as **China** is concerned, we have made our concerns known to the Commission on a number of occasions and have read with interest the recent Communications that go some way towards recognising our concerns. We agree that China requires special attention and again ask to be fully involved in this.

Generally, the ETUC reiterates its call for a **genuine Europe-wide debate** on the policies to be adopted and their implementation. This affects all departments of the Commission and requires a coordinated approach.

Recent history in the EU shows that trade questions are now of wide-ranging public concern and need public confidence to lead to positive political as well as economic and social outcomes. That requires a veritable social dimension to be integrated in trade agreements, and the involvement of the social partners – notably trade unions, as it is clear that employers' concerns are routinely taken into account by the Commission.

That **social dimension** should include as essential elements:

- The promotion of decent work;

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- The promotion of social protection through public and private processes;
- Guaranteed enforcement of the 8 ILO Core Labour Standards; the right to work; maternity protection; and health and safety at work.

In terms of **process**, we ask that each trade agreement should be accompanied by a regional social dialogue committee, composed of economic and social representatives from both the urban and rural sectors.

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