



# **Regional Study Report on the Implications of the Inclusion of Labour Provisions in Free Trade Agreements (FTAs)**



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## **Regional Study Report on the Implications of the Inclusion of Labour Provisions in Free Trade Agreements (FTAs)**

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States of the Association are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, and Viet Nam. The ASEAN Secretariat is based in Jakarta, Indonesia.

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# **Regional Study Report on the Implications of the Inclusion of Labour Provisions in Free Trade Agreements (FTAs)**

The ASEAN Secretariat  
2026



# Acknowledgements

The *Regional Study on the Implications of the Inclusion of Labour Provisions in Free Trade Agreements* (FTAs) is a regional project endorsed by the Senior Labour Officials Meeting (SLOM) on 13 March 2024 and implemented under the framework of the *ASEAN Labour Ministers' Work Programme 2021–2025*. The study report was completed with the support of the Government of Australia.

This study report contributes to ASEAN's ongoing efforts to strengthen understanding of the evolving intersection between trade and labour, particularly in the context of sustainable development, decent work, resilient supply chains, and inclusive economic integration in the ASEAN region. This study report also contributes to the implementation of the ASEAN Community Vision 2045 and its Strategic Plans.

This study report provides an overview of labour provisions in FTAs and an assessment of their potential implications for stakeholders, drawing on examples of bilateral and multilateral FTAs across regions, which adopt labour provisions in varying degrees. The study report also provides insights into the many ways by which international trade may contribute to the promotion of fundamental principles and rights at work, especially in global supply chains.

The study report was undertaken using a methodology and analytical framework outlined in the Inception Report endorsed by SLOM on 4 March 2025. Desk research by the consultant and stakeholder engagement, including questionnaires and online interviews involving labour and trade ministries of ASEAN Member States, national and regional social partners, Dialogue Partners, and relevant international organisations were undertaken. A subsequent regional validation process was conducted through several rounds of ad referendum consultations and online validation workshops held on 21 March 2025 and 24 November 2025. This rigorous process led to the endorsement of this study report by SLOM on 23 April 2026.

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# Acronyms and Abbreviations

|              |                                                                       |
|--------------|-----------------------------------------------------------------------|
| <b>ASEAN</b> | Association of Southeast Asian Nations                                |
| <b>CLS</b>   | Core Labour Standards                                                 |
| <b>CPTPP</b> | Comprehensive and Progressive Agreement for Trans-Pacific Partnership |
| <b>CSR</b>   | Corporate Social Responsibility                                       |
| <b>DAG</b>   | Domestic Advisory Group                                               |
| <b>DWCP</b>  | Decent Work Country Programme                                         |
| <b>EBA</b>   | Everything But Arms                                                   |
| <b>EFTA</b>  | European Free Trade Association                                       |
| <b>EU</b>    | European Union                                                        |
| <b>FDI</b>   | Foreign Direct Investment                                             |
| <b>FTA</b>   | Free Trade Agreement                                                  |
| <b>GBA+</b>  | Gender-based Analysis Plus                                            |
| <b>GDP</b>   | Gross Domestic Product                                                |
| <b>GSP</b>   | Generalised Scheme of Preferences                                     |
| <b>ILO</b>   | International Labour Organization                                     |
| <b>OSH</b>   | Occupational Safety and Health                                        |
| <b>RBC</b>   | Responsible Business Conduct                                          |
| <b>SADC</b>  | Southern African Development Community                                |
| <b>SDGs</b>  | Sustainable Development Goals                                         |
| <b>SIA</b>   | Sustainability Impact Assessment                                      |
| <b>SMEs</b>  | Small and Medium-sized Enterprises                                    |
| <b>TPP</b>   | Trans-Pacific Partnership (Agreement)                                 |
| <b>TSD</b>   | Trade and Sustainable Development                                     |
| <b>UN</b>    | United Nations                                                        |
| <b>US</b>    | United States of America                                              |
| <b>WTO</b>   | World Trade Organization                                              |

# Executive Summary

Trade agreements provide a stable and predictable framework for economic transactions, help secure access to inputs, and facilitate market access for goods, services, investment and public procurement. They support economic growth, help generate employment and improve productivity, provide the public sector and businesses with access to innovation and technology, and offer consumers a broader range of goods and services. In a complex economic environment, trade agreements help diversify networks of suppliers and buyers, thereby enhancing supply chain resilience. Those more comprehensive ones also include provisions in other areas, such as intellectual property rights protection.

Moreover, over the last two decades, trade agreements have been increasingly considered as one of the policy measures which, if designed and implemented correctly, can support the Parties' sustainable development in its three dimensions, i.e. economic growth, social development and environmental protection, and contribute to the attainment of the Sustainable Development Goals. To strengthen this positive effect and to ensure a level playing field in trade relations, several Parties have begun to include labour provisions in their Free Trade Agreements, or accompanying documents. According to the ILO Labour Provisions in Trade Agreements Hub,<sup>1</sup> in February 2026, one-third (132 of 383) of trade agreements notified to the World Trade Organisation included labour provisions.

The ASEAN Member States (individually and collectively) are also Parties to numerous trade agreements with their key trading partners. Regional FTAs include those with China, India, Japan, the Republic of Korea, Australia and New Zealand,<sup>2</sup> while individual ASEAN Member States have also concluded trade agreements with the US, the EU, Canada, Chile, EFTA, and other partners. The statistics show that while in 2023, 22.1% of the ASEAN Member States' goods exports represented intra-ASEAN trade and 13.1% went to diverse third Parties, around two-thirds of their goods exports, were directed to FTA partners and nearly 60% of their goods imports originated in FTA partners (ASEAN Secretariat, 2024a).

Some of those agreements include labour provisions. Moreover, further such agreements have been under negotiation, and more are possible. While they will likely yield economic and social benefits to the Parties, the effective implementation and enforcement of their labour provisions may pose a challenge. To support ASEAN Member States in their efforts, this Regional Study provides a comprehensive analysis of a broad and diverse range of examples from the existing FTAs and practices, such as those applied by Australia, Canada, Chile, the EFTA States, the EU, New Zealand, the US, and other partners. The objective is to provide an overview of the legal texts and practices enabling the ASEAN Member States to develop an understanding of what to expect at the consecutive stages of the FTA life cycle and how to prepare to seize the opportunities offered by the FTAs and to reduce risks of negative experiences related to non-compliance with labour provisions.

<sup>1</sup> ILO Labour Provisions in Trade Agreements Hub: <https://webapps.ilo.org/LPhub/#home>

<sup>2</sup> ASEAN's Free Trade Agreements. An overview: <https://www.aseanbriefing.com/news/aseans-free-trade-agreements-an-overview/>

The analysis covers diverse types of FTAs: bilateral and regional, focused on cooperation and others, with a comprehensive set of labour provisions linked to a dispute settlement mechanism. To ensure the broadest possible overview of practices and experiences, the analysis covers examples of older FTAs, which entered into force a decade or more ago, and the latest ones, and examples of trade agreements with non-compliant countries. The analysis also indicates the latest changes in approaches of trading partners, including the adoption of unilateral measures focused on supply chains and due diligence.

To ensure a structured approach, the analysis follows the consecutive stages of the FTA lifecycle: preparation for FTA negotiations with labour-related objectives of the Parties, FTA negotiations with an analysis of legal texts and impact assessment, the pre-ratification phase and measures, the FTA implementation and evaluation, including monitoring, policy dialogue, cooperation, and technical assistance, and enforcement of labour provisions. It also examines stakeholder engagement practices applied at each stage.

Regarding negotiation objectives, considerations related to the confidentiality may prevent some Parties from publishing them. This reduces the sample available for the analysis. On the other hand, however, the increasing transparency applied by some governments and the domestic scrutiny encourage sharing the objectives established for FTA negotiations with the public. This practice is followed in particular by the Parties which consistently include labour provisions in their trade agreements and frequently opt for a comprehensive set of labour provisions.

While the scope of labour provisions outlined in the objectives and the intended level of ambition may vary, most of the Parties refer to a future commitment of adherence to and effective implementation and enforcement of the ILO core labour standards (or the ILO fundamental labour rights) based on the ILO 1998 Declaration on Fundamental Principles and Rights at Work and the ILO fundamental Conventions. The Parties also speak about adopting, maintaining and enforcing domestic labour laws in line with their international obligations. Moreover, some Parties refer to the right to regulate, and stress that the Parties should not weaken or derogate from their labour laws to attract investment or trade. Finally, some Parties (Canada, the EFTA States, the EU, and the US) link labour provisions to a dispute settlement mechanism, and the EU and the US also refer to civil society participation in the FTA implementation and enforcement. Some Parties begin to engage stakeholders at this stage, mostly through website-based calls for views.

The analysis of labour provisions in FTA legal texts reveals that some trade partners, such as Canada, the EFTA States, the EU, and the US, pursue distinct models, with each Party applying one model in all (or most) of its recent trade agreements. In the approach preferred by the EU, the EFTA States, and, more recently, Canada, the Parties commit to ratifying and implementing the ILO's fundamental and other up-to-date Conventions. At the same time, the US and Canada (in most of its FTAs), as well as other countries following the same model, tend to stress the importance of aligning the domestic legislation with the ILO core labour standards and its enforcement, without demanding the ratification of ILO instruments. Other countries, such as Australia, Chile, and New Zealand, present a more flexible approach, tailoring the scope and level of ambition of labour provisions to their trading partners.

The analysis also highlights many similarities between labour provisions in the existing FTAs. Almost all reiterate the Parties' obligations resulting from the ILO membership and the ILO 1998 Declaration on Fundamental Principles and Rights at Work. Likewise, nearly all recognise the Parties' right to regulate;

while they acknowledge that it is inappropriate to lower the labour protection levels afforded by domestic law or to fail to enforce domestic labour law to attract trade or investment. Equally frequent are the provisions on cooperation in labour-related matters. Moreover, most agreements envisage establishing institutional structures (points of contact and a Labour Committee or Council), and many encourage stakeholder participation and consultation. Moreover, while some labour provisions are of a cooperative nature (i.e. they are not linked to a dispute settlement mechanism with an external panel of experts, sanctions, or financial penalties), others are accompanied by a dedicated dispute settlement mechanism within the Labour Chapter or are linked to the general FTA dispute settlement process.

Some Parties also pursue a practice of conducting impact assessment studies either during FTA negotiations or once the agreement has been concluded, to estimate potential effects of a future trade agreement. Many of them build on the results of the economic modelling and show a positive contribution of the future FTA to the economic and social development of the Parties, including an increase in bilateral trade flows, GDP, wages and employment. At the same time, the scale of those effects for each Party may vary, and some negative effects (e.g. for sectors competing with increased imports) cannot be excluded. In some cases, the positive impact of a future FTA may be relatively limited, e.g. for countries that trade mainly in commodities or in manufacturing goods with MFN tariffs at zero percent. This is also true for countries that before the FTA negotiations have benefited from tariff reductions in access to the other Party's market, as is the case of developing countries using unilateral trade preferences, such as GSP. However, even in such cases, FTA benefits should not be underestimated, since a bilateral or a regional FTA provides a more stable and predictable framework for trade relations than MFN or a tariff preferences scheme, which may be unilaterally terminated or changed or from which a country may graduate.

Several Parties consult non-governmental stakeholders on negotiated trade agreements during the planning phase, the process, and sometimes when the agreed-upon text is ready for review and evaluation. Those who conduct impact assessments also tend to consult stakeholders on the potential effects of the future agreement. The most common methods include online consultations, such as surveys or public invitations to submit positions to a dedicated email address. There are also meetings with stakeholders, technical briefings for representatives of specific sectors, professions, or interest groups, and more formal engagement with advisory bodies where they exist. In each case, consultations aim to increase the transparency of the negotiation process, gather technical expertise, and help ensure that the final FTA text reflects the interests of the negotiating Party and its diverse stakeholder groups as effectively as possible. Stakeholder engagement and its influence on the process and the agreement's final text may also increase acceptance of the outcome and support ratification.

The evidence also suggests convergence in the EU and the US practices applied at the FTA pre-ratification stage in cases when partner countries do not comply satisfactorily with FTA labour provisions, notably regarding freedom of association and the right to collective bargaining. Policy dialogues and dedicated Action Plans agreed upon by the Parties at this stage focus in such cases on legal reforms and further alignment of the domestic legislation with the ILO core labour standards, as well as strengthening labour inspection capacity and the capacity of other relevant institutions. They also require improvement in the practical application of the ILO core labour standards, and the EU expects, in addition, progress in partner countries in ratifying the remaining ILO fundamental Conventions.

Furthermore, the analysis indicates that, in most cases and across all FTA types, labour provisions have been implemented in accordance with the legal text, and in only a few cases the Parties have taken no action. The Parties have held meetings of the dedicated Labour Councils/TSD Committees, or Joint Committees (the latter overseeing the implementation of the entire agreement) and used them to discuss domestic legal and policy developments in areas covered by labour provisions, encourage the other Party to take further steps to improve compliance, raise concerns about slow progress or non-compliance and consider options for cooperation and technical assistance. In meetings held under the EU and EFTA agreements, the Parties also focused on progress in the ratification and implementation of ILO fundamental Conventions. Moreover, under the EU, UK, US, and a few other trade agreements, meetings of the Parties have been accompanied by public sessions or Civil Society Forums to exchange views with civil society about issues covered by labour provisions. However, under the CPTPP, no public session has yet been held, and under the Canadian FTAs, they have been irregular. Under the EU and UK FTAs, the Parties are also required to establish new civil society advisory bodies, or use existing ones, to monitor the implementation of labour (and environmental) provisions (in recent EU FTAs, of the entire agreement) and to provide advice to the Parties.

In some agreements, the Parties focused on cooperation activities, including the exchange of information and best practices on areas of mutual interest, study visits and capacity-building projects. They have also engaged in discussions on these topics with trade unions, employers, academia, and other non-governmental stakeholders. Moreover, under some agreements, the more developed Parties have provided technical assistance to support their partners' efforts to comply with labour provisions. In this context, workers and employers may benefit from training and advice regarding domestic labour law, social dialogue, collective bargaining and conflict resolution. In some cases, particularly under the Canadian, the EU and the US FTAs, the regular discussions on implementation have been intertwined with a review of measures taken to enforce labour provisions, such as Action Plans adopted at the FTA pre-ratification or implementation stage.

The ex-post evaluations conducted for several trade agreements also indicate that FTAs have contributed to increases in trade flows, GDP and wages and to job creation in sectors where trade has been liberalised and/or where the Parties have a competitive advantage. The Parties may invite stakeholders to provide their views as part of ex-post evaluations. This often happens through a call for contributions published on a dedicated website, either with a questionnaire to fill in or leaving it up to stakeholders to choose the form of their input. In the EU, an external consultancy conducting an ex-post evaluation study engages stakeholders in diverse ways. This includes establishing a dedicated website with a contact form and an email address, so stakeholders can submit their views and written positions, as well as provide additional information and data for analysis. Consultants also organise online or in-person meetings and individual interviews with businesses, trade unions, and NGOs from the EU and partner countries and publish online surveys: one for the general public and a separate one targeting businesses. Moreover, a draft report from the study, including findings from the analysis, is published for comments, providing stakeholders with an opportunity to help shape the evaluation's final outcomes.

An additional analysis examined examples of several sectors from countries engaged in trade under FTAs or other preferential trade arrangements (such as tariff preferences for developing countries), including the ASEAN Member States, where a mix of requirements embedded in labour provisions, unilateral measures applied by trading partners, support initiatives, sustainability certification schemes and policies of international buyers and leading firms in supply chains has contributed to improved

respect for international labour standards and working conditions. This includes a substantial reduction or elimination of child labour or forced labour in specific sectors, improved conditions for the exercise of the right to organise and collective bargaining, and compliance with the basic requirements of occupational safety and health.

The research referenced in this part of the Study Report also confirms that companies that participate in such initiatives increase productivity, raise production targets, and attract additional orders and new buyers. Moreover, it is worth noting that while improved working conditions, such as higher wages, training or investment in occupational safety and health, mean costs in the short-term perspective, they can also reduce the risk of fire, accidents and injuries, increase well-being and motivation of the workforce, help develop skills and raise productivity, as well as lower the labour turnover and retain particularly those already trained, with developed skills and experience. Thanks to that, enterprises may raise their production targets with the same workforce, thereby enhancing their resilience and the probability of survival in hard times. Also, as the use of due diligence measures increases, compliance with international labour standards and decent working conditions combined with transparent reporting may attract reputation-conscious buyers and buyers from jurisdictions with due diligence legislation in place.

To complete the picture, the study has also examined cases of non-compliance with FTA labour provisions and measures used in this context by stakeholders and the other Parties, such as submissions and dispute settlement mechanisms. Findings from this part of the analysis suggest that the mechanism agreed under the USMCA for submitting complaints against workers' rights violations in individual facilities has been effective. In the majority of cases sent to the Mexican Government for review, actions have been taken, and the situation has been remedied. Successful outcomes were made possible by the engagement of the US and Mexican Governments and a constructive response of the involved facilities.

Likewise, the cooperation of the Governments of Canada and Colombia, as well as the US and Honduras, Colombia and Bahrain has enabled the development and implementation of tailored Action Plans, resulting in tangible outcomes, including the adoption of the new legislation and the significant strengthening of labour inspection capacity in Colombia and Honduras, and a reduction in child labour in the latter. In Bahrain, progress has been achieved in the Government's dialogue with workers' and employers' organisations. Policy dialogue and cooperation have been complemented by assistance projects.

Additionally, the EU-Republic of Korea labour dispute under the TSD Chapter, which has progressed to the stage of an arbitration panel, has yielded tangible results, including the Republic of Korea's ratification of three of the then four outstanding ILO fundamental Conventions and amendments to the legislative acts. It is also important to highlight that although labour provisions have been included in FTAs for around 30 years, in none of the labour-related disputes settled to date have sanctions been applied or financial penalties imposed. This confirms that all Parties treat sanctions as a measure of last resort and their main objective is to remedy the situation, ideally through dialogue and cooperation.

FTA enforcement mechanisms are complemented by unilateral measures adopted by some Parties to ensure that products made by forced labour or child labour, or involving other human rights and labour rights violations, are not placed on their markets. The related analysis confirms that measures applied by the US, including detention of products at the border and a subsequent engagement with

the producing companies and the country of origin can trigger actions with tangible, positive impacts reaching well beyond the initially affected companies and sectors. They may include changes in the domestic law and policy, as well as actions taken by private sector, such as changes in recruitment and employment of migrant workers, as well as back payment of due wages, bonuses and recruitment fees.

Several countries have also explored alternative approaches, most of which are based on due diligence along the supply chain, with the analysis starting at the destination market. As some of them are recent, it is too early to assess their effectiveness.

Impacts for states, workers and companies that may result from including labour provision in FTAs will depend on the scope, approach and level of ambition of labour provisions and the initial advancement of the country in complying with them. For example, labour provisions of a cooperative nature that are included in the Cooperation Chapter may only require that each Party reflect on what type and topic of cooperation it would be interested in and, on the other hand, what it can offer in exchange to the other Parties and what kind of resources it may be able to mobilise to lead or host certain activities. Since cooperation often focuses on the exchange of information, experience or best practices, it may require the organisation of a study visit or a seminar that engages specialised agencies, diverse Government departments, and, depending on the topic and approach, non-governmental stakeholders, e.g. representatives of a specific sector, profession or interest group.

The inclusion of a comprehensive set of labour provisions linked to a dispute settlement may require progress in legislative alignment with the ILO core labour standards (the ILO 1998 Declaration on Fundamental Principles and Rights at Work), the ratification of the remaining ILO fundamental Conventions, the effective implementation in law and practice of those already ratified and strengthening the capacity of labour inspection and other relevant authorities to ensure effective enforcement of the labour law. While there will be no deadline for achieving full compliance with labour provisions, the non-complying Party should have plans on how to get there and demonstrate continuous progress along the way. Moreover, in case this is not the regular practice yet, the FTA Parties, including ASEAN Member States, should consider engagement with business representatives, trade unions and other civil society organisations to outline plans for FTA negotiations and pursue this engagement through the negotiations, implementation, evaluation and enforcement of trade agreements, listen to stakeholder views regarding benefits and challenges related to the FTAs and consult them with regard to steps to take to ensure compliance with labour provisions and other FTA parts. This should help secure buy-in for the agreement and support the preparation for an FTA and its subsequent implementation in a way that ensures balance of interest of all stakeholder groups and the entire country.

Trade unions and employer associations may be invited to participate in FTA labour-related cooperation activities (e.g. seminars, study visits, or capacity-building activities), as well as technical assistance projects, particularly in training related to domestic labour law, and international labour standards and their implementation in practice. They should also be consulted by the Government on aspects related to trade agreements and their labour provisions, as well as domestic labour law reforms and ratification of the ILO Conventions. Moreover at the FTA implementation stage, they may have the opportunity to take part in public sessions (Civil Society Forums) to engage in a dialogue with the Parties about labour provisions or the entire FTA, and may become Members of civil society Domestic Advisory Groups (EU and UK FTAs) to monitor FTA implementation and provide advice to the Parties.

Regarding implications for companies operating in the ASEAN Member States, the analysis and stakeholder consultations have identified several challenges and constraints that will need to be addressed to ensure compliance with FTAs (and their labour provisions), and to seize the opportunities which they offer. The constraints include, for example, a limited capacity of MSMEs to comply with labour provisions, and particularly to adapt in a short timeframe, low prices paid by international buyers and low profit margins in several sectors limiting financial resources available to companies to fund the investments and improved working conditions, insufficient support provided by the Government, which results in low awareness regarding domestic labour law, international labour standards, employers' and workers' rights and obligations, and their implementation in practice.

On the other hand, labour-related requirements in trade agreements, unilateral measures, sustainability certification schemes and audits commissioned by international buyers mean that non-compliance may have a high price in form of lost exporting opportunities, damage to the reputation of an individual company, the entire sector or the country of origin, and a lost market share to the benefit of direct competitors. At the same time, work towards improved respect for international labour standards and decent working conditions may improve the workers' morale and productivity, reduce the workforce turnover, help keep skilled workers with the right experience and expertise, deliver additional orders with the same workforce, and attract new buyers, particularly from countries applying due diligence along the supply chains.

To support work towards labour-related compliance, several actions have been proposed for consideration of individual ASEAN Member States. These include, for example, devising plans for ratification and implementation of the remaining ILO fundamental Conventions, and for legislative alignment with the ILO fundamental principles and rights at work. It is also advised that the governments engage social partners in consultations regarding FTAs, as well as labour law reforms and ratification of ILO Conventions. Members of the existing or new tripartite bodies could also be nominated as representatives of employers and trade unions in the Domestic Advisory Groups established under the EU and UK FTAs. Labour inspection services should also be strengthened, in line with ILO guidelines, to ensure an effective enforcement of the domestic labour law and ILO Conventions. ASEAN Member States should also consider conducting or commissioning impact assessments to estimate potential effects of negotiated or concluded trade agreements.

At the regional level, the ASEAN Member States could consider including labour-related and FTA-related exchange of experience (e.g. on occupational safety and health, other labour standards, or labour inspection) in the regional work plans (2026–2030). They could also develop a regional database regarding due diligence measures applied by trading partners, as well as regional guidelines on labour provisions implementation and a regional monitoring mechanism.





# 1. Introduction and Study Objectives

Trade agreements provide a stable and predictable framework for economic transactions, help secure access to inputs, and facilitate market access for goods, services, investment and public procurement. They support economic growth, help generate employment and improve productivity, provide the public sector and businesses with access to innovation and technology, and offer consumers a broader range of goods and services. In a complex economic environment, trade agreements help diversify networks of suppliers and buyers, thereby enhancing supply chain resilience. Those more comprehensive ones also include provisions in other areas, such as intellectual property rights protection.

The evaluation of the US trade agreements concluded since 1984 confirmed that, indeed, they had contributed to increased trade flows between the Parties and generated positive economic and social effects, such as growth in GDP, employment, real income, and wages<sup>3</sup> (US International Trade Commission, 2021). Findings from evaluations of a few recent EU trade agreements highlighted their positive role in GDP growth, wage increases, poverty reduction and support for exports, production and employment in sectors where each Party had its competitive advantage (BKP Economic Advisors, 2022; 2022a; 2024).

<sup>3</sup> The exact effects varied, however, depending on the agreement, sector and group of workers, highlighting gains in areas where the US or the respective trading partner had their competitive advantages.

Moreover, over the last two decades, trade agreements have been increasingly considered as one of the policy measures which, if designed and implemented correctly, can support the Parties' sustainable development in its three dimensions, i.e. economic growth, social development and environmental protection, and contribute to the attainment of the Sustainable Development Goals (SDGs). To strengthen this positive effect and to ensure a level playing field in trade relations, several Parties, including Australia, Canada, Chile, the European Union (EU), the European Free Trade Association (EFTA), New Zealand, and others, have begun to include in their free trade agreements (FTAs), or accompanying documents, dedicated labour provisions. The International Labour Organisation (ILO) defines them as:

- any principle, standard, or rule (including references to international labour standards) that addresses labour relations, minimum working conditions, terms of employment and/or other labour issues;
- any framework to promote cooperation and/or compliance with standards through activities, dialogue and/or monitoring of labour issues; and/or
- any mechanism to ensure compliance with national labour law and standards set out in the trade agreement, such as through the settlement of labour-related disputes' (Corley-Coulbaly, Grasselli, Postolachi, 2023).

According to the ILO Labour Provisions in Trade Agreements Hub,<sup>4</sup> in February 2026, one-third (132 of 383) of trade agreements notified to the World Trade Organization (WTO) included labour provisions. Twenty eight (28) of those agreements have been concluded by the EU,<sup>5</sup> 24 by the United Kingdom (the UK),<sup>6</sup> 17 by Chile, 16 by Canada,<sup>7</sup> 14 by the US, 12 by EFTA,<sup>8</sup> 12 by New Zealand, 10 by the Republic of Korea, nine by Australia, seven by Japan, five by China and the remaining ones by other Parties. Given the latest trends, it is reasonable to expect that these Parties will propose labour provisions for inclusion in new trade agreements or revisions of existing FTAs. In this context, it is worth noting that while the implementation of some of those provisions may represent a challenge for some countries and businesses, the to-date experience shows that efforts to achieve compliance may be supported by technical and financial assistance, including by cooperation with the ILO, and may be rewarded with additional market opportunities.

For example, in 2001–2014, the US provided USD 222 million in technical assistance and capacity-building to partner countries under four FTAs (Central America and the Dominican Republic, Colombia, Oman, and Peru). This supported legislative reform in Oman, a rise in the number

<sup>4</sup> ILO Labour Provisions in Trade Agreements Hub: <https://webapps.ilo.org/LPhub/#home>

<sup>5</sup> The database does not include agreements with labour provisions which have not been notified to the WTO and/or have not yet entered into force. Therefore, the number of agreements on which negotiations have been concluded and which contain labour provisions may be higher than provided in this paragraph. For example, the EU has concluded negotiations on trade agreements with Mexico (modernised agreement), Mercosur, Indonesia and India, all of which include labour provisions. However, none appear in the ILO database because none have yet entered into force.

<sup>6</sup> Most of the agreements concluded by the UK replicate provisions of the EU FTAs to ensure continuation of trade relations with partner countries, further to the UK's withdrawal from the EU.

<sup>7</sup> These figures include double-counting of bilateral trade agreements concluded between the mentioned Parties, e.g. EU-Canada, Canada-Chile or US-Mexico-Canada, as well as regional agreements with labour provisions to which they are Party, such as the CPTPP.

<sup>8</sup> As in the case of the EU, the EFTA States have also concluded negotiations on a higher number of FTAs with labour provisions than appear in the ILO database. For example, the agreement with the UK is missing, although it has already entered into force. The remaining ones have not yet entered into force and include agreements with Chile (modernised agreement), Kosovo, Malaysia, Mercosur, Thailand, and Ukraine (modernised agreement).

of labour inspectors and judges for labour cases in El Salvador and setting penalties for employers who interfere with the right to organise in Colombia, among others (US International Trade Commission, 2021). Canada, the EU, and the US also provided technical and financial assistance to Malaysia and Viet Nam in the context of the TPP/CPTPP and the EU-Viet Nam FTA to support legislative reforms and the application in practice of the right to organise and bargain collectively (Global Affairs Canada, 2023c; Yang, 2020).<sup>9</sup>

Examples from trade agreements that have been in place for a longer time demonstrate concrete results achieved by the partner countries. Evidence from Central America and the Andean countries shows that a mix of pressures and opportunities stemming from trade agreements and international buyers' policies, complemented by a domestic policy agenda and private sector initiatives, helped reduce or eliminate (depending on the country and sector) child labour from sectors engaged in exports, such as cut flowers (Colombia), sugar and coffee (Central America) (BKP Economic Advisors, 2022; 2022a). Moreover, the opportunity to export to developed partners under trade agreements and expectations of international buyers have encouraged adherence to private sustainability certification schemes in the Andean countries, Central America and the Southern African Development Community (SADC) and has contributed to improved working conditions, e.g. occupational safety and health, and better respect for international (ILO) labour standards in exporting sectors and individual businesses (BKP Advisors, 2022; 2022a; 2024).

The ASEAN Member States (individually and collectively) are also Parties to numerous trade agreements with their key trading partners. Regional FTAs include those with China, India, Japan, the Republic of Korea, Australia and New Zealand,<sup>10</sup> while individual ASEAN Member States have also concluded trade agreements with the US, the EU, Canada, Chile, EFTA, and other partners. The statistics show that while in 2023, 22.1% of the ASEAN Member States' goods exports represented intra-ASEAN trade and 13.1% went to diverse third Parties, around two-thirds of their goods exports were directed to FTA partners and nearly 60% of their goods imports originated in FTA partners (ASEAN Secretariat, 2024a).

Some of those agreements include labour provisions; for example, among the regional ASEAN FTAs, the Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area includes labour provisions of a cooperative nature. In addition, the ASEAN Member States are negotiating a regional FTA with Canada, which is also likely to include labour provisions. Moreover, four ASEAN Member States are party to the CPTPP. Examples of bilateral FTAs with labour provisions, to which individual ASEAN Member States are party, include the US-Singapore FTA, the EU-Singapore and EU-Viet Nam FTAs, the Philippines-EFTA FTA, the Indonesia-EFTA FTA, the Indonesia-Canada CEPA, and several others (a list of agreements with labour provisions to which ASEAN Member States are party is provided in section 3.2.11 and in Annex 2). In the last few years, further such agreements have been under negotiation, and more are possible. While they will likely yield economic and social benefits to the Parties, the effective implementation and enforcement of their labour provisions may pose a challenge.

<sup>9</sup> Further examples of financial and technical assistance provided by Canada, the EU, the US, and other Parties are discussed in relevant sections throughout the study.

<sup>10</sup> ASEAN's Free Trade Agreements. An overview: <https://www.aseanbriefing.com/news/aseans-free-trade-agreements-an-overview/>

Against this background, the Terms of Reference for the Regional Study included in the *ASEAN Labour Ministers' Work Programme 2021–2025* foresee the following objectives for the analysis:

1. Examine the spectrum of labour provisions in FTAs based on examples of bilateral and multilateral FTAs worldwide which may include the legal status and categories of those labour provisions, including how these labour provisions are aligned and/or compliant with the ILO Declaration on Fundamental Principles and Rights at Work;
2. Assess the influence of bilateral and multilateral FTAs of ASEAN Member States on their legal and policy frameworks, particularly focusing on improving working conditions and eliminating forced labour and child labour. In this relation, assess their potential added value to the ASEAN Member States' commitment to the principles in the ten fundamental ILO Conventions;
3. Assess the potential impact of labour provisions on companies—be it local companies or foreign companies operating in the ASEAN Member States—particularly those involved in supply chains which shall comply with the national labour laws of those ASEAN Member States;
4. Assess the potential effects of labour provisions on ASEAN workers, including their working conditions, wages and job security;
5. Assess the potential contribution of labour provisions to the elimination of forced labour and child labour practices in the supply chain;
6. Analyse the role and effectiveness of governments as well as the responsiveness of legal and policy frameworks<sup>11</sup> in implementing those labour provisions in FTAs within their respective countries;
7. Take stock of the perception of business and industry groups, employers, trade unions and civil society on those labour provisions; and
8. Identify potential opportunities and challenges associated with incorporating labour provisions in FTAs within the ASEAN region and recommend strategies to address those challenges.

Findings and recommendations from this study and its follow-up should also contribute to the achievement of objectives outlined in the ASEAN Community Vision 2045, notably those related to sustainable development, skilled workforce, decent work, high-quality jobs, women's economic empowerment, social cohesion, improved quality of life, resilient supply chains, and increased production of value-added goods.<sup>12</sup> Likewise, the study should help the ASEAN Member States plan and prepare for work towards achieving objective 4.1 of the ASEAN Economic Community Strategic Plan 2026–2030 and enhancing the existing network of trade agreements by modernising them and expanding their scope, including by adding labour provisions.<sup>13</sup> Moreover, findings and recommendations from the study should support the efforts of ASEAN Member States and social partners to move closer to objective 3.1 of the ASEAN Socio-Cultural Community Strategic Plan 2026–2030, focusing on better employment opportunities, higher income, job security, job quality and enterprise competitiveness in the ASEAN region.<sup>14</sup>

<sup>11</sup> Those related to enforcement, public submissions, entry-specific verification, dispute settlement mechanism vis-à-vis collaborative and cooperative mechanisms, and self-organisation and collective bargaining, among others.

<sup>12</sup> ASEAN Community Vision 2045 "Resilient, Innovative, Dynamic, and People-Centred ASEAN", 26 May 2025: [https://asean.org/wp-content/uploads/2025/05/05.-ASEAN-Community-Vision-2045\\_adopted.pdf](https://asean.org/wp-content/uploads/2025/05/05.-ASEAN-Community-Vision-2045_adopted.pdf)

<sup>13</sup> ASEAN Economic Community Strategic Plan 2026–2030: [https://asean.org/wp-content/uploads/2025/05/07.-AEC-Strategic-Plan-2026-2030\\_adopted.pdf](https://asean.org/wp-content/uploads/2025/05/07.-AEC-Strategic-Plan-2026-2030_adopted.pdf)

<sup>14</sup> ASEAN Socio-Cultural Community Strategic Plan 2026–2030: [https://asean.org/wp-content/uploads/2025/05/08.-ASCC-Strategic-Plan\\_adopted.pdf](https://asean.org/wp-content/uploads/2025/05/08.-ASCC-Strategic-Plan_adopted.pdf)

The follow-up to the study should also be mutually supportive with the implementation of other planning documents, such as the *ASEAN Roadmap for the Prevention of Child Labour Including the Elimination of the Worst Forms of Child Labour by 2035*, which foresees among others a review and revision of legislation related to the prevention and elimination of child labour, including updates of lists of hazardous activities prohibited for persons under 18 years of age and the development of legislation that prohibits child labour in the online space and in supply chains. Other actions include training for labour inspection and sharing of best practices (ALMM, 2025).

In pursuit of these objectives, this Study Report presents an analysis that combines desk research and stakeholder engagement, and includes recommendations. Methodology proposed for the study has been outlined in the Inception Report endorsed by the ASEAN Member States on 4 March 2025. It was subsequently presented at the Inception Workshop held online on 21 March 2025, attended by representatives of the ASEAN Member States, regional social partners, and the ILO. Following the completion of the first draft of the Study Report, its findings and recommendations were presented at the online Validation Workshop held on 24 November 2025, also attended by ASEAN Member States, regional social partners, and the ILO.

The Study Report begins with a summary of the proposed methodology (Chapter 2), followed by the central part of the analysis (Chapter 3), structured along the stages of the FTA lifecycle, namely preparation for negotiations (when the objectives are formulated (3.1), FTA negotiations (3.2), accompanied by ex-ante impact assessments (3.3), pre-ratification stage (3.4), implementation and evaluation (3.5), and enforcement of labour provisions in FTAs (3.7), and unilateral measures (3.8)). Section 3.6 is dedicated to the sectoral effects of trade agreements and private-sector initiatives. Chapter 4 summarises the implications for states, workers and companies that may result from the conclusion of a trade agreement with labour provisions. Chapter 5 provides recommendations.

**Disclaimer:** The study aims to present evidence on the existing practices regarding the inclusion of labour provisions in FTAs and their implementation. However, it does not seek to influence in any way the positions of the ASEAN Member States. It is also worth noting that during the Inception phase of the study, and most of the analytical and drafting phase, Timor-Leste remained an observer in the ASEAN before becoming an ASEAN Member State on 26 October 2025 (the first draft of the Study Report was shared with the ASEAN Member States on 11 November 2025).





## 2. Summary of the Applied Methodology

To ensure a structured approach to the analysis, the study follows the stages of the FTA lifecycle: preparation for FTA negotiations with labour-related objectives of the Parties, FTA negotiations with an analysis of legal texts and impact assessment, the pre-ratification phase and measures, the FTA implementation and evaluation, including monitoring, policy dialogue, cooperation, and technical assistance, and enforcement of labour provisions. Discussing these stages, the study refers to a broad and diverse range of examples from the existing FTAs and practices, such as those applied by Australia, Canada, Chile, the EFTA States, the EU, New Zealand, and other partners.<sup>15</sup> It analyses bilateral and regional trade agreements, those with a comprehensive set of labour provisions linked to a dispute settlement mechanism, and those focused on cooperation, including FTAs negotiated and implemented by the ASEAN Member States individually and collectively.<sup>16</sup>

Several trading partners, such as Canada, the EFTA States, the EU, and the US, have consistently included labour provisions in their trade agreements (at least over the last decade or more), and their positions and texts proposed for negotiations have evolved. Therefore, the analysis in this study

<sup>15</sup> A list of trade agreements with labour provisions selected for analysis is provided in Annex 3.

<sup>16</sup> A list of trade agreements with labour provisions negotiated and concluded by the ASEAN Member States is provided in Annex 2.

incorporates their latest approaches, as these are more likely to be replicated in current or future trade negotiations with ASEAN Member States or other partners. However, to discuss diverse measures and procedures which can be used at each stage of the FTA lifecycle, as well as their effects, the study also refers to examples of older trade agreements with countries facing challenges in legal and practical aspects related to the ratification, implementation and enforcement of the ILO core labour standards listed in the ILO 1998 Declaration on Fundamental Principles and Rights at Work (as amended)<sup>17</sup> and enshrined in the ten ILO fundamental Conventions.

Furthermore, the analysis examines stakeholder engagement practices applied by different Parties at each stage of the FTA lifecycle. This includes public consultations, advisory groups and committees, civil society dialogues and other meetings, mechanisms for submissions and other forms of participation and contribution. They are used to increase transparency around international trade relations, monitor the implementation of a trade agreement and collect views regarding implications that result from negotiations and implementation of an FTA for different sectors, workers and other groups in society.

On a best-effort basis, the study combines desk research with stakeholder engagement<sup>18</sup> to close information gaps and collect forward-looking opinions of ASEAN Member States, workers and employers. To collect information and data regarding practices applied in the implementation of trade agreements with labour provisions, tailored questionnaires have been prepared and shared with ASEAN Member States and trading partners, such as Australia, Canada, New Zealand, and the US, and an interview has been conducted with EU representatives. Moreover, the first draft of the Study Report has been shared for review and comments with ASEAN Member States, Australia, Canada, Chile, the EFTA Secretariat, the EU, New Zealand, the US, and the ILO. Questionnaires focusing on the impacts of trade agreements on companies and workers have been distributed among national and regional ASEAN trade unions and employer organisations. Additionally, diverse types of documents and literature have been reviewed, including FTA legal texts, meeting reports of Trade and Sustainable Development (TSD) or Labour Committees implementing labour provisions under diverse FTAs, ex-ante impact assessments and ex-post evaluations of trade agreements, trade statistics, sectoral research studies, Action Plans, and other sources. Desk research followed between April and November 2025, while stakeholder consultations were held between March 2025 and October 2025. The first draft of the Study Report was shared in November 2025 and revised (based on comments) in December 2025. The first version of the questionnaires for stakeholder consultations was attached to the Inception Report, endorsed in March 2025.

<sup>17</sup> The ILO 1998 Declaration on Fundamental Principles and Rights at Work: <https://www.ilo.org/about-ilo/mission-and-impact-ilo/ilo-declaration-fundamental-principles-and-rights-work>

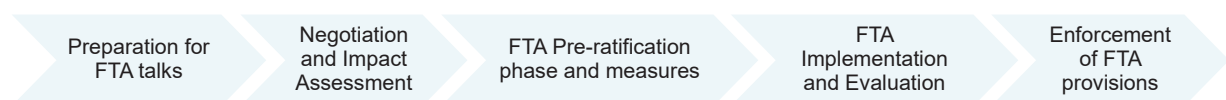
<sup>18</sup> A list of stakeholder organisations engaged in consultations for this study is provided in Annex 1.



### 3. Analysis: Stages of the FTA Lifecycle

To ensure a structured approach, the analysis in this Chapter follows the stages of the FTA lifecycle: preparation for FTA negotiations with labour-related objectives of the Parties, FTA negotiations with an analysis of legal texts and impact assessment, the pre-ratification phase and measures, the FTA implementation and evaluation, including monitoring, policy dialogue, cooperation and technical assistance, and enforcement of labour provisions.

**Figure 1: Stages of the FTA Lifecycle**



Since the ASEAN Member States already have or negotiate FTAs with labour provisions with several partner countries, and more such agreements may be concluded in the future, the analysis refers to a broad and diverse range of examples from the existing FTAs and practices, such as those applied by Australia, Canada, Chile, the EFTA States, the EU, New Zealand, the US, and other partners.

The objective is to provide a broad overview of the legal texts and practices enabling the ASEAN Member States to develop an understanding of what to expect at the consecutive stages of the FTA cycle and how to prepare to seize the opportunities offered by the FTAs and to reduce risks of negative experiences related to non-compliance with labour provisions. For the same reason, the analysis covers diverse types of FTAs: bilateral and regional, those with a comprehensive set of labour provisions linked to a dispute settlement mechanism, and those focused on cooperation. Moreover, to ensure the broadest possible overview, of practices and experiences, the analysis covers examples of older FTAs, which entered into force a decade or more ago, as well as the latest ones, and examples of trade agreements with non-compliant countries. The analysis also indicates the latest changes in approaches, including focus on supply chains and due diligence, and the EU 2022 policy document introducing sanctions and a more systematic use of pre-ratification measures and Action Plans.<sup>19</sup>

### 3.1 Preparations for FTA Negotiations: Objectives of the Parties

As in other stages of the FTA lifecycle, the analysis of preparations for trade agreement negotiations focuses on labour provisions and, more specifically, on labour-related objectives that the Parties formulate before negotiations commence. Their analysis sheds light on the expected scope and level of ambition of labour provisions in a future FTA. In some cases, the objectives have been included in confidential negotiation mandates and are therefore not publicly available. Moreover, sections related to negotiation objectives are removed from websites, such as the EFTA website, once the new trade agreement has been concluded and entered into force. However, the increasing level of transparency applied by the trading Parties allows at least a brief overview of recent examples.

#### 3.1.1 Australia

Australia incorporates labour provisions in its new trade agreements and upgrades to existing FTAs, taking into account the preferences of its negotiating partners. In negotiations for the Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE), Australia set as its objective the promotion of compliance with internationally recognised labour standards.<sup>20</sup>

In preparation for FTA negotiations with the EU, Australia acknowledged that both Parties share high standards on labour protection, a commitment to fundamental labour rights, and adherence to relevant ILO Conventions. Therefore, the future trade agreement should include commitments promoting compliance with international labour standards and high labour protection levels, consistent with internationally recognised labour rights and principles (DFAT Australia, no date).

Regarding the FTA with Malaysia, as both countries entered the Trans-Pacific Partnership negotiations with labour provisions, they agreed that the bilateral FTA would not include labour provisions in its main text (see also section 3.2.1 for further details).<sup>21</sup>

<sup>19</sup> European Commission Communication (22.06.2022). The power of trade partnerships: together for green and just economic growth: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0409>

<sup>20</sup> Australia-UAE CEPA negotiating objectives: <https://www.dfat.gov.au/trade/agreements/in-force/australia-uae-comprehensive-economic-partnership-agreement-cepa/australia-united-arab-emirates-free-trade-agreement-negotiating-objectives>

<sup>21</sup> Side Letter on Labour. Australia to Malaysia: <https://www.dfat.gov.au/sites/default/files/side-letter-labour-australia-to-malaysia.pdf>

### 3.1.2 Canada

In its negotiation objectives for a regional FTA with ASEAN, Canada recognised the importance of promoting fundamental labour rights to achieve equitable growth and stability. It also committed to including in the agreement comprehensive and enforceable (i.e. linked to a dispute settlement mechanism) labour provisions to ensure that trade and investment are not pursued at the expense of workers' rights (Global Affairs Canada, 2022b).

Similar objectives guided negotiations of the Canada-Indonesia Comprehensive Economic Partnership Agreement (CEPA). In the related document, Canada committed to negotiating an agreement that includes comprehensive and enforceable labour provisions to ensure that trade and investment do not come at the expense of workers' protections. Canada also emphasised that promoting fundamental labour rights supports equitable growth and stability (Global Affairs Canada, 2021).

### 3.1.3 EFTA States

In their objectives related to FTA negotiations with Thailand, the EFTA countries expressed their intention to include a Trade and Sustainable Development Chapter in the future trade agreement, in which the Parties would confirm their obligations related to the international labour conventions. The Chapter would also include provisions establishing a panel of experts to issue recommendations to help resolve disputes regarding its implementation.<sup>22</sup>

Since the negotiation objectives on the EFTA website are replaced with information on the content of a new FTA once negotiations are concluded and the agreement is signed, they are no longer available for the agreements that have been signed or are already in force, such as those with Indonesia, Malaysia, and the Philippines. Moreover, while FTA talks with Viet Nam are ongoing, no negotiation objectives have been published on the EFTA website.

### 3.1.4 European Union

The EU started declassifying and publishing its negotiation directives in 2018. Therefore, they are available only for the few most recently negotiated trade agreements. This means that the EU negotiation objectives adopted for FTA talks with the ASEAN Member States are not publicly available. This is because negotiations with Singapore, Viet Nam, and Indonesia began before 2018, i.e. before the decision to increase transparency. Moreover, the negotiation mandates for FTA talks with Malaysia, the Philippines, and Thailand were adopted before 2018 (negotiations with each of these three countries began in the early 2010s: with Malaysia in 2010, with the Philippines in 2015 and with Thailand in 2013; they all were suspended after the first few rounds and have been re-launched recently after a several-year-long break, based on the same negotiation mandates).

In objectives related to negotiations for a modernised Association Agreement with Chile, the EU aimed to promote the 2030 Sustainable Development Agenda and to support adherence to and the effective implementation of the ILO core labour standards and fundamental Conventions. Moreover, the Parties should preserve the right to regulate and aim at a high level of labour protection, consistently with their

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<sup>22</sup> EFTA-Thailand FTA, accessed on 17.01.2025: <https://www.efta.int/trade-relations/free-trade-network/thailand>

international obligations.<sup>23</sup> The Parties should also not weaken or derogate from their labour laws, and not fail to enforce them to attract trade or investment. Furthermore, the agreement should promote Responsible Business Conduct practices and sustainability schemes and include provisions related to implementation monitoring, civil society participation and dispute settlement (Council of the EU, 2018b). The objectives related to FTA negotiations with New Zealand aimed—in addition to the above—at including a commitment of the Parties to make continued and sustained efforts towards ratifying ILO fundamental Conventions No. 138 and 87, i.e. those at the time not ratified yet by New Zealand (Council of the EU, 2018). Likewise, objectives for FTA talks with Australia included (in addition to those mentioned above) a commitment of the Parties to make continued and sustained efforts towards ratifying ILO fundamental Convention No. 138, which at the time had not been ratified by Australia<sup>24</sup> (Council of the EU, 2018a).

Building on those, EU objectives for negotiation of the Economic Partnership Agreements with countries of Africa, the Caribbean and the Pacific covered the aspects mentioned above, as well as an intention to promote adherence to and an effective implementation of rules related to health and safety at work, labour inspection, social dialogue, and social and labour protection. They also foresaw an enhanced role for civil society and its participation in implementing the entire agreement as members of the monitoring and advisory bodies to the Parties (Council of the EU, 2019a).

In the latest (2025) proposal for negotiation directives related to FTA negotiations with six Gulf Cooperation Council members (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE), the European Commission has largely repeated the same text as discussed above for the agreement with Chile. In addition to that, the proposal includes the commitments of the Parties to make continued and sustained efforts towards ratifying the outstanding ILO fundamental Conventions and to adhere to and effectively implement all fundamental principles and rights at work as defined by the ILO Declaration (as amended in 2022). The proposal also refers to promoting Responsible Business Conduct and due diligence, having regard to the relevant international instruments in these areas (European Commission, 2025c).

### 3.1.5 New Zealand

In the case of New Zealand, the available versions of negotiating directives are redacted, and many content-related elements have been removed. This happened, for example, with the document adopted for the Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area and its part about the Trade and Sustainable Development Chapter (MFAT, New Zealand 2019).

### 3.1.6 United States

In the US, the Government negotiates trade agreements based on the negotiation objectives enshrined in the Trade Promotion Authority (TPA), adopted by Congress (Congressional Research Service, 2024). TPA empowers the President to engage in talks with partner countries on the reduction in tariffs and non-tariff measures. It typically provides a multi-year framework for negotiation of several

<sup>23</sup> The objectives also included commitments in the fisheries sector, although addressed from the environmental perspective, i.e. promotion of trade in legally obtained and sustainably managed resources and the commitment to fight against illegal, unreported and unregulated (IUU) fishing (Council of the EU, 2018b).

<sup>24</sup> Australia ratified the ILO fundamental Convention No. 138 in 2023 (ILO NORMLEX).

trade agreements that may take place within its application period. TPA also establishes negotiation objectives, including those related to labour. The latest TPA was adopted in 2015 and expired in 2021 (Congressional Research Service, 2019). Since then, Congress has not adopted a new one.

The TPA of 2002 provided direction for the approval of the US-Singapore FTA and negotiations with other partner countries, such as Central America, the Dominican Republic, and Colombia. Regarding labour, the focus was on promoting worker rights and the rights of children in line with the ILO core labour standards, including the universal ratification and compliance with ILO fundamental Convention No. 182 (elimination of the worst forms of child labour). Moreover, according to it, the Parties should not weaken the protection afforded in domestic labour laws nor fail to enforce labour laws in a way that affects trade between them. At the same time, the Parties should retain the right to regulate and to set priorities in the allocation of their resources. Furthermore, the agreement and its provisions should support partner countries' capacity building to promote the ILO core labour standards and eliminate policies and practices that unduly threaten sustainable development. The policies and practices should also not discriminate arbitrarily against the US (TPA, 2002). The TPA adopted in 2015 provided a legal framework for talks on the Trans-Pacific Partnership and USMCA. In addition to the objectives established by TPA in 2002, it required that the Parties' labour laws be consistent with the ILO core labour standards and that the Parties not derogate from their labour laws in a manner that affects trade or investment between them. Moreover, the Parties' right to choose their priorities and allocate their resources should not be used as an excuse for non-compliance with the labour provisions of a trade agreement. Finally, TPA-2015 required that labour standards be subject to the same dispute settlement mechanism and remedies as other FTA provisions (Congressional Research Service, 2019).

US labour objectives in negotiations on the Trans-Pacific Partnership<sup>25</sup> assumed that commitments related to adherence to fundamental labour rights and acceptable working conditions would be subject to the general dispute settlement mechanism. This included promoting freedom of association and the right to collective bargaining, and discouraging trade in goods made using forced labour, including child labour. The US also sought to include in the agreement provisions that ensure the Parties do not weaken or derogate from their labour laws in a manner that affects trade or investment. The future agreement was also expected to provide for consultations between the Parties to address emerging labour issues and a mechanism for public submissions to raise concerns about any Party's non-compliance with labour rights and related TPP provisions (USTR, no date).

Similar goals have been formulated for a review of the NAFTA agreement in negotiations that led to the adoption of the current US-Mexico-Canada Agreement (USMCA), which replaced NAFTA in 2020. In that case, the US emphasised that each Party shall adopt and maintain laws and practices aligned with the ILO fundamental labour rights and others, establishing acceptable working conditions. The Parties should also prohibit trade in goods made with the use of forced or compulsory child labour. Moreover, they should enable public participation in the implementation of the agreement (e.g. through advisory committees). The Parties should also establish a senior-level Labour Committee to oversee the implementation of labour provisions and include a mechanism for cooperation and coordination of labour issues (USTR, 2017a).

<sup>25</sup> The US withdrew from the TPP in 2017. However, the US labour objectives linked to the TPP negotiations are discussed here to illustrate the US approach to labour-related aspects in a few recent FTAs.

### 3.1.7 Regional Agreements

There are also examples of regionally agreed negotiation objectives, such as those adopted for the Indo-Pacific Economic Framework for Prosperity (IPEF). However, in this particular case, none of the negotiated agreements (IPEF pillars) represented a fully fledged FTA, and in addition, Trade Pillar negotiations were suspended in 2024 and did not conclude.

In the 2022 Ministerial Statement of the Parties<sup>26</sup> negotiating the Trade Pillar of the Indo-Pacific Economic Framework for Prosperity, the participants expressed support for free and fair trade that benefits workers and contributes to sustainable and inclusive growth. The latter, in turn, is understood as including adopting, maintaining and enforcing labour laws aligned with international labour standards outlined in the ILO 1998 Declaration on Fundamental Principles and Rights at Work (as amended). Further elements include public participation, cooperation on emerging labour issues and corporate accountability in cases of labour rights violations (IPEF, 2022).<sup>27</sup>

In a similar Ministerial Statement focused on the IPEF Supply Chain Pillar, the Parties<sup>28</sup> acknowledged that skilled workers and employers who comply with national labour laws and promote labour rights based on the ILO 1998 Declaration on Fundamental Principles and Rights at Work are essential to building supply chain resilience. The Parties expressed, therefore, their intention to promote labour rights based on the ILO 1998 Declaration to ensure that workers and communities benefit from increased supply chain resilience. They also committed to supporting workforce development to secure a sufficient number of skilled workers in supply chains related to critical sectors (IPEF, 2022a).

## CONCLUSIONS

Considerations related to the confidentiality of the negotiation mandates and objectives may prevent some Parties from publishing them. This reduces the sample available for analysis and limits the diversity of approaches in the review. On the other hand, the increasing transparency adopted by some governments and the domestic scrutiny encourage the public disclosure of the objectives established for FTA negotiations.

The publicly available negotiation objectives are predominantly shared by the Parties, who consistently include labour provisions in their trade agreements and frequently opt for a comprehensive set of labour provisions. This is reflected in their objectives and the legal text tabled later during the negotiations (see also the analysis in the next section).

<sup>26</sup> The Statement was adopted by representatives of the US, Australia, Brunei Darussalam, Fiji, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Viet Nam.

<sup>27</sup> Negotiations on the IPEF Trade Pillar have stalled due to differences in positions between the Parties and the US Government and stakeholders regarding digital trade and labour provisions. Therefore, it has not been possible to analyse the IPEF Trade Pillar in the following sections of this study. However, labour provisions have been included in the IPEF Supply Chain Agreement, which entered into force in February 2024. These provisions have been analysed (Congressional Research Service, 2024b; IPEF, 2023).

<sup>28</sup> The Statement was adopted by representatives of the US, Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Viet Nam.

While the scope of labour provisions outlined in the objectives and the intended level of ambition may vary, most of the Parties refer to a future commitment of adherence to and effective implementation and enforcement of the ILO core labour standards (or the ILO fundamental labour rights) based on the ILO 1998 Declaration on Fundamental Principles and Rights at Work (as amended) and the ILO fundamental Conventions. The Parties also speak about adopting, maintaining and enforcing domestic labour laws consistent with their international obligations. Moreover, some Parties refer to the right to regulate, and stress that the Parties should not weaken or derogate from their labour laws to attract trade or investment. Finally, some Parties (the US, the EU, Canada, and the EFTA) link labour provisions to a dispute settlement mechanism, and the US and the EU also refer to civil society participation in the implementation and enforcement of the FTA.

For the ASEAN Member States, this outlines expectations for potential engagements with these trading partners and their aims regarding labour provisions in future trade agreements. Moreover, this indicates the potential scope of adjustments and the necessary domestic work to achieve compliance with a future FTA. In terms of work, the focus should be on outstanding aspects of legislative alignment with the ILO core labour standards (the ILO 1998 Declaration), the ratification of the remaining ILO fundamental Conventions, and the strengthening of the capacity of labour inspection and other relevant authorities to ensure effective enforcement of labour law. Moreover, in case this is not the regular practice yet, the ASEAN Member States should consider engagement with business representatives, trade unions and other civil society organisations to outline plans for FTA negotiations, listen to their views regarding possible benefits and challenges related to the future trade agreement and continue dialogue and cooperation throughout all stages of the FTA lifecycle. This should help secure buy-in for the agreement and support the preparation for the implementation of a future FTA, ensuring effective application of its provisions once the agreement is concluded and begins to take effect. These aspects will be discussed in greater detail in the next section, which focuses on the legal text of the FTA labour provisions and the approaches adopted by different trading partners.

### Stakeholder Engagement at the Preparatory Stage for FTA Negotiations

Some Parties start engaging stakeholders at this stage of the FTA lifecycle.

Australia invites stakeholders to make submissions on the potential new trade agreement, notably on its economic, regional and other impacts, as well as on matters of interest to negotiators regarding doing business with the partner country and existing market access barriers. For example, in the context of Australia-India negotiations on a Comprehensive Economic Cooperation Agreement, stakeholders were encouraged to provide information on tariffs and non-tariff measures (barriers) affecting trade in goods, trade in services and investment between Australia and India. Moreover, Australia provided a list of other topics of interest to negotiators, including sustainable development. Submissions should help negotiators establish priorities for FTA talks.<sup>29</sup> Across the different stages of the process and negotiations for two agreements with India, the Australian Government received 120 stakeholder contributions, with some organisations providing their views more than once.<sup>30</sup>

<sup>29</sup> Australia-India negotiations. Make a submission: <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/submissions/australia-india-trade-negotiations-make-submission>

<sup>30</sup> Australia-India trade negotiations. Submissions: <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/submissions/australia-india-fta-submissions/australia-india-trade-negotiations-submissions>

In Canada, the engagement with the Parliament and non-governmental stakeholders in the context of policy development and FTA negotiations is governed by the Government Trust and Transparency Strategy<sup>31</sup> and the Policy on Tabling of Treaties in Parliament.<sup>32</sup> Accordingly, the Government needs to present a Note of Intent at least 90 calendar days before the launch of FTA negotiations and the negotiation objectives, at least 30 calendar days before it begins FTA talks. Canada also launches its first public consultations on a future trade agreement as it announces negotiations. Such consultations regarding the Canada-ASEAN FTA were conducted in 2018 and attracted 49 contributions. The Canadian Government also held meetings and videoconferences with 32 stakeholders to solicit their views (Global Affairs Canada, 2018a). Stakeholder engagement continues throughout the stages of the FTA lifecycle and is discussed in the corresponding sections of this Report.

The European Commission, on behalf of the EU, conducts a preliminary impact assessment accompanying the negotiation mandate. Desk research is complemented by stakeholder engagement, with inputs provided during 12-week-long online consultations (European Commission, 2016). Moreover, the European Commission holds regular Civil Society Dialogue meetings (thematic or with a geographic scope) to provide updates on its policy and planning in a particular policy area or region. This also applies to trade policy and relations with countries from a specific region, like Sub-Saharan Africa<sup>33</sup> or South-East Asia.<sup>34</sup> Such meetings allow the European Commission's officials to share updates on implemented trade agreements and ongoing and planned negotiations with civil society, note interests and concerns and reply to questions.

### 3.2 FTA Negotiations: Analysis of Labour Provisions in Legal Texts

This section analyses labour provisions in trade agreements negotiated and concluded by Australia, Canada, Chile, the EFTA States, the EU, Japan, New Zealand, the Republic of Korea, and the US with diverse countries, including the ASEAN Member States. The analysis also covers regional trade agreements and trade agreements with labour provisions of a cooperative nature. In this context, it indicates for each agreement and side document (in the text and/or in the table), whether its labour provisions are enforceable (linked to a dispute settlement mechanism), or of a cooperative (promotional) nature. Additionally, section 3.2.11 lists trade agreements (discussed in the preceding sections) to which one or more ASEAN Member States are Party, and section 3.2.12 lists trade agreements and side documents of a cooperative (promotional) nature.

The analysis also covers provisions related to the fishing sector. While in most FTAs, they feature in the Environment Chapters and mainly focus on environmental aspects related to the sustainable management of fish stocks (marine biological resources), they also commit the Parties to combat illegal, unreported, and unregulated (IUU) fishing, to exclude IUU fishing products from trade flows, and to exchange information on IUU fishing activities. Since vessels engaged in IUU fishing are associated

<sup>31</sup> The Government of Canada Trust and Transparency Strategy: <https://www.canada.ca/en/government/system/government-wide-reporting-spending-operations/trust-transparency/government-canada-trust-and-transparency-strategy.html>

<sup>32</sup> Policy on Tabling of Treaties in Parliament: <https://www.treaty-accord.gc.ca/procedures.aspx?lang=eng>

<sup>33</sup> An example of Civil Society Dialogue meeting regarding trade relations with countries from Sub-Saharan Africa: [https://policy.trade.ec.europa.eu/eu-trade-meetings-civil-society/csd-eu-trade-and-investment-relations-sub-saharan-africa-2024-11-20\\_en](https://policy.trade.ec.europa.eu/eu-trade-meetings-civil-society/csd-eu-trade-and-investment-relations-sub-saharan-africa-2024-11-20_en)

<sup>34</sup> An example of Civil Society Dialogue meeting regarding trade relations with countries from South-East Asia: [https://policy.trade.ec.europa.eu/eu-trade-meetings-civil-society/civil-society-dialogue-trade-relations-southeast-asia-2024-05-23\\_en](https://policy.trade.ec.europa.eu/eu-trade-meetings-civil-society/civil-society-dialogue-trade-relations-southeast-asia-2024-05-23_en)

with a higher risk of labour rights violations, combating IUU fishing may also mitigate that risk.<sup>35</sup> Therefore, the analysis of labour provisions also covers fishing and combating the IUU activities.

### 3.2.1 Australia

*(Links to texts of the agreements analysed below are provided in Annex 3)*

Trade agreements with labour provisions to which Australia is a Party represent a variety of models in terms of the scope and the level of ambition of labour-related commitments. For example, the Australia-Chile FTA contains limited labour provisions in the Cooperation Chapter. The Parties agree that their cooperation will be based on the concept of decent work and the ILO Declaration on Fundamental Principles and Rights at Work. They also commit to designating national contact points and establishing a Committee to oversee the cooperation activities. There is no dispute settlement mechanism, and no further commitments are made.

In the Side Letters on Labour accompanying the Australia-Malaysia FTA, the Parties have reaffirmed their commitments as the ILO Members, including those resulting from the ILO Declaration on Fundamental Principles and Rights at Work. They also expressed interest in cooperation on labour and recognised each Party's responsibility to regulate and enforce the labour laws. They also committed to ensuring that labour protection levels are not weakened to attract trade and that labour standards are not used for trade protectionist purposes. Moreover, as both Parties were negotiating the TPP at the same time, they agreed not to include labour provisions in their bilateral agreement but to review it later.

The Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area includes a Trade and Sustainable Development Chapter of a cooperative nature. It recognises the Parties' right to regulate and to enforce their labour laws, regulations and policies. The Parties should, however, not weaken the level of labour protection and should not use the labour laws for protectionist trade purposes. The Chapter recalls each Party's commitment to labour standards to which it is a Party. However, it does not refer to the ILO membership or the ILO Declaration on Fundamental Principles and Rights at Work. The Parties also commit to cooperating on labour-related matters and establishing national contact points. The Chapter does not include any further institutional provisions and excludes the use of a dispute settlement mechanism.

Six other Australian trade agreements (with Peru, the Republic of Korea, the UK, the US, the UAE, and the CPTPP) include dedicated Labour Chapters, with those in the CPTPP and Australia-UK FTA being the most comprehensive. Most of them follow the US model (see also section 3.2.9 on US FTAs) in addressing labour-related aspects (see Table 1 with an overview of labour-related provisions). They:

- Reaffirm the Parties' obligations as the ILO members, including those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work,
- Reaffirm the Parties' right to regulate and to establish and modify their labour laws and regulations consistent with the Declaration; the Parties should also strive to improve the level of labour protection afforded by their legislation,

<sup>35</sup> Center for Ocean Solutions, Stanford University: <https://oceansolutions.stanford.edu/key-initiatives/addressing-illegal-fishing-and-labor-abuses>

- Prohibit lowering the levels of labour protection and state that a Party shall not waive or derogate from or offer to waive or derogate from its labour laws in a way affecting trade or investment between the Parties, where the change would be inconsistent with the principles of the ILO 1998 Declaration and weaken adherence to them,
- Stress the importance of labour law enforcement and state that a Party shall not fail to effectively enforce its labour laws and regulations through a sustained or recurring course of action or inaction, in a way affecting trade or investment between the Parties; moreover, each Party should retain the right to exercise discretion about setting its priorities and allocating resources to their enforcement,
- Some also note that labour laws, regulations, policies and practices should not be used for protectionist trade purposes,
- Require that persons with a recognised interest under the law have access to the justice system where the proceedings are fair, equitable and transparent and the persons in question can seek remedies to enforce their rights under the labour law,
- Direct the Parties to promote awareness of labour rights in their territories,
- Promote cooperation on trade and labour-related matters,
- Include institutional provisions, with national contact points and an inter-governmental Committee (either the Joint Committee or a Committee/Council on Labour) to oversee the Chapter's implementation. The agreements with the US, the UK, and the CPTPP also envisage setting up the labour advisory committee composed of stakeholders and allowing stakeholders to submit to the administration of each Party communications on matters related to the Chapter,
- Include dispute settlement provisions, according to which, as a rule, disputes should be resolved through consultations between the Parties, with a possibility of an escalation to the Joint Committee which oversees the FTA implementation. The agreements with the US, the UK, and the CPTPP offer (as a last resort) a recourse to the general dispute settlement mechanism. In the agreement with the US, however, this solution is available only regarding FTA provisions focused on enforcing the domestic labour law.

The Australia-US FTA, Australia-UK FTA and CPTPP include, in addition to the above, commitments to adopt laws and regulations governing acceptable working conditions, including working hours, minimum wages and occupational safety and health. Moreover, the Parties should encourage the adoption and application of CSR practices. They also commit to combat IUU fishing practices.

Moreover, CPTPP commits the Parties to take appropriate measures to discourage imports of goods produced with the use of forced labour, including forced child labour.

According to the Australia-UK FTA, the Parties should also adopt laws and regulations that require public and private entities operating in their territories to take measures to prevent modern slavery in their operations and supply chains.

The latest Australia-UAE CEPA also includes a provision inspired by the ILO Convention No. 190. The Parties recognise the importance of removing violence and harassment from workplaces and of investigating and addressing cases of workplace violence. On the other hand, while it refers to non-discrimination and the elimination of forced and child labour, it remains silent on freedom of association and occupational safety and health.

The agreement with Peru largely follows the above content list; however, it does not include provisions on dispute settlement in labour-related matters, and its institutional provisions are limited to contact points to facilitate communication between the Parties. The Australia-UAE CEPA does not include dispute settlement either.

**Table 1: An Overview of Labour Provisions in Selected Australian FTAs**

| FTA Example<br>Labour Provisions                                                   | Australia-Chile FTA | Australia-Malaysia Side Letter | Australia-Peru FTA | Republic of Korea-Australia FTA | Australia-UK FTA | Australia-US FTA | Australia-UAE CEPA | CPTPP | ASEAN-AUS-NZ FTA |
|------------------------------------------------------------------------------------|---------------------|--------------------------------|--------------------|---------------------------------|------------------|------------------|--------------------|-------|------------------|
| Right to regulate consistently with international standards                        | ×                   | ✓                              | ✓                  | ✓                               | ✓                | ✓                | ✓                  | ×     | ✓                |
| Non-reduction of levels of labour protection                                       | ×                   | ✓                              | ✓                  | ✓                               | ✓                | ✓                | ✓                  | ✓     | ✓                |
| Effective enforcement of domestic labour law                                       | ×                   | ✓                              | ✓                  | ✓                               | ✓                | ✓                | ✓                  | ✓     | ×                |
| No use of labour standards for trade protectionist purposes                        | ×                   | ✓                              | ×                  | ✓                               | ✓                | ×                | ✓                  | ✓     | ✓                |
| No use of labour rights violations as a legitimate comparative advantage           | ×                   | ×                              | ×                  | ×                               | ×                | ×                | ×                  | ×     | ×                |
| Recognition of ILO-related obligations and commitment to FPRW                      | ✓/×                 | ✓                              | ✓                  | ✓                               | ✓                | ✓                | ✓                  | ✓     | ×                |
| Occupational safety and health as a new ILO CLS                                    | ×                   | ×                              | ×                  | ×                               | ×                | ×                | ×                  | ×     | ×                |
| Commitment to ratify ILO fundamental Conventions                                   | ×                   | ×                              | ×                  | ×                               | ×                | ×                | ×                  | ×     | ×                |
| Commitment to effectively implement ratified ILO Conventions                       | ×                   | ×                              | ×                  | ×                               | ×                | ×                | ✓                  | ×     | ×                |
| Consideration of further ratifications of other ILO Conventions                    | ×                   | ×                              | ×                  | ×                               | ×                | ×                | ×                  | ×     | ×                |
| Domestic laws and policies on OSH, labour inspection and decent working conditions | ×                   | ×                              | ×                  | ×                               | ✓                | ✓                | ✓/×                | ✓     | ×                |
| Combating IUU fishing practices and trade                                          | ×                   | ×                              | ×                  | ×                               | ✓                | ×                | ✓                  | ✓     | ×                |
| Domestic enforcement mechanisms in place                                           | ×                   | ×                              | ✓                  | ×                               | ✓                | ✓                | ✓                  | ✓     | ×                |

| FTA Example<br>Labour Provisions                                  | Australia-Chile FTA | Australia-Malaysia Side Letter | Australia-Peru FTA | Republic of Korea-Australia FTA | Australia-UK FTA | Australia-US FTA | Australia-UAE CEPA | CPTPP | ASEAN-AUS-NZ FTA |
|-------------------------------------------------------------------|---------------------|--------------------------------|--------------------|---------------------------------|------------------|------------------|--------------------|-------|------------------|
| Awareness of labour laws, policies, practices                     | ×                   | ×                              | ✓                  | ×                               | ✓                | ×                | ✓                  | ✓     | ×                |
| Promoting fair and ethical trade and CSR                          | ×                   | ×                              | ×                  | ×                               | ✓                | ×                | ✓                  | ✓     | ×                |
| Cooperation on trade and labour                                   | ✓                   | ×                              | ✓                  | ✓                               | ✓                | ✓                | ✓                  | ✓     | ✓                |
| Contact points                                                    | ✓                   | ×                              | ✓                  | ✓                               | ✓                | ✓                | ✓                  | ✓     | ✓                |
| Inter-governmental Committee/Council/Board                        | ✓                   | ×                              | ×                  | ✓                               | ✓                | ✓                | ✓                  | ✓     | ×                |
| Civil society advisory group/committee                            | ×                   | ×                              | ×                  | ×                               | ✓                | ✓                | ×                  | ✓     | ×                |
| Public sessions or Civil Society Forum meetings                   | ×                   | ×                              | ×                  | ×                               | ×                | ×                | ×                  | ×     | ×                |
| Other forms of stakeholder consultation, incl. on cooperation     | ×                   | ×                              | ×                  | ×                               | ✓                | ×                | ✓                  | ✓     | ×                |
| Submission mechanism                                              | ×                   | ×                              | ×                  | ×                               | ✓                | ✓                | ×                  | ✓     | ×                |
| Dedicated TSD dispute settlement mechanism                        | ×                   | ×                              | ×                  | ✓                               | ×                | ×                | ×                  | ×     | ×                |
| Dispute resolution through consultations, incl. Committee/Council | ×                   | ×                              | ×                  | ✓                               | ✓                | ✓                | ×                  | ✓     | ×                |
| Dedicated Panel of Experts for TSD Chapter                        | ×                   | ×                              | ×                  | ×                               | ×                | ×                | ×                  | ×     | ×                |
| General dispute settlement mechanism for labour provisions        | ×                   | ×                              | ×                  | ×                               | ✓                | ✓                | ×                  | ✓     | ×                |

### 3.2.2 Canada

(Links to texts of the agreements analysed below are provided in Annex 3)

Canada has consistently included labour provisions in its trade agreements, either in the main text, or in the accompanying Agreements on Labour Cooperation. They have evolved over time. Typically, labour provisions in Canadian agreements:

- Reaffirm the Parties' obligations as the ILO members, including those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work,

- Reaffirm the Parties' right to regulate and to establish and modify their labour laws and regulations consistent with the Declaration (labour laws covered by those provisions are defined as also regulating acceptable working conditions, including minimum wages, working hours, occupational safety and health and non-discrimination in respect of working conditions for migrant workers),
- Refer to the Decent Work Agenda and commitments under the ILO 2008 Declaration on Social Justice for a Fair Globalisation,
- Prohibit lowering the levels of labour protection and state that a Party shall not waive or derogate from or offer to waive or derogate from its labour laws in a way affecting trade or investment between the Parties, where the change would be inconsistent with labour rights enshrined in the ILO 1998 Declaration, and weaken adherence to them,
- Stress the importance of labour law enforcement and state that a Party shall effectively enforce its labour laws and regulations through appropriate government action, such as maintaining labour inspection services and conducting on-site inspections, providing or encouraging conciliation, mediation and arbitration services, encouraging establishment of worker-management committees at workplaces and others,
- Require that persons with a recognised interest under the law have access to the justice system where the proceedings are fair, equitable and transparent and the persons in question can seek remedies to enforce their rights under the labour law (in some agreements, these provisions are pretty detailed and list requirements which the justice system and the proceedings should meet to be considered satisfactory),
- Direct the Parties to provide for the receipt of written submissions on matters related to the Labour Chapter and to promote awareness of labour rights in their territories, including by prompt publication of their laws, regulations, procedures and administrative rulings,
- Promote cooperation on labour-related matters and capacity building,
- Include institutional provisions, with national contact points (or National Administrative Office) and government-to-government (Ministerial) Labour Council to oversee the Chapter's (or the Labour Cooperation Agreement's) implementation and to review it five years after the entry into force. The Council's meetings may include a session with the public to discuss matters related to the implementation of the Chapter. Moreover, the Council may consult a labour advisory body composed of stakeholders,
- Include dispute settlement provisions, according to which, as a rule, disputes should be resolved through consultations between the Parties, with a possibility of an escalation to the Ministers or the Labour Council established to oversee the Labour Chapter. The agreements also provide for the establishment of an independent Review Panel if bilateral consultations have not yielded a satisfactory outcome. The Panel is supposed to consider the matter and issue a report with recommendations, based on which the Parties may elaborate an action plan. Moreover, if the Parties fail to agree on an action plan, or the defending Party fails to implement it and address the issue at hand, the Panel may impose a monetary penalty on the non-compliant Party.

The Canada-Ukraine FTA also contains a commitment to effectively implement the ratified ILO fundamental Conventions and to strive to ratify the remaining ones. The Parties shall also exchange information on their respective situations and progress regarding the ratification of ILO fundamental

Conventions. This agreement also includes provisions committing the Parties to establish laws that 1) deter employers from interfering with workers' right to organise, 2) do not undermine the ability of workers and employers to bargain collectively, and 3) help ensure that workers' organisations are independent, representative, and accountable. It also recognises that workers' organisations should be able to exercise their rights in a climate free from violence, threats and intimidation against workers and that governments should effectively address any incidence of violence, threats and intimidation against workers. The agreement, moreover, highlights the goal of eliminating forced and compulsory labour and commits the Parties to prohibit the importation of goods made by forced or compulsory labour, including forced or compulsory child labour. It also commits the Parties to combating illegal, unregulated and unreported (IUU) fishing and deterring trade in products derived from such practices.

In 2024, Canada concluded negotiations on a trade agreement with Indonesia.<sup>36</sup> It was signed in September 2025. In terms of the scope, its labour provisions cover all standard elements, as well as additional ones, similar to those introduced in the Canada-Ukraine FTA. This includes commitments related to the ratification and implementation of the ILO fundamental Conventions, as well as acknowledgement of workers' rights and the need to tackle all forms of forced and compulsory labour (see Table 2 for the overview).

The Labour Cooperation Agreement with Costa Rica and the Canada-Republic of Korea FTA do not include provisions about the Council's sessions with the public and consultation with advisory bodies composed of non-governmental stakeholders.

The Labour Cooperation Agreements with Honduras, Panama, Jordan, and Peru follow the same model as the Agreement with Colombia outlined in Table 2.

Table 2 below also includes an analysis of the Canada-EU CETA, the USMCA and the CPTPP. They are discussed in detail in other sections of this Chapter, which are dedicated to the US and the EU FTAs and regional trade agreements.

<sup>36</sup> With a view to improving Indonesia's compliance with the future FTA labour provisions, Canada has supported a three-year (2022-2025), CAD 750,000 technical assistance project in Indonesia. The project, implemented by the ILO, aimed to improve industrial relations and contributed to the implementation of an innovative labour grievance application for mobile phones. Canada is also supporting a new three-year (2025–2028), CAD 2,900,000 project implemented by the ILO. It focuses on fundamental principles and rights at work (FPRW) and their implementation by building companies' capacity to adopt gender-inclusive workplace policies, including measures to prevent and address sexual harassment and to promote occupational health and safety in a gender-responsive manner. This includes strengthening grievance handling mechanisms. The project will also strengthen the capacity of tripartite agencies to implement legislation and roadmaps on the abolition of child labour.

**Table 2:** An Overview of Labour Provisions in Selected Canadian FTAs

| FTA Example<br>Labour Provisions                                                   | Canada-Chile Labour Cooperation | Canada-Colombia Labour Cooperation | Canada-Costa Rica Labour Cooperation | Canada-Republic of Korea FTA | Canada-Ukraine FTA | Canada-EU CETA | CPTPP | USMCA | Canada-Indonesia CEPA <sup>37</sup> |
|------------------------------------------------------------------------------------|---------------------------------|------------------------------------|--------------------------------------|------------------------------|--------------------|----------------|-------|-------|-------------------------------------|
| Right to regulate consistently with international standards                        | ✓                               | ✓                                  | ✓                                    | ✓                            | ✗                  | ✓              | ✗     | ✓     | ✓                                   |
| Non-reduction/derogation of the levels of labour protection                        | ✗                               | ✓                                  | ✗                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Effective enforcement of domestic labour law                                       | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| No use of labour standards for trade protectionist purposes                        | ✗                               | ✗                                  | ✗                                    | ✗                            | ✗                  | ✗              | ✓     | ✗     | ✓                                   |
| No use of labour rights violations as a legitimate comparative advantage           | ✗                               | ✗                                  | ✗                                    | ✗                            | ✗                  | ✗              | ✗     | ✗     | ✓                                   |
| Recognition of ILO-related obligations and commitment to FPRW                      | ✗                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Occupational safety and health as a new ILO CLS                                    | ✗                               | ✗                                  | ✗                                    | ✗                            | ✓                  | ✗              | ✗     | ✗     | ✓                                   |
| Commitment to ratify ILO fundamental Conventions                                   | ✗                               | ✗                                  | ✗                                    | ✗                            | ✓                  | ✓              | ✗     | ✗     | ✓                                   |
| Commitment to effectively implement ratified ILO Conventions                       | ✗                               | ✗                                  | ✗                                    | ✗                            | ✓                  | ✓              | ✗     | ✗     | ✓                                   |
| Consideration of further ratifications of other ILO Conventions                    | ✗                               | ✗                                  | ✗                                    | ✗                            | ✗/✓ <sup>38</sup>  | ✗/✓            | ✗     | ✗     | ✗                                   |
| Domestic laws and policies on OSH, labour inspection and decent working conditions | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Combating IUU fishing practices and trade                                          | ✗                               | ✗                                  | ✗                                    | ✗                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Domestic enforcement mechanisms in place                                           | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Awareness of labour laws, policies, & practices                                    | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |

<sup>37</sup> The Canada-Indonesia CEPA was signed in September 2025, but has not entered into force yet.

<sup>38</sup> In the agreements with Ukraine and the EU, the Parties do not explicitly commit to ratify ILO conventions other than the fundamental ones, however, in each of these two agreements, there is a provision about the exchange of information between the Parties about the advancements made in the ratification of the ILO conventions classified as up-to-date.

| FTA Example<br>Labour Provisions                                  | Canada-Chile Labour Cooperation | Canada-Colombia Labour Cooperation | Canada-Costa Rica Labour Cooperation | Canada-Republic of Korea FTA | Canada-Ukraine FTA | Canada-EU CETA | CPTPP | USMCA | Canada-Indonesia CEPA <sup>37</sup> |
|-------------------------------------------------------------------|---------------------------------|------------------------------------|--------------------------------------|------------------------------|--------------------|----------------|-------|-------|-------------------------------------|
| Promoting fair and ethical trade and CSR                          | ×                               | ×                                  | ×                                    | ×                            | ×                  | ✓              | ✓     | ×     | ✓                                   |
| Cooperation on labour                                             | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Contact points                                                    | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Inter-governmental Committee/Council/Board                        | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Civil society advisory group/committee                            | ✓                               | ✓                                  | ×                                    | ×                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Public sessions or Civil Society Forum meetings                   | ✓                               | ✓                                  | ×                                    | ×                            | ✓                  | ✓              | ×     | ✓     | ×                                   |
| Other forms of stakeholder consultation, incl. on cooperation     | ×                               | ×                                  | ×                                    | ×                            | ×                  | ×              | ✓     | ✓     | ×                                   |
| Submission mechanism                                              | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Dedicated labour dispute settlement mechanism                     | ✓                               | ✓                                  | ✓                                    | ✓                            | ×                  | ✓              | ×     | ×     | ×                                   |
| Dispute resolution through consultations, incl. Committee/Council | ✓                               | ✓                                  | ✓                                    | ✓                            | ✓                  | ✓              | ✓     | ✓     | ✓                                   |
| Dedicated Panel of Experts for TSD Chapter                        | ✓                               | ✓                                  | ✓                                    | ✓                            | ×                  | ✓              | ×     | ×     | ×                                   |
| General dispute settlement mechanism for labour provisions        | ×                               | ×                                  | ×                                    | ×                            | ✓                  | ×              | ✓     | ✓     | ✓                                   |

### 3.2.3 Chile

*(Links to texts of the agreements analysed below are provided in Annex 3)*

Chile belongs to the countries with the highest number of concluded trade agreements with labour provisions. Moreover, unlike the US or the EU who essentially follow one model of labour-related commitments in trade relations with different partners, Chile pursues a tailored approach and is ready to accept diverse solutions, ranging from the Cooperation Chapters with labour being one of the cooperation areas, to comprehensive provisions with binding commitments and a dispute settlement mechanism.

