



CETA

LABOUR STANDARDS

NOT ON THE AGENDA



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TTIP Stoppen protest march: Global day of action against TTIP, CETA & Co in Vienna on 18 April 2015

CETA – LABOUR STANDARDS NOT ON THE AGENDA

In addition to reducing tariffs and opening up access to markets, free trade agreements also contain chapters on sustainable development, environmental protection and workers' rights.

The free trade agreement between the EU and Canada – the Comprehensive Economic and Trade Agreement (CETA) – also contains three chapters on social and environmental matters: trade and sustainable development (Chapter 22), trade and labour (Chapter 23) and trade and environment (Chapter 24).

LIP SERVICE INSTEAD OF GENUINE PROGRESS

The CETA chapter on trade and labour refers to multilateral principles and standards that have been developed and codified within the framework of the International Labour Organization (ILO). The EU and Canada undertake "to respect, promote and realise" the four fundamental principles as defined in the ILO declaration of 1998. They include the right to freedom of association and collective bargaining, the abolition of all forms of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation.

However, the reference to the ILO declaration of 1998 is not enough. The eight **ILO minimum or core labour standards** must also be ratified, implemented into national law and applied effectively. The ILO's core labour standards are internationally recognised minimum standards that guarantee worker protection and equal rights in the workplace.



"Stop TTIP & CETA! For fair world trade" – mass rally on 10 October 2015 in Berlin

Furthermore the aims of the ILO declaration of 2008 on its **Decent Work Agenda** are supposed to be "advanced" by CETA. In addition to the core labour standards, this subsumes the promotion of productive employment through qualification, social security (retirement provision, unemployment insurance contributions, maternity leave, etc.) and social dialogue (government, workers, employers).

The reference to the ILO's internationally recognised workers' standards is important and right. It is intended to protect the fundamental rights of workers and ensure that work is organised to provide decent conditions. However, the obligations in the CETA chapter are not binding. The core labour standards must merely be "advanced" and "respected" but this does not satisfy the obligation to "ratify" and actually "realise".

However, in highly developed countries such as Canada and the EU, the question of ratification of all eight core labour standards and their actual implementation should not actually be a subject for discussion. All 28 member states of the EU have ratified the eight core labour standards. **In contrast Canada has not ratified the standards on freedom of association and the right to collective bargaining.**

However, the ILO core labour standards are only a minimum standard and industrialised nations should not rest on their laurels at this level. The principles of the ILO Decent Work

Agenda – comprising fundamental rights in the workplace, social security and social dialogue – must be implemented, ratified and applied effectively in a progressive trade agreement between industrialised nations which aims to advance workers’ rights, so that these principles can develop their full impact.

But it appears that the contracting parties of the EU and Canada are not able to bring themselves to do more than **freeze the status quo** in terms of workers’ rights.

In another part of the text an article was included that states that workers’ rights may not be abolished or social standards lowered in order to attract trade and investment. This point is important and right but is far from sufficient. In fact, social standards should be improved continuously in order to end the pressure of competition on wages and working conditions and to prevent dumping through competition. Unfortunately CETA does not contain any binding measures to enforce this.

NO CONSEQUENCES TO VIOLATIONS OF LABOUR LAW

Another question is what will happen if even these minimum standards, and hence the rights of workers, are violated. While CETA contains a general dispute settlement mechanism that can result in restrictions on the flow of trade ultimately being penalised, for example through financial penalties, or the temporary restoration of tariffs by CETA. However, the chapters on trade and labour, environment and sustainable development have been excluded from this mechanism. A chapter is dedicated to each issue, laying out a procedure that stipulates mediation and consultation if workers’ rights and environmental rights are violated. However, sanctions are not provided for. Experts are to issue recommendations if violations occur. For example, if a Canadian company active in the EU prevents its employees from joining trade unions, under CETA it will merely receive a letter containing the recommendations of the panel of experts. Since no sanctions can be applied, the offence will not entail any consequences and the company can safely ignore the recommendations.

The fact that companies exploit this licence is shown by cases within the Organisation for Economic Co-operation and Development (OECD). Time and again, companies that have violated workers’ rights are summoned for discussions with the OECD contact point and do not appear. Their behaviour does not have any consequences.

This situation is all the more problematic since foreign investors have special rights to sue under CETA. The investor-state dispute settlement mechanism gives companies the right to sue governments in order to assert their economic interests – but not vice versa.

Therefore violations of workers’ rights must not be exempt from punishment; sanctions must be imposed as a penalty. This is the only way to guarantee effective implementation and compliance with standards and hence lay the cornerstone for better working conditions.



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POSITIVE EFFECTS OF LABOUR STANDARDS

Comprehensive studies¹ by the World Bank show that trade and globalisation need international labour standards and that this should not remain the concern of individual states. Ultimately the right to freedom of association and collective bargaining results in the following effects:

- » Greater equality of wages, better economic performance
- » Lower unemployment
- » Greater productivity
- » Higher average wages for workers in industrialised as well as developing countries
- » Lower differences in income between skilled and unskilled workers as well as between men and women

¹ “Unions and Collective Bargaining: Economic Effects in a Global Environment”, World Bank, Washington, 2003

CETA IS TTIP THROUGH THE BACK DOOR – OUR DEMANDS

Closer trade relations are to be welcomed, but not at the cost of workers. Important concerns were ignored. As it stands, CETA must not be ratified. We want fair trade!

NO PRIVILEGED RIGHTS FOR CORPORATIONS

We continue to reject the introduction of investors' special rights to sue states (ISDS/ICS). The elements of reform that were only introduced to the CETA agreement as a result of public pressure are not sufficient because investors' special rights still take precedence over the public interest.

PUBLIC SERVICES BELONG TO ALL AND HAVE NO PLACE IN A TRADE AGREEMENT

We demand the full and unambiguous exclusion of public services such as water, energy, transport, social insurance, healthcare, municipal services, education, social services and culture from all provisions of the CETA agreement. The positive list approach must be applied to all other services.

ENFORCEABLE ILO CORE LABOUR STANDARDS

Core labour standards and more far-reaching labour standards of the ILO must be incorporated as mandatory provisions in trade agreements. Violations must be penalised.

HIGH SOCIAL, HEALTH AND ENVIRONMENTAL STANDARDS

It is to be feared that mutual recognition or the harmonisation of important prohibitions or regulations to protect health, workers or food safety will be relaxed or even repealed. There are no apparent exemptions for sensitive areas. The precautionary principle that represents the European model must be incorporated explicitly.



**“CETA
is TTIP through
the back door!”**

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