



# Fair Trade for Workers

## **5 DEMANDS ON THE EU**

A pamphlet on international trade ahead of the European Elections

April 2019

# 5 demands on the EU

The Nordic countries have succeeded in uniting a strong competitive export sector with a high level of protection for the employees. It is crucial that employees experience social security and support when labour markets restructure. Our standard of living in the small open economies of the Nordic countries depends on good, regulated international trade, spurring more jobs of high quality.

Now this is at stake. It's politics. That's why we make 5 demands on EU's international trade:

## 1. Trade on workers' premises

The EU's efforts on international trade must be based on employees' and society's interests. Restructurings must be fair. Employees in the Nordic countries, Europe and the rest of the world must get their share of the large gains from international trade.

## 2. Regulated trade with the WTO and ILO

Increased protectionism promoted by the US and aggressive state aid in China is poison to the Nordic countries. The EU must work harder to ensure regulated trade based on common rules in the WTO and the ILO.

## 3. Scope for national countermeasures

Vulnerable groups must no longer lose out. The EU must give the EU/EEA countries the necessary leeway to ensure national wage levels, competence measures and transitional support. Much of the answer is increased competence.

## 4. Workers' rights and sustainability in the trade agreements – for real

Workers globally must not be set against each other. In its bilateral trade agreements, the EU must employ the necessary power in their fight for workers' rights and the climate/environment. The EU must ensure that the recommendations of designated expert groups are actually implemented.

## 5. Tax from the multinationals

International trade is not fair when the world's largest companies, such as Apple, Facebook, Amazon and Google, do not pay their taxes. The EU must step up its efforts to secure the payment of tax revenue, for the sake of public welfare as well as to give businesses an equal playing field.

Fulfillment of these 5 demands is crucial to ensure the Nordic model, which gives us small disparities, efficiency, gender equality, stability and trust. We believe it will also stimulate a prosperous and fair Europe as a whole.

# Challenges

The recent years have been marked by a **breakdown in the "normal" world order**, with threatening trade wars posing a growing risk to the world economy, and where those who lose due to trade are not well supported.

The United States is at the forefront of attacking rule-based cooperation and international institutions. But also **Chinese state aid and price dumping is an increasing threat**.

That is why it is now essential that the EU defends **international trade within the orderly framework** established by international institutions such as the WTO and the ILO.

**The Nordic region has a decisive interest in this**, both for the sake of employment and for the sake of promoting human rights, decent work, social security, climate and the environment.



*UN 17 Development Goals.*

Previously, trading in **physical goods**, such as refrigerators, agricultural products and metals, dominated. The main issue then was to have stable, low customs.

Now we export and import more services, such as when a Swedish consulting firm do business in Germany or we download music with our smartphone. Goods as well as services are more complex. **Goods like electric cars can have thousands of parts from dozens of countries**, with modules shipped across borders many times. Product standards and practical procedures then become more important.

# Successful trade means a lot

International trade plays a crucial role for employment in all the five Nordic countries. Denmark, Finland, Iceland, Norway and Sweden are open economies that are highly dependent on strong exports. We have succeeded in uniting a strong competitive export sector with a **high level of protection for the employees.**

International trade has also played **an important role in our welfare.**



PHOTO: TELEMUSEET

*Then*



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*Now*



PHOTO: NORSK INDUSTRIARBEIDERMUSEUM

*Then*



PHOTO: COLOURBOX.COM

*Now*

There is often talk of "free trade", but the truth is that **the markets for international trade are regulated and governed by international agreements.** This is why our export companies do not suddenly face increased tariffs and trade barriers from the great powers. Regulated trade gives us also the opportunity to set requirements for workers' rights, the environment and tax.

The terms of international trade are also important for the overall impression of globalization. **Growing global inequality must be taken seriously in order to avoid political and social unrest.** Globalization must be fair.

Therefore, it is imperative to **strengthen workers' rights and to a greater extent ensure that conditions for employees in concluded trade agreements are implemented and enforced in practice.**

The EU is the only major economic force that continues to insist that trade must take place within the international rules set up by, inter alia, WTO and ILO. Trade agreements must also refer to the OECD guidelines for multinational companies. **Companies must behave properly in other countries.**

### Some characteristics of EU trade agreements:

- Market access for goods and services
- Reduction and removal of tariffs and quotas
- Approval of standards and cooperation on regulation
- Protection of workers and the environment

The EU is responsible for the external trade policy of the EU members.

We certainly support the ILO report from "The Global Commission on the Future of Work" advising closer cooperation between the ILO, the WTO and the EU.



