

International Trade and Economic Justice: A Revised Approach

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Contents

3	Introduction
4	1 The Historical Conception of Economic Justice and International Trade
4	1.1 North-South Divide
5	1.2 Domestic Divides on Economic Lines
6	2 Socio-Economic Justice Challenges
6	2.1 Race
6	2.2 Indigenous identity
7	2.3 Gender
8	2.4 Religion
8	2.5 National Origin
9	3 The Opportunity for a New Approach to Trade
10	3.1 Revisiting the Data Behind Trade
10	3.2 Improving Trade Rules, Institutions and Practice
10	3.2.1 Drawing from experience: Environment and labour
11	3.2.2 Strengthening early initiatives: Indigenous peoples and gender
11	3.2.3 Going further: Disadvantaged communities
12	3.3 Engaging with Underserved Communities on Trade
13	Conclusion
14	Acknowledgements
16	Endnotes

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Introduction

In 1947, when the General Agreement on Tariffs and Trade (GATT) was signed, nearly 80% of the world's population lived in poverty. In 1994, when the World Trade Organization (WTO) was created, the number was still more than 33%. The number fell below 10% at the end of the last decade.¹ Over that same 75-year time frame, merchandise exports have increased by an average of nearly 6% every year.² There is a correlation between the growth of international trade and the unprecedented drop in global poverty.³ Moreover, international trade has significantly contributed to the reduction of income inequality that exists between countries.⁴

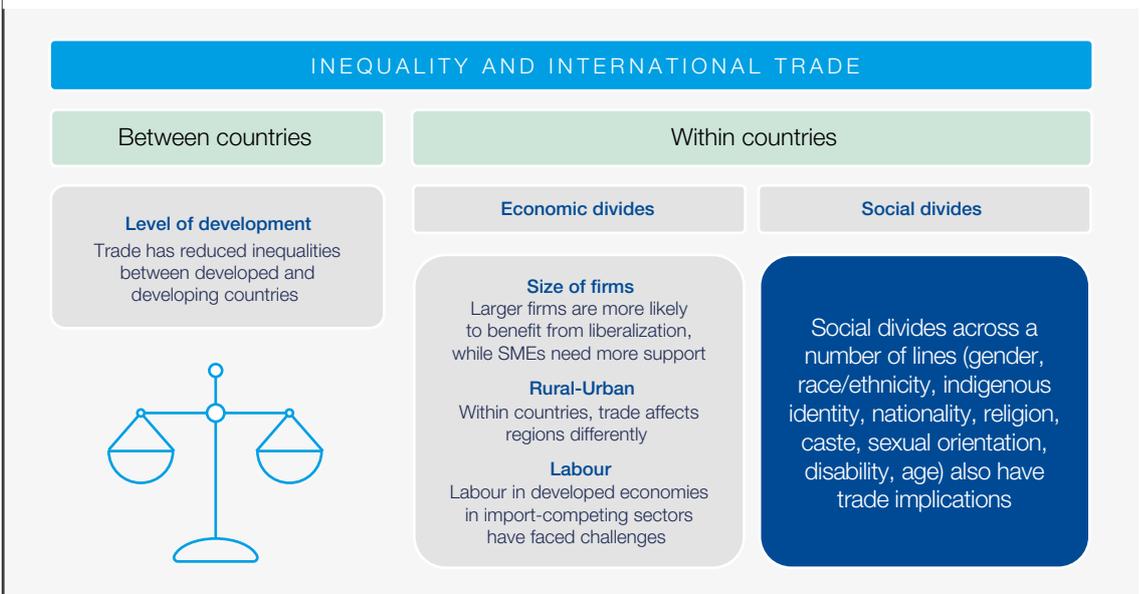
Despite the monumental achievements in poverty reduction and cross-country income inequality, international trade can cause increased economic inequality within countries. International trade theory predicts this⁵ but traditionally holds that aggregate gains will be more than enough to compensate aggregate losses.⁶ The failure of policy in affecting this redistribution has contributed, particularly in developed economies, to a backlash against globalization and a rise in populist politics.⁷

Economic inequality is often analysed based on the Gini coefficient, which measures the statistical dispersion of income and/or wealth among a

population. A significant explanator for the inequality that exists in countries around the world is the divides that exist across socio-political lines: gender, race, ethnicity, nationality, Indigenous identity, religious affiliation, caste and more.⁸ Historical inequities across a variety of aspects of life, including education, civic participation, economic rights and healthcare, have contributed to these fissures. The consequences of these divides are stark as social and political upheaval can often be tied to underlying economic challenges.⁹

Tremendous scholarship exists on how domestic policy changes can help to remedy unequal economic opportunities and outcomes and reduce the possibility of social and political unrest in the wake of globalization.¹⁰ This paper asks a different question. Is there anything trade and trade policy can do to reduce inequalities within countries, particularly when those equity gaps exist as a result of social and political injustices that have impacted a particular group? National policies can, of course, help in tackling some of these unequitable outcomes within countries. Yet, trade policy can also be a powerful tool to shift behaviour and commit governments to reforms. Moreover, the political realities and pressures on trade to deliver for all necessitate a revised approach.

