**Non-paper on introducing an Independent Labour Secretariat to CETA**

Based on a joint AFL-CIO and ETUC proposal in the context of the negotiations on the sustainable development chapter in the TTIP, the core issues and proposals for improved institutional and enforcement mechanisms were transferred to the CETA agreement and its textual structure with view to a possible review of these chapters.

CHAPTER TWENTY-TWO

TRADE AND SUSTAINABLE DEVELOPMENT

ARTICLE 22.4

Institutional mechanisms

1. A Tripartite Commission on Trade and Labour (TCTL) shall be established comprised of equal numbers of representatives, from the EU and Canada, of the Parties responsible for labour-related matters covered by this Agreement; of employers’ organisations; and of trade unions (together designated as the “component groups”).
2. The TCTL shall oversee in particular the implementation of matters related to the ILO’s Decent Work Agenda throughout this Agreement, including cooperative activities and the review of the impact of this Agreement on sustainable development, and address in an integrated manner any matter of common interest to the Parties and to stakeholders in relation to the interface between economic and social development.
3. The TCTL may hold special sessions dedicated to specific issues of interest to its components.
4. The ILO shall be invited to be represented as an observer at TCTL meetings. Representatives of other international organisations such as the OECD may be invited as appropriate.
5. Each of the three component groups of the TCTL may meet separately to prepare plenary meetings.
6. Adequate funding shall be provided by the Parties in the pursuance of the work of the TCTL and related organs. The TCTL shall meet within the first year of the entry into force of this Agreement, when it will agree its Rules of Procedure including the frequency of further meetings.
7. Each regular meeting or dedicated session of the TCTL includes a session with the public to discuss matters relating to the implementation of the relevant Chapters, unless the Parties decide otherwise.
8. The TCTL shall promote transparency and public participation. To this end:
   1. in conducting its activities, including meetings, the TCTL shall provide a means for receiving and considering the views of interested persons on matters regarding this chapter.
   2. any decision or report of the TCTL shall be made public. Extended minutes of meetings shall be made public unless it decides otherwise;
   3. the Parties shall present updates on any relevant matter pertaining to this Agreement as covered in Article 22.4.2, including its implementation, to the regular meetings of the TCTL.
   4. the TCTL shall report annually on any matter that it addresses. The Parties shall also report regularly to their Domestic Advisory Groups as established under Article 23.8.

