



SCHOOL OF  
ECONOMICS AND  
MANAGEMENT

Lund University

DEPARTMENT OF BUSINESS LAW

Master Thesis in European and International Trade Law

HARN63

**Labour standards and International trade system:**

**Analysis of the CSRD, CSDDD and the EU-New Zealand FTA**

Eglė Zarankaitė

20001222-T388

2024-05-24



# CONTENTS

<b>Abstract</b> .....	5
<b>Abbreviations</b> .....	6
<b>1. Introduction</b> .....	7
1.1. Research context.....	7
1.2. Purpose of this research .....	9
1.3. Research questions and delimitations .....	9
1.4. Methodology .....	10
<b>2. The relationship between international trade and labour rights</b> .....	12
2.1. Introduction .....	12
2.2. Labour rights potentially positive effects on trade .....	13
2.2.1. Fair competition .....	13
2.2.2. Security of economic advantage .....	14
2.3. Labour rights potentially negative effects on trade .....	15
2.3.1. Protectionist policy.....	15
2.3.2. “Social dumping” .....	16
2.4. Labour rights assurance in developed countries.....	16
2.5. Summary .....	17
<b>3. International Labour Organisation</b> .....	18
3.1. Introduction .....	18
3.2. The ILO as international organisation .....	19
3.2.1. Developing history .....	19
3.2.2. Most important aspects .....	19
3.3. Legal frameworks on labour rights .....	20
3.3.1. Labour rights definition .....	20
3.3.2. The ILO work principles .....	21
3.4. Summary .....	22
<b>4. Labour rights and sustainable development from the EU perspective</b> .....	22
4.1. Introduction .....	22
4.2. The EU sustainable development .....	24
4.2.1. Trade and Sustainable Development (TSD) .....	24

4.2.2. The Commission support for TSD development .....	25
4.2.3. Sustainable Development Goals (SDG) .....	26
4.3. Summary .....	27
<b>5. The EU legal frameworks on sustainability development: the CSRD and CSDDD ...</b>	<b>28</b>
5.1. Introduction .....	28
5.2. The EU legal frameworks targets .....	29
5.2.1. CSRD.....	29
5.2.2. CSDDD.....	30
5.3. Sustainability reporting process .....	32
5.3.1. CSRD.....	32
5.3.2. CSDDD.....	33
5.4. Social aspects.....	34
5.4.1. CSRD.....	34
5.5.2. CSDDD.....	35
5.5. Sanctions .....	36
5.5.1. CSRD.....	36
5.5.2. CSDDD.....	36
5.6. Summary .....	37
<b>6. Example of the EU-New Zealand FTA .....</b>	<b>39</b>
6.1. Introduction .....	39
6.2. FTA, trade and labour provisions .....	39
6.2.1. FTA importance in the international trade system .....	39
6.2.2. Labour rights in the FTAs.....	40
6.3. Labour rights in the EU-New Zealand FTA.....	41
6.3.1. FTA facts and principles.....	41
6.3.2. Chapter 19 of the EU-New Zealand FTA.....	42
6.4. Summary .....	43
<b>7. Conclusion .....</b>	<b>43</b>
<b>References.....</b>	<b>46</b>

## Abstract

The debate between advocates and critics about the link between trade and labour standards is still relevant.<sup>1</sup> Looking at history, labour rights have been important in the international trade system since the 1890s, when the import of goods by prison labour was prohibited by international treaties and national laws.<sup>2</sup> Nowadays, the need to strengthen sustainability rules is growing because more and more European Union (EU) trade agreements have added chapters on Trade and Sustainable Development (TSD) since 2008.<sup>3</sup> The EU's trade policies strongly promote human rights protection and have a significant impact around the globe because the EU is one of the biggest trading blocks in the world.<sup>4</sup> The research focuses on labour rights in international trade and labour provisions in the EU legal documents, such as Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD). Also, the research explores the labour provisions in free trade agreements (FTAs). Since 1995, when only three trade agreements included labour provisions, the importance of labour provisions in FTAs has grown to 77 trade agreements by 2016.<sup>5</sup> It means that a global phenomenon when trade agreements add labour standards is increasing. The example of the EU and New Zealand FTA showed that agreement between contracting parties on free trade development includes Trade and Sustainable Development (TSD) goals, such as environmental and social protection. The analysis indicates the parties' responsibilities to achieve, respect, and implement labour rights provisions based on the ILO conventions.

**Keywords:** labour standards, international trade, sustainable development, ILO, CSRD, CSDDD, EU-New Zealand FTA

---

<sup>1</sup> Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015), p. 1

<sup>2</sup> Harrison, James. "The labour rights agenda in free trade agreements." *The Journal of World Investment & Trade* 20.5 (2019), p. 707

<sup>3</sup> Marx, Axel, Nicolás Brando, and Brecht Lein. "Strengthening labour rights provisions in bilateral trade agreements: making the case for voluntary sustainability standards." *Global Policy* 8 (2017), p. 1

<sup>4</sup> Meunier, Sophie, and Kalypso Nicolaïdis. "The European Union as a trade power." *International relations and the European Union* 12 (2005), p. 39

<sup>5</sup> Harrison, James. "The labour rights agenda in free trade agreements." *The Journal of World Investment & Trade* 20.5 (2019), p. 708.

## Abbreviations

CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CSDDD	Corporate Sustainability Due Diligence Directive
EFRAG	European Financial Reporting Advisory Group
ESEF	The European Single Electronic Format
ESG	Environmental, social and governance
EU	European Union
FTA	Free Trade Agreement
ILO	International Labour Organisation
NFRD	Non-Financial Reporting Directive
OECD	Organisation for Economic Co-operation and Development
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
TSD	Trade and sustainable development
UN	United Nations
UNFCCC	United Nations Framework Conventions on Climate Change
US	United States
WTO	World Trade Organisation

# 1. Introduction

## 1.1. Research context

International trade is one of the most important aspects of economic growth.<sup>6</sup> Trade between citizens, companies, and countries can create productivity, jobs, and better living standards. On the other hand, trade is leading to different problems, such as inequality of nations, environmental damage, diverging economies, etc.<sup>7</sup> Labour standards, such as forced labour, child labour, and others are also affected by international trade.<sup>8</sup> Data shows that wage inequality and undeclared workers are increasing problems in the international trade system.<sup>9</sup> Different countries are trying to combat illegal actions and protect labour rights using trade policies on labour provisions. More and more trade agreements include labour aspects. However, labour provisions are not included in all trade agreements and consist of only one-third of all trade agreements.<sup>10</sup> This means that international organisations working for workers' rights, such as the International Labour Organisation (ILO), need to take more action to monitor, protect, and prevent labour rights violations than ever before.

Labour standards and international trade are controversial topics.<sup>11</sup> To promote labour standards, at the same time, to develop international trade is a challenge.<sup>12</sup> Different scholars and literature suggest a variety of opinions about trade and labour rights distinctions. This research will analyse labour rights potentially positive and negative impacts on trade. Positive effect will be based on fair competition and security of economic advantage arguments, while negative impacts will be analysed from protectionism and "social dumping" aspects.

---

<sup>6</sup> Kircicek, Tugba, and Gerçek Ozparlak. "The essential role of international trade on economic" *Journal of Economics Finance and Accounting* 10.4 (2023), p. 192

<sup>7</sup> Kim, Dong-Hyeon. "Trade, growth and income." *The Journal of International Trade & Economic Development* 20.5 (2011), p. 2

<sup>8</sup> Bakhshi, Samira, and William A. Kerr. "Labour Standards as a Justification for Trade Barriers: Consumer Concerns, Protectionism and the Evidence." *Estey Journal of International Law and Trade Policy* 11.1 (2010), p. 171

<sup>9</sup> The Organisation for Economic Co-operation and Development "Inequality" { <https://www.oecd.org/social/inequality.htm/>}, accessed 10<sup>th</sup> April 2024

<sup>10</sup> International Labour Organisation "Labour provisions in trade agreements don't hurt business", 2016, {<https://www.ilo.org/resource/news/labour-provisions-trade-agreements-dont-hurt-business>}, accessed 12<sup>th</sup> April 2024

<sup>11</sup> Siroën, Jean-Marc. "Core labour standards, bilateral and multilateral trade." *Revista de Economía y Estadística* 54.1 (2016), p. 59.

<sup>12</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 1

Moreover, the literature states that distinctions between trade and labour rights are mostly analysed from the perspective of the EU rather than the US.<sup>13</sup> That is why the EU will be this research focus. Also, the distinction between trade and labour standards will be analysed from developed countries' perspectives. The analysis will help to understand developed countries, the EU and New Zealand position on labour rights.

The World Trade Organisation (WTO) and the ILO are two international organisations mostly analyzing the relationship between international trade and labour rights protection.<sup>14</sup> In this research, the main focus will be on the ILO, which is the global authority on the field of work.<sup>15</sup> This organisation acts as a support mechanism that can give technical advice, enforcement, and implementation of labour provisions to Member States.<sup>16</sup> The ILO is focusing on decent work for all.<sup>17</sup> In other words, it means that an organisation is trying to achieve social justice in the workplace. This aim is important for human beings to create better working and living conditions. The ILO is trying to create regulations, standards on health and safety in the working environment, and policies to end harassment, violence, and discrimination at work.<sup>18</sup>

Social development, economic development, and environmental protection are sustainable development goals in EU trade agreements.<sup>19</sup> Moreover, environmental, workers', and social rights are sensitive areas. To improve changes in these areas, the government has to take action within an appropriate framework.<sup>20</sup> In this research, sustainable development,

---

<sup>13</sup> International Labour Organisation, and International Institute for Labour Studies. "Social dimensions of free trade agreements." (2013), p. 1

<sup>14</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 2

<sup>15</sup> Thomas, Huw, and Peter Turnbull. "From horizontal to vertical labour governance: The International Labour Organisation (ILO) and decent work in global supply chains." *Human Relations* 71.4 (2018), p. 12

<sup>16</sup> Lyutov, Nikita. "The ILO system of international labour standards and monitoring procedures: too complicated to be effective." *Zbornik PFZ* 64 (2014), p. 255.

<sup>17</sup> Work, ILO Decent. "the 2030 Agenda for sustainable development." ILO: Geneva, Switzerland (2015). P. 2

<sup>18</sup> Sengenberger, Werner. "Decent Work: The International Labour Organisation Agenda." *Dialogue and Cooperation* 2.2001 (2001), p. 48

<sup>19</sup> Titevskaia Jana. "Sustainability provisions in EU free trade agreements: Review of the European Commission action plan." (2021), p. 2

<sup>20</sup> *Ibid*, p. 4



especially labour rights protection will be analysed using the EU's two legal frameworks, such as the CSRD and CSDDD.

In the EU's trade agreements, sustainable development provisions such as environment and labour rights have become two of the most important parts of the deals with the European Union since 2008.<sup>21</sup> The first agreement on these provisions was made between the European Union and South Korea in 2009. Deals followed by Canada and other countries strengthened the environment and labour rights in the international trade system. This research will analyse the EU and New Zealand FTA, which is the newest and most comprehensive trade agreement.<sup>22</sup> This agreement will be analysed based on the Trade and Sustainable Development (TSD) chapter, which includes labour rights and environmental protection in the supply chains between contracting parties.

## **1.2. Purpose of this research**

This research purpose is to analyse the importance of labour rights in the international trade system, which is one of the sustainability development goals. It is therefore important to analyse the ILO role in this line of business. Moreover, this paper aims to analyse labour rights protection aspects in the EU legal documents on sustainability, such as CSRD and CSDDD. This research target will be labour provisions in free trade agreements, particularly in the example of the EU and New Zealand FTA.

## **1.3. Research questions and delimitations**

To reach the purpose, this thesis will focus on the following questions: What is the legal role of labour standards in relation to the international trading system, considering the EU-New Zealand FTA and differences between the EU legal frameworks on sustainability (CSRD and CSDDD).

Delimitations in this research are several. First of all, there is a lack of in-depth analysis of this topic. This means that the topic of labour rights' importance in the international trade system is very wide and interconnected. Also, this study does not cover all possible research

---

<sup>21</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 1

<sup>22</sup> Kelly, Serena, and Mathew Doidge. "Beyond trade: The European Union-New Zealand Free Trade Agreement." *Australian and New Zealand Journal of European Studies* 15.1 (2023), p. 24

questions and only focuses on specific timeframes and legal frameworks. The main focus will be only on labour rights in the EU legal documents on sustainability, and any other specific aspects, such as environmental protection or other legal frameworks, will be excluded from this research. Also, this research will delimit political and economic analyses and views because the main focus will be only on a legal perspective. Moreover, this research will examine the EU legal documents (CSRD and CSDDD) and will leave the scope of national law analysis on labour provision implementation. Lastly, in this research, only one free trade agreement will be an example of labour rights' importance in the FTA between different countries. To understand this topic on the globe, wider analyse and more examples would be required.

