

Workshop on the Labor Dimension of FTAs:

“A comparison between the labor provisions of the FTAs subscribed by Chile and their impact on employment”

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Introduction

- Trade Tradition of Chile
- Examples:
 - “Trade Relations Agreement between the Republic of Chile and Argentina”, subscribed on January 29, 1821
 - “Friendship, Trade and Navigation Agreement” between Chile and the United States of America, subscribed on May 16, 1832.
- Trade opening strategy of Chile

Trade agreements subscribed by Chile

- ❑ ECA Bolivia, July 1993
- ❑ ECA Venezuela, July 1993
- ❑ ECA Ecuador, January 1995
- ❑ ECA MERCOSUR, October 1996
- ❑ FTA Canada, July 1997
- ❑ FTA Mexico, August 1999
- ❑ ECA Argentina, (25th protocol), 2000
- ❑ FTA Costa Rica, February 2002

Trade agreements subscribed by Chile

- FTA El Salvador, June 2002
- AA European Union, February 2003
- FTA, EFTA, December 2004
- FTA Korea, April 2004
- FTA, United States of America, January 2004
- AA P-4, November 2006
- FTA China, October 2006
- FTA Guatemala, bipartisan under negotiation

Trade agreements subscribed by Chile

- FTA Honduras, Parliamentary processing
- FTA Nicaragua, bilateral under negotiation
- FTA Panama, Parliamentary processing
- FTA Colombia, Parliamentary processing
- PSA India, Parliamentary processing
- PSA Cuba, Parliamentary processing
- FTA Japan, Parliamentary processing, 2007

Objectives of the labor provisions

Are a means for :

- ❑ Not allowing unfair competition
- ❑ Improving labor opportunities and quality of life
- ❑ Trade hand in hand with development
- ❑ Effective protection of labor rights

Trade agreements with labor mentions

- FTA, Canada, 1997
- FTA, U.S.A., Chapter 18, 2003
- MOU, China, 2005
- MOU, P4, 2005
- MOU, Peru, 2006
- LCA, Panama, 2006
- FTA Colombia, Chapter 17, 2006

Types of Labor Provisions

- Complementary Agreements
- Memorandum of Understanding
- Chapter of the FTA

FTA Canada Chile

- ❑ FTA, December, 1996
- ❑ Incorporation to NAFTA
- ❑ Unprecedented trade success
- ❑ The first one with labor contents

FTA Canada Chile:

Labor rights established in the Agreement

1. Freedom of Association and protection of the right to organizing;
2. Right to collective bargaining;
3. Right to strike;
4. Ban on forced labor;
5. Protection of children and minors at work;

FTA Canada Chile

Labor rights established in the Agreement

6. Minimum working conditions,
7. Elimination of labor discrimination
8. Equal remuneration for men and women;
9. Prevention of work accidents and professional diseases;
10. Compensation in case of work accidents and professional diseases;
11. Protection of migrant workers

FTA Canada Chile

Means of cooperation and resolution of disputes

1) Consultations

2) Evaluation Committee of Experts

Restrictions:

- ❑ Trade-related issues
- ❑ Labor laws mutually recognized
- ❑ Only application of standards on occupational safety and health at work and labor technical standards
- ❑ Rules of behavior

FTA Canada Chile

Means of cooperation and resolution of disputes

3) Special session of the Ministerial Council

4) Arbitral panel

Restrictions: Only 3 rights:

- ❑ Application of occupational safety and health standards at work
- ❑ Child Labor
- ❑ Minimum wages

5) Monetary Contribution

- ❑ Max. US\$10 million
- ❑ Fund for improving labor application

FTA Chile-U.S.A.

In force since January 2004:

- ❑ Complete chapter and annex on cooperation
- ❑ Short list of rights
- ❑ Mechanism of consultation and resolution of disputes applicable to all the rights.

FTA Chile-U.S.A.

Labor rights established in the Agreement

1. Right to associate;
2. Right to organizing and collective bargaining;
3. Prohibition on all forms of forced or compulsory labor;
4. Minimum age for hiring children, and prohibition and elimination of the worst forms of child labor;
5. Acceptable working conditions in respect of minimum wages, hours of work and occupational safety and health

FTA Chile-U.S.A.

Means of cooperation and resolution of disputes

1. Consultations
2. Labor Affairs Council
Resolves: good offices, conciliation and mediation
3. Meeting of Free Trade Commission
4. Arbitral Panel
 - Requirements:
 - Lack of effectiveness in the internal legislation
 - Sustained inapplicability of labor standards
 - Produce an undesirable effect on trade
5. Monetary Contribution
 - US \$15 million
6. Commercial Sanctions
 - Suspension of customs benefits

FTA Colombia, Chapter 17

- ❑ In November 2006 it was subscribed the FTA
- ❑ Parliamentary processing is pending
- ❑ To ensure the commitments assumed in virtue of the Declaration of the ILO
- ❑ List of rights similar to those of the United States.

FTA Colombia, Chapter 17

- Consultation Mechanism

- 1) Consultations

- 2) Meeting of High Civil Servants

- Effectiveness

LCA Panama Chile

- In June 2006 it was subscribed the FTA
- Parliamentary processing is pending
- To ensure the commitments assumed in virtue of the Declaration of the ILO
- List of rights similar to those of the United States

FTA Panama Chile

- Consultation Mechanism

- 1) Consultations

- 2) Committee

- Effectiveness

MOU of Labor Cooperation and Migration

Chile-Peru

- ❑ August 22, 2006, FTA subscription
- ❑ Parliamentary processing is pending
- ❑ Reaffirms obligations as members of the ILO
- ❑ Does not establish mechanisms of consultation and resolution of disputes
- ❑ Effectiveness

MOU of Labor Cooperation P4

- ❑ In force since November 2006
- ❑ Economic Association Agreement
- ❑ Brunei Darussalam, New Zealand, Singapore and Chile
- ❑ Consultations Mechanism
 - 1) Consultations:
 - 2) Joint Meetingall the Parties are invited
- ❑ Effectiveness

MOU of Labor Cooperation and SS China-Chile

- FTA
- In force since December 2005
- Does not recognize labor rights
- Effectiveness

Economic and social effects of the FTAs

1. Lack of studies to measure effects
2. Chilean position
3. Cooperation

Conclusions

- ❑ Lack of labor components in FTAs
- ❑ Limited effectiveness of existing components
- ❑ Need to measure the impacts on employment with the objective of improving labor clauses.

Final thoughts

- Are the labor components of trade agreements a tool that leads to decent work generation?



THANK YOU