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Of Carrots and Sticks

The EU's Normative approach in promoting

Labour rights in Myanmar and Sri Lanka

A naive and flawed approach?

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Abstract

The European Union is unique in the sense that it promotes human rights and labour rights through its trade policies and agreements. The EU is the world's largest economy and it plays an important role in today's world trade. Through the inclusion of human rights and labour rights clauses in the EU's common external trade policy and its Generalised scheme of preferences (GSP), the EU seeks to promote and globally transmit the values of human rights and labour rights to its trade partner. To do this the EU mainly uses the GSP scheme of preferential trade and its two connected instruments: positive and negative conditionality. Meaning that the EU in its trade relations with third countries have the choice of using either political dialogue and incentives for further trade which is *positive conditionality*, or the choice of using economic sanctions and partial preferential withdrawals, being *negative conditionality*.

This research will look specifically at forced labour in Sri Lanka and Myanmar¹ and try to evaluate whether the EU's positive or negative conditionality, in the two cases, are more effective in promoting Labour rights than the other. There are many scholars in the field of political science criticize and argue that EU's GSP scheme is both ineffective and inconsistent, as well as selective in its use of the conditionalities. This research however, argues that EU's GSP scheme in terms of positive conditionality actually is more effective in the long-term improvement of labour rights in both Sri Lanka and Myanmar. It therefore concludes that the positive conditionality of the EU's GSP scheme, even though it at times due the very nature of conditionality came down to a very fine line, has been the more effective instrument in promoting Labour rights in Sri Lanka and Myanmar.

Key words: EU, Positive and Negative Conditionality, GSP Scheme, Labour rights, Effectiveness, Myanmar and Sri Lanka.

¹ The use of Myanmar (and not Burma) is a conscious choice, not for any political reason, but rather due to the fact that it is the name used by both the Swedish and the Norwegian Foreign Ministries (See: 8. References).

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1. Introduction

The European Union is the world's largest economy and one of today's most influential actors in international politics and world trade (EC, Trade, Countries and regions, 2017). At the very heart of the EU, which started out as a political and economic integration project for peace, lies the principles of universal human rights. Rights that in a socio-economic context, also include labour rights in the form of fair and just working conditions and the prohibition of child labour² (EU, Human rights, Article 31-31, 2017). These are fundamental values, and also norms for the EU, that it has committed itself to promote (TEU, Article 3[1], 2017). Both internally to its member countries, as well as externally to third country partners. The EU's external action is stipulated mainly by the 2009 Lisbon Treaty, which made the overall promotion and upholding of human rights and labour standards, legally binding for the EU-institutions involved. Meaning that in an external political context, these rights and standards had to be infused into all of the EU's policies, agreements and arrangements with third countries in the form of clauses. Including the EU's most extensive and externally impacting policy area of trade (Lisbon Treaty, Article 21 [1, 2, 3], 2017).

Within international politics and trade, it can be argued for that actors on the political arena have two types of foreign policy instruments at their disposal to influence change in the political behaviour of others. Namely, incentives and economic sanctions, or to use more popular terms "carrots" and "sticks" (Dorussen, 2001 p. 252). In the context of the EU's external trade policy, these instruments are called *positive and negative conditionality*. These conditionalities, i.e. human rights clauses, are linked to the EU's most advanced trade instrument for promoting human rights and labour standards in third countries: the Generalised Scheme of Preferences. A system of preferential trade arrangements, aimed at contributing to their economic growth and overall development, whilst promoting human rights and labour standards (EC, Trade, GSP, 2017). Many scholars have taken an interest in incentives and economic sanctions, and even more so in the EU's GSP scheme and its conditionalities. That have been the targets of harsh critique, due to its inefficiency to protect human rights and its selectiveness in use of instrument.

² ILO, definition: "work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development".

1.2. Our aim, Chosen cases and Research question

Previous research, both from scholars in the field of political sciences such as Samantha Velluti and academics working for the EU such as Laura Beke, have argued that the positive and negative conditionalities are used by the EU in a selective and ineffective way. Other scholars like Celeste Montera have given the EU harsh critique, and believe that the EU should be tougher on countries that violate the human rights and labour standard conditionalities by using its negative conditionality more often.

We have chosen to research the two cases of Sri Lanka and Myanmar. The cases are of great interest as one can clearly see the impact of both types of conditionalities under different time periods. Given the fact that the two countries (at different times) have joined the GSP scheme for preferential trade and benefits, and that they both as well have been the subject of the negative conditionality and had preferences withdrawn, due to violations related to human rights and labour standards. We have also found, as the cases in these regards are well documented, that child labour is prominent and that human rights and labour standards have been violated. The reason this research will look specifically at labour rights is because of the importance of the topic. Forced labour including child labour is a worldwide phenomenon and is one of the greatest challenges in today's societies. There are more modern slaves today than ever before (Global slavery index).

With this research we aim to: research and evaluate whether the “positive” or ”negative” conditionality of the EU’s GSP scheme is more effective in promoting human rights and labour standards (labour rights). This we will do by trying to answer the following question:

1. Is a) the positive conditionality or b) the negative conditionality of the EU’s GSP scheme more effective than the other in promoting labour rights in Myanmar and Sri Lanka?³

³ Definition of “effectiveness” see: Methodological approach, chapter 4.1.

1.3. Disposition

This research is divided into four main categories:

1. The first category is the theoretical framework, where we will cover former research on whether incentives or sanctions are best in terms of international politics. This chapter is divided in three subchapters, where the first subchapter is about “Carrots and Sticks” in general in International Politics and will highlight an array of different scholars on the subject. Then, the second subchapter is the case of the positive incentives which is based in Han Dorussen research paper. The third and final subchapter highlights the positive effects of economic sanctions, or negative conditionality.
2. The second chapter will highlight the carrot and stick framework from the EU perspective. This chapter will cover EU and human rights in external trade and how they use and view the tools of the carrot and stick. Then, the second subchapter will highlight the intense and complex cooperation concerning ILO and EU labour rights and standards. The third subchapter is how the EU promotes labour rights and their tools disposable to do so. A thorough overview of the instruments that EU inhabits, such as the GSP, EBA and GSP + with the history of EU preferential withdrawals. After an overview of the inner workings of the GPS scheme, the chapter will end with a fourth and final subchapter, highlighting the criticism of the GSP scheme.
3. The third chapter is the methodology of this research. It will include a discussion of what effectiveness is and means to this research, and how it is used in this research to evaluate if either negative or positive conditionality is best in promoting labour rights in the two chosen cases. Final subchapter in the third chapter will be a overview over what kind of material is used for this research.
4. The fourth chapter will be the analysis of this research. It will contain two carefully chosen cases where we will see how the theory and backgrounds fits into the practical perspective. With two countries, Myanmar and Sri Lanka, the analysis aims to illustrate the practic perspective of the promotion of human rights through the GSP scheme. After a thorough review of the two countries, the research will end with a conclusion and (in its final chapter) a suggestion on further and future research on the topic of the EU’s GSP scheme.