#### **1.4. Methodology**

First of all, this research will use different methods, such as doctrinal literature and comparative legal methods. One tool (example) will be used to analyse the free trade agreement. The first doctrinal legal research method, such as law documents, is used to understand the fundamental principles of law in the research field.<sup>23</sup> Legal sources can help to understand the fundamental law concepts and terms, as well as the important information related to the main research idea. Primary legal data includes various conventions, standards, or regulations. This research will examine the ILO's legal framework. Meanwhile, this research is based on scientific articles, books, reports, and other secondary documents. Literature analysis will help to understand different scientist's or analyst's perspectives on the same topic and examine ideas or arguments from different points of view.<sup>24</sup>

The second method is comparative legal research. This method is used to examine different legal issues under different laws.<sup>25</sup> Also, comparisons could be not only between different laws, but also between countries. In this research, comparative methodology will help to analyse and compare different laws in specific fields. It means that the international legal documents, such as the CSRD and CSDDD, will be examined using comparative analysis from a labour rights perspective. This method will help to understand similarities and differences between contrasting legal documents and use critical analysis.

---

<sup>23</sup> Langbroek, Philip M., et al. "Methodology of legal research: Challenges and opportunities." *Utrecht law review* 13.3 (2017), p. 2

<sup>24</sup> Snyder, Hannah. "Literature review as a research methodology: An overview and guidelines." *Journal of business research* 104 (2019), p. 336

<sup>25</sup> Michaels, Ralf. "The functional method of comparative law." (2006), p. 347

The example of the EU and New Zealand FTA is one of the newest and most contemporary FTAs on labour standards.<sup>26</sup> This research does not analyse how developed and developing countries implement labour rights, so this example does not represent the North-South model agreement. However, the EU-New Zealand FTA is a successful example of FTA negotiation between countries. The EU and New Zealand FTA is called the most comprehensive agreement in New Zealand since 2008.<sup>27</sup> The example of the FTA in this research will help to understand how labour rights have to be included in the agreements between contracting parties. Based on this example, the research will focus on understanding the importance of labour standards assurances in the FTA.

## 1.5 Outline

First of all, this essay starts with an introduction to the topic and the main research questions. Secondly, part two will show the labour rights in the international trade system and the relationship between them. The third part will analyse the ILO working structure, legal frameworks, and the impact of labour standards on the international trade system. The following part will analyse different international legal documents, such as CSRD and CSDDD, on labour rights aspects and compare the similarities and differences, as well as their importance in line with the business. The last part will analyse the example of the EU and New Zealand FTA. In this part, the main focus will be labour standards, understanding the agreement, and the importance of legal aspects. After all these parts, the conclusion will constitute the final provisions on labour rights in the international trade system, focusing on the EU legal documents on sustainability (CSRD and CSDDD) and labour rights in the EU and the New Zealand FTA.

---

<sup>26</sup> Leal-Arcas, Rafael, and Mishael Al Saif. "The European Union's Free Trade Agreement with New Zealand: Motivations and Implications." Forthcoming in R. Leal-Arcas, *EU Trade Law*, 2nd edition, Elgar European Law Series, Cheltenham: Edward Elgar Publishing Ltd (2024), p. 1

<sup>27</sup> Kelly, Serena, and Mathew Doidge. "Beyond trade: The European Union-New Zealand Free Trade Agreement." *Australian and New Zealand Journal of European Studies* 15.1 (2023), p. 24

## 2. The relationship between international trade and labour rights

### 2.1. Introduction

The General Agreement on Tariffs and Trade (GATT) became an important international organisation for participating countries in the trading system by the 1990's.<sup>28</sup> Multilateral trade negotiations of the Uruguay Round were developed during 1986-1993, which led to the WTO. Trade development created positive and also negative effects on labour markets. To reduce negative effects, labour provisions in trade agreements helped to protect and develop the social and economic welfare of trade.<sup>29</sup>

Labour standards have become popular in trade agreements since the 1990's.<sup>30</sup> It is argued that different labour standards and policies significantly affect the global economy.<sup>31</sup> At the same time it is argued that labour rights got a positive and a negative impact from the growth of international trade.<sup>32</sup> This means that international trade and labour rights is a reciprocal process.

In this research, the main focus will be on labour standards' importance in the international trade system. To understand labour rights in trade agreements, it is essential to examine the relationship between labour rights and trade. The literature suggests positive and negative impacts of labour rights on international trade. Positive labour rights' effect on trade could be analysed using fair competition and security of economic advantage arguments. On the other hand, the negative labour rights effect on international trade could be analysed using "social

---

<sup>28</sup> Hoekman, Bernard M., and Michel M. Kostecki. *The political economy of the world trading system: the WTO and beyond*. Oxford University Press, 2009, p. 4

<sup>29</sup> Kay, Louise. "Labour-related provisions in trade agreements: Recent trends and relevance to the ILO." (2016), p. 1

<sup>30</sup> International Labour Organisation „Free Trade Agreements and Labour Rights” {<https://www.ilo.org/international-labour-standards/free-trade-agreements-and-labour-rights>}, accessed 5<sup>th</sup> April 2024

<sup>31</sup> Chacaltana Janampa, Juan "Economic implications of labour and labour-related laws on MSEs: a quick review of the Latin American experience." ILO Working Papers 2009, p. 28

<sup>32</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 2

clause” phenomenon.<sup>33</sup> In this perspective”social clause” can be understood as social dumping and covered protectionism.<sup>34</sup>

Moreover, developed countries have strong labour rights promotion practices and historical background.<sup>35</sup> It means that developed countries in the last decades developed labour provisions inclusion in different agreements. This research will analyse an example of the EU-New Zealand FTA, especially from a labour rights perspective. To correctly understand the EU and New Zealand FTA, it is important to analyse developed countries’ positions on labour rights in the international trade system.

It is important to mention that without stronger enforcement mechanism for labour rights implementation, only understanding and respecting the universal fundamental human rights can lead to improved working and living conditions while there is free trade.<sup>36</sup> It could be understood that without regulation, monitoring, and enforcement mechanisms for labour rights, the free trade system will not focus on better working conditions in the workplace. Moreover, liberalization (the free trade system) must be politically supported and protected from protectionist politics.<sup>37</sup> It means that the free trade system must be supported in the countries but also must be regulated and monitored from a labour rights perspective.

## **2.2. Labour rights potentially positive effects on trade**

### **2.2.1. Fair competition**

This introduction chapter stated that labour rights create positive and negative impacts on trade. In this section, the paper will analyse the positive effect of labour rights on trade. One of the arguments is the prevention of unfair competition. The literature suggests that unfair

---

33 International labour organisation, International trade and labour rights: ILO Director-General calls for establishment of universal ground rules {[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_008013/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_008013/lang--en/index.htm)}, accessed 14<sup>th</sup> April 2024

34 Golub, Stephen S. "Are international labor standards needed to prevent social dumping?" Finance and Development 34.4 (1997), p. 20.

35 Harrison, James. "The labour rights agenda in free trade agreements." The Journal of World Investment & Trade 20.5 (2019), p. 706

36 International labour organisation, International trade and labour rights: ILO Director-General calls for establishment of universal ground rules {[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_008013/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_008013/lang--en/index.htm)}, accessed 14<sup>th</sup> April 2024

37 Ibid, accessed 14<sup>th</sup> April 2024

competition can be solved using labour standards, which are internationally recognized.<sup>38</sup> This means that labour standards create a positive effect on trade because it leads to fair competition. Internationally recognized labour standards undercut competitors that do not meet the standards and leave only fair participants in the trade system. Moreover, higher labour (or environmental) standards are being imposed because of fair trade demands.<sup>39</sup> It could be understood that labour rights are significantly important for fair competition in the trade system. Also, fair trade interests are based on worker rights protection and promotion, while unfair competition is based on weak labour standards.<sup>40</sup> It means that labour standards, such as workers' rights protection, could positively affect trade and lead to fair trade.

### **2.2.2. Security of economic advantage**

Another positive labour rights effect on trade can be analysed from the economic advantage argument. The literature states that to prevent unfair economic advantage, minimal labour standards are significantly important in trade agreements because standards require countries to meet the minimal labour standards and eliminate countries which do not accept to follow these standards.<sup>41</sup> It means that labour standards can help to prevent the phenomenon, when countries with low labour standards can achieve an economic advantage over countries with high labour standards. From this perspective, labour rights create a positive effect on trade. Also, the literature shows that comparative advantage is more likely in unskilled labour intensive sectors.<sup>42</sup> It means that companies are trying to achieve comparative advantage and do not follow the requirements of labour standards or working environment. Very often, these sectors breach regulations on human, labour or environmental protection because they do not meet the requirements and standards.<sup>43</sup>

---

<sup>38</sup> Myant, Martin. "Labour rights in trade agreements: five new stories." ETUI Research Paper-Working Papers (2022), p. 5

<sup>39</sup> Bhagwati, J. (1995). Trade Liberalization and 'Fair Trade' Demands: Addressing the Environmental and Labour Standards Issues. *World Economy*, 18(6), p. 747

<sup>40</sup> Carrère, Céline, Marcelo Olarreaga, and Damian Raess. "Labor clauses in trade agreements: Hidden protectionism?." *The review of international organisations* (2022), p. 454

<sup>41</sup> Salem, Samira, and Faina Rozental. "Labor standards and trade: A review of recent empirical evidence." *J. Int'l Com. & Econ.* 4 (2012), p. 63.

<sup>42</sup> Busse, Matthias. "Do labor standards affect comparative advantage in developing countries?." *World Development* 30.11 (2002), p. 1922

<sup>43</sup> *Ibid*, p. 1924

## 2.3. Labour rights potentially negative effects on trade

### 2.3.1. Protectionist policy

First of all, protectionism is a policy where one specific industry is protected from others.<sup>44</sup> This policy could be used to achieve goals, such as national security, money, dominance, etc. This phenomenon is analysed from different points of view, because this phenomenon creates positive and negative effects. When an industry is protected from others, it could lead to job creation and the development process in that specific field. However, at the same time, other industries, which are not protected, lose jobs and face challenges with development. This means that protectionism could be analysed in two ways. One theoretical view is that sometimes protectionism policy is required for national security aspects.<sup>45</sup> This national security argument is based on domestic production continuing in certain industries. From this point of view, protectionism could protect working places but reduce labour productivity in the labour market.<sup>46</sup> Also, the protectionist argument is criticized from a free-market distortion perspective. This view is based on the idea that one industry is protected from others, and it creates unfair trade between manufacturing in the trade system.<sup>47</sup> From a labour rights perspective, protectionism could disrupt competition and negatively affect the labour market by job losses.<sup>48</sup> Moreover, protectionist politics cannot be part of the WTO members' purposes to achieve labour standards.<sup>49</sup> Also, measures to protect trade purposes cannot be based on labor standards.<sup>50</sup> It means that industries must respect and protect labour rights without using protectionist arguments.