In the agreement with Indonesia, labour is covered under the Cooperation Chapter as one of the cooperation areas. The Parties reiterate their obligations as ILO members and their commitment to the

principles of the ILO Declaration on Fundamental Principles and Rights at Work. They also acknowledge their right to regulate and state that a Party shall not seek to gain a trade advantage by weakening its labour protection levels or failing to enforce its legislation. The Parties also agree to cooperate in several labour-related areas and to establish Contact Points and a Cooperation Committee to facilitate communication and monitor implementation of cooperation activities. The Chapter does not include any provisions regarding the resolution of disputes, and the Parties agreed that the general dispute settlement mechanism will not apply to this Chapter.<sup>39</sup> Similar provisions have also been adopted in the Labour Chapter of the Chile-Colombia FTA and in the Chile-Peru MoU on Labour Cooperation, both of which include an additional provision regarding the engagement of workers' and employers' organisations in identifying areas for cooperation.

The agreement with Thailand also covers labour provisions in the Cooperation Chapter. They are more limited than in the agreement with Indonesia and do not refer to the ILO Declaration on Fundamental Principles and Rights at Work, nor the Parties' obligations resulting from their ILO membership. The Agreement does not mention a need to enforce labour law.<sup>40</sup> The MoU on Labour Cooperation with China only includes thematic areas and forms of labour cooperation, without any other commitments.

The Memorandum of Understanding (MoU) on Labour Cooperation between Chile and Hong Kong, China includes standard labour provisions which:

- Reaffirm the Parties' commitment to the principles of the ILO 1998 Declaration on Fundamental Principles and Rights at Work,
- Reaffirm the Parties' right to regulate and to set, administer and enforce their labour laws, regulations, policies and priorities; the Parties shall also seek to improve the laws, regulations, policies and priorities, consistent with their international commitments,
- Prohibit lowering the levels of labour protection and state that it is inappropriate to gain a trade or investment advantage by weakening or failing to enforce or administer labour laws, regulations, policies and practices in a manner affecting trade between the Parties,
- Recognise that it is inappropriate to set or use labour laws, regulations, policies and practices for protectionist trade purposes,
- Direct the Parties to promote awareness of labour rights in their territories,
- Promote cooperation in labour-related areas, with a possibility of engaging stakeholders in identifying areas for cooperation and undertaking cooperation activities,
- Envisage the designation of contact points and the resolution of issues through dialogue, cooperation and consultations.

<sup>39</sup> The Chile-Türkiye FTA includes very similar labour provisions, also placed in the Cooperation Chapter.

<sup>40</sup> In the agreement with Australia, labour provisions in the Cooperation Chapter are also limited. While there is a reference to the ILO Declaration on Fundamental Principles and Rights at Work, the Parties do not reiterate their obligations resulting from the ILO membership and remain silent about the prohibition to lower labour standards and to fail in the enforcement of labour law. They establish contact points and a Committee, however, exclude the Chapter from the dispute settlement mechanism.

The Labour Cooperation Agreement with Panama covers similar provisions. It also includes a provision for stakeholder engagement to gather opinions on the Agreement's implementation. It states, moreover, that domestic labour enforcement mechanisms should ensure that their proceedings are fair, equitable and transparent.

Chile's bilateral FTAs with Ecuador, Argentina, Paraguay, Uruguay, and Brazil have a broader scope and include all elements characteristic of the US FTA model. They:

- Reaffirm the Parties' obligations as the ILO members, including those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work,
- Reaffirm the Parties' right to regulate and to establish and modify their labour laws and regulations consistent with the internationally recognised labour rights; the Parties should also strive to improve the level of labour protection afforded by their legislation,
- Commit the Parties to adopt and maintain laws, regulations and practices governing acceptable working conditions regarding working hours, minimum wages and occupational safety and health,
- Additionally, FTAs with Brazil and Argentina commit the Parties to promote the Guiding Principles on Business and Human Rights,
- Prohibit lowering the levels of labour protection and state that a Party shall not waive or derogate from or offer to waive or derogate from its labour laws in a way affecting trade or investment between the Parties, where the change would be inconsistent with the principles of the ILO 1998 Declaration and weaken adherence to them,
- Stress the importance of labour law enforcement and state that a Party shall not fail to effectively enforce its labour laws and regulations through a sustained or recurring course of action or inaction, in a way affecting trade or investment between the Parties; moreover, each Party should retain the right to exercise discretion about setting its priorities and allocating resources to their enforcement,
- Note that labour laws, regulations, policies and practices should not be used for protectionist trade purposes,
- Additionally, recognise the objective of eliminating forced and compulsory labour, including forced child labour; commit the Parties to identify cooperation opportunities in this area, including exchange of information and good practices,
- Also, in addition to the US model, commit the Parties to encourage the use of responsible business practices by companies operating in their territory,
- Require that persons with a recognised interest under the law have access to the justice system where the proceedings are fair, equitable and transparent, and the persons in question can seek remedies to enforce their rights under the labour law,
- Direct the Parties to promote awareness of labour rights in their territories,
- Promote cooperation on labour-related matters and consultation with employers' and workers' organisations regarding potential areas for cooperation,
- Include institutional provisions, with national contact points and an inter-governmental Labour Committee, to oversee the Chapter's implementation. It may be accompanied by a labour advisory

committee composed of stakeholders. Moreover, stakeholders are to be given the possibility to submit to the administration of each Party communications on matters related to the Chapter,

- Include dispute settlement provisions, according to which, as a rule, disputes should be resolved through consultations between the Parties, with a possibility of an escalation to the Labour Committee. These agreements do not provide the Parties with the option of recourse to the general dispute settlement mechanism for labour provisions.

Environmental provisions in the same agreements (except with Paraguay and Uruguay) commit the Parties to combat the illegal, unreported and unregulated fishing practices.

Table 3 also includes an analysis of the EU-Chile FTA, the Trans-Pacific Strategic Economic Partnership, and the CPTPP. They are discussed in detail in other sections of this Chapter, which are dedicated to the EU FTAs and regional trade agreements.

**Table 3: An Overview of Labour Provisions in Selected Chile FTAs**

| FTA Example<br>Labour Provisions                                         | Chile-Indonesia CEPA | Chile-Hong Kong MoU | Chile-Ecuador FTA | Chile-Brazil FTA | Chile-Canada Labour Cooperation | Chile-US FTA | P4 <sup>41</sup> (MoU on Labour Cooperation) | CPTPP | Chile-EU FTA    |
|--------------------------------------------------------------------------|----------------------|---------------------|-------------------|------------------|---------------------------------|--------------|----------------------------------------------|-------|-----------------|
| Right to regulate consistently with international standards              | ✓                    | ✓                   | ✓                 | ✓                | ✓                               | ✓            | ✓                                            | ✗     | ✓               |
| Non-reduction of levels of labour protection                             | ✓                    | ✓                   | ✓                 | ✓                | ✗                               | ✓            | ✓                                            | ✓     | ✓               |
| Effective enforcement of domestic labour law                             | ✓                    | ✓                   | ✓                 | ✓                | ✓                               | ✓            | ✗                                            | ✓     | ✓               |
| No use of labour standards for trade protectionist purposes              | ✓                    | ✓                   | ✓                 | ✓                | ✗                               | ✗            | ✓                                            | ✓     | ✓               |
| No use of labour rights violations as a legitimate comparative advantage | ✗                    | ✗                   | ✗                 | ✗                | ✗                               | ✗            | ✗                                            | ✗     | ✗               |
| Recognition of ILO-related obligations and commitment to FPRW            | ✓                    | ✓                   | ✓                 | ✓                | ✗                               | ✓            | ✓                                            | ✓     | ✓               |
| Occupational safety and health as a new ILO CLS                          | ✗                    | ✗                   | ✗                 | ✗                | ✗                               | ✗            | ✗                                            | ✗     | ✓               |
| Commitment to ratify ILO fundamental Conventions                         | ✗                    | ✗                   | ✗                 | ✗                | ✗                               | ✗            | ✗                                            | ✗     | ✗ <sup>42</sup> |

<sup>41</sup> P4 stands for Trans-Pacific Strategic Economic Partnership.

<sup>42</sup> There is no provision regarding the ratification of the remaining ILO fundamental Conventions, however, there is a provision stressing the importance of the ratification of the 2014 Protocol to Convention No. 29.

| FTA Example<br>Labour Provisions                                                   | Chile-Indonesia CEPA | Chile-Hong Kong MoU | Chile-Ecuador FTA | Chile-Brazil FTA | Chile-Canada Labour Cooperation | Chile-US FTA | P4 <sup>41</sup> (MoU on Labour Cooperation) | CPTPP | Chile-EU FTA |
|------------------------------------------------------------------------------------|----------------------|---------------------|-------------------|------------------|---------------------------------|--------------|----------------------------------------------|-------|--------------|
| Commitment to effectively implement ratified ILO Conventions                       | ×                    | ×                   | ×                 | ×                | ×                               | ×            | ×                                            | ×     | ✓            |
| Consideration of further ratifications of other ILO Conventions                    | ×                    | ×                   | ×                 | ×                | ×                               | ×            | ×                                            | ×     | ✓            |
| Domestic laws and policies on OSH, labour inspection and decent working conditions | ×                    | ×                   | ✓                 | ✓                | ✓                               | ✓            | ×                                            | ✓     | ✓            |
| Combating IUU fishing practices and trade                                          | ×                    | ×                   | ✓                 | ✓                | ×                               | ×            | ×                                            | ✓     | ✓            |
| Domestic enforcement mechanisms in place                                           | ×                    | ×                   | ✓                 | ✓                | ✓                               | ✓            | ×                                            | ✓     | ✓            |
| Awareness of labour laws, policies, practices                                      | ×                    | ✓                   | ✓                 | ✓                | ✓                               | ✓            | ✓                                            | ✓     | ✓            |
| Promoting fair and ethical trade and CSR                                           | ×                    | ×                   | ✓                 | ✓                | ×                               | ×            | ×                                            | ✓     | ✓            |
| Cooperation on labour                                                              | ✓                    | ✓                   | ✓                 | ✓                | ✓                               | ✓            | ✓                                            | ✓     | ✓            |
| Contact points                                                                     | ✓                    | ✓                   | ✓                 | ✓                | ✓                               | ✓            | ✓                                            | ✓     | ✓            |
| Inter-governmental Committee/ Council/Board                                        | ✓                    | ×                   | ✓                 | ✓                | ✓                               | ✓            | ×                                            | ✓     | ✓            |
| Civil society advisory group/ committee                                            | ×                    | ×                   | ✓                 | ✓                | ✓                               | ✓            | ×                                            | ✓     | ✓(*)         |
| Public sessions or Civil Society Forum meetings                                    | ×                    | ×                   | ✓                 | ✓                | ✓                               | ✓            | ×                                            | ×     | ✓(*)         |
| Other forms of stakeholder consultation, incl. on cooperation                      | ×                    | ✓                   | ✓                 | ✓                | ×                               | ×            | ✓                                            | ✓     | ×            |
| Submission mechanism                                                               | ×                    | ×                   | ✓                 | ✓                | ✓                               | ✓            | ×                                            | ✓     | ×            |
| Dedicated labour dispute settlement mechanism                                      | ×                    | ✓                   | ✓                 | ✓                | ✓                               | ×            | ✓                                            | ×     | ✓            |
| Dispute resolution through consultations, incl. Committee/ Council                 | ×                    | ✓                   | ✓                 | ✓                | ✓                               | ✓            | ✓                                            | ✓     | ✓            |

<sup>43</sup> The EU FTAs do not include provisions about a submission mechanism, however, there is one such mechanism established for all EU FTAs with TSD Chapters (the so-called Single Entry Point). For details, see section about the enforcement of labour provisions and dispute settlement.

| FTA Example<br>Labour Provisions                           | Chile-Indonesia CEPA | Chile-Hong Kong MoU | Chile-Ecuador FTA | Chile-Brazil FTA | Chile-Canada Labour Cooperation | Chile-US FTA | P4 <sup>41</sup> (MoU on Labour Cooperation) | CPTPP | Chile-EU FTA |
|------------------------------------------------------------|----------------------|---------------------|-------------------|------------------|---------------------------------|--------------|----------------------------------------------|-------|--------------|
| Dedicated Panel of Experts for TSD Chapter                 | ×                    | ×                   | ×                 | ×                | ✓                               | ×            | ×                                            | ×     | ✓            |
| General dispute settlement mechanism for labour provisions | ×                    | ×                   | ×                 | ×                | ×                               | ✓            | ×                                            | ✓     | ×            |

**Note:** (\*) Civil society Domestic Advisory Groups (DAGs) and the Civil Society Forum are established under the Chapter 'Institutions' and are mandated to monitor and advise on the implementation of the entire agreement, and not just its TSD Chapter.

### 3.2.4 EFTA States

*(Links to texts of the agreements analysed below are provided in Annex 3)*

Trade agreements concluded by the EFTA States (Iceland, Liechtenstein, Switzerland, and Norway) include (since 2011) a Trade and Sustainable Development (TSD) Chapter with a similar structure to those in the EU FTAs (see section 3.2.5), although with different institutional arrangements. For example, in most EFTA FTAs, there is no separate TSD Committee,<sup>44</sup> and the implementation of the TSD Chapter is conducted and monitored by a Joint Committee, which oversees the implementation of the entire Agreement. Moreover, designated contact points ensure communication between the Parties between the Joint Committee meetings. The FTA texts do not outline modalities for civil society participation in implementing the TSD Chapter. The most recent of them provide that the Parties should allow stakeholders to share comments and make recommendations regarding the Chapter; however, the texts do not define how this should be done.

Moreover, as in the EU, the text of the EFTA TSD Chapters has evolved, and the latest FTAs, with Kosovo,<sup>45</sup> Moldova, Ukraine, Thailand, and Malaysia, include (in addition to other standard provisions) a reference to occupational safety and health as one of the ILO core labour standards. These agreements also include an Article on Responsible Business Conduct and commitments regarding decent working conditions, the promotion of social dialogue, and the building and maintenance of the labour inspection system (all in reference to the ILO Decent Work Agenda<sup>46</sup>). Also, while in most EFTA FTAs, TSD issues between the Parties should be resolved through consultations, trade agreements with Chile (modernised agreement), Kosovo, Mercosur, Moldova, Ukraine (modernised agreement), Thailand, Malaysia, and the UK include provisions regarding the Panel of Experts, which is specific to the TSD Chapter (the general dispute settlement mechanism does not apply to this Chapter). Finally, the FTAs with the UK and Ukraine (modernised agreement) also include provisions on awareness raising regarding domestic labour legislation and the establishment of a submission mechanism.

<sup>44</sup> A TSD Sub-Committee is established by the EFTA-UK trade agreement.

<sup>45</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

<sup>46</sup> The commitments related to the ILO Decent Work Agenda are also included in EFTA trade agreements with the UK, Chile (the modernised agreement) and Mercosur.

As a rule, the EFTA States include the following labour provisions<sup>47</sup> in their TSD Chapters (Table 4 indicates which agreements contain them and whether there are any exceptions from the rule):<sup>48</sup>

- Recognition of the Parties' right to regulate and establish their respective levels of labour protection; to adopt and modify their laws, policies and practices in that area, consistent with international standards referred to in the TSD Chapter. Each Party shall also strive to ensure that its laws and policies provide for high levels of labour protection and shall strive to improve them further.
- A Party shall not weaken or reduce the levels of labour protection afforded by its laws, regulations or standards and not waive or derogate from (or offer to waive or derogate from) its laws and standards to encourage investment or to seek a competitive advantage for goods producers or service providers operating in its territory.
- A Party shall not fail to effectively enforce its labour laws, regulations or standards in a manner affecting trade or investment between the Parties.
- Recognition that labour standards should not be used for protectionist trade purposes.
- Recognition that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage.
- Recalling the Parties' obligations deriving from the ILO membership and the ILO 1998 Declaration on Fundamental Principles and Rights at Work and its Follow-up, combined with a commitment to respecting, promoting and realising, in the laws and practices, the principles concerning the fundamental rights, i.e. freedom of association and the right to collective bargaining, the elimination of forced labour and child labour and non-discrimination. The latest texts also add occupational safety and health to the list.<sup>49</sup>
- Recalling an obligation of the Parties deriving from their ILO membership to effectively implement ILO Conventions they have ratified and to make continuous and sustained efforts towards ratifying the ILO fundamental Conventions and the related protocols, as well as, priority and other up-to-date Conventions that have not been ratified yet.<sup>50</sup>
- (recent FTAs) Recognition of the importance of the ILO Decent Work Agenda as set out in the ILO 2008 Declaration on Social Justice for a Fair Globalisation and its strategic objectives. It is combined with a commitment to promote social dialogue and to develop and enhance measures to ensure decent working conditions (e.g. occupational safety and health, wages, working hours and social protection). Each Party shall also build and maintain the labour inspection system.
- (recent FTAs) Ensuring the availability of administrative and judicial proceedings to address labour rights infringements.

<sup>47</sup> The exact wording in individual FTAs may vary from summaries provided in the list, due to the evolution of EFTA text proposals and compromises achieved by the Parties during the negotiations.

<sup>48</sup> Diverse agreements for the analysis have been selected to represent relations with partners from different regions (continents) and years of conclusion, from 2011 to the most recent (2024–2025).

<sup>49</sup> In the Labour Agreement with Hong Kong China, the Parties affirm their commitment to the principles of the ILO 1998 Declaration; however, without further details, which are present in other agreements.

<sup>50</sup> In the agreement with Central America, the Parties recall their obligation regarding efforts towards ratifying the ILO fundamental Conventions. Regarding the ratification of other ILO up-to-date Conventions, they will only exchange information about their advancements. In the Labour Agreement with Hong Kong China, the Parties recall their obligation to make continued and sustained efforts towards ratifying or applying the ILO up-to-date Conventions, considering their domestic contexts (Hong Kong China is not an ILO Member State).

- Commitment to promote and facilitate trade contributing to sustainable development, including trade in goods subject to fair and ethical trade schemes. Promotion of the development and use of the sustainability certification schemes that contribute to greater transparency and traceability along the supply chains.
- Commitment to promote Responsible Business Conduct/Corporate Social Responsibility practices and the recognition of the importance of the related international instruments adopted by the UN, the ILO and the OECD. Some FTAs also foresee encouraging firms to cooperate.
- Cooperation on trade and labour: the recent FTAs also state that the Parties may invite social partners or other relevant stakeholders to participate in identifying possible areas of cooperation.
- Institutional provisions:
  - Most FTAs foresee a periodical review of the implementation of the TSD Chapter by the Joint Committee (established to oversee the whole FTA), while the EFTA-UK trade agreement foresees the establishment of a TSD Sub-Committee.
  - The communication on the implementation of the TSD Chapter (between the Joint Committee meetings) should follow through designated contact points from the Parties' administrations. However, the way they work together, such as whether they should hold meetings, is not set out in the text.
  - (recent FTAs) The Parties should allow stakeholders to share comments and make recommendations regarding the Chapter.
- The dispute settlement mechanism:
  - Most EFTA FTAs foresee that the Parties will address any issues between them related to the interpretation or implementation of the TSD Chapter through consultations. Some also mention good offices, mediation and consultations under the Dispute Settlement Chapter. In addition, the TSD Chapter provides for expert consultations under the Joint Committee. They exclude the use of the general dispute settlement (arbitration).
  - (recent FTAs) A possibility to have recourse to a dedicated Panel of Experts for the TSD Chapter. The Panel should prepare a report with recommendations, and the Parties should discuss measures to implement them. The Joint Committee should monitor their implementation.

More recent agreements also include provisions related to the fishing sector. The Parties commit to combating illegal, unreported, and unregulated (IUU) fishing, excluding IUU fishing products from trade flows, and exchanging information about IUU fishing activities. The FTA with Indonesia goes one step further and includes a commitment to exclude from trade flows products stemming from IUU fishing, fisheries crime, forced labour or human trafficking. In this way, it links the sustainable management of fish stocks and respect for the international labour standards (the elimination of forced labour).

**Table 4:** An Overview of Labour Provisions in Selected EFTA Trade Agreements

| FTA Example                                                                        | EFTA-Hong Kong<br>China <sup>51</sup> | EFTA-Serbia FTA | EFTA-Türkiye FTA | EFTA-Philippines FTA | EFTA-Indonesia FTA | EFTA-Ecuador FTA | EFTA-Central America<br>FTA | EFTA-Moldova FTA <sup>52</sup> | EFTA-Thailand FTA | EFTA-Malaysia EPA |
|------------------------------------------------------------------------------------|---------------------------------------|-----------------|------------------|----------------------|--------------------|------------------|-----------------------------|--------------------------------|-------------------|-------------------|
| Labour Provisions                                                                  |                                       |                 |                  |                      |                    |                  |                             |                                |                   |                   |
| Right to regulate consistently with international standards                        | ✓                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Non-reduction of levels of labour protection                                       | ✓                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Effective enforcement of domestic labour law                                       | ✓                                     | ✓               | ✓                | ✓                    | ✗ <sup>53</sup>    | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| No use of labour standards for trade protectionist purposes                        | ✓                                     | ✓               | ✗                | ✗                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| No use of labour rights violations as a legitimate comparative advantage           | ✓                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Recalling the ILO-related obligations and commitment to FPRW                       | ✓/✗                                   | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Occupational safety and health as a new ILO CLS                                    | ✗                                     | ✗               | ✗                | ✗                    | ✗                  | ✗                | ✗                           | ✓                              | ✓                 | ✓                 |
| Recalling obligation to ratify ILO fundamental and other Conventions               | ✓/✗                                   | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓/✗                         | ✓                              | ✓                 | ✓                 |
| Recalling obligation to implement ratified ILO Conventions effectively             | ✓                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Domestic laws and policies on OSH, labour inspection and decent working conditions | ✗                                     | ✗               | ✗                | ✗                    | ✗                  | ✓                | ✗                           | ✓                              | ✓                 | ✓                 |
| Combating IUU fishing practices and trade                                          | ✗                                     | ✗               | ✗                | ✗                    | ✓                  | ✓                | ✗                           | ✓                              | ✓                 | ✗                 |

<sup>51</sup> EFTA-Hong Kong China Agreement on Labour accompanying FTA between the same Parties.

<sup>52</sup> The FTA with Kosovo and the modernised FTA with Ukraine include labour provisions similar to those in agreements with Moldova and Thailand. It is also the case for the EFTA-UK FTA, except that occupational safety and health are not mentioned among the ILO CLS, and the Parties establish a TSD Sub-Committee to implement the Chapter. Moreover, each session of the TSD Sub-Committee may be accompanied by a public session with non-governmental stakeholders. The EFTA-Mercosur FTA is also similar, except for the Article on the Responsible Business Conduct and the reference to occupational safety and health as an ILO CLS. There is no reference either to stakeholders providing inputs or advice.

<sup>53</sup> The text in the EFTA-Indonesia FTA speaks about the law's effective application (and not enforcement).

| FTA Example<br>Labour Provisions                                 | EFTA-Hong Kong<br>China <sup>51</sup> | EFTA-Serbia FTA | EFTA-Türkiye FTA | EFTA-Philippines FTA | EFTA-Indonesia FTA | EFTA-Ecuador FTA | EFTA-Central America<br>FTA | EFTA-Moldova FTA <sup>52</sup> | EFTA-Thailand FTA | EFTA-Malaysia EPA |
|------------------------------------------------------------------|---------------------------------------|-----------------|------------------|----------------------|--------------------|------------------|-----------------------------|--------------------------------|-------------------|-------------------|
| Administrative and judicial proceedings to address infringements | ×                                     | ×               | ×                | ×                    | ×                  | ×                | ×                           | ✓                              | ✓                 | ✓                 |
| Promoting fair and ethical trade                                 | ×                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Promoting Responsible Business Conduct/CSR                       | ×                                     | ×               | ×                | ×                    | ×                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Cooperation on trade and labour                                  | ✓                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Implementation through contact points                            | ✓                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Periodical review in the Joint Committee                         | ×                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Stakeholders invited to make comments/advice                     | ×                                     | ×               | ×                | ×                    | ×                  | ×                | ×                           | ✓                              | ✓                 | ✓                 |
| Dispute resolution through consultations                         | ✓                                     | ✓               | ✓                | ✓                    | ✓                  | ✓                | ✓                           | ✓                              | ✓                 | ✓                 |
| Dedicated Panel of Experts for TSD Chapter                       | ×                                     | ×               | ×                | ×                    | ×                  | ×                | ×                           | ✓                              | ✓                 | ✓                 |
| General dispute settlement mechanism for labour provisions       | ×                                     | ×               | ×                | ×                    | ×                  | ×                | ×                           | ×                              | ×                 | ×                 |

### 3.2.5 European Union

*(Links to texts of the agreements analysed below are provided in Annex 3)*

Since the EU-Republic of Korea FTA (applied since 2011), the EU has consistently included a TSD Chapter<sup>54</sup> in its FTAs, with labour and environmental provisions relevant to its trade relations with partner countries. They are complemented by commitments of a horizontal nature (e.g. regarding the right of the Parties to regulate), institutional provisions and dispute settlement. All these provisions have evolved based on lessons learned from previous negotiations and the implementation of TSD Chapters, as well as to keep pace with the latest developments. For example, since the EU-Canada

<sup>54</sup> Labour provisions were also included in an earlier EU-CARIFORUM EPA. Moreover, while most recent EU FTAs cover labour and environmental provisions in one TSD Chapter, in a few agreements, e.g. with Canada, Chile, and Singapore, there are separate Trade and Labour and Trade and Environment Chapters, as well as horizontal parts covering aspects common to both (e.g. institutional provisions) or of a cross-cutting nature (like CSR).

CETA (applied since 2017) and based on the Canadian proposal, the EU TSD Chapters include provisions related to occupational safety and health, labour inspection and decent working conditions. Moreover, further to the ILO decision to extend the list of the ILO core labour standards to include occupational safety and health, the latest EU text proposals (tabled in negotiations with the Philippines, Thailand, Malaysia and the UAE) and the TSD Chapters in the EU-Indonesia Comprehensive Economic Partnership Agreement (CEPA), EU-Kenya Economic Partnership Agreement (EPA) and the modernised EU-Chile FTA include occupational safety and health as part of the ILO (1998) Declaration on Fundamental Principles and Rights at Work (as amended in 2022).

The dispute settlement mechanism linked to labour provisions has also changed. While most of the EU FTAs with a TSD Chapter have a dispute settlement mechanism without sanctions, which applies only to that Chapter, in the EU-New Zealand FTA and the EU-Indonesia CEPA, labour provisions related to the ILO fundamental Conventions are covered by the general dispute settlement mechanism with sanctions as a last resort. The EU has proposed a similar approach in the latest texts tabled in talks with Thailand, Malaysia, the Philippines and the UAE. This reflects the outcomes of the EU TSD policy review finalised in 2022 (further details regarding the dispute settlement mechanism are discussed in section 3.7 dedicated to enforcement). As the negotiations are ongoing, the proposed text is without prejudice to the final outcome. Moreover, in line with the EU transparency policy in FTA negotiations, all EU text proposals tabled in talks with Thailand,<sup>55</sup> the Philippines,<sup>56</sup> Malaysia<sup>57</sup>, and the UAE<sup>58</sup> have been published.

Labour provisions used in EU FTAs are discussed below, based on examples of several EU FTAs, ranging from the EU-Republic of Korea FTA to more recent ones (like the EU-New Zealand FTA and EU-Kenya EPA) and the latest text proposals tabled in FTA negotiations with Thailand, the Philippines and Malaysia (Table 5 outlines a comparison of labour provisions in those FTAs to show the evolution in their scope). Moreover, the section on regional trade agreements (and Table 10) provides an overview of labour provisions in the EU's regional agreements with CARIFORUM, Central America, SADC, and Mercosur (the latter has not yet entered into force). There are a few more EU FTAs with labour provisions and TSD Chapters that have not been mentioned in Table 5 (their list is provided in Annex 3). They follow a similar pattern to FTAs negotiated around the same time, with minor differences resulting from negotiation outcomes and the specific situation of individual partner countries. For example, FTAs with the Andean countries (Colombia, Peru, and Ecuador), Central America, Georgia, and Moldova do not include a provision committing the Parties to ratify the outstanding ILO fundamental Conventions. This is because at the time of negotiations, all contracting Parties had already ratified all those Conventions (eight, at the time).

<sup>55</sup> Text proposals tabled by the EU in FTA negotiations with Thailand: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/thailand/eu-thailand-agreement/documents\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/thailand/eu-thailand-agreement/documents_en)

<sup>56</sup> Text proposals tabled by the EU in FTA negotiations with the Philippines: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines/eu-philippines-agreement/documents\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines/eu-philippines-agreement/documents_en)

<sup>57</sup> Text proposals tabled by the EU in FTA negotiations with Malaysia: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/malaysia/eu-malaysia-agreement/documents\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/malaysia/eu-malaysia-agreement/documents_en)

<sup>58</sup> Text proposals tabled by the EU in FTA negotiations with the UAE: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/gulf-region/eu-united-arab-emirates-agreement/eu-united-arab-emirates-documents\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/gulf-region/eu-united-arab-emirates-agreement/eu-united-arab-emirates-documents_en)

As a rule, the EU applies the following labour provisions in its FTAs with TSD Chapters:<sup>59</sup>

- Recognition of the Parties' right to regulate and to establish their respective levels of labour protection, as well as to adopt and modify their laws, policies and priorities in that area, consistently with international standards, to which they are party. Each Party shall also strive to ensure that its laws and policies provide for high levels of labour protection and shall strive to continue to improve them.
- A Party shall not weaken or reduce the levels of labour protection afforded by its laws and shall not waive or derogate from (or offer to waive or derogate from) its laws and standards to encourage trade or investment.
- A Party shall not fail to effectively enforce its labour laws through a sustained or recurring course of action or inaction, in a manner affecting trade or investment between the Parties.
- Recognition that labour standards should not be used for protectionist trade purposes.
- Recognition that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage.
- Reaffirmation of the Parties' obligations deriving from the ILO membership and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, combined with a commitment to respecting, promoting and realising, in the laws and practices, the principles concerning the fundamental rights, i.e. freedom of association and the right to collective bargaining, the elimination of forced labour and child labour and non-discrimination. The latest texts also add occupational safety and health to the list.
- Commitment of each Party to make continuous and sustained efforts to ratify the ILO fundamental Conventions that have not been ratified yet.
- Commitment to effectively implement the ILO Conventions that the Parties have ratified, respectively.
- Commitment to consider further ratifications of ILO priority and technical up-to-date Conventions and to exchange information about progress achieved. Some FTAs include only provisions regarding the exchange of information about progress in ratification.
- (recent FTAs) Commitment to promote the ILO Decent Work Agenda as set out in the ILO Declaration on Social Justice for a Fair Globalisation, including social dialogue and decent working conditions (e.g. wages, working hours, and social protection). Each Party shall also adopt and maintain policies and other measures regarding occupational safety and health, and maintain the labour inspection system.
- Commitment to promote and facilitate trade contributing to sustainable development, including trade in goods subject to fair and ethical trade schemes. The Parties also commit to promoting Corporate Social Responsibility (CSR) practices and utilising related international instruments adopted by the UN, the ILO, and the OECD.
- Cooperation on trade and labour.
- Institutional provisions:
  - Establishment of an inter-governmental Committee or Board on Trade and Sustainable Development to oversee the implementation of the Chapter.

<sup>59</sup> The exact wording in individual FTAs may vary from summaries provided in the list below, as a result of the evolution of EU text proposals and compromises achieved by the Parties during the negotiations.

- Establishment (by each Party) of new or the use of existing civil society advisory groups comprised of business representatives, trade unions and NGOs to advise the Parties regarding the implementation of the TSD Chapter.<sup>60</sup>
- Annual (unless otherwise decided) public sessions or Civil Society Forum meetings of the Parties with civil society, including members of the advisory groups, to discuss the implementation of the TSD Chapter.<sup>61</sup>
- The dispute settlement mechanism:
  - Most EU FTAs have a dedicated dispute settlement mechanism which applies only to the TSD Chapter and is separate from the general mechanism applicable to other FTA provisions. That dedicated mechanism does not envisage sanctions and is based on a few steps in conflict resolution, namely, Government consultations, a meeting of the TSD Committee (or Board) and the Panel of Experts. Throughout those stages, advice may be sought from international organisations, such as the ILO, and the civil society advisory groups. The Panel of Experts prepares a report with recommendations on the matter, and the Parties shall make their best efforts to accommodate them and discuss actions and measures to be taken. The implementation of the recommendations and the related actions and measures should be monitored by the TSD Committee (or Board).
  - The EU-New Zealand FTA and the EU-Indonesia CEPA are the first EU trade agreements in which the general dispute settlement mechanism with sanctions (to be used as a last resort) covers labour provisions.

There are also provisions included in only a few recent FTAs or selected agreements, e.g. related to trade and gender. Agreements with Chile and Canada include provisions on awareness of labour rights and domestic enforcement mechanisms inspired by the US and Canadian FTAs. The agreement with Mercosur (not in force yet) has an Annex with additional commitments where the Parties express their intention to focus on freedom of association and the right to collective bargaining, as well as the elimination of child labour.

Unlike trade agreements following the US model, the EU FTAs do not include provisions allowing stakeholders to submit complaints about a Party's compliance with TSD provisions through a dedicated mechanism (except the EU-Canada CETA). However, such concerns can be raised by civil society members of the Domestic Advisory Groups (or domestic consultative bodies) established by EU FTAs. Moreover, the EU has established a Single Entry Point (SEP) as a mechanism to submit complaints related to market access barriers faced by EU businesses in third countries and cases of non-compliance with labour (and environmental) provisions in any of EU trade agreements.<sup>62</sup> That mechanism is not directly built into any FTA and operates separately, while supporting their implementation (see further details in section 3.7.2).

<sup>60</sup> In most recent FTAs, such as the EU-UK TCA, EU-Chile FTA, EU-Kenya EPA, EU-NZ FTA, and EU-Indonesia CEPA civil society advisory groups have the mandate to provide advice about and to monitor the implementation of the whole agreement, not only the TSD Chapter.

<sup>61</sup> The name of the meeting may be different under some FTAs, e.g. the Joint Dialogue under the EU-Japan EPA or the Joint Forum under the EU-Viet Nam FTA. Moreover, in the most recent FTAs, in which civil society advisory groups have the mandate to advise on the entire agreement, public sessions are linked to meetings of the Joint (Trade) Committee and focus on the whole FTA and not only on its TSD Chapter.

<sup>62</sup> Single Entry Point: <https://trade.ec.europa.eu/access-to-markets/en/content/single-entry-point-0>

Finally, most of the EU “new generation FTAs”<sup>63</sup> (except the EU-Republic of Korea FTA) include provisions related to the fishing sector, combating IUU practices and related trade.

**Table 5: An Overview of Labour Provisions in Selected EU Trade Agreements**

| FTA Example<br>Labour Provisions                                         | EU-Republic of Korea FTA | EU-Singapore FTA | EU-Japan EPA | EU-Viet Nam FTA | EU-Canada CETA | EU-Chile FTA    | EU-Kenya EPA | EU-NZ FTA       | EU-Indonesia CEPA | EU text proposals <sup>64</sup> |
|--------------------------------------------------------------------------|--------------------------|------------------|--------------|-----------------|----------------|-----------------|--------------|-----------------|-------------------|---------------------------------|
| Right to regulate consistently with international standards              | ✓                        | ✓                | ✓            | ✓               | ✓              | ✓               | ✓            | ✓               | ✓                 | ✓                               |
| Non-reduction of levels of labour protection                             | ✓                        | ✓                | ✓            | ✓               | ✓              | ✓               | ✓            | ✓               | ✓                 | ✓                               |
| Effective enforcement of domestic labour law                             | ✓                        | ✓                | ✓            | ✓               | ✓              | ✓               | ✓            | ✓               | ✓                 | ✓                               |
| No use of labour standards for trade protectionist purposes              | ✓                        | ✓                | ✓            | ✓               | ✗              | ✓               | ✓            | ✓               | ✓                 | ✓                               |
| No use of labour rights violations as a legitimate comparative advantage | ✗                        | ✓                | ✓            | ✓               | ✗              | ✗               | ✓            | ✓               | ✓                 | ✓                               |
| Recognition of ILO-related obligations and commitment to FPRW            | ✓                        | ✓                | ✓            | ✓               | ✓              | ✓               | ✓            | ✓               | ✓                 | ✓                               |
| Occupational safety and health as a new ILO CLS                          | ✗                        | ✗                | ✗            | ✗               | ✗              | ✓               | ✓            | ✗ <sup>65</sup> | ✓                 | ✓                               |
| Commitment to ratify ILO fundamental Conventions                         | ✓                        | ✓                | ✓            | ✓               | ✓              | ✗ <sup>66</sup> | ✓            | ✓               | ✓                 | ✓                               |
| Commitment to effectively implement ratified ILO Conventions             | ✓                        | ✓                | ✓            | ✓               | ✓              | ✓               | ✓            | ✓               | ✓                 | ✓                               |

<sup>63</sup> EU ‘new generation FTAs’ are comprehensive trade agreements which include a Trade and Sustainable Development Chapter with labour provisions. All agreements outlined in Table 5 belong to this category.

<sup>64</sup> This column outlines elements of the EU’s textual proposals tabled in negotiations with Malaysia, the Philippines and Thailand.

<sup>65</sup> The Parties noted, however, the decision of the ILO to extend the list of the core labour standards to include occupational safety and health. They agreed that the EU-NZ Trade Committee may decide at its first meeting at the latest to amend the FTA text to include occupational safety and health.

<sup>66</sup> There is no provision regarding the ratification of the remaining ILO fundamental Conventions; however, there is a provision stressing the importance of the ratification of the 2014 Protocol to Convention No. 29.

| FTA Example<br>Labour Provisions                                                   | EU-Republic of Korea FTA | EU-Singapore FTA | EU-Japan EPA | EU-Viet Nam FTA | EU-Canada CETA    | EU-Chile FTA     | EU-Kenya EPA    | EU-NZ FTA        | EU-Indonesia CEPA | EU text proposals <sup>64</sup> |
|------------------------------------------------------------------------------------|--------------------------|------------------|--------------|-----------------|-------------------|------------------|-----------------|------------------|-------------------|---------------------------------|
| Consideration of further ratifications of other ILO Conventions                    | ✓                        | ✓                | ✓            | ✓               | ✗/✓ <sup>67</sup> | ✓                | ✓               | ✓                | ✓                 | ✓                               |
| Domestic laws and policies on OSH, labour inspection and decent working conditions | ✗                        | ✗                | ✗            | ✗               | ✓                 | ✓                | ✓               | ✓                | ✓                 | ✓                               |
| Combating IUU fishing practices and trade                                          | ✗                        | ✓                | ✓            | ✓               | ✓                 | ✓                | ✓               | ✓                | ✓                 | ✓                               |
| Domestic enforcement mechanisms in place                                           | ✗                        | ✗                | ✗            | ✗               | ✓                 | ✓                | ✗               | ✗                | ✗                 | ✗                               |
| Awareness of labour laws, policies, practices                                      | ✗                        | ✗                | ✗            | ✗               | ✓                 | ✓                | ✗               | ✗                | ✗                 | ✗                               |
| Promoting fair and ethical trade and CSR                                           | ✓                        | ✓                | ✓            | ✓               | ✓                 | ✓                | ✓               | ✓                | ✓                 | ✓                               |
| Cooperation on trade and labour                                                    | ✓                        | ✓                | ✓            | ✓               | ✓                 | ✓                | ✓               | ✓                | ✓                 | ✓                               |
| Contact points                                                                     | ✓                        | ✓                | ✓            | ✓               | ✓                 | ✓                | ✓               | ✓                | ✓                 | ✓                               |
| Inter-governmental TSD Committee or Board                                          | ✓                        | ✓                | ✓            | ✓               | ✓                 | ✓                | ✓               | ✓                | ✓                 | ✓                               |
| Civil society Domestic Advisory Groups (DAGs)                                      | ✓                        | ✓                | ✓            | ✓               | ✓                 | ✓ <sup>(*)</sup> | ✓ <sup>68</sup> | ✓ <sup>(*)</sup> | ✓ <sup>(*)</sup>  | n.d. <sup>69</sup>              |
| Public sessions or Civil Society Forum meetings                                    | ✓                        | ✓                | ✓            | ✓               | ✓                 | ✓ <sup>(*)</sup> | ✓ <sup>70</sup> | ✓ <sup>(*)</sup> | ✓ <sup>(*)</sup>  | n.d.                            |

<sup>67</sup> In the EU-Canada CETA, the Parties do not explicitly commit to ratify ILO conventions other than the fundamental ones, however, there is a provision about the exchange of information between the Parties about the advancements made in the ratification of the ILO conventions classified as up-to-date.

<sup>68</sup> The Domestic Advisory Group (DAG) is established in the TSD Chapter; however, it is mandated to monitor and advise about the implementation of the whole agreement.

<sup>69</sup> Provisions related to civil society (Chapter 'Institutional provisions') have not been tabled yet.

<sup>70</sup> Civil Society Forum is replaced by the EPA Consultative Committee, which comprises civil society. It is established by the Chapter "Institutional provisions" and assists the Senior Officials Committee.

| FTA Example<br>Labour Provisions                                  | EU-Republic of Korea FTA | EU-Singapore FTA | EU-Japan EPA | EU-Viet Nam FTA | EU-Canada CETA | EU-Chile FTA | EU-Kenya EPA | EU-NZ FTA | EU-Indonesia CEPA | EU text proposals <sup>64</sup> |
|-------------------------------------------------------------------|--------------------------|------------------|--------------|-----------------|----------------|--------------|--------------|-----------|-------------------|---------------------------------|
| Other forms of stakeholder consultation, incl. on cooperation     | ×                        | ×                | ×            | ×               | ×              | ×            | ×            | ×         | ×                 | ×                               |
| Submission mechanism                                              | ×/✓                      | ×/✓              | ×/✓          | ×/✓             | ✓              | ×/✓          | ×/✓          | ×/✓       | ×/✓               | ×/✓                             |
| Dedicated TSD dispute settlement mechanism                        | ✓                        | ✓                | ✓            | ✓               | ✓              | ✓            | ✓            | ×         | ×                 | n.d. <sup>71</sup>              |
| Dispute resolution through consultations, incl. Committee/Council | ✓                        | ✓                | ✓            | ✓               | ✓              | ✓            | ✓            | ✓         | ✓                 | n.d.                            |
| Dedicated Panel of Experts for TSD Chapter                        | ✓                        | ✓                | ✓            | ✓               | ✓              | ✓            | ✓            | ×         | ×                 | n.d.                            |
| General dispute settlement mechanism for labour provisions        | ×                        | ×                | ×            | ×               | ×              | ×            | ×            | ✓         | ✓                 | n.d.                            |

**Note:** (\*) Civil society Domestic Advisory Groups (DAGs) and the Civil Society Forum are established under the Chapter 'Institutions' and have a mandate to monitor and advise on the implementation of the entire agreement, not only its TSD Chapter.

### 3.2.6 Japan

*(Links to texts of the agreements analysed below are provided in Annex 3)*

Japan is also a Party to a few trade agreements with labour provisions; however, only three of them (with the EU, the UK, and the CPTPP) include comprehensive commitments. The EU-Japan EPA has been discussed in the section related to the EU FTAs. The agreement with the UK was negotiated a few years later to ensure the continuation of trade relations between the Parties after the UK's withdrawal from the EU and essentially replicates the EU text. The CPTPP is discussed in the section related to regional trade agreements. Table 6 provides an overview of labour-related commitments in trade agreements to which Japan is a Party.

In the agreements with Mongolia and Switzerland, labour provisions are included in the Investment Chapter. They are limited to one Article, which states that the Parties should not lower their labour standards or derogate from them to attract investment. In both agreements, disputes are addressed through the Investor-to-State dispute settlement mechanism. Additionally, in the Japan-Mongolia EPA, the Investment Sub-Committee is responsible for reviewing and monitoring the Chapter's implementation.

<sup>71</sup> Provisions in the 'Dispute settlement' Chapter have some gaps, which the text agreed upon by the Parties will later fill in. Until then, it is not possible to provide details regarding dispute settlement applicable to the TSD Chapter and its labour provisions.

In the Japan-Philippines EPA, labour provisions are also included in the Investment Chapter. In addition to the non-lowering-of-standards clause, they cover the right of the Parties to regulate in a manner consistent with the international labour standards and acceptable working conditions. However, the list of international labour standards does not include non-discrimination at work (probably because Japan has not yet ratified the ILO Convention No. 111). The Investment Sub-Committee is responsible for reviewing and monitoring the Chapter's implementation. The agreement does not include any dedicated dispute settlement for investment and directs only the Parties to negotiate one.

The Japan-Chile FTA is accompanied by a Joint Statement on Labour, in which the Parties:

- Reaffirm their obligations as the ILO members and their commitment to the principles of the ILO Declaration on Fundamental Principles and Rights at Work,
- Recognise the importance of their laws, regulations, policies and practices being in line with their commitments under the international labour agreements,
- Consider that it is not appropriate to set or use the labour laws, regulations, policies and practices as a disguised restriction to international trade,
- Commit to promoting awareness of their labour laws and regulations in their respective countries.

The Joint Statement does not include any other provisions or commitments.

The agreements with the EU and the UK also include provisions related to the fishing sector. The Parties commit to combating illegal, unreported, and unregulated (IUU) fishing, excluding IUU fishing products from trade flows and exchanging information about IUU fishing activities.

**Table 6: An Overview of Labour Provisions in Selected Japan's Trade Agreements**

| FTA Example                                                              | Japan-Chile Joint Statement | Japan-Mongolia EPA | Japan-Switzerland EPA | Japan-Philippines EPA | Japan-EU EPA | Japan-UK CEPA | CPTPP |
|--------------------------------------------------------------------------|-----------------------------|--------------------|-----------------------|-----------------------|--------------|---------------|-------|
| Labour Provisions                                                        |                             |                    |                       |                       |              |               |       |
| Right to regulate consistently with international standards              | ✓                           | ✗                  | ✗                     | ✓                     | ✓            | ✓             | ✗     |
| Non-reduction of levels of labour protection                             | ✗                           | ✓                  | ✓                     | ✓                     | ✓            | ✓             | ✓     |
| Effective enforcement of domestic labour law                             | ✗                           | ✗                  | ✗                     | ✗                     | ✓            | ✓             | ✓     |
| No use of labour standards for trade protectionist purposes              | ✓                           | ✗                  | ✗                     | ✗                     | ✓            | ✓             | ✓     |
| No use of labour rights violations as a legitimate comparative advantage | ✗                           | ✗                  | ✗                     | ✗                     | ✓            | ✓             | ✗     |

| FTA Example<br>Labour Provisions                                                   | Japan-Chile Joint Statement | Japan-Mongolia EPA | Japan-Switzerland EPA | Japan-Philippines EPA | Japan-EU EPA | Japan-UK CEPA | CPTPP |
|------------------------------------------------------------------------------------|-----------------------------|--------------------|-----------------------|-----------------------|--------------|---------------|-------|
| Recognition of ILO-related obligations and commitment to FPRW                      | ✓                           | ×                  | ×                     | ×                     | ✓            | ✓             | ✓     |
| Occupational safety and health as a new ILO CLS                                    | ×                           | ×                  | ×                     | ×                     | ×            | ×             | ×     |
| Commitment to ratify ILO fundamental Conventions                                   | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ×     |
| Commitment to effectively implement ratified ILO Conventions                       | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ×     |
| Consideration of further ratifications of other ILO Conventions                    | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ×     |
| Domestic laws and policies on OSH, labour inspection and decent working conditions | ×                           | ×                  | ×                     | ✓                     | ×            | ×             | ✓     |
| Combating IUU fishing practices and trade                                          | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ✓     |
| Domestic enforcement mechanisms in place                                           | ×                           | ×                  | ×                     | ×                     | ×            | ×             | ✓     |
| Awareness of labour laws, policies, practices                                      | ×                           | ×                  | ×                     | ×                     | ×            | ×             | ✓     |
| Promoting fair and ethical trade and CSR                                           | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ✓     |
| Cooperation on trade and labour                                                    | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ✓     |
| Contact points                                                                     | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ✓     |
| Inter-governmental TSD Committee or Board                                          | ×                           | ✓ <sup>72</sup>    | ×                     | ✓                     | ✓            | ✓             | ✓     |
| Civil society advisory group/committee                                             | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ✓     |
| Public sessions or Civil Society Forum meetings                                    | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ×     |
| Other forms of stakeholder consultation, incl. on cooperation                      | ×                           | ×                  | ×                     | ×                     | ×            | ×             | ✓     |
| Submission mechanism                                                               | ×                           | ×                  | ×                     | ×                     | ×            | ×             | ✓     |
| Dedicated TSD dispute settlement mechanism                                         | ×                           | ×/✓ <sup>73</sup>  | ×/✓                   | ×                     | ✓            | ✓             | ×     |

<sup>72</sup> Labour provisions are included in the Investment Chapter, and the Investment Sub-Committee is responsible for monitoring the Chapter's implementation. The same solution is applied in the Japan-Philippines EPA.

<sup>73</sup> Investment-related disputes are addressed through the Investor-to-State dispute settlement mechanism. The same solution is also applied in the Japan-Switzerland EPA.

| FTA Example<br>Labour Provisions                                  | Japan-Chile Joint Statement | Japan-Mongolia EPA | Japan-Switzerland EPA | Japan-Philippines EPA | Japan-EU EPA | Japan-UK CEPA | CPTPP |
|-------------------------------------------------------------------|-----------------------------|--------------------|-----------------------|-----------------------|--------------|---------------|-------|
| Dispute resolution through consultations, incl. Committee/Council | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ✓     |
| Dedicated Panel of Experts for TSD Chapter                        | ×                           | ×                  | ×                     | ×                     | ✓            | ✓             | ×     |
| General dispute settlement mechanism for labour provisions        | ×                           | ×                  | ×                     | ×                     | ×            | ×             | ✓     |

### 3.2.7 The Republic of Korea

(Links to texts of the agreements analysed below are provided in Annex 3)

The Republic of Korea is a Party to several trade agreements with labour provisions. The EU-Republic of Korea FTA has been discussed in the section related to the EU FTAs. The Republic of Korea's agreement with the UK was negotiated a few years later to ensure the continuity of trade relations between the Parties after the UK's withdrawal from the EU and essentially replicates the EU text. The remaining agreements (outlined in Table 7) are closer to the US model, as far as labour provisions are concerned. Most of them:<sup>74</sup>

- Reaffirm the Parties' obligations as the ILO members, including those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work,
- Reaffirm the Parties' right to regulate and to establish labour laws, regulations, policies and practices consistent with the Declaration,
- Prohibit lowering the levels of labour protection and state that a Party shall not waive or derogate from or offer to waive or derogate from its labour laws and regulations in a way affecting trade or investment between the Parties, where the change would be inconsistent with the principles of the ILO 1998 Declaration,
- Stress the importance of labour law enforcement and state that a Party shall not fail to effectively enforce its labour laws and regulations through a sustained or recurring course of action or inaction, in a way affecting trade or investment between the Parties,
- Some also note that labour laws, regulations, policies and practices should not be used for protectionist trade purposes,

<sup>74</sup> In some cases, the exact wording may be different, as a result of negotiations between the Parties. Moreover, while in some agreements, labour and environmental provisions are covered by one Trade and Sustainable Development Chapter, in others, the Labour and Environment Chapters are separate.

- Table 7: An Overview of Labour Provisions in Selected Republic of Korea FTAs**

[illegible]

| FTA Example<br>Labour Provisions                                                         | Republic of Korea-EU<br>FTA | Republic of Korea-US<br>FTA | Republic of Korea-<br>Canada FTA | Republic of Korea-<br>Australia FTA | Republic of Korea-New<br>Zealand FTA | Republic of Korea-<br>Central America FTA | Republic of Korea-<br>Colombia FTA | Republic of Korea-Peru<br>FTA | Republic of Korea-<br>Türkiye FTA |
|------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|----------------------------------|-------------------------------------|--------------------------------------|-------------------------------------------|------------------------------------|-------------------------------|-----------------------------------|
| Occupational safety and health<br>as a new ILO CLS                                       | ×                           | ×                           | ×                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ×                                 |
| Commitment to ratify ILO<br>fundamental Conventions                                      | ✓                           | ×                           | ×                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ×                                 |
| Commitment to effectively<br>implement ratified ILO<br>Conventions                       | ✓                           | ×                           | ×                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ✓                                 |
| Consideration of further<br>ratifications of other ILO<br>Conventions                    | ✓                           | ×                           | ×                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ×                                 |
| Domestic laws and policies on<br>OSH, labour inspection and<br>decent working conditions | ×                           | ✓                           | ✓                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ×                                 |
| Combating IUU fishing<br>practices and trade                                             | ×                           | ×                           | ×                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ×                                 |
| Domestic enforcement<br>mechanisms in place                                              | ×                           | ✓                           | ✓                                | ×                                   | ✓                                    | ✓                                         | ✓                                  | ✓                             | ×                                 |
| Awareness of labour laws,<br>policies, practices                                         | ×                           | ✓                           | ✓                                | ×                                   | ✓                                    | ✓                                         | ×                                  | ✓                             | ×                                 |
| Promoting fair and ethical trade<br>and CSR                                              | ✓                           | ×                           | ×                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ✓                                 |
| Cooperation on trade and<br>labour                                                       | ✓                           | ✓                           | ✓                                | ✓                                   | ✓                                    | ✓                                         | ✓                                  | ✓                             | ✓                                 |
| Contact points                                                                           | ✓                           | ✓                           | ✓                                | ✓                                   | ✓                                    | ✓                                         | ✓                                  | ✓                             | ✓                                 |
| Inter-governmental Committee/<br>Council/Board                                           | ✓                           | ✓                           | ✓                                | ✓                                   | ✓                                    | ✓                                         | ✓                                  | ✓                             | ✓                                 |
| Civil society advisory group/<br>committee                                               | ✓                           | ✓                           | ×                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ×                                 |
| Public sessions or Civil Society<br>Forum meetings                                       | ✓                           | ✓                           | ×                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ×                                 |
| Other forms of stakeholder<br>consultation, incl. on<br>cooperation                      | ×                           | ✓                           | ×                                | ×                                   | ✓                                    | ✓                                         | ×                                  | ×                             | ×                                 |
| Submission mechanism                                                                     | ×                           | ✓                           | ✓                                | ×                                   | ×                                    | ×                                         | ×                                  | ×                             | ×                                 |
| Dedicated TSD dispute<br>settlement mechanism                                            | ✓                           | ×                           | ✓                                | ✓                                   | ✓                                    | ✓                                         | ✓                                  | ✓                             | ✓                                 |

| FTA Example                                                        | Republic of Korea-EU FTA | Republic of Korea-US FTA | Republic of Korea-Canada FTA | Republic of Korea-Australia FTA | Republic of Korea-New Zealand FTA | Republic of Korea-Central America FTA | Republic of Korea-Colombia FTA | Republic of Korea-Peru FTA | Republic of Korea-Türkiye FTA |
|--------------------------------------------------------------------|--------------------------|--------------------------|------------------------------|---------------------------------|-----------------------------------|---------------------------------------|--------------------------------|----------------------------|-------------------------------|
| Labour Provisions                                                  |                          |                          |                              |                                 |                                   |                                       |                                |                            |                               |
| Dispute resolution through consultations, incl. Committee/ Council | ✓                        | ✓                        | ✓                            | ✓                               | ✓                                 | ✓                                     | ✓                              | ✓                          | ✓                             |
| Dedicated Panel of Experts for TSD Chapter                         | ✓                        | ×                        | ✓                            | ×                               | ? <sup>75</sup>                   | ×                                     | ×                              | ×                          | ×                             |
| General dispute settlement mechanism for labour provisions         | ×                        | ✓                        | ×                            | ×                               | ? <sup>76</sup>                   | ×                                     | ×                              | ×                          | ×                             |

### 3.2.8 New Zealand

(Links to texts of the agreements analysed below are provided in Annex 3)

New Zealand has been a Party to several trade agreements with labour provisions included either in the main text, an accompanying Agreement on Labour Cooperation or an MoU.

The agreements (or MoU) with China, Hong Kong (China), Malaysia, Thailand, and Taiwan have similar provisions, as outlined in Table 8.<sup>77</sup> They:

- Reaffirm the Parties' obligations as the ILO members, including those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work,<sup>78</sup>
- Reaffirm the Parties' right to regulate and to set, administer and enforce their labour laws, regulations, policies and priorities,
- Recognise that it is inappropriate to set or use labour laws, regulations, policies and practices for protectionist trade purposes,
- State that it is inappropriate to gain a trade or investment advantage by weakening labour laws, regulations, policies and practices (the Agreement with Malaysia also adds that it is inappropriate to fail to enforce them),
- Direct the Parties to promote awareness of labour rights domestically, and some require that proceedings in the labour enforcement system are fair, equitable and transparent,

<sup>75</sup> The publicly available text of the Korea-New Zealand FTA is incomplete and finishes halfway through the Article regulating dispute settlement.

<sup>76</sup> Comment as above.

<sup>77</sup> The recent New Zealand-UAE FTA also includes labour provisions (see link to the text in Annex 3).

<sup>78</sup> This provision is absent in the agreement with Taiwan and its part regarding obligations resulting from the ILO membership does not appear either in the MoU with Hong Kong.

- Promote cooperation in labour-related areas,
- Envisage designation of contact points (and in some cases also a Labour Committee) and a possibility to consult stakeholders on matters related to the operation of the Agreement,
- Foresee the resolution of issues through dialogue, cooperation and consultations.

The New Zealand-UK FTA largely follows the latest EU model of labour provisions. However, it also states that the Parties should adopt laws and regulations to ensure that public and private entities operating in their territory take measures to prevent modern slavery in their operations and supply chains. It also includes provisions typical of the US model, regarding public submissions, awareness of labour rights, and the operation of the enforcement mechanism with fair, equitable, and transparent proceedings. Moreover, like the EU-New Zealand FTA and the CPTPP, it includes a commitment to combating illegal, unreported, and unregulated (IUU) fishing practices and preventing, deterring, and eliminating trade in products derived from such practices.

Table 8 below also includes an analysis of the EU-New Zealand FTA, the Republic of Korea-New Zealand FTA, the Trans-Pacific Strategic Economic Partnership, the ASEAN-Australia-New Zealand Free Trade Area and the CPTPP. They are discussed in detail in other sections of this Chapter, which are dedicated to the EU FTAs, Korea's FTAs and regional trade agreements.

**Table 8: An Overview of Labour Provisions in Selected New Zealand FTAs**

| FTA Example<br>Labour Provisions                                         | NZ-Taiwan | NZ-Malaysia Labour Cooperation | NZ-Thailand Arrangement on Labour | NZ-UK FTA | NZ-Republic of Korea FTA | NZ-EU FTA | P4 <sup>79</sup> (MoU on Labour Cooperation) | CPTPP | ASEAN-AUS-NZ FTArea |
|--------------------------------------------------------------------------|-----------|--------------------------------|-----------------------------------|-----------|--------------------------|-----------|----------------------------------------------|-------|---------------------|
| Right to regulate consistently with international standards              | ✓         | ✓                              | ✓                                 | ✓         | ✓                        | ✓         | ✓                                            | ✗     | ✓                   |
| Non-reduction of levels of labour protection                             | ✓         | ✓                              | ✓                                 | ✓         | ✓                        | ✓         | ✓                                            | ✓     | ✓                   |
| Effective enforcement of domestic labour law                             | ✓         | ✓                              | ✗                                 | ✓         | ✓                        | ✓         | ✗                                            | ✓     | ✗                   |
| No use of labour standards for trade protectionist purposes              | ✓         | ✓                              | ✓                                 | ✓         | ✓                        | ✓         | ✓                                            | ✓     | ✓                   |
| No use of labour rights violations as a legitimate comparative advantage | ✗         | ✗                              | ✗                                 | ✓         | ✗                        | ✓         | ✗                                            | ✗     | ✗                   |
| Recognition of ILO-related obligations and commitment to FPRW            | ✗         | ✓                              | ✓                                 | ✓         | ✓                        | ✓         | ✓                                            | ✓     | ✗                   |

<sup>79</sup> P4 stands for Trans-Pacific Strategic Economic Partnership

| FTA Example<br>Labour Provisions                                                         | NZ-Taiwan | NZ-Malaysia Labour<br>Cooperation | NZ-Thailand<br>Arrangement on<br>Labour | NZ-UK FTA | NZ-Republic of Korea<br>FTA | NZ-EU FTA | P4 <sup>79</sup> (MoU on Labour<br>Cooperation) | CPTPP | ASEAN-AUS-NZ FTArea |
|------------------------------------------------------------------------------------------|-----------|-----------------------------------|-----------------------------------------|-----------|-----------------------------|-----------|-------------------------------------------------|-------|---------------------|
| Occupational safety and health<br>as a new ILO CLS                                       | ×         | ×                                 | ×                                       | ×         | ×                           | ×         | ×                                               | ×     | ×                   |
| Commitment to ratify ILO<br>fundamental Conventions                                      | ×         | ×                                 | ×                                       | ✓         | ×                           | ✓         | ×                                               | ×     | ×                   |
| Commitment to effectively<br>implement ratified ILO<br>Conventions                       | ×         | ×                                 | ×                                       | ✓         | ×                           | ✓         | ×                                               | ×     | ×                   |
| Consideration of further<br>ratifications of other ILO<br>Conventions                    | ×         | ×                                 | ×                                       | ✓         | ×                           | ✓         | ×                                               | ×     | ×                   |
| Domestic laws and policies on<br>OSH, labour inspection and<br>decent working conditions | ×         | ×                                 | ×                                       | ✓         | ×                           | ✓         | ×                                               | ✓     | ×                   |
| Combating IUU fishing practices<br>and trade                                             | ×         | ×                                 | ×                                       | ✓         | ×                           | ✓         | ×                                               | ✓     | ×                   |
| Domestic enforcement<br>mechanisms in place                                              | ✓         | ×                                 | ✓                                       | ✓         | ✓                           | ×         | ×                                               | ✓     | ×                   |
| Awareness of labour laws,<br>policies, practices                                         | ✓         | ✓                                 | ✓                                       | ✓         | ✓                           | ×         | ✓                                               | ✓     | ×                   |
| Promoting fair and ethical trade<br>and CSR                                              | ×         | ×                                 | ×                                       | ✓         | ×                           | ✓         | ×                                               | ✓     | ×                   |
| Cooperation on labour                                                                    | ✓         | ✓                                 | ✓                                       | ✓         | ✓                           | ✓         | ✓                                               | ✓     | ✓                   |
| Contact points                                                                           | ✓         | ✓                                 | ✓                                       | ✓         | ✓                           | ✓         | ✓                                               | ✓     | ✓                   |
| Inter-governmental Committee/<br>Council/Board                                           | ×/✓       | ✓                                 | ✓                                       | ✓         | ✓                           | ✓         | ×                                               | ✓     | ×                   |
| Civil society advisory group/<br>committee                                               | ×         | ×                                 | ×                                       | ✓         | ×                           | ✓(*)      | ×                                               | ✓     | ×                   |
| Public sessions or Civil Society<br>Forum meetings                                       | ×         | ✓                                 | ×                                       | ✓         | ×                           | ✓(*)      | ×                                               | ×     | ×                   |
| Other forms of stakeholder<br>consultation, incl. on cooperation                         | ✓         | ✓                                 | ✓                                       | ✓         | ✓                           | ×         | ✓                                               | ✓     | ×                   |
| Submission mechanism                                                                     | ×         | ×                                 | ×                                       | ✓         | ×                           | ×         | ×                                               | ✓     | ×                   |

<sup>80</sup> The Parties noted, however, the decision of the ILO to extend the list of the core labour standards to include occupational safety and health. They agreed that the EU-NZ Trade Committee may decide at its first meeting at the latest to amend text of the FTA to include occupational safety and health.

| FTA Example<br>Labour Provisions                                  | NZ-Taiwan | NZ-Malaysia Labour Cooperation | NZ-Thailand Arrangement on Labour | NZ-UK FTA | NZ-Republic of Korea FTA | NZ-EU FTA | P4 <sup>79</sup> (MoU on Labour Cooperation) | CPTPP | ASEAN-AUS-NZ FTArea |
|-------------------------------------------------------------------|-----------|--------------------------------|-----------------------------------|-----------|--------------------------|-----------|----------------------------------------------|-------|---------------------|
| Dedicated labour dispute settlement mechanism                     | ✓         | ✓                              | ✓                                 | ×         | ✓                        | ×         | ✓                                            | ×     | ×                   |
| Dispute resolution through consultations, incl. Committee/Council | ✓         | ✓                              | ✓                                 | ✓         | ✓                        | ✓         | ✓                                            | ✓     | ×                   |
| Dedicated Panel of Experts for TSD Chapter                        | ×         | ×                              | ×                                 | ×         | ? <sup>81</sup>          | ×         | ×                                            | ×     | ×                   |
| General dispute settlement mechanism for labour provisions        | ×         | ×                              | ×                                 | ✓         | ?                        | ✓         | ×                                            | ✓     | ×                   |

**Note:** (\*) Civil society Domestic Advisory Groups (DAGs) and the Civil Society Forum are established under the Chapter 'Institutions' and are mandated to monitor and advise on the implementation of the entire agreement, and not only its TSD Chapter.

### 3.2.9 United States

*(Links to texts of the agreements analysed below are provided in Annex 3)*

The US have pioneered the inclusion of labour provisions in trade agreements. The first ones (the North American Agreement on Labour Cooperation) formed part of a package with the North American FTA (NAFTA), which entered into force in 1994. In the agreements that followed over the next two decades, labour provisions were incorporated into the main body of an FTA. They essentially replicated one model, with minor differences reflecting compromises made during the negotiations. In those agreements, labour provisions (covered by the Labour Chapter):

- Reaffirm the Parties' obligations as ILO members, including those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work,
- Reaffirm the Parties' right to regulate and to establish and modify their labour laws and regulations consistent with the Declaration; the Parties should also strive to improve the level of labour protection afforded by their legislation (in many of them, labour laws covered by the FTA provisions are defined as also regulating acceptable conditions of work, including minimum wages, working hours and occupational safety and health),
- Some agreements, e.g. FTA with Singapore, state that it is inappropriate to encourage trade or investment by weakening or reducing the protections afforded in domestic labour laws (in such cases, labour laws are defined as covering the fundamental rights and principles at work and the acceptable conditions of work),

<sup>81</sup> The publicly available text of the Korea-New Zealand FTA is incomplete and finishes halfway through the Article regulating dispute settlement.

- State that a Party shall not waive or derogate from or offer to waive or derogate from its labour laws (in part that implements the fundamental principles and rights at work) in a way affecting trade or investment between the Parties, where the change would be inconsistent with labour rights enshrined in the ILO 1998 Declaration and weaken adherence to them,
- Stress the importance of labour law enforcement and state that a Party shall not fail to effectively enforce its labour laws and regulations through a sustained or recurring course of action or inaction, in a way affecting trade between the Parties; moreover, each Party should retain the right to exercise discretion about setting its priorities and allocating resources to their enforcement,
- In some agreements, also note that labour laws and regulations should not be used for protectionist trade purposes,
- Require that persons with a recognised interest under the law have access to the justice system where the proceedings are fair, equitable and transparent and the persons in question can seek remedies to enforce their rights under the labour law (in some agreements, these provisions are pretty detailed and list requirements which the justice system and the proceedings should meet to be considered satisfactory),
- Direct the Parties to promote awareness of labour rights in their territories,
- Promote cooperation on labour-related matters and capacity building,
- Include institutional provisions, with national contact points and an inter-governmental Committee (either the Joint Committee, its Sub-Committee or a Labour Affairs Council) to oversee the Chapter's implementation. This body may be accompanied by a labour advisory committee composed of stakeholders. Moreover, stakeholders are allowed to submit communications to the administration of each Party on matters related to the Chapter.
- Include dispute settlement provisions, according to which, as a rule, disputes should be resolved through consultations between the Parties, with a possibility of an escalation to the Joint Committee, which oversees the FTA implementation, or the Sub-Committee established to oversee the Labour Chapter. The agreements also offer (as a last resort) a recourse to the general dispute settlement mechanism (they may include a provision saying that a Party cannot use the general system before trying to resolve the matter by taking steps foreseen in the Labour Chapter).<sup>82</sup> Moreover, in most agreements, this solution is available only in relation to compliance with the provision regarding the effective enforcement of domestic labour law.

During the Trans-Pacific Partnership (TPP) negotiations, its labour provisions were considered a step upwards in the US model. However, as the US withdrew from the TPP in 2017, the agreement (now known as the CPTPP) is discussed not here, but in the section on regional trade agreements. Its comprehensive labour provisions have been maintained.

Another reform was undertaken during the NAFTA review, and its results are reflected in the revised version of the Agreement, namely the USMCA. Compared to previous FTAs, the USMCA also refers to the Parties' obligations under the ILO 2008 Declaration on Social Justice for a Fair Globalisation, i.e. the ILO Decent Work Agenda. It underlines the role of workers' and employers' organisations

<sup>82</sup> In the US-Jordan FTA, there are no separate dispute settlement provisions in the labour Article, and a dispute is addressed, from the beginning, by the general dispute settlement mechanism. Moreover, in this Agreement, unlike in other US FTAs, there is no scope restriction in using the general dispute settlement mechanism to enforce labour provisions.

in protecting the internationally recognised labour rights and recognises that workers' organisations should be able to exercise their rights in a climate free from violence, threats and intimidation. Consequently, each Party should address incidents of violence, threats or intimidation against workers directly related to exercising or attempting to exercise their labour rights. It also establishes a goal of trading only in goods produced in compliance with the Labour Chapter and prohibits the importation of goods made with the use of forced labour, including forced child labour. Moreover, the USMCA includes provisions regarding non-discrimination in the workplace and the protection of migrant workers. The Labour Chapter also includes (in an Annex) a list of requests directed to Mexico to amend its legislation in several aspects related to freedom of association and the right to collective bargaining to ensure that workers and trade unions can exercise them without external interference or illegitimate restrictions.<sup>83</sup> Moreover, there are no restrictions regarding labour provisions, which may be considered by the general dispute settlement mechanism (as the last resort). In any dispute (unlike in previous FTAs), there is also an assumption that a Party's failure to meet its obligations impacted trade or investment between the Parties unless the responding Party presents proof to the contrary. The USMCA has also established (in the US-Mexico and Canada-Mexico relations) the Facility Specific Rapid Response Labour Mechanism as a way of dispute resolution. It should be applied when workers employed in a facility covered by the Mechanism are thought to be deprived of freedom of association and/or collective bargaining rights contrary to the domestic laws of the responding Party that are necessary to fulfil obligations under the Labour Chapter.

The Indo-Pacific Economic Framework for Prosperity (IPEF), to which the US is also a Party, is discussed in the section on regional agreements.

**Table 9: Labour Provisions in Selected Agreements to which the US is a Party**

| FTA Example                                                              | US-Australia FTA | US-Jordan FTA | US-Oman FTA | US-Singapore FTA | US-Republic of Korea FTA | US-Colombia FTA | US-Central America-DR FTA | USMCA | IPEF – Supply Chains |
|--------------------------------------------------------------------------|------------------|---------------|-------------|------------------|--------------------------|-----------------|---------------------------|-------|----------------------|
| Labour Provisions                                                        |                  |               |             |                  |                          |                 |                           |       |                      |
| Right to regulate consistently with international standards              | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |
| Non-reduction of levels of labour protection                             | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✗                    |
| Effective enforcement of domestic labour law                             | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |
| No use of labour standards for trade protectionist purposes              | ✗                | ✗             | ✓           | ✓                | ✗                        | ✗               | ✓                         | ✗     | ✗                    |
| No use of labour rights violations as a legitimate comparative advantage | ✗                | ✗             | ✗           | ✗                | ✗                        | ✗               | ✗                         | ✗     | ✗                    |

<sup>83</sup> The USMCA Environment Chapter includes provisions for the Parties to cooperate and take measures to combat illegal, unregulated, and unreported (IUU) fishing practices often related to labour rights violations.

| FTA Example<br>Labour Provisions                                                   | US-Australia FTA | US-Jordan FTA | US-Oman FTA | US-Singapore FTA | US-Republic of Korea FTA | US-Colombia FTA | US-Central America-DR FTA | USMCA | IPEF – Supply Chains |
|------------------------------------------------------------------------------------|------------------|---------------|-------------|------------------|--------------------------|-----------------|---------------------------|-------|----------------------|
| Recognition of ILO-related obligations and commitment to FPRW                      | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |
| Occupational safety and health as a new ILO CLS                                    | ✗                | ✗             | ✗           | ✗                | ✗                        | ✗               | ✗                         | ✗     | ✓                    |
| Commitment to ratify ILO fundamental Conventions                                   | ✗                | ✗             | ✗           | ✗                | ✗                        | ✗               | ✗                         | ✗     | ✗                    |
| Commitment to effectively implement ratified ILO Conventions                       | ✗                | ✗             | ✗           | ✗                | ✗                        | ✗               | ✗                         | ✗     | ✗                    |
| Consideration of further ratifications of other ILO Conventions                    | ✗                | ✗             | ✗           | ✗                | ✗                        | ✗               | ✗                         | ✗     | ✗                    |
| Domestic laws and policies on OSH, labour inspection and decent working conditions | ✓                | ✓             | ✓           | ✓                | ✓                        | ✗               | ✓                         | ✓     | ✓                    |
| Combating IUU fishing practices and trade                                          | ✗                | ✗             | ✗           | ✗                | ✗                        | ✗               | ✗                         | ✓     | ✗                    |
| Domestic enforcement mechanisms in place                                           | ✓                | ✗             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✗                    |
| Awareness of labour laws, policies, practices                                      | ✗                | ✗             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |
| Promoting fair and ethical trade and CSR                                           | ✗                | ✗             | ✗           | ✗                | ✗                        | ✗               | ✗                         | ✗     | ✓                    |
| Cooperation on labour and capacity building                                        | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |
| Contact points                                                                     | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✗                    |
| Inter-governmental Committee/ Council/Board                                        | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |
| Civil society advisory group/ committee                                            | ✓                | ✗             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓/✗                  |
| Public sessions or Civil Society Forum meetings                                    | ✗                | ✗             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✗                    |
| Other forms of stakeholder consultation, incl. on cooperation                      | ✗                | ✗             | ✗           | ✗                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |
| Submission mechanism                                                               | ✓                | ✗             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |

| FTA Example<br>Labour Provisions                                  | US-Australia FTA | US-Jordan FTA | US-Oman FTA | US-Singapore FTA | US-Republic of Korea FTA | US-Colombia FTA | US-Central America-DR FTA | USMCA | IPEF – Supply Chains |
|-------------------------------------------------------------------|------------------|---------------|-------------|------------------|--------------------------|-----------------|---------------------------|-------|----------------------|
| Dedicated Labour Chapter dispute settlement mechanism             | ×                | ×             | ×           | ×                | ×                        | ×               | ×                         | ×     | ✓                    |
| Dispute resolution through consultations, incl. Committee/Council | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ✓                    |
| Dedicated Panel of Experts for Labour Chapter                     | ×                | ×             | ×           | ×                | ×                        | ×               | ✓/×                       | ×     | ×                    |
| General dispute settlement mechanism for labour provisions        | ✓                | ✓             | ✓           | ✓                | ✓                        | ✓               | ✓                         | ✓     | ×                    |

### 3.2.10 Regional Trade Agreements

(Links to texts of the agreements analysed below are provided in Annex 3)

Some regional trade agreements also include labour provisions. The scope and level of ambition vary depending on whether the Parties usually follow a specific model in this area. Table 10 provides an overview of labour provisions in nine regional agreements (eight FTAs and the IPEF Agreement on Supply Chains) to facilitate the analysis. Four of them have been negotiated by the EU and largely follow its model, three others reflect the US model. The remaining two (the MoU on Labour Cooperation accompanying the Trans-Pacific Strategic Economic Partnership and the Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area) have a different structure.

A more detailed analysis indicates that most, if not all, of them contain the same standard elements. They:

- Reaffirm the Parties' obligations as the ILO members, including those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work,
- Reaffirm the Parties' right to regulate and to establish and modify their labour priorities, laws and regulations consistent with the Declaration (or with international Conventions to which they are Party) and state that the Parties should also strive to improve the level of labour protection afforded by their legislation,
- Prohibit lowering the levels of labour protection and state that a Party shall not waive or derogate from or offer to waive or derogate from its labour laws in a way affecting trade or investment between the Parties (where the change would be inconsistent with the principles of the ILO 1998 Declaration and weaken adherence to them),

- Stress the importance of labour law enforcement and state that a Party shall not fail to effectively enforce its labour laws and regulations through a sustained or recurring course of action or inaction, in a way affecting trade or investment between the Parties,
- Note that labour laws, regulations, policies and practices should not be used for protectionist trade purposes,
- Promote cooperation on (trade and) labour-related matters,
- Include institutional provisions and establish national contact points and/or an inter-governmental Committee (Council or Board) to oversee the Chapter's implementation,
- Envisage stakeholder engagement and consultations (as an advisory group/committee, public session or another form chosen by the Parties). The subject matter of such engagement may extend from cooperation activities to broader implementation-related aspects.
- Include dispute settlement provisions, according to which, as a rule, disputes should be resolved through consultations between the Parties, with a possibility of an escalation to the Joint Committee, which oversees the FTA implementation or the Chapter-based Council or Committee. The EU agreements also foresee a recourse to the Chapter-based Panel of Experts, and the agreements following the US model offer (as a last resort) a recourse to the general dispute settlement mechanism.

The majority of the analysed agreements also include commitments of the Parties to adopt laws and regulations governing acceptable working conditions, such as working hours, minimum wages and occupational safety and health. Some also mention labour inspection in this context. Moreover, the Parties should encourage the adoption and application of CSR practices. In some agreements, the Parties also commit to combating the illegal, unreported and unregulated (IUU) fishing practices.

The CPTPP also commits the Parties to take appropriate measures to discourage imports of goods produced using forced labour, including forced child labour. The EU agreements include commitments to ratify and effectively implement the ILO's fundamental and other up-to-date Conventions.

The Trade and Sustainable Development Chapter in the Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area is cooperative in nature. It covers some of the provisions mentioned above; however, its institutional aspects are limited to the contact points. In addition, it excludes the use of a dispute settlement mechanism.

Pillar II of the Indo-Pacific Economic Framework for Prosperity (IPEF), i.e. the Agreement Relating to Supply Chain Resilience,<sup>84</sup> entered into force in 2024. While it is not an FTA, it includes labour provisions, has a regional scope, and several ASEAN Member States are party to it. Therefore, it may be helpful to include it in the analysis. In addition to standard elements, such as the reference to the ILO 1998 Declaration (as updated in 2022, i.e. with occupational safety and health as one of the core labour standards) and provisions related to the enforcement of labour laws, it speaks about workers' upskilling, consultation of workers and businesses in matters regarding the development of policies and measures related to labour rights and the improvement of supply chains' resilience in a way consistent with labour rights. It also establishes the Labor Rights Advisory Board in which each

<sup>84</sup> Agreement Relating to Supply Chain Resilience: <https://www.ipef.gov.sg/ipef-pillars-and-agreements/>

Party has three seats, one for the Government, one for employers and one for workers. The Board shall consider labour-related concerns that may negatively impact sustainability, security, transparency, resilience, and other supply chain features, and develop recommendations to address them. It should also prepare up to two annual technical sector-focused reports focusing on related labour laws and practices of the Parties and businesses, including practices which may improve working conditions in the analysed sectors. The Board may also publish other materials to help identify labour-related concerns in supply chains, raise awareness of labour rights and disseminate best practices. Furthermore, the Agreement establishes a facility-specific reporting mechanism that allows the raising of concerns regarding labour rights violations at facilities that form part of supply chains and are based in the territory of any of the Parties.

In October 2024, two more IPEF Agreements (Pillars) entered into force. Pillar III on Clean Economy requires the Parties to take specific steps to support workers and communities affected by the transition to a clean economy. This includes up-skilling for workers, social protection measures, social dialogue and active labour market policies. In addition, the Parties should cooperate to eliminate forced labour from supply chains and promote labour rights in sectors and activities covered by the Agreement.<sup>85</sup>

Pillar IV on a Fair Economy addresses the prevention and combating of corruption and bribery in the context of protecting and enforcing labour rights, including those of migrant workers. The Parties should, moreover, take appropriate measures to prevent employers and agents from interfering in the workers' right to organise by offering money or other benefits to influence the exercise of freedom of association and the right to collective bargaining. The Parties should also take steps to raise awareness of labour rights in their territories and provide judicial and administrative procedures enabling the enforcement of labour rights.<sup>86</sup>

It is also worth noting that the EU-SADC EPA initially incorporated labour-related and other provisions of the Cotonou Agreement, a Framework Agreement concluded between the EU and the African, Caribbean, and Pacific States. Since the latter has expired and a new agreement, the Samoa Agreement, has been concluded and entered into force, the EU-SADC EPA should be read in conjunction with the relevant provisions of the Samoa Agreement, particularly those related to decent work and the ILO Conventions.

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<sup>85</sup> Agreement Relating to a Clean Economy: <https://www.commerce.gov/sites/default/files/2024-03/IPEF-PIII-Clean-Economy-Agreement.pdf>

<sup>86</sup> Agreement Relating to a Fair Economy: <https://www.commerce.gov/sites/default/files/2024-03/IPEF-PIV-Fair-Economy-Agreement.pdf>

**Table 10:** An Overview of Labour Provisions in Selected Regional Agreements

| FTA Example<br>Labour Provisions                                                   | EU-CARIFORUM EPA | EU-Central America FTA | EU-SADC EPA <sup>87</sup> | EU-Mercosur FTA <sup>88</sup> | US-Central America-DR FTA | IPEF - Supply Chains | P4 <sup>89</sup> (MoU on Labour Cooperation) | CPTPP | ASEAN-AUS-NZ FTA |
|------------------------------------------------------------------------------------|------------------|------------------------|---------------------------|-------------------------------|---------------------------|----------------------|----------------------------------------------|-------|------------------|
| Right to regulate consistently with international standards                        | ✓                | ✓                      | ✓                         | ✓                             | ✓                         | ✓                    | ✓                                            | ×     | ✓                |
| Non-reduction of levels of labour protection                                       | ✓                | ✓                      | ✓                         | ✓                             | ✓                         | ×                    | ✓                                            | ✓     | ✓                |
| Effective enforcement of domestic labour law                                       | ×                | ✓                      | ✓                         | ✓                             | ✓                         | ✓                    | ×                                            | ✓     | ×                |
| No use of labour standards for trade protectionist purposes                        | ✓                | ✓                      | ×                         | ✓                             | ✓                         | ×                    | ✓                                            | ✓     | ✓                |
| No use of labour rights violations as a legitimate comparative advantage           | ×                | ×                      | ×                         | ✓                             | ×                         | ×                    | ×                                            | ×     | ×                |
| Recognition of ILO-related obligations and commitment to FPRW                      | ✓                | ✓                      | ✓                         | ✓                             | ✓                         | ✓                    | ✓                                            | ✓     | ×                |
| Occupational safety and health as a new ILO CLS                                    | ×                | ×                      | ×                         | ×                             | ×                         | ✓                    | ×                                            | ×     | ×                |
| Commitment to ratify ILO fundamental Conventions                                   | ×                | ×                      | ✓                         | ✓                             | ×                         | ×                    | ×                                            | ×     | ×                |
| Commitment to effectively implement ratified ILO Conventions                       | ×                | ✓                      | ✓                         | ✓                             | ×                         | ×                    | ×                                            | ×     | ×                |
| Consideration of further ratifications of other ILO Conventions                    | ×                | ✓                      | ×                         | ✓                             | ×                         | ×                    | ×                                            | ×     | ×                |
| Domestic laws and policies on OSH, labour inspection and decent working conditions | ×                | ×                      | ✓                         | ✓                             | ✓                         | ✓                    | ×                                            | ✓     | ×                |
| Combating IUU fishing practices and trade                                          | ×                | ✓                      | ✓                         | ✓                             | ×                         | ×                    | ×                                            | ✓     | ×                |

<sup>87</sup> In this Table, the EU-SADC EPA provisions are analysed and marked jointly with provisions of the Samoa Agreement, i.e. the Partnership Agreement between the European Union and its Member States, of the one part, and the Members of the Organisation of African, Caribbean and Pacific States, of the other part: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L\\_202302862](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302862)

<sup>88</sup> Negotiations on the EU-Mercosur FTA were concluded in 2024; however, the Agreement has not been signed yet and has not entered into force.