2. Theoretical Framework

2.1. The choice between “carrots and sticks” in international politics and trade

The choice between using political and economic incentives or sanctions, or “carrots” or “sticks” to use more popular term, is a choice of great importance in international politics. To punish or reward using economic sanctions or incentives is a topic which has received much attention. The argument is not only if the sanctions are weak or strong, but rather if incentives are better instruments in helping to resolve conflicts (Dorussen 2001, p 252) Incentive is defined by Cortright: “an incentive is defined as the granting of a political or economic benefit in exchange for a specific policy adjustment by the recipient nations” (Dorussen 2001. P 252).

2.2. Sticks and Carrots: the case of the Carrot

Incentives are powerful in bringing about change. According to scholar Long, incentives are only powerful in means of change, if the other recipient country stands to gain something (Dorussen 2001, p 253). Long argues further that not only are sanctions less effective to bring about change, but sanctions might also have the “rally to the flag effect”. Incentives on the other hand are less likely subject to opposition. Other scholars, such as Cortright, agrees with these points, but also mentions general human behavior as an important factor. He emphasizes how incentives will generate goodwill and a sentiment to cooperate, rather than hostility and opposition (Ibid).

Drezner highlights the fact that how effective the sanctions or the incentives are will increase or decrease the likelihood of conflict in the future. In Dresner's mind however, incentives are only an option if sanctions are not possible, a last resort. Incentives may also be subject to extortion. Bernauer and Ruloff argues that incentives might be subject to extortion attempts by the recipient country (Dorussen 2001, p 254). He does however bring up the fact that with carefully designed incentives, such as intense monitoring and stepwise implementation of conditions, the risk of extortion is less likely to occur. Incentives are better tools in the case of adversarial relationships. Dorussen highlights that in hostile and adversarial relationships, the use of incentives is more important (Dorussen 2001, p 254). To cut incentives, the target country is likely to feel resentment and therefore in the future will be less likely to be agreeable.

If the threat of withdrawing incentives does bring about change in the target country, the question is if it is the incentives are the reason for the change, or that it is the threat of withdrawal that attributes to the success (Dorussen 2001, p 254).

Can one distinguish the effects of sanctions and incentives in terms of effectiveness? Knorr (1975) found a distinction in the cost structure of the two (Dorussen 2001, p 257). Namely, that the success of incentives are likely to increase the likelihood of the target country to keep their promises. To which Dorussen himself, with others such as Long and Knorr to back him up, further adds to its importance by stating that “the successful implementation of an arrangement with incentives hinges on the ability of the sender to keep its promises” (Dorussen 2001, p 257).

2.3. Sticks and Carrots: the case of the Stick

Economic sanctions can be powerful and valuable foreign policy instruments when international actors want to influence and change the political behaviour of others (Dorussen, 2001 p. 252). Sanctions can be imposed on target countries for various reasons and with various objectives in mind. It could for an example be to put economic and diplomatic pressure on a targeted country to try to stabilise political unrest, to restore a democratic regime or to end systematic repression of certain groups (Peksen, 2009 p. 59-60). With this said, sanctions come in many shapes and forms, with trade sanctions (i.e. “restrictions on imports from or exports to the targeted country”) being the most recurrent in the context of trade (Kaempfer & Lowenberg, 2007 p. 868-869).

There’s a certain degree of agreement in the literature that economic sanctions are not used to inflict maximum pain on its target. Nor to make the target obey the sanctioning actors demands, but that sanctions rather are used for “expressive or demonstrative purposes” as Leyton-Brown (1987) and Tsebelis (1990) describes it (Kaempfer & Lowenberg, 2007 p. 868-869). A statement that Renwick (1981) further acknowledges, by saying that when sanctions have been imposed in international politics it has mainly been to demonstrate disapproval and to show “action on the matter” in the eyes of the international community (Kaempfer & Lowenberg, 2007 p. 870).

Scholars studying the link between economic sanctions and human rights, like Peksen (2009), are clear on the fact that it is inevitable that sanctions most often are counterproductive. Where, more often than not, the main target of the sanctions are the innocent and most vulnerable members of society (Peksen, 2009 p. 59-60).

T. Clifton Morgan and Valerie L. Schwabach (1997) and other scholars, have tried to find the factors for effective sanctions. This by mainly looking at the sanctions stated objectives. Where the general conclusion amongst them have been that **a)** results depend a lot on the used method and model and, more interestingly, that **b)** the success of sanctions is closely tied to the previous relation between the sanctioner and the target and to its political instability and economic weakness (Kaempfer & Lowenberg, 2007 p. 892-893).

Jonathan Kirschner, Galtung and Mach and Khan (2000), stand united on the fact that “[o]ne of the core assumptions of traditional sanctions theory is that the pain inflicted by sanctions on citizens of target states will cause them to pressure their government into making the changes demanded by the sanctioning body.” (Kaempfer & Lowenberg, 2007 p. 869).

3. The EU Framework and Perspective

3.1. “Carrots and sticks” in the EU’s international politics and trade

The EU’s Generalised Scheme of Preferences (GSP) is aimed to promote human rights via the EU’s external trade relations with the use of human rights conditionalities. In terms of positive and negative conditionalities, the EU’s “carrots and sticks”, the EU can and have exercised both, but tends to advocate for positive conditionalities. Under EU’s GSP scheme, they are concerned with the country ability to demonstrate commitment to achieving results in implementing human rights conditionalities, rather than the degree of implementation progress (democracy reporting 2016, p 11). This clearly shows the EU’s scheme to be of carrot nature, not the stick nature.

3.2 The EU “Stick”

The EU’s GSP scheme version of “sticks” is called *negative conditionality*, and means that the EU under the GSP scheme can withdraw the preferences in the case of serious and systematic violation of labour rights, such as forced labour, child labour and other forms of violations (Beke - hachez 2015, p 14). This withdrawal can be in the form of a ban on all products that are made by forced labour or a ban on all products in general (ibid).

3.3. The EU “Carrot”

The positive conditionality was incorporated in the GSP reform of 2005 which effectively tied labour rights with human rights conditionalities (Beke - Hachez 2015, p 15). GSP positive conditionality is visible through the means of special incentives which binds additional preferences in the case of labour rights recognition by the beneficiary country (Ibid).

3.4. The EU approach to Human rights and Trade

The EU has during the last couple of decades grown into becoming a powerful and influential actor in international politics, and it plays a key role in today’s globalised world trade. Having trade partners and intricate trade agreements with almost all countries and regions in the world (EC, Countries and regions, 2017). The EU is a unique political actor (and according to scholars like Ian Manners also an important norm spreader) with a distinct voice and extensive scope, whose political principles and values in external politics and trade are influencing today’s international relations and politics (Manners, 2001 p. 10-11, EC, Trade, 2017, Human rights, 2017).

Since the beginning of the 1990’s the EU has actively worked towards intertwining the two policy areas of global trade and human rights. A policy-fusion that with the entry into force of the Lisbon Treaty in 2009, was made legally binding. Meaning that all EU-institutions involved in the making of trade policies and trade⁴ arrangements, had to make sure that the implemented trade policies also contributed to the upholding of human rights (Lisbon Treaty, Article 21 [1, 2, 3], 2017).

⁴ **Note:** The policy-centralisation of human rights wasn’t limited to the area of trade, it was mainstreamed in a strategical and deliberate way into all of the EU’s political processes and areas (EC Frame, 2014 p. 16).