---

<sup>44</sup> Carrère, Céline, Marcelo Olarreaga, and Damian Raess. "Labor clauses in trade agreements: Hidden protectionism?." *The review of international organisations* (2022), p. 454

<sup>45</sup> Lincicome, Scott, and Inu Manak. "Protectionism or National Security? The Use and Abuse of Section 232." (2021), p. 6

<sup>46</sup> Ernst, Ekkehard, Rossana Merola, and Daniel Samaan. *Trade wars and their labour market effects*. International Labour Office, 2019, p. 7

<sup>47</sup> Haworth, Nigel, Stephen Hughes, and Rorden Wilkinson. "The international labour standards regime: a case study in global regulation." *Environment and Planning A*, (2005), p. 1939

<sup>48</sup> Ernst, Ekkehard, Rossana Merola, and Daniel Samaan. *Trade wars and their labour market effects*. International Labour Office, 2019, p. 7

<sup>49</sup> Orbie, Jan. "Promoting labour standards through trade: normative power or regulatory state Europe?." *Normative power Europe: Empirical and theoretical perspectives* (2011), p. 163

<sup>50</sup> International Labor Organisation, "ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up", Switzerland, 1998, p. 1

### **2.3.2. “Social dumping”**

Secondly, social dumping is a process when production and manufacturing are transferred from a high-wage country to a low-wage country. Also, this phenomenon is noticeable when employers are finding cheaper labour and giving the job to migrant workers, which are usually low-income workers.<sup>51</sup> Moreover, social dumping is usually used to maximize a company’s profit and the European Commission states that this process leads to unequal labour standards.<sup>52</sup> This process creates unfair competition among different countries or companies because one country uses lower labour standards than others, such as lower salaries, bonuses, social protection, insurance, or healthcare. Because of these reasons, another country is transferring industries, where the labour market is cheap and labour standards are low. This process has a negative impact on the labour market. Social dumping creates unfair competition, unequal pay and unequal protection standards, etc.<sup>53</sup> To prevent this process, a minimum social level was created for the international trade system to protect development from social dumping.<sup>54</sup> A minimum social level includes regulations, such as minimum rest periods, maximum work periods, health and safety at work, protective measures, etc. Law frameworks, such as a proposal on the Enforcement Directive on Posted Workers, or the Directive on the Posting of Workers, and others, are created to prevent social dumping and protect social rights in countries.<sup>55</sup> These measures could help to create a fair playing field, equal social protection and equal pay, better working and environmental conditions, etc.

## **2.4. Labour rights assurance in developed countries**

Labour standards assurance in the international trade system could be analysed using different economic development perspectives. Different economic developments in the world could be understood as developed and developing countries' status. This research focuses on

---

<sup>51</sup> Bernaciak, Magdalena. "Introduction: social dumping and the EU integration process." *Market expansion and social dumping in Europe*. Routledge, 2015, p. 3

<sup>52</sup> Kiss, Monika. "Understanding social dumping in the European Union." *European Parliamentary Research Service*, PE 599 (2017), p. 2

<sup>53</sup> *Ibid*, p. 3

<sup>54</sup> International Labour Organisation “Free Trade Agreements and Labour Rights” { <https://www.ilo.org/global/standards/information-resources-and-publications/free-trade-agreements-and-labour-rights/lang--en/index.htm>}, accessed 15th April 2024

<sup>55</sup> Kiss, Monika. "Understanding social dumping in the European Union." *European Parliamentary Research Service*, PE 599 (2017), p. 3



developed countries, such as the EU and New Zealand, which highlights the importance of analyzing labour rights assurance positions in developed countries.

The literature suggests that labour standards are stronger in developed countries. Data shows that the level of development and the quality of labour standards have a positive correlation.<sup>56</sup> It means that labour standards are assured better in more developed countries. Also, from a long-run perspective, labour standards are positively affected by economic growth.<sup>57</sup> It means that labour rights are better assured where the level of development is higher. Furthermore, developed countries have a high labour standards because of economic, historical or social aspects.<sup>58</sup> Also, the literature indicates that high-income countries are more easier implementing and establishing labour standards because they have stronger rules of law and better institutions.<sup>59</sup> This indicates that developed countries, such as New Zealand, or developed regions, such as the EU, have better labour standards assurance, development and respect system because of historical evolution, rule of law, institutions, and others aspects, which significantly affected countries level of development.

## **2.5. Summary**

In conclusion, international trade is crucial for economic growth and development in the world. In recent years, labour rights problems in the international trade system have become one of the most important problems. To analyse problems, it is important to understand the distinction between labour standards and international trade.

Firstly, the relationship is a reciprocal process. Labour rights affect the international trade system, as well as international trade system has impacts on labour rights. The literature suggests that labour rights create positive and negative impacts on international trade. Positive labour rights effect on trade could be analysed using fair competition and security of economic advantage arguments, while negative impacts are protectionism and “social dumping”. The literature states that labour standards could help to achieve fair competition in the trading system and protect of economic advantages. Protectionist policies could be used

---

<sup>56</sup> Siroën, Jean-Marc. "Core labour standards and exports." (2017), p. 3

<sup>57</sup> Ibid, p. 4

<sup>58</sup> Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015), p. 2

<sup>59</sup> Salem, Samira, and Faina Rozental. "Labor standards and trade: A review of recent empirical evidence." *J. Int'l Com. & Econ.* 4 (2012), p. 63.

to protect specific industries for an important reason. However, from a labour rights perspective, protectionism is criticized. This research concludes that labour standards cannot be protected by using a protectionist policy. Meanwhile, “social dumping” is also a criticized practice because it creates negative results on international trade, such as unfair competition, unequal labour standards, etc.

There are some other opinions about labour rights and international trade relationships and impacts. For example, a positive impact on labour rights from an international trade perspective could be supply chain transnational expansion, which leads to job creation.<sup>60</sup> It means that growing industry demand expands their manufacturing and affects labour rights positively. On the other hand, ‘race to the bottom’ techniques could affect labour rights negatively and could be found in the labour-intensive sectors.<sup>61</sup> This leads to a negative impact in sectors such as textiles, where labour-intensive sector means that businesses need a lot of workers and not all labour standards are ensured.<sup>62</sup>

This section showed developed countries position on labour rights assurance in the international trade system. This part of the paper showed that the level of development positively affects the labour rights assurance. It means that developed countries are more likely to implement, monitor and respect labour rights in trade system because the level of development, historical background, etc. The analysis of the EU-New Zealand FTA will examine the statement that labour rights are assured stronger in more developed countries. Before the analysis, the next section will present the ILO and the main important legal frameworks on labour rights based on the ILO fundamental conventions.

### **3. International Labour Organisation**

#### **3.1. Introduction**

One of the key elements in the international trade system is labour standards assurance. This goal is one of the ILO targets. The United Nation’s (UN) 2030 agenda includes 17 different sustainable development goals where goal of decent work (goal 8) is one of the ILO’s duties. Protecting principles and rights at work and fighting breaches around the world are the ILO

---

<sup>60</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 2

<sup>61</sup> Ibid, p. 4

<sup>62</sup> Cambridge Dictionary (2020). Cambridge: Cambridge University Press.

tasks.<sup>63</sup> The literature suggests that labour standards breaches are most visible in developing countries. However, to achieve equal labour standards in the World, all countries must focus on labour standards assurance.<sup>64</sup> To reach this goal, ILO could be the answer. In this research it is important to analyse the ILO background, main ideas and working sphere on labour rights protection. Also, the most important ILO's legal frameworks on labour standards assurance will be represented in this section.

## **3.2. The ILO as international organisation**

### **3.2.1. Developing history**

The ILO was created after World War I in 1919 by the Treaty of Versailles. This organisation was based on globally understanding human and labour rights and promoting social justice in the World. This agency of the United Nations for more than 100 years has been trying to focus on goals, such as the promotion of fundamentally and globally understandable principles and rights at work, equal rights to decent work for women and men, social protection achievement, and others. The ILO's philosophy is social justice, which could lead to lasting peace. This philosophy is based on goals such as equal work and equal pay, regulation of working hours, unemployment prevention, and any discrimination based on faith or belief, sex, expression, community, caste, or freedom of association.<sup>65</sup> To set internationally recognized labour standards is the responsibility of the ILO.<sup>66</sup>

### **3.2.2. Most important aspects**

The ILO consists of 187 Member States, which are members of the UN. Members adopted ILO instruments, such as 191 conventions, 208 recommendations, and 6 protocols. In all, 405 instruments by ILO have been adopted, of which the most important are 11 the Fundamental Conventions and Protocols. Instead of the ILO fundamental principles of rights at work of the ILO Constitution, which is not legally binding to all ILO members to ratify, the ILO Declaration on Fundamental Principles and Rights at Work was adopted in the International Labour Conference in 1998 to promote, realize, and respect fundamental labour rights for all

---

<sup>63</sup> Wilhelm, Miriam, et al. "Private governance of human and labor rights in seafood supply chains—The case of the modern slavery crisis in Thailand." *Marine Policy* 115 (2020), p. 2

<sup>64</sup> Ibid, p. 2

<sup>65</sup> Mishra, Lakshmidhar. "History of labour rights." *Social Change* 42.3 (2012), p. 336

<sup>66</sup> International labour organisation, International trade and labour rights: ILO Director-General calls for establishment of universal ground rules {[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_008013/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_008013/lang--en/index.htm)}, accessed 16<sup>th</sup> April 2024

ILO members.<sup>67</sup> The meaning of labour rights consists of five main categories: freedom from discrimination, freedom of association and collective bargaining, elimination of child labour, abolition of forced labour, and a healthy and safe environment at work.<sup>68</sup> Also, labour standards are fundamentally recognized around the world. To respect and promote the ILO Conventions on freedom of association, the principle of non-discrimination, the prohibition of forced and child labour, and collective bargaining, decisions were made by the UN's World Summit for Social Development in Copenhagen in 1995.<sup>69</sup>

### **3.3. Legal frameworks on labour rights**

#### **3.3.1. Labour rights definition**

First of all, the literature divide labour standards into two subjects: working conditions and labour rights.<sup>70</sup> The first one consists of social security, minimum wage, minimum working hours, and occupational health and safety. The second one involves elimination of child labour, nondiscrimination, freedom of association. The ILO defined labour rights in the Fundamental Declaration on Principles and Rights at Work in 1998. Before this document, the ILO adopted "basic workers' rights" at the World Summit for Social Development in 1995. The follow up action was the WTO Ministerial Conference in 1996. After negotiating labour standards, the Declaration determined the final labour rights characterized. The definition is created based on five rights categories: freedom of association and collective bargaining, abolition of forced labour, freedom from discrimination, elimination of child labour, and a healthy and safe environment at work. After the COVID-19 pandemic, at the International Labour Conference, a fifth right was added because of the idea of promoting health and safety in the work environment.<sup>71</sup>

---

<sup>67</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 4

<sup>68</sup> International labour organisation, International trade and labour rights: ILO Director-General calls for establishment of universal ground rules {[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_008013/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_008013/lang--en/index.htm)}, accessed 16<sup>th</sup> April 2024

<sup>69</sup> Ibid, accessed 16<sup>th</sup> April 2024

<sup>70</sup> Salem, Samira, and Faina Rozental. "Labor standards and trade: A review of recent empirical evidence." *J. Int'l Com. & Econ.* 4 (2012), p. 63

<sup>71</sup> International labour organisation, International trade and labour rights: ILO Director-General calls for establishment of universal ground rules {[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_008013/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_008013/lang--en/index.htm)}, accessed 16<sup>th</sup> April 2024

All Member States must promote and respect five labour rights categories in their national policy. It means that regulation and enforcement of national labour standards, sanctions for noncompliance are mandatory for national governments.<sup>72</sup> ILO task is to help Member States to achieve implementation of these rights. The support consists of administrative and legislative decisions, negotiation, inspection, monitoring and achievements of principles and rights at work. More information about the ILO work principles will be in the next section.

### **3.3.2. The ILO work principles**

The Fundamental Declaration on Principles and Rights at Work represents labour rights from a globally understandable perspective.<sup>73</sup> This document is one of the most important for the ILO's existence. The ILO is based on the idea that all Members must respect rights and principles.<sup>74</sup> From this point of view, all Members must respect the principles on fundamental rights of the Conventions in good faith, as stated in the Constitution. This is also applicable even if a member of the ILO is not approved. Working on the current world trends of labour rights, the ILO developed the Labour Provisions in Trade Agreements Hub, which focuses on labour provision information around the globe. This information can help to analyse different countries' labour standards implementation systems and main principles. The ILO work principle is to promote and achieve labour and human rights internationally recognised and social justice.<sup>75</sup> If countries ratified the ILO conventions, the ILO obliges countries to report the conventions principles implementation into national labour law.<sup>76</sup> It means that the ILO is not only promoting labour and human rights in the world, but also supervising principles implementation into national law and regulating compliance with the rules.