<sup>89</sup> P4 stands for the Trans-Pacific Strategic Economic Partnership.

| FTA Example<br>Labour Provisions                                   | EU-CARIFORUM EPA | EU-Central America FTA | EU-SADC EPA <sup>87</sup> | EU-Mercosur FTA <sup>88</sup> | US-Central America-DR FTA | IPEF - Supply Chains | P4 <sup>89</sup> (MoU on Labour Cooperation) | CPTPP | ASEAN-AUS-NZ FTA |
|--------------------------------------------------------------------|------------------|------------------------|---------------------------|-------------------------------|---------------------------|----------------------|----------------------------------------------|-------|------------------|
| Domestic enforcement mechanisms in place                           | ×                | ×                      | ×                         | ✓                             | ✓                         | ×                    | ×                                            | ✓     | ×                |
| Awareness of labour laws, policies, practices                      | ×                | ×                      | ×                         | ×                             | ✓                         | ✓                    | ✓                                            | ✓     | ×                |
| Promoting fair and ethical trade and CSR                           | ✓                | ✓                      | ×                         | ✓                             | ×                         | ✓                    | ×                                            | ✓     | ×                |
| Cooperation on trade and labour                                    | ✓                | ✓                      | ✓                         | ✓                             | ✓                         | ✓                    | ✓                                            | ✓     | ✓                |
| Contact points                                                     | ×                | ✓                      | ×                         | ✓                             | ✓                         | ×                    | ✓                                            | ✓     | ✓                |
| Inter-governmental Committee/ Council/Board                        | ✓                | ✓                      | ✓                         | ✓                             | ✓                         | ✓                    | ×                                            | ✓     | ×                |
| Civil society advisory group/ committee                            | ✓                | ✓                      | ×                         | ✓(*)                          | ✓                         | ✓/×                  | ×                                            | ✓     | ×                |
| Public sessions or Civil Society Forum meetings                    | ✓                | ✓                      | ×                         | ✓(*)                          | ✓                         | ×                    | ×                                            | ×     | ×                |
| Other forms of stakeholder consultation, incl. on cooperation      | ×                | ×                      | ✓                         | ×                             | ✓                         | ✓                    | ✓                                            | ✓     | ×                |
| Submission mechanism                                               | ×                | ×                      | ×                         | ×                             | ✓                         | ✓                    | ×                                            | ✓     | ×                |
| Dedicated labour dispute settlement mechanism                      | ✓                | ✓                      | ✓                         | ✓                             | ×                         | ✓                    | ✓                                            | ×     | ×                |
| Dispute resolution through consultations, incl. Committee/ Council | ✓                | ✓                      | ✓                         | ✓                             | ✓                         | ✓                    | ✓                                            | ✓     | ×                |
| Dedicated Panel of Experts for TSD Chapter                         | ✓                | ✓                      | ×                         | ✓                             | ✓/×                       | ×                    | ×                                            | ×     | ×                |
| General dispute settlement mechanism for labour provisions         | ×                | ×                      | ×                         | ×                             | ✓                         | ×                    | ×                                            | ✓     | ×                |

(\*) **Note:** The civil society structures marked with an asterisk are established to monitor and advise on the implementation of the entire Agreement, not just the TSD Chapter.

### 3.2.11 Agreements to which the ASEAN Member States are Party

*(Links to texts of the agreements outlined in Table 11 are provided in Annex 3)*

As outlined in sections 3.2.1–3.2.10, the ASEAN Member States (individually or as region) are Parties to several FTAs with labour provisions (Table 11 provides their overview).

The analysis highlights many similarities among labour provisions in those FTAs. Almost all reiterate the Parties' obligations resulting from the ILO membership and the ILO 1998 Declaration on Fundamental Principles and Rights at Work. Nearly all also recognise the Parties' right to regulate, while they acknowledge that it is inappropriate to lower the labour protection levels afforded by domestic labour law or to fail to enforce it to attract trade or investment. Equally frequent are the provisions on cooperation in labour-related matters. Most agreements also envisage establishing institutional structures (contact points and a Committee), and some foresee consultation as the first or the only step in dispute resolution. Agreements concluded by the EU and the EFTA States also envisage the ratification and effective implementation of the ILO fundamental Conventions.

Table 11: An Overview of Labour Provisions in Selected trade Agreements of the ASEAN Member States

| FTA<br>Example | Labour<br>Provisions                                                     | Australia-Malaysia FTA | ASEAN-AUS-NZ FTA | Canada-Indonesia CEPA | CPTPP | Chile-Indonesia CEPA | Chile-Thailand | P4 (MoU on Labour) | EFTA-Philippines FTA | EFTA-Indonesia FTA | EFTA-Thailand FTA | EFTA-Malaysia EPA | EU-Singapore FTA | EU-Viet Nam FTA | EU-Indonesia CEPA | EU texts proposed <sup>90</sup> | Japan-Philippines EPA | NZ-Malaysia | NZ-Thailand | US-Singapore FTA | IPEF – supply chains |
|----------------|--------------------------------------------------------------------------|------------------------|------------------|-----------------------|-------|----------------------|----------------|--------------------|----------------------|--------------------|-------------------|-------------------|------------------|-----------------|-------------------|---------------------------------|-----------------------|-------------|-------------|------------------|----------------------|
|                | Right to regulate consistently with international standards              | ✓                      | ✓                | ✓                     | ✗     | ✓                    | ✗              | ✓                  | ✓                    | ✓                  | ✓                 | ✓                 | ✓                | ✓               | ✓                 | ✓                               | ✓                     | ✓           | ✓           | ✓                | ✓                    |
|                | Non-reduction of the levels of labour protection                         | ✓                      | ✓                | ✓                     | ✓     | ✓                    | ✓              | ✓                  | ✓                    | ✓                  | ✓                 | ✓                 | ✓                | ✓               | ✓                 | ✓                               | ✓                     | ✓           | ✓           | ✓                | ✗                    |
|                | Effective enforcement of domestic labour law                             | ✓                      | ✗                | ✓                     | ✓     | ✓                    | ✗              | ✗                  | ✓                    | ✗ <sup>91</sup>    | ✓                 | ✓                 | ✓                | ✓               | ✓                 | ✓                               | ✗                     | ✓           | ✗           | ✓                | ✓                    |
|                | No use of labour standards for trade protectionist purposes              | ✓                      | ✓                | ✓                     | ✓     | ✓                    | ✗              | ✓                  | ✗                    | ✓                  | ✓                 | ✓                 | ✓                | ✓               | ✓                 | ✓                               | ✗                     | ✓           | ✓           | ✓                | ✗                    |
|                | No use of labour rights violations as a legitimate comparative advantage | ✗                      | ✗                | ✓                     | ✗     | ✗                    | ✗              | ✗                  | ✓                    | ✓                  | ✓                 | ✓                 | ✓                | ✓               | ✓                 | ✓                               | ✗                     | ✗           | ✗           | ✗                | ✗                    |

<sup>90</sup> This column outlines elements of the EU's textual proposals tabled in negotiations with Malaysia, the Philippines and Thailand.<sup>91</sup> The text in the EFTA-Indonesia FTA speaks about the law's effective application (and not enforcement).

| FTA<br>Example | Labour<br>Provisions            | Recognition of ILO-<br>related obligations<br>and commitment to<br>FPRW | Occupational safety<br>and health as a new<br>ILO CLS | Commitment<br>to ratify ILO<br>fundamental<br>Conventions | Commitment<br>to effectively<br>implement ratified<br>ILO Conventions | Consideration of<br>further ratifications<br>of other ILO<br>Conventions | Domestic laws and<br>policies on OSH,<br>labour inspection<br>and decent working<br>conditions |
|----------------|---------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
|                |                                 |                                                                         |                                                       |                                                           |                                                                       |                                                                          |                                                                                                |
|                | Australia-Malaysia FTA          | ✓                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ×                                                                                              |
|                | ASEAN-AUS-NZ FTA                | ×                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ×                                                                                              |
|                | Canada-Indonesia CEPA           | ✓                                                                       | ✓                                                     | ✓                                                         | ✓                                                                     | ×                                                                        | ✓                                                                                              |
|                | CPTPP                           | ✓                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ✓                                                                                              |
|                | Chile-Indonesia CEPA            | ✓                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ×                                                                                              |
|                | Chile-Thailand                  | ×                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ×                                                                                              |
|                | P4 (MoU on Labour)              | ✓                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ×                                                                                              |
|                | EFTA-Philippines FTA            | ✓                                                                       | ×                                                     | ✓                                                         | ✓                                                                     | ×                                                                        | ×                                                                                              |
|                | EFTA-Indonesia FTA              | ✓                                                                       | ×                                                     | ✓                                                         | ✓                                                                     | ×                                                                        | ×                                                                                              |
|                | EFTA-Thailand FTA               | ✓                                                                       | ✓                                                     | ✓                                                         | ✓                                                                     | ×                                                                        | ✓                                                                                              |
|                | EFTA-Malaysia EPA               | ✓                                                                       | ✓                                                     | ✓                                                         | ✓                                                                     | ×                                                                        | ✓                                                                                              |
|                | EU-Singapore FTA                | ✓                                                                       | ×                                                     | ✓                                                         | ✓                                                                     | ✓                                                                        | ×                                                                                              |
|                | EU-Viet Nam FTA                 | ✓                                                                       | ×                                                     | ✓                                                         | ✓                                                                     | ✓                                                                        | ×                                                                                              |
|                | EU-Indonesia CEPA               | ✓                                                                       | ✓                                                     | ✓                                                         | ✓                                                                     | ✓                                                                        | ✓                                                                                              |
|                | EU texts proposed <sup>90</sup> | ✓                                                                       | ✓                                                     | ✓                                                         | ✓                                                                     | ✓                                                                        | ✓                                                                                              |
|                | Japan-Philippines EPA           | ×                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ✓                                                                                              |
|                | NZ-Malaysia                     | ✓                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ×                                                                                              |
|                | NZ-Thailand                     | ✓                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ×                                                                                              |
|                | US-Singapore FTA                | ✓                                                                       | ×                                                     | ×                                                         | ×                                                                     | ×                                                                        | ✓                                                                                              |
|                | IPEF – supply chains            | ✓                                                                       | ✓                                                     | ×                                                         | ×                                                                     | ×                                                                        | ✓                                                                                              |

| FTA<br>Example | Labour<br>Provisions            |                                                 |                                                   |                                                            |                                                |                                    |                |                                                 |
|----------------|---------------------------------|-------------------------------------------------|---------------------------------------------------|------------------------------------------------------------|------------------------------------------------|------------------------------------|----------------|-------------------------------------------------|
|                |                                 | Combating IUU<br>fishing practices<br>and trade | Domestic<br>enforcement<br>mechanisms in<br>place | Awareness of<br>labour laws,<br>policies, and<br>practices | Promoting fair and<br>ethical trade and<br>CSR | Cooperation on<br>trade and labour | Contact points | Inter-governmental<br>TSD Committee or<br>Board |
|                | Australia-Malaysia FTA          | ×                                               | ×                                                 | ×                                                          | ×                                              | ×                                  | ×              | ×                                               |
|                | ASEAN-AUS-NZ FTA                | ×                                               | ×                                                 | ×                                                          | ×                                              | ✓                                  | ✓              | ×                                               |
|                | Canada-Indonesia CEPA           | ✓                                               | ✓                                                 | ✓                                                          | ✓                                              | ✓                                  | ✓              | ✓                                               |
|                | CPTPP                           | ✓                                               | ✓                                                 | ✓                                                          | ✓                                              | ✓                                  | ✓              | ✓                                               |
|                | Chile-Indonesia CEPA            | ×                                               | ×                                                 | ×                                                          | ×                                              | ✓                                  | ✓              | ✓                                               |
|                | Chile-Thailand                  | ×                                               | ×                                                 | ×                                                          | ×                                              | ✓                                  | ✓              | ✓                                               |
|                | P4 (MoU on Labour)              | ×                                               | ×                                                 | ✓                                                          | ×                                              | ✓                                  | ✓              | ×                                               |
|                | EFTA-Philippines FTA            | ×                                               | ×                                                 | ×                                                          | ✓/×                                            | ✓                                  | ✓              | ✓                                               |
|                | EFTA-Indonesia FTA              | ✓                                               | ×                                                 | ×                                                          | ✓/×                                            | ✓                                  | ✓              | ✓                                               |
|                | EFTA-Thailand FTA               | ✓                                               | ✓                                                 | ×                                                          | ✓                                              | ✓                                  | ✓              | ✓                                               |
|                | EFTA-Malaysia EPA               | ×                                               | ✓                                                 | ×                                                          | ✓                                              | ✓                                  | ✓              | ✓                                               |
|                | EU-Singapore FTA                | ✓                                               | ×                                                 | ×                                                          | ✓                                              | ✓                                  | ✓              | ✓                                               |
|                | EU-Viet Nam FTA                 | ✓                                               | ×                                                 | ×                                                          | ✓                                              | ✓                                  | ✓              | ✓                                               |
|                | EU-Indonesia CEPA               | ✓                                               | ×                                                 | ×                                                          | ✓                                              | ✓                                  | ✓              | ✓                                               |
|                | EU texts proposed <sup>90</sup> | ✓                                               | ×                                                 | ×                                                          | ✓                                              | ✓                                  | ✓              | ✓                                               |
|                | Japan-Philippines EPA           | ×                                               | ×                                                 | ×                                                          | ×                                              | ×                                  | ×              | ✓                                               |
|                | NZ-Malaysia                     | ×                                               | ×                                                 | ✓                                                          | ×                                              | ✓                                  | ✓              | ✓                                               |
|                | NZ-Thailand                     | ×                                               | ✓                                                 | ✓                                                          | ×                                              | ✓                                  | ✓              | ✓                                               |
|                | US-Singapore FTA                | ×                                               | ✓                                                 | ✓                                                          | ×                                              | ✓                                  | ✓              | ✓                                               |
|                | IPeF – supply chains            | ×                                               | ×                                                 | ✓                                                          | ✓                                              | ✓                                  | ×              | ✓                                               |

| FTA<br>Example                                                             | Labour<br>Provisions | Australia-Malaysia FTA | ASEAN-AUS-NZ FTA | Canada-Indonesia CEPA | CPTPP | Chile-Indonesia CEPA | Chile-Thailand | P4 (MoU on Labour) | EFTA-Philippines FTA | EFTA-Indonesia FTA | EFTA-Thailand FTA | EFTA-Malaysia EPA | EU-Singapore FTA | EU-Viet Nam FTA | EU-Indonesia CEPA | EU texts proposed <sup>90</sup> | Japan-Philippines EPA | NZ-Malaysia | NZ-Thailand | US-Singapore FTA | IPFF – supply chains |
|----------------------------------------------------------------------------|----------------------|------------------------|------------------|-----------------------|-------|----------------------|----------------|--------------------|----------------------|--------------------|-------------------|-------------------|------------------|-----------------|-------------------|---------------------------------|-----------------------|-------------|-------------|------------------|----------------------|
| Civil society<br>Domestic Advisory<br>Groups, DAGs                         |                      | ×                      | ×                | ✓                     | ✓     | ×                    | ×              | ×                  | ×                    | ×                  | ×                 | ×                 | ✓                | ✓               | ✓(*)              | n.d. <sup>92</sup>              | ×                     | ×           | ×           | ✓                | ✓/×                  |
| Public sessions or<br>Civil Society Forum<br>meetings                      |                      | ×                      | ×                | ×                     | ×     | ×                    | ×              | ×                  | ×                    | ×                  | ×                 | ×                 | ✓                | ✓               | ✓(*)              | n.d.                            | ×                     | ✓           | ×           | ✓                | ×                    |
| Other forms<br>of stakeholder<br>consultation, incl.<br>on cooperation     |                      | ×                      | ×                | ×                     | ✓     | ×                    | ×              | ✓                  | ×                    | ×                  | ✓                 | ✓                 | ×                | ×               | ×                 | ×                               | ×                     | ✓           | ×           | ×                | ✓                    |
| Submission<br>mechanism                                                    |                      | ×                      | ×                | ✓                     | ✓     | ×                    | ×              | ×                  | ×                    | ×                  | ×                 | ×                 | ✓/×              | ✓/×             | ✓/×               | ✓/×                             | ×                     | ×           | ×           | ✓                | ✓                    |
| Dedicated TSD<br>dispute settlement<br>mechanism                           |                      | ×                      | ×                | ×                     | ×     | ×                    | ×              | ✓                  | ×                    | ×                  | ✓                 | ✓                 | ✓                | ✓               | ×                 | n.d. <sup>93</sup>              | ×                     | ✓           | ×           | ×                | ✓                    |
| Dispute resolution<br>through<br>consultations, incl.<br>Committee/Council |                      | ×                      | ×                | ✓                     | ✓     | ×                    | ×              | ✓                  | ✓                    | ✓                  | ✓                 | ✓                 | ✓                | ✓               | ✓                 | n.d.                            | ×                     | ✓           | ✓           | ✓                | ✓                    |

<sup>92</sup> Provisions related to civil society (Chapter 'Institutional provisions') have not been tabled yet.<sup>93</sup> Provisions in the 'Dispute settlement' Chapter have some gaps, which the text agreed upon by the Parties will later fill in. Until then, it is not possible to provide details regarding dispute settlement applicable to the TSD Chapter and its labour provisions.

| FTA<br>Example | Labour<br>Provisions            |                                                 |                                                                     |
|----------------|---------------------------------|-------------------------------------------------|---------------------------------------------------------------------|
|                |                                 | Dedicated Panel<br>of Experts in TSD<br>Chapter | General dispute<br>settlement<br>mechanism for<br>labour provisions |
|                | Australia-Malaysia FTA          | X                                               | X                                                                   |
|                | ASEAN-AUS-NZ FTA                | X                                               | X                                                                   |
|                | Canada-Indonesia CEPA           | X                                               | ✓                                                                   |
|                | CPTPP                           | X                                               | ✓                                                                   |
|                | Chile-Indonesia CEPA            | X                                               | X                                                                   |
|                | Chile-Thailand                  | X                                               | X                                                                   |
|                | P4 (MoU on Labour)              | X                                               | X                                                                   |
|                | EFTA-Philippines FTA            | X                                               | X                                                                   |
|                | EFTA-Indonesia FTA              | X                                               | X                                                                   |
|                | EFTA-Thailand FTA               | ✓                                               | X                                                                   |
|                | EFTA-Malaysia EPA               | ✓                                               | X                                                                   |
|                | EU-Singapore FTA                | ✓                                               | X                                                                   |
|                | EU-Viet Nam FTA                 | ✓                                               | X                                                                   |
|                | EU-Indonesia CEPA               | X                                               | ✓                                                                   |
|                | EU texts proposed <sup>90</sup> | n.d.                                            | n.d.                                                                |
|                | Japan-Philippines EPA           | X                                               | X                                                                   |
|                | NZ-Malaysia                     | X                                               | X                                                                   |
|                | NZ-Thailand                     | X                                               | X                                                                   |
|                | US-Singapore FTA                | X                                               | ✓                                                                   |
|                | IPEF – supply chains            | X                                               | X                                                                   |

**Note:** (\*) Civil society Domestic Advisory Groups (DAGs) and the Civil Society Forum are established under the Chapter 'Institutions' and have a mandate to monitor and advise on the implementation of the entire agreement, not only its TSD Chapter.

### 3.2.12 Trade Agreements Focused on Cooperation - Summary

This section provides a summary of findings about FTAs and the accompanying documents of a cooperative nature, and Table 12 at the end of this section provides their list (the agreements listed there have been analysed in detail in the preceding sections). They are diverse, but share one common element: the lack of a dispute settlement mechanism involving an external panel of experts or recourse to sanctions or financial penalties.

The agreements of a cooperative nature represent a broad range of solutions in terms of their scope. For example, the Chilean MoU on Labour Cooperation with China includes only thematic areas and forms of labour cooperation, without other commitments.

Several agreements concluded by Chile include labour provisions only in the Cooperation Chapter (e.g. with Australia, Thailand, and Indonesia). They recognise the Parties' right to regulate and consider it inappropriate to weaken the labour protection levels afforded by the law to attract trade or investment. They commit the Parties to cooperating in labour-related areas and sometimes suggest forms of such cooperation. Some also reiterate the Parties' obligations resulting from the ILO membership, including the ILO Declaration on Fundamental Principles and Rights at Work (1998). Moreover, they envisage institutional arrangements, such as points of contact and a Cooperation Committee. Similar provisions have also been agreed in the Labour Chapter of the Chile-Colombia FTA and in the Chile-Peru MoU on Labour Cooperation (both have an additional provision about the inclusion of workers' and employers' organisations in identifying areas for cooperation).

A similar model is also reflected in the Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area (although it does not refer to the ILO membership or the ILO 1998 Declaration).

There are also agreements, concluded mainly by Chile, the Republic of Korea, New Zealand, and Australia with different partners, including the MoU under the Trans-Pacific Strategic Economic Partnership, which (in addition to the provisions mentioned above) request that the Parties raise awareness of their labour laws. Some require that the domestic labour law enforcement system proceedings are fair, equitable and transparent. They also foresee resolving issues between the Parties through dialogue, cooperation, and consultations.

Dispute resolution through cooperation and dialogue was also characteristic of older trade agreements concluded by the EFTA States.

**Table 12:** A List of FTAs or Accompanying Documents of a Cooperative Nature

| Partner Country | FTAs / Accompanying Documents of a Cooperative Nature                                                                                                                                                                  |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Australia       | <a href="#">Australia-Chile Free Trade Agreement</a> (labour under the Cooperation Chapter)<br><a href="#">Australia-Republic of Korea Free Trade Agreement</a><br><a href="#">Australia-Peru Free Trade Agreement</a> |

| Partner Country     | FTAs / Accompanying Documents of a Cooperative Nature                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chile               | <a href="#">Chile-Argentina Free Trade Agreement</a><br><a href="#">Chile-Brazil Free Trade Agreement</a><br><a href="#">Chile-China Free Trade Agreement</a> and <a href="#">MoU on Labour Cooperation</a><br><a href="#">Chile-Colombia Free Trade Agreement</a><br><a href="#">Chile-Ecuador Free Trade Agreement</a><br><a href="#">Chile-Hong Kong Free Trade Agreement</a> and <a href="#">MoU on Labour Cooperation</a><br><a href="#">Chile-Indonesia Free Trade Agreement</a> (labour under the Cooperation Chapter)<br><a href="#">Chile-Panama Free Trade Agreement</a> and <a href="#">Labour Cooperation Agreement</a><br><a href="#">Chile-Peru Free Trade Agreement</a> and <a href="#">MoU on Labour Cooperation</a><br><a href="#">Chile-Paraguay Free Trade Agreement</a><br><a href="#">Chile-Thailand Free Trade Agreement</a> (labour under the Cooperation Chapter)<br><a href="#">Chile-Uruguay Free Trade Agreement</a> |
| EFTA States         | <a href="#">EFTA-Central America Free Trade Agreement</a><br><a href="#">EFTA-Ecuador Free Trade Agreement</a><br><a href="#">EFTA-Hong Kong China Free Trade Agreement</a> and <a href="#">Agreement on Labour</a><br><a href="#">EFTA-Indonesia Free Trade Agreement</a><br><a href="#">EFTA-Philippines Free Trade Agreement</a><br><a href="#">EFTA-Serbia amendment to Free Trade Agreement</a><br><a href="#">EFTA-Türkiye modernised Free Trade Agreement</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| European Union      | <a href="#">EU-SADC Economic Partnership Agreement</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Japan               | <a href="#">Chile-Japan Free Trade Agreement</a> and <a href="#">Joint Statement on Labour</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Republic of Korea   | <a href="#">Republic of Korea-Central America Free Trade Agreement</a><br><a href="#">Republic of Korea-Colombia Free Trade Agreement</a><br><a href="#">Republic of Korea-Peru Free Trade Agreement</a><br><a href="#">Republic of Korea-Türkiye Framework Agreement</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| New Zealand         | <a href="#">New Zealand-China Free Trade Agreement</a> and <a href="#">MoU on Labour Cooperation</a><br><a href="#">New Zealand-Hong Kong China Closer Economic Partnership</a> and <a href="#">MoU on Labour Cooperation</a><br><a href="#">New Zealand-Malaysia Free Trade Agreement</a> and <a href="#">Labour Cooperation Agreement</a><br><a href="#">New Zealand-Taiwan Agreement on Economic Cooperation</a><br><a href="#">New Zealand-Thailand FTA</a> and <a href="#">Arrangement on Labour</a>                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Regional agreements | <a href="#">Trans-Pacific Strategic Economic Partnership</a> and <a href="#">MoU on Labour Cooperation</a><br><a href="#">ASEAN-Australia-New Zealand Free Trade Area</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

**Note:** To check which ASEAN Member States are Parties to the regional trade agreements, please see Annex 2.

## CONCLUSIONS

The analysis presented in this Chapter outlines the diversity of labour provisions in trade agreements, with evolving approaches and different models being preferred by individual countries or trading Parties (such as the EU). It discusses bilateral and regional FTAs, agreements of a cooperative nature and others, in which labour provisions are linked to a dispute settlement mechanism.

Since the ASEAN Member States (individually or as a region) already negotiate trade agreements with labour provisions and may consider in the future negotiation of additional ones or the modernisation of the existing FTAs, which do not yet contain labour provisions, the analysis provides an overview of the latest practices applied by trading partners, which may also be proposed to the ASEAN Member States in the current or future FTA talks.

Some trading partners, such as the EU, the US, Canada, and the EFTA States, pursue their individual models, with each of these Parties having one model applied in all (or most) of their recent trade agreements. In the approach preferred by the EU and the EFTA States, as well as more recently by Canada, the Parties commit to ratifying and implementing the ILO fundamental and other up-to-date Conventions. At the same time, the US and Canada, as well as other countries following the same model, tend to stress the importance of aligning the domestic legislation with the ILO core labour standards and its enforcement, without demanding the ratification of ILO instruments.

Other states, such as Chile, Australia, and New Zealand, present a more flexible approach, tailoring the scope and level of ambition of labour provisions to their trading partners.

Moreover, while some labour provisions are of a cooperative nature (i.e. they are not linked to a dispute settlement mechanism with an external panel of experts, sanctions, or financial penalties), others are accompanied by a dedicated dispute settlement mechanism within the Labour Chapter or are linked to the general FTA dispute settlement process.

The analysis also highlights many similarities between labour provisions in the existing FTAs. Almost all reiterate the Parties' obligations resulting from the ILO membership and the ILO 1998 Declaration on Fundamental Principles and Rights at Work. Likewise, nearly all recognise the Parties' right to regulate; while they acknowledge that it is inappropriate to lower the labour protection levels afforded by domestic law or to fail to enforce domestic labour law to attract trade or investment. Equally frequent are the provisions on cooperation in labour-related matters. Moreover, most agreements envisage establishing institutional structures (points of contact and a Labour Committee or Council), and many encourage stakeholder participation and consultation.

### 3.3 Ex-ante Impact Assessment Studies

Several trading Parties conduct (or task external consultants to conduct) ex-ante impact assessment studies to estimate potential economic, social, environmental, human rights, and other impacts of a future trade agreement. The analysis is performed either during the FTA negotiations or after their completion, when the concluded trade agreement is presented for domestic ratification by the Parliament or other relevant authorities. Such impact assessments indicate what can be expected as the long-term effect

of an FTA and offer the Parties to the agreement recommendations on how to strengthen the positive and mitigate any adverse effects of the agreement. Moreover, as they analyse the situation in the countries that are Parties to the agreement, the studies provide an overview of areas of potential non-compliance with FTA provisions and those where the performance is already strong. For this reason, they also play a role in highlighting areas of concern that may attract attention during the FTA ratification procedure or that may require action at the FTA implementation stage.

Impact assessments are discussed in this study to present the broader effects (implications) of concluding trade agreements with labour provisions. Moreover, the aim is to demonstrate their role (as one of many information sources) in a debate at the FTA ratification stage and the development of measures, such as Action Plans, if any Party's compliance with the adopted FTA labour provisions is considered insufficient. In the remaining part of this section, the analysis outlines practices of Australia, Canada, the EU, the EFTA States, New Zealand, the UK, and the US, with examples of impact assessment studies, developed for agreements with the ASEAN Member States and countries facing challenges in compliance with labour provisions and fundamental labour rights, such as Colombia, Central America, or Georgia.

### 3.3.1 Australia

Once negotiations on a trade agreement are concluded and the agreed-upon terms are known, the Government prepares the National Interest Analysis and submits it to Parliament. The document presents the outcomes of negotiations across all FTA Chapters, highlighting reductions in tariffs and non-tariff barriers, as well as other commitments, including benefits and obligations resulting for Australia. It also includes an assessment of the agreed labour provisions. The analysis includes, moreover, a list of necessary changes to the existing Australian legislation to implement FTA provisions, such as amendments to the Customs Tariff Act and other legislation to incorporate commitments related to trade in services, or rules of origin. The National Interest Analysis also provides estimates of costs related to FTA implementation (e.g. reduced tariff revenues), a broader impact analysis, information on how the FTA can be terminated and a summary of stakeholder consultations (Government of Australia, 2024).

The parliamentary Joint Standing Committee on Treaties prepares its position in response to the National Interest Analysis and the concluded FTA. In the Report on the Australia-Malaysia FTA, the Committee reminded the Government of its recommendation to include core labour standards in all negotiation mandates and labour provisions in all new and updated FTAs. It also provided an overview of stakeholder opinions regarding the inclusion of labour provisions in the agreement. While one business association considered their inclusion an unwelcome development and argued that trade agreements should cover only strictly trade-related aspects, a trade union and an NGO argued in favour of including enforceable labour provisions in all FTAs to ensure that gains from increased trade flows are shared more evenly and benefit workers. Without labour provisions, there was a risk that international competition and liberalised trade would lead to a race to the bottom in respect for labour standards. In response, the Australian Government stressed that provisions in a Side Letter on Labour accompanying the FTA with Malaysia were binding. It also reiterated its position at the time (i.e. in 2012) that including labour provisions in trade agreements was considered on a case-by-case basis. The Report also included an analysis of the effects of the FTA on jobs in Australia (The Parliament of the Commonwealth of Australia, 2012).

### 3.3.2 Canada

Canada conducts a comprehensive analysis of trade agreements through three complementary assessments<sup>94</sup> : Economic Impact Assessment (EIA), Environmental Impact Assessment (EA) and Gender-Based Analysis Plus (GBA+). The EIA uses advanced modelling to estimate the impacts on GDP, trade flows, jobs and wages.<sup>95</sup> The EA<sup>96</sup> and GBA+<sup>97</sup> evaluate how trade agreement outcomes can affect the environment and underrepresented groups, such as women, Indigenous Peoples, youth, and SMEs. The EA and GBA+ include quantitative analysis based on economic modelling results and are complemented by a qualitative analysis that examines trade policy options available to mitigate environmental and inclusivity risks and enhance benefits of FTAs (Global Affairs Canada, 2019; WAGE, 2022). Initial EAs and GBA+ are conducted at the beginning stages of FTA negotiations and published for stakeholder review and comment. Moreover, once the agreed FTA text is available at the end of negotiations, a final EA and GBA+ are carried out based on final FTA provisions (Global Affairs Canada, 2023). The EAs for trade agreements have been conducted since 2001, while GBA+ was first applied in 2018–2019 to support negotiations for a trade agreement between Canada and Mercosur (EU-Canada Joint Recommendation on Trade and Gender, 2019).

The analysis below discusses examples of an initial GBA+ for negotiations on Canada-Indonesia Comprehensive Economic Partnership Agreement (CEPA) and the final GBA+ published for CPTPP and the US-Mexico-Canada (USMCA) Agreement. At the time of writing, an initial GBA+ for the Canada-ASEAN FTA was not yet available.<sup>98</sup>

The initial GBA+ related to negotiations on the Canada-Indonesia CEPA analysed potential impacts of the future agreement, with a more detailed analysis focused on Canadians (it did not include a similar analysis for the Indonesian population). It discussed effects estimated by the economic model (such as the projected increase in GDP, trade, wages, and employment impact in sectors engaged in bilateral trade), as well as effects which may be generated by provisions proposed for each chapter under negotiation. It predicted an increase in Indonesia's GDP by CAD<sup>99</sup> 1.4 billion by 2040, thanks to the future CEPA, and growth in exports to Canada by CAD 1.1 billion,<sup>100</sup> particularly in sectors including garment and leather products, with some contribution from textiles, motor vehicles, rubber and plastics, and other manufactured goods (Global Affairs Canada, 2022c). Regarding labour provisions, it referred to a potential positive outcome, committing the Parties to ensure that their laws protect workers' rights enshrined in the international labour standards and are enforced effectively. Moreover, the Parties should maintain or adopt regulations that protect workers against discrimination and encourage greater women's participation in the labour market and economic activity. There were no recommendations for the Parties in areas related to labour provisions (Global Affairs Canada, 2022).

<sup>94</sup> Government of Canada, Impact assessments: [https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/impact\\_assessments-evaluations\\_impact.aspx?lang=eng](https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/impact_assessments-evaluations_impact.aspx?lang=eng)

<sup>95</sup> The Economic Impact Assessment of FTAs: <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/economic-impact-economique.aspx?lang=eng>

<sup>96</sup> Environmental assessments of trade agreements: <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/enviro-assessments-evaluations-environnementale.aspx?lang=eng>

<sup>97</sup> GBA+: <https://international.canada.ca/en/services/business/trade/policy/inclusive/gender/gba-plus/gba-plus-overview>

<sup>98</sup> A list of initial and final GBA+ studies is available at: [https://www.international.gc.ca/trade-commerce/gender\\_equality-egalite\\_genres/gba-fta-acsc-ale.aspx?lang=eng](https://www.international.gc.ca/trade-commerce/gender_equality-egalite_genres/gba-fta-acsc-ale.aspx?lang=eng)

<sup>99</sup> CAD – Canadian dollar.

<sup>100</sup> The model also estimated an increase in the Canadian GDP by CAD 328 million and exports to Indonesia by CAD 446.5 million. Sectors that would benefit from it include, e.g. food, chemicals, metal goods, computer and electronic products, machinery and equipment, and business services (Global Affairs Canada, 2022c).

In the final GBA+ assessment for the CPTPP (the agreement includes four ASEAN Member States, i.e. Brunei Darussalam, Malaysia, Singapore, and Viet Nam) Canada expressed expectation that the Parties' commitment towards maintaining and enforcing international labour rights would help level the playing field so that the Canadian workers and businesses compete on fairer terms with economic operators from the ASEAN countries. The analysis referred in this context to various situations in the ASEAN partners and their labour markets. Canada also considered that its laws, policies and programmes may help strengthen any positive effects generated by the agreement and mitigate the negative ones. Given that the GBA+ analysis mainly focused on the impact on Canada, it did not include more specific conclusions or recommendations for the partner countries (Global Affairs Canada, 2023a). The accompanying analysis of economic impacts of the CPTPP mentioned an estimated increase in Canadian imports from Viet Nam, particularly in textiles, wearing apparel and leather products (Global Affairs Canada, 2018).

GBA+ for the US-Mexico-Canada Agreement (USMCA) discussed agreed labour provisions and noted that some groups of workers, like women and migrant workers, may benefit from provisions regarding the labour law protection of migrant workers and the protection of all workers against discrimination and violence at work (Global Affairs Canada, 2023b).

### 3.3.3 EFTA States

The Final Report for a Sustainability Impact Assessment (SIA) accompanying negotiations for an EFTA-Thailand FTA predicted increased Thai exports of meat products, vegetable oils, processed food (including fish products), electronics, motor vehicles, machinery and electrical equipment. It also noted that if left to the play of the economic factors only, production and employment growth in the exporting sectors may mean that more workers will be exposed to precarious working conditions, particularly in the poultry sector, textiles and clothing, and the seafood industry in Thailand. This may include long working hours affecting vulnerable groups of workers in the poultry sector, country-wide restrictions on freedom of association and the right to collective bargaining, non-observance of migrant workers' rights in the fishing industry, as well as potential use of child labour in family-run firms, exploitation of migrant workers and discrimination of women in the textile and clothing sectors. Moreover, a move towards producing electric vehicles may increase demand for high-skilled workers and reduce job opportunities for low-skilled workers, including those already employed in the sector. The Report recommended that the Parties include in the future FTA labour provisions, including a commitment to ratify the remaining ILO fundamental and other up-to-date Conventions and to effectively implement those already ratified. The agreement should also include provisions related to promoting the Decent Work Agenda and CSR practices, as well as provisions focusing on the fisheries sector inspired by previous EFTA trade agreements. This would include a commitment to exclude fish products originating from illegal, unreported and unregulated (IUU) fishing, fisheries crime, forced labour or human trafficking from markets (LSE, 2024).

At the time of writing, this was the only impact assessment study published on the EFTA website.

### 3.3.4 European Union

In the EU, an SIA study is conducted in parallel with FTA negotiations by a team of independent consultants selected through a public procurement procedure by the European Commission. The objective is to assess the potential changes that may result from the future trade agreement and, in this way, inform negotiations and support related decision-making. For this reason, the SIA studies should be completed as early as possible during the negotiations and in any case, the draft Final Report should be published before the FTA negotiations are concluded. This is also why the SIAs for the EU FTAs with Malaysia and the Philippines have already been prepared, and the SIA for the EU-Thailand FTA should be ready in 2026. Reports from ongoing and completed SIAs are available on the European Commission's website.<sup>101</sup>

An SIA comprehensively analyses potential economic, social, environmental and human rights-related impacts that may result from a future trade agreement for the EU and the partner country. It also outlines the situation in the EU and partner country in policy areas and economic sectors relevant to their trade relations, trends observed over the past few years, factors influencing the situation and identified shortcomings. The labour-related part focuses on employment, poverty, the informal economy, working conditions, respect for international labour standards, consumer rights, gender equality, and Corporate Social Responsibility practices. It also considers the potential effects of including labour provisions in the future FTA. The analysis is conducted based on an economic model, literature, statistics, available negotiation texts tabled by the EU and stakeholder engagement. It ends with conclusions and recommendations for the EU and the partner country on solutions to be applied in the negotiated FTA, as well as actions to be taken domestically to strengthen the positive and mitigate the negative effects of a future trade agreement. Labour-related recommendations may suggest the ratification of outstanding ILO fundamental Conventions, improvements in respect for labour standards, changes in the existing legislation and policies, as well as strengthening of labour inspection. They may also serve as a starting point for a pre-ratification dialogue or a future implementation action plan if shortcomings persist during the trade agreement's ratification and entry into force. Once the SIA is completed, the European Commission publishes a Position Paper in response to findings and recommendations from the analysis. The Position Papers are published on the same website as SIAs.

The SIAs related to the future EU trade agreements with Indonesia, Malaysia, and the Philippines have already been completed, and reports have been uploaded to the website.

The SIA Final Report for the EU-Philippines FTA estimated that, thanks to the agreement, by 2032, the Philippines may register gains in the overall welfare between EUR 890 million and EUR 1.29 billion,<sup>102</sup> while the overall GDP may increase by between EUR 1.47 billion and EUR 1.99 billion. Moreover, bilateral exports to the EU may increase by EUR 1.46 billion to EUR 1.73 billion, depending on the liberalisation scenario. The benefiting sectors would include textiles, wearing apparel, and electronics. The study also predicted growth in real wages in the Philippines by up to 0.2% for unskilled workers and up to 0.5% for skilled workers. It also highlighted precarious working conditions in some sectors where

<sup>101</sup> Sustainability Impact Assessments (SIAs): [https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments\\_en](https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments_en)

<sup>102</sup> Welfare in this context is interpreted as the change in household income at constant prices projected to arise directly from the FTA in 2032 compared to a situation with no FTA.

jobs may be created thanks to the FTA, such as textiles, wearing apparel, and leather.<sup>103</sup> This would mean a risk of more people being exposed to poor working conditions in growing sectors if appropriate steps are not taken. Hence, it recommended cooperation, notably with the ILO, to improve working conditions in these sectors. Moreover, the Philippines will need to progress in eliminating child labour, including in sectors that may be engaged in trade with the EU. The Philippines will also need to continue efforts to improve the implementation of the ILO fundamental Conventions and address challenges related to the transition from an informal to a formal economy and to vulnerable forms of employment, which affect many women. The Report also recommended strengthening the legislative framework for occupational safety and health, and labour inspection, in line with ILO Conventions No. 155, No. 187, and No. 81,<sup>104</sup> and improvements regarding freedom of association. It also recommended cooperation with the EU to improve the Technical and Vocational Education and Training System in the Philippines to equip workers with skills demanded in the labour market and facilitate their transition between sectors. The Parties should also consider promoting Corporate Social Responsibility (CSR) policies and practices in the Philippines, based on international instruments in this area, such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. The proposed cooperation between the Parties might take the form of assistance projects. The SIA Report also recommended including labour provisions in the FTATSD Chapter, such as provisions related to implementing and enforcing the ILO fundamental Conventions (Development Solutions, 2019). The Commission's Position Paper for this study has not yet been published.

However, the Commission has published a text of the Trade and Sustainable Development Chapter tabled by the EU in negotiations with the Philippines.<sup>105</sup> It represents the latest EU approach to labour provisions in FTAs (discussed in detail in the previous section). It covers aspects highlighted in the SIA study, such as alignment of the domestic law and policies with international obligations of each Party (including those resulting from ratified ILO conventions), ratification of the remaining ILO fundamental Conventions and effective implementation of those already ratified, promotion of the ILO Decent Work Agenda, with decent working conditions for all, social dialogue, occupational safety and health standards and an effective labour inspection. Moreover, the Parties shall not fail to enforce their laws effectively and shall not weaken or derogate from them to attract trade or investment. The Parties shall also promote CSR practices, responsible management of supply chains and initiatives such as fair and ethical trade, which support trade and sustainable development. They are also encouraged to cooperate in trade and labour-related aspects. The full text proposal (for the whole FTA) also includes institutional provisions, and a dispute settlement mechanism proposed to cover the TSD Chapter, including labour. Over 2024 and 2025, the EU and the Philippines held four FTA negotiation rounds in total.

<sup>103</sup> According to the economic model, employment in the textile sector in the Philippines may grow by up to 1.7% due to the future FTA. Employment in the wearing apparel sector may increase by up to 4.4% and in the leather sector, by up to 1.2%. The welfare in the EU may increase by between EUR 1.0 billion and EUR 1.3 billion by 2032, and GDP growth by between EUR 1.09 billion and 1.59 billion, subject to the liberalisation scenario. EU sectors estimated to benefit from a future FTA included motor vehicles, electronics, other transport equipment, chemicals, and rubber and plastics (Development Solutions, 2019).

<sup>104</sup> Since that recommendation was drafted, the Philippines have ratified the now fundamental ILO Convention No. 187 on occupational safety and health (in 2019), the ILO priority convention No. 81 on labour inspection (in 2024) and the ILO Convention No. 190 on (elimination) of violence and harassment at work (in 2024). ILO NORMLEX: [https://normlex.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200\\_COUNTRY\\_ID:102970](https://normlex.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102970)

<sup>105</sup> Text of the Trade and Sustainable Development Chapter tabled by the EU in negotiations with the Philippines: <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/660f759d-8650-40d9-b73f-a2985cbc36c5/details>

The SIA Final Report for the EU-Malaysia FTA predicted gains for overall welfare in Malaysia to be between EUR 1.86 billion and EUR 2.56 billion, whilst the overall GDP was estimated to increase by between EUR 4.21 billion and EUR 5.63 billion,<sup>106</sup> depending on the FTA liberalisation scenario. Moreover, Malaysia's exports to the EU were estimated to increase by between EUR 3.34 billion and EUR 3.64 billion, with sectors benefiting from it including electronics, machinery, textiles, wearing apparel, chemicals, rubber and plastics, and palm oil. The social part of the analysis predicted a real wage increase for workers in Malaysia (0.2% for unskilled workers and 0.99% to 1.35% for skilled ones), as well as job creation in sectors including textiles (2.1% to 2.4%, depending on the scenario), apparel (7.4% to 7.8%), leather (3.4% to 3.8%), footwear, electronics (by up to 1.5% for unskilled workers and 1.8% for skilled ones), machinery, other transport equipment, and palm oil. The study noted in this context that precarious working conditions existed in sectors likely to expand due to the FTA (textiles, apparel, leather, and electronics). This included low wages, long working hours, low occupational safety and health standards, vulnerable forms of employment, child labour and forced labour incidence, and inadequate treatment of migrant workers. Similar concerns have also been raised regarding the palm oil sector. Therefore, the Report recommended that the Parties ratify the relevant ILO conventions,<sup>107</sup> effectively implement those already ratified and adhere to the ILO Decent Work Agenda. Moreover, labour provisions should be included in the FTA to ensure improved implementation and enforcement of labour rights, as well as joint oversight by the Parties of actions taken and progress achieved. Stakeholders, who contributed to the SIA study, also recommended strengthening inspection services in Malaysia and including a complaint mechanism in the FTA to be used in cases of persistent non-compliance. The Parties should also consider the promotion of CSR policies and practices in Malaysia, based on international instruments in this area, such as the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises, the UN Global Compact, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (Development Solutions, 2019a). The European Commission's Position Paper for this study has not yet been published. However, in January 2025, the Commission and Malaysia's Government announced the re-launch of FTA negotiations (European Commission, 2025; 2025a). The first two rounds were held in 2025, and the European Commission has published its textual proposals for individual chapters.<sup>108</sup>

The SIA Final Report for EU-Indonesia FTA provided findings and recommendations similar to those in the studies mentioned above. It estimated an increase in Indonesia's welfare ranging from EUR 2.8 billion to EUR 3.23 billion and a GDP growth, from EUR 4.56 billion to EUR 5.19 billion by 2032, depending on the FTA liberalisation scenario. Indonesia's bilateral exports to the EU are expected to increase by between EUR 6.75 billion and EUR 6.95 billion, primarily in sectors such as textiles, apparel, footwear, processed food, and palm oil. Wages for unskilled workers would increase by up to 0.53%, and those for skilled workers, by up to 0.74%. Moreover, employment is expected to rise in Indonesia in sectors such as textiles (by up to 2.4% for unskilled workers and

<sup>106</sup> For the EU, the model estimated an increase in welfare by between EUR 3.54 billion and EUR 4.35 billion and GDP growth by between EUR 3.54 billion and EUR 4.63 billion by 2032. Moreover, EU exports to Malaysia were predicted to grow by between EUR 12.16 billion and EUR 15.27 billion, with sectors benefiting from it including motor vehicles, metal and metal products, electronics and machinery (Development Solutions, 2019a).

<sup>107</sup> Since the recommendation was drafted, Malaysia has ratified the 2014 Protocol to the ILO fundamental Convention No. 29 on the elimination of forced labour (in 2022) and the ILO fundamental Convention No. 155 on occupational safety and health (in 2024). ILO NORMLEX: [https://normlex.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200\\_COUNTRY\\_ID:102960](https://normlex.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102960)

<sup>108</sup> EU textual proposals tabled in negotiations with Malaysia: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/malaysia/eu-malaysia-agreement/documents\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/malaysia/eu-malaysia-agreement/documents_en)

2.6% for skilled ones), apparel (by up to 9.7% and 10.0%), and leather (by up to 11.9% and 12.1%).<sup>109</sup> The Report also noted that precarious working conditions existed in sectors predicted to grow, including low wages, low compliance with minimum wage legislation, vulnerable forms of employment, long working hours, and inadequate compensation for overtime work. The study also referred to the role of the palm oil sector in the Indonesian economy and rural development. It noted, however, that the sector was not free from challenges, such as precarious working conditions, child labour and forced labour incidence, and land grabbing. It also mentioned actions taken by the Indonesian Government and its cooperation with the ILO to address those issues. To improve the situation, it recommended the ratification and the effective implementation of the relevant ILO conventions,<sup>110</sup> and adherence to the ILO Decent Work Agenda, as well as the inclusion of labour-related commitments of the Parties in the Trade and Sustainable Development Chapter of the FTA under negotiation. Moreover, the Parties should consider ways to strengthen the capacity and the effectiveness of labour inspection services in Indonesia and promotion of CSR practices, in line with the international instruments in this area, such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The Parties could launch a bilateral Labour Dialogue to promote decent work through cooperation and the exchange of information and best practices. The EU could also consider the possibility of cooperation with Indonesia to improve the Technical and Vocational Education and Training System in the country to equip workers with skills demanded in the labour market and to facilitate their move between sectors (Development Solutions, 2019b).

Responding to findings from the SIA study, the European Commission in its Position Paper highlighted that the future FTA is estimated to bring about GDP growth that will support further economic and social development in the EU and Indonesia and benefit the societies of the Parties. It also acknowledged the existing problems in Indonesia regarding working conditions and stressed that the FTA could provide a framework to improve the situation. This could be done through the inclusion of relevant labour provisions into the agreement. The European Commission also reiterated its commitment to include in the future FTA a comprehensive set of labour provisions on the ratification and the effective implementation of the ILO fundamental and other up-to-date conventions, decent working conditions for all, labour inspection, promotion of CSR practices and responsible management of supply chains and cooperation on trade and labour-related subjects. Moreover, provisions on high levels of labour protection, not weakening labour law to attract trade or investment and on institutional and monitoring arrangements should prevent a race to the bottom in labour-related areas.<sup>111</sup> The European Commission also referred to its ongoing support to Indonesia through several assistance projects and noted a recommendation about the possibility of launching a bilateral Labour Dialogue (European Commission, 2020).

An SIA study for the EU-Thailand FTA has not been published yet. The Inception Report should be published in January 2026 and the outcomes of the analysis, later in 2026.<sup>112</sup> Meanwhile, until the end of 2025, the EU and Thailand have held seven round of talks and the European Commission has

<sup>109</sup> The study also estimated an increase in the EU welfare by between EUR 2 billion and EUR 2.44 billion and its GDP growth by between EUR 2.46 billion and EUR 3.09 billion. EU exports to Indonesia would increase by between EUR 6.32 billion and EUR 7.76 billion, with sectors likely to benefit from it including motor vehicles and parts, paper and paper products, chemical, rubber and plastic products and machinery (Development Solutions, 2019b).

<sup>110</sup> This also includes the recommendation to ratify the ILO Work in Fishing Convention No. 188.

<sup>111</sup> Text of the Trade and Sustainable Development Chapter proposed by the EU in negotiations with Indonesia: <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/95a40e1f-c256-4039-9076-b6a109fd4c6d/details>

<sup>112</sup> All SIA documents will be published on this website: [https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments\\_en](https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments_en)

published its text proposals tabled in the negotiations with Thailand. They include a proposal for a TSD Chapter, with labour provisions reflecting the latest EU approach, as in the case of the EU-Philippines FTA discussed above.<sup>113</sup>

There are no similar SIA studies for the EU-Singapore and EU-Viet Nam FTAs available as at the time of the related FTA negotiations, a decision was taken that an earlier regional study prepared for a future EU-ASEAN FTA may be used instead. According to the study, sectors benefiting from exports to the EU under a future regional agreement would include services and electronics in Singapore; electronics, motor vehicles, and transport equipment in Thailand; wearing apparel, leather, and footwear in Viet Nam; and textiles and wearing apparel in Brunei Darussalam, Cambodia, Lao PDR, and Myanmar (ECORYS, 2009).

In addition, this Study Report provides below a few examples of SIA studies prepared for other EU FTAs (with Central America, the Andean countries, and Georgia) to illustrate the full scope of practices applied by the EU, from the SIA and FTA negotiations, through implementation, up to a dispute settlement. The countries mentioned above (as well as Republic of Korea) will serve as examples in this context, since they have been subject to specific actions taken by the EU at different stages of the process, i.e. pre-ratification measures, policy dialogues and concerns raised at the implementation stage, submissions and (in the case of Republic of Korea) the use of dispute settlement mechanism.

As the methodology for SIA studies developed over time, those prepared for earlier FTAs<sup>114</sup> are not fully comparable with the latest ones regarding their scope and structure. However, the one for the EU-Central America FTA (Trade Pillar of a broader Association Agreement) identified problems, such as child labour, forced labour, precarious working conditions, particularly in the informal economy, and concerns regarding freedom of association and social dialogue in Central America. It suggested addressing them through labour provisions in the trade agreement, with support from political dialogue, cooperation and an institutional mechanism for monitoring and follow-up. Moreover, provisions of the Trade and Sustainable Development Chapter of the FTA could draw inspiration from the US Action Plan for Central America and include references to trade union support, sanctions for employers interfering with freedom of association, and a request to the Parties to regulate the system of subcontracting workers. The study also estimated growth in sectors such as vegetables, fruits and nuts, processed food (including fish products), beverages, and tobacco in Central America (ECORYS, 2009a). The EU-Central America FTA<sup>115</sup> started being applied in 2013. It includes labour provisions related to the effective implementation of the ratified ILO fundamental Conventions (given that all Parties had already ratified the then eight ILO fundamental Conventions). The Parties shall also strive to ensure

<sup>113</sup> Text of the Trade and Sustainable Development Chapter proposed by the EU in negotiations with Thailand: <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/603d5662-0c8b-40c0-a5ac-61ef04a9bf55/details?download=true>

<sup>114</sup> In this context, it is worth noting that, for example, the SIA prepared for the EU-Korea FTA represents an earlier stage in the SIA methodology and is not fully comparable with the latest studies. However, the EU-Korea FTA has been the first EU FTA with a TSD Chapter and labour provisions committing the Parties to make continued and sustained efforts to ratify the remaining ILO fundamental Conventions and to effectively implement those already ratified. The Parties also commit to ensuring that their labour laws and policies are consistent with their international obligations (including those resulting from ILO core labour standards) and shall not fail to enforce their laws. Moreover, the Parties shall not weaken or derogate from their labour law to attract trade or investment. These provisions have been vital in the EU dialogue with Korea and the labour-related dispute under the TSD Chapter. See text of the EU-Korea FTA: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2011:127:FULL>

<sup>115</sup> Text of the EU-Central America Association Agreement: [https://publications.europa.eu/resource/ellar/ecaf93ba-8de9-11ee-8aa6-01aa75ed71a1.0007.03/DOC\\_1](https://publications.europa.eu/resource/ellar/ecaf93ba-8de9-11ee-8aa6-01aa75ed71a1.0007.03/DOC_1)

that their labour law and policies are consistent with international labour standards and shall not fail to enforce their law. Moreover, the Parties shall not weaken or derogate from their labour law to attract trade or investment. There are also provisions for institutional arrangements, including a TSD Board and civil society advisory groups, as well as a dedicated dispute settlement mechanism.

The SIA Final Report for the EU FTA with the Andean countries (Colombia and Peru, and later, Ecuador) noted that the Andean partners had ratified the then eight ILO fundamental Conventions; however, they all struggled with their implementation and enforcement. The challenges included a declining rule of law and government effectiveness in Peru and Ecuador, as well as a weak capacity of labour inspection services impacted by insufficient training and human, financial and technical resources. Additionally, in some cases, the laws of the Andean countries, particularly those related to freedom of association, were not aligned with the ILO core labour standards. The Report continued to mention further problems, including the incidence of child labour and forced labour, as well as legal and practical restrictions on establishing and joining trade unions and on their operation, including the right to strike. It also referred to violence against trade union members, in particular in Colombia. Other areas of concern included corruption, poverty, the informal economy and precarious working conditions, including wages below the minimum wage level. Moreover, women faced sexual harassment at work. Against this background, the Report recommended the inclusion of a Trade and Sustainable Development Chapter in the FTA, with commitments related to the effective implementation of ILO fundamental Conventions and the ILO Decent Work Agenda. The future agreement should also include a monitoring mechanism for the officials to consult the civil society and the EU Delegations in the Andean countries. Cooperation between the Parties could include reporting about the use of CSR practices by EU companies, particularly in the mining, oil and gas sectors identified as likely to be affected by the FTA (Development Solutions, 2009).

The EU Multi-Party Trade Agreement with Colombia and Peru started being applied in 2013, and Ecuador joined in 2017. It includes a TSD Chapter with labour provisions with a similar scope<sup>116</sup> as those in the EU-Central America FTA.

The SIA Final Report for EU-Georgia DCFTA highlighted that while the country had ratified the then all eight ILO fundamental Conventions, its Labour Code adopted in 2006 restricted workers' rights regarding working conditions, termination of employment, right to strike, freedom of association and the right to collective bargaining. The Report also recalled that the EU had expressed its negative view about this legislative change, which had not been consulted with trade unions, departed from the ILO fundamental Conventions and significantly reduced workers' protection. Moreover, Georgia has dismantled its labour inspection services (ECORYS, 2012). In the Position Paper, the European Commission referred to the TSD Chapter in the EU-Georgia DCFTA and its labour provisions (similar to those for Central America and the Andean countries), the need for Georgia to align its legislation with the ILO fundamental Conventions and to ensure that labour inspection's tasks are exercised effectively. The Commission also indicated that it would continue policy dialogue with the country (European Commission, 2014). Since Georgia was at the time a beneficiary of the EU Generalised Scheme of Preferences special arrangement (GSP+) that offers tariff preferences for developing countries and was supposed to have ratified and effectively implement the ILO fundamental Conventions, the new 2006 Labour Code has put the country in a situation of non-compliance with GSP+ requirements and triggered a policy dialogue with the EU. While Georgia has maintained its legislation and a position in defence of it for some time,

<sup>116</sup> Text of the EU Multi-Party Trade Agreement with Colombia, Ecuador, and Peru: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22012A1221\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22012A1221(01))

the prospect of a trade agreement with the EU has encouraged a change (discussed in the next section on labour-related pre-ratification measures).

### 3.3.5 New Zealand

New Zealand prepares the National Interest Analysis when negotiations on an FTA are concluded. The document provides a comprehensive overview of costs and benefits, including a detailed analysis of the implications of the agreed provisions, particularly those related to trade and labour. For example, regarding the FTA with the UK, benefits are linked to the provisions committing both Parties to adhere to fundamental labour rights, promote high levels of labour protection and not weaken or derogate from their labour laws. New Zealand considered this an opportunity to ensure a level playing field with the UK and a guarantee that the UK competitors do not worsen the situation of New Zealand's employees and businesses. Both Parties had also agreed to identify and address modern slavery domestically and in their global supply chains. New Zealand considered this another effort to pursue high-quality labour-related outcomes. Further benefits were linked to future cooperation activities and civil society's role in monitoring and implementing the agreement. On the other hand, some risks and disadvantages were related to the dispute settlement mechanism linked to labour provisions, including the possibility of sanctions or monetary fines in case of non-compliance. New Zealand noted a risk that submissions claiming non-compliance with labour provisions submitted through this mechanism may include unfounded claims. However, that risk was considered low. In a separate chapter, New Zealand analysed costs of implementing the agreement, including those related to the operation of institutions established by the FTA. It considered it important for its interests to take advantage of opportunities for dialogue, cooperation, monitoring FTA implementation, and addressing emerging issues during the meetings of the institutions, while also using the different ways provided by the agreement to lower costs and increase the efficiency of their operation, e.g. by holding meetings online. It was also noted that some costs and additional resource engagement may be linked with cooperation activities and stakeholder engagement (MFAT, 2022).

In a similar analysis of the trade agreement with the EU, New Zealand reiterated the advantages of having a set of high-quality provisions to promote mutually supportive trade and labour policies and to ensure a level playing field for businesses and workers. It also emphasised the benefits of future cooperation on labour, both bilateral and in international forums such as the ILO. This should allow New Zealand to learn from a wide range of policy perspectives within the EU and its Member States, and to gain better visibility in international forums. Among the costs or disadvantages, the analysis noted the commitment to make continued and sustained efforts to ratify the remaining ILO fundamental Conventions No. 138 and No. 87, and potentially No. 187, if the agreement is amended to include a reference to the new ILO fundamental Conventions. This will require a review of New Zealand's related laws, policies and practices, and—probably—some policy and legislative changes. Nevertheless, New Zealand believed that working towards ratifying those ILO Conventions would reinforce and confirm the country's commitment to high labour standards and the ILO. At the same time, all changes will be consulted with social partners (MFAT, 2023).

In the analysis related to the CPTPP, New Zealand stressed that labour provisions should help protect labour rights and improve working and living standards. Moreover, they should contribute to creating a level playing field and ensure that the Parties will not build their competitive advantage on domestic laws that do not reflect international labour standards or are not enforced. The analysis also noted some

risks related to the dispute settlement mechanism (similar to those outlined above) but considered them as low, given New Zealand's practice and the design of CPTPP provisions, which encourage the Parties to resolve issues through consultation and cooperation before resorting to further steps in the dispute settlement procedure (MFAT, 2018).

Regarding the Arrangement on Labour accompanying the trade agreement with Thailand, New Zealand assessed that labour provisions agreed by the Parties, while strong, will not result in any changes in New Zealand's law, as they recognise the country's right to regulate and reaffirm its commitment to sound labour policies and practices (MFAT, 2005).

In the National Interest Analysis for New Zealand-Malaysia FTA, New Zealand emphasised the importance of the Labour Cooperation Agreement accompanying the FTA as the first such agreement binding upon Malaysia. It also stressed the Parties' commitment to the ILO 1998 Declaration on Fundamental Principles and Rights at Work and the rule of not using labour standards for trade protectionist purposes or lowering labour protection levels to attract trade or investment. The Agreement reflected the link between trade and labour, an integral part of New Zealand's policy, and supported the objective of improving working conditions and the quality of workers' lives. It also provided a framework for dialogue and cooperation, allowing the Parties to invite social partners to propose ideas for cooperation activities and participate in them. The National Interest Analysis also noted that disputes under the Labour Cooperation Agreement should be resolved in consultations between the Parties, if needed, at the Ministerial level (MFAT, 2009).

Regarding the Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area, New Zealand noted that the Trade and Sustainable Chapter's provisions do not include binding commitments but promote cooperation between the Parties. Moreover, the agreement recognises their right to regulate (MFAT, 2023a).

### **3.3.6 United Kingdom**

A study analysing the impacts of the UK's accession to the CPTPP estimated (based on economic modelling) the effects on the UK's companies, workers, and consumers resulting from changes in trade and investment flows. However, it did not consider impacts related to labour provisions covered by the agreement (Department for Business and Trade, 2023).

In this context, it is worth noting that in preparation for the withdrawal from the EU in 2021, the UK rolled over the EU trade agreements. As they essentially repeated the EU FTA provisions and were expected to yield comparable costs and benefits for the UK, no new impact assessments for these agreements have been prepared, which also explains the lack of separate UK impact assessments for the UK FTAs with Singapore and Viet Nam. The UK's own impact assessments have been prepared only for new trade agreements, such as the UK's accession to the CPTPP or UK FTAs with Australia and New Zealand.

### **3.3.7 United States**

In the US, the Government sends an agreed-upon FTA text to Congress for debate and approval. The approval is also necessary for any implementation legislation enabling the trade agreement's entry into force and operation (Congressional Research Service, 2024).

For the debate in Congress, the FTA text is accompanied by reports assessing its impacts, presenting the situation in the partner country and evaluating the outcome of negotiations. Regarding labour provisions, four reports are provided in total.<sup>117</sup> Three are prepared by the Government Services, led by the US Department of Labor. The Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC) provides the fourth one.<sup>118</sup> The LAC advises the US Trade Representative (USTR) and the Secretary of Labor regarding negotiation objectives and positions to be taken in trade negotiations and any labour matters related to trade once a trade agreement enters into force and starts being applied. The Committee also provides an opinion expressed in the Labour Report, on any completed FTA negotiations and final FTA provisions, including labour provisions, from the point of view of FTA meeting the US interests and negotiation objectives related to employment, core labour standards and protecting workers' rights.

In a Report evaluating labour provisions in the US-Singapore FTA, the LAC expressed its negative opinion about a weak enforcement mechanism which, in its view, did not offer a possibility to ensure that each Party will align its laws and policies with the ILO core labour standards and protect workers' rights. While labour provisions in the agreement represent a standard text for US FTAs at the time,<sup>119</sup> the only provision covered by the general dispute settlement mechanism is the one where the Party shall not fail to enforce its domestic labour laws. However, no similar protections are linked with the provision obliging the Parties to align their labour laws with international obligations and guarantee workers' rights as outlined in the ILO 1998 Declaration about the Fundamental Principles and Rights at Work. In the Committee's opinion, the FTA did not promote the US economic interests either. Therefore, the LAC recommended that Congress reject the agreement (LAC, 2003). Moreover, as for every FTA, three other reports were prepared, including a Report on Labour Rights in Singapore,<sup>120</sup> a Report on the Worst Forms of Child Labour and a US Employment Impact Review. The Labour Rights Report provided information regarding the legislation and practice in Singapore in a breakdown by the ILO core labour standards. It also informed about regulations and practices regarding acceptable working conditions, i.e. the minimum wage, working hours and occupational safety and health. There was also information about migrant workers and human trafficking. The Report did not provide recommendations (US Government, 2003). The second Report provided information about laws and policies in Singapore aimed at eliminating child labour (US Government, 2003a). The Employment Impact Review analysed the economic effect of the US-Singapore FTA and employment effects in US sectors engaged in bilateral trade. Accordingly, welfare in Singapore would increase by USD 2.5 billion (3.4% of Singapore's GNP at the time). Regarding labour provisions in the agreement, the Employment Impact Review discussed the related US objectives and the agreed text of the Labour Chapter; however, it did not provide any impact analysis of these provisions nor recommendations (US Government, 2003b).

<sup>117</sup> The labour-related reports for the US FTAs (Labour Rights Report, Child Labour Report and Employment Impact Review) are available on the USTR website: <https://ustr.gov/issue-areas/labor/labor-reports>

<sup>118</sup> The Labor Advisory Committee for Trade Negotiations and Trade Policy: <https://ustr.gov/about-us/advisory-committees/labor-advisory-committee-lac>

<sup>119</sup> The Parties are committed to ensuring that the fundamental principles and rights at work enshrined in the ILO 1998 Declaration and its Follow-up are recognised and protected by their domestic laws. The Parties shall also strive to improve domestic levels of labour protection in line with their international obligations. They should not fail to enforce their labour laws and should not weaken them to attract trade or investment. The Parties should also ensure the operation of the domestic enforcement mechanisms for labour rights and cooperate on labour matters: [https://ustr.gov/sites/default/files/uploads/agreements/fta/singapore/asset\\_upload\\_file708\\_4036.pdf](https://ustr.gov/sites/default/files/uploads/agreements/fta/singapore/asset_upload_file708_4036.pdf)

<sup>120</sup> In relations with Singapore, no pre-ratifications measures have been applied (i.e. there was no need for an Action Plan), and the agreement has been ratified and started being applied.

In a Report evaluating labour provisions in the US-Central America FTA, the LAC expressed its negative opinion regarding the weakness of a dispute settlement mechanism which did not provide effective protection to labour provisions and workers' rights in a situation where trade unions' rights and workers' rights were violated in Central America. The Committee noted that domestic legislation in partner countries fell well below the level of international labour standards and employers disregarded workers' rights and applied hostile practices towards trade unions, without facing any consequences. In this situation, the LAC recommended that Congress reject the agreement (LAC, 2004). The Labour Rights Report prepared by the US Government also informed about violations of trade union rights in Central America and practices applied by employers (US Government, 2005).<sup>121</sup> Against this background, the US Government, with technical support of the Inter-American Development Bank, engaged with Central American partners and the Dominican Republic to develop a report with recommendations<sup>122</sup> advising on how to implement and enforce labour standards and strengthen labour institutions' capacity in the region (for details, see the following section on labour-related pre-ratification measures).

In a Report evaluating labour provisions in the US-Colombia FTA, the LAC expressed the same negative views as regarding the US-Singapore FTA and US-Central America FTA (above), highlighting that even for the only labour provision covered by the general dispute settlement mechanism, the agreement foresees limitations regarding penalty levels and applicable procedures, which are not applied to commercial clauses. Moreover, the LAC expressed concern that such weak provisions had been agreed upon with a country suffering from widespread violations of trade union rights. The Report then discussed legal and practical deficiencies in Colombia's application of the ILO core labour standards, with child labour incidence as another issue, and noted that Colombia had also weakened its labour law in other areas, including employment practices. It recommended that the President not sign the FTA and that Congress reject it, given that, in addition to the above concerns, there were international reports about Colombia's Government and military officials being involved in human rights violations, corruption, election fraud and other crimes (LAC, 2006). As part of the package, the US Department of Labor prepared an Employment Impact Review, according to which additional gains from the FTA could be small given low volumes of trade between the Parties (compared to the size of the US economy) and the fact that Colombia had already exported to the US most of its products duty-free. Still, the models predicted increased Colombian exports to the US in sugar, coffee, and cut flowers, as well as a welfare increase in Colombia of USD 403.2 million. Additionally, a more comprehensive gravity model, which included the effects of foreign direct investment, predicted a more significant increase in Colombian exports to the US (37% compared to 5.5% in the other model) (US Department of Labor 2008a). The package submitted to Congress also included the Labour Rights Report (2008), with a separate chapter dedicated to violations of trade union rights in Colombia (US Department of Labor, 2008). The FTA ratification process stalled in the US due to the situation regarding labour rights in Colombia. To break the deadlock, the US agreed a Labour Action Plan with Colombia in 2011 to address the main issues of concern regarding freedom of association in the country.<sup>123</sup>

<sup>121</sup> The package submitted to Congress also included the Employment Impact Review. It estimated an increase in exports from Central America to the US in textiles and apparel, food, beverages and tobacco, with the rate of increase depending on the liberalisation scenario. In a longer-term perspective (in 2013), exports from Central America would increase by USD 1.1 billion under each scenario. The analysis noted that most of Central America's exports to the US (80%) were already duty-free before the FTA (US Department of Labor, 2005).

<sup>122</sup> The labour dimension in Central America and the Dominican Republic. Building on progress: strengthening compliance and enhancing capacity. A Report of the Working Group of the Vice Ministers Responsible for Trade and Labor in the Countries of Central America and the Dominican Republic. Submitted to the Ministers Responsible for Trade and Labor in the Countries of Central America and the Dominican Republic (April 2005): [http://www.sice.oas.org/labor/White%20Paper\\_e.pdf](http://www.sice.oas.org/labor/White%20Paper_e.pdf)

<sup>123</sup> The Action Plan is discussed in the next section as it represents an example of a labour-related measure used at the FTA pre-ratification stage to encourage improvements in the partner country: <https://ustr.gov/sites/default/files/files/agreements/FTA/colombia/Colombia%20Labor%20Action%20Plan.pdf>

Given the US withdrawal from the Trans-Pacific Partnership (TPP) Agreement, no similar package of reports for TPP is available on the US Government's website. However, there is an external analysis of effects if the agreement is ratified by all initially negotiating partners, including the US. According to that estimation, the annual real income of Malaysia would increase by USD 52 billion by 2030, the real income of Viet Nam would increase by USD 41 billion, and those of Singapore and Brunei Darussalam would increase by USD 19 billion and USD 2 billion,<sup>124</sup> respectively, while the real income of non-participating ASEAN Member States would record a limited decrease. The analysis also predicted an increase in exports (by 9.0% for Brunei Darussalam, 20.1% for Malaysia, 7.5% for Singapore, and 30.1% for Viet Nam) and inward foreign direct investment (by 11.3% for Brunei Darussalam, 17.2% for Malaysia, 1.8% for Singapore, and 14.4% for Viet Nam). The estimations of employment effects were made only for the US<sup>125</sup> (PIIE, 2016). Regarding labour-related implications, the analysis focused on requirements of the Labour Consistency Plans negotiated by the US with Brunei Darussalam and Malaysia<sup>126</sup> and the Plan for the Enhancement of Trade and Labour Relations agreed with Viet Nam<sup>127</sup> to address concerns related to the insufficient legislative alignment with the ILO core labour standards and a need to improve the enforcement of the labour law and its practical application (PIIE, 2016a). Those Plans are discussed in more detail in the next section on labour-related pre-ratification measures.

## CONCLUSIONS

As outlined in the introduction to this section, impact assessment studies conducted either during FTA negotiations or once the agreement has been concluded provide an overview of the potential effects of a future trade agreement. Many of them build on the results of the economic modelling and show a positive contribution of the future trade agreement to the economic and social development of the contracting Parties in terms of an increase in GDP, welfare, bilateral trade flows, wages, and employment. At the same time, the scale of those effects for each Party may vary, and some negative effects (e.g. for sectors competing with increased imports) cannot be excluded. In some cases, the positive impact of a future FTA may be relatively limited, e.g. for countries that, before the beginning of the FTA negotiations, have already benefited from tariff reductions in access to the other Party's market (as is the case of developing countries using unilateral trade preferences).

However, even in such cases, FTA benefits should not be underestimated, given that a bilateral or a regional FTA provides a more stable and predictable framework for trade relations than a unilateral tariff preference scheme, which may be unilaterally terminated or changed or from which a country may graduate.

<sup>124</sup> All figures are expressed in comparison to a baseline scenario, i.e. a situation without TPP.

<sup>125</sup> According to the same estimations, the annual real income of the US would increase by USD 131 billion by 2030, the US exports would increase by 9.1%, inward investment by 1.9% and outward investment by 1.5%.

<sup>126</sup> Malaysia – United States Labour Consistency Plan (2015): <https://ustr.gov/sites/default/files/TPP-Final-Text-Labour-US-MY-Labor-Consistency-Plan.pdf>

<sup>127</sup> The US withdrew from the TPP in 2017. Subsequently, the remaining countries negotiated a new agreement covering most TPP provisions. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force in December 2018.

Moreover, while the above effects should be understood as results of the implementation of the entire agreement, additional impacts may be generated by the implementation of labour provisions increasingly included in FTAs, either in the main text of the agreement or an accompanying document. While not all impact assessment studies analyse in detail the effects created by that part of the FTA, the National Interest Analysis conducted by New Zealand provides an interesting example of a more focused approach. It emphasises positive aspects related to including labour provisions in a trade agreement. Accordingly, they help ensure a level playing field through the Parties' commitments regarding legislative alignment with the ILO fundamental labour rights, the strive towards high levels of labour protection and cooperation activities. The analysis also considers efforts that will be necessary to achieve compliance with labour provisions, such as the ratification of the remaining ILO fundamental Conventions, and discusses potential risks related to the use of a dispute settlement mechanism and costs associated with the operation of institutions established by the agreement.

Impact assessment studies accompanying EU FTA negotiations offer a thorough analysis of the situation in the EU and partner countries and recommendations regarding actions to be taken by the Parties to improve performance in labour-related aspects in particular in the EU partner countries and to achieve benefits from a conclusion of a trade agreement with labour provisions.

### Stakeholder Engagement During FTA Negotiations and in Impact Assessment Studies

Trading Parties tend to engage stakeholders to inform them about planned and ongoing FTA negotiations. They also seek additional information and views regarding the situation in individual sectors, potential benefits, and challenges related to the future FTA and its potential impacts on the economy, society, and environment. The Parties may also inquire about recommendations regarding actions to take. Below, a few examples are provided of how the main trading Parties and other countries organise such stakeholder engagement.

#### *Australia*

In addition to collecting stakeholder views about a future trade agreement through a call for opinions published on a website,<sup>128</sup> the Australian Government holds briefings for civil society representatives (e.g. trade unions) and dedicated meetings with representatives of specific sectors or interest groups (e.g. farmers or wine producers) to discuss market access barriers and other technical aspects related to trade relations and negotiations with the partner country. There are also formal updates for State and Territory Governments and briefings for representatives of the Australian First Nations (Government of Australia, 2024).

#### *Canada*

The Canadian Government is obliged by the law to consult the public on regulatory issues, including trade negotiations (ILO, 2016). It publishes a notice about the intention to launch trade negotiations and collects stakeholder views on the scope and level of ambition of a future trade agreement,

<sup>128</sup> See, as an example, an invitation for submissions related to Australia-EU FTA negotiations: <https://www.dfat.gov.au/trade/agreements/negotiations/aeufta/submissions/aeufta-submissions>

as well as its potential impacts. The submitted evidence informs the work on the initial Gender-Based Plus (GBA+) analysis and its subsequent iterations.<sup>129</sup> During the negotiations, until 2024, the Government used to hold sessions with registered stakeholders to inform and consult them on diverse aspects covered by a trade agreement. Moreover, organised stakeholders, such as trade unions, can request a briefing meeting with relevant Government officials to receive information about and provide inputs to the ongoing FTA negotiations. In the opinion of Canadian trade unions who provided written comments for this study, it is a good practice when the Government offers stakeholders diverse opportunities to engage, when it provides information, answers questions and is open to listen to stakeholders and use their inputs and advice.

### *Chile*

In addition to collecting stakeholder views through a call for opinions published on a dedicated website, the Chilean Government presents updates regarding FTA negotiations in meetings with the Civil Society Council and meetings with civil society representatives in a more open format (the so-called Cuarto Adjunto). These meetings provide a forum to inform civil society about planned FTA negotiations and revisions to existing agreements, as well as to provide updates on ongoing processes and to receive feedback.<sup>130</sup> In the past, dialogues with civil society and private-sector representatives on international trade were also held in Chilean regions.<sup>131</sup> The Government representatives also meet with the private sector in seminars and technical dialogues to discuss more detailed aspects negotiated as part of FTAs. Moreover, in 2021, the Government began a series of meetings focused on inclusive trade, and engagement of SMEs, women and Indigenous Peoples in international trade (SUBREI, 2022).

### *EFTA States*

The EFTA States include two advisory bodies: the EFTA Parliamentary Committee and the EFTA Consultative Committee (the latter composed of employers' associations and trade unions) into a discussion on the development and implementation of the EFTA trade policy, including negotiation and implementation of trade agreements. During the year, the EFTA Ministers hold a few meetings (e.g. three meetings in 2024) with the advisory bodies to inform and consult them on the ongoing negotiations, conclusion of trade agreements, trade relations with the main partners, such as the EU or the US and the impact of their policy and legislation on the EFTA States and EFTA's trade relations with third countries. In this context, in 2024, there was a discussion on the new EU legislation (such as the EU Corporate Sustainability Due Diligence Directive) and its impact on trade, as well as on the US presidential elections and possible impacts of their outcome on trade policy. Both advisory bodies hold, moreover, their own meetings, with trade-related aspects featuring in the agenda, and once a year, hold a joint annual trade seminar. In addition to items related to the WTO, global trade developments and third countries' (e.g. China's) trade policy, the seminar includes a meeting with EFTA Committee on Third-Country Relations, where the advisory body members meet with high-level government trade officials to discuss trade agenda and priorities for a given year. Members of the two advisory bodies may also visit partner countries in relation to trade negotiations (e.g. in 2024, they visited Mercosur countries). The advisory bodies also express their views regarding the impacts of trade agreements (EFTA, 2025a).

<sup>129</sup> Gender-Based Analysis Plus (GBA+) of trade policy and free trade agreements: [https://www.international.gc.ca/trade-commerce/gender\\_equality-egalite\\_genres/gba-fta-acsc-ale.aspx?lang=eng](https://www.international.gc.ca/trade-commerce/gender_equality-egalite_genres/gba-fta-acsc-ale.aspx?lang=eng)

<sup>130</sup> For details see: <https://www.subrei.gob.cl/participacion-ciudadana/cuarto-adjunto>

<sup>131</sup> Public participation (Participación Ciudadana): <https://www.subrei.gob.cl/participacion-ciudadana>

There is limited information available on the usual practice of the EFTA States regarding stakeholder engagement in trade-related impact assessments. However, there is at least one example of stakeholder consultation in this context. In the SIA for the EFTA-Thailand FTA, external consultants conducted interviews with stakeholders from the EFTA States and Thailand, and shared with them questionnaires (LSE, 2024).

### *European Union*

In the EU, individual Member States inform the European Commission about their interests and priorities, and in addition, non-governmental stakeholders are involved in FTA-related dialogue. As part of the impact assessment study, external consultants have to establish and maintain (for two years) a dedicated website (as a source of information about the study, and one of the communication channels with stakeholders) and social media accounts. In addition, stakeholders can provide their views through an online survey, written inputs sent to the consultants via email, and interviews. The study team also holds online or in-person meetings with the EU civil society and workshops with civil society from the partner country. For example, as part of the SIA for the EU-Philippines FTA, a workshop for local stakeholders was held in Manila in 2018, with over 50 participants, representing business associations, academia, think tanks, trade unions, NGOs and international organisations (Development Solutions, 2019). A workshop related to the SIA for the EU-Malaysia FTA also took place in 2018 in Kuala Lumpur, gathering over 50 participants (Development Solutions, 2019a). Likewise, the workshop related to the SIA for the EU-Indonesia FTA was held in 2018 in Jakarta, with over 50 local stakeholders (Development Solutions, 2019b). When necessary, local study team members conduct interviews in the partner country. The collected views are used in the analysis and recommendations. Moreover, draft study reports are published for comments.

When FTA negotiations are launched, the European Commission holds online or in-person Civil Society Dialogue meetings to provide EU stakeholders with an update on the process. Moreover, stakeholders are invited to submit their positions in writing to the Commission.<sup>132</sup> Additionally, Members of the European Economic and Social Committee (EESC), an EU advisory body representing civil society (employers, workers, and NGOs), prepare and adopt Opinions regarding civil society's views about future trade agreements and participation in their implementation. Such Opinions have been prepared for several individual FTAs, and some have a more horizontal nature, addressing aspects covered by the Trade and Sustainable Development Chapters. They include elements of evaluation of the EU practice and forward-looking proposals (EESC Buzek, 2018; EESC Mazzola, 2019; EESC Palmieri, 2022; EESC Buzek, 2023).

### *New Zealand*

New Zealand prepares a National Interest Analysis when negotiations on an FTA are concluded. It also outlines stakeholder engagement activities undertaken throughout the negotiation process. For example, FTA negotiations with the UK were accompanied by a comprehensive engagement with Māori representatives to understand their interests and the potential impacts the future agreement may have for their community. There was also a public call for submissions from interested stakeholders,

<sup>132</sup> Regarding Civil Society Dialogues, see links in the section related to preparations for FTA negotiations. Requirements related to stakeholder engagement in the FTA-related Sustainability Impact Assessment studies are formulated in their Terms of Reference, published for each study on the European Commission's website: [https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments\\_en](https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments_en)

as well as public briefings held by the Chief Negotiator and focused consultations with selected groups of stakeholders. For example, there were quarterly briefings for trade union representatives on trade and labour-related aspects, as well as similar sessions on trade and the environment. Trade officials also participated in board meetings of business associations and held monthly and later quarterly briefings with representatives from the agricultural and industrial sectors (MFAT, 2022).