A fusion many researchers, such as David D'Hollander, have devoted a lot of attention and aimed their research towards. As the policy-fusion of human rights (labour standards included) and trade, has shown to have a great impact and positive affect on the overall development and economic growth of developing countries (EC Report, 2014 p. 2). This centralisation of human rights in trade is of great relevance to understanding the the way of trade policy-making in the EU, and its external objectives. As the objectives and principles are the driving engine behind the EU's promotion of its values (TEU, Article 3[1], 2017).

The change in policy-making is believed by scholars like Laura Beke and Nicolas Hachez et al⁵ to have been influenced by the institutional development and reforms of the EU-institutions themselves. Institutions which thereby, were given more extensive competence and the ability of taking on and handling more complex policies (EC Report, 2014 p. 16). Policies which in their turn, allowed the creation of more elaborate trade agreements containing for an example human rights conditionality clauses⁶. Clauses that, due to the legally binding nature and external policy agenda stipulated by the Lisbon Treaty, made it possible for the EU to put political pressure on third country trading partners and gain leverage in its promotion of human rights (Briefing, 2017 p. 2).

3.5. The EU and the ILO: Human rights and Labour standards

The International Labour Organisation (ILO), which is a UN organisation that brings together workers and employers as well as governments to set international labour standards, and the EU have found common ground regarding the principles and values of social justice and decent work for all. Matters on which the two work towards the common goal of increasing the overall economic and social progress in the world (EU-ILO Strategic Partnership, 2017 p. 2-4).

Part of the EU's human rights promotion, within a socio-economic context, also includes the promotion of core labour standards. This is visible in the Charter of Fundamental Human rights of the European Union, Article 31-32, stipulating that the EU advocates "Fair and just working conditions for all" and prohibits "Child Labour" (Human rights, Art. 31-31, 2000).

⁵ In the EC Report, 2014: also David D'Hollander and Beatrice Pérez de las Heras.

⁶ **Definition:** See 1. Introduction and 3.1. "The EU Carrots and Sticks".

Article 31 and Article 32 are compatible with the core labour standards, and human rights norms, of the ILO. Consisting of four main principles in the form of: 1. “freedom of association and the effective recognition of the right to collective bargaining;” 2. “the elimination of all forms of forced or compulsory labour;” 3. “the elimination of discrimination in respect of employment and occupation;”. Principles that have been internationally recognised by the UN, and where there is a broad consensus amongst the world’s developing and developed countries on their importance (Orbie, 2011 p. 2-3).

The ILO have two sets of instruments at its disposal for the promotion of its core labour standards in the form of a) conventions (legally binding treaties, that can be ratified by member states) and b) recommendations (i.e. “non-binding guidelines”) The ILO have ratified eight fundamental conventions to internationally protect workers’ rights. These conventions cover several subjects such as “freedom of association”, “minimum age” and “forced labour” (ILO, Conventions and Recommendations, 2017). Where the “Forced Labour Convention” (No. 29), from 1930, is of special interest for our thesis as it constitutes part of the larger context and binds together the chosen cases with the GSP scheme and its positive and negative conditionality. The ILO defines forced or compulsory labour as: "all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily." (ILO, Conventions and Recommendations, 2017).

3.6. EU and the Generalised Scheme of Preferences (GSP, EBA and GSP+)

The protection of human rights is one of EU’s most highly prioritized goals, in which it has developed some unique sets of instruments to pursuit. Most notably amongst these instruments are the GSP schemes (Briefing 2017, s 1). Containing 90 third world countries, the GSP scheme includes human rights conditionalities in which the beneficiary countries must accept to gain access to the highly lucrative EU trade marked. If the country benefitting from the GSP scheme violates one or more of these human rights conditionalities, EU have the power and motive to withdraw the agreement (Briefing 2017, s 1).

The GSP scheme is a *carrot and stick agreement*, where the EU will lower the tariffs on several products and grant countries access to EU marked, but only if they agree to their human rights conditionalities in the agreement (briefing 2017, s 1). The GSP scheme gives a 66% duty reduction of all EU tariff lines.

Introduced in 1971, EU launched the Generalised Scheme of Preferences (GSP) which has since then assisted developing countries in reducing poverty, promote good governance and sustainable development (Briefing 2017, s 2). The generalised scheme of preferences is EU's oldest trade regime aimed at promoting human rights and have been reformed many times in to address new aspects of human rights (Briefing 2017, s 2). In 1994 the scheme was reformed once again, this time to allow EU to withdraw preferences in the case of labour rights violations. There are three layers of the Generalised scheme of preferences:

1. All GSP (Standard) countries must agree with the human rights principles laid down (Briefing 2017, p 2). The preferences can be withdrawn in cases of serious violation of these principles, which is called *negative conditionality*.
2. The second layer of the scheme is the more elaborate mechanism, which is the GSP+. Alike the standard GSP, GSP+ contains basic human rights conditionalities but includes also environmental conditionalities, and good governance treaties (Briefing 2017, p 3).
3. The third and final layer is the Everything but Arms agreement (EBA). The EBA agreement was born in 2001 for the purpose to integrate "least-developed countries" (LDCs) into the global economy (Commission, EBA 2014, p 1). This agreement helps LDCs to become economically stronger with a full duty and quota free access to the EU market for all their products, with the exception of arms and armaments (Commission, EBA 2014, p 1)

To be eligible for the GSP+ a country must be under the low-income level, and the agreements comes with several strings attached. These strings include that the beneficiary country must comply with all the 27 international conventions on human rights, labour rights and good governance and must agree to all reporting and monitoring mechanisms laid down by the European Commission (Briefing 2017, s 4).

In order to be granted the GSP+ preferences, the country must apply directly to the European Commission and the Commission will accept or decline the application (Briefing 2017, s 4). The new GSP scheme employ certain new devices in promoting their human rights conditionalities, such a monitoring and political dialogue.

Monitoring

In the reformed GSP+ scheme of 2014, the EU incorporates very rigid monitoring mechanism through an array of non-governmental observers, to make the process more transparent and objective (Democracy reporting 2016, p 1). The EU monitoring of GSP+ beneficiary countries are there to both help and see that they are following their commitments (EU commission GSP+ 2016, p 11). Under you will find some of the main points in the monitoring process:

- maintain ratification of the international conventions covered by the GSP+ arrangement;
- ensure their effective implementation;
- comply with reporting requirements of the monitoring bodies;
- accept regular monitoring and review of its implementation record in accordance with the conventions;
- cooperate with the Commission in its monitoring role and provide all necessary information. (EU commission GSP+ 2016, p 15)

The GSP monitoring gathers information from a wide array of different bodies, such as NGOs, EU delegations, Governments, social partners, European Parliament and Council (EU commission GSP+ 2016, p 16). The new GSP+ has strong incentives for the target country to improve their implementation and reporting (EU commission GSP+ 2016, p 10). To strengthen the beneficiary countries implementation process, the European Commission aims to include international organisations, such as the ILO to assist in the monitoring and evaluation of target countries. The European Commission requires reports from the benefiting countries every 2 years, previously every 3 years. With the newly reformed GSP+ conditions, benefiting countries must fully cooperate with the international monitoring bodies devoted to the EU, such as the ILO. Also, if the EU finds that the GSP+ conditions are being violated it is up to the benefiting country to demonstrate a positive record (Democracy reporting 2016, p 11).