FIGURE 1 Economic Inequality and International Trade



Source: Authors

This community paper proceeds in three parts. First, it acknowledges the existing scholarship on the intersection between economic justice and international trade, which has focused on a cross-country analysis as well as domestic implications for small businesses, rural communities and, in particular, labour. The paper then describes the

stark domestic economic justice challenges that exist for disadvantaged groups in countries around the world and the effect this has on economic outcomes. Part three of the piece suggests an opportunity to alleviate some of these domestic economic injustice issues through a revised approach to trade policy and practice.

The Historical Conception of Economic Justice and International Trade

A fundamental thesis underlying international trade is comparative advantage, that countries will export goods and services they can produce at a lower opportunity cost than their trading partner. Trade liberalization is an effort to remove tariff and non-tariff barriers between trading partners to facilitate freer flow of goods and services. There are several examples of economies – including

South Korea, Taiwan and Poland – that moved from lower to middle income over the course of the 20th century due in large part to trade liberalization. Nevertheless, there are serious criticisms of the effect of international trade policy on developing economies and on labour in advanced economies,¹¹ which have formed the basis of existing analysis of economic justice and international trade.

1.1 North-South divide

An argument in support of trade liberalization for developing economies was that increased access to capital, technology and consumers in developed economies would lead to growth.¹² The GATT included signatories from developed and emerging economies, but it was negotiated when many developing economies were still under colonial rule and created neither differentiated tiers of nations nor distinct requirements based on their development status.¹³ Criticism of the existing system began to reach a zenith in the 1970s when a group of 77 developing nations began to press demands for a revised trading system.¹⁴ In 1979, developed economies were permitted to give special and differential – i.e., more favourable – treatment to developing countries.¹⁵ While there are valid criticisms of the operation of the “generalized system of preferences”, there are strong equity-based rationales for such non-reciprocal and preferential treatment.¹⁶ When the WTO was created in 1994 it set out as one of its six objectives to help developing countries benefit fully from the global trading system.

Some critics of the international trading system, however, argue that developing countries are taken advantage of when it comes to the specifics of negotiations and that trade agreements must do more to remedy the injustices of colonialism. They argue that large subsidies and selective liberalization by developed economies have kept developing economies out of key industries.¹⁷ They

note that while autocratic rulers in certain countries have benefited from international trade, those benefits have not accrued to the citizens of those countries.¹⁸ When an industry is displaced by trade in countries with high rates of unemployment, there is a large knock-on effect as there is nowhere else in the labour market for the displaced worker to go.¹⁹ A high incidence of vulnerable and informal employment and few resources for retraining in developing countries exacerbate this.

Joseph Stiglitz has been one of the most prominent advocates for rethinking trade liberalization, arguing that trade should take into account the unlevel playing field on which developing economies operate.²⁰

It is notable that the north-south divide has been exacerbated by the pandemic, as less developed economies lack access to vaccines, healthcare and telecommunications facilities that are central to safe economic reopening and are less able to provide financial support to firms and households.²¹ Further, the negative impacts of climate change will be felt most strongly in these countries.²²

There are also indications, however, that the north-south divide is no longer the core economic issue driving geopolitics. Several countries traditionally in the global south have developed into global powers (with China the most notable example). Moreover,

competition between south countries is almost as fierce as competition between those in the north and south.²³

This paper does not recommend ignoring the continued divide between developed and

developing economies in order to focus on domestic economic justice issues. It aims to provide a framework for thinking about the latter as an additional path to pursue in enabling international trade to foster a more inclusive global economy.



1.2 Domestic divides on economic lines

Several recent trade agreements have taken into account distinctions between large firms and small firms, with whole chapters of trade agreements dedicated to small and medium enterprises (SMEs).²⁴ Trade policy-makers are also acutely aware of economic distinctions that exist between urban, largely service workers, and rural, largely agricultural workers,²⁵ and trade agreements have allowed governments policy space to support underdeveloped regions. But the most significant work has been done in understanding the differential impacts of trade on different income groups and types of workers within countries and in addressing the negative impact of trade liberalization on domestic labour particularly in advanced economies.

Trade liberalization can leave labour worse off in countries where the expanding sector is capital-intensive and the return to labour decreases. The trade shock caused by China's export rise to US labour markets in import-competing industries was found to be long-lasting and the adjustments slow.²⁶ In the absence of active labour market policies to retrain and help place displaced workers in other sectors, trade-displaced workers often face unemployment or informal employment.²⁷

Moreover, when countries adopt lesser labour standards than their trading partners, it can lead to criticisms of unfair competition in trade.²⁸ At the same time, some developing countries have argued that low-cost labour constitutes their comparative advantage in international trade and resisted attempts to include labour commitments in multilateral trade rules.²⁹ This is a fundamental

challenge that has been at the heart of the international trading system since its inception.³⁰ Neither the GATT nor the WTO agreements include specific language on labour issues, outside an exception in the GATT for measures related to prison labour.

