

Child Labor and International Trade

ADULT EDUCATION WORKSHOP



Child Labor Publication Education Project

Child Labor Research Initiative
University of Iowa Labor Center
University of Iowa Human Rights



Child Labor and International Trade: Instructor's Manual

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Additional components to Child Labor and International Trade :

- Handouts
- Worksheets
- Overheads

http://www.continuetolearn.uiowa.edu/laborctr/child_labor/

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Note: This module could be taught either as an independent class, or merged within the Child Labor Public Education Project (CLPEP) curriculum to create an international standards emphasis within the broader introduction to child labor. The following manual is designed with the assumption that the class will be taught independently, and incorporates variations of the introductory exercises and materials from the CLPEP curriculum to provide a framework for the health discussion.

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Guide for Instructors: Child Labor and International Trade

Approaches to Adult Education

These workshop materials are designed to be used with adult, college, or other public audiences. Materials were piloted between 2002-2004 in workshops held in various Iowa communities, primarily with groups of union members, but also with members of church groups, college students, and several mixed public audiences.

Components of the materials are designed to be consistent with the principles and practices of popular education. These include encouraging group participation, drawing on the experiences of participants, and allowing time for participants to discuss and solve problems.

The workshops are designed so that participants ideally will:

- receive and share information to increase their knowledge;
- analyze information to develop understanding of the social, political, and economic conditions of their lives and worlds;
- consider options for personal or collective responses to knowledge gained during the workshop.

To be effective, workshop leaders will need to prepare and become familiar with the subjects they plan to cover, but they do not need to be all-knowing “experts.” The materials assume that an instructor’s primary role during the workshops is to facilitate active learning and discussion. Large or small group activities, suggested discussion questions, and case studies are included to engage participants in analyzing information and generating their own conclusions about it. While we recommend including as many of these interactive components as possible, facilitators have the option (based on available time and objectives of the session) to select from among these activities and questions.

Using the Instructor’s Manual

The instructor’s manuals are guides to workshop content and process, and include background reading and references for facilitators to review before leading workshops and discussions. Interactive adult education workshops, however, are not designed to be taught strictly by a script, so the manuals are meant to be flexible tools that can be altered as group discussions evolve or adapted for the needs of particular audiences.

We recommend that facilitators first review the materials as a package. This will provide a comprehensive knowledge base and a perspective on how different workshop components are related and which sections might be most relevant for an intended audience.

Then, we recommend that facilitators prepare their own notes and develop their own style for actual use in the classroom. This will not only make you feel better prepared, but will make the session more natural and reflective of your own speech and thought patterns.

Preparing for Workshops

In preparing to facilitate a workshop, the more you know about participants the better. We recommend, if possible, talking with the host group before the workshop to find out about their expectations, their existing knowledge level, the source of their interest in the topic, and how the workshop fits into their future plans.

Once you know something about your anticipated audience, you can select components from the materials to construct a workshop that will be most relevant to their interests.

In selecting components to include, it may help to focus on a few key points:

- 1) Introduce and discuss the concept of child labor. Because issues surrounding child labor are complex and often elicit strong feelings from participants, we have found it important to open workshops by establishing a rapport among participants and allowing them to air questions and concerns about the topic. We recommend beginning workshops by devoting at least 15 minutes to the opening exercise, “Defining child labor.” This allows participants to examine their own assumptions, values, and opinions while developing a shared understanding of the nature of child labor. Subsequent discussion of any of the other topics included in the workshops can then build upon this understanding.
- 2) Focus the middle section of the workshop on a few carefully selected aspects of the problem (see ideas for options below).
- 3) Allow time for participants to synthesize and respond to the information. Ideally, this occurs through a closing activity (such as “Analyzing a Case Study”). Knowledge about the global problem of child labor can seem overwhelming to many participants, and it is important to allocate time to discuss measures that governments, organizations, and individuals are taking to address the problem. Pay attention to the time early on in the workshop to make sure that there will be enough time later on to discuss these measures.

There is more information included in the instructor’s manuals than can be presented in any one workshop. Materials cover a range of issues, and facilitators should choose the topics and activities that they feel will best communicate an understanding of the problem of child labor with a particular audience. There is more educational value in selecting just a few segments to present or in spreading topics out over a series of sessions than flooding participants with information in a short time.

Assembling a Workshop

The comprehensive child labor workshop has five sections that take participants through an understanding of what child labor is, the scope of the global problem today, an introduction to the history of child labor in the U.S., factors that contribute to the problem today, and ways in which people have responded to the problem. Each of these sections is adaptable and can be condensed or expanded depending on what a facilitator chooses to emphasize. Materials can be used for short one-hour sessions, longer three- to five- hour workshops, or can be used as part of a series of several one- or two-hour sessions.

The additional workshop materials that focus more intensively on child labor in relation to international labor standards, international trade, and children's health can be used to either follow up on an introductory workshop in later sessions, or can be incorporated into the basic workshop structure to expand on information in a particular area.

Section:	1. What is Child Labor?	2. How Widespread is Child Labor Today?	3. Child Labor and Child Labor Reform in U.S. History	4. Why is Child Labor Still Prevalent Today?	5. Unions and the Global Struggle Against Child Labor
Time frame:	15-30 min.	5-25 min.	10-50 min.	10-45 min.	10-70 min.
Main points and activities from which to choose:	<p>Activity: Defining child labor (15-30 min.)</p> <p>Discussion: “Why should child labor matter to us?” (5 min.)</p> <p>Activity: Rights and standards for children and workers (15 min.)</p>	<p>Overview: International and U.S. child labor statistics (5-10 min.)</p> <p>Activity: State and federal child labor law quiz (15 min.)</p>	<p>Overview: Child labor in U.S. history (10-20 min.)</p> <p>Discussion: “Historically, what factors contributed to child labor (or its decline) in the past?” (5-10 min.)</p> <p>Activity: Analyzing historical strategies in combating child labor (20 min.)</p>	<p>Overview: International labor standards in the global economy (5 min.)</p> <p>Discussion & Overview: What factors contribute to the problem? (5-20 min.)</p> <p>Case study: Child labor in Ecuador’s banana industry (10 min.)</p>	<p>Overview: Responses to the problem of child labor (10-15 min.)</p> <p>Discussion: “Which strate- gies do you consider most important?” (5-10 min.)</p> <p>Activity: Analyzing case studies & developing messages (45-60 min.)</p>

Sample Two-hour Agenda that Addresses Trade, International Standards, and/or Health Issues:

1. What is Child Labor? (20 minutes)
 - **Activity:** Defining child labor
 - **Discussion:** “Why should child labor matter to us?”
2. How Widespread is Child Labor Today? (10 minutes)
 - **Overview:** International and U.S. child labor statistics
3. Child Labor and Child Labor Reform in U.S. History (10 minutes)
 - **Overview:** Child labor in U.S. history
 - **Discussion:** “Historically, what factors contributed to child labor (or its decline) in the past?”
4. Why is Child Labor Still Prevalent Today? (15 minutes)
 - **Overview:** International labor standards in the global economy
 - **Discussion & Overview:** What factors contribute to the problem?
5. Child Labor and International Trade Issues (45 minutes)
 - **Overview:** Background on international trade issues
 - **Discussion & Overview:** Links between international trade and child labor issues

or
6. Child Labor and Children’s Health Issues (45 minutes)
 - **Overview:** Effects of child labor on children’s health
 - **Discussion & Overview:** Emphasis on health effects of particular industries
7. Unions and the Global Struggle Against Child Labor (20 minutes)
 - **Overview:** Responses to the problem of child labor
 - **Activity:** Analyzing case studies & developing messages

Updating Materials

These materials were prepared in 2002-2004. While the workshop outlines, activities, and sequences should remain useful for some time, particular statistics on child labor or information about policies on labor standards and international trade may become dated, and facilitators should be prepared to consult references listed in the materials and to update materials with new data or statistics as needed.

Introductions

Introduce yourself and, if the group is not too large, ask participants to introduce themselves by giving their names and identifying the union or organization to which they belong (if applicable).

Lead into the first group activity by acknowledging that before talking about child labor in more depth, we need to establish a working definition of the term “child labor.”

Children in all societies are expected to do some forms of work; most of us in this room probably did some form of work when we were children or expect our own children to work. In your opinions, what makes some of these forms of work acceptable, or even beneficial, and what makes some of these forms of work unacceptable “child labor”?

Part I: What is Child Labor?

GROUP ACTIVITY: Defining child labor

[20 minutes]

Objectives

- Involve participants in formulating a working definition of “child labor” from their perspectives
- Introduce distinctions between “child work” and “child labor”

Materials

- Worksheet 1: What kinds of work do you consider acceptable? 
- Worksheet 2: Spectrum of acceptability 
- Flip-chart or chalk board 

Instructions

- Participants each receive a copy of worksheet listing 15 child labor scenarios and are split into groups of 5-10 people (depending on audience size). Each group receives a copy of worksheet with spectrum spanning from “completely unacceptable” to “completely acceptable.”
- In groups, participants are given 10 minutes to discuss where on the spectrum each scenario falls, and to mark where each scenario falls if their group reaches consensus.
- At the end of 10 minutes, groups take turns reporting on two or three scenarios. Each group is asked: Why did your group choose where to place the scenario on the spectrum? What criteria made a given example more acceptable or less acceptable?
- While groups answer, document answers on a flip chart by listing, in two columns: 1) Why some conditions are acceptable; 2) Why some conditions are unacceptable. 

Why acceptable

Why unacceptable

- Introduce the concept of “child work”: forms of work children do that are not only legitimate, but can be beneficial for learning and development. Then, based on the answers in the “Why unacceptable” column, ask participants to consider how they would define child labor. What are the key factors that make some forms of work unacceptable, qualifying them as “child labor”?

Part II: How Widespread is Child Labor Today, and How is it Related to International Trade?

[OVERHEAD: ILO DEFINITION OF CHILD LABOR]

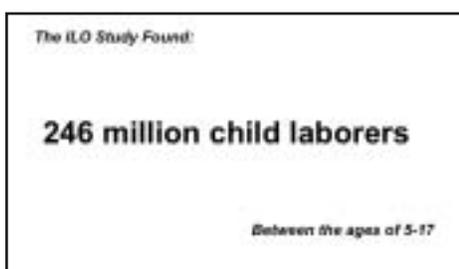


In 2002, the International Labour Organization published a report on economically active children in the world.

The report estimated how many of these working children were performing child labor, defined as:¹

- **Labor that is performed by a child who is under the minimum age specified for that kind of work** (as defined by national legislation, in accordance with accepted international standards)”
- **“Hazardous work”**: work that jeopardizes the physical, mental, or moral well-being of the child
- **“Unconditional worst forms of child labour”**: slavery, trafficking (moving children far from their homes or out of their countries to be sold into bondage), prostitution, or other coerced/forced employment), debt bondage (children working to pay off a poor family’s debt)² and other forms of forced labor, forced recruitment of children for use in armed conflict, prostitution and pornography, and illicit activities.

[OVERHEAD: CHILD LABOR IN 2002]



Using this definition of child labor, the ILO report estimated:

- 246 million children between the ages of 5-17 are involved in child labor.³

¹ International Labor Organization, *A Future Without Child Labor: Global Report under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at Work* (Geneva: International Labour Office, 2002), 9 [hereinafter *A Future Without Child Labor*].

² Bonded labor or “debt bondage” is defined as “the status or condition arising from a pledge by a debtor of his personal services or those of a person under his control as security for a debt” in the UN Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery. Bonded child labor often occurs when poor persons/families pledge labor as security for a high-interest loan; when the interest cannot be paid, families may have little choice but to send children to work off the debt. Debts including interest can sometimes persist across generations of a family. (U.S. Department of Labor, *By the Sweat and Toil of Children, Volume I: The Use of Child Labor in U.S. Manufactured and Mined Imports* [Washington, DC: U.S. Department of Labor, 1994], 18 [hereinafter *By the Sweat and Toil of Children Vol. I*].

³ International Labour Organization, *Every Child Counts: New Global Estimates on Child Labour* (Geneva: International Labour Office, 2002), 19 [hereinafter *Every Child Counts*].

Q: TO GET A SENSE OF HOW LARGE THIS NUMBER IS, DOES ANYONE KNOW THE POPULATION OF THE U.S. COUNTED IN THE LAST CENSUS?

[A: 281 MILLION: POINT OUT THAT THE NUMBER OF CHILD LABORERS IS THEREFORE CLOSE TO THE ENTIRE POPULATION OF THE U.S.]

[OVERHEAD: WHERE DOES MOST CHILD LABOR OCCUR?]



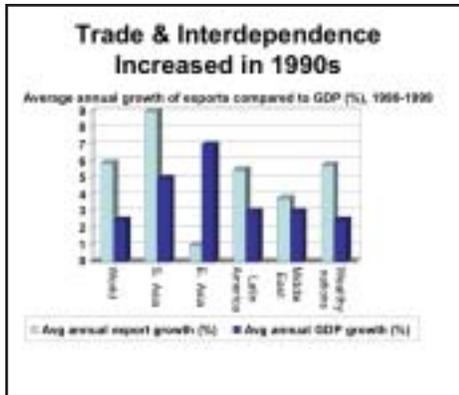
A majority of working children are found in areas where most of the world's children live, and especially in poorer regions of Asia, Africa, and Latin America:

ILO estimates of economically active children (age 5-14) in 2000⁴

Region	Number of economically active children	Percentage of world total
Industrialized economies	2.5 million	1%
"Transition" economies	2.4 million	1%
Asia and the Pacific	127.3 million	60%
Latin America and the Caribbean	17.4 million	8%
Sub-Saharan Africa	48.0 million	23%
Middle East and North Africa	13.4 million	6%
Total	211 million	

⁴ *Ibid.*, 19.

[OVERHEAD: TRADE & INTERDEPENDENCE INCREASED IN 1990s]



Though these places may seem far away, we are connected to child laborers around the world, in part because living in a global economy means their work and lives and ours are shaped by interrelated forces. We are also connected to them because our nations trade with each other, our economies and policies are linked by this trade, and both producers and consumers are affected by what happens in the international trading system.

These relationships are not new (region and nations have always traded with one another, but today the global economy is making contacts between developing and industrialized countries more

frequent and intensive. This chart shows increases in world exports, which in the 1990s grew more than twice as fast as overall economies (measured in gross domestic product).⁵

The value of exports in the world economy has tripled during the past 20 years; exports now represent almost one fifth of global Gross Domestic Product. As a result, countries are more tightly integrated through trade than ever, and increasingly depend on each other for their economic activity.⁶ This has also meant that more and more countries' economies are depending on exports rather than domestic production and industry.

Around the world, children may be found working in nearly every sector of the global economy. The majority of child laborers work with their families or in sectors of local or domestic economies, but thousands of children who work in commercial agriculture, fishing, mining, and manufacturing play roles today in producing for export markets.

[OVERHEAD: PREPARING TOBACCO LEAVES, LAOS, 2000]



The vast majority (70%) of child labor around the world occurs in agriculture, fishing, hunting, and forestry.⁷ Most children working in agriculture are producing for local, domestic markets. But millions of these children are involved in some facets of planting, harvesting, or processing agricultural commodities for export.

For example, plantations that produce commodities exclusively for export employ 20 million people around the world; an estimated 7-12% of these plantation workforces are children.⁸ In countries such as Brazil, Kenya, and Mexico, studies have shown that children under 15 make up

25-30% of labor forces in the production of plantation commodities.⁹ Around the world, millions of children play roles in producing cocoa, coffee, cotton, flowers, fruits and vegetables, sugar, tea, tobacco and many other commodities traded on world markets.

⁵ World Bank, *World Development Report 2000/2001: Attacking Poverty* (Washington, DC: World Bank, 2001), 294-295.

⁶ *Rigged Rules and Double Standards: Trade, Globalisation, and the Fight Against Poverty* (London: Oxfam, 2002), 34.

⁷ *Every Child Counts*, 23.

⁸ U.S. Department of Labor, *By the Sweat and Toil of Children, Volume II: The Use of Child Labor in U.S. Agricultural Imports & Forced and Bonded Child Labor* (Washington, DC: U.S. Department of Labor, 1995), 2, 25 [hereinafter *By the Sweat and Toil of Children Vol. II*].

⁹ *A Future Without Child Labour*, 25.

While it is often difficult to link a specific case of child labor to a particular product, there are many examples of agricultural products produced for export in industries and regions where child labor is a known problem. A few examples include:

[OVERHEAD: CUT FLOWERS]



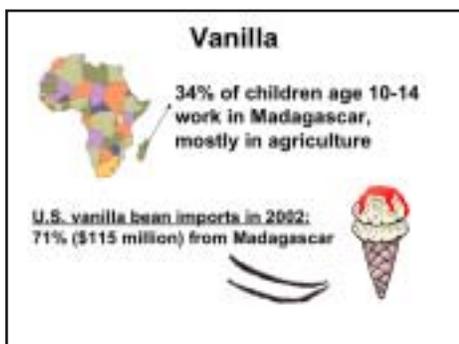
Children are known to work in the cut flower industries of Colombia and Ecuador where acute pesticide exposure is a particular problem.¹⁰ Flowers are a key part of U.S.-Colombia and U.S.-Ecuador trade. Over two-thirds of cut flowers sold in the U.S. come from Colombia: in 2002, the U.S. imported over \$231 million worth of carnations, roses, and mums from Colombia and \$86 million from Ecuador.¹¹

[OVERHEAD: BANANAS]



Child labor is known to be a serious problem in Ecuador, especially in agriculture. In 2000, an estimated 38.6% of children age 5-17 worked in Ecuador's rural areas,¹² and a 2002 Human Rights Watch report documented that child labor was widespread on many banana plantations.¹³ Ecuador has also become the world's leading banana exporter, and the chief banana exporter to the U.S.: in 2002, the U.S. imported \$271 million worth of bananas from Ecuador.¹⁴

[OVERHEAD: VANILLA]



An estimated 34.4% of children aged 10-14 work in Madagascar, mostly in the agricultural sector.¹⁵ Seventy percent of vanilla beans imported to the U.S. come from Madagascar, and in 2002 this trade was worth \$115 million.¹⁶

¹⁰ U.S. Department of Labor, *2001 Findings on the Worst Forms of Child Labor*, (Washington, DC: USDOL, 2002) [hereinafter *2001 Findings*], 89; and Jocasta Shakespeare, "Colombia: Gardens of Shame," *London Observer*; July 9, 1995.