Political Dialogue

The Dialogue device is rooted in trust and cooperation between the EU and the benefitting country. This dialogues purpose is for the EU to help the country currently benefitting from the GSP scheme to tackle occurring problems with the implementation of human rights. The dialogue consists of several monitoring devices and services from governmental officials, regional actors, local actors as well as NGO's of different kinds. The political dialogue is of a constructive nature and aims to help benefitting countries meet their commitments (Democracy reporting 2016, p 4).

History of GSP preference withdrawals

As mentioned above, the GSP (standard and plus) are rarely withdrawn but there have been cases where some countries have serious and systematically violated the human rights conditionalities. If countries serious and systematically violates "principles laid down in the conventions Part A of Annex VIII (UN and ILO Conventions on core human rights and, respectively, labour rights) (Briefing 2017, s 4). There have only been three cases of suspension in the history of GSP:

- Myanmar in 1997 where the military government used forced labour and the EU decided to withdraw the GSP preferences
- Belarus in 2007 where the country did not comply with the ILO conventions on freedom of assembly and collective bargaining
- The third case of withdrawal was Sri Lanka and the GSP+. Sri Lanka had the GSP+ agreement but was downgraded to the standard GSP preferences due to serious violations to Civil and political rights convention, Torture and Rights of the Child conventions in 2010

There have been several other complaints where preferences were not removed by the EU (Briefing 2017, s 5). Pakistan, Bangladesh, China, El Salvador and Bolivia are some of the countries that have been accused of not following the GSP conditionalities, but where preferences were not removed (Briefing 2017, s 5).

3.7. Criticism against the EU's GSP as an instrument to promote Human rights

There has been criticism against the GSP scheme as a whole since the beginning. Many critics agree that the GSP is selective in the application of conditionalities with third world countries, and use sanctions, or negative conditionalities, in an inconsistent way. Others feel that the EU are more concerned with economic gains rather than the promotion of basic human rights and are inconsistent in the application of these. Below this research illustrate some of these criticisms.

Selective promotion of Human Rights

The EU's promotion of Human Rights in external trade relations is said to be inefficient and inconsistent. Velluti⁷ argues in her paper entitled "The promotion and integration of Human Rights in EU external trade relations" that EU applies their human rights instruments uneven and selective (Velluti 2016). Velluti argues further that EU is more concerned with their economic gains and political integration rather than human rights. In Velluti's own words: "Many observers argue that the EU not only applies the GSP scheme at its own discretion but also that it uses it instrumentally to pursue foreign policy objectives rather than for ensuring the protection of labour rights" (Velluti 2016). Hence, in turning back to the initial questions raised earlier the answer is that *sometimes* EU human rights conditionality can be effective and *sometimes* the EU can be a credible global human rights actor depending on the existence (or absence) of concurring factors such as the legal or policy instrument used, the degree to which the latter is binding, the third country concerned, the EU institutions and, more generally, the actors involved (Velluti 2016).

Laura Beke & Nicolas Hachez

Beke and Hachez⁸ argues in their paper that EU external trade conditionalities are only effective if executed in a certain way (Beke - Hachez 2014, s 3). Their paper finds that the GSP withdrawal that EU exercise rarely, are only effective in certain precise and specific way with

⁷ Samantha Velluti (LL.B., LL.M, PhD) is Reader in Law at Sussex Law School (UK). Previously, she was reader in EU Law and Deputy Director of Research at Lincoln Law School

⁸ Laura Beke were an PHD students at KU Luven, Belgium and Nicolas Hachez is a research fellow in International Law and Global Governance Studies at KU Luven

other kinds of sanctions as well. Beke and Hachez argues that the GSP scheme is fraught with double standards and lack of transparency (Beke - Hachez 2014, s 10-13). Beke and Hachez argues further that even though the GSP+ agreement seems welcoming, it needs improvement in the implementation phase of the conditionalities. Their criticism highlights that the monitoring process needs to be more transparent and that the EU should only grant GSP preferences to countries that have successfully implemented all the human rights conditionalities, especially child labour.

Nikolaj Borreschmidt

Borreschmidt argues in his paper that EU's human rights promotion through external trade differs from case to case, specifically Myanmar and China (Borreschmidt 2014). Borreschmidt argues further that since EU chooses to withdrawal preferences against countries that violate these human rights conditionalities the EU cannot name themselves as the biggest human rights promoter. In fact, Borreschmidt writes that the EU applies a somewhat selective human rights promotion, but will always pursue economic stability and gain before the appliance of basic human rights (Borreschmidt 2014). Finally, he writes that if EU wants to be the human rights promoter they say they are, they need to do as they say in their documents, or relinquish the status of the biggest human rights promoter, meaning that they need to be consistent in their application of human rights.

Celeste Montera

Celeste Montera⁹ argues in her paper that the lifting of the sanctions and reinstating Myanmar to the generous EBA scheme was premature. She argues that the human rights violations in Myanmar are still serious and ongoing and that trade preferences should wait until the situation betters (Montera 2013). She states that many of the EU's conditionalities are not unfulfilled EU decided to reinstate the preferences despite this.

⁹ Celeste Montera is a Junior Researcher at the European Institute for Asian Studies, Brussels Belgium.

4. Methodological Approach

Our methodological approach is built around our aim, chosen cases, research question and the operationalisation of “effective” in the context of the EU’s GSP schemes positive and negative conditionality to promote human rights and labour standards in third countries, such as Sri Lanka and Myanmar. Part of our methodological approach will be explained in the two following paragraphs (4.1. and 4.2.) explaining “what is effective” and “how to evaluate positive and negative conditionality”, and part of our approach will re-connect to the very first chapters of the thesis. Our method of research has been conducted in two steps. Where we first looked into the more general aspects of the EU’s GSP scheme, after which we found an interest in the use of specifically positive and negative conditionality, which in its turn led us onto our two chosen cases in the form of Sri Lanka and Myanmar. Cases we chose selectively and further considered their similarities. This as both were cases that demonstrated the EU’s use of both negative and positive conditionality (on different occasions), cases where the textile industry was dominant and where child labour was prominent. Indicators that we connected to our research question and that guided us towards our chosen material and sources (See: 4.4.) used to conduct our analysis.

4.1. What is “Effectiveness”?

With the help of our theoretical framework on economic sanctions and incentives (“carrots and sticks”) we managed to make out two definitions of effectiveness, regarding the conditionality of the GSP scheme. Where we found that previous researchers, such as Long and Dorussen, have defined “carrots” as effective when A) “powerful inducement if the recipient stands to gain” and B) “the successful implementation of an arrangement with incentives hinges on the ability of the sender to keep its promises” as well as C) “reasonable and effective tools for encouraging long term cooperation” (Dorussen, 2001 p. 253-255). Giving us three criterias for defining the effectiveness of “carrots”, or positive conditionality, in the form of: A) the incentives value for the recipient B) the sender's ability keep its promises and C) its ability to encourage long term cooperation. Where in sum, one could argue for that the positive conditionality has been effective if there is a clear wanting from the recipient to further improve and engage (*Definition 1*).