The International Labour Organization (ILO) has traditionally been seen as the "balance" to the GATT and WTO. The ILO predates the modern trading system, tracing its origins to the end of the First World War. The ILO has the core value of social justice and has helped to develop labour standards while enabling free trade. Regional trade agreements in recent years are increasingly including chapters on labour, drawing from ILO agreements. These trade agreements make certain ILO commitments binding and provide remedies if governments divert from standards on the treatment of workers.³¹ Very few labour disputes have been brought under these provisions, but there has been an uptick recently under the USMCA's Rapid Response Labor Mechanism.³²

When countries implement trade agreements in their domestic law, they often couple that implementation with support for domestic workers and businesses that might be negatively impacted by the trade agreement. Trade adjustment programmes are predicated on economic justice and provide retraining, tax credits and direct payments. These programmes, however, do not take into account underlying socio-economic divides discussed below that put workers and businesses from minority communities at an even greater disadvantage.

2

Socio-Economic Justice Challenges

Discrimination, unfortunately, seems to be a global human phenomenon. Isabel Wilkerson has written extensively about the divides that exist within human societies, capturing them under the umbrella term “caste.”³³ These castes exist across a variety of social lines, and societies and politicians have a long history of using these differences to discriminate against particular groups. This discrimination

can come in several forms, affecting education, employment, civics, healthcare, access to justice and the realization of fundamental human rights. This, in turn, often has economic effects. It is worthwhile analysing how stark some of these inequalities are because they undermine the ability of certain sections of society to fully participate in and benefit from economic activities, including trade.

2.1 Race

The Boston Consulting Group has estimated that white families in the United States have a median wealth nearly 10 times that of Black families.³⁴ McKinsey estimates that the wealth gap’s negative effect on consumption and investment will cost the US economy between \$1 trillion and \$1.5 trillion over the coming decade.³⁵ And the problem seems to be getting worse, with the racial wealth gap between individual families increasing by 54% between 1992 and 2016.³⁶

But racial economic inequality is not solely a US problem. Black households in the UK have only 10 pence of savings and assets for every £1 of white British wealth.³⁷ In Brazil, the poorest segment of the white population receives nearly twice as much in government subsidies as equally poor Afro-Brazilians.³⁸ Bon-Maury et al estimate that France’s GDP could increase by €3.6 billion by reducing racial gaps in access to employment and education.³⁹

Data and analysis on ethnic minorities and trade access and performance are limited. A 2020 study found that ethnic minority businesses in the UK were more likely to export or to say that they intended to export but that they remained detached from mainstream business support and financing.⁴⁰ Similarly, studies on how trade shocks affect racial minorities are few but growing. In the US context, Batistich and Bond found that increased import competition from Japan in the late 1970s and early 1980s increased racial disparities by decreasing Black employment in manufacturing, labour force participation and median earnings, while white manufacturing employment increased. They attribute this to skill upgrading in those jobs, and so the underlying causes of differential impact maybe be non-trade related.⁴¹ Another study has found that the “China shock” resulted in the loss of 405,000 manufacturing jobs for Black workers.⁴²

2.2 Indigenous identity

There are approximately 370 million Indigenous people around the world. Yet, they account for almost one-fifth of those in extreme poverty.⁴³ Indigenous peoples are understood to be those “descended from populations which inhabited the country or region at the time of conquest, colonization or establishment of state boundaries” and who “[r]etain some or all of their own social, economic, cultural and political institutions”.⁴⁴ Indigenous communities are “place-based societies”⁴⁵ with strong connections to their territories.

Despite inevitable differences between different groups of Indigenous peoples, most face similar challenges relating to lack of political representation, recognition of their land rights and control over the use of their territories and natural resources. Burrows and Schwartz (2020) say: “The result is that trade and investment are not viewed neutrally by Indigenous peoples...[a]s international trade and investment agreements are legal arrangements that facilitate the ongoing dispossession and oppression of Indigenous peoples.”⁴⁶

The inherent rights of Indigenous peoples, both individual and collective, have been recognized in treaties entered into with colonial states as well as under international legal regimes, including the United Nations Declaration on the Rights of Indigenous Peoples, the America Declaration on the Rights of Indigenous Peoples and ILO Indigenous

