

MR. ONATE LABORDE: All right. Good afternoon, lady and gentlemen, members of the Commission. I would like to begin by thanking you for this opportunity to appear before you.

First I will attempt to provide you with a brief sketch of the North American Agreement on Labor Cooperation -- which I will generally refer to by its acronym, the NAALC, in the interests of saving time -- the institutions established, and under the agreement, international activity related to it, and some thoughts on what has been accomplished.

In so doing, I hope to contribute to your understanding of the NAALC as an aspect of the system of economic and political relationships between NAFTA trading partners, thus shedding some background light on the trade relationship between the U.S. and Mexico, a theme closely related with the one selected for today's hearings.

A more detailed discussion of the points that I will address can be found in my written testimony.

Secondly, in keeping with the specific theme of this afternoon's session, trade, economic development, and labor markets, I will present a

summary of some of the recent findings of our economic research staff in its ongoing investigation of labor market trends in North America.

There is no attempt to establish a causal relationship between NAFTA and changes in the labor market, since multiple factors have also influenced the evolution of employment since the coming into force of that agreement. Nonetheless, I hope that this part of the presentation will provide you with background information useful to the tasks that you have been charged with.

The North American Agreement on Labor Cooperation -- I would like to begin with an introductory outline of the basic structure of the NAALC and its institutions. Then I will briefly reflect on the NAALC, both as a framework for international cooperation and as a forum for addressing concerns communicated by members of the public to the government of the NAALC member countries.

The NAALC came into force on the same day as NAFTA. It is the first international labor agreement linked to trade treaty. Unlike the long-standing ILO

model for international labor agreements, it does not create specific international labor standards. Rather it creates obligations in each of the member countries to effectively enforce their own labor laws, leaving the formulation of those laws to domestic political processes.

NAALC obligations include effective government enforcement of labor laws, ensuring that persons with a legal interest under labor laws have access to courts and tribunals for the enforcement of their rights, ensuring that detailed procedural due process guarantees apply to enforcement proceedings, and providing remedies to ensure that the enforcement of labor rights takes place.

The parties to the NAALC also undertake a general obligation to ensure that their laws provide for high labor standards consistent with high quality and productivity work places. NAALC obligations cover nearly all aspects of labor and employment standards.

In addition to establishing labor law enforcement obligations between governments, the NAALC seeks to foster coordination and cooperation among governments in developing and improving basic

information on North American labor affairs and addressing issues of common concern. It also seeks to create mechanisms open to the public whereby the private persons can bring matters within the agreement scope to the attention of the governments and to permit the orderly resolution of disputes between governments under the agreement.

To do all of this, the agreement establishes a set of institutions: Commission for Labor Cooperation, National Administrative Offices, and National Advisory Committees and Governmental Committees. The Commission for Labor Cooperation is comprised of a ministerial council composed of the Minister of Labor of Canada and the Secretaries of Labor of Mexico and the United States, and the Secretariat, which I head up.

The council oversees the implementation of the NAALC. The Secretariat provides support to the council and to any independent evaluation committees of experts of arbitral panels which may be established under the agreement. Under Article 14 of the NAALC, the Secretariat is also required to undertake research and analysis and prepare public reports and studies on

labor law and administrative procedures, trends, and administrative strategies related to the enforcement of labor law, labor market conditions such as employment rates, wages, and productivity, human resource development, and such other matters as the council may direct.

The National Administrative Offices are located within the government of each country. They serve as points of contact between governments, receive and review communications from interested members of the public, and coordinate intergovernmental cooperative activities.

The NAALC is a framework for international cooperation -- during 1998 the ministerial council undertook a four-year retrospective review of the NAALC as required by Article 10 of the agreement. The review took into account numerous public submissions, direct consultations with special advisory bodies, and an extensive literature review by the Secretariat. The full report, together with background documents, can be found on the Secretariat's website.

A key theme of the review was the extent to which the NAALC had created a framework for

international cooperation in labor matters. A summary of some important aspects of that discussion is set out in the paper accompanying my written statement. I will briefly touch upon two key themes highlighted by the review.

First, the NAALC institutions have contributed substantially to the development of the basic technical and comparative information necessary to understanding labor issues across the borders of the NAFTA region. The Secretariat has published and is about to publish a number of substantial comparative reports on the legal and regulatory systems and labor market performance of the three countries. These are detailed in my written statement.

Over 40 international cooperative meetings, conferences, and courses have been organized, focusing particularly on improving occupational safety and health, employment and job training, and understanding the labor law and industrial relation systems of the three countries.

Secondly, the NAALC has also provided a framework for tri-national election by the governments

of the three countries on areas of common concern. I have already noted the extensive set of cooperative activities designed to share information on best practices with respect to occupational safety and health. The Secretariat has assisted the tri-national group of administrators of workers' compensation systems in a systematic effort to identify and report on issues that may arise with increased cross-border movements of workers in the NAFTA region.

Cooperative consultations, evaluations, and dispute resolution -- it hardly needs mentioning that labor models are politically sensitive. Labor policy is often the subject of contentious debate within the domestic politics of all three NAALC countries. It would be most surprising if difficult issues did not arise in the context of the NAALC and if members of the public did not seek to bring matters which they see as problematic to the attention of the three governments, and by extension, to the public at large.

The NAALC creates a set of mechanisms for receiving and evaluating public communications on labor matters for comparative consultation between the three governments, for impartial, expert evaluation of

many of these potential issues, and if necessary for dispute resolution with respect to some of them.

There is a relation in the papers attached to my written statement relating to the different submissions.

Labor markets and trade in the four years after NAFTA -- well, that's about the time.

COMMISSIONER HILLS: Thank you very much. We appreciate your comments and you'll have an opportunity to address some of the other issues during the question period.

Our next participant is Mr. Stewart from the Texas Department of Economic Development. We welcome you and look forward to your remarks.