

## Why GAO Did This Study

The United States has signed 14 FTAs, liberalizing U.S. trade with 20 countries. These FTAs include provisions regarding fundamental labor rights in the partner countries. USTR and DOL, supported by State, are responsible for monitoring and assisting FTA partners' implementation of these provisions.

GAO was asked to assess the status of implementation of FTA labor provisions in partner countries. GAO examined (1) steps that selected partner countries have taken, and U.S. assistance they have received, to implement these provisions and other labor initiatives and the reported results of such steps; (2) submissions regarding possible violations of FTA labor provisions that DOL has accepted and any problems related to the submission process; and (3) the extent to which U.S. agencies monitor and enforce implementation of FTA labor provisions and report results to Congress. GAO selected CAFTA-DR and the FTAs with Colombia, Oman, and Peru as representative of the range of FTAs with labor provisions, among other reasons. GAO reviewed documentation related to each FTA and interviewed U.S., partner government, and other officials in five of the partner countries.

## What GAO Recommends

DOL should reevaluate its submission review time frame and better inform stakeholders about the submission process. USTR and DOL should establish a coordinated strategic approach to monitoring and enforcement labor provisions. USTR's annual report to Congress should include more information of USTR's and DOL's monitoring and enforcement efforts. The agencies generally agreed with the recommendations but disagreed with some findings, including the finding that they lack a systematic approach to monitor and enforce labor provisions in all FTAs. GAO stands by its findings.

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# FREE TRADE AGREEMENTS

## U.S. Partners Are Addressing Labor Commitments, but More Monitoring and Enforcement Are Needed

### What GAO Found

Partner countries of free trade agreements (FTA) that GAO selected—the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) and the FTAs with Colombia, Oman, and Peru—have taken steps to implement labor provisions and other initiatives to strengthen labor rights. For example, U.S. and foreign officials said that El Salvador and Guatemala—both partners to CAFTA-DR—as well as Colombia, Oman, and Peru have acted to change labor laws, and Colombia and Guatemala have acted to address violence against union members. Since 2001, U.S. agencies have provided \$275 million in labor-related technical assistance and capacity-building activities for FTA partners, including \$222 million for the four FTAs GAO reviewed. However, U.S. agencies reported, and GAO found, persistent challenges to labor rights, such as limited enforcement capacity, the use of subcontracting to avoid direct employment, and, in Colombia and Guatemala, violence against union leaders.

Since 2008, the Department of Labor (DOL) has accepted five formal complaints—known as submissions—about possible violations of FTA labor provisions and has resolved one, regarding Peru (see fig.). However, for each submission, DOL has exceeded by an average of almost 9 months its 6-month time frame for investigating FTA-related labor submissions and issuing public reports, showing the time frame to be unrealistic. Also, union representatives and other stakeholders GAO interviewed in partner countries often did not understand the submission process, possibly limiting the number of submissions filed. Further, stakeholders expressed concerns that delays in resolving the submissions, resulting in part from DOL's exceeding its review time frames, may have contributed to the persistence of conditions that affect workers and are allegedly inconsistent with the FTAs.

### Five Labor Submissions Accepted by DOL Regarding Free Trade Agreements

FTA	Year accepted	Alleged violations	Status
Bahrain	2011	Violation of right to freedom of association, discrimination	Open
Dominican Republic	2012	Human trafficking, forced labor, retaliatory firing of workers for union activities	Open
Guatemala	2008	Violation of right to freedom of association, violation of rights to organize and bargain collectively, unacceptable work conditions	Open
Honduras	2012	Violation of right to freedom of association, violations of rights to organize and bargain collectively, child labor	Open
Peru	2011	Failure to comply with labor laws related to collective bargaining	Closed as resolved (2012)

Source: GAO analysis of Department of Labor (DOL) information. | GAO-15-160

In 2009, GAO found weaknesses in the Office of the U.S. Trade Representative's (USTR) and DOL's monitoring and enforcement of FTA labor provisions. In the same year, the agencies pledged to adopt a more proactive, interagency approach. GAO's current review found that although the agencies have taken several steps since 2009 to strengthen their monitoring and enforcement of FTA labor provisions, they lack a strategic approach to systematically assess whether partner countries' conditions and practices are inconsistent with labor provisions in the FTAs. Despite some proactive steps, they generally rely on labor submissions to begin identifying, investigating, and initiating steps to address possible inconsistencies with FTA labor provisions. According to agency officials, resource limitations have prevented more proactive monitoring of all FTA labor provisions. As a result, USTR and DOL systematically monitor and enforce compliance with FTA labor provisions for only a few priority countries. USTR's annual report to Congress about trade agreement programs provides limited details of the results of the agencies' monitoring and enforcement of compliance with FTA labor provisions.