



► ILO Brief

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Labour, trade and responsible business conduct are converging

What this means for employer and business membership organizations (EBMOs) in Asia and the Pacific

At a glance

- ▶ National law and institutions remain the foundation. They are increasingly complemented by voluntary standards, enterprise commitments, customer expectations, trade-related requirements and emerging responsible-business frameworks.
- ▶ The business challenge is implementation: translating overlapping requirements into workable management, procurement and supply chain systems.
- ▶ Small- and medium-sized enterprises (SMEs) and lower-tier suppliers need trusted institutions that can interpret requirements, pool expertise and provide continuing support.
- ▶ EBMOs are well placed to connect enterprise services with policy influence, but many face significant constraints in funding, staffing, technical expertise and sustainable service models.

Purpose and evidence base

This briefing note synthesizes evidence from the 2026 Asia-Pacific EBMO Survey on Labour, Trade and Responsible Business Conduct, enterprise surveys and studies undertaken through ILO development cooperation projects, relevant ILO project evaluations, and a review of ILO engagement with enterprises and EBMOs across the region.

This briefing note complements the IOE's 2026 guidance, *Social Clauses in Trade Agreements: Implications for Businesses and Guidance for Employers' Organisations*, by presenting regional evidence on how changing labour and responsible-business expectations are being experienced by EBMOs and enterprises in Asia and the Pacific, and what this evidence indicates about practical support needs. [15]

1. The operating environment is changing

National labour law, effective labour administration and functioning institutions remain the foundation for labour standards and responsible business practice. Voluntary frameworks, enterprise commitments and the business case for responsible conduct can reinforce this foundation. Trade agreements, market-access measures and supply-chain requirements do not replace these national and business-led approaches; they operate alongside them and create additional commercial and operational considerations for internationally connected enterprises.

Trade-related requirements form part of a wider operating environment

As of February 2023, 113 regional trade agreements containing labour provisions covered more than 140 economies, with more than half concluded during the preceding decade. Across Asia and the Pacific, three broad approaches are particularly relevant to enterprises and EBMOs. [1]

A necessary distinction. Most labour provisions in trade agreements create obligations between governments rather than direct legal duties for enterprises. Their effects reach businesses through changes in national law and enforcement, conditions attached to market access, facility- or shipment-level procedures, buyer contracts and requests for evidence. The EBMO response should therefore be calibrated to the mechanism involved rather than assuming that every trade provision creates the same compliance obligation.

1 | Bilateral trade agreements and conditional market access

Labour provisions in European Union (EU) trade agreements have evolved from largely promotional commitments towards more enforceable state-to-state commitments. The EU–Singapore Free Trade Agreement and the EU–Viet Nam Free Trade Agreement contain dedicated trade and sustainable development chapters concerning internationally recognized labour rights. Negotiations on the EU–Indonesia Comprehensive Economic Partnership Agreement were finalized in September 2025. The negotiated text contains commitments on labour, environmental and climate matters that are intended to be enforceable once the agreement enters into force; the agreement is not yet in force. [2]

Preferential arrangements also involve continuing scrutiny. Under the EU Generalised Scheme of Preferences Plus (GSP+) system, beneficiary governments report on the implementation of relevant international conventions and respond to issues raised through EU monitoring. Monitoring visits and stakeholder dialogue provide opportunities for EBMOs, workers' organizations and civil society organizations to share evidence on implementation. Under EU trade agreements, Domestic Advisory Groups and civil society forums may provide additional structured—but non-binding—channels for stakeholder input. EBMOs can use these mechanisms to consolidate enterprise experience, identify sector and SME impacts, and inform implementation dialogue while helping members distinguish government commitments from requirements that affect business operations.

