

MEKELLE UNIVERSITY



SCHOOL OF LAW

BUSINESS LAW PROGRAM

RESEARCH ON:

THE EFFECT OF TRADE LIBERALIZATION ON CHILD LABOR IN DEVELOPING COUNTRIES: PROSPECTIVE ANALYSIS OF THE CASE OF ETHIOPIA

BY:

BEYENESH G/TSA DIK

ID NO CLG/Pr036/2011

A THESIS SUBMITTED IN *PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE LL.M. DEGREE IN INTERNATIONAL ECONOMIC LAW*

MEKELLE

ETHIOPIA

JUNE, 2025

MEKELLE UNIVERSITY

SCHOOL OF LAW

THE EFFECT OF TRADE LIBERALIZATION ON CHILD LABOR IN DEVELOPING COUNTRIES: PROSPECTIVE ANALYSIS OF THE CASE OF ETHIOPIA

BY: BEYENESH GEBRETSADIK

Beyenesh G/Tsdik

Board[panel] of examiners

Approved by

Advisor's name

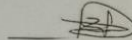
Signature



Kahsay Gidey

External examiner-Name

Signature



Kahsay G/medhin

Internal examiner-Name

Signature



G/Amlak Yeibiyo



Declaration

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree or masters in any university and that all sources of materials used in the thesis have been dully acknowledged.

.

Declared By:-

Beyenesh Gebretsadik

Signature: _____

Date: _____

Confirmed By:

Name:.....

Signature: _____

Date: _____

Acknowledgement

First and foremost, I would like to thank the Almighty God For everything he does to me throughout my task to complete the work successfully.

Next, my deepest gratitude and indebtedness goes to my research advisor Kahsay Gidey(Assistant professor) for giving me supporting materials, guidance, invaluable comments, suggestions, encouragement and helpful approach from the beginning up to the finalizing of the research work.

I would like also to express my deep gratitude and special thanks to Asfaw Gidey the vice head of school of law and Getachew Redae (PHD. candidate), coordinator of the Business law program me for their unreserved support.

Finally, I would like to express my unreserved and deepest gratitude to my beloved husband and my younger sister who extended their endless support to complete the research paper.

Abstract

It is not rational to put a conclusion as trade liberalization is totally advantageous to developed countries and totally disadvantageous to those developing once. There is no conclusive finding about its effect on developing countries, According to empirical studies it's effect varies from country to country, from region to region within a single country and from sector to sector depending on different factors, like institutional quality, infrastructural development, level of economic development, social/income distribution, political stability and technological advancements. But it is inevitable fact that, the negative effects are more sever on developing countries children than developed countries. This study focuses on the negative effects of trade liberalization on children's of developing countries who are vulnerable groups in any society. It may affect child labour through different channels. The most obvious is the impact on child labour. The effect stems from changes in children's ability to access basic goods, food, health or educational services. There is concern that decreased revenue from the reduction in tariffs could lead, to reduced government spending on social services such as education, health service etc and lack of access to such services increases child labor. This research adopted a library-based/ desk methodology i.e.it is done through readings and analysis of the primary and secondary sources of data/information that are related to the issue in question specifically and it is forward looking for Ethiopia. The data in this research are gathered from readings of primary and mostly secondary sources. The primary sources are such as the ILO convention, the Marrakesh agreement establishing the world trade organization 1994,The UN convention on the right of child, UDHR, ICCPR,ICESCR, African Charter on the rights and Welfare of Child etc and national laws like FDRE constitution, labour proclamation no.1156 /2019. The study also uses secondary sources obtained from various literatures, books, journals, articles, working papers, internet sources and researches. The main objective of the study is to examine the effect of trade liberalization on child labour in developing countries particularly, in the prospective analysis of the case of Ethiopia by taking a lesson from other developing countries that have already liberalized their trading system/ concluded bi-lateral free trade agreements. The reason why the writer opts to take experiences from Vietnam, Peru and Pakistan is that since all of these are categorized as developing countries with high prevalence of child labour and are countries under which tariff revenue is their major source of Government revenue like Ethiopia. Due to such similarities trade liberalization may affect Ethiopia in a similar way. Therefore based on findings in the above mentioned countries, the writer is interested to suggest some recommendations to the concerned bodies. The significance of the study is to inform stake holders what negative effects would trade liberalization have on children's labour

and to find some guidelines in drafting policies. Policy drafters and law makers could give special attention to take into consideration this problem in order to minimize the effect of trade liberalization on children. Governments of developing countries themselves are also eager to attract FDI and are reluctant to respect and implement the core labor standards and this creates a golden opportunity for multinational corporations from developed countries to exploit the vulnerable groups like children. This is the case that has happened in Pakistan. The study conducted in Vietnam to assess the impact of trade liberalization on the school-work choices among Vietnamese children also reveals that, children living in provinces with higher exposure to tariff reductions due to the BTA with US were more likely to drop out of school and this adverse impact of BTA shock persisted over long period of time. Therefore what the researcher wants to recommend is that Ethiopia should first strengthen its economic capacity before its accession to the WTO and must be strict in implementing its labour law to protect and give priority to human right issues like child labour. The Ethiopian government should be committed and give special attention to this problem and shouldn't rush to join to the WTO before making enough preparations. Policies of the Ethiopian government should focus to benefit the children's of the poor specially poor rural children, because they can't share from the benefit of trade liberalization due to their marginalization. Policymakers should prioritize the design and implementation of targeted interventions aimed at maximizing the benefits of trade liberalization while mitigating its potential adverse effects.

Key Words :-Child labour, Trade liberalization, World trade organization, Developing countries

TABLE OF CONTENTS

Chapter one	1
1.THE EFFECT OF TRADE LIBERALIZATION ON CHILD LABOUR IN DEVELOPING COUNTRIES : PROSPECTIVE ANALYSIS OF THE CASE OF ETHIOPIA	1
1.1.Introduction.....	1
1.2 Definition	1
1.2.1.Working Definition	1
1.2.Statement of the Problem.....	5
1.3 Scope of the study	6
1.4 Objective of the study	6
1.4.1General objective	7
1.4.2 Specific objective.....	7
1.5 Research questions.....	7
1.6 Significance of the study.....	7
1.7 Research methodology and sources of information	8
1.8 Rule of citation.....	8
1.9 Organization of the study.....	8
2.10.Time Table and Budget Allocation.....	9
CHAPTERTWO	10
2.1 literature review	10
2.1.1Theoretical Framework of Trade Liberalization and Child labour in developing countries	10
2.2. Trade liberalization and economic reform in developing countries	11
2.3. <i>The Impact of trade liberalization on public revenue</i>	14
2.4.Trade liberalization and Child wellbeing in Vietnam	15
2.5 The impact of globalization on child labor incidence.....	16
2.5.1. Promoting child labor.....	16
2.6. Foreign direct investment and core labor protections.....	19
2.7. FDI and child labor in mining in Africa - gold mining in Kenya	20

2.8. International Trade Mechanisms in Combating Child Labour	20
2.9. Evaluation of selected interventions targeting child labour	21
2.10. Ethiopian industrial development	23
2.11 Trade Liberalization and Child Welfare: Assessing the Impact of a Free Trade Agreement between Peru and the USA	23
2.11.1 Impacts of early liberalization in Peru	24
2.11.2 Child labour and schooling in peru	25
2.12. The Costs of Trade Liberalization on Developing Countries	27
2.13. Factors that shape the effects of trade liberalization.....	27
2.14. Consequences.....	28
2.15. What poor people have paid for trade liberalization?	29
2.16. Trade Strategy for Development.....	30
2.17. Labour rights in Peru and the EU trade agreement Compliance with the commitments under the sustainable development chapter.....	32
2.18. The WTO versus the ILO and the case of child labour	33
CHAPTER THREE.....	35
3.1 Legal analysis of international/national instruments related to child labour	35
3.1.1 International Legal Frameworks	35
3.2. Child Labour as a Human Rights Issue.....	35
3.3. The Convention on the Rights of the Child (CRC).....	36
3.4. The UN Convention	39
3.5. The ILO Conventions and Child rights.....	40
3.6. International Trade and WTO: Protecting Children	42
3.7. African Charter on the Rights and Welfare of the Child	44
3.8 Child Labour Laws in Ethiopia.....	46
3.9. Working Ages under ILO Convention No.138 and Ethiopian Legislation.....	47
3.10. THE FDRE CONSTITUTION	49

3.12. CASE STUDY	49
CHAPTER FOUR.....	53
<i>CONCLUSION AND RECOMMENDATION</i>	Error! Bookmark not defined.
4.1. Conclusion	53
4.2 Recommendations.....	53
BIBLIOGRAPHY	58

CHAPTER ONE

1.THE EFFECT OF TRADE LIBERALIZATION ON CHILD LABOUR IN DEVELOPING COUNTRIES : PROSPECTIVE ANALYSIS OF THE CASE OF ETHIOPIA

1.1.Introduction

1.2. Definition

1.2.1.Working Definition

for the purpose of this study, the term child labour means the involvement of children of under 18 years in economic activities within or outside the family, paid\unpaid and working with in the domestic or exporting sector. Trade liberalization seems to affect only those who engage outside the family, paid and in the exporting sector, but it may also indirectly affect those who work with in the family and in the domestic sector. Here the term "**Child labour**" must be interpreted from its legal aspect as it is to mean "**achild's right in relation to labour**" not from it's Economic perspective as to mean one factor of production. So Child labour is denial of or interference with the child's right to education, health, leisure and enjoyment due to the labour exploitation caused by trade liberalization.

There is no universally agreed upon definition of child labor.In the western world, a child is defined by his /her age, Where as in the developing countries a child is defined by his social responsibility. Typically, the term child labor is used to refer to child time in activities that are somehow harmful to the child. The United Nations Convention on the Rights of the Child (UN-CRC) emphasizes the importance of protecting children from: work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, moral or social development.¹

According to the United Nations International Children's Emergency Fund (UNICEF), child labor is defined as "all children below 12 years of age working in any economic activities, those aged between 12 and 14 engaged in more than light work, and all children engaged in the worse forms of child labor".²According to Ethiopia laws, as well as the regional and international conventions

¹.GhetmetMetikuWoldeGiorgis, *Study on Child Labor in Ethiopia*, Available at <https://www.abyssinialaw.com>, accessed on Oct,16,2019.

² [ageconsearch.umn.edu/bitstream/26174/1/dp030216.definition of child labor ...ILO](http://ageconsearch.umn.edu/bitstream/26174/1/dp030216.definition%20of%20child%20labor%20...ILO) ,accessed on,Oct,26, 2019.

ratified by Ethiopia, a child is anyone below the age of 18 years.³The world's children of 10-18 years, over 2 billion, nearly 9 out of 10 living in developing countries. One out of four of children living in developing world are working children.

Although children had been servants throughout most of human history, child labor reached new extremes during the Industrial Revolution .During the Industrial Revolution in the United States, many new jobs were created.⁴ Many of the workers who filled these new jobs were children. The problem of child labor was not that children were working, but rather they were being exploited or taken advantage of in the work place they were often preferred employees over adults.⁵ Marx believes that child labor was created by the industrial revolution and is still a serious problem, which attracts great attention among developing countries. Children often worked long hours in dangerous factory conditions for very little money. Children were useful as laborers because their size allowed them to move in small spaces in factories or mines where adults couldn't fit, children were easier to manage and control and perhaps most importantly, children could be paid less than adults.⁶

According to ILO estimations, there are around 215 million children aged 5-14 years old engaged in different economic sectors globally. Among all regions, Africa has the largest amount of child labor.⁷A report describes child labor at the start of the 21st century as "endlessly varied and infinitely volatile". Drawing on recent survey data, it says an estimated 352 million children aged 5 to 17 are currently engaged in economic activity of some kind. Child labor often assumes serious proportions in commercial agriculture associated with global markets for cocoa, coffee, cotton, rubber, sisal, tea and other commodities. Studies in Brazil, Kenya and Mexico have shown that children under 15 make up between 25 and 30 per cent of the total labor force in the production of various commodities.⁸

The 2016 Global Estimates present the scale, prevalence, and key characteristics of child labor in the world today. Child labor remains endemic and its elimination requires both economic and social

³. *Analysis of child labour legislation in Ethiopia, report by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), March 2023,p.6*

⁴. *SeifuHailemaryam, Bachelor degree of Law (L.L.B) at the faculty of law St. Mary's University College,2008,p.1.*

⁵.*Museum of Tolerance.child labour during industrial revolution,available at <https://www.museumof tolerance.com> ,accessed on dec.29.2024,68.*

⁶.*Irwin Yellowitz ,history of child labor ,Available at-<https://www.history.com/topics/industrial-revolution/child-labor-history> , Accessed on Dec,17.2019, p.104.*

⁷.*Id,p.145.*

⁸.*Id,p.109.*

reform as well as the active cooperation of all governments, workers' and employers' organizations, enterprises, international organizations, and civil society at large.⁹

Based on International Labor Organization(ILO) investigations, child labor at least has one of the following characteristics:

- ❖ Violates a nation's minimum age laws;
- ❖ Damages children's physical or mental health
- ❖ Prevents children from attending school;
- ❖ Uses children and undermine labor standard

The Minimum Age Convention, 1973 (No. 138) of the ILO sets the general minimum age for admission to employment or work at 15 years (13 for light work) and the minimum age for hazardous work at 18 (16 under certain strict conditions). It provides for the possibility of initially setting the general minimum age at 14 (12 for light work).¹⁰

Trade liberalization is assumed to have its own advantages and disadvantages. It is in evitable fact that trade liberalization has its own positive /negative effects. There is no conclusive finding about its effect on developing countries, Its effect varies from country to country ,from place to place within a single country from sector to sector depending on different factors /conditions. The arguments in favor of trade liberalization are known: it promotes the efficient allocation of resources through comparative advantage, increase economic growth or reduces poverty, allows the dissemination of knowledge and technological progress, and encourages competition.¹¹

However, strong growth in the global economy has not, so far, led to a corresponding improvement in working conditions and living standards for many LDC and developing countries. The persistent labour market vulnerabilities have prevented developing countries from fully benefiting from the dynamics of globalization.¹²Opponents of trade liberalization on the other hand says it is likely to have a major impact on the lives of poor children and their families or it can pose a threat to developing nation's economies because they are forced to compete in the same market as stronger

⁹.Report from ILO, *The Effect of Trade Liberalization on Child Labor*, Available at, <https://www.researchgate.net> › published 19,sep,2019, accessed on Feb11,2019,p22.

¹⁰.The ilo convention on the minimum age conv. no138.1973

¹¹. J Escobal, *Trade liberalization and children* ,Available at,[https://idl-bnc-idrc.dspacedirect.org › bitstream › handle](https://idl-bnc-idrc.dspacedirect.org/bitstream/handle), accessed on oct,19,2019,p,1

¹² . *globalization and informal jobs in developing countries*, Marc Bacchetta, et'al,published,2009,p7.

economies. For a time being it seems to bring economic development but, the effects of trade liberalization occur gradually over time.¹³

Trade liberalization reduces school attendance in the short run; it will also have long term implications for the intergenerational transmission of poverty.¹⁴ Some people argues that, low labor standards allow developing countries to exploit their comparative advantages. This in turn would help them to compete in the international market and eradicate poverty.¹⁵

According to international research project conducted by Young Lives project, Trade liberalization changes the relative profitability of economic activities, so some groups within a society may benefit while others lose. This means it increases income disparity between the rich and the poor which can result the exploitation of children of the poor. The research project conducted a study in four developing countries, like Peru ,Ethiopia, Vietnam and , so its finding in Peru and vietnam reveals that trade liberalization has negative impact on children's education and increases child labor.¹⁶

In 1990 Peru undertook a drastic programme of macroeconomic adjustment /FTA with USA and structural reforms designed to overcome serious problems of hyperinflation and stagnation. The Structural reforms were aimed at trade liberalization, enhancing competition in domestic products and factor markets and drastic reduction of state participation in the market economy. ¹⁷

The research conducted by the young lives in Peru, clearly shows that children are indeed susceptible to the negative effects of trade liberalization and that they belong in general to the same types of vulnerable groups identified in many other development and poverty contexts. The poor, marginalized, and disempowered households are least likely to participate in or benefit from trade liberalization policies targeting economic growth, so the children of the poor are the most at risk from negative effects of trade liberalization.¹⁸

Developed countries argue that this problem might be alleviated through the incorporation of core labor standards to WTO, Because the WTO rules and disciplines would provide a powerful incentive for member nations to improve workplace conditions. Labor standards encourage states to

¹³. J.Escobal, *Supra note 11* ,p.3.

¹⁴. *Id.* p. 3

¹⁵.Jean-Marc Siroen, *Core Labour Standards in trade agreements*, Available at, <https://www.researchgate.net/publication/46432325>, accessed on oct,19,2019.

¹⁶ . ILO's report on ,*The Effect of Trade Liberalization on Child Labor*. *Supra note 9*,p.43.

¹⁷. cesar martinelli, *et'al, the case of peru, working paper, august 2018*,p,5.

¹⁸ .*Id.*,p,16.

compete through skills, development and productivity, rather than through low wages if so it amounts unfair competition of trade. So labor issues must be incorporated to WTO.¹⁹ If it is seen from economic point of view the low wages and labor standards in developing countries threatens the living standard of workers in developed countries and from moral point of view the low wages and labor standards violates the human right of workers or children in developing countries.²⁰

Most developing countries on the other hand argue that, the introduction of these standards in trade agreements would be counter-productive. Indeed, such an institutional innovation would impede imports from countries having a comparative advantage and, consequently, would slow down economic growth.²¹ Many of their officials believe the campaign to bring labor issues into the WTO are actually a bid by industrial nations to undermine the comparative advantage of lower wage trading partners. The issue is not a matter of choosing the best working condition but a matter of survival. So if core labor standard becomes included to WTO it could be allowing poverty to perpetuate and the developed are going to use it as protectionism.²² So what we can understand from this is that developing countries are eager to use children as labourer.

