

UNIVERSIDADE DE COIMBRA

European Master's Degree in Human Rights and Democratisation



THE EUROPEAN UNION TRADE POLICY
AND LABOUR STANDARDS

THE CASE OF THE FREE TRADE AGREEMENT
WITH COLOMBIA AND PERU

Student: PAOLO PAGOTTO

Supervisor: VITAL MOREIRA

A.Y. 2011/2012

ABSTRACT

Economic global competition is seriously threatening labour standards worldwide, and especially in most developing countries, where governments are not interested in improving core labour standards in order to take a competitive advantage and to attract foreign investments. Developed countries, in their turn, try to fight back their loss of competitiveness by removing some labour rights gained by employees in the past decades. Such a dynamic inevitably produces a race to the bottom, which can only be stopped by linking international trade and labour standards. Nonetheless, attempts to reach such a linkage within the World Trade Organisation have been unsuccessful. As a consequence, the European Union is trying to link trade and labour standards by including social clauses in unilateral trade preferences as well as in bilateral and regional trade agreements with developing countries.

This research will examine the EU's trade policy with regard to labour standards in developing countries, in particular the failed attempts to include labour standards in the multilateral trading system, and the EU unilateral preferential regimes and bilateral trade agreements, with a special attention to the recent free trade agreement with Colombia and Peru. The analysis of this agreement is particularly interesting since Peru and Colombia are characterised by widespread violations of labour rights, and it will help us to understand if the policy of the EU on labour standards in developing countries is really aimed at improving the conditions of local workers and, if so, if it is really effective.

ABBREVIATIONS

ACP	Africa, Caribbean and Pacific
ALDE	Alliance of Liberals and Democrats for Europe
CAN	Andean Community of Nations
CGTP	General Confederation of Workers of Peru
CLS	Core Labour Standards
CSR	Corporate Social Responsibility
CTC	Confederation of Workers of Colombia
CUT	Central Union of Workers of Colombia
DROI	Subcommittee on Human Rights of the European Parliament
DSP	Dispute Settlement Body of the WTO
ELN	National Liberation Army
EP	European Parliament
EPA	Economic Partnership Agreements
EPP	European People's Party
EPZ	Export Processing Zone
ETUC	European Trade Union Confederation
EU	European Union
ICESCR	International Covenant on Economic Social and Cultural Rights
FARC	Revolutionary Armed Forces of Colombia
FIDH	International Federation for Human Rights
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalised System of Preferences

GUE/NGL	European United Left/Nordic Green Left
ICTSD	International Centre for Trade and Sustainable Development
ILO	International Labour Organisation
INTA	Committee on International Trade of the European Parliament
ITO	International Trade Organization
ITUC	International Trade Union Confederation
MERCOSUR	South American Common Southern Market
MFN	Most Favoured Nation
NGO	Non-Governmental Organisation
OECD	Organization for Economic Co-operation and Development
OIDHACO	Oficina Internacional de Derechos Humanos – Acción Colombia
S&D	Progressive Alliance of Socialists and Democrats
SIA	Sustainability Impact Assessment
TEU	Treaty on the European Union
TFEU	Treaty on the Functioning of the European Union
TNC	Transnational Corporation
UK	United Kingdom
UN	United Nations
US	United States
WTO	World Trade Organization

TABLE OF CONTENTS

<i>Introduction</i>	7
<i>Chapter 1</i>	
ILO, WTO and Labour Standards	
1.1. The ILO and the Declaration on Fundamental Principles and Rights at Work	11
1.2. The failure of linking trade and labour standards within the WTO	13
1.2.1. The failed Havana Charter	13
1.2.2. The Uruguay Round	14
1.2.3. The Singapore Ministerial Conference	15
1.2.4. The Seattle Ministerial Conference	16
1.2.5. The Doha Ministerial Conference	17
1.2.6. Responsibilities for the outcome	18
<i>Chapter 2</i>	
The EU Trade Policy and Labour Rights	
2.1. Trade preferences and labour rights conditionality	21
2.2. The unilateral level – the Generalised System of Preferences	21
2.2.1. The rationale of GSP conditionality	21
2.2.2. The GSP+ scheme	24
2.2.3. Criticisms to the EU GSP scheme	26
2.3. The Cotonou Agreement	29
2.3.1. Labour standards commitments for ACP countries	29
2.3.2 Criticisms to the Cotonou Agreement	31
2.4. Free trade agreements	32
2.4.1. The FTA policy of the EU	32
2.4.2. Labour standards in EU FTAs	33
<i>Chapter 3</i>	
The Case of the FTA with Colombia and Peru	
3.1. The political framework of the Agreement	37
3.2. Labour standards in the FTA with Colombia and Peru	39

3.3. Measures to implement and monitor labour standards	39
3.4. Violations of core labour standards in Colombia	42
3.4.1. Legal improvements but poor record on the ground	42
3.4.2. Freedom of association and the right to collective bargaining – murders, attempted murders and disappearances	42
3.4.3. Forced or compulsory labour	50
3.4.4. Child labour	51
3.4.5. Discrimination in respect of employment and occupation	53
3.5. Violations of core labour standards in Peru	54
3.5.1. Sources	54
3.5.2. Freedom of association and the right to collective bargaining	55
3.5.3. Forced or compulsory labour	57
3.5.4. Child labour	58
3.5.5. Discrimination in respect of employment and occupation	60
3.6. Arguments in favour and against the FTA with Colombia and Peru	61
3.6.1. A lively political debate	61
3.6.2. Arguments in favour	61
3.6.3. Arguments against	68
3.7. The European Parliament resolution on the EU FTA with Colombia and Peru	73
3.8. Conclusion	75
<i>Conclusion</i>	81
<i>Bibliography</i>	85