

Submission to the MINISTRY OF FOREIGN AFFAIRS AND TRADE on:

## A Potential CEPA with the UAE

Submitted by the New Zealand Council of Trade Unions Te Kauae Kaimahi

28 March 2024



**IN UNION, TOGETHER.**  
[union.org.nz](http://union.org.nz)

This submission is made on behalf of the 31 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU). With over 340,000 union members, the CTU is one of the largest democratic organisations in New Zealand.

The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga), the Māori arm of Te Kauae Kaimahi (CTU), which represents approximately 60,000 Māori workers.

## Contents

1. Summary of recommendations .....	3
2. Introduction .....	4
3. Labour rights abuses in the UAE .....	5
4. Necessary labour provisions.....	8
5. Analysing the potential value of a CEPA .....	14
6. Other issues.....	15
7. Conclusion.....	16

## 1. Summary of recommendations

The New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU):

- 1.1. **Registers** its strong concern about New Zealand seeking a Comprehensive Economic Partnership Agreement with the United Arab Emirates, due to that country's routine violation of internationally recognised labour rights and standards.
- 1.2. **Recommends** that New Zealand should require potential trading partners to demonstrate adherence to internationally recognised labour rights and standards *before* New Zealand enters into negotiations with them.
- 1.3. **Recommends** that, if negotiations do commence with the UAE, it is imperative that the resulting Agreement contains binding and enforceable labour provisions that commit the UAE to materially improving its labour protections and their enforcement.
- 1.4. **Recommends** that, if negotiations do commence with the UAE, the following labour provisions are sought:
  - 1.4.1. Parties to the Agreement must work towards ratifying all ILO fundamental conventions and their protocols without undue delay.
  - 1.4.2. Parties to the Agreement must provide high levels of labour protection and strive to improve those levels of protection.
  - 1.4.3. Parties to the Agreement are prohibited from lowering their labour protections and standards regardless of regulatory intent.
  - 1.4.4. A dispute settlement mechanism modelled on Chapter 26 of the NZ–EU FTA.
  - 1.4.5. Domestic Advisory Groups modelled on Article 24.6 of the NZ–EU FTA.
  - 1.4.6. Parties to the Agreement must effectively eliminate forced and compulsory labour.
  - 1.4.7. A mechanism that allows Parties to the Agreement to ban the import of goods that have been produced in whole or in part by forced or compulsory labour.
  - 1.4.8. An enforceable enterprise-specific dispute process, modelled on the United States–Mexico–Canada Agreement Rapid Response Mechanism.
  - 1.4.9. Parties to the Agreement must recognise the specific vulnerabilities of migrant workers and implement their labour laws with this in mind.
  - 1.4.10. A trade and gender equality provision modelled on Article 19.4 of the NZ–EU FTA and Article 23.8 of the NZ–UK FTA.

- 1.4.11. A periodical review of the impact of the labour chapter/labour provisions, to be conducted in consultation with social partners.
- 1.5. **Recommends** that effective participation of social partners should be ensured during all phases of the negotiation, implementation, and monitoring of a CEPA with the UAE, should negotiations proceed.
- 1.6. **Recommends** that, before a CEPA is signed by New Zealand, an analysis of the potential costs and benefits of any negotiated outcomes should be made available, alongside the text of the Agreement, for widespread consultation.
- 1.7. **Recommends** that Investor-State Dispute Settlement (ISDS) mechanisms should not be considered in any future negotiations with the UAE.

## 2. Introduction

- 2.1. The New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU) welcomes the opportunity to submit to MFAT on a potential NZ-UAE Comprehensive Economic Partnership Agreement (CEPA).
- 2.2. The CTU recognises that trade relationships can be mechanisms for promoting sustainable economic growth, the creation of good jobs, and rising living standards.
- 2.3. We note, however, that New Zealand's trade agreements have often prioritised the perceived needs of businesses and private investors over and above other interests, and this has had negative consequences for some workers' job security, the prosperity of some communities, and, at times, the wider public interest.
- 2.4. The CTU believes that New Zealand should seek trade relationships that will contribute to sustainable, inclusive, and dynamic economic development. To this end, New Zealand should seek to negotiate trade agreements that:
- Are consistent with the Crown's obligations under Te Tiriti o Waitangi.
  - Improve the quality, security, and level of employment in New Zealand.
  - Advance core ILO labour rights and standards among Parties to the Agreement, which requires a Labour Chapter with binding and enforceable commitments.
  - Support New Zealand's ability to deliver a just transition for workers in response to global trends such as climate change and technological innovation.