¹¹ U.S. Department of Commerce Office of Trade and Economic Analysis (OTEAs), U.S. Trade Quick-Reference Tables (December, 2002), at <http://www.ita.doc.gov/td/industry/otea/Trade-Detail/Latest-December/Imports/06/060310.html> [hereinafter OTEA U.S. Trade Tables].

¹² World Bank, *World Development Indicators 2002 CD-ROM* (World Bank, Washington, D.C., 2002); ILO-IPEC, "INDEC, Mintrabajo e INNFA presentan resultados preliminares de Encuesta Nacional," *Encuentros no 2* (December 2001-February 2002).

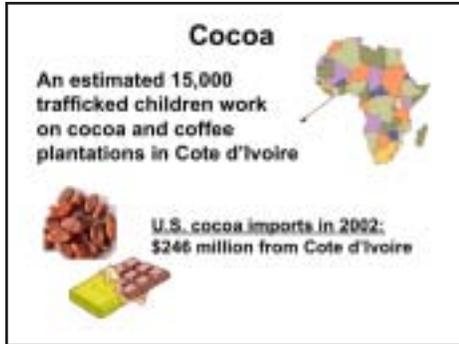
¹³ Human Rights Watch, *Child Labor and Obstacles to Organizing on Ecuador's Banana Plantations* (New York: Human Rights Watch, 2002).

¹⁴ OTEA U.S. Trade Tables, at <http://www.ita.doc.gov/td/industry/otea/Trade-Detail/Latest-December/Imports/08/080300.html>.

¹⁵ *2001 Findings* 214.

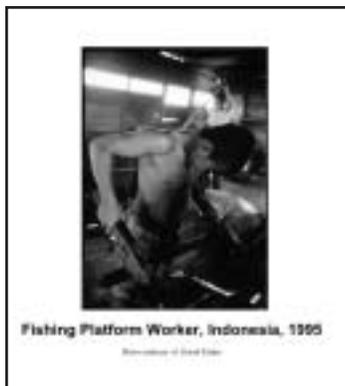
¹⁶ OTEA U.S. Trade Tables, at <http://www.ita.doc.gov/td/industry/otea/Trade-Detail/Latest-December/Imports/09/090500.html>.

[OVERHEAD: COCOA]



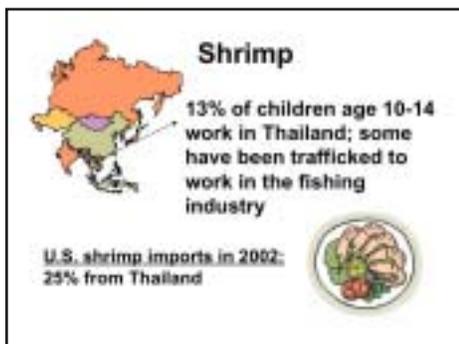
The U.S. State Department estimates 15,000 children have been trafficked to work on Ivory Coast plantations producing cocoa, coffee, and cotton. The Ivory Coast is the world's leading cocoa exporter, and, in 2002, U.S. imports of cocoa beans from the Ivory Coast totaled \$246 million.¹⁷

[OVERHEAD: FISHING PLATFORM WORKER, INDONESIA, 1995]



Children also work in all aspects of the fishing industry internationally. In Thailand and many other Asian and Latin American countries, thousands of children of all ages are known to work at catching, cleaning, and processing fish and shellfish, some of which are exported around the world.¹⁸

[OVERHEADS: SHRIMP]



For example, the ILO estimates that, overall, 13% of Thai children age 10-14 work in agriculture, construction, and fishing, and many thousands of children are trafficked into Thailand to work in the fishing industry.¹⁹ Thailand is the world's largest shrimp exporter, and the number one shrimp exporter to the U.S. (over 25% of total U.S. shrimp imports came from Thailand in 2002).²⁰

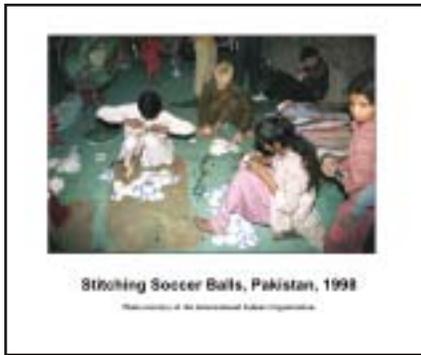
¹⁷ OTEA U.S. Trade Tables, at <http://www.ita.doc.gov/td/industry/otea/Trade-Detail/Latest-December/Imports/18/180100.html>.

¹⁸ *By the Sweat and Toil of Children Vol. II*, 53-60; *A Future Without Child Labor*, 26-27.

¹⁹ *2001 Findings*, 334-35.

²⁰ FAO statistics as cited in Infopesca shrimp report (2003), at <http://www.globefish.org/marketreports/Shrimp/Shrimpaug203.htm>.

[OVERHEADS: STITCHING SOCCER BALLS, PAKISTAN, 1998; MAKING SURGICAL INSTRUMENTS, PAKISTAN]



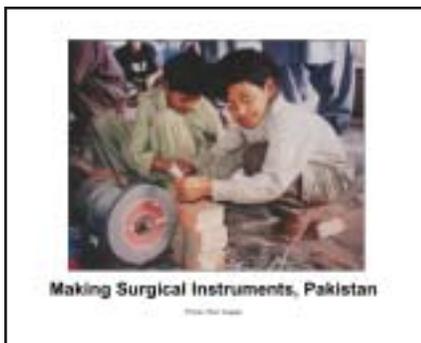
Less than 9% of the world's child laborers are involved in manufacturing, and only about 5% are estimated to be involved directly in manufacturing goods for export – but even this small percentage amounts to around 15 million children.²¹

Intense international public scrutiny has led to many initiatives and programs to combat child labor in manufacturing in recent years, and many of these programs have had success in decreasing the number of children, especially in factories producing for key export industries. Most child labor that persists in manufacturing today is somewhat hidden,

occurring not in large factories, but in small workshops or homes, and there is evidence that home-based work involving subcontracting is actually increasing in many countries.²²

Thousands of young children can still be found today making soccer balls,²³ hand-knotted carpets, leather goods, and other products in many countries. Even some European countries continue to document problems of underage children working in small workshops or for subcontractors making clothing and shoes²⁴

[OVERHEAD: SURGICAL INSTRUMENTS]



For example, a 1996 survey in the Sialkot region of Pakistan found that children accounted for 31% (7,000 children) of workers engaged in the manufacture of surgical instruments in the region.²⁵ Most surgical instruments used in U.S. hospitals are imported; in 2002, \$29 million worth of medical equipment used in the U.S. was imported from Pakistan.²⁶

²¹ *Every Child Counts*, 23.

²² *By the Sweat and Toil of Children, Volume I, 2: A Future Without Child Labor*, 28.

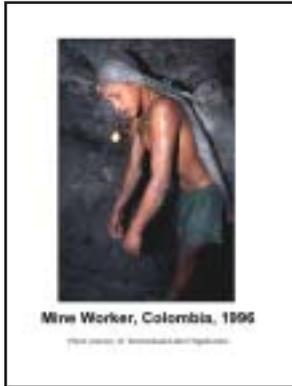
²³ See "Activities for 1998: Surveys of Child Labour" (www.dolpunjab.gov.pak/r4.htm) as cited in *Advancing the Campaign Against Child Labor* (Washington, D.C.: U.S. Department of Labor, 2002); *Child Labor in the Soccer Ball Industry: A Report on Continued Use of Child Labor in the Soccer Ball Industry in Pakistan* (Washington, D.C.: International Labor Rights Fund, 1999); "Executive Summary of the Global March Report on the Football Stitching Industry of Pakistan" (New Delhi: Global March, 2002) at www.globalmarch.org/world-cup-campaign/presskit/english/2-Reports/pakistan-report.ph, and "Child labour used to manufacture 'World Cup' balls" (*London Times*, May 22, 2002).

²⁴ *A Future Without Child Labour*, 28.

²⁵ U.S. Department of Labor, *Advancing the Campaign* (Washington, D.C.: USDOL, 2002), 182.

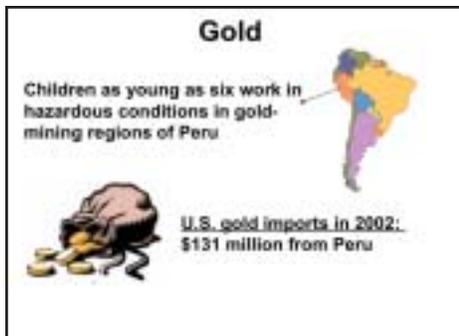
²⁶ U.S. Census Bureau, "U.S. Imports from Pakistan from 1998 to 2002" at www.census.gov/foreign-trade/statistics/product/enduse/imports/c5350.html.

[OVERHEAD: MINE WORKER, COLOMBIA, 1996]



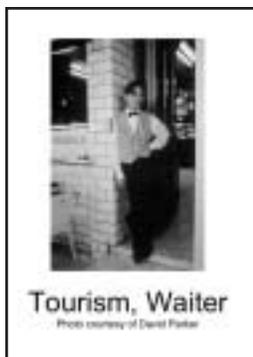
Child laborers working in underground mines, opencast mines, and breaking up rocks in quarries suffer extremely high illness and injury rates. Though only 0.8% of working children are in mines and quarries, they suffer 15.9% of injuries to working children.²⁷ Some of the metals, stones, and minerals children mine and quarry end up on export markets.

[OVERHEAD: GOLD]



In small-scale gold mining regions of Peru, children as young as six are subjected to hazardous conditions, including carrying, crushing, and grinding ore, and exposure to mercury used in leaching the gold. Most are part of poor indigenous families and must work to boost family income; few attend school.²⁸ Most of Peru's gold is mined for export; in 2002 the U.S. imported over \$130 million worth of gold from Peru.²⁹

[OVERHEAD: TOURISM, WAITER]



While traditionally we think of international trade in terms of exchanging goods and products, today international trade in services and foreign investment in service industry enterprises is increasingly common. Child labor is found in parts of the growing international service sector as well. For example, 10-15%, or 13-19 million, workers in tourism worldwide are under age 18.³⁰

Some work done by young people in tourism is considered legitimate, but there are indications of considerable abuse. In some tourist areas, children's work in hotels and restaurants is linked to prostitution, and some children in the industry receive such low pay that they must take loans from employers, leading to debt bondage.³¹

²⁷ K. Ashagrie, "Statistics on Working Children and Hazardous Child Labour in Brief" (Geneva: International Labour Organization, 1997), also at <http://www.itcilo.it/english/actrav/telearn/global/ilo/seura/childsta.htm>.

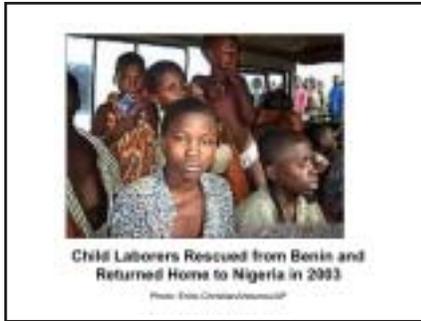
²⁸ *Advancing the Campaign*, 195-96. ILO/IPEC, "All about IPEC: Peru: Program benefits children in gold mining industry" at <http://www.ilo.org/public/english/standards/ipcc/about/factsheet/facts08.htm>. In 1998, Peru began participation in a USDOL funded IPEC program with the goal of aiding 1,000 child laborers in Peru's gold-mining regions and trying to transition the industry into child labor-free mining.

²⁹ U.S. Census Bureau, "U.S. Imports from Peru from 1998 to 2002," at www.census.gov/foreign-trade/statistics/product/enduse/imports_c3330.html.

³⁰ *A Future Without Child Labour*, 28.

³¹ See Maggie Black, *In the Twilight Zone: Child Workers in the Hotel, Tourism and Catering Industry* (Geneva: ILO, 1995).

[OVERHEAD: TRAFFICKED CHILD LABORERS IN NIGERIA]



8.4 million children are involved in work that, under any circumstances, violates international law. These “unconditional worst forms” include the sale and trafficking of children, debt bondage (forcing children to work to pay off debts), slavery, forced labor, forced recruitment of child soldiers, commercial sexual exploitation, and the use of children in illicit activities such as the drug trade.³²

Illegal trafficking of children across borders into situations where they may be forced work in slave-like conditions still occurs routinely in many areas of the world. In the fall of, 2003, media around the world reported on the dramatic rescues of nearly 200 young boys from forced labor in granite quarries in Nigeria. The boys had been sold, lured or kidnapped from their families across the border in Benin. They were rescued as part of a new accord signed between the two countries pledging cooperation in finding and returning children who have been forced into labor.³³

PART III: How Does Child Labor in Other Countries Affect Workers in the U.S.?

When you think about the examples we’ve looked at so far, it’s clear that we in the U.S. are connected to child labor partly because as consumers, many of the foods and products we buy may be touched by child labor.

But most of the cases we have discussed so far are occurring in other countries.

Q: WHY SHOULD CHILD LABOR AND WORKERS’ RIGHTS ABUSES IN OTHER COUNTRIES MATTER TO US? WHAT IMPLICATIONS COULD CHILD LABOR HAVE FOR WORKERS AND CITIZENS IN THE U.S.?

[GIVE PARTICIPANTS TIME TO DISCUSS ANSWERS, WITHIN THE FULL GROUP.]

[OVERHEAD: WORLD TRADE IS INCREASING]



As we mentioned earlier, countless studies document a dramatic rise in trade since the 1950’s, which has accelerated in recent decades. The same trend can be seen in almost every region.³⁴ As a result, international trade represents a growing share of our world economy – estimated at nearly 25% by 1998.³⁵

³² *A Future Without Child Labor*, 18.

³³ Virgile Ahissou and Glenn McKenzie, “Beaten and hungry, child laborers get to go home,” *Associated Press*, Friday, October 17, 2003.

³⁴ Oxfam International, *Rigged Rules and Double Standards: trade, globalization, and the fight against poverty*. Oxfam, 2002, p.35

³⁵ Torres, Raymond, *Toward a Socially Sustainable World Economy: an analysis of the social pillars of globalization* (Geneva: International Labour Office, 2001) p. 11.

[OVERHEAD: GLOBAL PRODUCTION SYSTEMS REORGANIZE THE LABOR MARKET]



The dramatic increase in international trade is linked to another important change in the world economy – the rise of multinational corporations with production facilities and operations scattered across the globe.³⁶ Improvements in communication technology and reduced costs associated with travel and transport have made it easier for companies to locate operations in a variety of countries, both through direct employment and subcontracting relationships. In fact, shipments of goods from a company’s facility in one country to the same company’s facility in another country accounts for a large share of international trade volume:

“THE IDEA THAT WORLD TRADE IS ABOUT COUNTRIES EXCHANGING GOODS WITH EACH OTHER HAS BECOME AN ANACHRONISM. TRADE IS AN INCREASINGLY INTRA-CORPORATE AFFAIR. EXCHANGES WITHIN TNCs [TRANSNATIONAL CORPORATIONS] NOW ACCOUNT FOR AROUND TWO-THIRDS OF WORLD TRADE FLOWS, REFLECTING THE GROWTH OF ‘INTRA-PRODUCT’ TRADE.”³⁷

In other words, most trade is the result of transnational corporations moving materials, parts, products, and services among different worksites and distributing goods and services to various markets.

[OVERHEAD: TRANSNATIONAL CORPORATIONS ARE MULTINATIONAL EMPLOYERS]

Transnational Corporations Are Multinational Employers

Intel Manufacturing - 2002

Wafer Fabrication	Systems Manufacturing	Board Manufacturing	Assembly and Testing
U.S.	U.S.	Malaysia	Malaysia
Ireland			Philippines
Israel			China
			Costa Rica

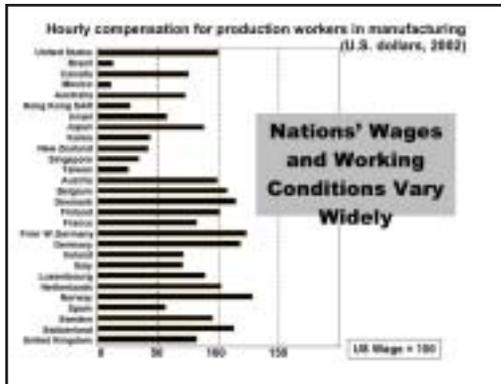
For millions of workers, their growing connection to workers in other countries is quite clear – they work for the same employers. Between 1990 and 2001, the number of workers employed by foreign affiliates of multinational corporations more than doubled - from 24 million to 54 million.³⁸

³⁶ Several studies, including the UNCTAD World Investment Report 2002 document the growth and increasing importance of transnational corporations in the world economy.

³⁷ Ibid, p. 43. The same figure is cited by former WTO director Renato Ruggiero in a speech entitled “Charting the trade routes of the future: towards a borderless economy” delivered September 29, 1997 to the International Industrial Conference, found at www.wto.org/english/news_e/spr_e/sanfra_e.htm.

³⁸ UNCTAD, *World Investment Report 2002*. A summary of the report with these statistics can be found in the United Nations Chronicle, Online Edition at www.un.org/Pubs/chronicle/2003/webArticles/031803_wir.html.

[OVERHEAD: NATIONS' WAGES AND WORKING CONDITIONS VARY WIDELY]



Although trade agreements represent significant progress in creating and enforcing common global trade and investment rules, laws and practices in the area of labor conditions continue to vary widely. As this chart demonstrates, there continue to be vast discrepancies between nations in hourly compensation rates for manufacturing workers.³⁹

[OVERHEAD: INTERNATIONAL CHILDREN'S RIGHTS]

International Children's Rights:

ILO Convention 138
Minimum employment age of 15 years old (allows 14 in some cases)

ILO Convention 182
Prohibition of "worst forms" of child labor

UN Convention on the Rights of the Child
**Protection from economic exploitation
 Protection from hazardous work
 Access to health care
 Right to education**

Similarly, while nearly all nations have adopted child labor laws and many have ratified international labor standards, in practice we know that child labor persists on a large scale.