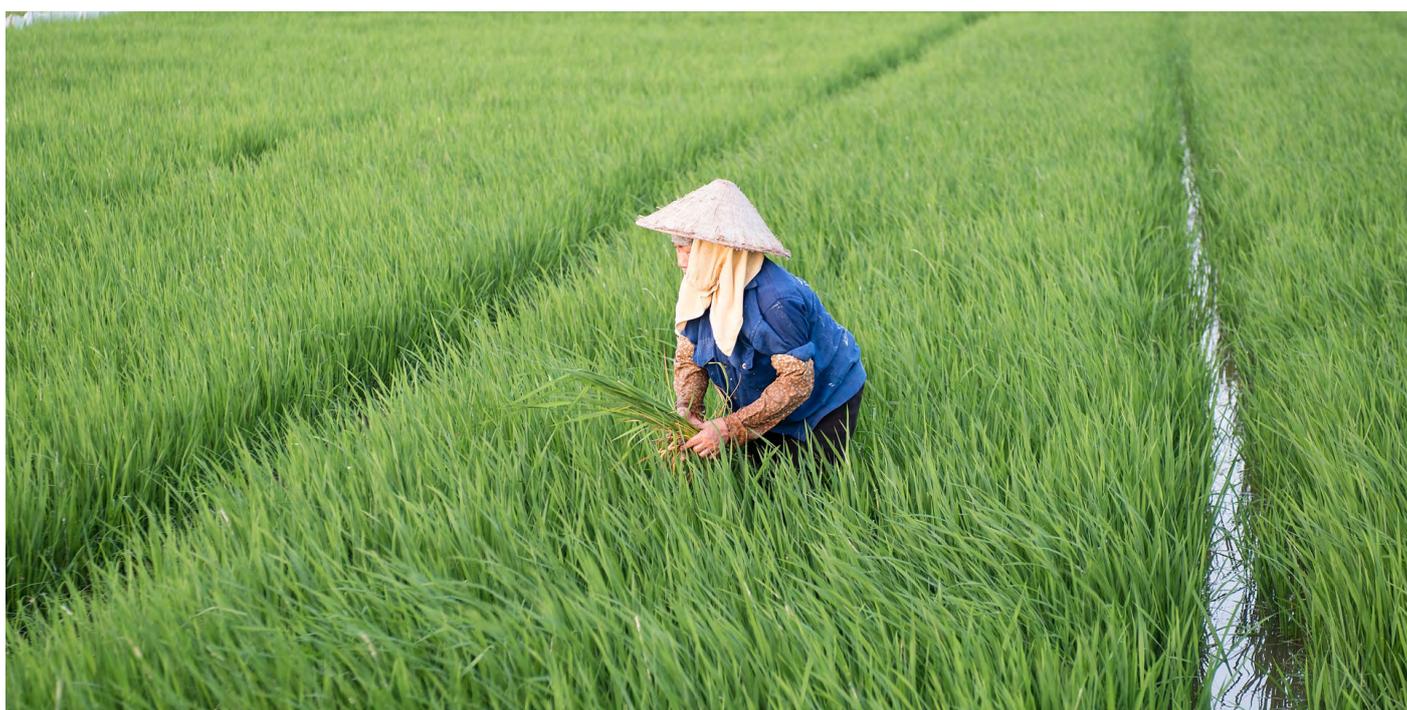
and Tribal Peoples Convention, 1989 (No. 169). These international legal instruments encompass human rights as well as cultural, social and economic rights and provide a legal imperative to address the inequities faced by Indigenous peoples at the WTO.

2.3 Gender

Women make up half of the global population but due to various constraints contribute only 37% to global GDP, as currently calculated.⁴⁷ They disproportionately undertake unpaid care and household work.⁴⁸ Among Organisation for Economic Co-operation and Development (OECD) economies, the gender wage gap (defined as the difference between median earnings of men and women relative to median earnings of men) sits at 12.8%.⁴⁹ The OECD estimated the economic losses across the world from gender discrimination at approximately \$11.8 trillion.⁵⁰ Women-owned firms made up only 19.9% of all firms that employed people in the US in 2018.⁵¹ Moreover, women tend to be concentrated in smaller businesses which are underreported in economic statistics and face considerable barriers to trade.⁵² Women have traditionally been kept out of trade opportunities, which would benefit their wages and reduce wealth gaps.⁵³ Many of these gaps can be explained by discriminatory policies and social practices that women face with regards to education, employment, property ownership, child care and healthcare. Moreover, a recent study in the US has found that even in esoteric areas, such as tort damages, discriminatory practices can negatively impact women and racial minorities.⁵⁴

The impact of international trade on gender has been studied more than other social divisions. In a study of the North American Free Trade Agreement (NAFTA), Juhn et al found that trade liberalization coupled with technological upgrades benefited women workers in Mexican manufacturing firms more than men.⁵⁵ A WTO and World Bank study found that manufacturing firms engaged in international trade employed a higher percentage of women than non-exporting firms.⁵⁶ Other studies have not been as encouraging. Boler et al find that exporters exhibit a higher wage gap than non-exporters as they require greater employee flexibility in terms of working at particular times and travelling at short notice and perceive women to be less able to meet these requirements.⁵⁷

As consumers, women play an outsized role in purchasing household goods; they spend a greater percentage of their income on necessities for their households than men. Trade can provide them with access to lower cost goods and enhance their buying power. At the same time, tariff burdens often fall heavily on women's products.⁵⁸ For instance, it was found that the average applied US tariff on women's apparel was 15%, while that for men's apparel was 12% in 2015.⁵⁹



2.4 Religion

Discrimination against religious minorities, like other social divides, tends to take shape in relation to areas like civic participation, policing and education. But, just as with other social divides, there are economic knock-on effects from this discrimination. A study on the treatment of Jews in Nazi Germany studied firms that had Jewish managers and found that the stock price of those firms declined by 12% after those managers were removed relative to similar firms without Jewish managers, highlighting one of the economic costs of such discrimination.⁶⁰ In a recent study of Muslim job applicants in five European countries, V. di Stasio et al found that applicants were penalized for signalling closeness to

Islam on their applications.⁶¹ A Council on Foreign Relations study on President Trump's proposal to ban all Muslims from entering the US estimated that the costs would be over \$70 billion.⁶² The "Muslim ban" ended up being applied to only six countries but nevertheless had significant economic and social effects.⁶³ In a study of job applications by Dalits, a caste in the Hindu religion, in India, researchers found that those with Dalit names were less likely to be called for interviews.⁶⁴

Data on how this discrimination is reflected in religious minorities participating in and benefiting from trade are limited.