1.2 Statement of the Problem

As we can understand from different literatures, child labor is a widely spread and still unresolved problem all over the world, especially in developing countries like Ethiopia. There are two lines of arguments in relation to the advantages/disadvantages of trade liberalization to developing countries. The argument in favor of trade liberalization points, that trade liberalization promotes efficient allocation of resources through comparative advantage, increase economic growth or reduces poverty, allows the dissemination of knowledge, technological progress and improve the standard of living of the people. Generally, they argues that trade liberalization comes with good opportunities and the more the globalized have the lower incidence of child labor than those that are less open to trade and less penetrated by foreign direct investment.

But the other line of argument argues that, trade liberalization increases income disparity within members of society, allow intergenerational transmission of poverty by weakening educational opportunity and worsen the living standard of the poor people in developing countries, especially these vulnerable groups, like children by exploiting their labor with very low labour standards as a result of high degree of competition they face and due to the desire of developing countries

¹⁹ <https://www.peacepalacelibrary.nl/.../WTO-versus-the-ILO.pdf...The WTO versus the ILO and the case of child labour - Peace Palace ...Oct.29 2019>.

²⁰ .Id,p.53.

²¹ .Supra note11.p,2

²² .Id,p.9.

governments to attract foreign investment and foreign multinational companies to reduce their production cost. Because trade liberalization comes with massive competition which leads to survival of the fittest. Since infant local industries in developing countries have no strong economic capacity to withstand such massive competition that comes from industrialized countries, they become out of the market competition. Trade liberalization sweeps out infant domestic industries from the market. For any country in order to reap benefits from trade liberalization, it must have competitive local industries which produces qualitative products for exportation. But, the reality in most developing countries is that their major exports are unprocessed agricultural products and raw materials. Ethiopia is not yet a member of the World Trade Organization (WTO), but it is actively involved in the accession process since 2003. The relation between trade liberalization and child labor in developing countries like Ethiopia is the area which needs special attention. This study is going to show the negative effects trade liberalization of on child labor in developing countries by taking experiences of some developing countries Bilateral trade agreement and multi-lateral trade liberalizations. So the reason why the researcher choose this area to study is that, because the researcher wants to suggest some solutions for the problem by taking some lessons from Vietnam, Peru and Pakistan. The researcher hopes the recommended ideas can have a great role in minimizing the impact of trade liberalization on children's education, health service and over all development. After Ethiopian's accession to the WTO the problem could be aggravated or children in Ethiopia could be directly or indirectly exposed to more child labor exploitation because of its negative effects. It had been better, If there were empirical studies that indicates the extent of child labour in the pre-and post-trade liberalization within a single developing country but ,the researcher in an able to find such evidence.

1.3.Scope of the study

The researcher will conduct the study by analyzing national and international instruments related to child labor and different literatures that can show the effect of trade liberalization on child labor in developing countries. The scope of the study will be limited to the effect of trade liberalization on child labor in developing countries i.e the prospective analyses of the case of Ethiopia. It will not deal with child labor that might be created due to causes other than trade liberalization. It will cover children who are less than 18 years old and involved in economic activities which are detrimental to their school attendance, access to health service and leisure time.

1.4 .Objective of the study

The study will have both general and specific objectives:

1.4.1.General objective

- The paper will try to determine whether trade liberalization causes greater child labor in the case of developing countries or not.

1.4.2.Specific objective

- To assess whether trade liberalization could aggravate the problem of child labor in developing countries or not.
- To critically analyse whether trade liberalization could causes intergenerational transmission of poverty in Ethiopia.
- What the Ethiopian law should look like to regulate the problem after it's accession.
- To analyses if unilateral trade measures are sufficient to avoid/minimize the problem in developing countries; particularly Ethiopia after it,s accession to the WTO.

1.5 Research questions

- Does trade liberalization cause greater child labor in developing countries?
- How can trade liberalization cause intergenerational transmission of poverty in Ethiopia?
- Could trade liberalization aggravate the problem of child labor in Ethiopia?
- Is taking unilateral trade measure sufficient to address the problem child labour in Ethiopia ?

1.6.Significance of the study

The relation between trade liberalization and child labor in developing countries like Ethiopia is the area which needs special attention. Almost all existing literatures shows the positive impact of trade liberalization on child labour i.e, trade liberalization comes with good opportunities, like introducing technologies that could replace child labor and generally improving the living standard of the poor by reducing poverty. But this study is going to show the negative effects trade liberalization on child labor in developing countries by taking experiences of some developing countries free trade agreement and multi-lateral trade liberalizations. The researcher thinks this study will have a contribution to fill the gap in the academic atmosphere and also will have an importance for other researchers to use it as a starting point in order to conduct further study in this area. Furthermore stakeholders could find some guidelines in drafting policies. Policy drafters and law makers could give special attention to take into consideration this problem in order to minimize the effect of trade liberalization on children who are one of the vulnerable groups in Ethiopia. So Ethiopia is expected to have strict laws and strong implementing mechanisms in relation to the core labour standards specially child labour in advance before liberalizing its trade policies.

1.7 Research methodology and sources of information

The research will be doctrinal or library-based research methodology and it is done through the analysis of national and international instruments, different literatures that are related to the issue in question specifically. The researcher will apply explanatory methodology of research because this will allow in examining how and the reason why trade liberalization could be a cause and aggravating circumstance to child labor in developing WTO member countries particularly the situation that will happen to Ethiopia after opening its economy to the world market in addition to this researches done in other countries will be taken as a lesson to experience. Therefore the researcher chooses to use this methodology in order to clearly show the relationship/cause and effect between trade liberalization and child labor and to show to what extent trade liberalization affects child labour in developing countries.

As a source of information the researcher will use primary and secondary sources. The primary source includes international legal instruments like the ILO convention, The Marrakesh agreement establishing the world trade organization 1994, The UN convention, the CRC etc and in addition to this Ethiopian laws related to child labour prohibition are referred. Different researches conducted in this area, articles, websites, literatures and text books which are secondary data sources are also used.

1.8 .Rule of citation

The researcher will follow Mekelle University rule of citation in doing the proposal and also will follow the same rule of citation to do the research paper.

1.9.Organization of the study

This study will explore how trade liberalization could affect child labor in developing countries particularly in Ethiopia. In so doing the researcher will organize the study in to 4 chapters:

The first chapter, chapter one will encompass back ground of the study, statement of problem, scope of the study ,objective of the study (general and specific), research questions(general and specific), significance of the study, methodology, rule of citation and lastly organization of the study. Chapter two will deal with literature review, Chapter three will be about legal analysis of international/national instruments related to the issue, Chapter four will be conclusion and recommendations of the study.

2.10. Time Table and Budget Allocation

The researcher will perform the activities of the study based on the following specific time table and budget allocation. The research will be accomplished starting from October 13/ 2012 E.C-Feb 10/2017 E.C and with 14,620 birr of budget allocation.

A. Time schedule

Activities to be performed	Time of accomplishment
Preparation of the Proposal	October 13- 26/ 201 E.C
Literature Review	October28- Dec 13/ 2012E.C
Data analysis	Dec 15–30/2012 E.C
Final Research writing	January 01-Feb 03/2017 E.C
Final reviewing and editing of works	Feb 05-10/2017 E.C

B. Budget allocation

No.	Types of Items	Quantity	Unit Price	Total cost (IN Birr)
1	Paper	300	2	600
2	Pen	20	12	240
3	Stapler	1	350	350
4	Flash disc(32GB)	1	480	480
5	Internet	-	1200	1200
7	Typing,		2000	2000
8	Photocopy and printing Services	-	5000	5000
9	Data interpreting	-	2500	2500
10	Binging	3	250	750
11	Reserve, for Extra costs that may occur due to inflation	1500		1500
				Total 14,620 birr

CHAPTER TWO

2.1 LITERATURE REVIEW

2.1.1 THEORETICAL FRAMEWORK OF TRADE LIBERALIZATION AND CHILD LABOUR IN DEVELOPING COUNTRIES

Child labor is a complex phenomenon with short and long-term effects on children's emotional, social and professional development.²³

The Trade and Labour linkage is a sensitive and controversial issue for many countries, particularly developing countries.²⁴

Trade liberalization is the removal or reduction of restrictions or barriers on the free exchange of goods/services between nations. This includes the removal or reduction of both tariff (duties) and non-tariff obstacles (like licensing rules, quotas and other requirements). The easing or eradication of these restrictions is often referred to as promoting "free trade." It is a policy by which a government does not discriminate against imports or interfere with exports by applying tariffs (to imports) or subsidies (to exports) or quotas.²⁵

In Ethiopia, the economically active children between 10 and 14 years of age are estimated to be 45.5% and too many children are engaged in activities where safety of working conditions is below international standards.²⁶

The linking of child labour to international trade is significant since trade is one of the most dynamic and rapidly expanding forces shaping the world today. This linkage refers to the imposition of tariff penalties, nontariff barriers, and outright sanctions on traded products made with child labour.²⁷ The issue has been a highly contentious one between developed and developing countries and has generated considerable concern in developing countries where child labour is not only widespread but also features prominently in important export sector industries such as carpets, gems, and textiles. As a result, there have been extensive discussions on the underlying motivations for linking child labour and trade.²⁸ The most important effect of linking core labour standards to the WTO consists in preventive effects of WTO dispute settlement and of potential trade sanctions. The prospect of losing market access in products directly or indirectly related to violations of core

²³ . Gabriel Weber Costa, et'al, *The impact of child labor eradication programs in brazil*,(2020), Volume 54 ,No. 4, p.2.

²⁴ . Anuradha R.V. and Nimisha Singh Dutta, *Trade and Labour under the WTO and FTAs*,p,7

²⁵ *The Impact of Trade Liberalization on Economic Growth in Tanzania*. [hrmars.com/.../The_Impact_of_Trade_Liberalization_on_Economic_Growth_in_Tanzania.pdf](https://www.hrmars.com/.../The_Impact_of_Trade_Liberalization_on_Economic_Growth_in_Tanzania.pdf)

²⁶ *Supra note 4*,p,1.

²⁷ .*The Status Quo of Trade Measures on Child Labour* ,Brill available on;brill.com > display > book; Accessed on jul16.2024 p,20.

²⁸ .*Id*,p.32.

standards as well as the political costs of exposure and dispute settlement amount to the prime incentive for compliance in the first place.²⁹ International trade/trade liberalization is one determinant factor of child labour and can also affect the incidence of child labor. One common argument is that opening of trade or globalization increases the demand for goods and services produced by child labor.³⁰

The debate on child labour and trade forms part of the larger debate on the integration of social standards into international trade arrangements. This issue gained prominence during the Uruguay Round of multilateral trade negotiations when several industrialized countries strongly advocated the inclusion of a social clause i.e, a set of basic labour rights in the final Uruguay Round agreement. It was argued that all countries, irrespective of their stage of economic development, needed to comply with a set of minimum working conditions, failing which their exports could be penalized by higher tariffs, nontariff barriers, or outright sanctions.³¹

Where a foreign supplier allows de facto exploitation of labor, domestic free-labor is unfairly forced to compete with the foreign exploited labor, and thus the domestic working class would gradually be forced down to the level of helotry.³²

The first impact of trade liberalization on children's welfare relates to labor participation. In addition, there may also be child welfare effects that arise through changes in food intake, access to health or education and new risks and vulnerabilities. Although there is an enormous body of research that deals with the effects of trade liberalization on economic growth and poverty, trade balance etc, there is not much research on the effect of trade liberalization on child labor specially.

2.2. TRADE LIBERALIZATION AND ECONOMIC REFORM IN DEVELOPING COUNTRIES

There is no doubt that trade liberalization is essential when an industry reaches a certain level of maturity, provided it is undertaken selectively and gradually. Nevertheless, the way it is recommended under the Washington Consensus, it is more likely to lead to the destruction of the existing industries, particularly of those that are at their early stages of infancy without necessarily leading to the emergence of new one.³³ The low income countries, in particular, will be locked in

²⁹. *Id*, p, 32.

³⁰. Basu, K. (1999), *Child Labor: Cause, Consequence, and Cure, with Remarks on International Labor Standards*'' *Journal of Economic Literature*, Vol. XXXVII, p, 1083 -1085.

³¹ *Id*, p, 1087.

³² *Id*, p, 342.

³³ . *Unctad.org > docs > osgdp20053_en trade liberalization and economic reform in developing countries*, P, 45.

production and exports of primary commodities, simple processing and at best assembly operation or other labor intensive ones with little prospect for upgrading.³⁴

Some scholars argue that, free trade should be the ultimate aim of every nation once all economies have reached the same level of development, it is argued that there is a need for revision of international trade rules. In the design of the new rules more attention should be paid to the level of development and industrial capacity of developing countries.³⁵ Developing countries should have a clear trade and industrial policy as well as negotiating strategy before entering the negotiation. To play such a proactive role, along the lines suggested in the UNCTAD “Positive Agenda”, developing countries should: link their trade policy to their development objective,³⁶ and follow a dynamic trade policy geared to their level of development, industrial capacity, structural characteristics and changes in the world economy.³⁷

Trade liberalization measures, in particular, are believed to be a reaction to the failure of traditional import substitution policies of the 1950s–1970s and has been followed by the failure of trade liberalization by the developing countries in the 1980s and 1990s.³⁸ The philosophy behind the reform programmes was that the role of government in making decisions on resource allocation should be minimized and the incentive structure should change in favour of exports through import liberalization in order to follow an export promotion (EP) path. It was argued that private agents, guided by the operation of market forces, would better achieve the objectives of growth and diversification of exports and output structure in favour of manufactured goods.

The process of trade liberalization and market-oriented economic reform that had started in many developing countries in early 1980s intensified in the 1990s. The reform undertaken varied in ownership and contents in different countries. The reforming countries can be classified into three groups.³⁹ The first group consists of a number of countries in East Asia which continued their own dynamic industrial and trade policies initiated in 1960s. The second group includes a large number of countries, mostly in Africa, which have gone through the reform programmes designed and dictated by the IFIs.⁴⁰ The third group comprises a number of Latin American countries that undertook economic reform since early 1980s, initially under the pressure from IFIs.⁴¹

³⁴ *Id*, p49.

³⁵ *Mehdi shafaeddin, an enquiry into the causes of failure in recent trade negotiations fallacies surrounding the theories of trade liberalization and protection and contradictions in international trade rules, unctad discussion papers no. 153 december 2000 ,p.5.*

³⁶ *Id*,p29.

³⁷ *Id*,p33.

³⁹ *S.m.shafaeddin, trade liberalization and economic reform in developing countries: structural change or de-industrialization? unctad discussion papers no. 179, april 2005,p.8.*

⁴⁰ *Id* ,p 8.

⁴¹ *Id*,p8.

Countries have had to liberalize trade in order to satisfy the requirements of international lending agencies. At the global level, multilateral trade negotiations under the auspices of the World Trade Organization (WTO) are pushing for freer trade in response to the demands of globalization.⁴² It has been strongly supported by the multilateral institutions, both financially through their structural adjustment loans and intellectually through studies of the effects of trade liberalization.⁴³ The new consensus was adopted by many Sub Saharan African countries as part of their structural adjustment and reform programmes from the mid-1980s. The SAP (structural adjustment programme) was adopted with the purpose of liberalizing their economies.⁴⁴

Industries which were near maturity when the reform started, such as aerospace in Brazil, benefited from liberalization as the competitive pressure that emerged made them more efficient. By contrast, those inefficient, or those at infancy stage, could not well survive. So, many industries faced with severe import competition, including labour industries in a number of countries, suffered.⁴⁵

If trade liberalization is undertaken, pre-maturely, rapidly and uniformly, It will lead to de-industrialization and unemployment; it will lock the country into specialization in production and exports in primary commodities and at best natural resource-based products, and/or labour-intensive stage of assembly operation.⁴⁶

The reform programmes designed by IFIs also failed to encourage private investment in general, particularly in the manufacturing sector. Despite substantial increases in FDI in some Latin American countries, by the end of 1990s the I/GDP ratio was less than that before the reform period.⁴⁷ Some economic models show that many developing countries will actually lose from trade liberalization in important sectors, such as agriculture and textiles. There are three reasons for this outcome.

- First, some countries will be hurt by the elimination of quotas that now allow them to sell a fixed amount of exports at a price that exceeds the competitive market price.
- Second, trade liberalization changes the relative prices of various goods, and some countries will find that their export prices fall relative to the price of imports (the "terms-of-trade" effect).

⁴².Hailegiorgis Biramo Allaro, *The Impact of Trade Liberalization on the Ethiopia's Trade Balance*, (2012) p,4.

⁴³ .Id,p,5.

⁴⁴ Id,p,5

⁴⁵ .Id,p,7.

⁴⁶.Shafaeddin, Mehdi, *Trade liberalization ,industrialization and development; experience of recent decades*, Institute of Economic research, April 2010,P,3.

⁴⁷.Evelina Sundin, *Et'al,The impact of foreign direct investment on economic growth for countries in Latin America*, AUG 2022,P.19.