- Support economic dynamism, which should include helping to shift New Zealand away from its over-reliance on low-value-added primary sector exports.
  - Support social and economic equity in New Zealand.
  - Do not undermine the public provision of public goods and services, and do not enable private profits to be earned from the provision of public goods and services.
  - Do not restrict in any way the use of government procurement.
  - Support the development of environmentally sustainable economic practices and the domestic and global effort to decarbonise.
  - Address, where relevant, emergent issues of concern such as supply chain security and resilience and modern slavery in supply chains.
  - Do not restrict New Zealand's ability to regulate cross-border data flows, data storage practices, and data ownership practices.
  - Do not restrict New Zealand's ability to regulate new and evolving technologies, such as, but not limited to, artificial intelligence technologies.
  - Do not unduly restrict the New Zealand government's ability to legislate and regulate in line with its democratic mandate.
- 2.5. New Zealand should not seek to negotiate or sign trade agreements that would undermine our ability to accomplish these goals.
- 2.6. Neither should New Zealand seek to negotiate or sign trade agreements with countries that routinely abuse workers' rights.
- 2.7. This submission focuses primarily on the CTU's concerns regarding labour rights abuses in the UAE and the labour provisions we would want to see in a CEPA with the UAE, should the government decide to open negotiations.

### **3. Labour rights abuses in the UAE**

- 3.1. The CTU has significant concerns about the UAE's labour rights and standards, particularly the treatment of migrant workers in the UAE.
- 3.2. According to Walk Free, an international human rights organisation that reports on modern slavery, the UAE was estimated to have the seventh highest prevalence of modern

slavery in the world in 2021.<sup>1</sup> Walk Free estimates that there were approximately 132,000 people living in conditions of modern slavery in the UAE that year – or 13 out of every 1,000 people. Most of these people are migrant workers, who comprise almost 90 percent of the UAE's population.

3.3. Migrant workers in the UAE are made particularly vulnerable by the kafala (sponsorship) system, which ties a migrant's visa to an employer. As Walk Free outlines, the kafala system is:

A set of laws and policies that delegate responsibility for migrant workers to employers, including control over their ability to reside in, work, and exit the country. Migrant workers cannot access legal protections or leave their employment without facing legal and financial consequences. The system exacerbates the employer-worker power imbalance and prevents migrant workers from reporting abuse or exploitation.<sup>2</sup>

3.4. Equidem, a human and labour rights organisation, reports that this system provides the employers of migrants with the power to “restrict workers' job mobility, freedom to enter and exit the country, and negotiating power”.<sup>3</sup>

3.5. Labour rights abuses are well documented in the UAE. For example, the US Department of State reports that “employers routinely [withhold] employees' passports, thus restricting their freedom of movement and ability to leave the country or change jobs”.<sup>4</sup>

3.6. Research from Equidem, based on interviews with hundreds of migrant workers in the UAE, finds that regular labour rights abuses include wage theft; physical and sexual abuse; relations of debt bondage; racial discrimination; and forced payment of recruitment fees to the employer or a third party (despite this being illegal under UAE law).<sup>5</sup> Of the migrant workers interviewed for this research, 77% reported living in severely overcrowded accommodation and 83% of Asian and African migrant workers reported being unable to afford nutritious food.<sup>6</sup>

3.7. Another survey of migrant workers in the UAE, conducted by Fargues et al., found that 85% of those interviewed said they had signed a contract in Dubai but, because it was written in Arabic, most of them could not understand its terms.<sup>7</sup>

---

<sup>1</sup> Walk Free reports on 160 countries. See <https://www.walkfree.org/global-slavery-index/>

<sup>2</sup> [Walk Free](#), *Modern Slavery in the United Arab Emirates: Global Slavery Index 2023 Country Study*, 2023, p. 2.