2.5 National origin

While trade liberalization has unlocked the free movement of goods and services, the free movement of people has been more contentious. There are immigration restrictions in nearly every country in the world. And, when immigrants do make it across a national border, they may still be subject to discrimination in their host country. Bangladeshi households in the UK have 10% of the savings and assets of white households.⁶⁵ Young men of Arab descent in France are 20 times more likely than those of French descent to face identity checks by the police.⁶⁶ In Canada, even skilled

immigrants face higher levels of unemployment and lower wages than their non-immigrant counterparts.⁶⁷

All of these fractures across social lines have negative implications on domestic economies and on the ability of individuals to fully participate in trade and trade policy-making. The next section discusses steps that can be taken in the international trade context to remedy some of these inequities.

3

The Opportunity for a New Approach to Trade

Some countries have reformed domestic laws in an effort to counter historical discrimination.⁶⁸ To the extent that discrimination affects an individual or firm's ability to fully participate in or benefit from trade, trade policy has a role to play and international economic agreements can help bolster domestic non-discrimination standards.

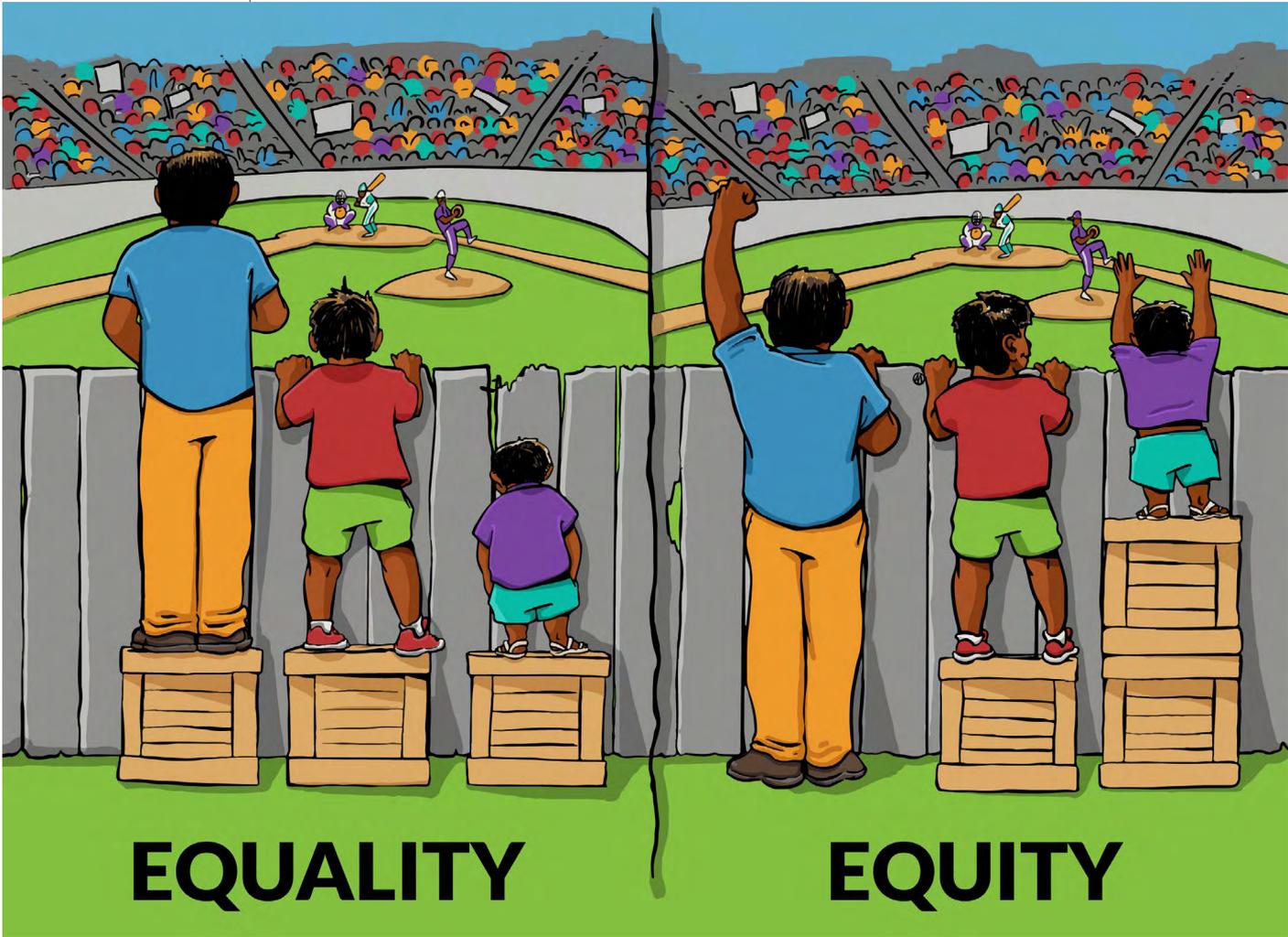
Moreover, the theoretical approach to offset the harms that trade liberalization can have on certain groups is to provide redistributive national benefits to those that might be negatively impacted by increased competition. However, in practice, few governments do so effectively. There is also scope for ensuring that these programmes take into account the difficulties disadvantaged communities might face in accessing the benefits. While this traditional argument that increased

