



SPEECH

Pakistan Institute of Labour Education and Research (PILER) National Consultation on Strategies and Partnerships for Improved Coordination and Compliance of GSP+ Treaties Wednesday, 20 November 2019.

His Excellency Mr. Abdul Razak Dawood Advisor to Prime Minister on
Commerce, Industries, Production and Investment;
His Excellency Mr. Anwar Mansoor Khan, Attorney General for Pakistan;
Mr. Lal Chand Malhi, Parliamentary Secretary for Human Rights;
Ms. Ingrid Christensen, Country Director, ILO
Distinguished guests, ladies and gentlemen!

I would like to congratulate PILER on organising this very useful national consultation to share strategies and form partnerships for improved coordination and compliance of the GSP+ Treaties. This is very timely as the next GSP+ report will soon be discussed in the European Parliament.

And let me clarify upfront: the European Union grants these generous trade preferences because we believe in sustainable and inclusive development based on the universal values enshrined in the 27 core conventions covering provisions of human rights, labour rights, in respect of the environment and in the context of good governance.

Simply put - Growth without respecting workers' rights, without civil society space and without efforts to promote gender equality is simply not sustainable.

Let me put things in context first:

- Apart from Pakistan there are currently 7 other GSP+ countries: Armenia, Bolivia, Capo Verde, Kyrgystan, Mongolia, Philippines, Sri Lanka.

GSP+ is in many ways a very innovative scheme. Pakistan currently accounts for 2/3 of all imports into the EU under GSP+ which is a very important % and we could say Pakistan in the best performer. However, if one looks at the

potential for export and the achieved percentage we can see that there is a lot of room for further improvement.

- 2018 Trade deficit was 1222 million euro in favour of Pakistan;
- The overall trade volume increased from 8.377 billion euro in 2013 (a year prior to the award of GSP+) to 12.526 billion euro in 2018 reflecting an increase of 49.52%.
- The GSP+ trade has been a win-win for both the EU and Pakistan. Pakistan's exports to the EU grew by 51.47% during 2013/18 while the Pakistan's imports from the EU grew by 47.22%.
- Stress on diversification as textile and clothing account for more than 70% of the bilateral trade and GSP+ regime provides 66% of the tariff lines on zero tariffs and 25% tariff lines on preferred tariff. Altogether, 91% of the tariff lines are duty free or having preferential rates which is a big advantage.
- Pakistan must avail the benefit and explore new areas, new technologies to increase its exports and expand its export base.
- At present Pakistan export base is highly concentrated in textile exports (and that too mostly in fabric and designing) – over 70%.
 - It is high time to expand in value addition which is more profitable and job intensive (within value addition, sports-wear is another example to explore the potential).

If Pakistan continues take advantage of the greater market access to the EU and to implement the 27 international conventions covered by the scheme, it will not only bring benefit in the form of economic growth; it will also help Pakistan improve the situation of rights of its citizens and workers. And these two aspects are mutually reinforcing. Compliance with the Conventions will generate better economic opportunities and vice versa. It is in my opinion a true "win-win" proposition. Compliance will also make Pakistan more attractive for Foreign Direct investment.

Ladies and Gentlemen,

Before we go into monitoring and implementation of the GSP+, I want to highlight that the provision of **all** rights is important. Addressing violence against women and children; ill treatment by law enforcement agencies; honour killings; corporal punishment; child labour and discrimination against women at work place; shrinking space for media and freedom of expression all these elements are important to monitor in the context of GSP+.

But my focus today will be on labour rights.

First of all, let me give you an overview of where we are with regard to the provision of labour rights:

Labour rights in Pakistan with regard to collective bargaining, wage discrimination, bonded labour, child labour, gender discrimination, labour inspections, disregard of freedom of association and collective bargaining and the situation of labour in agriculture, mines & brick kilns remain a matter of great concern of the EU.

Three million people live in modern slavery¹ (bonded labour), more than 2 million children under the age of 14 are still engaged in work and the unionisation rate remains very low under 5%. Unionised workers also continue to be exposed to threats of violence and kidnapping.

From our point of view, the following key areas need to be prioritised by Pakistan:

(1) Carry out child labour surveys and include bonded labour in labour force surveys. Ensure proper investigations and prosecution of child and forced labour, trafficking and exploitation. I am aware that this is ongoing but the results have to be published soon.

(2) The labour inspection system is still **too** weak to ensure its crucial function of proper enforcement and overseeing of the application of labour laws and safety standards. There is still too few labour inspectors and their technical and capacity to perform their tasks needs to be greatly improved. I note that we welcome the recruitment of women inspectors as well.

(3) Align labour legislation with the ILO Conventions 87 and 98 on Freedom of Association and Collective Bargaining. Ensure application of labour laws in Export Processing Zones and Special Economic Zones.

(4) Stronger focus on the gender gap and the discrimination against women in the labour market.

Allow me now a few words about how the EU monitors GSP+ implementation.

