Social dialogue for sustainable trade and investment: the case of South Africa

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The experience of South Africa’s National Economic Development and Labour Council (NEDLAC)

Introduction

Trade and investment policies heavily shape a country's economic outlook — which sectors grow, which regions develop, and how industrial policy is designed and implemented. Therefore, trade and investment policies at both the national and regional levels are often treated as technical matters for ministries and government agencies with mandates related to trade and foreign direct investment, as well as trade negotiators. However, these policies have important implications for enterprises, workers and communities.

Trade and investment policies have the potential to directly and indirectly shape sustainable development outcomes, including the number and quality of jobs created and the extent to which domestic enterprises benefit from trade and investment through participation and spillovers.

Ensuring that trade and investment policies deliver positive development outcomes and create more and better jobs requires coordinated and concerted consultation between governments and social partners at the national and regional levels. Trade and investment can benefit employers and workers by creating jobs and supporting skills development and technology transfer. However, they may also lead to job displacement, pressure on domestic enterprises, and poorer working conditions where adequate safeguards are not in place. It is therefore critical that government departments responsible for labour, as well as workers’ and employers’ organisations, are meaningfully engaged in the formulation and implementation of trade and investment policies.

Social dialogue offers the opportunity to engage with different stakeholders on matters related to trade and investment. However, recent research shows that such engagement does not always take place and, when it does, may not be adequate due to unclear mandates, limited institutional capacity, weak industrial relations systems and constrained resources within national social dialogue structures.[1]

When social dialogue functions well, it can connect economic and social policy objectives and strengthen cooperation among government, business and workers’ organisations. In this way, it can help align trade and foreign direct investment policies with sustainable economic growth and decent work.

South Africa’s National Economic Development and Labour Council (NEDLAC) illustrates how such dialogue can be institutionalized at the national level. It provides a formal forum through which government and social partners engage on social and economic policy.

[1] Vongai Masocha, The Role of National Social Dialogue Institutions in Shaping Investment Policies, ILO Working Paper No. 171 (Geneva: ILO, 2026).

This case study examines NEDLAC's work in the area of trade and investment. It explains how social dialogue is organised through NEDLAC before examining the role of the Trade and Industry Chamber, the Technical Sectoral Liaison Committee (TESELICO) and commissioned research in trade and investment policymaking.

What is social dialogue?

Social dialogue includes consultation, negotiation and the exchange of information among governments, employers' and workers' organisations on economic and social policy issues. Depending on the national framework, other groups representing wider social and development interests may also participate.

Peak-level social dialogue is a key governance mechanism that fosters collaboration between governments and employers' and workers' organisations (the social partners) to develop shared solutions to economic and social challenges. By leveraging the social partners' democratic legitimacy and their first-hand expertise in the world of work, peak-level social dialogue contributes to more informed, responsive and legitimate policymaking.[2]

What is NEDLAC?

NEDLAC was established by the NEDLAC Act in 1994 and launched in 1995 following South Africa's democratic transition. Its aims include promoting economic growth, participation in economic decision-making and social equity, and seeking consensus on matters relating to social and economic policy. It is also required to consider proposed labour legislation before it is introduced in Parliament and significant changes to social and economic policy before they are implemented or introduced in Parliament.[3]

NEDLAC is not a single committee or a one-off consultation exercise. It is a permanent national social dialogue institution, established by law, through which government and social partners engage on social and economic policy. It is made up of decision-making, coordinating and policy-specific structures. Understanding how these structures relate to one another helps explain how trade and investment matters are considered.

NEDLAC consists of members representing:

- the State
- organized labour
- organized business; and
- organisations representing community and development interests

These four constituencies participate through NEDLAC's governance and policy structures. The Executive Council provides overall strategic direction, while the Management Committee oversees and coordinates the work and the Secretariat provides administrative and technical support to NEDLAC. Much of the substantive policy discussion takes place in four Chambers, each responsible for a different policy area. [4]

- **The Development Chamber** seeks consensus on social and economic policy, implementation strategies and developmental programmes.
- **The Public Finance and Monetary Policy Chamber** seeks consensus on financial, fiscal, monetary and exchange-rate policies for South Africa's economic development.
- **The Trade and Industry Chamber** seeks consensus on trade, industrial, mining, agricultural and services policies for economic development.

[2] Peak-level social dialogue: An essential force for economic development and social progress, policy brief (Geneva: ILO, 2025).

[3] South Africa, National Economic Development and Labour Council Act, 1994 (Act No. 35 of 1994).