economic productivity driven by trade can enable greater redistributive economic policies by national governments is valid, it is not enough.⁶⁹

In addition to protecting the rights and interests of underserved communities, why not try to maximize their ability to export and import, to truly benefit from trade? This could involve promoting trade policies that might have a disproportionately positive impact on minority communities. Special considerations regarding the practical challenges minority firms face in engaging in trade must be addressed to help level the playing field. This emphasizes equity over equality.

All these approaches need to begin by better capturing and utilizing data that could inform inclusive trade policy-making.

FIGURE 2 Equality vs equity



Source: Interaction Institute for Social Change; Artist: Angus Maguire, 2016

3.1 Revisiting the data behind trade

Determining which sectors to seek liberalization on is a key factor in determining a country's strategy towards a trade agreement. Most countries consider the sector in which they have comparative advantage in making that decision. Critics of trade argue that governments favour large industries with close government ties when negotiating trade agreements to the detriment of the broader economy and society. The proper representation of the views and interests of disadvantaged communities in trade negotiations can help balance this.

Clear definitions of which underserved groups to focus on will be required and these will vary from country to country. Better data will be needed on the sectors where underserved populations are most likely to own businesses and work in or rely on for inputs and final products. Typically, minority populations tend to focus on services businesses that cater to their own local communities, often because discriminatory policies keep them out of broader industries. Nevertheless, there tends to be specific industries in which minority entrepreneurs find success and governments can do a better job of capturing data on minority-owned businesses and workers in those industries. Moreover,

countries should examine tariff lines to determine if they are discriminatory against those sectors that have a disproportionate representation of minority businesses and workers. This should inform future negotiations. The specific barriers that minority businesses face in participating in trade and benefiting from it must also be assessed.

Further, governments must recognize that labour displacement caused by trade opening may disproportionately affect workers from disadvantaged communities. For instance, trade liberalization was found to produce, among low-skilled workers, worse effects for Black workers and workers of colour in South Africa.⁷⁰ International organizations can help develop self-assessment tools for countries to see how their trade and investment policies affect these groups, as the International Trade Centre has done for women through its *SheTrades Outlook*.⁷¹

Better data alone, however, will not be enough. Specific language in trade agreements can be developed focused on economic justice for minority communities; this would not be unprecedented in the context of trade.

3.2 Improving trade rules, institutions and practice

3.2.1 Drawing from experience: Environment and labour

International trade agreements have long recognized the negative impact that industrial development has had on the ecology of the world. The Marrakesh Agreement, which established the WTO, acknowledged the importance of sustainable development and included exceptions to trade disciplines for the protection of conservation and the protection of plant life.⁷² Since 2014, 46 nations, through negotiations at the WTO, have been working towards liberalizing trade in key environmental products, like solar panels.⁷³ Though the Environmental Goods Agreement (EGA) negotiations are stalled, there is now renewed hope of discussion with the launch of structured discussions on trade and environmental sustainability.⁷⁴ Free trade agreements (FTAs) increasingly include environmental chapters. The Peru-United States Trade Promotion Agreement goes further to include an Annex on Forest Sector Governance⁷⁵ requiring Peru to establish independent institutions, introduce substantial penalties for illegal logging and wildlife trafficking and take steps to comply with the Convention on

International Trade in Endangered Species of Wild Fauna and Flora (CITES). The US invested over \$60 million between 2009-2013 to support the implementation of the Annex in Peru.⁷⁶

FTAs also increasingly feature provisions on labour and these provisions have become more stringent over time.⁷⁷ Limitations exist where major economies have not ratified ILO conventions.⁷⁸ While the number of labour disputes brought under these are few, the US case against Guatemala for violating labour standards under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) demonstrated enforceability of domestic labour standards.⁷⁹ The first labour case against the US under USMCA was filed with Mexico by female migrant workers on 23 March 2021. The case alleged that gender-based discrimination in hiring practices for migrant workers violated Article 23.3 (1) (d) (the elimination of discrimination in respect of employment) and Article 23.8 (ensuring migrant workers are protected under labour laws, whether or not they are nationals).⁸⁰

