



# **Trade and public health:**

## **an overview with a focus on labour markets and health services**

**Dr. Courtney McNamara**

Senior Researcher

Department of Sociology and Political Science  
Norwegian University of Science and Technology  
**@DrMcNamara**



**November 7, 2019**

**Wales Health Impact Assessment Support Unit**  
**Public Health Wales**  
**Cardiff**

# Organization of Presentation

- Overview of Trade and Health Relationship
- Labour Markets
- Health Services





# Trade and Health: an overview



# To Trade or not to trade....

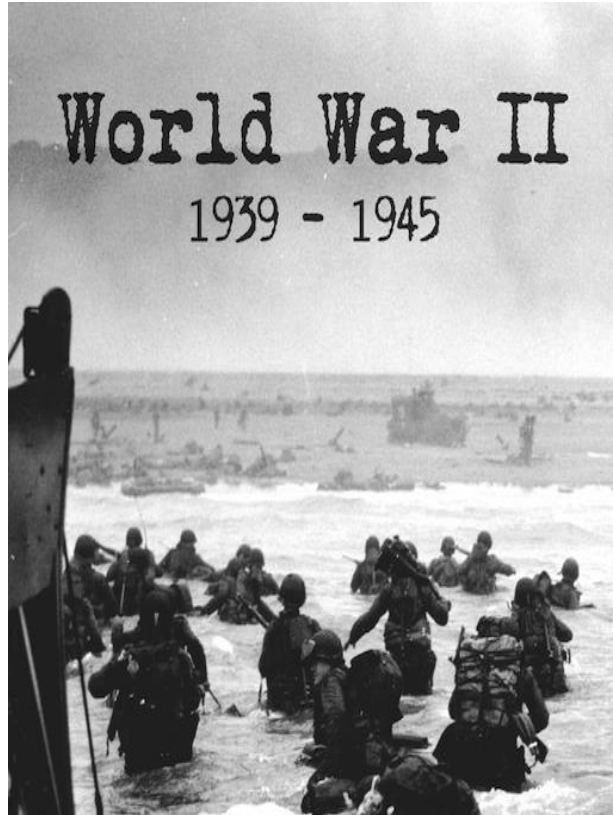
That is not the question....

These are:

- What are the terms of trade, the rules?
- How are they set?
- Who benefits/loses and why?
- How does all this affect health?



# From War to WTO



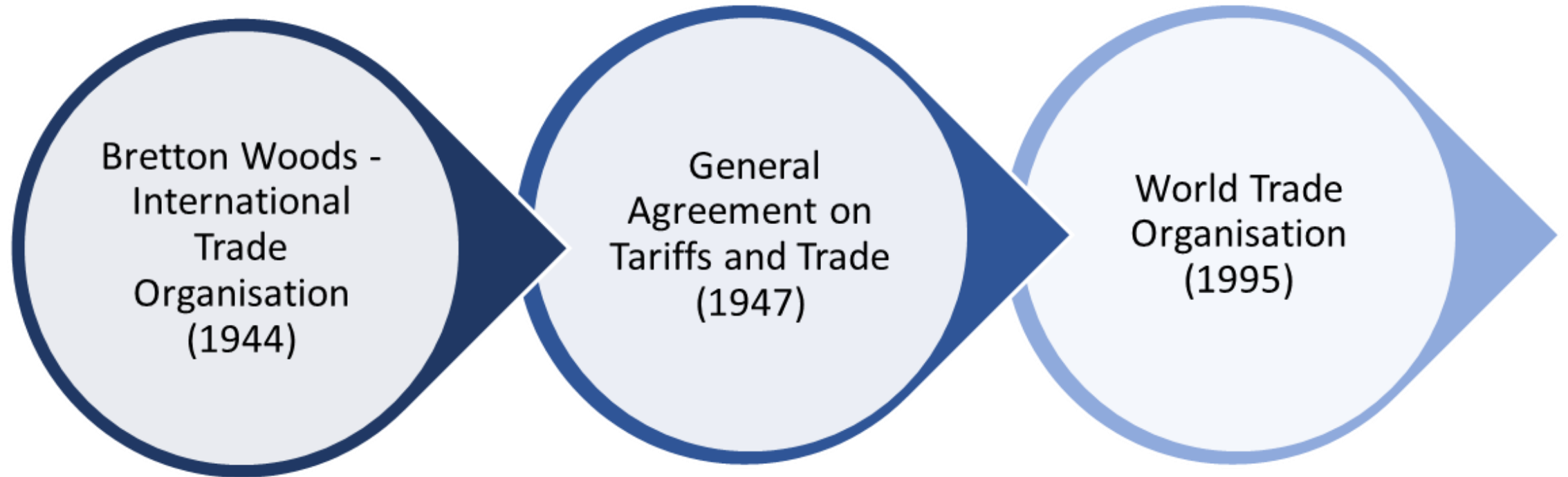
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# From War to WTO



