Welcome and Introductions

Paula Church Albertson, Designated Federal Officer, convened the meeting at 9:40 a.m. Ms. Albertson thanked everyone for coming and asked Committee members to introduce themselves. She explained one goal of the National Advisory Committee for Labor Provisions of Free Trade Agreements (NAC) was to exchange information with key stakeholders, and she hoped that the meeting would identify ways to ensure that the dialogue continues throughout the year.

Ms. Albertson noted several issues related to the Federal Advisory Committee Act (FACA). Committee members were nominated to represent their sector. Only members of the Committee can be recognized, except when time is specifically allocated for public comments. Minutes will
be taken, cleared by the Committee Chair, and made available to the public. The meeting itself is open to the public.

Ms. Albertson also noted the Procedures that had been shared with the NAC members, which outlined responsibilities for a Chair, and informed the NAC that the Secretary of Labor had nominated Kimberly Elliott as the Chair. Ms. Elliott accepted the role of Chair, asked members to raise their tent cards if they wished to be recognized, and continued the meeting.

Presentations from the Office of the Solicitor: Ethics and FACA Requirements for Non-Government Employees

Joseph Plick, FACA Counsel, U.S. Department of Labor (USDOL), gave a brief background on FACA and its requirements. It requires committees to be balanced, and members are chosen as representative of designated sectors, not as technical experts. Committee meetings are generally public, as FACA emphasizes transparency and accountability. Any member of the public is permitted to submit a statement but may not have an opportunity to speak if there is no time. Minutes are to be kept, approved, and made public. Committee representation must be renewed every two years unless a statute extends that time. This was an open meeting; other meetings may be closed if they involve classified or personal information, or discussion of grant applications. Subcommittee meetings do not need to be public if recommendations are deliberated by the full Committee.

Robert Sadler, Ethics Counsel, USDOL, informed the Committee of their ethical obligations. Ethics requirements for non-governmental employees were minimal and can be found in Tab 16 of members’ binders. If Committee members or their employers have a particularized interest in an issue, this should be disclosed so it can be included in the minutes of meeting; such a conflict does not prevent membership, but members are not permitted to mix official business on behalf of an employer with duties on a FACA Committee. Finally, partisan political activity cannot take place in a federal building.


At 10:04 a.m., Ms. Elliott recognized Sandra Polaski, Deputy Undersecretary for International Affairs, USDOL. Ms. Polaski provided the Committee with a history of labor provisions in U.S. trade arrangements. The linkage began when protection of worker rights was added to the Generalized System of Preferences (GSP) as a condition of eligibility in 1984. The first time labor was addressed in reciprocal trade negotiations was in a side agreement to the North American Free Trade Agreement (NAFTA) in 1994. Labor provisions were then included in the main text of the Jordan Free Trade Agreement (FTA) during negotiations that began in 2000 and thereafter in every US FTA negotiated since.

She noted that research indicates that trade produces greater benefits when there is reasonable similarity in the institutional setting of the parties to an agreement. The institutional setting for labor standards is therefore relevant, suggesting that there are both economic and ethical reasons to include protections for labor rights in trade agreements. That said, Ms. Polaski noted that
political factors are a driving force behind this trend. Trade creates winners and losers; losses tend to be more concentrated and the losers, therefore, tend to be vocal. Overall gains from trade may be concentrated mainly in lower consumer prices, and thus winners, although more numerous, may have small gains. Elected officials take the complaints into account. In addition, polls show that there is a fairly widespread public perception that some countries don’t treat workers fairly.

Ms. Polaski noted that there is every reason to think that the trade-labor linkage will persist. She observed that while including labor provisions in trade agreements was a U.S. innovation, the EU, Canada, Japan, and some other countries are adopting a similar approach.

Ms. Polaski noted that the evolution is continuing along two main axes: first, what are the substantive obligations; and, second, how those commitments are enforced. She then reviewed the evolution of provisions on labor in US FTAs, beginning with NAFTA and Jordan and continuing through the May 10, 2007 agreement between Congress and the Administration that, for the first time, required parties to adopt labor laws consistent with the core labor standards recognized in the 1998 International Labor Organization (ILO) Declaration on Fundamental Rights and Principles at Work. Prior to the 2007 agreement, which was applied to pending agreements with Colombia, Korea, and Peru, US FTAs only required parties to “strive to ensure” consistency with international norms. She noted that the EU-Korea FTA went beyond this provision by requiring parties to adhere to those ILO conventions the party has ratified, in addition to the ILO Declaration.