Regarding the effectiveness of the “stick” or the negative conditionality, researchers such as T. Clifton Morgan and Valerie L. Schwebach, inspired us with their definitions of effective economic sanctions. Where they stated that the effectiveness of economic sanctions (in our cases “preferential withdrawal” and the use of “negative conditionality”) are dependent on A) the economic sanctions stated objective and that B) “the success of sanctions is closely tied to the previous relation between the sanctioner and the target and to its political instability and economic weakness” (Kaempfer & Lowenberg, 2007 p. 892-893).

Giving us two criterias for defining the effectiveness of “sticks” in the form of A) the stated objective of the conditionality and its coherence to how it has been used and B) the political and economic situation as well as the human rights and labour standard situation. For us it is not only of importance to include the previous (i.e. pre-conditionality implementation) relation between the EU and the two cases, it is also of great importance to include the so called “after” (i.e. how the situation in the two cases have evolved after the conditionality implementation) and also the more “current” situation (to demonstrate the current situation and development). Where in sum, one could argue for that the negative conditionality has been effective if the recipient have shown willingness to change its remarked political behaviour (*Definition 2*).

4.2. How to evaluate the Positive and Negative Conditionality?

Based on the previous paragraphs (4.1.) definitions and criterias on how to measure the effectiveness of the positive and negative conditionality, this research will try to evaluate (i.e. measure) whether the positive or the negative conditionality have been more effective in promoting human rights and labour standards in Sri Lanka and Myanmar.

In practice, this means that we will look at labour violation statistics from: a) before the GSP schemes entry into force in Sri Lanka and Myanmar b) during and after the implementation of the positive and negative conditionality and c) include the current situation and development.

Where a combination of our empirical material and our theoretical framework and definitions, will help us try to evaluate whether the positive or the negative conditionality have been more effective. This by using the above-mentioned criterion for effective positive or negative

conditionality, as well as by relating the result of our empirical findings (labour statistics, trade statistics and political development in the country etc.) to our concluded definitions of negative and positive conditionality. Meaning that, if the negative conditionality has been effective “there should be a visible willingness from the recipient to change its remarked political behaviour” (i.e. that the country is working on and looking to improve labour standards and human rights). Hence, that if the positive conditionality was effective there should be “a clear desire for further engagement and improvement from the recipient” (i.e. ongoing political dialogue and strengthened cooperation).

When it comes to evaluating the two conditionality’s effectiveness in promoting human rights and labour standards, it is of great importance for us to always include the larger context and different factors that could influence the result of the valued effect. Therefore, as part of our evaluation, we look extra carefully at the different periods of times as well as whether the countries have had other benefitting trade arrangements with other (perhaps more powerful) regional actors. Something that could weigh negatively into the value of the EU’s offered positive conditionality, and into the level of leverage and effect of the negative conditionality.

4.3. Material and Sources

The material used for this research can be categorized into three sets. The first category of material contains mostly official European Union documents. Official EU documents concerning the evolution, function and purpose of the GSP scheme as a human rights promoter in external trade relations. This type of material is the base of the research. The second category consists of research material that have highlighted the difficulties, problems and suggestions of improvement surrounding the GSP scheme. This category includes both the critics of the GSP scheme, but also more general research material containing the positive and negative aspects of economic sanction and positive incentives. The reason for using and introducing the first category was to illuminate the complex workings of the GSP and highlight aspects that the EU documents do not address. This will give this research a more objective view of the GSP scheme. The third type of material that is used is the material that we as researchers have used to make our own analysis of the two chosen cases.

The material includes statistics and empirical material from Global Slave Index, ILO, Labour departments and UNICEF to show the current trends, numbers and situation regarding violations of labour rights in Sri Lanka and Myanmar.

5. Analysis

With an enhanced insight into the different layers of how the EU's GSP scheme works and with the knowledge of the theoretical framework, as well as the methodological approach, we will now get into the analysis. It will follow the methodological approach and weigh in different factors from both the empirical and theoretical material to try to answer the research question. It will start with the case of Myanmar and then continue with the case of Sri Lanka, both following the same analytical design ("introduction", "forced labour", "negative and positive conditionality" and "summary"), and will finally end with a summary and discussion of the two cases.

5.1. The case of Myanmar

Myanmar was suspended from the GSP scheme by the EU in 1997 due to widespread violation of Labour rights (Beke - Hachez 2015, p 18). After a complaint was filed by the International Confederation of free trade unions, the European Commission launched an investigation (ibid). After finding that the military regime of Myanmar was using forced labour which was breaching no.29 of the ILO convention, the EU suspended Myanmar from the GSP scheme, due to the seriousness of the violation (ibid).

The US and their own GSP system suspended Myanmar in 1989, way before the EU, and to this date have not reinstated the preferences for Myanmar since that they considered the violations still ongoing and serious. Although the EU was not able to investigate the allegations, since they were not allowed into Myanmar at that time, the allegations were widespread and therefore the removal of preferences seemed logical (Ibid).

The GSP scheme was reinstated for Myanmar in 2013 after EU monitoring and the EU commission agreed that labour conditions had improved. They were reinstated in the EBA scheme on 19th of July 2013 (EU commission press release 2013). There are however, doubts that all the ILO labour conditions are being met today.

Critics of the reinstatement argue that there are still huge labour violations in Myanmar, and that child labour is still very prominent in the country (Ministry of Labour Myanmar 2015, p 44). A total of 9,3% of all children in Myanmar are engaged in forced child labour. However, the EU and positive conditionalities might be the key factor here, when in fact it seems that they have weight their options and found that they can better improve the situation by being present and monitoring them on the ground.

5.1.2 Forced Labour

During the military regime rule in Myanmar forced labour was widespread for rapid growth of roads and other infrastructure (ILO - Stop forced labour, p 19). Due to the regime and the political situation in the the country during that period, it is difficult to find exact statistics and numbers on human rights violations and labour violations in form of child labour. When the ILO commission questioned Myanmar in the case of serious and systematic violation of labour rights, the government of Myanmar expressed a cultural acceptance of the use of forced labour (ILO - Stop forced labour 2001, p 19).

Table 48. Number of children in child labour and hazardous child labour by sex and age group

| Age group | Total | | Male | | Female | |
|-------------------------------|-----------|------|---------|------|---------|------|
| | Number | % | Number | % | Number | % |
| Child labour | | | | | | |
| Total | 1 125 661 | 100 | 601 471 | 100 | 524 190 | 100 |
| 5 - 11 | 21 935 | 1.9 | 8 437 | 1.4 | 8 437 | 1.6 |
| 12 - 14 | 283 060 | 25.1 | 143 823 | 23.9 | 139 237 | 26.6 |
| 15 - 17 | 820 666 | 72.9 | 449 211 | 74.7 | 371 455 | 70.9 |
| Hazardous child labour | | | | | | |
| Total | 616 815 | 100 | 337 318 | 100 | 279 498 | 100 |
| 5 - 11 | 7 948 | 1.3 | 3 255 | 1.0 | 4 693 | 1.7 |
| 12 - 14 | 148 448 | 24.1 | 81 134 | 24.1 | 67 314 | 24.1 |
| 15 - 17 | 460 419 | 74.6 | 252 928 | 75.0 | 207 491 | 74.2 |

(ILO report 2015,p.)