<sup>3</sup> [Equidem](#), *Unjust Transitions: Climate Migration, Heat Stress, and Labour Exploitation in the United Arab Emirates*, 2023, p. 37.

<sup>4</sup> [US Department of State](#), *United Arab Emirates: 2022 Human Rights Report*, 2022, p. 40.

<sup>5</sup> [Equidem](#), *Unjust Transitions*, pp. 8-23.

<sup>6</sup> [Equidem](#), *Unjust Transitions*, p. 8.

<sup>7</sup> [P. Fargues et al.](#), *Working and Living Conditions of Low-Income Migrant Workers in the Hospitality and Construction Sectors in the United Arab Emirates*, 2019, pp. 4-6.

- 3.8. Evidence of the UAE's willingness to address these issues is mixed. While the UAE has, in recent years, changed employment law to enable migrant workers to switch employer more easily, problematic aspects of the kafala system remain entrenched. For example, workers are expected to complete their contract before they can change jobs, and risk facing an employment ban if they do not. Workers may also be required to compensate their employer if they change jobs.<sup>8</sup> Additionally, Walk Free notes that the UAE "government has not made efforts to eradicate modern slavery from government and business supply chains".<sup>9</sup>
- 3.9. The enforcement of labour laws also appears to be weak in the UAE.<sup>10</sup> There is, for example, limited evidence of actions taken against employers who confiscate employees' passports or commit wage theft. The US Department of State notes that domestic workers are particularly vulnerable in this regard, due to the difficulty of enforcing labour laws in private residences.<sup>11</sup>
- 3.10. Freedom of association appears to be largely non-existent in the UAE. The US Department of State lists "substantial interference with the freedom of peaceful assembly and freedom of association, including overly restrictive laws on the organization, funding, or operation of nongovernmental organizations and civil society organizations", and the "outlawing of independent trade unions and significant restrictions on workers' freedom of association" as instances of "significant human rights issues" that have been credibly reported on in the UAE.<sup>12</sup>
- 3.11. The UAE is yet to ratify the following ILO fundamental conventions: C87 (Freedom of Association and Protection of the Right to Organise); C98 (Right to Organise and Collective Bargaining); C155 (Occupational Safety and Health); C187 (Promotional Framework for Occupational Safety and Health); and P29 (Protocol of 2014 to the Forced Labour Convention). Conventions 87 and 98 are particularly important as they are considered enabling conventions – i.e., ensuring that workers have the right to associate freely and to organise enables other ILO conventions to be meaningfully given effect.

---

<sup>8</sup> [Walk Free](#), *Modern Slavery in the United Arab Emirates*, p. 4.

<sup>9</sup> [Walk Free](#), *Modern Slavery in the United Arab Emirates*, p. 3.

<sup>10</sup> We note that New Zealand also has a poor track record when it comes to migrant labour exploitation, as evidenced by the high number of incidences reported on in recent months.

<sup>11</sup> [US Department of State](#), *United Arab Emirates: 2022 Human Rights Report*, p. 40.

<sup>12</sup> [US Department of State](#), *United Arab Emirates: 2022 Human Rights Report*, p. 2.