- Third, some developing countries currently benefit from access to cheap, subsidized agricultural exports from the rich countries.⁴⁸

The removal of trade barriers is also likely to lead to large disruptions in agriculture. In most developing countries, a large portion of the population is still tied to the agricultural sector. If barriers to agricultural imports are removed too quickly, it can lead to large-scale displacement of the rural population.⁴⁹

In theory, trade liberalization can have two opposing effects on child work in developing countries: Firstly, openness where it raises the incomes of poor, credit-constrained families, should reduce child labor and enable parents to invest in their children's education.⁵⁰ Secondly, in standard trade theory, openness in low-income countries raises wages of unskilled workers relative to skilled workers and therefore provides both incentives for children to work because the wages they receive are higher, as well as reducing incentives to invest in education.⁵¹

In developing nations like Ethiopia, the economy is mainly dependent on primary agricultural products and the main source of foreign currency earnings is agriculture, including coffee and oil seeds. Ethiopia, which is in the process of becoming a member of the World Trade Organization⁵², has been adopting structural adjustment and other trade and transformation policies since 1992 and working to integrate itself with the global community. It gives priority to trade liberalization and working on industrialization to expand its export practice from primary agricultural to manufacturing products.⁵³The country announced that, It is aiming for WTO full membership by March 2026 and has successfully concluded the 5th round of negotiation.

2.3. THE IMPACT OF TRADE LIBERALIZATION ON PUBLIC REVENUE

The implication of trade liberalization for child wellbeing through public services is one area of contention. In low-income countries, government relies on revenue from trade restrictions to finance the major share of its spending.⁵⁴ Indeed, an important explanation for tariffs is

⁴⁹ . Mark Weisbrot et al, *The Relative Impact of Trade Liberalization on Developing* ,accessed on 08/02/2023

⁵⁰ .*Linking Economic Policy to Childhood Poverty: A review of the*. available at .https://assets.publishing.service.gov.uk/media/Hughfinal_pdfbyH_Waddington .accessed on 30/01/2020,p,17.

⁵¹ *Id*,p,22.

⁵² .Yetsedaw Emagne, *Exploring the Relationship between Trade Liberalization and Ethiopian Economic Growth*,p.4.

⁵³ .*Id*, p,6.

⁵⁴ .Sèna Kimm Gnangnon, *Multilateral Trade Liberalization and Government Revenue*, *Journal of Economic Integration*, Vol.32 No.3, September 2017, Available at <http://dx.doi.org/10.11130/jei.2017.32.3.586>,p,27.

government's need to raise revenue in the context of difficulties in collecting taxes from other sources. For example, trade taxes constitute almost half of tax revenues in low-income countries, about 1/3 in lower middle-income countries, but less than 1/8 in upper middle-income countries.

In the context of reduced revenues from other sources, trade liberalization can thus be seen as potentially disastrous for poor countries' social expenditure programmes.

Developing countries incur substantial problems from reducing their trade barriers. In many developing countries, tariff revenue accounts for 10-20 percent of government revenue, and in some cases considerably more. If tariffs are reduced or eliminated, these countries will have to impose large increases in other taxes in order to keep their budgets in line.⁵⁵

Khattry (2003) finds that, in general, trade liberalization has reduced fiscal revenues in developing countries, with adverse implications for expenditure on physical infrastructure and education, particularly in low-income countries. Low-income countries have also had to rely largely on external funding to maintain revenues, thereby increasing indebtedness.⁵⁶

Changes in government revenue affects households' access to public services such as health and education, by affecting either the quality of service provided or the level of subsidy. To the extent that school attendance or hospital visits involve additional expenses which must be paid for by the household, effective access to public services also depends on household real income.⁵⁷

If total government revenues change as a result of liberalization, one can predict the likely change in each component of public expenditure to provide public services. But some studies on the other hand indicates that the revenue loss from import duties can be compensated by increased exports from the increased trade access.⁵⁸

2.4. TRADE LIBERALIZATION AND CHILD WELLBEING IN VIETNAM

Vietnam started the implementation of market reforms since the mid-1980s. Then in November 2006, after 11 years of market restructuring and lengthy negotiations, the country became member of the World Trade Organization (WTO).⁵⁹

⁵⁵ .Cepr>documents, *Supra note 40*,p.23.

⁵⁶ . *Id.*,p.64.

⁵⁷ Chad P. Bown, *et'al*, *mainly developing countries use tariffs as a major source of government revenue*, Dec 14 2017,available at: <https://www.piie.com>,p.63.

⁵⁸ .Mr. GetachewAsamnew, *trade policy implication studies on Ethiopia's integration in to regional and global trading systems, summary of commissioned studies*, UNDP Ethiopiano.2/2012,p.5.

⁵⁹ .Ngoc Anh, *et'al*, *Vietnam's Trade Liberalisation: Potential Impacts on Child Well-being*,(published) Article-February 2006,p.4.

Trade liberalization may affect child well-being through two main channels. The first is through its impacts on household livelihoods and the ways in which households respond to economic opportunities (or loss thereof) resulting from trade liberalization.⁶⁰

The second channel involves the spillover impact of trade liberalization on the accessibility and affordability of key public services essential for child well-being, such as health and education facilities. During the mid-1990s, school enrolment levels declined, and there were high drop-out rates in the final years of primary school. Some attribute this falling enrolment and rising drop-out rates to economic reforms which resulted in a shrinking education budget and led to a rise in private tuition due to budget constraints in Vietnam.⁶¹ So such drop outs leads to child labour.⁶²

According to the study conducted by NGUYEN Cornell, on the impact of trade liberalization on the school-work choices among Vietnamese children from 2002 to 2016 by exploiting the regional variation in tariff reduction exposure. So using the trade liberalization and the US- Vietnam Bilateral trade agreement in 2001 as an export shock, He found that children living in provinces with higher exposure to BTA tariff reductions were more likely to drop out of school and this adverse impact of BTA shock persisted over long period of time. This outcome is driven by a rise in labor incidence in market work, suggesting a trade-induced increase in an opportunity cost of schooling which deters the process of human capital accumulation.⁶³ This outcome is driven by a rise in labor incidence in market work, suggesting a trade-induced increase in an opportunity cost of schooling which deters the process of human capital accumulation. To solve such problems, he suggested that policy makers should realize this asymmetric effect of trade liberalization in their export promotion plan. An upgrade in export sophistication in the longer run can help to alleviate this negative outcomes and at the same time move Vietnam closer to the high-income economy status.⁶⁴

2.5 THE IMPACT OF GLOBALIZATION ON CHILD LABOR INCIDENCE

2.5.1.PROMOTING CHILD LABOR

Anything that lowers the return to education can be expected to promote the incidence of child labor. Trade liberalization in a developing country, which is abundant in unskilled labor, is likely to raise the relative rate of return to unskilled labor, thus reducing the incentive to invest in skills and

⁶⁰ .*Id*,p.15.

⁶¹ . *Id*,p19.

⁶² *Id*,p,38

⁶³ . Anh Phuoc Thien Nguyen , TRADE LIBERALIZATION AND CHILDREN'S SCHOOL-WORK CHOICE:EVIDENCE FROM VIETNAM August 2021,p.7.

⁶⁴ .*Id* p.12.

education. As a consequence, the returns to child labor increase with a substitution effect toward increased supply of child labor.⁶⁵

Critics of globalization argue that openness often comes with the exploitation of workers in developing countries where worker protection is weaker. The global market pushes firms to relocate in these countries boosting their labor demand, which creates incentives for governments to lower their labor standards.⁶⁶ FDI investments may create incentives for children to enter or increase their participation in the work place. A well publicized cases in the 1990s of children being exploited by multinational companies in developing countries fueled this view.⁶⁷

As Maskus(1997) shows, however, children need not work in the export sector itself for trade liberalization to increase the demand for child labor. As long as they work in a sector, formal or informal, which supplies inputs to the export sector, increased trade can lead to a greater child labor incidence.⁶⁸ More generally, globalization skeptics argue that free trade induces countries to a “race to the bottom”. A higher extent of child labor could cut costs to gain the country a competitive advantage over others. Since all countries face this incentive, increased trade openness could bring about an increased incidence of child labor all over the world.⁶⁹ Developing countries with negligent labor standards, low wages and an abundant supply of unskilled labor, including child laborers, are regarded as a haven for foreign investors a perspective called the “conventional wisdom”.⁷⁰

High-profile cases such as Nike, Reebok and Adidas show that multinational corporations do at times subcontract to enterprises that employ children. More radical views going back to Hymer (1979) and even Lenin’s theory of imperialism see foreign investors and multinational corporations actively involved in repressing human rights and resisting improvements in labor conditions.⁷¹ According to dependency or world systems theory, foreign investors are the henchmen or lackeys of exploitation of the peripheral and semi-peripheral developing countries to the benefit of the core of the developed world. It remains true that, at low productivity, poor or developing countries cannot be competitive with advanced countries unless they pay their workers much less and offer poor working conditions.⁷²

⁶⁵ *Trade Openness Foreign Direct Investment and Child Labor*. available at <https://www.sciencedirect.com/science/article/pii/S0305750X04001810> accessed on 23/01/2020, p.21.

⁶⁶ *Id.*, p.79.

⁶⁷ *Ben white, Globalization and child labour problems ,working paper series no.221,jun 1996,p2.*

⁶⁸ *Supra note 67,p,29.*

⁶⁹ *Matthias Busse, et'al, Export structure FDI and child labour, dec2024,p7.*

⁷⁰ *Id.*, p.11.

⁷¹ *Id.*, p.14.

⁷² *Id.*, p.17

Nowadays criticisms against trade liberalization has sharpened because newly acceding LDCs are facing wider commitments beyond what is embodied in the GATT, GATS and TRIPS, and are also entitled to lesser rights (with regard to basic issues such as transition periods) as compared to countries who are founding WTO members). Experience shows that trade negotiations are generally driven by the richer trading partner and pay little regard to concerns raised by the weaker partner about potential impacts on certain economic sectors and vulnerable population groups⁷³. There is a real danger that these WTO agreements will lock developing countries into a subordinate position in the global trading system, unable to upgrade their exports.⁷⁴

Global Exchange contends that "Free trade is not working for the majority of the world", and that "inequality worsened both internationally and within countries" during the period of rapid growth in global trade and investment." *Global Exchange* substantiates its position by UN Development Program reports which state that "the richest 20 percent of the world's population consume 86 percent of the world's resources while the poorest 80 percent consume just 14 percent."⁷⁵

The distributional impacts of trade are particularly important in developing countries, where income inequality is typically pronounced and there are large vulnerable populations. If economic integration leads to further growth in income inequality and an increase in the number of poor in developing economies, the benefits of liberalization may be realized at a substantial social cost unless additional policies are devised to redistribute some of the gains from the winners to the losers.⁷⁶

The study; trade liberalization, poverty and inequality: evidence from Indian districts finds that trade liberalization led to an increase in poverty and poverty gap in the rural districts where industries more exposed to liberalization were concentrated. According to the most conservative estimates, compared to a rural district experiencing no change in tariffs, a district experiencing the mean level of tariff changes saw a 2% increase in poverty incidence and a 0.6% in poverty depth.⁷⁷ Children under fourteen comprise 3.6 per cent of the total labour force in India. The fact is that these effects were not equal throughout the country, and certain areas and certain segments of the society benefited less (or suffered more) from liberalization.⁷⁸

⁷³. *Eight broken promises: Why the WTO isn't working for the world's poor*, Oxfam Briefing Paper 9, Available at, <https://oxfamlibrary.openrepository.com/handle/p,16>.

⁷⁴ .*Id.*,p,17.

⁷⁵ *African Journals* available at-<https://www.ajol.info/article/view/67>

⁷⁶ .Petia Topalova, *Trade Liberalization, Poverty, and Inequality: Evidence*, available at <https://www.nber.org/papers/w11614>. accessed on 29/02/2020, p54.

⁷⁷ .*Ms, Rashi Suri et al, child labour in india: initiatives and challenges*, p.2.

⁷⁸ .*Id.*, P.6.

2.6. FOREIGN DIRECT INVESTMENT AND CORE LABOR PROTECTIONS

The Ethiopian law forbids child labour, so it is commonly stated that there are no people working in the industry below the age of 17. However, the US dept. of Labor has found reason to believe child labour occurs in the production of hand-woven textiles in Ethiopia.⁷⁹ It is reported that children, mostly boys as young as seven years old, produce woven textiles under conditions of forced labour in Ethiopia. These children typically work in Addis Ababa, however many come from the south, including Gamo Gofa and Wolaita zones, some of them as victims of trafficking. The trafficked children are often sold to recruiters, and the parents and children are deceived with false promises about the wages and opportunities for education while working. Some of the children sleep at the worksites, held in captivity and isolation, and are not provided with sufficient food. They are punished with physical abuse. Some children are forced to work long hours, and receive little, if any, pay.⁸⁰

Given the theoretical argument and limited empirical evidence that capital is attracted to a low-wage environment, it is reasonable to consider the possibility that competition to attract FDI has generated a race to the bottom in labor protections. Further, Rodrik (1999) acknowledges that trade openness may lead domestic producers to seek relief from costly labor standards.⁸¹

Nowadays FDI has become the biggest source of foreign finance for developing countries. Due to this reason many international organizations like the IMF & WB advise and guide capital importing countries/developing countries to adopt investment-friendly measures for attracting FDI.⁸²

Child labor reduces human capital formation. Lower human capital formation then lowers the growth rate. When the import-competing sector is more capital intensive than the export sector, aggregate income of each household decreases small open economy, which exports its labour-intensive commodity and imports the commodity that is intensive in the use of capital.⁸³ It is possible, therefore, that liberalizing trade in developing countries could expand trade in low-skill or child-labour intensive goods, and this could increase the incidence of child labour in these countries.⁸⁴ Obviously, child labour is detrimental to economic development, as it means that the next generation of workers will be less well educated and, hence, less skilled. Lower human capital

⁷⁹ . GetachewAtsibha, *The impact of foreign direct investment on Ethiopian economy: the case of Ethiopia*, 2019, P, 39

⁸⁰ .etisk handel.dk, available at <https://etisk handel.de.pdf> p.12.

⁸¹ .BereketAlemayehuHagos; *Foreign Direct Investment vis-à-vis Labour Law in Ethiopia: Is Race-to-the-Bottom an Existing, Impending or Illusory Menace?*; MehariRedae (PhD,) *ETHIOPIAN CIVIL AND COMMERCIAL LAW SERIES(VOLUME - IX), Labour Relations Law in Ethiopia*, (2019), page, 21.

⁸² .Id, p, 29.

⁸³ .Id, p, 25.

⁸⁴ .Duetchenational.bibliothek available at <https://d-nb.info>>. accessed on oct.3.2023, p, 79.

levels then are likely to affect GDP growth rates negatively.⁸⁵ Wage labor is the most prevailing and reveals itself in every sector of economy. Children who are engaged on this type of work usually work in construction, manufacturing, mining, agro-industry and others are few among where children are employed.⁸⁶

While most of these activities are among the most intolerable forms of child labor because of the use of children in agricultural work where they are exposed to pesticides insecticide in case of mining, particularly gold mining is carried out in residential areas where the child may be deprived of his right to education.⁸⁷

Therefore since developing countries Governments like Ethiopia are eager to attract foreign investments through the lowering of their labour standard laws, due to this reason there might be huge flow of investments in terms of FDI into Ethiopia to get such advantages.

2.7. FDI AND CHILD LABOR IN MINING IN AFRICA - GOLD MINING IN KENYA

As different studies indicate, child labor is positively associated with more agricultural, mining and manufacturing FDI among the African countries. In Kenya, the lack of sufficient formal job opportunities discourages children (and their parents) from investing in a school education.⁸⁸ Considered a better alternative for making ends meet, the gold mines in western Kenya's Nyanza province attract children. Children there often work in actual extraction or in ancillary services such as selling food. The local Children's Welfare Office estimates that about 15,000 children are working in gold mines in the districts of Nyatike and Migori.⁸⁹

The work in gold mines also poses severe risks to children's health. Children working in the gold mines in the areas of Nyatike and Migori generally attend school for just two days a week while they work on the remaining days i.e. school attendance in these areas is about 35 percent of the total school day.⁹⁰

2.8. International Trade Mechanisms in Combating Child Labour

There are a number of reasons for concluding that trade mechanisms can never be the primary method of resolving human rights issues including child labour. Advocates of trade sanctions argue

⁸⁵ .*Id.*,p.21

⁸⁶ *Supra* note 4,p.12.

⁸⁷ *Id.*,p.17

⁸⁸ *Nadia doytchet'al, the impact of FDI on child labor: insights from an empirical analysis of sectoral fdi data and case studies, the UNDP office, of dev.t studies, January 2013,p.26.*

⁸⁹ .*Id.*, p.29.