Child labor in the U.S. has been regulated federally since 1938 by the Fair Labor Standards Act. The Act sets a minimum of age of 14 for most types of work, and prohibits children under 18 from working in many hazardous jobs. Nearly all nations in the world today also have similar laws setting minimum ages for children to start working and prohibiting children from working in hazardous occupations.

Today there are also multiple national and international restrictions and prohibitions dealing with child labor.

- Since it was founded in 1919, member nations of the International Labour Organization adopted numerous conventions restricting the use of child labor. The ILO even created a new task force in 1992 to work exclusively on child labor. The most important recent ILO conventions on child labor are Convention 138 and 182.
- While early conventions dealing with child labor primarily focused on specific industries, Convention 138 (adopted in 1973) takes a much broader approach. It establishes the principle that the minimum age for work in all economic sectors should be 15 years old, although it allows an initial minimum age of 14 for developing countries. Convention 138 also establishes minimum ages for hazardous work and light work.
- Convention 182, adopted unanimously in 1999, takes a different approach. It requires ratifying governments to take immediate action to eliminate the "worst forms of child labor," including slavery or practices similar to slavery, child prostitution or pornography, illicit activities such as drug trafficking and production, and work likely to harm the health, safety, or morals of children.
- Two UN Conventions also deal with child labor – the 1966 International Covenant on Economic, Social and Cultural Rights, and the 1989 Convention on the Rights of the Child. The Convention on the Rights of the Child enumerate rights including protection from economic exploitation, protection from hazardous work, access to health care, and the right to an education.

³⁹ U.S. Department of Labor, "International Comparisons of Hourly Compensation Costs for Production Workers in Manufacturing, 2002", available on the DOL website at <http://www.bls.gov/news.release/pdf/ichcc.pdf>.

[OVERHEAD: INTERNATIONAL CORE LABOR STANDARDS]



More recently, member nations of the International Labour Organization reaffirmed their commitment to internationally recognized core labor standards, basic rights that countries around the world agree that workers and children should have.

The ILO Declaration on Fundamental Principles and Rights at Work, adopted in June 1998, affirms member nations' commitments to uphold:

- Rights to a free choice to join a union and collective bargaining
- Rights to reject all forms of forced or compulsory labor
- Rights to work free from discrimination in employment
- Rights to reject child labor⁴⁰

In spite of international standards, wide variations exist among nations in the application and enforcement of laws relating to organizing, collective bargaining, hours of work, child labor, and many other labor-related topics.

Q: SO, WHAT ARE SOME OF THE REASONS CHILD LABOR IS STILL PREVALENT IN SPITE OF LAWS AND INTERNATIONAL AGREEMENTS ON ELIMINATING IT? WHAT OBSTACLES KEEP CORE LABOR STANDARDS FROM BECOMING A REALITY FOR ALL WORKERS AND CHILDREN IN TODAY'S WORLD?

[DISCUSS ANSWERS AND LIST ON FLIP CHART; SUPPLEMENT LIST IF NECESSARY WITH ITEMS FROM OVERHEAD OR EXAMPLES BELOW.]



⁴⁰ ILO Declaration on Fundamental Principles and Rights at Work (Geneva: International Labour Organization, 1998) (www.ilo.org/public/english/standards/relm/ilc/ilc86/com-dtxt.htm).

[OVERHEAD: WHY DOES CHILD LABOR CONTINUE?]

Why Does Child Labor Continue?

- Poverty & unemployment
- Lack of access to education
- Weak laws or law enforcement
- Repression of worker rights
- National debt burdens
- Intense global competition

How does trade affect these factors?

Factors include many of the same reasons child labor was widespread in the U.S. 100 years ago, along with some reasons that are related to conditions of today's global economy. [Supplement discussion of factors with background information below as needed].

• **Poverty and unemployment**

Poverty is one of the most frequently cited factors contributing to the persistence of child labor. Poverty in some cases pushes children to work for their own survival and the survival of their families. At the

same time, child labor can also perpetuate poverty, by interfering with the health and educational development of the child.⁴¹

Since 2000, the number of unemployed people worldwide grew by 20 million, meaning more people are likely falling into poverty or work in the informal economy. At the beginning of the twenty-first century, it was estimated that of six billion people in the world, 1.2 billion were living in absolute poverty.⁴²

• **Lack of access to education**

The ILO's measures of the extent to which children's work correlated with a lack of access to education show:

- Nearly one quarter of the world's children aged 5-14 are not attending school.
- By age 15, nearly half the world's children are not attending school.
- Many children combine both work and school at an early age.

ILO Global estimates of children at work and school in 2000⁴³

	5-9 years old	10-14 years old	15-17 years old
Percentage at work	12%	23%	42.5%
• At work only	5%	13%	31.0%
• At work <i>and</i> school	7%	10%	11.0%
Percentage at school, not working	68%	67%	43.5%
Total not attending school	25%	23%	45%

⁴¹ *A Future Without Child Labor*, 46. ⁴² ILO-London, *Work in the World* (London: ILO-London and National Union of Teachers, 2000), Part II, 22 [hereinafter *Work in the World*].

⁴³ *Work in the World*, 55.

A total of 125 million children attend no school.⁴⁴ Yet, the world possesses the resources to educate all children; free, quality, basic education for all children would cost about \$10 billion per year – the same as 4 days of global military spending.⁴⁵

In some cases, families choose child labor over education because of cultural attitudes. For example, girls represent about 60% of the children worldwide who do not attend primary school. Some parents prefer to invest in their sons' educations, while girls remain at home to perform household duties. Other parents may not feel it is appropriate to send their girls to classes with boys, or are concerned for girls' safety when the school is located far from the home.⁴⁶

The relevance and quality of school curricula can also be an important factor in determining school enrollment. Parents may not view schools as a worthwhile investment if they do not seem to increase the employment prospects for children in the local labor market.⁴⁷

- **Weak laws or law enforcement**

Child labor laws around the world often go unenforced or include exemptions that allow for child labor to persist in certain sectors.

Agriculture – the sector where most children are known to be working – is often not covered by national child labor laws. And other important local industries are often singled out for exemptions, so that minimum age and child protection laws do not apply.

For example, Nepal sets a minimum age of 14 for work, except for plantations and brick kilns. Kenya prohibits children under 16 from working in industry, but excludes agriculture from this definition. In Egypt, 14 is the minimum age for work, but children age 12-14 are allowed to do seasonal work if it does not interfere with schooling.⁴⁸

Child domestic workers, most of whom are girls, are also left unprotected in many countries. Bangladesh, for example, specifies minimum ages for several different types of work, but sets no regulations on child domestic work or agricultural work. In many countries, domestic work is not considered part of child labor law unless it is specifically mentioned.⁴⁹

Lack of resources for law enforcement is also a problem. In many countries, even where strong child labor laws exist, labor departments and labor inspection offices are often underfunded and understaffed, or courts may fail to enforce existing labor laws.⁵⁰

⁴⁴ Global Campaign for Education, "Every Child in School: Are the G8 Serious?" (Global Campaign for Education, June 23, 2001), 1 [hereinafter "Every Child in School"]. Estimates vary. For example, UNESCO, *2002 Education for All Global Monitoring Report* estimates that 115.4 million school age children do not currently attend school, based on 1999 studies (http://www.unesco.org/education/efa/monitoring/monitoring_2002.shtml) [hereinafter *2002 Education for All Global Monitoring Report*].

⁴⁵ Kevin Watkins, "Education for All – The Broken Promise." Speech delivered at the Annual Conference of the National Union of Teachers, April 22, 2000. Estimates by the World Bank, UNESCO, Oxfam, and UNICEF regarding the cost of providing universal primary school education vary, depending in part on the estimated contribution by developing nations versus aid needed from industrialized nations. Estimates range from \$8 billion to \$15 billion per year (See UNESCO, *Education for All: An Achievable Vision* (www.unesco.org/education/efa/global_co/policy_group/EFA_brochure.pdf) and *2002 Education for All Global Monitoring Report*).

⁴⁶ *A Future Without Child Labor*; 54.

⁴⁷ *A Future Without Child Labor*; 53. See also *By the Sweat & Toil of Children, Volume VI: An Economic Consideration of Child Labor*. (Washington, D.C.: U.S. Department of Labor: 2000), 24.

⁴⁸ *By the Sweat and Toil of Children, Volume V: Efforts to Eliminate Child Labor* (U.S. Department of Labor, 1998), 42 [hereinafter *By the Sweat and Toil of Children, Vol. V*].

⁴⁹ *By the Sweat and Toil of Children, Vol. V*, 41.

⁵⁰ *By the Sweat and Toil of Children, Vol. V*, 37-54.

- **Violations or repression of worker rights**

Low union density in countries or industries affected and repression against workers who organize makes it more difficult for adult workers to improve living standards, fight poverty, and eliminate child labor. In 2001 alone, 223 trade unionists were murdered or “disappeared”; over 4,000 were arrested, 1,000 were injured, and 10,000 were fired as a result of union activity.⁵¹

- **National debt burdens**

The World Bank and the International Monetary Fund are international lending organizations, which see their role as “bringing a mix of finance and ideas to improve living standards and eliminate the worst forms of poverty.”⁵² However, many scholars and organizations have raised concerns about the high debt burdens countries face as a result of these loans, as well as the “structural adjustment programs” imposed as conditions of the loans.⁵³

Economically poor countries face many serious challenges to adequate social and education funding, often including crises such as war and disease. At the same time, many of these countries face staggering interest payments on development loans that limit their abilities to invest in health and education improvements. For example, Sub-Saharan Africa (where 48 million children under 14 work), pays \$40 million on its debt each day while 40% of its children receive no education. In the 1990s, numbers of children entering primary schools declined in 17 African countries.⁵⁴

- **Intense global economic competition**

Increasing competition can have an impact on efforts to combat child labor; just as states competing against each other in a national economy slowed the passage and enforcement of child labor legislation in U.S. history, today the forces of international competition sometimes work to slow child labor reforms by encouraging corporations and governments to resist proposals for enforceable international standards.⁵⁵

⁵¹ International Confederation of Free Trade Unions, “Annual Survey of Violations of Trade Union Rights” (Brussels: International Confederation of Free Trade Unions, 2002).

⁵² World Bank Group, “About Us” (www.worldbank.org).

⁵³ UNICEF, “Finance Development, Invest in Children” (UNICEF, 2002), 4. See also *By the Sweat and Toil of Children, Volume VI: An Economic Consideration of Child Labor* (Washington: U.S. Department of Labor, 2000), 43 and “Poverty and Children” (UNICEF, 2001), 22. Structural adjustment programs include guidelines countries are required to follow in order to receive loans, which may include setting high interest rates, reducing access to credit, privatizing public services, and relaxing trade and labor regulations.

⁵⁴ “Every Child in School,” 1.

⁵⁵ Miriam Wasserman recounts that in response to a proposed international treaty to eliminate the worst forms of child labor at the 1999 WTO ministerial conference, “Countries such as Thailand, Brazil, and India feared that mandating higher labor standards could rob them of their comparative advantage in cheap labor, price them out of the market, and block their prospects for greater growth and economic development” (“Eliminating Child Labor,” *Regional Review* 10 [2000], 8).

[OVERHEAD: COMPETITION INCREASING FOR ALL WORKERS]

Competition Increasing for All Workers

"Competition among firms . . . becomes competition among labor located in different countries."

-Rubens Ricupero, Secretary General, UN Conference on Trade & Development

Overall, it appears discrepancies in workers' wages and working conditions have intensified competition in international labor markets. As Rubens Ricupero, Secretary-General of the UN Conference on Trade and Development puts it, when the pressures of international markets are combined with labor markets characterized by high unemployment, poverty, and weak law enforcement, "Competition among firms, including international firms, in developing countries becomes competition among labor located in different countries."⁵⁶

[OVERHEAD: WHAT DO CURRENT TRENDS MEAN FOR WORKERS?]

What do current trends in globalization mean for workers?	
WTO	AFL-CIO
<ul style="list-style-type: none"> -Job Creation -Poverty Reduction -Lower Prices -Promote Global Peace 	<ul style="list-style-type: none"> -"Race to the Bottom" -Unemployment -Increased Income Inequality -Political and Economic Instability

What does it mean for workers when the vast expansion of trade and international production systems occurs in the context of wide international discrepancies in workers' compensation and legal rights? This topic continues to be the focus of heated international debates. Two of the many perspectives in this debate are those of the WTO and the AFL-CIO. The WTO essentially takes the position that by encouraging expanded trade relationships between nations, the organization is promoting the creation of new jobs,

poverty reduction through increased international investment, more choices and lower prices for consumers, and, ultimately, is forging a basis for world peace through economic cooperation.⁵⁷ Although the WTO recognizes that some job losses could occur as a result of increased trade, the organization asserts that the benefits far outweigh the costs associated with increased trade.

The AFL-CIO agrees that globalization and trade offer the *potential* to positively impact workers' lives, but argues that existing rules, including those of the WTO, benefit corporations and investors at the expense of workers. The past several decades of globalization, according to the AFL-CIO, have "produced a race to the bottom in which companies search the globe for the lowest possible labor costs and weakest environmental safeguards."⁵⁸ As evidence, the AFL-CIO points to widening global income gaps and increased unemployment, and warns of the potential for greater political and economic instability.

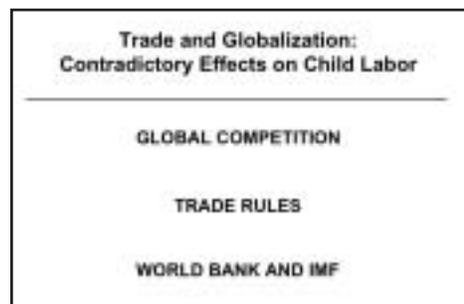
⁵⁶ UN Conference on Trade and Development, *Trade and Development Report 2002* (New York: UNCTAD, 2002), IX.⁵⁷ See, for example, "10 benefits of the WTO trading system" on the WTO website at http://www.wto.org/english/res_e/download_e/10b_e.pdf.

⁵⁸ See, for example, the AFL-CIO website under the category "Global Economy" at <http://www.aflcio.org/issuespolitics/globaleconomy/>.

PART IV: How is Child Labor Related to International Trade Rules and Trade Policy?

Most child labor occurs because children and families are poor and lack options for education or income. As we've discussed in part, many factors affect levels of poverty and inequality, but international agencies are increasingly paying attention to trade policy as one key factor, since the root causes of poverty may often be traced to regional inequalities and adverse terms of trade.⁵⁹

[OVERHEAD: TRADE AND GLOBALIZATION: CONTRADICTIONARY EFFECTS...]



The exact kinds of effects today's global economic changes are having on poverty and core labor standards in general, and child labor in particular, have been hotly debated in part because these changes often have complex and contradictory effects:

Global Competition

As the World Bank 2001 *World Development Report* states, while national and local policies are crucial for providing economic opportunity, poor people are “also affected by forces originating outside their countries’ borders – global trade, capital flows, official development assistance, technological advance, diseases, and conflict, to name just a few.”⁶⁰ Increasing trade, more open markets, and greater integration into the global economy have carried with them more intense global competition and generated extensive debate. Some have argued that poor countries can only compete within this system by promoting freer trade and greater integration into international markets, which can offer the potential to raise living standards and lift millions out of poverty.⁶¹

Others have argued instead that poor countries’ rapid entry into highly competitive international markets can also create a “race to the bottom” in which business and government leaders are encouraged to compete for jobs and investment from multinational corporations in part by offering low wages and substandard working conditions.⁶² From this perspective, instead of businesses competing against one another on a level playing field, in the current global economy, unequal trade partners are forced to compete for access to markets and investment, and workers around the world are forced to compete with one another for jobs and wages.

Trade Rules

Many argue that new trade rules and multilateral trade institutions have the capacity to create a stable trading system free from discrimination, in which even small and developing countries can challenge unfair actions taken by more powerful trading partners.⁶³ Others are arguing that many facets of existing trade and invest-

⁵⁹ *A Future Without Child Labor*, 47.

⁶⁰ World Bank, *World Development Report 2000/2001: Attacking Poverty* (New York: Oxford University Press, 2001).

⁶¹ World Bank, “Global Economic Prospects 2002: Making Trade Work for the World’s Poor” (Washington, D.C.: World Bank Group, 2001).

⁶² See, for example, the AFL-CIO position on the global economy at www.aflcio.org/issuespolitics/globaleconomy.

⁶³ See, for example, WTO, “Ten Benefits of the WTO Trading System” at http://www.wto.org/english/thewto_e/whatis_e/10ben_e/10b00_e.htm.

ment rules remain unfair, especially in their effects on poor countries, and that existing institutions and agreements often ignore or prohibit the inclusion of rules on labor and environmental standards. Consensus is emerging in recent reports of international agencies that the existing international trade and finance system has been unbalanced. Since over the past decade most benefits of increasing trade have accrued to already wealthy countries in the North, many international organizations have begun to call for various types of reforms to ensure the benefits of international trade and investment are more evenly distributed.⁶⁴ We will discuss these trends in more detail later in the workshop.