The next chapter will focus on sustainable development in the EU. The ILO is important to achieve sustainable development in a trade agreement, because parties must focus on social justice, climate change, and environmental and labour rights protection. Parties have to ratify

---

<sup>72</sup> Salem, Samira, and Faina Rozental. "Labor standards and trade: A review of recent empirical evidence." *J. Int'l Com. & Econ.* 4 (2012), p. 63

<sup>73</sup> Kolben, Kevin. "Labor rights as human rights." *Va. J. Int'l L.* 50 (2009), p. 449

<sup>74</sup> International Labour Organisation, "ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up", Switzerland, 1998, p. 2

<sup>75</sup> International Labour Organisation website "The role and mandate of the ILO", { <https://www.ilo.org/fair-globalization-making-it-happen/role-and-mandate-ilo>}, accessed 18th April 2024

<sup>76</sup> Salem, Samira, and Faina Rozental. "Labor standards and trade: A review of recent empirical evidence." *J. Int'l Com. & Econ.* 4 (2012), p. 63.

the Paris Agreement, which focuses on climate change patterns, and ratify the ILO conventions on fundamental labour rights.<sup>77</sup> Action to promote sustainability has to be in-depth and long-term. It means that measures must involve different levels of actors, be strategic, and be responsible for the future.

### **3.4. Summary**

In conclusion, the ILO is one of the most important international organisations working on labour rights. Growing labour standards meaning in the international trade system, create the ILO work on labour rights implementation, monitoring, and protection more important than ever before. The ILO Fundamental Principles and Rights at work are globally accepted by different countries. The 11 Fundamental Conventions and Protocols focus on the five labour rights categories. All these categories must be respected by all Member States in the international trade system.

In the WTO Singapore Ministerial Conference 1996, it was decided that labour standards negotiation will be ILO task. ILO work focuses on 2030 Agenda for Sustainable Development elements, such as social protection, social dialogue, employment creation, and right at work. These elements are included in the 11 Fundamental Conventions and Protocols.<sup>78</sup> The analysis on sustainable development in the EU will be the next chapter's focus.

## **4. Labour rights and sustainable development from the EU perspective**

### **4.1. Introduction**

The Stockholm Declaration in 1972 determined ambition to develop sustainability policies. The following document on sustainability was the Brundtland Commission Report in 1986.<sup>79</sup> The Rio Declaration of 1992 was based on the idea of forming sustainable policies. In

---

<sup>77</sup> Titenskaia Jana. "Sustainability provisions in EU free trade agreements: Review of the European Commission action plan." (2021), p. 4

<sup>78</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 6

<sup>79</sup> Novitz, Tonia A. "Sustainable Labour Conditionality in EU Free Trade Agreements?: Implications of the EU-Korea Expert Panel Report." *European Law Review* 47.1 (2022), p. 3

2000, the United Nations signed the Millennium Declaration and set 8 Millennium Development Goals (MDG). However, the MDGs were not perfect. To correct some issues, the Rio+20 conference was organized in 2012 for sustainable development goals (SDG) development. In 2015, the UN General Assembly adopted 17 SDG and associated targets.<sup>80</sup> SDG goals showed that the world countries are ready to communicate and work together for development and covered the period between 2015-2030. Moreover, the UN 2030 Agenda was created with the idea to achieve sustainable development in social, economic and environmental dimensions.

Fundamental human rights respect is the EU's primary law. Article 2 of the Treaty on European Union (TEU) includes the fundamental values, such as freedom, democracy, and others, but most importantly, respect for human rights.<sup>81</sup> TEU Article 21 states that human rights support is required in any EU foreign policy. It means that the trade system must respect and support human rights.<sup>82</sup> In the international trade system, sustainability is a key part of negotiations.<sup>83</sup> Sustainability development includes environmental protection and labour standards protection goals. TEU Article 3(5) states that the EU promotes sustainable development, free and fair trade, and the protection of human rights. Moreover, the EU aim is to eradicate poverty by contributing to sustainable environmental, economic, and social development based on Article 21(2) of the TEU. To protect labour standards, the EU and contracting parties negotiate on Trade and Sustainable Development (TSD) chapters. TSD chapters in FTAs are internationally recognized labour standards.<sup>84</sup>

In this chapter, the research will focus on the EU sustainability development goals, especially on labour rights. The main focus will be on TSD chapters in the negotiation stage before concluding agreements. The paper will review labour standards in the TSD chapters of EU

---

<sup>80</sup> Novitz, Tonia A. "Sustainable Labour Conditionality in EU Free Trade Agreements?: Implications of the EU-Korea Expert Panel Report." *European Law Review* 47.1 (2022), p. 4

<sup>81</sup> 2012/C 326/01 Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union

<sup>82</sup> Ibid

<sup>83</sup> European Parliament "Sustainability provisions in EU free trade agreements: Review of the European Commission action plan", 2021, {[https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2021\)698799](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2021)698799)}, accessed 21th April 2024

<sup>84</sup> Harrison, James, et al. "Governing labour standards through free trade agreements: Limits of the European Union's trade and sustainable development chapters." *JCMS: Journal of common market studies* 57.2 (2019), p. 261

trade agreements. Also, this chapter will review the the EU legal documents on sustainable development, with the main focus on labour standards.

## **4.2. The EU sustainable development**

### **4.2.1. Trade and Sustainable Development (TSD)**

In the EU trade policy making, labour standards provision started to include in trade system long time ago.<sup>85</sup> With the Lisbon Treaty dedications on sustainable development, the EU became one of the leaders in the environment and labour rights protection.<sup>86</sup> In 2009, TSD goals, such as labour rights and the environment were included in the European Commission and South Korea FTA.<sup>87</sup> After the EU-South Korea FTA, the Commission started to focus on TSD goals, which included EU agreements with Canada, Japan, Singapore, and other countries.<sup>88</sup>

Non-trade objectives, such as sustainable development, which includes protection of labour rights and the environment, are promoted in trade agreements.<sup>89</sup> That is why across all EU FTAs, minimal provisions on sustainability in the TSD chapters are included in the negotiation process with contracting parties.<sup>90</sup> This means that the EU is promoting TSD chapters in the negotiation process and trying to achieve sustainability assurance with trading partners. It is important to mention that TSD chapters have binding provisions.<sup>91</sup> It means that contracting countries must follow the requirements on sustainable development and

---

<sup>85</sup> Harrison, James, et al. "Governing labour standards through free trade agreements: Limits of the European Union's trade and sustainable development chapters." *JCMS: Journal of common market studies* 57.2 (2019), p. 262

<sup>86</sup> Marx, Axel, Nicolás Brando, and Brecht Lein. "Strengthening labour rights provisions in bilateral trade agreements: making the case for voluntary sustainability standards." *Global Policy* 8 (2017), p. 78-88.

<sup>87</sup> European Parliament "Sustainability provisions in EU free trade agreements: Review of the European Commission action plan", 2021, {[https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2021\)698799](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2021)698799)}, accessed 24<sup>th</sup> April 2024

<sup>88</sup> Titenskaia Jana. "Sustainability provisions in EU free trade agreements: Review of the European Commission action plan." (2021), p. 6

<sup>89</sup> Marx, Axel, Nicolás Brando, and Brecht Lein. "Strengthening labour rights provisions in bilateral trade agreements: making the case for voluntary sustainability standards." *Global Policy* 8 (2017), p. 78-88.

<sup>90</sup> Harrison, James, et al. "Labour standards provisions in EU free trade agreements: reflections on the European commission's reform agenda." *World Trade Review* 18.4 (2019), p. 635

<sup>91</sup> Marc Jutten "Trade and sustainable development in EU free trade agreements." (2023), p. 2



sustainable development chapters must be outlined by the contracting parties in the trade agreements. The literature suggests that the ILO fundamental labour rights, compliance mechanism and monitoring are included in TSD chapters.<sup>92</sup> It means that contracting parties outlined these provisions enforcement, monitoring and compliance mechanisms. However, to achieve successful TSD chapters implementation, support for contracting parties from the Commission is needed.

#### **4.2.2. The Commission support for TSD development**

The Commission established TSD Expert Group to Member States which have to develop dialogue between Member States and the EU institutions on sustainability commitments implementation and enforcement.<sup>93</sup> Also, the Commission states that TSD chapters in FTA include a joint committee consisting of elected representatives, which has to look after the chapter's implementation in contracting countries.<sup>94</sup> It means that TSD aspects fulfilment are supervised by a committee comprised of representatives. Furthermore, the Commission annually analyses the TSD implementation by posting “annual reports on FTA implementation.”<sup>95</sup> Not only annual reports but also a handbook was developed by the Commission and ILO on labour provisions in trade agreements.<sup>96</sup> The TSD handbook was published by the National Board of Trade of Sweden in 2019. The handbook was based on the EU-Ecuador trade agreement, and the Commission wanted to explain TSD implementation, reporting, monitoring, and dispute settlement procedures.

Moreover, to achieve correct TSD implementation, the practices used when the EU funds the ILO project to support countries are very popular. For example, in the EU-Vietnam trade agreement, to achieve correct TSD implementation, the EU funded the ILO project to support

---

<sup>92</sup> Marx, Axel, Nicolás Brando, and Brecht Lein. "Strengthening labour rights provisions in bilateral trade agreements: making the case for voluntary sustainability standards." *Global Policy* 8 (2017), p. 80

<sup>93</sup> European Commission "Report from the Commission to the European Parliament, the Council, the European economic and social committee and the committee of the regions on the Implementation and Enforcement of EU Trade Policy", Brussels, 2023

<sup>94</sup> Harrison, James, et al. "Labour standards provisions in EU free trade agreements: reflections on the European commission's reform agenda." *World Trade Review* 18.4 (2019), p. 637

<sup>95</sup> European Commission "Report from the Commission to the European Parliament, the Council, the European economic and social committee and the committee of the regions on the Implementation and Enforcement of EU Trade Policy", Brussels, 2023

<sup>96</sup> Titenskaia Jana. "Sustainability provisions in EU free trade agreements: Review of the European Commission action plan." (2021), p. 8

Vietnam. In other words, this project between the EU and ILO in 2019 was called "Trade for decent work."<sup>97</sup> This practice, when the Commission funds ILO projects for help, led to TSD implementation in trade agreements between the EU and countries, such as Armenia, Ukraine, and Georgia. It means that the Commission help is necessary for labour rights explanation, implementation and monitoring in different countries.

#### **4.2.3. Sustainable Development Goals (SDG)**

The SDG goals were determined in the United Nations Conference in Rio De Janeiro in 2012 on Sustainable Development.<sup>98</sup> The United Nations agreed on 17 sustainable development goals. Economic, environmental, and political problems in the world led to universal goals determination, which would show the standards of the sustainable future world. 17 goals are based on the agenda 2030 and includes goals, such as: 1) no poverty, 2) zero hunger; 3) good health and well-being; 4) quality education; 5) gender equality; 6) clean water and sanitation; 7) affordable and clean energy; 8) decent work and economic growth; 9) industry, innovation and infrastructure; 10) reduced inequalities; 11) sustainable cities and communities; 12) responsible consumption and production; 13) climate action; 14) life below water; 15) life on land; 16) peace, justice and strong institutions; 17) partnership for the goals. The goal 8 would be this section focus.

Decent work and economic growth goal is based on the idea to develop economic growth in the nations and create a decent work environment. The literature suggests that labour is the most important aspect for development because workers are the most important element in the supply chain for the development process.<sup>99</sup> The SDG 8 target is to develop sustainable economic growth with social protection. This includes a safe working environment, prohibition of child labour, modern slavery, and decent jobs creation.<sup>100</sup> The main 8 goal targets on social aspects are: equal pay, employment and decent work for people with

---

<sup>97</sup> International Labour Organisation "Trade for Decent Work Project" {<https://www.ilo.org/projects-and-partnerships/projects/trade-decent-work-project-5>}, accessed 28<sup>th</sup> April 2024

<sup>98</sup> Uygun, Hayri, and Rashmi Gujrati. "Protect Labour Rights and Promote Safe Working environment." *Journal of Pedagogical Inventions and Practices* 8 (2022), p. 12.

<sup>99</sup> Abdullah, Fitriani, and Lhery Swara Oktaf Adhania. "Protecting workers' rights: A fair and sustainable labour protection policy", *International Journal of society reviews*, (2024), p. 1208

<sup>100</sup> Uygun, Hayri, and Rashmi Gujrati. "Protect Labour Rights and Promote Safe Working environment." *Journal of Pedagogical Inventions and Practices* 8 (2022), p. 10

disabilities, for all men and women, for young people. Moreover, child labour, human trafficking, and forced labour must be prohibited, Also, all workers, including migrants, rights and working conditions must be safe and protected. These targets by the program should be achieved by 2030.<sup>101</sup>

The SDG was adopted in 2015 as Global Goals for the countries to achieve a better future by 2030. The United Nations included targets with different aspects. One of them is decent work and economic growth (goal 8). This could be understood as living standards improving and economic growth development. However, this section focused only on decent work for all targets, which includes decent work for all and full and productive employment. The main arguments for decent work for all are stated in targets 8.5 and 8.7 and 8.8 sections.

