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More and better jobs through trade. The role of responsible business conduct and international labour standards

Key points

- **Trade can support economic growth, enterprise development and job creation, including for groups that face barriers to decent work.** These benefits are not automatic or evenly distributed. Trade policy should therefore consider whether trade creates more and better jobs and supports inclusive labour markets.
- **Labour provisions are increasingly common in trade agreements.** Around one third of trade agreements notified to the WTO include labour provisions. Their approaches vary, ranging from labour commitments, cooperation and monitoring to dispute settlement and, in some agreements, trade-related remedies.
- **Trade is increasingly linked to respect for international labour standards and responsible business conduct.** Trade agreements set commitments and provide ways for countries to cooperate and address non-compliance; market-access measures, including preference schemes and forced labour prohibitions, can affect access to markets; and home- and host-country measures and related mechanisms can shape responsible business conduct and supply-chain practices.
- **The effectiveness of these instruments depends on coherent implementation, credible monitoring, institutional capacity, technical cooperation, social dialogue and access to remedy.** Trade and labour ministries, customs and other competent authorities, export and investment promotion agencies, employers' and workers' organizations and enterprises have complementary roles in translating international commitments and market requirements into practical improvements for workers and enterprises.

Background, scope and analytical framework

International trade can create opportunities for employment, productivity growth, enterprise upgrading and poverty reduction, including for women and young people in sectors linked to global supply chains. These benefits are not automatic or evenly distributed. Their extent and distribution depend on domestic labour-market institutions, complementary policies and the capacity of workers and enterprises to participate in and benefit from trade.[1]

Trade policy should therefore assess not only whether trade expands, but whether it supports productive employment, better working conditions and more inclusive labour markets. This depends on effective labour institutions, support for workers and enterprises, and meaningful social dialogue. Trade and labour policies can reinforce one another: decent work can strengthen productivity and help enterprises compete, while well-designed trade policy can support more and better jobs.[2]

Trade is increasingly linked to decent work and responsible business conduct through provisions in trade agreements, market-access measures and supply-chain requirements. These instruments are especially relevant in global supply chains, where production is spread across enterprises and countries and labour risks can be difficult to identify and address.[3]

This brief examines three groups of instruments and measures that shape the impact and outcomes of trade in terms of creating more and better jobs and advancing decent work, with a particular focus on responsible business conduct (RBC) and international labour standards:

- RBC and international labour provisions in trade agreements;
- market-access measures addressing labour conditions, including trade preference schemes linked to labour-related criteria and restrictions on goods produced with forced labour; and
- home- and host-country measures that promote responsible business conduct and supply-chain governance, together with related mechanisms that support implementation, monitoring and remediation.

Previous ILO research has examined many of these measures separately. This brief considers them together to show how they interact, reinforce one another and shape the actions of governments, social partners and enterprises. It focuses on instruments with a direct or material connection to trade, while recognizing domestic labour institutions and social dialogue as essential foundations.

Box 1: Common international reference points for responsible business conduct

Three international instruments on responsible business conduct provide common reference points for the trade and supply-chain governance mechanisms examined in this brief:

- **The United Nations Guiding Principles on Business and Human Rights (UNGPs):** Adopted by the UN Human Rights Council in 2011, the UNGPs establish a framework built on three pillars — the state duty to protect human rights, the corporate responsibility to respect human rights, and access to remedy for victims of business-related abuses.
- **The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration):** Adopted by the ILO in 1977 (and last updated in 2022), it provides guidance to multinational enterprises, governments, and employers' and workers' organizations on general policies, employment, training, working conditions, and industrial relations.
- **The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct** are recommendations from governments to enterprises addressing areas such as human rights, labour, environment, and anti-corruption, and they include a

[1] Marva Corley-Coulibaly, Pelin Sekerler Richiardi and Franz Christian Ebert, "Introduction", in Integrating Trade and Decent Work: Volume 1: Has Trade Led to Better Jobs? Findings Based on the ILO's Decent Work Indicators, eds. Marva Corley-Coulibaly, Pelin Sekerler Richiardi and Franz Christian Ebert (Geneva: ILO, 2023), xviii; Marc Bacchetta, Ekkehard Ernst and Juana P. Bustamante, Globalization and Informal Jobs in Developing Countries: A Joint Study of the International Labour Office and the Secretariat of the World Trade Organization (Geneva: ILO/WTO, 2009).

[2] Takaaki Kizu and Bolormaa Tumurchudur Klok, "Skills, employment and trade: The role of skills and employment policies in making trade more inclusive and resilient", in Integrating Trade and Decent Work: Volume 1: Has Trade Led to Better Jobs? Findings Based on the ILO's Decent Work Indicators, eds. Marva Corley-Coulibaly, Pelin Sekerler Richiardi and Franz Christian Ebert (Geneva: ILO, 2023), 243–275; International Monetary Fund, World Bank and World Trade Organization, Making Trade an Engine of Growth for All: The Case for Trade and for Policies to Facilitate Adjustment (Washington, DC, 2017), 5 and 28–30.