World Bank and IMF Programs

Poverty, underdevelopment, and lack of access to education – all key factors contributing to child labor – are often exacerbated by debt burdens of poor countries.⁶⁵ This debt is itself tied to international trade, since in many countries this debt is the legacy of historically unequal trade and development relationships that developed during periods of colonization.⁶⁶

World Bank and IMF policies are further tied to trade since a common feature of structural adjustment programs (SAPs) has been encouragement for poor countries to open markets and increase trade. This has had both positive and negative effects on economies depending on a range of circumstances. With the aim of fostering economic growth, SAPs generally require countries to open their markets by reducing barriers to foreign trade and investment and removing domestic price controls and subsidies. These policies are often recommended in SAPs in conjunction with instructions to raise interest rates, restrict access to credit, and privatize public services. World Bank reviews generally show that overall poverty levels in most SAP countries has declined.⁶⁷ Critics of SAPs, on the other hand, have argued that these policies have caused shocks to some economic sectors, creating acutely negative effects on the most vulnerable sectors of society, eroding access to crucial social safety nets, and increasing income inequalities even as overall poverty levels decline. When this does occur, as UNICEF reported in 1997, the costs of SAPs often fall hardest on the poor, those most likely to resort to child labor.⁶⁸

⁶⁴ See, for example, the following: UN Conference on Trade and Development, *Least Developed Countries Report 2004* (New York and Geneva: UN, 2004), which “shows that export growth was rarely associated with sustained poverty reduction in the LDCs [least developed countries] during the 1990s” and that “trade liberalization has actually worsened the trade balance in LDCs.” (<http://www.unctad.org/Templates/webflyer.asp?docid=4816&intItemID=1634&lang=1>); Prasad, Eswar, Kenneth Rogoff, Shang-Jin Wei and M. Ayhan Kose, “Effects of Financial Globalization on Developing Countries: Some Empirical Evidence,” (International Monetary Fund, March 17, 2004), which concludes “there is no strong, robust and uniform support for the theoretical argument that financial globalization *per se* delivers a higher rate of economic growth,” suggesting that “financial integration should be approached cautiously, with good institutions and macroeconomic frameworks viewed as important” (8, 5); the UNCTAD *Trade and Development Report, 2002*, which calls for “rebalancing” the trading system “in support of development” (i); and the ILO World Commission on the Social Dimensions of Globalization, *A Fair Globalization: Creating Opportunities for All* (ILO, 2004) which makes multiple policy recommendations aimed at “changing the current path of globalization.”

⁶⁵ UNICEF, “Finance Development, Invest in Children” (UNICEF, 2002), 4. See also *By the Sweat and Toil of Children, Volume VI: An Economic Consideration of Child Labor* (Washington: U.S. Department of Labor, 2000), 43 and “Poverty and Children” (UNICEF, 2001), 22. Structural adjustment programs include guidelines countries are required to follow in order to receive loans, which may include setting high interest rates, reducing access to credit, privatizing public services, and relaxing trade and labor regulations.

⁶⁶ World Bank, *World Development Report 2003*, 53-54.

⁶⁷ See World Bank, “Adjustment from Within: Lessons from the Structural Adjustment Participatory Review Initiative” (Second Global SAPRI Forum, July 30-31, 2001), 8-12.

⁶⁸ *By the Sweat and Toil of Children, Vol. VI: An Economic Consideration of Child Labor* (Washington, D.C.: U.S. Department of Labor, 2000), 43.

[OVERHEAD: GLOBAL TRADE OFFERS NEW PROMISE AND OPPORTUNITIES]



We know that increased levels of trade in recent decades have generated unprecedented wealth, and world leaders and organizations ranging from the World Bank to Oxfam have emphasized trade’s potential for raising economic standards for people everywhere.⁶⁹ As this quotation from former WTO leader Mike Moore suggests, the promise of globalization has been that it will create new opportunities and help lift people out of poverty. Yet, as we’ve been discussing, child labor, poverty, and income inequalities remain significant problems.

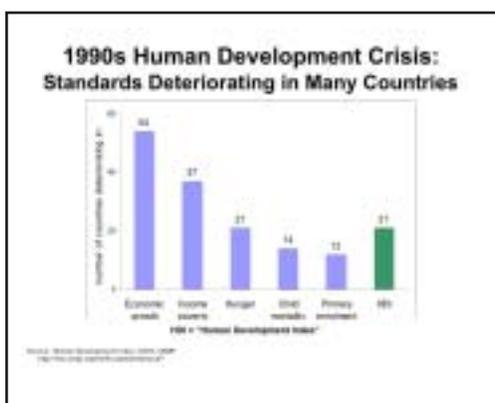
[OVERHEAD: OF EACH DOLLAR GENERATED IN THE GLOBAL ECONOMY...]



Some recent studies have pointed to increasing economic inequalities within and among countries as key factors contributing to child labor, and have argued that certain trade policies have contributed to these inequalities. Overall, the “income gap” between the wealthiest and poorest fifths of the world’s population is growing today; in 1960, it was 30 to 1; by 1999, it had grown to 74 to 1.⁷⁰ The share of industrialized countries in world income increased in recent years to 77 percent in 1999 (compared to 73 percent in 1980), while that of developing countries has stagnated at around 20 percent.⁷¹ A 2002 Oxfam report suggested that because most

trade continues to take place among wealthy nations, 80 cents of each new dollar generated in the global economy has been received by wealthy countries, while only 3 cents flowed to low-income countries, which are still most often excluded from global markets.⁷²

[OVERHEAD: 1990s HUMAN DEVELOPMENT CRISIS]



As the 2003 UN Human Development Report shows, these challenges became especially serious in the 1990s, when for the first time in recent decades, conditions in many countries deteriorated rather than improved. This chart shows that in 54 countries, economic growth declined during the 1990s, and income poverty increased in 37 countries. Through a “human development index” (HDI), the report also showed that overall standards in categories including poverty, hunger, and school enrollment declined in 21 countries.⁷³

⁶⁹ World Bank, *World Development Report 2000/2001*; Oxfam, *Rigged Rules and Double Standards: Trade, Globalisation and the Fight Against Poverty*. Both Oxfam and the World Bank appear to share the position that trade can provide a powerful engine for growth and poverty reduction, but that this potential depends on the terms on which countries become integrated into global markets. As the World Bank puts it, “poor countries that are more integrated with international markets have grown as fast as or faster than rich countries” (179).

⁷⁰ ILO, *World of Work 48* (September, 2003), 6.

⁷¹ *Trade and Development Report 2003*, 51.

⁷² Oxfam, *Rigged Rules and Double Standards* 67.

⁷³ UN Development Program, *Human Development Report 2003* (New York: UNDP, 2003); chart at <http://hdr.undp.org/hdr4co/presentations7>.

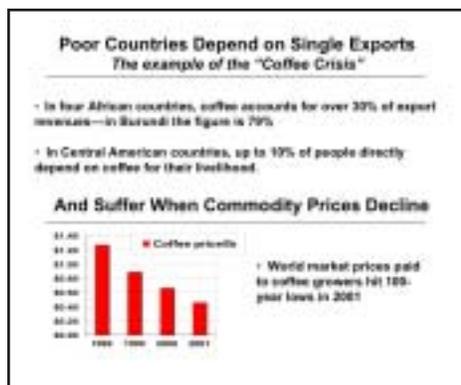
While the direct impact of trade on income inequalities overall is often small, a recent ILO Task Force showed that internationally, increasing trade liberalization has tended to be associated with wider income inequalities, especially in developing countries.⁷⁴ In other words, trade liberalization appears to be creating greater economic opportunities for some, but leaving many others behind.

[OVERHEAD: “OBSTACLES TO ECONOMIC PROGRESS”]



Many are attributing persistent global inequalities to the ways the wealth generated by increasing trade and globalization has been distributed. For example, a World Bank study in 2001 documented the “unbalanced” outcome of current trade rules.⁷⁵ The 2003 UN *Human Development Report* similarly identified “unfair trade rules” as one of four key obstacles to economic progress in developing countries.⁷⁶ The World Bank’s 2000/2001 *World Development Report* likewise identifies trade policy as a factor affecting poverty.⁷⁷

[OVERHEAD: POOR COUNTRIES DEPEND ON SINGLE EXPORTS]



One feature of existing trade relationships that has been linked to poverty – especially in agriculture, the sector where child labor is most widespread – is reliance on a small number of export commodities. Reliance on single exports can make regional or national economies highly vulnerable to sudden shifts in prices, exchange rates, or supply and demand levels, especially in cases of markets that are subject to fierce international competition, such as textiles, agricultural commodities, and other raw materials. Many poor countries rely heavily on exports of primary commodities, which have suffered from declining prices as global competition has increased. At the same time,

highly competitive global markets make it difficult for poor countries to diversify their exports. When prices fall in one sector, it is hard for developing countries to quickly shift to producing alternative products because they lack the necessary resources and capacity.⁷⁸

For example, world coffee prices hit 100-year lows recently.⁷⁹ These extremely low prices have depressed economies in regions of Central American and African countries that depend on coffee exports, and child labor in some regions has reportedly increased. A 2002 report by Oxfam, for example, showed that the crisis had led many coffee farmers in Tanzania, southern Mexico, and Haiti to take their children out of school.⁸⁰

⁷⁴ Raymond Torres, *Towards a Socially Sustainable World Economy: An analysis of the social pillars of globalization* (Geneva: International Labour Office, 2001), 24. See also a brief review of 1990s literature relating trends in earnings inequality to either trade or technological change, in OECD, *International Trade and Core Labour Standards* (Paris: OECD, 2000), 37-38.

⁷⁵ See M. Finger and J. Nogés, “The Unbalanced Uruguay Round Outcome: The new areas in future WTO negotiations,” *Policy Research Working Paper 2732* (Washington, D.C.: World Bank, 2001).

⁷⁶ *Human Development Report 2003*, 154.

⁷⁷ *World Development Report 2000/2001*, 180.

⁷⁸ *Human Development Report 2003*, 154; *Trade and Development Report 2003*, 53..

⁷⁹ *Trade and Development Report 2002*, 20.

⁸⁰ Charis Gresser and Sophia Tickell, *Mugged: Poverty in Your Coffee Cup* (London: Oxfam, 2002), 8-9, 13.

[OVERHEAD: EXPORT “DUMPING” DEPRESSES PRICES]

2002 Exports from U.S.-based Companies	Price compared to cost of production
Wheat	43% below cost
Soybeans	25% below cost
Corn	13% below cost
Cotton	61% below cost
Rice	35% below cost

While food supply management has been an important part of national and international economies historically, many price support and supply management programs that existed have been eliminated in recent decades and have been replaced by subsidy programs. As a result, today large transnational food companies can sell and buy agricultural commodities at well below the cost of production, and as agriculture markets have become globalized, small farmers in all countries, and especially farmers from poor countries, have often found it difficult to compete.⁸¹

Resulting depressed agricultural commodity prices have generated complaints from many farmers and from poorer nations that global food companies are engaging in agricultural “dumping,” which is the export and sale of products at below their cost of production. For example, in 2002, U.S.-based global food companies exported to international markets:

- Wheat at an average price of 43 percent below cost of production;
- Soybeans at an average price of 25 percent below cost of production;
- Corn at an average price of 13 percent below cost of production;
- Cotton at an average price of 61 percent below cost of production;
- Rice at an average price of 35 percent below cost of production.⁸²

Traded on international markets, these low-cost commodities depress overall prices and can put smaller and unsubsidized producers out of business. As in the “coffee crisis,” because price depression lowers incomes of farm and plantation workers, it can often indirectly lead to family poverty and contribute to increases in child labor.

PART V: International Trade Rules and Labor Standards

Rights to:
• A free choice to join a union and collective bargaining
• Reject all forms of forced or compulsory labor
• Work free from discrimination
• Reject child labor

ILO Declaration on Fundamental Principles and Rights at Work, adopted June, 1998

[OVERHEAD: INTERNATIONAL CORE LABOR STANDARDS]

As we mentioned earlier, strong international agreement has arisen in recent years on a set of core labor standards, and this agreement was reiterated in the ILO’s 1998 Declaration on Fundamental Principles and Rights at Work. Less agreement exists, however, on how these core labor standards should relate to trade rules, and on whether and how trade rules might help to reduce child labor and other core labor

⁸¹ *Trade and Development Report 2002*, 35.

⁸² Institute for Agriculture and Trade Policy, *United States Dumping on World Markets: February 2004 Update* (2004) at http://www.tradeobservatory.org/library.cfm?filename=US_Dumping_on_World_Agricultural_Markets_Febru.pdf.

standards violations.

Some argue that threatening to sanction countries for child labor violations might simply force children of poor families out of work, without providing a superior alternative. Others argue that free trade itself leads to economic growth, a higher standard of living and a concomitant decline in child labor, and that responsibility for enforcing labor laws lies not with international institutions but with local and national governments.⁸³

On the other side of the debate, many argue that trade rules and agreements are inherently connected to economic effects that can either exacerbate or decrease child labor and other workers' rights abuses, and that trade agreements should include provisions that protect children and workers, such as minimum labor standards and mechanisms for sanctioning governments if they fail to meet obligations to enforce domestic laws and uphold core labor standards. Some argue more specifically that trade agreements should be designed to require progressive realization of economic and labor rights, and be tailored to individual countries' circumstances to eliminate "unfair competition" based on exploitation and prevent a "race to the bottom" in which employers seek out lowest wages and least restrictive labor laws. The position of Human Rights Watch, for example, is that "there is an inherent link between labor rights and trade."⁸⁴



[OVERHEAD: FIRST U.S. FEDERAL CHILD LABOR LAW]

Debates about whether trade laws and institutions should include provisions on labor standards have intensified in recent years, but they are not new. Countries have frequently discussed and, in some cases, adopted policies linking labor standards to trade in several instances during the twentieth century. As one researcher puts it, "While the specific terms of the debate shift from one decade to the next, the topic is at least as old as American independence."⁸⁵

Historically, debate over whether labor standards should be linked to economic trade has been especially central to child labor reform in the U.S. The first piece of national legislation on child labor passed by Congress was the Keating-Owen Act. From 1916-1918, this law prohibited transporting across state lines products of factories, shops, or canneries employing children under 14 or products from mines employing children under 16. In 1918, opponents of the law succeeded in winning a Supreme Court case that struck down the law, and debate over whether the federal government had authority to regulate child labor in conjunction with interstate commerce then continued for two more decades until the Fair Labor Standards Act was passed in 1938.

As part of the legacy of this debate, today, the FLSA still prohibits the shipment in interstate commerce of goods that were produced in any state in the U.S. in violation of federal child labor law, and authorizes the Department of Labor to obtain injunctions to prohibit the movement of such "hot goods."

⁸³ For a concise review of recent literature arguing various points in the debate over how trade policy changes might affect child labor, see *International Trade and Core Labour Standards*, 40-41.

⁸⁴ Human Rights Watch, *Child Labor and Obstacles to Organizing on Ecuador's Banana Plantations* (New York: Human Rights Watch, 2002), Chapter 7, 1.

⁸⁵ Craig VanGrasstek, "U.S. Law and Policy on the Linkage Between Labor Rights and Trade," *Washington Trade Reports* (2000) at www.washingtontrade.com/LaborRights.htm.



[OVERHEAD: INTERNATIONAL TRADE ORGANIZATION]

In the twentieth century, nations also began dialogue on establishing umbrella organizations that would regulate trade, and, in some cases, labor standards, internationally.

Following World War II, over 50 nations participated in negotiations to form an International Trade Organization (ITO). As proposed, the ITO was to be a new UN agency. The draft ITO charter included not just trade rules, but rules on labor standards, employment, business practices, investment, and services. The ITO ultimately

failed because several nations – including the United States – did not ratify it in their legislatures.



[OVERHEAD: GENERAL AGREEMENT ON TARIFFS AND TRADE]

While the ITO was under discussion, however, 23 of the countries involved had agreed to a package of trade and tariff rules that became known as the General Agreement on Tariffs and Trade (GATT). This agreement was intended to be temporary. However, after the ITO failed, the GATT remained as the only set of enforceable multilateral trade rules.

Though the original GATT preamble stated that “Relations among countries in the field of trade and economic endeavor should be conducted with a view to raising standards of living and ensuring full employment,” the final version of GATT included no mention of labor standards except for allowing sanctions for the use of prison labor.



[OVERHEAD: FROM ITO TO GATT TO THE WTO]

Over the next several decades, GATT grew to include 135 member nations.⁸⁶ From 1986-1994, GATT member countries began new discussions on forming an international organization to regulate trade. Out of this series of negotiation meetings (called the “Uruguay Round”) came blueprints for the World Trade Organization.

⁸⁶ World Trade Organization, “Understanding the WTO: Basics: The GATT Years” at http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm.

[OVERHEAD: WORLD TRADE ORGANIZATION]



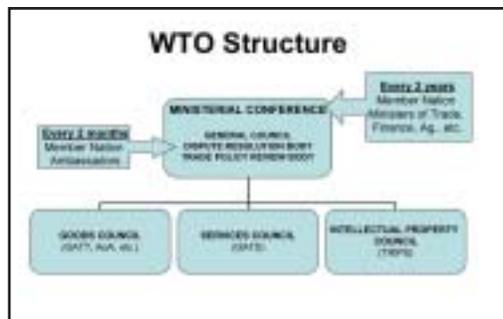
World Trade Organization

- 146 member countries
- Collection of 20+ trade treaties
- Since 1995, sets and enforces global trade rules

"Its main function is to ensure that trade flows as smoothly, predictably and freely as possible."

The stated overriding purpose of the WTO system is to “help trade flow as freely as possible – so long as there are no undesirable side-effects.” Today, 146 countries are members of the WTO.⁸⁷

[OVERHEAD: WTO STRUCTURE]



The WTO negotiations included a large number of developing countries and covered areas that were new to multilateral trade agreements. As you see here, the WTO created councils to oversee agreements, not just on trade in goods, but on intellectual property and on trade in services.

So unlike GATT, the WTO is not just a set of trade agreements, it is an organization. The WTO also created regular schedules for negotiations to reduce barriers to trade (for example, Ministerial meetings take place every two years) and a dispute resolution process to enforce rules in WTO trade agreements.⁸⁸

[OVERHEAD: WTO ON LABOR STANDARDS]



WTO on Labor Standards

Resolved:
"that the ILO should remain the supranational agency charged with developing and monitoring core labor standards."
-WTO Ministerial Meeting, 1996

There is no language on child labor or labor standards in current WTO rules, and the WTO is not scheduled to address labor standards in its work sessions at present.⁸⁹ At the 1996 WTO Ministerial, however, WTO members reiterated their support for core labor standards and passed a resolution stating “that the ILO should remain the supranational agency charged with developing and monitoring core labor standards.”⁹⁰ While seven other international organizations have observer status on the WTO General Council, the ILO does not, but the WTO is an official observer on the ILO’s Governing Body.