The other area of evolution is in the enforcement provisions applicable to labor disputes under the FTAs, particularly with respect to the penalties that can be applied if disputes are not resolved through consultation and cooperation. This issue is important because the nature and scope of penalties will affect whether there is sufficient deterrence to violations.

Ms. Polaski said that there has also been an evolution in institutionalization, which has been toward simplification. The North American Agreement on Labor Cooperation (NAALC), which accompanied NAFTA, established a mini-multilateral organization with its own Secretariat. However, the NAALC was generally considered to have failed to live up to its promise. She noted that the trend over time, and the preference of this Administration, is to keep institutionalization lighter.

Ms. Polaski also noted an increase in activity under the labor provisions of FTAs, with the Guatemala submission under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) recently becoming the first to go to formal dispute settlement. Two other submissions, involving Bahrain and Peru, are being reviewed.

Ms. Polaski briefly described other innovations in implementation and enforcement under this Administration: 1) an action plan to address labor concerns in Colombia; 2) more analytical analysis in the reports that must accompany FTAs when they are submitted to Congress for ratification; and 3) active enforcement of the labor provisions themselves, as noted above.
Ms. Polaski concluded by expressing her pleasure that the NAC has been reconstituted and by inviting members to provide advice and ideas on all aspects of the issues that she had reviewed.

Committee Discussion

Ms. Elliott thanked Ms. Polaski for her overview. She referred members to a piece she had written, located on the document table, which is similar in content. In response to the Chair’s question concerning the scope of the Committee, Ms. Polaski clarified that, while the Committee’s remit is the implementation of existing agreements, analysis and advice on what has worked well and what has not would clearly be helpful in thinking about future agreements.

Mr. Knudsen asked for clarification on whether the obligation to not waive or derogate from labor protections refers to national laws or international standards. Ms. Pier said that it depends on which FTA is being examined, as they differ. Ms. Elliott noted that, whatever the interpretation, the provision was excluded from enforcement until after the May 10 agreement. Ms. Polaski stated this was an area of active discussion.

Ms. Walker asked if the EU-Korea FTA commitments went beyond the core eight conventions and Polaski stated that it included all ILO conventions that have been ratified by the parties. Ms. Walker then asked if the Guatemala consultations were bilateral or if other CAFTA-DR countries were involved and Ms. Polaski replied that they were bilateral.

Mr. Greene asked about the role of technical assistance, and Ms. Polaski stated that it was a tool that is very actively used by ILAB, but is subject to fiscal limitations. Under the Dominican Republic - Central America – United States Free Trade Agreement (CAFTA-DR), Congress appropriated $96 million in funding over 5 years. By contrast, current funding is $6.5 million for the entire world. The President’s request for FY2012 included an increase as this is an important part of ILAB’s activities. ILAB is also exploring ways to leverage technical exchanges of experts and other low-cost ways to provide assistance.

In response to a question from Mr. Robertson, Ms. Polaski commented that the inter-agency process is generally constructive on these issues and that Ambassador Kirk (USTR) and Secretary of State Clinton were very supportive.

At 11:00 a.m. Ms. Elliott adjourned the meeting for a break.

Ms. Elliot reopened the meeting at 11:25 a.m.

North American Agreement on Labor Cooperation (NAALC)

Mr. Rigby, Office of Trade and Labor Affairs (OTLA), USDOL, provided an overview of NAALC, its institutions, processes, and current status. He noted that there is substantial disappointment with the results of the NAALC, but that the Administration believes that, given the weakened state of NAFTA economies, now it not the time to reopen agreements; working with stakeholders to figure out how to improve the existing agreement, without reopening is now key. He noted that in August 2009, the North American Leader Summit (NALS), committed to improve the functioning of the NAALC. He said that the committee’s advice would be most
helpful in two areas: in figuring out how best to use the secretariat and its mandate for cooperative activities, and on improving the submission process so that constituents find it useful and will continue to use it. Suggestions from the public are being solicited in all three countries and will be brought to the council Designees for a tri-national discussion. Mr. Rigby noted that the submissions provide useful information to ILAB about potential problems, but that complainants have become increasingly frustrated with the perceived lack of response and have mostly stopped filing submissions.