[3] OECD, OECD Due Diligence Guidance for Responsible Business Conduct (Paris: OECD, 2018), 20–34; ILO, A Mapping and Analysis of the Impact and Effectiveness of Global, Regional and National Regulatory and Non-Regulatory Initiatives Addressing Decent Work Deficits in Supply Chains (revised October 2025).

grievance mechanism through National Contact Points.

Together, they clarify the complementary responsibilities and roles of governments, enterprises and employers' and workers' organizations.[4]

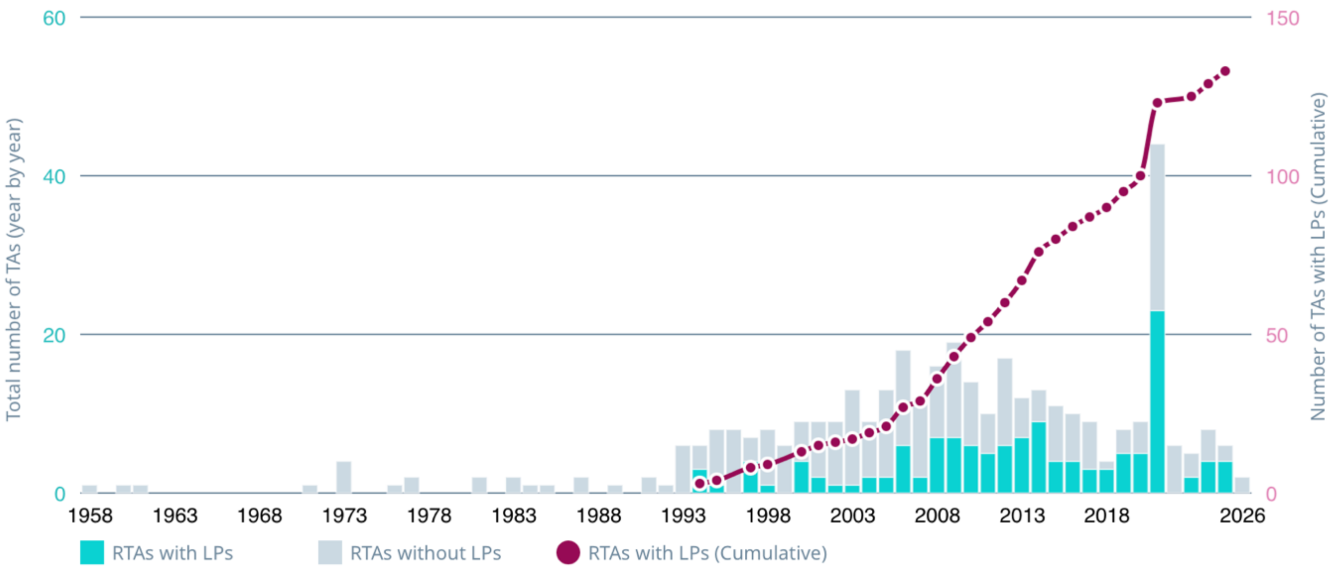
Trade agreements

Labour provisions

Labour provisions in trade agreements are defined as "i) any principle or standard or rule (including references to international labour standards), which addresses labour relations, minimum working conditions, terms of employment, and/or other labour issues; ii) any framework to promote cooperation and/or compliance with standards, through activities, dialogue and/or monitoring of labour issues; and/or iii) any mechanism to ensure compliance with national labour law and standards set out in the trade agreement, such as through the settlement of labour-related disputes".[5]

According to the ILO Labour Provisions in Trade Agreements Hub, around one in three trade agreements notified to the WTO includes labour provisions (see Figure 1).[6] The share has increased over time, and around 140 economies now have trade agreements with labour provisions.

▶ **Figure 1: Number of trade agreements with and without labour provisions, 1958–2026**



Notes: RTAs = regional trade agreements; LPs = labour provisions. Data are available for 383 RTAs notified to the WTO until April 2026.
Source: ILO Labour Provisions in Trade Agreements Hub (2026), based on WTO RTA-IS.

[4] United Nations, Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework (New York and Geneva, 2011), principles 11–24; International Labour Organization, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 6th ed. (Geneva, 2022); Organisation for Economic Co-operation and Development, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (Paris, 2023), chapters II and IV.

[5] International Labour Organization (ILO), Labour Provisions in Trade Agreements Hub, "About", available at: https://webapps.ilo.org/LPhub/#about, accessed 22 July 2026.

[6] International Labour Organization (ILO), Labour Provisions in Trade Agreements Hub, accessed 28 April 2026.

Labour provisions generally comprise:

- commitments concerning labour standards and domestic labour law;
- cooperation and monitoring arrangements; and
- compliance mechanisms, including consultations, panels and, in some agreements, trade-related remedies.[7]

Labour clauses have become a widespread instrument for promoting decent work and sustainability at the global level. However, depending on the scope of commitments, the level of cooperation, and the presence of compliance mechanisms, these clauses can take different forms. In addition, while labour provisions remain concentrated in North–South trade agreements, an increasing number of South–South agreements are incorporating them.[8]

Three examples illustrate the diversity of approaches to implementation: the EU–Kenya Economic Partnership Agreement, the US–Morocco Free Trade Agreement and the United States–Mexico–Canada Agreement (the USMCA).