CHAPTER TWENTY-THREE

TRADE AND LABOUR

ARTICLE 23.8

Institutional mechanisms

1. There shall be established a CETA Labour Secretariat to address transnational labour issues, to monitor and enforce this chapter, and to provide research on:
   1. Best practices for any area covered by this agreement that affects the lives and livelihoods of working people.
   2. The contribution of the CETA toward the creation of decent work.
   3. Wage, job, union, community, and public welfare effects of the CETA. The Secretariat shall report biennially, at the request of the Working Group, or more frequently if circumstances warrant, on such issues as positive and negative impacts of the CETA on labour markets, including the transfer of production between nations and the effects on displaced workers; wage effects of the CETA, particularly in sectors and industries impacted by large transfers of production; community effects of CETA, including loss of tax revenues and community impoverishment. The Secretariat shall indicate when negative effects are sufficient to warrant policy intervention by the Parties and may recommend solutions.
   4. The Secretariat will be responsible for providing regular, independent reports on compliance with this chapter of the CETA.
   5. In addition to reports referenced in subsection (d), the Secretariat shall research and report on non-compliance alleged by any interested party in submissions made to the Secretariat.
   6. Reports in response to submissions made under subsection (e) shall be completed within 180 days. The Secretariat may grant itself extensions on reports due if necessary. Each extension may consist of a maximum of 30 days and must be published, together with the reasons therefor.
2. When, pursuant to subsections (1) (c), (d), or (e) above, the Secretariat finds good cause to believe that a Party or EU member state government is not in compliance with the chapter, it shall create recommendations for improvement and shall provide technical assistance, where necessary or appropriate, to effectuate the recommendations and bring the Party or member state into compliance.
3. In order to perform its work monitoring, investigating, and providing technical assistance for any item described in subsection (1), Secretariat staff shall be free to visit and monitor workplaces within the Parties, to interview workers free from employer or government monitoring and interference, and to visit, observe, and assist relevant government offices tasked with securing the rights and freedoms protected under this chapter. Secretariat personnel shall be empowered to recommend to employers and labour officials “on the spot” changes to workplace conditions to bring employers into compliance with the provisions of this chapter, and to otherwise help effectuate the rights of workers and responsibilities of Parties under this chapter.
4. When the Secretariat determines that meaningful progress toward effective implementation of its recommendations has ceased, and if the Party or member state remains out of compliance with this chapter, the Secretariat shall begin dispute settlement procedures subject to Chapter 29 (Dispute Settlement) of this agreement.
5. Cases referred for dispute settlement shall proceed under the terms of that chapter, with no differences, including with respect to penalties, excepting that the arbitrators shall have expertise in international labour law, or human rights law, or both. The arbitrators shall base their decisions on ILO guidance, including Conventions, reports and recommendations, and may seek technical assistance or request expert reports from the ILO Committee of Experts at any time. The work of a dispute settlement panel may be delayed for a reasonable period of no more than 75 days while it seeks such expertise from the ILO. Should the ILO decline to provide such advice, dispute settlement processes shall resume immediately.
6. As with any other matter that proceeds to dispute settlement pursuant to the Dispute Settlement Chapter, a panel may authorize sanctions in the form of suspension of benefits. In such a case, the panel is directed to authorize such benefits to be suspended as to the specific workplaces identified as problematic in the case, and if that is not practicable, then in specific industries in which the lack of compliance subject to the dispute is concentrated, and if that is not practicable then in specific sectors in which the lack of compliance subject to the dispute is concentrated. The workplaces, industries and sectors will thereby be motivated to come into compliance. The amount of the suspension authorized shall be dissuasive enough to encourage resolution at the initial stages of the dispute and shall bear a relationship to the number of workers affected, the severity of the non-compliance, and the potential for such non-compliance to induce a race to the bottom by motivating other employers to reduce wages and standards. Further, dispute settlement panels are authorized to escalate the level and the breadth of the suspension, or both, if, year on year, the Party or member state has not come into compliance.
7. So long as the Secretariat continues to find good cause to believe that a Party or member state remains out of compliance with the terms of this Chapter, it shall proceed through the steps described in this Section (C) (Dispute settlement procedures and compliance) to achieve compliance.
8. Should investors retain the right to bring their own cases in this agreement pursuant to the investment chapter, the Secretariat shall likewise retain the right to pursue dispute settlement without seeking approval of any Party. Should investor-initiated cases be excluded from the CETA, the Secretariat shall refer cases to the Party that is not the subject of the dispute with a recommendation that dispute settlement be initiated. Parties receiving a referral but refusing to initiate a case shall publish in writing the reasons therefor.
9. Should the Secretariat bring a case which results in a dispute settlement panel authorizing a suspension of benefits and the Party that is not the subject of the dispute refuses to implement the suspension of benefits as authorized, the Party shall publish in writing the reasons therefor. Further, interested parties are authorized to use domestic procedures to seek compliance with the suspension of benefits authorized by the dispute settlement panel.
10. Experts in labour and human rights law, including former officers and staff of the ILO, shall staff the Secretariat. Ideally, the Secretariat shall be composed of approximately one-third Canadian nationals, one-third nationals of EU member states and one-third nationals of non-Canadian, non-EU member state countries. In no case shall more than 40% of the staff consist of one of the following three groups: Canadian nationals, nationals of an EU member state, or nationals of a non-Canadian, non-EU member state country.
11. Neither Party, nor any EU member state, shall have veto power over Secretariat activities, nor shall a Party or EU member state control, prevent or delay such activities or publication of Secretariat reports.
12. The Secretariat shall be funded by the Parties on a pro-rata basis, with each party contributing to the budget consistent with the size of its GDP compared to the size of the GDP of the entire CETA.
13. The Secretariat shall have at least one office in Canada and at least one office in an EU member state. Staff may rotate between the offices in a manner to be determined by the Secretariat. The Executive Director of the Secretariat shall not be a national of either Canada or an EU member state.
14. The Parties shall establish a CETA Wages and Standards Working Group from among its members, balanced among its components, all with voting power, that may consider issues upon its own accord or in response to reports produced by the Secretariat.
15. The Working Group shall be chaired by an independent eminent person with labour expertise, without voting power, who is not an EU or Canadian national and with an initial term of three years. The Working Group shall develop its own rules of procedure taking into account existing practice of social dialogue on national and regional levels and the practice of the ILO.
16. The Working Group shall study, review, and consider the impact of the CETA on wages, benefits, labour rights, labour standards, and the creation of decent work with the objective of creating a cycle of continuous improvement.
17. The Working Group shall also be tasked with investigating and reporting on any race to the bottom policies, including tax policies, that negatively affect the standard of living in any area within the CETA.
18. The Working Group shall recommend changes to CETA labour provisions or to national laws or both if it determines that there is evidence that wages, benefits, labour rights, labour standards, or the creation of decent work are stagnating or falling anywhere in the CETA zone as a result of, or potentially as a result of, the CETA; or that Parties (or political subdivisions thereof) are engaging in a harmful race to the bottom policies, including tax policies.
19. The Working Group may request information or reports from, or address recommendations to, the Secretariat at any time. The Secretariat shall respond promptly to information and report requests. The Secretariat shall act on recommendations or provide in writing the reasons for rejecting recommendations.
20. The Working Group shall monitor the work of the Secretariat. Two components of the Working Group, employers and labour, shall be able to launch an official complaint to the head of the Secretariat for the Secretariat’s shortcomings and failures to deliver its mandate. Upon receipt of such a complaint, the Secretariat must reply within 30 days in writing with measures to be taken to correct the shortcoming or provide the reasoning of rejecting the complaint.
21. The Parties and EU member states shall consider the recommendations of the Working Group, as applicable, and attempt to implement such recommendations when feasible. If a Party (or its applicable political subdivision) fails to attempt to implement such recommendations, it shall publish in writing the reasons therefor.
22. The Working Group, upon receiving the reasons for failure to attempt to implement a recommendation from a Party, may reissue its recommendation, together with a response and justification for continuing the recommendation in light of the objection received. The Parties shall reconsider all reissued recommendations of the Working Group. Upon reconsideration, the Parties shall either attempt to implement such recommendations or publish in writing the reasons for not doing so. When a Party has twice rejected a recommendation, the Working Group may call for a meeting of the TCTL, or it may publish recommendations for renegotiation of the CETA, or both.
23. Each Party shall convene a new or consult its domestic labour or sustainable development advisory groups, to seek views and advice on issues relating to this Chapter. Those groups shall comprise a balanced representation of employers and unions, [as well as other relevant stakeholders as appropriate]. They may submit opinions and make recommendations on any matter related to this Chapter on their own initiative, including to the TCTL.
24. Each Party shall be open to receive and shall give due consideration to submissions from the public on matters related to this Chapter, including communications on implementation concerns. Each Party shall inform its respective domestic labour or sustainable development advisory groups of those communications.
25. The Parties shall take into account the activities of the ILO so as to promote greater cooperation and coherence between the work of the Parties and the ILO.