### **4.3. Summary**

In conclusion, sustainability provisions were included in the EU new-generation trade agreements right after The Treaty of Lisbon in 2009. Sustainable development, such as the social development of developing countries is the EU responsibility based on Article 21 of the TEU. In this perspective, sustainable social development could be understood as labour rights protection which leads to satisfactory work and a full-time job.<sup>102</sup> The idea is to ban restrictions in international trade and promote all countries integration into the economy by achieving sustainable development goals, such as economic, social, and environment.<sup>103</sup> The next chapter will represent the analysis of the EU legal frameworks on the sustainability development. The CSRD and CSDDD are the latest and comprehensive legal documents on sustainable development. This research will compare these documents targets, reporting systems, social aspects and sanctions.

---

<sup>101</sup> Uygun, Hayri, and Rashmi Gujrati. "Protect Labour Rights and Promote Safe Working environment." *Journal of Pedagogical Inventions and Practices* 8 (2022), p. 11

<sup>102</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 4

<sup>103</sup> *Ibid*, p. 3

## 5. The EU legal frameworks on sustainability development: the CSRD and CSDDD

### 5.1. Introduction

The European Green Deal target is to be a climate-neutral society in 2050.<sup>104</sup> The EU showed a strong position on sustainability development, which includes environmental and human rights protection. In the business strategy creation process, environmental, social, and governance (ESG) elements are becoming very important.<sup>105</sup> Corporate sustainability reporting practice is part of the EU's plan to move forward to ESG goals using legal frameworks, such as the CSRD and the Non-Financial Reporting Directive (NFRD). In 2014, the NFRD was adopted as a regulation to report non-financial information to large public-interest entities. Non-financial information includes social and environmental factors. The CSRD is the following document of the NFRD. CSRD is a package of rules on reporting standards on social and environmental risks by companies. The Directive came into force on January 5, 2023. This reporting system in the EU is called the new era of sustainability reporting.<sup>106</sup> Companies must report investment risks from a sustainability perspective, as well as social workers and environmental impacts, and harmonize their long-term reporting strategy. This reporting strategy is a new process that started in 2024. All large companies that meet the criteria have to apply to the CSRD. The following document is a CSDDD. The main idea is that companies, based on their business, have to identify and focus on the main important issues of sustainability. This reporting concept encourages companies to focus and evaluate not only financial factors but also sustainability goals. It is important to mention that the Corporate Social Responsibility (CSR) was created to protect labour rights, but it was a non-binding provision.<sup>107</sup> It means that industry can choose to respect and secure labour rights and environment or not. However, the CSRD and CSDDD were adopted as binding provisions to all Member States or third countries partners businesses.

---

<sup>104</sup> Bäckstrand, Karin. "Towards a climate-neutral union by 2050? The European green deal, climate law, and green recovery." *Routes to a resilient European Union: interdisciplinary European studies*. Cham: Springer International Publishing, 2022, p. 45

<sup>105</sup> Edmans, Alex. "The end of ESG." *Financial Management* 52.1 (2023), p. 3

<sup>106</sup> Hannesdóttir, Sigrún Helga. *Trends and Patterns in Sustainability Reporting: A Content Analysis of Icelandic Banks 'Sustainability Reports*. Diss.

<sup>107</sup> Marx, Axel, Nicolás Brando, and Brecht Lein. "Strengthening labour rights provisions in bilateral trade agreements: making the case for voluntary sustainability standards." *Global Policy* 8 (2017), p. 85

In this chapter, the research will analyse two legal documents on sustainable development, namely the CSRD and CSDDD. The paper will focus on four main aspects, such as targets, reporting process, social aspects and sanctions. All these aspects will be compared between different legal documents.

## **5.2. The EU legal frameworks targets**

### **5.2.1. CSRD**

In 2023, the Commission adopted EU legislation, the CSRD, and created a reporting system of sustainability standards. The Directive obliges companies, by due diligence, to identify, mitigate, and prevent negative human rights and environmental impacts.<sup>108</sup> Due diligence must be ensured and implemented in the corporate management systems by the corporate directors. The CSRD is based on Article 114 and 40 of the Treaty of the Functioning of the European Union (TFEU).<sup>109</sup> The idea is to develop EU companies' sustainability, manage business impacts, and risks, and help companies' analysts, consumers, investors, and stakeholders achieve sustainability goals. This Directive is focused on EU businesses, which include EU subsidiaries and non-EU companies. The CSRD requires EU businesses to be informed about ESG actions and environmental and social impacts on their businesses. It means that companies must report information about their sustainability goals, including environmental and social protection risks and impacts.

Based on the Directive, by 2028, the CSRD will apply to all organisations or undertakings, which are:

- A) Listed undertakings. In the EU-regulated market listed companies. In this part, exceptions are possible for 'micro undertakings' of which two of the three following criteria are met: 1) total assets at least 450,000 EUR; 2) net turnover (revenue) at least 900,000 EUR; 3) average at least 10 employees throughout the year.
- B) Listed or non-listed EU-based large undertakings, which met two of the three following criteria: 1) total assets of at least 25 million EUR; 2) net turnover of at least 50 million EUR; 3) average employees of at least 250 during the year.

---

<sup>108</sup> Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting (COM/2021/189 final).

<sup>109</sup> Ibid

- C) Undertakings from the third country. Parent companies, which are non-EU, and which have had at least 150 million EUR annual EU revenue in two recent years and allow:
- 1) net turnover of at least 40 million EUR of small EU divisions;
  - 2) EU-based large undertaking;
  - 3) securities of the EU-based subsidiary listed in the EU-regulated exchange market.<sup>110</sup>

Companies are responsible to improve sustainability progress and achieve EU laws to be net-zero emissions by 2050. To achieve this goal, undertakings must observe, report, and share progress of sustainability goals, including social and environmental impacts in the supply chains. The implementation plan of the CSRD consists of:

- 1) Starting in 2024, reporting in 2025 must be for all organisations which have more than 500 employees and which already comply with the NFRD.
- 2) Starting in 2025, reporting in 2026 must be for big companies which are not in compliance with the NFRD.
- 3) Starting in 2026, reporting in 2027 must be for small and medium-sized companies (SMEs) which are in the EU-regulated market list.
- 4) Starting in 2028, reporting in 2029 must be for certain third country companies.

### **5.2.2. CSDDD**

The main targets of the CSDDD are stated in an explanatory memorandum. The Directive was adopted with the idea to follow the European Green Deal requirements, achieve UN SDG and change all companies' behavior on environment and human rights objectives.<sup>111</sup> The main requirements are sustainability development, mitigation processes implementation in supply chains, including human rights and environmental protection. In the explanatory memorandum the target of the CSDDD is all sectors' companies. However, the main focus is on large ones. In large companies it is more difficult to identify and manage risks of negative environmental and human rights impacts. Due diligence could help companies identify and prevent adverse environmental and human rights impacts. Moreover, the CSDDD could help to create a fair playing field in the Union for companies and a fair operating system for third-

---

<sup>110</sup> Baumüller, Josef, and Stefan O. Grbenic. "Moving from non-financial to sustainability reporting: Analyzing the EU Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD)." *Facta Universitatis, Series: Economics and Organisation* 1 (2021), p. 374

<sup>111</sup> European Parliament legislative resolution of 24 April 2024 on the proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937

country companies, also could help to respect environmental and human rights protection.<sup>112</sup> The CSDDD Article 1(3) states that in the national law, corporate liability, accountability and access to legal remedies must be ensured. Also, article 1(1) states that the environment, good governance, and human rights respect must be a corporate duty.<sup>113</sup>

Corporate Sustainability Due Diligence Directive was proposed to manage environmental and human rights due diligence for companies. This Directive includes human rights and environmental aspects and operations systems in companies' chains. CSDDD covers 6 due diligence process steps. The process involves: 1) policies are integrated by due diligence; 2) identification of negative environmental and human rights impacts; 3) negative environmental and human rights impacts minimizing and preventing strategies; 4) effective measures assessment; 5) communication; 6) improving strategies.

The CSDDD Article 2 declares which companies shall apply this Directive. If one of the following conditions is fulfilled, then companies must apply CSDDD. Conditions for Member States companies: 1) more than 500 employees on average and more than 150 million EUR turnover in the last year; 2) not achieve requirements under point 1), but more than 250 employees on average and more than 40 million EUR turnover and includes economic activities, such as: a) textiles, leather or related products; b) agriculture, fisheries, forestry, wood, live animals, food, and beverages; c) trade of mineral resources, or natural gas, petroleum, metals, lignite. Conditions for third countries companies: 1) more than 150 million EUR turnover in the Union the last year, or 2) more than 40 million EUR turnover but not more than 150 million EUR in the Union the last year and at least 40 million EUR generated in economic activities listed above. If one of the following conditions is fulfilled, then companies shall apply this Directive.

The following process on CSDDD implementation is transpose period for Member States. In two years, countries must implement new rules into national laws and fulfil the due diligence requirements. The plan for the future based on the CSDDD is focused on the EU and non-EU companies' turnover. If the turnover will be higher than 1500 million EUR and the company will have more than 5000 employees in 2027, then CSDDD will be apply. Also, CSDDD will

---

<sup>112</sup> European Parliament legislative resolution of 24 April 2024 on the proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937

<sup>113</sup> Ibid

be applied if the company has a 900 million EUR turnover and more than 3000 employees in 2028. From 2029, this Directive must be applied by all companies which will have more than 450 million EUR turnover and more than 1000 employees.<sup>114</sup>

### **5.3. Sustainability reporting process**

#### **5.3.1. CSRD**

The first management reports were published on January 1, 2024, based on the new regulation of the CSRD.<sup>115</sup> There was a long period of the CSRD development from 2021. The reporting system of the CSRD is complex.<sup>116</sup> Reporting requirements of the CSRD consist of four aspects: 1) sustainability reporting based on European Financial Reporting Advisory Group (EFRAG) developed the European Sustainability Reporting Standards; 2) materiality analysis of the adequacy; 3) reporting based on the European Single Electronic Format (ESEF) regulation; 4) Taxonomy Regulation Article 8 reporting requirements.<sup>117</sup> The reporting system based on the CSRD should include the ESG.<sup>118</sup> This means that environment, human rights and governance aspects are the most important information of sustainability reporting based on this Directive. It is important to mention that the CSRD apply the company to report the progress for achieving the ESG goals (the future plan).

The most important aspect of this research is a social point. The reporting system of social sustainability should include working conditions information, collective bargaining, equality of gender and other forms, also non-discrimination aspects in wages, gender diversity, inclusivity or human rights. In these aspects, the information about forced and child labour

---

<sup>114</sup> Official Corporate Sustainability Due Diligence Directive website {<https://www.corporate-sustainability-due-diligence-Directive.com/>}, accessed 2th May 2024

<sup>115</sup> Baumüller, Josef, and Stefan O. Grbenic. "Moving from non-financial to sustainability reporting: Analyzing the EU Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD)." *Facta Universitatis, Series: Economics and Organisation* 1 (2021), p. 372

<sup>116</sup> Odoabaša, Rajko, and Katarina Marošević. "Expected contributions of the European corporate sustainability reporting Directive (CSRD) to the sustainable development of the European union." *EU and comparative law issues and challenges series (ECLIC)* 7 (2023), p. 598

<sup>117</sup> Baumüller, Josef, and Stefan O. Grbenic. "Moving from non-financial to sustainability reporting: Analyzing the EU Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD)." *Facta Universitatis, Series: Economics and Organisation* 1 (2021), p. 372

<sup>118</sup> Odoabaša, Rajko, and Katarina Marošević. "Expected contributions of the European corporate sustainability reporting Directive (CSRD) to the sustainable development of the European union." *EU and comparative law issues and challenges series (ECLIC)* 7 (2023), p. 605



must be included in the report. All the fields about companies' employees working conditions, human health, and the community must be reported based on the ILO fundamental conventions and the European Pillar of Social Rights Action Plan (2021).<sup>119</sup>

The European Union financed a private association, the EFRAG, which is in control of the new Directive standards. For the correct reporting process, the EFRAG will work with some entities, such as the European Environment Agency, the European Banking Authority, The European Securities and Markets Authority, and the European Insurance and Occupational pensions authority, which will help and give technical advice. The ESRS has specific requirements for company reporting. Reporting information must be collected and reported in the European Single Electronic Format (ESEF), which is a digital system for CSRD goal reporting. Also, audit companies or authorized auditors will check reports from companies about sustainability information.<sup>120</sup> This means that the reporting system of the CSRD is created with clear requirements, authorities for technical advice, and auditing companies to create a fair and equal sustainability reporting practice between different companies in the EU and outside the EU.