2 | Domestic trade enforcement and import controls

The United States uses domestic trade legislation, customs enforcement and import controls to address forced-labour risks in supply chains. Section 307 of the Tariff Act of 1930 prohibits the importation of goods produced wholly or in part with forced labour. The Uyghur Forced Labor Prevention Act establishes a rebuttable presumption for certain goods connected to the Xinjiang Uyghur Autonomous Region or listed entities. In practice, enforcement by US Customs and Border Protection can require importers to provide detailed supply-chain evidence and traceability documentation. In March 2026, the Office of the United States Trade Representative initiated 60 investigations under Section 301 of the Trade Act of 1974 concerning whether trading partners had failed to impose or effectively enforce prohibitions on importing goods produced with forced labour. In July 2026, USTR announced final action involving tariffs calibrated at 10 or 12.5 per cent across the 60 trading partners, with differentiated treatment for certain products and specified exemptions. [3]

The United States Trade Representative has framed forced labour as both a human rights concern and a source of unfair competition. This illustrates a broader shift in trade policy: labour issues are increasingly addressed in relation to fair competition and supply-chain resilience, rather than solely as matters of social policy. Consequently, even in the absence of a preferential trade agreement, enterprises supplying the United States market may need to demonstrate effective due diligence, traceability and labour-risk management in relevant parts of their supply chains.

Forced-labour trade enforcement may extend beyond conditions within an exporting enterprise. Governments and businesses may also need to identify risks in imported raw materials, commodities and intermediate goods that subsequently enter domestic production and export supply chains. For manufacturing economies deeply integrated into regional value chains, this creates practical challenges involving traceability, risk assessment, evidence, verification and remediation across multiple supply-chain tiers.

Box 1. What monitoring looks like in practice: The Philippines and the EU GSP+

- Government reporting: The Philippine Government reports on the implementation of the 27 international conventions covered by GSP+ and responds to issues identified through EU monitoring.
- EU monitoring visits: European Commission representatives periodically meet government agencies and other stakeholders to assess implementation in practice.
- Stakeholder dialogue: EBMOs, workers' organizations and civil society organizations can provide evidence on implementation and identify practical challenges. This dialogue informs the European Commission's periodic reporting to the European Parliament and the Council of the European Union.

The EU Forced Labour Regulation adds another market-access channel. It prohibits products made with forced labour from being placed or made available on the EU market, or exported from the EU, regardless of where the products originate. The Regulation applies from 14 December 2027, giving enterprises and public authorities time to prepare for implementation. [3]

What this means for EBMOs. US import controls and Section 301 procedures are principally enforcement-oriented and do not provide the same ex ante consultative channels found in some EU agreements. EBMOs can nevertheless provide early regulatory alerts, identify exposed sectors and inputs, support members on supply-chain mapping and documentation, coordinate with labour, trade and customs authorities, and consolidate evidence on implementation costs, remediation challenges and unintended trade effects. For the EU Forced Labour Regulation, preparation should also include awareness of the forthcoming guidelines, risk database and national competent-authority arrangements.

3 | Regional agreements: enforcement and cooperation

Regional arrangements reflect different models. The labour chapter of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) requires parties to adopt and maintain internationally recognized labour rights in their laws and practices. Its commitments are subject to the agreement's dispute-settlement mechanism. [4]

The Indo-Pacific Economic Framework for Prosperity (IPEF) Agreement Relating to Supply Chain Resilience, in force since February 2024, treats labour rights as a component of supply-chain resilience. Its Labour Rights Advisory Board reflects an approach based on cooperation, information sharing, technical assistance and institutional dialogue rather than trade sanctions. The agreement recognizes that resilient supply chains depend on effective labour-market institutions, workforce development and respect for labour rights, as well as logistics, infrastructure and supplier diversification. [4]

The models differ in legal form, scope and practical effect. Together, they add to the wider environment in which national law, voluntary action, commercial expectations and international commitments interact. EBMOs therefore need capacity both to understand policy developments and to help members identify their practical implications.