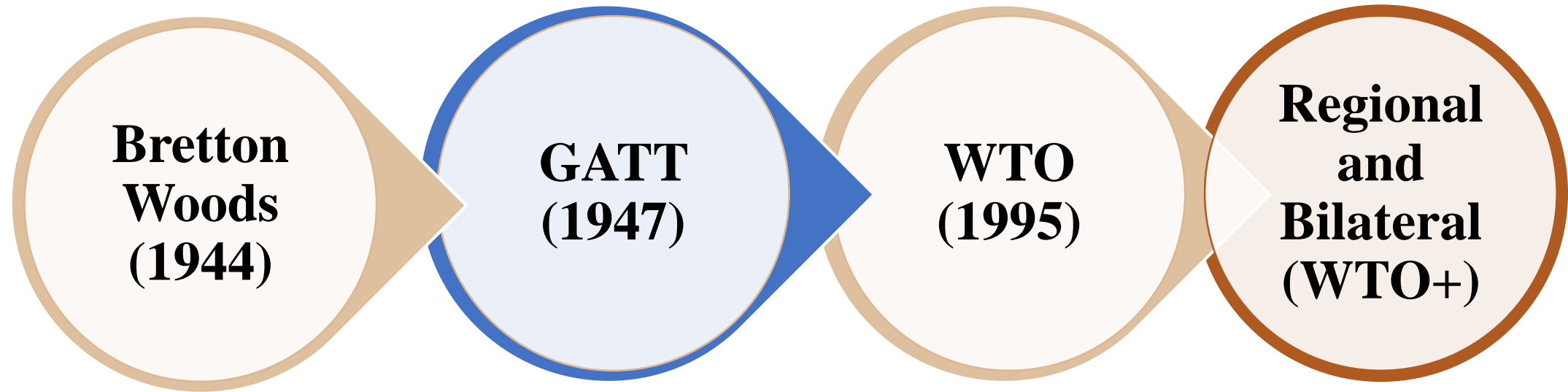
# WTO and Health



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- Binding trade dispute resolution
- TRIPS: Access to medicines
- TBT & SPS: Regulations to meet domestic policy objectives
- GATS: Trade in Services (education, water & sanitation, health)

# From War to WTO to Today





# Free Trade Agreements (FTAs)

- Bilateral and Regional FTAs (CPTPP, USMCA)
- Intrude further on countries' policy space
- More about investment than trade
- Go beyond the commitments outlined in WTO (WTO+)

# Contemporary FTAs

- ➡ Access to medicines  
Nutrition and Food safety  
Consumption of alcohol and tobacco
- ➡ Health services
- ➡ Labour market conditions  
Environmental pollution and sustainability  
Socio-economic inequalities





# Trade, Labour Markets and Health



How does trade impact population health through labor market and social protection pathways?