[4] National Economic Development and Labour Council (NEDLAC), NEDLAC Constitution, 2024, clauses 1.4, 1.20, 3 and 5–8.

- **The Labour Market Chamber** considers proposed labour legislation relating to labour-market policy before its introduction in Parliament and seeks consensus on matters concerning the world of work.[5]

The State, organised business and organised labour participate in all four Chambers. The community and development constituency participates in the Development Chamber but is not a standing constituency in the other three Chambers.

While all four Chambers contribute to NEDLAC's broader social and economic mandate, trade and investment matters are considered primarily through the Trade and Industry Chamber. The remainder of this case study therefore focuses on this Chamber and the technical structures that support its work.

NEDLAC at a glance

What is NEDLAC?
South Africa's national institution for social dialogue on labour, economic and development policy.

Who participates?
NEDLAC brings together four constituencies – that is, the State, organised business, organised labour and organisations representing community and development interests.[6]

What does it do?
It provides a formal process through which the constituencies can consider proposed labour legislation and significant changes to social and economic policy, seek agreement and formally record areas of agreement and disagreement.

How is it relevant to trade and investment?
The Trade and Industry Chamber provides the main forum for discussing trade, investment and industrial policy and their economic, social and labour implications. It is supported by the Technical Sectoral Liaison Committee (TESELICO) and issue-specific task teams.

Institutionalizing social dialogue on trade and investment: the Trade and Industry Chamber

The Trade and Industry Chamber considers broad trade, industrial, mining, agricultural and services policies and their economic and social implications. It brings together representatives of the State, organised business and organised labour. The Department of Trade, Industry and Competition (the dtic) primarily leads government participation in TESELICO. Business is represented mainly through Business Unity South Africa (BUSA) and sectoral associations, while labour representatives come from the Congress of South African Trade Unions (COSATU), the Federation of Unions of South Africa (FEDUSA) and related labour organisations.[7]

TESELICO is a technical structure that supports discussions on trade agreements, trade negotiations and related international processes. It allows the constituencies to examine developments in trade policy in greater detail and to contribute to the positions that South Africa advances in international processes. [8]

Task teams may be established when a specific matter requires focused engagement over a defined period. They may bring together relevant government departments, constituency representatives and external experts and draw on specialised technical, economic or legal analysis.[9]

[5] National Economic Development and Labour Council (NEDLAC), "Development Chamber"; "Public Finance & Economic Policy Chamber"; "Trade & Industry Chamber"; and "Labour Market Chamber", accessed 22 July 2026.

[6] National Economic Development and Labour Council (NEDLAC), NEDLAC Constitution, 2024, arts. 3, 5, 6, 7, and 8.

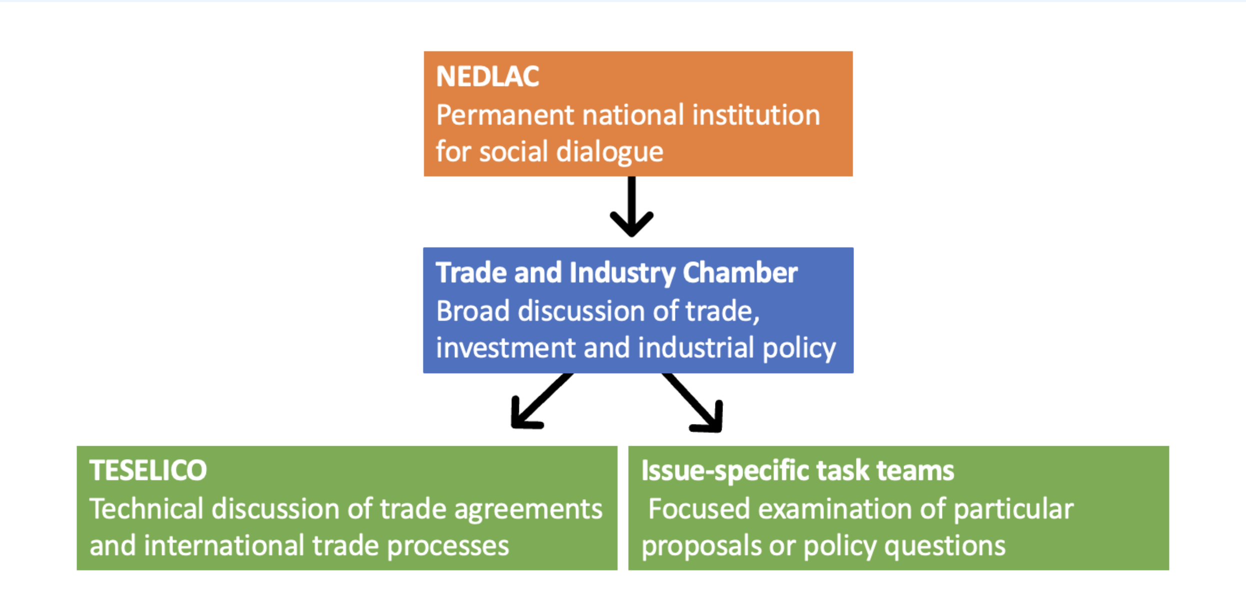
[7] National Economic Development and Labour Council (NEDLAC), *Annual Report 2024/25* (Johannesburg: NEDLAC, 2025).