3.2.2 Strengthening early initiatives: Indigenous peoples and gender

Some trade agreements explicitly acknowledge Indigenous peoples. The CPTPP preamble includes non-binding language reaffirming the importance of Indigenous rights. The Canada-US-Mexico Agreement includes a general exception allowing parties to apply measures to fulfil legal obligations to Indigenous peoples, including those protected by the Canadian constitution in Canada's case.⁸¹ New Zealand's FTAs include a similar exception to allow it to fulfil its "Treaty of Waitangi" obligations to the Maori.⁸² There is an opportunity to move beyond mere exceptions and the protection of rights to positive steps to improve Indigenous peoples' participation and gains from trade and investment. For instance, the Canada-US-Mexico Agreement allows duty-free treatment of imports of Indigenous handicraft textile and apparel goods.⁸³

Canada has incorporated trade and gender chapters in its trade agreements to incorporate a gender perspective to trade concerns. These agreements reaffirm commitments to international treaties such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), enable bilateral cooperation involving public and private stakeholders, and set up a trade and gender committee with accountability, advisory and coordination functions.⁸⁴ In December 2017, the WTO issued a joint declaration on trade and women's economic empowerment that committed to working together to remove barriers to women's participation in trade and sharing best practices among member states.⁸⁵ Donors, international organizations, development banks and non-profits working on trade and investment projects worldwide have adopted practices for mainstreaming gender concerns in their planning and operations.⁸⁶

3.2.3 Going further: Disadvantaged communities

Lessons can be drawn from the successes and limitations of using trade policy to achieve environmental and societal objectives. For instance, FTA commitments could include upholding domestic laws on equality and non-discrimination; committing to international treaties and standards, such as the International Convention on the Elimination of All Forms of Racial Discrimination and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP); putting in place institutional arrangements to enhance accountability; and even encouraging bilateral cooperation and engagement and input from stakeholders and organizations working on discrimination and equality. Assistance, training and incentives for improvement for the party with lower standards should be emphasized over purely punitive measures. Such assistance regimes exist in the environmental context. The rationale for using trade agreements to achieve – or bolster national efforts to achieve – these ends is that the negative effects that trade might have on these communities could undermine support for and prompt a backlash to the agreement.

Moreover, a WTO joint declaration on marginalized communities could be made, building on the 2017 declaration on women's economic empowerment and proposals in the context of Indigenous peoples.⁸⁷ Just as there is a regular committee at the WTO on trade and the environment, there could be one focused on trade and economic justice, exploring the myriad of issues that underlie domestic economic disparities and exploring how trade could be leveraged to lessen those inequities. The excellent work the WTO has done on women and trade could be incorporated into this new committee.⁸⁸

Trade agreements can also include periodic reviews to determine if the policies enshrined in the agreement are having discriminatory effects on marginalized communities, tasking relevant agencies to collect the necessary data. For instance, these could ensure that the implementation of trade processes, administrative procedures and granting of licences does not discriminate against any groups. Support for marginalized communities in trade agreements, however, should not be used as a mask for traditional protectionism.

Some studies suggest there are limits to the effects that environment, labour and other provisions in FTAs have on actual environmental and societal outcomes.⁸⁹ This indicates that including provisions in an FTA is not enough; capacity building is key.

Once disadvantaged communities are identified in a particular national context, specialized technical and financial assistance is needed to help firms export, find suppliers and buyers and meet regulatory standards and other export/import requirements. The WTO secretariat can play an important role in helping developing countries understand existing and negotiating new trade rules and flexibilities that could be used to support marginalized communities. Development organizations, including the UN, World Bank Group and International Trade Centre, can (and do) contribute by measuring the effects of their trade capacity-building initiatives on marginalized groups and by designing programmes with governments and local civil society that benefit these groups, protect their culture and heritage and help them upgrade their products, meet relevant standards and export. Importantly, the communities themselves must be consulted.

3.3 Engaging with underserved communities on trade

In a study of 531 US political campaign advertisements related to trade, Alexandra Gusinger, Associate Professor of Political Science at Temple University, found that on average one minority worker was depicted as a beneficiary of trade policy for every nine white workers.⁹⁰ Policymakers must recognize the inequity that exists at even this preliminary stage of how trade is typically portrayed.

US Trade Representative Katherine Tai put it this way: “We want to make trade a force for good that encourages a race to the top. The first step to achieving this goal is creating a more inclusive process. In order to understand how trade affects workers, we want to come meet with, listen to, and learn from them. By bringing workers from all backgrounds and experiences to the table, we will create inclusive trade policy that advances economic security and racial and gender equity. We want to lift up women, communities of colour, and rural America – people that have been systematically excluded or overlooked.”⁹¹