⁸⁷ World Trade Organization, “Understanding the WTO: Basics: What is the World Trade Organization?” at http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htm.

⁸⁸ World Trade Organization, “Understanding the WTO: The Organization: Organization Chart” at http://www.wto.org/english/thewto_e/whatis_e/tif_e/org2_e.htm.

⁸⁹ WTO, *Trading Into the Future*.

⁹⁰ WTO, *Singapore Ministerial Declaration* (December 13, 1996), at http://www.wto.org/english/thewto_e/minist_e/min96_e/wtodec_e.htm.

[OVERHEAD: PROPOSAL]

<p>PROPOSAL: Pass national law banning imports of goods made with child labor.</p> <p>PROBLEM: Under WTO rules, such a law could be challenged by other WTO members as an unfair barrier to trade.</p>
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Some argue that membership in the World Trade Organization (WTO) does, however, already affect how labor standards are linked to trade, since if member countries' laws and policies are not compatible with WTO rules, they risk facing trade sanctions. This has sparked concern among some child labor activists that WTO membership could make it more difficult to use national trade policy and legislation as tools to challenge child labor. For example, Kailash Satyarthi, founder of India's Bonded Labour Liberation

Front and leader of the Global March for Child Labor, expressed concern in interviews as the WTO was being finalized that under its rules, for member countries "it would be illegal to distinguish among products based on the working conditions under which they were produced, with the sole exception of laws discriminating against imports made with prison labor."⁹¹ Similarly, a recent Human Rights Watch report on Ecuador has stated that "linking tariff benefits and workers' rights is critical to the promotion of internationally recognized labor rights. However, governments' WTO obligations may prevent such linkage."⁹²

As an illustration of these potential conflicts between national policies and WTO rules, in the early 1990s, U.S. Senators proposed federal legislation banning imports of all goods connected with child labor, but lawmakers have since conceded that such measures are unlikely to be implemented now that the U.S. is a WTO member. Congressional researchers and the Office of the U.S. Trade Representative have both acknowledged that such an import ban would likely violate current WTO rules, and that other WTO member countries affected by such a child labor import ban could challenge it as an unfair trade barrier and potentially impose sanctions on U.S. exports in return for the violation.⁹³

[OVERHEAD: RULES FOR TODAY'S GLOBAL ECONOMY]

Rules for Today's Global Economy	
Trade Rules WTO OECD Regional & Bialateral Trade Agreements	Labor Standards ILO / UN ?

So, at present, several treaties and organizations have created international trade rules with legal standing and enforcement mechanisms that include economic sanctions, but only the ILO, which does not have the power to levy economic sanctions, officially monitors child labor standards and other workers' rights in the global economy.

⁹¹ "The Tragedy of Child Labor: An Interview with Kailash Satyarthi," *Multinational Monitor* 16: 10 (October, 1994).

⁹² *Child Labor and Obstacles to Organizing on Ecuador's Banana Plantations*, Chapter 7, 1.

⁹³ Robert Weissman, "Stolen Youth: Brutalized Children, Globalization and the Campaign to End Child Labor," *Multinational Monitor* 18 (Jan/Feb, 1997), 14.

[OVERHEAD: CAMPAIGNS FOR GLOBAL LABOR STANDARDS]

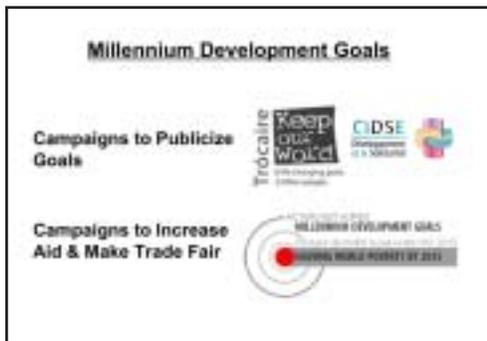


The International Confederation of Free Trade Unions (ICFTU) and other labor and human rights groups continue to propose making labor standards an enforceable part of trade rules by including a social clause on seven core labor standards in WTO rules.⁹⁴ The ICFTU has complained, “So far the WTO has not felt that it was within its remit to look at the inter-relationship between trade and child labour, even though at least 15 million children are producing goods for international markets . . .”⁹⁵ and, along with many national labor confederations, is also working to publicize core labor standards around the world in conjunction with campaigns to ratify ILO Convention 182

on the Worst Forms of Child Labor.⁹⁶

Under the ICFTU model, a “joint WTO/ILO Advisory Body could be set up to oversee the implementation of a workers’ rights clause. This body would have the authority to undertake periodic reviews of how countries were applying the principles enshrined . . . or to step in if there was a well-justified complaint.” To make ILO Conventions 138 and 182 on child labor central to any new workers’ rights clause, the ICFTU has proposed that the WTO work with the ILO to “link programmes of assistance to measures to end child labour through WTO action.” At present, the ICFTU informally plays the role of reporting on core labor standards for the WTO, and part of the proposal also recommends that the ILO officially take over this role and be given standing recognition at the WTO.⁹⁷

[OVERHEAD: MILLENNIUM DEVELOPMENT GOALS]



International agencies and non-governmental organizations have also recommended changes to improve fairness in trade rules and foster development in poor countries. In 2000, world leaders at the UN adopted the Millennium Declaration and agreed to a set of concrete Millennium Development goals aimed at poverty reduction and improving human development. Millennium Goal Eight specifically addresses trade rules, and includes recommendations that poor countries improve governance, while wealthy countries help improve poor countries’ access to international markets by

removing tariffs on exports and removing large agricultural subsidies.⁹⁸

So far, the UN reports that progress on these goals in trade forums has been somewhat slow. The latest round of international trade negotiations (“Doha Round”) has been dubbed a development round, “but early attempts to put development at the fore have produced stalemate and frustration.”⁹⁹

⁹⁴ International Confederation of Free Trade Unions, “ICFTU Statement on Building a WTO that Can Contribute Effectively to Economic and Social Development Worldwide,” 1999 (<http://www.icftu.org/displaydocument.asp>); see also Alec Fyfe and M. Jankanish, *Trade Unions and Child Labour: A Guide to Action* (Geneva: ILO, 1996), 34.

⁹⁵ *Building Workers Rights into the Global Trading System*, 40.

⁹⁶ See International Confederation of Free Trade Unions, *No Time to Play: Child Workers in the Global Economy* (Brussels: ICFTU, 1996), and ILO Bureau for Workers’ Activities, *Trade Unions & Child Labour*, Booklets 1-7 (Geneva: International Labour Office, 2000).

⁹⁷ *Building Workers’ Human Rights into the Global Trading System*, 44-45.

⁹⁸ *Human Development Report 2003*, 15.

⁹⁹ *Human Development Report 2003*, 23.

Organizations like Social Watch, Third World Network and Oxfam have all linked parts of their campaigns on issues related to fair trade to the Goals. The World Council of Churches has set ten targets for how it will help support progress toward fairer trade.¹⁰⁰

[OVERHEAD: CALLS FOR FAIR TRADE RULES]



Numerous other organizations have joined the call for linking enforceable international labor standards to trade, issuing statements, and launching campaigns calling on government and corporate leaders to revise trade rules in ways that prioritize human development and basic rights, rather than focusing solely on “profits and markets.”¹⁰¹

PART VI: Child Labor and Workers' Rights in U.S. Trade Policy

Calls for linking labor standards and child labor restrictions to international trade rules follow up on many precedents for making certain labor, health, or environmental standards conditions of trade in the past. There are many ways the U.S. has linked labor standards to its trade policies in recent decades.

[OVERHEAD: UNITED STATES TRADE REPRESENTATIVE]



In the U.S., new trade agreements are negotiated by the U.S. Trade Representative (USTR), a cabinet-level position appointed by the President. The USTR also represents the U.S. in international trade institutions such as the WTO and helps to direct national trade policy. Current USTR Robert Zoellick was appointed by President Bush in 2001.

U.S. trade policy and USTR's negotiations with other countries are directed in part by Congress, which legislates priorities USTR should pursue and timelines and procedures the President must follow when presenting trade deals to Congress.

¹⁰⁰ World Federation of United Nations Associations, “The Role of Civil Society in the Campaign for the Millennium Development Goals,” Summary record of January, 2003 meeting at the UN, at www.wfuna.org.

¹⁰¹ Interfaith Working Group on Trade and Investment, “An Interfaith Statement on Trade and Investment” (2001) at http://www.coc.org/pdfs/coc/interfaith_english.pdf.

[OVERHEAD: U.S. TRADE ACT OF 2002]

U.S. Trade Act of 2002 

New language directs USTR to:

- “promote respect” for childrens’ rights and core labor standards
- ensure existing laws are not weakened
- promote ratification of Convention 182 on the worst forms of child labor

Most recently, Congress issued a new set of guidelines to USTR in conjunction with restoring “fast track” or “Trade Promotion Authority” to the U.S. President in the Trade Act of 2002. The Trade Act of 2002 includes language directing the USTR to include promotion of labor standards – including ratification of Convention 182 – as one of several objectives when negotiating new trade agreements. Specifically, the Act calls on negotiators to “promote respect for worker rights and the rights of children consistent with core labor standards of the ILO” and to promote “universal ratification and full compliance” with ILO Convention 182.¹⁰²

The Trade Act issued these guidelines in the section of the act granting “Trade Promotion Authority” to the U.S. President, which enables the introduction of fully negotiated trade bills into Congress and requires Congress to consider and vote on them within a set timeline. Prior to 2002, this same authority had been in effect for Presidents from 1974-1997.

[OVERHEAD: U.S.-CHILE & U.S.-SINGAPORE AGREEMENTS]

U.S.-Chile & U.S.-Singapore Agreements

“First agreements negotiated under Trade Act of 2002” 

Required reports to Congress from USTR documented Chile and Singapore’s child labor laws and participation in ILO projects.

The first new agreements negotiated by USTR and passed by Congress under rules set in the Trade Act of 2002 were with Chile and Singapore. As part of the Trade Act’s new requirements, USTR had to submit reports to Congress on the trade partners’ policies on child labor and other issues before the trade deals were considered.

For example, in its report on child labor in Chile, USTR documented that Chile:

- has been a member of ILO-IPEC since 1996, and designed programs for working children in several regions of the country.
- has established a National Advisory Committee to Eradicate Child Labor and a National Plan of Action, which aims to ensure that the rights of children are fully protected by the year 2010.
- began working with ILO-IPEC in 2002 on a project to support the prevention and eradication of commercial sexual exploitation of children, and also on a project to establish a national register on the worst forms of child labor, including: child prostitution, child pornography, trafficking of children for the purpose of commercial sexual exploitation, drug use and production, underground work, and work with toxic substances.
- is establishing a system to ensure that assessments of child labor law compliance become a regular part of all labor inspections.¹⁰³

¹⁰² “Trade Negotiating Objectives,” Trade Act of 2002, Division B, Article XXI, Section 2102.

¹⁰³ USTR, “Laws Governing Exploitative Child Labor Report: Chile” (2003) at <http://www.ustr.gov/environment/tpa/chile-childlabor.pdf>.

[OVERHEAD: GENERALIZED SYSTEM OF PREFERENCES]

Generalized System of Preferences (GSP)

Since 1984, U.S. offers trade benefits to developing countries who "take steps to afford internationally recognized worker rights," including:

- Freedom of association
- Right to organize and bargain collectively
- Freedom from coerced labor
- Minimum age for employment of children
- Minimum wage, hours of work, safety, etc.

Besides trade deals, the U.S. has often tied labor standards requirements to trade benefit programs. The longest standing example of this approach to linking trade to labor standards is the Generalized System of Preferences (GSP) program, which allows certain products from qualified developing countries to enter the U.S. duty free.

The GSP was first established in 1974, but when Congress renewed the program in 1984 it included new language on labor standards, making trade preferences under the program conditioned in part on "whether or not such country has taken or is taking steps to

afford to workers . . . internationally-recognized worker rights" including:

- Freedom of association
- Right to organize and bargain collectively
- Freedom from coerced labor
- Minimum age for employment of children
- Acceptable conditions of work, including minimum wages, hours of work, and occupational health and safety

The renewed GSP has expired and has been revived and applied retroactively several times since 1993. As of 1999, more than 140 countries were eligible for GSP benefits on over 4,650 products.¹⁰⁴

[OVERHEAD: GSP PETITIONS]

GSP Petitions



- Can be filed by any "interested party"
- Nearly 100 filed to date
- 73% filed by unions or AFL-CIO

When used to demand change, respect for rights "appears to have improved" 58% of time

Numerous petitions alleging labor rights abuses have been submitted under the GSP scheme since 1984. Resulting action most often involves recommendations to the ILO to provide more technical assistance to the offending country with withdrawal of tariff preferences being very much a last resort.¹⁰⁵ As of 1998, 47 GSP petitions on worker rights had been accepted, and 35 had been rejected. Unions (usually the AFL-CIO) filed 73% of the petitions that were filed. Around half of the petitions alleged lack of or inadequate minimum wages, and all petitions alleged violations

of freedom of association, organizing, and/or collective bargaining.¹⁰⁶

Studies have shown that threats of GSP sanctions spurred changes in domestic labor codes and improved rights in some Central American and Caribbean countries. As of 1999, the U.S. had suspended the GSP benefits of six countries based on labor violations: Burma, Liberia, Maldives, Mauritania, Sudan, and Syria.¹⁰⁷ Over all, of GSP cases accepted, 12 have resulted in suspension or termination of benefits and 35 have resulted in finding a country had taken or was taking "necessary steps" to protect rights. One researcher estimates that in cases where change was demanded, respect for rights "appears to have improved in 58%" of cases.¹⁰⁸

¹⁰⁴ USTR, *U.S. Generalized System of Preferences Guidebook* (USTR: Washington, D.C., 1999), iii, 6.

¹⁰⁵ Brent McClintock, "Trade as if children mattered," *International Journal of Social Economics* 28 (2001), 899-910, 905-06.

¹⁰⁶ Kimberly Ann Elliott, "Preferences for Workers? Worker Rights and the U.S. Generalized System of Preferences," (Institute for International Economics, May, 1998; Revised May, 2000), 6.

¹⁰⁷ International Confederation of Free Trade Unions, *Building Workers' Human Rights into the Global Trading System* (ICFTU: Brussels, 1999), 62.

¹⁰⁸ "Preferences for Workers?" 5-7.

GSP & Child Labor

In 1996, U.S. revoked Pakistan's GSP benefits for:

- Surgical instruments
- Sporting goods
- Hand-knotted carpets



[OVERHEAD: GSP & CHILD LABOR]

To date, only one GSP petition on child labor has resulted in benefits being revoked. This was in 1996, when the U.S. suspended GSP benefits for three products from Pakistan based on documented child labor abuses regarding surgical instruments, sporting goods, and hand-knotted carpets.

NAFTA Labor "Side Agreement"



North American Agreement on Labor Cooperation (NAALC)

- Commits NAFTA countries to enforcing domestic labor laws
- 20 complaints filed to date have resulted in consultations, joint programs, and public seminars

[OVERHEAD: NAFTA LABOR "SIDE AGREEMENT"]

The U.S. has tried a range of approaches to including labor standards in bilateral or regional trade agreements as well. The first U.S. trade agreement to contain labor standards language was the North American Free Trade Agreement (NAFTA), but only as a side agreement.

When the U.S., Mexico, and Canada signed the NAFTA in 1993, they also signed a "side agreement" on labor standards called the North American Agreement on Labor Cooperation (NAALC). The NAALC commits each NAFTA country to "ensure that its labor laws

and regulations provide for high labor standards" and to "promote compliance with and effectively enforce its labor law." It does not specifically invoke ILO standards or require country laws and practices to meet international norms, but it does list a number of labor "principles" which are similar to those now included in the Core Labor Standards.

Citizens of any NAFTA country can request that their government examine labor practices of a NAFTA partner alleged to have violated domestic labor laws. Petitions alleging a NAFTA country has failed to enforce its labor laws are examined by a National Administrative Office (NAO), which can then pursue a consultation and evaluation process with the alleged offending country's government. In theory, the NAALC also allows for fines of up to \$20 million when partner governments fail to enforce these laws.

Critics of the NAALC's enforcement mechanisms, however, have pointed to the fact that though over 20 complaints have been filed under the NAALC, none to date have generated fines or sanctions.¹⁰⁹ On the other hand, some point out that though the NAALC does not provide enforceable remedies (like reinstatement, back pay, or union recognition), it has succeeded in putting national laws under a human and labor rights spotlight.¹¹⁰

¹⁰⁹ *Building Workers' Human Rights into the Global Trading System*, 61.

¹¹⁰ Lance Compa, "The ILO Standards Declaration: Changing the Climate for Changing the Law," *Perspectives on Work IRRA* 7:1 (2003), 25.

[OVERHEAD: NAFTA & CHILD LABOR]

NAFTA & Child Labor

One NAALC child labor case filed in 1998:

- Florida vegetable growers charged child labor in Mexico created "unfair competition"
- Case was dropped before completion



Boy in a lettuce field, Hidalgo, central Mexico

Only one child labor complaint has been lodged so far under NAALC. In 1998, a group of Florida tomato growers charged that illegal child labor was being employed on Mexican vegetable farms. The group alleged that Mexican child labor in the vegetable industry created an "unfair advantage against the growers and their employees in the United States." Ultimately, however, the growers did not pursue the case to completion and it was dropped by the NAO.¹¹¹

[OVERHEAD: U.S.-CAMBODIA TEXTILE AGREEMENT]

U.S.-Cambodia Textile Agreement

Since 1999, links U.S. textile import quotas to improvements in Cambodian labor standards.



Garment Workers at a Union Meeting, Cambodia

U.S. agrees to import more from Cambodia if ILO reports show improvements in garment factories.

The U.S. took a different approach to linking labor standards and trade in a 1999 agreement with Cambodia. Since 1999, the U.S. and Cambodia have agreed to make increases in quotas on Cambodian textiles conditional on improvements in Cambodian labor standards. For example, the U.S. has promised to increase textile imports from Cambodia by 6% a year, with a possible 9% bonus increase if labor improvements are shown.