⁹⁰ .*Id.*,p.14.

that the traditional methods of enforcing international human rights law are inadequate to ensure that standards such as the prohibition on child labour are respected.⁹¹ Therefore, they want to push the incorporation of labour standards within the WTO framework because the WTO has an enforcement mechanism.⁹²

The WTO has been criticized for undermining international human rights. The international trade and human rights regimes are often seen as in conflict. The WTO, with its goal of removing trade barriers and deepening economic interdependence, is widely seen as benefitting the interests of transnational corporations and global capital, while simultaneously constraining the capacity of the state to intervene in the economy to pursue public interests.⁹³

In contrast, the purpose of the international human rights regime is protecting the rights of vulnerable and marginalized groups, which is seen as requiring an active state intervention to protect society from the adverse effects of economic globalization.⁹⁴

2.9.EVALUATION OF SELECTED INTERVENTIONS TARGETING CHILD LABOUR

The focus of attention on the elimination of child labour at an international level is done through unilateral, bi-lateral and multi-lateral imposing penalties and rewarding incentives to countries. This is conducted through :

- ✓ Labeling child-labour-free products,
- ✓ Trade preferences given to countries that meet certain labour standards and
- ✓ Import prohibitions concerning products made by using child labour.⁹⁵

A. LABELING CAMPAIGNS

The introduction of labels indicating the standards under which products are produced can be seen as a means that enables consumers to choose those products that correspond with their preferences. Labels are standardized products that aim at distinguishing "good" and "bad". labeling of child-labour-free products can be judged as an effective means concerning the elimination of child laborers from the export sector, at least from formal employment.⁹⁶ Labeling campaigns can contribute effectively to the goal of reducing child labour only if they are part of a more general approach that creates alternatives for children in the first place. Labeling per se does not suffice.

B. TRADE PREFERENCES

⁹¹ .Trade and labour standards available at:<https://www.wto.org>>about-eaccesssed on Aug 9.2023,p.42

⁹² .Id ,p.21.

⁹³ .Matias E. Margulis, *Rights redux: the return of human rights at the WTO*,(Published online:31 Aug 2023),p.3.

⁹⁴ .Id,p.4.

⁹⁵ .Hans-RimbertHemmeret'al,*ChildLabour in the Light of Recent Economic Development Trends*,(published),1997,no.22,p.25.

⁹⁶ .Id ,p.25.

Given the failure to create an international multilateral agreement on trade labor linkage and the likely continued opposition to the creation of such an agreement, the international community should look elsewhere for trade-labor linkage.⁹⁷ Developed countries such as the United States can create unilateral or bilateral trade arrangements through which trade benefits or sanctions are not determined by individual countries but by ILO findings. In the case of Myanmar, a country that has continuously engaged in the worst forms of child labor, the United States has taken further unilateral action. In 2003, it passed the Burmese Freedom and Democracy Act ("BFDA") banning all imports from Myanmar.⁹⁸

Myanmar is an example of trade-labor linkage that failed at the international level but has been successfully implemented unilaterally by the United States on a national level. The ILO has long documented Myanmar's continuous violations of international labor standards.⁹⁹

The United States' Generalised System of Preferences (GSP) is the most important example of a preferential treatment of child-labour-free products in international trade. It provides special trade benefits to LDCs that meet internationally recognized worker rights", including a minimum age for the employment of children.¹⁰⁰

C. IMPORT PROHIBITION

The import of products made by using child labour can either be prohibited unilaterally or as a result of international negotiations about labour standards. The most important unilateral attempt to prohibit the import of products made by children was the US "Child Labor Deterrence Act" of 1993, But the bill has not become law until now.¹⁰¹

Opponents argue that trade sanctions cannot address the causes of child labour. Accordingly, technical assistance programmes such as the ILO's International Programme for the Elimination of Child Labour are regarded as a better solution to improve the welfare of child workers, than simply taking goods produced with child labour out of circulation.¹⁰² Further, more effective implementation of ILO's agreements is needed. The ILO is a UN body with representatives of trade unions, government and business from every country, so it is a very suitable body, bringing together all the appropriate interests. It has many different conventions and different numbers of countries have signed up numbers of conventions. They have instruments, like the **IPEC(International**

⁹⁷.*Infra note 95, Ho, Junlin "The International Labour Organization' s Role in Nationalizing the International, Movement to Abolish Child Labor p,344.*

⁹⁸ *Id,p,346.*

⁹⁹.*Id,p347.*

¹⁰⁰ .*Supra note 86, p.26.*

¹⁰¹*Id, p.26.*

¹⁰² *Edmonds,E.V.andPavcnik,N. (2005b), ``The Effects of Trade Liberalization on Child Labor'', Journal of International Economics, 65, pp. 401-419.*

Programme on the Elimination of Child labour) Programme, to work on reducing child labour.¹⁰³

The Multilateral Trading System, however, failed to develop a coherent linkage b/n trade and labour standards. The United States, in several attempts, took the initiative to include the protection of labour standards in GATT. In 1953, the US State Department proposed for the first time to have an unfair labour clause implemented in the GATT, but no international consensus could be achieved on it.¹⁰⁴

2.10. ETHIOPIAN INDUSTRIAL DEVELOPMENT

Against a backdrop of the ongoing search for cheap production locations, and pushed by rising labour costs in China and other Asian production countries, brands, retailers and manufacturers have taken an increasing interest in Ethiopia. The Ethiopian government is very interested to welcome foreign brands and manufacturers. In order to attract foreign investment, the government offers a wide array of benefits, including the world's cheapest labour force.¹⁰⁵

As the role and size of the private sector in Ethiopia continues to grow, human rights abuses resulting from business activities are on the increase, including in the garment and textile industry. In 2019 the New York University Stern Center for Business and Human Rights and the Worker Rights Consortium conducted research on the labour rights environment in Ethiopia's growing textile and apparel export sector.¹⁰⁶ It revealed that Ethiopian garment workers are indeed by far the lowest paid workers in the world. It reports hourly wages of between \$0.12 and \$0.24 (\$25 to .50 a month). Workers earn an average of 18 cents per hour (\$38 per month).¹⁰⁷

2.11. TRADE LIBERALIZATION AND CHILD WELFARE: ASSESSING THE IMPACT OF A FREE TRADE AGREEMENT BETWEEN PERU AND THE USA

This work addresses the distributional impacts for Peru of deepening trade liberalization through an agreement called FTA with the USA. It focuses on the many potential impacts that it may have on children's welfare.¹⁰⁸

¹⁰³ .Id,p.400.

¹⁰⁴ .Ho,Junlin "The International Labour Organization's Role in Nationalizing the International Movement to Abolish Child Labor, Chicago Journal of International Law: Vol. 7: No. 1, Article 16, p. 337, Available at: <https://chicagounbound.u-chicago.edu/cjil/vol7/iss1/16>, accessed on August 3, 2023.

¹⁰⁵ .Ethiopia gambles on cheap labour available at: <https://African.business/economy> accessed on July 11, 2023 p. 32.

¹⁰⁶ .People before profit: why urgent action is needed to hold businesses accountable for respecting human rights a policy brief action aid, P. 13

¹⁰⁷ .Id,p.13.

¹⁰⁸ .Eliana Villar ,et'al, Trade Liberalisation and Child Wellbeing: Potential Impacts of the Peru-US Free Trade Agreement, Young Lives Policy Brief 3, p. 11.

In the medium to long term it is expected that the growth brought about by bilateral trade liberalization will increase wages and provide households with higher incomes that may be used to improve child welfare. However, if the FTA negatively affects some import-competing sectors incomes may be reduced, forcing people to search for other sources of income. These may affect schooling decisions and potentially expose children to hazardous environments.¹⁰⁹ Even in export-oriented sectors likely to benefit from the FTA there may be child welfare concerns if their expansion leads to women working longer hours, reducing their time available for childcare and affecting intra-household distribution of work.¹¹⁰ Another potential impact of an FTA on child welfare may be a rise in the prices of pharmaceutical products as a result of changes in the protection period granted to patents. Policy-makers need to be aware of the multiple and complex pathways by which the FTA could impact both household behavior and child support mechanisms.¹¹¹

In order to understand the impacts of a FTA with the USA on Peruvian children's welfare it is necessary to trace the country's trade liberalization process. In 1990 Peru undertook a drastic programme of macroeconomic adjustment and structural reforms designed to overcome serious problems of hyper inflation and stagnation.¹¹² Structural reforms were aimed at trade liberalization, enhancing competition in domestic products and factor markets and drastic reduction of state participation in the market economy. These reforms put an end to more than 30 years of an 'inwards' development scheme that discriminated against the agrarian rural sector in favor of urban industry. Enthusiasm for market reform prevailed until around 1996, after which many reforms ceased and progress towards expected 'second generation reforms' was halted.¹¹³

2.11.1 IMPACTS OF EARLY LIBERALIZATION IN PERU

Young Lives (YL) – a longitudinal childhood poverty project being implemented in Ethiopia, India, Peru and Vietnam – is researching the mechanisms by which trade affects children. This work aims to fill an important lacuna in trade impact analyses. Findings are being used to identify possible policies and programmes that can better mitigate the negative impacts of trade liberalisation on poor families with children.¹¹⁴

¹⁰⁹. *Id.*, p.18.

¹¹⁰. Elin Baldarrago, et'al *Trade Liberalization in Peru: Adjustment Costs Amidst High Labor Mobility*, *International monetary fund*, March 2017.

¹¹¹. *Supra note 8*, p.32

¹¹². *Id.*, 26

¹¹³. Elianavillar, *supra note 11*, p.39.

¹¹⁴ Stephen j. Powell, et'al, *toward a vibrant peruvian middle class: effects of the peru-united states free trade agreement on labor rights, biodiversity, and indigenous populations*, p.46.

YL's research points out that short-term impacts are expected to be mixed, varying across sectors and by region. In particular, two expected trade related changes – in agriculture and in social services provision – are likely to have negative impacts on poor households and their children. Discussions between the Peruvian government and farmers' lobby groups have focused mainly on compensation schemes for particular crops that may be most affected by sudden tariff reductions.¹¹⁵

Domestic and external liberalization was the cornerstone of Peru's economic reforms in the 1990s. The study indicates how Peru has become a more open economy, measured by the ratio of trade to GDP, trade openness has increased sharply from 20.6 per cent in 1991 to 32.7 per cent in 2004.¹¹⁶ According to Living Standards Measurement Study (LSMS) surveys poverty in Peru rose dramatically between 1985 and 1991, from 41.6 per cent to 54.5 per cent. Extreme poverty (i.e. the number of people living below the food poverty line) rose from 18.4 per cent to 28.5 per cent. The rise reflected both the effect of the macroeconomic crisis that led to hyper inflation in the late 1980s and the initial impact of the macroeconomic adjustment programme implemented in the early 1990s.¹¹⁷

According to the National Household Survey about Living Conditions and Poverty, poverty increased from 48.4 per cent to 50 percent between 2000 and 2002 and extreme poverty from 15 to 18.7 per cent. Several studies have shown that most of the changes in poverty which occurred during periods of economic expansion and slowdown were associated with growth effects, rather than being induced by redistribution mechanisms. Thus, macroeconomic swings continue to explain most of the changes in poverty. In the case of extreme poverty, however, there is evidence that a number of government programmes targeted at the poor achieved some success.¹¹⁸

2.11.2 CHILD LABOUR AND SCHOOLING IN PERU

According to official statistics, 28.6% of the approximately two million young people between the ages of 6 and 17 work for a wage or a non-monetary compensation. In Peru, 90 percent of working children are employed in the informal sector for over 45 hours per week and are paid less than the minimum wage.¹¹⁹ There is widespread under reporting of children's work in national surveys because Peruvian law prohibits employment of children under the age of 14 and norms the type of jobs children between 14 and 17 are allowed to perform.¹²⁰

¹¹⁵ *Id*, p.45.

¹¹⁶ *Id* p.40.

¹¹⁷ *Id*, p.9.

¹¹⁸ *Id*, p.24.

¹¹⁹ *Supra* note 105, p.7.

¹²⁰ *Id*, p.34.

According to the National Institute of Statistics and Computing, the presence of children in the labour market has increased. Whereas 20.8 per cent of children between 6 and 11 years of age were reported to be engaged in the labour market in 1996, by 2001, 26.9 per cent were doing so. More 12-17-year-olds are working but the upward trend is less pronounced: their participation increased from 30.3 per cent in 1996 to 32.5 percent in 2001. These figures hide the real importance of child work, because they do not include activities performed by children helping their parents on farms or in small businesses.

Under this broader definition (which is also subject to under reporting), 42.4 per cent of children between the ages of 6 and 11 and 57.6 percent of adolescents between the ages of 12 and 17 are reportedly involved in labour activities.¹²¹

It is interesting to speculate how liberalisation might affect children's school attendance. Escobal found that economic shocks have an impact on the quality, rather than the quantity, of education. This is because parents living in urban areas are more likely to transfer a child from a private to a public school or reduce expenditure on educational materials and services, than to completely withdraw the child from school.¹²² However, there is some evidence that parental responses depend on the level of education already achieved by their children. Among children going from primary to secondary school withdrawal rates are much higher and the decision to work is reported as an important reason to withdraw from school. We can expect that a family income shock would likely induce children to drop out from school if they have already finished the primary level. According to the Peruvian National Institute of Statistics, work is reported as the main reason for children leaving school after completing primary education. International evidence suggests that if child labour is a specific factor of production for the export sector, then lowering tariffs in the process of trade liberalization may increase the returns to child labour and therefore increase its supply. The FTA might make it more attractive for some Peruvian children to terminate their education after primary school in order to start working in export sectors where there is demand for unskilled labour.¹²³

Additionally, shocks may generate a number of indirect responses that may reduce enrolment rates. For example, there is evidence that girls may be withdrawn from school to look after their younger siblings if new economic opportunities increase the opportunity costs of their mothers' time. Therefore it is recommended the creation and strengthening of social safety nets and welfare programmes as a measurement to protect children from negative effects of a FTA with the USA.¹²⁴

¹²¹ *Id.*,p.32.

¹²² *Infra note*,124,p.16.

¹²³ *Id.*,p.32.

¹²⁴ *.Id.*,p.1

2.12. THE COSTS OF TRADE LIBERALIZATION ON DEVELOPING COUNTRIES

Experience shows that trade negotiations are generally driven by the richer trading partner and pay little heed to concerns raised by the weaker partner about potential impacts on certain economic sectors and vulnerable population groups.¹²⁵ Many less-developed economies in the 1980s and early 1990s cut tariffs and non-tariff barriers drastically and exposed their countries to foreign competition. Whereas openness to trade was welcomed as it was considered as a major contributor to efficiency and economic growth,¹²⁶ the majority of these economies were worried about the fact that openness to trade might contribute to enhancing the gap between high and low-income groups thus increasing income inequality.¹²⁷ With expansion of the market in developing countries with smaller economies, trade liberalization can systemically exclude domestic producers from the economy. This moves money out of the domestic and into the foreign market, creating a detrimental effect on the economy, which is usually, felt the hardest in the agrarian sector, disadvantaging rural poor.¹²⁸ Through the lens of dependency theory, it becomes clear why countries with the most unstable economies would be the most harshly subjugated in global competition when they open their markets to liberalized trade. In this way, a persuasive case can be made for protection in developing economies, at least until they reach a point in which their industrial sector can compete in the international market.¹²⁹

2.13. FACTORS THAT SHAPE THE EFFECTS OF TRADE LIBERALIZATION

Though it may be difficult to measure the exact impact of liberalization on different nations, it is clear that liberalization does not have the same effects on all countries. Trade liberalization can be a factor contributing to child labour.

The long-term effects of trade liberalization are contingent on various factors such as institutional quality, infrastructure development, and technological capabilities.

- ✓ Weakening of labour standards; trade liberalization can sometimes be accompanied by weakening of labour standards and regulations. This can create environment where businesses are more likely to employ children to lower their labour costs.

¹²⁵ . *Trade liberalization and child welfare assessing the impact of free trade agreement peru with usa*, Munich Personal Repec Archive, available at: <https://mpra.ub.uni-muenchen.de> > ..accessed on Feb 2024, p.1.2

¹²⁶ .David Tarr, *THE adjustment costs of trade liberalization*, Public Disclosure Authorized Public Disclosure Authorized Public Disclosure, feb2005, p.9.

<https://mpra.ub.uni-muenchen.de> > ..

¹²⁷ Jabbar Ul-Haq, et'al, *The impact of trade liberalization on child labor in Pakistan*, *International Review of Applied Economics*, Published online: 22 Jun 2020, p,1

¹²⁸ Id p,98.

¹²⁹ .*The Costs of Trade Liberalization on Developing Countries ...* available at: <https://feministmillennial.org/2018/06/15/the-costs-of-trade-liberalization-on-labor> by Annie Rubin accessed on Jan 6.2023, p,62.

- ✓ poverty and inequality; the impact of trade liberalization on child labour is more pronounced in countries with high levels of poverty and income inequality. In such contexts, parents maybe more likely to send their children to work to survive.
- ✓ The country's stage of development is one factor that highly shapes its effect. According to Ian Fletcher, free trade tends to mean that the industrial sectors of developing nations either become globally competitive, or else they get killed off entirely by imports, leaving nothing but agriculture and raw materials extraction, dead-end sectors which tend not to grow very fast. The opportunity to grow from trade is only available for countries that have developed technologically, with a workforce in both agricultural and industrial sectors. Conditions such as regime type and exchange rate flexibility determine the processes toward liberalization. Tariff rates and other terms of liberalization policies determine the precise effects of importation on a country's economy. Removing tariffs altogether can also decrease the country's revenue, destabilize the economy, and threaten debt. Shujaat Abbas argues that sustainable growth can only be achieved through "export promotion policies" and by "developing the production side" of the economy, emphasizing that liberalization can have positive effects under these self-sustaining conditions.¹³⁰

In considering countries whose economies are widely reliant on agricultural production, trade liberalization often focuses on the industrial sector, which comprises labor-intensive manufacturers, and industrial producers. Without stabilizing measures in its policy, free trade can have adverse effects on the self-sufficiency of the agrarian sector. Consequently, the **foundation of a country's economy** is another factor that affects the result of liberalization. In Japan, tariff reduction has damaged the industries of rice, sweetener, beef and dairy as they are more cheaply imported from abroad. Tariff rates, terms and processes of liberalization, means of production, and a country's stage of development shape the effects of trade liberalization.¹³¹ Ultimately, while certain economies have shown improvement in poverty reduction from liberalization, many countries with lesser developed economies suffer more from its implementation, enduring a range of consequences.¹³²

2.14. CONSEQUENCES

Within countries with smaller economies, the process of trade liberalization can be detrimental to industry. "In effect, historical experience shows that opening up for free trade between nations of very different levels of development tends first to destroy the most efficient industries in the least

¹³⁰.Shujaat Abbas *trade competitiveness of pakistan:evidence revealed comparative advantage approach*, Available at:[https://www.researchgate.net › 31936...accessed on OC2024](https://www.researchgate.net › 31936...),p,23.

