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SP/GA

February 14, 2014

### **Letter of Support to the Fair Trade (Workers' Rights) Bill**

Dear Senators,

The International Trade Union Confederation (ITUC) welcomes this opportunity to submit **its comments in support of the Fair Trade (Workers' Rights) Bill.**

Trade aims at increasing prosperity and improving the livelihoods of all. However, the way international trade is actually conducted does not always guarantee social development, increased incomes and a better well-being. In fact, workers in other countries often 'subsidise' with their sub-standard working conditions and unfairly low wages the consumption of the importing country. Similarly, when production standards are not enforced, the environment suffers great harm, and indigenous people and communities are sometimes forcefully evicted or eventually displaced.

A growing body of studies<sup>1</sup> shows that social conditionality in trade agreements has spurred the improvement of labour and environmental standards in trading partners. Starting from the basis of internationally recognised ILO standards, trade agreements with social conditions are instrumental in providing a global floor of labour standards.

This Bill creates a legal framework for such conditionality and it aims at achieving a more inclusive trade where all those involved in the production and distribution of goods and services capture a fair share of trade's gains. Australia will not be the first country to make the inclusion of conditionality obligatory for trade agreements. The two parties of the US Congress concluded an agreement in May 2007 that enforceable conditions on labour and environment are to be part of all trade agreements negotiated by the US.

Indeed, the Trans-Pacific Partnership Agreement in which Australia is currently a negotiating partner includes such a labour chapter. The ITUC, together with ACTU and other union centres, have contributed to the negotiations of the Trans-Pacific Partnership

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<sup>1</sup> For example, ILO/IILS, "The Social Dimensions of Free Trade Agreements", 2013, available at:

[http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_228965.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_228965.pdf)  
and O. De Schutter, "Trade in the Service of Sustainable Development: Linking Trade to Labour Rights and Environmental Standards", November 2013

Agreement a concrete labour chapter proposal. You can find elements of this model chapter in the annex of the submission of ACTU in support of this Bill.

Labour and other conditionality in trade agreements enable the agreement's dispute settlement body to receive submissions on labour complaints. According to the proposed principles, the complaints are investigated and the two parties engage in consultations which give opportunity to the complained-against party to take measures to address its shortcoming. In case this does not happen in time, the complaining party has the right to withdraw some trade benefits starting from the tariff lines where the violation took place. It is important that the cost of the sanctions burdens the industry that does not observe basic internationally recognised labour standards.

We believe that dispute settlement offers workers a meaningful instrument with which they can defend against unfair practices. In practice, no labour complaint – under any trade agreement – has ever escalated to the stage of trade sanctions because a solution or compromise was always found in the stage of consultations.

We strongly encourage the Parliament to agree to this Bill, so that Australia's trade policy promotes convergence of standards, sustainability, and fairness.

Yours sincerely,

General Secretary

CC: ACTU

ITUC-Geneva Office