The ILO investigation finds massive evidence of the use of forced labour in Myanmar under its military regime (ILO - Stop forced labour 2001, p 45) Myanmar government officials says today that child labour is inevitable. One labour inspector said that it might be prohibited by the law, but it should be legal in the sense of humanity, because who else will help the family (ILO Yangon 2015, p 24).

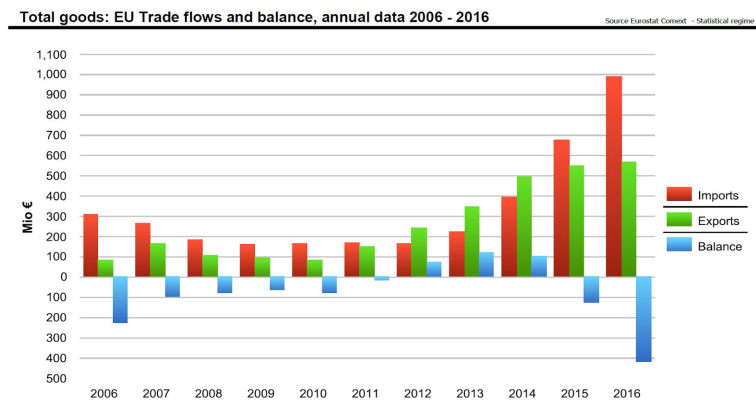
Table 35. Key figures from the child labour survey

| | Total | Male | Female |
|--------------------------------------|------------|-----------|-----------|
| Child population (5-17 years) | 12 146 463 | 6 010 459 | 6 136 004 |
| Working child | 1 278 909 | 676 208 | 602 701 |
| Child labour | 1 125 661 | 601 471 | 524 190 |
| Hazardous child labour | 616 815 | 337 318 | 279 498 |
| Other child labour | 508 846 | 264 153 | 244 693 |
| Proportion of working children | 10.5 | 11.3 | 9.8 |
| Proportion of child labour | 9.3 | 10.0 | 8.5 |
| Proportion of hazardous child labour | 5.1 | 5.6 | 4.6 |
| Proportion of other child labour | 4.2 | 4.4 | 4.0 |

(ILO report 2015, p 33)

5.1.3 Negative Conditionality

The EU's negative conditionalities within Myanmar have not been very successful. The sanctions imposed in 1997 - 2013 have not been very effective since Myanmar have tight trade relations with other Asian countries, notably China (Beke - Hanchez 2015, p 22). The sanctions imposed by the EU had little economic effect on the country, and Myanmar trade doubled between 1990 and 2012 (ibid). The reason for this is that Myanmar had multiple methods and sources of importing and exporting products from the EU. There were also several EU corporations did not leave the country and continued to trade with the sanctioned country. Without other economic sanctions and help from the private sector, the GSP withdrawal is ineffective to bring about change in the case of Myanmar (Beke-Hanchez 2015, p 24). On the other side, according to the graph below it shows that both imports and exports have increased since they became GSP beneficiary country.



(EU commission Directorate-General for Trade 2017, p 3)

5.1.4 Positive Conditionality

Montera argues that the lifting of the trade sanctions against Myanmar and reinstatement of GSP scheme was premature (Montera 2013, p 4). Our own research finds evidence that forced child labour is still a big problem in Myanmar, with 9,3% of children engaged in child labour. Montera argues that the situation with forced labour must be better for Myanmar to be eligible for GSP preferences. As seen at page 5, Dorussen highlights the fact that sanctions of the economic kind will likely have a negative effect. Beke and Hachez also agrees to this points, saying that imposing sanctions on a country that violates labour rights will probably backfire. Sanctions will probably just worsen the economic situation, making the situation worse, in this case, the use of child labour will then become more widespread (Beke-Hachez 2015, p 23-24). In 2012 Myanmar had not ratified the ILO's core labour standards (See: 5.1.), but preferences were reinstated a year later and recent reports from the European Commission show a clear willingness from the government of Myanmar to further engage with the EU partnership (EC, Trade, Documents, Myanmar, 2017). They also show collaboration with other actors in the international community, to strengthen labour rights and human rights for the country's workers¹⁰. An evolvement that in a long-term perspective would help the overall development and economic growth of the country (Initiative, 2016, EC, Trade, 2017).

5.1.5. Summary of the case study of Myanmar

Myanmar have experienced both negative and positive conditionalities. It is a complex debate regarding Myanmar as if either have been more effective than the other, but looking at the vast resources that the EU and ILO pours into stopping and preventing child labour one can assume that the positive conditionality have been far more effective than staying out of the country and not being able to help. By looking at the statistics of child labour, one also finds that the numbers have decreased significantly with outside help. As the Myanmarian labour inspector said, child labour is a cultural thing in Myanmar, and without the help of ILO it would possibly continue to

¹⁰ *The Governments of Myanmar, the United States, Japan, Denmark, and the European Union and the International Labor Organization convened the 2016 Stakeholder Forum under their joint Initiative to Promote Fundamental Labor Rights and Practices in Myanmar.*

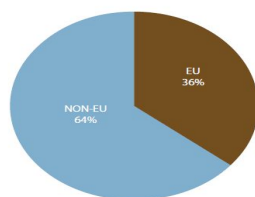
rise in numbers. Given the location of Myanmar, trade sanctions and GSP removal had little effect on the country's exports to the EU.

Even though trade growth slowed down, export doubled in 2002-2012. The fact that Myanmar have other powerful trading partners that does not care about human rights, China and ASEAN countries, import and export from these countries also rose after GSP withdraw. Given the geographical placing of Myanmar, EU sanctions holds little effect. Therefore, one can see the positive effects of granting GSP to Myanmar with a strong emphasis on monitoring and political dialogue. The EU GSP scheme focus on positive conditionalities are more effective in terms of labour rights improvement then the negative conditionalities. The fact that the US has not reinstated GSP preferences in the country and the high statistics of child labour one can argue that the EU prefers a carrot approach and not stick approach, where the EU rely on the political dialogue part of the scheme.

5.2. The Sri Lankan Case

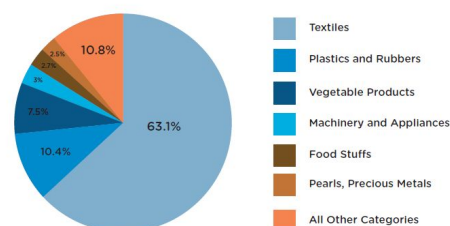
Sri Lanka was in 2010 demoted from GSP+ to the standard GSP due to serious and systematic violations of several fundamental human rights (Democracy reporting 2016, p 5). Sri Lanka have been identified as one of the biggest benefactors of the GSP+ scheme, even though they were only a benefactor for a short period of time (Democracy reporting 2016, p 6). Before the GSP+, The North american market region (NAFTA) was Sri Lanka's largest export market. However, within just a year after the GSP+ entry into force in Sri Lanka, EU replaced NAFTA as the country's largest exporter (Ibid).