▶ Box 2: EU–Kenya Economic Partnership Agreement and labour commitments

The EU–Kenya EPA illustrates a cooperation-based approach to trade and labour. Its Trade and Sustainable Development chapter (Annex V) refers to decent work, fundamental rights at work, decent working conditions, social dialogue and labour inspection. Article 3 commits the parties to make "continued and sustained efforts to ratify the fundamental ILO Conventions" and to "effectively implement" the ILO Conventions they have ratified.

Implementation is overseen by a Special Committee on Trade and Sustainable Development, which provides a framework for dialogue between the parties. Each party must also establish or maintain a domestic advisory group representing civil society, business and employers' organizations, and trade unions. An EPA Consultative Committee provides a further forum for dialogue involving the private sector, civil society, academia and the social and economic partners. On the EU side, eligible stakeholders may also submit complaints concerning alleged non-compliance through the European Commission's Single Entry Point.[9]

Disputes concerning labour commitments are first subject to consultations and may then be referred to an arbitration panel. The mechanism provides for panel findings and implementation follow-up but does not permit the temporary trade remedies available for certain other disputes under the agreement.[10]

The EPA also links labour provisions with responsible business conduct. Article 11 recognizes the importance of responsible business conduct, corporate social responsibility and responsible supply-chain management. It commits the parties to promote their uptake through supportive policy frameworks, cooperation and outreach. It also supports adherence to international instruments, including the ILO MNE Declaration, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.[11]

▶ Box 3: US–Morocco Free Trade Agreement and labour commitments

The US–Morocco Free Trade Agreement combines labour commitments, cooperation and enforceable obligations. Chapter 16 reaffirms the parties' commitments under the ILO Declaration on Fundamental Principles and Rights at Work and requires each party to strive to protect internationally recognized labour rights in its laws. It also provides that neither party may fail to effectively enforce its labour laws through a sustained or recurring course of action or inaction affecting bilateral trade. The parties are also called on not to weaken domestic labour protections to encourage trade or investment.

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[7] International Labour Organization (2022). ILO Labour Provisions in Trade Agreements Hub (LP Hub). International Labour Organization, Geneva.

[8] International Labour Office, Assessment of Labour Provisions in Trade and Investment Arrangements (Geneva: ILO, 2016), 19 and 22.

[9] European Commission, Operating Guidelines for the Single Entry Point and Complaints Mechanism for the Enforcement of EU Trade Agreements and Arrangements (Brussels, 2023), 1–2.

[10] EU–Kenya EPA, Annex V, arts 2–3 and 14–18, and arts 108 and 112–120.

[11] EU–Kenya EPA, Annex V, art. 11.

Each party designates a contact point in its labour ministry to receive and consider public communications. The agreement also allows for national labour advisory committees representing workers, employers and other members of the public. A Labour Cooperation Mechanism supports exchanges and joint activities on issues such as fundamental rights at work, child labour, working conditions, skills development and labour statistics.

Labour-related concerns may first be addressed through consultations and, where necessary, through a labour subcommittee using good offices, conciliation or mediation. Formal dispute settlement is limited to the obligation to effectively enforce domestic labour laws in a manner affecting trade. Where a panel finds a breach and the matter remains unresolved, it may impose an annual monetary assessment to support labour-law enforcement. Continued non-payment may ultimately result in the suspension of tariff benefits.[12]

▶ **Box 4: USMCA Facility-Specific Rapid Response Labor Mechanism**

The USMCA illustrates a more enforcement-oriented approach to labour commitments in trade agreements. Its Facility-Specific Rapid Response Labor Mechanism establishes bilateral procedures between the United States and Mexico and between Canada and Mexico to address alleged denials of workers' rights to freedom of association and collective bargaining at covered facilities. A covered facility must produce a traded or competing good or service and operate in a priority sector, including manufacturing, services or mining.

Where a party has a good-faith basis to believe that a denial of rights is occurring, it may request that the other party review the allegations and seek to remedy any violation within 45 days. If the matter remains unresolved, a rapid-response labour panel may be established to verify conditions at the facility and determine whether a denial of rights has occurred.