At the end of the first year of this agreement, Cambodia was found not to be fully complying with its obligations to enforce labor laws.

In response, the U.S. has funded an ILO external monitoring program in Cambodia which issues quarterly reports on working conditions in a sample of garment factories.¹¹²

[OVERHEAD: U.S.-CAMBODIA AGREEMENT & CHILD LABOR]

U.S.-Cambodia Agreement & Child Labor

October, 2003, ILO report documented:

- "only two minor incidents" of child labor (14-year-olds recruited to work)
- 13 out of 61 factories "did not adequately verify the age of workers"



Wanvat Textile Co., Cambodia

Resulting ILO reports so far have shown very little child labor in textile factories, but persistent problems with forced overtime, correct payment of wages, and antiunion discrimination. Legally, workers must be 15 to begin work in garment factories in Cambodia. The most recent 2003 ILO report found "no evidence of child labour with the exception of 2 minor incidents" in garment factories where workers had been recruited when they were still 14 years old. Monitors also faced challenges in detecting child labor on their investigation since in thirteen of the factories,

"management did not adequately verify the age of workers before recruitment."¹¹³ Although reports suggest that enforcement of new Cambodian labor laws is still not always consistent, positive steps Cambodia has taken

¹¹¹ "Trade as if Children Mattered," 906; Human Rights Watch, *Canada/Mexico/United States: Trading Away Rights*, Chapter Five.

¹¹² American Center for International Labor Solidarity, *Justice for All: A Guide to Worker Rights in the Global Economy* (Washington, D.C.: ACILS, 2003), 152; Andrew Wells-Dang, "Linking Textiles to Labor Standards: Prospects for Cambodia and Vietnam," *FPIF Policy Report* (June, 2002) at www.fpif.org/papers/txt-labor_body.html.

¹¹³ ILO, "Seventh Synthesis Report on the Working Conditions Situation in Cambodia's Garment Sector," October, 2003, at <http://www.ilo.org/public/english/dialogue/ifpdial/publ/cambodia7.htm>.

since signing the textile agreement with the U.S. have included ratifying all core ILO conventions, implementing a new labor code, and allowing for the registration of independent unions.¹¹⁴

OPTIONAL AUDIOVISUAL AID (13 MINUTES):

To give participants a fuller introduction to how the U.S.-Cambodia Textile Agreement has altered conditions in some Cambodian garment factories and affected the enforcement of laws upholding core labor standards including the right to organize and the right to strike, show video clips from “Hell No, We Won’t Sew,” a segment from the PBS special *Planet Work* that examines the agreement’s impact since 1998. More information on ordering and sample video segments is available at <http://www.pbs.org/livelyhood/planetwork/surviving/hell.html>.

[OVERHEAD: U.S.-JORDAN FREE TRADE AGREEMENT]

U.S.-Jordan Free Trade Agreement

Since 2000, requires U.S. and Jordan to:

- Enforce domestic labor laws
- AND recognize core international labor standards



Textile sewing workshop, Jordan

Labor provisions appear in body of text (not as side agreement).

In 2000, the U.S. signed a bilateral trade agreement with Jordan that, for the first time, included worker rights provisions in the body of its text (rather than in a “side agreement” or supplement).¹¹⁵ The agreement commits both the U.S. and Jordan to respect international core labor standards (including the right to reject child labor), to enforce domestic laws, and to support discussions on worker rights as part of their membership in the WTO.

The agreement allows either country to pursue violations of labor rights in the other country through a public dispute resolution

process. Remedies for violations could include ILO inspection visits, improved workplace inspection programs, or sanctions and the withdrawal of trade benefits.

[OVERHEAD: U.S.-JORDAN AGREEMENT & CHILD LABOR]

U.S.-Jordan Agreement & Child Labor

Since signing 2002 trade agreement:

- U.S. & Jordan pledged not to use trade agreement to enforce labor standards
- U.S. funded ILO child labor project in Jordan



Queen Rania of Jordan Visits the U.S., 2002

To date, neither the U.S. nor Jordan has used their new trade agreement dispute process for enforcing labor standards, and the U.S. and Jordanian governments have both signed identical letters expressing their reluctance to see the labor standards provisions of the agreement enforced. In the letter, each government pledges it “would not expect or intend to apply the agreement’s dispute settlement enforcement procedures to secure its rights under the agreement in a manner that results in blocking trade.”¹¹⁶

¹¹⁴ “Problems & Progress in Cambodia’s Garment Industry,” *ILO Focus Fall/Winter 2003*, 10.

¹¹⁵ U.S. Trade Representative Charlene Barshefsky was quoted at the signing ceremony as saying that the agreement is “the first ever to have, in the body of a U.S. trade agreement, key provisions that reconfirm that free trade and the protection of the environment and of the rights of workers can go hand in hand. It will not require either country to adopt new laws, but rather requires each to enforce the laws it currently has, which will join free trade and open markets with other public responsibilities.” (“Jordan, U.S. Affirm Labor Standards,” *ILO News*, November, 2000 at http://www.us.ilo.org/archive/news/2000/ilowatch_0011.cfm).

¹¹⁶ *Justice for All*, 93.

Instead, to address known child labor problems, in 2002 shortly after signing the new trade agreement, the U.S. funded a \$1 million ILO program in Jordan to develop a national strategy to combat child labor, withdraw approximately 3,000 children engaged in the worst forms of child labor, and provide them with educational opportunities.¹¹⁷

[OVERHEAD: U.S.-CHILE & U.S.-SINGAPORE AGREEMENTS]

U.S.-Chile & U.S.-Singapore Agreements

Since 2003, commit countries to:

- "promote respect" for international core labor standards
- enforce existing domestic labor laws



US & Chile's Labor Negotiators
Conclude Agreement 2003

As we mentioned earlier, the first new agreements negotiated by USTR and passed by Congress under rules set in the Trade Act of 2002 were with Chile and Singapore. The resulting agreements both contained language on labor standards, stating that countries agree to promote "respect" for international core labor standards and to enforce existing national labor laws.

[OVERHEAD: LABOR ADVISORY COMMITTEE ON CHILE & SINGAPORE AGREEMENTS]

"In both the Chile and Singapore agreements, only one single labor rights obligation—the obligation for a country to enforce its own labor laws—is actually enforceable through dispute settlement."

"Under the Chile and Singapore FTAs, a country that is challenged for failing to enforce its existing labor laws could simply weaken or eliminate those laws to avoid dispute settlement."

-USTR Labor Advisory Committee
on Chile and Singapore Agreements

These two agreements were passed by wide majorities in Congress under "Trade Promotion Authority" procedures after being reviewed by several USTR Advisory Committees, including a Labor Advisory Committee charged with making recommendations to USTR on issues of labor and trade policy.¹¹⁸ While most Advisory Committees praised the deals, the agreements were harshly criticized in the Labor Committee's report, which raised concerns that the dispute resolution processes in the two agreements cannot be used to levy fines or sanctions against trade partners for violating

international core labor standards.¹¹⁹ Since the agreements are new, their dispute resolution processes have not yet been used, and it is difficult to tell how the labor standards language will operate in practice.

¹¹⁷ ILAB News Release (June 11, 2003) at <http://www.dol.gov/opa/media/press/ilab/ILAB2003303.htm>.

¹¹⁸ "Charter of the Labor Advisory Committee for Trade Negotiations and Trade Policy," U.S. Department of Labor and the Office of the U.S. Trade Representative at <http://www.ustr.gov/outreach/laccharter.htm>.

[OVERHEAD: FREE TRADE AREA OF THE AMERICAS]

Free Trade Area of the Americas (FTAA)
Scheduled for completion in 2005:

- includes 34 countries in Americas
- draft labor standards chapter may or may not be included



Debate over whether and how future trade agreements should incorporate labor standards has continued during talks to create a Free Trade Area of the Americas (FTAA). Talks began in 1994, when heads of state of 34 countries in North, Central, and South America committed to expanding regional free trade beyond the NAFTA and agreed to complete negotiations by the year 2005.¹²⁰

Talks for an FTAA are not yet completed; so far a chapter on labor provisions appears in the third draft of the FTAA agreement, but it is uncertain whether it will be adopted in the final version or

omitted.¹²¹ USTR has stated that securing “observance and promotion of worker rights” and renewing “commitments to the observance of internationally recognized core labor standards” are among its objectives for FTAA negotiations,¹²² and under current trade policy, USTR will need to report on each FTAA country’s child labor and labor standards records before sending an FTAA agreement to Congress.

[OVERHEAD: USING CUSTOMS TO COMBAT CHILD LABOR?]

Using Customs to Combat Child Labor?

1930: U.S. Tariff Act prohibits importing goods made with prison or indentured labor

1997: Congress specifies the Act should include “forced or indentured” child labor

1999: Executive Order directs government agencies to ensure they purchase no goods made with “forced or indentured” child labor

One last way in which U.S. trade policy has approached child labor has been to charge the Customs Service with the duty of screening products when they enter the country. Recent changes to U.S. laws have directed customs officials to look for instances of forced or indentured child labor in imported goods. Since 1930, the U.S. Tariff Act has prohibited imports of goods produced with prison or indentured labor. In 1997, Congress legislated that this should include goods made using forced or indentured child labor. Further, in 1999, President Clinton signed an Executive Order stating all

government agencies should ensure that no government contracts were procuring goods made with forced or indentured child labor.¹²³

The 1999 Executive Order excluded contracts with parties to the North American Free Trade Agreement or with parties to the WTO Agreement on Government Procurement, but some legal analysts have suggested that if broadly enforced, the Tariff Act import ban could be challenged under WTO rules and judged a “disguised restriction on international trade.”¹²⁴

The Customs Service has sometimes come under fire from critics who claim it has not adequately enforced these provisions. For example, the International Labor Rights Fund filed suit against the Customs Service in 2003, arguing that it had broken U.S. trade law by allowing into the country African cocoa harvested by indentured child laborers.¹²⁵

¹¹⁹ “The U.S.-Chile and U.S.-Singapore Free Trade Agreements: Report of the Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC),” February 28, 2003.

¹²⁰ “Free Trade Area of the Americas: Preparatory Process 1994-1998” at http://www.ftaa-alca.org/View_e.asp.

¹²¹ FTAA draft agreements are available at http://www.ftaa-alca.org/ftaadrafts_e.asp. Draft labor provisions appear in Chapter VII of Draft 3 at http://www.ftaa-alca.org/FTAADraft03/ChapterVII_e.asp, while alternative text prefacing the chapter leaves room for its omission: “Labor issues are not contemplated in the TCI mandate or in the FTAA negotiation mandate. Therefore, no provisions on this issue should exist in the FTAA Agreement.”¹²² Office of the U.S. Trade Representative, *Annual Report* (Washington, D.C.: USTR, 1998).

¹²³ *International Trade and Core Labour Standards*, 68. ¹²⁴ J. M. Diller and D. Levy, “Child labor, trade and investment: Toward the harmonization of international law,” *American Journal of International Law* 91: 4 (1997), 663-696, 687-89.

¹²⁵ Elizabeth Becker, “U.S. Agency to Be Cited in Suit About Trade and Child Labor,” *New York Times*, May 29, 2003.

Q: BASED ON THESE EXAMPLES, WHICH STRATEGIES FOR USING TRADE INTERVENTIONS TO COMBAT CHILD LABOR SEEM THE MOST IMPORTANT FOR U.S. CITIZENS/WORKERS/ CONSUMERS TO KNOW ABOUT? WHICH WOULD BE OF THE MOST INTEREST TO OTHER MEMBERS OF YOUR UNION/ORGANIZATION?

[DISCUSS ANSWERS.]

OR Alternate activity:

GROUP ACTIVITY: Does trade policy affect child labor?

[20-40 minutes]

Objectives

- Increase participant familiarity with how labor standards are addressed in U.S. trade policy.
- Synthesize knowledge gained about child labor with knowledge gained about trade and labor standards.
- Promote discussion on direct and indirect effects trade policy may have on child labor.

Materials

- Handouts pp. 11-14
- Worksheet 1-2-Trade: Does trade policy affect child labor? 
- Flip-chart or chalk board 

Instructions

- Begin by refocusing attention on the problem of child labor; if available, refer back to the list of factors contributing to child labor generated by the group earlier.
- Refer participants to handout pages 11-14 and explain that these pages summarize some of the trade policies discussed in the workshop. Ask participants to think back to your earlier discussion about the factors involved in the problem of child labor, and to consider whether the trade policies just reviewed might have any effect on child labor or the factors that cause it.
- Break participants into groups of 4-5 people. Tell groups they will have 15 minutes to discuss whether each policy seems likely to have an effect on child labor (and if so, how or why). [Note: if time is short, assign only 1-2 policies per group and allow only 5 minutes for this discussion].
- Reconvene the entire group and have one person from each group report their responses. Encourage participants to focus on explaining “How or why” their group came to the conclusions they did, and on referring back to specific pieces of information discussed in the workshop. [Note: if time is short, have each group report on only 1-2 policies, then move to the next group].

PART VII: Citizen, Consumer, and Union Initiatives to Combat Child Labor Through Trade Interventions

In support of forms of trade that promote fair labor practices and the elimination of child labor, many consumers have sought purchasing options or ways to participate in campaigns for improved corporate standards in recent years.

[OVERHEAD: FAIR TRADE PRODUCTS]



Through programs developed by non-profit organizations, some export goods like coffee, tea, cocoa, and bananas can now be certified as “Fair Trade” products if producers adhere to basic labor standards and pay farmers fair prices. Fair trade groups are working with churches, consumers, and students to publicize Fair Trade programs and expand the availability of Fair Trade products in countries that import these goods. Fair Trade programs have so far focused on working with small farmers who grow agricultural commodities that have suffered dramatic price declines in recent years, in hopes that

paying minimum prices for these goods will raise living standards and enable families who grow these crops to keep their children in school.¹²⁶

OPTIONAL AUDIOVISUAL AID (1 MINUTE):

If internet access is available, give participants a brief introduction to the relationship between Fair Trade and child labor in coffee-growing regions, by showing the Flash presentation prepared by TransFair USA, “With Fair Trade, Children Stay in School.” The presentation is available at <http://www.transfairusa.org/content/feature.php> (click third box under photo frame to start the “Children Stay in School” presentation, which is the third on the page).

[OVERHEAD: RUGMARK]



When the use of child labor in the rug-making industries of Pakistan and India gained international publicity in the 1990s, as the U.S. revoked some of Pakistan’s trade benefits under the Generalized System of Preferences, and consumer and human rights groups also took action. Building on the history of “union label” programs, they created “RUGMARK” and worked with manufacturers to phase out child labor. RUGMARK licenses companies to use “no child labor” labels if production facilities are regularly inspected by independent monitors, and uses licensing fees

¹²⁶ *By the Sweat and Toil of Children, Vol. IV*, 141-48. See also TransFairUSA at www.transfairusa.org. Concerned about confusion and misuse of the “fair trade” phrase, a 1999 forum of NGO’s known as FINE issued the following recommended definition of the term: “Fair trade is an alternative approach to conventional international trade. It is a trading partnership which aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, by awareness raising and by campaigning.” See <http://www.onevillage.co.uk/fairtrade.htm> for more information and for FINE’s accompanying list of recommended Fair Trade objectives.

to fund education and rehabilitation for children removed from carpet jobs. Consumer groups and unions play a role in educating the public about the label program and ensuring it maintains strict standards for licensed companies.¹²⁷

[OVERHEAD: SOLIDARITY ACROSS BORDERS]



Economic relationships created by increased trade have often also created new forms of cooperation in raising labor standards among workers, unions, and consumers across borders.

For example, in 2001, factory monitors confirmed illegal union-busting and other violations – including employment of children age 13-15 – at a Mexican factory sewing clothing with university logos for Nike and other U.S. companies. Thousands of American students, workers, and consumers responded by writing letters to corporate CEOs protesting worker treatment. The international solidarity

campaign helped factory workers to overcome violence, intimidation, and mass firings when they tried to organize, and after months of struggle, workers won an independent union.¹²⁸

In another example, citizens in countries that import bananas (including the U.S.) has supported workers' efforts to organize an independent union on the Bonita plantations in Ecuador, where child labor is a common problem. As news of Bonita's child labor abuses and violent attacks on workers spread in 2002, thousands contacted plantation owner Alvaro Noboa to demand that he recognize the workers' union and cease using illegal child labor, and leaders of labor organizations (including the AFL-CIO in the U.S.) issued statements in support of Ecuadorian workers.¹²⁹ As part of the campaign for rights for banana workers, labor and human rights groups also successfully persuaded the U.S. Trade Representative's office to delay certain trade benefits that Ecuador was to become eligible for in 2002, and to require Ecuador to show improvements in labor law enforcement before the new trade benefits are put in place.

¹²⁷ *By the Sweat and Toil of Children, Vol IV*, 24-34. See also RUGMARK at www.rugmark.org.

¹²⁸ Jeremy Blasi, "Kukdong: A Case of Effective Labor Standards Enforcement," (Berkeley: Henning Center for International Relations, 2003) at henningcenter.berkeley.edu/gateway/kukdong.html.

¹²⁹ See Human Rights Watch, "Stop Labor Rights Abuses on Ecuador's Banana Plantations" at www.hrw.org/campaigns/ecuador; and Campaign for Labor Rights, "Striking Banana Workers Attacked" at campaignforlaborrights.org/campaigns/Naboa/Naboa.htm.

GROUP ACTIVITY: Statements on trade and child labor

[20-40 minutes]

Objectives

- Reinforce understanding of ongoing debates over the relationship between trade and child labor.
- Analyze statements about the relationship between trade and child labor and review relevant information from workshop materials.