What this means for EBMOs. Under the CPTPP, EBMOs can contribute evidence through national consultation and engagement with labour and trade authorities. Under the IPEF Supply Chain Agreement, the tripartite Labour Rights Advisory Board creates a potential channel for employer perspectives on labour rights and supply-chain resilience. In both settings, effective participation depends on sector evidence, coordination between national apex and sectoral

organizations, and the ability to translate agreement-level developments into practical advice for enterprises.

Trade-related requirements interact with wider business regulation

In Japan, the non-binding Guidelines on Respecting Human Rights in Responsible Supply Chains (2022) encourage enterprises conducting business activities in Japan to respect human rights in their supply chains and undertake human rights due diligence in accordance with international standards. The Republic of Korea's 2023–2027 national action plan also addresses business and human rights, while sustainability disclosure and HRDD-related policy proposals continue to evolve.

OECD accession processes in Indonesia and Thailand, responsible business conduct and human rights frameworks, sustainability disclosure, national action plans, human rights due diligence processes and graduation from least developed country status are reinforcing this trend. Labour standards are becoming part of a wider business governance system that influences competitiveness, investment and long-term participation in supply chains. [2, 5]

The practical issue is convergence: An enterprise may simultaneously face national labour requirements, customer codes of conduct, traceability requests, forced-labour controls, environmental, social and governance (ESG) reporting, and HRDD risk assessments. Separate systems for each requirement increase cost and complexity without necessarily improving labour outcomes.

2. What this means for enterprises

Evidence from ILO surveys, enterprise assessments and programmes across the region points to a consistent pattern: national obligations, voluntary commitments and commercial expectations are interacting, while enterprises need help translating them into practical systems. [6–12]

1 | Multiple drivers are shaping enterprise action

A survey by the ILO and the Viet Nam Chamber of Commerce and Industry (VCCI) of 36 electronics manufacturers in Viet Nam found that customer expectations were driving labour-related improvements beyond compliance with national law. Enterprises identified traceability, occupational safety and health, grievance mechanisms, living wages and labour-risk assessment among the main implementation challenges. An assessment by the ILO and the Malaysian Employers Federation (MEF) similarly found that Malaysian enterprises connect responsible business conduct with competitiveness, customer relationships and participation in supply chains. [6, 7]

What the evidence indicates for EBMOs: Position labour and responsible-business advice in relation to market access, customer confidence and enterprise performance.

2 | Implementation—not awareness—is the binding challenge

In the Lao People's Democratic Republic, garment enterprises requested practical HRDD tools, templates and continuing advisory support. Research in Thailand's automotive sector found increasing awareness of responsible business conduct, but more limited translation into action. Research by the ILO and the Japan External Trade Organization (JETRO) documents examples of companies integrating human rights considerations into procurement policies, risk processes, grievance mechanisms and corrective action with suppliers. [8–10]

What the evidence indicates for EBMOs: Services should reach procurement, production and supplier-management functions, as well as human resources, legal and sustainability teams.

3 | Commercial pressures remain contradictory

The Better Work Pakistan synthesis report found that buyers increasingly expected stronger labour compliance, environmental performance and traceability, while more than half of the factories surveyed also reported requests to reduce prices despite rising production costs. Purchasing practices, including pricing and lead time decisions, can contribute to labour risks. [11]

What the evidence indicates for EBMOs: Credible advice must recognize commercial incentives and purchasing practices rather than treat labour risk as an isolated compliance problem.

4 | SMEs need trusted implementation support

A study of the Philippine aquaculture sector found that international responsible business conduct expectations had not reached smaller and more informal farming segments effectively. Across several country studies, smaller enterprises faced difficulty interpreting changing requirements and accessing specialist expertise. [7, 8, 12]

What the evidence indicates for EBMOs: Shared tools, pooled expertise, peer learning and sector-based delivery are essential if support is to reach beyond lead firms.