Remedies apply to the facility rather than more broadly to the responding State. Depending on the circumstances and severity of the violation, they may include the "suspension of preferential tariff treatment" for goods produced at the facility or "the imposition of penalties" on its goods or services. Repeated findings may lead to the denial of entry of goods. The parties must continue consultations after remedies are imposed, and the remedies must be removed once the denial of rights has been remedied.[13]

These provisions can create important entry points for linking trade and decent work, but their impact is not automatic. It depends on how they are implemented in practice, including the level of political commitment, institutional capacity, development cooperation, monitoring and follow-up. Meaningful and inclusive social dialogue is also important, from negotiation through implementation and review.[14]

Responsible business conduct and responsible supply-chain provisions

References to international labour standards started to appear in trade agreements in the 1990s. Explicit references to corporate social responsibility (CSR) and responsible business conduct (RBC) are more recent but have become increasingly visible. The ILO Labour Provisions in Trade Agreements Hub currently identifies 58 trade agreements containing provisions that refer to CSR or RBC.[15] These references appear, for example, in provisions concerning sustainable development, responsible supply chains, due diligence and corporate social responsibility.

Recent agreements, including the EU–New Zealand Free Trade Agreement (FTA), the EU–UK Trade and Cooperation Agreement, the EU–Viet Nam FTA and the EU–Singapore FTA, include provisions on responsible supply-chain management, corporate social responsibility, due diligence, human rights and labour standards. Many of

[12] United States–Morocco Free Trade Agreement, Chapter 16, arts 16.1–16.6 and Annex 16-A; Chapter 20, arts 20.7–20.10 and 20.12.

[13] USMCA, Chapter 31, Annexes 31-A and 31-B, particularly arts 31-A.1–31-A.10 and 31-B.1–31-B.10.

[14] International Labour Office, Assessment of Labour Provisions in Trade and Investment Arrangements (Geneva: ILO, 2016), 5–8 and 73–74.

[15] ILO, *Labour Provisions in Trade Agreements Hub*, filter for "CSR/RBC", accessed 20 July 2026.

these provisions also refer to international standards on responsible business conduct.[16]

RBC provisions often form part of the same sustainable development chapters and implementation frameworks as labour provisions. They may therefore reinforce labour commitments by clarifying expectations for enterprises, promoting responsible supply-chain management and providing a basis for cooperation, outreach and policy coherence. As the EU–Kenya EPA illustrates (see Box 2), RBC provisions may operate alongside labour commitments, institutional dialogue and stakeholder participation within the same trade agreement.

Like most labour provisions, RBC provisions in trade agreements are generally intended to promote, support and enable responsible enterprise practices rather than to establish conditions for market access. They can provide a basis for cooperation, awareness-raising, information-sharing, enterprise guidance and greater coherence between trade and labour policies.[17] Their practical effect may be limited where provisions are brief or do not clearly identify the principles and standards that enterprises are expected to observe. The agreements examined in Box 5 illustrate two contrasting approaches: one based mainly on cooperation and another linking sustainability requirements more directly to preferential market access.

▶ Box 5: Linking palm-oil trade and sustainability: the EU–Indonesia and EFTA–Indonesia approaches

The EU–Indonesia Comprehensive Economic Partnership Agreement relies mainly on cooperation to promote more sustainable palm-oil production. Its Palm Oil Protocol provides for technical assistance, support for smallholders and improvements to Indonesia's certification system. However, access to tariff reductions and quotas does not depend on meeting sustainability requirements. The Protocol's impact will therefore depend on how effectively the cooperation commitments are implemented.

The EFTA–Indonesia CEPA takes a different approach by linking preferential tariffs to sustainability requirements. Article 8.10 sets sustainability objectives for traded vegetable oils, including respect for workers' rights and the rights of local and Indigenous communities. Under Swiss implementing rules, covered palm-oil products must comply with an approved certification scheme to receive preferential tariff treatment.

The two agreements therefore illustrate two models. The EU–Indonesia CEPA seeks to improve sustainability through cooperation, while the EFTA–Indonesia CEPA makes preferential tariffs conditional on verified compliance.[18]

Market-access measures addressing labour conditions

Trade agreements are not the only instruments that link trade with labour rights and responsible business conduct. Governments also use market-access measures that make preferential treatment conditional on labour-related criteria or restrict market access for goods produced with forced labour. Unlike many labour and RBC provisions in trade agreements, these measures operate directly through tariff preferences or restrictions on importation, placement on the market or export.

Two main types of market-access measures are examined below. Trade preference schemes offer tariff advantages that may be linked to labour-related conditions, while forced labour prohibitions can prevent goods from entering or remaining on a market. Both can create direct economic consequences linked to labour conditions.

Preference schemes and labour-related conditions

[16] EU–New Zealand FTA, art. 19.12; EU–UK Trade and Cooperation Agreement, art. 406; EU–Viet Nam FTA, arts 13.10 and 13.14; EU–Singapore FTA, art. 12.11.

[17] International Labour Office, Assessment of Labour Provisions in Trade and Investment Arrangements (Geneva: ILO, 2016), 19–22; OECD, Promoting Responsible Business Conduct in Trade and Investment: Latin America and the Caribbean (Paris: OECD Publishing, 2024).

[18] European Commission, EU–Indonesia CEPA, negotiated text, Protocol on Sustainable Palm Oil, arts 1–6; EFTA–Indonesia CEPA, art. 8.10 and Annex V; Switzerland, SR 632.324.27, arts 1–6; James Harrison and Axel Marx, The EU–Indonesia Comprehensive Economic Partnership Agreement and the EU–Indonesia Investment Protection Agreement (19 December 2025), 18–23.