Mr. Compa stated that he thought NAALC was worthwhile even if only as a forum for experimentation and that there were positive aspects of NAALC. The eleven labor principals of NAALC are a strong point; they go beyond what is in current labor provisions of Free Trade Agreements. The NAALC also included the possibility of public hearings which provided a valuable “side-door” effect because they created a forum for airing problems and putting pressure on governments and firms to respond. He noted that a big problem was that the head of the Secretariat had become a patronage job and that undercut the technical expertise. A major challenge to changing the NAALC is how to engage Mexico, which opposed a labor side agreement. He also noted progress in some cases, such as the apple pickers’ case against Washington State which led to an increased number of labor inspectors and the hiring of Spanish speaking labor inspectors.

Mr. Ramirez asked if a subcommittee will be formed to examine how to improve the Secretariat, an issue to which the committee agreed to return. Mr. Ramirez also requested that a migrant workers’ rights report issued by the Secretariat be circulated to the committee.

In further discussion of the NAALC, Mr. Davis agreed that there was significant forward motion with NAALC, but since 2006 there has been a troubling backward motion. The Mexican government is continuing to promote a labor law reform package, but there didn’t seem to be any dialogue about promoting NAALC principles in that proposal. He noted that the democratic unions in Mexico are opposed to the reform package.

Ms. Feingold expressed support for a revamped Secretariat and suggested that the committee might look at basic qualifications for a leader. She stated that some serious research is needed in areas such as on migrant rights and freedom of association. International civil servants would have to do this research to depoliticize it.

Mr. Greene inquired as to Mexico’s interest in strengthening the NAALC and Ms. Polaski stated that Mexico shares the U.S.’s and Canada’s frustration with the NAALC and is open to discussing improvements within the existing structure. Mexico doesn’t want to reopen the NAALC, but all parties think there is a lot we can do within the NAALC.

Ms. Elliott asked if there was a deadline for a subcommittee to look at this issue and Ms. Polaski said there was not, but the sooner, the better. The committee agreed to return to the issue of appointing a subcommittee at the end of the day.

Luncheon speaker: Demetrios Marantis, Deputy United States Trade Representative (USTR)
After a brief adjournment for lunch, Demetrios Marantis, Deputy United States Trade Representative (USTR), addressed the Committee noting the importance of advisory committees in the trade policy process and welcoming the willingness of members to serve. He discussed the Administration’s trade enforcement agenda, including actions related to labor rights, and negotiating agenda, including the Trans-Pacific Partnership (TPP). He stressed the close inter-agency working relationships on trade policy, including between USTR and DOL.

Mr. Compa asked about the unifying theory of TPP. Mr. Marantis stated that the TPP could serve as a platform for integration of the Asia-Pacific region, and that all countries in the negotiations were committed to a goal of creating a high-standard agreement that would facilitate economic growth in the region.

Ms. Elliott asked if there had been any thinking about the labor chapter. Mr. Marantis stated that, as in all their chapters, they were looking to see what has been learned from previous FTAs and what could be improved upon.

Ms. Feingold asked how current trade policy is helping with unemployment in this country. Mr. Marantis stated that the TPP was being looked at as part of the President’s job creation agenda by creating jobs through greater exports.

Mr. Compa asked if TPP will supersede existing bilateral agreements. Mr. Marantis explained that current provisions would exist side-by-side. Where provisions were in conflict, we would need to evaluate on a case-by-case basis, though the most recent would likely supersede.

Ms. Elliott asked about the current thinking of the new chapters. Mr. Marantis stated that there is some new thinking around the issue of regulatory coherence, trying to mimic the U.S. system where there is a central coordinating body making sure the left hand is talking to the right hand. They are also thinking about how to better integrate small and medium enterprises (SMEs) and providing them with more opportunities to participate in the global trading system.

Mr. Knudsen asked what would make the TPP a high-standard agreement. Mr. Marantis explained that the countries were committing to much higher obligations across the board, such as in areas including the environment and intellectual property.