¹³¹.Kenichi Kawasak, *Economic Impact of Japan's Response to US Reciprocal Tariffs, Policy Analysis Focus 24-17, March 2025*,p.3.

¹³² .Id,p.3

efficient countries.” A study of the effects of trade liberalization in Ghana determined that “trade reform tends to generate both winners and losers.” The consequences of trade liberalization can be measured in an increase in inequality and decrease in domestic competition.¹³³

A. Rising Inequality

Weisbrot and Baker suggest that advocacy groups promote liberalization out of self-interest and capitalist ideation, and that “many developing countries will actually lose from trade liberalization in important sectors, such as agriculture and textiles.”¹³⁴ The explanation of this process lies in the “terms-of-trade” effect, where the relative prices of goods change as a result of liberalization, which could mean that export prices decrease (in relation to the price of imports). Liberalization is furthermore shown to increase income inequality in developing countries. Another consequence of liberalization is that governments may now invest less in building infrastructure or in human capital, and instead increase holdings of foreign reserves.¹³⁵

B. DECREASE IN DOMESTIC COMPETITION

With the increased availability of imports, free trade leads to a decrease in domestic competition of certain sectors. In Tanzania, the impact of trade liberalization has been negative, especially on import competing industries and manufacturing. Besides decreasing competition domestically, liberalization leads to a loss of jobs and therefore livelihood for many people in developing nations becomes difficult.¹³⁶ In the case of Senegal, which liberalized in the late 1980s: “by the early 1990s, employment cuts had eliminated one-third of all manufacturing jobs.” For lesser developed countries including Nigeria, Sierra Leone, Zambia, Zaire, Uganda, Sudan, and Ghana, liberalization has “devastating effects on industrial output and employment.” Furthermore, certain countries also risk a “debt spiral” on account of the lack of tax revenue from tariffs as a result of free trade.¹³⁷

2.15. Costs poor people have paid for trade liberalization

When trade is liberalized, imports climb sharply as new products flood in. Local producers are priced out of their markets by new, cheaper, better-marketed goods. Exports also tend to grow, but

¹³³ .*Simplice A. Asongu, The Impact of Liberalisation Policies on Inequality in Africa, AGDI Working Paper, No. WP/12/038, 2012, p.31.*

¹³⁴ .*Weisbrot, Et'al, The Relative Impact of Trade Liberalization on Developing Countries, The Development Imperative: Toward a People-Centered Approach, JAN 2003, P, 135.*

¹³⁵ *Id.*, p.136.

¹³⁶ .*Hiranya Mukhopadhyay, Trade Liberalization in Sub-Saharan Africa: Stagnation or Growth? QEH Working Paper Series - QEHWPS13, p.3, Available at: https://www.qeh.ox.ac.uk/pdf_docs/qehwps, accessed on Sep. 2024.*

¹³⁷ *Id.*, p.4.

not by as much. Demand for the kind of things sub-Saharan African countries tend to export such as raw materials doesn't change much, so there isn't a lot of scope for increasing exports. This means that, overall, local producers are selling less than they were before trade was liberalized.¹³⁸

In the long run, it's production that keeps a country going and if trade liberalization means reduced production, in the end it will mean lower incomes. Any gains to consumers in the short term will be wiped out in the long term as their incomes fall and unemployment rises.¹³⁹ This has been the story of sub-Saharan Africa over the past 20 years. Trade liberalization has cost the 22 African countries in amount that the GDP of these countries would have increased had they not liberalized their trade in the 1980s and 1990s. If a research is conducted to all of sub-Saharan Africa, the loss will be US\$272 billion.¹⁴⁰

While some countries in Africa have increased their GDP over the past 20 years, this increase is not as great as it could have been. There are more poor people in sub-Saharan Africa now than there were 20 years ago some of them would not be poor today, were it not for inappropriate trade liberalization.¹⁴¹ In the year 2000 alone, sub-Saharan Africa lost nearly US\$45 dollars per person thanks to trade liberalization. Most trade liberalization in Africa has been part of the conditions attached to foreign aid, loans and debt relief. This looks like a bad deal: in 2000, aid per person in sub-Saharan Africa was less than half the loss from liberalization only US\$20. Africa is losing much more than it gains if aid comes with policy strings attached.¹⁴²

The negative effects of trade liberalization are not confined to Africa. Low-income countries in Asia and Latin America have suffered similar consequences. The average loss to the countries in Christian Aid's study was about 11 per cent of total GDP over 20 years amounting to several billion dollars for each country. The total loss for the 32 countries in the study was US\$896 billion.¹⁴³

2.16. TRADE STRATEGY FOR DEVELOPMENT

So what trade strategy should poor countries pursue? The overriding objective must be to acquire dynamic comparative advantage. For this, the private sector of an economy needs the support of the government in the form of incentives and various types of protection to mitigate investment risks.¹⁴⁴

It is one thing to argue against anti-export bias; it is another to argue that poor countries should

¹³⁸. *A Christian Aid briefing paper, The economics of failure The real cost of 'free' trade for poor countries, June 2005, Available at: https://sarpn.org › P1573-ChristainAid_June2005, accessed on Dec.2024, p.3.*

¹³⁹ .*Id* ,p.4.

¹⁴⁰ *Id* ,p.4.

¹⁴¹ *Id*,p.5.

¹⁴² .*Id*,p.5.

¹⁴³ *Id*,p.6.

¹⁴⁴ . Anne O. Krueger, *Trade and Employment in Developing Countries, Volume 3, Publication Date: 1983: Synthesis and Conclusions*, Available at <http://www.nber.org/books/krue83-1> accessed on OC, 12.2024, p31.

abandon all forms of protection of domestic industry. Improved market access to developed countries for poor country exports merely perpetuates static comparative advantage.¹⁴⁵ As Rodrik (2001) argued in the lead-up to the recent (failed) Doha round of trade negotiations the exchange of reduced policy autonomy in the South for improved market access in the North is a bad bargain where development is concerned. Poor countries need time and policy space to nurture new (infant) industrial activities as developed countries did historically, and as many newly industrialising economies still do today.¹⁴⁶

There is much that the international community can also do to promote trade for development, as opposed to pursuing trade liberalisation for its own sake. The whole world trade system works against the majority of poor developing countries,

- Firstly because of their dependence on primary commodities (the curse of natural resources) and low value-added manufactures;
- Secondly because the rules of the game governing trade between rich and poor countries are rigged and biased in favor of the rich, and
- Thirdly because the agenda for trade reform is largely set by the rich developed countries.¹⁴⁷

Globalization also has brought adverse impacts on child labour in developing countries. In recent years, many international companies moved their production abroad.

These companies often indulge in hiring children as cheap labours as they are manageable, and carry out commands given by their employers even if they are abused and exploited. Mishra(2012) claims that in India, globalization has obliged more children to work in hazardous occupations like brick kiln , motor garage, hotels, shops, transportations, manual loading work etc.

Some studies suggest that higher income and higher standard of living can reduce the potential problem which resulted from the increasing child labour of globalization. Some writers also argues that globalization will increase the opportunity of exploiting countries like Bolivia and Zambia have showed a decline in schooling and an increase in child labour(Mishra,2012).

Opponents of globalization argue that FDI increases the demand for low wage, unskilled labor (of the type that children provide). As a result, increased FDI raises the relative wage of unskilled workers including children. This increases the opportunity cost of non-work alternatives for children, namely leisure and school. Households may respond to higher child labor demands (and

¹⁴⁵ .Id p.45.

¹⁴⁶ .Id p.42.

¹⁴⁷ .Id,p.23.

subsequent higher wages) by substituting away from leisure and school and into child labor. This is often referred to as the substitution effect.¹⁴⁸

Ranjan shows that opening up to trade has two implications for the incidence of child labor in an unskilled labor abundant country in a simple Heckscher-Ohlin framework. Trade liberalization increases the wages of unskilled workers and reduces the returns to educated workers, thus making it more likely for parents to send children to work. This is the demand effect of trade liberalization that the critics of globalization focus on. However, at the same time, households endowed with unskilled labor also become better off and thus less credit constrained (making it less likely for parents to send children to work). The overall effect depends on which of the two channels dominates¹⁴⁹.

2.17. LABOUR RIGHTS IN PERU AND THE EU TRADE AGREEMENT COMPLIANCE WITH THE COMMITMENTS UNDER THE SUSTAINABLE DEVELOPMENT CHAPTER

This is the case for the EU-Peru-Colombia trade agreement that entered into force in 2013. The agreement contains a chapter on sustainable development and while respect for labour norms in Peru is quite low.¹⁵⁰ There are serious indications that the level of labour protection has been lowered in Peru since the entry into force of the trade agreement with the EU. Specifically, the writers point to three instances where it may be argued that the de jure or de facto labour protection has been lowered.¹⁵¹ Based on a study conducted to assess the labour rights commitments of the sustainable development in the EU-Peru-Colombia agreement, with a specific focus on Peru and the agricultural sector, the labour-related commitments were:-

- Upholding ILO Core Labour Standards,
- Non-lowering domestic labour law- the Parties make a strong commitment not to de jure or de facto lower the level of protection provided in the labour law, at least not in a way that would foster trade or investment. Although it is not stated in such terms, this concerns a guarantee against ‘social dumping’. Social dumping occurs when a government weakens its labour protection in order to increase its international competitiveness.¹⁵²
- promoting civil society dialogue - civil society meetings should take place in order to discuss and monitor these commitments on sustainable development. The promotion of civil society dialogue constitutes a relatively new and unique element of the EU’s approach to promoting the trade-labour

¹⁴⁸. *Child labour; the effect on child, causes and remedies to ...* available at lup.lub.lu.se/luur, accessed on 21/02/2020, p.6.

¹⁴⁹. *Id.*, p.11.

¹⁵⁰. *Jan Orbieet'al, Labour rights in Peru and the EU trade agreement Compliance with the commitments under the sustainable development chapter, working paper 58, Vienna, August 2016, p.5 .*

¹⁵¹. *Id.*, p.8.

¹⁵². *Id.*, p.15.

linkage.¹⁵³ Peru has failed to comply in a number of areas. In the sustainable development chapter of the EU-Peru-Colombia trade agreement, the parties commit to complying with the CLS of the ILO.¹⁵⁴ CLS concerns four internationally recognized principles:

1. The freedom of association and the effective recognition of the right to collective bargaining,
2. The elimination of forced or compulsory labour,
3. The abolition of child labour, and
4. The elimination of discrimination in respect of employment and occupation. According to the findings of studies, in Peru 33.5 % of children aged 5 to 14 are engaged in child labour.¹⁵⁵

2.18. THE WTO VERSUS THE ILO AND THE CASE OF CHILD LABOUR

Since the Singapore Ministerial Conference, the ILO has taken significant steps to address the issue of workers' rights generally and especially for child workers. In June 1998, the General Conference of the ILO adopted the Declaration on Fundamental Principles and Rights at Work.¹⁵⁶ The Declaration focuses the discussion on CLS. The ILO declares that some CLS reflect basic human rights, which should be observed in all countries, irrespective of the level of economic development and socio-cultural traditions.

These CLS have been proposed by key WTO Members, such as the US and the EU, as an indispensable condition for access to their markets. They argue that the competitive advantage deriving from low labour standards is illegitimate when labour standards are violated in order to undercut the cost of the production. However, most developing countries perceive that the developed countries are not worried about the state of workers in the developing countries but are interested in restricting trade through economic sanctions. They believe that CLS, including elimination of the child labour, are matters for consideration in the ILO. Their argument is that improved CLS arise through free trade and economic growth and not through sanctions. Consequently, they accept the importance of the CLS but reject the WTO as the right forum.¹⁵⁷

Since the end of the Uruguay Round, the issue of the link between international trade and core labour standards has become central to the policy agenda and has exposed differences of opinion between developing and developed countries. At a WTO Ministerial Meeting in Singapore in 1996, a somewhat ambiguous compromise was reached. The WTO recognized CLS while rejecting

¹⁵³. *Id.*, p. 24.

¹⁵⁴. *Id.*, p. 31.

¹⁵⁵ *Id.*, p. 32.

¹⁵⁶. *Global report under the follow up of the ILO declaration on fundamental principles and rights at work, international labour conference, 99th session, 2010, report I(B), p. 74.*

¹⁵⁷ *Id.*, p. 4.

protectionism, and it pointed to the ILO as the most appropriate organization to deal with the issue of labour standards. Despite the WTO distancing itself from the labor issue, developed countries continued to push for the incorporation of labour standards in the WTO agenda.¹⁵⁸ At the Doha Ministerial Meeting in November 2001, trade union representatives wanted the WTO to commit itself to close co-operation with the ILO. This proposal was widely condemned by a number of African and Asian NGOs who argued that the introduction of core labour standards in the WTO agenda would once again harm the success of the Doha ministerial as it happened at Seattle.¹⁵⁹ Their argument was that poverty is the main problem in their countries and that imposing such labour standards will have serious repercussion on the millions of families in Africa and Asia who depend on the income of their children. Accordingly, for developing countries, the issue is not a matter of choosing the best working conditions, but a matter of survival and of livelihood. For instance, in Nepal, India, or Pakistan where 40-50% people live below the poverty line, the main problem is finding a job. If the issue of CLS becomes enforceable under WTO rules, any sanctions imposed against countries with lower labour standards would perpetuate poverty.¹⁶⁰ Eventually, the Doha Ministerial Declaration re-affirmed the declaration made at Singapore, that the ILO is the appropriate body to deal with the CLS. Consequently, CLS are not subject to WTO rules and disciplines.¹⁶¹

¹⁵⁸ .Mansoor, *The WTO versus the ILO on the case of child labour*, [2004] available at <http://webjcli.ncl.ac.uk/2004/issue2/mansoor2.html>, accessed on march 3.2023, p.2.

¹⁵⁹ .*Id.*, p.63.

¹⁶⁰ .*Id.*, p.71.

¹⁶¹ . Anuradha R.V, *et'al Centre for WTO Studies Trade and Labour under the WTO and FTAs*, p,15.

CHAPTER THREE

3.1 LEGAL ANALYSIS OF INTERNATIONAL/NATIONAL INSTRUMENTS RELATED TO CHILD LABOUR

3.1.1 International Legal Frameworks

Child Labour exists in every country and in many economic activities. So in order to minimize the problem, the Ethiopian government has ratified international conventions and put in place national legislation, in which child labour is legally condemned. The legal framework prohibits work for children below the age of 15 and regulates the working conditions for young workers in terms of working hours and time of the day and week when working is allowed.¹⁶²

Despite several initiatives by the Government and civil society to combat child labour, the incidence of the phenomenon remains high in Ethiopia. The latest national child labour survey in the country was conducted in 2015 and shows that 43 per cent of children aged 5-17 are engaged in the practice.¹⁶³

3.2.CHILD LABOUR AS A HUMAN RIGHTS ISSUE

A widely accepted idea is that child labour is a violation of human rights. The child labour issue has come to be discussed in several international human right instruments. First, the UN Charter establishes general human rights obligations that have been defined through subsequent instruments and practices.¹⁶⁴

Member states of the UN, which include virtually all WTO contracting states, have undertaken to promote higher standards of living, as well as universal observance of human rights and fundamental freedoms for all. These obligations are realized in cooperation with the organization (UN Charter, Art 55 (a), (c), Art 56).

The Universal Declaration of Human Rights (UDHR) is also a body of principles and standards of behavior for all people, it does not explicitly mention child labor.¹⁶⁵

- Article 3: Everyone has the right to life, liberty and security of person
- Article 4: No one shall be held in slavery or servitude...
- Article 23: Everyone as a member of society has the right to social security...
- Article 25 (2): Motherhood and childhood are entitled to special care and assistance.
- Article 26: Everyone has the right to education.¹⁶⁶ Education shall be free, at least as

¹⁶² . *Child labour and the youth labour market in Ethiopia* , Policy brief 2020,p.4

¹⁶³ . *Id*,p.1

¹⁶⁴ . *Human right issues of child labour* Available at: [https://www.research gate.net>3269](https://www.researchgate.net>3269) accessed on Sep7.2023,P.15.

¹⁶⁵ .james j. silk and meronmakonnen, *ending child labor: a role for international human rights law*,vol.22,p.4

regards elementary and fundamental education. Primary education shall be compulsory. Technical and vocational education shall be made generally available.

This means that UDHR recognizes the right of every person, including children to be free from slavery and slavery like practices such as bonded and the worst forms of child labour.¹⁶⁷

The core labour standards, particularly the freedom of association and the prohibition on forced labour, the latter of which covers at least some aspects of exploitative child labour, have become customary international law. Exploitative child labour is considered a human rights issue, for the elimination of which the ILO passed Convention 182 on Elimination of the Worst Forms of Child Labour.¹⁶⁸

ILO Convention No 29 concerning Forced or Compulsory Labour and Abolition of Forced Labour are linked to Article 8 of the International Covenant on Civil and Political Rights (ICCPR). (Art.8 (1), (2) ICCPR about forced and compulsory labour. ILO Convention 138 is linked to Article 10 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) about protection and assistance of children and young persons. Consequently there exists a similarity between the UN conventions on human rights and international core labour standards.