### *United States*

In the US, the 2015 Trade Promotion Authority (TPA) enhanced the transparency around the FTA negotiations. Accordingly, negotiation objectives and the impact assessment study had to be published and the same applied to a final version of a negotiated FTA. The latter had to be made publicly available 60 days before the agreement's signature. Moreover, Congressional Advisory Groups have been established, one for the Senate and one for the House of Representatives, with members representing Congressional committees whose remits could be affected by a trade agreement. The Members of Congress and their staff obtained access to negotiating documents and draft versions of the negotiated FTAs. The representatives of sensitive sectors (agriculture, fishing, and textile) had to be consulted before the FTA negotiations began. Moreover, the USTR was obliged to organise public events, such as dedicated hearings and meetings held at the time of negotiation rounds to inform and consult the public and private sector stakeholders about FTA negotiations and potential impacts of a future agreement. Stakeholders and the public also had to be consulted through calls for views announced on a website. Consultations had also to be held with three tiers of advisory committees. The first tier was represented by the Advisory Committee on Trade Policy and Negotiations, the second tier consisted of a few policy committees, such as the Labour Policy Committee, and the third tier was composed of 17 sector-specific committees (Congressional Research Service, 2019).

The permanent advisory committees are composed of experts and practitioners from diverse sectors (business associations and individual companies) and interest groups, such as trade unions, environmental NGOs, and consumers. For example, 31 advisory committees (composed of 700 members in total) provided their reports regarding the US-Singapore FTA. This included the Labor Advisory Committee for Trade Negotiations and Trade Policy, which is mandated to prepare a report and provide advice on labour-related aspects in the context of trade policy and FTA negotiations.<sup>133</sup> In exercising their mandate, members of the advisory committees also have access to the FTA negotiation texts during the process (ILO, 2016).

Moreover, the US Department of Labor and the US Trade Representative issue a call for contributions when they intend to prepare the Employment Impact Review as part of the package of reports submitted to the US Congress. The call for contribution asks for stakeholders' views regarding the potential impacts of the concluded trade agreement, notably any significant sectoral or regional employment effects, both positive and negative. The Government Report then summarises their contributions (US Government, 2003b).

<sup>133</sup> See advisory committee reports prepared in the context of the US-Singapore FTA, as an example: [https://www.ustr.gov/archive/Trade\\_Agreements/Bilateral/Singapore\\_FTA/Reports/Section\\_Index.html](https://www.ustr.gov/archive/Trade_Agreements/Bilateral/Singapore_FTA/Reports/Section_Index.html)

Another example is provided by advisory committee reports related to the US-Mexico-Canada FTA (USMCA): <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/advisory-committee>

## CONCLUSIONS

Several trading Parties engage non-governmental stakeholders in consultations related to negotiated trade agreements during the planning phase, the process, and sometimes when the agreed-upon text is ready for review and evaluation. Those who conduct impact assessment analysis also tend to consult stakeholders regarding the potential effects of the future agreement.

While there are many ways to engage stakeholders, the most common methods include online consultations, such as surveys or public invitations to submit positions to a dedicated email address. There are also meetings with stakeholders and a more formal engagement with advisory bodies where they exist. In each case, consultations aim to increase the transparency of the negotiation process and help ensure that the negotiated agreement reflects the interests of the negotiating Party and its different stakeholder groups in the best possible way. In this context, stakeholder engagement and its influence on the process and the agreement's final text may also help increase the acceptance of the outcome and support the ratification process.

### 3.4 Labour-Related Measures Used at the FTA Pre-ratification Stage

As outlined in detail below, there have been cases where the lack of compliance of an FTA Party with labour provisions in a trade agreement or serious violations of the ILO core labour standards have caused (or were likely to cause) a disruption in the FTA ratification process and led to the development and implementation of tailored measures meant to improve the situation on the ground and to enable the FTA's ratification and entry into force. Such measures have been applied by the US and the EU, while other countries (like Canada) have been supporting changes through technical and financial assistance. In this context, it is important to note that once a trade agreement has been concluded, decision-making powers related to the approval of a new FTA may belong to the national Parliament or another elected body (like the European Parliament in the EU). This, in turn, means that the new trade agreement and the package of accompanying documents, including, e.g. impact assessment, opinions of advisory bodies and potential additional stakeholder contributions undergo one more stage of scrutiny before final decisions are taken and the FTA starts being applied. The available evidence suggests that Members of the Parliament may consider on that occasion not only the agreed text and potential impacts of an FTA but also the entirety of relations with a partner country, its domestic situation and aspects related to sustainability, including performance regarding respect for international labour standards. Also, while each partner country is judged on its merit, examples from the recent practice demonstrate that constraints imposed on freedom of association and the right to collective bargaining, as well as violations of trade union rights in the partner country, may cause a break in FTA negotiations or put the ratification debate on hold and trigger a request to the partner country to remedy the situation.

#### 3.4.1 Canada

No evidence of specific pre-ratification measures applied by Canada has been identified. For example, regarding the FTA with Colombia, stakeholders and the Standing Committee on International Trade of the House of Commons (the Lower Chamber of the Canadian Parliament) recommended conducting an ex-ante human rights impact assessment analysing the situation in Colombia; however, it has not been prepared (ILO, 2016).

However, Canada provides funding for the assistance projects and other capacity-building activities (some of which are implemented in cooperation with the ILO), which aim to help trading partners ensure compliance with labour provisions in the future FTAs. For example, such assistance projects have supported preparations of Malaysia and Viet Nam for the compliance with the CPTPP labour provisions (further details are provided under the CPTPP heading in section 3.5). Assistance has also been provided to Cambodia, Indonesia,<sup>134</sup> Lao PDR, the Philippines<sup>135</sup>, and Thailand. Several projects implemented in the ASEAN Member States are funded from resources available under the Canadian Indo-Pacific Strategy.<sup>136</sup> According to information provided by the Canadian trade unions in written comments for this study, CAD 25 million over five years have been allocated by the Indo-Pacific Strategy to the Canadian Labour Programme Technical Assistance for Indo-Pacific Trade and Labour Compliance projects.

### 3.4.2 European Union

There have been a few cases, where the EU has engaged in a policy dialogue with a partner country or applied other measures, like a roadmap, to encourage the partner country's actions to improve its legislative alignment with the ILO fundamental Conventions or its practice to ensure an effective implementation and enforcement of the ILO core labour standards. Those steps have been taken already during FTA talks or at the FTA ratification stage, when the prospect of getting or maintaining preferential access to the EU market incentivised the partner country to act. At the same time, it was considered a realistic scenario that inaction would mean the FTA with the EU would not materialise.

The probability of the EU taking such steps again depends on the situation in the partner country, and each case is judged on its merits. However, based on the EU's new policy towards the TSD Chapters in its FTAs (discussed further below), one can expect this approach to be adopted more systematically, notably regarding the EU's expectation that partner countries ratify the remaining ILO fundamental Conventions. Moreover, as discussed further down regarding the roadmap for Colombia and Peru, there is a need to consider the role of the European Parliament in approving each FTA and the increasing attention its Members are paying to sustainable development and a level playing field between the EU and partner countries.

#### Policy Dialogue with Georgia

As noted in the preceding section, when the EU and Georgia began talks on a DCFTA (Deep and Comprehensive Free Trade Area) in early 2012, Georgia was already a beneficiary of the EU GSP+ system (tariff preferences for developing countries). It was supposed to have ratified and to effectively implement the ILO fundamental Conventions. However, its 2006 Labour Code, adopted to liberalise labour law to attract investment and support the country's economic development, departed from the ILO's fundamental Conventions and significantly reduced workers' protection.

<sup>134</sup> New RealGains project supports gender equality, elimination of child labour and workers' rights in Indonesia: <https://www.ilo.org/resource/news/new-realgains-project-supports-gender-equality-elimination-child-labour-and>

<sup>135</sup> The ILO and Canada partner to address child labour and workers' rights in the Philippines: <https://www.ilo.org/resource/news/ilo-canada-partner-address-child-labour-workers-rights-philippines>

<sup>136</sup> Canada's Indo-Pacific Strategy: [https://www.international.gc.ca/transparency-transparence/indo-pacific-indo-pacifique/index.aspx?lang=eng#a3\\_2](https://www.international.gc.ca/transparency-transparence/indo-pacific-indo-pacifique/index.aspx?lang=eng#a3_2)

The EU has raised the matter with Georgia<sup>137</sup> in the GSP+ context and on other occasions, including at the Sub-Committee meetings of the Partnership and Cooperation Agreement, at the EU-Georgia human rights dialogues in 2011 and 2012 (Council of the EU, 2013) and in Progress Reports about the implementation of the European Neighbourhood Policy. In the related recommendations, the EU expressed serious concern about the insufficient respect for labour rights in Georgia and requested a full implementation of the ILO fundamental Conventions No. 87 and No. 98 on freedom of association and the right to collective bargaining (European Commission, 2012).

The EU's position was based on the ILO Committee of Experts' assessment, which had requested amendments to Georgia's Labour Code and the Law on Trade Unions. The Committee asked the country to align its legislation with the ILO fundamental Conventions and to address in particular acts of antiunion discrimination, the Government's interference in the operation of employers' and workers' organisations, excessive requirements to set up a trade union, workers' dismissals without a justification (providing a cover to fire trade union members), and restrictions imposed on the rights to strike and to bargain collectively (CEACR, 2010). The EU has also received a submission from trade unions<sup>138</sup> in the GSP+ context, requesting to launch an investigation with the possibility of withdrawing GSP+ preferences for Georgia. Other civil society organisations also reported concerns about Georgia's legal and practical non-compliance with the ILO fundamental Conventions and the Government's lack of willingness to address it (Heinrich Böll Stiftung, 2009).

Georgia has maintained its legislation and its position in defence of it for some time. However, its stance began to evolve after the general elections held in October 2012 and the appointment of a new Government, which committed to working closely with the ILO and other partners to bring the country's laws into line with international and European standards. It has engaged with the ILO and social partners in talks about amendments to the Labour Code and, as a result, changes were adopted in July 2013 (European Commission, 2013; 2014a). Soon afterwards, DCFTA negotiations were concluded and in 2014, the new trade agreement was applied. However, as the implementation of a new law in practice and questions around labour inspections (abolished by the 2006 Labour Code) remained to be addressed, discussion with Georgia continued within the DCFTA framework and its Trade and Sustainable Development Chapter.

### Roadmap for Colombia and Peru

Under Articles 207 and 218 of the Treaty on the Functioning of the EU, the European Parliament must consent to the negotiated trade agreement before it can be concluded and applied (TFEU, 2016). This means that a finalised FTA cannot enter into force without the European Parliament's approval. At the same time, the Parliament may only approve or reject the entire text without amending it.<sup>139</sup>

<sup>137</sup> The analysis of Georgia's case was previously used by in the Study in support of an impact assessment to prepare the review of GSP Regulation No 978/2012. Final Report, Volume 2 Annexes. BKP Economic Advisors (2021): <https://op.europa.eu/en/publication-detail/-/publication/be174994-f337-11eb-aeb9-01aa75ed71a1/language-en>

<sup>138</sup> Letter from ITUC and ETUC to the EU Trade Commissioner K. De Gucht, June 2011: [https://www.ituc-csi.org/IMG/pdf/Letter\\_to\\_Mr\\_Karel\\_De\\_Gucht\\_-\\_Investigation\\_into\\_violations\\_of\\_Core\\_Labour\\_Standards\\_in\\_Georgia\\_.pdf](https://www.ituc-csi.org/IMG/pdf/Letter_to_Mr_Karel_De_Gucht_-_Investigation_into_violations_of_Core_Labour_Standards_in_Georgia_.pdf)

<sup>139</sup> In addition to its intervention in the case of the EU-Colombia and Peru FTA, the European Parliament rejected the EU-Mercosur Association Agreement (European Parliament, 2020). Subsequently, the EU and Mercosur negotiated and agreed upon additional provisions on environment and labour. These talks were completed in 2024 (European Commission, 2024a).

When the EU Multi-Party Trade Agreement with Colombia and Peru was submitted to the European Parliament for the consent procedure, the Parliament (considering the human and labour rights situation in both countries) requested the preparation of a transparent and binding roadmap which would focus on human and labour rights and the environment protection and be inspired by the US-Colombia Action Plan on Labour Rights. The roadmap should include elements, such as the implementation and enforcement of the law and policies to guarantee freedom of association and the right to collective bargaining, and the elimination of cooperatives, collective pacts and other measures used by employers to avoid direct employment relationship and to deprive workers of related benefits, including the right to organise. The roadmap should also strengthen social dialogue and labour inspections, and outline steps to end impunity and to improve the investigation, prosecution, and punishment of crimes committed in Colombia. In each of these areas, the roadmap should include clear, time-bound, and results-based targets, some of which should be met before the FTA enters into force. The European Parliament also called on the European Commission to assist both countries in preparing and implementing the roadmap and to report regularly to the Parliament on progress in this process (European Parliament, 2012; ILO, 2017).

Subsequently, the European Parliament consented to the trade agreement only after both countries had submitted their roadmaps (European Parliament, 2012a; Jütten, 2023). Since then, the European Commission reports annually on the implementation of this FTA and other EU trade agreements by publishing reports from the FTA Committee meetings and the annual reports on the implementation and enforcement of EU FTAs.

#### Engagement with Viet Nam<sup>140</sup>

During the FTA negotiations, the EU has also encouraged partner countries to ratify the remaining ILO fundamental Conventions if they have not yet done so. This approach is likely to be followed more systematically now, given that trade unions and other stakeholders demanded it in consultations for the latest EU TSD policy review, and it has been confirmed by the European Commission, as discussed below.

In online consultations related to the 2022 EU policy review on labour provisions in trade agreements, EU trade unions and NGOs were in favour of using the prospect of preferential access to the EU market as leverage to encourage partner countries to ratify the relevant labour conventions before the signature and the entry into force of the agreement. Some respondents were also in favour of staging the introduction of trade preferences and making it conditional upon the progress achieved by the partner country in compliance with labour commitments covered by a trade agreement and its Trade and Sustainable Development Chapter (LSE Consulting, 2021). Along the same line, in the context of the EU-India FTA negotiations, the European Trade Union Confederation (ETUC) expressed the view that the ratification of the remaining ILO fundamental Conventions by India, including Conventions No. 87 and 98 on freedom of association and the right to collective bargaining, should become a pre-condition for concluding the EU-India FTA (verbal presentation, 2023).

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<sup>140</sup> There was no comparable pre-ratification engagement with Singapore, and the dialogue on the ratification and implementation of ILO fundamental Conventions has been held at the FTA implementation stage in the TSD Board meetings, as outlined in section 3.5. Based on an interview with the European Commission for this study, it is also expected that a similar dialogue with Indonesia will be held at the FTA implementation stage during TSD Committee meetings.

The European Commission has acknowledged the importance of progress in ratifying the ILO conventions at an early stage of engagement on a new trade agreement. It has committed to identifying (already during FTA negotiations) the ILO fundamental Conventions not yet ratified by a partner country and to engaging with it to encourage their prompt ratification. The outstanding ratification will also be considered one of the shortcomings identified in the partner country. They will all form a list of priorities to be addressed during the FTA talks and at the implementation stage of the FTA. In this context, efforts will need to focus on areas where they can bring about the most significant impact. The Commission may use diverse channels to raise ratification of the ILO fundamental Conventions with the partner country, including separate labour or human rights dialogues. It may also support the partner country through technical assistance and capacity-building activities (European Commission, 2018; 2022). The Trade for Decent Work project, which has been financed by the EU and implemented in cooperation with the ILO, represents an example of such assistance.<sup>141</sup>

The EU utilised this project and technical assistance provided within its framework by the ILO to support Viet Nam in its preparation for the ratification of the outstanding ILO fundamental Conventions. The project commenced in January 2019, a few months before the signature of the EU-Viet Nam FTA in June 2019 and before the consent for the FTA was expressed by the European Parliament in February 2020<sup>142</sup> and the Viet Nam's National Assembly in June 2020.<sup>143</sup> The ratification by Viet Nam of Convention No. 98 in 2019 was preceded by broad consultations with Members of the National Assembly, employers, workers and other stakeholders (ILO, 2019).<sup>144</sup> It was accompanied by the approval of a revised Labour Code, which had also been preceded by consultations (ILO, 2019a). In 2020, a series of technical meetings and consultations was organised before the ratification of Convention No. 105, which took place in July 2020 following a vote in the National Assembly in June (ILO, 2020; 2020a). Finally, in 2021, work on the accession to the ILO fundamental Convention No. 87 was launched (VNTR, 2023). The commitment of the Viet Nam's Government towards the ILO core labour standards was subsequently reiterated by the signature of a Memorandum of Understanding with the ILO for the period 2021–2030,<sup>145</sup> to work together to promote the ratification and implementation of the international labour standards, to raise awareness thereof, strengthen the capacity of national institutions and stakeholders, prepare the reporting to the ILO monitoring bodies and further improve the Vietnamese legislation (ILO, 2021). The ILO has also prepared an analysis of the Vietnamese policy and legislation related to other ILO conventions (ILO, 2021a).

### Engagement with Mexico

The EU dialogue with Mexico may be another example of EU engagement with a partner country on ILO Conventions during FTA talks. Mexico ratified Convention No. 98 in November 2018, as part of its commitments under the new EU-Mexico Global Agreement. The ratification followed

<sup>141</sup> Trade for Decent Work project: <https://www.ilo.org/projects-and-partnerships/projects/trade-decent-work-0>

<sup>142</sup> While expressing consent for the agreement, the European Parliament stressed that provisions of the Trade and Sustainable Development Chapter could be improved, for example, by the introduction of a sanctions-based approach into the dispute settlement mechanism (with sanctions to be used as a last resort) (FIDH, 2020). The consent was preceded by an active role of the European Parliament Members in a dialogue with Viet Nam regarding the labour law reform and the ratification of the ILO fundamental Conventions (Corley-Coulibaly, Richiardi and Ebert, 2023a).

<sup>143</sup> Trade and Decent Work project with Viet Nam: <https://www.ilo.org/projects-and-partnerships/projects/trade-decent-work-project>

<sup>144</sup> The ratification vote in the Vietnamese National Assembly took place in June 2019 (ILO, 2019b). It was followed by a deposit of the instrument of ratification at the ILO in July 2019 (ILO, 2019c).

<sup>145</sup> Text of MoU: [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40asia/%40ro-bangkok/%40ilo-hanoi/documents/publication/wcms\\_794426.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40asia/%40ro-bangkok/%40ilo-hanoi/documents/publication/wcms_794426.pdf)

an “agreement in principle” on the new FTA reached by the Parties (Council of the EU, 2019; European Parliament, 2020) and preceded the conclusion of trade negotiations in two stages, in 2020 and 2025 (European Commission, 2025b).

### 3.4.3 United States

In the US, as mentioned in the previous section, the agreed FTA text is sent to Congress for debate and approval (Congressional Research Service, 2024). It is accompanied by reports assessing the impacts of the agreement, presenting the situation in the partner country and evaluating the outcome of the negotiations. Regarding labour provisions, four reports are provided in total. Three of them are prepared by the Government Services led by the US Department of Labor. The fourth one is provided by the Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC).

#### US-Central America-Dominican Republic FTA

In a Report to the US Congress evaluating labour provisions in the US-Central America-DR FTA, the LAC expressed its negative opinion regarding the weakness of the dispute settlement mechanism not providing effective protection to labour provisions and workers’ rights in a situation where trade union rights and workers’ rights had been violated in Central America. The Committee noted that domestic legislation in partner countries fell well below the level of the international labour standards, and employers in Central America disregarded workers’ rights and applied hostile practices towards trade unions, without facing any consequences for their actions. In this situation, the Committee recommended that Congress reject the agreement (LAC, 2004). The Labour Rights Report prepared for Congress by the US Government also informed about violations of trade union rights in Central America and practices applied by employers (US Government, 2005).

Against this background, the US Government, with technical support of the Inter-American Development Bank, engaged with Central American partners and the Dominican Republic to develop a report with recommendations<sup>146</sup> on how to implement and enforce labour standards and strengthen labour institutions’ capacity in the region. Domestic efforts, policy dialogue and monitoring<sup>147</sup> were accompanied by financial assistance provided by the US (USD 170 million in 2007–2013) (ILO, 2016). The report included a few priority areas for action, such as enhanced capacity of Ministries of Labour and inspection services (through hiring additional personnel, training, improved infrastructure, technology, and the way of operation), improved administration of labour-related cases in the justice system, training for workers and employers, and improved operation of tripartite councils, as well as activities to eliminate the worst forms of child labour (IADB, 2005). The first actions were taken by the Central American FTA partners before the FTA’s approval by the US Congress and continued until the FTA entered into force, and later. This brought about some positive results, such as an increase in the budget of the Ministry of Labour and the number of labour inspectors in El Salvador, the appointment of new labour court judges in Costa Rica, and some legislative changes in Honduras, Nicaragua, and the Dominican Republic

<sup>146</sup> The labour dimension in Central America and the Dominican Republic. Building on progress: strengthening compliance and enhancing capacity. A Report of the Working Group of the Vice Ministers Responsible for Trade and Labor in the Countries of Central America and the Dominican Republic. Submitted to the Ministers Responsible for Trade and Labor in the Countries of Central America and the Dominican Republic (April 2005): [http://www.sice.oas.org/labor/White%20Paper\\_e.pdf](http://www.sice.oas.org/labor/White%20Paper_e.pdf)

<sup>147</sup> The US legislation implementing the US-Central America and Dominican Republic FTA has been amended to include a provision committing the US Government to report progress achieved by partner countries in implementing and enforcing the FTA labour provisions and their labour legislation every two years. The bill approved by Congress also included the US commitment to provide funding (Nolan-García, O’Connor, 2015).

(USTR, 2005). In the following years, the number of inspections in the Dominican Republic has increased, more than 1,000 workers have been re-instated after unlawful dismissals, some USD 4 million have been paid to workers as compensation for damages, new trade unions have been set up and new collective bargaining agreements have been negotiated (ILO, 2016). The coincidence of the EU and the US policy dialogues with El Salvador and the country's willingness to join the EU GSP+ system<sup>148</sup> has also resulted in its ratification of the ILO fundamental Conventions No. 87 and No. 98 on the right to organise and collective bargaining (ILO, 2016). Meanwhile, the US Government continued monitoring the implementation of the agreed actions and outlined findings in biennial progress reports.

#### US-Colombia FTA<sup>149</sup>

In a Report evaluating labour provisions in the US-Colombia FTA, the LAC expressed concern that weak (from an enforcement perspective) labour and dispute settlement provisions had been agreed with a country that was suffering from widespread violations of trade union rights. The Report then discussed legal and practical deficiencies in Colombia's application of the ILO core labour standards, including those related to child labour. It noted that Colombia had also weakened its labour law in other areas, including employment practices. It ended with a recommendation for the President not to sign the FTA and for Congress to reject it, given that, in addition to the above concerns, there were international reports about Colombia's Government and military officials being involved in human rights violations, corruption, election fraud and other crimes (LAC, 2006). For the same debate (in 2008), as part of the package submitted to Congress, the US Department of Labor prepared a Labour Rights Report, with a separate chapter outlining violations of trade union rights in Colombia (US Department of Labor, 2008). As the FTA ratification process stalled in the US due to the situation in Colombia, a Labour Action Plan was agreed in April 2011 to address the main labour rights concerns in the country.<sup>150</sup>

As part of the Action Plan, the Colombian Government established a dedicated Ministry of Labour and committed to hiring 480 additional labour inspectors over four years (by June 2011, it started hiring procedures for the first 100 and secured a budget for another 100 to be employed in 2012). Other agreed actions included improved mechanisms to submit complaints regarding violation of labour rights (with a dedicated website and a telephone hotline to be set up in April 2011), improved mediation and conflict resolution mechanisms (with training for employers and workers to be conducted in 2011) and a Criminal Code reform establishing penalties for employers interfering with freedom of association (to be enacted in June 2011). It was also agreed that new legislation (to be voted on in May 2011) will prohibit employers from using self-organising forms, such as cooperatives, to avoid direct employment of workers and to undermine trade union activity. Moreover, the new labour inspectors will be tasked with conducting inspections in priority sectors, including palm oil, sugar, mines, ports, and flowers, to verify the implementation of that provision. Furthermore, the Criminal Code reform will prohibit using collective pacts (agreements with non-unionised workers) to undermine the position of legitimate trade unions and compete with collective bargaining agreements. Workers should be informed about their rights through a dedicated campaign. Moreover, the Colombian Government should set up a system that prevents

<sup>148</sup> An arrangement under the EU tariff preference system for developing countries that offers additional preferences in exchange for ratifying and effectively implementing a set of international conventions, including the ILO fundamental ones.

<sup>149</sup> In the analysis in this section, some elements from the previous section on impact assessment are repeated to present concerns related to a labour-related situation in the partner country which have led to the development, adoption and implementation of dedicated Action Plans or other measures.

<sup>150</sup> Colombian Action Plan related to labour rights: <https://ustr.gov/sites/default/files/files/agreements/FTA/colombia/Colombia%20Labor%20Action%20Plan.pdf>

temporary work agencies from circumventing labour laws through subcontracting workers. It should also broaden its protection programme for trade union activists and enhance efforts to investigate and prosecute crimes committed against them and other offences related to the violation of labour rights. The Government also committed to seeking the ILO's assistance in implementing the agreed actions and by June 2011, it requested that the ILO increase its presence in the country (USTR, 2011; 2011a). Implementing those reforms, Colombia benefitted from USD 9.8 million of US assistance in 2012–2016 for strengthening its Labour Ministry's and labour inspection's capacity, as well as USD 1.5 million in 2012–2017 to raise awareness of workers' rights and USD 9 million in 2013–2017 to reduce child labour and promote safe working conditions in the informal mining sector (US Department of Labor, 2016).

Subsequently, another Labor Rights Report was submitted by the Department of Labor to the US Congress in 2011, acknowledging actions taken by the Colombian Government (the ones with a deadline in 2011) and highlighting issues to be addressed. By then, Colombia had adopted a law regulating the operation of cooperatives and another one, imposing penalties on employers who interfere with trade union activity, e.g. through using collective pacts and offering non-unionised workers better working conditions than those who belong to trade unions. The authorities have also launched an information campaign for workers and begun training for labour inspectors and the Ministry of Labour's officials in conflict resolution. The complaint mechanism has also been improved, and the protection programme for trade union members has been expanded and supported by an increased budget (US Department of Labor, 2011; USTR, 2011a). Subsequently, the US-Colombia FTA was approved and entered into force in 2012.

#### Action Plans Related to the Trans-Pacific Partnership (TPP)

The US also followed the practice of engaging with partner countries in negotiations on the Trans-Pacific Partnership Agreement (TPP), which included Brunei Darussalam, Malaysia, Singapore, and Viet Nam. The US negotiated the Labour Consistency Plans with Brunei Darussalam and Malaysia, and a Plan for the Enhancement of Trade and Labour Relations with Viet Nam.<sup>151</sup> The countries were requested to amend their legislation to align it with the ILO core labour standards, train labour inspectors, and strengthen the capacity of labour institutions. Given that the US subsequently withdrew from the Agreement, the Action Plans should be treated as informal documents, for which there was no formal monitoring mechanism or follow-up. However, they are described below for illustrative purposes to provide an idea of how such documents tailored for the ASEAN Member States may look like. Moreover, as Malaysia and Brunei Darussalam have taken several steps to address the issues highlighted in the Action Plans, it is important to discuss them (see the section on the CPTPP implementation). In this context, it is also worth noting that in its responses to the questionnaire for this study, Malaysia acknowledged that the Action Plan agreed upon with the US had been helpful, particularly in guiding legislative changes.

For example, Malaysia was asked to address human trafficking and to amend its laws on freedom of association and the right to collective bargaining. Requested changes included the introduction of a judicial review for administrative decisions related to trade union registration, its suspension, cancellation or withdrawal, and for a declaration of the illegality of strike. The Plan also requested the removal of the Director General for Trade Unions' discretion in decisions regarding trade union

<sup>151</sup> The US withdrew from the TPP in 2017. Subsequently, the remaining countries negotiated a new agreement covering most of the TPP provisions. The CPTPP entered into force in December 2018.

registration, its refusal or cancellation, as well as the lifting of certain restrictions on trade union establishment, membership, and leadership, including decisions related to calling strikes and the ability to join international trade unions. Malaysia should also ensure that subcontracting and outsourcing will not be used to restrict freedom of association and the right to collective bargaining. Regarding forced labour, requested changes aimed at improving the protection of foreign workers and the protection of victims of human trafficking. Regarding the elimination of child labour, Malaysia was supposed to adopt a list of hazardous activities prohibited for persons under 18 years of age and ensure that the minimum age for admission to employment is stated as at least 13 years. It should also take steps to enforce its labour laws effectively.<sup>152</sup>

The Plan for Brunei Darussalam included sections related to freedom of association, the elimination of forced labour and child labour, discrimination and acceptable working conditions.<sup>153</sup> For example, the Plan requested an amendment to the Employment Order to include a list of hazardous occupations prohibited for persons under the age of 18 years. The country was also asked to introduce a legal framework for a minimum wage for workers in the private sector. Moreover, the Labour Consistency Plan requested changes to the Employment Order to prohibit discrimination on various grounds and amendments to the Trade Unions Act to ensure that workers can bargain collectively and enjoy freedom of association free from interference. Other changes should focus on lifting restrictions on affiliation to international trade unions and the election of workers' representatives.<sup>154</sup>

The US-Viet Nam Plan for the Enhancement of Trade and Labour Relations<sup>155</sup> requested the adoption of new or changes in the existing laws in Viet Nam to enable workers to form and join trade unions of their choice. Those trade unions should be able to operate freely, without any interference, to decide on their internal structure and functioning and register with the government authority or the Viet Nam General Confederation of Labour. Moreover, they should be able to request and receive training and form or join broader bodies, such as sectoral or regional trade unions. Furthermore, officials from the Ministry of Labour, Invalids and Social Affairs should receive training regarding new procedures, such as trade union registration, and the administrative capacity of labour inspection should be strengthened to ensure effective enforcement of the new provisions. Other requested changes pertained to forced labour (to include debt bondage in the definition of forced labour) and discrimination (to amend the legislation to prohibit discrimination on various grounds listed in the ILO fundamental Convention No. 111).

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<sup>152</sup> Malaysia – United States Labour Consistency Plan (2015): <https://ustr.gov/sites/default/files/TPP-Final-Text-Labour-US-MY-Labor-Consistency-Plan.pdf>

<sup>153</sup> Brunei Darussalam – United States Labour Consistency Plan (2015): <https://ustr.gov/sites/default/files/TPP-Final-Text-Labour-US-BN-Labor-Consistency-Plan.pdf>

<sup>154</sup> Trade Unions Act (Amendment) 2015: [https://www.agc.gov.bn/AGC%20Images/LAWS/Gazette\\_PDF/2015/EN/S051.pdf](https://www.agc.gov.bn/AGC%20Images/LAWS/Gazette_PDF/2015/EN/S051.pdf)

<sup>155</sup> United States-Viet Nam Plan for the Enhancement of Trade and Labour Relations (2016): <https://ustr.gov/sites/default/files/TPP-Final-Text-Labour-US-VN-Plan-for-Enhancement-of-Trade-and-Labour-Relations.pdf>

## CONCLUSIONS

The evidence suggests convergence in the US and the EU practices applied during FTA negotiations and at the FTA pre-ratification stage in cases when partner countries do not comply satisfactorily with FTA labour provisions, notably regarding freedom of association and the right to collective bargaining. Policy dialogues and dedicated Action Plans focus in such cases on legal reforms, further alignment of the domestic legislation with the ILO core labour standards and strengthening the capacity of labour inspection and other relevant institutions. They also require improvement in the practical application of the ILO core labour standards, and the EU expects partner countries to progress in ratifying the remaining ILO fundamental Conventions, if not all have been ratified yet.

Action Plans agreed upon by the US with countries, such as Brunei Darussalam, Colombia, Central America, Malaysia, and Viet Nam, as well as aspects raised by the EU in a dialogue with Georgia, Viet Nam, Colombia, and Peru, provide guidance regarding priorities for these and other countries in a similar situation, including other ASEAN Member States. Further advice can be provided by the conclusions and recommendations of the ILO monitoring bodies: the Committee of Experts, the Committee on the Application of Standards and the Committee on Freedom of Association, as well as ILO documents developed for individual countries, such as reports and recommendations of high-level or technical missions.

### 3.5 Implementation of Labour Provisions and FTA Evaluation

This section presents an analysis of the implementation of labour provisions in trade agreements and the diverse measures and communication channels used in this context. It provides information on meetings of the dedicated bodies (Councils or Committees) set up by FTAs, which the Parties use as a forum to exchange information on recent labour-related developments and to raise concerns in cases of non-compliance. Moreover, this section provides examples of cooperation activities and technical assistance projects that support mutual learning and help the Parties improve their legislation and practice in areas covered by labour provisions. Additionally, in conjunction with section 3.7 on enforcement and 3.4 on pre-ratification measures, this section outlines actions taken by the Parties to implement agreed Action Plans to achieve compliance with labour provisions.

The second element of this section focuses on the economic and social effects of the implemented trade agreements, including their impact on trade flows, GDP, jobs, and wages. It is worth noting that the available data and information sources (publicly available documents published online and information shared by the Governments and other stakeholders in consultations for this study) do not cover all FTAs with labour standards. Whenever relevant information was not publicly available, targeted questions were included in questionnaires. However, some questions remain unanswered, which have imposed limitations on the scope of the analysis and its findings.

### 3.5.1 Australia<sup>156</sup>

#### Trade Effects<sup>157</sup>

Some of Australia's comprehensive trade agreements with labour provisions, such as the one with the UK, are relatively new, and there is no available ex-post evaluation of their impacts on trade flows between the Parties yet. Regarding the CPTPP, to which Australia is a Party, the analysis of its effect on trade is provided in the regional agreements section.

#### Australia-US FTA

The trade agreement has supported bilateral economic relations. In the first decade after it entered into force, bilateral trade in goods between the US and Australia increased by 47.7%, from USD 21.5 billion in 2004 to USD 31.8 billion in 2016. Trade in services nearly tripled, from USD 10.4 billion in 2004 to USD 29.3 billion in 2015 (USTR, 2017b).

#### Implementation of Labour Provisions<sup>158</sup>

#### Australia-UK FTA

Australia-UK FTA with labour provisions entered into force in 2023. Since then, the Parties have met to discuss the implementation of comprehensive labour provisions under this Agreement (e.g. progress towards the ratification of ILO Conventions), as well as domestic policy and legislative developments (e.g. on labour market participation), occupational safety and health and the impact of new technologies on jobs and workplaces (information provided by Australia for this study). According to Australia, while it is too soon to assess the effects of the Agreement and its labour provisions, the basis provided by the FTA with the UK has facilitated collaboration in other forums, such as the CPTPP.

### 3.5.2 Canada<sup>159</sup>

#### Trade Effects (Summary of Canadian FTAs)

An analysis of the long-term economic effects of the Canadian FTAs concluded that while trade with non-FTA partners increased by 47.5%, trade with FTA partner countries has more than doubled in the first decade after the respective trade agreements entered into force. For example, trade with Mexico increased by 217.5%, with Chile by 217.0%, with Israel by 159.8%, with the US by 140.8%, and with Costa Rica by 115.9%. In some cases, e.g. in relations with Peru, trade has declined by 23.2%, and in this case, it has been the result of a change in trade composition and a decrease in gold imports. In trade in goods, Canada experienced a 10% average annual increase in relations with FTA partner

<sup>156</sup> Australia's views regarding the CPTPP have been included in the section on regional agreements/CPTPP, along with the analysis of the economic effects of the CPTPP on Australia.

<sup>157</sup> While the Australia-Indonesia FTA does not include labour provisions, it is worth noting, given positive effects it has generated, such as attracting foreign direct investment (FDI) and job creation in export-oriented sectors, including garment and electronics (based on information shared by Indonesia).

<sup>158</sup> The US annual reports on trade policy and FTAs provide information about the implementation of the US-Australia FTA; however, without any reference to its labour provisions. Another Australia's FTA (with Chile) is covered under agreements focused on cooperation.

<sup>159</sup> The CPTPP, to which Canada is a Party, is analysed in the regional trade agreements section. The Agreement on Labour Cooperation with Chile is discussed under the Chilean FTAs, and the agreement with Colombia, as well as the USMCA, are analysed in the section on enforcement of labour provisions. At the time of writing this Study Report, the Canada-Indonesia CEPA (signed in September 2025) has not entered into force and is therefore not analysed in this section.

countries compared to 6% with non-FTA partners. The analysis also indicates that, on average, trade in goods increased more in product groups covered by tariff liberalisation than in those that had been traded duty-free (MFN 0%) before the FTA entered into force. For example, in relations with the Republic of Korea, Canadian exports increased by 34.2% for goods covered by tariff liberalisations and by 10.6% for those previously traded duty-free. Canadian imports from the Republic of Korea increased by 96.1% for products with tariff liberalisation and by 39.1% for those previously traded duty-free. In relations with Colombia, exports increased by 142.6% and 28.3% for both groups, and imports increased by 118.7% and 81.4%, respectively. In relations with some partners, such as the EU and Chile, trade in resources (duty-free before the FTA) has played a significant role and has impacted overall trade statistics. Moreover, on average, the use of preferences offered by an FTA increases over time as businesses learn to use the new trade agreement; however, the exact rates are likely to depend on the composition of trade flows (Global Affairs Canada, 2022e).

### Canada-EU CETA

#### **Trade Effects**

According to the ex-post evaluation study, bilateral trade between Canada and the EU has increased by 71% since the Agreement's entry into force. In absolute terms, this meant a rise from EUR 72 billion in 2016 to EUR 123 billion in 2023, despite the negative impact of the COVID-19 pandemic in 2020. The total bilateral trade in goods increased by 65.0%, while bilateral trade in services increased by 81% in the same time period. EU exports to Canada increased, particularly in agricultural and food products, including wine, meat, and dairy products (e.g. cheese). Canadian exports also increased in this category, including oilseeds and cereals. EU exports also increased in manufacturing products, such as textiles, rubber and plastics, and machinery. Overall, between 2016 and 2023, EU goods exports to Canada increased by 65% while its imports from Canada increased by 66%. Exports of services from the EU to Canada increased by 46%, while imports from Canada rose by 43%. CETA has also contributed to increased foreign direct investment flows between the Parties and to GDP growth on both sides. Accordingly, EU GDP has increased by EUR 3.2 billion each year due to CETA, and Canadian GDP has increased by EUR 1.3 billion each year thanks to the Agreement. Moreover, CETA has supported business activity, particularly of small and medium-sized enterprises. The number of EU SMEs exporting to Canada increased by 20.3%, and the number of Canadian SMEs exporting to the EU increased by 6.4%. In both cases, the growth rate was higher than for large firms. Employment effects at the sector level followed the economic impacts, as increased trade opportunities have created demand for higher production and greater labour engagement. In the EU, employment rose by 0.1% in the meat, dairy and automotive sectors, and by 0.3% in the textile, clothing, and leather sectors. In Canada, jobs have been created in cereals (0.4%), processed food (0.5%), textiles, clothing and leather (0.7%), chemicals (0.5%), the automotive industry (0.3%) and the other transport sector (0.9%), among others. Real wages increased by 0.02% in the EU and 0.1% in Canada. CETA has also contributed to a rise in the consumer real spending power. Consumers on both sides have, moreover, benefited from greater availability and affordability of goods and services, along with high levels of consumer protection (Trade Impact, 2025).

#### **Implementation of Labour Provisions**

As part of the implementation of the TSD and Trade and Labour Chapters, the Parties held annual meetings of the Joint TSD Committee (except in 2021). Officials participating in those meetings reiterated in interviews for the ex-post evaluation study that the EU and Canada are like-minded partners whose dialogue and cooperation are based on trust. The Parties have also developed a work plan, initially

reviewed and updated annually, and later every two years. The Parties have progressed in ratifying the ILO fundamental, priority, and other up-to-date Conventions and have exchanged information on this. Officials interviewed for the ex-post evaluation noted that the ratification of the ILO Conventions has been a regular topic of information exchange and progress monitoring by the other Party. However, while these discussions can serve as a reminder of outstanding issues and further steps to be taken, they have not been the main driving force behind progress in ratifications, which have been driven rather by strong domestic policy agendas. Each Party has also continued to exercise the right to regulate and to adopt new laws with a view to improving levels of workers' protection. Subsequently, the Parties exchanged information about their respective progress in this area. The Parties and their representative organisations also exchanged information on their approaches to CSR, and the challenges and opportunities businesses face (Trade Impact, 2025).

Moreover, the Parties regularly engaged with civil society representatives from the EU and Canada to discuss aspects covered by the Trade and Labour and TSD Chapters. Updates on the Parties' cooperation activities and individual initiatives have been shared with civil society at annual Civil Society Forum meetings. On those occasions, the Parties also demonstrated their readiness to listen to civil society proposals for further discussions and cooperation. For example, further to civil society concerns, the Parties held a workshop in 2019 on collective bargaining in the context of technological changes in the world of work (Trade Impact, 2025). Canadian trade unions who provided written comments for this study, were very positive about the civil society engagement with the Parties in the Civil Society Forum. According to them, the EU-Canada CETA has been so far the only Canadian FTA providing a forum for a regular (annual) civil society dialogue with the Parties. Trade unions from the EU and Canada used these opportunities to discuss with the Parties diverse aspects related to workers' rights and, more broadly, FTA labour provisions, and provide ideas for measures to take. They referred in this context to gender equality, the need to address violence and harassment at workplaces and the importance of prohibiting imports of products made by forced labour or child labour.

Regular de-brief sessions have also been held with Chairs of the EU and Canadian DAGs, and Commission representatives have participated in EU DAG meetings in Brussels. The interviewed EU and Canadian DAG Members were very positive about engaging with like-minded Parties and discussing trade and labour-related aspects. However, they would appreciate even greater openness from the Parties to follow up on civil society's proposals (Trade Impact, 2025).

#### Canada-UK FTA

##### **Implementation of Labour Provisions**

The Parties have held meetings of the TSD Committee to discuss developments in areas covered by labour (and environmental) provisions. They exchanged information on their progress in ratifying ILO Conventions, including Convention No. 190 on violence and harassment in the workplace and preparatory work to ratifying Convention No. 155 on occupational safety and health. The Parties also informed each other about their support for the employment of women and older workers through initiatives related to work-life balance and training. They have also exchanged information on their approaches to eliminating forced labour from supply chains, protecting vulnerable workers, notably those employed in the gig economy, and engaging in cooperation activities and providing support to trading partners to help them comply with labour provisions in FTAs. Canada explained that these activities form part of its Indo-Pacific Strategy (Department for Business and Trade, 2022; 2023a).

### 3.5.3 Chile

#### A Summary Regarding Chilean FTAs

##### **Trade Effects**

The majority of the Chilean FTAs entered into force ten or more years ago, and over the last decade, over 90% of the Chilean international trade has been covered by preferential trade agreements, with the rate increasing from 92% in 2014 to 97.6% in 2024. The value of total trade in goods flows under the FTAs increased from USD 137.3 billion in 2014 to USD 176.9 billion in 2024. The value of Chilean goods exports covered by FTAs increased from USD 71.6 billion in 2014 to USD 96.2 billion in 2024, and the value of goods imports rose from USD 65.7 billion to USD 80.7 billion during the same period (Ministerio de Relaciones Exteriores Chile, 2015; 2025). In 2024, products of the mining industry (mainly copper) accounted for 58% of Chile's exports to FTA partners, industrial products (chemicals, furniture, machinery, equipment, and metal products) for 34% and forestry, fishery and agricultural products (salmon, other processed food, fruits, and wine) for the remaining 8%. In the 2024 imports from FTA partners, products of the mining industry accounted for 10%, industrial products for 89% and products of agriculture, forestry, and fisheries for 1%–2% (Ministerio de Relaciones Exteriores Chile, 2025).

Chilean exporting firms tend to offer better working conditions than firms which do not export. For example, in 2009, average wages in exporting firms were 46% higher than in non-exporting firms. This difference increased to 50% in 2023 (among women, the wage difference between exporting and non-exporting firms increased from 33% in 2009 to 43% in 2023). Factors contributing to this trend include a higher productivity of exporting firms, better market access and a resulting higher ability to generate income and profits, which in turn allows for higher expenditures, including on personnel. While the gender-based pay gap persists in exporting firms, it has been reduced from 32% in 2009 to 23% in 2023. Data limitations regarding profiles of jobs occupied by women, their education level and other characteristics do not allow for a more precise comparison with male workers to conclude about wage differences in similar job categories. The number of jobs in the Chilean exporting firms increased from 714,641 in 2009 to 930,000 in 2018, whereas the number of jobs occupied by men (some 600,000) has been around twice as high as the number of jobs occupied by women (ca. 300,000). The exporting firms have also offered their employees better working conditions in other aspects. For example, in 2023, 73% of employees in exporting firms had permanent job contracts, while in non-exporting firms this share was at 53% (Ministerio de Relaciones Exteriores, 2025a).

#### Chile-Canada FTA with Labour Cooperation Agreement

##### **Trade Effects**

Chilean exports to Canada increased in value from USD 235 million in 1997 (the year the FTA entered into force) to USD 1.4 billion in 2021, while imports from Canada to Chile rose from USD 283 million to USD 972 million during the same period (Global Affairs Canada, 2023e). A dedicated economic analysis suggests that bilateral trade between Canada and Chile has grown 13% faster with the FTA in place than it would have without it. Thanks to the offered preferences, the Agreement has created new trade flows, e.g. the share of Canadian exports to Chile representing new products that had not been traded before with Chile increased from 10% in 1992 to 58% in 2021, and Canadian imports from Chile in new products increased their share in imports from 10% in 1992 to 37% in 2021. Since the FTA entered into force, the number of Canadian product types exported to Chile has doubled,

from 848 to 1,178, while most of the new products are in the category where the FTA has reduced tariffs by more than 10 percentage points. This means that the Canadian enterprises have utilised new trade opportunities. Likewise, the number of Chilean product types exported to Canada increased from 455 to 922. While the largest group has been represented by products traded already before the FTA's entry into force as duty-free (i.e. there were factors other than tariff liberalisation which have encouraged trade in them), the second largest increase in the variety of traded products has occurred in the category where the FTA has reduced tariffs by more than 10 percentage points. Around 80% of Chilean exports eligible for tariff preferences in exports to Canada utilised the preferences in 2016–2020, and so did up to 75% of Canadian exports to Chile in the same period. The highest rates in preference utilisation on both sides were identified in simple food and agricultural products, such as dairy products, meat, cereals, oils, and fats. The SMEs represented 90% of Canadian enterprises exporting to Chile and were responsible for almost 50% of Canadian exports to Chile between 2005 and 2021 (Global Affairs Canada, 2022e; 2023e). Employment in Canadian firms exporting to Chile increased by 5% between 2015 and 2020, while the number of jobs occupied by women increased by 17% (62,000 jobs). Thanks to it, the women's share in employment in firms exporting to Chile rose from 25.3% in 2015 to 28.4% in 2020 (Global Affairs Canada, 2023e).

### Implementation of Labour Provisions<sup>160 161</sup>

#### Chile-Canada Agreement on Labour Cooperation (Accompanying an FTA)<sup>162</sup>

The Chile-Canada FTA has been accompanied by the Agreement on Labour Cooperation, which entered into force in 1997, jointly with the trade agreement. While there is no recent information available regarding the implementation of labour provisions, there is evidence that at least until 2010, the Parties held regular Ministerial Council meetings and conducted several labour-related cooperation activities. The latter included seminars dedicated to the exchange of information about legislation and practices in Canada and Chile in selected areas, such as occupational safety and health, freedom of association, the right to strike, and the right to collective bargaining, mediation in labour disputes, new forms of work and impacts on relations between workers and employers, social security systems and income security (pensions, social benefits, including unemployment benefits and family benefits, and compensations for accidents at work and work-related diseases), labour market policy, the situation of women in the labour market and reconciliation of professional career with family life, vocational training, child labour, digital delivery of public services to citizens, labour provisions in trade agreements, and labour-related aspects in SMEs. The seminars were held twice or more times each year, in venues alternating between Chile and Canada. Each seminar gathered representatives of the relevant governmental institutions from both countries, and (when appropriate) international organisations. It was followed by a public event on the same topic, involving, in addition to Government officials, representatives of the private sector, trade unions, NGOs and academia. Moreover, the programme included meetings with public sector institutions and non-governmental stakeholders relevant to the topic. This offered the visiting delegation

<sup>160</sup> Implementation of labour provisions of a few other agreements to which Chile is a Party is discussed in sections on regional agreements (CPTPP) and agreements focused on cooperation (Trans-Pacific Strategic Economic Partnership, Chile-Australia FTA, Chile-Indonesia FTA, Chile-China FTA and Chile-Peru FTA).

<sup>161</sup> Chile cooperates on labour-related aspects also with other trading partners. For example, in 2017, representatives of Panama visited Chile to discuss experiences regarding the work of labour inspection in the context of the employment of migrant workers. In 2021, Colombia and Chile prepared a report focusing, among others, on the eradication of child labour. Representatives of both countries also discussed the Colombian experience in labour-related conflict resolution. With the EU, Chile exchanged experience on employment policy, pension systems and vocational education and training, among others (SUBREI, 2022).

<sup>162</sup> According to information provided by Canada in responses to a questionnaire for this study, the last labour-related cooperation activities under the Agreement with Chile took place in 2015.

an opportunity to familiarise themselves with the practical implementation of the discussed topic in the hosting country. In a review of the Agreement's implementation conducted in 2002 (i.e. five years after it entered into force), both sides acknowledged that they had benefited from cooperation activities and considered them helpful. At the same time, the Parties concluded that bilateral cooperation would benefit from a more practical approach, e.g. study visits, or short-term posting of experts to the other country (Consejo Ministerial Canadá-Chile, 2002; ILO, 2013).

It is worth noting that the Agreement with Canada was the first of this type for Chile and marked the beginning of the approach to include labour provisions either in FTAs or accompanying documents. Moreover, in parallel with the negotiation and implementation of the Agreement with Canada, Chile was undergoing a process of labour reforms in which the national legislation was amended to align with the ILO fundamental Conventions, notably those related to freedom of association and the right to collective bargaining (Lazo Grandi, 2009). As part of this process, in the first three years after the Agreement with Canada entered into force, Chile ratified five ILO fundamental Conventions: No. 87 and No. 98 on the right to organise and collective bargaining, No. 105 on the abolition of forced labour and No. 138 and No. 182 on the elimination of child labour (ILO NORMLEX, no date).

In the first few years of the Agreement on Labour Cooperation's implementation, there were at least two occasions when the Governments of both Parties intervened to examine and settle labour-related complaints, even though the complainants had not used the formal submission mechanism. In a case where a Chile-based company that had produced doors and windows, and was owned by a Canadian investment fund, declared insolvency and ceased operations without paying compensation to workers, the Chilean Ministry of Labour intervened and reached an agreement with interested parties about the payment to workers. In another case, when the Canadian Government received a complaint about an alleged breach of labour rights in a Chilean mine owned by a Canadian investor, the Parties jointly examined the case. They concluded that the conflict had not been related to labour rights covered by the Agreement. In fact, the mine was an example of good industrial relations. Subsequently, the Chilean Government followed up on the case in the context of the domestic legislation (Consejo Ministerial Canadá-Chile, 2002).

### Chile-US FTA

#### **Implementation of Labour Provisions**

In the first year of the FTA implementation, the bilateral Labour Affairs Council held its meeting. It was accompanied by a public session, with the participation of trade unions, the private sector representatives, NGOs and other relevant organisations (Lazo Grandi, 2009). Chile has also pursued cooperation activities with the US. They took the form of seminars, study visits, and exchanges of information and best practice on occupational safety and health, risk management and working environment in mining, hours of work, wages, labour inspection, detecting trafficking in persons, labour justice system, labour law and CSR (ILO, 2017; USTR, 2016). Recent dialogues focused, inter alia, on support for women in the labour market and labour policy responses to the COVID-19 pandemic (USTR, 2021). The US has also provided funding for technical assistance projects in Chile focused on labour rights in the agricultural sector and combating child labour and forced labour (USTR, 2025). This included funding for the implementation of the National Child Labour Survey and the development of a child labour risk identification model to be applied in all regions of the country (USTR, 2020).

### 3.5.4 EFTA States<sup>163</sup>

#### Trade Effects

Since 2022, the EFTA Secretariat publishes an annual FTA Monitor (with the latest edition published in 2025), outlining values of imports and exports in trade in goods with their FTA partner countries, as well as the preference utilisation rates (PURs). Trade flows in relations with each partner country are analysed separately. The latest edition covers data since 2018 or since the FTA's entry into force, whichever occurred later. However, it does not compare trade values over a longer period (if the FTA was applied before 2018), nor does it compare them with the period preceding an FTA's entry into force. Hence, based on it, it is not possible to estimate the total impact of a trade agreement on trade flows with any FTA partner country. Moreover, in the latest edition, sectoral trade statistics are provided only for 2023; therefore, it is not possible to draw more general conclusions regarding sectors which may have gained over time (in terms of trade, output or jobs) thanks to a trade agreement in place. The report does not analyse other areas covered by trade agreements, such as services or investment. That said, based on its findings, some observations can be made regarding the effects of the FTAs on trade in goods and the use of preferences, including differences in PURs depending on the type of products.<sup>164</sup>

#### Implementation of Labour Provisions

Most trade agreements with labour provisions concluded by the EFTA States foresee a periodical review of their implementation by the Joint Committee, which oversees the application of the whole agreement.

#### EFTA-Indonesia Comprehensive Economic Partnership Agreement (CEPA)

In 2022, the first Joint Committee meeting with Indonesia was held. The EFTA States inquired about the revision and implementation of the Indonesian Omnibus Law on Job Creation, the ratification and implementation of the ILO Conventions and plans to combat child labour and protect rights of vulnerable groups in Indonesia, including smallholders and subsistence farmers. The Parties also discussed the sustainable management of the fisheries sector (EFTA, 2022a).

In response to a questionnaire for this study, the Government of Indonesia acknowledged that labour provisions in the Agreement with the EFTA States reinforce Indonesia's commitment to implement labour standards and provide a solid foundation for promoting decent work and sustainable development. Moreover, while the implementation of the Agreement and the formal review process of the TSD Chapter are still in their early stages, initial observations indicate that the implementation of labour provisions has proceeded smoothly, with no major conflicts reported. This reflects the constructive engagement and mutual understanding among the Parties. Indonesia remains committed to actively participating in future review processes through the Joint Committee to ensure the continued relevance and effectiveness of the labour provisions.

Indonesia also informed about the cooperation on labour with the EFTA States, notably with Switzerland. In 2019, Indonesia signed a Memorandum of Understanding (MoU) on Labour and Employment Issues with Switzerland. It focuses on labour market policies, labour laws (including international standards),

<sup>163</sup> At the time of writing this Study Report, the EFTA-Thailand FTA (signed in January 2025) and the EFTA-Malaysia FTA (signed in June 2025) have not entered into force yet. For this reason, these two agreements have not been analysed in this section.

<sup>164</sup> EFTA Secretariat, FTA Monitor: <https://www.efta.int/fta-toolbox/ftas-free-trade-agreements-monitor>

and labour relations (social dialogue). Activities under this MoU include dialogue, exchange of best practices, workshops, capacity-building projects, and joint studies. The Parties meet in the Trade and Sustainability Council. Its third meeting took place in 2024 and provided an opportunity to discuss trade and sustainable development, the role of the private sector in this context, labour-related issues, and sustainability-related projects in the textile sector, education, natural ingredients in food, and green infrastructure.

Cooperation with Switzerland also involves social partners coming together with the Parties in the Tripartite Dialogue on Labour and Employment. Its fourth meeting took place in 2024, and (according to the Government of Indonesia) marked a significant milestone in strengthening bilateral cooperation on emerging labour issues, such as the platform economy, artificial intelligence, demographic change, and just transition. Both countries, alongside employer and trade union representatives, reviewed the progress of the MoU and its 2023–2024 Implementation Roadmap, and discussed future priorities and strategic directions for more inclusive, resilient, and future-ready labour market policies.

Indonesia and Switzerland have also engaged in cooperation on vocational education and training, aiming to enhance Indonesia's industrial competitiveness, particularly in high-tech and low-carbon sectors. The initiative, which combines classroom instruction with industry-based training, has been developed by Indonesia's Industrial Human Resources Development Agency, part of the Ministry of Industry and Switzerland's State Secretariat for Economic Affairs. It has entered the second phase (2024–2027) following the success of its first phase. It aligns with Indonesia's broader industrial development goals and supports the internationalisation of its vocational education system. It also complements the Indonesia–EFTA CEPA by bolstering human capital development and facilitating knowledge transfer and capacity building as the key factors in maximising the benefits of trade and investment liberalisation under the Agreement.

#### EFTA-Philippines FTA

In 2023, the first Joint Committee meeting with the Philippines was held. The Parties discussed the TSD Chapter, including the ratification and implementation of international labour conventions, as well as the Philippines' domestic policies on child labour, gender equality and freedom of association. On the latter, the Philippines informed about the steps taken by the Government, including the finalisation of a tripartite roadmap and a decision to accept the ILO's high-level tripartite mission in January 2023. The Philippines also reiterated its commitment to the prevention and elimination of child labour (EFTA, 2023).

In responses to a questionnaire for this study, the Government of the Philippines acknowledged that the FTA provisions reinforce the country's commitment to international labour standards. Since the Agreement was concluded, the Philippines ratified three ILO Conventions, including No. 187 (Promotional Framework for Occupational Safety and Health Convention), No. 190 (Violence and Harassment Convention), and No. 81 (Labour Inspection Convention). This was accompanied by the adoption of new legislation and amendments in the existing laws, policies and regulations to align them with the ratified Conventions. The ratification of the ILO fundamental Convention No. 155 (Occupational Safety and Health Convention) is in progress. It will require a review and a revision of the domestic regulatory framework to achieve alignment with the Convention. The monitoring and enforcement of the labour law have also been strengthened, including through the use of international best practice and digital technologies, and extended to sectors that are expected to benefit or already benefit from trade agreements, such as agriculture, fishing, textiles, and other manufacturing. The Government

of the Philippines underlined that while it is generally satisfied with the monitoring and implementation of labour provisions and the dialogue with the EFTA States, there is still room for strengthening cooperation on labour issues. This could be achieved through the exchange of information and best practices, as well as expert consultations in areas of mutual interest.

The Government of the Philippines also informed about its long-standing cooperation with the EFTA States on labour-related aspects going beyond the TSD Chapter. This includes, for example, the 2001 Agreement with Norway on Transnational Cooperation in Recruiting Professionals from the Health Sector to Positions in Norway, and the 2002 Agreement with Switzerland on Exchange of Professionals and Technical Trainees.

#### EFTA Trade Agreements with Other Countries

The first Joint Committee meeting with Ecuador was held in 2021. The Parties discussed measures taken by the country to combat forced and child labour, promote gender equality and ensure inclusiveness in the labour market. The EFTA States also inquired about freedom of association in Ecuador, including tripartite consultations. In response, Ecuador informed about a planned reform of trade union recognition and cooperation with the ILO (EFTA, 2021). The next meeting of the Joint Committee is scheduled for 2025. It will provide an opportunity for the Parties to engage in a discussion about the TSD Chapter, including its labour provisions (EFTA, 2025a).

In 2022, the first Joint Committee meeting with Georgia took place. The Parties discussed their procedures related to tripartite consultations on labour issues, as well as policy frameworks and measures taken to address child labour and informal labour, promote gender equality and occupational safety and health, and ensure that labour inspections are conducted (EFTA, 2022).

In 2023, the first Joint Committee meeting under the modernised FTA with Türkiye took place, with a discussion including the TSD Chapter. The EFTA States inquired about the steps taken by Türkiye to eliminate child labour from agriculture and the textile sector, and to close the gender pay gap. Regarding freedom of association, they inquired about the steps taken to address violations of trade union rights, such as harassment and arbitrary arrest of trade union leaders, and repression against workers participating in protests and strikes. They also called on Türkiye to engage with the ILO on freedom of association cases brought to the ILO supervisory bodies. The discussion also included information provided by the EFTA States regarding their legislation on the right to strike and prohibition of anti-union discrimination, as well as pay gap and the ILO Convention No. 98 (EFTA, 2024; 2023a).

### **3.5.5 European Union<sup>165</sup>**

#### EU-Republic of Korea FTA<sup>166</sup>

##### **Trade Effects**

According to the latest trade statistics, since the FTA entered into force in 2011, trade in goods between the Parties has almost doubled, from EUR 67.5 billion in 2010 to EUR 123.8 billion in 2024.

<sup>165</sup> At the time of writing this Study Report, negotiations with Indonesia have been concluded, but the EU-Indonesia CEPA has not entered into force yet. Therefore, this agreement is not analysed in this section.

<sup>166</sup> Implementation of labour provisions in the EU-Korea FTA is discussed in section 3.7 on enforcement.

The EU's exports of goods to the Republic of Korea increased from EUR 28 billion in 2010 to EUR 55.7 billion in 2024, while imports of goods from Korea increased from EUR 39.5 billion in 2010 to EUR 68.1 billion in 2024. In a breakdown by sectors, bilateral trade in goods has been dominated by machinery, transport equipment, chemicals, and other manufactured products. The total trade in services between the Parties increased from EUR 12.2 billion in 2010 to EUR 30.8 billion in 2023. EU's exports in services increased from EUR 7.4 billion in 2010 to EUR 18.7 billion in 2023, and imports rose from EUR 4.8 billion in 2010 to EUR 12.1 billion in 2023. In a breakdown by sector, bilateral trade follows mostly in transport, business services, telecommunications and computer and information services. The value of EU investment stocks in the Republic of Korea increased from EUR 43 billion in 2014 to EUR 53.3 billion in 2023. Korea's investment stocks in the EU rose from EUR 17.9 billion in 2014 to 38.6 billion in 2023 (European Commission, 2018).<sup>167</sup>

According to the 2018 ex-post evaluation, the FTA has contributed to a 0.3% increase in GDP (EUR 4.9 billion) in the Republic of Korea and a 0.03% increase (EUR 4.4 billion) in the EU. It has also supported a real wage increase by 0.6% in Korea and by 0.04% in the EU (at the EU MS level, ranging from 0.02% in Spain, Portugal, Greece, Luxembourg, and Lithuania, to 0.4% in Croatia and Malta) (Civic Consulting; Ifo Institute, 2018).

#### EU-Japan Economic Partnership Agreement (EPA)

##### **Trade Effects**

According to the latest trade statistics, since the EPA entered into force in 2019, trade in goods between the Parties has increased from EUR 117.1 billion in 2018 to EUR 130.6 billion in 2024. The EU exports of goods to Japan increased from EUR 57.7 billion in 2018 to EUR 66.9 billion, and imports from Japan increased from EUR 59.4 billion to EUR 63.8 billion in the same period. The EU exports of goods to Japan are dominated by chemicals, motor vehicles, machinery, optical and medical instruments, and food and drink. Imports include primarily machinery, motor vehicles, chemicals, optical and medical instruments, and plastics. Trade in services increased from EUR 42.5 billion in 2018 to EUR 58.3 billion in 2023. EU exports in services to Japan increased from EUR 27.9 billion in 2018 to EUR 38 billion in 2023. Imports of services from Japan increased from EUR 14.6 billion to EUR 20.3 billion in the same period. EU FDI stocks in Japan declined from EUR 104.8 billion in 2018 to 86.6 billion in 2023, while Japanese FDI stocks in the EU increased from EUR 191.9 billion to EUR 212.5 billion (European Commission, 2020c).<sup>168</sup> The ex-post evaluation study has begun, but the analysis results have not yet been published.

##### **Implementation of Labour Provisions**

As part of implementing the TSD Chapter, the Parties held annual meetings of the TSD Committee. The officials interviewed for the ex-post evaluation study considered this engagement to be positive. Since the EPA entered into force, the Parties have progressed in ratifying the ILO Conventions and have exchanged information on this. For example, Japan ratified the ILO fundamental Convention No. 105 (elimination of forced labour) in 2022, and the EU MS have progressed in ratifying the ILO fundamental Conventions No. 155 and No. 187 (occupational safety and health) (EU-Japan TSD Committee, 2023;

<sup>167</sup> EU trade relations with the Republic of Korea: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/south-korea\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/south-korea_en)

<sup>168</sup> EU trade relations with Japan: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/japan\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/japan_en)

2024). The officials interviewed for the EPA's ex-post evaluation study acknowledged that these annual discussions had helped monitor progress towards ratification (notably regarding Japan's ratification of ILO Convention No. 105) and maintain the momentum of this process until its successful completion. Each Party has also continued to exercise the right to regulate and to adopt new laws and policy documents with a view to improving the levels of workers' protection. Subsequently, the Parties exchanged information about their respective progress in this area (EU-Japan TSD Committee, 2021; 2022; 2023; 2024). Moreover, the Parties exchanged information on their approaches to CSR and new initiatives in this area. The Parties also engaged with civil society representatives from the EU and Japan in annual Joint Dialogue meetings to discuss aspects covered by the TSD Chapter. This included debriefs after the TSD Committee meetings and updates on initiatives undertaken by each Party. In 2024, the sequence of the TSD meetings was changed, and the Joint Dialogue was held before the TSD Committee meeting to provide inputs for the discussion between the Parties. Annual meetings also provided a forum for civil society to deliver statements on the TSD Chapter, updates on the Domestic Advisory Groups' activities and presentations on topics of common interest falling within the scope of the TSD Chapter. As part of this, the state of play regarding Japan's ratification of the remaining ILO fundamental and other up-to-date Conventions has featured as a recurring agenda item, with discussions on progress achieved and the remaining challenges (Joint Dialogue with Civil Society, 2020; 2021; 2022; 2023; 2024). In 2025, civil society raised concerns about Japan's implementation of the ILO Convention No. 87 and the limitations in the exercise of the right to organise faced by civil service employees (Joint Dialogue with Civil Society, 2025).

## EU-Singapore FTA

### **Trade Effects**

According to the latest European Commission trade statistics, since the FTA entered into force in 2019, trade in goods between the Parties has declined from EUR 50.6 billion in 2018 to EUR 48 billion in 2024. The EU exports of goods to Singapore slightly declined from EUR 31.2 billion in 2018 to EUR 30.3 billion, while imports from Singapore also decreased from EUR 19.3 billion to EUR 17.8 billion in the same period. Trade between the EU and Singapore covered mainly machinery and appliances, chemicals, and optical and photographic instruments. Trade in services increased from EUR 52.9 billion in 2018 to EUR 80.6 billion in 2023. EU exports in services to Singapore increased from EUR 30.2 billion in 2018 to EUR 37.2 billion in 2023. Imports of services from Singapore increased from EUR 22.7 billion to EUR 43.4 billion in the same period. EU FDI stocks in Singapore increased from EUR 191.3 billion in 2018 to EUR 262.9 billion in 2023, while Singaporean FDI stocks in the EU increased from EUR 110.3 billion to EUR 313.5 billion (European Commission, 2021b).<sup>169</sup> The ex-post evaluation study has not yet been commissioned.

### **Implementation of Labour Provisions**

The Parties have held meetings of the Trade and Sustainable Development (TSD) Board in 2020, 2023, and 2025. They discussed measures taken to preserve jobs and support workers during the COVID-19 pandemic, and to ensure sustainable and resilient recovery afterwards. The Parties also exchanged information on their respective labour policies, such as the enhancement of protection for platform workers, and positive developments in the labour markets, such as an increasing employment

<sup>169</sup> EU trade relations with Singapore: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/singapore\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/singapore_en)

among women and older workers, and a reduction in the gender-based pay gap (EU-Singapore TSD Board, 2020). Further to the ILO 2022 decision to include occupational safety and health in the list of fundamental Conventions, the Parties discussed their policies and legislative frameworks in this area. The EU also provided information on progress made by the EU MS in ratifying the two related Conventions (No. 155 and No. 187). As these two conventions have already been ratified by Singapore, Singapore shared updates on its efforts to implement them, as well as on measures taken towards ratifying Conventions No. 87 (right to organise), No. 105 (elimination of forced labour) and No. 111 (discrimination in employment and occupation) (EU-Singapore TSD Board, 2023; 2025). In responses to a questionnaire for this study, Singapore considered the TSD Board meetings a shared platform for exchanging information on domestic legislation, policies, and best practices, and on the implementation of commitments enshrined in the Chapter.

Each TSD Board meeting was followed by a Public Stakeholders' Forum, where the Parties met with non-governmental stakeholders from the EU and Singapore to inform them of the outcomes of their discussions at the TSD Board and to exchange views on the implementation of the TSD Chapter. On those occasions, members of the EU and Singapore Domestic Advisory Groups (DAGs) delivered joint statements. In 2023,<sup>170</sup> they noted the steps taken by the Parties towards ratifying the ILO fundamental Conventions and encouraged them to ensure the sustainability of supply chains through due diligence and respect for ILO core labour standards. The EU and Singapore DAG members also held their joint meetings and participated in workshops. In responses to a questionnaire for this study, the Government of Singapore considered the practice of holding meetings between the Parties and civil society constructive and an opportunity for all stakeholders to exchange perspectives on forward-looking initiatives.

## EU-Viet Nam FTA

### **Trade Effects**

According to the latest trade statistics, since the FTA entered into force in 2020, trade in goods between the Parties has increased from EUR 45.5 billion in 2019 to EUR 67 billion in 2024. The EU exports of goods to Viet Nam increased from EUR 8.7 billion in 2020 to EUR 12.3 billion, while imports from Viet Nam increased from EUR 34.5 billion to EUR 54.8 billion in the same period. The EU's main exports to Viet Nam include chemicals, machinery and appliances, and transport equipment, while imports from Viet Nam include hats, footwear, textiles, machinery and appliances. Trade in services increased from EUR 7.4 billion in 2021 to EUR 8.5 billion in 2023. EU exports in services to Viet Nam declined from EUR 5.7 billion in 2021 to EUR 5.3 billion in 2023. Imports of services from Viet Nam increased from EUR 1.7 billion to EUR 3.2 billion (European Commission, 2021b; 2022a).<sup>171</sup> The ex-post evaluation study has not yet been commissioned.

### **Implementation of Labour Provisions**

The Parties held annual TSD Committee meetings since 2021 to review progress and outstanding labour-related issues in areas covered by the TSD Chapter. In the most recent meeting held in Brussels in January 2026, Viet Nam provided updates on the implementation of the ratified ILO fundamental

<sup>170</sup> EU and Singapore DAGs Joint Statement (2023): [https://www.eesc.europa.eu/sites/default/files/files/joint\\_statement\\_by\\_the\\_eu\\_and\\_singapore\\_dags\\_march\\_2023.pdf](https://www.eesc.europa.eu/sites/default/files/files/joint_statement_by_the_eu_and_singapore_dags_march_2023.pdf)

<sup>171</sup> EU trade relations with Viet Nam: [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/viet-nam\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/viet-nam_en)

Conventions No. 98 and No. 105, and on its ongoing studies and internal assessments related to the ratification of the Convention No. 87 on the right to organise. Viet Nam informed that the ratification is considered in the light of national circumstances, institutional arrangements and domestic legal order. Moreover, during this and preceding TSD Committee meetings, Viet Nam informed of the implementation of the 2019 Labour Code, the related training and the awareness raising campaign, and the Law on Trade Unions, including recent legislative amendments. Viet Nam also provided information on progress in the preparation and implementation of the related implementing regulations, recent developments in the collective bargaining and social dialogue, as well as outcomes of the Labour Code implementation review conducted in 2025 to inform further policy development. In addition, Viet Nam provided information on measures aimed to prevent and reduce child labour and explained institutional adjustments affecting labour inspection, following the restructuring of the government apparatus. During the meetings, the EU side reiterated the importance of the effective implementation of labour rights and swift progress on outstanding issues. It also offered its support for Viet Nam's efforts through dialogue and technical assistance, including under the Trade4Decent Work project and activities planned as part of the multi-annual financial framework (EU-Viet Nam TSD Committee, 2021; 2022; 2022a; 2023 and information provided by the Government of Viet Nam).

Further to the ILO 2022 decision on adding Conventions No. 155 and No. 187 (occupational safety and health) to the ILO core labour standards, the EU side reiterated its commitment to make sustained and continuous efforts towards the ratification of these Conventions by EU MS who have not done it yet (Viet Nam has already ratified these two Conventions) and upon Viet Nam's request provided updates on progress made in this area (EU-Viet Nam TSD Committee, 2024 and information provided by the Government of Viet Nam).

The EU provided, moreover, updates on progress in the adoption and preparation for the implementation of the Forced Labour Regulation and the Corporate Sustainability Due Diligence Directive, explaining their scope, approaches to implementation and the related timelines (EU-Viet Nam TSD Committee, 2021; 2022; 2022a; 2023 and information provided by the Government of Viet Nam).

The TSD Committee meetings were followed by the Joint Forum, between the Domestic Advisory Groups of Viet Nam and the EU, during which the Parties shared outcomes of the Committee discussions and engaged in an exchange of views with stakeholders on the implementation of the TSD Chapter. It also offered the the EU and Viet Nam DAG Members an opportunity to provide recommendations to the Parties on steps to take).<sup>172</sup>

### 3.5.6 New Zealand<sup>173</sup>

#### Trade Effects

New Zealand's comprehensive trade agreements with labour provisions, such as those with the EU and the UK, are relatively new, and there is no evaluation of their impacts on trade flows between the Parties. Regarding the CPTPP, to which New Zealand is a Party, the analysis of its effects on trade is provided in the regional agreements section.

<sup>172</sup> For example, in 2023, the EU DAG urged the EU MS and Viet Nam to ratify the outstanding ILO fundamental Conventions (EU MS No. 155 and No. 187, and Viet Nam No. 87). See EU DAG for EU-Viet Nam FTA Statement (2023): [https://www.eesc.europa.eu/sites/default/files/files/eu-vn\\_dag\\_-\\_3rd\\_dag-to-dag\\_meeting\\_2023\\_-\\_eu\\_dag\\_statement\\_final.pdf](https://www.eesc.europa.eu/sites/default/files/files/eu-vn_dag_-_3rd_dag-to-dag_meeting_2023_-_eu_dag_statement_final.pdf)

<sup>173</sup> Feedback regarding the implementation of New Zealand's agreements with Malaysia, the Philippines and Thailand is provided in the section dedicated to trade agreements focused on cooperation.

## Implementation of Labour Provisions

### New Zealand-UK FTA

The first meeting of the Labour Sub-Committee under the New Zealand-UK FTA was held in 2024. The Parties exchanged information about their situation and progress achieved in the ratification of the ILO fundamental and other up-to-date Conventions. Moreover, they discussed ongoing legislative work regarding the regulation of holidays and holiday pay, labour market participation, occupational safety and health, as well as minimum wage and the national living wage (the latter in the UK).

The Parties also presented their approaches to tackling modern slavery in supply chains and options for collaboration on labour-related aspects, with New Zealand suggesting topics such as holiday regulations and occupational safety and health (Department for Business and Trade, 2024a).

### New Zealand-EU-FTA

The first meeting of the TSD Committee under the EU-New Zealand FTA was held in 2025. The Parties exchanged information about their situation and advancements regarding the ratification of ILO fundamental Conventions, including New Zealand's roadmaps towards the ratifications of ILO fundamental Conventions No. 87 on the right to organise and No. 138 on minimum age for admission to employment. They also discussed an amendment to the FTA to include a reference to occupational safety and health as one of the ILO core labour standards following the ILO 2022 decision on this matter. Moreover, the Parties exchanged updates regarding their legislative and policy initiatives related to labour and discussed possible areas for future cooperation, such as occupational safety and health, paid leave and skills development. The first discussion between their technical experts, held in 2025, focused on workplace safety, critical risks, and promoting compliance, notably among SMEs (EU-New Zealand TSD Committee, 2025).

## 3.5.7 United States<sup>174</sup>

### Trade Effects

The evaluation of the US trade agreements concluded since 1984 published in 2021 by the US International Trade Commission confirmed that they had contributed to increased trade flows between the Parties, and generated positive economic and social effects, such as growth in GDP, employment, real income and wages. The exact effects, however, varied by agreement, sector, and group of workers, highlighting gains in areas where the US or the respective trading partner had a competitive advantage. The model used in the evaluation estimates that, in total, the US FTAs have contributed to a 0.5% increase in US GDP (USD 88.8 billion) and to the addition of 485,000 jobs to the US economy (equivalent to a 0.3% increase in US employment). Of these, 190,000 jobs were for college-educated men, 150,000 for college-educated women, 110,000 for men with completed secondary education, and 36,000 for women with secondary education. Wages have increased by 0.3%. In a breakdown by broad sectors, the highest job creation occurred in the services sectors, followed by light manufacturing and livestock farms. In these sectors, the model also estimated the relatively highest wage increases, confirming a growing demand for labour.

<sup>174</sup> IPEF is discussed under the regional trade agreements; the US-Chile FTA under the Chilean trade agreements; and the US-Australia FTA under the Australian FTAs. The US-Central America-DR FTA and the USMCA are analysed in the section on enforcement of labour provisions.

US exports increased by 1.6% (USD 37.4 billion), and imports increased by 3.4% (USD 95.2 billion) (US International Trade Commission, 2021).

## **Implementation of Labour Provisions**

### US-Singapore FTA

The US reports on the implementation of the Agreement mention that the US worked with Singapore on labour-related aspects; however, no further details are provided (USTR, 2018; 2022; 2025).

### US-Colombia Trade Promotion Agreement (CTPA)

In 2013, the Parties held the first meeting of the Labour Affairs Council established by the FTA to review the implementation of labour provisions and commitments under the Action Plan Related to Labour Rights agreed by the US and Colombia as a pre-ratification measure linked to the FTA. The Parties also discussed cooperation and capacity building in areas such as social dialogue, high-quality jobs, and labour inspections. The meeting was followed by a public session (USTR, 2013c).

In 2016, a progress report was published to review the state of implementation of the Action Plan Related to Labour Rights. Accordingly, between 2011 and 2016, Colombia made meaningful progress across the areas covered by the Action Plan. For example, violence against trade unionists has decreased, and since 2011, 150,000 workers have joined trade unions. However, the threats have not disappeared entirely. While the rate of trade union members' murders has dropped (from an average of 100 annually in 2001–2010 to 18 in 2015), 589 trade union members had to be covered by a special protection programme, and others have been receiving threats through diverse communication channels. At the same time, a dedicated team of 22 prosecutors and 80 judicial police investigators worked on cases of crimes against trade union members. The Ministry of Labour has also taken steps to enhance enforcement capacity by increasing the number of labour inspectors' posts from 424 to 904. At the time the report was published, 837 of those posts were filled. Moreover, following the enactment of new legal provisions banning the use of cooperatives to undermine workers' rights, the number of such cooperatives has declined, and workers have moved to other forms of employment. For example, in the sugar sector, 90% of sugar cane cutters who previously had worked in unlawful cooperatives joined trade unions and negotiated collective bargaining agreements with subsidiaries of main sugar processing companies. Trade unions were able to negotiate wages and other working conditions on their behalf. In the palm oil sector, 410 previously subcontracted workers have received direct employment contracts through a tripartite formalisation arrangement, i.e. an agreement through which the fines imposed on the employer are reduced, provided the previously subcontracted workers receive direct employment contracts. There were also inspections in the priority sectors (palm oil, sugar, mines, ports, and flowers); however, there were concerns that, instead of issuing fines, inspectors in some cases only inform employers of their obligations. Moreover, while the number of unlawful cooperatives had declined, employers have begun using other forms of subcontracting, which has forced the Ministry of Labour to issue regulations prohibiting them. To support the implementation of the Action Plan, the US Government has provided funding to several assistance projects (USTR, 2016a).

### US-Bahrain FTA

As part of the FTA implementation, since 2015, the US Government continued discussions with the Government of Bahrain on issues raised in the 2011 submission and 2013 request for Government consultations (see section 3.7 on enforcement of labour provisions), including non-discrimination at work and freedom of association (compliance with labour law on anti-union practices, potential amendments to the labour law to ensure alignment with international labour standards, collective bargaining, support for regular tripartite dialogue, addressing concerns on visa denials that prevented Bahraini and international labour stakeholders from participating in labour conferences, training and panels organised in Bahrain and abroad, and improving Bahrain's capacity to respond to cases of employment discrimination). Bilateral dialogue took place in different formats, including at the FTA Joint Committee meetings (USTR, 2016; 2017b; 2018; 2020; 2021; 2025). In 2017, the US urged the Bahraini Government to fulfil its commitment to establish within the Ministry of Labour a unit tasked with ensuring that employers comply with the non-discrimination law. Also, in 2017, Bahrain launched a Flexible Work Permit programme designed to help out-of-status migrant workers obtain legal residency. The new programme no longer linked them to a single employer. During the first year and a half, the programme was used by 13,000 workers (USTR, 2019).

### US-Oman FTA

As a result of the process preceding the FTA's entry into force, Oman implemented labour reforms in 2006 that allowed the establishment and operation of trade unions. In 2010, the General Federation of Oman Trade Unions (currently, the General Federation of Oman Workers) held its inaugural conference. By 2020, 270 enterprise-level unions have been established, as well as sectoral sub-federations, including in oil, gas, and manufacturing. Oman has also taken steps to eliminate child labour and forced labour, e.g. through awareness-raising campaigns on trafficking in persons, the adoption of the *Trafficking in Persons National Action Plan 2021–2023*, and the creation of dedicated anti-trafficking in persons offices within the Oman Royal Police, the Ministry of Foreign Affairs, and the Ministry of Labour (USTR, 2025; 2022; 2023).

In 2012, the first meeting of the Sub-Committee on Labour Affairs under the FTA was held. The Parties discussed the dispute settlement mechanism applicable to labour provisions and areas of future labour cooperation (USTR, 2013b). In 2014, Oman agreed with the ILO to extend the Decent Work Country Programme to 2016 to support social dialogue and labour dispute resolution, improve the operation of labour inspection, and strengthen technical and vocational training programmes (USTR, 2015). In 2017, they agreed to develop and implement a new Decent Work Country Programme, with international labour standards and labour governance as one of the three priority areas (the remaining two being social protection, as well as employment generation, skills development and entrepreneurship) (USTR, 2018).

### US-Jordan FTA

Under the US-Jordan FTA, which entered into force in 2001, the Parties have been made aware of concerns regarding working conditions in garment factories in Jordan, sexual harassment in the workplace, gender discrimination, and poor living conditions offered to foreign workers employed in this sector. In response, the Parties developed the Implementation Plan Related to Working and Living Conditions of Workers in Jordan, which has subsequently been implemented since 2013. In the Plan, Jordan committed to issuing documents clarifying specific provisions of its labour law, providing guidance facilitating trade union access to foreign workers, training Labour Ministry officials, especially labour

inspectors, extending the coverage of the ILO Better Work Programme and improving its monitoring procedures, preparing information materials and providing training to workers and employers on their rights and obligations under specific labour law provisions, including anti-union discrimination, sexual harassment and gender discrimination.<sup>175</sup> Also, in 2013, Jordan and the US signed an MoU on strengthening the institutional capacity of labour law enforcement agencies in Jordan (USTR, 2014a).