## 4. Necessary labour provisions

- 4.1. Given the evidence of significant and ongoing labour rights abuses in the UAE, and the UAE's lack of commitment to ratifying and enforcing core international labour standards, the CTU does not believe New Zealand should seek a preferential trade agreement with that country.
- 4.2. The CTU's view is that potential trading partners should demonstrate adherence to internationally recognised labour rights and standards *before* New Zealand enters into negotiations with them. Additionally, as part of its preparatory work prior to the commencement of any negotiations, the New Zealand government should publish an assessment of a potential trading partner's fidelity to internationally recognised labour rights and standards. This should be a component of the wider analysis of potential costs and benefits of an agreement with the potential trading partner.<sup>13</sup> This analysis should be made publicly available for consultation prior to the commencement of negotiations.
- 4.3. If the government decides to open negotiations with the UAE, then it is critical that any resulting agreement contains binding and enforceable labour provisions that commit the UAE to materially improving its labour protections and their enforcement.
- 4.4. The labour provisions should set out specific and binding steps towards the realisation of the ILO's Decent Work Agenda, as expressed through the ILO fundamental conventions, the Declaration of Fundamental Principles and Rights at Work, the Declaration on Social Justice for a Fair Globalisation, and the Centenary Declaration for the Future of Work.
- 4.5. Below, we outline specific provisions the CTU would want to see included in a CEPA with the UAE. Many of these are drawn from the Trade and Sustainable Development Chapter of the recently signed NZ–EU FTA, which has set a new standard for labour provisions in New Zealand's trade agreements.

### ***Core labour rights and standards***

- 4.6. The ILO Declaration of Fundamental Principles and Rights at Work (DFPRW), adopted in 1998 and amended in 2022, has formed the basis for labour rights and standards in trade agreements New Zealand has negotiated in the past, and is cited in MFAT and MBIE's

---

<sup>13</sup> Here, we echo the recommendations of our sister organisation, the Australian Council of Trade Unions (ACTU). See [ACTU](#), "Inquiry into the Australian Government's Approach to Negotiating Trade and Investment Agreements: Submission to the Joint Standing Committee on Trade and Investment Growth", 2023, p. 13.



Trade and Labour Framework as the core international instrument to be “respected, promoted and realised in the laws of each Party”.<sup>14</sup>

4.7. As the CTU has noted in previous engagement with MFAT and MBIE, our view is that the ILO fundamental conventions should replace the DFPRW as the basis for the minimum labour rights and standards in any trade agreement New Zealand is party to.<sup>15</sup> While the DFPRW remains an important contextual document, the fundamental conventions cover a more comprehensive set of labour standards and rights and are legally binding if ratified.

4.8. Given that the UAE is yet to sign four of the ILO fundamental conventions, we recommend that any CEPA negotiated with the UAE includes a provision that the Parties to the Agreement must work towards ratifying all ILO fundamental conventions and their protocols without undue delay. The strongest model language for such a provision is provided by Stoll et al. in their Model Labour Chapter for EU Trade Agreements:

Each Party, to the extent it has not yet done so, shall ratify, without undue delay, the fundamental ILO conventions and their protocols.<sup>16</sup>

Weaker, though still robust, language is provided in Article 19.3(5) of the NZ–EU FTA:

Each Party shall make continued and sustained efforts to ratify the fundamental conventions if they have not yet done so.

4.9. Additionally, we recommend that a CEPA with the UAE includes a provision that outlines the obligation on Parties to the Agreement to provide high levels of labour protection and to strive to improve these levels of protection. Model language for such a provision is provided in the following texts:

Each Party shall ensure that its domestic labour policies and laws provide for and encourage high levels of workers’ protection and shall strive to continue to improve those policies and laws and their underlying levels of protection.<sup>17</sup>

Each Party shall strive to ensure that its relevant law and policies provide for, and encourage, high levels of environmental and labour protection, and shall strive to improve such levels, law and policies.<sup>18</sup>

Each Party shall strive to ensure that its labour laws and policies provide for and encourage high levels of labour protection and strive to continue to improve those laws and policies with the goal of providing high levels of labour protection.<sup>19</sup>

---

<sup>14</sup> [MFAT & MBIE](#), “Aotearoa New Zealand’s Trade and Labour Framework”, 2023.

<sup>15</sup> [NZCTU](#), “Submission to MFAT and MBIE on the Re-development of the Trade and Labour Framework”, 2022.

<sup>16</sup> [P-T. Stoll et al.](#), *Model Chapter for European Union Trade Agreements*, Friedrich Ebert Stiftung, 2020, p. 17.

<sup>17</sup> [Stoll et al.](#), *Model Chapter for European Union Trade Agreements*, p. 14.

<sup>18</sup> [NZ-EU FTA](#), Article 19.2(3).

