



UNITED NATIONS
UNCTAD



Strengthening Support for Trade Through Decent Work

World Trade Organization Public Forum 2019
ILO-UNCTAD Joint Event

Ms. Githa Roelans, Head of the Multinational Enterprises and Enterprises Engagement Unit, ILO, kicked off the meeting by introducing the ILO-UNCTAD preliminary study “Enhancing the contribution of EPZs to SDG8 on decent work and inclusive economic growth: an exploratory desk review of 100 EPZs”. Drawing on the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the research looked at government-administered EPZs and their labour policies, identifying good practices and opportunities for advancing decent work and economic growth.

Mr. Richard Bolwijn, Head of the Business Facilitation Branch, Investment and Enterprise Division, UNCTAD, introduced the UNCTAD World Investment Report 2019, which explored the role of rapidly increasing EPZs/SEZs in attraction of investment and industrial development. The ILO-UNCTAD study highlighted their advantages in the area of employment creation, decent work promotion, enforcement of regulations and establishment of shared services promoting sustainable development. The high cost of investing in SEZs’ infrastructure creation is outweighed by their potential contribution to sustainable development.

Mr. Bostjan Skalar, CEO, World Association of Investment Promotion Agencies (WAIPA), described how his organization equips its member investment promotion agencies (IPAs) to persuade their governments to attract investments that create decent work. It is difficult for IPAs in developing countries to take on the decent work agenda when they are often under pressure from their government to attract investment regardless of decent work costs. IPAs need the support of all institutions to advocate for investment which positively impacts decent work and inclusive economic growth.

Mr. Raúl A. Torres, Counsellor, Development Division of the WTO development agenda, noted that rules in EPZs were crafted to often deliberately exclude the issue of regulatory benefits which cover labour standards. Concerns have been raised regarding some of the benefits of the zones, related to fiscal or tax incentives that would sometimes be questionable under WTO rules. He reaffirmed the value of having the possibility to experiment in the EPZ’s limited geographical areas, by putting in place policies promoting decent work, CSR, trade facilitation and sustainable development.

Mr. Roberto Suárez Santos, Secretary-General, International Organisation of Employers (IOE), highlighted discussions around global supply chains and EPZs that took place in the framework of the ILO centenary. He reiterated the importance of the social commitment of businesses and of addressing the respect of fundamental rights at work in EPZs. Scaling up the impact of investments in EPZs is key to instigate changes in the

entire labour market, while taking into account rapid changes occurring in the world of work.

Ms. Khamati Mugalla, Executive Secretary, East African Trade Union Confederation (EATUC), explained that the organizing of workers had contributed to the respect of labour laws and enhancement of productivity in Kenyan EPZs. She highlighted challenges regarding workers' rights in EPZs in Ethiopia, and stressed that ratification of fundamental ILO Conventions as well as the new Violence and Harassment at Work Convention, is crucial. Also key are policies that allow parliamentary oversight role to ensure legislative commitment to labour rights in SEZs. She concluded by emphasizing the importance of establishing Occupational Safety and Health (OSH) Committees, and highlighted the role of trade unions in that regard.

Githa noted that EPZs are traditionally big employers of women, 60% of EPZs employees being female on average. Speakers highlighted that women benefit from working in export jobs that usually offer better wages than other sectors. They noted that to promote women's empowerment both within and outside the company, support to families, health facilities and training programmes were key. Also important are the skills-level of jobs offered, gender stereotypes about female employees being more observant and patient than males, and the issue of sexual harassment.

The audience raised the question of whether fiscal incentives in EPZs represent a loss of revenue for the State. The Executive Director of the Free Trade Zone Association of the Americas mentioned studies that show that governments tend to benefit economically from the presence of EPZs and added that comparatively to other enterprises, multinationals in EPZs tend to provide better working conditions to their workers. Roberto noted that the economic boost needs to go beyond EPZs.

One participant suggested that one of the three judges of the WTO Tribunal on dispute settlement be specialized in the area of environment and social standards. Raul indicated that WTO Secretariat was always careful to propose to the parties in the dispute experts in the issue at hand for them to choose when composing the panel. Questions were also raised regarding the quality of EPZ investment in terms of capital and labour. Crucial elements include defining, identifying and measuring investments that contribute to SDGs, and investment and trade policy-making to address sustainability issues such as skills and technology transfer.