### **5.3.2. CSDDD**

Companies must report negative working conditions, fundamental human rights and environmental protection impact on real or potential situations.<sup>121</sup> It means that the reporting system of the CSDDD includes actual and potential adverse impact in sustainability development. It is important to mention that the requirements of the CSDDD reporting system on adverse human rights and the environment impacts will begin by 2027. From now on, the CSDDD requirements must be transposed to domestic law by Member States in the following two years.

The reporting system of the CSDDD consists of a few steps.<sup>122</sup> Firstly, companies must identify the adverse impact on human rights and the environment. In this part, companies

---

<sup>119</sup> Odoša, Rajko, and Katarina Marošević. "Expected contributions of the European corporate sustainability reporting Directive (CSRD) to the sustainable development of the European union." *EU and comparative law issues and challenges series (ECLIC)* 7 (2023), p. 596

<sup>120</sup> *Ibid*, p. 598

<sup>121</sup> Methven O'Brien, Claire, and Olga Martin-Ortega. "Commission proposal on corporate sustainability due diligence: analysis from a human rights perspective." (2022), p. 6

<sup>122</sup> Elliott, Jonathan Gray. "Corporate Sustainability Due Diligence." (2023), p. 30

must analyse the problems in the company and outside the company, analyzing trade partners. The second step is risk identification. When risks are identified within companies' supply chain, the risks must be mitigated by an action plan. The third step is to create a mechanism for stakeholders and workers to report issues. The fourth is to follow the Paris Agreement targets and create a strategy or business model to achieve sustainable development. The fifth step is a due diligence report on sustainability report website.

## **5.4. Social aspects**

### **5.4.1. CSRD**

The CSRD obliges companies to report non-financial information, which includes sustainable development goals, such as environmental and social aspects.<sup>123</sup> In 2023, the Commission adopted the ESRS, which includes social aspects. Based on ESRS and EFRAG drafted standards, social aspects could be understood from four different ways: 1) employees; 2) consumers; 3) affected communities; 4) own workforce.<sup>124</sup> From this perspective, social aspects include all the supply chain participants. Every company in the EU and outside the EU, which meet the requirements, must report information on social aspects, including: 1) working hours, 2) social dialogue, 3) secure employment, 4) freedom of association and the right to collective bargaining; 5) wages; 6) work life balance; 7) works council; 8) health and safety. All these social aspects must be protected by the company and be reported based on the CSRD.

The literature states that companies must focus on equality and diversity.<sup>125</sup> It could be analysed in a non-discriminatory manner, which includes no discrimination against diverse people on their gender or sexual orientation. Also, disabled people must be treated equally

---

<sup>123</sup> Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting (COM/2021/189 final).

<sup>124</sup> Kathrin Brugger, Andre Kock\_”CSRD and ESRS: These are the to-dos for HR and labor law”, 2023, {<https://kpmg-law.de/en/csrd-and-esrs-these-are-the-to-dos-for-hr-and-labor-law/>}, accessed 6<sup>th</sup> May 2024

<sup>125</sup> Gschwinder, Joachim. "Sustainability and labour law." 6. FEB International Scientific Conference: Challenges in Economics and Business in the Post-COVID Times, 16–20 May 2022, Maribor, Slovenia, proceedings. University of Maribor University Press, 2022, p. 209

and be included in working life. Another important aspect is flexible working hours.<sup>126</sup> This aspect is important not only for employees but also for the employers. From the workers perspective, working hour's standards protect their rights and create a work and life balance. From the employer's perspective, the literature states that sustainability can be promoted by working time because workers have to work fewer hours than ever before.<sup>127</sup> This could help to limit global warming and achieve international climate policy.

### 5.5.2. CSDDD

The CSDDD obliges companies which meet the criteria to conduct due diligence on risk-based human rights and the environment. This Directive obliges companies to identify, prevent, mitigate and remediate adverse impacts.<sup>128</sup> Looking from the labour standards perspective, companies must due diligence potential adverse human rights impacts. It could be forced labour, child labour, working hours, salary wages, etc. All the requirements on labour rights are concluded in the ILO Conventions. The CSDDD must follow internationally recognize labour standards and prevent negative impact in the supply chain.

The CSDDD is a crucial document to achieve sustainable development goals in the EU trade system and achieve labour standards in the supply chain. This Directive obliges companies to supervise employees' working environment, safety and health, and possible breaches of labour standards. The expectations of the CSDDD from labour rights perspective are human rights promotion and compliance, companies' workers support and negative consequences avoiding.<sup>129</sup> The literature states that companies respecting and promoting labour standards, such as freedom of association and others, could lead to inequality decreasing.<sup>130</sup>

---

<sup>126</sup> Gschwinder, Joachim. "Sustainability and labour law." 6. FEB International Scientific Conference: Challenges in Economics and Business in the Post-COVID Times, 16–20 May 2022, Maribor, Slovenia, proceedings. University of Maribor University Press, 2022, p. 210

<sup>127</sup> Frey, P. „The Ecological Limits of Work: on carbon emissions, carbon budgets and working time.“, Autonomy Research Ltd. {<http://autonomy.work/wp-content/uploads/2019/05/The-Ecological-Limitsof-Work-final.pdf>}, accessed 8th May 2024

<sup>128</sup> European Parliament legislative resolution of 24 April 2024 on the proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937

<sup>129</sup> Jäger, Johannes, et al. "Expected economic effects of the EU corporate sustainability due diligence (CSDDD)", 2023, p. 5

<sup>130</sup> Ibid, p. 8

## 5.5. Sanctions

### 5.5.1. CSRD

Sanctions could lead companies to financial problems. Moreover, sanctions could eliminate the companies from the international financial system.<sup>131</sup> Based on that, sanctions could create a negative impact for companies. That is why industries are trying to achieve the requirements and avoid sanctions for infringements or requirement breaches. To avoid sanctions, companies must ensure standards and requirements of different legal documents. One of the requirements is the CSRD reporting system.

Penalties for noncompliance of the EU Member States are stated in the CSRD. Penalties depend on the company's financial standing and breach seriousness. Member States determined penalties in the national laws for non-compliance of the CSRD. To avoid penalties, companies must ensure compliance based on the EU and member state laws.

Member States should transpose the requirements of sustainability reporting into national provisions. The literature suggests that the sanctions system must be unified because the reporting system of the CSRD is unified.<sup>132</sup> Now, Member States are required to provide minimum sanctions for national provisions infringements on sustainability reporting requirements. The infringement consists of a public statement where the responsible party is identified, an order to cease the infringement, and administrative monetary sanctions.<sup>133</sup> The infringement of the requirement must be determined by looking at the level, type, or measures of penalties, circumstances, such as the duration of the breach, the gravity of the breach, or the degree of responsibility, must be ensured by Member States.<sup>134</sup>

### 5.5.2. CSDDD

On 24 April 2024, the European Parliament approved the CSDDD. This decision required companies to prevent, end or mitigate environmental and human rights negative impact in their supply, distribution and production. The adverse impact of pollution, child labour,

---

<sup>131</sup> Tarighi, Hossein, et al. "Corporate social responsibility disclosure (CSRD) and financial distressed risk (FDR): does institutional ownership matter?." *Sustainability* 14.2 (2022), p. 742.

<sup>132</sup> Primec, Andreja, and Jernej Belak. "Sustainable CSR: legal and managerial demands of the new eu legislation (CSRD) for the future corporate governance practices." *Sustainability* 14.24 (2022), p. 3

<sup>133</sup> Ibid, p. 4

<sup>134</sup> Ibid, p. 6

biodiversity loss, slavery, destruction of natural heritage, labour exploitation must be resolved. To achieve these goals, companies must change their policies and integrate due diligence, improve their business plans, from partners seek contractual assurances, ensure new obligations followed by small and medium-sized business partners. Also, the Paris Agreement on global warming must be included in companies' business models and companies must adopt transition plans to achieve that. For due diligence non-compliance obligation, sanctions must be established in national law.<sup>135</sup> It means that all Member States are responsible for the requirement validation in their national territories.

To supervise and control the due diligence system, fines and compensation for victims were created. CSDDD created Supervisory Authority to investigate and look after the due diligence obligations. Due diligence obligations by Member States must be fulfilled with detailed online information of companies. Supervisory Authorities established by the Commission could help, support, and show best practices. For breaches and mistakes of due diligence obligations, fines are up to 5% of companies' net worldwide turnover and companies must compensate their victims fully.<sup>136</sup>

## **5.6. Summary**

Non-binding guidelines published by the Commission in 2017 showed that reporting of sustainability information by the companies was limited.<sup>137</sup> It means that companies were indolent and did not report sustainability. Because of this, the EU started to go forward with binding documents for the sustainability reporting system. The CSRD came into power in 2023, after the NFRD, which from 2014 was no longer important for the achievement of the EU sustainable goals and the European Green Plan. The CSRD is a mission report system for companies to report energy use impacts and social standards assurance, and improve sustainability in the EU. On April 2024, the Commission agreed on the CSDDD proposal. This Directive goal is to improve sustainability progress and achieve EU laws net-zero

---

<sup>135</sup> Methven O'Brien, Claire, and Olga Martin-Ortega. "Commission proposal on corporate sustainability due diligence: analysis from a human rights perspective." (2022), p. 8

<sup>136</sup> Official Corporate Sustainability Due Diligence Directive website {<https://www.corporate-sustainability-due-diligence-Directive.com/>}, accessed 6<sup>th</sup> May 2024

<sup>137</sup> Odobaša, Rajko, and Katarina Marošević. "Expected contributions of the European corporate sustainability reporting Directive (CSRD) to the sustainable development of the European union." *EU and comparative law issues and challenges series (ECLIC)* 7 (2023), p. 598

emissions by 2050. CSDDD will hopefully come into force in May 2024 and prevent a negative impact on the environment and human rights in the international trade system.

Analysis showed the differences between the CSRD and CSDDD. Talking about targets, the CSRD includes the requirements for all large (more than 500 employees), medium, and small European companies to apply the CSRD from 2024. This Directive is applied to non-EU trading companies, which have more than one daughter company and generate net income per year more than 150 million EUR. Exception is only for micro-enterprises. On the other hand, the CSDDD is applicable to EU companies with worldwide net turnover more than 450 million EUR and more than 1000 employees. Also, this Directive includes non-EU companies with a net turnover generated in the EU of more than 450 million EUR.

Talking about the reporting system, the CSRD consists of four steps, while the CSDDD includes five steps of sustainability reporting. Both legal documents included human rights and environment protection issues analysis in the company or within trade partners, also included business plan creation to prevent adverse impacts and ensure good sustainable development reporting system.

The paper showed that the CSRD and CSDDD have similarities on social aspects. Both legal documents oblige companies to protect, respect and promote labour standards. Legal frameworks oblige companies to assure safe and health working environment and prevent breaches of labour standards. Different social aspects must be supervised and be reported by companies based on the CSRD and CSDDD goals.

The last part about the sanctions showed that the CSRD and the CSDDD are similar documents based on sanctions aspect. Both documents defined Member States responsibilities to implement the reporting systems requirements into national laws. Also, both documents are trying to achieve sanctions unification between Member States. Different authorities are created to help companies with correct reporting practice, as well as auditors are created to supervise the correctness of companies reports on human rights and environment protections.

The next chapter will present an example of one of the latest and most comprehensive FTAs between the EU and New Zealand. This example will be used as one of the best examples of sustainable development, especially the inclusion of labour standards in trade agreements.

This FTA will help to analyse and understand the labour standards assurance in the free trade agreements.

## **6. Example of the EU-New Zealand FTA**

### **6.1. Introduction**

On 1 May 2024, the free trade agreement between the EU and New Zealand came into force. This trade agreement between two partners is especially important because New Zealand's third biggest trading partner is the EU. The FTA will affect trade in a positive way. The data shows that removing tariffs between partners, 30% of trade between the EU and New Zealand will increase.<sup>138</sup> This agreement is important in economic aspects, but also in terms of the Paris Agreement requirements on environmental protection and fundamental labour rights assurance.<sup>139</sup>

In this chapter the main focus will be on the FTA importance in the international trade system. Moreover, labour rights will be analysed from the FTA perspective. Lastly, this chapter will analyse the EU and New Zealand FTA, especially focusing on the labour standards assurance.