FIGURE 1: SRI LANKA'S 2015 EXPORTS



Source: European Commission

FIGURE 4: SRI LANKA'S EXPORTS TO THE EU IN 2015



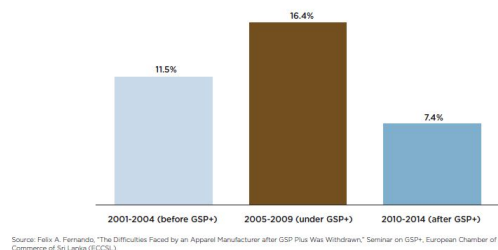
Source: European Commission

(Democracy reporting 2016, p 6-7)

5.2.1 Forced Labour

After the Tsunami in Sri Lanka in 2004, the country has benefitted from the GSP+ agreement, entering into force in 2005 (Briefing 2017, s 6). Sri Lanka enjoyed the preferences until 2010 when the country was found guilty of multiple violations of basic human rights, including Child Labour. The EU was highly criticized for this, because of the economic damage to the citizens of Sri Lanka, which lost 250.000 jobs after the removal of the agreement (ibid). After the new government of Sri Lanka made major progress in implementing human rights, the EU found that Sri Lanka was again eligible for the GSP+ agreement in 2016 (Ibid). European Parliament voting for the entry of GSP+ in Sri Lanka was in may 2017 won with 400 MEPs for and 100 against (Lankabusinessonline 2017).

FIGURE 3: AVERAGE ANNUAL GROWTH OF SRI LANKA'S EXPORTS TO EU



(Democracy reporting 2016, p 6-7)

5.2.2 Forced labour: Context and Statistics

Child labour is less prominent in Sri Lanka than in its neighbouring countries, but there are however significant numbers (Ministry of Labour Sri Lanka 2010, p 8). Lack of research on the topic, a 1999 report concludes that there were 70 thousand children working under hazardous¹¹ conditions from the age of 5 to 14 (ibid). They did not include the East and North regions, known

¹¹ The hazardous form of child labour would always be a subgroup of the child labour, i.e. part of child labour. The criteria for determining the hazardous character is in the nature of industry engaged, particular occupations, the duration of work (hours in any work), some working conditions and exposure conditions. Thus according to the definition of Hazardous forms of child labour and Child labour, hazardous form of child labour necessarily has to be included within the category of Child labour (Ministry of national policies and economic 2016 , p 70)

for lower living conditions. A report from 2008 finds that child labour have decreased but are still a prominent problem in Sri Lanka. In 2009, there were 2,5% child labour in Sri Lanka. Hazardous forms of child labour in Sri Lanka in the period of 2009, they have not reported the age grouping of 5-11, but from 12-14 where they found evidence that the percentage is under 1% which is some 43.000 children. Of these children, 89% of them are engaged in hazardous forms of child labour (Ministry of labour Sri Lanka 2016, p 70). In the view of above-mentioned definitions, the survey reveals that out of the total child population, 43,714 children were reported as engaged in child labour and out of which 39,007 children were identified as children who engaged in hazardous forms of work. This is about 89% of total child labour (ibid).

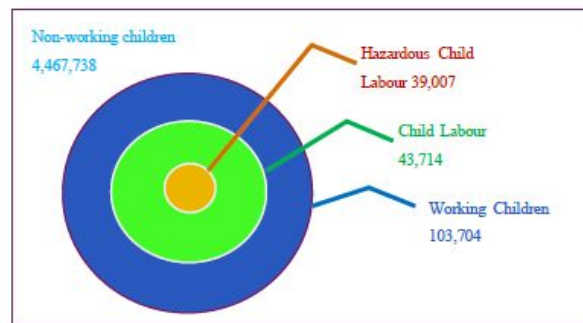


Figure 5.1: Venn diagram for the distribution of Children in aged 5-17 years by activity status -2016

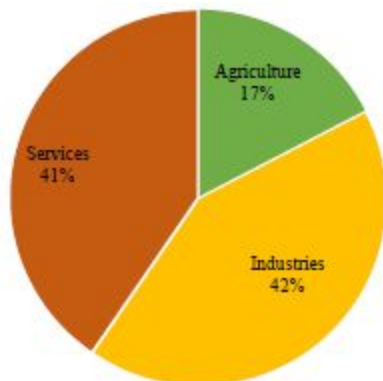


Figure 5.8: Distribution of Child Labour by industry groups

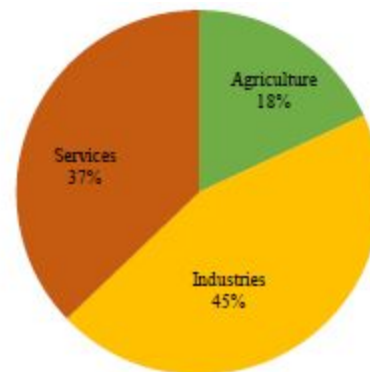


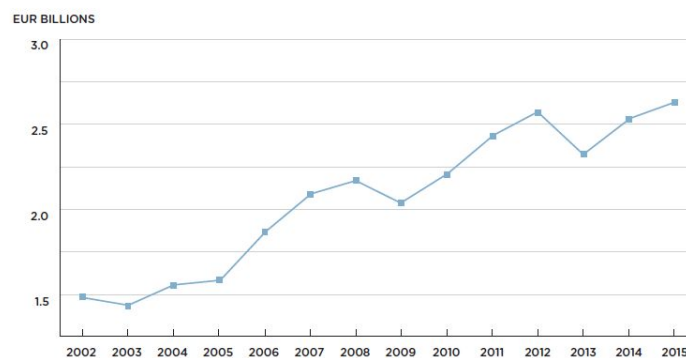
Figure 5.9: Distribution of Hazardous form of child Labour by industry groups

(ILO report 2015, p 77)

5.2.3. Negative Conditionality

Sri Lanka experienced the negative conditionality of the EU in 2010, in the form of withdrawn GSP+ preferences (Democracy reporting 2016, p 6). However, the effects of the negative conditionality wasn't very effective, and it is estimated that Sri Lanka experienced -1% of GDP since the exports have increased since the demotion (Briefing 2017, p 6). As Long mentions regarding sanctions, one might expect the country's citizens to "rally to the flag" and pressure their government to change. Especially in Sri Lanka, where the GSP+ preferences withdrawal had a big impact on the economy, and where 250.000 citizens (almost exclusively poor people) lost their jobs (Briefing 2017, p 6). It's hard to believe that these people can pressure the government to bring about change. One of the reasons for the Sri Lankan government's decision to not better the situation right away, was that Sri Lankan businesses calculated that the costs of the preferential benefits were outweighed by the cost of reorganizing business to meet its requirements (Democracy reporting 2016, p 8). Still a part of the GSP standard, Sri Lanka enjoyed preferential export to the EU for their most exported products, such as textiles (EU - Sri Lanka). Where the negative conditionality, put in relation to our definition, would have to be evaluated as less effective as the economic sanction on its own didn't have enough leverage.

FIGURE 2: SRI LANKA'S EXPORTS TO THE EU



(Democracy reporting 2016, p 7)

5.2.4. Positive Conditionality

In the case of Sri Lanka it is difficult to measure the effectiveness of either negative or positive conditionality, since as Knorr mentions, it is difficult to see if they are improving labour standards because of incentives (positive conditionality) or that they are afraid of the threat of withdrawal. Labour rights have improved greatly in Sri Lanka, with the new government (January 2015) vowing to end Worst forms of Child Labour by 2016 with the help of ILO (Ministry of Labour 2010, p 1). The Government of Sri Lanka have taken huge steps in terms of Labour rights, ratifying all the ILO labour conventions and are now with the help of ILO implementing them (Ibid). Sri Lankan authorities have also shown willingness to address the country's current issues related to labour rights (especially child labour), and are cooperating with international organisations, as well as the EU (EC, Assessment Report, 2017 p. 5). EU's Ambassador to Sri Lanka expressed that he felt great optimism about the reinstatement of the GSP+ preferences since Sri Lanka had degrees of progress in fulfilling the conditions of the GSP+ over the past years (Democracy reporting 2016, p 11).