- 
1. Employment changes
  2. Working conditions
  3. Workers' relationship with the labour market

If a population has reason to worry about the employment impacts of trade, they also have reason to worry about health impacts

Current labour provisions within contemporary trade agreements are at odds with positive health outcomes

RESEARCH

Open Access



# Trade liberalization, social policies and health: an empirical case study

Courtney McNamara

Original Article

**Trade, Labour Markets  
and Health: A  
Prospective Policy  
Analysis of the  
Trans-Pacific  
Partnership**

International Journal of Health  
Services  
0(0) 1–21  
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DOI: 10.1177/0020731416684325  
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**Is trade policy a missing  
piece to a public health  
puzzle?**

**Courtney McNamara**  
Norwegian University of Science and Technology, Norway

Global Social Policy  
1–7  
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Courtney McNamara<sup>1</sup> and Ronald Labonté<sup>2</sup>



# **Trade liberalization in the textile and clothing sector**


Prior to 2005: ‘Quota hopping’

After 2005: Large shifts in employment


32 T&C reliant countries analyzed in reference to a pre- (2000-2004) and post-liberalization period (2005–2009)

How employment changes interacted with countries social policies to influence changes in adult female and infant mortality rates

# Results



Solution Path	Outcome	Case-Study Countries
1. h*M*S*G*1	Improving AFM	Brazil
2. H*g*L	Worsening AFM	Italy, Slovak Republic, Korea, Portugal
3. h*M*s*G*1	Worsening AFM	Bangladesh
4. h*M*s*g	Improving IMR	Kyrgyz Republic, Peru
5. H*m*s*g*L	Improving IMR	Korea
6. h*s*G*1	Worsening IMR	China, Thailand
7. h*M*G*1	Worsening IMR	Sri Lanka, Bangladesh, Indonesia



H =Highly Developed; M= Protective Labor Market; S =Protective Social Policy; G=Employment Growth; L=Employment Loss (lower case signifies the negation of these conditions).

IMR=Infant Mortality Rate

AFM=Adult Female Mortality Rate



# Results

1. Few alternative employment opportunities
2. Little access to social protection

# Results

**Italy:** Labor regulations exempt employees from protective social policies when employed in firms of 15 employees or less

**Slovak Republic:** Workers employed outside of formal employment relationships

**Korea:** Workers employed in nonstandard and irregular jobs and often unable or unwilling to make contributions towards social insurance schemes

**Portugal (deviant):** Standard employment relationship, access to social protection



**WORKER  
Rights  
are  
Human  
Rights!**

A photograph of a protest or demonstration. In the foreground, a person in a maroon jacket holds a large white sign with the text 'WORKER Rights are Human Rights!' written in a bold, black, sans-serif font. The sign is tilted slightly to the right. To the left of the sign, a woman wearing a white knit beanie and a dark jacket looks down. Behind the sign, a man in a light-colored sweater is partially visible. The background is filled with a large, out-of-focus crowd of people, suggesting a large gathering. In the distance, a modern building with a glass facade and a grid of blue-tinted windows is visible. The overall atmosphere is one of a public demonstration or rally.

# TPP Trans-Pacific Partnership





# Prospective policy analysis of TPP Labor Chapter

1. 'Strongest labour provisions of any previous trade agreement'
2. Remaining 11 countries went on to sign similar agreement
3. Labor chapter provisions have resurfaced in other agreements (e.g. renegotiation of NAFTA)

# Results

Unlikely to increase the power of workers and thereby improve employment conditions important for health

“

Parties shall adopt and maintain rights recognized in the **Declaration** of the International Labor Organization (ILO), specifically those relating to freedom of association, collective bargaining, the elimination of slave and child labor and the elimination of employment discrimination

Article 19.3.1

No obligation to ratify Conventions  
Reaffirmation of countries membership in ILO



“

shall adopt and maintain statutes and regulations...governing acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health

Article 19.3.2

Acceptability of working conditions to be determined by each country  
No ‘floor’ below which regulations should not fall

“

violation only where “trade or investment between the Parties” is impacted

Footnote to  
Article 19.3.2

# Results

Unlikely to increase the power of workers and thereby improve employment relations important for health

Possible health equity impacts



# Results

Unlikely to increase the power of workers and improve employment relations important for health

Possible health equity impacts

Normative priority of trade

Health deterioration in context of employment loss

# Social Protection

No unemployment  
program: Brunei,  
Mexico, Malaysia,  
Peru, and Singapore

Availability ranges  
from 8.4 % in  
Vietnam to 52.7%  
in Australia

Question of access  
even when legislated

# ‘Nordic Paradox’

while overall population health is better in Nordic countries, health inequalities are not always the smallest



Two mechanisms

1. High levels of trade openness
2. High levels of inter-industry trade

Associated with employment loss, among unskilled workers

Categories of workers which are implicated in the Nordic Paradox

# Mechanism 1

Do trade vulnerable workers have access to social protection in the case of job loss?