In 2014, the Parties held a meeting of the Subcommittee on Labour Affairs under the FTA to review progress in implementing the Plan and discuss labour cooperation activities under the MoU. It was followed by a public session and a roundtable discussion involving trade unions, business representatives (garment factory owners), international buyers (clothing brands) and the ILO Better Work Programme, which monitors compliance with labour standards in over 90% of Jordanian garment factories. Moreover, the US provided funding for two assistance projects aimed at prevention, identification and elimination of child labour. One of the projects supported the preparation and conducting of a child labour survey, training officials, raising awareness of child labour and referring children at risk and their families to social services and educational institutions (USTR, 2015; 2017b). In 2015, assistance was extended to cover children of Syrian refugees (USTR, 2016). In the same year, the Jordanian Government recruited 66 new labour inspectors and arranged training for them on international labour standards. In 2016, the US Department of Labour removed Jordanian garments from the List of Goods Produced with Child Labour or Forced Labour, as there had been a substantial decline in the incidence of forced labour in the sector (USTR, 2017b). In 2017, following the Implementation Plan and a decision by the Jordanian Government, inspections began in garment workers' dormitories to ensure they had decent living conditions. The Jordanian Government also assigned 12 of its 200 labour inspectors to conduct inspections at garment factories and worked with the Better Work Programme to ensure that factory-level audits were publicly available in 2017. It also received funding from the US to strengthen the mediation capacity in labour disputes and collective bargaining (USTR, 2018; 2019). As part of the Implementation Plan, in 2019, Jordan issued a directive to combat sexual harassment and abuse in the workplace. It also adopted amendments to the Labour Law, which made gender-based wage discrimination illegal, and introduced parental leave and flexible work time arrangements to increase women's participation in the labour market (USTR, 2020). In 2020, the Better Work Programme supported the conclusion of a new collective bargaining agreement in the garment sector and the creation of a migrant liaison, enabling the garment trade union to reach out to migrant workers, who represent 75% of the sector's workforce. The Better Work Programme also agreed with the Jordanian Ministry of Labour to establish a dedicated unit within the labour inspectorate to promote international labour standards and best inspection practices (USTR, 2021).

In 2022, the US and Jordan held the third meeting of the Subcommittee on Labour Affairs under the US-Jordan FTA to review the implementation of labour provisions and discuss areas of cooperation and technical assistance, including capacity building. The meeting was followed by a public session with stakeholders and a roundtable discussion with trade unions, business representatives, and other civil society organisations on women's economic empowerment and on supporting workers through awareness-raising of their rights and enabling them to join trade unions (USTR, 2023).

<sup>175</sup> Implementation Plan Related to Working and Living Conditions of Workers in Jordan: [https://ustr.gov/sites/default/files/files/agreements/Jordan/Jordan%20IMPLEMENTATION%20PLAN%20\(2013\).pdf](https://ustr.gov/sites/default/files/files/agreements/Jordan/Jordan%20IMPLEMENTATION%20PLAN%20(2013).pdf)

### 3.5.8 Regional Trade Agreements<sup>176</sup>

#### CPTPP

##### **Trade Effects**

At the time of writing, no comprehensive up-to-date trade statistics were publicly available regarding changes in trade flows between the CPTPP Parties since the Agreement's entry into force. There was only partial data. For example, Canada's total trade in goods with the Asia-Pacific countries, Parties to the CPTPP (Australia, Brunei Darussalam, Japan, Malaysia, New Zealand, Singapore, and Viet Nam) increased by 38% (from CAD 48 billion in 2018 to CAD 66 billion in 2023). In the preceding years, it increased by 26%, from CAD 38 billion in 2014 to CAD 48 billion in 2018. It means that its growth was more dynamic since the Agreement's entry into force, despite a temporary decline in 2020 due to the COVID-19 pandemic. Trade with Viet Nam demonstrated the highest growth (by 78%), from CAD 7.9 billion in 2019 to CAD 14 billion in 2023. Exports from Viet Nam to Canada increased by 90% during the same period. In a breakdown by product categories, exports of the Asia-Pacific CPTPP partners to Canada primarily included electrical equipment, electronics, vehicles, and machinery. In the first category, Viet Nam became the main exporter, with its exports to Canada increasing from CAD 1.9 billion in 2019 to CAD 4.7 billion in 2023, with smartphones accounting for a large share in this group. In vehicles, Japan ranked first (with exports to Canada increasing from CAD 4.6 billion in 2019 to CAD 6.9 billion in 2023), while exports of electric vehicles from Viet Nam also increased. In rubber articles (the fifth most important product category), tyres from Japan (CAD 495 million in 2023) and rubber gloves from Malaysia (CAD 120 million in 2023) held significant shares in exports to Canada. In trade in services, exports from Malaysia to Canada increased by 6.7% between 2019 and 2022, from Singapore by 9.7% and from Viet Nam by 6.4% (Asia Pacific Foundation of Canada, 2024). Canadian SMEs increased their dutiable exports to other CPTPP countries by 12.3% (CAD 241 million) in the first year of the Agreement's implementation. The analysis also revealed that Canadian firms with fast-growing exports to the CPTPP markets had increased their employment by 135,000 jobs (23.8%) in the first year of the Agreement's implementation. Female employment increased by 23,000 (Global Affairs Canada, 2023c). Investment flows between Canada and Asia-Pacific CPTPP partners have also increased, with inward investment growing from CAD 34 billion in 2014–2018 to CAD 52 billion in 2019–2023 (an increase of 54%). Japan and Malaysia invested in LNG projects, Australia in the mining sector and a potash project, and Singapore in hotels and real estate in Canada. Outward investment in the CPTPP partners increased only slightly, from CAD 48 billion in 2014–2018 to CAD 49 billion in 2019–2023 (Asia Pacific Foundation of Canada, 2024a).

In 2025, the Australian Department of Foreign Affairs and Trade (DFAT) conducted a Post Implementation Review of the CPTPP in Australia, in accordance with the Australian Government's Guide to Regulation. The Review found that the CPTPP had met its objective of expanding economic opportunities for Australian businesses with CPTPP members and creating greater choice for Australian consumers in the five years after the Agreement's entry into force. It also noted high utilisation by Australia's businesses of new trade opportunities, particularly in relations with countries with whom Australia had not had any FTAs before and in areas where the Agreement had reduced tariffs. For example, this applied to barley, other cereals, meat, and wine exports to Mexico, dairy product exports to Canada, beef and

<sup>176</sup> At the time of writing this Study Report, no information has been available yet regarding the implementation of the Second Protocol Amending the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area, since it entered into force only in April 2025. For this reason, that agreement is not analysed in this section.

dairy products exports to Japan, wine exports to Malaysia, and wine, steel, and iron exports to Viet Nam. The average annual value of Australian exports (goods and services) to the CPTPP countries in the five years after the CPTPP's entry into force (2019–2023) was 54.6% higher than in the period 2014–2018 (exports in goods only were 68.8% higher), and the average annual value of imports increased by 16.6%. Australian exports of goods have also increased significantly when trade relations with individual CPTPP members are considered; e.g. average annual exports to Viet Nam increased by 141%, to Singapore by 104%, to Malaysia by 61%, to Mexico by 31.2%, and to Canada by 45.7%. Exports to other CPTPP countries have also increased. The value of investment has also increased and, in some cases, doubled (e.g. Canadian investments in Australia). However, since the evaluation has not used the economic model to isolate the CPTPP effects, some of the impacts identified from trade and investment statistics may be attributable to other factors (DFAT, 2025).

An analysis conducted for New Zealand demonstrates that its bilateral trade with the CPTPP Parties increased from NZD 51 billion in 2019 to NZD 60 billion in 2022, despite a deep decline during the COVID-19 pandemic. The most significant change in trade flows has been estimated in relations with Mexico, a country with which New Zealand had no trade agreement before the CPTPP. Accordingly, New Zealand's exports to Mexico increased by 54.5%, and imports from Mexico by 17.9%. The main product groups exported by New Zealand to other CPTPP countries include dairy products, meat, beverages, fruits, and food preparations, as well as mechanical machinery, aluminium, wood and mineral fuels, and oils. Moreover, the data show that in the first year of CPTPP implementation, 3,000 New Zealand firms exported goods to other CPTPP countries. These firms represented 80% of all New Zealand firms exporting goods in 2020 and employed 530,000 persons in New Zealand (SMEs accounted for 66% of them, mid-sized firms for 25% and large firms for 9%). Between 2018 and 2020, female employment in firms exporting to CPTPP countries increased by 14% (30,000 jobs). However, since some employment changes occurred before the CPTPP entered into force, they may reflect a broader trend in New Zealand's labour market and economy, rather than being solely a CPTPP effect (MFAT, 2023b).

Moreover, an analysis is available that examines changes in trade flows between the CPTPP countries from 2018 to 2021, i.e. during the first few years of the Agreement's operation. Accordingly, the overall trade between the CPTPP countries increased by 5.5%. Trade between the CPTPP countries that had not had any FTA before the CPTPP, increased by 13.2%, and trade between these countries in areas where the CPTPP reduced tariffs increased by 16.8%. For comparison, trade between the CPTPP Parties and third countries increased in the same period by 7.4% and trade between the CPTPP countries, which have already had another FTA between them before the CPTPP, increased by 3.7%. These results should be interpreted with caution, given that during the analysed period, the Agreement had not yet entered into force for Malaysia, Chile, and Brunei Darussalam, and therefore, they were unable to benefit from its provisions. Also, the analysed years overlap with the period of the COVID-19 pandemic, which may have had an impact on the trade dynamic between the Parties (Global Affairs Canada, 2023d).

### Implementation of Labour Provisions

Article 19.12 of the Agreement establishes the Labour Council, composed of senior governmental representatives from the Parties. It provides for the Council to meet within the first year of the CPTPP's application and every two years thereafter unless the Parties decide otherwise, to oversee the implementation of the Labour Chapter, agree upon and review the work programme, determine the cooperation principles, and discuss other matters. Indeed, the Council held meetings in 2019, 2021, 2023, and 2025.

Since the first meeting in 2019, the Parties have exchanged information on measures taken to implement their commitments under the CPTPP Labour Chapter, as well as on other domestic labour reforms, cooperation activities, and capacity building (CPTPP Labour Council, 2019). While no further details about those exchanges and the steps taken by the Parties have been provided in the meeting reports, other sources and information shared in responses to questionnaires for this study provide some insights. For example, Australia considers discussions in the CPTPP Labour Council as an important source of information about the implementation of CPTPP labour provisions by partner countries, legislative and policy developments in their jurisdictions, their progress in the ratification of the ILO Conventions, including the recently added fundamental ones on occupational safety and health, and proposals for cooperation activities. Canada and Singapore have expressed a similar view. Moreover, Canada underlined the importance of the Labour Council meetings for the implementation of the CPTPP labour provisions, cooperation activities and best practice sharing.

The CPTPP countries also appreciate the CPTPP labour provisions and related documents, as helpful in steering their domestic labour reforms. For example, the Malaysian Government acknowledged that the Labour Consistency Plan, agreed upon with the US, even though non-binding following the US withdrawal from the TPP/CPTPP, had been helpful as guidance in Malaysia's labour reforms, particularly in guiding legislative changes.

Accordingly, to align its legislation with the ILO fundamental Conventions No. 138 and No. 182 on the elimination of child labour, in 2019, Malaysia adopted the Children and Young Persons (Employment) (Amendment) Act, which includes a list of hazardous activities prohibited for persons under 18 years of age. The same Act also established 13 years as the minimum age of admission to light work (CEACR, 2022). Malaysia has also ratified the 2014 Protocol to ILO Convention No. 29 (the elimination of forced labour, including human trafficking) (CEACR, 2022).<sup>177</sup> Moreover, regarding freedom of association, Malaysia introduced amendments to the Industrial Relations Act in 2019, Employment Act in 2021 and Trade Union Act in 2024, removing some restrictions on trade union establishment, registration and membership (Ng Jap Hwa, 2023; Allen and Gledhill, 2021; Rahmat Lim and Partners, 2023).<sup>178</sup> According to information provided by Malaysian employers in responses to a questionnaire for this study, the reforms continued, and in September 2024, the Government enforced the amendments to the Industrial Relations Regulations 2024 and the Trade Union Regulations 2024. Working on those changes, Malaysia has cooperated with the ILO under the 2016–2026 Support for Labour Law and Industrial Relations Reform Project<sup>179</sup> financed by the US Department of Labor, with a budget of USD 5 million for the whole period<sup>180</sup> (Yang, 2020). Malaysia has also benefited from Canadian assistance provided under the CPTPP (CAD 800,000) to tackle child labour and forced labour, particularly in the electrical and electronics sector and to strengthen freedom of association and the effective application of the right to collective bargaining (Global Affairs Canada, 2023c).<sup>181</sup> In responses

<sup>177</sup> In 2015 and 2021, Malaysia amended the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act (2007). Moreover, Malaysia adopted the National Action Plan on Forced Labour (2021–2025) and the National Action Plan on Trafficking in Persons (2021–2025) (information provided by Malaysian employers).

<sup>178</sup> According to information provided by Malaysian trade unions in responses to a questionnaire for this study, the Government has consulted social partners on those legislative changes.

<sup>179</sup> ILO. Support for Labour Law and Industrial Relations Reform Project (2016–2026): <https://www.ilo.org/projects-and-partnerships/projects/support-labour-law-and-industrial-relations-reform-malaysia>

<sup>180</sup> US Department of Labor. Support for Labour Law and Industrial Relations Reform Project (2016–2026): <https://www.dol.gov/agencies/ilab/support-labor-law-and-industrial-relations-reform-malaysia>

<sup>181</sup> Advancing Fundamental Principles and Rights at Work on Forced Labour and Child Labour in Malaysia (Electrical and Electronics Sector): <https://www.ilo.org/projects-and-partnerships/projects/advancing-fundamental-principles-and-rights-work-forced-labour-and-child>

to a questionnaire for this study, Canada informed that this project had supported Malaysian legislative reforms, such as the preparation and adoption of the amendment to the Trade Union Act in 2024. As part of the project, 39 trade union representatives were also trained in collective bargaining and wage setting negotiations, enhancing their negotiation skills and understanding of labour rights. Moreover, following the 2022 amendment of the Occupational Safety and Health Act, Malaysia ratified the ILO fundamental Convention No. 155 (Occupational Safety and Health). The Government has also consulted social partners on a possible ratification of the ILO fundamental Convention No. 111 (Discrimination, Occupation and Employment) and Convention No. 190 (Violence and Harassment) (information provided by Malaysian employers).

Brunei Darussalam has also undertaken labour reforms to meet the commitments under the CPTPP. They were informed by the Labour Contingency Plan agreed upon with the US, although the Plan itself was not binding. It included sections related to the freedom of association, the elimination of forced and child labour, discrimination and acceptable working conditions.<sup>182</sup> For example, the Plan requested an amendment to the Employment Order to include a list of hazardous occupations prohibited for persons under 18 years of age. Subsequently, Brunei Darussalam informed the ILO Committee of Experts about the start of consultations to prepare such a list (CEACR, 2021).<sup>183</sup> Brunei Darussalam has also ratified the ILO fundamental Convention No. 29 on the elimination of forced labour.<sup>184</sup> The country was also requested to introduce a legal framework for a minimum wage for workers in the private sector. Accordingly, in 2023, the Government of Brunei Darussalam introduced the Employment (Minimum Wage) Order to regulate minimum wages in identified industries, which, in the first phase of the implementation, include information and communication technology and banking and finance (MPEC and Department of Labour, 2023). Moreover, the Labour Consistency Plan requested changes to the Employment Order to prohibit discrimination on various grounds and amendments to the Trade Unions Act to ensure that workers can bargain collectively and enjoy freedom of association free from interference. Other changes should focus on lifting restrictions on affiliation with international trade unions and the election of workers' representatives. In 2015, the Trade Unions Act was amended to prohibit employers from interfering in trade union membership and activities. Other changes were related to the requirements which trade union officers needed to meet.<sup>185</sup> In the following years, exceeding the requirements of the Action Plan, Brunei Darussalam ratified two ILO fundamental Conventions, No. 187 on occupational safety and health in 2024 and No. 100 on equal pay for work of equal value in 2025 (ILO, NORMLEX, no date).

Viet Nam has also undertaken major reforms to meet its commitments under the CPTPP and the EU-Viet Nam FTA. For example, it ratified the ILO fundamental Convention No. 98 in 2019, which had been preceded by broad consultations with Members of the National Assembly, employers, workers, and other stakeholders (ILO, 2019).<sup>186</sup> Moreover, in the same year, the approval of a revised Labour Code followed, also preceded by consultations (ILO, 2019a). In 2020, a series of technical meetings and consultations was organised before the ratification of the ILO Convention No. 105, which took place in July 2020 following a vote in the National Assembly in June (ILO, 2020; 2020a).

<sup>182</sup> Brunei Darussalam - United States Labour Consistency Plan (2015): <https://ustr.gov/sites/default/files/TPP-Final-Text-Labour-US-BN-Labor-Consistency-Plan.pdf>

<sup>183</sup> The following report to the Committee of Experts was due in 2024. However, it has not been submitted yet.

<sup>184</sup> ILO NORMLEX: [https://normlex.ilo.org/dyn/normlex/en/f?p=1000:11100:0::NO:11100:P11100\\_COUNTRY\\_ID:103308](https://normlex.ilo.org/dyn/normlex/en/f?p=1000:11100:0::NO:11100:P11100_COUNTRY_ID:103308)

<sup>185</sup> Trade Unions Act (Amendment) 2015: [https://www.agc.gov.bn/AGC%20Images/LAWS/Gazette\\_PDF/2015/EN/S051.pdf](https://www.agc.gov.bn/AGC%20Images/LAWS/Gazette_PDF/2015/EN/S051.pdf)

<sup>186</sup> The ratification vote in the Vietnamese National Assembly took place in June 2019 (ILO, 2019b). It was followed by a deposit of the instrument of ratification at the ILO in July 2019 (ILO, 2019c).

In 2021, the work on the accession to the ILO fundamental Convention No. 87 was launched (VNTR, 2023). In 2024, Viet Nam adopted the revised Law on Trade Unions, with further amendments introduced in 2025, with a view to strengthening the legal framework governing trade union organisation and operation. The revised Law aims to enhance the trade unions' role and representativeness, improve the legal basis for social dialogue and collective bargaining and ensure greater consistency with the Labour Code and Viet Nam's international commitments (information provided by the Government of Viet Nam). The commitment of the Viet Nam Government towards the ILO core labour standards was subsequently reiterated by the signature of an MoU (2021–2030) with the ILO<sup>187</sup> to work together to promote the ratification and implementation of international labour standards, raise awareness thereof, strengthen the capacity of national institutions and stakeholders, prepare the reporting to the ILO monitoring bodies and further improve the Vietnamese legislation (ILO, 2021). The ILO has also prepared an analysis of the Vietnamese policy and legislation related to other ILO conventions (ILO, 2021a). In its efforts to meet CPTPP commitments, Viet Nam has benefited from bilateral assistance. For example, Canada funded a CAD 1.5 million project to facilitate the implementation of the industrial relations reform, promote social dialogue and collective bargaining, and operationalise the 2019 Labour Code, including its provisions on freedom of association (Global Affairs Canada, 2023c). In responses to a questionnaire for this study, Canada informed that the project results also included the development of a database on Industrial Relations for monitoring, analysing and forecasting industrial relations trends. The database contributed to the development of industrial relations reports. In addition, the project piloted collective bargaining conducted under new Regulations in selected enterprises. With technical support from the ILO team, a multi-employer collective bargaining agreement was signed in December 2023. Moreover, between 2016 and 2022, Australia (DFAT) provided AUD 10.7 million to support the ILO's Better Work Programme in several priority countries, including Viet Nam. In 2024, DFAT announced an additional AUD 3 million to improve working conditions in the garment industry across South and Southeast Asia, including Viet Nam. According to Australia, the support has delivered tangible labour outcomes, particularly in advancing gender equality, strengthening national labour institutions, and promoting inclusive workplace practices.

During the second meeting of the CPTPP Labour Council in 2021, the Parties agreed upon the priority areas for cooperation, as follows 1) responding to the changing nature of work and employment, 2) promoting occupational safety and health, 3) promoting gender equality, and 4) promoting ethical and sustainable supply chains (CPTPP Labour Council, 2021). While no further information about the cooperation activities has been shared in the publicly available documents, some details have been provided in responses to questionnaires for this study. For example, Malaysia and Canada informed about a knowledge-sharing session on occupational safety and health organised by New Zealand in December 2024. It provided an opportunity to learn the best OSH practices from the CPTPP members (the UK, Australia, Singapore, and New Zealand). Australia informed about the information sharing session held in September 2025 on the changing nature of the workplace, mental health and sexual and gender-based harassment at the workplace. This session was facilitated by Australia as the 2025 Chair of the Labour Council. Moreover, Australia indicated that information and best practice sharing sessions had been held as part of the Labour Council meetings, focusing on occupational safety and health, gender equality, and ethical and sustainable supply chains. Thanks to them, the Parties could learn from each other's experience and best practices and exchange information in areas of mutual interest.

<sup>187</sup> Text of MoU: [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40asia/%40ro-bangkok/%40ilo-hanoi/documents/publication/wcms\\_794426.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40asia/%40ro-bangkok/%40ilo-hanoi/documents/publication/wcms_794426.pdf)

During the CPTPP Labour Council meeting in 2021, the Parties also discussed the possibility of holding public sessions with non-governmental stakeholders. They concurred on the need to ensure transparency and public engagement regarding the CPTPP Labour Chapter, its implementation and the Labour Council meetings (CPTPP Labour Council, 2021). While no public sessions have been held yet, and the Parties will continue discussing the matter at their future meetings, some of them already engage with social partners in the national frameworks. In responses to a questionnaire for this study, the Government of Malaysia informed, for example, about the operation of the National Labour Advisory Council, the national tripartite consultative mechanism established in 1994 to provide for a forum for consultations and cooperation between the government and the organisations of workers and employers at the national level on matters relating to social and labour policies and international labour standards following the ratification of the ILO Tripartite Consultation Convention No. 144. The Council has been functioning successfully since its inception and has helped maintain industrial peace in the country. Its viewpoint on labour policies is highly valued in many forums, and it is given due consideration in policy-making practice.

Likewise, in responses to a questionnaire for this study, Australia informed about domestic governmental consultations before the Labour Council meetings, as well as consultations with trade unions (Australian Council of Trade Unions (ACTU)) and employers (Australian Chamber of Commerce and Industry (ACCI)) on matters on the ILO agenda and other international labour-related issues, in line with the ILO Tripartite Consultations Convention No. 144. This includes three meetings a year of the International Labour Affairs Committee. Additionally, in accordance with the CPTPP provisions, Australia provides stakeholders with an opportunity to send submissions and to get in touch with the Contact Point established under this Agreement.

In responses to a questionnaire for this study, Singapore also informed about the regular domestic tripartite dialogue between the Government, Singapore National Trades Union Congress and Singapore National Employers Federation.

In 2023, the CPTPP Labour Council discussed the implementation of labour provisions as part of the General Review of the entire Agreement. The Final Report from the process was presented at the CPTPP Commission's meeting on 22 October 2025<sup>188</sup> (CPTPP Commission, 2024). Regarding labour provisions, the Parties did not identify any particular obstacles in their implementation. Moreover, while the circumstances of the Parties and their domestic policies and legislative frameworks vary, many are aligned in considering the ratification of ILO Conventions, particularly those related to occupational safety and health. The Parties also recognised the value of cooperation in areas of common interest, such as occupational safety and health, and sustainable and ethical supply chains (CPTPP Labour Council, 2023). In responses to questionnaires for this study, Malaysia and Australia appreciated the CPTPP Labour Council meetings as a helpful forum for exchanging information, best practices, and experiences in implementing labour provisions. Australia also stressed that the General Review had reaffirmed the Parties' views that the labour provisions included in the CPTPP Labour Chapter play an important role in maintaining and enhancing domestic labour laws of the Parties, ensuring a level playing field, supporting sustainable labour practices, promoting a fair and inclusive rules-based trading

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<sup>188</sup> The Joint Ministerial Statement adopted at the 9th meeting of the CPTPP Commission, and the Recommendations from the General Review published on that occasion, did not make any reference to labour provisions: <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cptpp-ptpgp/2025-11-21-statement-declaration.aspx?lang=eng>

system, and eliminating forced and compulsory labour. Australia also indicated that it uses CPTPP labour provisions as a benchmark in its other trade agreements.

It is also worth noting that the CPTPP General Review involves stakeholder consultations, mainly through open calls for views announced on websites. The Malaysian Government informed in replies to a questionnaire for this study, that while it had received stakeholder contributions, none of them was focused on labour provisions. In other countries, stakeholders have submitted inputs regarding the Labour Chapter. For example, in Australia, there was a view that labour provisions should refer to the ILO Conventions rather than to the ILO 1998 Declaration on Fundamental Principles and Rights at Work. Moreover, they should be included in the dispute settlement process with sanctions, as are other provisions of the Agreement, and all violations of workers' rights should be treated in the same way, without the need to prove their impact on trade between the Parties (AFTINET, 2024). This was echoed by trade unions in New Zealand, who also requested strengthening the enforceability of labour provisions and the role of civil society in the Labour Chapter, following an example set by the EU-NZ FTA. In addition, provisions on gender equality and trade should be incorporated into the Labour Chapter, and the existing provisions should be further developed to address the issue of modern slavery in the supply chains and protect the rights of migrant workers (NZ CTU, 2024). In Canada, stakeholders proposed changes to labour provisions to align them with the latest agreements, such as the Canada-Ukraine FTA or the Canada-US-Mexico Agreement, which includes a facility-based monitoring mechanism that enables holding specific employers accountable for workers' rights violations. Other respondents have expressed concern about the temporary entry of migrant workers, claiming that it has a negative impact on job opportunities for Canadians and their wages. However, there was also a view that migrant workers can help address workforce shortages in sectors including healthcare services and skilled trades (Global Affairs Canada, 2025). In the UK, stakeholders have called for improved enforcement of labour provisions and a commitment to the ratification of the ILO Conventions (Department for Business and Trade, 2024). In Chile, stakeholders have not addressed the labour-related issues (SUBREI, 2024).

#### IPEF (Indo-Pacific Economic Framework for Prosperity)

The IPEF Pillar II, i.e. the Agreement Relating to Supply Chain Resilience, speaks about the consultation of workers and businesses on the development of policies and measures related to labour rights. It also establishes the Labor Rights Advisory Board in which each Party has three seats, one for the Government, one for employers and one for workers. The Board shall consider labour concerns that may negatively impact the sustainability, security, transparency, resilience and other supply chain features, and develop recommendations on how to address them. It should also prepare up to two annual technical sectoral reports focusing on related labour laws and practices of the Parties and businesses, including practices which may improve working conditions in the analysed sectors. The Board may also publish other materials to help identify labour concerns in supply chains, raise awareness of labour rights and disseminate best practices.<sup>189</sup> Other IPEF Agreements, i.e. Pillar III on Clean Economy<sup>190</sup> and Pillar IV on Fair Economy<sup>191</sup> set up, respectively, an intergovernmental Committee, an information exchange system and Contact Points to manage their implementation. They do not include employers' or workers' representatives and do not focus specifically on any labour-related aspects.

<sup>189</sup> Agreement Relating to Supply Chain Resilience: <https://www.ipef.gov.sg/ipef-pillars-and-agreements/>

<sup>190</sup> Agreement Relating to a Clean Economy: <https://www.commerce.gov/sites/default/files/2024-03/IPEF-PIII-Clean-Economy-Agreement.pdf>

<sup>191</sup> Agreement Relating to a Fair Economy: <https://www.commerce.gov/sites/default/files/2024-03/IPEF-PIV-Fair-Economy-Agreement.pdf>

The first (virtual) meeting of the Labor Rights Advisory Board was held in January 2025; however, constituents of the Board have been working together since July 2024 to ensure the LRAB is fit-for-purpose and at the best chance of success given the breadth of interests across the IPEF Parties. In August 2024, an in-person meeting was held in Bangkok (Thailand), which brought together legal experts from the IPEF countries and provided an opportunity to discuss cooperation on labour-related matters across the IPEF Pillars.<sup>192</sup> In January 2025, Australia took over as the Chair of the Board and hosted an in-person meeting in May 2025 in Geneva, at the sidelines of the International Labour Conference. The Australian Government is accompanied in the Board by the Australian Council of Trade Unions (ACTU) as the worker representative and the Australian Chamber of Commerce and Industry (ACCI) as the employer representative.<sup>193</sup>

In responses to a questionnaire for this study, the Government of Indonesia recognised the value of including employers' and workers' organisations in a dialogue and cooperation on supply chains and trade agreements. It referred to the Labor Rights Advisory Board as a promising example of an inclusive cooperation among the tripartite partners and a platform for social dialogue. According to the Government, this structure enables the meaningful participation of workers' and employers' representatives in supporting fair and resilient supply chains. In general, Indonesia recognises the important role of social partners in the formulation and implementation of labour laws, employment and social policies, and in advancing the ILO agenda.

#### EU-Central America Association Agreement with an FTA Pillar

##### **Trade Effects**

According to the ex-post evaluation study and the latest trade statistics, trade between the EU and six Central American countries has increased since the FTA entered into force. EU imports of goods from CA increased from EUR 5.1 billion in 2010 to EUR 9.0 billion in 2024. EU exports of goods rose from EUR 5.3 billion in 2010 to EUR 10.3 billion in 2024. The estimated impact of the Agreement itself is limited, since, even before its entry into force, the CA countries had preferential access to the EU market through the EU GSP+ unilateral tariff preferences for developing countries. Therefore, the Agreement confirmed their preferential access (extending it slightly) and preserved it for the future (while, in the meantime, the countries would graduate from the GSP+ scheme after reaching the Upper Middle Income country status in the World Bank classification). Accordingly, the Agreement contributed to a GDP increase in the CA countries, ranging from 0.04% for El Salvador and Guatemala to 0.2% for Costa Rica. It also supported an increase in their exports to the EU in products benefiting from quotas and tariff preferences, such as sugar, fruits and vegetables and processed food. The EU increased exports to the CA in chemicals, machinery, motor vehicles, and other manufactured goods. Aligned with this, the economic model estimated employment growth in the CA countries in sectors including fruits and vegetables (+7.8%–8.8% for Costa Rica; +0.1%–0.4% for Nicaragua; +16% for Panama), sugar (+7.9%–9.0% for Costa Rica; +2.9% for El Salvador; +1.8% for Guatemala; +5.2% for Honduras; +15.0% for Nicaragua), other crops, such as coffee (+1.2% for Costa Rica), processed food (+0.2%–0.5% for Nicaragua), and textiles (+3.0%–3.4% for Panama). The model also estimated a limited increase in wages, ranging between 0.0% in El Salvador to 0.5% for skilled workers and 1.3% for unskilled workers in Costa Rica (BKP, 2022a).

<sup>192</sup> The IPEF Pillar III (Clean Economy) and Pillar IV (Fair Economy) were expected to enter into force in October 2024 (US Department of Commerce, 2024a).

<sup>193</sup> DFAT, Australia, IPEF Supply Chain Agreement: <https://www.dfat.gov.au/trade/organisations/wto-g20-oecd-apec/indo-pacific-economic-framework/ipef-supply-chain-agreement>

## Implementation of Labour Provisions

The EU-Central America TSD Board held its first meeting in 2014, and since then, annually (except in 2017), in venues alternating between Brussels and CA or (as in 2020 and 2021), virtually. According to the ex-post evaluation study, there was a joint view among EU and CA officials (shared by civil society representatives) that a positive dynamic developed between the Parties in the first few years of the implementation, until the 2019 meeting in Guatemala. It has been affected by the pandemic, including its impact on meetings and other activities. However, there were also ideas of how that dynamic may be regained. In that context, some interviewees were of the view that one meeting a year was insufficient to sustain the dialogue and ensure follow-up. There was also a proposal to focus the TSD Board discussions on areas of common interest to CA, such as child labour, and examples of good practices and challenges existing in that area. Moreover, while it was appreciated that workshops had been organised to explain, for example, the EU's new sustainability legislative and policy initiatives to the CA Parties, more such workshops would be helpful, particularly if they focus on specific sectors and products, in light of EU sustainability policy and legislation but also in the context of the FTA (e.g. how organic products may benefit from it and how trade in them may support employment in CA countries) (BKP, 2022a).

TSD Board meetings have provided an opportunity for the Parties to exchange information about actions taken to implement provisions of the TSD Title, including ratification and implementation of the ILO Conventions, adoption of new laws and policy documents, and capacity and capability development of the domestic institutions, including inspection services. The Parties also discussed initiatives supporting sustainable supply chains, CSR practices, cooperation activities and opportunities for technical assistance. Moreover, they provided regular updates regarding the establishment and operation of their civil society Advisory Groups. The TSD Board also included in its agenda a review of the views and recommendations provided each year in Joint Statements of the EU and CA Advisory Groups. The CA Parties were of the view that the dialogue between the Parties and the Advisory Groups was good and covered diverse aspects of the TSD Title. The Board has also offered a space to discuss challenges related to the implementation and measures taken to address them, e.g. Guatemala reported every year about progress achieved in the implementation of the ILO recommendations related to Conventions No. 87 and No. 98 further to the 2012 workers' complaint under Article 26 of the ILO Constitution requesting the establishment of the Commission of Inquiry (EU-Central America TSD Board, 2014; 2015; 2016; 2018; 2019; 2020; 2021; 2022; 2023; 2024). The annual Civil Society Dialogue Forum meetings between the Parties and civil society representatives, including members of the EU and CA Advisory Groups, provided a platform for dialogue regarding the implementation of the TSD Title, progress made and remaining challenges.

Regarding areas covered by the EU-CA FTA labour provisions, reports from the TSD Board meetings and the Final Report from the ex-post evaluation study (BKP, 2022a) outline the following: The Parties have progressed in ratifying the ILO Conventions, e.g. individual EU MS have ratified the Maritime Labour Convention, the Domestic Workers Convention No. 189, the Work in Fishing Convention No. 188, the 2014 Protocol to Convention No. 29 on forced labour, the Tripartite Consultation Convention No. 144, the Promotional Framework for Occupational Safety and Health No. 187, and Violence and Harassment Convention No. 190. Individual Central American countries have ratified several ILO technical Conventions, e.g. the Domestic Workers Convention No. 189, the Protocol to the Convention No. 29, Violence and Harassment Convention No. 190, the Maritime Labour Convention, and the Tripartite Consultations Convention No. 144 (ILO NORMLEX, no date).

The CA Parties have also taken steps to implement the already ratified Conventions. On child labour, this includes having in place legislative and policy frameworks, and measures, such as financial support to poor families, initiatives encouraging school attendance, job creation for adults, labour inspections focused on detecting child labour, and cooperation with international partners and the private sector to eliminate child labour from sectors involved in international trade, e.g. sugar and coffee. On forced labour, the CA countries ensured that legal and policy frameworks related to the fight against forced labour and human trafficking are essentially in place. This also includes the establishment of inter-agency bodies to combat human trafficking and specialised units in the police and judiciary, as well as private sector initiatives to eliminate forced labour from sectors engaged in international trade. The countries have also taken steps to implement their commitments in practice, including prosecuting traffickers and providing support to victims. However, further efforts are required to increase the number of investigations, prosecutions and convictions of traffickers, enhance dedicated support to victims and identification of victims and groups vulnerable to trafficking, deliver training to the police, judiciary and labour inspection and take action against fraudulent recruitment intermediaries. Regarding health and safety at work, private-sector initiatives (sustainability certification schemes) and the ILO's support helped improve the situation in some sectors engaged in international trade (e.g. coffee). The CA countries have also begun preparations to ratify the ILO fundamental Conventions No. 155 and No. 187. Regarding non-discrimination, CA countries have taken steps to ensure that their laws and policies provide equal rights for diverse groups in society, including women, migrant workers and indigenous peoples in the labour market, while the implementation and enforcement may require further work. Regarding freedom of association, the situation varies between the CA countries, individual provinces and sectors of the economy (e.g. while in the pineapple sector in Costa Rica; tuna sector in El Salvador; banana sector across CA countries; and in parts of the sugar sector across the region, trade unions exist and can bargain collectively; in other sectors, including palm oil in Guatemala, coffee in Honduras, and the melon sector in Honduras, trade unions do not exist or face violence and intimidation). Moreover, while progress in CA countries has been made in adopting policy and legislative measures to improve the situation of trade unions and social dialogue, further efforts are required, including the alignment of the legislation with the ILO Conventions No. 87 and No. 98 and the implementation of the right to organise and bargain collectively in practice.

#### EU-SADC Economic Partnership Agreement (EPA)

##### **Trade Effects**

According to the ex-post evaluation study and the latest trade statistics, the EU trade with SADC States increased from EUR 40.8 billion in 2016 to EUR 51 billion in 2024. Since the EPA entered into force in 2016, SADC exports to the EU have increased from EUR 18.9 billion in 2016 to EUR 28 billion in 2023, and the EU's exports to SADC States have risen from EUR 21.9 billion to EUR 27.5 billion during the same period. Regarding sectoral effects, the Agreement has supported the EU exports to SADC of motor vehicles, clothing, leather, rubber and plastics, while on the SADC side, it has enhanced exports to the EU of motor vehicles and parts, sugar, prepared foods and fruits, and vegetables. Moreover, the economic model estimates a 0.03% increase in SADC GDP, with greater gains for Lesotho and Mozambique (+0.1%). The model also estimates changes in sectoral employment resulting from the Agreement and, in some cases, from the development of regional supply chains (e.g. an employment increase in Lesotho's textile sector, which produces car seat covers and plays a role in the regional automotive supply chain). Regarding employment increase in sectors exporting to the EU, these include e.g. livestock and meat in Botswana; tobacco and cashew nuts in Mozambique; fishing, livestock and

meat, fruits (grapes), and chemicals (cosmetics) in Namibia; and fruits (citrus fruits, grapes, and apples), wine, and motor vehicles in South Africa (BKP, 2024).

### **Implementation of Labour Provisions**

While the Agreement includes a TSD Chapter with labour provisions, it has not established a dedicated TSD Committee nor civil society Domestic Advisory Groups. As a result, there is no default forum for the regular review of the implementation of labour provisions by the Parties. At the same time, due to the reluctance of the SADC States, no discussions on labour provisions have taken place at the Joint Trade and Development Committee meetings. Therefore, any changes in labour-related aspects have been driven solely by the domestic policy agendas of the Parties and their other international commitments, such as those related to ILO membership and the 2030 Sustainable Development Agenda (BKP, 2024).

### **3.5.9 Trade Agreements Focused on Cooperation**

#### Australia-Chile FTA

Labour provisions in this Agreement are included in the Cooperation Chapter. According to information provided by the Government of Australia in responses to a questionnaire for this study, no labour-related cooperation activities under this Chapter have taken place to date.

#### Chile-China FTA with MoU on Labour Cooperation

The cooperation activities included, for example, information sharing by Chile about its social security system and dialogue regarding minimum wage setting and the role of trade unions (ILO, 2013; 2017).

#### Chile-Peru FTA with MoU on Labour Cooperation

Chile and Peru pursued dialogue about labour-related aspects, including the situation of migrant workers and migration statistics (ILO, 2013; 2017).

#### Indonesia-Chile CEPA

Labour provisions in this Agreement are included in the Cooperation Chapter. According to the information provided by the Government of Indonesia, the Parties have not yet engaged in labour-related cooperation activities, focusing instead on trade and investment promotion, as well as cooperation in areas such as science, research, and agriculture. Labour-related effects (e.g. impacts on employment) may occur as a result of these activities, particularly due to improved access to raw materials and an expansion of investment. The Government of Indonesia emphasised in this context the importance of provisions preserving the right of the Parties to regulate in the area of labour, and the commitment not to use labour rights for protectionist purposes.

#### Malaysia-New Zealand FTA with Labour Cooperation Agreement

Labour provisions are covered by the Labour Cooperation Agreement accompanying the FTA. According to information provided by the Government of Malaysia, the Parties have not yet pursued any labour cooperation activities or engaged in policy dialogue on labour.

### The Philippines-New Zealand Memorandum of Agreement on Labour Cooperation

In responses to a questionnaire for this study, the Government of the Philippines acknowledged the MoA's importance, jointly with the 2015 'Arrangement on the Principles and Controls on the Recruitment and Protection of Filipino Workers in New Zealand', as a framework for policy dialogue and cooperation, as well as a commitment of the Parties to ensuring decent working conditions in their economies and protection for migrant workers. This benefits the Filipino workers who find employment in New Zealand's sectors, such as construction, agriculture, health, and hospitality. They can receive fair treatment and decent wages, enjoy work in a safe environment, and be protected against exploitation and in labour disputes. They can also develop skills and knowledge which can later be used in other job opportunities, including upon their return to the Philippines. The Parties have also committed to cooperating on skills development, training, and capacity building.

### Thailand-New Zealand Arrangement on Labour

According to the ILO (2013), Engen (2017) and information provided by the Government of Thailand in responses to a questionnaire for this study, the Parties have pursued diverse cooperation activities. They included seminars and workshops on the labour market, labour agencies, and occupational safety and health. Moreover, Thai labour inspectors made study visits to New Zealand, aimed at capacity building and information sharing. The Parties have also implemented a capacity-building project on mediation in labour disputes. Additionally, at least once in 18 months or as agreed by the Parties, meetings of the senior officials' Labour Committee have been held. The agenda has been developed by the Chair of the meeting, with engagement of the Focal Points from both Parties.

### Trans-Pacific Strategic Economic Partnership<sup>194</sup> and MoU on Labour Cooperation

The Parties have conducted diverse cooperation activities. They included a workshop focused on sharing best practices about tripartite relations between the Government, employers, and trade unions. There were also tripartite meetings to discuss measures supporting youth employment and training, as well as responses to the 2008 financial crisis. Moreover, the Parties have tasked the ILO to research upskilling and training of vulnerable people. They have also discussed a project focused on youth employment and best practices in this regard, as well as the impacts of the 2008 crisis on young people and possible policy responses (ILO, 2013).

## CONCLUSIONS

The analysis of the implementation of labour provisions indicates that across diverse types of trade agreements, i.e. those with dispute settlement and those focused on cooperation, labour provisions are implemented, although there are also agreements (e.g. Indonesia-Chile CEPA or Malaysia-New Zealand FTA with Labour Cooperation Agreement) where the Parties have not taken any actions to implement labour provisions through cooperation or other activities.

In cases where the Parties have been active, labour provisions have been implemented in line with the legal text of the agreement. The Parties have held meetings of the Labour Councils or Committees (or TSD Committees, respectively), like in the case of the CPTPP, the EU-Singapore FTA, and the EU-Viet Nam FTA, or Joint Committees overseeing the implementation of the entire

<sup>194</sup> Parties to this Agreement include Brunei Darussalam, Chile, New Zealand, and Singapore.

agreement (e.g. the US-Singapore FTA, EFTA-Indonesia FTA and EFTA-Philippines FTA). The Parties used the meetings to discuss domestic legal and policy developments in areas covered by labour provisions, encourage further steps to improve compliance, raise concerns about slow progress or non-compliance and consider options for cooperation and technical assistance. In meetings held under the EU and EFTA agreements, the Parties focused, among other things, on progress in the ratification and implementation of ILO fundamental Conventions.

Under the EU agreements, meetings are typically held annually or when opportune, and under the CPTPP, they have been held every two years, whereas under the US or Canadian FTAs, meetings have been less frequent. Moreover, meetings of the Parties have been accompanied by public sessions (or Civil Society Forums) to exchange views with civil society about issues covered by labour provisions. However, under the CPTPP, no public session has yet been held, and under the Canadian FTAs, they have been irregular.

In some agreements, such as the Canada-Chile Labour Cooperation Agreement, Thailand-New Zealand Arrangement on Labour or Trans-Pacific Strategic Economic Partnership, the Parties focused on cooperation activities, including the exchange of information and best practice sharing in areas of mutual interest, study visits and capacity-building projects. They have also engaged in discussions with trade unions, employers, academia and other non-governmental stakeholders. Moreover, under some agreements, e.g. the CPTPP and the EU-Viet Nam FTA, the ASEAN Member States received technical assistance to support their efforts to comply with labour provisions.

In some cases, particularly in US FTAs, implementation is intertwined with measures taken to enforce labour provisions. This includes Action Plans adopted by the Parties at the pre-ratification stage (with Colombia) or at the implementation stage (with Jordan), with subsequent implementation and monitoring by the Parties, including reviews at Labour Council or Committee meetings.

The analysis of long-term developments also suggests that, on average, the Parties make progress in areas covered by labour provisions. In some cases, this is driven mainly by their domestic policy agendas; in others, by pressure from the FTA partner, either through discussions at Council/Committee meetings or through enforcement of labour provisions. Cooperation activities and technical assistance also play a role.

The ex-post evaluations conducted for several trade agreements also indicate that FTAs have contributed to increases in trade flows, GDP and wages and to job creation in sectors where trade has been liberalised and/or where the Parties have a competitive advantage.

### Stakeholders' Participation in the FTA Implementation and Evaluation

As outlined in the analysis of labour provisions in FTAs, Labour Chapters and TSD Chapters often offer business representatives, trade unions, and other civil society organisations an opportunity to express views, provide advice on the implementation of labour provisions, and engage in dialogue with the Parties. For example, the EU FTAs, replicated by the UK, foresee the establishment of new

or the use of existing civil society advisory groups, which meet during the year with representatives of the domestic government and, in addition, with all Parties in dedicated public sessions (Civil Society Forums) or on the occasion of the joint Committee meetings relevant for labour provisions. As outlined in section 3.5.5, Singapore and Viet Nam have established such groups and nominated their civil society members. Moreover, social partners from the ASEAN Member States have an opportunity to participate in meetings under the IPEF Agreement on Supply Chains.

As an example of that practice, in responses to a questionnaire for this study, New Zealand provided information on the first public session under the UK-New Zealand FTA, which was held in April 2025. The event was co-chaired by the Chairs of the UK and New Zealand's Domestic Advisory Groups (DAGs) and moderated by the Chair of the UK DAG. Representatives of the governments of both Parties were also present. They began the event with a joint statement outlining the results of discussions held at the Environment and Labour Committee meetings in 2024. During the session on trade and labour, civil society inquired about the Parties' approaches to tackling modern slavery, cooperation on trade and gender equality, and the ratification of ILO fundamental Conventions. Stakeholders also expressed concerns about recent changes in New Zealand that removed some existing labour protections, such as the requirement for living wages in contracts for cleaning, catering, and security services, which may negatively impact Māori workers (Department for Business and Trade, 2025).

As outlined in section 3.5, in models pursued by the US and Canada in their FTAs or accompanying documents, labour provisions envisage a public session with non-governmental stakeholders to be held on the occasion of the Labour Council or Committee meeting. There is evidence that such sessions were held, for example, back-to-back with the first meeting of the US-Chile Labour Affairs Council and meetings of the US-Jordan Subcommittee on Labour Affairs. However, as indicated by Canada in responses to a questionnaire for this study, not every Labour Council meeting is accompanied by a public session. Moreover, as the frequency of the inter-governmental Council meetings is left to the decision of the Parties, it happens that those meetings take place only every few years (e.g. there were only three such meetings to date under the Canada-Colombia Agreement on Labour Cooperation, even though it entered into force in 2011, and two meetings under the Canada-Peru ALC, which has been in force since 2009). Moreover, it is worth noting that, although the CPTPP also includes provisions on public sessions, no such session has taken place to date (October 2025).

Under some agreements, alternative ways of stakeholder engagement have been used. For example, under the Canada-Chile Agreement on Labour Cooperation, stakeholders have participated in public sessions held as part of the cooperation activities and engaged in discussions and information exchanges on topics of mutual interest. However, according to information provided by Canada in responses to a questionnaire for this study, the last cooperation activities with Chile were implemented in 2015, meaning that, over the last decade, this stakeholder engagement framework has not been used either. Moreover, as outlined in section 3.5.9, tripartite meetings have been held as part of cooperation activities under the Trans-Pacific Strategic Economic Partnership.

Moreover, as outlined in section 3.5.8 (CPTPP) and in sections 4.1–4.3, the ASEAN Member States, e.g. Viet Nam and Malaysia, have involved employers and workers in consultations on labour law reforms required to achieve compliance with CPTPP or FTA labour provisions. The ASEAN Member States (e.g. Lao PDR, the Philippines, and Viet Nam). also discuss, with social partners in tripartite bodies and other forums, their plans to ratify the ILO fundamental and other Conventions, as required under some

FTAs, such as those with the EU, as well as under unilateral trade arrangements, such as the EU GSP+. Various stakeholder groups may also be among the recipients of support provided as part of technical assistance projects. This may involve information campaigns about the new trade agreement and its provisions, training, particularly for businesses and trade unions, aimed at ensuring compliance with FTA provisions, and other activities tailored to the FTA and the partner country. For example, as outlined in the context of the Canada-Colombia Agreement on Labour Cooperation, employers and trade unions may receive training and other support in conducting social dialogue discussions and negotiations. Likewise, as outlined in section 3.5.8 (CPTPP), social partners from Malaysia and Viet Nam could benefit from technical assistance provided by Canada and Australia to strengthen social dialogue and industrial relations and support collective bargaining.

To raise awareness of labour provisions in trade agreements and to facilitate their implementation, the European Commission financed a dedicated Handbook published by the ILO in 2017. It provides an overview of labour provisions in trade agreements, along with case studies on their implementation and effects. Examples come from FTAs of the EU, the US, Canada, and other parties to illustrate a diversity of approaches (ILO, 2017). Following its publication, the ILO International Training Centre developed a series of tailored training sessions on labour provisions in trade agreements<sup>195</sup>. There is also a Handbook on implementation of labour, environmental and institutional provisions in a trade agreement, developed by the Swedish National Board of Trade in cooperation with the European Commission and the Government of Ecuador. While it is based on the example of the EU trade agreement with Colombia, Peru, and Ecuador, it can serve as a useful guidance for other countries as well, given that it provides a basic advice on how a national administration and civil society should prepare for implementation of a Trade and Sustainable Development Chapter and operation of its institutional structures (National Board of Trade Sweden, 2019).

Moreover, the European Commission has provided funding for capacity building workshops or seminars arranged either before the start of the application of a trade agreement or within the first year of its implementation, to explain to civil society representatives of a partner country and its government officials the content and practical implementation of labour provisions and the role of institutional structures set up by the TSD Chapter. Such events, with an external expert delivering the presentation, were held, for example, in relations with Viet Nam (in December 2019, in Ha Noi), Japan (in January 2020, in Tokyo)<sup>196</sup> and Singapore (in 2020, online).<sup>197</sup>

Some agreements, particularly those following the Canadian and US models, and the CPTPP, provide stakeholders with an opportunity to raise labour-related concerns to the Parties through public submissions sent to the officially nominated contact points within the Parties' administrations. The EU also offers such an opportunity through a mechanism applicable to all trade agreements with a TSD Chapter (the Single Entry Point), although it is not formally enshrined in the FTA provisions. The mechanisms of public submissions and their follow-up are discussed in section 3.7 on the enforcement of labour provisions.

<sup>195</sup> For example: "Promoting labour provisions and decent work in trade and investment agreements: role and actions of trade unions": <https://www.ilo.org/courses/promoting-labour-provisions-and-decent-work-trade-and-investment-agreements-role-and>

<sup>196</sup> Symposium on practical implementation of the TSD Chapter in the EU-Japan EPA: <https://www.eesc.europa.eu/en/agenda/our-events/events/symposium-practical-implementation-tds-chapter-within-eu-japan-epa>

<sup>197</sup> Workshop on implementation of the TSD Chapter in the EU-Singapore FTA: <https://www.eesc.europa.eu/en/agenda/our-events/events/workshop-eu-and-singapore-dags>

Finally, the Parties may invite stakeholders to provide their views as part of ex-post evaluations of trade agreements and their labour provisions. This often happens through a call for contributions published on a dedicated website, either with a questionnaire to fill in or leaving it up to stakeholders to choose the form of their input. This way of collecting views was used, for example, during the CPTPP review, by Singapore<sup>198</sup> and Malaysia.<sup>199</sup> The EU also uses it in ex-post evaluations of its FTAs. The EU, moreover, tasks an external consultancy with conducting an ex-post evaluation study and, as part of it, implementing a stakeholder engagement programme. It includes establishing a dedicated website with a contact form and an email address, so stakeholders can submit their views and written positions, as well as provide additional information and data for analysis. Consultants also organise online or in-person meetings and individual interviews with businesses, trade unions, and NGOs from the EU and partner countries and publish online surveys: one for the general public and a separate one targeting businesses. Moreover, a draft report from the study, including findings from the analysis, is published for comments, providing stakeholders with an opportunity to help shape the evaluation's final outcomes. Draft and final reports are available on the European Commission's dedicated website.<sup>200</sup>

### 3.6 Sectoral Labour-Related Effects of FTAs and Private Sector Sustainability Initiatives

This section presents examples of several sectors from countries engaged in trade under FTAs or other preferential trade arrangements (such as tariff preferences for developing countries), including the ASEAN Member States, where a mix of requirements embedded in labour provisions, unilateral measures applied by trading partners, support initiatives, sustainability certification schemes and policies of international buyers and leading firms in supply chains has contributed to improved respect for international labour standards and working conditions. This includes a substantial reduction or elimination of child labour or forced labour in specific sectors. The available research indicates that in situations, such as those discussed in this section, the observed change often represents a combined effect of domestic labour law reforms, engagement in international trade (including under FTAs with labour provisions) and other initiatives. For example, research conducted in Viet Nam, based on national data and SMEs statistics suggests that national reforms, including the extension of social protection coverage, the increasing engagement in international trade (reflected in a growing share of trade in GDP), with an important role of trade agreements, such as the CPTPP and the EU-Viet Nam FTA, as well as other measures, such as the Better Work programme in the garment and footwear sector, have jointly contributed to improved employment terms and working conditions, while challenges, such as high level of informal employment, remain (Corley-Coulibaly, Richiardi and Ebert, 2023).

In this context, it is worth noting (as outlined in the legal texts analysis in section 3.2) that several trade agreements include provisions committing the Parties to promote CSR practices, fair trade, and other sustainability and ethical trade schemes, which support adherence to labour and environmental standards in the context of international trade. In some agreements, the Parties also commit to promoting the use of international guidelines developed in this area, such as the OECD Guidelines for Multinational

<sup>198</sup> Public consultation on the General Review of the CPTPP: <https://www.mti.gov.sg/newsroom/public-consultation-on-the-general-review-of-the-cptpp/>

<sup>199</sup> MITI online survey on the General Review of the CPTPP: <https://www.acem.com.my/miti-online-survey-on-the-general-review-of-the-comprehensive-and-progressive-agreement-for-trans-pacific-partnership-cptpp/>

<sup>200</sup> Ex-post evaluations of EU trade agreements: [https://policy.trade.ec.europa.eu/analysis-and-assessment/ex-post-evaluations\\_en](https://policy.trade.ec.europa.eu/analysis-and-assessment/ex-post-evaluations_en)

Enterprises,<sup>201</sup> the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy,<sup>202</sup> the UN Global Compact,<sup>203</sup> and the UN Guiding Principles on Business and Human Rights<sup>204</sup> by businesses in their daily operations, along supply chains, and across borders. Additionally, trading partners, such as Australia, Canada, the EU, or Japan, provide financial and technical assistance, including in cooperation with the UN, the ILO and the OECD, to promote CSR/Responsible Business Conduct in partner countries, including ASEAN.<sup>205</sup>

### CPTPP, EU, and UK FTAs with Viet Nam

#### *Garment and footwear sectors in Viet Nam (freedom of association, and other CLS)*

Viet Nam exports footwear and garment products to the US, China, the Republic of Korea, the EU,<sup>206</sup> the UK, the CPTPP countries, and ASEAN Member States, as the main destination markets. Since 2009, the Better Work initiative has supported Vietnamese producers and trade unions in both sectors to improve their competitiveness, respect for international labour standards and working conditions. Currently, the Better Work programme operates in 514 Vietnamese factories, engaging 774,987 workers.<sup>207</sup> The programme's coverage has evolved, with an increase in the number of workers and factories during the first few years, and a peak in 2018 (562 factories and 782,328 workers) (ILO, IFC, 2019), with a subsequent decline because of the COVID-19 pandemic and related challenges faced by the sector. In 2022, among 449 Vietnamese garment factories surveyed by the Better Work programme, 42% operated at 20%–80% of their capacity, 58% of factories reported that their customers had paused or stopped placing orders entirely, 19% encountered issues with raw material supply, and 10% faced workforce shortages (ILO, IFC, 2023).

The Better Work programme conducts on-site and online audits of participating factories to assess their compliance with the ILO core labour standards and statutory requirements related to working conditions. As the sample of factories covered by audits and reporting changes every year, and the reporting format also evolves, it is not possible to evaluate the progress made by individual factories over time. However, one can identify trends. For example, regarding child labour, there are isolated cases (three in 2022) of children under the minimum age of admission to employment (15 years) working on the factory's

<sup>201</sup> OECD (2023) Guidelines for Multinational Enterprises on Responsible Business Conduct: [https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/06/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct\\_a0b49990/81f92357-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/06/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_a0b49990/81f92357-en.pdf)

<sup>202</sup> The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy: [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed\\_emp/%40emp\\_ent/%40multi/documents/publication/wcms\\_094386.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_emp/%40emp_ent/%40multi/documents/publication/wcms_094386.pdf)

<sup>203</sup> The UN Global Compact: <https://unglobalcompact.org/>

<sup>204</sup> The UN Guiding Principles on Business and Human Rights: <https://www.business-humanrights.org/en/big-issues/governing-business-human-rights/un-guiding-principles/>

<sup>205</sup> See, for example: New ILO project launched to promote compliance and sustainability of international labour standards in South-East Asia export sectors: <https://www.ilo.org/resource/news/new-ilo-project-launched-promote-compliance-and-sustainability>  
Building Responsible Value Chains in Asia through the Promotion of Decent Work in Business Operations (Phase II): <https://www.ilo.org/projects-and-partnerships/projects/building-responsible-value-chains-asia-through-promotion-decent-work-0>

Skills Development and Responsible Business Conduct for Transition: <https://www.ilo.org/projects-and-partnerships/projects/skills-development-and-responsible-business-conduct-transition>

Responsible Supply Chains in Asia: <https://www.ilo.org/projects-and-partnerships/projects/responsible-supply-chains-asia-0>

<sup>206</sup> Among the destination markets, the EU and the UK have bilateral trade agreements with Viet Nam, which include comprehensive labour provisions. Comprehensive labour provisions are also included in the CPTPP, while the Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area includes labour provisions of a cooperative nature.

<sup>207</sup> Better Work Viet Nam: <https://betterwork.org/vietnam/>

floor. Moreover, a decreasing number (or percentage share) of factories do not have in place reliable systems of age verification and monitoring of working time of young people below 18 years of age. While in 2013, this problem was reported in 18% of audited factories, in 2018, it was still present in 9% of the sample and in 2022, it was identified in 4% of them (in this context, it is worth noting that as the number of participating factories increases, so does the number, which is equivalent to 1% of the total) (ILO, IFC, 2014; 2019; 2023).

Regarding forced labour, three cases (corresponding to 2% of the sample) were identified in 2013, whereas none were identified in more recent audits (ILO, IFC, 2014; 2019; 2023). The identified cases of workers' discrimination are largely gender-based and related to the preferred gender or marital status at the recruitment stage, pregnancy tests as part of the recruitment procedures or a need for female workers to sign non-pregnancy clauses to obtain contract renewal. In 2018, this problem was reported in 9% of the audited factories and in 2022, this share decreased to 4% (ILO, IFC, 2019; 2023). Freedom of association, however, has been the area with the most significant changes reported over time. In the most recent audits, there were no reports of workers being denied the right to join or to establish a trade union of their choice, nor of management intimidating workers or firing them for trade union activity. Additionally, the audits indicate a significant decline in management practices that interfere with trade union activity (e.g. factory management being part of the trade union executive committee, signing off on trade union expenditures, controlling trade union funds, or having the right to endorse trade union rules). While in 2014, such interference was present in 68% of audited factories, this share has decreased to 31% in 2018 and 9% in 2022. This positive trend results from training provided as part of the programme and Better Work's (ILO) engagement with factory management. There has also been a declining rate of non-compliance with collective bargaining requirements, where violations result from the continuation of old practices of not consulting workers, a lack of awareness regarding the new legislation following the amendment to the Labour Code and some adjustment decisions taken during the COVID-19 pandemic. While in 2018, 41% of audited factories failed to comply with requirements in this area, in 2022, the rate stood at 14% (ILO, IFC, 2019; 2023).

The most significant compliance challenges remain in occupational safety and health and working conditions. For example, in 2018, 68% of audited factories did not comply with rules regarding the management of chemical and hazardous substances (no comparable data is available for 2022), 93% did not provide adequate worker protection (e.g. personal protection equipment and a safe electrical system in the factory building), and 74% failed to ensure emergency preparedness, e.g. well working fire detectors/alarms, not obstructed emergency exits, etc. (ILO, IFC, 2019). Regarding working conditions, in 2014, 91% of the audited factories did not comply with legal overtime limits. This rate has declined to 81% in 2018 and 75% in 2022. The factors that contribute to this situation include a need to react flexibly to fluctuating volumes of incoming orders, overtime costs being lower than costs of hiring additional workers, and workers' willingness to work overtime to earn more to meet rising living costs. Moreover, while 11% of audited factories failed to pay at least the minimum wage in 2018, this rate declined to 1% in 2022. In 2014, 31% of the audited factories did not pay social security contributions on time or in full, and this rate fell to 25% in 2018 and 12% in 2022. Also, around half of the factories audited in 2014 and 2018 (no comparable data is available for 2022) did not comply with some requirements related to the scope of work contracts and their termination (ILO, IFC, 2014; 2018; 2023).

Additional research indicates, moreover, that Vietnamese factories that joined the Better Work programme, on average, increase their revenue-to-cost ratio by 25% after four years of participation. Companies that offer better working conditions are, on average, up to 8% more profitable than their competitors and those that promote women to supervisory roles and offer them support and training also witness productivity increase (ILO, IFC, 2016). The Better Work programme also provides tailored support to the best-performing factories (in 2023, 22 factories were classified in this category, increasing to 34 in 2024) (ILO, IFC, 2023; 2024).

According to representatives of one such high-performing company from Viet Nam, taking part in the Better Work programme provided the company with an opportunity to benefit from continuous guidance and training, particularly on the national labour law, which has undergone many changes recently and international labour standards. Moreover, the creation of a worker-management committee with staff from different departments across the company has reduced tensions and improved cooperation, helping ensure a safe and productive working environment with stable working conditions and fair wages. Based on Better Work's long-term experience in the garment sector, the company has also promoted more women to supervisory roles (changing the gender ratio from 70:30 towards 50:50) and used dedicated training to reduce harassment among workers. Finally, as Better Work audits are recognised by international brands, participation in the programme helped replace several annual audits (one for each customer/brand) with a single audit conducted by Better Work (ILO, IFC, 2024).

#### CPTPP, EU, and UK FTAs with Viet Nam

##### *The Electronics Sector in Viet Nam (Working Conditions)*

The electronics manufacturing industry in Viet Nam has been growing dynamically over the last decade, from 613 companies in 2010 to 2,800 in 2023, with employment rising from 170,000 in 2011 to 1.3 million in 2021, and women accounting for 60% of workers. Export revenues increased from USD 35 billion in 2014 to USD 126.5 billion in 2024. The sector has also attracted foreign direct investment from the US, the EU, China, Singapore, Japan, and the Republic of Korea (ILO, 2022c; B&Company, 2025; IOM, 2025; Viet Nam News, 2024; 2025; Viet Nam Net, 2025; Chieu, 2022).

The employment in the sector has been dominated by skilled machine operators (72% of the total). Workers in basic (simple) jobs accounted for 4.2% of the sector's workforce in 2021, and professionals for 5.8%. Almost all workers in the electronics sector (97.7% in 2021) have received a contract, and this share has remained very similar over the last decade. For comparison, 79.8% of workers in the manufacturing sector had a job contract in 2021, and 61.2% in the whole Vietnamese economy (ILO, 2022c). However, workers in the electronics sector, particularly those recruited through employment agencies, internal migrants, and women, have often been offered short-term contracts of up to six months. While this can be explained in part by fluctuating order volumes and a need for flexibility in the manufacturing factories, findings from the research projects suggest that employers may also use this measure to avoid additional responsibilities towards certain groups of workers, e.g. pregnant women. It has also been reported that women have to undergo pregnancy tests as part of the recruitment process and get contracts with non-pregnancy clauses to sign. On the other hand, some workers (notably internal migrants and workers from ethnic minorities) are keen to accept short-term contracts, as they require less paperwork and offer greater flexibility, e.g. to return to home areas for festive seasons (Electronics Watch, 2019; IOM, 2025).

Wages in the electronics sector have remained higher than in manufacturing and the broader economy; however, they have been growing more slowly. For example, while the average wage in the national economy accounted for 69.3% of the average wage in the electronics sector in 2011, this share increased to 91.6% in 2021. Moreover, wages of female workers in the electronics sector have been growing faster than those of men. While in 2010, their wages accounted for 51.1% of male wages in the sector, this share increased to 89.6% in 2021 (ILO, 2022c). Research findings also suggest that internal migrant workers (who may more often be recruited through employment agencies or be on short-term contracts) earn less overall than local workers (who are more often directly employed) (IOM, 2025).

Long working hours pose a challenge, with up to 50% of staff working more than the 48 hours per week permitted by law (ILO, 2022c). While some workers agree to work overtime to increase their income, there have been reports that workers were forced to work overtime and threatened with dismissal or a reduction in bonuses if they did not comply. According to the ILO, working overtime does not constitute a serious problem, provided it is within the limits set by the law. Beyond that, one can speak of forced labour if workers are required to work overtime, particularly if such a request is accompanied by threats of dismissal or other penalties (Electronics Watch, 2019).

The share of workers covered by social security in the electronics sector increased from 88.4% in 2017 to 97.7% in 2021, while in the whole economy, it increased from 50.3% to 61.2% (ILO, 2022c). This has been confirmed by targeted IOM research, which found that in surveyed factories, over 90% of workers were enrolled in government social and health insurance schemes (IOM, 2025).

Regarding respect for international labour standards, there have been no reports of the use of child labour in the electronics sector; however, there have been individual cases of minors between 15 and 18 years of age employed in electronics manufacturing facilities (up to 3% of surveyed workers in the research of IOM), with some of them working overtime beyond limits permitted by the law (IOM, 2025; Electronics Watch, 2019). There have also been reports of age-related discrimination against workers (general acceptance only of workers younger than 35–40 years of age) (IOM, 2025; Electronics Watch, 2019). Regarding freedom of association, some of the available research was conducted before the latest Labour Code reform in Viet Nam and the ratification of ILO Convention No. 98; therefore, some practices may have changed since then. At the time, some trade unions were led by representatives of the company management, workers were not always aware of collective bargaining agreements or consulted on them, and some workers, notably the internal migrants, were not familiar with the trade unions' role in the factory and were not able to join trade unions (IOM, 2025; Electronics Watch, 2019).

## Thailand

### *Automotive Aector in Thailand (Working Conditions and Freedom of Association)*

The automotive industry in Thailand accounts for around 10% of the country's GDP and generates exports worth over USD 10 billion. In terms of total production across motor vehicle categories, Thailand ranked 10<sup>th</sup> globally and first in ASEAN in 2024. The sector employs approximately 850,000 people, including 520,000 in the manufacturing facilities. Women account for almost half of the sector's workforce; however, most women work in administrative roles, e.g. human resources management or accounting. In manufacturing, women account for 15%–20% of workers. In 2023, migrant workers represented around 10% of the sector's workforce (ILO, 2024c). The share of exports in the total motor vehicle production

has increased over time, reaching an average of 53% between 2007 and 2024. Commercial vehicles are exported mainly to the ASEAN Member States and Australia, and passenger cars additionally to the Middle East (Choksawatpaisan, 2025).

In research conducted in 2023, measuring the industry outcomes aligned with decent work indicators on a scale from 0 to 100, the average result across worker groups and indicators was around 64. However, there were differences between worker groups and decent work areas. For example, the job quality scores were much lower for migrant workers (40) and workers hired through employment agencies (39). Across thematic areas, social security and adequate earnings received the highest scores (100 each), suggesting universal social security coverage and wages that enable a decent standard of living for workers and their families. They were followed by security and stability of work (85), an indicator describing job security and protection against unfair dismissal, and a safe work environment (76), i.e. the extent to which occupational safety and health standards are respected in the workplace. On the other hand, there were areas with much lower scores, signalling a need for improvement. For example, working hours received an average score of 38, while social dialogue had the lowest score of all areas (15). Moreover, the surveys identified a few elements that could improve the job evaluation if offered to workers who do not yet have them. They included opportunities for promotion, a written job contract, one day off per week, paid annual leave, paid sick leave and a gradual salary increase (ILO, 2024c).

A more detailed analysis revealed large differences between Thai employees and migrant workers, as well as between workers hired directly by the industry and those recruited by employment agencies. For example, while most Thai workers (90%) were hired directly, the same was true for around half of the migrant workers. Moreover, while almost all Thai workers (98%) had a written contract, only a small minority (13%) of migrant workers did, and (70%) had a verbal agreement. Migrant workers also reported longer working hours than Thai employees (57 hours a week compared to 50) (ILO, 2024c).

Regarding freedom of association, the right to collective bargaining and social dialogue, i.e. one of the areas which required improvement, around one-third of surveyed workers reported having a trade union in their workplace and around half of those were trade union members. Two-thirds reported that trade union meetings were held twice a year. One-third also considered the relations between trade unions and management as very good. In workplaces with trade unions, 79% had collective bargaining agreements in place and around half of workers thought they could raise concerns directly with their management (this opinion was expressed by only 18% of workers in workplaces without trade unions). There was also a better understanding among large companies of social dialogue and trade unions, and of their role in enterprise operations, than among SMEs and second-tier or third-tier companies along the supply chain. According to other sources cited by the same research, the automotive sector in Thailand has a relatively good trade union presence and industrial relations compared to other sectors (ILO, 2024c).

Another study focusing on decent work and responsible business practices in the Thai automotive industry found that while there are examples of codes of conduct and CSR policies in different companies and their supply chains in the sector, their provisions either remain entirely on paper or are implemented only in parts related to environment and the basic labour-related commitments (such as the elimination of child labour), with the rest of social clauses being intentionally overlooked. This is because they are considered cost-generating factors on the one hand, and on the other, there are no commercial incentives to implement them in practice, since buyers in Asia and the Middle East do not pay particular attention

to compliance with international standards in this area. Moreover, many company owners, particularly SMEs, prefer to make all decisions on their own rather than permit the establishment of trade unions and engage with them, as partners, in a dialogue regarding working conditions and labour standards in the workplace (ILO, 2022e).

There is also a separate, though partly overlapping, body of research and discussion on the expected changes in the automotive industry due to the transition towards the electric vehicles production, which will require a different composition of jobs and skills available in the industry. Accordingly, the employment share of engineers and technicians is likely to increase while the demand for low-skilled workers will decline. This, in turn, means that contracts of low-skilled workers (some of them being migrants) may be terminated or not renewed, older workers may be offered early retirement schemes, and younger workers may need to receive training to move to other jobs within the industry or elsewhere in the economy. Moreover, the education and vocational training programmes will need to be adapted to increase the employability of young graduates. In this context, it will be helpful to engage with Japanese counterparts, as well as representatives from other countries (employers, trade unions, academia, educational providers, and others) to learn about their experiences in navigating a similar transition (Kulkolkarn, 2019). While the cited research paper does not make a comparison between the current and future working conditions in the sector, the transition to electric vehicles may have an impact on the share of direct employees and of those with a written contract, wage levels and social benefits offered to workers, given that high-skilled workers may have different expectations from the current workforce and employers may have an interest in building and maintaining a skilled workforce in the sector.

### EU GSP for Indonesia

#### *Garment Sector in Indonesia (Working Conditions, Occupational Safety and Health)*

The Better Work programme has been operating in Indonesia's garment sector since 2011. During that time, the number of factories covered by the programme increased from 29 in 2011 to 214 in 2025, and the number of employed workers rose from 71,000 to 470,990 (with women accounting for 80% of them). Exports of Indonesia's entire garment sector (HS codes 61–63) increased from USD 6.7 billion in 2010 to USD 9.7 billion in 2022, and subsequently declined to USD 8.4 billion in 2024 (ILO, IFC, 2022; ITC Trade Map).

When data from a set of factories participating in the programme for at least six years is analysed, the findings suggest full compliance with requirements in areas such as the right to organise and the right to strike, as well as the absence of child labour and forced labour. Moreover, while significant challenges remain in other areas, progress towards compliance has been registered in 26 aspects, covering discrimination, occupational safety and health and working conditions, including contracts, wages, and working time. For example, the rate of non-compliance with requirements related to worker protection decreased from 92% to 75%, regarding management of chemicals and hazardous substances, from 100% to 75%, regarding building safety permits, from 100% to 52%, regarding the fire alarm operation, from 73% to 34%, regarding the existence of non-obstructed emergency exits, from 40% to 15%, regarding presence and operation of the OSH management system, from 98% to 69%, and regarding the existence and state of welfare facilities, from 87% to 29% (ILO, IFC, 2022). It is also worth noting that the comprehensive performance review cited here was conducted in 2022. Therefore, further progress may have been made in the participating factories since then.

Further findings from the available analysis suggest that in factories participating in the Better Work programme, the overall state of occupational safety and health improves, and injury rates fall. Moreover, wages increase over time as compliance with minimum wage legislation and individual contracts improves (e.g. the non-compliance rate for minimum wage payment to non-permanent workers has declined from 67% in 2011 to 6% in 2020). Workers also enjoy greater contract stability, and the training provided by the programme supports skills development and communication. However, challenges remain regarding excessive working hours, including overtime (here, the non-compliance has remained almost the same, with 67% in 2010 and 65% in 2020, however, it has also been confirmed that workers freely agree to doing overtime), as well as the use of non-permanent workers (here, the non-compliance decreased from 44% to 39%) (ILO, IFC, 2022).

### EU GSP for Indonesia

#### *The Electronics Sector in Indonesia (Working Conditions)*

The electronics sector contributes around 1.4% to Indonesia's GDP. In 2022, it provided jobs for 345,405 persons, with women accounting for 40.5% of the workforce. A large part of production is directed to the growing domestic market. At the same time, the trends of increasing international competition and automation have restricted employment growth in the sector, particularly for low-skilled workers and women employed at assembly lines, while skilled workers may be needed to manage new technological processes (ILO, 2024d; 2024e). In 2024, exports of electrical machinery and electronic equipment amounted to USD 15 billion. They were mainly destined for the US, Singapore, Japan, the Republic of Korea, Hong Kong, China; China, Thailand, Viet Nam, Malaysia, Mexico, and Australia (ITC Trade Map). In 2018, almost all workers (98%) in the electronic industry were in formal employment, and those engaged in production, particularly in skilled jobs, had permanent contracts (ILO, 2024d). Other sources suggest that a typical contract structure, including in the electronics sector, involved around 20% workers on permanent contracts, 30% on short-term ones and 50% hired through employment agencies (Electronics Watch, 2018). In 2018, average hourly wages in the electronics industry were much higher than across the Indonesian economy, with the latter accounting for 60.9% of the average in the electronics sector (ILO, 2024d). Moreover, the compliance rate with minimum wage regulations in the electronics sector was higher than in the broader manufacturing sector and the entire Indonesian economy. Though in 2022, it still meant that only 69% of workers in the electronics sector received at least the minimum wage, with the other two rates being at 39% and 33% (ILO, 2024e). Workers in the electronics sector also enjoy greater coverage of diverse social protection measures, including health and accident insurance, than workers in other parts of the Indonesian economy. Still, in 2022, depending on the type of insurance, some 20%–40% of workers in the electronics industry were not covered by it (ILO, 2024e).

In 2018, workers in the electronics sector reported that their weekly working time (regular working hours without overtime) amounted to around 50 hours (compared to the 40 hours foreseen by the law) and was mainly driven by high production targets.<sup>208</sup> While there was also a possibility or need to work overtime, this was not always related to receiving higher pay, as required by the law. Sometimes overtime was used to meet the remaining portion of production targets, and in some cases, workers did not receive a higher pay rate for the full amount of overtime (Electronics Watch, 2018).

<sup>208</sup> According to another source (Labour Force Survey) and more recent data, the average working time in the electronics sector decreased from 46 hours per week in 2018 to 43 hours in 2022 (ILO, 2024e).

While the rate of trade union membership has been higher in the electronics sector than in the rest of the Indonesian economy, it declined from 32% in 2018 to 27% in 2022. The increase in the number of short-term contract workers relative to permanent workers has been mentioned in this context as one of the contributing factors (ILO, 2024e). There were also practical restrictions on trade union operation, such as the establishment of friendly in-house trade unions by factory management, intimidation of other trade union members, unfair dismissals, threats of employment termination and physical attacks (Electronics Watch, 2018).

As far as occupational safety and health are concerned, identified shortcomings included poor ventilation and high temperatures in manufacturing facilities, as well as workers handling chemicals without prior training, and adequate personal protective equipment (Electronics Watch, 2018). Research conducted in 2024 also indicates the existence of practices, such as retention of identity documents or educational certificates, applied to prevent workers from resigning before their contract's expiry. The ILO lists such practices among forced labour indicators. The same research notes that compliance with the prohibition of child labour is high in the sector and that essentially, no minors are employed (ILO, 2024e). While some auditing schemes operate in the sector, reportedly, there is no adequate due diligence regarding labour-related aspects. Some companies limit checks to occupational safety and health, while others prioritise economic outcomes and do not conduct checks of their suppliers, as long as they meet deadlines and maintain the agreed prices and quality standards (ILO, 2024e).

#### EU GSP+ for the Philippines<sup>209</sup>

##### *The Electronics Sector in the Philippines (Working Conditions)*

In 2024, the broader electrical machinery and electronic equipment sector generated USD 36.7 billion in exports (about 50% of total Filipino exports), destined mainly to Hong Kong, China; the US, Japan, China, Singapore, Chinese Taipei, the Netherlands, Germany, the Republic of Korea, and Malaysia (ITC Trade Map). In 2023, the employment in the Filipino electronics sector was estimated at around 500,000, with women accounting for two-thirds of the workforce (ILO, 2024f).

Findings from research conducted in the sector in 2016 and 2023, including interviews with workers, suggest that long working hours and overtime have been common. While the Labour Code foresees an eight-hour working day, with a maximum overtime of two hours, and a six-day working week, reportedly, the overtime may extend between two and four hours a day, and the working week may also include Sunday, leaving no time for weekly rest. Some workers have also reported working up to 16 hours a day. Paid annual leave is limited to permanent workers. Moreover, workers hired on short-term contracts usually work longer hours, out of fear that a refusal to work overtime may result in non-renewal of their contract (Electrónica Justa, 2024; Electronics Watch, 2016). On the other hand, overtime may be used by workers to increase their income. While companies usually comply with the minimum wage regulations, wages are low, sufficient only to cover the most basic needs (like food). Workers may also count on bonuses based on performance and attendance. Moreover, according to 2016 research, permanent workers employed in companies covered by collective agreements used to receive higher wages than in the rest of the sector (Electrónica Justa, 2024; Electronics Watch, 2016).

<sup>209</sup> In responses to a questionnaire and in an interview for this study, employers and trade unions from the Philippines also provided information regarding garment industry, fruit sector and food preparations sector, including dried and canned fruits, and highlighted their importance for the Filipino economy, employment and exports to the EU and the EFTA States.

There have been cases of gender-based violence and sexual harassment mentioned in the research; however, when they had been reported to trade union representatives, actions had been taken by companies, such as suspension of the perpetrator. That said, there may also be unaddressed or unreported cases, particularly in factories without trade union representatives (Electrónica Justa, 2024). In this context, it is also worth noting that in 2024, the Philippines ratified the ILO Convention No. 190 on violence and harassment in the workplace, thereby committing to preventing and addressing such cases, including in the electronics sector.

There are diverging reports regarding occupational safety and health in the sector. Some research confirms that workers receive personal protective equipment when necessary and chemicals handled in the industry are labelled and stored adequately (Electronics Watch, 2016). Other reports note that in some cases, protection may be insufficient, and workers suffer from health problems resulting from handling chemicals (Electrónica Justa, 2024). There have also been reports of health problems resulting from long working hours, standing for long periods, and the lack of breaks or insufficient breaks for meals or the toilet (Electronics Watch, 2022).

#### EU GSP/EBA and the US GSP Schemes and the US Textile Agreement for Cambodia<sup>210</sup>

##### *Garment Sector in Cambodia (ILO Core Labour Standards and Working Conditions)*

Better Factories Cambodia, as part of the Better Work programme, engages with garment factories and producers of travel goods and bags in the country to improve working conditions, enhance respect for international labour standards and boost competitiveness. In 2024, the initiative covered 732 factories, which employed 713,826 workers, of whom 80% were women (ILO, IFC, 2025). This means an increase from 337 factories employing 346,503 workers, reported in 2011 (ILO, IFC, 2015). In responses to a questionnaire for this study, the Government of Cambodia has acknowledged the importance of trading arrangements with the EU and the US for employment creation, particularly for women from rural areas, and the subsequent increase of foreign investment and development of other sectors (e.g. logistics, packaging, and light electronics), also providing jobs for the local population.

Over the last few years, the garment sector has been facing challenges, including in access to the two principal destination markets, i.e. the EU and the US. As Cambodia relies on preferences for developing countries, the partial withdrawal of preferences by the EU and the recent tariffs imposed by the US (19% as a reduced rate from the initial 49% and 36%) may have an impact on the sector,

<sup>210</sup> An example of unilateral trade arrangements (the EU EBA and the US GSP) has been provided, since they facilitate exports from developing countries and include labour-related conditionality, serving as a proxy of an FTA with labour provisions for countries, which (like Cambodia) have not implemented until recently any FTA with labour provisions. The EU EBA (Everything But Arms), as part of a wider EU GSP scheme, provides duty-free quota-free access to the EU market for all products but arms and ammunition. The beneficiary Least Developed Countries face, however, a conditionality (Article 19 of the GSP Regulation), according to which trade preferences can be withdrawn temporarily for all or some products if a systematic violation of principles of the ILO fundamental Conventions and/or specific UN human rights Conventions is identified in the beneficiary country or if that country exports products made by forced labour. The GSP Regulation lists a few more reasons for preference withdrawal (see EU GSP: [https://policy.trade.ec.europa.eu/development-and-sustainability/generalised-scheme-preferences\\_en](https://policy.trade.ec.europa.eu/development-and-sustainability/generalised-scheme-preferences_en)).

The US GSP scheme expired in 2021 and has not been renewed. The US-Cambodia Textile Agreement of 1999 facilitated Cambodian garment exports to the US with quota being increased conditionally, based on improvements in working conditions and the respect for ILO core labour standards. The Agreement was accompanied by an assistance initiative (Better Factories Cambodia) delivered by the ILO and the International Finance Corporation (World Bank Group). The Textile Agreement expired at the end of 2004. See: [https://ustr.gov/archive/Document\\_Library/Press\\_Releases/2002/January/US-Cambodian\\_Textile\\_Agreement\\_Links\\_Increasing\\_Trade\\_with\\_Improving\\_Workers'\\_Rights.html](https://ustr.gov/archive/Document_Library/Press_Releases/2002/January/US-Cambodian_Textile_Agreement_Links_Increasing_Trade_with_Improving_Workers'_Rights.html)

while it may still preserve its competitiveness compared to other garment producers<sup>211</sup> (Petty, 2025). An additional challenge, but also a potential benefit, may stem from the adoption of due diligence legislation by main trading partners, which encourages compliance with international labour standards (ILO, IFC, 2025).

