

WBG submission to Labour National Policy Forum Consultation 2023

Labour's Progressive Trade Policy

1. What is the role of international trade in promoting domestic economic growth, boosting jobs and driving up wages?

While international trade is an important engine for driving domestic economic growth, it is also important to focus on the intended outcomes of trade policy beyond this objective as measured by GDP. For instance, it is not always true that economic growth increases wages – at least not for everyone. Women's low wages have been associated with the rapid growth of many of the successful cases of export-led growth of the 'Asian Tigers'. Increased competition with foreign producers may also lead national authorities to reform the labour market in ways that increase the efficiency of domestic production but negatively impact workers, especially women. This was seen in the promotion of export processing zones (EPZs), which were often accompanied by exceptions in labour legislation or weak enforcement of national labour laws.¹ Several resource-rich countries have also become high-income without integrating women into the workforce.

The impacts of international trade are diverse for different sectors of the economy. This affects the job opportunities and welfare of men and women in ways that are context-specific and difficult to generalise. In many instances, adjustment policies are necessary to support those who lose out from foreign competition. In the Global South, this particularly applies to women in agricultural sectors who are especially vulnerable to imports because they tend to work in less-productive forms of subsistence farming.²

In order to maximise the benefits of trade, a comprehensive examination of the potential consequences of trade policy reforms should be undertaken before their implementation. Conducting both ex ante and ex post impact assessments of the effects of trade agreements in all parties to the agreement are therefore key. These can also be done in ways that specifically seek to assess the impacts of trade on particular groups, such as women. Canada's GBA+ framework is an instructive example of an ex ante impact assessment framework that seeks to assess the potential impacts of Free Trade Agreements (FTAs) on gender and other intersectional identity characteristics such as race, religion, disability, indigeneity, and socio-economic status. It is also instructive in considering how FTAs impact

¹ UNCTAD. Trade and Gender Toolbox: How Will the Economic Partnership Agreement Between the European Union and the East African Community Affect Kenyan Women? Geneva: United Nations Conference on Trade and Development; 2017.

² World Bank Group and WTO. Women and Trade: The Role of Trade in Promoting Gender Equality. Washington, DC: International Bank for Reconstruction and Development / The World Bank and the World Trade Organization; 2020.

unpaid care work i.e. via impacts on job-protected leave for childbirth, adoption, and family caregiving.³ This is crucial to ensuring that women – especially single mothers, BAME, and disabled women – are able to benefit from potential employment gains generated by trade agreements.

International trade can also have a serious impact on public services. For example, they could include clauses that prevent a government taking a privatised service back into the public sector or limiting the ability of governments to regulate services. This will have a disproportionate impact on women who are more likely to depend on public services and more likely to work in the public sector. Public services should therefore be excluded from all trade commitments and negotiators should adopt a 'positive list' approach whereby only those service sectors which are listed in the agreement are subject to trade commitments⁴.

Treaties on investment have also allowed corporations to sue Governments through Investor State Dispute Settlement (ISDS) mechanisms for a wide range of actions including environmental and health protections, regulation of finance or increasing the national minimum wage⁵. Over 95% of all compensation awarded in ISDS cases has gone to companies with over US\$1 billion in annual revenue and super-rich individuals with over US\$100 million in wealth⁶.

Trade also impacts consumption, government revenue, and unpaid labour. These all have the potential to impact workers and the broader public, often in ways that are differentiated along gender lines. Standard commercial commitments in trade agreements may also directly affect the global distribution of medical products, nutrition and food safety, health services, and a clean environment, all of which impact on human health.⁷ It is therefore crucial that a future Labour government considers how trade impacts people in their multiple roles, as workers, consumers, public service users, carers, and citizens.

3. How can Labour build resilience into the international trade system and better ensure the security of essential supply chains?