3. The role of EBMOs

These developments create a larger and more strategic role for EBMOs. Their value lies in combining continuing enterprise relationships, collective representation, sector knowledge and access to policy processes. EBMOs can strengthen their value to members by combining policy intelligence, practical enterprise

services, evidence and institutional coordination in a coherent offer.

1 | Policy intelligence and influence

Many relevant decisions now involve ministries and agencies responsible for trade, investment, foreign affairs, environment, justice and finance, as well as ministries of labour. EBMOs need to monitor developments across these portfolios, assess their implications for different industries and supply-chain tiers, and ensure that business experience informs policy design. OECD accession and the implementation of trade agreements make this wider sphere of engagement especially important.

2 | Practical enterprise services

Members need more than briefings. EBMOs can translate complex requirements into diagnostics, management guidance, training, templates, peer learning and continuing advisory services. Organizing these services around business problems—market access, recruitment, traceability, grievance, risk and resilience—is more useful than reproducing separate institutional policy silos.

3 | Enterprise evidence and policy feedback

EBMOs can aggregate member experience, identify implementation barriers and convert enterprise evidence into credible policy positions. Better Factories Cambodia illustrates how enterprise assessments and surveys can contribute to wider discussion of competitiveness, external shocks and labour-market responses. [13]

4 | National and sectoral coordination

National apex organizations bring legitimacy, common technical capacity and access to government. Sectoral EBMOs bring detailed knowledge of production systems, buyer requirements and commercial constraints. A deliberate division of roles allows national and sectoral organizations to extend their reach while avoiding duplication. This is particularly important for SMEs and lower-tier suppliers.

**The EBMO value proposition:
policy intelligence + practical enterprise
services + sector coordination +
evidence-based representation.
Together, these functions provide a
route to scale, national ownership and
continuing support.**

96%
say these issues matter to
members

81%
report rising business pressure

68%
prioritize ILO technical
expertise

4. Building the capabilities EBMOs will need

A 2026 Asia-Pacific EBMO Survey on Labour, Trade and Responsible Business Conduct shows that the transition is already under way, but it also reveals important capacity and financing constraints. [14]

1 | Demand is broad and increasingly practical

Among respondents to the principal analytical questions, 43 per cent provide or plan support on workplace management systems, while 38 per cent are developing HRDD or labour-risk tools and 43 per cent undertake policy advocacy. The findings indicate scope for an integrated model combining enterprise services with representation, rather than treating them as separate functions. [14]

2 | Institutional constraints could limit the response

Among respondents to the principal analytical questions, funding was identified as a barrier by 53 per cent and staff capacity by 47 per cent. Gaps in HRDD, ESG or trade expertise were reported by 34 per cent and a lack of practical tools for companies by 30 per cent. Forty-seven per cent provide relevant services free of charge, while 13 per cent describe their services as mostly fee-based. [14]

3 | Capability development therefore needs four dimensions

- Technical depth: authoritative expertise spanning labour standards, trade, HRDD, responsible business conduct and supply-chain management.
- Service design: adaptable tools and methodologies that can be converted into relevant member services.

- Institutional delivery: dedicated staff, multidisciplinary teams and effective coordination between national and sectoral EBMOs.
- Sustainable financing: realistic combinations of membership value, fees, institutional coordination and initial development support.

Conclusion

National law and institutions remain the foundation for labour standards and responsible business conduct. Alongside them, trade agreements, forced-labour controls, OECD accession, voluntary frameworks, sustainable finance and commercial requirements increasingly shape enterprise decisions. The regional evidence indicates that these different drivers are often encountered simultaneously and must be translated into coherent enterprise systems.

The evidence also indicates a growing role for EBMOs. By combining policy intelligence, practical enterprise services, national and sectoral coordination and evidence-based representation, they can help members understand change, manage implementation challenges and communicate enterprise experience through social dialogue. National apex and sectoral EBMOs have complementary roles in reaching enterprises and translating international and national expectations into workable industry solutions.

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