Trade preference schemes provide preferential market access for exports from developing countries. They are intended to support export growth, industrialization and economic development through "generalized, non-reciprocal, non-discriminatory preferences".[19] Under these schemes, preference-granting economies reduce tariffs on imports from beneficiary developing countries without requiring equivalent market opening in return.

The design of these schemes varies across preference-granting economies. They differ in country coverage, product coverage, tariff advantages and eligibility conditions, as illustrated by the European Union's Generalised Scheme of Preferences and the United States' African Growth and Opportunity Act.

▶ Box 6: European Union Generalised Scheme of Preferences

The European Union's Generalised Scheme of Preferences is a unilateral trade preference scheme comprising three arrangements. Standard GSP reduces or removes customs duties on approximately two-thirds of tariff lines for eligible low- and lower-middle-income countries. GSP+ provides duty-free access on these tariff lines to vulnerable countries that ratify and effectively implement 27 international conventions concerning human and labour rights, environmental protection and good governance and accept enhanced EU monitoring. Everything But Arms provides least developed countries with duty-free and quota-free access to the EU market for all products except arms and ammunition.

The three arrangements therefore offer different levels of tariff preferences and apply different eligibility conditions. Preferences under any of the arrangements may be temporarily withdrawn in cases of serious and systematic violations of the principles contained in the relevant international conventions. GSP+ beneficiaries are subject to more intensive monitoring and may lose the additional preferences if they fail to comply with their undertakings. A new GSP Regulation adopted in June 2026 will apply from 1 January 2027 and further strengthen monitoring and the links between tariff preferences and international labour, human rights, environmental and governance standards.[20]

▶ Box 7: African Growth and Opportunity Act (AGOA)

The United States' African Growth and Opportunity Act is a unilateral preference scheme, first enacted in 2000 and most recently reauthorized through 31 December 2026. It provides eligible sub-Saharan African countries with duty-free access to the United States market for more than 1,800 products, in addition to products eligible under the United States Generalized System of Preferences.

Eligibility is determined at the country level and reviewed annually. Beneficiary countries must have established, or be making continual progress towards establishing, conditions that include a market-based economy, the rule of law, policies to reduce poverty, measures to combat corruption and the protection of internationally recognized worker rights. They must also take steps to eliminate the worst forms of child labour. Eligibility may be terminated, suspended or limited where a country no longer meets the statutory criteria. Certain benefits, particularly for apparel products, are also subject to additional eligibility conditions and rules of origin.[21]

Preference schemes are relevant for decent work because eligibility for preferential market access may be linked to labour-related conditions. These conditions can create incentives for beneficiary countries to demonstrate progress in protecting and implementing labour rights. Their effectiveness, however, depends on the design of the scheme, the credibility of monitoring, the availability of technical cooperation and the extent to which

[19] UNCTAD, The Generalized System of Preferences: How Much Does It Matter for Developing Countries? (Geneva: UNCTAD, 2023).

[20] European Parliament and Council, Regulation (EU) No. 978/2012 of 25 October 2012 applying a scheme of generalised tariff preferences, Official Journal of the European Union L 303/1, 31 October 2012, arts 1, 9, 15 and 19 and Annex VIII; European Parliament and Council, Regulation (EU) 2026/1395 of 17 June 2026 on applying a generalised scheme of tariff preferences, Official Journal of the European Union, 2026/1395, 22 June 2026.

[21] United States, Trade and Development Act of 2000, Public Law 106-200, 18 May 2000, Title I, particularly sections 104 and 112, as amended; Office of the United States Trade Representative, 2024 Biennial Report on the Implementation of the African Growth and Opportunity Act (Washington, DC, 2024), 17; Office of the United States Trade Representative, "Statement from Ambassador Jamieson Greer on the Reauthorization of the African Growth and Opportunity Act", 3 February 2026.

governments and employers' and workers' organizations are meaningfully involved.[22]

Forced labour import and market prohibitions

Forced labour import and market prohibitions have become more prominent in the trade and decent work landscape. These are market-access measures that prohibit or restrict goods produced wholly or partly with forced labour from entering or being released onto a market. Some regulatory regimes extend beyond imports to prohibit the placing of such products on the domestic market or their export.

Section 307 of the United States Tariff Act of 1930 was the first measure of this kind. It prohibits the importation of goods mined, produced or manufactured wholly or partly through forced, indentured or convict labour. The United States Uyghur Forced Labor Prevention Act strengthens the application of this prohibition by establishing a rebuttable presumption that goods produced wholly or partly in the Xinjiang Uyghur Autonomous Region, or by certain listed entities, are prohibited under section 307.[23] The EU Forced Labour Regulation will prohibit products made with forced labour from being placed or made available on the EU market or exported from the EU, regardless of their origin.[24]

Domestic forced labour prohibitions may also interact with trade agreements. Rather than directly excluding goods from a market, trade-agreement provisions may require the parties to adopt or maintain such prohibitions in their domestic legal systems. Article 23.6 of the United States–Mexico–Canada Agreement, for example, requires each party to prohibit the importation of goods produced wholly or partly with forced or compulsory labour, including forced or compulsory child labour, and provides for cooperation concerning the identification and movement of such goods.[25] This illustrates how a treaty commitment may be implemented through domestic market-access measures.