Mr. Davis asked how a high bar could be set with Vietnam and labor. Mr. Marantis noted it will be a challenge, but Vietnam was revising its trade union law and labor law. The Vietnamese have also been very open to technical assistance.

Mr. Kolben asked about the relationship with the World Trade Organization (WTO) within USTR and whether zero tariffs were the goal. How do the new intellectual property protections differ from the WTO’s trade-related aspects of intellectual property rights (TRIPS)? What are the surveillance mechanisms for compliance? Mr. Marantis stated there will be always be some sensitivities involved in terms of tariff reductions, but the goal is for zero tariffs. What is being worked on in TPP will not diminish other initiatives. The goal has been to increase protection of intellectual property (IP) to reflect the fact that FTAs generally go beyond what countries do multilaterally in WTO, so IP expectations in TPP will be beyond TRIPS. In terms of monitoring
and enforcement, he noted that USTR has several existing mechanisms, such as the annual “Special 301” compliance review on intellectual property protections.

Mr. Robertson asked Mr. Marantis to share his thinking on monitoring and enforcement provisions in the TPP related to labor. Mr. Marantis said that they rely heavily on and work very closely with USDOL. Cooperation mechanisms in FTAs are also very important as they enable relationship-building with labor ministries in order to build capacity. Mr. Robertson asked about the monitoring and enforcement changes in TPP. Mr. Marantis stated that they are looking at this now. He added that they have learned much about what is and is not working as they have pursued the Guatemala case under the Central America-Dominican Republic Free Trade Agreement.

At 1:02 p.m. Ms. Elliott adjourned the meeting for a break. She reopened the meeting at 1:20 p.m.

FTA Labor Chapter – Implementation

Government Engagement

Ms. Albertson cited the text under the CAFTA-DR establishing the Labor Affairs Council (LAC), and noted that, depending on the particulars of the agreement, either a LAC or labor subcommittee meetings had been held in all countries where the FTA requires such a meeting, except Oman, which will be held this fall. She then provided an update on the CAFTA-DR labor roster, noting that the parties had agreed to the rosters of experts for dispute settlement, including for labor, back in February. The U.S. nominated Theodore Posner and Alvin Goldman for the labor roster under the CAFTA-DR. For those interested, she can provide a website with additional names.

Mr. Compa asked if LACs cover substantive issues. Ms. Albertson stated that the productivity of the LAC meetings depended on the counterpart and how much preparation is done. Peru provided a relatively successful example; issues were identified beforehand and led to a productive discussion. In addition, there was a public session, and this led to ongoing dialogue in Peru with the major confederations and the Labor Ministry. It also could be part of the reason the U.S. received a submission from a union in Peru without a US union facilitating. Ms. Pier concurred as to the utility of the Peru discussion.

Submission Process

Mr. Carrington, OTLA/USDOL, explained the submission process, noting that OTLA serves as the point of contact for the U.S. receipt and review labor submissions. There are six basic criteria for acceptance, and they are also available on the ILAB website in English, Spanish, French and Arabic.

Mr. Kagan, Mr. Rigby, and Ms. Albertson, all from OTLA/USDOL, outlined the submissions received from, respectively, a union in Peru on Dec 30, 2010; the AFL-CIO regarding Bahrain in April 2011; and by various parties regarding Guatemala. Ms. Albertson noted that for
Guatemala, they are currently in the process of establishing an arbitration panel under the CAFTA-DR Dispute Settlement Chapter.

Mr. Compa asked about the use of site visits by DOL staff, which had not been permitted by Mexico under the NAALC, and of public hearings, which he said had been quite useful under NAALC. Ms. Polaski noted that the FTAs do not allow a party to enforce the laws in another party’s territory, but these investigations were for enforcement of trade agreements. The policy has been not to ask permission for site visits. Ms. Albertson stated that in the case of Guatemala they met with the government and the submitter. There was no issue of requesting permission from the Guatemalan government. She said that in that case OTLA had not felt it necessary to hold a public hearing because the unions and government had already provided such detailed information, and because the key stakeholders were in Guatemala, not in the US.