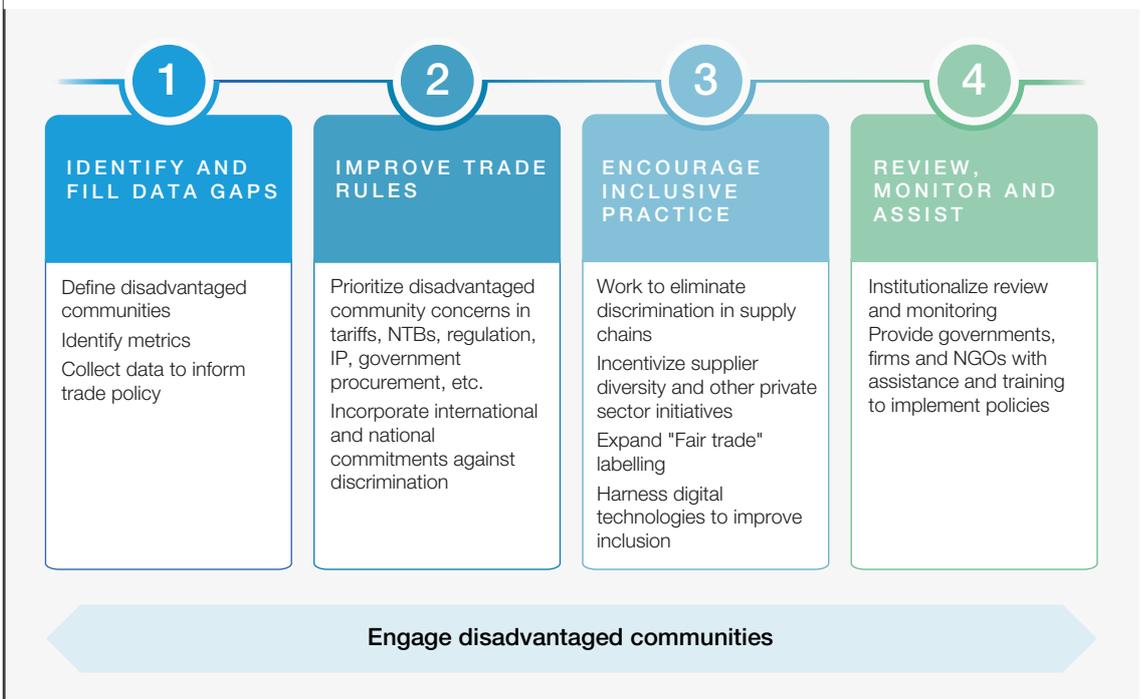
Acknowledging and reversing the marginalization of minority communities in the development and implementation of trade agreements is not an easy shift to make and will take dedicated and intentional

policy-making and efforts. Trade agreements typically require domestic legislation to be enacted and governments should make efforts to engage with marginalized groups throughout the process of consultation, negotiation and implementation.

A May 2021 statement from USMCA ministers is encouraging as it announces an SME Dialogue to allow the governments to engage with small businesses, “including those owned by women, Indigenous peoples and other underrepresented groups” to ensure they benefit from the agreement.⁹²

Associations representing minority interests could be invited to participate in bodies such as National Trade Facilitation Committees to ensure conversations at the domestic level take into account the views of underrepresented groups. An important prerequisite for participation is for governments and local civil society organizations to improve minority groups’ understanding of trade negotiations that will affect their interests. Global Affairs Canada engages with Indigenous peoples and keeps them informed of trade negotiations through its Indigenous Working Group (IWG), set up in 2017. The IWG has helped bring about provisions for Indigenous peoples and businesses in Canada’s FTAs.⁹³

FIGURE 3 An inclusive approach to trade policy



Source: Authors

Conclusion

International trade has done great work in lifting millions out of poverty, driving economic growth and encouraging economic integration that reduced incentives for armed conflict between nations. Yet, there are clear challenges to domestic economic and social systems posed by international trade. Perceptions of injustice of the trading system undermine social cohesion and security.⁹⁴

Trade policy has traditionally been made without adequate reflection on the social inequities that exist within societies. “Fair trade” has long included environmental, labour and gender dimensions but there is an increasing need for other forms of discrimination to be addressed.

Critics will argue that the international trading system is based on a set of neo-liberal ideals that cannot be adjusted to meet broader economic justice rules.⁹⁵ Those who support the trading system and believe in the tremendous gains it has provided can counter these critics by reforming international trade policy to take on the socio-economic divides that plague so many nations around the world.

This shift can be objectively positive for economies as consumers worldwide are increasingly choosing

to purchase products that have “fair trade” associated with their brand.⁹⁶ Moreover, major developed economies have increasingly large minority populations; with the US perhaps being the starkest example, as the nation is expected to be majority minority by 2045.⁹⁷ Thus, not only does a focus on economic justice for minority communities fulfil a moral imperative, it is also good long-term economic policy for many nations. Empirical data on the specific trade opportunities unlocked for countries by eliminating discrimination on the basis of race, religion, caste, gender and Indigenous identity, for instance, could help make this economic case.

This will be a paradigm shift for international trade and may be challenging to achieve. There are green-shoots that make the current moment an ideal time to expand the focus of trade. New technologies have enabled underrepresented communities to engage in cross-border commerce. Many countries have experienced a political awakening to social and economic inequalities during the course of the COVID crisis. We believe that the WTO, and trade policy and practice more generally, can be reframed to reflect the notion of economic justice – and that the time to make this shift is now.



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