

## Preparing for the New Normal: International Trade in a Post-COVID-19 World

15:00-16:30 (Bangkok time, GMT+7), 10 June 2020

United Nations Virtual Forum on Responsible Business and Human Rights

New Challenges. New Approaches.

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### Background

The COVID-19 pandemic has resulted in sharp declines in the volume of international trade, already buttressed by slowing economies in Asia, and uncertainty over the direction of trade disputes between the U.S. and China. In the wake of the pandemic, businesses in nearly all sectors are left grappling with cancelled orders or a lack of materials and supplies to continue with production. With companies in bankruptcy or lockdown, 305 million jobs may have been lost globally. Contractual, informal and migrant workers are struggling to return to their countries or communities of origin. Some groups are facing acute food insecurity and inadequate access to healthcare.

Even before the COVID-19 pandemic had erupted, there had been increased attention and concern over trade's contribution to climate change and inequality. More and more observers are now calling for a reconsideration of the trade-offs often associated with a highly integrated global economy. Government policymakers may also sense an opportunity to revisit their approaches to trade policy formation as they plan for recovery.

Will the world emerge from a post-COVID-19 scenario to a thinner model of globalization and a stronger social contract? Will the burden begin to shift from suppliers to buyers in terms of the human rights risks and impacts? Will human rights, labor and environmental provisions feature more prominently at the trade negotiation table? And if so, will they be given more teeth to ensure compliance?

Labor and sustainability provisions have already become an increasingly common feature of the modern trade agenda. According to the ILO, 77 trade agreements in 2016 included labor provisions, compared to just three in 1995. This is a welcome trend to many, as the inclusion of labor and sustainability matters in trade agreements is viewed as another opportunity to reinforce State obligations to protect human rights. Furthermore, some studies show that labor provisions in trade agreements correlate with a modest boost to workforce participation, particularly among women. Research by the World Trade Organization also demonstrates that countries subject to labor provisions often see a slight increase in export volumes.

The trend towards the inclusion of labor provisions and sustainability clauses is evidenced in the newly minted United States-Mexico-Canada Agreement and in the EU-Viet Nam Free Trade Agreement. Notably, the EU's commitment to a value-driven trade and investment policy is now rooted in wider EU foreign

policy objectives. The EU Trade for All Communication of 2015 notes that trade policy, “must respond to consumer concerns by reinforcing corporate social responsibility initiatives and due diligence across the production chain with a focus on the respect of human rights and the social – including labour rights – and environmental aspects of value chains.” As the pandemic unfolds and its costs to trade and the wider global economy are tallied, it is not clear that environmental sustainability, human rights and labor rights will continue to make a mark on trade agreements. Will the exigencies of an economic recovery mean these ideals are pushed aside? Or will trade be reimagined and recalibrated to mitigate inequality, and better address human rights costs and risks.

### Session Description

The COVID-19 virus has crippled supply chains and brought production nearly to a halt, calling into question the resiliency of our global economy. But the most important long-term consequence might be its impact on the already faltering confidence in the benefits of trade. How can trade be reimagined and recalibrated to mitigate inequality, and better address human rights costs and risks? What are current trends with regards to labor and sustainability? What new approaches, in the context of COVID 19, are required to ensure trade and investment get back on track?

### Session Objectives

This sessions aims to:

- Shore up faltering confidence in trade, a trend that might have been accelerated by COVID-19;
- Present the changing nature of trade policy formation with a new emphasis on labor rights, environmental sustainability and other standards;
- Demonstrate how trade policy can be reimagined to address income inequality;
- Demonstrate how trade processes can be reimagined to make trade and supply chains more robust and resilient protecting jobs.

### Questions

- How has COVID-19 disrupted trade in South and Southeast Asia and what are the prospects for a quick recovery?
- How have workers been impacted by sudden upending of sudden break in transport connectivity and trade flows, and how can coordination of trade policy mitigate disruptions?
- Has the burden shifted to buyers in ensuring their practices do not elevate human rights risks for suppliers?

- Will the trend towards greater inclusion of labor and sustainability clauses in trade agreements continue or will there be a strong push back in a recovery period? What are the trade-offs?
- How can contactless trade help?

### Speakers

- **Ms. Madelaine Tuininga**, Head of Unit, Trade and Sustainable Development and GSP, Directorate-General of Trade, European Commission
- **Mr. Stephen Olson**, Research Fellow, Hinrich Foundation
- **Ms. Mia Mikic**, Director, Division on Trade, Investment and Innovation, United Nations Economic and Social Commission for Asia and the Pacific
- **Ms. Do Quynh Chi**, Director and Chief Labour Researcher, Research Center for Employment Relations
- **Ms. Joyce Chau**, Director Asia Pacific, Amfori
- **Mr. Sean Lees (moderator)**, Business and Human Rights Specialist, United Nations Development Programme