Better Factories Cambodia conducts audits at participating factories to assess the level of compliance with labour standards and legal requirements related to working conditions, and to identify remaining gaps. Regarding child labour,<sup>212</sup> the results indicate a declining child labour incidence, from 74 cases of children under the age of 15 years working in the audited factories in 2013–2014, to 30 cases in 2014–2015 and two cases in each 2019 and 2024. Forced labour incidence is very low, with no such cases between 2011 and 2015, three cases in 2019 and one in 2024 (ILO, IFC, 2015; 2020; 2025).

Discrimination is mainly based on gender and often related to pregnancy, with the overall rate of 16%–20% in 2011–2014, 13% in 2015, and 3.1% in 2024. However, in 2014–2015, in 2.4% of the audited factories, discrimination was also based on trade union membership (ILO, IFC, 2015; 2025). Regarding freedom of association, the share of factories where management has interfered with trade union activity has declined from 11% in 2014–2015 to 6.3% in 2024. However, there were still cases in which workers were unable to form or join a trade union of their choice or were forced to join one. Audits recorded 13 such cases in 2019 and 17 in 2024 (ILO, IFC, 2015; 2020; 2025).

At the same time, like in Viet Nam, the highest rates of non-compliance have been reported in occupational safety and health and working conditions. For example, in 2014–2015, 47% of factories did not provide the necessary personal protective equipment. This rate declined to 42% in 2019. Regarding other indicators, however, there are discrepancies in the breakdown by category and in compliance rates between earlier reports (2014–2015) and the latest ones. Therefore, it is not possible to analyse long-term trends. Most recently, around half of the audited factories (56.3% in 2022 and 46.2% in 2024) did not comply with rules on the management and storage of chemicals and hazardous substances. Two-thirds (72.5% in 2022 and 69% in 2024) did not ensure emergency preparedness, i.e. working fire detectors/alarms and unobstructed emergency exits. Moreover, 18.7% of firms in 2022 and 17.8% in 2024 did not pay at least the minimum wage to their workers, and 46.5% in 2022 and 37.8% in 2024 did not pay social security contributions on time or in the full amount (ILO, IFC, 2023a; 2025). While non-compliance rates remain high, it is worth noting that all the indicators mentioned above improved between 2022 and 2024. In responses to a questionnaire for this study, the Government of Cambodia appreciated the role of Better Factories Cambodia, annual audits and public disclosure of factory-level audit results as factors contributing to a decline in the incidence of industrial disputes and the adoption and implementation of better occupational safety and health practices, which in turn contributed to improved productivity and reputation in the eyes of international buyers.

<sup>211</sup> Earlier in 2025, the Better Factories Cambodia conducted a survey in the garment sector to identify potential consequences of tariffs imposed by the US. 22% of responding companies reported having lost one or more buyers, 27% informed about a request from buyers to cut prices, which illustrates an attempt to shift the increasing costs of imports to the US onto the supplier. Some companies felt uncertainty about the number and value of future orders (48% of respondents had contracts for only 1–3 months) (ILO, IFC, 2025a).

<sup>212</sup> At the same time, as part of a cooperation project engaging the Ministry of Labour and Vocational Training, 205 enterprise representatives across nine provinces have been trained on lawful youth employment and child-labour prevention, while the MLVT allowed for young-worker permits (17 enterprises authorised in 2024).

Additional research among factories participating in the Better Factories Cambodia initiative has confirmed an average productivity increase of 10% in the first year of participation and of a further 11% after two years. Thanks to it, factories could increase their production targets. The initiative's objectives have also attracted new buyers and additional orders, contributing to job creation in the sector. While improved working conditions, such as higher wages, training or investment in occupational safety and health, mean costs in the short-term perspective, they can also reduce the risk of fire, accidents and injuries, increase well-being and motivation of the workforce, help develop skills and raise productivity, as well as lower the labour turnover and retain particularly those already trained, with developed skills and experience. Subsequently, as mentioned above, firms may raise their production targets with the same workforce, thereby enhancing resilience and the probability of survival in hard times, as confirmed by Cambodian companies that survived the 2008–2009 financial crisis. Moreover, particularly at a time of increasing use of due diligence measures, compliance combined with transparent reporting may attract reputation-conscious buyers and buyers from jurisdictions with due diligence legislation in place (ILO, IFC, 2019a).

### EU EBA with Lao PDR

#### *Garment Sector in Lao PDR (Working Conditions)*

The garment sector in the Lao PDR employs around 26,000 people in 77 factories, of which 51 are large, export-oriented firms, while 26 are SMEs producing mainly for the domestic market. The majority of companies (at least 40) are foreign-owned (ASEAN, 2024; Apparel News, 2023). Up to 80% of exports are destined for the EU market, under the EBA scheme (tariff preferences for developing countries) (ITC Trade Map).

Young women (up to 25 years of age), mainly from rural areas, account for 85%–90% of the workforce in the sector. The majority are low-skilled and perform cut-and-trim tasks in factories. The sector offers low wages and limited skills development opportunities, both of which contribute to a significant worker rotation of around 30% during the year, and in some factories, even 40%–60%. All these factors limit the productivity growth and further development, as the prospects for automation and digitisation of production processes are hampered by the lack of a skilled workforce (ASEAN, 2024).

In a 2012 World Bank survey of management and workers in the Lao PDR's garment sector, workers complained about long working hours and compulsory overtime, poor air quality, high temperatures, inadequate sanitary facilities and problems with access to drinking water in the manufacturing facilities, as well as poor living conditions. The survey report also notes their lack of prior knowledge of working conditions in the sector, the lack of workers' representation and dispute-resolution mechanisms and conflicts with managers as the main reasons for early departures from workplaces when challenges emerge. Poor numerical literacy also plays a role in understanding wage systems and wage fluctuations (World Bank, 2012).

More recent research (Bruesseler, 2021) notes that most workers in the Lao PDR's garment sector have formal, full-time jobs and are covered by the social security. Moreover, their employers provide them with a range of services, including dormitories, free meals, shuttle bus services, sick leave benefits and other allowances, and some also offer scholarships for workers' children. However, the challenges mentioned in previous studies remain, i.e. wages are low, and so is workers' productivity. Moreover, many workers leave the factory after a short period (sometimes after a few weeks), and of those, some leave the

sector altogether, meaning that any investment in their skills development is lost, and factories struggle to accumulate experience and improve their position in the competitive market. The research also notes that, while the minimum wages are low and therefore competitive in the regional comparison, as of 2021, they could hardly cover living costs (at the same time, a more substantial wage increase could deprive the Lao PDR's garment sector of its last competitive edge). Only the more professionally run companies paid their workers wages higher than the statutory minimum.

The research also provides examples of some companies operating in Lao PDR, including one owned by capital from an EU Member State. The company employs over 1,000 people in Lao PDR, recruited directly, for full-time contracts. Since the company is responsible for recruitment, it ensures that the minimum age limit is observed and there is no child labour on its premises. It offers its employees social security coverage and good salaries, with overtime paid at higher rates. Employees can exercise their right to freedom of association and collective bargaining. They participate in safety training and can also use the canteen and medical services on the premises. The company has been certified by SA 8000 (social accountability standard) (Bruesseler, 2021).

#### The EU EBA Scheme and the US GSP for Myanmar

##### *The Garment Sector in Myanmar (Working Conditions)*

Over the last few years, the employment in the Myanmar garment industry decreased from around 1 million before 2020 to around 400,000 in 2025, of whom 84% are women, 73% are young people below 28 years of age, and 64% are internal migrants from rural areas and other parts of the country. Sixty per cent of workers have completed primary education or less (UNDP, 2025). In 2018, 518 factories operated in the sector, accounting at the time for 18% of the country's exports, destined mainly to Asia (40% in 2015) and Europe (36% in 2015) (Boquiren et al, 2018). Since the introduction of EU tariff preferences for Myanmar in 2013, the EU share in the country's garment exports increased to 52% in 2022, giving the EU the first rank, followed by Japan (18%), the UK (10%), the US (6%), and the Republic of Korea (4%) (World Bank, 2023). The sector operates under the cut-make-pack scheme, in which international buyers (mainly brands and retailers) provide designs, fabric and accessories, while the Myanmar factories cut the fabric, and make and pack ready garments. Profit margins are low, and manufacturers depend on their clients for supplies and orders (UNDP, 2025).

According to data from 2017–2021, factories selling to the European or US markets, while not free from failures, often had to be certified and perform better in labour-related areas than their competitors exporting to clients in Asia, to seize the opportunities offered by the EU (EBA scheme) and the US (ICTSD, 2018). In late 2021, while the picture across the sector was mixed, the factories supplying the EU customers were considered to pay better wages and respect workers' rights (EuroCham, Myanmar, 2022). The more recent sources (World Bank, 2023) confirm this and indicate that, amid rising inflation and living costs, and a decline in real wages, some companies, particularly those exporting to the EU, increased workers' salaries by 10%–20% in 2023 (for more on wages, see below).

Research conducted in 2024 provides an overview of working conditions in the sector. Fifty-six per cent of respondents had a permanent contract, 12.6% had a temporary contract, and 31.1% had no contract. However, even if workers had a contract, they were usually unaware of its terms. Minimum wages in the country and the sector are low (USD 1.1–1.3 per day), and the average monthly wage of a garment worker does not exceed USD 100. That said, workers still manage to send remittances

back home, with the average value amounting to one-third of an average wage (USD 32). Given rising fuel, commodity, housing, and healthcare prices, as well as electricity cuts that disrupt cooking and force workers to buy ready-made food, workers demanded a wage increase to cover daily living costs. In response, allowances have been introduced; however, they can be easily withdrawn, e.g. for refusing to work overtime, taking leave, or receiving a warning (UNDP, 2025). According to other sources, rising living costs and inflation rates have exceeded wage increases. Data from one of the international brands sourcing in Myanmar suggests that, between 2020 and the end of 2023, despite the 25% rise in nominal wages, real wages have lost value, falling from USD 140 per month (USD 151 before the pandemic) to USD 72, due to the overall rise in prices (of 88%) and 160% increase in the prices of food constituting an everyday diet (Bissinger, 2024).

Workers also reported long working hours, including overtime, as a way to increase their income, but also as a concern. According to them, the usual working time was estimated at nine hours per day; however, overtime was unavoidable, extending their working day to 12 hours. Moreover, if workers did not meet their production targets during their regular working hours, they had to work overtime to make up the difference (UNDP, 2025). Due to the reports of forced overtime work, accompanied by threats of dismissals and financial penalties (withdrawal of allowances), and not compensated adequately, in 2024, garments manufactured in Myanmar were added to the US list of goods produced with the use of forced labour (US Department of Labor, 2024).

Regarding occupational safety and health in the garment sector, workers also suffer from work-related health problems, such as physical injuries, respiratory problems, stress, and eye strain, due to working in high temperatures, handling chemicals, and facing offensive comments, movement restrictions and discriminatory or abusive treatment. According to the 2024 research, workers also admitted that they often had not reported any abuse out of fear of losing their jobs (UNDP, 2025).

### Timor-Leste

#### *Coffee Sector in Timor-Leste (Job and Income Creation, and Poverty Reduction)*

Coffee is the most important cash crop in Timor-Leste. In 2016, it provided income to 18.9% of households in the country, while in two districts that share exceeded 40% (43% in Ermera and 44% in Aileu). Since the early 2000s, coffee production has accounted for 85%–90% of non-oil exports, mainly destined for the US and Europe, generating revenue of USD 27 million in 2016. Coffee producers are primarily smallholder farmers, with 62% (in 2016) growing coffee trees on less than 1 ha each, and most of the rest on less than 5 ha. As of 2016, in most cases, family members were involved in harvesting coffee, which was subsequently sold to local intermediaries. Dependence on weather conditions, income seasonality, and the lack of influence on sale prices contributed to the vulnerability of coffee growers. Moreover, coffee farm productivity was low, and farmers had limited access to training, good agricultural practices, finance, and coffee quality control. They also used the certification schemes to a limited extent. In addition, the poor state of rural transport infrastructure contributed to delays in transporting coffee from farms to washing and drying facilities, thus negatively impacting coffee quality. High transport costs also reduced farmers' income. To address the challenges, the Government has designed the Coffee Sector Development Strategy 2019–2030 (ADB, 2019).

Moreover, the coffee sector has received international financial and technical assistance. For example, since 2015, Australia's Market Development Facility has been cooperating with coffee producers and their association to provide extension services to coffee farmers, and invest in improving coffee quality, processing and marketing to increase production and exports, notably in specialty coffee, for which the global market has been growing at 12% per year and which can guarantee premium prices for coffee growers, compared to the low-price commodity coffee traditionally sold by Timor-Leste. The first results have already emerged, with the share of higher-quality specialty coffee in the total volume of exported coffee increasing from 2% in 2017 to 24% in 2022, and the value of specialty coffee exports rising from USD 713,000 to USD 10 million in the same period (in 2022, the specialty coffee was traded at USD 6–10 per kg, while the commodity coffee reached not more than USD 4 per kg). Thanks to the higher share of specialty coffee, the average price of coffee exported by Timor-Leste increased from USD 2.5 per kg in 2017 to USD 5.0 per kg in 2022, rising above the global average price of USD 4.7 per kg in 2022. It was also estimated that the number of Timor-Leste farmers supplying specialty coffee rose from 1,000 in 2017 to 11,000 in 2022. In 2022, the main export destination markets for specialty coffee included Canada, the US, Australia and Japan.<sup>213</sup> The specialty coffee has also attracted the interest of roasters from Europe (Australian Aid, 2023).

Following the investment in processing facilities, further steps outlined in 2022 included providing extension services to farmers, rehabilitating farms by planting new coffee trees to replace the older ones, and the need for public investment to improve road quality, and to increase the share of certified coffee in exports (Australian Aid, 2023). These actions should improve productivity, which will need to increase since farms in Timor-Leste provide low yields compared to other coffee producers (371 kg per ha in 2023 compared to 599 kg per ha in Indonesia, 663 in Ethiopia, 809 in Colombia, 865 in Peru, 1,212 in Honduras, 1,773 in Brazil, and 2,934 in Viet Nam). Over the last few years, national efforts in this area have been supported by international aid from Australia, New Zealand and the Asian Development Bank. To improve the productivity and increase farmers' income, assistance projects have provided training, seedlings and tools to coffee farmers (Takinami, 2025). They also supported diversification into other high-value crops (vanilla, cloves, pepper and cacao) and the export of certified and Fairtrade coffee (EIF, 2023; Sherchand, 2022). The Timor-Leste coffee has also been promoted by an international coffee brand (Starbucks, 2025). In 2021, farmers supported by New Zealand's project promoting sustainable farm management techniques and crop diversification achieved incomes three times higher than the national average (Sherchand, 2022). At the same time, the national financial support seemed to lack continuity, particularly regarding funds for new trees. The available reports refer to one tranche paid in 2023, which led to a large-scale removal of old coffee trees and a deep drop in coffee production and farmers' income (Takinami, 2025).

### The CPTPP and Exports to the US and the EU – Malaysia

#### *The Rubber Gloves Sector in Malaysia (Forced Labour)*

Malaysia is the largest global producer of rubber gloves. In 2024, rubber gloves accounted for 75% of all rubber products exported by the country, while natural rubber and latex accounted for 12%, technical and industrial rubber goods, 10%, and tyres and compounds, 5% (TradelmeX, 2025). In 2024, synthetic rubber gloves accounted for 65% of its rubber glove exports, and those made of natural rubber, for 35%. In a breakdown by product category, 72% of rubber glove exports were

<sup>213</sup> In 2023, the main destination markets for all coffee exports from Timor-Leste included Indonesia, the US, Canada, Australia Japan, Portugal, and Germany: <https://oec.world/en/profile/bilateral-product/coffee/reporter/tls>

represented by medical, surgical, dental, and veterinary gloves, while 28% were destined for industrial, household, and other uses.<sup>214</sup> The top ten export destination markets for Malaysia's rubber gloves include the US, Japan, Germany, China, the UK, Türkiye, Canada, the Netherlands, Belgium, and the Republic of Korea. However, when the EU is aggregated as one entity, it accounts for between 20.7% (2024) and 25.1% (2020) of Malaysia's rubber glove exports, while the US accounts for 32.1% (2022) to 39.9% (2024) (ITC Trade Map). The industry comprises three segments: smallholder farmers who grow and produce natural rubber latex (283,683 farms in 2013); processors of natural and synthetic rubber; and manufacturers of rubber products, such as gloves. In 2020, the second (processing) segment employed 17,441 persons, while rubber glove manufacturing provided 66,739 jobs, employing predominantly men, 61% of whom were migrants. Employment in the glove manufacturing sector accounted for 0.3% of the Malaysian total employment (ILO, 2023a).

In 2020, the US Department of Labor added Malaysia's rubber gloves to the list of products made with the use of forced labour. The report alleged that forced labour practices had been identified in relation to some of the 42,500 migrant workers from India, Bangladesh, Myanmar, and Nepal employed in the industry. The prohibited practices included fees collected by recruitment agents, resulting in debt bondage, restrictions on movement, withholding of wages and identity documents, long working hours in excess of time allowed by the Malaysian law, and high temperatures in production facilities (Reuters, 2020; US Department of Labor, 2020).

In 2020–2021, the US Customs and Border Protection (CBP)<sup>215</sup> issued several Withhold Release Orders (WROs) under the US Tariff Act (1930), detaining shipments of Malaysian disposable gloves. The WROs were based on reliable evidence indicating that forced labour practices had been identified in the manufacturing companies. In the following years, the companies remedied the situation. They introduced improvements in working and living conditions for workers and repaid at least USD 148 million (figures from three cases) in withheld wages and recruitment fees that had previously trapped workers in debt bondage. Other measures included blacklisting unethical recruitment agents, establishing a helpline for workers, and ensuring that workers are not required to work excessive overtime (CBP, 2024; CBP, 2023; ILO, 2022d; Impactt, 2021). Additionally, in 2021, Malaysia launched the National Action Plan on Forced Labour (2021–2025) and in 2022, the country ratified the 2014 Protocol to the ILO fundamental Convention No. 29 on the elimination of forced labour and trafficking in persons. In the same year, Malaysia amended the Employment Act by adding a new section on forced labour. Also, in 2022, the ILO, in cooperation with the Malaysian Rubber Council, developed a practical guide for employers on preventing and eliminating forced labour in the rubber industry. It highlighted the business case for the fight against forced labour, noting that in 2021, an Australian buyer had halted rubber glove orders from the Malaysian supplier following the US WRO, and likewise, Canada had halted imports of Malaysian rubber gloves under the 2020 Customs Tariff, which prohibits imports of goods made by forced labour. Moreover, in 2022, the EU published a proposal for a Forced Labour Regulation with a similar objective. This posed a risk of a ban on exports to the main destination markets, which accounted for around 60% of Malaysian rubber glove exports (ILO, 2022d). Following actions taken by the Malaysian companies producing rubber gloves, the US CBP modified the WROs in 2021–2024 and approved their imports, provided their disposable rubber gloves meet the applicable US product standards (CBP, 2023; CBP, 2024; Impactt, 2021).

<sup>214</sup> MARGMA: <https://margma.com.my/>

<sup>215</sup> The procedures applied by the US Customs and Border Protection are discussed in detail in section 3.8.

Progress towards compliance with international labour standards and decent working conditions in the rubber glove sector has been supported by the ILO and the EU-funded Supply Chains for a Sustainable Future of Work project, which focuses on employment and productivity, social dialogue, occupational safety and health, elimination of forced labour, labour inspection and strategic compliance (ILO, 2024b). Sector representatives have also participated in the launch of Malaysia's National Action Plan on Business and Human Rights (2025–2030) and civil society consultations on the National Action Plan on Anti-Trafficking in Persons (2026–2030) (Business and HR Resource Centre, 2025; MARGMA, 2025).

In responses to a questionnaire for this study, the Malaysian trade union representatives have confirmed that changes have occurred recently in the three analysed sectors (rubber gloves, electronics, and palm oil). According to trade unions, international audits have been conducted, there is an increased scrutiny of forced labour allegations, and companies are enhancing compliance with labour standards.

### The CPTPP and Exports to the US and the EU – Malaysia

#### *Palm Oil Sector in Malaysia (Forced Labour)*

Malaysia is the second-largest palm oil producer in the world (after Indonesia), accounting for 24.5% of global production (Indonesia accounts for 57%). Malaysia also ranks second in palm oil exports, with a share of 19% (Indonesia ranks first with 27%). The top ten destination markets for Malaysia's palm oil exports include India, China, the EU, Kenya, Türkiye, the Philippines, Japan, Pakistan, the Republic of Korea, and Bangladesh. In 2024, 84.9% were certified by Malaysian Sustainable Palm Oil. Certificates were also held by 86.8% of mills, as well as 540 organised smallholders and 159,289 independent ones.<sup>216</sup>

Reports regarding the Malaysian palm oil sector published in the last decade indicated the forced labour incidence, particularly among migrant workers, with high recruitment fees, deceptive communication about terms and conditions of work, poor living conditions in workers' dormitories, passport detention, threats and violence against workers, deductions from wages, early contract termination, limited workers' mobility, unrealistic production targets to meet to earn a minimum wage, low wages, and lack of labour law enforcement (FLA, 2018).

As part of the response to address the identified problems, Malaysian labour inspectors have followed training provided by the ILO, focused on forced labour, child labour, gender-based violence and harassment in the workplace, victim protection and access to remedy. According to the available evidence, women working in the palm oil sector are often hired on daily or temporary contracts, which excludes them from social protection coverage and exposes them to threats related to contract termination (Spotlight Initiative, 2022).

In 2020, the US Customs and Border Protection (CBP) issued a Withhold Release Order (WRO) for shipment from Malaysia due to the identified use of forced labour at a Malaysian palm oil plantation (CBP, 2020a). A further finding followed in 2022, confirming that sufficient evidence existed that palm oil fruits had been harvested with the use of forced labour at the plantation in question (CBP, 2022). Forced labour included in this case retention of identity documents, workers' movement restriction, threats and intimidation, physical abuse and arbitrary penalties. Moreover, migrant workers recruited through employment agencies had to pay high recruitment fees, putting them in a debt situation.

<sup>216</sup> Malaysia's Palm Oil Council: <https://www.mpoc.org.my/industry-overview/>

To address it, the plantation announced it would allocate USD 18.6 million to repay recruitment fees to 34,000 of its current and former workers. Other measures included improvements in housing facilities and the establishment of a hotline for workers to submit complaints (Haffner, 2022). In 2023, after the plantation provided further evidence of measures taken and new practices, the US CBP lifted the ban on palm oil imports (CBP, 2023a). In the statement under the UK Modern Slavery Act (2015) issued at the end of 2024, the company reported on measures taken over the last few years to respect labour and human rights. This includes the migrant worker responsible recruitment procedure launched in 2022, which assumes that workers pay no recruitment fees and receive job contracts and information about their jobs, wages and other conditions, in their country of origin before departure to Malaysia. Moreover, training on human and labour rights for the company's staff has been developed and incorporated into the company's activities. New migrant workers also participate in onboarding sessions that provide information about their jobs, working conditions, safety arrangements, and grievance mechanisms. In 2024, 1,500 new migrant workers participated in such sessions (SD Guthrie, 2024).

The analysis of practices applied by the above company before the WRO was imposed has been outlined in a research study, based on interviews with the company's employees, including management, and external stakeholders. As the interviews were conducted in late 2023, i.e. after the US CBP closed the WRO case, they offered reflections on practices in hindsight, informed by the additional awareness gained from the CBP-led process. Accordingly, before the WRO was imposed, there was limited awareness within the company of practices that may constitute forced labour. For example, passports of migrant workers were retained without any recognition that this was an element of forced labour, simply because such a practice had been applied in the company and broader sector for many years to prevent migrant workers from abandoning their workplaces. The company has also maintained job contracts of migrant workers on its premises, without issuing them copies, without explaining the terms of the contract or translating the contracts into the workers' native languages. Likewise, managers at different levels were unaware that restrictions in workers' movement (e.g. on their days off) constituted an element of forced labour. Since the WRO procedure, workers have been allowed to travel freely outside their working hours. Moreover, there was little or no control over the recruitment practices used by recruitment agents and other intermediaries, which resulted in fees being paid by the migrant workers, leading them to a debt bondage situation. Also, there was no monitoring of the practices applied by their contractors hired to deliver short-term or ad hoc tasks, nor any checks on their performance regarding labour rights. The interviewees highlighted, moreover, that audits conducted as part of the sectoral certification process had not placed sufficient emphasis on verifying compliance with labour standards, including forced labour. This contributed to the situation in which the company in question had the required certificates while, at the same time, forced labour practices were applied in its operations. Finally, the interviewees stressed that as the company's well-known customers emphasise sustainability and compliance, and further to the imposition of the WRO, the company's reputation was at stake, there was a strong commitment of the company's management to remedy the situation and implement changes as soon as possible (Nasruddin, Zahriman, 2025).

Also in 2020, another WRO was issued regarding imports of palm oil and palm oil products from a Malaysian company that used forced labour in its operations. The collected evidence spoke about abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and excessive overtime. According to the CBP dashboard, this WRO remains active, indicating that imports from the specific company are not permitted to enter US territory (CBP, 2020).

## The CPTPP and Exports to the US and the EU – Malaysia

### *The Electronics and Electrical Sector in Malaysia (Forced Labour)*

The electronics industry in Malaysia provides mainly labour-intensive, standardised, low-skilled assembly and test services to original equipment manufacturers. In 2021, the sector employed 573,000 workers, with migrants accounting for a substantial share of the workforce (ILO, 2025a). In 2023, the industry comprised 495 manufacturing companies across five Malaysian regions, with SMEs accounting for 89% of them (Soon, Wahab, and Vathanaganthan, 2025).

For at least the last decade, there has been evidence of forced labour incidence in the sector, mainly affecting migrant workers due to their vulnerability. Research conducted in 2014 on a broad sample of workers in the electronics industry revealed that forced labour affected almost exclusively migrant workers, while its cases occurred in all segments of the industry, Malaysian regions and types of companies. The recruitment fees collected by employment agencies from migrant workers were identified at the time as one of the main factors contributing to the forced labour occurrence, since they often led to debt bondage or acceptance of poor working and living conditions to be able to pay back the debt. The findings from the 2014 research indicated that the rate of forced labour occurrence was aligned with the level of recruitment fees, with both rates being the highest among the Vietnamese workers and much lower among Indonesians. Moreover, the forced labour rate was lower among workers directly hired by the factory compared to those remaining employed by the agency. Wages were, on average, low relative to recruitment fees, forcing workers to work overtime and leaving them in a long-term debt situation (Verité, 2014). More recently, an increasing number of Malaysian companies have adopted the “employer pays” principle and have covered recruitment costs to demonstrate to their customers the application of an ethical recruitment policy (ILO, 2025a).

Other conditions, which have been raised as concerns, include long working hours, caused by low wages and used to adapt the production capacity to a fluctuating order volume, occupational safety and health risks related to handling hazardous chemicals, poor living conditions in shared unsafe dormitories arranged by the employer and relatively rigid work permit conditions binding each migrant worker, often being on a short-term contract, to one employer and sector, which can be changed only in specific circumstances and which expose workers to abuse and threats related to contract termination, or non-renewal, and deportation (Verité, 2014; Electronics Watch, 2024; ILO, 2025a). Moreover, a low unionisation rate and management intimidation of trade unions limit the ability to defend workers’ rights in the sector. More recently, Malaysia has taken steps to address some of these issues. In 2020, the Employees’ Minimum Standards of Housing, Accommodations and Amenities Act was amended to increase requirements for standards of workers’ accommodation provided by employers. The Trade Union Act and the Industrial Relations Act have also been amended (Soon, Wahab, and Vathanaganthan, 2025; IndustriAll, 2024). In 2025, the Malaysian sectoral trade unions signed an MoU on cooperation and coordination to increase unionisation rates and resolve conflicts through mediation (IndustriAll, 2025). However, there are still reports of forced labour (IndustriAll, 2025b), and employers’ anti-union practices in the electronics sector companies that supply large international brands (IndustriAll, 2025a).

In 2021, the US CBP investigated the case of a Malaysian electronics factory working for an international brand. Afterwards, and after an independent audit conducted at the supplier’s premises, the international customer terminated the contract. The allegations were around a significant number

of hours worked overtime by migrant workers, poor living conditions, as well as intimidation by the management. The independent audit has confirmed excessive working hours and, in addition, highlighted the non-repayment of recruitment fees and recruitment of workers without valid visas (IER, 2022).

### The EU, the US, and Canada FTAs with Colombia

#### *Cut Flowers Sector in Colombia (Child Labour)*

In 2019, the Colombian flower sector provided 140,000 formal jobs (65% of them occupied by women) across 400 enterprises operating mainly in the provinces of Cundinamarca (66%) and Antioquia (32%). Ninety-five per cent of production was exported, mainly to the US (78%), the EU (10%), and Canada (3%), which have FTAs with Colombia that include labour provisions. Forty per cent of exported flowers were certified by Florverde Sustainable Flowers (ProColombia, 2019; ITC Trade Map). This certification scheme for flower-growing farms in Colombia and Ecuador includes requirements to respect the ILO core labour standards, including the elimination of child labour and forced labour, the respect for freedom of association, and the promotion of occupational safety and health. Additionally, it assumes protection of women and no tolerance for harassment or gender-based discrimination in the workplace (Florverde, 2025). In October 2025, the scheme covered 299 flower-growing farms (112 in Ecuador and 187 in Colombia).<sup>217</sup>

In the 1990s and early 2000s, the flower sector was linked to child labour (Morales Rubiano et al, 2020). Since then, it has been committed to preventing and eradicating child labour through compliance with the certification scheme requirements and CSR programmes. The latter focus on three aspects: 1) engagement with families having cases of child labour to raise awareness of the problem and offer jobs to adult household members to encourage replacement of income generated by children with adults' wages; 2) working with school children to convince them (e.g. by funding scholarships) to continue education and not to abandon it to start working; and 3) creating opportunities for children in rural areas to spend actively their leisure time, e.g. by launching sport schools and art activities (Portafolio, 2015). Moreover, since 2015, Asocolflores, the association representing flower growers and exporters in Colombia, has been a member of the Colombian network against child labour, a public-private initiative engaging state institutions and private enterprises. In this framework, the association undertakes initiatives to help prevent and eradicate child labour from the flower-growing sector. For example, in 2024, it distributed 500 school kits with necessary school materials to children from vulnerable families in the flower-growing areas of the Cundinamarca province to help ensure these children continue their education (Portafolio, 2015; Asocolflores, 2024; 2024a). Since child labour should be eliminated throughout the supply chain, members of Asocolflores also require their suppliers to refrain from using child labour. However, compliance with this requirement is not always checked.

In a study conducted in Colombian provinces that cultivate flowers, sector representatives admitted that actions to eradicate child labour from their operations had been driven by the requirements of certification schemes and the expectations of their international customers. According to the study, the problem of child labour requires the involvement and effective cooperation of sector representatives, local and national governments, and the school. Moreover, national efforts can be supported by assistance projects (Morales Rubiano et al, 2020) and the exchange of experience and best practice with other sectors or countries. For example, in a workshop organised by the ILO, the sector representatives, based on own experience and an example from Ecuador, recognised that to remove child labour from the sector,

<sup>217</sup> Find certified organisations: <https://www.florverde.org/en/where-to-buy/>

there was a need for social dialogue with workers and trade unions, formalisation of the sector, compliance with national and international commitments, adherence to certification schemes for flower producers which require using only the adult workforce and engagement with children affected by child labour and their communities to remove children from work and create conditions reducing the need for them to work (ILO, 2017c).

### The EU and the US FTAs with Central America<sup>218</sup>

#### *Sugar Sector in El Salvador (Child Labour)*

The sugar sector in El Salvador provides 50,000 direct jobs (40,000 temporary, for the harvest, and 10,000 permanent), across 7,000 sugarcane producers and six mills, and 200,000 indirect jobs in collaborating sectors along the value chain (Azucar de El Salvador, no date). Further to a report by the Human Rights Watch in 2004 about child labour in the sector, Canada, the second biggest export market (after the US) for El Salvador's sugar, threatened to stop buying it if child labour is not addressed.<sup>219</sup> This triggered an industry action. For example, in 2006, a Code of Conduct was adopted, and in 2007, sugar mills added to their contracts with suppliers a declaration that no child labour has been used at harvest and other field work. Moreover, every year, there are awareness-raising events promoting school attendance and zero tolerance for child labour. Sector representatives cooperate with relevant ministries, and in 2015, an agreement with the Ministry of Labour was renewed, providing a legal framework for cooperation to eliminate child labour from the sector (FUNDAZUCAR, no date). According to available data, child labour in the sugar sector fell from 12,000 in 2004 to 3,470 in 2009 and further to 700 in 2013–2014, i.e. by 92% in ten years (IPS, 2015). A 2013 field study confirmed that policies and monitoring mechanisms were in place, e.g. regarding zero tolerance for child labour in sugar mills buying sugarcane from farms. The study did not find any evidence of the use of child labour in a sample of visited farms (UL, 2015). In a report published in 2016, the UN Special Envoy for modern slavery welcomed efforts made by the Government of El Salvador and other actors to eliminate the worst forms of child labour in the country and noted that, according to the available information, the incidence of the worst forms of child labour had been reduced by 90%. She welcomed the progress made in the sugar sector (UN HR Council, August 2016). According to information obtained for the ex-post evaluation study of the EU-Central America FTA from trade unions and business sector representatives, child labour has been eliminated from the sector in El Salvador. However, fields and other working areas are still monitored, and trade union representatives participate in field visits to ensure that the rule of no hiring minors is respected. Since 2022, the Ministry of Labour and Social Protection has allowed the sector to use the formula 'Sector free from child labour in sugar growing and harvest.' (FUNDAZUCAR, n.d.).

#### *Coffee Sector in Guatemala (Child Labour)*

In 2023, the coffee sector in Guatemala provided around 500,000 jobs, of which three-quarters are temporary, with workers being hired for the harvest season, and around one-quarter are permanent. Coffee is cultivated by 125,000 families and generates around 3% of Guatemala's GDP. In 2023, 41% of the exported coffee was destined for the US market, 23% for the EU (both have FTAs with Guatemala that include labour provisions), and 22% for Asian markets (ANACAFÉ Guatemala, 2023). A survey in the coffee sector conducted between 2009 and 2011 identified child labour incidence, in most cases

<sup>218</sup> The initial version of the sectoral analysis for Central American countries was developed by the same author for the ex-post evaluation study of the EU-Central America Association Agreement (BKP, 2022a; 2022b).

<sup>219</sup> Sugar exports to the EU account for 8.0%–18.0% of El Salvador's total sugar exports, depending on the year. The US (the main export market) and the EU have FTAs with Central America that include labour provisions.

of children working with their parents for a joint wage. Children of school age used to miss classes, leaving school before the end of the school year and starting the following year with a delay. This resulted in lower marks and, at times, failure to pass to the next grade. While some children preferred working rather than going to school, in most cases, the reason for their work was economic, i.e. a need to support the household budget, as well as traditional consent for child labour (Verité, 2012).

Against this background, sector representatives, led by the National Association of Coffee Producers (ANACAFE), have taken measures to prevent and eliminate child labour from the coffee supply chain. These include 50 childcare facilities offering space and activities to 680 children<sup>220</sup> of migrant families and small producers, and 99 primary schools benefitting 2,680 children of school age. This helps keep minors away from coffee plantations and allows them to pursue education or other activities relevant to their age while their parents work during harvest. In 2020, coffee plantations that implemented child labour prevention programmes received diplomas in recognition of their efforts. Sector representatives also cooperate with relevant ministries to implement the roadmap for the eradication of child labour. In 2020, ANACAFE and the sustainability certification scheme Rainforest Alliance signed an agreement to collaborate on the prevention and eradication of child labour in the coffee sector, including by promoting childcare facilities and schools and guiding coffee-producing communities in establishing them. Moreover, the certification programme prohibits child labour at certified plantations. Against the background of very low coffee prices and allegations of child labour being identified in a few coffee plantations supplying international coffee brands, ANACAFE reiterated its policy of zero tolerance for child labour and called upon international buyers to contribute to the fight against child labour by paying decent prices for coffee beans to support household budgets and decent living conditions of small coffee producers and workers (ANACAFE, 2020; Prensa Libre, 2020; Rainforest Alliance, 2021; 2022).

Indeed, some international buyers responded to the needs of their suppliers in Central America. Further to a sharp drop in coffee prices in 2018, one of the well-known coffee brands committed to releasing USD 20 million to small coffee producers in El Salvador, Guatemala, Nicaragua, and Mexico to compensate for the loss of income, support household budgets, and enable the payment of wages to the hired workers, thus preventing poverty and a withdrawal from the sector. It is also worth noting that coffee brands have their own ethical sourcing programmes with monitoring systems that check compliance with standards, including the absence of child labour at coffee plantations (Starbucks, 2020; 2019; 2015; 2018). The available evidence suggests that commercial factors (zero tolerance for child labour in the policies of international coffee buyers) and the domestic commitment to eradicating child labour have played an important role in the progress made in the coffee sector towards eliminating child labour.

#### *Tuna Processing Sector in El Salvador (Freedom of Association)*

In the tuna processing sector in El Salvador, tariff preferences (GSP+) granted by the EU in 2005 have become a key factor in an industrial group's decision to establish operations in the country, with a processing plant employing 1,345 workers in 2020, of whom 86% were women (Grupo Calvo, 2020). The subsequent negotiation and implementation of a trade agreement between the EU and Central America has been a welcome development. In an interview for the FTA's ex-post evaluation study,

<sup>220</sup> In 2020, 60 pre-school education centres (Coffee Kindergarten) managed by Funcafé offered education and other activities to 1,257 children aged 4–6 to support their development and help prepare for school. The facilities continued operation also during the pandemic to ensure continuity of education. In addition, 565 children aged 7–13 years followed education programme in 33 Coffee Camps. Other activities also included programme of alternative education for youth aged 13 to 24 (and later also, 29). (Funcafé, 2020).

representatives of the industrial group confirmed that preferences and business certainty provided by the Agreement are key for the operation of the processing plant in El Salvador, given that some 75%–80% of its production is exported to Europe.

The processing plant has also witnessed improvements in working conditions and respect for freedom of association. Workers surveyed in 2018 confirmed the existence of two trade unions in the plant. It was acknowledged that the global operation of the industrial group had a positive impact on the possibility to form a trade union, given that in other countries where the company has branches (Spain and Brazil) trade unions had been active before the start of operations in El Salvador. The establishment of a trade union in El Salvador was considered a challenge at the time, given the anti-union climate in the country and the requirement of at least 35 members from a single enterprise to set up a trade union. To verify the number of union members, the Ministry of Labour was allowed to request the employer to confirm the data of workers willing to establish a trade union, even before the trade union was registered, leaving time and space for the employer to counteract. The first trade union in this industrial group in El Salvador was created in 2007 (with 450 members). The employer reacted negatively, leading to an open industrial conflict, with interventions from trade unions from other branches of the group, the ILO Committee on Freedom of Association, and the trade union federation of the food sector in El Salvador. The conflict ended in negotiations and an agreement for three trade unions, including one sponsored by the employer. According to the literature, new problems emerged in 2016, when trade union members raised concerns about inadequate working conditions and the employer preferred collective talks with its own trade union rather than with all three. The conflict was later resolved, and, according to the literature, 84% of workers in the entire industrial group were covered by collective agreements in 2018 (Hawkins, 2018). In a subsequent interview for the FTA's ex-post evaluation study, a trade union representative (not directly affiliated with a company) stated that, while there had been problems in the past, working conditions had improved over time. This may suggest that both the terms of trade provided by the Agreement and the company's structure (with a branch in the EU and active trade unions) have played a supportive role in the establishment and operation of trade unions at the processing plant and the improvement of working conditions.

#### The EU, US, and Canada FTAs with Costa Rica (for the EU and US as Part of FTAs with CA)

##### *Medical Devices Sector in Costa Rica (Jobs and Working Conditions)*

Over the last few years, Costa Rica's exports of medical equipment have increased to the point that they have surpassed all traditional export products (such as bananas, pineapples, or coffee) and rank first in Costa Rica's exports. The country has comprehensive trade agreements with the main partners (the US, the EU, and Canada), enjoys a stable political climate, and offers attractive investment conditions and a skilled workforce. It currently hosts 86 companies manufacturing medical devices, including 14 of the main 30 multinationals (Alfaro, 2024; Engler Modic, 2025; Ministero degli Affari Esteri e della Cooperazione Internazionale, 2025). Between 2000 and 2015, the number of jobs in the sector increased to 17,500, then to 26,000 in 2019 and 55,000 in 2023. According to the literature, those jobs are formal (crhoy.com, 2020; ILO, 2016; Semanario Universidad, 2019; Engler Modic, 2025). Over the same period, total exports of medical equipment, as well as exports to the US and the EU, continued to increase (total exports of medical devices from Costa Rica increased from USD 1.7 billion in 2014 to USD 7.4 billion in 2023) (Berard, 2024). Hence, one can conclude that exports to the main partners have contributed to job creation in this sector.

Additionally, working conditions in the sector have been improving since 2000 thanks to two factors: competition for skilled workers in Costa Rican export processing zones, where this industry is based, and strict process quality requirements in the main destination markets (the EU and the US). In this context, job security increased, and by 2012, 90% of workers had formal jobs with written permanent contracts. Moreover, wages have risen (e.g. from 2005 to 2011, they increased by 88%). More attention has also been paid to occupational safety and health, due to process quality requirements (ISO 13845 quality management system) and the EU and US regulations on manufacturing methods for medical equipment. These are subject to frequent inspections by EU and US auditors checking compliance. Finally, with the sector's move higher up the value chain, skills development programmes for the labour force have been prepared by the sector and educational institutions. In 2014, a dedicated faculty was created at the Costa Rican Institute of Technology (master's degree in medical devices engineering) (ILO, 2016a; Salazar Xirinachs, 2022). Given the impact of destination-market requirements on job quality in the medical devices sector, one can conclude that increased exports to the EU and the US have contributed to improvements in working conditions in this sector in Costa Rica.

#### The EU-SADC Economic Partnership Agreement (EPA) and TDCA with South Africa<sup>221</sup>

##### *Automotive Industry in South Africa (Jobs, Freedom of Association and Working Conditions)*

Over the last two decades, employment in the seven automotive assembly plants (OEMs) in South Africa fell from 38,600 in 1995 to 29,926 in 2020 due to the application of modernised technologies, including automation and robots. However, as workers became more productive and annual production rose from 388,442 vehicles in 1995 to 631,983 in 2019, demand for car components grew, contributing to employment growth in the component manufacturing sector from 60,000 in 1995 to 80,000 in 2019 (Mashilo, 2022). Most recently, the figures rose further. In 2022, vehicle manufacturers (assembly plants) employed 33,321 persons, while component-producing businesses provided 83,362 jobs. At the same time, the wider automotive sector provided 497,408 direct jobs. This included 116,683 jobs in car production (components and vehicle assembly combined) and 380,725 jobs in auto sales, repair, and maintenance (formal and informal jobs counted jointly).<sup>222</sup> Sector representatives interviewed for the EU-SADC EPA ex-post evaluation study confirmed the role of the EU-South Africa Trade, Development and Cooperation Agreement (TDCA) and the EPA in supporting automotive industry exports to the EU, investment in South Africa, job creation, and livelihoods.

The positive effects of the EPA (exports to the EU) and the EU investment in the sector for job creation and poverty reduction have also been acknowledged by South African trade unions. They also underlined the high level of compliance of the South African automotive sector with the ILO Decent Work Agenda and South Africa's labour laws, including the occupational safety and health. According to them, workers in the automotive industry enjoy protection by active trade unions and benefit from formal jobs and wages negotiated through collective bargaining councils (interview for the ex-post evaluation study with the Congress of South African Trade Unions (COSATU)). The conduct of regular national and international audits in the automotive sector and a high compliance level have also been noted in a recent study (Monaco and Simon, 2023). According to it, automotive companies based in South Africa are required to comply with national legislation, including collective bargaining agreements, as well as specific labour

<sup>221</sup> The initial version of the sectoral analysis for South Africa was developed by the same author for the ex-post evaluation study of the EU SADC EPA (BKP, 2024).

<sup>222</sup> Presentation by sector representative (Automotive Business Council, South Africa) at the workshop for the ex-post evaluation study held in South Africa: <http://eu-sadc.fta-evaluation.eu/en/consultations/workshop-for-south-africa-eswatini-and-lesotho>

and environmental standards. Workers are represented by the National Union of Metalworkers of South Africa, which has a large membership and is well placed to influence the industrial policy in the sector. Collective bargaining agreements are negotiated in the National Bargaining Forum (for workers employed by assembly plants) and the Motor Industry Bargaining Council, MIBCO (for component manufacturers), while some component manufacturers are grouped in another bargaining forum (the Metal and Engineering Industries Bargaining Council). The latest collective agreement negotiated by MIBCO was agreed in August 2025 and will apply to August 2028. It includes, among others, provisions on annual wage and salary increases of 4%–6%, depending on the professional group, medical insurance and extension of its terms to non-parties. Moreover, it maintains in force until August 2028 the non-amended provisions of previous broader collective agreements. In addition, collective agreements on contributions to the pension scheme (Provident Fund) were agreed and will apply to August 2030 (MIBCO, 2025; 2025a).

As an additional voice on the automotive sector, participants in the workshop in South Africa, held as part of the EU-SADC EPA ex-post evaluation study, stressed the role of the automotive industry and exports to the EU in the development of regional value chains, with components imported to South Africa from Botswana and Lesotho. While the situation in this area is dynamic, and businesses move across the region to improve their position, Lesotho has been known for the production of textile and leather vehicle seat covers and Botswana for wiring harness manufacturing (OECD, 2022).

#### The EU-SADC Economic Partnership Agreement (EPA) and TDCA with South Africa<sup>223</sup>

##### *Apple Sector in South Africa (Jobs, Poverty Reduction and Working Conditions)*

Under the EU-SADC EPA, South Africa exports fruits to the EU. While exports of citrus fruits and grapes account for the largest share, and exports of other fruits and nuts are more limited, they also play a role in maintaining existing jobs and creating new ones. Among these sub-sectors, exports of apples to the EU have fallen (in volume) compared to the last two decades. Likewise, the share of apple exports to the EU in total South African apple exports has declined, while sales to other African regions have increased. The reduction in exports to the EU has been caused by a few factors. These include low returns from sales, the insistence of retailers that producers join certification schemes and observe certain labour and environmental standards, and the introduction of a new storage method in Europe, preserving the quality of locally grown apples for a longer time, which has reduced the South African advantage of selling apples out of season. By comparison, African buyers have lower demands regarding the fulfilment of labour or environmental standards. Research conducted among South African apple growers suggests that those who sell large volumes both to the EU and Africa in general maintain the same standards for full production. They also tend to require compliance from their suppliers (in the past, there have been cases of shortcomings in minimum wage, overtime and nightshift pay, and housing conditions). In general, large producers can afford to offer better working conditions and to employ a larger proportion of workers on permanent contracts in their total workforce (comprising also seasonal staff) than their smaller competitors. In a sample of exporting farms selected for a recent study (Visser and Alford, 2023), the vast majority of workers, both permanent and seasonal, had written contracts, were paid for overtime, and confirmed compliance with occupational safety and health rules. Conversely, workers at smaller producers, who do not export (much) to the EU, face a higher probability of shortcomings, such as the lack of paid annual leave or sick leave, abuse by managers and restrictions in freedom of association, even if farms are certified (Visser and Alford, 2023).

<sup>223</sup> The initial version of the sectoral analysis for South Africa was developed by the same author for the ex-post evaluation study of the EU SADC EPA (BKP, 2024).

According to trade unions interviewed for the EPA ex-post evaluation study, the South African fruit and wine sectors exporting to the EU have a profound impact on employment creation and poverty reduction, particularly in rural communities, where they provide jobs for a substantial number of workers. Fruit farms are bigger than in other sectors, and in addition, fruit growing, picking, and packing are very labour-intensive, which means that the export-driven growth of the sector is seen as an important source of jobs. Exporting firms are also often in a better financial position to provide and retain benefits for their permanent workers. Both permanent and seasonal workers are entitled to the minimum wage, which is raised each year. Seasonal workers, however, have lower work-related benefits, some of which are linked to the length of service. Workers who live on farms receive additional benefits, such as free water or low-cost electricity. Some farms also provide medical assistance, nursery facilities for workers' young kids, or transport to a town or a school. All employers are required to establish health and safety committees on their farms and to take other related measures. Freedom of association is generally respected on exporting farms, notably those situated closer to urban centres. On farms where trade unions do not operate, worker committees engage in a dialogue with the employer. They, however, do not have the same rights as trade unions. Overall, exports to the EU and the scrutiny of exporting companies by buyers through the certification schemes and other forms of due diligence are considered by trade unions as beneficial for jobs and improvement in working and living conditions of workers. On the other hand, increasing labour costs push farms to hire subcontracted workers. There may also be job reductions and other cost-cutting measures applied by some employers. This is a matter of concern for trade unions. In their view, legislative changes are required to address this situation.

## CONCLUSIONS

Evidence from a selection of sectors and countries confirms that private-sector and public-private initiatives, such as sustainability certification schemes or the Better Work programme, can help improve compliance with international labour standards and create a safe working environment. Improved performance in these areas can, in turn, be rewarded with additional orders from international buyers or the possibility to export to the main markets, often on preferential terms offered by FTAs or unilateral trade arrangements, such as GSP, GSP+, or EBA. The sustainability initiatives complement a broader range of measures with similar goals, including roadmaps or Action Plans agreed upon by the Parties at the pre-ratification or implementation stage, policy dialogues, cooperation activities, and technical assistance. They also help meet the commitments enshrined in the labour provisions of trade agreements.

The additional research referenced in this section also confirms that companies that participate in such initiatives increase productivity, raise production targets, and attract additional orders and new buyers. Moreover, it is worth noting that while improved working conditions, such as higher wages, training or investment in occupational safety and health, mean costs in the short-term perspective, they can also reduce the risk of fire, accidents and injuries, increase well-being and motivation of the workforce, help develop skills and raise productivity, as well as lower the labour turnover and retain particularly those already trained, with developed skills and experience. Subsequently, as mentioned above, firms may raise their production targets with the same workforce, thereby enhancing resilience and the probability of survival in hard times. Finally, as the use of due diligence measures increases, compliance with labour standards combined with transparent reporting may attract reputation-conscious buyers and buyers from jurisdictions with due diligence legislation in place.

### 3.7 Enforcement of Labour Provisions in FTAs

As discussed in the preceding sections, several trade agreements with labour provisions foresee steps to be followed if a Party fails to comply with its commitments. They include a range of options, from dialogue, cooperation, and assistance projects to stakeholder submissions, formal consultations, action plans, and dispute settlement mechanisms that engage external arbitrators, with the option to apply sanctions or financial penalties as a measure of last resort. Building on that analysis, this section discusses a few examples of labour-related disputes, some of which have progressed through all stages in the process up to the external arbitration panel.

#### 3.7.1 Canada

As outlined in section 3.2 (legal texts), Canada's Agreements on Labour Cooperation and Labour Chapters in FTAs<sup>224</sup> include a provision requiring the Parties to establish domestic mechanisms that allow stakeholders to submit communications, including complaints, on labour-related matters to designated offices within the Parties' administrations. In Canada, access to information about the applicable procedure is user-friendly. A website dedicated to labour provisions includes the email and postal addresses of the designated National Administrative Office, as well as guidelines describing the procedure and requirements for submitting public communications. The latter needs to include an explanation of the nature of non-compliance with labour provisions (failure to enforce domestic legislation or non-alignment of domestic labour laws with international labour standards), along with the relevant evidence, e.g. reference to the domestic legislation. It needs to be in English or French. If it is in another language, it needs to be accompanied by a translation.<sup>225</sup>

#### Canada-Colombia Agreement on Labour Cooperation (ALC)

As part of the implementation of the Canada-Colombia Agreement on Labour Cooperation (ALC), which accompanies the FTA between these two countries, Canada and Colombia have held three meetings of the Ministerial Labour Council established by the Agreement. According to Canada's responses to a questionnaire for this study, these meetings facilitated the exchange of information on the implementation of the Agreement, the priority areas for action, and technical assistance. Some of the Council meetings were accompanied by public sessions.

In 2016, the Canadian Labour Congress (trade union) and five Colombian organisations submitted a communication to the Canadian Administrative Office alleging Colombia's non-compliance with its commitments under the ALC. The stakeholders believed Colombia had failed to meet its obligations related to:

- Article 1 of the Agreement and the need for the Parties to ensure legal protection of the internationally recognised labour principles and rights, as referred to in the ILO 1998 Declaration on Fundamental Principles and Rights at Work (in this particular case, the submission highlighted deficiencies related to freedom of association and the right to collective bargaining),

<sup>224</sup> Negotiating and implementing international trade-related labour agreements: <https://www.canada.ca/en/employment-social-development/services/labour-relations/international/agreements.html>

<sup>225</sup> Guidelines for public communications: <https://www.canada.ca/en/employment-social-development/services/labour-relations/international/agreements/guidelines.html>

- Article 2 regarding non-derogation from the domestic labour laws in a way that reduces or weakens the adherence to internationally recognised labour principles and rights and encourages trade or investment between the Parties,
- Article 3 regarding the effective enforcement of labour laws and timely access to justice in cases related to violations of labour laws.

The communication (submitted under Article 10 and Annex 2 of the Agreement) has been accompanied by evidence from the extractive sector (2011–2013) and sugar industry in Colombia (2012–2015), where subcontracting and anti-union practices have restricted the possibility to exercise the right to organise and to bargain collectively (Employment and Social Development Canada, 2016; 2016a).

The communication has been accepted as eligible for review. As part of this, Canadian officials visited Colombia, conducted consultations with relevant stakeholders, including representatives of the Government, both sectors, business associations and trade unions, and requested additional information on the Colombian labour law. Subsequently, the Canadian National Administrative Office issued a report with findings from the process. It acknowledged that while permanent employees in both sectors enjoyed the freedom of association and could form and join trade unions and bargain collectively, this was not the case for subcontracted workers, even though they worked under the direct management of the same companies. The only difference between the two groups was the legal basis of their employment: subcontracted workers were formally hired by a third party. As such, they were not allowed to form trade unions at their actual workplaces, as the companies were not their formal employers. Additionally, as they were hired on temporary contracts, many subcontracted workers feared that their contracts would not be renewed if they joined a trade union. The Canadian report concluded that, in these cases, subcontracting of core business functions had been used to circumvent labour law, depriving subcontracted workers of their rights and releasing the companies in question from their responsibilities as employers. The report also noted that while the Colombian Government had taken some steps to restrict subcontracting and ensure labour inspections at workplaces, many provisions of the legislation were ambiguous (leaving room for abuse), employers continued to use diverse arrangements to undermine the role of trade unions, labour inspection services had insufficient capacity, and the process of collecting fines from companies for non-compliance was not effective enough to act as a deterrent. Moreover, the widespread climate of intimidation and violence against trade union leaders and members in Colombia meant that practices occurring in both analysed sectors were not isolated, and therefore, more difficult to tackle (Employment and Social Development Canada, 2016a).

The report concluded with a list of recommendations for the Colombian Government to help it address the identified problems. It included suggestions for specific legislative changes to eliminate abusive practices and proposals to strengthen the labour law enforcement system. Moreover, the report recommended requesting formal Government consultations with Colombia under Article 12 of the Agreement (Employment and Social Development Canada, 2016a).

Subsequently, in 2017, the Canadian Government requested consultations, which were accepted, and the two Labour Ministers decided to jointly develop an Action Plan, building on recommendations of the Canadian report. It included a list of concrete actions with targets to be delivered between 2018 and 2021. Moreover, the Colombian Government took steps to address the situation in the two sectors and companies described in the initial submission. In the sugar industry, sanctions have been imposed for the use of illegal subcontracting practices and in the extractive industry, trade unions and the collective

bargaining process have been strengthened, resulting in a high number of unionised workers (over 23,828 in 2018) (Employment and Social Development Canada, 2018). Canada has also supported the implementation of the Action Plan through the assistance projects. One of them, implemented by the ILO (with a budget of CAD 830,000), supports the modernisation of the trade union registration/certification system managed by the Colombian Ministry of Labour.<sup>226</sup> The other includes a study proposing legislative changes supporting the exercise of freedom of association and the right to collective bargaining in Colombia<sup>227</sup> (Global Affairs Canada, 2022d). Moreover, in 2023, Canada launched a project, implemented by the ILO (with a budget of CAD 635,000), to support the Colombian labour reform process (see below). The activities include monitoring labour reform, strengthening the capacities of labour inspection and the judiciary to enforce labour rights and promoting increased participation by trade unions, other labour stakeholders, and civil society organisations in the formulation of public policies and legislative proposals (Global Affairs Canada, 2024). As a result of this project, 8,032 persons participated in social dialogue opportunities related to the preparation of the labour reform, the ILO provided support to tripartite meetings held by the Sub-Committee for Labour Reform (acting within the Standing Committee on the Coordination of Wages and Labour Policies), consultations related to the future ratification of the ILO Convention No. 190 were held, and training modules for judges have been prepared.<sup>228</sup>

In 2024, Canada issued an update on the implementation of the Action Plan, noting the planned labour reform in Colombia and stating that it was in line with the Action Plan's provisions. In its initial scope, the reform aimed to prevent the misuse of short-term contracts and subcontracting and to eliminate other arrangements (such as employers' pacts with non-unionised workers) which undermined the role of legitimate trade unions in enterprises. Canada also acknowledged that much still needed to be done and reiterated its support for Colombia's efforts to comply with its international obligations (Employment and Social Development Canada, 2024). The labour reform,<sup>229</sup> introducing changes to various legislative acts, was adopted in June 2025, although with a narrower scope than initially intended. Among other things, it imposes some restrictions on the use of fixed-term contracts and subcontracting; however, it is too early to say to what extent the new provisions will address the issues raised in the submission.

In 2025, Canada provided funding (CAD 860,000) for another two-year project (2025–2027) implemented by the ILO to strengthen the capacity of the Colombian judiciary to apply and enforce international labour standards.<sup>230</sup>

<sup>226</sup> As part of the Canadian support, 330 Colombian labour inspectors received a targeted training: <https://colombia.un.org/es/161241-oit-y-el-ministerio-del-trabajo-capacitaron-m%C3%A1s-de-330-funcionarios-p%C3%BAblicos-sobre-el-uso>

<sup>227</sup> Building Constructive and Sound Labour Relations in Colombia – A contribution towards the improvement of labour practices in Colombia: <https://ruor.uottawa.ca/items/98e4d2b8-b4ea-450f-8b95-dcd21d4fe298>

<sup>228</sup> Apoyo a la participación de los actores laborales en el proceso de reforma laboral de Colombia: <https://www.ilo.org/es/projects-and-partnerships/projects/apoyo-la-participacion-de-los-actores-laborales-en-el-proceso-de-reforma>  
Evaluation of the Project by the ILO: <https://webapps.ilo.org/ievaldiscovery/#bxh5g9b>

<sup>229</sup> Labour reform, as adopted: <https://safetia.co/normatividad/reforma-laboral-ley-2466-de-2025/#a5>

<sup>230</sup> Institutional strengthening to promote compliance with international labour standards in Colombia: <https://www.ilo.org/projects-and-partnerships/projects/fortalecimiento-institucional-para-promover-el-cumplimiento-de-las-normas>

### 3.7.2 European Union

#### EU-Republic of Korea FTA

Article 13.4 of the EU-Republic of Korea FTA includes the commitment of the Parties to make continued and sustained efforts towards ratifying the fundamental ILO Conventions, as well as other Conventions that are classified as ‘up-to-date’ by the ILO. The Parties also commit to effectively implementing the Conventions they have already ratified.<sup>231</sup> By the time the FTA started being applied in 2011, the Republic of Korea had ratified only four out of the then eight ILO fundamental Conventions, with the ratification of the two Conventions on the elimination of forced labour (No. 29 and No. 105) and two on freedom of association and the right to collective bargaining (No. 87 and No. 98) still pending.

The situation regarding labour standards in the Republic of Korea and the need for the country to ratify and to effectively implement the ILO fundamental Conventions featured as a permanent agenda item of the annual meetings of the inter-governmental Trade and Sustainable Development (TSD) Committee since the first meeting held in 2012 (EU-Korea TSD Committee, 2012).<sup>232</sup> It was also regularly addressed in the joint conclusions of the EU and the Republic of Korea civil society representatives<sup>233</sup> gathered at the annual Civil Society Forum meetings under the TSD Chapter of the EU-Republic of Korea FTA. Civil society utilised these opportunities to express disappointment with the lack of progress made by Korea and to urge the Korean Government to use the ILO’s technical assistance and devise and present a proposal for steps to be taken towards the ratification of the outstanding ILO fundamental Conventions. Civil society also expressed the view that strengthened social dialogue may facilitate this process.

Given the persistent lack of progress in this area, civil society members of the EU Domestic Advisory Group (DAG), established under the TSD Chapter, sent letters to the EU Trade Commissioners (the equivalent of Trade Ministers), K. De Gucht in 2014 and C. Malmström in 2016, drawing their attention to the situation in Korea, particularly to violations of trade unions rights. These included dismissals of workers, as well as the detention of trade union members and leaders for participating in strikes, searches of trade union offices, the refusal to register a trade union, and a threat to cancel the registration of another one. The EU DAG believed the situation was serious enough to warrant launching Government consultations as the first step in the dispute settlement process under the TSD Chapter (EU DAG, the EU-Korea FTA, 2014; 2016). Moreover, in 2018, the Chairs of the EU and the Korean DAGs issued a Joint Statement in which they called on the Republic of Korea to ratify the outstanding ILO fundamental Conventions. They also reiterated the view that trade union members should not be detained for participating in strikes (EU DAG and Korea DAG Chairs, 2018).

Throughout this period, the EU (represented by the European Commission), in cooperation with the ILO, made several attempts to engage the Korean authorities in a dialogue about the ILO fundamental Conventions. For example, an ILO representative participated in the annual meetings of the TSD Committee in 2014, 2015 and 2018 to facilitate discussions between the Parties and provide technical expertise. Moreover, a cooperation project was implemented in 2016–2017 by the EU and the Republic

<sup>231</sup> EU-Republic of Korea FTA: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22011A0514\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22011A0514(01))

<sup>232</sup> Minutes of the EU-Republic of Korea TSD Committee meetings: [https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/1e28bca3-ca30-4e6a-aca6-58095f90255c?p=1&n=10&sort=modified\\_DESC](https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/1e28bca3-ca30-4e6a-aca6-58095f90255c?p=1&n=10&sort=modified_DESC)

<sup>233</sup> EU-Republic of Korea Civil Society Forum documents: <https://www.eesc.europa.eu/en/sections-other-bodies/other/republic-korea-domestic-advisory-group-under-fta/events>

of Korea to support the effective implementation of the ILO fundamental Convention No. 111 and lay the foundations for a similar cooperation on non-ratified ILO fundamental Conventions (Development Solutions, 2017). Members of the European Parliament visited the Republic of Korea in 2016 and discussed international labour standards with the Korean interlocutors, including Members of the Korean Parliament. Moreover, in 2017, the European Parliament adopted a resolution on the implementation of the EU-Korea FTA, urging the European Commission to launch formal consultations with the Korean Government regarding labour standards, as the first step in the dispute settlement process under the TSD Chapter (European Parliament 2017). The Commission also continued to engage with the Korean Government over the years 2012–2018, through the TSD Committee and dialogue between sessions.

However, as these efforts did not yield results, in 2018, the Commission decided to launch a dispute with the Republic of Korea under the TSD Chapter, with Government consultations as the first step. In its request for consultations, the Commission listed several provisions of the Korean legislation, including the Trade Union and Labour Relations Adjustment Act and the Criminal Code, considered inconsistent with Korea's FTA commitments (Article 13.4) and its obligations under the ILO 1998 Declaration on Fundamental Principles and Rights at Work, notably the obligation to respect, promote and realise, in its laws and practices, the principles concerning the fundamental rights, namely the freedom of association and the effective recognition of the right to collective bargaining. The Commission also highlighted that over seven years since the start of the FTA application, the Republic of Korea had not ratified any of the four outstanding ILO fundamental Conventions. Its lack of action in this area had therefore been inconsistent with its commitment to make continuous and sustained efforts towards their ratification (European Commission, 2018a).

Government consultations took place in January 2019, providing the Republic of Korea with an opportunity to share information and provide clarifications regarding its efforts in labour-related areas. While the EU considered them useful and welcomed the Korean President's labour reform agenda, it deemed the steps taken by Korea as insufficient, as they had not led to alignment of the domestic legislation with the ILO fundamental Conventions and had not brought about advances towards the ratification of the outstanding Conventions. In a subsequent letter to the Korean Trade and Labour Ministers of March 2019, the EU Trade Commissioner urged the Korean side to accelerate efforts to demonstrate sufficient progress before the expiry of the 90-day period foreseen by the FTA, after which the EU could refer the matter for examination by the Panel of Experts (European Commission, 2019a). Given the lack of tangible results achieved by the Republic of Korea, in July 2019, the EU requested the establishment of the Panel of Experts, while remaining open to pursuing the dialogue with the Korean Government. The EU reiterated on this occasion that the FTA had generated substantial economic gains for the Parties, and these should be complemented by workers' benefits, including the respect for their rights (European Commission, 2019).

The Panel was set up in December 2019. In its submission to it, the EU reiterated its view about the inconsistency of the Korean legislation and practice with commitments adopted in the EU-Republic of Korea FTA and obligations derived from ILO membership. The EU's position included an analysis of the disputed provisions in the Korean Trade Union and Labour Relations Adjustment Act in light of the provisions of Convention No. 87 and its interpretation provided on different occasions by the Committee on Freedom of Association (European Commission, 2020a). It was later complemented by an oral contribution, which provided explanations regarding the interpretation of the EU-Korea FTA provisions. Among others, it clarified that (in line with the relevant FTA provisions) there was no need to prove that

the Korean labour law or practice related to freedom of association affected trade between the Parties (European Commission, 2020b).

Further to the proceedings, in January 2021, the Panel of Experts published its findings. They confirmed the binding nature of the FTA provisions and the need for the Republic of Korea to align its legislation and practices regarding freedom of association with the ILO principles related to this fundamental right. The Panel also considered that, between 2011 and 2017, few, if any, actions had been taken by the Republic of Korea towards ratifying the outstanding four ILO fundamental Conventions. However, the Panel also acknowledged that such efforts had been noted recently, including the submission by the Government to the National Assembly of the bills related to the ratification of ILO Conventions No. 29, No. 87, and No. 98. The Panel was of the view that a lot remained to be done, and that the Korea's efforts had been less than optimal. However, in light of the latest developments, one could not deny that the Republic of Korea had taken steps (or made some efforts) towards ratifying the Conventions (European Commission, 2021a; Panel of Experts, 2021).

Subsequently, in 2021, the Republic of Korea ratified Conventions No. 29, No. 87, and No. 98, and discussions in the TSD Committee meetings focused on the follow-up and the implementation of recommendations issued by the Panel of Experts. For example, in 2021, the Republic of Korea informed about amendments to the Trade Union and Labour Relations Adjustment Act, which took effect that year, as well as the development of guidelines for the application of the amended law. The Parties also discussed the extent to which the amended provisions have addressed the workers' rights and issues raised in the EU request for the establishment of the Panel of Experts. Moreover, the Republic of Korea provided information about the commencement of a research project analysing steps to be taken by the Republic of Korea to remove from its legislation inconsistencies with the (non-ratified) ILO Convention No. 105 on the elimination of forced labour (EU-Korea TSD Committee, 2021; 2021a). In 2022, the Parties discussed the need for the Republic of Korea to progress towards ratifying Convention No. 105. Korea also informed about plans for a national dialogue on this matter and an idea to commission a research project to analyse steps taken by other countries to ratify this Convention (EU-Korea TSD Committee, 2022). Further to that project, the Republic of Korea informed about a process to review and amend two legal acts (out of 20 or more) which may be inconsistent with Convention No. 105 (EU-Korea TSD Committee, 2023). In 2024, the Republic of Korea informed that preparations to ratify Convention No. 105 would require a comprehensive review of its legislation, including the National Security Act, which provides for imprisonment combined with labour as a punishment for various types of committed crimes. The EU encouraged further efforts towards ratification and noted that the incidence of forced labour may impact trade with the EU, following the adoption of the EU Regulation that prohibits placing products made with forced labour on the EU market (EU-Korea TSD Committee, 2024).

### **Single Entry Point (SEP)**

Unlike FTAs negotiated by other countries, the EU TSD Chapters usually do not include a provision obliging the Parties to establish a mechanism enabling the stakeholders to submit communications related to labour provisions, including complaints in cases of non-compliance by a Party. The EU has addressed this shortcoming by establishing a Single Entry Point (SEP) as a mechanism to submit complaints related to market access barriers faced by EU businesses in third countries and cases of non-compliance with labour (and environmental) provisions in EU trade agreements (Trade and Sustainable Development Chapters)<sup>234</sup>. This mechanism is not linked to any specific trade agreement

<sup>234</sup> Single Entry Point: <https://trade.ec.europa.eu/access-to-markets/en/content/single-entry-point-0>

and may receive communications regarding any EU FTA with labour provisions. The mechanism is managed by the European Commission's Directorate General for Trade (DG TRADE) in cooperation with other Commission Services and EU Delegations in third countries. Complaints can be submitted by EU stakeholders (i.e. EU Member States, businesses, trade unions, or NGOs) on their own behalf or on behalf of partner organisations from third countries. This means that complaints can also be submitted by EU civil society, Members of the EU Domestic Advisory Groups (DAGs) established under the TSD Chapters, and by civil society from partner countries, including social partners, Members of the partner country's DAG, and civil society organisations which participate in the Civil Society Forum meetings under TSD Chapters. However, civil society from the partner country cannot act alone but needs to submit a complaint through the intermediation of EU civil society. To this end, two dedicated forms have been developed (one for indicating market access barriers and the other for raising human rights, labour, and environment-related issues), as well as guidance on how to use them (European Commission, 2023).

Once a complaint is received, the Commission establishes a case team to analyse it and engage in dialogue with the complainant. As a rule, the case team has 120 days to examine the case and issue a preliminary assessment. If necessary, it may request additional information and evidence from the complainant confirming the allegations, and in such a case, the timeline is extended accordingly. The case team is comprised of the Commission officials having expertise in all aspects covered by the complaint. Once the preliminary assessment is ready, the partner country is notified. If no infringements with FTA labour provisions have been found, the case may be closed. If, on the other hand, the complaint is substantiated, a technical dialogue with the partner country begins to find the best way to address the identified problems. A list of steps to take may be labelled a roadmap or an Action Plan whose implementation is regularly monitored by the EU. If the partner country cooperates constructively and implements the agreed actions, the EU's monitoring may be sufficient, with no need for the EU to take any further steps. If, however, the partner country is unwilling to cooperate, the EU may consider using the dispute settlement mechanism to address the problem identified in the complaint (description of the process based on information shared by the Commission in an interview for this study).

By mid-2025, two labour-related complaints have been submitted through the SEP: one on Viet Nam and the other on Colombia and Peru.

#### SEP: EU-Viet Nam FTA

The complaint reported in 2025 concerns the FTA commitment to continued and sustained efforts to ratify the remaining ILO fundamental Conventions, including Convention No. 87 by Viet Nam. It stresses that Viet Nam has made limited progress in that area.

The case remains active, and the Commission noted a need for further analysis, seeking information and engaging with Viet Nam to determine the current state of play and steps taken so far by Viet Nam. According to the same note, the Commission has already held two technical discussions with Viet Nam on the matter (Single Entry Point, 2025).

#### SEP: EU-Colombia, Peru, and Ecuador Multi-Party Trade Agreement

The EU Multi-Party Trade Agreement with Colombia and Peru has been implemented since 2013, and with Ecuador since 2017. Meetings of the TSD Subcommittee have been held annually to review the

implementation of labour provisions.<sup>235</sup> Every meeting has been accompanied by a public session and a dialogue between the Parties and civil society organisations, including members of the domestic consultative mechanisms. Civil society has repeatedly expressed its concerns about the situation in the Andean countries, notably regarding freedom of association and the right to collective bargaining, as well as working conditions. Before the SEP was established, civil society had submitted two complaints to the European Commission: one against Peru<sup>236</sup> and one against Ecuador.<sup>237</sup>

In 2022, the CNV Internationaal (the development organisation of the Dutch trade union CNV) submitted to the EU Single Entry Point (SEP) a complaint on behalf of Colombian and Peruvian trade unions,<sup>238</sup> alleging Colombia's and Peru's non-compliance with Articles 267, 269, 271, and 277 of the EU-Colombia, Peru, and Ecuador FTA. According to the complaint, the Andean countries have failed to meet their commitments regarding the effective enforcement of national labour laws, the effective implementation of international labour standards, and the promotion of decent work. More precisely:

Colombia was said to be in breach of its commitments:

- by allowing outsourcing work in the mining and linked industries, which led to precarious working conditions being offered to contracted workers (worse than those offered to permanent employees), and violated the right to equal pay for work of equal value, given that wages received by outsourced workers are lower than those of permanent employees, even though both groups carry out the same tasks and have the same working hours (ILO fundamental Convention No. 100),
- by failing to adopt legislation guaranteeing labour rights and limiting illegal labour intermediation in a situation where companies tend to increase outsourcing to reduce labour costs and formal benefits offered to workers, and to restrict trade unions' activity,
- by failing to enforce national labour legislation (equal treatment of workers) effectively by not ensuring proper labour inspections at workplaces and the effective operation of labour inspection services.

Peru was flagged due to:

- consenting to outsourcing work in the mining and linked industries, which has led to precarious working conditions being offered to contracted workers (worse than those of permanent employees), and limited their possibility to exercise the right to freedom of association (ILO fundamental Conventions No. 87 and No. 98), as the company did not recognise the right of outsourced workers to organise and refused to bargain collectively with their trade union,
- failing to adopt legislation guaranteeing labour rights, particularly those related to the ILO fundamental Convention No. 98 (the right to collective bargaining),

<sup>235</sup> Agendas and reports from the TSD Subcommittee meetings under the EU-Colombia, Ecuador and Peru FTA: [https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/13387f3e-ebf0-4750-9781-6d7dbaf54d67?p=1&n=10&ort=modified\\_DESC](https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/13387f3e-ebf0-4750-9781-6d7dbaf54d67?p=1&n=10&ort=modified_DESC)

<sup>236</sup> Queja contra el gobierno peruano por falta de cumplimiento de sus compromisos laborales y ambientales, contenidos en el Acuerdo Comercial entre Perú y la Unión Europea (2017): <http://www.europaperu.org/wp-content/uploads/2017/10/20171018-Queja-AC-UE-Peru.pdf>

<sup>237</sup> ASTAC (2019). Queja de las trabajadoras y los trabajadores bananeros por violación de derechos: <https://ecuador.fes.de/news-list/e/queja-de-las-trabajadoras-y-los-trabajadores-bananeros-por-violacion-de-derechos/>

<sup>238</sup> The Colombian and Peruvian trade unions represent workers in the coal mining, metal mining, and cooperating industries of the value chain, including exploration, exploitation, transportation, financing, and marketing (CNV Internationaal, 2022).

- failing to implement and enforce effectively the domestic labour legislation and laws on labour inspection, notably those related to penalties for companies that refuse to follow the labour law and rulings imposed by the relevant authorities (there were no sanctions for the company that refused to engage in collective bargaining nor any pressure on it to remedy the situation) (CNV Internationaal, 2022; ETUCLEX, 2025).

The European Commission acknowledged the complaint's eligibility and noted the need for further analysis and engagement with both countries. Technical discussions were held in 2023 (Single Entry Point, 2023).

Subsequently, in 2024, the Commission announced an agreement with the Government of Peru on a list of cooperation activities in six priority areas (social dialogue, freedom of association, elimination of child labour and forced labour, labour informality, and labour inspection system) to ensure effective implementation and enforcement of commitments laid down in the TSD Chapter. The cooperation activities will be conducted over two years and will be supported by technical and financial means provided by the EU.<sup>239</sup> At the same time, the Commission informed that similar discussions were still ongoing with Colombia (European Commission, 2024).

### 3.7.3 United States

#### US-Central America-Dominican Republic FTA (Guatemala Case)

The analysis that follows discusses the US-Guatemala labour dispute under the US-Central America-Dominican Republic FTA (US-CAFTA-DR). Article 16.4 of that Agreement<sup>240</sup> obliges the Parties to grant stakeholders the possibility to submit communications on matters related to the provisions of the Labour Chapter. The receiving Party should review such communications in accordance with its domestic procedures. They should also be made available to the other Parties and, as appropriate, to the public.

In April 2008, the US trade union federation AFL-CIO (The American Federation of Labour and Congress of Industrial Organisations) delivered (together with six Guatemalan trade unions) to the US Department of Labor, the Office on Trade and Labor Affairs (OTLA) a submission, according to which Guatemala was in breach of three US-CAFTA-DR Articles, related respectively to:

- (Article 16.1) obligations under the ILO 1998 Declaration to respect, promote, realise (and protect) in its laws (and practice) the fundamental labour rights, including freedom of association and the right to collective bargaining,
- (Article 16.2) an obligation not to fail to enforce effectively its labour laws in a manner affecting trade between the Parties following the Agreement's entry into force, and
- (Article 16.3) commitment to ensuring that every person having a legal interest in a labour-related matter will have access to relevant domestic tribunals to seek enforcement of the labour laws of the Party.

<sup>239</sup> Full list of cooperation activities: <https://circabc.europa.eu/ui/group/8a31feb6-d901-421f-a607-ebbdd7d59ca0/library/92880b56-0fdc-4e48-b9a9-8d2bca58294e/details?download=true>

<sup>240</sup> US-CAFTA-DR, Labour Chapter: [https://ustr.gov/sites/default/files/uploads/agreements/cafta/asset\\_upload\\_file320\\_3936.pdf](https://ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file320_3936.pdf)

The submission also included evidence from five cases that confirmed the claims. They included examples of unlawful dismissal of trade union members by their employers and the failure to reinstate them further to the judicial order, the employer's failure to engage in collective bargaining in a good faith and an employer's attempt to establish trade unions that would act upon his guidance and undermine the position of legal trade unions, also in their role as bargaining agents. There was also evidence of threats against trade union officers (and one of them being murdered) and an employer's failure to adhere to the provisions of a collective bargaining agreement, particularly in parts related to wages.

Other cases spoke about the sale of a company and the owner's refusal to recognise the existing trade union. Based on this, the submission requested that the US initiate the Cooperative Labour Consultations with Guatemala, as envisaged by the Labour Chapter, and, if these fail to produce a satisfactory outcome, proceed to the steps foreseen in the Dispute Settlement Chapter (AFL-CIO and Guatemalan trade unions, 2008).

The process that followed involved several steps, up to the arbitration panel ruling in 2017. They can be summarised as follows:

- OTLA admitted the submission as meeting the eligibility criteria, reviewed the provided documents and additional information. Subsequently, its representatives visited Guatemala to discuss the issue with the Government and relevant stakeholders, such as employers and trade unions, and to gather and analyse further evidence. In January 2009, OTLA published a report with findings and recommendations for actions to be taken by Guatemala. Moreover, given the Guatemalan Government's engagement in addressing the identified problems, the report did not recommend at that stage to enter formal Government consultations under the FTA (US Department of Labor, 2009).
- In July 2010, after Guatemala's actions proved insufficient, the US requested formal consultations with the Guatemalan Government under the US-CAFTA-DR (ILO, 2016). The request focused on Article 16.2 of the Agreement and Guatemala's failure to enforce its labour laws effectively. Particular emphasis was put in this context on the Ministry of Labour's failure to investigate alleged labour law violations and to take enforcement actions once a labour violation has been identified. The request also referred to failures of the Guatemalan justice system to enforce Labour Court decisions in cases of labour law violations (USTR and Department of Labor, US, 2010).
- In August 2011, after the Government consultations and a meeting of the Free Trade Commission failed to produce a satisfactory outcome (USTR, 2011c; 2011d), the US requested establishment of an arbitration panel under Chapter 20 (Dispute Settlement) of the US-CAFTA-DR pointing to Guatemala's failure to effectively enforce its labour law regarding freedom of association, the right to organise and bargain collectively, as well as acceptable conditions of work (USTR, 2011b).
- The process was put temporarily on hold to enable negotiation and implementation of an Enforcement Plan (agreed in April 2013), in which Guatemala committed to take in the following six months, several actions improving the enforcement of labour legislation. These included commitments to strengthen labour inspections, expedite and streamline the process of sanctioning employers and ordering remediation of labour violations, increase labour law compliance by exporting companies, improve the monitoring and enforcement of labour court orders, publish labour law enforcement information, and establish mechanisms to ensure that workers are paid what they are owed when factories close (USTR, 2017; 2013 and 2013a).

- In September 2014, the US decided to proceed with the arbitration panel, acknowledging that while Guatemala had taken steps to implement the Enforcement Plan, there were still outstanding actions to be taken (USTR, 2014).
- In their initial written submission to the panel, the US argued that Guatemala had failed to effectively enforce its legislation regarding acceptable working conditions (by not conducting inspections and not imposing obligatory penalties), the right of association, and the right to organise and to bargain collectively, e.g. by not registering unions in a timely way (ILO, 2016; US, 2014). Guatemala argued that the US claims lack credible evidence (with information based partly on anonymous sources) and have not demonstrated inaction by Guatemala's Ministry of Labour Courts (Guatemala, 2015).
- In the following two rebuttal submissions, both the US and Guatemala upheld their initial positions, providing additional arguments and rejecting claims of the other Party (US, 2015). Moreover, eight non-governmental entities submitted their positions, with three, including AFL-CIO, providing evidence to demonstrate Guatemala's failure to enforce its labour legislation and five arguing to the contrary (AFL-CIO, 2015; ILO, 2016). Both Parties reiterated their views in a hearing before the panel in June 2015 and followed up with written responses to the panel's questions and supplementary submissions (ILO, 2016).

In June 2017, the panel issued its Final Report stating that while the US had provided evidence that at eight worksites, affecting 74 workers, Guatemala had failed to effectively enforce its labour legislation by not securing compliance with court orders, this could not be considered (in the meaning of the legal text of the Agreement) as a course of action or inaction that happened in a manner affecting trade between the Parties. Moreover, the US had not provided sufficient evidence regarding Guatemala's failure to conduct labour inspections that can be defined as a course of action or inaction. The panel considered that it did not have jurisdiction over other claims which had not been included in the initial panel request. Bearing the above in mind, the panel concluded that the US had not proven that Guatemala failed to conform to its obligations under Article 16.2.1(a) of the US-CAFTA-DR (US-Guatemala dispute, 2017).

The US-Guatemala dispute and the ruling of the arbitration panel have been subsequently commented on in the literature. Some authors pointed to the wording of the provisions of Article 16.2, which brings together three separate conditions, i.e. 1) failure to effectively enforce labour legislation, 2) through a sustained or recurring course of action or inaction, and 3) in a way affecting trade between the Parties. Their combination increases the difficulty in providing evidence of cases that would meet all three conditions, notably if one interprets 'the manner of affecting trade between the Parties' in the same way as the Panel did. The Panel considered that this condition is met when the failure to enforce labour laws confers a competitive advantage on the Party. Moreover, the authors are of the view that it was a mistake by the US not to mention in the panel request and the initial submission the widespread violence against trade unions in Guatemala (Cross, 2017).