<sup>19</sup> [NZ-UK FTA](#), Article 23.4(2).

4.10. We acknowledge that the provisions discussed above would be very challenging for the UAE. However, we consider them essential elements if New Zealand is to justify negotiating a preferential trade agreement with a country in which internationally recognised labour rights and standards are regularly violated.

### **Non-derogation**

4.11. The non-derogation provisions in New Zealand's existing trade agreements tend only to prohibit Parties from deliberately undermining their labour standards and rights to encourage trade and investment or to attain a comparative advantage in terms of labour costs.

4.12. As Stoll et al note, focusing on "a specific regulatory intent implies [...] that derogating measures taken with other intents remain permissible".<sup>20</sup> These provisions therefore enable Parties to lower their labour standards and protections by claiming other regulatory intentions, even if the real purpose is to encourage trade or investment or to attain a comparative advantage in the cost of labour. In practice, this is very difficult to contest.

4.13. We therefore recommend that a CEPA with the UAE includes a non-derogation provision that prohibits the lowering of labour standards regardless of regulatory intent. This provision could be modelled on the following language:

1. The Parties shall not encourage trade or investment by weakening or reducing the levels of protection afforded in their labour law and standards.

2. A Party shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from, its labour law and standards to encourage trade or the establishment, acquisition, expansion or retention of an investment. A Party shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from, its labour law and standards that implement its obligations under this Chapter.

3. A Party shall not fail to effectively enforce its labour law and standards, including those that implement obligations under this Chapter.

4. For greater certainty, this Article applies to the entirety of each Party's territorial or other jurisdiction, including, in particular, any regional divisions and zones with special status, such as export processing zones.<sup>21</sup>

---

<sup>20</sup> [Stoll et al.](#), *Model Chapter for European Union Trade Agreements*, p. 15.

<sup>21</sup> [Stoll et al.](#), *Model Chapter for European Union Trade Agreements*, p. 15.

4.14. At a minimum, a CEPA with the UAE should include a provision modelled on Article 19.3 of the NZ–EU FTA, specifically clauses 4–7:

4. A Party shall not weaken or reduce the levels of protection afforded in its environmental or labour law in order to encourage trade or investment.

5. A Party shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from, its environmental or labour law in order to encourage trade or investment.

6. A Party shall not, through a sustained or recurring course of action or inaction, fail to effectively enforce its environmental or labour law in a manner affecting trade or investment.

7. A Party shall not establish or use its environmental or labour law or other environmental or labour measures in a manner that would constitute a disguised restriction on trade or investment.

While the NZ–EU FTA provisions still tie non-derogation specifically to trade or investment, they are improvements on previous trade agreements New Zealand has signed.

### **Dispute resolution**

4.15. Historically, it has been very difficult to enforce labour provisions in New Zealand’s trade agreements. This is partly because the provisions themselves have been weakly worded. But it is also because of the lack of effective dispute settlement mechanisms. Given the UAE’s poor record on labour rights and standards, it is all the more critical that any agreement negotiated with the UAE includes strong and effective dispute settlement mechanisms through which breaches of labour obligations can be addressed.

4.16. Where disputes do arise, dialogue and consensus are, of course, preferable in the first instance. However, dialogue is likely to be drawn out and inconclusive without the threat of penalties and sanctions. Penalties and sanctions play an important role in forcing Parties to come to the table, increasing the likelihood that progress on labour standards and rights will be made via dialogue and consensus in the first place.

4.17. In turn, enforceability requires clear mechanisms through which social partners can identify and report breaches, participate in proceedings, and receive sufficient and timely information on the progress of their investigation. Evidentiary standards for proving that a breach has been made must be feasible to meet. And an adequately resourced monitoring mechanism capable of regularly reviewing and monitoring compliance with labour commitments is required.