[8] NEDLAC, "Trade & Industry Chamber" and "Teselico Sub-Committee", accessed 14 July 2026.

[9] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, art. 7.3.

The Programming Committee is established by the Management Committee and determines which NEDLAC structure should consider a new law or policy and coordinates matters that cut across more than one area of NEDLAC's work. [10] Figure 1 summarises how these structures fit together. The following section explains how a matter is formally introduced, considered and followed up through NEDLAC.

Main NEDLAC structures relevant to trade and investment



How a matter moves through NEDLAC

Any constituency may propose the introduction or amendment of socio-economic policy or legislation by submitting a document explaining the purpose and scope of the proposed changes.[11] The matter then moves through a formal process that allows the social partners to examine the proposal, raise concerns and seek agreement.[12] For trade and investment matters, the issue may be considered through the Trade and Industry Chamber, TESELICO or a task team, depending on its scope and technical complexity.[13] Figure 2 summarises the five main stages of this process.

How a matter moves through NEDLAC

[10] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, art. 5.2.

[11] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, art. 7.1.1.

[12] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC.

[13] NEDLAC, "Trade & Industry Chamber" and "Teselico Sub-Committee"; NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, arts. 5.2 and 7.3.

1. **The matter is tabled and allocated:** The process begins when a constituency submits a proposal through the Executive Director. Government departments must show that the responsible minister has approved the proposal, indicate whether any public consultations have already been undertaken, and provide a summary or analysis of any public comments available for consideration. Other constituencies must confirm that the proposal has been authorised by the organisations they represent. The Executive Director then directs the matter to the appropriate NEDLAC structure, with the Programming Committee resolving any uncertainty about where it should be considered.[14]

2. **The constituencies prepare their positions:** Once the matter has been allocated, the constituencies are normally given one month to prepare their positions and consult internally. They then agree on a timetable for engagement based on the complexity of the issue. The engagement would not normally extend beyond six months.[15]

3. **The matter is examined with appropriate technical support:** The relevant Chamber, committee or forum then considers the matter. Where more focused discussion is needed, it may establish a task team and define how the work will proceed. This may include setting deadlines, identifying participants, agreeing on working methods, specifying the documents required, obtaining technical, legal or other external expertise, commissioning research or using a facilitator, as necessary. The terms of reference may also set out how disputes will be handled.[16]

4. **Agreement and disagreement are recorded:** The parties engage with the aim of reaching consensus. Where significant differences remain, they may refer the issue to a higher NEDLAC structure, hold bilateral discussions, use mediation or seek an advisory opinion. If the parties still cannot reach agreement, the unresolved issues and each party's position are formally recorded.[17]

5. **The outcome is reported and followed up:** The Secretariat then prepares a report setting out how the matter was considered, the positions taken by the social partners, the relevant policy or legislative proposals, and the areas of agreement and disagreement. Where consensus has not been reached, the report formally records the unresolved issues and each party's position. The relevant structure reviews the report before it is approved by the Management Committee and forwarded for tabling in Parliament. Where legislation is involved, the responsible government department must reflect NEDLAC agreements in the bill and inform NEDLAC of any later changes that are inconsistent with those agreements. The Secretariat also tracks the bill through Parliament and may seek reports from government departments on implementation of any policy, law or agreement reached at NEDLAC when requested by the constituencies.[18]

Through this process, NEDLAC creates an official record of the process and its outcome, while allowing each constituency to maintain its position where consensus cannot be reached.

What NEDLAC can and cannot do

NEDLAC can influence policy proposals and negotiating positions by enabling consultation, negotiation and consensus-building. It does not replace the responsibilities of government, Parliament or the authorities responsible for conducting international negotiations and implementing policy.

[14] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, arts. 7.2.1–7.2.5.