Others, emphasising the narrow interpretation of the 'way affecting trade between the Parties' adopted by the panel, expressed doubts whether trade agreements may be an effective tool for protecting labour rights. However, they noted that more recent US FTAs have different provisions, with firmer labour commitments, which have not been tested yet in a full dispute settlement process. Therefore, in their view, it is premature to conclude in more general terms about the effectiveness of labour provisions and their enforcement in trade agreements, particularly when considering only one example of a dispute and one model of labour provisions (Paiement, 2017).

Some authors also highlighted procedural shortcomings which may have impacted the ruling. For example, they noted that in a dispute about labour law and international labour standards, only the Chairperson of the panel had extensive experience in labour law and its enforcement, while the two remaining panel members were trade law experts without such expertise. As a consequence, the list of 38 other cases the panel referred to in the ruling included only trade disputes (with 36 examples of disputes considered in the WTO) and no labour cases. There was no reference to cases considered by the ILO Committee on Freedom of Association, ILO decisions or reports, reports of UN human rights bodies, or respected international NGOs. Moreover, the panel considered only elements included in the initial 2011 US request for the establishment of a panel, disregarding other provided evidence, e.g. from the initial AFL-CIO 2008 submission to OTLA or the AFL-CIO 2015 submission to the panel, which means the exclusion of information about widespread violence against trade union members in Guatemala. The authors also raised other deficiencies, for example, the fact that no trade union representatives from those who had filed the initial 2008 submission were invited to speak at the panel's hearing, where only information from both Governments was considered. The US Government did not involve trade unions either in the preparation for the hearing (Gottwald, Vogt, Compa, 2018).

Lessons learned from the Guatemala case have contributed to changes in drafting the labour provisions in the USMCA, including two important clarifications (footnotes No. 4 and 5 to Article 23.3). They state that 'for purposes of dispute settlement, a panel shall presume that a failure is in a manner affecting trade or investment between the Parties, unless the responding Party demonstrates otherwise', as well as that to assess a failure to comply with the obligation of adopting and maintaining respect for ILO fundamental labour rights in domestic legislation, the failure is 'in a manner affecting trade or investment between the Parties' if it involves: (i) a person or industry that produces a good or supplies a service traded between the Parties or has an investment in the territory of the Party that has failed to comply with this obligation; or (ii) a person or industry that produces a good or supplies a service that competes in the territory of a Party with a good or a service of another Party' (Congressional Research Service, 2020).

#### US-Central America-Dominican Republic FTA (Honduras)

Under the US-Central America-DR FTA, another submission was filed in 2012, this time against Honduras.<sup>241</sup> In this case, the US trade union federation AFL-CIO and 26 Honduran trade unions submitted a joint complaint alleging that Honduras had failed to enforce its labour laws effectively, particularly those related to freedom of association and the right to collective bargaining, the elimination of child labour and acceptable working conditions (minimum wages, working hours, and occupational safety and health). It included evidence from 17 worksites representing agriculture, manufacturing, and port services.

The US Department of Labor reviewed evidence related to the submission and issued a report with findings and recommendations, expressing serious concerns regarding the violations of workers' rights at the identified worksites and equally serious failures in their inspection and law enforcement. For example, inspectors did not impose sanctions in 32 out of 33 cases where they had been denied access to worksites, they did not ensure that fines envisaged by the Labour Code are paid by companies which had unlawfully dismissed trade union leaders, and they did not impose sanctions on companies paying wages below the established minimum level. The report recommended that the US engage with

<sup>241</sup> Progress on labor rights in Honduras through the Labor Monitoring and Action Plan: <https://ustr.gov/issue-areas/labor/bilateral-and-regional-trade-agreements/Progress-Labor-Rights-Honduras-Labor-Monitoring-Action-Plan>

Honduras in Government consultations, hold a meeting of their representatives to the Labour Affairs Council (under the FTA) and develop an Action Plan to address the identified problems (US Department of Labor, 2015). Indeed, in 2015, both Governments agreed upon an Action Plan covering legislative changes (such as the adoption of a new Inspection Law increasing powers of labour inspectors and sanctions for labour law violations), support services for families with children removed from child labour, awareness raising campaign to inform employers about their obligations, development of the inspection strategy and a manual for inspections, and strengthening labour inspection administrative capacity through hiring of new inspectors and provision of training.<sup>242</sup>

Since then, the US Department of Labor engaged with the Government of Honduras in an ongoing dialogue with regular meetings, provided training to Government officials, trade unions and employers and offered assistance projects focused on the elimination of child labour and forced labour, training for youth, improved inspections and data collection. In 2018, it issued an update summarising the results achieved in implementing the Action Plan. Accordingly, the new Inspection Law was adopted to strengthen law enforcement, the budget of the Secretariat for Labour and Social Security (the equivalent of the Ministry of Labour) has been increased, additional labour inspectors have been hired and technical means, including vehicles and IT equipment, have been secured to improve the operability of labour inspectors. Moreover, a manual for labour inspectors has been prepared and work on the labour inspection strategy has commenced to indicate priority areas for action. Also, significant progress has been achieved in the elimination of child labour, and working conditions in the maquila sector have improved. On the other hand, it was noted that some challenges remained to be addressed, including threats and violence against trade union members, workers' rights violations at some worksites indicated in the initial submission, the adoption of technical regulations to the new Inspection Law, a referral mechanism for children found in child labour and some technical aspects related to the operation of labour inspection services (US Department of Labor, 2018).

#### US-Colombia Trade Promotion Agreement (CTPA)

In 2016, the US trade union federation (AFL-CIO) and five Colombian trade unions filed a submission to the US Office for Trade and Labour Affairs at the Department of Labor to highlight the issue of insufficient progress made by Colombia in the implementation of the Action Plan agreed with the US, the remaining challenges to address, and two cases of companies not respecting freedom of association and using subcontracting instead of direct employment of staff. The complaint provides details regarding the employer's non-recognition of a legitimate trade union, the dismissal of workers participating in a work stoppage, threats and intimidation used to force them to quit the trade union and join another one supported by the employer, brutal intervention by police forces, leaving several workers injured, the Ministry of Labour's inaction, and the failure to enforce several provisions of the domestic law. Regarding the other case, in the sugar sector, the complaint alleges that the employer hired workers through subcontracting and several consecutive short-term contracts. Moreover, the company used threats and intimidation against workers who had joined a trade union, pressuring them to join another trade union supported by the employer. The company and its intermediaries also informed workers that the contracts of workers who would not resign from trade union membership would not be renewed (AFL-CIO, 2016).

<sup>242</sup> Labour rights monitoring and Action Plan as mutually determined by the Government of the United States and the Government of Honduras: [https://ustr.gov/sites/default/files/files/agreements/FTA/CAFTA-DR/Honduras\\_Monitoring%20and%20Action%20Plan.pdf](https://ustr.gov/sites/default/files/files/agreements/FTA/CAFTA-DR/Honduras_Monitoring%20and%20Action%20Plan.pdf)

In 2017, the US Department of Labor issued a review report of the case. It noted that while labour inspection services in Colombia had been strengthened, there were still shortcomings in the inspection process, including case management and the imposition and collection of fines. Moreover, while the Ministry of Labour has taken steps to end subcontracting practices and the number of unlawful cooperatives has decreased, new forms of subcontracting have emerged, and a more decisive response from the Ministry of Labour was necessary following the issuance of decrees prohibiting these practices. The report also found structural weaknesses in the investigation and prosecution of anti-union threats and violence, as well as employers' actions undermining freedom of association. Based on this, the report recommended that the US Government request consultations of the contact points established under the Labour Chapter (Article 17.5) of the US-Colombia CTPA and ask the Government of Colombia to address the issues mentioned above (US Department of Labor, 2017).

Subsequently, the US Government engaged with Colombia to support efforts to implement the Action Plan and address issues highlighted in the public submission and US DOL report. Colombia has made progress by concluding 217 investigations of trade unionists' murders (in total) with 60 convictions of the perpetrators. It has also progressed in implementing an electronic case management system for labour inspections, including in cases involving the collection of fines. Moreover, the Prosecutor's General Office reported 135 conciliation cases in 2018, i.e. voluntary agreements between workers and employers settling disputes related to the violation of freedom of association by employers (USTR, 2019; 2021).

In 2021, the US Department of Labor published a review of progress in implementing recommendations for actions in areas highlighted in the public submission and its 2017 report. Accordingly, the Colombian Ministry of Labour has made significant progress in rolling out its electronic case management system to cover all 33 regional labour inspection offices and (by 2021) 101 of 119 municipal offices (up from 24 offices in 2018). Moreover, the number of labour inspectors has increased to 854, of whom 595 were in civil service career positions with permanent contracts (up from 68 in 2018). The rest were either on probation or temporary appointments. The Ministry of Labour has also launched a virtual training campus with specialised training courses for labour inspectors. The report also provided statistics regarding cases investigated in relation to murders of trade unionists and cases related to the violation of freedom of association. The report concluded that despite progress, further efforts are required in all areas (US Department of Labor, 2021).

#### US-Bahrain FTA

Following the 2011 pro-democracy protests and strike actions, the Government of Bahrain declared a state of emergency that prohibited trade union activity. In the same year, the US trade union federation AFL-CIO filed a submission with the US Department of Labor alleging a violation of labour provisions of the US-Bahrain FTA by the Government of Bahrain. The submission provided evidence of numerous dismissals of workers in Bahrain for their trade union activity, including the Executive of the General Federation of Bahraini Trade Unions. The security forces also blocked access to the GFBTU headquarters, and its website has been shut down. In pro-Government media, articles called for the dissolution of the GFBTU. Based on this, the AFL-CIO argued in its submission that the Government of Bahrain does not comply with the US-Bahrain FTA's provisions committing the Parties to respect the ILO fundamental principles and rights at work listed in the ILO 1998 Declaration. The AFL-CIO referred, in this context, to ILO statements expressing grave concern about the situation in Bahrain (AFL-CIO).

Subsequently, the US Department of Labor reviewed the case and issued a report stating that many of the dismissed workers in Bahrain had been reinstated. However, it also noted a deterioration of labour rights environment in Bahrain, restrictions imposed on trade union activity and discrimination against Shia workers. The report concluded that Bahrain had failed to comply with its labour commitments under the US-Bahrain FTA. It recommended that the US Government request Government consultations with Bahrain as the first step in a dispute settlement procedure (US Department of Labor, 2012). In 2013, the US Government requested such consultations (USTR and Department of Labor, 2013). In 2013 and 2014, US officials visited Bahrain and engaged in dialogue with the Government, trade unions, and business representatives. Discussions covered several areas, including compliance with labour laws related to anti-union practices, collective bargaining issues, particularly in the context of recent reforms that allow for multiple unions in the workplace, improving Bahrain's capacity to respond to cases of employment discrimination, and strengthening tripartite social dialogue in the context of international labour standards and labour-management relations. In 2014, the Government of Bahrain signed an agreement with the GFBTU and the Bahrain Chamber of Commerce and Industry to address many of the issues stemming from the 2011 dismissals, including employment discrimination. The US Government continued the dialogue with the Government of Bahrain as part of the FTA implementation (USTR, 2015).

### 3.7.4 Regional Trade Agreements

#### CPTPP

Article 19.9 of the CPTPP obliges the Parties to provide stakeholders with the possibility to submit communications on matters related to the Labour Chapter. They should be received and considered following each Party's domestic procedures, and the results of their review should be made available to the public and the other Parties.

In 2023, the Vietnamese Canadian Federation, supported by its member associations,<sup>243</sup> the Vietnamese Community in South Australia – SA Chapter Inc., and the Communauté des Réfugiés Politiques Vietnamiens en Europe used this procedure to submit a communication to the Canadian National Administrative Office (NAO) regarding Viet Nam. According to it, the Vietnamese labour legislation does not comply with the commitments outlined in the Labour Chapter, particularly those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work, in parts related to freedom of association and the right to collective bargaining. In March 2023, the communication was accepted for review. However, although the 180-day period foreseen for its consideration has passed, no further information on this case has been published until December 2025. According to the procedure, the Canadian NAO should examine the communication and issue a report on the matter within 180 days from the date of accepting the matter for review or the date of any supplemental submission. This period may be extended if circumstances warrant. Canada can also consult the NAO of the other Party, and request additional information from the submitter, the other Party, experts, academics, and others. Moreover, the Canadian NAO can hold meetings and consultations with the submitter and other interested parties (Employment and Social Development Canada, 2023).<sup>244</sup> In responses to a questionnaire for this study, Canada confirmed that the review was still ongoing and there was no further information to share at this stage.

<sup>243</sup> In 2023, the VCF's active member associations consisted of the Vietnamese Canadian Association of Calgary, the Edmonton Vietnamese Association, the Saskatoon Vietnamese Association, the Vietnamese Association Toronto, the Vietnamese Canadian Community of Ottawa, la Communauté Vietnamienne au Canada - Région de Montréal, and l'Association des Vietnamiens de Sherbrooke.

<sup>244</sup> Guidelines for public communications: <https://www.canada.ca/en/employment-social-development/services/labour-relations/international/agreements/guidelines.html>

## USMCA

Pursuant Article 23.14, the Labour Council of the USMCA should meet within the first year after the Agreement entered into force and then every two years, unless the Parties decide otherwise. To date, three meetings have been held: in 2021, 2023, and 2025. The Parties discussed major domestic developments, such as the Mexican labour law reform, policies to address violence and discrimination in the workplace, areas for cooperation and capacity building, and the implementation of USMCA labour provisions, including those related to migrant workers and the prohibition on the importation of goods produced by forced or compulsory labour. The Parties have also agreed to hold trilateral dialogue regarding their approaches and best practices in addressing forced labour risks in supply chains. They discussed, moreover, practical ways of supporting businesses in addressing and mitigating these risks. In 2025, the Parties reviewed the operation and effectiveness of the Labour Chapter five years after the USMCA had entered into force, with progress achieved and remaining challenges. The meetings were followed by public sessions to discuss the implementation of labour provisions with workers, employers, other civil society organisations and the general public (Global Affairs Canada, 2021a; 2023f; USTR, 2025a).

### *Submissions According to Article 23.11*

Article 23.11 of the US-Mexico-Canada Agreement obliges the Parties to allow stakeholders to submit communications related to the Labour Chapter. They should be examined by the receiving Party and, as appropriate, followed by a written response. In addition, the communications and the results of their consideration should be made available to the other Party and the public, as appropriate and in a timely manner.

### *The Rapid Response Labour Mechanism Agreed Between Canada and Mexico*

Additionally, the Agreement includes two specific Rapid Response Labour Mechanisms, facility-based complaint mechanisms agreed between, respectively, Canada and Mexico and the US and Mexico. Canada has published information about two such complaints.

According to a submission received in 2023, workers at a Mexican automotive company have been denied the right to exercise freedom of association and to engage in collective bargaining. As part of the examination process, Canadian officials visited the facility in Mexico and discussed the matter with all parties concerned by the complaint. Given the company's readiness to address the problems, Canada facilitated dialogue among all relevant stakeholders. As a result, the company issued a public statement in which it committed to respecting its workers' rights to freedom of association and collective bargaining. It also reinstated three previously dismissed workers who had supported a trade union and paid them the wages due. Also, following the trade union vote, the trade union that had submitted the complaint became the majority representative union for workers at the company in question.<sup>245</sup>

Another complaint, received in 2024, alleged that workers at a company in the extractive industry in Mexico had been denied the right to exercise freedom of association and to engage in collective bargaining. The Canadian National Administrative Office accepted the submission for review.<sup>246</sup>

<sup>245</sup> Claims submitted, Fraenkische Industrial Pipes: <https://www.canada.ca/en/employment-social-development/services/labour-relations/international/agreements.html#2.4.2>

<sup>246</sup> Claims submitted, Minera Camino Rojo: <https://www.canada.ca/en/employment-social-development/services/labour-relations/international/agreements.html#2.4.2>

According to information provided by the Canadian trade unions in written comments for this study, Canada has also allocated CAD 9.4 million to two capacity-building projects for Mexican workers to help them exercise their rights effectively. Canadian trade unions are involved in the implementation of one of those projects to share their expertise.

#### *The Rapid Response Labour Mechanism Agreed Between the US and Mexico*

The US have also published a list of cases (45 as of December 2025)<sup>247</sup> submitted through the Rapid Response Labour Mechanism under the USMCA. The list comprises cases at diverse stages of the procedure, including those under review, a few sent to arbitration and those that have already been resolved. The procedure should be applied when workers employed in a facility covered by the Mechanism are thought to be deprived of freedom of association and/or collective bargaining rights contrary to the domestic laws of the responding Party that are necessary to fulfil obligations under the Labour Chapter. The identified cases involved facilities in the automotive industry (including car parts), the manufacturing of garments, metal products, ammunitions, glass doors, construction and mining equipment, as well as food processing, call centres, air transport (cargo), road transport services, and the mining sector, among others.

All submissions are examined by the US Interagency Labour Committee for Monitoring and Enforcement. If it considers that there is sufficient evidence to substantiate the allegations, the US engages with the Mexican Government to request a review of the case. This is followed by engagement with the representatives of the facilities in question and other stakeholders to remedy the situation. In cases where workers at the respective facilities had been denied the right to exercise freedom of association and the right to collective bargaining, measures taken as a result of submitted complaints included the reinstatement of workers previously dismissed for trade union activity, back payment of due wages and benefits, payment of severance packages to dismissed workers who had chosen not to return to the facility, back payment of trade union dues unlawfully withheld by the employer, training for workers and management on workers' rights and new policies, the employers' commitment not to interfere in trade union activity and votes on the representative trade union, issuing guidelines to safeguard freedom of association and the right to collective bargaining at the facility and the establishment of a hotline or email for submitting complaints.

Moreover, in cases where this was necessary, inspections were supposed to identify and punish those responsible for previous violations of workers' rights. Inspectors and independent observers were also to be present at the facility before and during the vote on a representative trade union to ensure that the vote is held in fair conditions, free from any threats or intimidation of participating workers. In cases where violations of workers' rights related to the non-application of a sector-wide agreement had been identified, it has been agreed that workers at the facility would be covered by a sector-wide agreement, which meant the wage increase (with back pay of differences) and other benefits, like end-of-year bonuses, additional vacation days, and increased company contributions to the employee savings programme and social welfare account.

<sup>247</sup> The list of cases: <https://ustr.gov/trade-topics/enforcement/dispute-settlement-proceedings/fta-dispute-settlement/usmca/chapter-31-annex-facility-specific-rapid-response-labor-mechanism>

Overall, the majority of cases submitted under the Rapid Response Labour Mechanism has already been addressed/resolved (26 out of 45), including three out of 14 cases submitted in 2025.<sup>248</sup> Between 2021 and the end of 2024, out of 31 cases, 22 have been resolved with outcomes benefitting 42,000 workers.<sup>249</sup>

In five cases, the matter has been submitted by the US to the arbitration panel established under the Rapid Response Labour Mechanism. In one case, the panel ruled in 2024 that it did not have a jurisdiction on the matter. In one case, the panel ruled in 2025 that actions taken by México and the facility in question (call-centre) had not been sufficient to change the climate of hostility towards the facility-based trade union. In three remaining cases, proceedings are still ongoing. Moreover, in one separate case, the facility has closed after elaborating the remedy action plan and before implementing it.

## CONCLUSIONS

Some of the examples provided in this section are relatively recent, and, therefore, there is no information yet available about actions taken in response to the submitted complaints (e.g. against Viet Nam under the CPTPP), or it is too early to see any concrete results of the agreed measures or to assess their effectiveness. For example, Colombia adopted the labour law reform under the Action Plan with Canada only in June 2025, which means it is too early to assess the implementation of the new legislation. The EU and Peru reached an agreement on the list of cooperation activities in 2024, and the list will be implemented over the next two years, after which the results may be assessed.

However, there are also a few examples with concrete outcomes which can be evaluated. In this context, the analysis suggests that the mechanism agreed under the USMCA for submitting complaints against workers' rights violations in individual facilities has been effective. In the majority of cases sent to the Mexican Government for review, including in three out of 14 complaints submitted in 2025, actions have been taken, and the situation has been remedied. The successful outcomes were made possible by the engagement of the US and Mexican Governments, as well as by a constructive response from the involved companies/facilities.

Likewise, the cooperation of the Governments of Canada and Colombia, as well as the US and Honduras, Colombia and Bahrain has enabled the development and implementation of tailored Action Plans, resulting in tangible outcomes, including the adoption of the new legislation and the significant strengthening of labour inspection capacity in Colombia and Honduras, and a reduction in child labour in the latter. In Bahrain, progress has been achieved in the Government's dialogue with workers' and employers' organisations. Policy dialogue and cooperation have been complemented by assistance projects.

<sup>248</sup> The quoted numbers represent the state of play as of 19 December 2025. The list of cases is provided on the USTR website: <https://ustr.gov/trade-topics/enforcement/dispute-settlement-proceedings/fta-dispute-settlement/usmca/chapter-31-annex-facility-specific-rapid-response-labor-mechanism>

<sup>249</sup> A summary of outcomes achieved under the Rapid Response Labour Mechanism in 2021-2024: <https://ustr.gov/sites/default/files/2024-12-18%20RRM%20Fact%20Sheet%20FINAL!.pdf>

Additionally, the EU-Republic of Korea labour dispute under the TSD Chapter, which has progressed to the stage of an arbitration panel, has yielded tangible results, including the Republic of Korea's ratification of three of the then four outstanding ILO fundamental Conventions and amendments to the relevant legislative acts.

It is also important to highlight that although labour provisions have been included in the FTAs for around 30 years, in none of the disputes settled to date have sanctions been applied or financial penalties imposed. This confirms that all Parties treat sanctions as a measure of last resort, with their main objective being to remedy the situation, ideally through dialogue and cooperation.

On the other hand, the only case that has progressed to the arbitration panel and has not been successful, i.e. the case of Guatemala, has provided lessons learned for future FTAs regarding the formulation of labour provisions in a way that would not block the efforts to remedy the situation if workers' rights are violated.

#### Stakeholder Engagement in the Enforcement of Labour Provisions

As discussed throughout the section above, several US and Canadian trade agreements, as well as regional ones such as the CPTPP and the USMCA, include provisions obliging the Parties to establish a mechanism that allows non-governmental stakeholders to submit communications on matters related to the Labour Chapter. This includes an opportunity to submit complaints if they believe that one of the Parties does not comply with its labour commitments. Indeed, stakeholders, notably trade unions, have used this measure on several occasions, and the discussed examples demonstrate that in such cases, the US or the Canadian trade unions have prepared their communications jointly with the affected trade unions or NGOs from the partner countries, e.g. Colombia, Central America, Mexico, or Viet Nam.

The EU FTAs usually do not include a similar provision; however, the EU has addressed this shortcoming by establishing a Single Entry Point as a mechanism to submit complaints related to cases of non-compliance with labour (and environmental) provisions in EU trade agreements (Trade and Sustainable Development Chapters)<sup>250</sup>. This mechanism is not linked to any specific trade agreement and may receive communications regarding any EU FTA with labour provisions. As discussed above, stakeholders have also started using this opportunity to draw the EU's attention to situations where workers' rights are violated.

Moreover, EU trade agreements include provisions establishing new or using the existing civil society Domestic Advisory Groups whose role is to advise the Parties on matters relating to trade and sustainable development and in the most recent FTAs, to the entire agreement. As highlighted in the case of the EU-Republic of Korea dispute, DAGs have a possibility to flag concerns to the Parties at any time (in meetings or through letters), even before any formal dispute is launched.

<sup>250</sup> Single Entry Point: <https://trade.ec.europa.eu/access-to-markets/en/content/single-entry-point-0>

Some trade agreements (e.g. the EU-Republic of Korea FTA) envisage a formal role for the civil society in disputes related to labour provisions. According to Articles 13.14 and 13.15 of the EU-Republic of Korea FTA, at different stages of a dispute, the TSD Committee and the Panel of Experts should seek information and advice of the DAGs regarding the subject matter of the dispute brought to their attention.<sup>251</sup>

### 3.8 Implementation of Unilateral (Autonomous) Measures

In this chapter, the analysis will focus on measures that are not enshrined in the FTA text but may nonetheless play an important role in encouraging compliance with labour standards and decent working conditions by companies engaged in exports or being part of global supply chains. These measures include, for example, legislation in destination markets that requires conducting due diligence along the supply chain and prohibits the use of child labour and forced labour in the growing and manufacturing of products placed on the market. Legislation of this type improves transparency and strengthens accountability at the firm level.

#### 3.8.1 Australia

In Australia, aspects related to identifying and addressing forced labour (modern slavery) in business operations and supply chains are covered by the Modern Slavery Act, adopted in 2018. It imposes an annual reporting requirement on all government and private sector entities with an annual revenue of at least 100 million Australian dollars.<sup>252</sup> All such reports are publicly available through the Government Modern Slavery Statements Register.<sup>253</sup> In addition, the Government submits an annual report to Parliament outlining steps taken and progress made in the implementation of the Modern Slavery Act. Moreover, in 2020, the Modern Slavery Expert Advisory Group<sup>254</sup> was established to provide strategic advice to the Government. The Group is comprised of representatives of business, trade unions, other civil society organisations, and academia. It holds quarterly meetings to discuss initiatives addressing modern slavery, such as the Commonwealth Supplier Code of Conduct, a review of the Commonwealth procurement procedures and supply chains, the election of the Anti-Slavery Commissioner (2024) and good reporting practices. In 2023, Members of the Group were selected for their second term.

In 2023, a review of the Modern Slavery Act and its application was conducted. The process was informed by broad stakeholder consultations involving 285 Government entities and non-governmental stakeholders. The final report noted that overall, businesses take the new obligations seriously. They train staff, conduct audits and supply chain mapping, do checks with suppliers, revise contract arrangements, and collaborate with others, including civil society. Moreover, investors have begun to pay attention to the quality of modern slavery reporting by their investment targets. However, there is still a relatively high level of non-compliance, and for some companies, the reporting remains a tick-box exercise. The report provided 30 recommendations, including the introduction of penalties for non-compliance

<sup>251</sup> EU-Republic of Korea FTA text: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22011A0514\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22011A0514(01))

<sup>252</sup> Australian Government, Attorney-General's Department. Modern slavery: <https://www.ag.gov.au/crime/people-smuggling-and-human-trafficking/modern-slavery>

<sup>253</sup> Modern Slavery Statements Register: <https://modernslaveryregister.gov.au>

<sup>254</sup> Modern Slavery Expert Advisory Group: <https://www.ag.gov.au/crime/people-smuggling-and-human-trafficking/modern-slavery/modern-slavery-expert-advisory-group>

with statutory reporting obligations, lowering the reporting revenue threshold from AUD 100 million to AUD 50 million, introducing a more standard reporting format and an obligation to have a due diligence system in place, going beyond reporting and being more effective in identifying and addressing risks. Moreover, the reporting and other activities could be more focused and identify high-risk regions, locations, industries, products and suppliers or supply chains that should be taken into account in the reporting process (McMillan, 2023). In 2024, the Australian Government published a response to the review and recommendations. It committed to developing an optional reporting template and consulting stakeholders on the possibility of introducing penalties for non-compliance and a due diligence system. However, it refused to lower the revenue-related reporting threshold to AUD 50 million (Australian Government, 2024).

In addition to following formal requirements, Australia collaborates with other countries, including FTA partners, to raise awareness of its measures to combat modern slavery and forced labour through key forums, including the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime, and through bilateral engagement.

### 3.8.2 Canada

#### The Fighting Against Forced Labour and Child Labour in Supply Chains Act

In May 2023, Canada adopted<sup>255</sup> the Fighting Against Forced Labour and Child Labour in Supply Chains Act, which imposes an obligation on companies to prevent and reduce the risk of the use of forced labour and child labour along the supply chain of goods produced in or imported to Canada and placed on the Canadian market. Companies within the scope of the Act also need to report on the measures taken to achieve its objectives. The Act entered into force in January 2024 (Dentons, 2023; Public Safety Canada, 2023).

In the first year of its application, Public Safety Canada received 5,795 contributions from the government institutions and other entities obliged to report under the Act. All of them are publicly available in a searchable database. The largest share of reports came from the manufacturing industry (38.3%), followed by wholesale trade (22.3%) and retail trade (21.8%). Moreover, 82% of reports were submitted by Canadian entities, 13.5% by US entities, and 4.5% by entities from other countries. Given the short time since the new legislation entered into force, not all reporting entities have yet completed the process of identifying potential risks of forced labour or child labour incidence in their own businesses or supply chains. Those who have identified such risks have mostly linked them to specific sectors or purchased products (e.g. electronics and textiles) and services (e.g. property management services, such as cleaning, property and facility maintenance, security guard services, food and accommodation services, including hotels, transport, and courier services). Some respondents considered that the risk of forced labour incidence was higher for temporary or migrant workers hired by employment agencies or other intermediaries. Others raised concerns about the lack of transparency along the supply chain. Steps taken by the reporting entities to prevent and reduce the risk of forced labour and child labour included due diligence policies and practices, cooperation with monitoring and certification bodies, development and application of a code of conduct, supplier assessment, specific contract clauses, training for staff and management, and direct recruitment instead of using employment agency services (Public Safety Canada, 2024).

<sup>255</sup> Fighting Against Forced Labour and Child Labour in Supply Chains Act: <https://laws.justice.gc.ca/eng/acts/F-10.6/>

### Other Measures

Canada has introduced a few more measures to reduce the risk of forced labour and child labour. For example, in 2021, the Code of Conduct for Procurement, managed by Public Services and Procurement Canada, was amended to add expectations towards federal suppliers related to human and labour rights. Moreover, anti-forced labour clauses were added to contracts for public procurement of goods, so that suppliers cannot sell goods produced with the use of forced labour, and the Government can terminate a contract in case of non-compliance. Also in 2021, a risk assessment was conducted to identify goods supplied through public procurement, related to the highest risk of human trafficking, forced labour and child labour. While outcomes of the analysis regarding the identified goods are not publicly available, the analysis led to the recommendation about awarding contracts to suppliers who have policies and procedures in place to mitigate the risk of human rights violations in their own activity and their supply chains (Public Services and Procurement Canada, 2023; 2021).

### **3.8.3 European Union**

#### Forced Labour Regulation

In November 2024, the EU adopted a Regulation which prohibits economic operators from placing on the EU market and exporting from the EU products made wholly or partly by forced labour. By mid-June 2026, the European Commission shall prepare guidelines for economic operators on due diligence related to forced labour, as well as on eliminating forced labour and remedying the situation if forced labour is detected in the supply chain. To support the businesses in making informed decisions, the Regulation also envisages the development of an EU database identifying countries and products associated with a high risk of using forced labour. The EU should also establish a mechanism through which any natural or legal person, or an organisation without legal personality, will be able to submit information and accompanying evidence if they believe that a specific product or an economic operator has violated the prohibition on using forced labour. The evidence shall be assessed either by the Commission or a designated competent authority of an EU Member State and may lead to an investigation if, based on the submission and other available information, the competent authority considers the concern to be substantiated. To facilitate this process, the European Commission shall develop guidelines for submitting and assessing the necessary evidence, and for launching and conducting an investigation. At the end of the process, if the competent authority concludes that forced labour has been used in either harvesting, extracting, manufacturing, processing or other product-related activities in the supply chain, it may take a decision preventing the product from being placed on the EU market or request that it is withdrawn from the market or disposed of. The competent authorities may also launch investigations on their own initiative, based on the available information. The Regulation also foresees the establishment of information-sharing and best-practice mechanisms in the EU, along with a website (the Forced Labour Single Portal) that will provide the necessary information for the implementation and enforcement of the Regulation (Council of the EU, 2024a).<sup>256</sup>

The Regulation entered into force on 13 December 2024, and the ban on products made with forced labour (under the Regulation) will apply from 14 December 2027. It will be binding on all companies (based in the EU and other countries) that sell products in the EU (or to EU customers through online

<sup>256</sup> Regulation (EU) 2024/3015 of the European Parliament and of the Council of 27 November 2024 on prohibiting products made with forced labour on the Union market and amending Directive (EU) 2019/1937 (Text with EEA relevance): [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L\\_202403015&qid=1747692347879](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202403015&qid=1747692347879)

transactions or other forms of distance selling) or export products from the EU. Moreover, the Regulation will apply directly to the businesses in question, without the need for the EU Member States to adopt any national legislation (Covington, 2024).

#### The Corporate Sustainability Due Diligence Directive

The EU has also adopted the Corporate Sustainability Due Diligence Directive. It entered into force in July 2024.<sup>257</sup> The Directive foresees that large companies (with over 1,000 employees and a turnover exceeding EUR 450 million worldwide) will need to conduct due diligence of their own operations and along their supply chain to identify and address any potential or actual adverse human rights or environmental impacts of their own operations or those of their subsidiaries or business partners. The Annex to the Directive defines the list of human rights covered by its scope as including labour rights enshrined in the eight ILO fundamental Conventions (i.e. those preceding the ILO 2022 decision on adding occupational safety and health to the list). In February 2025, the European Commission proposed a simplification of company due diligence duties and a reduction of regulatory burdens imposed by the Directive. The proposed changes still need to be approved in a legislative procedure. If they enter into force, the EU Member States will have until 26 July 2027 to transpose the Directive and the new provisions into their national legislation. The new due diligence rules would start applying in July 2028 for the first group of companies, and the full application would commence in July 2029.<sup>258</sup>

#### The German Act on Corporate Due Diligence Obligations in Supply Chains

In 2023, the German Act on Corporate Due Diligence Obligations in Supply Chains entered into force, initially applying to companies with headquarters or branches in Germany and more than 3,000 employees and, since 2024, to those with more than 1,000 employees. They are supposed to establish due diligence systems and monitor their own operations, as well as those of their suppliers, to identify, reduce and end any violations of human rights or environmental risks. To this end, they should also cooperate with their suppliers and request information about their operations and observance of human rights and environmental protection. This can be done through surveys, direct checks, third-party audits, contractual commitments, as well as capacity building, if any improvements are necessary. The Act also foresees that the change of supplier due to non-compliance should be seen as a measure of last resort. Instead, German companies should support their suppliers in remedying the situation and improving their performance. In case of reluctance, they should apply other measures, such as penalties or temporary suspension of commercial relations. German companies are also obliged to report annually about actions taken to fulfil their obligations under the Act. They should also establish a complaints procedure, so that human rights violations or environmental risks related to their own operations or those of their suppliers can be brought to their attention. Finally, various measures are available to German companies and their suppliers, including training, advice on drafting contractual clauses and funding to improve sustainability management to support them in meeting the requirements under the new Act (Federal Ministry for Economic Cooperation and Development, 2023).

<sup>257</sup> Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (Text with EEA relevance): [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L\\_202401760](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401760)

<sup>258</sup> Corporate sustainability due diligence: [https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence\\_en](https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en)

### 3.8.4 New Zealand

So far, New Zealand has decided not to enact a separate legislation on modern slavery, but to ratify the existing international standards (like the ILO fundamental Conventions and the 2014 Protocol to the ILO Convention No. 29) and to develop and implement non-legislative measures. In 2020, it adopted the Plan of Action against forced labour, people trafficking and slavery. The Plan contains 28 actions grouped around three pillars of crime prevention, protection of victims and law enforcement. They are to be implemented until the end of 2025. Actions within the first pillar (prevention) are focused on awareness raising regarding forced labour, human trafficking and slavery among Government officials, state agencies (police, border security and customs, among others), employers and others who may come in contact with victims of those phenomena. There are also measures to address the root causes or factors enabling people's exploitation. For example, an action allowing migrant workers to leave the exploitative employment, an enhanced oversight of workplaces to address breaches to labour standards before they escalate, due diligence along the supply chain (including preparation for the implementation of the UN Guiding Principles on Business and Human Rights), modernised public procurement practices, and international cooperation and information sharing in the Pacific region. Actions focused on the assistance to victims include preparation of information materials for migrant workers regarding their rights, and advice on where to seek support in case of labour exploitation. Other actions involve ensuring effective service delivery to victims, cooperation with social services agencies and NGOs to reach potential victims with information and assistance and pursuing research to determine the scale and nature of the problem in New Zealand. The enforcement pillar focuses on international cooperation, and improvement of the domestic procedures, inter-agency collaboration and capacity building to ensure that information about cases of forced labour, people's trafficking and slavery is followed up properly, an effective investigation and prosecution take place, and victims are assisted throughout the judicial process (Ministry of Business, Innovation and Employment, New Zealand, 2020).

Since then, the institutions engaged in implementing the Action Plan have been reporting progress in delivering activities within their areas of responsibility. This included preparing training materials, completing staff training, and engaging with communities of migrant workers and employers. Further actions included the establishment of a hotline and online system to report exploitation of migrant workers, the introduction of a new visa category to protect migrant workers who have suffered from exploitation and cooperation with the countries in the Pacific and ASEAN region, including the Philippines. Information materials have also been prepared for employers and workers about their rights and obligations, including those related to working conditions. Moreover, the authorities have taken steps to improve the inter-agency work and support victims in judicial proceedings.<sup>259</sup>

### 3.8.5 United Kingdom

In the UK, the Modern Slavery Act was adopted in 2015. It imposes on all companies doing business in the UK and having a turnover exceeding £36 million an obligation to produce an annual slavery and human trafficking statement in which they outline actions taken to eliminate modern slavery from their supply chains. Such statements should be published on their websites. They can also be submitted for publication in the Government Registry. In 2019, a formal review of the Act and its application was conducted. It found out that around 40% of companies falling within the Act's scope did not comply with

<sup>259</sup> Plan of Action implementation reports: <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/plan-of-action-against-forced-labour-people-trafficking-and-slavery/implementation-report>

the reporting obligation, and there was no effective enforcement of this duty. Moreover, the statements varied in their quality and scope (which made their comparison difficult), and only some companies had submitted their statements to the Government Registry, given that this was voluntary. The review also provided recommendations aimed at addressing the most important weaknesses of the current arrangements. It proposed making some reporting areas (topics) mandatory to improve reporting quality and consistency. Moreover, it called for strengthened enforcement of the reporting obligation through warnings and penalties for non-compliant companies, as well as personal accountability of designated board members responsible for the preparation of the annual report (Allen et al., 2024).

While no amendments to the Act have been adopted yet, the Government has responded to the review and stakeholder consultations have been conducted. In 2024, the Parliamentary Committee (in the House of Lords) published its report on the matter. The report acknowledged that while in 2015, the adoption of the Modern Slavery Act by the UK set a trend for others to follow, the legislative developments in other countries taking place since then have changed this perspective, and changes in the labour market and immigration to the UK have revealed new challenges not addressed by the Act. Therefore, its amendment was necessary to help it keep up with the solutions adopted elsewhere and to respond to the latest trends in employment and immigration. For example, in the last few years, the increase in the number of immigrant workers in the care sector was followed by a rise in the number of labour exploitation cases through recruitment fees (and debt bondage of migrant workers), as well as difficult working conditions with low wages and long working hours. The report recommends, in this context, that the companies falling within the Act's scope are obliged to conduct due diligence along their supply chains. Moreover, the UK's policy and legislation should distinguish between immigrants coming to the UK voluntarily and those who are victims of human trafficking. Also, a Single Enforcement Body should contribute to improved compliance with labour standards and act as a single point of contact for labour exploitation cases (Modern Slavery Act 2015 Committee, 2024).

### 3.8.6 United States

#### Section 307 of the Tariff Act of 1930 (as amended)

In the US, these measures include Section 307 of the Tariff Act of 1930 (as amended), which prohibits importing products that are mined, produced, or manufactured, wholly or in part, by forced labour, including forced child labour. This Section is enforced by the US Customs and Border Protection (CBP). In practice, any person who believes that certain products imported or likely to be imported into the US have been produced by forced labour should communicate this fact and the supporting evidence to the Commissioner of the CBP. The latter launches an investigation depending on the reliability of the presented evidence. If the Commissioner determines that the available evidence suggests reasonably but not conclusively that the product in question has been made by forced labour, an order to withhold release (WRO) is issued. The importer has three months to challenge it and prove that every reasonable effort has been made to determine the labour source used to make the product and that this did not include forced labour. If the importer does not act or its actions are unsuccessful and it fails to withdraw the product from the US, the product is considered abandoned and is destroyed. However, if (at the beginning of the process) the Commissioner determines conclusively that the product has been made by forced labour, the CBP issues the so-called Finding, the product is seized, and the forfeiture proceedings begin (Gordon, 2024; Congressional Research Service, 2024a).

At the end of March 2025, 51 WROs were active (out of which, four were issued in financial years 2023–2025) and nine Findings (including one issued in the financial year 2025). In 2023–2025, seven WROs or Findings in total were modified or revoked at further stages of the procedure.<sup>260</sup> Out of 51 WROs active in March 2025, 36 were related to imports from China, and one to imports from each India, Malaysia, the Republic of Korea, Japan, Turkmenistan, and Nepal. There were also four WROs related to fishing vessel activities, four related to imports from Africa and two related to imports from Latin America. In addition, out of nine Findings (i.e. conclusions about products made by forced labour), five were related to imports from China, one to fishing vessel activities, two to imports from Mexico, and one to imports from the Dominican Republic.<sup>261</sup>

Regarding imports from Malaysia, in 2020–2021, the CBP issued several WROs, detaining shipments of Malaysian disposable rubber gloves. The WROs were based on reliable evidence indicating that forced labour practices had been identified in the manufacturing companies. In the following years, the companies remedied the situation. They introduced improvements in working and living conditions for workers and repaid at least USD 148 million (figures based on data from three cases) in withheld wages and recruitment fees that had previously trapped workers in debt bondage. Other measures included blacklisting unethical recruitment agents, establishing a helpline for workers, and ensuring that staff is not required to work excessive overtime (CBP, 2024; CBP, 2023; ILO, 2022d; Impactt, 2021). Following these actions, the CBP modified the WROs in 2021–2024 and approved imports of disposable rubber gloves, provided that they meet the applicable US product standards (CBP, 2023; CBP, 2024; Impactt, 2021).

In 2020, the CBP issued a WRO for a palm oil shipment from Malaysia due to the identified use of forced labour at a Malaysian palm oil plantation (CBP, 2020a). A further finding followed in 2022, confirming that sufficient evidence existed that palm oil fruits had been harvested with the use of forced labour at the plantation in question (CBP, 2022). Forced labour-related practices included the retention of identity documents, workers' movement restriction, threats and intimidation, physical abuse and arbitrary penalties. Moreover, migrant workers recruited through employment agencies had to pay high recruitment fees, putting them in a debt situation. To address it, the plantation announced it would allocate USD 18.6 million to repay recruitment fees to 34,000 of its current and former workers. Other measures included improvements in housing facilities and the establishment of a hotline for workers to submit complaints (Haffner, 2022). In 2023, after the plantation provided further evidence of measures taken and new practices, the US CBP lifted the ban on palm oil imports (CBP, 2023a).

Also in 2020, another WRO was issued regarding imports of palm oil and palm oil products from a Malaysian company that used forced labour in its operations. The collected evidence spoke about abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and excessive overtime. According to the CBP dashboard, this WRO remains active, indicating that imports from the specific company are not permitted to enter US territory (CBP, 2020).

<sup>260</sup> Customs and Border Protection; Forced Labour: <https://www.cbp.gov/trade/forced-labor>

<sup>261</sup> Withhold Release Orders and Findings Dashboard: <https://www.cbp.gov/trade/forced-labor/withhold-release-orders-and-findings>

In 2021, the US CBP investigated the case of a Malaysian electronics factory working for an international brand. Afterwards, and after an independent audit conducted at the supplier's premises, the international customer terminated the contract. The allegations were around a significant number of hours worked overtime by migrant workers, poor living conditions, as well as intimidation by the management. The independent audit has confirmed excessive working hours and, in addition, highlighted the non-repayment of recruitment fees and recruitment of workers without valid visas (IER, 2022).

Further evidence regarding the cases mentioned above and the adopted measures is discussed in detail in section 3.6. It has been based, among others, on information provided by Malaysian employers in responses to a questionnaire for this study. Accordingly, the Government of Malaysia engaged in discussions with US authorities (CBP and the Department of Labor) within the US-Malaysia Labour Dialogue to address compliance issues. Amendments to the Employment Act have been adopted, and the Government, in cooperation with social partners, other civil society organisations and the ILO, has developed the *National Action Plan on Forced Labour (2021–2025)*.<sup>262</sup> The country has also ratified the 2014 Protocol to the ILO fundamental Convention No. 29 on the elimination of forced labour and trafficking in persons. Additionally, the affected companies have undergone independent audits to verify compliance with labour standards. Traceability systems, such as blockchain and supply chain tracking, have also been applied to ensure ethical sourcing.

Changes taking place in the three sectors (rubber gloves, electronics, and palm oil) have also been confirmed by Malaysian trade union representatives contributing to the analysis in this study. According to them, international audits have been conducted, there is an increased scrutiny of forced labour allegations, and companies are enhancing compliance with labour standards.

Given that the WRO Dashboard (part of the US CBP website) is updated regularly, and inactive (i.e. resolved) cases are removed from it, it is not possible to provide further examples of remedy actions taken by other countries and companies whose products have been initially stopped at the US border.

#### The Uyghur Forced Labour Prevention Act

Further to increasing concerns over the systemic use of forced labour of ethnic Uyghurs and other minorities in the Chinese province of Xinjiang, the US CBP issued in 2021 a region-wide WRO on cotton products and tomato products originating in Xinjiang and imported to the US. Moreover, in 2021, the US Congress enacted the Uyghur Forced Labour Prevention Act, under which all goods produced in Xinjiang and by entities linked to the province are presumed to be made with forced labour until proof to the contrary is provided. They are therefore denied entry into the US territory. The US has also issued a list of entities, subject to the forced labour presumption, and a list of priority sectors for enforcement (Congressional Research Service, 2024a).

Given that raw materials originating in Xinjiang and other components are used in goods produced in other parts of China and Asia, the final goods and entire supply chains are exposed to the risk of containing elements mined or made by forced labour and, as a result, being denied access to the US market. Indeed, the statistics show that out of the USD 3.7 billion worth of goods exported

<sup>262</sup> National Action Plan on Forced Labour, Malaysia (2021–2025): <https://www.dol.gov/sites/dolgov/files/ILAB/NAPFL%202021-2025.pdf>

to the US between June 2022 and January 2025, and affected by the Uyghur Forced Labour Prevention Act, the majority (USD 3.1 billion) involved exports from Malaysia, Viet Nam, and Thailand, while the affected Chinese exports were worth only USD 0.4 billion. A more detailed analysis reveals that Malaysian exports worth USD 1.5 billion were affected by the measure, particularly in 2023, i.e. shortly after its adoption. Out of 2,861 affected shipments, 1,169 were denied entry to the US, while 1,491 were released. The majority (2,001 shipments) represented the electronics industry. Vietnamese exports to the US, valued at USD 1.0 billion, were also affected. In this case, out of 3,005 affected shipments, 1,523 were denied entry to the US, and 1,460 were released (out of the total, 1,544 shipments represented the electronics sector, 855 industrial and manufacturing materials and 584 apparel, footwear and textiles). Finally, Thai exports to the US, worth USD 0.5 billion (1,017 shipments), were affected (328 shipments were denied entry and 679 were released). Almost all (1,001 shipments) were in the electronics sector.<sup>263</sup>

In responses to a questionnaire for this study, trade unions from the Philippines also informed about a case of exports in the garment sector destined for the US market facing a risk of denied access due to allegations of using cotton originating in the Xinjiang province. The consequences of such a denial may be far-reaching, including (as claimed by the producer) job losses in the manufacturing facilities. While the issue remains open, trade unions see it as a matter requiring a good communication between the producer (or more broadly, employers), trade unions and the Government, and an honest dialogue, ideally within the existing tripartite industry council (the Clothing and Textile Industry Tripartite Council in the Philippines in this specific case) which would build confidence and help solve this problem jointly. Moreover, before a discussion on the matter and a possible coordination of efforts and engagement with the US authorities, there should be a credible auditing arrangement in place along the supply chain, able to provide evidence regarding suppliers and sourced raw materials and components, and prove that no forced labour was involved in the manufacturing of the exported goods. While there may be divided opinions regarding the mechanism applied by the US, trade unions believe that it may protect against human rights violations along the supply chain.

## CONCLUSIONS

As confirmed by examples of Malaysian companies from three different sectors (rubber gloves, electronics, and palm oil), as well as steps taken by Malaysia, discussed in this section and in section 3.6, measures such as the detention of products at the border and a subsequent engagement with the producing companies and the country of origin can trigger actions with tangible, positive impacts reaching well beyond the initially affected companies and sectors. The ratification of the 2014 Protocol to the ILO Convention No. 29 (elimination of forced labour), the amendments in the domestic legislation, and changes in practices applied by the companies contribute to the elimination of forced labour from production processes and supply chains, and the improvement of working and living conditions of the affected workers.

Several countries have also explored alternative approaches, most of which are based on due diligence along the supply chain, with the analysis starting at the destination market. In this case, however, legislative solutions focused on the elimination of child labour, forced labour, and other human rights and labour rights violations from supply chains have been adopted only recently (e.g. in Canada and the EU); therefore, it is too early to assess their effectiveness.

<sup>263</sup> Uyghur Forced Labour Prevention Act Statistics: <https://www.cbp.gov/newsroom/stats/trade/uyghur-forced-labor-prevention-act-statistics>

However, like the US, the EU plans to draw up a list of countries, sectors, and products with a high risk of forced labour, to support sourcing decisions for EU-based companies and those that export to the EU market. Such a list may influence companies' decisions and steer trade away from listed suppliers to avoid a potential ban on imports to the EU. There will also be guidance for companies on how to apply the new legislation.

In other countries, such as Australia, Germany and the UK reports submitted or published by companies under the Modern Slavery Act or the Corporate Due Diligence Obligations in Supply Chains Act outline actions taken in their own operations and engagement with suppliers to ensure the elimination of modern slavery and other human rights violations from their supply chains. This may include reviews of relevant policies and practices (such as those related to recruitment, onboarding, and wages), questionnaires sent to suppliers, audits of their premises, training and awareness-raising campaigns.

Based on this, one can conclude that efforts are made to identify risks related to forced labour and mitigate them by addressing those elements of companies' activities that reveal shortcomings. However, since the submitted reports (also known as statements) have the form of self-declarations, there is a risk that they may overstate the positive and hide any negative aspects of companies' activities or impacts of their actions. Additionally, some of those reports are quite general and based on them, it is difficult to evaluate the results and the effectiveness of the described measures.



## 4. Potential Implications of Including Labour Provisions in FTAs

### 4.1 Potential Implications for States

#### Labour Provisions in FTAs of a Cooperative Nature

As outlined in the preceding sections, the scope, approach and level of ambition of labour provisions in trade agreements vary, and this has an impact on how they are implemented and enforced and what is expected from the Parties in this context. For example, labour provisions of a cooperative nature that are included in the Cooperation Chapter may only require that each Party reflect on what type and topic of cooperation would be of interest to it and, on the other hand, what it can offer in exchange to the other Parties and what kind of resources it may be able to mobilise to lead or host certain activities. Since cooperation often focuses on the exchange of information, experience and best practices, it may require the organisation of a study visit or a seminar that engages specialised agencies, diverse Government departments, and, depending on the topic and approach, also non-governmental stakeholders, e.g. representatives of a specific sector, profession or interest group. Section 3.5 on the implementation

and evaluation of labour provisions provides examples of such activities. Given the cooperative nature of such provisions, they usually do not include concrete commitments and instead leave it to the Parties' discretion to assess their interests and needs, discuss them and decide (ad hoc or through developing a work plan) on the type of activities to be implemented and their calendar. Labour provisions in these agreements may also indicate that cooperation activities will be financed by each Party, in accordance with its capacities. The Parties may utilise such cooperation as input to their domestic work, e.g. to the development of a legislative proposal or a policy document. For example, when China faced challenges with the pension scheme, it engaged in cooperation on social security with Chile and the EU to learn from their experiences. Likewise, given the importance of the mining sector to Chile and the questions related to occupational safety and health in general and in this sector, Chile engaged in cooperation with the US, Canada, and the EU on these aspects to exchange information and learn from their experiences.

It is also worth noting that technical assistance projects, which are distinct from the above-mentioned cooperation activities, are not analysed here, as they are not characteristic of agreements focused on cooperation and may support the implementation of any kind of trade agreement.

#### Labour-Related Commitments in FTAs with a Dispute Settlement

The situation is different, however, when the Parties have agreed upon or consider giving their consent to a set of comprehensive labour provisions with concrete commitments and accompanied by a dispute settlement mechanism. In this context, it is worth noting that, as outlined in section 3.2, there is an increasing convergence and consistency between labour provisions agreed upon by different Parties. While their exact wording may vary, the analysis conducted in section 3.2 has identified a few standard labour provisions which are present in the majority of the recently concluded comprehensive trade agreements. Therefore, one can assume with a high level of probability that these provisions will be proposed for inclusion in the FTAs with various partners, either currently under negotiation or planned for the future. These provisions:

- Reaffirm the Parties' obligations as the ILO members, including those related to the ILO 1998 Declaration on Fundamental Principles and Rights at Work,
- Reaffirm the Parties' right to regulate and to establish and modify their labour priorities, laws and regulations consistent with the Declaration (or with international Conventions to which they are Party) and state that the Parties should also strive to improve the level of labour protection afforded by their legislation,
- Prohibit lowering the levels of labour protection and state that a Party shall not waive or derogate from or offer to waive or derogate from its labour laws in a way affecting trade or investment between the Parties (where the change would be inconsistent with the principles of the ILO 1998 Declaration and weaken adherence to them),
- Stress the importance of labour law enforcement and state that a Party shall not fail to effectively enforce its labour laws and regulations through a sustained or recurring course of action or inaction, in a way affecting trade or investment between the Parties.

Additionally, provisions proposed by the EU, the EFTA States, the UK, and recently also Canada include:

- Commitment of each Party to make continuous and sustained efforts to ratify the ILO fundamental Conventions that have not been ratified yet.

- Commitment to effectively implement the ILO Conventions that the individual Parties have ratified, respectively.

Moreover, in the model promoted by Canada and the US, there are additional provisions committing the Parties to ensure that administrative and judicial proceedings are available to remedy situations of labour rights violations. They:

- Require that persons with a recognised interest under the law have access to the justice system where the proceedings are fair, equitable and transparent and the persons in question can seek remedies to enforce their rights under the labour law (in some agreements, these provisions are pretty detailed and list requirements which the justice system and the proceedings should meet to be considered satisfactory).

The adoption of such provisions in a legally binding international trade agreement, notably one with a dispute settlement mechanism, may require each Party to take specific steps to ensure compliance. The scope of actions to take will depend on the initial advancement of the Party in question in the ratification and implementation of the ILO Conventions, the level of alignment between the domestic legislation and the ILO Conventions (or the ILO 1998 Declaration, as amended) and the existing institutional capacity, in particular of the labour inspection services, judiciary and other enforcement agencies. Given the diversity of labour provisions in the already existing trade agreements to which the ASEAN Member States are Party, one possible method is to structure the progress towards compliance in such a way that it could satisfy the requirements of a comprehensive set of binding labour provisions. This could help ensure that requirements resulting from less demanding labour provisions would also be satisfied and one, well-structured process would lead to compliance with all existing and potential FTAs.

Since ensuring compliance with a comprehensive set of labour provisions may require (as discussed in detail below) the alignment of national policies and legislation, strengthening administrative capacity (e.g. of labour inspection services), and securing funds for these changes, it is essential that the Ministry of Labour (or its national equivalent) takes part in the entire process, from the formulation of negotiation objectives and strategy, over the FTA talks, to the ratification, implementation and enforcement of the agreement, including the implementation meetings with the other Party (or Parties). This will ensure expertise in labour-related aspects in a dialogue with the partner country and in presentation of the national position and its rationale on one hand, and a profound understanding of the FTA commitments, the expectations of the partner countries and their implementation in the national context, on the other.

Moreover, the process leading towards the establishment of national negotiation objectives and positions, and later on towards achieving compliance with FTA labour provisions should be designed in such a way so that it involves workers' and employers' representatives to ensure a broad approval of the agreed negotiation positions and implementation measures and a balance of interest between the parties. Depending on the agreement of the parties, the implementation and the enforcement of ILO fundamental Conventions (resulting from the FTA provisions) should be ensured in the goods and services sectors and the whole country's territory, irrespective of whether the sectors or individual enterprises are focused on exports or supplying the domestic market, and whether they are owned by the foreign or domestic capital.

It is also worth noting that while the entire analysis in this Report is focused on labour provisions in FTAs, the findings and recommendations related to sectoral effects (section 3.6), and potential implications for the states, workers and companies (sections 4.1–4.3) equally apply to unilateral preferential trade arrangements for developing countries with labour-related conditionality, such as the EU GSP+ scheme (among the ASEAN Member States, the Philippines benefit currently from that scheme, while Cambodia, the Lao PDR and Myanmar utilise preferences under the EU EBA for the Least Developed Countries). The EU GSP+ scheme offers additional access to the EU market for goods from developing countries which have ratified and effectively implement a set of international conventions, including the ILO fundamental Conventions. To accede to that scheme, the countries have to apply and their compliance with international conventions and reporting is checked by the European Commission. Moreover, while the proposal for a renewed scheme that will apply after 2027 is still going through the EU legislative procedure, the Commission has suggested that the future beneficiaries ratify and effectively implement not only the ILO fundamental Conventions, but also two priority Conventions: No. 81 on labour inspection and No. 144 on tripartite consultations.<sup>264</sup> The countries, which achieve the Upper-Middle Income Country status according to the World Bank classification and lose their Least Developed Country status, graduate from the EU EBA scheme. To secure the best possible access to the EU market, they can either negotiate an FTA or apply to the GSP+ scheme, provided they meet the conditionality. In this context, it is worth noting that according to the current planning, the Lao PDR will graduate from the Least Developed Country status in November 2026.<sup>265</sup> Other countries being in the same situation prepare for that change. For example, Bangladesh, which will also graduate in November 2026 and currently uses preferences under the EU EBA, has already ratified all ten ILO fundamental Conventions, the Protocol to Convention No. 29 and two priority Conventions (No. 81 and No. 144).<sup>266</sup>

The analysis which follows provides examples of actions that may be required. Since this study does not aim to assess the ASEAN Member States' preparedness for assuming obligations enshrined in FTA labour provisions, the examples provided below should be understood as an illustration of implications resulting from the inclusion of labour provisions in an FTA and not an assessment of preparedness or any comparison between the ASEAN Member States.

#### *Labour Provisions Related to the Ratification of the ILO Fundamental Conventions*

As mentioned above and in section 3.2, the EU, the EFTA States, the UK, and, increasingly, Canada include in their FTAs a provision committing the Parties to make continuous and sustained efforts to ratify the ILO fundamental Conventions that the Party in question has not yet ratified. There is no deadline by which any of the outstanding Conventions is to be ratified or a final date by which the ratification of all outstanding Conventions should be completed. This means that it is up to each Party to decide on the order of ratifications, the steps to take, and the timeline for the process, as long as it assumes gradual progress at a reasonable pace in the right direction. To ensure compliance with this provision and to avoid a risk of exposure to a dispute settlement and measures imposed by the Panel of Experts

<sup>264</sup> EU GSP, including the proposal for the new GSP Regulation: [https://policy.trade.ec.europa.eu/development-and-sustainability/generalised-scheme-preferences\\_en](https://policy.trade.ec.europa.eu/development-and-sustainability/generalised-scheme-preferences_en)

<sup>265</sup> Lao PDR graduation status: <https://www.un.org/ldcportal/content/lao-pdr-graduation-status>

Cambodia is scheduled to graduate from the Least Developed Country status in December 2029: <https://www.un.org/ldcportal/content/cambodia-graduation-status>

Decision regarding Myanmar's status will be taken in 2027: <https://www.un.org/ldcportal/content/myanmar-graduation-status>

<sup>266</sup> Bangladesh, ILO NORMLEX: [https://normlex.ilo.org/dyn/nrmlx\\_en/f?p=1000:11200:0::NO:11200:P11200\\_COUNTRY\\_ID:103500](https://normlex.ilo.org/dyn/nrmlx_en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:103500)

or trading partner(s), it is recommended that (unless this has already been done) each ASEAN Member State designs its own plan for progressing towards the ratification of the outstanding ILO fundamental Conventions and implements it. The practice, illustrated by the reports from the TSD Committee meetings under the EU trade agreements, shows that updates on preparations for the ratification of the ILO fundamental Conventions form an integral part of the annual discussions between the Parties and a recurring agenda item until the Convention is ratified. Moreover, the other Party usually does not take any action as long as progress towards the ratification is reported and there is evidence of it.

This approach was supported in consultations for this study, as evidenced by Governments' responses to the questionnaires provided by Singapore, Cambodia, Malaysia, and Viet Nam.

For example, the Government of Singapore stressed that any changes in the labour-related area, be it the ratification of the ILO Conventions, or legislative amendments, will be driven by the domestic priorities and policy agenda and will follow in consultations between the tripartite partners (i.e. the Government, employers, and workers) to ensure a balance of the different interests. The Government of Singapore stressed the importance of the tripartite dialogue for harmonious relations between worker representatives and management, benefiting all sides. It also reiterated its commitment to ensuring a high level of labour standards and progressive employment policies for the benefit of workers.

The Government of Cambodia is exploring labour reform initiatives, including the potential ratification of the ILO Conventions No. 155 (occupational safety and health), No. 81 (labour inspection), and No. 190 (violence and harassment), which are currently under consideration. In its view, a future FTA with labour provisions would provide a market-access incentive and monitoring mechanism that would help speed up ratification and other actions, such as the adoption of the OSH Law and revised Labour Inspection regulations.

In this context, Malaysia provides an example of reforms undertaken to comply with the labour-related requirements of a trade agreement (the CPTPP in this case). The country has ratified the ILO fundamental Convention No. 155 and the 2014 Protocol to Convention No. 29 (elimination of forced labour and trafficking in persons). In 2024, the Occupational Safety and Health Act was amended, with its scope extended from 10 sectors to the whole economy, employers' responsibilities increased, and employees were allowed to avoid high-risk situations without jeopardising their employment. The Anti-Trafficking in Persons and Anti-Smuggling in Migrants Act was also amended, regarding the definition of trafficking and an increased focus on victims.

Likewise, Viet Nam has ratified two ILO fundamental Conventions (No. 98 on the right to collective bargaining and No. 105 on the elimination of forced labour) to comply with labour provisions in the CPTPP and the EU-Viet Nam FTA. It has also revised the Labour Code.

Brunei Darussalam, since ratifying the CPTPP, ratified three ILO fundamental Conventions: No. 29 on the elimination of forced labour (in 2023), No. 187 on occupational safety and health (in 2024), and No. 100 on equal pay for work of equal value (in 2025).<sup>267</sup>

<sup>267</sup> Brunei Darussalam, ILO NORMLEX: [https://normlex.ilo.org/dyn/nrmlx\\_en/f?p=1000:11200:0::NO:11200:P11200\\_COUNTRY\\_ID:103308](https://normlex.ilo.org/dyn/nrmlx_en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:103308)

Table 13 provides an illustrative overview of the current situation of the ASEAN Member States regarding the ratification of the ILO fundamental Conventions, as well as the 2014 Protocol to Convention No. 29 (elimination of forced labour and trafficking in persons) and the ILO priority Convention No. 81 (labour inspection), which plays an important role in the enforcement of labour law and other ILO Conventions. The Table indicates that several ASEAN Member States have a good record in the ratification of the ILO fundamental Conventions (e.g. each of Indonesia, the Philippines, and Viet Nam, has only one remaining fundamental Convention to ratify, while Cambodia and Thailand have two). This means they are well advanced towards compliance with the provision mentioned above.

**Table 13:** Overview of the Ratification Record of the ILO Fundamental Conventions, as well as the Protocol to Convention No. 29 and Priority Convention No. 81 on Labour Inspection by the ASEAN Member States (as of November 2025)

| Country           | ILO Convention or Protocol |    |    |     |     |     |     |     |     |     |     |    |
|-------------------|----------------------------|----|----|-----|-----|-----|-----|-----|-----|-----|-----|----|
|                   | 29                         | 87 | 98 | 100 | 105 | 111 | 138 | 155 | 182 | 187 | P29 | 81 |
| Brunei Darussalam | ✓                          | ×  | ×  | ✓   | ×   | ×   | ✓   | ×   | ✓   | ✓   | ×   | ×  |
| Cambodia          | ✓                          | ✓  | ✓  | ✓   | ✓   | ✓   | ✓   | ×   | ✓   | ×   | ×   | ×  |
| Indonesia         | ✓                          | ✓  | ✓  | ✓   | ✓   | ✓   | ✓   | ×   | ✓   | ✓   | ×   | ✓  |
| Lao PDR           | ✓                          | ×  | ×  | ✓   | ×   | ✓   | ✓   | ✓   | ✓   | ✓   | ×   | ×  |
| Malaysia          | ✓                          | ×  | ✓  | ✓   | D   | ×   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  |
| Myanmar           | ✓                          | ✓  | ×  | ×   | ×   | ×   | ✓   | ×   | ✓   | ×   | ×   | ×  |
| The Philippines   | ✓                          | ✓  | ✓  | ✓   | ✓   | ✓   | ✓   | ×   | ✓   | ✓   | ×   | ✓  |
| Singapore         | ✓                          | ×  | ✓  | ✓   | D   | ×   | ✓   | ✓   | ✓   | ✓   | ×   | ✓  |
| Thailand          | ✓                          | ×  | ×  | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ×  |
| Timor-Leste       | ✓                          | ✓  | ✓  | ✓   | ×   | ✓   | ×   | ×   | ✓   | ×   | ×   | ×  |
| Viet Nam          | ✓                          | ×  | ✓  | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ×   | ✓  |

Source: ILO NORMLEX

Key for symbols used in the table:

✓ - Convention or Protocol has been ratified

×

D - Convention has been ratified but later denounced and is not in force for the country

Regarding individual plans for ratification of the outstanding ILO fundamental Conventions, it is worth noting that the ASEAN Member States, as all ILO Members, are obliged to report to the ILO, at regular intervals, about their situation regarding non-ratified fundamental Conventions and Protocol to Convention No. 29, steps taken towards the ratification, any remaining obstacles and views expressed by the social partners (employers and workers).

- Accordingly, Brunei Darussalam assessed the ratification of the Protocol to Convention No. 29 as unlikely for now, as the country wishes to prioritise the ratification of the ILO fundamental Conventions No. 187 (subsequently ratified in 2024), No. 155 and No. 98 (Brunei Darussalam, 2023). In an earlier contribution, Brunei Darussalam assessed the ratification of Convention No. 105 (elimination of forced or compulsory labour) as likely, however, subject to comparison with existing national legislation (Brunei Darussalam, 2021b). On the other hand, ratification of Conventions No. 87, 98, 100, and 111 was considered unlikely due to prioritisation of other fundamental Conventions (Brunei Darussalam, 2021; 2021a). That said, Convention No. 100 was ratified in 2025 (ILO NORMLEX, no date).
- Cambodia has not explicitly expressed its intention regarding the ratification of the Protocol to Convention No. 29; however, it has informed that its legislation, policies, and an action plan foresee measures to combat forced or compulsory labour and trafficking in persons for purposes related to forced labour (Cambodia, 2018).
- Indonesia assessed a future ratification of the Protocol to Convention No. 29 as likely, but not urgent, given that the country's legislation, including sectoral regulations (e.g. for fisheries, domestic workers, and palm oil sector) and other measures, such as the National Action Plan for the Prevention and Handling of Trafficking in Persons 2020–2024 and instruments developed to protect migrant workers address the elimination of forced labour and human trafficking (Indonesia, 2023).
- The Lao PDR requested the ILO assistance to understand the content and requirements of Conventions No. 87 and 98 (the right to organise and to bargain collectively), as well as the implications of their ratification (Lao PDR, 2016).
- Malaysia assessed the ratification of Convention No. 87 on freedom of association as likely and informed of the latest amendments in the national legislation, i.e. the Industrial Relations Act and Trade Union Act (Malaysia, 2022). Regarding Convention No. 111 (non-discrimination), Malaysia assessed its ratification as unlikely and informed about changes to the Employment Act regarding a dispute between an employer and a worker on grounds of discrimination (Malaysia, 2023).
- Myanmar assessed a future ratification of the Protocol to Convention No. 29 as unlikely and indicated a need to analyse it first (Myanmar, 2021). In written comments for this study, Myanmar also informed about the domestic measures, including the Fourth Five Year National Plan of Action to Combat Trafficking in Persons (2022–2026), the Action Plan for the Elimination of Forced Labour (2019–2021) and the Myanmar Second National Action Plan on the Elimination of Child Labour (2024–2028) which include actions addressing human trafficking for purposes related to forced labour. Moreover, in the information provided to the ILO, Myanmar assessed the ratification of Conventions No. 98, No. 100, No. 105, and No. 111 as unlikely (for the time being), and indicated a need to compare them beforehand with the existing legislation (Myanmar, 2019; 2019a; 2019b).
- The Philippines assessed a future ratification of the Protocol to Convention No. 29 as likely and provided an overview of national legislative and policy measures, such as the Expanded Anti-Trafficking in Persons Act of 2022 and the National Strategic Action Plan Against Trafficking in Persons 2023–2027, which aim to eliminate human trafficking (The Philippines, 2023).
- According to information provided by the Government of Singapore in written comments on this Study Report, Singapore continues to review prospects for ratification of the ILO fundamental conventions it has yet to ratify. Moreover, in the Singapore's opinion, even without the ratification of these remaining ILO fundamental conventions, Singapore adheres to the principles of all ILO

fundamental conventions, as seen in recent passage of landmark legislation such as the Workplace Fairness Act and Platform Workers Act, both of which bring Singapore closer to being able to ratify Convention No. 111.

- Thailand considered the ratification of Conventions No. 87 and 98 on freedom of association and the right to collective bargaining as likely and informed of the need to amend beforehand the Labour Relations Act, the State Enterprise Labour Relations Act and a few more laws and regulations, like those related to the Office of the Civil Service Commission (Thailand, 2022; 2023).
- Viet Nam indicated its intention to consider the ratification of Conventions No. 87 and 98 (Viet Nam, 2016). Subsequently, Convention No. 98 was ratified in 2019, while the ratification of Convention No. 87 remains pending.

#### *Labour Provisions Regarding Domestic Legislation and Implementation of ILO Conventions*

Preparatory work for ratifying an ILO Convention and follow-up to ratification are often related to the need to amend domestic legislation to align it with the provisions of the ratified Convention. This, in turn, is also linked to two other labour provisions frequently included in trade agreements, namely the reaffirmation of the Parties' right to regulate and to establish and modify their labour priorities, laws and regulations consistent with the fundamental principles and rights at work, as outlined in the ILO 1998 Declaration (or with international Conventions to which they are Party), combined with a statement that the Parties should also strive to improve the level of labour protection afforded by their legislation. The other provision includes a commitment of the Parties to effectively implement (in law and practice) the ILO Conventions each of the Parties has ratified.

In responses to a questionnaire for this study, the Government of Indonesia reiterated its commitment to ensuring adequate protection of workers' rights and the implementation of ILO Conventions. It also made clear that while trade agreements with labour provisions may contribute (as one of many factors) to advancing the reform agenda, national priorities, and the commitment to promoting decent work, and the alignment with ILO Conventions have been and will remain the main drivers of change in labour-related aspects.

In this context, it is worth noting that the standard FTA labour provisions discussed in this section do not create any new obligations for the ASEAN Member States or other Parties to trade agreements, but refer to the core ILO and UN documents under which the ASEAN Member States, as ILO and UN Members, already have the existing commitments and have been taking steps to meet them. In addition to the above-mentioned ILO 1998 Declaration, those documents include the ILO 2008 Declaration on Social Justice for a Fair Globalisation (which contains the ILO Decent Work Agenda) and the 2030 Sustainable Development Agenda (the latter with the Goal 8.7 on the elimination of child labour and forced labour). In practice, this means that the ASEAN Member States can focus their human, financial and technical resources on a set of international priority commitments agreed within the UN system and the ILO and reiterated in FTAs, while progress towards compliance in one of those pillars (e.g. the ratification and implementation of the ILO child labour Conventions) will contribute at the same time to achieving the objectives set out in the Goal 8.7 of the 2030 Sustainable Development Agenda and FTA labour provisions.

Preparation for the ratification and implementation of the ILO fundamental Conventions often implies (as mentioned above) a need to amend domestic legislation to align it with the Convention, or to adopt new legislative acts, which need to be prepared, consulted with social partners, and adopted in the relevant domestic procedure. Moreover, the Conventions may require additional actions. For example, Convention No. 187 requires the development and adoption of a national policy, a national system, and a national programme on occupational safety and health. Convention No. 182 requires the adoption of a list of hazardous work prohibited for persons under 18 years of age, and the Protocol to Convention No. 29 requires the development of a policy and an Action Plan for the fight against forced or compulsory labour, as well as putting in place a system of identification, release and rehabilitation of victims of forced or compulsory labour and remedies for them (ILO, NORMLEX, no date). While there is no expectation that a full compliance with an ILO Convention will be achieved on the day of its ratification or the entry into force of an FTA, nevertheless, the ILO monitoring bodies, trading partners, and domestic and international stakeholders will expect to see progress towards full compliance in law and practice, and will apply appropriate scrutiny, which in the context of an FTA will mean dialogue between the Parties, as well as with the civil society, and in the case of a prolonged non-compliance, potential submission of a complaint. Hence, as in the case of preparation for the ratification of an ILO Convention, each ASEAN Member State should have a plan for implementation, including any outstanding actions which may have been requested by the ILO monitoring bodies (e.g. the Committee of Experts or the Committee on the Application of Standards) or FTA partner(s). Those steps, as well as other actions that need to be taken, e.g. strengthening the administrative capacity in the relevant institutions and awareness-raising within the Government and among social partners and other stakeholders, may be supported by the ILO cooperation and other forms of technical and financial assistance.

In this context, in responses to a questionnaire for this study, the Government of Cambodia informed that policy dialogue with the EU (under the EBA scheme) and the US had motivated Cambodia to address child labour and forced labour. The Ministry of Labour and Vocational Training is developing a National Action Plan on the Reduction of Child Labour and the Elimination of Its Worst Forms (2026–2035), with inter-ministerial consultations and a series of workshops and seminars held to consult non-governmental stakeholders. It has also established a tripartite task force targeting debt-bonded child labour in brick kilns. These initiatives respond directly to EBA monitoring visits and global due diligence requirements increasingly built into the buyer's purchasing agreements. The Government of Cambodia stressed that preferential trade arrangements with the EU and the US had also encouraged other changes, including policy reforms, such as the establishment of annual minimum wage bargaining and practical improvements in factories. The EU's 2019–2020 investigation<sup>268</sup> (under the EBA scheme) into labour and human rights issues accelerated drafting of the Cambodia's OSH Law, amendments to the Trade Union Law, proposals to amend the Labour Law and the Penal Code to strengthen legal provisions against discrimination and violence in workplace, and the national wage-digitisation pilot,<sup>269</sup> while renewal of the Better Factories Cambodia MoU in 2023 led the Government to increase its annual co-financing of the programme. The Government also expressed the view that any future negotiation and implementation of an FTA with binding, but adaptable, labour provisions would help sustain and deepen the labour-related gains resulting from the current preferential trade arrangements and accelerate Cambodia's transition

<sup>268</sup> In 2023, the Government of Cambodia adopted Prakas 303, amending the 2016 Trade Union Law to simplify registration procedures, abolish burdensome membership thresholds and clarify the right of unions to display signage—reforms that addressed issues raised during the EU's 2019–2020 EBA investigation.

<sup>269</sup> The objective of the wage digitisation pilot is to shift the wage cash payments in export-oriented factories towards payment through digital channels. Since 2018, the share of factories paying wages digitally rose from less than a quarter to three quarters in 2025 (based on information from the Gov of Cambodia).

into a modern rights-based labour regime. This could include expanding wage digitisation to ensure that all workers in sectors benefiting from trade preferences receive wages through traceable channels. According to the Government of Cambodia, experience with the implementation of the EU EBA and the US GSP schemes demonstrates that preferential market access, combined with credible labour provisions, may accelerate reforms that would otherwise take longer to materialise. The Government is also of the view that as Cambodia diversifies its economy into other sectors, including bicycle production, electrical components, agro-processing (rice, sugar, and cassava), and digital services, it would be possible to design workplaces and industrial relations in a modern way, aligned with the new legislation, as well as trading partners' and investors' expectations, given that exports would be oriented mainly towards the EU and UK markets, where buyers already include labour-related clauses into their sourcing contracts. Digital services providers would benefit from trade-in-services chapters that promote fair recruitment, remote-work safeguards and formal skills recognition.

All ASEAN Member States, except Brunei Darussalam and Singapore, implement or have recently implemented multi-annual Decent Work Country Programmes (DCWP) with the ILO, where the aspects mentioned above constitute one or more of the priority areas for action. Each document also provides a diagnosis of the situation in the country at the beginning of the DWCP implementation, including the state of play regarding the ratification and implementation of the ILO fundamental and priority Conventions, the progress achieved, and the remaining issues to address. The cooperation engages the Government, employers and workers. It is, therefore, right to assume that an effective delivery of actions planned under each DWCP will improve the performance of each country in respect of the ILO core labour standards and will help meet commitments expressed in labour provisions of the negotiated or implemented trade agreements.

The list below outlines the main points from the currently or recently implemented DWCPs related to the ILO fundamental Conventions. Given that some DWCPs (e.g. for Malaysia, Indonesia, Lao PDR, and Timor-Leste) began between 2019 and 2022 and have been initially scheduled to run until the end of 2025 or 2026 at the latest, most of the planned activities should have been undertaken or even completed by now, while the rest should be delivered within the next few months. Once the implementation period for each DWCP ends, the ILO should, in line with its usual practice, conduct its evaluation. This would help assess to what extent planned actions have been implemented and what outcomes have been achieved, i.e. to what extent the record on the ratification, implementation and enforcement of the ILO fundamental Conventions has improved in each country and moved closer to compliance with the existing or future commitments within the ILO and in labour provisions of the negotiated or implemented FTAs.

- In the previous DWCP for Cambodia (2019–2023), the development of a comprehensive national legal and policy framework in the occupational safety and health linked to non-ratified ILO Conventions No. 155, No. 187, and No. 167 has been chosen as one of the priorities. The areas for action also included training and awareness-raising activities for labour inspection services and management (notably at construction sites) to improve enforcement of the new legislation, as well as to prevent and report accidents at work. Another priority included improving compliance with Conventions No. 87 and 98 by revising the Labour Law and the Trade Union Law, strengthening social dialogue, collective bargaining, and dispute resolution in industrial relations, and improving compliance with international labour standards in the garment and footwear sectors (ILO, 2019d). The new DWCP (2024–2028) includes priorities such as promoting social dialogue, developing capacity for a labour

dispute resolution mechanism, and advancing the implementation of national and international labour standards (ILO, 2024).

- The DWCP for Indonesia (2020–2025) foresees training for social partners and other activities to improve social dialogue, collective bargaining and implementation of agreed actions. This should help build mutual trust, achieve better outcomes in discussions between employers and workers, and contribute to improvements in productivity and working conditions. There will also be training for labour inspectors, employers and workers to familiarise them with elements of occupational safety and health to prevent work-related accidents and occupational diseases (ILO, 2020b).
- Priority areas for action in the DWCP for Lao PDR (2022–2026) include progress in the ratification and implementation of the international labour standards, with improved monitoring and timely reporting to the ILO. They also foresee capacity-building activities to improve social partners' skills in pursuing social dialogue and collective bargaining with a view to ensuring better working conditions for all workers and eliminating the incidence of child labour and forced labour. Moreover, the minimum wage setting system should be established through tripartite dialogue (ILO, 2022).
- The DWCP for Malaysia (2019–2020 and 2021–2025) focuses on legislative reform, notably on changes in the Trade Union Act, Industrial Relations Act and Employment Act to improve their level of compliance with the ILO fundamental Conventions. It also proposes strengthening labour inspection services and dispute resolution mechanism, as well as awareness-raising activities in relation to international labour standards and capacity-building for Government officials, employers and workers. The document foresees, moreover, approval of the new national policy on occupational safety and health, followed by development of implementing tools and processes (ILO, 2020c).
- The DWCP for Myanmar (2018–2021, extended to 2022) highlights a need to continue the alignment of the domestic legislation with international labour standards by drafting a new Labour Code. Moreover, the capacity of the Government institutions, employers, workers, and labour inspection should be strengthened to facilitate the implementation and enforcement of the new legislation. Other activities were supposed to build on the (then) ongoing projects aimed at the elimination of forced labour and child labour in the country (ILO, 2017a).
- The DWCP for the Philippines (2020–2024) outlines plans for strengthening the capacity of Government officials, employers and workers to engage in social dialogue, including on development and implementation of the economic, social and employment policies, as well as implementation of the ratified ILO Conventions and related legislation. The capacity-building activities should also help improve compliance with and enforcement of the domestic legislation regulating working conditions, including occupational safety and health, working hours and minimum wages (ILO, 2020d).
- The DWCP for Thailand (2023–2027) assumes the ratification of two ILO fundamental Conventions (No. 87 and No. 98 on the right to organise and bargaining collectively) to strengthen Thailand's position in the global economy, including in the negotiation of trade agreements with labour provisions and trade with international firms. This should be linked to labour law reforms and to raising awareness, in particular among micro-, small, and medium-sized companies, of international labour standards to help them engage in social dialogue and compete internationally. Other activities should support workers' and employers' organisations, particularly those from underrepresented groups and regions, in engaging in social dialogue (ILO, 2024a).

- The DWCP for Timor-Leste (2022–2025) contains, among its priorities, the ratification and implementation of ILO fundamental Convention No. 138 (minimum age), priority Convention No. 144 (tripartite consultations) and Convention No. 190 (violence and harassment). Other priorities include improved protection of women in the workplace, enhanced occupational safety and health, the elimination of child labour, strengthened capacity of workers' and employers' organisations, revitalisation of the National Council for Labour as a forum for social dialogue and an improved system of labour dispute resolution (ILO, 2022a).
- The DWCP for Viet Nam (2022–2026) focuses (among others) on strengthening social dialogue and dispute resolution to improve governance of the labour market, respect for workers' rights and industrial relations. Moreover, compliance with occupational safety and health requirements should be improved, and further law reforms, policies and strengthening of the administrative capacity of responsible institutions should help address trafficking in persons and migrant workers and enhance the overall respect for international labour standards (ILO, 2023).

The efforts of individual ASEAN Member States can also be supported by Action Plans agreed with trading partners, as it was the case for Brunei Darussalam, Malaysia, and Viet Nam in their relations with the US in the context of TPP negotiations. The then agreed Action Plans (as outlined in section 3.5) later guided Malaysia's and Brunei Darussalam's work on necessary legislative reforms regarding freedom of association and the right to collective bargaining, as well as the elimination of child labour. Further support may also be provided through technical assistance projects and cooperation activities, as discussed in section 3.5. Those activities can also be complemented by regional cooperation among ASEAN Member States and their relevant institutions, the exchange of information and best practices, and capacity-building. The usefulness of such cooperation was confirmed by the Government of Thailand in responses to a questionnaire for this study. In the future, it would appreciate an opportunity to exchange information with FTA partner countries and benefit from capacity-building activities, as well as to use regional cooperation among the ASEAN Member States to develop materials that provide an overview of best practices in labour-related aspects.