Unskilled workers generally have access to unemployment benefits, but trade vulnerable workers may be bound to weaker forms of protection

# Mechanism 2

Are there aspects of trade-induced employment loss that social protection cannot compensate for?



# Mechanism 2

Job insecurity and health (Kim et al., 2012)

Poorer self-rated health, an increased risk of cardiovascular problems and other physical and mental health ailments

Unemployment benefits address only some components of job security important for well-being (Burchell, 2009)

Self identity, confidence, continuity of social networks

# Number of FTAs 1948-2018

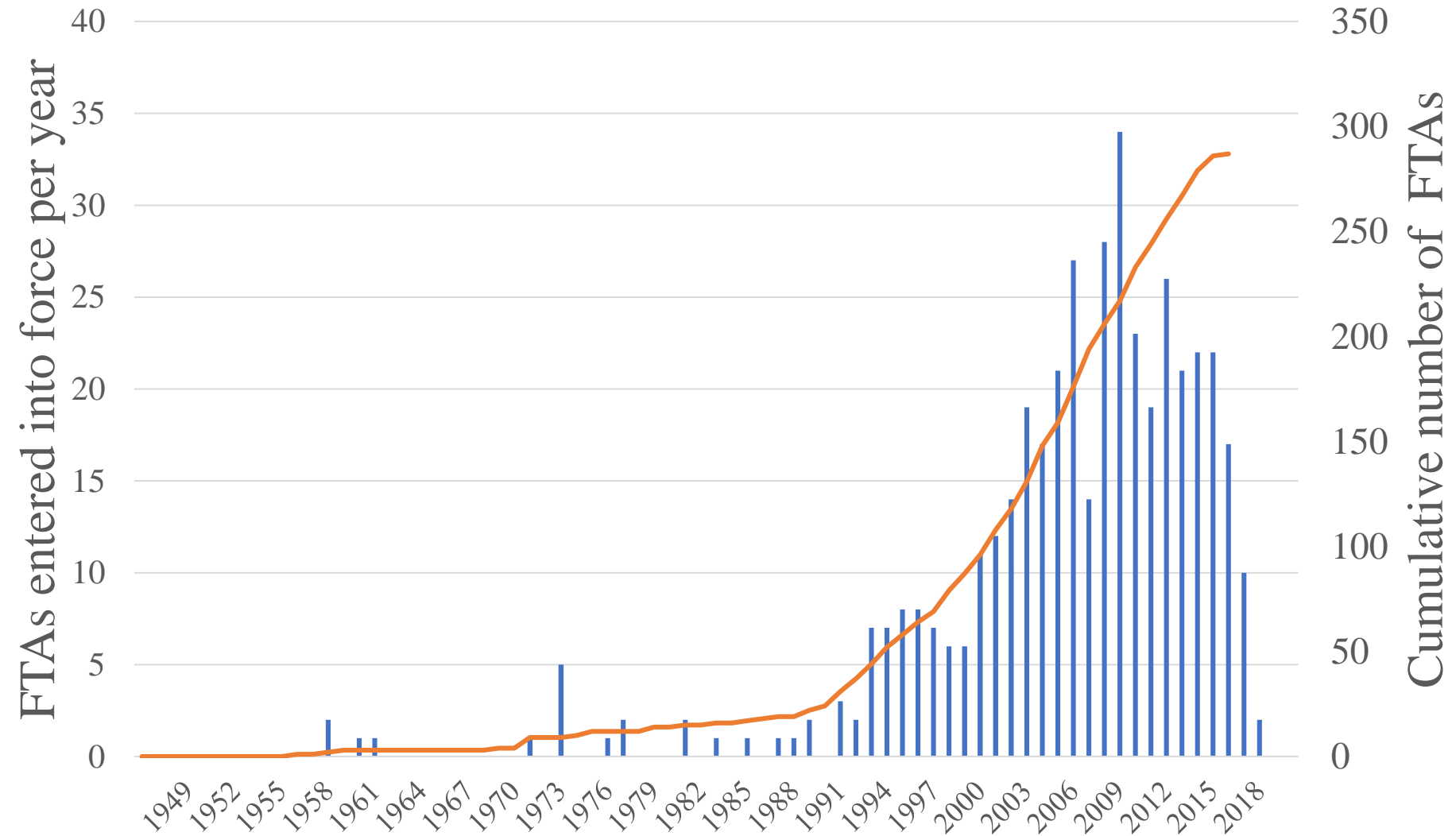
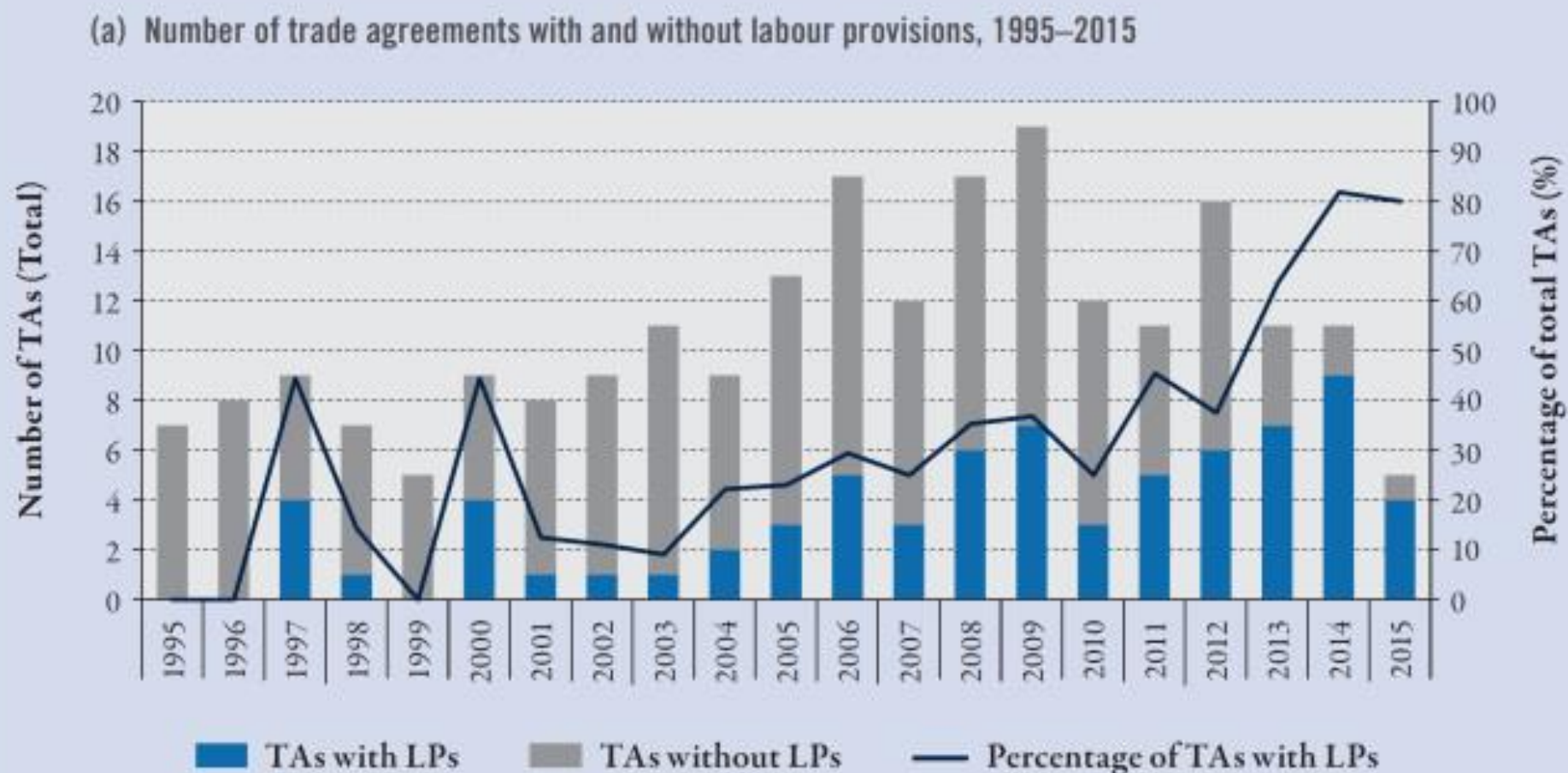


Figure 1.1 Trade agreements with and without labour provisions



Note: The data shown in the figure was retrieved from the WTO Regional Trade Agreements Information System (RTA-IS) in December 2015.