- 4.18. To this end, we recommend that a CEPA with the UAE should adopt, at a minimum, the dispute settlement and monitoring mechanisms established in the NZ–EU FTA. For example, Article 26.13 of that Agreement sets out clear compliance measures that Parties to the NZ–EU FTA who have been complained against must adhere to. Additionally, the Domestic Advisory Groups provided for under Article 24.6, while yet to be tested in practice, should help to ensure that social partners are actively involved in monitoring compliance.
- 4.19. Below, we make several further recommendations regarding enforcement that are specific to issues of forced or compulsory labour.

### ***Forced or compulsory labour***

- 4.20. Given the high levels of modern slavery in the UAE, there is a material risk that goods imported to New Zealand under a CEPA may, at some point in the supply chain, have being made with forced labour.
- 4.21. We note that the ILO is committed to ending modern slavery in the next decade. As a founding member of the ILO, New Zealand is obliged to make sustained efforts to help achieve this goal. We also note that the New Zealand government has previously recognised that addressing modern slavery should be a priority.<sup>22</sup>
- 4.22. To ensure that a CEPA with the UAE would contribute to realising this goal of eliminating modern slavery, the CTU recommends that any agreement contains a strong obligation on each Party to effectively eliminate forced or compulsory labour. Stoll et al., provide the following model language:

Each Party shall uphold and implement in their laws and practices:

- (a) the effective suppression of forced or compulsory labour, in all its forms, including with regard to trafficking in persons;
- (b) the prevention of the use of forced or compulsory labour;
- (c) the provision to victims of protection and access to appropriate and effective remedies.<sup>23</sup>

- 4.23. We also recommend including a provision relating to the banning of imported goods that are produced in whole or in part by forced or compulsory labour. The International Trade Union Confederation (ITUC) provides appropriate wording for this provision in its model labour chapter for the then Trans–Pacific Partnership Agreement:

---

<sup>22</sup> [TFAAB](#), *Report of the TFAAB*, 2019, p. 57.

<sup>23</sup> [Stoll et al.](#), *Model Chapter for European Union Trade Agreements*, p. 19.

No good may be imported into a Party from another Party or exported to a Party from another Party, if that good was produced, in whole or in part, by forced or compulsory labour or child labour in its worst forms, as defined by the International Labour Organization. Each Party shall establish procedures necessary to ensure that such prohibited goods will be seized at its border by customs and border authorities and to impose appropriate fines and sanctions to those responsible for the export or import of those goods.<sup>24</sup>

- 4.24. We further recommend that a CEPA with the UAE should contain an enforceable enterprise-specific dispute process, modelled on the USMCA Rapid Response Mechanism. The USMCA RRM enables stakeholders to file complaints relating to violations of the rights to freedom of association and collective bargaining at the level of individual firms and provides for rapid enforcement of these rights at the level of the firm.

### **Migrant workers**

- 4.25. It is well recognised that migrant workers are particularly vulnerable to exploitation. As discussed in section 3, there is significant evidence of ongoing and severe migrant labour exploitation in the UAE.
- 4.26. In New Zealand too, migrant labour exploitation is a significant problem, particularly through the RSE scheme and the AEWV system. This exploitation includes the theft of wages and benefits, the charging of exorbitant fees, contract substitution, excessive hours of work, and health and safety violations. As the CTU has outlined elsewhere, this issue is widespread across many sectors of the New Zealand economy, and is particularly present in the agriculture, construction, hospitality, tourism, and care sectors.<sup>25</sup>
- 4.27. We recommend that a CEPA with the UAE should include a provision that outlines the need for Parties to recognise the specific vulnerabilities of migrant workers to exploitation and to implement their labour laws with this in mind. Consideration should be given here to the inclusion of specific obligations on Parties to ensure that migrant workers are provided with accurate information about labour rights and standards in their place of employment, are proactively informed of their rights, have access to representation, and have protection from unscrupulous agents who may seek to extort money from them.

---

<sup>24</sup> [ITUC](#), *The Trans-Pacific Partnership Agreement: Model Labour & Dispute Resolution Chapter*, 2014.

<sup>25</sup> [NZCTU](#), "Submission to the Education and Workforce Committee on the Worker Protection (Migrant and Other Employees) Bill", 2022.