In responses to a questionnaire for this study, Myanmar has shared its experience with utilising a mix of diverse measures to address child labour. It has ratified the two ILO fundamental Conventions No. 138 (the minimum age in admission to employment) and No. 182 (worst forms of child labour). To implement them, the domestic legislation (Factories Act and Shops and Establishments Act) has been amended and the National Committee on the Elimination of Child Labour has been established. Moreover, consecutive National Action Plans on the Elimination of Child Labour have been developed (in cooperation with the ILO and UNICEF) and implemented (2013–2017; 2019–2023; 2024–2028). Work on addressing child labour has also engaged labour inspection, private sector (factories in chosen sectors) and other organisations, as well as families. Myanmar also stressed the importance of initial cooperation with social partners in this area, and the role of technical assistance and cooperation projects supporting the private sector (factories) in the implementation of the international labour standards, including the elimination of child labour, but also promotion of social dialogue and occupational safety and health.

Also, in responses to a questionnaire for this study, the Government of the Philippines acknowledged that provisions of the trade agreement with EFTA States reinforce the country's commitment to international labour standards. Since the Agreement was concluded, the Philippines ratified three ILO Conventions, including No. 187 (Promotional Framework for Occupational Safety and Health Convention), No. 190 (Violence and Harassment Convention), and No. 81 (Labour Inspection Convention).

This was accompanied by the adoption of new legislation and amendments to existing laws, policies, and regulations to align them with the ratified Conventions. The ratification of the ILO fundamental Convention No. 155 (Occupational Safety and Health Convention) is in progress. It will require a review and a revision of the domestic regulatory framework to achieve alignment with the Convention. The monitoring and enforcement of the labour law have also been strengthened, including through the use of international best practice and digital technologies, and extended to sectors expected to benefit or already benefiting from trade agreements, such as textiles, other manufacturing, agriculture, and fishing. The Government underlined that while it is generally satisfied with the monitoring and implementation of labour provisions and the dialogue with the EFTA States, there is still room for strengthening cooperation on labour issues. This could be achieved through the exchange of information and best practices, as well as expert consultations in areas of mutual interest.

The 2022 inclusion of ILO Conventions No. 155 and No. 187 in the list of ILO fundamental Conventions indicates a need to prioritise further development of national legislation and administrative capacity in occupational safety and health, and to improve their implementation in workplaces and enforcement in practice. In this context, it is worth noting the ASEAN network on occupational safety and health (ASEAN-OSHNET), established in 2000.<sup>270</sup> In 2017, the ASEAN Labour Ministers committed to improving workers' protection through the development and a regular review of legislation on occupational safety and health, capacity and capability building of labour inspection in this area, risk management, data collection, regional exchange of knowledge, experience and best practice and encouraging employers and workers to contribute to developing and optimising the occupational safety and health standards (ALM, 2017). The ASEAN-OSHNET work programmes include annual network conferences, updates regarding legislation and activities of the ASEAN Member States, workshops and training sessions for labour inspection and other stakeholders, the development of guidelines and other tools for the whole region, and meetings of the ASEAN Business Coalition on HIV/AIDS and ASEAN-OSHNET Awards (ASEAN Secretariat, 2016; 2021). Materials developed in the last few years include, for example, Guidelines on occupational safety and health management for SMEs (Ministry of Human Resources, Malaysia, 2020), and a study analysing investments in occupational safety and health programmes across eight ASEAN Member States in the construction sector. The study concluded that, from an economic point of view, the gains from the reviewed programmes were, on average, at least twice as large as the resources invested. Therefore, investment in occupational safety and health should not be seen just as a cost for businesses (ASEAN Secretariat, 2023a). There is also an overview of good practices and lessons learned on OSH initiatives for workers in SMEs and the informal economy (ASEAN Secretariat, 2024). The role of the regional bodies in the exchange of information and best practice, and the mutual learning, has been acknowledged in responses to questionnaires for this study. For example, representatives of Singapore have appreciated the added value of information collected through regional cooperation as a background, which facilitates national work on legislative proposals and policy development.

ASEAN has also developed the *ASEAN Roadmap for the Prevention of Child Labour Including the Elimination of the Worst Forms of Child Labour by 2035*. It outlines a proposal for several actions that can be implemented by the ASEAN Member States, accordingly to the situation in each State. This includes a review and revision of legislation related to the prevention and elimination of child labour, including updates of lists of hazardous activities prohibited for persons under 18 years of age and the

<sup>270</sup> ASEAN-OSHNET: <https://www.asean-osh.net/>

development of legislation that prohibits child labour in the online space and in supply chains. Other actions include training for labour inspection and sharing of best practices (ALMM, 2025). Previously, ASEAN Member States have implemented a similar Roadmap with a timeline until 2025. It proposed a range of actions, including training for labour inspection and other law enforcement officials, identifying examples of good practices related to business models (including in global supply chains) helping to eliminate child labour, analysis of root causes of child labour and ways to address them, identifying examples of good practice in facilitating access to education, conducting child labour surveys and many others (ASEAN Secretariat, 2020). In 2024, a stocktaking workshop was held to exchange information on national strategies and successful practices implementing the roadmap and to provide suggestions for the post-2025 edition.<sup>271</sup> Also, in 2024, the ASEAN Leaders adopted the ASEAN Declaration on Prevention of Child Labour, including Worst Forms of Child Labour (ASEAN Summit, 2024). This type of cooperation and mutual learning should be maintained and enhanced, as it can support efforts of individual ASEAN Member States in the fight against child labour on their way to achieve compliance with labour provisions in negotiated and implemented trade agreements, as well as comply with the requirements of unilateral measures, regarding the elimination of child labour from supply chains (as discussed in section 3.8).

#### *Labour Provisions Related to the Enforcement of Labour Law and the ILO Conventions*

As indicated at the beginning of this section, the standard FTA labour provisions also reiterate the importance of labour law enforcement and state that a Party shall not fail to effectively enforce its labour laws and regulations through a sustained or recurring course of action or inaction, in a way affecting trade or investment between the Parties.

This means the need for an effective labour inspection system, supported by other enforcement agencies, including the police, border police, labour tribunals and the broader judicial system. Moreover, the recently adopted laws in the EU, Canada, the US, and other countries (see section 3.8), which complement labour provisions in FTAs, also require due diligence along the supply chain and the elimination of unacceptable forms of work or human and labour rights violations, such as child labour and forced labour. This implies a need for action by the private sector, as well as effective labour inspection in the ASEAN Member States, to tackle unacceptable forms of work and promote decent work in global supply chains, including in enterprises operating in special economic zones or export processing zones. In the context of the ILO priority Convention No. 81 on labour inspection, the ILO (in guidelines on general principles of labour inspection) highlights the need for sufficient human, financial, and technical resources, as well as for domestic legislation to be aligned with the Convention. Labour inspectors should be public officials, able to act independently and impartially, with a prospect of a professional career in the domestic civil service, with permanent contracts, opportunities for skills development, promotion, and adequate salaries comparable with those of other inspection services or similar jobs within the Government system. The conditions of work should provide them with job stability and guarantee the personal security necessary for carrying out their duties. Labour inspectors should also be reimbursed for costs related to their work, such as travel for inspections. The ILO guidelines also stress the importance of planning labour inspection work to ensure a balance between active and reactive approaches, i.e. planning inspections based on an annual programme as well as in response to calls regarding violations of labour law. Labour inspectors should also be provided with technical means, such as computers,

<sup>271</sup> ASEAN accelerates progress in eliminating Worst Forms of Child Labour: <https://asean.org/asean-accelerates-progress-in-eliminating-worst-forms-of-child-labour/>

other digital devices (e.g. tablets), and information systems, which enable data collection, processing, and management. The guidelines discuss, moreover, powers conferred upon inspectors for inspection purposes and elements of labour law enforcement, such as notices issued by inspectors and sanctions (ILO, 2022b).

The ASEAN Member States will need to follow the provisions of the ILO priority Convention No. 81 on labour inspection if they have ratified it, as well as the above guidelines, to ensure an effective system of enforcement of the domestic labour law and of the ILO Conventions. Areas of progress and those requiring further improvement are outlined in the ILO Committee of Experts' reports and priority areas for action in the Decent Work Country Programmes (mentioned earlier in this section). For example, the ILO Committee of Experts noted the Government of Indonesia efforts to strengthen labour inspection by developing IT systems, and providing training for labour inspectors. On the other hand, it noted a decreasing number of labour inspectors (from 1,927 in 2016 to 1,467 in 2023), with their latest number considered as being below the optimum level (CEACR, 2024). In a report on Malaysia, the Committee of Experts noted an increase in the number of labour inspectors from 348 to 392 in Peninsular Malaysia, from 68 to 106 in Sabah and from 73 to 137 in Sarawak. At the same time, the number of inspectors focused on occupational safety and health declined from 1,250 to 1,109 and the number of inspectors checking the compliance with social security rules declined from 279 to 248. Malaysia provided training for labour inspectors on labour laws, occupational safety and health, foreign workers, employment agencies, and inspection and complaint investigation methods (CEACR, 2021; 2024). Regarding Viet Nam, the Committee of Experts noted the adoption of the Law on Inspections and its entry into force in 2023. Since according to this Law, all inspections need to be announced to the inspected subjects, the Committee requested an amendment to the Law to bring it in line with Convention No. 81, and ensure that inspectors can also conduct unannounced inspections. Moreover, the Committee of Experts noted that labour inspectors are equipped with basic IT tools, such as laptops and desktop computers, while specific technical equipment, such as devices measuring light intensity, or dust level need yet to be provided. The Committee also noted a decline in the number of inspectors from 464 in 2020 to 434 in 2024 (CEACR, 2024).

In this context, in responses to a questionnaire for this study, the Government of Cambodia provided examples of changes introduced in the labour inspection system to ensure that legal reforms (such as the fight against child labour and forced labour and improvements in garment factories) materialise in practice. Accordingly, specialised inspection services have been merged into a unified Labour Inspection Service with an increased budget, and 259 out of 517 inspectors have been sworn in as judicial police. Inspectors have the power to issue on-the-spot penalties; an automated self-declaration platform streamlines factory reporting; and dedicated Telegram channels and an anonymous e-complaint portal provide workers and employers with direct access to enforcement officials. These measures have strengthened the enforcement architecture that investors and trade partners routinely scrutinise. The Government also indicated that negotiation and implementation of a future FTA with labour provisions, including a commitment to effective implementation and enforcement, would justify a further increase in the labour inspection budget, extension of the automated self-declaration platform to all exporting firms, and full nationwide roll-out of digital case-management tools. It would also support the introduction of risk-based inspection protocols and mandatory publication of aggregate enforcement statistics, giving buyers and civil society equal confidence in the system.

Labour inspection also belongs to the areas of regional cooperation among the ASEAN Member States. In 2010, the ASEAN Labour Ministers established the ASEAN Labour Inspection Conference, a regional initiative to coordinate labour inspection services that meets annually to discuss priority areas for engagement, consider topics and forms of cooperation, and issue recommendations. The first conference focused on the organisation and operation of labour inspection services, the need to ensure they have adequate resources and opportunities to develop capacities and the support that can be provided through the ratification of ILO Conventions No. 81 (on labour inspection) and No. 129 (on labour inspection in agriculture) by the ASEAN Member States. Subsequent conferences considered occupational safety and health, regional cooperation of labour inspection, support offered to labour inspection by information and communication technology, a need to develop skills and knowledge of labour inspectors, and the role of labour inspection in the elimination of unacceptable forms of work, such as child labour and forced labour (ALIC, 2010–2016; 2021; 2022). The ASEAN Labour Inspection Conference also discussed promotion of decent work in global supply chains (ALIC, 2018) and in the fisheries sector (ALIC, 2019) and migrant workers' protection through labour inspection (ALIC, 2023). At the same time, workshops focused on labour inspection, its structure, functioning and capacity-building needs in the ASEAN Member States, and training sessions for labour inspectors have been included in the regional work programmes since 2010 (ASEAN Secretariat, 2010; 2016; 2021). Moreover, in 2021, a decision was taken to set up the ASEAN Labour Inspection Committee with the aim to facilitate regional cooperation and information and best practice sharing, consider recommendations of the ASEAN Labour Inspection Conference and their implementation, provide technical information to regional organisations of employers and workers and support capability development of labour inspection (ASEAN Secretariat, 2021a). Its work plan for 2022–2030 includes four thematic areas: 1) development of core competencies of labour inspectors (with a regional comparative study planned for 2025–2030), 2) strengthening labour inspections in informal sector and SMEs, 3) strengthening labour inspections in hard-to-reach sectors (such as agriculture, fisheries, domestic work and mining) and actions to eliminate child labour and forced labour, and 4) strengthening labour inspection by using ICT technology and other tools (ASEAN Secretariat, 2023).

As the work programmes for the next period of regional cooperation (2026–2030) are being prepared and adopted, the ASEAN Member States should consider how those new programmes and activities included therein can help them address common challenges, including those related to the negotiation and implementation of trade agreements with labour provisions and the labour-related situation in sectors engaged in international trade.

#### *Elements Supporting Compliance with Labour Provisions in a Potential FTA*

In questionnaires for this study, Government representatives and other stakeholders have been asked to indicate elements of a potential future FTA with labour provisions that would be most helpful in achieving their objectives. This question was combined with one that referred to their experience with trade agreements or other trade arrangements and provisions or instruments/documents that have been useful so far. The replies focused on the following elements:

- Action Plans or roadmaps provide helpful guidance in planning ratification of the ILO Conventions and/or legislative reforms. A precise list of actions to take, combined with a realistic timeline, facilitates planning and delivery of all steps in the process. This view was expressed, for example, by Malaysia regarding the Action Plan agreed with the US, which later guided its legislative reforms under the CPTPP, as well as by Cambodia with regard to the ratification of ILO fundamental Conventions and by Myanmar regarding the elimination of child labour.

- It is helpful if binding commitments in a trade agreement or another trade arrangement are accompanied by technical/financial assistance and cooperation mechanisms (within or outside an FTA) supporting work towards compliance through dedicated programmes and projects, and other cooperation activities. Thanks to this, it is possible to strengthen institutional capacity (e.g. by providing training to labour inspectors, advisory services to social partners, or upgrades to OSH laboratories or other OSH elements) and to help companies (e.g. SMEs) understand the requirements and ways to comply with them. This element was raised by Cambodia, Indonesia, Myanmar, Thailand, and Viet Nam.
- To match the situation and the capacity of (least developed) FTA partner countries, labour provisions in FTAs engaging them should be of a cooperative nature to support job creation and a gradual progress towards compliance with international labour standards. This element has been raised by Myanmar and Viet Nam.
- Inclusive and transparent monitoring mechanism which fosters shared ownership. This may relate to a review and discussion of progress reports from audits or the trade arrangement, as well as to public sessions as part of the monitoring mechanisms reviewing the implementation of FTA labour provisions or other commitments, such as those under the ILO agenda or as part of domestic policy. Several responding ASEAN Member States stressed the importance of a tripartite debate and cooperation between the Government and social partners, shared ownership and balance between different interests. It was also mentioned that this approach helps build trust with international buyers and address compliance gaps. This aspect was raised by Singapore, Malaysia, Myanmar, Indonesia, the Philippines, Thailand, and Cambodia.
- The adoption of Responsible Business Conduct (RBC) practices, certification schemes and clauses that link tariff preferences to responsible-sourcing principles can accelerate adoption of modern wage and social-protection practices (e.g. digital wage payments and maternity leave), enhance compliance with international labour standards, improve working conditions (e.g. occupational safety and health and prevention of gender-based violence) and generate quality employment. If compliance in these areas becomes an explicit condition for duty-free access, enterprises will adopt these policies more quickly. This element has been raised, for example, by Cambodia and Indonesia.

## 4.2 Potential Implications for Workers

Implications for workers that may result from the conclusion of a trade agreement with labour provisions will also depend on the scope and nature of the agreed text, as well as the given ASEAN Member State's advancement in compliance at the time of FTA ratification and its entry into force.

### *Labour-Related Cooperation and Technical Assistance Projects*

Almost all trade agreements with labour provisions, whether focused on cooperation or including a dispute settlement mechanism, include commitments on labour cooperation. While cooperation activities such as the exchange of information or best-practice sharing may be limited to the Parties, there are also examples of agreements (e.g. Canada-Chile and EU FTAs), under which public sessions, workshops, conferences, or research projects engaged business associations, trade unions and other non-governmental stakeholders. In such cases, trade union representatives may participate

in cooperation activities or side events, share their experience and learn from others. Likewise, they may participate in activities forming part of technical assistance projects aimed at strengthening the social partners' capacity to conduct social dialogue, take part in collective bargaining, and others. Subsequently, they may be better prepared to carry out their duties in representing workers in bipartite and tripartite dialogue, and in other instances at the workplace.

#### *Public Sessions and Dialogue with the Parties*

Under the model pursued in the US, the EU, and, most recently, the UK FTAs, trade unions are invited to participate in public sessions or Civil Society Forums held back-to-back with the Labour Affairs Council or TSD Committee meetings. Such sessions provide them with an opportunity to engage in a dialogue with the Parties on the implementation of labour provisions, listen to a debrief from the meeting, ask questions, raise concerns, and provide advice on actions that need to be taken by the Parties individually or jointly. In the most recent EU FTAs (e.g. with the UK, New Zealand, and Indonesia), these sessions go beyond the TSD Chapter and cover the entire agreement. It means an opportunity for trade unions to discuss with the Parties and civil society from the partner country issues related to the whole agreement, including its effects on workers employed in diverse sectors involved in bilateral trade and investment. One can expect that a similar solution will be proposed to Thailand, Malaysia, and the Philippines in the ongoing FTA negotiations with the EU. Public sessions are also foreseen in the CPTPP Labour Chapter; however, they have not yet been held.

#### *Domestic Advisory Groups and Domestic Policy and Legislative Dialogue*

Under the EU and the UK FTAs, worker representatives can also form part of the Domestic Advisory Groups (as is the case in agreements with Singapore and Viet Nam) established under the TSD Chapters and in the most recent EU FTAs such as the EU-Indonesia CEPA, the DAGs are tasked to monitor the implementation of the entire FTA and providing advice to the Parties. Given the change in the EU approach regarding the scope of the mandate of the DAGs and civil society, from the TSD Chapter towards the whole FTA, one can expect that similar solutions will be proposed in negotiations with other ASEAN Member States, i.e. currently ongoing talks with Thailand, Malaysia, and the Philippines. Once the FTA is concluded, it should be up to each Party and its trade unions to decide who will represent workers in the DAGs.

In addition, the DAG Members will have the opportunity to meet at least once a year with representatives of the national Government to discuss implementation of the TSD Chapter or the entire agreement. They can also pursue cooperation with Members of the EU DAG, including participation in annual joint meetings and workshops, and the adoption of Joint Statements addressed to the Parties.

In this context, in responses to a questionnaire for this study, Malaysian trade unions informed of their participation in discussions with the Government about the implemented trade agreements, including the CPTPP, RCEP, and the agreements with Australia and New Zealand. They also expressed the view that the enforcement of labour provisions should be strengthened and were concerned that economic interests may be prioritised over workers' rights. If Malaysia concludes new FTAs with labour provisions, discussions like those cited by trade unions should continue, while adequate attention would need to be paid to the implementation and enforcement of labour provisions, as well as balancing social and economic considerations.

Vietnamese trade unions are members of the DAG established under the EU-Viet Nam FTA and participate in dialogue with the Parties and EU civil society. In 2018, Friedrich Ebert Stiftung launched an EU-funded project to raise workers' awareness of labour provisions in the TSD Chapter and civil society participation mechanisms, and to support their participation in the implementation and monitoring of labour provisions (FES, 2018). Moreover, through another project, the EU supports financially the presence of Vietnamese employers and workers in meetings under the TSD Chapter held in the EU.<sup>272</sup>

In responses to a questionnaire for this study, trade unions from the Philippines provided information on their participation in consultations related to the Indo-Pacific Economic Framework and an introductory forum organised by private-sector representatives and trade unions. However, they stressed that it was challenging for them to participate in IPEF-related meetings, given that no financial support was provided and that most in-person meetings required international travel. Trade unions have also been involved in monitoring and reporting on labour standards in the context of the EU GSP+ scheme, of which the Philippines are the beneficiary. However, trade unions have not been involved in consultations related to FTA negotiations. Moreover, according to them, there was no domestic forum where the Government would meet with social partners (employers and trade unions) to discuss trade policy, and negotiation and implementation of trade agreements. While the tripartite sectoral councils could provide a forum for a focused discussion on the sector and its participation in trade, they would need to meet regularly, which has not been the case, at least for some of them. Other forums or institutional frameworks could also be considered, provided they would include trade union representatives, in addition to the Government and business.

In responses to a questionnaire for this study, the Indonesian trade unions informed that the Government had not engaged them in consultations on negotiated FTAs, e.g. the recently concluded Indonesia–Canada CEPA. They also regretted not having been adequately consulted on legislative changes adopted in the last few years, such as the Omnibus Law on job creation (2020).

Moreover, while trade unions consider current regional cooperation mechanisms as helpful forums for exchanging best practices and information, they also propose the establishment of additional regional mechanisms to monitor the implementation of labour-related commitments and conduct ex-ante impact assessments and evaluations of regional FTAs with labour provisions.

### *Dispute Settlement and Submission of Complaints*

Moreover, as discussed in sections 3.2 (legal texts) and 3.7 (enforcement) in models pursued by the US and Canada, and in the CPTPP, stakeholders, including trade unions, may submit complaints to designated offices in the other Party's administration regarding labour right violations. Such a mechanism also exists in the EU (the so-called Single Entry Point). While it is not enshrined in the FTA text, it has a mandate to consider complaints related to labour rights under any trade agreement with a TSD Chapter. Trade unions can use this channel to raise concerns about serious labour rights violations, particularly if they have not been able to address them effectively through domestic dialogue or dispute-resolution mechanisms. It is worth noting in this context that such complaint mechanisms are used by the receiving Party to initiate a dialogue with the trading partner and seek ways to remedy the situation, e.g. through the development and implementation of an Action Plan, cooperation activities, or technical assistance. While labour provisions have been included in FTAs for the last 30 years

<sup>272</sup> Support to civil society advisory bodies in trade agreements: <https://ted.europa.eu/en/notice/-/detail/18428-2025>

(since the 1994 NAFTA), there have been only two fully-fledged labour disputes (US-Guatemala and EU-Republic of Korea), and sanctions have never been imposed. In an interview for this study, EU representatives (the European Commission) reiterated that even if there is a dispute settlement mechanism linked to labour provisions in the EU TSD Chapters, the EU approach remains focused on dialogue and cooperation.

#### *Implications Related to the Ratification of ILO Conventions and Law Reforms*

Other implications would depend on the FTA provisions, the ASEAN Member States, and the state of preparedness at the time the FTA is concluded and implemented. As outlined in the information provided by national and regional trade unions in responses to questionnaires for this study, and summarised below, trade unions already now often participate in the discussions preceding the ratification of the ILO Conventions, are consulted on proposals for the domestic legislation, receive training and are involved in practical, daily protection of workers' rights and engagement with employers on this. If new trade agreements with labour provisions are negotiated and concluded, one can expect these processes and trade union engagement to continue and be enhanced, and in cases where shortcomings still exist, improvements may be necessary.

In the case of an FTA with comprehensive provisions, following the model pursued by the EU, the UK, the EFTA States, and, recently, Canada,<sup>273</sup> one could expect a commitment to ratify the remaining ILO fundamental Conventions. As outlined in section 4.1, the ASEAN Member States are advised to develop (unless they have already done so) their own plans for progressing towards the ratification of the outstanding ILO fundamental Conventions, with the necessary legislative amendments and other steps which would vary depending on the Convention. Trade unions usually advocate for the ratification and would expect to take part in the preparatory work.

For example, in responses to a questionnaire for this study, trade unions from Malaysia informed of their participation in discussions on legislative changes to the Malaysian Employment Act, the Trade Unions Act and the Industrial Relations Act. They are also in favour of Malaysia's ratification of the ILO fundamental Conventions, including the Convention No. 87 on the right to organise. The work on legislative changes was related to labour commitments under the CPTPP and supported by an assistance project (the Labour Law and Industrial Relations Reform Project) financed by the US Department of Labor and implemented by the ILO.<sup>274</sup>

According to information provided in responses to a questionnaire for this study, the Vietnamese trade unions participated in consultations on the 2019 Labour Code, as well as in technical meetings and consultations preceding the ratification of the two ILO fundamental Conventions, No. 98 (the right to collective bargaining) and No. 105 (forced labour). The process was related to labour commitments under the CPTPP and the EU-Viet Nam FTA and was supported by the EU Trade for Decent Work project.

<sup>273</sup> Models pursued by other partners, e.g. the US, would require aligning the domestic legislation with the ILO 1998 Declaration on fundamental principles and rights at work or the principles enshrined in the ILO fundamental Conventions (although this approach does not require the subsequent ratification of these Conventions).

<sup>274</sup> The Labour Law and Industrial Relations Reform Project: <https://www.ilo.org/projects-and-partnerships/projects/support-labour-law-and-industrial-relations-reform-malaysia>

Also, according to responses to a questionnaire for this study, trade unions from the Lao PDR have participated in tripartite discussions on the ratification of ILO Conventions and on proposals for domestic legislation, including labour law, social security law and occupational safety and health regulations.

Trade unions from the Philippines informed in responses to a questionnaire for this study of their participation in the gap analysis and broader consultations preceding the ratification of the ILO Convention No. 190 (violence and harassment), as well as their support for the ratification of the ILO Convention No. 188 (work in fishing). The Philippines became the first country in Asia to ratify the ILO Convention No. 190, following a well-coordinated support campaign that engaged the country's main trade unions. On the other hand, trade unions have highlighted limited opportunities to engage in consultations and preparatory work preceding the ratification of the ILO Convention No. 81 (labour inspection). The ratification of that Convention was important for the Philippines not only because of its subject matter, but also because it was a condition for the country's continued participation in the EU GSP+ preferential arrangement under the new EU GSP Regulation which will apply after 2027.

According to responses provided to a questionnaire for this study, Indonesian trade unions expect that the conclusion and implementation of FTAs with labour provisions will also facilitate the ratification of ILO technical Conventions, in addition to the fundamental ones. This could include the ratification of Conventions No. 188 and No. 190, advocated by trade unions.

#### *Implications Related to the Implementation of the ILO Conventions and Domestic Laws*

Moreover, as outlined in section 4.1, comprehensive labour provisions may require effective implementation (in law and in practice) of the ratified ILO Conventions (or the fundamental principles and rights at work), and the related domestic legislation. This, in turn, implies the need to create, in practice, conditions for the functioning of trade unions and employers' organisations without external interference, to implement measures to eliminate child labour and forced labour, to ensure non-discriminatory treatment of all workers and to improve working conditions, particularly regarding occupational safety and health. Efforts undertaken in this context by the state and private sector may be supported by technical assistance, including training for social partners to facilitate their participation in social dialogue, collective bargaining and dispute-resolution mechanisms.

In this context, the Malaysian trade unions, in responses to a questionnaire for this study, informed of their participation in training on social dialogue, dispute resolution, and occupational safety and health, as well as in workshops on the elimination of child labour and forced labour. There were also activities engaging international buyers to enhance compliance with labour standards along the supply chains. Subsequently, the improved awareness of trade unions and workers in this area helped enhance private-sector CSR initiatives.

Likewise, trade unions from the Lao PDR, in their responses to a questionnaire, informed of their participation in training on raising the minimum wage, negotiations, collective bargaining, dispute resolution, labour mobility, workers' rights, and occupational safety and health. Trade unions also participate in an information and education campaign on the elimination of child labour and forced labour, gender equality in the workplace, and occupational safety and health, including the promotion of regular health check-ups for workers.

According to responses provided to a questionnaire for this study, the Myanmar trade unions used to engage in tripartite discussions, including on minimum wage. They have also successfully negotiated Freedom of Association guidelines covering more than 130,000 garment workers.

In their responses to a questionnaire for this study, trade unions from the Philippines stressed that the effective implementation of the ILO fundamental Convention No. 87 (right to organise) remains a priority area that requires further actions from the Government in consultation with social partners, in line with the observations of the ILO Committee of Experts, recommendations of the ILO High-Level Tripartite Mission (2023) and the conclusions of the ILO Committee on the Application of Standards. There is a need for an improved tripartite roadmap on freedom of association, legislative changes facilitating the establishment and operation of trade unions, and the end of impunity for trade union rights violations. Moreover, respect for workers' rights and working conditions should be strengthened by addressing subcontracting and promoting direct employment, with clear employer-employee relations and the corresponding rights and obligations. Social dialogue should also be strengthened, and the collective bargaining coverage expanded. Further development is also required for the social protection system and wage policy to provide decent working conditions for Filipino workers. Additionally, the Filipino trade unions have participated in capacity-building activities under the EU-funded Trade for Decent Work project, including workshops and activities promoting social dialogue.

#### *Implications Related to the Enforcement of the ILO Conventions and Domestic Law*

As also discussed in section 4.1, the extent to which labour law reforms are translated into changes on the ground depends on the enforcement of the domestic legislation and the capacity of labour inspection services.

In this context, in responses to a questionnaire for this study, trade unions from the Philippines noted that some changes introduced in the Philippines in relation to the ratification of the ILO Convention No. 81 and the reform of labour inspection services, such as trade unions' role in inspections (to increase the number of persons conducting inspections), had a limited practical meaning.

According to responses provided to a questionnaire for this study, the Cambodian trade unions participate in monitoring the implementation of the Better Factories Cambodia principles at the enterprise level in the garment sector. Trade unions also believe that while the partial withdrawal of EBA preferences by the EU demonstrates effective enforcement of labour-related requirements accompanying tariff preferences, it could have been avoided, or the situation may have evolved differently, if there had been space for a genuine policy and legislative tripartite domestic dialogue, including trade unions.

#### *Practical Changes in Workplaces*

Practical implications for workers will depend on the gap (if any) between the current situation and full compliance in respect for labour standards and working conditions overall and in individual sectors and enterprises, as well as on the pace with which changes may occur in the individual workplaces following the ratification of ILO Conventions and changes in the domestic legislation. While the situation in each country, sector and workplace is unique and may be influenced by several factors, some of which facilitate improvements, while others may impede them, in general, faster and more positive changes may occur in formal, export-oriented enterprises and their value chains, in enterprises owned by foreign capital, particularly from countries advanced in respect for labour standards, and in sectors covered

by sustainability certification mechanisms, support initiatives (like the ILO IFC Better Work in the garment sector) and audits commissioned by foreign buyers. Moreover, better working conditions are usually expected in more advanced sectors that employ highly skilled workers. Examples from several countries and sectors discussed in section 3.6 suggest that in the first step, child labour and forced labour are eliminated from exporting enterprises, as international buyers often have a zero-tolerance policy in these two areas. Moreover, there are usually improvements in the right to organise and social dialogue, and the basic aspects of occupational safety and health. On the other hand, discrimination across worker categories, working conditions such as working time, and the remaining elements of occupational safety and health pose challenges.

In responses to a questionnaire for this study, the Malaysian trade unions informed, for example, of improvements in the exporting sectors, including electronics, rubber gloves and palm oil. This involves stronger international audits, enhanced scrutiny of forced labour allegations and greater respect for international labour standards, combined with a more frequent adoption of ethical sourcing principles. Moreover, jobs are created in exporting sectors, offering employment opportunities to a larger group of workers. Conclusion of new FTAs with labour provisions by Malaysia would, according to trade unions, bring about further changes, such as stronger enforcement of laws tackling forced labour, further improvement in occupational safety and health regulations, adjustments to the minimum wage with enhanced enforcement (observance in wage payments) and a more structured social dialogue between workers and employers.

Viet Nam's integration into global supply chains, especially in electronics and packaging, has led to a rise in Responsible Business Alliance (RBA) audits, with examples of companies excelling in strong performance across labour standards, occupational safety and health, and ethics. These audits also often lead to improved grievance mechanisms, health and safety protocols, and worker consultation structures, fostering alignment with global expectations. Malaysia's electronics and glove exporters have also undergone RBA audits. Trade unions have also provided further examples of companies from Indonesia (garment and light manufacturing) and Thailand (textiles, gloves, food processing, seafood, and car parts) undergoing audits related to respect for labour standards, occupational safety and health, ethical standards, grievance mechanisms, wage policies, and recruitment process.

Trade unions from the Philippines informed, in responses to a questionnaire for this study, of their engagement in a technical assistance project aimed at promoting decent work in sectors employing workers from rural areas, such as agriculture, small-scale mining and fishing. The project focused, among others, on occupational safety and health, gender equality, labour law, and labour administration. Thinking of the future, trade unions from the Philippines also believed that a review of the EU GSP+ membership, and the check of compliance with the eligibility criteria, as well as FTA negotiations with a potential consent for comprehensive labour provisions, may provide an incentive to improve the implementation of ILO fundamental Conventions, notably those on freedom of association.

Indonesian trade unions can benefit from and contribute to the implementation of two assistance projects funded by Canada, which support compliance with labour provisions of the Indonesia-Canada CEPA, notably the strengthening of trade unions role, raising awareness of the ILO Declaration on fundamental principles and rights at work, and the elimination of child labour and gender discrimination in exporting sectors (garment and footwear, palm oil, and lithium batteries) (ILO, 2025). Trade unions also advocate training for workers who may be affected by automation or workplace adaptation related to sustainability

requirements (e.g. in the garment sector or mining). Moreover, Indonesian trade unions believe that the conclusion and implementation of FTAs with labour provisions should be accompanied by training for employers and workers regarding Conventions No. 87 and No. 98 (the right to organise and collective bargaining) to facilitate social dialogue at the enterprise level and create an enabling environment for further changes, so that workers and businesses can benefit from opportunities offered by FTAs and increased trade flows. For workers, this may include additional employment opportunities, decent wages, and improved social protection.

### *Summary*

In responses to questionnaires for this study, trade unions considered comprehensive labour provisions an effective tool encouraging labour-related changes. Among the FTA provisions considered effective, they named commitments to ratify and effectively implement ILO fundamental Conventions, the complaint procedures, and provisions establishing civil society Domestic Advisory Groups. In their view, such provisions should be accompanied by cooperation and technical assistance, including activities provided by the ILO. Moreover, there should be a link between satisfactory performance in labour-related areas and tariff preferences, with a possibility of a partial or complete withdrawal if a Party fails to meet the commitments. According to trade unions, the adoption and subsequent implementation of FTA labour provisions should lead to an improved record in ratifying and implementing ILO Conventions, investment in labour inspection services, greater legislative alignment with the ILO Conventions, including in relation to freedom of association and the right to collective bargaining, and improvements in social dialogue. Moreover, while trade unions consider current regional cooperation mechanisms as helpful forums for exchanging best practices and information, they also propose the establishment of additional regional mechanisms to monitor the implementation of labour-related commitments and conduct ex-ante impact assessments and evaluations of regional FTAs with labour provisions.

## **4.3 Potential Implications for Companies**

In the context of trade agreements with labour provisions, employers' organisations will have similar opportunities as trade unions (see the preceding section) to participate in cooperation activities, technical assistance projects, and public sessions, as well as to be members of the civil society Domestic Advisory Groups. They should also be interested in participating in discussions with Governments and trade unions regarding the ratification of ILO fundamental and other Conventions, and the related legislative changes, to ensure a balance of interests.

For example, in responses to a questionnaire for this study, Malaysian employers reported on their participation in discussions on the Employment Act, Industrial Relations Act, Trade Unions Act and the review of the Minimum Wage Order. They were also consulted on potential future ratifications of the ILO fundamental Convention No. 111 (non-discrimination) and Convention No. 190 (violence and harassment). Moreover, employers were consulted in the context of trade negotiations, including agreements with labour provisions. Their overall position is that there is a need for a balanced approach that supports economic growth and competitiveness, while respecting labour standards, with their gradual implementation taking into account compliance costs.

Employers' representatives from the Lao PDR also informed in responses to a questionnaire for this study, of their participation in the national tripartite dialogue on the Labour Law, the Social Security Law and the OSH Law, as well as the ratification of ILO Conventions and labour and human development policies. The organisation also provides advice and training for employers and workers on aspects relevant to this analysis and FTA labour provisions, such as occupational safety and health. In employers' view, it would be helpful to receive the ILO's technical assistance in support of the national analysis preceding the ratification and implementation of some of the ILO Conventions.

The employers' organisation from the Philippines, in responses to a questionnaire for this study, informed of its participation in the labour-related tripartite discussions, including in relation to the ratification of the ILO Conventions No. 81 (labour inspection) and No. 190 (violence and harassment in the workplace). For employers, it is clear that the country and several sectors have benefited from export opportunities offered, for example, by the EU GSP+ arrangement (workers have also benefited as new jobs have been created and wages have been raised). Therefore, it has been essential for the Filipino economy to maintain access to the EU market in the context of GSP+ labour-related conditionality, the ILO High-Level Mission to the Philippines and discussions in the ILO Committee on the Application of Standards on compliance with the ILO Convention No. 87 on the right to organise. Employers recognised that achieving compliance with future (potentially comprehensive) FTA labour provisions would not be easy and would require cooperation among the tripartite partners. It will be important in this context to balance the interests of workers and employers and to extend the discussion to include aspects related to workers' skills development, so that they can contribute to the increased business innovation, competitiveness, and productivity. The enhanced capabilities and improved economic performance of Filipino companies should, in turn, make it easier for them to comply with labour provisions and related costs or investments.

As businesses are expected to implement the domestic legislation as far as requirements related to respect for labour standards in workplaces are concerned, in responses to questionnaires for this study and comments made in the validation workshop, the following challenges common to many companies in the ASEAN region have been mentioned:

- **Limited capacity of MSMEs:** Micro-, small, and medium enterprises (MSMEs), which form the backbone of many ASEAN economies, often lack the technical, legal, and administrative capacity to adjust to meet new labour law requirements, especially those linked to international trade agreements. Many are unfamiliar with adequate grievance mechanisms, occupational safety and health protocols, and workers' representation systems. Moreover, compliance costs, including those related to minimum wages and benefits, may be high for some MSMEs. In this context, Malaysian employers provided an example of the possibility of applying a grace period and a staged implementation of specific labour-related regulations by the smallest enterprises.
- **Lack of institutional support for compliance:** While labour standards are legally binding, government-provided tools and support services (e.g. model workplace policies, SME-targeted training, and advisory services) are limited or fragmented. This creates uncertainty and slows down implementation, especially in the absence of trade union presence.
- **Insufficient awareness of international labour standards:** Related to all points above is the lack of awareness of what the application of international labour standards means in the daily business management and practices used across diverse sectors.

- **Competitiveness and cost reduction:** Some firms in exporting sectors, particularly those facing fierce international competition and characterised by low labour costs, may try to keep their costs low by resorting to illegal practices and labour exploitation. In this context, some businesses argue that adherence to international labour standards would reduce their profit margins and competitiveness, putting them at a disadvantage compared to competitors. Some also say that compliance with higher labour standards would impose rigid requirements on companies regarding contracts, wages, working hours, and other elements, thereby reducing or removing their ability to respond flexibly to changing market conditions and fluctuating demand for their products.
- **Low prices paid by international buyers:** Employers' representatives also highlight that while adherence to ILO Conventions and improved working conditions, including wages, mean higher costs for enterprises, international buyers continue offering low prices for delivered products or services, thus reducing the profit margin and the room for manoeuvre regarding further improvements. Employers argue in this context that international buyers should contribute their part to the overall effort, and not only audit their suppliers, but also pay reasonable prices to fund improved working conditions and respect for international labour standards.
- **Lack of incentives:** Related to the above is also an argument used in some sectors analysed in section 3.6 that companies producing for the domestic market or exporting to countries in Asia or the Middle East, do not have an incentive to adhere to decent work principles or the international labour standards since their customers do not pay too much attention to those aspects.
- **Additional compliance costs:** In exporting sectors focused on exports to Europe, the US or Canada, compliance with international labour standards is often checked through audits, reports and inspections, representing an administrative burden.
- **Misconceptions about trade unions and social dialogue:** In some ASEAN Member States, employer resistance or lack of awareness of trade union roles and benefits remains a barrier. Some firms associate unionisation with disruption rather than a tool for workplace cooperation, stability, and productivity. Some employers perceive trade unions as a force driving the company's costs high through demands for wage increases and decent working conditions. Some company owners (notably SMEs) prefer to make all business- and personnel-related decisions unilaterally, rather than permit trade union presence or see trade unions as partners.

On the other hand, examples from several sectors and countries (going beyond the ASEAN region) provided in sections 3.6 and 3.8, as well as opinions expressed in responses to questionnaires for this study and ILO arguments,<sup>275</sup> point to the following advantages of compliance with international labour standards and costs of lost opportunities if they are not followed:

- **Business, sector and country's reputation at stake:** Some trading partners have already introduced or are in the process of doing so unilateral measures that should help ensure that no products grown or made by child labour or forced labour will be placed on their markets. In some cases, like in the US, shipments of goods suspected of being produced by forced labour are detained at the border, and further imports from a given company are banned until the situation is remedied. Moreover, a list of goods produced by child labour or forced labour is updated and published annually, outlining the types of goods and the countries of origin. This does not only mean immediate economic

<sup>275</sup> The benefits of international labour standards: <https://www.ilo.org/international-labour-standards/benefits-international-labour-standards>

losses (lost export opportunities) for non-compliant companies but also damage to the reputation of the entire exporting sector and the country of origin, as well as a benefit for direct competitors.

- **Private sector due diligence and certification schemes:** Complementing labour provisions in FTAs or other trade arrangements (like GSP), importing countries and international buyers may adopt due diligence measures or request sustainability certificates before taking sourcing decisions. This, in turn, means that only companies complying with specific requirements, including occupational safety and health rules, respect for international labour standards (particularly zero tolerance for child labour and forced labour) and sometimes other elements, can gain additional market access and develop potentially long-term business relationships, while others may face lost exporting opportunities until they improve their performance and can prove it.
- **Better working conditions and training increase productivity:** While workplace adaptation entails an initial cost or investment, examples of high-performing companies from the garment and other sectors (e.g. from Viet Nam and Cambodia) presented in section 3.6 indicate that these costs are balanced or outweighed by long-term gains. Successful companies have reported increases in productivity and the revenue-to-cost ratio, thanks to training provided to their staff (capability building) and improved working conditions, which have contributed to higher morale and workers' motivation. Subsequently, workers could meet higher production targets, and firms could secure additional orders and deliver them with the same workforce.
- **Short-term investment in working conditions reduces long-term costs:** As also stated in the preceding sections, examples from the garment industry and other sectors confirm that while investment in improved working conditions and compliance with ILO labour standards mean immediate costs, this helps avoid even higher costs in the long-term. For example, investment in building safety and occupational safety and health compliance reduces the risk of fire (which may otherwise damage the entire factory), work-related accidents, injuries, and diseases, and workforce turnover, as unhappy workers tend to leave the workplace even after just a few weeks or months. Moreover, there is evidence (e.g. from Vietnamese garment factories) that permission for trade union activity and the establishment of a worker-management committee in the workplace have reduced tensions and improved cooperation, helping ensure a safe and productive working environment with stable working conditions and fair wages.
- **High job quality may reduce worker turnover and keep skilled workers:** Several companies and sectors analysed in section 3.6 highlighted a continuous problem with a high worker turnover, as workers, disappointed with low job quality and high work-related requirements, tend to leave their jobs after a few weeks or months, often after receiving and completing job-related training. For a company, this means a never-ending need to recruit new people and train them, and a barrier to development and productivity increase, as new workers lack experience. This issue will become even more important, as companies will need to adopt new technologies (e.g. the production of electric vehicles in the automotive sector, as well as digitisation and automation in the garment and electronics sectors), which will require higher levels of skills and formal education. Skilled workers are likely to expect better working conditions and given the current shortage of engineers and skilled workers, in particular in technical professions (including in the EU and Canada), it is likely that companies and countries will compete to attract them. Therefore, better compliance with labour standards and working conditions may become indispensable for companies willing to attract and retain skilled workers. In this context, it is worth noting that the representative of Filipino employers suggested a tripartite discussion on workers' skills development to help them contribute to increased

business innovation, competitiveness, and productivity. The enhanced capabilities and improved economic performance of companies should make it easier for them to comply with FTA labour provisions and related costs or investments.

- **Improved compliance supports resilience:** In a dynamically changing world, the exporting opportunities offered by new trade agreements may improve a company's resilience by helping to diversify its customers and destination markets to avoid an over-reliance on a limited number of them. Moreover, as an increasing number of FTAs include labour provisions, compliance with international labour standards and decent working conditions may become decisive in whether new export opportunities materialise. Additionally, securing an increasing demand in the domestic market may further strengthen the company's position. In this context, it is worth noting that each company may support the growth of domestic demand by paying its workers (who are also consumers) decent wages, enabling them to increase the volume and variety of goods and services they purchase.



## 5. Recommendations

The recommendations are based on findings from the analysis, including views expressed and information provided during consultations for this study. Given that the situation of each ASEAN Member State is unique, including the level of compliance with potential or existing FTA labour provisions, the relevance and applicability of each recommendation may vary across the region. The recommendations are, therefore, formulated in a way which respects these diverse contexts, and do not assume uniform approaches or commitments from ASEAN Member States. While it is not the objective of this study to influence the position of any ASEAN Member State as to the type and scope of labour provisions it could or should agree upon in FTA negotiations, the recommendations focus on steps that could be taken to comply with a set of comprehensive provisions, such as those included in models used by the US, the EU, Canada, the EFTA States, or the CPTPP, recognising these as the most demanding ones while allowing ASEAN Member States to progress in a manner suited to their national circumstances.

### *Recommendations for individual ASEAN Member States*

- Across the region, the situation varies regarding the involvement of trade unions and employers' organisations in discussions preceding and accompanying FTA negotiations, and in monitoring the FTA implementation. Given the broad range of possible impacts which trade agreements may have, including economic and social ones, and given also the increasing number of agreements including labour provisions, each ASEAN Member State could establish a new or use the existing tripartite body to inform and consult workers and employers at each stage of the FTA lifecycle, i.e. before and

during FTA negotiations, and at the stage of ratification and implementation of an FTA. Such a body could have a composition that may be flexibly adjusted, e.g. to include representatives of sectors involved in bilateral trade under a given FTA. In cases of FTAs that envisage the establishment of a Domestic Advisory Group, the members of such a domestic tripartite body could also serve as DAG members to ensure continuity of engagement and an adequate level of expertise. Moreover, members of this body could assist the Government in monitoring compliance with FTA provisions, including those dedicated to labour, to ensure that opportunities provided by the FTA are seized and the country is not exposed to a risk of a dispute settlement due to non-compliance.

- Under the EU and the UK FTAs, workers' and employers' representatives form part of the Domestic Advisory Groups (DAGs) established under the TSD Chapters and in the most recent EU FTAs (including the EU-Indonesia CEPA), tasked with monitoring the implementation of the entire FTA and providing advice to the Parties. One can expect that similar solutions will be proposed in negotiations with other ASEAN Member States, e.g. in the ongoing talks with Thailand, Malaysia, and the Philippines. Once an FTA is concluded, it will be up to each Party, trade unions, and employers' organisations to decide who will represent workers and employers in the DAGs. It will be in the interest of all to ensure that the DAG Members have the adequate expertise to exercise their role effectively and that collectively their organisations represent a broad and diverse membership base to be able to provide feedback on the implemented FTA and advice the Parties accordingly.
- Trade agreements as a whole, as well as their specific clauses, may cause several types of impacts, including economic and social ones, both positive and negative. Therefore, unless this is already the practice, each ASEAN Member State could conduct ex-ante impact assessments and ex-post evaluations of their FTAs, analysing a broad range of impacts. Social impact analysis, in addition to the modelled effects on employment, wages and consumer prices, should include a qualitative assessment of impacts on working conditions and respect for international labour standards, including freedom of association and the right to collective bargaining. Moreover, the analysis should cover the entire country, including special economic zones or export processing zones. Such analysis should also be accompanied by conclusions and recommendations on steps to take to strengthen the positive effects and mitigate the negative ones. Desk research should be complemented by stakeholder consultations that should involve, among others, workers and employers. If there is no domestic practice in this area developed yet, it should be developed and could be inspired by practices applied by other main trading partners, some of which have been discussed in section 3.3.
- While over the last few years, several ASEAN Member States consulted trade unions and employers on matters related to the ratification of ILO Conventions and labour law reforms, the collected evidence suggests that it has not always been the case. Therefore, each ASEAN Member State could consult social partners on new steps planned in these areas and seek their advice on the proposed priorities. This will help ensure that the adopted solutions reflect the balance of interests between workers and employers and enjoy broad support, which will facilitate their implementation in practice. Consultations could follow in tripartite bodies established in relation to the ILO Convention No. 144 or in other permanent or ad hoc bodies, in accordance with each of the ASEAN Member States' domestic practice.
- Given the diversity of labour provisions in the already existing trade agreements to which the ASEAN Member States are Party, and potential future FTAs, progress towards compliance

could be structured in such a way that it can satisfy the requirements of a comprehensive set of binding labour provisions. This would help ensure that requirements arising from less demanding labour provisions are also met, and a single well-structured process leads to compliance with all existing and potential FTAs. Individual ASEAN Member States may request the ILO technical assistance to conduct a gap analysis, and compare their laws with requirements enshrined in ILO fundamental Conventions and commitments in FTA labour provisions. Based on that, they could plan a reform programme and define its scope, stages, and timeline for delivery.

- While several ASEAN Member States are already well-advanced in the ratification of the ILO fundamental Conventions, each has at least one outstanding ratification in this area. Since the majority of comprehensive labour provisions require the alignment of the domestic legislation with the ILO fundamental Conventions or this, and additionally, the ratification of ILO fundamental Conventions, each ASEAN Member State could develop and consult with employers and workers a plan leading towards the ratification of each of the outstanding ILO fundamental Conventions, with a related timeline. Such a plan may be developed in cooperation with the ILO and may include a gap analysis comparing the domestic laws with the Conventions. The existence and subsequent implementation of such a plan could facilitate the ratification and implementation of an FTA with labour provisions and help avoid the launch of a labour-related dispute by the trading partner. A similar work may also be considered regarding the ILO priority Convention No. 81 to guide capacity-building for labour inspection services and ensure effective enforcement of the domestic labour law.
- The comprehensive FTA labour provisions often require that the domestic legislation is aligned with the ILO fundamental principles and rights at work or that ILO fundamental Conventions are effectively implemented in law and practice. Hence, each ASEAN Member State could develop and consult with employers and workers on plans outlining steps to be taken to achieve legislative alignment and practical compliance with the ILO fundamental Conventions. Such plans can be developed separately for each thematic area (as has already been the case with plans on the elimination of child labour or trafficking in persons), and in the case of the ILO Conventions that have already been ratified, they should take into consideration the observations and recommendations of the ILO monitoring bodies (the Committee of Experts, the Committee on Freedom of Association and the Committee on the Application of Standards), and other ILO bodies or mechanisms (such as the High Level Missions) regarding identified implementation gaps.
- Moreover, it should also be kept in mind that the ILO 1998 Declaration on Fundamental Principles and Rights at Work and ILO fundamental Conventions, to which FTA labour provisions refer, have a universal application in the entire economy and towards all groups of workers and employers. Therefore, the implementation and enforcement of the corresponding domestic legislation and practical measures will need to be ensured across the goods and services sectors and the entire country's territory, irrespective of whether the sectors or individual enterprises are focused on exports or supplying the domestic market, as well as whether they are owned by the foreign or domestic capital.
- While the exact wording may vary, many comprehensive labour provisions prohibit or consider inappropriate lowering of labour standards or weakening the levels of labour protection to attract trade or investment. Therefore, ASEAN Member States could take this provision into account when planning new labour law reforms, as well as when considering measures to maintain or increase their competitiveness or attractiveness as destinations for foreign direct investment. This also includes measures applied in export processing zones or special economic zones.

- Most of the comprehensive labour provisions require an effective enforcement of the domestic labour law. Hence, each ASEAN Member State could ensure an effective operation of its labour inspection services. This includes legislative alignment of the domestic law with ILO Convention No. 81, and the provision of funding to secure all necessary resources (staff, training, buildings, vehicles, information and communication systems, electronic devices, specialist technical equipment, and other elements). Since labour provisions could be legally binding, investment in labour inspection capacity may be treated equally importantly as investment in other parts of quality infrastructure, i.e. laboratories checking exported products' compliance with technical and safety standards, veterinary inspections verifying compliance with food safety standards or border customs controls. Moreover, the effective implementation and enforcement of specific domestic laws and ILO Conventions may require the effective operation of other enforcement agencies and institutions, such as the police, border police (in relation to, among others, trafficking in persons), prosecution, and the judiciary.
- The examples from several sectors and countries, including the ASEAN Member States, suggest that private sustainability certification schemes, audits conducted on behalf of international buyers or lead firms in supply chains, as well as supporting initiatives (such as the Better Work in the garment sector), help improve the performance of participating enterprises regarding respect for labour standards and working conditions. Therefore, ASEAN Member States, in consultation with workers and employers, as well as other relevant stakeholders, such as the ILO and international donors, could consider the extension of such schemes or initiatives to other exporting sectors to improve their economic and social performance. Compliance in labour-related areas becomes increasingly important as more trading partners apply due diligence along the supply chains to ensure respect for human and labour rights. Moreover, initiatives such as "Better Work"<sup>276</sup> conduct annual audits of participating companies, which are recognised by international buyers and can effectively replace numerous audits conducted each year on behalf of individual buyers. This can save time, effort and money of participating companies and reduce "the audit fatigue".
- Feedback from several companies and sectors analysed in section 3.6 indicates that they face challenges in navigating through the domestic legislation, notably following the labour law reforms, and that there is insufficient awareness regarding the practical application of international labour standards in daily business management, particularly forced labour and the ILO forced labour indicators. Therefore, each ASEAN Member State, jointly with general and sectoral employers' organisations, could ensure that companies, starting with exporting sectors, are informed of legislative changes applicable to their activity and are aware of practices that should be avoided, e.g. retention of identity documents of migrant workers, movement restrictions, recruitment fees paid by migrant workers, the lack of contracts or non-sharing of a contract copy with worker.
- The availability of information and data regarding the level of compliance with labour standards and working conditions by individual companies and sectors helps monitor the situation over time and identify any remaining shortcomings and steps to address them. However, data availability varies significantly across ASEAN Member States and sectors, at least as far as English-language sources

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<sup>276</sup> Better Work is a joint initiative of the ILO and the International Finance Corporation (member of the World Bank Group). It cooperates with governments, employers and workers in the garment and footwear sectors to improve working conditions and respect for international labour standards. Better Work raises awareness of the applicable domestic labour legislation, provides training to employers and workers, supports women's empowerment and conducts audits in the participating companies. At the time of writing this Study Report, Better Work was engaged in 13 countries, including three ASEAN Member States (Cambodia, Indonesia, and Viet Nam). See: <https://betterwork.org/>

are concerned. Therefore (unless the data availability in national languages is much better), ASEAN Member States could ensure, in cooperation with employers, workers, and other relevant institutions and donors, that such information and data is collected, processed and published, and ideally includes numerical values (such as the number or the share of workers enjoying a specific right or working condition, or the number or the share of companies complying with a specific requirement) to enable comparisons over time and across sectors. Compliance reports published by the Better Work programme or sectoral assessments published by the ILO and discussed in section 3.6 could provide an idea of what such an analysis may look like.

- While many assistance projects have already been implemented to support compliance with labour provisions in the ASEAN region, the ASEAN Member States may consider asking the current and new trading partners to support the work towards compliance in cooperation with Better Work or similar initiatives or provide funding for technical assistance projects supporting engagement with certification schemes acknowledged by international buyers and promoting the use of international instruments in the area of CSR. While assistance activities may initially focus on sectors and companies engaged in international trade, compliance with international labour standards and domestic labour law will ultimately need to be ensured nationwide.
- Cooperation initiatives and assistance projects could focus, among others, on MSMEs, starting with those that form part of supply chains and may struggle with achieving compliance with international labour standards and decent working conditions. They could receive advice from sectoral associations and training within the Decent Work Country Programmes or technical assistance projects. Preferential loans could be considered to support investment in skills development, innovation, and productivity increase. Moreover, lead firms and international buyers could be requested to engage in cooperation with their suppliers to help the latter achieve compliance. For example, the German Act on Corporate Due Diligence Obligations in Supply Chains requires German companies to support their suppliers in improving performance and remedying human rights violations. International buyers should also be requested to support their suppliers by paying reasonable prices for products and services, thus helping raise funds to achieve compliance, or provide other forms of assistance. For example, investment in meeting occupational safety and health rules, including expenditures for necessary equipment (fire alarms, fire extinguishers, etc.), could be supported by lead firms and international buyers, as it helps avoid accidents that may also result in losses for them.

#### *Recommendations for Actions at the Regional Level*

- To prepare for the implementation of labour or—more broadly—TSD provisions in FTAs, the ASEAN Member States may consider including in their regional cooperation (unless this has already been done) a seminar where the Government representatives, employers and trade unions from Viet Nam, Singapore and (from outside the region) Japan, the Republic of Korea, Australia, and New Zealand, i.e. countries implementing TSD provisions and participating in TSD Committee meetings with the EU and/or with the UK, could share their experiences and related advice, including experience gained by employers and trade unions in being DAG Members and participating in Civil Society Forum meetings with the Parties. Such a session could also involve participation of trade unions and employers' organisations from the remaining ASEAN Member States to learn about their roles as DAG Members and the implementation of TSD Chapters. Invitations could also be extended to other countries, such as Chile or Canada, to present their models of labour provisions and their implementation.

- Given the diversity of the existing FTA labour provisions, but also a pattern of the most frequently used requirements, ASEAN regional forums, supported by the ILO technical assistance, the ASEAN Secretariat, or consultants, may be used to develop guidance for the ASEAN Member States and their private sector on steps to be taken to meet the requirements of a comprehensive set of labour provisions, as this would also help meet the commitments outlined in less demanding agreements. Such guidance could be based on findings from this study, including sections 4.1–4.3 and recommendations, and go into greater detail, potentially with separate chapters or Annexes focused on individual ASEAN Member States to acknowledge their diversity.
- Given the conclusion and the entry into force of the first regional agreements (IPEF and the Second Protocol to Amend the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area) with labour provisions, as well as the ongoing negotiations on the Canada-ASEAN FTA, with a potential for more such agreements in the future, the ASEAN Member States could consider the establishment of a regional mechanism for monitoring compliance with regional FTA labour provisions and reporting about it. That mechanism would build on and be integrated into the existing regional cooperation structures, notably SLOM. Moreover, it could be considered to conduct regional ex-ante impact assessments and ex-post evaluation of such agreements, including their labour provisions. While tailored to ASEAN needs, the impact analysis could be inspired by practices of other FTA partners, such as Australia, Canada, the EU, New Zealand, or the US. ASEAN Member States could, furthermore, consider regional cooperation forums to exchange information and best practices on implementing labour provisions in regional and bilateral FTAs.
- The ASEAN Member States and their relevant institutions may consider how actions recommended in this study and required for achieving compliance with labour provisions in trade agreements can be included in regional work programmes for 2026–2030.
- Given the increasing number and diversity of unilateral legislative measures focused on due diligence, adopted and implemented by trading partners, it may be considered to set up in the ASEAN region a team that would monitor the adoption and practical application of such measures and provide the related information and guidance to the ASEAN Member States and social partners, including representatives of the affected sectors. Such a team could manage a dedicated website or database and keep it up to date. Its members could represent the ASEAN Member States' administrations, social partners (since some sectoral associations already have on their websites the relevant information and guidance) or consultants.
- Based on the analysis in this study, the ASEAN Member States may also consider including in the programme of regional cooperation other experience-sharing or training sessions in areas covered by FTA labour provisions to support the advancement in preparations for negotiation and implementation of such provisions. This could include a session on recruiting migrant workers and avoiding forced labour practices discussed in section 3.6. Moreover, based on suggestions from consultations for this study, regional cooperation could also include occupational safety and health training for workers in the garment and electronics sectors, and the exchange of experience and best practices on dispute-resolution mechanisms, ethical sourcing, certification, and auditing schemes (how they work and how to ensure compliance).

# Annex 1

## List of stakeholders identified for consultations for the study (not all stakeholders from this list have finally provided feedback)

| COUNTRY/REGION    | ORGANISATION'S NAME                                                          | TYPE        |
|-------------------|------------------------------------------------------------------------------|-------------|
| Brunei Darussalam | Ministry of Home Affairs, Department of Labour                               | Government  |
| Brunei Darussalam | Ministry of Finance and Economy                                              | Government  |
| Brunei Darussalam | National Chamber of Commerce Brunei Darussalam (NCCIBD)                      | Employers   |
| Brunei Darussalam | Brunei Oilfield Workers Union (BOWU)                                         | Trade Union |
| Cambodia          | Ministry of Labour and Vocational Training                                   | Government  |
| Cambodia          | Ministry of Commerce                                                         | Government  |
| Cambodia          | Cambodian Federation of Employers and Business Associations (CAMFEBA)        | Employers   |
| Cambodia          | Textile, Apparel, Footwear and Travel Goods Association in Cambodia (TAFTAC) | Employers   |
| Cambodia          | Coalition of Cambodian Apparel Workers Democratic Union                      | Trade Union |
| Cambodia          | Cambodian Confederation of Trade Union                                       | Trade Union |
| Cambodia          | Cambodian Labour Confederation (CLC)                                         | Trade Union |
| Cambodia          | National Labour Confederation of Cambodia                                    | Trade Union |
| Indonesia         | Ministry of Manpower (Ministry of Labour)                                    | Government  |
| Indonesia         | Ministry of Trade                                                            | Government  |
| Indonesia         | Indonesian Employers Association (Apindo)                                    | Employers   |
| Indonesia         | Indonesian Chamber of Commerce and Industry                                  | Employers   |
| Indonesia         | Confederation of Indonesian Trade Unions                                     | Trade Union |
| Indonesia         | Confederation of All Indonesian Workers' Unions                              | Trade Union |
| Indonesia         | Confederation of Indonesian Prosperity Trade Union                           | Trade Union |
| Indonesia         | Federation of Garment, Textile, Leather and Shoe Trade Union                 | Trade Union |
| Indonesia         | Textile, Garment and Leather Workers' Union                                  | Trade Union |
| Lao PDR           | Ministry of Labour and Social Welfare                                        | Government  |
| Lao PDR           | Ministry of Industry and Commerce                                            | Government  |
| Lao PDR           | Lao National Chamber of Commerce and Industry                                | Employers   |

| COUNTRY/REGION  | ORGANISATION'S NAME                                                                      | TYPE        |
|-----------------|------------------------------------------------------------------------------------------|-------------|
| Lao PDR         | Lao Federation of Trade Unions                                                           | Trade Union |
| Malaysia        | Ministry of Human Resources                                                              | Government  |
| Malaysia        | Ministry of Investment, Trade and Industry                                               | Government  |
| Malaysia        | Malaysian Employers Federation (MEF)                                                     | Employers   |
| Malaysia        | Federation of Malaysian Fashion, Textile and Apparel                                     | Employers   |
| Malaysia        | The Perak Footwear Industry Association                                                  | Employers   |
| Malaysia        | Malaysian Trade Union Congress (MTUC)                                                    | Trade Union |
| Malaysia        | Penang Textile and Garment Workers' Union                                                | Trade Union |
| Malaysia        | Electronics Industry Employees' Union Coalition                                          | Trade Union |
| Myanmar         | Ministry of Labour                                                                       | Government  |
| Myanmar         | Ministry of Commerce                                                                     | Government  |
| Myanmar         | Union of Myanmar Federation of Chamber of Commerce and Industry                          | Employers   |
| Myanmar         | Confederation of Trade Unions of Myanmar                                                 | Trade Union |
| Myanmar         | Agriculture and Farmers Federation of Myanmar                                            | Trade Union |
| Myanmar         | Myanmar Industries, Craft and Services – Trade Union Federation                          | Trade Union |
| Myanmar         | Industrial Workers Federation of Myanmar                                                 | Trade Union |
| The Philippines | Department of Labor and Employment                                                       | Government  |
| The Philippines | Department of Trade and Industry                                                         | Government  |
| The Philippines | Employers Confederation of the Philippines                                               | Employers   |
| The Philippines | Trade Union Congress of the Philippines                                                  | Trade Union |
| The Philippines | Federation of Free Workers (FFW)                                                         | Trade Union |
| The Philippines | SENTRO                                                                                   | Trade Union |
| The Philippines | Trade Federation on Garments, Textile, Footwear, Plastic, Leather, and Allied Industries | Trade Union |
| Singapore       | Ministry of Manpower                                                                     | Government  |
| Singapore       | Ministry of Trade and Industry                                                           | Government  |
| Singapore       | Singapore National Employers Federation                                                  | Employers   |
| Singapore       | National Trade Union Congress                                                            | Trade Union |
| Singapore       | United Workers of Electronic and Electrical Industries                                   | Trade Union |
| Singapore       | Singapore Industrial & Services Employees' Union (SISEU)                                 | Trade Union |
| Singapore       | Shipbuilding and Marine Engineering Employees' Union - SMEEU                             | Trade Union |

| COUNTRY/REGION | ORGANISATION'S NAME                                                       | TYPE                       |
|----------------|---------------------------------------------------------------------------|----------------------------|
| Singapore      | Advanced Manufacturing Employees' Union                                   | Trade Union                |
| Thailand       | Ministry of Labour                                                        | Government                 |
| Thailand       | Ministry of Commerce                                                      | Government                 |
| Thailand       | Employers' Confederation of Thai Agriculture and Business Industry (EABI) | Employers                  |
| Thailand       | Employers' Confederation of Business Industrial Thai                      | Employers                  |
| Thailand       | Employers' Confederation Service of Thai                                  | Employers                  |
| Thailand       | National Congress of Thai Labour                                          | Trade Union                |
| Thailand       | Confederation of Industrial Labour of Thailand                            | Trade Union                |
| Thailand       | Automobile Labour Congress of Thailand                                    | Trade Union                |
| Thailand       | Fishers' Rights Network                                                   | Trade Union                |
| Viet Nam       | Ministry of Labour, Invalids and Social Affairs                           | Government                 |
| Viet Nam       | Ministry of Industry and Trade                                            | Government                 |
| Viet Nam       | Viet Nam Chamber of Commerce and Industry                                 | Employers                  |
| Viet Nam       | Viet Nam Cooperative Alliance                                             | Employers                  |
| Viet Nam       | Viet Nam General Confederation of Labour                                  | Trade Union                |
| Viet Nam       | Viet Nam National Union of Workers in Industry and Trade                  | Trade Union                |
| Regional       | Asia Pacific Occupational Safety and Health Organisation (APOSHO)         | International organisation |
| Regional ASEAN | ASEAN Secretariat                                                         | International organisation |
| Regional ASEAN | ASEAN Business Advisory Council                                           | Employers                  |
| Regional ASEAN | ASEAN Confederation of Employers                                          | Employers                  |
| Regional ASEAN | ASEAN Labour Inspection Committee                                         | Government                 |
| Regional ASEAN | ASEAN Services Trade Union Council                                        | Trade Union                |
| Regional ASEAN | ASEAN Trade Union Council                                                 | Trade Union                |
| Regional ASEAN | Senior Economic Officials Meeting (SEOM)                                  | Government                 |
| Regional ASEAN | Senior Labour Officials Meeting (SLOM)                                    | Government                 |
| Australia      | Department of Employment and Workplace Relations                          | Government                 |
| Australia      | Department of Foreign Affairs and Trade                                   | Government                 |
| Canada         | Employment and Social Development Canada                                  | Government                 |
| Canada         | Global Affairs Canada                                                     | Government                 |
| Canada         | Canadian Labour Congress                                                  | Trade Union                |
| Chile          | Ministry of Labour and Social Security                                    | Government                 |

| COUNTRY/REGION | ORGANISATION'S NAME                                                        | TYPE                       |
|----------------|----------------------------------------------------------------------------|----------------------------|
| Chile          | Ministry of Economy, Development and Tourism                               | Government                 |
| EFTA           | EFTA Secretariat                                                           | Government                 |
| Europe         | Business Europe                                                            | Employers                  |
| Europe         | European Trade Union Confederation                                         | Trade Union                |
| European Union | Directorate General for Employment, Social Affairs and Inclusion (DG EMPL) | Government                 |
| European Union | Directorate General for Trade (DG TRADE)                                   | Government                 |
| European Union | European Economic and Social Committee                                     | International organisation |
| Global         | International Association of Labour Inspection                             | International organisation |
| Global         | International Labour Organisation (ILO)                                    | International organisation |
| Global         | International Employers' Organisation (IOE)                                | Employers                  |
| Global         | International Trade Union Confederation (ITUC)                             | Trade Union                |
| Global         | Industri all Global Union                                                  | Trade Union                |
| Global         | International Transport Workers' Federation                                | Trade Union                |
| International  | Environmental Justice Foundation                                           |                            |
| New Zealand    | Ministry of Business, Innovation and Employment                            | Government                 |
| New Zealand    | Department of Foreign Affairs and Trade                                    | Government                 |
| US             | Department of Labor (USDOL)                                                | Government                 |
| US             | US Trade Representative (USTR)                                             | Government                 |

# Annex 2

## Trade Agreements with Labour Provisions (or with Accompanying Agreements or MoU on Labour Cooperation) Negotiated and Concluded by the ASEAN Countries

| COUNTRY           | CONCLUDED FTAs                                                                                                                                                                                                                                        | FTAs UNDER NEGOTIATION                                                                                                                                       |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brunei Darussalam | <ul style="list-style-type: none"> <li>• CPTPP</li> <li>• P4<sup>277</sup> (MoU on Labour Cooperation)</li> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> </ul>                                                                              | <ul style="list-style-type: none"> <li>• Indo-Pacific Economic Framework (Trade Pillar)</li> <li>• ASEAN-Canada FTA</li> </ul>                               |
| Cambodia          | <ul style="list-style-type: none"> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> </ul>                                                                                                                                                       | <ul style="list-style-type: none"> <li>• ASEAN-Canada FTA</li> </ul>                                                                                         |
| Indonesia         | <ul style="list-style-type: none"> <li>• Indonesia-EFTA FTA</li> <li>• Indonesia-Chile FTA</li> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> <li>• Indonesia-Canada CEPA (*)</li> <li>• Indonesia-EU CEPA (*)</li> </ul>                    | <ul style="list-style-type: none"> <li>• Indo-Pacific Economic Framework (Trade Pillar)</li> <li>• ASEAN-Canada FTA</li> </ul>                               |
| Lao PDR           | <ul style="list-style-type: none"> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> </ul>                                                                                                                                                       | <ul style="list-style-type: none"> <li>• ASEAN-Canada FTA</li> </ul>                                                                                         |
| Malaysia          | <ul style="list-style-type: none"> <li>• CPTPP</li> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> <li>• Malaysia-NZ FTA (Labour Cooperation Agreement)</li> <li>• Malaysia-AUS FTA (Side letter)</li> <li>• Malaysia-EFTA FTA (*)</li> </ul> | <ul style="list-style-type: none"> <li>• Indo-Pacific Economic Framework (Trade Pillar)</li> <li>• ASEAN-Canada FTA</li> <li>• Malaysia-EU FTA</li> </ul>    |
| Myanmar           | <ul style="list-style-type: none"> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> </ul>                                                                                                                                                       | <ul style="list-style-type: none"> <li>• ASEAN-Canada FTA</li> </ul>                                                                                         |
| The Philippines   | <ul style="list-style-type: none"> <li>• Philippines-Japan EPA</li> <li>• Philippines-EFTA FTA</li> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> </ul>                                                                                      | <ul style="list-style-type: none"> <li>• Indo-Pacific Economic Framework (Trade Pillar)</li> <li>• Philippines-EU FTA</li> <li>• ASEAN-Canada FTA</li> </ul> |

<sup>277</sup> P4 refers to the four Parties of the Trans-Pacific Strategic Economic Partnership

| COUNTRY   | CONCLUDED FTAs                                                                                                                                                                                                                                                                                   | FTAs UNDER NEGOTIATION                                                                                                                                      |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Singapore | <ul style="list-style-type: none"> <li>• Singapore-US FTA</li> <li>• CPTPP</li> <li>• P4 (MoU on Labour Cooperation)</li> <li>• Singapore-Costa Rica FTA</li> <li>• Singapore-EU FTA</li> <li>• Singapore-UK FTA<sup>278</sup></li> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> </ul> | <ul style="list-style-type: none"> <li>• Indo-Pacific Economic Framework (Trade Pillar)</li> <li>• ASEAN-Canada FTA</li> </ul>                              |
| Thailand  | <ul style="list-style-type: none"> <li>• Thailand-NZ FTA (Arrangement on Labour)</li> <li>• Thailand-Chile FTA</li> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> <li>• Thailand-EFTA FTA (*)</li> </ul>                                                                                | <ul style="list-style-type: none"> <li>• Indo-Pacific Economic Framework (Trade Pillar)</li> <li>• Thailand-EU FTA</li> <li>• ASEAN-Canada FTA</li> </ul>   |
| Viet Nam  | <ul style="list-style-type: none"> <li>• CPTPP</li> <li>• Viet Nam-EU FTA</li> <li>• Viet Nam-UK FTA</li> <li>• ASEAN-Australia-New Zealand Free Trade Area</li> </ul>                                                                                                                           | <ul style="list-style-type: none"> <li>• Indo-Pacific Economic Framework (Trade Pillar)</li> <li>• ASEAN-Canada FTA</li> <li>• Viet Nam-EFTA FTA</li> </ul> |

(\*) Negotiations related to agreements marked with an asterisk have been concluded; however, these agreements have not yet entered into force.

<sup>278</sup> Singapore's and Viet Nam's FTAs with the UK replicate provisions of the EU FTAs with these countries.

# Annex 3

## List of Free Trade Agreements (FTAs) with Labour Provisions

### AUSTRALIA

- [ASEAN-Australia-New Zealand Free Trade Area](#) (Second Protocol)
- [Australia-Chile Free Trade Agreement](#) (labour under the Cooperation Chapter)
- [Australia-Korea Free Trade Agreement](#)
- [Australia-Malaysia Free Trade Agreement](#) and [Side Letter on Labour](#)
- [Australia-Peru Free Trade Agreement](#)
- [Australia-UK Free Trade Agreement](#)
- [Australia-US Free Trade Agreement](#)
- [Australia-UAE Comprehensive Economic Partnership Agreement \(CEPA\)](#)
- [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#)

### CANADA

- [Canada-Chile Agreement on Labour Cooperation](#)
- [Canada-Colombia Agreement on Labour Cooperation](#)
- [Canada-Costa Rica Agreement on Labour Cooperation](#)
- [Canada-Honduras Agreement on Labour Cooperation](#)
- [Canada-Jordan Agreement on Labour Cooperation](#)
- [Canada-Panama Agreement on Labour Cooperation](#)
- [Canada-Peru Agreement on Labour Cooperation](#)
- [North American Agreement on Labor Cooperation](#)
- [Canada-EU Comprehensive Economic and Trade Agreement \(CETA\)](#)
- [Canada-Israel Free Trade Agreement](#)
- [Canada-Korea Free Trade Agreement](#)
- [Canada-UK Trade Continuity Agreement](#)
- [Canada-Ukraine Free Trade Agreement](#)
- [Canada-US-Mexico Agreement \(CUSMA\)](#)
- [CPTPP – Labour chapter](#)
- [Canada-Indonesia Comprehensive Economic Partnership Agreement](#) – not in force yet

### CHILE

- [Chile-Argentina Free Trade Agreement](#)
- [Chile-Australia Free Trade Agreement](#) (labour under the Cooperation Chapter)
- [Chile-Brazil Free Trade Agreement](#)
- [Chile-Canada Free Trade Agreement](#) and [Labour Cooperation Agreement](#) (page 34)
- [Chile-China Free Trade Agreement](#) and [MoU on Labour Cooperation](#)

- [Chile-Colombia Free Trade Agreement](#)
- [Chile-Ecuador Free Trade Agreement](#)
- [Chile-EU Interim Trade Agreement](#)
- [Chile-Hong Kong Free Trade Agreement](#) and [MoU on Labour Cooperation](#)
- [Chile-Indonesia Free Trade Agreement](#) (labour under the Cooperation Chapter)
- [Chile-Japan Free Trade Agreement](#) and [Joint Statement on Labour](#)
- [Chile-Panama Free Trade Agreement](#) and [Labour Cooperation Agreement](#)
- [Chile-Peru Free Trade Agreement](#) and [MoU on Labour Cooperation](#)
- [Chile-Paraguay Free Trade Agreement](#)
- [Chile-Thailand Free Trade Agreement](#) (labour under the Cooperation Chapter)
- [Chile-Türkiye Free Trade Agreement](#) (labour under the Cooperation Chapter)
- [Chile-Uruguay Free Trade Agreement](#)
- [Chile-UK Association Agreement](#)
- [Chile-US Free Trade Agreement](#)
- [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#)
- [Trans-Pacific Strategic Economic Partnership](#) and [MoU on Labour Cooperation](#)

## EFTA STATES

- [EFTA-Albania amendment to Free Trade Agreement](#)
- [EFTA-Bosnia and Herzegovina Free Trade Agreement](#)
- [EFTA-Chile \(modernised\) Free Trade Agreement](#) – not in force yet
- [EFTA-Central America Free Trade Agreement](#)
- [EFTA-Ecuador Free Trade Agreement](#)
- [EFTA-Georgia Free Trade Agreement](#)
- [EFTA-Hong Kong China Free Trade Agreement](#) and [Agreement on Labour](#)
- [EFTA-India Free Trade Agreement](#)
- [EFTA-Indonesia Free Trade Agreement](#)
- [EFTA-Kosovo Free Trade Agreement](#) – not in force yet
- [EFTA-Malaysia EPA](#) – not in force yet
- [EFTA-Mercosur Free Trade Agreement](#) – not in force yet
- [EFTA-Moldova Free Trade Agreement](#)
- [EFTA-Montenegro Free Trade Agreement](#)
- [EFTA-Philippines Free Trade Agreement](#)
- [EFTA-Serbia amendment to the Free Trade Agreement](#)
- [EFTA-Türkiye modernised Free Trade Agreement](#)
- [EFTA-Thailand Free Trade Agreement](#) - not in force yet
- [EFTA-UK Free Trade Agreement](#)
- [EFTA-Ukraine-modernised Free Trade Agreement](#) – not in force yet

**EUROPEAN UNION<sup>279</sup>**

- [EU-Andean countries Multi-Party Trade Agreement](#)
- [EU-Central America Association Agreement](#)
- [EU-CARIFORUM Economic Partnership Agreement](#)
- [EU-Canada Comprehensive and Economic Trade Agreement \(CETA\)](#)
- [EU-Chile Interim Trade Agreement](#)
- [EU-Georgia Association Agreement](#)
- [EU-Indonesia Comprehensive Economic Partnership Agreement](#) – not in force yet
- [EU-Japan Economic Partnership Agreement](#)
- [EU-Kenya Economic Partnership Agreement](#)
- [EU-Korea Free Trade Agreement](#)
- [EU-Mexico Agreement in principle](#) – not in force yet
- [EU-Mercosur Partnership Agreement](#) – not in force yet
- [EU-Moldova Association Agreement](#)
- [EU-New Zealand Free Trade Agreement](#)
- [EU-SADC Economic Partnership Agreement](#)
- [EU-Singapore Free Trade Agreement](#)
- [EU-Ukraine Association Agreement](#)
- [EU-UK Trade and Cooperation Agreement \(TCA\)](#)
- [EU-Viet Nam Free Trade Agreement](#)

**JAPAN**

- [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#)
- [Japan-Chile Free Trade Agreement](#) and [Joint Statement on Labour](#)
- [Japan-EU Economic Partnership Agreement](#)
- [Japan-Mongolia Economic Partnership Agreement](#) (labour under Investment)
- [Japan-Philippines Economic Partnership Agreement](#) (labour under Investment)
- [Japan-Switzerland Free Trade and EPA](#) (labour under Investment)
- [Japan-UK Free Trade Agreement](#)

**THE REPUBLIC OF KOREA**

- [Korea-Australia Free Trade Agreement](#)
- [Korea-Canada Free Trade Agreement](#)
- [Korea-Central America Free Trade Agreement](#)
- [Korea-Colombia Free Trade Agreement](#)

<sup>279</sup> The ILO Labour Provisions in Trade Agreements Hub lists 26 EU agreements with labour provisions. Those not provided in this Annex belong primarily to an older generation of Association Agreements, which include three pillars: political dialogue, policy cooperation (with provisions on cooperation in labour-related aspects, among others) and trade. Such agreements have been concluded with Serbia, Bosnia and Herzegovina, Montenegro, Albania, North Macedonia, Morocco, Algeria, Israel and Chile. The remaining three agreements (of diverse types) with labour provisions have been concluded with Armenia, South Africa and countries forming with the EU the European Economic Area (Norway, Iceland and Liechtenstein).

- [Korea-EU Free Trade Agreement](#)
- [Korea-New Zealand Free Trade Agreement](#)
- [Korea-Peru Free Trade Agreement](#)
- [Korea-Türkiye Framework Agreement](#)
- [Korea-UK Free Trade Agreement](#)
- [Korea-US Free Trade Agreement](#)

## NEW ZEALAND<sup>280</sup>

- [ASEAN-Australia-New Zealand Free Trade Area](#) (Second Protocol)
- [New Zealand-China Free Trade Agreement](#) and [MoU on Labour Cooperation](#)
- [New Zealand-EU Free Trade Agreement](#)
- [New Zealand-Hong Kong China Closer Economic Partnership](#) and [MoU on Labour](#)
- [New Zealand-Korea Free Trade Agreement](#)
- [New Zealand-Malaysia Free Trade Agreement](#) and [Labour Cooperation Agreement](#)
- [New Zealand-Taiwan Agreement on Economic Cooperation](#)
- [New Zealand-Thailand FTA](#) and [Arrangement on Labour](#)
- [New Zealand-United Arab Emirates Comprehensive Economic Partnership Agreement](#)
- [New Zealand-UK Free Trade Agreement](#)
- [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#)
- [Trans-Pacific Strategic Economic Partnership](#) and [MoU on Labour Cooperation](#)

## UNITED STATES

- [US-Mexico-Canada Agreement \(USMCA\)](#)
- [North American Agreement on Labor Cooperation](#) (US work in [Mexico](#))
- [US-Australia Free Trade Agreement](#) (US work in [Australia](#))
- [US-Bahrain Free Trade Agreement](#) (US work in [Bahrain](#))
- [US-Central America-Dominican Republic Free Trade Agreement](#) (US work in [Costa Rica](#), [the Dominican Republic](#), [El Salvador](#), [Guatemala](#), [Honduras](#), and [Nicaragua](#))
- [US-Chile Free Trade Agreement](#) (US work in [Chile](#))
- [US-Colombia Trade Promotion Agreement](#) (US work in [Colombia](#))
- [US-Jordan Free Trade Agreement](#) (US work in [Jordan](#))
- [US-Korea Free Trade Agreement](#) (US work in the [Republic of Korea](#))
- [US-Morocco Free Trade Agreement](#) (US work in [Morocco](#))
- [US-Oman Free Trade Agreement](#) (US work in [Oman](#))
- [US-Panama Trade Promotion Agreement](#) (US work in [Panama](#))
- [US-Peru Trade Promotion Agreement](#) (US work in [Peru](#))
- [US-Singapore Free Trade Agreement](#) (US work in [Singapore](#))

<sup>280</sup> New Zealand has also concluded a [Memorandum of Agreement \(MoA\) on Labour Cooperation between the Government of New Zealand and the Government of the Republic of the Philippines](#)

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