### **6.2. FTA, trade and labour provisions**

#### **6.2.1. FTA importance in the international trade system**

Nowadays, for the EU trade policy, the FTAs are the most economically important aspect.<sup>140</sup> Almost all concluded negotiations by the EU are covered by the FTAs.<sup>141</sup> FTAs are used to open access to foreign markets.<sup>142</sup> This means that agreements between trading partners are

---

<sup>138</sup> European Commission "EU-New Zealand Free Trade Agreement" {<https://trade.ec.europa.eu/access-to-markets/en/content/eu-new-zealand-free-trade-agreement>}, accessed 12<sup>th</sup> May 2024

<sup>139</sup> An official EU website "EU-New Zealand trade agreement enters into force, opening new opportunities for EU exporters", 1 May 2024, Brussels, {[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_2388](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_2388)}, accessed 13<sup>th</sup> April 2024

<sup>140</sup> Harrison, James, et al. "Governing labour standards through free trade agreements: Limits of the European Union's trade and sustainable development chapters." *JCMS: Journal of common market studies* 57.2 (2019), p. 264

<sup>141</sup> *Ibid*, p. 266

<sup>142</sup> Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015), p. 2

essential for open trade. Also, it is stated that industrialized countries are using FTAs because free trade between trading partners without any tariffs or burdens create economic growth.<sup>143</sup>

Trade agreements became very popular since the 1990s and now FTAs consists of 70% of 275 in force trade agreements based on the WTO.<sup>144</sup> The data shows that FTA nowadays is more important than other forms of trade agreements, such as bilateral trade agreements, regional trade agreements, etc. FTAs, such as the North American Free Trade Agreement (NAFTA), which came into force in 1994 and the Association of Southeast Asian Nations (ASEAN) Free Trade Area (AFTA), which came into force in 1992 are good examples of tariffs and quotas remove within the group.<sup>145</sup> These FTA examples led to other agreements established between different regions. One of the agreements between the EU and New Zealand will be analysed in the next chapter after the research on labour rights in the FTAs.

### **6.2.2. Labour rights in the FTAs**

Nowadays, labour standards are included in most FTAs.<sup>146</sup> FTAs are effective tools for promoting labour standards.<sup>147</sup> Especially, labour rights in the FTAs are very important for G7 countries, the EU, the US, and Canada. The EU, compared with other G7 countries, has concluded most agreements with labour provisions. The EU's trade agreements started to call a "new generation" agreements because TSD chapters on labour standards and environmental protection have become part of the agreements.<sup>148</sup> TSD chapters are created to make trade policy not only economically but also socially efficient.

---

<sup>143</sup> Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015), p. 5

<sup>144</sup> Sopranzetti, Silvia. "Overlapping free trade agreements and international trade: A network approach." *The World Economy* 41.6 (2018), p. 1551

<sup>145</sup> Urata, Shujiro. "Globalization and the growth in free trade agreements." *Asia Pacific Review* 9.1 (2002), p. 24

<sup>146</sup> Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015), p. 10

<sup>147</sup> Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022), p. 6

<sup>148</sup> Bendini, R. 'The Future of the EU Trade Policy'. Directorate-General for External Policies, 2015, {<http://www.europarl.europa.eu/>}, accessed 16<sup>th</sup> April 2024



In the EU FTAs there are three provisions on the TSD chapters.<sup>149</sup> The first one is substantive standards. This provision means that parties must promote the ILO labour standards in all agreements and work agendas. The second one is procedural commitments. This provision includes a new labour standards measures introduction, monitoring, also dialogue between parties and co-operation. The third provision is institutional mechanisms. A tripartite format has become important to all agreements since the EU-Korea FTA. This means that TSD chapter implementation effectiveness will be supervised by the institutions.<sup>150</sup>

The ILO fundamental labour standards, such as elimination of forced labour, limitations on child labour, bargain collectively, freedom of association, are usually included in the FTAs. Health and safety standards or minimum working hours and wages are also included in these agreements.<sup>151</sup> In the next section, this research will analyse the fundamental labour rights provisions in the EU-New Zealand free trade agreement.

### **6.3. Labour rights in the EU-New Zealand FTA**

#### **6.3.1. FTA facts and principles**

Negotiations between the EU and New Zealand started in 2018 and concluded in 2022. In this time period a lot of decisions were (dis)agreed on but the final ratification procedure was completed on 25 March 2024. This FTA is the newest EU agreement.<sup>152</sup> To analyse the labour rights provisions importance in the FTA, this research will look into the EU-New Zealand FTA aspects on human rights protection.

First of all, the FTA consists of 27 chapters with different important aspects, such as transparency, dispute settlement, trademarks, etc. All these chapters concluded with the requirements for both trading partners. This research object is chapter 19 which is about trade and sustainable development. In this chapter, the requirements are based on the Rio

---

<sup>149</sup> Harrison, James, et al. "Governing labour standards through free trade agreements: Limits of the European Union's trade and sustainable development chapters." *JCMS: Journal of common market studies* 57.2 (2019), p. 267

<sup>150</sup> *Ibid*, p. 268

<sup>151</sup> Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015), p. 8

<sup>152</sup> An official EU website "EU-New Zealand trade agreement enters into force, opening new opportunities for EU exporters", 2024, Brussels, {[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_2388](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_2388)}, accessed 15<sup>th</sup> April 2024

Declaration on Environment and Development, on the ILO Declaration on Social Justice, World Summit on Sustainable Development, on the agenda 2030 for Sustainable Development and Sustainable Development Goals.<sup>153</sup> Chapter 19.1 (5) states that sustainable development, especially social and environmental aspects in the trade are the objectives of this chapter 19 in the EU and New Zealand FTA.

### **6.3.2. Chapter 19 of the EU-New Zealand FTA**

In the EU-New Zealand FTA chapter 19, one of the most important articles is 19.3, where 19.3(1) states the trading partner's responsibilities to achieve the ILO expressed decent work for all by developing international trade. 19.3(2) indicate that protectionist trade purposes cannot be based on labour standards. Also, legitimate comparative advantage cannot be based on the violation of labour standards and rights at work. 19.3(3) sets the requirement for contracting parties to promote and respect the ILO fundamental principles on human rights and rights at work, such as: a) the right to collective bargaining and freedom of association; b) compulsory and forced labour must be eliminated; c) child labour ending; d) discrimination annihilation. 19.3(5) oblige parties to ratify the ILO fundamental conventions. 19.3(8) bind the contracting countries to promote the ILO decent work agenda, including: a) protection of working hours, conditions of work, wages and social protection; b) cooperation and communication between government authorities on social aspects. 19.3(9) declared the obligation to implement health and safety policies, including injuries and illness, also create system of labour inspection. 19.3(11) obliges the parties to cooperate on: a) the ILO conventions implementation; b) decent work development, such as gender equality, social protection, social dialogue, productive employment, core labour standards assurance; c) labour rights protection growth; d) development of labour law impact on trade and investment.<sup>154</sup>

Chapter 19 in the EU-New Zealand FTA includes TSD goals, such as environmental, climate and labour areas. The chapter includes contracting parties' responsibilities to enforce laws, encourage trade and investment with human rights and environment protections. The chapter obliges parties to respect the ILO principles on labour standards, such as collective bargaining, elimination of forced labour, freedom of association, non-discrimination at work,

---

<sup>153</sup> ST/6601/2023/INIT Free Trade Agreement between the European Union and New Zealand, 2024/866

<sup>154</sup> Ibid

and child labour ending. Working together on sustainable development is the EU-New Zealand FTA chapter 19 target. Trading partners' cooperation provisions includes the ILO conventions implementation and TSD chapters' commitments, such as labour inspection, gender equality, decent work for all, good working conditions, social dialogue, etc.

#### **6.4. Summary**

This research showed that FTA is very important for countries economic and social development. The agreements between contracting countries create a trade system without tariffs and burdens, which can positively affect countries' economies, importers and exporters' supply chains.

In recent years, the sustainable development provisions have been included in the FTA. Trade and sustainable development provisions include environmental and human rights protection for contracting parties. This research analysed the EU-New Zealand FTA Chapter 19, which are about trade and sustainable development provisions. The analysis showed that TSD goals included in the FTA consists of fundamental labour rights protection, such as decent work for all, gender equality, decent working conditions, labour inspection system creation, and social dialogue development. Moreover, TSD goals include environmental protection, such as renewable energy, low carbon goods and services, and no tariffs for green goods and services. TSD goals in the FTA could help contracting parties prevent, develop and assure better working conditions, social justice, and environmental protection in the international trade system.

### **7. Conclusion**

This research showed that in recent years, the linkage between labour standards and the trading system has become a very important and controversial issue.<sup>155</sup> Scholars agree that international trade is a crucial process for countries' economic development. Every country or industry is trying to achieve economic growth, be competitive in markets, and improve international trade.<sup>156</sup> To achieve these goals, trade must be competitive, fair, and efficient. However, the research indicated that there is no consensus on how international trade could

---

<sup>155</sup> Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015), p. 1

<sup>156</sup> *Ibid*, p. 1

affect labour standards and vice versa. Discussions between different scientists and analysts have become a very sensitive topic around the world.

The research finding was that discussion about labour standards in trade agreements includes different aspects, such as social, political, and economic. Labour standards' importance in the agreements is analysed from employer, consumer, government, employee, and international organisation perspectives.<sup>157</sup> In this paper, labour rights in the international trade system were analysed from developed countries' perspectives. The analysis showed that labour standards are protected stronger in more developed countries. Labour rights protection in developed countries was analysed from the example of the EU-New Zealand FTA.

The paper concluded that labour rights create positive and negative impacts on international trade. The fair competition and security of economic advantages could be arguments for positive labour rights effect on the trading system, while protectionist policy and social dumping could help to analyse the negative labour rights impact on international trade. The protectionist policy creates a negative impact on the international trade system because it leads to unfair competition. Also, countries cannot use protectionism to achieve labour standards. This means that protectionism could be based only on national security aspects. Talking about social dumping, the research stated that this phenomenon creates an unfair and unequal labour market. To protect labour rights in the international trade system, a minimum standard level would be required. Equal conditions for human rights in the world would lead to a social dumping process decrease, which would positively affect the international trade system with fair and equal human standards assurance in different countries.

This paper showed that the 11 ILO's fundamental conventions and protocols on labour standards are internationally recognized and approved by different countries. The research declared that five labour rights, including the abolition of forced labour, freedom of association and collective bargaining, elimination of child labour, freedom from discrimination, and a healthy and safe environment at work, must be implemented in national laws and respected and promoted by all Member States.

---

<sup>157</sup> Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015), p. 4

This research analysed the EU legal frameworks on sustainable development. The CSRD came into force in 2023 and was based on corporate sustainable reporting practices, including social and environmental risks. The final text of the CSDDD was officially approved in 2024 and was a followed document based on due diligence reporting system on adverse labour rights and environmental impacts. This due diligence reporting system could help to identify and prevent labour rights or environmental standards breaches in the future. This paper showed that these two documents based on targets, reporting systems, social aspects, and sanctions have some similarities and some differences. In conclusion, the research declared that documents are similar in sanctions and social aspects, while the differences are in targets and reporting systems.

This paper analysed the EU and New Zealand FTA, which is the latest and most comprehensive agreement between trading partners. The FTA was examined from a sustainable development perspective based on TSD standards, including social and environmental protection. Negotiation on labour standards obliges countries to meet and respect the TSD chapters.<sup>158</sup> Analysis showed that Chapter 19 in the EU-New Zealand FTA includes TSD goals and obliges parties to respect and implement social and environmental standards, such as decent work for all, good working conditions, renewable energy, fundamental labour rights, low carbon goods, and services, gender equality, etc. These requirements oblige the EU and New Zealand to develop free trade between countries while at the same time following, respecting, and implementing social and environmental protection standards in the supply chains.