Materials

- Worksheets 3-4-Trade: Statements on trade and child labor.
- Flip-chart or chalk board



Instructions

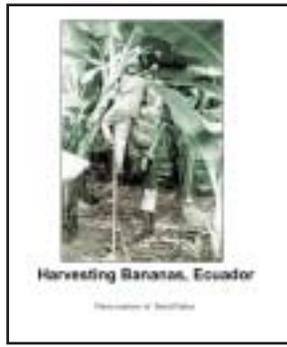
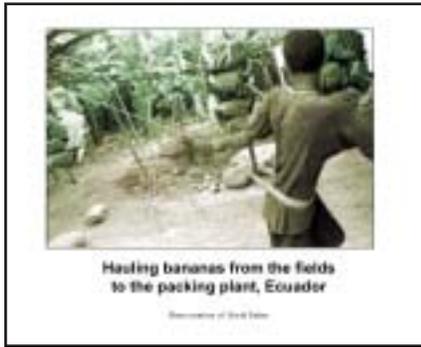
- Introduce the activity by reminding participants that national and international debates over how trade policy relates to child labor are ongoing in part because the issues are complex and because sometimes measures have contradictory or unpredictable effects. Tell them that in order to further analyze this debate, they will be assessing a set of statements representing a range of existing opinions on child labor and trade. Tell them there are no right or wrong answers and it is unlikely all will have identical views, but if they disagree with a given statement, they must write an alternative statement explaining why. [Follow instructions on Worksheet].
- Allow participants 8-10 minutes to review the statements and write responses.
- After 10 minutes, reconvene the group. First have participants report back just whether they agreed or disagreed with each statement. Tally responses on flip chart and take note of whether large numbers of the group tend to agree or disagree with particular statements.
- Next, select one or more statements with which several people said they disagreed. Have some or all (depending on size of group) who disagreed report to the group what they wrote in response to these statements.
- Spend remaining time analyzing what participants wrote as alternative statements to those they disagreed with. Ask participants whether responses to statements they disagreed with can be backed up with facts, examples, or data. (Because most of the statements are debatable, agreement or disagreement with each can be supported depending on circumstances and context, but if particular responses clearly contradict pieces of information from the workshop, point this out as part of discussion). If time allows, have participants review workshop materials to see if they can find specific pieces of information that support or contradict the statements they wrote.

Optional Case Study:

Child Labor in Ecuador's Banana Industry & the International Banana Trade

Let's take a look at a well-documented child labor problem in one particular industry where many of the factors we've talked about have come together, and where WTO rules and cases have had a documented impact.

[OVERHEADS: HAULING BANANAS; HARVESTING BANANAS, ECUADOR]



Several reports in 2002 documented deteriorating labor standards and an increasing use of child labor on banana plantations in Ecuador. Child labor in Ecuador is hardly a secret. In the summer of 2002, a *New York Times* reporter interviewed 10- and 12-year-old child laborers on Ecuador's Los Alamos plantations, where Bonita brand bananas are grown and harvested for export. Earlier that same year, Human

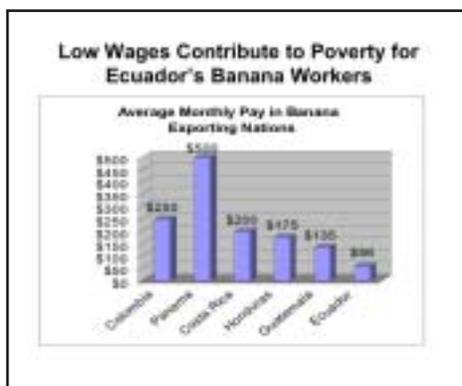
Rights Watch released a report titled *Tainted Harvest: Child Labor and Obstacles to Organizing on Ecuador's Banana Plantations*¹³⁰

But why is child labor prevalent in this particular industry in Ecuador? We've talked already about some of the many factors that can affect child labor in a particular country or industry. In Ecuador's banana industry, many of these different factors come into play, but for purposes of our discussion today, we'll focus on how a combination of factors related to trade in international banana markets along with certain conditions in Ecuador have allowed child labor to persist.

¹³⁰ Juan Forero, "In Ecuador's Banana Fields, Child Labor is Key to Profits" (*New York Times*, July 13, 2002), A1, A6 and Human Rights Watch, *Tainted Harvest: Child Labor and Obstacles to Organizing on Ecuador's Banana Plantations* (New York: Human Rights Watch, 2002) [hereinafter, *Child Labor and Obstacles to Organizing on Ecuador's Banana Plantations*].

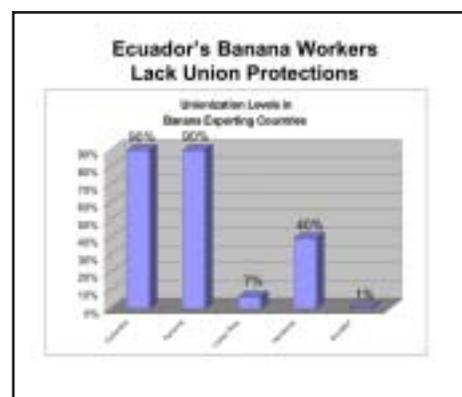
First, let's look at what the labor market in Ecuador's banana industry looks like.

[OVERHEAD: LOW WAGES CONTRIBUTE TO POVERTY FOR ECUADOR'S BANANA WORKERS]



Though Ecuador is the world's leading banana exporter,¹³¹ its banana workers earn less than those in any other banana-exporting country.¹³² These wages have a direct connection to child labor: most children interviewed by *New York Times* reporters in 2002 explained they had started work in order to help support their families because their parents, also full-time banana workers, could not support them on their wages of \$6-\$7 per day. Some of the children even reported working for free to help finish tasks so their parents' wages would not be docked, all while enduring exposure to pesticides, lifting heavy loads, and working with hazardous equipment and sharp tools.

[OVERHEAD: ECUADOR'S BANANA WORKERS LACK UNION PROTECTIONS]



Union density on Ecuador plantations is also lower than in other banana-exporting countries.¹³³ These conditions have attracted U.S. banana companies to shift larger and larger proportions of their imports to Ecuador in recent decades. In 2000, the president of Chiquita's international division explained layoffs of 650 unionized banana workers in Honduras by pointing out that Ecuador's low standards and low wages had made other banana-growing regions uncompetitive: "The costs in Ecuador are so much lower. There are no unions, no labour standards and pay is as low as two dollars a day."¹³⁴

Beginning in 1991, Ecuador's labor code was changed to increase labor "flexibilization" and remove regulations governing employer-employee relations. Changes to the labor code increased restrictions on organizing, the right to strike, and collective bargaining; employers are no longer required to bargain collectively with workers or to rehire workers fired for organizing, and the number of workers necessary to form a union has been doubled.¹³⁵ Ecuador's new labor code laws allow plantations to hire a majority of workers on a temporary basis; temporary workers are not allowed to join unions, do not receive benefits or overtime pay, and can be fired at any time.¹³⁶

¹³¹ Food and Agriculture Organization of the United Nations, "Banana Statistics," 2000 (<http://www.fao.org/es/ESC/esce/escr/bananas/pdfs/BAN-COMP2001.pdf>).

¹³² Robert Perillo, "Ecuador: Culprit and Victim in the Global Banana Crisis," *US Labor Education in the Americas Project Newsletter* (December, 2000) (<http://www.usleap.org/Banana/crisis/Ecuador%26crisis12-00.html>).

¹³³ David Bacon, "Blood on the Bananas" (London: International Centre for Trade Union Rights, 2002) (www.ictur.labournet.org/Ecuador.htm), 3.

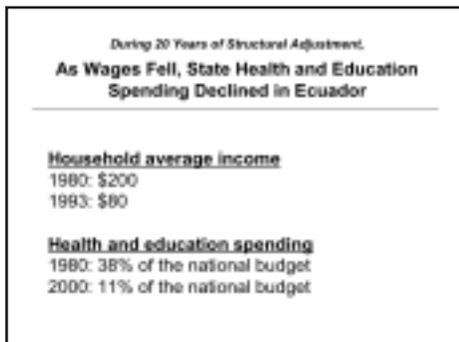
¹³⁴ Bob Kistinger, *Financial Times of London*, as cited in Dana Frank, "Our Fruit, Their Labor and Global Reality," (*The Washington Post*, June 2, 2002, B5); see also "Towards Respect for Global Union Rights?" (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations [IUF], 2000), 1-2 (www.iuf.org/iuf/editorials/banana01-00.htm).

¹³⁵ SAPRIN, *The Policy Roots of Economic Crisis and Poverty: A Multi-Country Participatory Assessment of Structural Adjustment*, (Structural Adjustment Participatory Review Initiative Network [SAPRIN], April, 2002), 84.

¹³⁶ *Child Labor and Obstacles to Organizing on Ecuador's Banana Plantations*, V:5-11.

When banana workers do try to organize, they often face repression and violence. In the example of Los Alamos plantations, where child labor was reported in the *New York Times* story discussed earlier, 1400 workers tried to improve their wages and working conditions by voting in March of 2002 to establish a union. Shortly thereafter, the owner refused to recognize the union and 124 workers were fired for organizing; then when workers struck and occupied part of the farm in protest, the plantation owner hired 400 armed guards who reportedly physically attacked and shot at workers. Many families continued to strike through the summer of 2002, but the plantation owner continued to refuse to recognize the union, and also set up a “company union” negotiating committee in order to block the workers’ legitimate union.¹³⁷

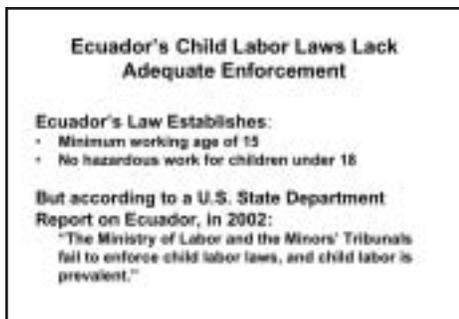
[OVERHEAD: AS WAGES FELL, STATE HEALTH AND EDUCATION SPENDING DECLINED]



Some of the changes made to Ecuador’s labor law in recent decades stemmed from its relationship with international lending institutions. Beginning in the early 1980s, Ecuador agreed to alter laws and economic structures as part of agreements with international lending institutions the World Bank and International Monetary Fund in order to finance debts and secure new development loans. These “structural adjustments” or “austerity” measures have decreased government spending on health and education.¹³⁸ Recent studies have linked current poverty and weak labor laws in part to structural

adjustment in Ecuador. As public funding of schools decline, families often must pay significant fees and transportation costs in order to send children to school.¹³⁹ Fewer than 40% of child banana workers interviewed by Human Rights Watch in 2001 reported staying in school after age 14.¹⁴⁰

[OVERHEAD: LAWS LACK ADEQUATE ENFORCEMENT]



ILO statistics show that child labor is known to be a problem throughout Ecuador, largely because existing laws go unenforced. In 2000, an estimated 38.6% of children age 5-17 worked in Ecuador’s rural areas; 13.8% of children 5-17 work in Ecuador’s urban areas, and the ILO estimates that 4.3% of children 10-14 work throughout Ecuador.¹⁴¹ [There is no available number that breaks down these statistics by industry.]

By law in Ecuador, employers cannot hire children under 14 unless they obtain authorization through the Ministry of Labor, and children under 18 are not allowed to perform hazardous work.¹⁴² As of 2001, however, the Ministry of Labor did not regularly include child banana workers

¹³⁷ See Bacon, 1-3; Forero; and International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations (IUF), “Violence Against Ecuadorian Banana Workers Striking for Their Rights,” 2002 (www.iuf.org.uk/cgi-bin/dbman/db.cgi).

¹³⁸ Center for Latin American Studies, “The Social and Economic Impacts of Structural Adjustment in Ecuador: Executive Summary,” 2001 (http://www.saprin.org/ecuador/research/ecu_sapri_rpt.pdf).

¹³⁹ 2001 Findings on the Worst Forms of Child Labor, 120.

¹⁴⁰ Child Labor and Obstacles to Organizing on Ecuador’s Banana Plantations, 2.

¹⁴¹ World Bank, *World Development Indicators 2002 CD-ROM* (World Bank, Washington, D.C., 2002); ILO-IPEC, “INDEC, Mintrabajo e INNFA presentan resultados preliminares de Encuesta Nacional,” *Encuentros no 2* (December 2001-February 2002).

¹⁴² 2001 Findings on the Worst Forms of Child Labor, 121.

within the scope of its activities.¹⁴³ In a recent report, the U.S. State Department observed, “The Ministry of Labor does not have adequate resources to investigate exploitative child labor practices.”¹⁴⁴

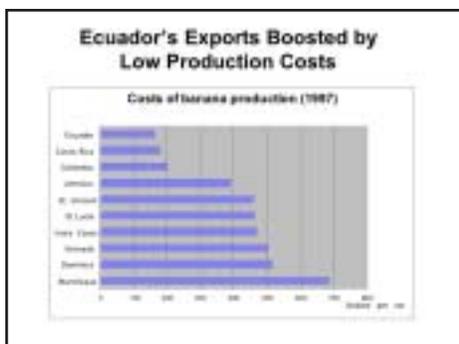
So clearly part of the child labor problem in Ecuador is due to government failures to pass and enforce adequate labor laws, and employer failures to follow laws that exist.

But what factors have created the low prices that growers claim have eliminated their profits and forced them to cut wages? Why have poverty wages become the norm on plantations? What pressures are making it possible for governments and businesses to get away with known violations of core labor standards? Why was Ecuador’s labor code altered to eliminate worker protections at a time when international core labor standards are gaining more and more attention?

While partial answers to these questions lie in Ecuador, other explanations require looking at the international banana market, Ecuador’s position as the world’s leading banana exporter, and international trade disputes. As one writer, has put it, Ecuador is both a “culprit and victim” in the global banana crisis.¹⁴⁵

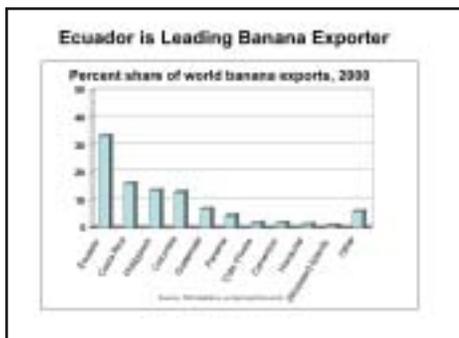
So let’s look now at how Ecuador fits into the international banana market.

[OVERHEAD: ECUADOR’S EXPORTS BOOSTED BY LOW PRODUCTION COSTS]



The low wages we talked about earlier have helped Ecuador’s banana growers gain a large international market share in the banana industry in recent decades, partly because they have kept costs of growing bananas in Ecuador very low compared to the costs in other countries.

[OVERHEAD: ECUADOR IS LEADING BANANA EXPORTER]



Ecuador is now the world’s leading banana exporter.¹⁴⁶ The U.S. now imports most of its bananas from Ecuador. In 2002, the U.S. imported \$271 million worth of bananas from Ecuador.¹⁴⁷

¹⁴³ *Child Labor and Obstacles to Organizing on Ecuador’s Banana Plantations*, 1:3.

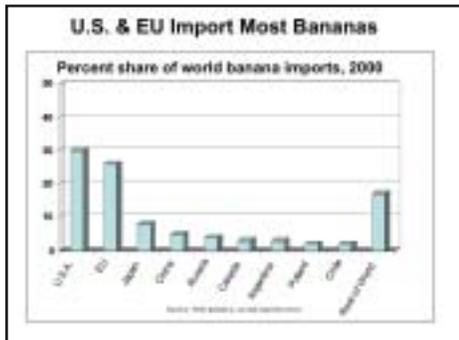
¹⁴⁴ U.S. Department of State, *Country Report on Human Rights Practices-2001: Ecuador* (Washington, D.C.: U.S. Department of State, March 4, 2002) at Section 6d.

¹⁴⁵ Robert Perillo, “Ecuador: Culprit and Victim in the Global Banana Crisis” (US/LEAP Newsletter, December, 2000 at <http://www.usleap.org/Banana/crisis/Ecuador%26crisis12-00.html>).

¹⁴⁶ UN Conference on Trade and Development, Info Comm: “Market Information in the Commodities Area,” <http://r0.unctad.org/infocomm/anglais/banana/>.

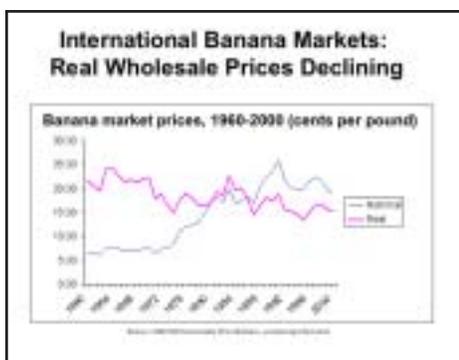
¹⁴⁷ OTEA U.S. Trade Tables, at <http://www.ita.doc.gov/td/industry/otea/Trade-Detail/Latest-December/Imports/08/080300.html>.

[OVERHEAD: U.S. & EU IMPORT MOST BANANAS]



The U.S., along with the EU, are the main banana importers, so policies and conditions in the U.S. and Europe have a large impact on banana prices and trade.¹⁴⁸

[OVERHEAD: INTERNATIONAL BANANA MARKETS: REAL WHOLESALE PRICES DECLINING]



Growers in Ecuador have complained that they cannot pay higher wages because banana prices are so low. There are two types of prices to consider when examining the banana market. The first is the price paid to growers. At this point in the supply chain, large transnational fruit companies have great power to set the prices they pay to growers.

Ecuador's plantations are not alone in experiencing declining banana prices which have put downward pressure on wages. As this chart shows, real prices for bananas worldwide have been in decline since peaking in the 1980s.¹⁴⁹

These depressed prices have had a direct impact on family incomes and, therefore, on child labor in Ecuador. Prices for Ecuador's bananas, most of which are exported to the U.S., have fallen 30 percent compared to ten years ago; in 2002, growers reported that boxes of bananas were sold to exporters for \$2-\$3 and then resold in the U.S. for about \$25. Growers and exporters interviewed in 2002 used these low prices to justify ignoring labor codes; and even a local government official openly admitted that under current conditions "all the members of families have to work to pay for basic needs."¹⁵⁰

[OVERHEAD: INTERNATIONAL BANANA MARKETS: LOW RETAIL PRICES]



The second type of price to consider is how much consumers are paying for bananas on the retail side. Here, we can see that retail prices have been generally declining in the 1990s, and have remained consistently low in the U.S. Analysis from the UN Conference on Trade and Development suggests that it is these low retail prices that have had the greatest impact on the banana market, and that the increasing strength of supermarket chains and other retail distributors has played a key role in keeping prices down.¹⁵¹

¹⁴⁸ "Market Information in the Commodities Area" at <http://r0.unctad.org/infocomm/anglais/banana/>.