PHOTO: NICOLAS ASFOURI / AFP

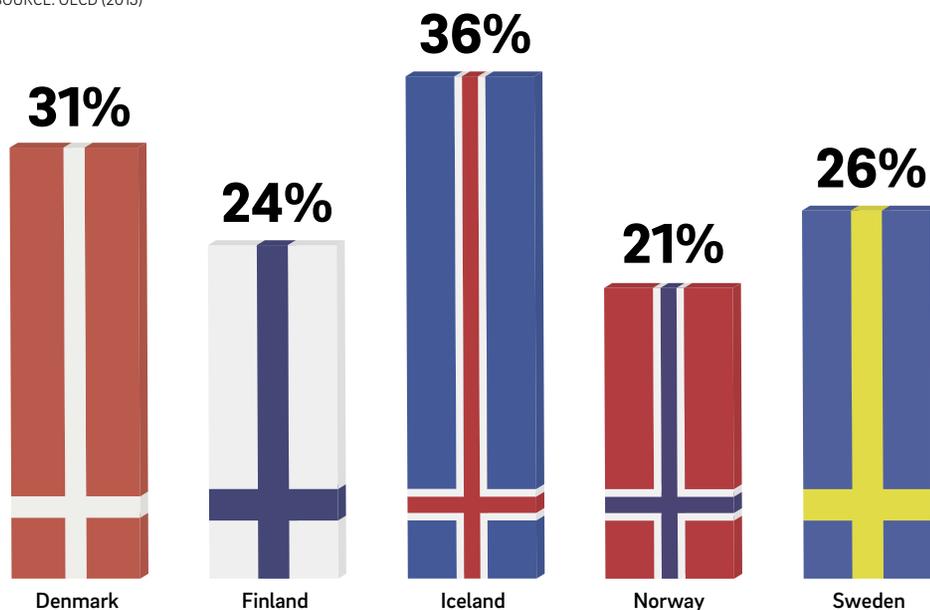
*China's Xi Jinping and US' Donald Trump are undermining regulated international trade.*

# Exports create jobs

Exports create more jobs than we usually think because lots of companies provide intermediate goods to the export companies.

## Share of jobs in Nordic countries created directly and indirectly by exports.

SOURCE: OECD (2015)



## Number of jobs in Nordic countries created directly and indirectly by exports.

SOURCE: OECD (2015)

Land	Jobs in all	Jobs created by exports
Denmark 🇩🇰	2 828 000	879 000
Finland 🇫🇮	2 504 000	603 000
Iceland 🇮🇸	183 000	66 000
Norway 🇳🇴	2 757 000	536 000
Sweden 🇸🇪	4 809 000	1 279 000
Nordics in total	13 081 000	3 363 000

# Specific proposals

This is how the EU should spur labor rights through trade agreements:

## Strengthen cooperation between the WTO and the ILO

Although 80% of the trade agreements refers to ILO's standards on workers' rights, there is still a need for the ILO and the WTO to come closer together to support fairer trading conditions. This will require renewed efforts, and here the Nordic countries should press the EU and the other Member States of the EU to take the initiative.

## More commitment in bilateral trade agreements

The bilateral trade agreements between the EU and the countries around the world must involve more commitment. If one wants to trade with the EU, one must follow ambitious rules for labor rights and sustainability. This has failed so far. The Nordic countries must propose to the EU that a thorough analysis be made of how countries EU negotiates trade agreements with, do not live up to basic labour rights.

This analysis should lead to a more efficient implementation, which also includes a realistic timetable for when outstanding issues need to be put in place. In order to get a more efficient implementation, it will also be necessary to identify the need for support and assistance in the process.

In practice, this implies that the EU sets a number of requirements that must be met before an agreement can be ratified and enter into force. This may be requirements related to ratification of ILO conventions or demands for improvement of national implementation.

## Enforcement and dispute resolution

The sustainability chapter of the trade agreements is binding on the parties, and a complaint procedure and dispute resolution system is built into this in which formal consultations can be initiated, and a panel of experts appointed, to draw up a set of recommendations to be implemented.

However, the problem is that the EU has declined to apply this procedure properly. We also observe that many advocate stronger reactions and potential sanctions. Therefore, to get an effective procedure for enforcement, complaints and dispute resolution must be established. Such obligations cannot act as a paper tiger, and the ways to react must therefore be followed closely and tightened to work properly.

The EU must remove doubts as to what should happen if the experts' recommendations are not followed.

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This report has been prepared by SAMAK's EU/EEA Group, led by Jeppe Kofod, The Social Democrats Denmark and Vice President of the S&D Group in the European Parliament. The report is penned by Peter Waldorff, FH, Denmark.

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## SAMAK consists of these organisations:

Denmark: The Social Democrats, Denmark, FH – Danish Trade Union Confederation

Finland: The Social Democratic Party of Finland SDP,

The Central Organisation of Finnish Trade Unions FFC/SAK

Iceland: The Social Democratic Alliance Samfylkingin,

Icelandic Confederation of Labour ASÍ

Norway: The Labour Party, LO

Sweden: The Social Democratic Party, LO

Faroe Islands: The Social Democratic party Javnaðarflokkurin

Greenland: Siumut

Åland: The Åland Social Democrats

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