Ms. Feingold expressed appreciation for the work of those in the room working on these cases but noted the decline in expertise on labor issues in US embassies and asked how this might be addressed in cases such as Bahrain, where other civil society organizations that could provide information are weak or nonexistent. Mr. Davis noted it is important to have well-trained labor officers that have political status in the country, and that the previous programs for labor officers had been disbanded and this is a problem.

Mr. Kolben asked how trade is affected in the case involving Peru, and Ms. Polaski noted that the bar is relatively low and that the trade linkage is not one of the criteria they have to consider at the stage of deciding whether to accept a submission for review. She noted that the trade link in this case is that the tax agency involved also collects tariffs.

Mr. Greene asked how Peru will be held to ILO standards. Ms. Pier stated that the submission alleges that La Superintendencia Nacional de Administración Tributaria (SUNAT) is violating Peruvian law, so it is not necessary to address whether the law itself is in violation of international standards.

Mr. Knudsen asked who can submit a complaint. Ms. Polaski stated that there are no limits on who can submit; the U.S. can also self-initiate but so far has not done so.

Mr. Compa asked how the U.S. handles other countries’ claims of hypocrisy, given that the United States has ratified so few ILO conventions. Ms. Polaski stated that as a member of the ILO, we are committed to uphold the ILO Declaration and we do so.

At 2:20, Ms. Elliott adjourned the meeting for a break. At 2:45, Ms. Elliott reopened the meeting.

Technical Assistance – A Snapshot

Mr. Rude, Bureau of International Affairs (ILAB)/USDOL, provided an overview of technical assistance in the Middle East and North Africa. He explained that technical assistance has strengthened labor inspectorates, promoted social dialogue, and strengthened trade unions and freedom of association. With respect to FTA countries, he noted there had been projects in Morocco, Jordan, Bahrain, and that US technical assistance had helped Oman basically build a labor inspectorate from the ground up. It has hired and trained 160 labor inspectors, and there are
now 70 trade unions – the first ever in the country. There is a Better Work program in Jordan and Nicaragua, with $2 million for Nicaragua and $6.3 million for Jordan.

Mr. Davis stated that everyone in the room should push for bigger budgets if there is not enough funding for technical assistance.

Ms. Feingold stated that there was very limited information from ILAB about what it does. She asked how this could be improved and noted that disseminating information should be part of ILAB’s constituency building. She noted that in her experience, the technical assistance programs under the CAFTA-DR were very poorly coordinated. Concerning staff capacity, she asked how many are experts on freedom of association?, How are people getting trained? Mr. Rude noted that in the MENA region, the ILO was doing the training for unions.

Ms. Walker asked if doing technical assistance ahead of an FTA been considered. Mr. Rude stated that this had been done in Oman. Ms. Polaski added that this was also currently being done in Vietnam.

Mr. Compa asked if any technical assistance programs had looked at labor courts. Mr. Rude stated that this was not done in the Middle East/North Africa (MENA). Ms. Albertson noted that this was definitely done in CAFTA-DR. In response to a question about the scope of US technical assistance related to labor provisions and trade agreements, it was pointed out that most FTAs and, therefore, most of this particular set of projects, were in the MENA region and Central America.

CAFTA-DR Biennial Report

Ms. Albertson described technical assistance programs in CAFTA-DR. A white paper carved out programs that ILAB, State and USAID have been implementing on strengthening general capacity, the labor ministry, and labor courts. She noted that she has a brochure on projects with links to websites. Congress has tasked ILAB with writing a report every two years on CAFTA-DR. She stated that she has copies of the Congressional language. She explained the report required a recommendation to the U.S. government on how it could facilitate the White Paper recommendations, and that this seemed to be a perfect question for this advisory group to take up, perhaps by creating a subcommittee to come up with recommendations.

Mr. Robertson asked if there were baseline studies on these countries. Mr. Davis stated that there is history of technical assistance to the Labor Ministries of the region going back to 1995. Mr. Ramirez stated that there should be a report on resources used to strengthen labor ministries in Central America, what has accomplished, and best practices.