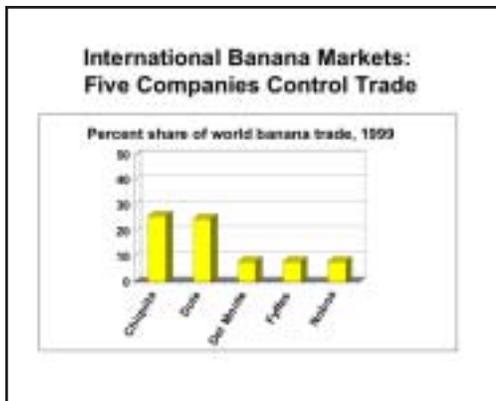
¹⁴⁹ "Market Information in the Commodities Area: Banana: Economic Policies" at <http://r0.unctad.org/infocomm/anglais/banana/ecopolicies.htm>.

¹⁵⁰ Juan Forero, "In Ecuador's Banana Fields, Child Labor is Key to Profits" (*New York Times*, July 13, 2002), A1, A6.

¹⁵¹ "Market Information in the Commodities Area: Banana: Economic Policies" at <http://r0.unctad.org/infocomm/anglais/banana/ecopolicies.htm>.

Some argue this pressure is mainly coming from a small number of larger and larger supermarket/discount chains who pressure suppliers in efforts to dictate wholesale prices. For example, two giant supermarket chains in Europe recently engaged in a price war that has driven consumer banana prices down 25% since 1996. After one European market called Asda struck an exclusive deal with Del Monte to get bananas for 10% less, a second chain called Tesco slashed the price it was willing to pay its banana suppliers by 30%. Over time these combined pressures have driven wholesale prices paid to growers down to all-time lows.¹⁵²

[OVERHEAD: INTERNATIONAL BANANA MARKETS: FIVE COMPANIES CONTROL TRADE]



Along with pressures from large retailers, large transnational fruit companies have succeeded in placing downward pressure on wholesale banana prices. Five major companies dominate the worldwide trade in bananas today. As of 1999, these five companies held the following percentage shares of the banana trade¹⁵³:

- United Brands (Chiquita) 26%
- Dole 25%
- Del Monte 8%
- Fyffes 8%
- Noboa 8%

Chiquita, Dole, and Del Monte are U.S.-based; Fyffes is based in Ireland; and Noboa is an Ecuadorian company, which dominates the banana trade in Ecuador. Controlling such large shares of the world market enables these five companies to significantly influence the market price of bananas partly because they not only import and sell bananas to retailers, they often also directly own plantations, transport and distribution facilities in countries where bananas are grown. For example, throughout Latin America, these multinationals are directly involved in producing around 60% of the bananas they also import.¹⁵⁴

Because there is so little competition and because these companies oversee local transportation and distribution of the fruit they buy for export, growers in Latin America have no choice but to sell to whichever company is dominant in their particular region, and to accept whatever price they are offered, even if it is below the cost of production. Otherwise, there is no way to export their product to markets in the North.¹⁵⁵

¹⁵² Banana Trade News Bulletin, "British supermarkets driving the 'race to the bottom,'" July 2003.

¹⁵³ Anne-Claire Chambron, "Straightening the bent world of the banana," (European Fair Trade Association, 2000), 2.

¹⁵⁴ Chambron, 3.

¹⁵⁵ The problem of monopoly control in the banana industry has a long history: Chiquita, Dole, and Del Monte were once all part of the same company (United Fruit) until in 1958 the U.S. government filed an anti-trust suit against the company's banana monopoly. See Nicholas Stein, "Chiquita: Yes, We Have No Profits," *Fortune* Nov 26, 2001, for a brief introduction to the history of how the history of the United Fruit Company continues to condition the business operations of Chiquita and other banana exporters of today.

[OVERHEAD: INTERNATIONAL BANANA MARKETS: WORKERS REAP FEW PROFITS]



The result is that the banana trade generates profits for retailers and fruit companies, but little is passed on to workers. Because wholesale prices have been forced so low, bananas are among the most profitable items in U.S. supermarkets, but plantation workers get only a tiny share of the dollars consumers spend. An estimated 1-3% of every dollar consumers spend on bananas goes to plantation workers.¹⁵⁶

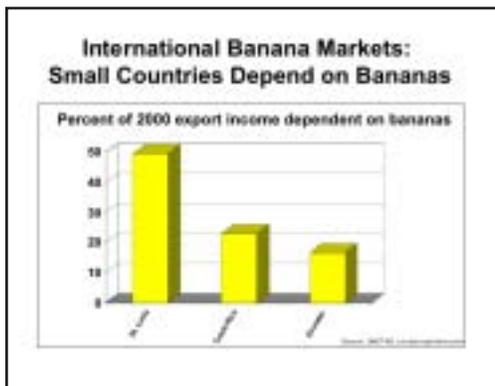
[OVERHEAD: UNCTAD QUOTATION]

Actually, during the nineties the international banana market has been extremely influenced by the developments of the EU Banana Regime and the following dispute and agreement at the WTO, which have filled the market with uncertainties and limited the actions of the different banana market operators.

-UNCTAD

The emergence of the World Trade Organization has transformed the banana market. Ecuador's world market share of banana exports has grown in part because it has worked with the U.S. to open European markets to its bananas through the World Trade Organization. This major shift has, in turn, had consequences for banana prices and working conditions worldwide.

[OVERHEAD: INTERNATIONAL BANANA MARKETS: SMALL COUNTRIES DEPEND ON BANANAS]



As we mentioned earlier, the U.S. and EU import over half of the world's bananas, so how they structure their trade has a huge impact on the industry. Historically, many banana-producing nations had colonial political or economic relationships in which their economies depended on exports to European countries or the U.S. As these colonies gained political independence during the twentieth century, many of these trade relationships have persisted, and many small former colonies have continued to be dependent economically on banana exports. Small islands like St. Lucia, St. Vincent, Dominica, and others are often dependent on bananas for nearly 50% on their nation's export income and for employing 30-50% of the population.¹⁵⁷

¹⁵⁶ Chambron.

¹⁵⁷ "Market Information in the Commodities Area: Banana: Economic Policies" at <http://r0.unctad.org/infocomm>; Bananalink, "Bananadrama 3: Consequences of liberalization" at http://www.bananalink.org.uk/trade_war/trade_war_main3.htm.

[OVERHEAD: BANANA TRADE, 1975-1993]



Partly for this reason, starting in 1975, European countries regulated their banana trade through a complex system of quotas and tariffs, which made it possible for countries like France, Italy, Germany, and the UK to protect and support the banana industries of their former colonies in African, Caribbean, and Pacific countries. Britain, for example, maintained its trading relationship with the Windward Islands in the Caribbean, setting quotas and tariffs that restricted banana imports from other countries, while favoring bananas from small islands like St. Lucia.

In contrast, historically the U.S. banana trade has been unregulated (no tariffs or quotas were placed on bananas coming into the U.S.), and U.S. corporations have imported bananas primarily from Latin America, and especially from Ecuador, where, as we've seen, wages are lowest and prices cheapest. These bananas traded from Latin America to the U.S. have come to be known as "dollar bananas."¹⁵⁸

[OVERHEAD: 1993: EU "BANANA REGIME"]



In 1993, the creation of the European Single Market meant that several European countries could no longer maintain differing banana import programs. To unify these different banana import rules across Europe, the emerging European Union (EU) established complicated new tariff and quota system called the "Common Market Organization for Bananas." The new system continued to grant preferences to many former Caribbean and African colonies, while allowing some Latin American banana imports to the EU within limited quotas.¹⁵⁹

Starting in the early 1990s, while trade talks to form the World Trade Organization (WTO) were in progress, the EU's banana trade rules and protections came under attack. U.S. fruit companies and Ecuadorian plantation owners were increasingly interested in sending low-cost "dollar bananas" from Latin America to Europe. From their point of view, the EU's preferential trade relationships with former African and Caribbean colonies was "unfair trade" because it gave these more expensive bananas preference in EU markets, and placed limits on imports of less expensive bananas from the Latin American plantations controlled by U.S. and Ecuadorian companies.¹⁶⁰

¹⁵⁸ Bananalink, "Bananadrama 1: The EU Banana Regime" at www.bananalink.org.uk; David Ransom, "Banana Split" (*New Internationalist* 317, October 1999), 4.

¹⁵⁹ "Market Information on Commodities: Banana: Economic Policies" at <http://r0.unctad.org/infocomm/anglais/banana/ecopolicies.htm>.

¹⁶⁰ Bananalink, "Bananadrama 2: Challenges to the EU Banana Regime," at http://www.bananalink.org.uk/trade_war/trade_war_main2.htm.

[OVERHEAD: CHALLENGE TO EU TRADE AT WTO]



In 1994, the U.S. and Ecuador worked together to file a case at the WTO against the EU, charging that its banana preferences for former colonies discriminated against bananas from Latin America, discriminating against U.S.-based multinational fruit companies (such as Chiquita, Dole, Del Monte) and against Ecuador's major fruit company, Noboa. When the WTO receives such a complaint, its Dispute Settlement Body sets up a "panel of experts" to determine whether the policy challenged is compatible with WTO rules.

[OVERHEAD: WTO RULINGS ON BANANA TRADE]



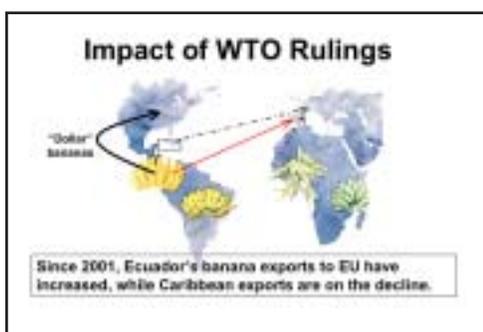
In 1997, the WTO Dispute Settlement Body ruled against the EU in the case, ruling that the EU must make changes to the "Banana Regime" import system or risk economic sanctions.

In response, in 1999 the EU agreed to import more "dollar" bananas – including beginning to import 26% of its bananas from Ecuador. Ecuador and the U.S. were dissatisfied with the remaining quotas, however, and filed another complaint. On this second complaint, the WTO ruled against the EU again, saying its trade

system still discriminated against Ecuador's exports, and that it must make additional changes. The WTO also authorized the U.S. to initiate sanctions against the EU by implementing tariffs on EU exports such as candles, cheeses, bath salts, and coffee-makers.

In order to end the trade war, in 2001 the EU came to a temporary agreement with the U.S. which included a promise to phase out quotas for "dollar" bananas by the year 2006.¹⁶¹

[OVERHEAD: IMPACT OF WTO RULINGS]



Since 2001, Ecuador's exports to the EU began to increase. Looking ahead to 2006, most predict that eliminating the quota system will have an even larger impact on the banana trade, boosting Ecuador's share of the market while decreasing exports from small islands and Central American countries. This shift has had an especially large impact on the economies of small islands that are most dependent on their trade in bananas with European countries, but who will increasingly have to compete with Ecuador in the EU market. Some island economies are beginning to shift out of the banana industry already; two thirds of growers in the Caribbean have stopped exporting bananas since 1993.¹⁶²

¹⁶¹ "Bananadrama 2: Challenges to the EU Banana Regime. The 2001 agreement included several more complex measures and steps along the way to eliminating quotas over the five-year time-span, such as first shifting from quotas to a licensing system for dollar bananas, then transferring a large portion of quotas currently designated for African/Caribbean bananas over to dollar bananas, then eventually shifting to a tariff-only regime for dollar bananas.

¹⁶² "Bananadrama 3: Consequences of liberalization.

Q: HOW WOULD YOU PREDICT THAT THESE SHIFTS MIGHT AFFECT WORKING CONDITIONS IN THE FUTURE IN ECUADOR'S BANANA INDUSTRY? IN OTHER BANANA-PRODUCING COUNTRIES?

[OVERHEAD: INTERNATIONAL BANANA CHARTER]



Because international markets have such a large impact on the banana industry and labor standards in banana-producing regions, many people are looking to the international arena as a place to address the root causes of child labor and declining labor standards on banana plantations.

For example, at international forums in recent years, representatives from plantation workers' unions, small banana farmers, European NGOs and unions have met and called for an international agreement to restructure the banana trade, imposing trade rules, quotas

and tariffs in ways that take into account sustainable development and the social and environmental impacts of the banana industry.¹⁶³

[OVERHEAD: INTERNATIONAL SUPPORT FOR ECUADOR'S BANANA WORKERS]



Broad international coalitions of concerned parties have begun working to investigate conditions in banana fields and to support the efforts of banana workers to improve labor conditions and combat child labor. Here, in North America, many consumers who learned of conditions on the Los Alamos Plantations in 2002 researched where Bonita bananas were sold, and then convinced major U.S. retailers like Costco to contact plantation owner Alvaro Noboa to urge him to respect workers' rights. Thousands of consumers, students, and union members and leaders also wrote letters to Noboa in support of workers. A delegation of U.S. Congressional

staffers also visited Ecuador and reported back to lawmakers in Washington on conditions on banana plantations.¹⁶⁴

Also in response to this international attention, in July 2002, Ecuador's Ministry of Labor signed an agreement with the banana industry and several non-governmental organizations to work toward eradicating child labor on banana plantations by 2003.¹⁶⁵

¹⁶³ Text of the International Banana Charter is available at <http://www.banafair.de/kamp/aktivitaeten/charta.htm>.

¹⁶⁴ See Human Rights Watch, "Stop Labor Rights Abuses on Ecuador's Banana Plantations," 2002 (<http://www.hrw.org/campaigns/ecuador/>) and Campaign for Labor Rights, "Striking Banana Workers Attacked," 2002, (<http://campaignforlaborrights.org/campaigns/Naboa/Naboa.htm>).

¹⁶⁵ "Menores de 15 años no trabajarán en bananeras," *El Universo*, November 27, 2002, as cited in DRAFT: *2002 Findings on the Worst Forms of Child Labor* (Washington, D.C.: U.S. Department of Labor, 2003).

[OVERHEAD: LINKING LABOR STANDARDS TO TRADE BENEFITS]

Linking Labor Standards to Trade Benefits

Due to child labor and worker rights abuses, U.S. Trade Representative delayed trade benefits for Ecuador in 2002

In response, Ecuador's government

- raised the minimum employment age to 15
- promised to
 - Improve child labor law enforcement
 - Review labor laws
 - Investigate violence against workers

International campaigns for workers' rights have also focused on using trade benefit programs as one way to improve labor standards in Ecuador. After FENACLE, a banana worker organization in Ecuador, organized an international campaign to support labor law reform, hundreds of supporters and over 70 organizations from around the world wrote to the President of Ecuador in support of reform, and a delegation of U.S. trade unionists visited Ecuador in support of improved labor standards in 2003.

In the U.S., supporters of this campaign also asked the office of the U.S. Trade Representative (USTR) to use trade benefit preference programs to encourage reform. USTR has since pressed Ecuador's government to address labor law reform, especially with regard to the right to organize in banana sector. In the fall of 2002, the U.S. delayed certain trade benefits that had been promised to Ecuador (on products other than bananas), citing concerns about worker rights, and requiring Ecuador to do the following before trade benefits could be restored:

- Review labor law deficiencies, especially obstacles to freedom of association
- Improve child labor law enforcement
- Form commission to investigate May 2002 Los Alamos violence by Feb. 2003.

As of May, 2003, Ecuador had raised the legal minimum age for employment to 15 and increased the number of inspectors assigned to cover child labor. It also formed a commission to investigate violence against workers, but the commission had not issued a report, and no steps had been taken on labor law reforms.¹⁶⁶ When no report was issued, Human Rights Watch, the AFL-CIO, and US/LEAP all argued that Ecuador's response was still inadequate.¹⁶⁷

[OVERHEAD: FAIR TRADE BANANAS]

Fair Trade Bananas



- Fair wages and working conditions certified by Fair Trade groups
- Bananas grown in Ghana, Costa Rica, and Windward Islands
- So far, imported and sold in UK and parts of Europe

Consumers are using their influence to increase environmental and social sustainability in the export banana industry in part through fair trade programs. Fair trade groups certify fruit that has been grown under conditions that meet minimal labor standards and for which growers have been paid prices which cover costs of production and reasonable wages for workers. Fair Trade bananas are now widely available in Europe, and to a limited extent in North America. Following consumer demands for organic and fair trade bananas, more supermarkets are orienting their banana business in this direction, and the banana industry

is, therefore, being pushed to move into fair-trade and organic banana production.¹⁶⁸

European groups have also set up an "Ethical Trading Initiative" which would set minimum environmental and labor standards for products sold in supermarkets and are pressuring retailers to join.¹⁶⁹

¹⁶⁶ See Office of the U.S. Trade Representative, "First Report to the Congress on the Operation of the Andean Trade Preference Act as Amended" (April 30, 2003), 36-37 for a summary of Ecuador's labor law and responses to allegations of worker rights abuses.

¹⁶⁷ "Ecuador Labor Law Campaign to Escalate," *US/LEAP Newsletter* April, 2003.

¹⁶⁸ UN Conference on Trade and Development, "Market Information in the Commodities Area: Banana: Quality" at <http://r0.unctad.org/infocomm/anglais/banana/quality.htm> and Food and Agricultural Organization Committee on Commodity Problems, Intergovernmental Group on Bananas and on Tropical Fruits, "The Market for 'Organic' and 'Fair Trade' Bananas" (December, 2001) at <http://www.fao.org/DOCREP/MEETING/004/Y1767e.HTM>.

¹⁶⁹ "British supermarkets driving the 'race to the bottom,'" *Banana Trade News Bulletin*, July, 2003.