Forced labour prohibitions make RBC-related instruments and tools such as human rights due diligence more directly relevant to trade, including where they implement obligations in trade agreements. Authorities may consider how enterprises identify and address forced labour when deciding whether goods can enter or remain on a market. These measures can therefore create more direct economic pressure than many other labour-related trade instruments.

For enterprises, preventing and addressing forced labour is increasingly important for maintaining market access. Governments need effective labour administration to identify and respond to risks in export sectors and supply chains. This also requires accessible complaints procedures and coordination among the relevant authorities.

However, forced labour prohibitions cannot address the root causes of forced labour on their own. They need to be supported by effective labour-law enforcement, fair recruitment practices and protection for affected workers. Social dialogue and stronger institutional capacity are also important. These measures can add pressure for action, but they do not replace the wider systems needed to prevent forced labour from recurring.[26]

Home- and host-country measures for responsible business conduct and supply-chain governance

Trade agreements and market-access measures are not the only ways in which trade can be linked to labour rights and responsible business conduct. Home and host countries can also adopt measures that shape how enterprises identify, manage and address labour, human rights and sustainability risks in their operations and supply chains. Although these measures do not necessarily regulate trade

[22] International Labour Office, Assessment of Labour Provisions in Trade and Investment Arrangements (Geneva: ILO, 2016), 5–8 and 73–74.

[23] United States, Tariff Act of 1930, section 307, 19 USC § 1307; Uyghur Forced Labor Prevention Act, Public Law 117-78, section 3.

[24] European Union, Regulation (EU) 2024/3015, arts 3 and 39. The principal provisions apply from 14 December 2027.

[25] USMCA, art. 23.6.

[26] Franz Christian Ebert, Francesca Francavilla and Lorenzo Guarcello, "Tackling Forced Labour in Supply Chains: The Potential of Trade and Investment Governance", in Integrating Trade and Decent Work, Volume 2 (Geneva: ILO, 2023), 103–139.

directly, they can affect trade by shaping buyer expectations, supplier relationships, conditions for placing products on markets and participation in global supply chains.

These measures take different forms. Transparency and due diligence laws establish requirements for enterprises within their scope. Product- and sector-specific measures may condition the placement of particular goods on a market on due diligence, traceability or sustainability requirements. These public measures may also be complemented by certification schemes, international framework agreements and monitoring mechanisms that support implementation, verification, worker participation and remediation.

Human rights due diligence and supply-chain transparency laws

Human rights due diligence and supply-chain transparency laws are increasingly relevant to trade because they shape the information, traceability and risk-management practices expected of enterprises and their suppliers. Building on the UN Guiding Principles on Business and Human Rights, the ILO MNE Declaration and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, these measures take different forms.

Transparency laws principally require enterprises to disclose information about supply-chain risks and the steps taken to address them. Mandatory due diligence laws go further by requiring enterprises to identify, assess, prevent, mitigate and, where appropriate, remediate adverse human rights and environmental impacts. Some laws combine due diligence, disclosure and public-information requirements.[27]

The UK Modern Slavery Act is primarily a transparency measure, requiring certain enterprises to report on the steps taken to address modern slavery risks. France's Duty of Vigilance Law and Germany's Supply Chain Due Diligence Act impose broader risk-management obligations, while Norway's Transparency Act combines due diligence with disclosure and public-information requirements.[28] At the EU level, the Corporate Sustainability Due Diligence Directive, as amended, establishes a framework for due diligence requirements for companies within its scope concerning adverse impacts in their operations, subsidiaries and chains of activities.[29]

These laws can also affect suppliers that are not directly covered. Larger enterprises may ask them to provide information, meet contractual requirements or take corrective action. SMEs may therefore face new expectations even when the laws do not formally apply to them. Trade-promotion and enterprise-support programmes can help suppliers understand these requirements and put suitable systems in place.

Product- and sector-specific due diligence, traceability and sustainability requirements

Product- and sector-specific measures apply to particular goods or value chains rather than to an enterprise as a whole. They may require enterprises to demonstrate that products meet legal, due-diligence or traceability requirements before they can enter or be sold on a market.

The EU Deforestation Regulation, for example, will require covered commodities and products to be deforestation-free, produced in accordance with the relevant legislation of the country of production and covered by a due diligence statement before they may be placed or made available on, or exported from, the EU market.[30] Other sector-specific frameworks, including the EU Conflict Minerals Regulation and Batteries Regulation, use supply-chain due diligence and information requirements to address risks associated with particular minerals and raw materials. The EU Critical Raw Materials Act complements these approaches through provisions concerning sustainability certification,

[27] OECD, OECD Due Diligence Guidance for Responsible Business Conduct (Paris: OECD, 2018), 20–34.