¹ <https://www.globalslaveryindex.org/2018/data/country-data/pakistan/>

The EU is obliged under the GSP Regulation (Article 14 of the GSP Regulation²) to submit a report to the European Parliament and the Council on the functioning of the GSP scheme, once every two years. The report details beneficiary countries' ratification, reporting, and effective implementation of the relevant conventions.

The first such report was presented in January 2016 to the EU Parliament, which delivered a '**Balanced**' view on human rights, labour rights as well as environment and governance. The second report was presented in January 2018. Both reports are public documents and are available on DG TRADE's website.

We can term this (second) report as a '**Mixed**' one. Let me explain why.

The first report was **balanced** because it reflected institutional developments like the establishment of Treaty Implementation Cells, National Commission on Human Rights and the one of the Status of Women etc., provincial government's involvement in implementing the 27 conventions (more importantly - 7 HR conventions; 8 Labour conventions), it highlighted the need for new legislation as well as the effective implementation of the National Action Plan for provision of human rights.

On the other hand, the second report assessed the situation after these institutions and highlighted what was still lacking. It was '**mixed**' because one could find both positives and negatives in it.

Priorities on labour rights which were shared with the Ministry of Commerce as an outcome of the last GSP+ Monitoring Mission (which took place in October 2018):

- Complete child labour surveys to cover the whole country and include bonded labour as well;
 - Ensure proper investigations and prosecution of child and forced labour, trafficking and exploitation
 - Adopt and implement a comprehensive child labour law including child domestic workers
 - Prohibit persons underage to work in hazardous conditions - including in brick kilns
- Ensure freedom of association, collective bargaining and occupational safety and health;

² Regulation EU No. 978/2012 of the European Parliament and of the Council of 25 October 2012

- Align labour legislation with ILO Conventions 87 and 98 on Freedom of Association and Collective Bargaining
- Ensure application of labour laws in Export Processing Zones and Special Economic Zones, in line with the ILO Conventions
- Adopt and implement legislation on health safety at work
- Significantly increase capacity staff and skills of Labour inspectorates in consultation with ILO.

Besides, these priorities work should also be initiated to reduce and eventually eliminate gender gap at work places. The significant wage gap of 60% and the low participation in the labour market compared to men (24% vs. 81%) is a matter of great concern. Furthermore, there are significant shortcomings in data regarding remuneration gaps between men and women.

Having said that I would like to reiterate that official and authentic data on the situation of labour are not easily available. There is a need to set up an office or One Window within each Treaty Implementation Cell where the data pertaining to the GSP+ conventions should be available regularly.

We are close to the submission of the third report which will be discussed by the Parliament and let's see how it is assessed.

After submission of each report the EU issues a List of Issues which raises key questions on the deficiencies highlighted in each report. The list of issues is submitted to the Government of Pakistan which eventually goes to the Treaty Implementation Cell housed in the Ministry of Commerce. The List of Issues is discussed with the Provincial Treaty Implementation Cells who report on the level of compliance in each province on each question encompassing the 27 Conventions. To us - to the EU, this should be a coordinated effort **not only amongst provinces but also with the civil society organisations**. The Government's response to the List of Issues forms the basis of preceding report.

To sum, countrywide awareness is needed to address the violation of rights. Both civil society and the Treaty Implementation Cells in Federal and in four provinces, have a very important role in promoting awareness.

The EU is already playing its part in supporting the implementation of the recommendations. We have launched a project on HR with the Government and are willing and ready to play our role even further to address capacity bottlenecks. We are also working with ILO on some of these issues.

So what should be the next steps:

- First of all ensure no backtracking e.g. with respect to freedom of the press and space and access for NGOs'
- Ensure an acceleration **of implementation of the relevant changes**

And this needs to take place not only at Federal level but very importantly in the provinces. The civil society must raise its voice wherever it sees violations. The law enforcement agencies must realise the sensitivity and act with full responsibility without delay.

With this, I am confident that the trade benefits of the GSP+ will be translated into a better and more sustainable development.

Before I close,

As I said earlier, a lot of people talk about capacity at the grass roots to deliver on the compliance of the 27 Conventions. But I think, the amount of benefit that the GSP+ brings to Pakistan should reinvigorate in the **industry an urge to self-regulate each Convention.**

Just an example, the sad incident of Rana Plaza (2013 in Bangladesh) in which one garment factory was collapse led to criticism not only on the one garment factory, one export sector or one owner - the whole country felt the brunt.

I want to emphasise that if industry was self-regulating in this particular case the breach of the construction standards would have been noticed by someone and lives of over 1100 people would have been saved and the country would not have won the bad name, in the end.

In my view Pakistan should also encourage this thinking by strengthening the nexus of business and rights to make not only business sustainable but trade sustainable. Instruments like GSP+ can play an important role in this regard.

In order to meet these challenges, we must all work closely together. The principal responsibility lies with the Government of Pakistan, but the Government needs the strong support of civil society to monitor the labour and human rights situation, to suggest solutions and to help out with implementation.

I would also like to applaud the strong involvement of civil society, including our host PILER - with GSP+.

The EU Delegation looks forward to cooperate closely with all of you on this file, also in future, for the benefit of the people of Pakistan.

I thank you all for your attention.

Check against delivery