Creating a fairer international trade system will do much to improve its resilience in the face of external shocks. Recent years have revealed existing asymmetries in the policy space and capacity of different countries to implement policies that can tackle multiple crises and existing shocks and support a speedy and equitable recovery. Ensuring the stability of supply chains thus involves not only developing stronger

³ Hannah E, Roberts A, Trommer S. Canada's "Feminist" Trade Policy? In: Carment D, Macdonald L, Paltiel J, editors. Canada and Great Power Competition: Canada Among Nations 2021. Cham, Switzerland: Palgrave Macmillan; 2022. p. 71-98.

⁴ On the difference between negative and positive lists see European Commission, (2016) Services and investment in EU trade deals Using 'positive' and 'negative' lists (<https://bit.ly/1SviqH0>)

⁵ Harrison J, Stephenson M. Gender and Trade. The Women's Budget Group (<https://wbg.org.uk/wp-content/uploads/2018/10/Trade-and-investment-october-2018-w-cover.pdf>); 2018.

⁶ Gus Van Harten & Pavel Malysheuski, "Who has benefited financially from investment treaty arbitration? An evaluation of the size and wealth of claimants", Osgoode Legal Studies Research Paper, No. 14/2016, p1.

⁷ Trommer S. Trade and Health: A Gender Analysis. The Women's Budget Group; 2022.

regional linkages, but also supporting global macroeconomic rules that afford all countries greater resources and policy space to respond to external shocks. This includes commitments to increasing Official Development Assistance, supporting debt relief initiatives and closing the legal loopholes that allow offshoring. With regards to trade specifically, it involves ensuring that trade agreements do not limit states' ability to garner tax revenue, allow existing and future environmental protections, and do not limit public ownership and control over natural resources.

4. How will a Labour government's trade policy reduce poverty and global inequality whilst promoting (a) human rights, (b) workers' rights, (c) fair trade and (d) global peace and security?

As noted in our response to Q1, there is need to develop both ex ante and ex post impact assessments that assess the performance of trade agreements. These can be used specifically to assess how agreements impact human rights, workers' rights and women's rights, as well as environmental impacts. There are existing frameworks in place, such as the European Commission's sustainability impact assessment process, Canada's GBA+, and the UNCTAD Gender and Trade Toolbox. The Labour party's trade policy should seek to develop similar frameworks. It can also go further than existing approaches by complementing CGE modelling with meaningful consultation with stakeholders which include labour, environmental, human rights and women's organisations. Whereas impact assessments are often only conducted on developing country partners, we recommend they be applied to the UK as well and, where appropriate, in a way that considers regional variations. We would also encourage the collection of additional forms of data and the development of alternative methodologies for assessing human rights, labour rights, women's rights, and/or environmental goals. This may entail consultation and exchange with local groups affected by the trade policy change, who, particularly in LDC contexts, are likely to retain information that is not available elsewhere.⁸

6. What are the specific implications of policy proposals in this area for (a) women, (b) Black, Asian and minority ethnic people (c) LGBT+ people, (d) disabled people and (e) all those with other protected characteristics under the Equality Act 2010?

Decades of research on trade liberalisation tell us that trade does not benefit everyone equally. Recent years have seen a dramatic upsurge in research on the specific impacts of trade agreements and rules on different groups of people, both between and within countries. Labour's approach to understanding the impacts of existing and future trade policy needs to be intersectional, i.e. to consider not just how it impacts women as a group, but how it impacts people who sit at the intersections of multiple forms of disadvantage as the result of their race, class, ethnicity, sexuality, ability, and more. For instance, efforts to promote women's entrepreneurship and support women-owned SMEs should consider possible

⁸ Hannah E, Roberts A, Trommer S. Gender impacts of trade and investment agreements. Women's Budget Group (<https://wbg.org.uk/analysis/uk-policy-briefings/gender-impacts-of-trade-and-investment-agreements/>); 2019

measures that target minority ethnic women, indigenous women, gender and sexual minorities, etc. The UK has adopted an intersectional approach in parts of its free trade agreement with New Zealand (i.e. the gender chapter, where indigenous women are specifically identified as needing targeted support). A Labour-driven trade agenda that considers how gender intersects with other axes of inequality *both* at home *and* abroad would be very welcome, and a sharp contrast to the existing approach.