[28] United Kingdom, Modern Slavery Act 2015, section 54; France, Law No. 2017-399 on the duty of vigilance, arts 1–2; Germany, Supply Chain Due Diligence Act; Norway, Transparency Act, sections 4–7.

[29] European Union, Directive (EU) 2024/1760 on corporate sustainability due diligence, as amended by Directives (EU) 2025/794 and (EU) 2026/470, particularly arts 5 and 7–16.

[30] European Union, Regulation (EU) 2023/1115, as amended, particularly arts 3–4 and 8–13. The principal obligations apply from 30 December 2026 and, for certain micro and small undertakings, from 30 June 2027.

environmental-footprint information, circularity and strategic raw-material value chains.[31]

These measures create a direct connection between supply-chain governance and trade because compliance information can affect whether a product may access a market. Exporters and suppliers may therefore need to trace products and inputs to their origin, obtain information from business partners, assess risks and retain evidence of compliance. Although some of these measures primarily address environmental risks, their traceability and supplier-management requirements may also influence how enterprises identify and address labour and human rights risks in the same value chains.

Smaller producers and suppliers may face particular costs and capacity constraints, especially where traceability systems are complex or different markets apply overlapping requirements. Trade-promotion programmes, enterprise-support institutions and employers' organizations can help suppliers understand the applicable requirements, develop appropriate systems and access technical assistance.

Certification and assurance schemes may support implementation and provide evidence of compliance. Their effectiveness, however, depends on the quality and accessibility of the applicable standards, the independence and credibility of verification and the extent to which workers and affected communities participate. These mechanisms are considered further in section 4.3.

Certification, international framework agreements and worker-centred monitoring

Home- and host-country measures may be complemented by mechanisms developed by enterprises, trade unions and multi-stakeholder initiatives. These mechanisms can support implementation by setting common expectations, gathering information, involving workers and addressing problems when they arise. Examples include certification schemes, international framework agreements, social audits and worker-centred monitoring.[32]

Certification schemes establish standards and use assessments, audits and chain-of-custody systems to determine whether enterprises, suppliers or products meet specified requirements. They may provide evidence used by buyers or public authorities, as illustrated by the approved certification schemes used to implement the sustainability conditions under the EFTA–Indonesia CEPA. Their effectiveness depends on the quality of the standards, the independence and credibility of verification, the treatment of labour rights and their accessibility for smaller producers and suppliers.[33]

International framework agreements are negotiated between multinational enterprises and global trade union federations. They may establish labour commitments covering an enterprise's operations and supply chains and provide arrangements for dialogue, joint oversight, complaints and follow-up. Unlike unilateral supplier codes, they give workers' organizations a formal role in establishing and overseeing commitments. Their coverage, implementation and enforceability nevertheless vary.[34]

Social audits are widely used within supplier-management and certification systems. They generally involve reviewing workplace records, inspecting facilities and interviewing management and workers. Audits can identify gaps in working conditions and management systems and provide a basis for corrective-action plans. Periodic audits may, however, fail to detect concealed or systemic abuses, focus

[31] European Union, Regulation (EU) 2017/821, arts 3–7; Regulation (EU) 2023/1542, as amended, arts 47–53 and Annex X; Regulation (EU) 2024/1252, particularly arts 6–15, 25 and 30–31.

[32] ILO, A Mapping and Analysis of the Impact and Effectiveness of Global, Regional and National Regulatory and Non-Regulatory Initiatives Addressing Decent Work Deficits in Supply Chains (revised October 2025), sections on certification, international framework agreements, social auditing and worker-driven monitoring.

[33] EFTA–Indonesia CEPA, art. 8.10 and Annex V; Switzerland, SR 632.324.27, arts 1–6.

[34] ILO, A Mapping and Analysis of the Impact and Effectiveness of Global, Regional and National Regulatory and Non-Regulatory Initiatives Addressing Decent Work Deficits in Supply Chains (revised October 2025), section on international framework agreements.

predominantly on first-tier suppliers and involve workers insufficiently.[35]

Worker-centred monitoring seeks to address some of these limitations by treating workers and their organizations as active participants in monitoring and remediation. Such approaches may include worker participation in setting standards and overseeing implementation, independent and accessible reporting channels, protection against retaliation, procedures through which complaints trigger investigations and continuing follow-up on corrective action.[36]

Certification, auditing and private compliance mechanisms can support implementation, but they should not replace labour inspection, freedom of association, collective bargaining or social dialogue.[37] Their effectiveness depends on meaningful worker participation, credible complaints channels and sustained follow-up on corrective action.

Taken together, the instruments examined in Section 4 show how public requirements and private mechanisms can complement one another. Due diligence laws may shape enterprise practices, while product-specific measures may rely on traceability and certification. International framework agreements and worker-centred monitoring can strengthen worker participation and oversight. Their contribution to decent work depends on coherent implementation and clear links between monitoring, remediation and public enforcement.