---

<sup>158</sup> Harrison, James, et al. "Governing labour standards through free trade agreements: Limits of the European Union's trade and sustainable development chapters." *JCMS: Journal of common market studies* 57.2 (2019), p. 273

## References

### Public documents:

#### The ILO:

1. International Labour Organisation "Decent work and the 2030 Agenda for sustainable development." ILO: Geneva, Switzerland (2015).
2. International Labour Organisation and International Institute for Labour Studies. "Social dimensions of free trade agreements." (2013).
3. International Labour Organisation, "ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up", Switzerland, 1998
4. International Labour Organisation „Free Trade Agreements and Labour Rights” {<https://www.ilo.org/international-labour-standards/free-trade-agreements-and-labour-rights>}
5. International Labour Organisation “Labour provisions in trade agreements don’t hurt business “, 2016 {<https://www.ilo.org/resource/news/labour-provisions-trade-agreements-dont-hurt-business>}
6. International labour organisation, International trade and labour rights: ILO Director-General calls for establishment of universal ground rules {[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_008013/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_008013/lang--en/index.htm)}
7. International Labour Organisation “Free Trade Agreements and Labour Rights” {<https://www.ilo.org/global/standards/information-resources-and-publications/free-trade-agreements-and-labour-rights/lang--en/index.htm>}
8. International Labour Organisation „International Labour Conference adds safety and health to Fundamental Principles and Rights at Work“, 10 June 2022, {[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_848132/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_848132/lang--en/index.htm)}
9. International Labour Organisation ”Trade for Decent Work Project” {<https://www.ilo.org/projects-and-partnerships/projects/trade-decent-work-project-5>}
10. International Labour Organisation website “The role and mandate of the ILO“, {<https://www.ilo.org/fair-globalization-making-it-happen/role-and-mandate-ilo>}

## **The EU:**

1. An official EU website” EU-New Zealand trade agreement enters into force, opening new opportunities for EU exporters”, 1 May 2024, Brussels, {[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_2388](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_2388)}
2. European Commission ”Report from the Commission to the European Parliament, the Council, the European economic and social committee and the committee of the regions on the Implementation and Enforcement of EU Trade Policy”, Brussels, 2023.
3. European Commission “EU-New Zealand Free Trade Agreement” {<https://trade.ec.europa.eu/access-to-markets/en/content/eu-new-zealand-free-trade-agreement>}
4. European Parliament “Sustainability provisions in EU free trade agreements: Review of the European Commission action plan”, 2021, {[https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2021\)698799](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2021)698799)}

## **Literature:**

1. Abdullah, Fitriani, and Lhery Swara Oktaf Adhania. "Protecting workers' rights: A fair and sustainable labour protection policy“, International Journal of society reviews, (2024): 1208-1233.
2. Artuso, Maria, and Carolan McLarney. "A race to the top: should labour standards be included in trade agreements?." *Vikalpa* 40.1 (2015): 1-14.
11. Bakhshi, Samira, and William A. Kerr. "Labour Standards as a Justification for Trade Barriers: Consumer Concerns, Protectionism and the Evidence *Estey Journal of International Law and Trade Policy* 11.1 (2010): 153-181.
12. Bäckstrand, Karin. "Towards a climate-neutral union by 2050? The European green deal, climate law, and green recovery." *Routes to a resilient European Union: interdisciplinary European studies*. Cham: Springer International Publishing, 2022. 39-61.
13. Baumüller, Josef, and Stefan O. Grbenic. "Moving from non-financial to sustainability reporting: Analyzing the EU Commission's proposal for a Corporate

- Sustainability Reporting Directive (CSRD)." *Facta Universitatis, Series: Economics and Organisation* 1 (2021): 369-381.
14. Bernaciak, Magdalena. "Introduction: social dumping and the EU integration process." *Market expansion and social dumping in Europe*. Routledge, 2015. 1-22.
  15. Bhagwati, J. (1995). Trade Liberalization and 'Fair Trade' Demands: Addressing the Environmental and Labour Standards Issues. *World Economy*, 18(6), 745–759.
  16. Busse, Matthias. "Do labor standards affect comparative advantage in developing countries?." *World Development* 30.11 (2002): 1921-1932.
  17. *Cambridge Dictionary* (2020). Cambridge: Cambridge University Press.
  18. Carrère, Céline, Marcelo Olarreaga, and Damian Raess. "Labor clauses in trade agreements: Hidden protectionism?." *The review of international organisations* (2022): 1-31.
  19. Chacaltana Janampa, Juan. "Economic implications of labour and labour-related laws on MSEs: a quick review of the Latin American experience." *ILO Working Papers* 994332763402676 (2009).
  20. Dul, Jan, and Tony Hak. *Case study methodology in business research*. Routledge, 2007.
  21. Edmans, Alex. "The end of ESG." *Financial Management* 52.1 (2023): 3-17.
  22. Elliott, Jonathan Gray. "Corporate Sustainability Due Diligence." (2023).
  23. Ernst, Ekkehard, Rossana Merola, and Daniel Samaan. *Trade wars and their labour market effects*. International Labour Office, 2019.
  24. Frey, P. *The Ecological Limits of Work: on carbon emissions, carbon budgets and working time*. Autonomy Research Ltd., 2019 {<http://autonomy.work/wp-content/uploads/2019/05/The-Ecological-Limitsof-Work-final.pdf>}
  25. Golub, Stephen S. "Are international labor standards needed to prevent social dumping?." *Finance and Development* 34.4 (1997): 20.
  26. Gschwinder, Joachim. "Sustainability and labour law." 6. FEB International Scientific Conference: Challenges in Economics and Business in the Post-COVID Times, 16–20 May 2022, Maribor, Slovenia, proceedings. University of Maribor University Press, 2022.
  27. Harrison, James. "The labour rights agenda in free trade agreements." *The Journal of World Investment & Trade* 20.5 (2019): 705-725.



28. Haworth, Nigel, Stephen Hughes, and Rorden Wilkinson. "The international labour standards regime: a case study in global regulation." *Environment and Planning A* 37.11 (2005): 1939-1953.
29. Hoekman, Bernard M., and Michel M. Kostecky. *The political economy of the world trading system: the WTO and beyond*. Oxford University Press, 2009.
30. *International relations and the European Union* 12 (2005): 247-269.
31. Ionel Zamfir "Labour rights in EU trade agreements: Towards stronger enforcement." (2022)
32. Jäger, Johannes, et al. "Expected economic effects of the EU corporate sustainability due diligence (CSDDD)“
33. Kay, Louise. "Labour-related provisions in trade agreements: Recent trends and relevance to the ILO." (2016).
34. Kelly, Serena, and Mathew Doidge. "Beyond trade: The European Union-New Zealand Free Trade Agreement." *Australian and New Zealand Journal of European Studies* 15.1 (2023): 23-32.
35. Kim, Dong-Hyeon. "Trade, growth and income." *The Journal of International Trade & Economic Development* 20.5 (2011): 677-709.
36. Kircicek, Tugba, and Gerçek Ozparlak. "The essential role of international trade on economic growth”, *Journal of Economics Finance and Accounting* 10.4 (2023): 191-202.
37. Kiss, Monika. "Understanding social dumping in the European Union." *European Parliamentary Research Service*, PE 599 (2017).
38. Kolben, Kevin. "Labor rights as human rights." *Va. J. Int'l L.* 50 (2009): 449  
Marx, Axel, Nicolás Brando, and Brecht Lein. "Strengthening labour rights provisions in bilateral trade agreements: making the case for voluntary sustainability standards." *Global Policy* 8 (2017), p. 1
39. Langbroek, Philip M., et al. "Methodology of legal research: Challenges and opportunities." *Utrecht law review* 13.3 (2017): 1-8.
40. Leal-Arcas, Rafael, and Mishael Al Saif. "The European Union's Free Trade Agreement with New Zealand: Motivations and Implications." Forthcoming in R. Leal-Arcas, *EU Trade Law*, 2nd edition, Elgar European Law Series, Cheltenham: Edward Elgar Publishing Ltd (2024).

41. Lincicome, Scott, and Inu Manak. "Protectionism or National Security? The Use and Abuse of Section 232." (2021).
42. Lyutov, Nikita. "The ilo system of international labour standards and monitoring procedures: too complicated to be effective." *Zbornik PFZ* 64 (2014): 255.
43. Marc, Jutten "Trade and sustainable development in EU free trade agreements." (2023).
44. Methven O'Brien, Claire, and Olga Martin-Ortega. "Commission proposal on corporate sustainability due diligence: analysis from a human rights perspective." (2022).
45. Meunier, Sophie, and Kalypso Nicolaïdis. "The European Union as a trade power."
46. Michaels, Ralf. "The functional method of comparative law." (2006).
47. Mishra, Lakshmidhar. "History of labour rights." *Social Change* 42.3 (2012): 335-357.
48. Myant, Martin. "Labour rights in trade agreements: five new stories." *ETUI Research Paper-Working Papers* (2022).
49. Novitz, Tonia A. "Sustainable Labour Conditionality in EU Free Trade Agreements?: Implications of the EU-Korea Expert Panel Report." *European Law Review* 47.1 (2022): 3-23.
50. Odoabaša, Rajko, and Katarina Marošević. "Expected contributions of the European corporate sustainability reporting Directive (CSRD) to the sustainable development of the European union." *EU and comparative law issues and challenges series (ECLIC)* 7 (2023): 593-612.
51. Orbie, Jan. "Promoting labour standards through trade: normative power or regulatory state Europe?." *Normative power Europe: Empirical and theoretical perspectives* (2011): 161-184
52. Titievskaia Jana. "Sustainability provisions in EU free trade agreements: Review of the European Commission action plan." (2021)
53. Primec, Andreja, and Jernej Belak. "Sustainable CSR: legal and managerial demands of the new eu legislation (CSRD) for the future corporate governance practices." *Sustainability* 14.24 (2022): 16648.
54. Salem, Samira, and Faina Rozental. "Labor standards and trade: A review of recent empirical evidence." *J. Int'l Com. & Econ.* 4 (2012): 63.

55. Sengenberger, Werner. "Decent Work: The International Labour Organisation Agenda." *Dialogue and Cooperation* 2.2001 (2001): 39-55.
56. Siroën, Jean-Marc. "Core labour standards, bilateral and multilateral trade." *Revista de Economía y Estadística* 54.1 (2016): 59-83.
57. Siroën, Jean-Marc. "Core labour standards and exports." (2017).
58. Snyder, Hannah. "Literature review as a research methodology: An overview and guidelines." *Journal of business research* 104 (2019): 333-339.
59. Sopranzetti, Silvia. "Overlapping free trade agreements and international trade: A network approach." *The World Economy* 41.6 (2018): 1549-1566.
60. Tarighi, Hossein, et al. "Corporate social responsibility disclosure (CSR) and financial distressed risk (FDR): does institutional ownership matter?." *Sustainability* 14.2 (2022): 742
61. Thomas, Huw, and Peter Turnbull. "From horizontal to vertical labour governance: The International Labour Organisation (ILO) and decent work in global supply chains." *Human Relations* 71.4 (2018): 536-559.
62. Urata, Shujiro. "Globalization and the growth in free trade agreements." *Asia Pacific Review* 9.1 (2002): 20-32.
63. Uygun, Hayri, and Rashmi Gujrati. "Protect Labour Rights and Promote Safe Working environment." *Journal of Pedagogical Inventions and Practices* 8 (2022): 9-15.
64. Wilhelm, Miriam, et al. "Private governance of human and labor rights in seafood supply chains—The case of the modern slavery crisis in Thailand." *Marine Policy* 115 (2020): 103833.

## Legislations

1. Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting (COM/2021/189 final).
2. European Parliament legislative resolution of 24 April 2024 on the proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937
3. 2012/C 326/01 Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union
4. ST/6601/2023/INIT Free Trade Agreement between the European Union and New Zealand, 2024/866

## Internet sources

1. Bendini, R. 'The Future of the EU Trade Policy'. Directorate-General for External Policies, DG EXPO/B/PoIDep/Note/2015\_227, 2015, {[http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549054/EXPO\\_IDA](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549054/EXPO_IDA)}
2. Kathrin Brugger, Andre Kock\_”CSRD and ESRS: These are the to-dos for HR and labor law”, 2023, {<https://kpmg-law.de/en/csrd-and-esrs-these-are-the-to-dos-for-hr-and-labor-law/>}
3. Official Corporate Sustainability Due Diligence Directive website {<https://www.corporate-sustainability-due-diligence-Directive.com/>}
4. The Organisation for Economic Co-operation and Development “Inequality” {<https://www.oecd.org/social/inequality.htm/>}