Ms. Albertson stated there was an external evaluation and there is a reading package for the subcommittee that will be working on this. In addition to verification reports, USTR has just populated its web page with summaries of the projects. She also noted that ILAB has been working on developing indicators to measure progress on the issue of Freedom of Association generally, which is available on the ILAB web site.
Ms. Pier stated that a short-term goal for the subcommittee is crafting recommendations for the report. Given the frustrations expressed regarding technical assistance, fulfilling this task could lead to robust discussions for technical assistance.

Ms. Elliott suggested that the agenda for the Spring meeting make technical assistance a focus of discussion.

Ms. Albertson stated that the Subcommittee needs to keep the new fiscal environment in mind and that different choices may need to be made. She also asked the Subcommittee to keep in mind there are limitations due to procurement rules governing US funding for projects.

**Appointment of Subcommittees**

Ms. Elliott noted that there were proposals for two subcommittees, one to suggest recommendations for the CAFTA-DR Report to Congress, and a second on strengthening the NAALC and the Secretariat. For the CAFTA-DR Report Subcommittee, members would have to start immediately and the full committee would have to meet by mid-October to approve the subcommittee’s draft for there to be time to include it in the report Congress. Mr. Robertson, Mr. Kolben, Mr. Greene, Ms. Feingold, and Mr. Ramirez volunteered for the CAFTA-DR subcommittee, with Mssrs. Robertson and Kolben agreeing to co-chair.

The second subcommittee, focusing on the NAALC, will be chaired by Mr. Compa, and he will be joined by Mssrs. Ramirez, Davis, and Greene, and Ms. Elliott.

Ms. Feingold asked for clarification on the scope of CAFTA-DR Subcommittee task. Is this on chapter 16 or just technical assistance? Ms. Albertson stated that they are not limited to technical assistance, although there is a heavy focus on technical assistance in the congressional language. The subcommittee can go above what is required as long as it includes what is required. The recommendations should be approximately three pages in length.

Ms. Albertson noted that both subcommittees need to record what members say, as this will need to be reported to the public.

At 3:37 p.m., Ms. Elliott adjourned the meeting for a break. She reopened the meetings at 3:47 p.m.

**Walk Through of Web**

Mr. Rigby led the Committee through a virtual tour of the ILAB webpage. Ms. Feingold asked if ILAB could increase the information it provides through a newsletter that goes out to a wider audience. Ms. Polaski stated that ILAB needs to work harder on communicating what they do.

Mr. Knudsen asked if there was data showing trade with different countries that they received in a different meeting at DOL. Ms. Polaski stated that ILAB will find and send this information. Ms. Elliott added that the US International Trade Commission also has a great trade database, as well as the Commerce Department, specifically on textiles and apparel at the Office of Textiles and Apparel website.
Discussion – Enhancing Public Dialogue

4:05 Discussion – Enhancing Public Dialogue

Ms. Elliott initiated a discussion on communications and public dialogue. She asked how USDOL can better communicate about what it does. How should the NAC continue communicating? She added that the Committee also needed to set up a meeting in October to discuss the subcommittee report.

After a group discussion on various communications methods, Ms. Elliott suggested that subcommittees decide how best to communicate with each other.

Ms. Albertson asked if there were specific networks that ILAB should plug into. Mr. Davis suggested the LIRA list.

Ms. Elliott concluded that email is likely the best method for NAC members to use to communicate. Ms. Walker asked for a comprehensive list of the NAC members’ contact information. Ms. Feingold proposed using doodle surveys for setting upcoming meeting dates in mid-October for a meeting, perhaps via teleconference, to discuss subcommittee report on CAFTA-DR, as well as identify other events that could bring people to Washington for a full Committee meeting the Spring.

Ms. Elliott asked for public comments. The Committee noted that there are no members of the public in attendance.

Mr. Robertson thanked Ms. Albertson for pulling the meeting together. Ms. Albertson directed members to the evaluation forms in their binders and asked members to complete the forms and leave them at the registration table outside of the room. She instructed CAFTA-DR subcommittee members to remain after the meeting to pick up their packages.

Ms. Elliott adjourned the meeting at 4:25 p.m.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

Kimberly Ann Elliott

Chair

National Advisory Committee for Labor Provisions of Free Trade Agreements

These minutes will be formally considered by the NAC at its next meeting, and any corrections or notation will be incorporated in the minutes of that meeting.