Ensuring policy coherence: the role of public institutions and social dialogue

No single institution can ensure that trade supports decent work and more and better jobs. Effective implementation requires coordination between different authorities responsible for issues related to trade, employment and labour markets. Responsibilities will vary across countries and may be shared among ministries, specialized agencies and interministerial bodies.[38]

Trade authorities can integrate decent work and references to RBC standards into trade policy and implementation, while labour authorities provide expertise, enforcement and evidence on working conditions. Customs and other competent authorities implement market-access requirements. Export and investment promotion agencies can help enterprises understand and meet those requirements and promote good practices in line with RBC standards.

Employers' and workers' organizations also have important roles to play. They can identify practical challenges, support implementation, contribute to monitoring and ensure that trade policies lead to inclusive growth, more and better jobs and opportunities for local enterprises to participate in and benefit from trade. Clear responsibilities, consultation and timely information-sharing can help turn trade commitments and market requirements into practical action.

Social dialogue plays an important role in this regard. Through social dialogue, social partners and government engage in dialogue and consultation over the labour-related implications of trade and investment policies. This can take place through tripartite bodies at the national level, sector-specific consultation mechanisms, or ad hoc arrangements established to address particular trade or investment measures.

Effective social dialogue allows workers' and employers' organizations to bring practical, on-the-ground knowledge to bear on the design and implementation of trade-related policies — for example, by flagging where market-access requirements create compliance burdens for small enterprises, or where labour provisions in trade

[35] ILO, A Mapping and Analysis of the Impact and Effectiveness of Global, Regional and National Regulatory and Non-Regulatory Initiatives Addressing Decent Work Deficits in Supply Chains (revised October 2025), section on social auditing.

[36] ILO, A Mapping and Analysis of the Impact and Effectiveness of Global, Regional and National Regulatory and Non-Regulatory Initiatives Addressing Decent Work Deficits in Supply Chains (revised October 2025), section on worker-driven monitoring.

[37] ILO, Resolution concerning decent work in global supply chains (2016), para. 10; ILO, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 6th ed. (Geneva, 2022), paras 47–68.

[38] International Labour Office, Assessment of Labour Provisions in Trade and Investment Arrangements (Geneva: ILO, 2016), 5–8 and 73–74; ILO, Resolution concerning decent work in global supply chains (2016), para. 10.

agreements are not being adequately monitored or enforced. It also provides a channel through which social partners can raise concerns before problems escalate, helping to build trust and shared ownership of trade policy outcomes.

Where social dialogue institutions are weak or absent, governments may need to invest in building the capacity of employers' and workers' organizations to participate meaningfully, so that the benefits of trade are debated and shaped by those most affected by it, rather than decided without their input. Genuine social dialogue, in this sense, is not only a mechanism for resolving disputes but a means of ensuring that trade policy itself is coherent with decent work objectives from the outset.

▶ **Box 8: National Economic Development and Labour Council**

South Africa's National Economic Development and Labour Council (NEDLAC) provides a good example of a national social dialogue institution. NEDLAC brings together government, organized business, organized labour and community constituencies in South Africa. The aim of NEDLAC is to promote the goals of economic growth, participation in economic decision making and social equity and to reach consensus and conclude agreements on matters relating to social and economic policy, including trade. NEDLAC is required to consider all proposed labour legislation and significant changes to social and economic policy before it is implemented or introduced in Parliament.

▶ **Box 9: The ILO Tripartite Appointed Focal Points for the Promotion of the ILO MNE Declaration**

The ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) encourages member States to designate tripartite-appointed national focal points to promote the Declaration's principles and help implement the MNE Declaration. In the context of trade, national focal points can play several roles. Among other things, they can help ensure that trade and investment promotion efforts are aligned with the principles of the ILO MNE Declaration. Focal points can facilitate dialogue and engagement between government, employers' and workers' organizations, and multinational enterprises on RBC and the activities of multinational enterprises. For more information on the role of tripartite-appointed national focal points, see:

https://www.ilo.org/resource/other/promotion-national-level-promotion-tripartite-appointed-national-focal

Conclusion

Trade can support more and better jobs, but these outcomes are not automatic. The instruments examined in this brief operate through different channels: some establish commitments, some affect market access and others shape enterprise conduct. Their added value lies in how they work together. When aligned, they can connect international commitments, domestic regulation and enterprise practice.

Their effectiveness depends on credible implementation, institutional capacity, social dialogue and access to remedy. They should reinforce, rather than replace, labour administration, collective bargaining and public enforcement. Stronger coordination among public institutions, together with practical support for enterprises and workers, can help trade contribute to inclusive and sustainable development.

▶ **Box 10: General useful resources and references**

- Labour Provisions in Trade Agreements Hub;
- the *Trade and decent work: Indicator guide*;
- Volumes 1 and 2 of *Integrating Trade and Decent Work*;
- the ILO MNE Declaration; and
- the ILO Helpdesk for Business.

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