Source: WTO RTA-IS database.



An aerial photograph of a large shipping port at night. The foreground and middle ground are filled with numerous stacks of colorful shipping containers in shades of blue, red, yellow, and green. Several large gantry cranes are visible, some with their lights on. In the background, a body of water is visible, and the city lights of a port city can be seen in the distance. The overall scene is illuminated by the port's artificial lighting, creating a vibrant and industrial atmosphere.

# Trade in Health Services



# Trade and Health Services

- Multilateral agreements of WTO
- Bilateral/Regional Free Trade Agreements (FTAs)



# The General Agreement on Trade in Services (GATS)

- Set of general obligations that apply to all Members
- Set of rules applying specific sectors
- Specific commitments made by Members to provide access to their services markets

Flexibility



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# The General Agreement on Trade in Services (GATS)

- Article 1: Public funded services ‘supplied in the exercise of governmental authority’ (i.e are not supplied on a commercial basis) are excluded
- Few health systems are devoid of some degree of commercial provision
- Few WTO members have committed to liberalizing their health sectors under GATS



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# Trade and Health Services- 4 modes of delivery

1. Cross-border supply e.g. provision of diagnosis services in country A by suppliers in country B ('telemedicine').
2. Consumption abroad e.g. movement of patients from country A to country B for treatment (medical tourism).
- ➔ 3. Commercial presence e.g. establishment of or investment in health services in country A whose owners are from country B.
4. Presence of natural persons, e.g. service provision in country A by health professionals who have temporarily left country B (movement of health workers).

# Mode 3: Commercial Presence

## **Possible benefits:**

Improved standard of care, job creation, transfer of skills, increases in investment in infrastructure and tech, and reduced capital expenditure by governments

## **Possible drawbacks:**

increase commercialization, erosion of equity/a two-tiered health system, internal 'brain drain'



# GATS vs. FTAs

- **‘Positive Listing’**: Countries must list which services are to be offered on market basis
- **‘Negative listing’** (FTAs): All services are covered unless specifically **excluded**

# Negative listing in FTAs

- Future services automatically included as open to market forces
- Complexity of process and inadvertent commitments
- Services offered for profit locked in



# Other Health System Impacts

- Although GATS has an exclusion for services supplied ‘in the exercise of government authority’, there have been a number of disputes involving health insurance
- Health systems that operate with a cost utility analysis and national bargaining systems as a **technical barrier to trade**
- Recent US trade deals have sought to legalize digital direct to consumer advertising of pharmaceuticals





OFFICE of the UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT

# United States-United Kingdom Negotiations

Summary of Specific Negotiating Objectives

February 2019



# Political Questions

1. To what extent is health care seen as a public good to be guaranteed by the state;
2. How well prepared are governments to regulate private provision, infrastructure, or financing to avoid the risk of market failures in private health markets?





# Summary







Trade vulnerable workers often excluded from social protection or bound to weaker protections

Aspects of trade's impact on labor markets that social policy cannot compensate for

Unlikely to improve working conditions

Neglects role of social protection

Establish normative priority of trade with possible implications for health equity



# Summary: Trade and Health Systems

- Liberalizing trade in health services can bring potential benefits
- But also holds risks that need to be carefully considered by countries entering into binding, potentially irreversible commitments
- There are particular identifiable risks with respect to a potential trade agreement between the US and UK



# Overall Summary

- FTAs rewriting rules trade and investment
- Threaten to worsen determinants of health
- Processes behind FTAs undemocratic and outcomes conflict with governments' obligations to fulfill the right to health
- Need for fundamental new agenda
- Broad resistance from health community





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