According to the human rights approach, core labour rights are not contingent on a country's level of development. No doubt, discussion of core labour rights interferes with and influences economy and trade issues, but they are founded elsewhere. Core labour rights cannot be rejected simply, It is not a matter of balancing economic interests, but rather of addressing basic values, which are universally held. The issue of free trade and core labour rights is, therefore, a matter of human rights and not a matter of economic development.¹⁶⁹

3.3.THE CONVENTION ON THE RIGHTS OF THE CHILD (CRC)

Ethiopia has ratified this convention in 1999. This convention defines child labor as the economic exploitation of children where it is hazardous, interferes with children's education, or is harmful to their health or physical, mental, spiritual, moral or sexual development.¹⁷⁰ This is the fairly broad definition that can be seen in UNICEF's classification of child labour and includes: being employed 'full time' too soon; labour that exerts undue physical, social or psychological stress, or is

¹⁶⁶. Resel Melville, *The International and Regional Frameworks on Child Labour and its worst forms*, Dec. 2022, P.12.

¹⁶⁷. *Id.* p11.

¹⁶⁸. *The Worst Forms of Child Labour Convention, 1999 in particular Paragraphs 3 and 4 of the Worst Forms of Child Labour Recommendation, 1999, P.56.*

¹⁶⁹. Resel Melville *Supra* note 148, p.14.

¹⁷⁰. Clive Hedges, *ete'al, Children's Rights and Child Labour*, Published: 01/10/2023, p.5.

detrimental to a child's social and psychological development.¹⁷¹ In defining the term 'child labour' the CRC deals with nature of the work not with the age of the child. The definition of child labour includes labour that hampers children's education; undermines dignity and self-esteem or imposes too much responsibility and is 'poorly paid'.¹⁷²

Article 1: a Child means every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier.¹⁷³

Article 19: States Parties shall take all appropriate measures to protect the child from all forms of physical or mental violence, injury or abuse, neglect or negligent treatment, maltreatment or exploitation, including sexual abuse.¹⁷⁴

Article 28 of the Convention on the Rights of the Child, states that;

1. States Parties recognize the right of the child to education and with a view to achieving this right progressively and on the basis of equal opportunity, they shall, in particular:

- (a) Make primary education compulsory and available free to all;
- (b) Encourage the development of different forms of secondary education, including general and vocational education, make them available and accessible to every child, and take appropriate measures such as the introduction of free education and offering financial assistance in case of need
- (c) Make higher education accessible to all on the basis of capacity by every appropriate means;
- (d) Make educational and vocational information and guidance available and accessible to all children;
- (e) Take measures to encourage regular attendance at schools and the reduction of drop-out rates.

2. States Parties shall take all appropriate measures to ensure that school discipline is administered in a manner consistent with the child's human dignity and in conformity with the present Convention.¹⁷⁵

3. States Parties shall promote and encourage international cooperation in matters relating to education, in particular with a view to contributing to the elimination of ignorance and illiteracy

¹⁷¹. *Convention on the Rights of the Child* available at, [www.ohchr.org/Documents/Professional Interest/crc.pdf](http://www.ohchr.org/Documents/Professional%20Interest/crc.pdf) accessed on dec.2020,p.34.

¹⁷² .*Id*

¹⁷³.*Art.1.Convention on the Rights of the Child Adopted and opened for signature, ratification and accession by General Assembly resolution 44/25 of 20 November 1989 entry into force 2 September 1990, in accordance with article 49.*

¹⁷⁴ .*Id,Art.19 of CRC obligation of states to protect children from exploitation.*

¹⁷⁵.*Id, Art.28 sub 1 and 2 of the CRC, the child's right education.*

Throughout the world and facilitating access to scientific and technical knowledge and modern teaching methods. In this regard, particular account shall be taken of the needs of developing countries.¹⁷⁶

Article 31

1. States Parties recognize the right of the child to rest and leisure, to engage in play and recreational activities appropriate to the age of the child and to participate freely in cultural life and the arts.

2. States Parties shall respect and promote the right of the child to participate fully in cultural and artistic life and shall encourage the provision of appropriate and equal opportunities for cultural, artistic, recreational and leisure activity.¹⁷⁷

Article 32: Sub (1) affirms the child's right to be free from exploitative and harmful labor, while sub (2) requires states to take an active role in preventing child labor.

1. States Parties recognize the right of the child to be protected from **economic exploitation** and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

2. States Parties shall take legislative, administrative, social and educational measures to ensure the implementation of the present article. The second clause of Article 32 provides several guidelines for states party to reference when implementing Article 32(1). These guidelines focus on legislative remedies, encouraging states party to:

- (a) Provide for a minimum age or minimum ages for admission to employment;
- (b) Provide for appropriate regulation of the hours and conditions of employment;
- (c) Provide for appropriate penalties or other sanctions to ensure the effective enforcement of the present article.¹⁷⁸

However, these guidelines are still broad enough to ensure that states party have the ultimate power in choosing how to implement Article 32's provisions.

➤ **Economic exploitation, including child labour**

Economic exploitation can generally be defined as forcing or encouraging labor at the expense of an individual's health and well-being and the development of society.¹⁷⁹

The CRC created a Committee on the Rights of the Child to evaluate how ratifying countries have implemented the CRC's provisions and provide guidance for improvement. The Committee bases its evaluation on periodic reports submitted by each country. Article 45 of the CRC also

¹⁷⁶. *Id* Art.28 sub 3 of CRC obligation of state parties to encourage I/cooperation in educational matters.

¹⁷⁷ .*Id*,Art.31 of CRC Childs right to leisure,recreation

¹⁷⁸.*Id*, **Article 32:**Sub (1) affirms the child's right to be free from exploitative and harmful labor, while sub (2) requires states to take an active role in preventing child labor.

¹⁷⁹ Hillary V .Kisten broker, *Implementing Article 32 of the Convention on the Rights of the Child as a Domestic Statute: Protecting Children from Abusive Labor Practices*,(volume 44,issue 3,article 17),2012,p.11.

allows the Committee to use additional methods to monitor compliance such as consulting specialized agencies, commissioning studies for additional information, and publishing general recommendations and suggestions.¹⁸⁰

3.4. The UN Convention

The UN considers child labour to be an act that is performed by a child that may expose him/her to physical, psychological or mental danger. It is an act that violates international law and national legislation and may deprive the child of the opportunity to learn or put psychological pressure on the child.¹⁸¹

The United Nations Sustainable Development Goals (SDGs) include a commitment to eradicate child labour in all its forms by the year 2025. According to the UN guidelines, child labour generally does not refer to all work activities that a child undertakes.¹⁸²

The ILO, the UN system agreed on a definition of child labour, Accordingly, a child is considered as labourer when s/he lies within the following categories:

- (1) is between the ages of 5 and 11 and undertakes at least 1 hour of economic work or 21 hours of unpaid household services per week;
- (2) is aged 12 to 14 years and undertakes at least 14 hours of economic work or 21 hours of unpaid household services per week; and
- (3) is between the ages of 15 and 17 years and undertakes at least 43 hours of economic or unpaid household services per week.¹⁸³

The first form of the UN was the League of Nations (LON) which took several steps to achieve social justice, human rights and children's rights more than a hundred years ago. The LON, in collaboration with Britain, established the Eglantyne-Jebb Council or Committee in 1919 to advocate for the rights of the child and to mitigate the effects of the First World War, which had a negative impact on the children in Europe. In 1924, the LON adopted the Geneva Declaration, a historic document that recognised and affirmed for the first¹⁸⁴ time the existence of rights specific to children and the responsibility of adults towards children. It is known as the Geneva Declaration of the Rights of the Child. In the ten fundamental principles developed to protect the rights of children, the ninth principle highlights the following: Principle 9, the child shall be protected against all forms of neglect, cruelty and exploitation. Child shall not be the subject of traffic, in any form. The child shall not be admitted to employment before an appropriate minimum age; child shall in no

¹⁸⁰.Id,p.14.

¹⁸¹.UN and child right.available at<https://www.un.org/global-issu>.accessed on sep18.2023.

¹⁸². Alberto posso, *Child Labor in the Developing World Theory, Practice and Policy*,(2020),p.3

¹⁸³.Id,p,5

¹⁸⁴.id .p 13.

case be caused or permitted to engage in any occupation or employment which would prejudice his health or education, or interfere with his physical, mental or moral development.¹⁸⁵ Rather than child labour, child's participation in simple work is important to develop child's skills or to support the family under humanitarian conditions that do not affect the child's mental, spiritual and physical health and do not interfere with the child's education.

3.5.THE ILO CONVENTIONS AND CHILD RIGHTS

The ILO was established in 1919 and adopted development goals to help create a better working environment for people, focusing largely on the phenomenon of child labour and its elimination.

According to the ILO, child labour is any work that deprives children of their childhood and impairs their physical, mental and spiritual development, or any work that prevents the child from receiving an education and deprives him/her of the opportunity to attend school.¹⁸⁶

Not all work performed by a child is considered as child labour, as the ILO considers the involvement of children in work that does not affect their mental, physical and spiritual health as positive, which develops children's abilities and provides them with experience and skills, and this includes work on the family farm and after-school work in the context of light and financially rewarding work for the child. Whether or not particular forms of “work” can be called “child labour” depends on the child’s age, the type and hours of work performed, the conditions under which it is performed and the objectives pursued by individual countries.¹⁸⁷ It varies from country to country, as well as among sectors within countries. The ILO believes that child labour is a violation of basic human rights, leads to psychological and physical harm, and is associated with poverty and lack of education. The ILO also took serious and practical steps towards the elimination of child labour when it announced an International Programme of Cooperation on the Elimination of Child Labor IPEC in 1992.¹⁸⁸

The ILO has sought to curb this phenomenon through several announced laws and instruments, such as the Minimum Age for Work 1973 No. 138, which sets the general minimum age for admission to work at 15 years (13 years for light work) and the minimum age for dangerous work at 18 years (16 years under certain strict conditions). It provides for the possibility of initially setting the general minimum age at 14 years.¹⁸⁹

¹⁸⁵ .id.p.23.

¹⁸⁶ . ILO Convention C138: Minimum Age Convention (Convention concerning Minimum Age for Admission to Employment) (58th Conference Session Geneva 1973), 1015 United Nations Treaty Series, p. 297

¹⁸⁷ .id.p.205.

¹⁸⁸ .id p.234

¹⁸⁹ .id.p.103.

The declaration on the abolishment of child labour as a core labour standard has been the subject of much controversy. Many developing countries have been unwilling to sign ILO Convention 138 (1973) which aims to abolish child labour and raise the minimum age for admission to employment or work to a level consistent with the fullest physical and mental development of young persons.¹⁹⁰

It was only in 2000, after the 1998 Declaration on Fundamental Principles and Rights at Work was adopted – that another more limited Convention had been presented because the pace of ratification of ILO Convention 138 was so slow. ILO Convention 182 requires states to take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour.

The Worst Forms of Child Labour Convention No.182, 1999, is a fundamental convention that defines a "child" as a person under the age of 18. It requires ratifying states to eliminate the worst forms of child labour, including all forms of slavery or practices similar to slavery, such as child trafficking, debt bondage and servitude, and forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflict; Child prostitution and child pornography.¹⁹¹

One of the ILO's current goals is to identify and resolve the "worst forms" of child labour; these are defined as any form of labour that negatively impacts a child's normal development. In 1992 the International Programme on the Elimination of Child labour (IPEC) was created as a new department of the ILO. Through programs it operates around the world, IPEC seeks the removal of children from hazardous working conditions and the ultimate elimination of child labour.¹⁹²

Since Ethiopia has ratified all ILO Core Conventions, the labour Proclamation generally encompasses the fundamental principles contained in the conventions.¹⁹³

Specifically, it protects the core labour standards as outlined in the 1998 ILO Declaration of Fundamental Principles and Rights at Work. These core labour standards are freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour¹⁹⁴

The World Summit for Social Development, held in Copenhagen in 1995, stressed that the elimination of child labour throughout the world is an essential step in securing the future of these children and achieving sustainable economic and social development. The ILO also stresses the

¹⁹⁰. 1973 ILO Convention C138: Minimum Age Convention (Convention concerning Minimum Age for Admission to Employment) (58th Conference Session Geneva 1973), 1015 United Nations Treaty Series, p. 297

¹⁹¹ .Findings on the Worst Forms of Child Labor - Ethiopia | U.S. ...available at <https://www.dol.gov/agencies/ilab/resources/reports/ethiopia> accessed on August 2023, p.38.

¹⁹² .Id, p,43.

¹⁹³.The 1998 ILO Declaration of Fundamental Principles and Rights at Work, Adopted by the International Labour Conference at its Eighty-sixth Session, Geneva, 18 June 1998.

¹⁹⁴ .Id, p,21.

importance of member states adhering to the recommendations adopted by the organisation, of which the elimination of the phenomenon of child labour.¹⁹⁵

3.6. INTERNATIONAL TRADE AND WTO: PROTECTING CHILDREN

Examining the relationship between child labour and trade policy is important because more of the world's countries are adopting liberal trade policies and joining the WTO. The WTO framework establishes a dispute settlement mechanism for disputes arising under a covered agreement. The WTO doesn't include an express ideas about child labour with in it's provisions. It is claimed that various existing provisions of the GATT/WTO agreements could be interpreted broadly to include the concerns of child labour.¹⁹⁶

Article XX (e) is the only place where the GATT Agreement, via its exception, expressly raises labour-related concerns. It allows states to exclude the products of prison labour. It has been proposed to interpret the expression of 'Prison Labour' extensively as including all forms of forced labour, bonded or exploitative labour. Moreover, amendment of Article XX(e) 1947 to cover all of the core labour rights was suggested. A member state considering the violation of any of those rights was able to enforce measures to prevent this violation. As Article XX (e) GATT 1947 states a general exception from the most-favourite-nation clause, the invoking party would have to prove the alleged violation and that would diminish the danger of protectionist tendencies. However, the significant argument regarding the disadvantage of this idea is that from the historical point of view, Article XX (e) of GATT represents - as it was transferred without any amendment from GATT 1947 to GATT 1994 - the consensus of the contracting parties of 1947- although the only Human Rights Convention in 1947 was on suppression of slave trade and on forced labour, this was obviously not mentioned in the provision. Moreover, Article XX (e) explicitly refers to the products of prison labor rather than the labor conditions under which they are produced and thus confirms its indifference towards the methods of production. In other words, the text approves trade restrictions where such products distort free trade rather than where those products are the consequence of labor rights violations.¹⁹⁷

Article XX (e) was conceived as protection against unfair competition deriving from the low costs of prison labour, which no private company would be able to compete with. Therefore, its aim is to protect competition, not workers right. On the whole, Article XX (e) in its present form should not be invoked for protection against forced, bonded or exploitative child labour.¹⁹⁸

¹⁹⁵ .*Id.*,p.13.

¹⁹⁶ .*Id.*,p.4.

¹⁹⁷ .*Id.*,p.9.

¹⁹⁸ .*Id.* p, 7and 8.

DeWet expresses the possibility of using Article XXIII to create the nexus between trade and labour standards within the WTO framework. He points out two stages of implementation of the agreement. The first stage is moral persuasion, which is the first step to redress any violation of the labour standards by the ILO with the formation of a tripartite committee to deal with the complaints.¹⁹⁹ Once it has been established that a violation has taken place the committee could make recommendations to the government and stipulate a time during which they have to take steps to meet their obligations. The second stage would be implemented when moral persuasion proves to have no effect.²⁰⁰ This is where the WTO would step in to put economic pressures on the disobedient countries. The implementation of such a system would keep the role of the ILO within its tripartite and moral persuasive boundaries. However, there is the possibility that workers might lose interest in the voluntary approach of the ILO and rely on the WTO to enforce their demands, thus the ILO would become obsolete.²⁰¹

Hence, it is arguable that such moves would weaken the ILO and strengthen the WTO. Hence, it is better that international discussion should turn to ways and means of strengthening the ILO, which is a specialized agency to deal with violations of international agreed standards including the elimination of the worst forms of child labour; for example, by the establishment of standing ILO bodies in forced labour and child labour and the development of binding codes of conduct.

In this regard it is important to be clear that while the multilateral trading system can help to create economic conditions which contribute towards the fulfillment of human rights, it is not within the mandate of the WTO to be a standard setter or enforcer of human rights. As is well known, for reasons of optimality the international system was created on the basis of clear division of labour between organizations. While there may be complementarities between mandates and a need for legal and institutional coherence, this does not suggest that one organisation should be used to pursue the mandate of the other. In this regard, it should be noted that the dispute settlement system of the WTO is not a court of general jurisdiction.

The annual ILO monitoring of compliance with ILO conventions is an impartial and multilateral process and it is the appropriate forum for the review of compliance by nation states. Such monitoring, the opposition of public exposure and the effective strengthening of the NGOs in the offending countries will, often, be enough to push these countries into corrective action, and this could be done through the modification of paragraph 5 of Article III to include a reference to the ILO in its stated desire to achieve a “greater coherence in global economic policy making with the International Monetary Fund and with the International Bank for Reconstruction and

¹⁹⁹ .Sean Turn ,*corelabour standards and the wto*, (published article in 2001),p.21.