[15] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, arts. 7.2.6–7.2.7.

[16] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, arts. 7.3.

[17] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, art. 7.4.

[18] NEDLAC, Protocol for Tabling and Considering Matters at NEDLAC, art. 10.

NEDLAC in practice

The formal structures and procedures described above provide several ways for social partners to contribute to trade and investment policymaking. The following examples illustrate how NEDLAC can broaden policy discussion, inform South Africa's international trade positions and generate evidence on complex trade and labour questions.

Considering the wider effects of trade and investment policy

The mandate and structure of the Trade and Industry Chamber allow social partners to look beyond the immediate economic objectives of a proposal and consider its wider implications. This allows them to consider how a proposal may affect employment and job quality, as well as broader development objectives related to skills, domestic enterprises and environmental sustainability. Relevant government departments, public agencies and external experts may contribute where specialised knowledge is required.

This engagement can help identify trade-offs, implementation challenges and possible adjustment measures before policy choices are finalised.

Informing trade negotiations and international positions

TESELICO provides a forum for government, organized business and organized labour to discuss developments in trade agreements and international trade policy before and during key international processes. Through these discussions, the social partners can raise concerns, share technical perspectives and contribute to the positions South Africa adopts in negotiations.

In 2022–2023, TESELICO considered issues relating to the Southern African Customs Union Agreement, the Southern African Development Community Trade Protocol, South Africa's trade relations with the European Union, World Trade Organization reform and the WTO review of South Africa's trade policy.[19]

In this way, TESELICO creates a structured channel for social partners to inform South Africa's international trade positions, while the government remains responsible for conducting the negotiations.

Informed decisions underpinning the work at NEDLAC [20]

In 2025, NEDLAC commissioned research to examine whether and how labour provisions could be incorporated into South Africa's trade agreements.

The study reviewed international practice, South Africa's agreements and institutional arrangements, and stakeholder views. It considered possible approaches for North–South and South–South agreements, including how commitments could be designed, monitored and implemented.

Stakeholders generally supported fair labour standards and alignment with ILO principles, but raised concerns about protectionism, compliance costs for small and medium-sized enterprises, sectoral differences, informality, limited implementation capacity and weak coordination between trade and labour institutions.

The study therefore recommended clear but flexible commitments, supported by phased or sector-sensitive implementation, credible monitoring, capacity-building and cooperative dispute resolution. In doing so, it provides the NEDLAC constituencies with an evidence base for developing a shared position.

[19] Vongai Masocha, The Role of National Social Dialogue Institutions in Shaping Investment Policies, ILO Working Paper No. 171 (Geneva: ILO, 2026).

[20] National Economic Development and Labour Council (NEDLAC), *Research Study on the Viability of the Inclusion of Labour Provisions in South Africa's Trade Agreements*, Draft Final Report (January 2025).

6. What the experience shows

NEDLAC's experience shows that having a formal structure for social dialogue is important, but not sufficient on its own. Its mandate, representative membership and dedicated trade structures create opportunities for social partners to influence trade and investment policy. Whether they can do so in practice depends on how these arrangements are used.

What NEDLAC's experience shows

Institutional feature	Contribution	Conditions for effectiveness
Legal basis and representative membership	Gives the State, organised business, organised labour and community constituencies a recognised place in the policymaking process.	Consistent participation by the relevant institutions, supported by political commitment and trust.
Dedicated structures for trade and industrial policy	Provides regular forums for discussing trade, investment and industrial policy.	Matters must be brought to NEDLAC while there is still scope to influence policy choices and negotiating positions.
Ability of constituencies to raise issues	Allows any constituency to raise a socio-economic issue within NEDLAC's mandate.	Representatives need clear mandates, enough time to prepare and access to the information required for meaningful engagement.
Flexible working methods	Allows NEDLAC to use task teams, commissioned research, external expertise and dispute-resolution procedures when needed.	The Secretariat and constituencies require adequate technical expertise, institutional capacity and resources.
Recording agreements and disagreements	Provides an official record for subsequent policy, legislative and parliamentary processes.	Outcomes must be communicated clearly and implemented by the responsible institutions.
Monitoring and follow-up	Supports oversight of legislative and policy implementation.	Follow-up must be systematic and supported by adequate resources and clear accountability.

NEDLAC therefore gives social partners a permanent route into trade and investment policymaking, connecting participation with policy development, negotiation and implementation. Its contribution ultimately depends on whether the institutional arrangements identified above are supported by timely engagement, adequate capacity and systematic follow-up.

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