



# The Role of Multilateral Organizations in the Regulation of Global Trade

by Diletta Porcheddu

**Tag:** #globaltrade #fairtrade #WHO #FAO #ILO

On October 11, the event "**The Role of Multilateral Organizations in the Regulation of Global Trade**" organized by ADAPT was held in Rome (CNEL, Sala Parlamentino): the event saw the participation of numerous representatives of leading international organizations, research institutes and think tanks. The recording of the event is to be found [here](#) (in Italian).

Here is an **overview of the panel:** Maurizio Sacconi (Steering Committee Chairman ADAPT), Maurizio Bussi (Deputy Director ILO Europe), Maurizio Martina (Deputy Director General FAO), Giampiero Massolo (President of ISPI), Guido Rasi (former director EMA), Tiziano Treu (President of CNEL), and Giovanni Tria (Economist, Co-chair of China-Italy Economic and Financial Think Tank). ADAPT participated by drafting and presenting a **preliminary note on the evolution of international organizations** (to be found [here](#), in Italian), as well as by providing concluding remarks of the event itself.

The objective of the meeting was to **explore the potential of international organizations in moderating the most distorting effects of the global free trade system**, facilitating the transition from the current market de-regulation to a higher level of equity and social sustainability, aimed at the realization of so-called "**fair trade**".

Such an operation appears necessary, considering the alarming series of **geopolitical, health, economic and environmental crises** affecting the present historical context; the power of the free market is no longer thought to be able to foster neither a **progressive and unstoppable expansion of the economy** nor an **improvement in the living conditions of the world population, characterized by peace and prosperity**.

Today, in fact, globalization is approached with an attitude of **greater caution, if not outright distrust**, as free market logics are increasingly questioned in terms of their ability to achieve sustainable growth objectives.

It is no coincidence, in fact, that the past decade has seen **broad electoral support for national political forces advocating renewed "trade protectionism,"** opposing **doubts and in some cases outright opposition to the signing of new free trade agreements between nations**.

The solutions proposed by these political forces, however, are "national" solutions to "global" issues. Instead, it seems clear that managing the problems of an increasingly interconnected economy and world needs a different approach; for example, **the needs highlighted by the COVID-19 pandemic**, such as the circulation of vital public health information, control over the safety of research activities on viruses and bacteria, and the distribution of vaccines, have shown how an element of primary concern such as global health necessarily requires **the joint action of national governments and international organizations**.

On the other hand, however, **the relations and relationships among the international organizations themselves still do not seem suited to pursue such an ambitious goal**.

Consider, for example, the **World Trade Organization (WTO)**, which has formal relations **only with the so-called “Bretton Woods” institutions**, namely the International Monetary Fund (IMF) and the World Bank (WB), but not with the main United Nations agencies, such as the Food and Agriculture Organization (FAO), the World Health Organization (WHO), and the International Labor Organization (ILO).

In such a context, it seems obvious why **the prospect of greater cooperation among international agencies is a key point of the most recent UN policy developments**: the so-called **“2030 Agenda for sustainable development”** in fact entails a specific "paradigm shift" with regard to the issue of sustainable trade, based mainly on the **cross-sectoral unification of different organizations’ strategies**, in order to gradually achieve **concrete steps in the direction of effective compliance with minimum universal social standards**.

There is, however, one international organization that has already taken significant steps towards a “social” regulation of the globalized market. This is the International Labor Organization, which in 1998 identified a **framework of shared and mandatory labor-law principles** to be necessarily implemented by Member states, regardless of their level of economic development or the ratification of Conventions that already included them.

These are the four so-called **“core labour standards,”** described within the ILO **“Declaration on Fundamental Principles and Rights at Work”** which include the freedom of association and effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in employment and occupation. Thanks to the **ILO Resolution of June 10, 2022**, **the right to a healthy and safe workplace is now also included among those core principles**.

The fundamental idea behind the ILO core labour standards is to **deny that freedom of trade is an axiologically superior principle compared to fundamental human and social rights**, thus applying solutions opposed to the exploitation of the conditions of economic supremacy inherent in the most extreme conception of free trade.

Such "activism" on the part of the ILO during the past 25 years has been the subject of **extensive debate with the WTO**, given the importance of the **relationship between standards in working conditions and international trade**.

Some argued, in fact, that the application of ILO core labour standards as a condition for signing trade agreements concealed **"protectionist" initiatives of the most industrialized countries against developing countries, aimed at limiting the latter's participation in trade on the global market**. According to others, on the other hand, such principles were an **effective way to prevent a progressive "race-to-the-bottom" of labour conditions in the name of competition**.

This debate is also reflected within important trade agreements of the time: the **Singapore Declaration**, signed by the WTO in 1996, for example, on the one hand confirmed the commitment of the contracting parties to respect the core labour standards, but on the other reiterated that issues pertaining to the social clauses of the agreements were to be considered of exclusive and separate competence of the ILO.

Today the dichotomy between **standards in working conditions and international trade** seems to have found partial reconciliation, considering how about **80% of the free trade agreements that have come into force since 2013 include clauses aimed at committing the parties not to compress their labor standards in order to increase the competitiveness of their respective economic systems**; it has been pointed out by many how, through this expedient, the ILO system has in fact increased its prominence in the global trade system.

The main question posed by speakers at the Rome event is **whether such an initiative can also be replicated by other international organizations, such as FAO or WHO**.

Health standards or food safety and quality standards, defined by those very organizations, could become part, together with core labour standards, of a specific **set of measures on social issues**

**to be included within free trade agreements**, under penalty of exclusion from participation in the global trade system. In other words, it has been debated whether **shared minimum principles** such as, for example, transparency relating to the quality standards of goods, accompanied by appropriate monitoring and enforcement tools, **could make a significant contribution with regard to the transition to fair trade"** pushing even those nations less inclined in this direction to respect them.

In fact, some systems for the establishment of social principles by international organizations already exist: they often take the form of the creation of **joint committees dealing with topics of shared interest**. This is the case, for example, with the [Codex Alimentarius Commission](#), participated by the FAO and the WHO, aimed at identifying **unambiguous standards regarding the safety, quality and fairness of international food trade**, and identified by the Sanitary and Phytosanitary Measures Agreement (signed by the WTO) as the official body in this regard.

However, an operation such as the one described and proposed by the conference speakers would require **an unprecedented degree of collaboration among international organizations**. The exceptional nature of the current economic, geopolitical and social context requires nonetheless a profound renewal of international policies: this, of course, **if the goal is to ensure the survival and efficiency of the global free trade system**, preserving its positive effects in terms of economic development of less industrialized countries, increase in the production and diffusion of new technologies, opportunities of access to different world cultures, and, in parallel, to avoid the return of protectionist and isolationist scenarios.

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