²⁰⁰ .*Id* ,p.23.

²⁰¹ .*Id*.p.32.

Development". This would keep labour issues within the jurisdiction of the ILO while respecting the mandates of each organisation. The development of such an institutional acknowledgement of the work done by the ILO would draw it into the emerging system of global economic control together with the WTO, IMF and the World Bank.²⁰²

In addition to the above mentioned international instruments which prohibits child labour, There are also laws at the regional level that requires the protection of children from exploitation like, the African Charter on the Rights and Welfare of the Child, adopted in July 1990 and entered into force in November 1999. It is the first regional treaty that specifically deals with the problem of child soldiers. This convention was ratified by the Ethiopian government in October 2002.²⁰³

3.7.AFRICAN CHARTER ON THE RIGHTS AND WELFARE OF THE CHILD

Art. 2 - Child means every human being below the age of 18 years.

Art. 5.Survival and development

1. Every child has an inherent right to life. This right shall be protected by law.

2.States Parties to the present Charter shall ensure, to the maximum extent possible, the survival, protection and development of the child.²⁰⁴

Art.11.Education

1.Every child shall have the right to education.

2.The education of the child shall be directed to:

(a) the promotion and development of the child's personality, talents and mental and physical abilities to their fullest potential;

(b) fostering respect for human rights and fundamental freedoms with particular reference to those set out in the provisions of various African instruments on human and peoples' rights and international human rights declarations and convention;²⁰⁵

(c) the preservation and strengthening of positive African morals, traditional values and cultures;

²⁰² .Id.p

²⁰³.Responses to Child Labour in Ethiopia, InternationalLabour Organization, available at, <https://www.ilo.org › media>, accessed on Jan.26 2025,p.2.

²⁰⁴. Art.2 Child means every human being below the age of 18 yrs. African Charter on the rights and welfare of the child adopted by the 26th ordinary session of the assembly of heads of state and government of the OAU Addis Ababa, Ethiopia - july 1990 entered into force on 29 Nov.1999.

²⁰⁵.Id, Art.11 sub 1,every child have a right to education.

- (d) the preparation of the child for responsible life in a free society, in the spirit of understanding, tolerance, dialogue, mutual respect and friendship among all peoples ethnic, tribal and religious groups;
- (e) the preservation of national independence and territorial integrity;
- (f) the promotion and achievements of African Unity and Solidarity;
- (g) the development of respect for the environment and natural resources;
- (h) the promotion of the child's understanding of primary health care.

3. States Parties to the present Charter shall take all appropriate

Measures with a view to achieving the full realization of this right and shall in particular:

- (a) provide free and compulsory basic education;
- (b) encourage the development of secondary education in its different forms and to progressively make it free and accessible to all;
- (c) make the higher education accessible to all on the basis of capacity and ability by every appropriate means;
- (d) take measures to encourage regular attendance at schools and the reduction of drop-out rates.

Art. 15: Child labour

1. Every child shall be protected from all forms of economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's physical, mental, spiritual, moral, or social development.

2. States Parties to the present Charter shall take all appropriate legislative and administrative measures to ensure the full implementation of this Article which covers both the formal and informal sectors of employment and having regard to the relevant provisions of the International Labour Organization's instruments relating to children, States Parties shall in particular:²⁰⁶

- (a) provide through legislation, minimum ages for admission to every employment;
- (b) provide for appropriate regulation of hours and conditions of employment;

²⁰⁶ .Id, Art.15sub 1 .child labour, every child shall be protected from all forms of economic exploitation,sub.2imposes duty on states parties to implement i'laws to protect children's right.

(c) provide for appropriate penalties or other sanctions to ensure the effective enforcement of this Article;

(d) promote the dissemination of information on the hazardous of child labour to all sectors of the community.

Art.31:Responsibilities of the Child

Every child shall have responsibilities towards his family and society, the State and other legally recognized communities and the international community. The child, subject to his age and ability, and such limitations as may be contained in the present Charter, shall have the duty:

(a) to work for the cohesion of the family, to respect his parents, superiors and elders at all times and to assist them in case of need;

(b) to serve his national community by placing his physical and intellectual abilities at its service;

(c) to preserve and strengthen social and national solidarity;

(d) to preserve and strengthen African cultural values in his relations with other members of the society, in the spirit of tolerance, dialogue and consultation and to contribute to the moral well-being of society;

(e) to preserve and strengthen the independence and the integrity of his country;

(f) to contribute to the best of his abilities, at all times and at all levels, to the promotion and achievement of African Unity.

3.8 CHILD LABOUR LAWS IN ETHIOPIA

According to CSA(central statistical agency) of Ethiopia, child labor is the engagement of children in prohibited work and more generally in types of work to be eliminated as socially and morally undesirable. These are stipulated by the 1994 constitution of Ethiopia and labor proclamation no.1156/2019. Article 36(d) of the FDRE con states:” Every child has the right not to be subjected to exploitative practices, neither to be required nor permitted to perform work which may be hazardous or harm full to his health /well being, education”.²⁰⁷ Article 89(1) of the Labour Proclamation No.1156/2019 defines young worker as “a natural person who has attained the age of

²⁰⁷ .childlabourlegislationinEthiopia,internationalcacaoinitiative:availableathttps://www cacaoinitiative.org..accessed on oct.10.2023, p,8.

15 but is below the age of 18 years. Sub(2) of this proclamation also prohibits employment of a person less than 15yrs.

3.9.WORKING AGES UNDER ILO CONVENTION NO.138 AND ETHIOPIAN LEGISLATION

The ILO's Convention No.138 (1973) defines three different minimum ages for employment. These are:

- The basic minimum age for admission into employment
 - The minimum age applied to hazardous work
 - The minimum age applied to light work ²⁰⁸
- ✓ According to ILO Convention 138 on the Minimum Age for Admission to Employment, “the minimum age to be specified in conformity with the Convention shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years”. The convention 138 also states that in countries where the economy and educational facilities are insufficiently developed for example developing countries, minimum age for admission into employment could be initially set at 14 years and that of light work could also be set at 12 years.²⁰⁹
- ✓ Ethiopia ratified the ILO worst forms of child labor convention 1999 (no. 182) in 2003. Its provisions were incorporated in to the national law as part of the labour proclamation no.1156/2019.
- ✓ Ethiopia's Labour Proclamation No. 377/2003 initially set the minimum age for work at 14 years and categorized workers of ages 14 to 18 as young workers. This Proclamation No.377/2003 was then repealed in conformity with the international conventions and other legal commitment to which Ethiopia is a party and replaced with **Labour Proclamation No.1156/2019**, which raised the minimum age for employment from 14 years to 15 years.

The Labour proclamation No.1156/2019, which remains in force as of the time of writing:

- ✓ prohibits employment (for wage or profit) of any person less than 15 years of age
- ✓ permits the legal employment of children 15 to 17 years old (referred to as “young workers”), provided they: ²¹⁰
- ✓ perform non-hazardous activities
- ✓ work for a maximum of seven working hours per day (compared to the eight working hours for adults)

“Light work” in Ethiopia

²⁰⁸. *Minimum Age Convention, 1973 (No. 138) Adopted on 26 June 1973 by the General Conference of the International Labour Organisation at its fifty-eighth session Entered into force: 19 June 1976*

²⁰⁹ *Id.* p.34.

²¹⁰ . *Federal Negarit Gazette of the Federal Democratic Republic of Ethiopia, Labour Proclamation No.1156/2019*

ILO Minimum Age Convention 1973 (No.138) allows children of 13-14 years (12-13 years for developing economies) to perform light work for specific number of hours (less than 14 hours per week), as long as the work does not fall under the scope of the worst forms of child labour and does not interfere with the child's education and physical and mental development. Light work helps develop a child's skills and encourages the child to learn family responsibility. The convention No.138 defines light work as work: ²¹¹

- Not likely to be harmful to children's health or development
- That does not prevent children from attending school or from participating in vocational orientation or training programmes approved by the competent authority or their capacity to benefit from the instruction received. ²¹²

Though light work is not specifically established by the national legislation of Ethiopia, the most recent national survey of child labour conducted by the Central Statistical Agency (2018), measured children's participation in 'light work' in line with based on ILO convention 138, (1973) – i.e. work by children aged 13 and older, which is considered not to harm children's health, development, and schooling and does not exceed maximum allowed working hours ²¹³.

ILO's Convention on the "Worst Forms of Child Labour" 1999 (No.182) defines Child Labour as "any work that deprives children of their childhood, potential, dignity and undermines their physical and psychological development". It includes all work that:

- Is mentally, emotionally, socially and morally dangerous and harmful to children
- Restricts or deprives children of the opportunity to attend school and force children to leave school prematurely.
- Makes children combine school and laborious work for excessive periods of time. Since Ethiopia has ratified all ILO Core Conventions, the Labour Proclamation generally encompasses the fundamental principles contained in the conventions. Specifically, it protects the core labour standards as outlined in the 1998 ILO Declaration of Fundamental Principles and Rights at Work. These core labour standards are freedom of association, the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour. ²¹⁴

²¹¹. *International Labour Organization Convention No.138 of (1973) on minimum age for admission to employment and recommendation No.146.*

²¹² *Id.*P35.

²¹³ *Id.*P22.

²¹⁴ *Supra note 56, p19,*

3.10.THE FDRE CONSTITUTION

It is the fundamental law of the nation which gives protection to children not to face labour exploitation. It has key provisions regarding child labour which include:

- Article 18 (1-3) of 1994 constitution of Ethiopia has the following provisions that protect children against child labour:
- Everyone has the right to protection against cruel, inhuman or degrading treatment or punishment.²¹⁵
- No one shall be held in slavery or servitude.
- No one shall be required to perform forced or compulsory labour.
- Article 36 (d): Not to be subject to exploitative practices, neither to be required nor permitted to perform work which may be hazardous or harmful to his or her education, health or wellbeing
- Article 90 (2): Education shall be provided in a manner that is free from any religious influence, political partisanship or cultural prejudices.²¹⁶

3.11.THE CRIMINAL CODE OF ETHIOPIA

The Criminal Code Proclamation No.414/2004, which came into effect in 2005, incorporates provisions protecting children from all forms of abuse and exploitation including child labour. It includes provisions criminalizing child labour in general as well as the worst forms of child labour as described above.²¹⁷ More specifically, Article 525 (illicit activities), Article 586 (abduction of a minor), Article 596 (enslavement), Article 597 (trafficking in women and children) and Article 635 (Traffic in Women and Minors) of the Criminal Code protect children from all forms of abuse.²¹⁸

3.12. CASE STUDY

NIKE'S SOCCER BALLS PRODUCTION IN PAKISTAN USING CHILD LABOUR

"Nike has been accused of using child labor in the production of its soccer balls in Pakistan. This case study will examine the claims and describe the industry and its impact on laborers and their working conditions. While Pakistan has laws against child labor and slavery, the government has taken very little action to combat it. Only a boycott by the United States and other nations will have any impact on slavery and child-based industries. Further more the U.S constitution states that child labor is an illegal and inhumane practice and any U.S. company found guilty practicing and

²¹⁵ .Art.18. of Proclamation no. 1/1995 a proclamation to pronounce the coming into effect of the constitution of the federal democratic republic of Ethiopia

²¹⁶ Id.Art.36 and 90.

²¹⁷ . Proclamation No.414/2004, The Criminal Code of the Federal Democratic Republic of Ethiopia.

²¹⁸.Id. Art.525.

encouraging it will be prosecuted. GATT and WTO prohibits member nations, like the United States, from discriminating against the importation of goods made by children. Are dolphins becoming more important than children? A question making WTO to reconsider the children's appeal of the third world.

2. Description

Brief about the tradition of child labor in Pakistan

Pakistan has a per-capita income of \$1,900 per year-meaning that a typical person survives barely on \$5 per day, and that's not at all, Pakistan has a traditional culture where earning of one person goes on feeding 10 mouths; and with the high rate of inflation it becomes difficult for a low income population to survive. Child labor is spread all over Pakistan but has the greatest impact in the north-west of punjab province, that is Sialkot. Pakistan has a population of approximately 1 million and is an important centre for the production of goods for export to international markets, particularly sporting goods. In 1994, exports from Sialkot brought income of almost US\$ 385 million into the Pakistan economy. Sialkot is thus one of the world's most important centre's for production of sporting goods.

Child labor exists in Sialkot both in the export sector and the domestic sector. This fact has been well documented and reported by the international media for several years but nothing has been done about it. In Pakistan it is clearly documented that child labor is against the law, but the government carries lack of willingness to do anything about it. Provision for education is very limited, due to the fact that very low priority is given to education in the national budgets. Education receives around 3% of the total gross domestic product when compared to over ten times of this amount spent on military. Gender and other forms of discrimination plus adding to the lack of political will, gives the clear picture of the existence of child labor in Pakistan.

Recently if you go to a shop to buy your child a new soccer ball. There is a good possibility that the ball has been made by someone your child's age or even younger. About half of the world's soccer ball are made in Pakistan, and each one of them passes through a process of production where child labor is involved. This problem not only pertains to Pakistan but is worldwide. More than 200 children, some as young as 4 and 5 years of age, are involved in the production line. Majority of these children work in Asia, e.g in the nations of India, Pakistan, Bangladesh and Indonesia. Nike is characterized of making its equipments in countries which are in the developing phase, having very cheap labor, authoritarian government and lack of human rights appeal and union movement. In doing this it has made greater margins on the cost of mere cents to its workers. So Nike success

story is not based on good name and advertising alone but also attached to it is the tears of tortured workers and child labor.

A columnist 'Stephen Chapman' from Libertarian newspaper argues that "But why is it unconscionable for a poor country to allow child labor? Pakistan has a per-capita income of \$1,900 per year - meaning that the typical person subsists on barely \$5 per day. Is it a revelation - or a crime - that some parents willingly send their children off to work in a factory to survive? Is it cruel for Nike to give them the chance?"

Stephen argues that the best way to end child-labor is to buy more of the products that children produce. This would increase their demand, and as they will produce more, they will earn more, hence giving themselves chance to rise above poverty level and thus also benefiting the families of the children and as well as the nation.

However, the issue is not that simple. Increasing the demand of the products produced by child labor means encouraging more child labor, encouraging more birth rates, more slavery, increasing sweat shops and discouraging education - as parents of the children working in factories would want them to work more and earn more. If this happened to be the case, then more and more children will be bought and sold on the black market, leading no end to this problem. By encouraging more child labor, you are not only taking away those innocent years from them but also the right to be educated and the right to be free.

As a good chess player Nike always thinks ahead of its movement. It does not launch its production directly in to the developing country, such as Pakistan, but instead it subcontracts it to them by selecting a local firm. When doing this, the local firm, in this case SAGA sports, has to abide by the Nike's international rules and regulations when producing its goods. And it is the duty of the international firm (NIKE) to monitor its subcontracted production units and hold it to tight scrutiny. But this is not what really happens. Both Nike and the local production company aims to minimize cost and earn the highest amounts of profit thus involving themselves in illegal practices, such as child labor, a practice which is not so highlighted by the government of the host developing country. So what happens when you question Nike about its labor practices? An answer comes that it is not they who are involved in this illegal labor practices but it is the local sub contractor who is doing so. This is wrong to say as Nike and SAGA sports both benefits with access to cheap child labor in Pakistan. And if Nike cannot control its subcontracted plants, it means they have not implemented their rules and regulations effectively and is not abiding by the international standards which they have set for themselves.

Nike's entrance in to the Pakistani markets was the part of its long term strategic planning. It is false to explain that Nike didn't knew that child labor is an ages-old practice in Pakistan. Nike went into Pakistan, having full knowledge of the favorable conditions prevailing in terms of child labor and has taken no precautions whatsoever to prevent the use of child labor in the production of its soccer balls.

Instead Nike has made a profit from its Pakistani contractors who intended has used bonded child labor in the production process. Critically analyzing the situation, "Why Nike always land up in places having cheap or bonded labors or in places where it can easily get away with illegal labor practices?" Examples include: Vietnam, China, Indonesia, Pakistan, Bangladesh and India. Nike simply bases its operations on finding the lowest-cost labor to make its products. Twelve-year old girls work in Indonesian sweatshops 70 hours a week making Nike shoes in unhealthy plants.

According to a Foul ball campaign report, Nike has refused twice to have a check in their Saga-managed center in Pakistan while on the other hand Nike's rival Reebok readily granted access to its Moltex-managed center in Pakistan.

Nike has the habit of hiding behind its good public image and its effective means of promotions and advertising. Nike attempts to create a good public image by offering charity, donating equipments and never passing an opportunity to remind the public that it has set up stitching centers in places such as Sialkot, Pakista

When the June, 1996 issue of Life magazine carried an article about child labor in Pakistan, Nike knew that it was in trouble. The article's lead photograph showed 12-year-old Tariq surrounded by the pieces of a Nike soccer ball which he would spend most of a day stitching together for the grand sum of 60 cents. In a matter of weeks, activists all across Canada and the United States were standing in front of Nike outlets, holding up Tariq's photo.

And yet, Nike has not done an especially good job of scrutinizing the subcontractors with which it's working. Nor has it been open about its labor practices in the way public companies should be expected to be. Cameramen have been pushed out of factory floors.

