

- Canada should support further work internationally on labour rights and standards and their link to trade, primarily for three reasons: Canadian values favour the promotion of at least certain labour rights, including the prohibition of child or forced labour and the implementation of high work place safety standards; the failure to enforce labour rights and standards can have an impact on production costs - although the extent of the impact is not at all clear; and the blocking of work internationally that could lead to at least limited negotiations will only encourage the U.S. and the European Union to act unilaterally.
- Multilateral negotiations of trade-labour rights and standards along the lines of the North American Agreement on Labour Co-operation, i.e., the enforcement of each country's own domestic laws, is the most practical approach to the issue. Agreement on a set of minimal rights and standards, or their harmonization, would be more challenging to negotiate. The best prospects for setting minimal labour rights may be in the areas of health and safety regulations, and the use of child or forced labour. The establishment of an effective and timely dispute settlement mechanism in such an agreement should be mandatory.
- Trade measures are not the only sanctions that a country could use in response to another country's "low", or failure to enforce, labour rights or standards. Another option is conditioning aid on the basis of a country's performance in the labour rights area. This could be coupled with a fines-based system as introduced in the North American Agreement on Labour Cooperation.
- There is a clear need for more empirical research on the issue, which only an international institution has the resources and multi-country contacts to undertake. A likely candidate to conduct such work would be a joint OECD committee bringing together the Directorate for Social Affairs, Manpower and Education, and the Trade Directorate. In January 1994, the U.S. began to explore and promote this option. It would be in the Canadian interest to generally support OECD analytical work on the issue. In the longer term, once the OECD has made progress on the analytical work, consideration should be given to the establishment of a GATT Working Group or a joint ILO/GATT Secretariat study group, in order to have broad developing country participation in the trade-labour dialogue.