As of July 2016, the Sri Lankan government has reapplied for GSP + preferences and in January 2017 the European Commission adopted a regulation proposing the reinstatement of preferences for Sri Lanka. This means that the European Council and the European Parliament are due to reach a decision on the proposed regulation as of now, mid May 2017 (EC, Trade, 2017). A strong indication from Sri Lanka of wanting to further engage with the EU, and to improve human rights and labour standards in the country.

5.2.5 Summary of the case study of Sri Lanka

Sri Lanka's experience with negative and positive conditionality makes it a complex evaluation of which of these have been more effective in promoting human rights. The major improvements that Sri Lanka have made to meet their commitments for GSP+ might be a move triggered by fear, negative conditionality, for further GSP sanctions. Given the trade flow statistics above, it is

also an indicator that the GSP+ removal did not affect the Sri Lankan economy. For the negative conditionality to be effective, it needs to be a harsher factor on the target country's economy to be able to influence a change in political behaviour. As mentioned, the business sector of Sri Lanka meant that the restructure of business to meet the GSP+ requirements would be costlier than to enjoy the GSP+ preferences. Where recent reports from the European Commission also confirms that the Sri Lankan application to rejoin GSP + is granted as of 2017. An indication of the carrot that is the EU market. An evaluation that was further strengthened as the EU, 2017-05-17, granted Sri Lanka GSP + preferences and will remove significant duties on imports on 2017-05-19 (New GSP +, 2017).

5.3. Comparing and discussing the two case studies

To evaluate whether the positive or the negative conditionality has been the more effective mean to promote Labour rights in Sri Lanka and Myanmar, is quite complex. It is also the subject of debate, as both previous research and our analysis have shown. This as the GSP scheme itself is complex and above all - multidimensional. Where a lot of the criterias as well as conditions regarding beneficiary of the preferential trade aren't tied to one specific layer of the scheme, but rather intertwined. However, as our research shows, the use of negative conditionality in promoting labour rights in these two cases has not been as effective as the use of positive conditionality. As we have seen, the use of negative conditionality haven't been very effective, especially when it comes trade loss. This since Myanmar have found other ways of exporting (including to the EU without the GSP+ preferences) and Sri Lanka have still enjoyed the standard GSP preferences, and therefore keeping relatively good levels of exports to EU. From a geographical point of view, these two countries are far more reliant on other big ASEAN trading partners than with the EU. Leading us to conclude that the economic impact and human rights leverage of the EU's sanctions aren't enough on their own in the two cases as of now. As earlier studies on whether to use "Stick" or "Carrots" also shows. Namely that most often will incentives rather than sanctions be more successful in bringing about change. A change scholars argued would come from the pressure of sanctions on the country's population (who'd in their

turn put pressure on the government), but which we in both cases see as highly unlikely due to the socio-economic situations. Further on, sanctions for the sole purpose of bring about political change are far from effective if not with other types of sanctions and most importantly, sanctions from other countries as well, such as the ASEAN countries.

5.3.1 Similarities

The similarities of the two cases are many. First, both countries are unique in the sense that they have both experienced negative and positive conditionalities under different time periods. This makes them very interesting to study, given the fact that it should be easier to see the effects of positive and negative conditionality in two separate countries. The fact that the two countries share socio-economic similarities are also an important factor. Like Dorussen argues, sanctions are only effective if the target country stands to lose economically. In the case of Sri Lanka and Myanmar, they both have a big brother, China, that doesn't care about human rights in the way that the EU does, which makes them an easier trading partner. As seen from the trade statistics of both countries, their export increased during the period without GSP+. In Myanmar's case, they had several other ways and FTAs where they could export to the EU. Sri Lanka, was a member of the GSP standard, but also saw a major increase in exports to the EU during the time of suspension. In the sense of negative conditionality, these economic factors are very important, given the fact that if the target country stands economically safe. Other similarities that were of utmost importance for this comparative case study is the fact that they both got suspended for the same human rights violations. Sri Lanka violated several human rights, but child labour was one of them.

Both Myanmar and Sri Lanka were suspended from the GSP scheme under special circumstances. Myanmar had a brutal military regime under the time of suspension and Sri Lanka was in a civil war. The EU tried to act against their governments, not its people. Pakistan and Bangladesh are also big labour rights violators, but that's both a cultural and the private sectors fault, and therefore not a case where the EU feels that negative conditionality is needed (Beke - Hachez 2015, p 20).

5.3.2 Differences

There are also some differences with the two case studies. The most important difference is that the EU and positive conditionality have been more prominent in the case of Myanmar, considering that there has been more frequent political dialogue and monitoring of the country. With Sri Lanka, the government seem to have taken major initiatives by their own in order to meet the GSP+ eligibility. This research does not however say that Myanmar did not do the same, but looking back at the analysis the government of Sri Lanka have to a higher degree worked on their own to meet the conditions. Whereas in the case of Sri Lanka, it is hard to determine the driving force and if Sri Lanka is acting out of fear of sanctions or if the positive incentives by the EU have made it possible for the country to meet, or try to meet their commitments.

5.3.3 Summary

In this research we have tried to evaluate if the positive or negative conditionality have had more effect in bringing about change in the aforementioned countries, under the EU's GSP scheme. After looking at previous research about the effectiveness of positive incentives and economic sanctions, and relating it to our cases and our analysis and results - we can see a pattern in the EU approach towards promoting human rights and labour standards. Namely that it prefers the "carrot" in the form of strengthened political dialogue and monitoring as a mean to bring about change. A preferences we as of now, in contrast to what our title might suggest, believe to be both quite wise and sophisticated. Not to mention effective in promoting human rights and labour standards, as the two cases have shown. When it comes to the EU's GSP scheme and its use of negative conditionality we can however, in agreement with many other scholars before us, stay true to the title and conclude that as of now, it is a bit naive and flawed. Or that it perhaps, to advocate the use of positive conditionality, rather uses its negative conditionality for "expressive or demonstrative uses" as Leyton-Brown and Tsebelis once put it.

After a thorough analysis of two case studies, we find it evident that the EU prefers and uses its positive conditionality to improve the CLS and that it is also the most effective. Effective in terms of the help and assist that the EU gives the countries, and that negative conditionality will further worsen the situation in the countries. Given the geographical factors of Myanmar and Sri Lanka, it is unlikely that further use of negative conditionality would bring about the change that EU desires. It is difficult to see if the two countries are acting in fear or because of positive incentives, but it is however very clear the methodology from the EU perspective. That the EU prefers and believes in the positive conditionality. With this said, our answer to the research question “Is a) positive conditionality or b) negative conditionality of the EU’s GSP scheme more effective in promoting labour rights in Sri Lanka and Myanmar?” is: A).

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