Nike chairman Phil Knight also acknowledged that a shipment of soccer balls Nike purchased in Pakistan in the year 1996 was made by a subcontractor using child labor in "horrible conditions." Although 1996 was the first year in which real public attention was focused on Nike's labor practices abroad, it's important to recognize that manufacturing shoes in low-wage countries was, from the start, a crucial part of Phil Knight's plan for his company. In other words, American jobs

have not been shipped abroad. On the contrary, Nike has never made shoes in the United States. Its first factories, built in the 1960s, were in Japan, when that country was still a part of the Third World. And since thirty years Nike have migrating from nation to nation, arriving as countries install the necessary mechanisms for orderly business operations and leaving as living standards become too high to make manufacturing profitable.

Nike "not Just do it but Do it right." This is the first time that Nike has had to face real questions about its labor practices abroad, the first time that it has felt a public relations impact. At this point, that impact does not seem at all devastating. While in the short run Americans are generally horrified by the issue of child labor and has expressed concern over the working conditions in foreign factories, Nike should take immediate actions in order to provide remedy to all the activism it faces, otherwise it can prove devastating for the company's image in the long run. The basic truth about Nike is that its only real strength is its good name. Nike rules because of all the good things people associate with the company: sharp ads, Michael Jordan, Tiger Woods, little Penny, and Michael Jordan again. If "beaten workers" and "child labor" get added to that list, then Nike's greatest asset will be lost.

Now the burden is on the company both to do a better job of implementing company-wide global standards of conduct and also to improve its openness to the media. The more you hide, after all, the more people think you have something to hide. Every hand that goes up, hurts Nike in the public eye. And when you 're a consumer company, that's the only eye that matters.

Consumers should take an immediate action in order to eradicate child labor practices discharged by these multinational U.S corporations. This can only be done by not buying their products which are produced in the third world and which have suspicion of a TED Case Study: child being involved in the process. Child labor is a human rights issue. What is more of a human right than growing up as a free person, attending school without being held in bondage?

CHAPTER FOUR

4.1 CONCLUSION AND RECOMENDATION

4.1.1 Conclusion

In conclusion, Trade liberalization is assumed to have its own advantages and disadvantages. It is an inevitable fact that trade liberalization has its own positive /negative effects particularly on developing countries. There is no conclusive finding about its effect on developing countries, Its effect varies from country to country ,from place to place within a single country and from sector to

sector depending on different factors /conditions, such as institutional quality, infrastructure development, level of economic development, social/income distribution, political stability and technological capabilities.

Empirical evidence suggests that while trade liberalization can be a powerful tool for economic development, its benefits must be carefully managed and supplemented with targeted policy interventions to address the challenges and vulnerabilities associated with increased trade openness.

Child labor is a widely spread, complex and still unresolved problem all over the world, especially in developing countries like Ethiopia. Trade liberalization is the removal or reduction of restrictions or barriers on the free exchange of goods/services between nations. This includes the removal or reduction of both tariff (duties) and non-tariff obstacles (like licensing rules, quotas and other requirements). The debate on child labour and trade forms part of the larger debate on the integration of social standards into international trade arrangements. This issue gained prominence during the Uruguay Round of multilateral trade negotiations when several industrialized countries strongly advocated the inclusion of a social clause.

According to CRC, Child labour is the denial of or interference with the child's right to education, health care services, leisure and enjoyment time due to the labour exploitation caused by trade liberalization. The first impact of trade liberalization on children's welfare relates to direct labor participation in the economy. In addition, it may also be a cause to child labour through changes created in the government revenue that reduces food intake, access to health or education and new risks and vulnerabilities. Trade liberalization is essential when an industry reaches a certain level of maturity, provided it is undertaken selectively and gradually.

The Trade and Labour linkage is a sensitive and controversial issue for many countries, particularly developing countries. The linkage should be a considerable concern in developing countries where child labour is not only widespread but also features prominently in different sectors and industries. This linkage refers to the imposition of tariff penalties, nontariff barriers on traded products made with child labour. But such linkage is strongly opposed by developing countries and still now the issue of child labour is not incorporated to the WTO. Countries like US tries to take unilateral measures on products produced using child labor and this is not effective as multilateral measure to solve the problem.

The policies of trade liberalization are criticized for the reason that they are purposely designed to benefit the developed ones by taking the advantages of the poor countries. Developed countries

forces countries to liberalise trade as a condition of loans, grants and debt relief through the IMF and WB.

Studies on the potential impact of FTA between the developing country Peru and USA, shows that, trade liberalization has negative impact on children's education and increases child labor. The findings here shows that, trade liberalization has reduced government revenues in developing countries, with adverse implications for expenditure on physical infrastructure and education, health sectors particularly in low-income countries .

- Trade liberalization reduces children's school attendance and finally, by reducing human capital accumulation. it can also lead to intergenerational transmission of poverty.

In developing nations like Ethiopia, the economy is mainly dependent on primary agricultural products and the main source of foreign currency earnings is agriculture, including coffee and oil seeds. So it could be difficult to reap the benefits of trade liberalization for Ethiopia. UNCTAD's study also found that many least-developed countries lost market share following trade liberalization, as their exports failed to compete in international markets. The main rules of the game in the WTO is competition, in competition the stronger defeats the weaker one. So since developing countries are economically, socially and politically weak they are not capable to strongly bargain and maintain their benefit starting from the accession process, totally there is unbalance of power even after accession.

In order to minimize the problem of child labour that exists in many economic activities, the Ethiopian government has ratified many international human right conventions that incorporates child protection.

The WTO distances itself from incorporating labour issues in to its document and it seems to give priority to economic development over human right issues like child labour. Not only this ,but also the governments of developing countries also lacks commitment to struggle the problem. As case studies from developing countries like Pakistan and Vietnam indicates that, Multinational companies from US use children as labourers to minimize their production cost. But the Pakistan's and vietnam's government didn't oppose the act of Nike due to the desire they to attract FDI.

In the Bilateral trade agreement concluded between Vietnam and US in 2001, children living in provinces with higher exposure to BTA tariff reductions were more likely to drop out of school and this adverse impact of BTA shock persisted over long period of time.

Given the theoretical argument and limited empirical evidence that capital is attracted to a low-wage and low core labour standards environment, it is reasonable to consider the possibility that competition to attract FDI has generated a race to the bottom in labor protections.

Trade liberalization may achieve the targeted growth but, growth per se will not necessarily reduce a country's prevailing inequalities or reduce poverty and child labour in the absence of pro-poor government interventions.

4.2 . Recommendations

The writer of this thesis would like to suggest the following recommendations:

- ❖ Ethiopia shouldn't hasten to join the WTO by accepting burdensome commitments, Because things rushed are things crushed. Here total liberalization may swipe out local industries and may cause the collapse of the economic system of the country. So the liberalization process must take place gradually and selectively.
- ❖ Ethiopia should have well organized, compiled and easily accessible and enforceable child labour laws to minimize the problem.
- ❖ The Ethiopian government should have initiation and commitment to enforce child protection laws of the country without any reluctance.
- ❖ Article xx(e) of the WTO must be interpreted broadly to include and give solution to the issue of child labour that is created due to trade liberalization, or the provision that expressly prohibits the use of child labour must be inserted to the WTO document ,because this can enable countries to take multi lateral measure to deter those who produce using child labour. Ethiopia should play its role in doing this one.
- ❖ The Ethiopian Government shouldn't undermine the issues of child labour in order to attract FDI.
- ❖ The protection of human right's particularly childs' right, must be given priority over achieving economic development through trade liberalization.
- ❖ Policy makers should prioritize investments on education, health care and social protection to enhance human capital development and accumulation.
- ❖ All stake holders must give special focus and close inspections over sectors suspected of involving children as laborers'.
- ❖ Trade liberalization comes with massive competition, i.e there is competition means there are loser and winner parties. So it is the one with weaker capacity which becomes the loser(developing and

least developed).So the concerned government bodies must take this into consideration and carefully analyze the costs and benefits it may have to their country.

- ❖ One thing that the writer wants to recommend is that other researchers have to make further exploration on the impacts of trade liberalization on the vulnerable groups i.e child labour exploitation in developing countries in order to find appropriate solution.
- ❖ developing countries shouldn't try to join the WTO until they build enough capacity that enables them to compete and reap the benefits that could be gained from it.
- ❖ There must be Special, systematic and deep follow up and inspections on labour intensive economic fields.
- ❖ In order to mitigate the potential impacts of trade liberalization on child's labour the Ethiopian Government has to increase the returns from Education and must create a pulling factor within the Education system.
- ❖ The Ethiopian government have to make cash transfer in the form of safety nets to those who comes from poor families to cover education expenses and for medical treatment.
- ❖ The Ethiopian government should establish partnerships of local as well as international organizations dedicated to improving children's lives.
- ❖ Since Ethiopia is now on the verge of joining to the WTO, the issue of those internally displaced children must get special attention, because the degree of exposure to child labour may be too high if compared to these not displaced children.
- ❖ An independent organ must be established in order to make sudden, careful and deep inspection in business firms and publicize its findings.
- ❖ The work of children with in their families and in the in formal sectors need to be regulated and covered by law.

BIBLIOGRAPHY

- *GhetnetMetikuWoldeGiorgis, Study on Child Labor in Ethiopia, Available at <https://www.abysinnialaw.com>, accessed on Oct,16,2019,p.22..*
- Definition of child la ...ILO available ageconsearch.umn.edu/bitstream/26174/1/dp030216., Oct16, 2019.
- SeifuHailemaryam,Bachelor degree of Low (L.L.B) at the faculty of law St. Marry University College,2008,p.1.
- Museum of tolerance.child labour during industrial revolution,available at <https://www.museumof tolerance.com> ,accessed on dec.29.2024,68.
- Analysis of child labour legislation in Ethiopia, report by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), March 2023,p.6
- Marc Bacchettaet'al, Globalization and informal jobs in developing countries, published,2009,p7.
- IrwiYellowitz, history of child labor, Available at <https://www.history.com/topics/industrial-revolution/>, Oct,17.2019
- The United Nations Convention on the Rights of the Child (UN-CRC), 1989, Article 32
- Report from ILO, The Effect of Trade Liberalization on Child Labor, Available at, <https://www.researchgate.net> › published ,Oct,20, 2019.
- J Escobal,Trade liberalization and children, Available at,[https://idl-bnc-idrc.dspacedirect.org › bitstream › handle](https://idl-bnc-idrc.dspacedirect.org/bitstream/handle/), accessed on oct,19, 2019.
- Jean-Marc, Core Labor Standards in trade agreements, Available at, [https://www.researchgate.net › publication › 46432325](https://www.researchgate.net/publication/46432325), accessed on Oct, 19, 2019.
- Gabriel Weber Costa, et'al, The impact of child labor eradication programs in brazil,(2020), Volume 54 ,No. 4, p.2.

- Anuradha R.V. and Nimisha Singh Dutta, Trade and Labour under the WTO and FTAs,p,7
- The Status Quo of Trade Measures on Child Labour ,Brill available on;brill.com › display › book; Accessed on jul16.2024 p,20.
- Mehdi shafaeddin, an enquiry into the causes of failure in recent trade negotiations fallacies surrounding the theories of trade liberalization and protection and contradictions in international trade rules, unctad discussion papers no. 153 december 2000 ,p.5.
- S.m.shafaeddin, trade liberalization and economic reform in developing countries: structural change or de-industrialization?unctad discussion papers no. 179, april 2005,p.8.
- HailegiorgisBiramóAllaro, The Impact of Trade Liberalization on the Ethiopia's Trade Balance,(2012) p,4.
- Shafaeddin, Mehdi, Ttrade liberalization ,industrialization and development; experience of recent decades, Institute of Economic research, April 2010,P,3.
- Mark Weisbrot et'al, The Relative Impact of Trade Liberalization on Developing ,accessed on 08/02/2023
- Yetsedaw Emagne¹Exploring the Relationship between Trade Liberalization and Ethiopian Economic Growth,p.4.
- Mr. Getachew Asamnew, trade policy implication studies on Ethiopia's integration in to regional and global trading systems, summary of commissioned studies, UNDP Ethiopia no.2/2012,p.5.
- Ngoc Anh, et'al, Vietnam's Trade Liberalisation: Potential Impacts on Child Well-being,(published) Article· February 2006,p,4.
- Connor, A Report on Labour Conditions in the Sport Shoe Industry, Community Aid Abroad Briefing Paper, November 1996. Available at URL: <http://www.caa.org.au/campaigns/nike/sweat2.html>, accessed on dec 28. 2024, p4.
- Ballinger, Jeff, "Nike Does It To Vietnam," Multinational Monitor, March, 1997, p.43.
- Trade Openness Foreign Direct Investment and Child Labor. available at <https://www.sciencedirect.com/science/article/pii/S0305750X04001810> accessed on 23/01/2020, p,21.
- Eight broken promises: Why the WTO isn't working for the world's poor, Oxfam Briefing Paper 9, Available at, <https://oxfamlibrary.openrepository.com/handle/>, p,16.
- Elias N. Stebek ,African Journals available at-<https://www.ajol.info>>article>view page 6/7
- Petia Topalova, Trade Liberalization, Poverty, and Inequality: Evidence, .available at <https://www.nber.org/papers/w11614> accessed on 29/02/2020, p.54.
- Ms, Rashi Suri et'al, child labour in india: initiatives and challenges, p.2.

- Getachew Atsibha, The impact of foreign direct investment on Ethiopian economy: the case of Ethiopia, 2019, P, 39
- Bereket Alemayehu Hagos; foreign direct investment vis-à-vis labour law in Ethiopia: is race-to-the-bottom an existing, impending or illusory menace?; mehariredae (phd,) Ethiopian civil and commercial law series (volume-ix), labour relations law in Ethiopia, (2019), page, 21.
- Duetche national.bibliothek available at <https://d-nb.info> accessed on oct.3.2023, p, 79.
- Nadia doytchet'al, the impact of FDI on child labor: insights from an empirical analysis of sectoral FDI data and case studies, the UNDP office, of dev.t studies, January 2013, p, 26.
- Trade and labour standards available at: <https://www.wto.org> accessed on Aug 9.2023.
- Matias E. Margulis, Rights redux: the return of human rights at the WTO, (Published online: 31 Aug 2023), p, 3.
- Hans-Rimbert Hemmeret'al, Child Labour in the Light of Recent Economic Development Trends, (published), 1997, no. 22, p, 25.
- Edmonds, E.V. and Pavcnik, N. (2005b), "The Effects of Trade Liberalization on Child Labor", Journal of International Economics, 65, pp. 401-419.
- Ho, Junlin "The International Labour Organization's Role in Nationalizing the, Internatinal Movement to abolish Child Labor, Chicago Journal of International Law: Vol. 7: No. 1, Article 16, p, 337, Available at: <https://chicagounbound.uchicago.edu/cjil/vol7/iss1/16>, accessed on August 3.20 23.
- Eliana Villar ,et'al, Trade Liberalisation and Child Wellbeing: Potential Impacts of the Peru-US Free Trade Agreement, Young Lives Policy Brief 3, p.
- Jabbar Ul-Haq, et'al, The impact of trade liberalization on child labor in Pakistan, International Review of Applied Economics, Published online: 22 Jun 2020, p, 1
- .Child labour; the effect on child, causes and remedies to ...available at lup.lub.lu.se/luur, accessed on 21/02/2020.
- Jan Orbieet'al, Labour rights in Peru and the EU trade agreement Compliance with the commitments under the sustainable development chapter, working paper 58, Vienna, August 2016, p, 5 .
- Mansoor, The WTO versus the ILO on the case of child labour, [2004] available at <http://webjcli.ncl.ac.uk/2004/issue2/mansoor2.html>, accessed on march 3.2023, p, 2.
- Anuradha R.V, et'al Centre for WTO Studies Trade and Labour under the WTO and FTAs, p, 15.
- Child labour and the youth labour market in Ethiopia , Policy brief 2020, p, 4
- Human right issues of child labour Available at: <https://www.researchgate.net> 3269 accessed on Sep 7.2023, P, 15.

- Resel Melville, The International and Regional Frameworks on Child Labour and its worstforms, Dec. 2022,P12.
 - .Clive Hedges,ete'al, Children's Rights and Child Labour, Published: 01/10/2023,p,5.
 - .Convention on the Rights of the Child available at, [www.ohchr.org/Documents/Professional Interest/crc.pdf](http://www.ohchr.org/Documents/ProfessionalInterest/crc.pdf) accessed on dec.2020.
 - Hillary V. Kistenbroker, Implementing Article 32 of the Convention on the Rights of the Child as a Domestic Statute: Protecting Children from Abusive Child as a Domestic Statute: Protecting Children from Abusive Labor Practices,(volume 44,issue 3,article 17),2012,p.11.
 - UN and child right.available at <https://www.un.org/global-issu>.accessed on sep18.2023.
 - .Alberto posso, Child Labor in the Developing World Theory, Practice and Policy,(2020),p.3
 - .1973 ILO Convention C138: Minimum Age Convention (Convention concerning Minimum Age for Admission to Employment) (58th Conference Session Geneva 1973), 1015 United Nations Treaty Series, p. 297
 - .Responses to Child Labour in Ethiopia, International Labour Organization, available at, [https://www.ilo.org > media](https://www.ilo.org/media), accessed on Jna26 2025,p2.
 - .Child labour legislation in Ethiopia, international cacao initiative: available at [https://www cacaoinitiative.org](https://www.cacaoinitiative.org)>..accessed on oct.10.2023 p,8.
- C:\Users\mebra\Downloads\Findings on the Worst Forms of Child Labor - Ethiopia | U.S. ...available at [https://www.dol.gov > agencies > ilab > resources > reports > ethiopia](https://www.dol.gov/agencies/ilab/resources/reports/ethiopia) accessed on August 2023