### ***Trade and gender equality***

- 4.28. We recommend that a CEPA with the UAE should include a trade and gender equality provision modelled on Article 19.4 (Trade and Gender Equality) of the NZ–EU FTA and Article 23.8 (Non-Discrimination and Gender Equality in the Workplace) of the NZ–UK FTA.

### ***Analysis of the efficacy of the Labour Chapter***

- 4.29. We recommend that a CEPA with the UAE should require Parties to conduct a periodical review, in consultation with social partners, on the impact of the Labour Chapter. We consider this an important mechanism in ensuring that Parties to the Agreement are actively implementing their labour obligations. We recommend that these reviews be conducted five years after the Agreement comes into force and at five-yearly intervals thereafter.

## **5. Analysing the potential value of a CEPA**

- 5.1. Analysis of any negotiated outcomes with the UAE should cover the following issues:
- The expected employment impacts of the Agreement. Where possible this analysis should be done on a regional basis.
  - The expected household income impacts of the Agreement, and their distribution.
  - The expected outcomes of the agreement regarding labour rights and standards.
  - The expected impact of the Agreement for Māori.
  - The regional and sectoral distributional impacts of the Agreement.
  - The regulatory impact of the Agreement.
  - A consideration of the opportunity costs that the Agreement may impose, particularly regarding the structure of the New Zealand economy and the different economic development paths that are open to us. Throughout much of New Zealand's history, we have chosen to prioritise low-value-added primary sector exports. This has come at the expense of economic dynamism and has also left us highly exposed to adverse shocks in primary export markets. Future trade agreements should focus on moving us away from this economic development path, rather than further locking it in.

- The potential impact of the Agreement on environmental sustainability and greenhouse-gas emissions, and how any increase in emissions could be mitigated.
  - The policy levers or investments required to unlock the economic growth and development potential that the Agreement may offer.
- 5.2. This analysis should be conducted in consultation with social partners and made available for widespread stakeholder engagement before New Zealand signs a CEPA. The full text of the negotiated agreement should be made available alongside this analysis.

## **6. Other issues**

### ***Investor-State Dispute Settlement***

- 6.1. The CTU would not support any trade agreement that contained an Investor-State Dispute Settlement (ISDS) mechanism that would allow investors to challenge laws, regulations, and policies of local and central government where these laws, regulations, and policies were perceived to threaten the investor's interests.
- 6.2. The CTU is firmly of the view that ISDS mechanisms are contrary to New Zealand's national interests and the wellbeing of our people and must remain off the table.

### ***Digital trade***

- 6.3. The digital economy is a rapidly expanding field. In many cases, government regulation is significantly lagging technological innovation. In some instances, this may threaten workers' rights and employment security – for example, in the deployment of workplace surveillance and artificial intelligence technologies and the collection and commodification of workers' data.
- 6.4. In this context, it is essential that trade agreements do not constrain the New Zealand government's ability to legislate and regulate emergent digital technologies and commercial practices. This includes the ability to regulate data collection, storage, and usage practices, both domestically and cross-border, and to regulate new and evolving technologies such as artificial intelligence, algorithmic management, digital surveillance, and platform technologies. It is also critical that New Zealand public agencies retain the ability to collect, analyse, and make freely available data that is necessary for public policy.

## 7. Conclusion

- 7.1. The CTU has strong concerns about New Zealand seeking a Comprehensive Economic Partnership Agreement with the UAE, a country in which internationally recognised labour rights and standards are routinely violated.
- 7.2. The CTU's view is that New Zealand should not offer preferential trade treatment to the UAE until such a time that it has demonstrated adherence to internationally recognised labour rights and standards.
- 7.3. If the government decides to open negotiations with the UAE, then it is imperative that the resulting Agreement contains binding and enforceable labour provisions that commit the UAE to materially improving its labour protections and their enforcement.
- 7.4. The CTU thanks MFAT for the opportunity to submit on this work. We look forward to further engaging with MFAT on any future developments in New Zealand's trade relationship with the UAE.

**For further information about this submission please contact:**

Jack Foster

Policy Analyst

[jackf@nzctu.org.nz](mailto:jackf@nzctu.org.nz)