At the same time, trade policy affects people in their multiple roles as workers, consumers (of goods as well as services), users of public services, providers of unpaid care work, and more. This means that when considering how women and other marginalised groups can be better integrated into trade, measures that seek to create opportunities for them as workers or entrepreneurs need to be accompanied by measures that reduce some of the burden associated with domestic and/or carework. This is cited in many studies as the primary reason that women do not participate in the formal economy, or participate on part-time or flexible terms, fuelling gender inequality and women's poverty. The gender chapters of free trade agreements negotiated by Chile with Argentina and Uruguay are examples of good practice in this area, as they are unique in considering the relationship between paid and unpaid labour.⁹ Looking beyond trade agreements, broader efforts to promote the recruitment, hiring, retention and advancement of women in higher-wage and high-growth sectors should also be accompanied by policies that support flexible working conditions and opportunities, support women's health and address health-related barriers to work, and increase women's participation at all levels of leadership and decision-making in the private and public sectors.

If the Labour government wishes to use trade agreements as a way of advancing gender equality, gender chapters need to be robust and enforceable. They should not operate as stand-alone chapters but gender should be mainstreamed throughout the entire agreement. FTAs must also provide governments with sufficient policy space to actively protect women's rights and promote gender equality. They should include carve-outs for promoting gender equality and enshrine a 'do-no-harm' principle by:

- providing for ex-ante and ex-post assessments of gender-based impacts of services liberalisation and including guarantees for public services provision
- including safeguards for regulatory and human rights protection in investment chapters
- allowing explicit carve-outs that give governments the policy space necessary to pursue positive discrimination in favour of those who are most vulnerable

Initiatives that engage in capacity-building, knowledge exchange and resource transfer should be used to reduce barriers to women's market participation and precarity. However, efforts aimed at promoting women's integration into the labour market as workers and/or owners of SMEs need to be accompanied by efforts to

⁹ Hannah E, Roberts A, Trommer S. Gender in global trade: Transforming or reproducing trade orthodoxy? Review of International Political Economy. 2022; 29(4):1368-93.

ensure that this is decent work and does not increase women's double burden or undermine well-being.

Labour rights for all should be enshrined in trade agreements. The European Trade Union Confederation (ETUC) has developed a robust set of recommendations about how to establish and enforce labour rights in future EU FTAs, including the need for all parties to ratify, implement and comply with key International Labour Organization (ILO) conventions and instruments. Women's rights in relation to employment equity should be explicit in these discussions. This necessitates a consideration of the gendered distribution of unpaid labour.

The gendered impacts of trade policy need to be assessed using a range of methods and agreements need to be monitored at regular intervals. Assessment and monitoring should be transparent and conducted by independent third parties.

Trade policymaking should also be inclusive and involve regular consultation and dialogue with all relevant stakeholders, including women's organisations and trade justice activists, throughout the trade policy life cycle.

The Labour Party could also identify ways of using existing WTO rules to achieve gender-based and intersectional forms of equality. Already existing flexibilities contained in the WTO Agreements (such as General Agreement on Trades and Tariffs (GATT) Article XX, the Trade Related Aspects of International Property Rights (TRIPS) public health declaration, or the expired green-light subsidies under the Agreement on Subsidies and Countervailing Measures) may allow carve outs that enable governments to minimise the adverse impacts of trade liberalisation on vulnerable populations, particularly on women's health or on women in working environments that are precarious or "hyper-precarious," low paying or unpaid. Other WTO agreements, such as the GPA, may allow positive gender-based discrimination in pursuit of gender equality. The UK can work with trade partners and the WTO's Trade and Gender Focal Point to explore how the WTO's Trade Policy Review Mechanism can help identify best practices already underway.

Further trade insight from WBG:

- [Trade and Health: a Gendered Analysis, 2022](#)
- [What does Boris Johnson's Brexit deal mean for women?, 2019](#)
- [Gender sensitive trade policy, 2019](#)
- [Gender and Trade, 2018](#)

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