Discussion Paper Series

IZA DP No. 18937

September 2026

Labor Provisions in Preferential Trade Agreements: Trade Effects, Worker Outcomes, and the Turn Toward Enforcement and Supply-Chain Governance

Lourenço Paz
Baylor University
and IZA@LISER

IZA@LISER NETWORK
ISSN: 2365-9793

IZA DP No. 18937 September 2026

Labor Provisions in Preferential Trade Agreements: Trade Effects, Worker Outcomes, and the Turn Toward Enforcement and Supply-Chain Governance

Abstract

This survey examines how labor provisions in preferential trade agreements affect trade, worker outcomes, and the governance of global production, organizing the literature around three generations of work. An earlier generation debated whether labor clauses were social protection or disguised protectionism. A second, using improved coding and structural gravity methods, finds no systematic trade-reducing effect: results are neutral or conditionally positive, though robustness to staggered-treatment methods remains untested. A third turns to implementation, arguing that provisions matter most when monitoring bodies, complaint systems, and due-diligence obligations change incentives for governments, firms, and suppliers. Across the literature, the most consistent evidence concerns legal commitments, institutional capacity, and enforcement credibility rather than broad wage gains. The survey's contribution is to read these findings as vantage points on a single transformation: labor provisions are no longer peripheral clauses inside trade agreements but components of a wider system linking states, firms, workers, and supply chains, whose effects remain only partially measured and only partially identified.

JEL classification

J83, F16, F55, K33

Keywords

due diligence, enforcement and compliance, global value chains, labor provisions, preferential trade agreements, trade and labor standards

Corresponding author

Lourenço Paz
lourenco_paz@baylor.edu

1. Introduction

Why should economists who do not specialize in trade-and-labor issues care about labor provisions in trade agreements? The short answer is that labor provisions reveal how globalization is now governed. In the textbook picture, trade policy is largely about tariffs, quotas, and market access. In the world of modern PTAs, however, market access is increasingly bundled with commitments on labor standards, environmental protection, investment rules, digital trade, and domestic regulation. Labor provisions therefore matter not because they are a niche legal curiosity, but because they help illustrate how trade agreements have become broader institutions for governing the social and regulatory terms of international exchange (Dür, Baccini, & Elsig, 2014; European Commission, 2022).

This shift is economically important for at least three reasons. First, labor provisions sit directly inside the distributional politics of globalization. They are one response to the persistent concern that trade can be politically destabilizing when workers believe that competition is being sharpened by weak enforcement of labor rights elsewhere. Second, they speak to a core issue in institutional economics: whether the design of legal commitments, monitoring systems, and enforcement rules changes behavior in a meaningful way. Third, they connect trade policy to the organization of production. When production is fragmented across borders, labor conditions are shaped not only by domestic law but also by lead firms, buyers, due-diligence systems, and cross-border complaint mechanisms. A survey of labor provisions is therefore also a survey of how trade, institutions, and firms increasingly fit together.

The literature did not begin from that broad perspective (Siroën, 2013). Siroën's early overview already showed that labor provisions had diffused well beyond a narrow legal appendix to trade agreements, but for many years the field was still dominated by a simpler and much more polarized debate: are labor clauses worker-protective or protectionist? Critics argued that advanced economies used labor standards to erode the comparative advantage of lower-wage exporters. Supporters argued that labor provisions made trade politically and socially sustainable by discouraging a race to the bottom and by improving labor-rights governance. Those competing intuitions mattered in policy debate, but they proved too blunt analytically. Once researchers acquired better data and stronger empirical tools, the field began asking more useful questions: what kinds of labor provisions exist, how strongly are they institutionalized, and through which channels do they influence trade, rights, firms, and workers (Carrère et al., 2022; Raess & Sari, 2018).

This survey organizes the literature around three linked generations of work. Building on earlier syntheses of the literature, particularly Raess (2022), which brought together the evidence on adoption, trade effects, and labor outcomes in a single overview, this survey advances a governance-centered interpretation of the field's evolution. A first generation focused on political economy and the normative debate. A second generation centered on measurement and trade effects. A third generation, now increasingly prominent, examines implementation, enforcement, due diligence, and supply-chain governance. As Section 2 discusses in more detail, these generations describe shifts in the field's center of gravity rather than a strict succession in which later work supersedes earlier work: political-economy analyses of adoption and gravity-based trade-effects studies continue to be produced, often using the same measurement infrastructure that now also supports enforcement-oriented research. The interpretive claim of this manuscript is therefore not that one generation has replaced another, but that the questions asked across all three increasingly describe different vantage points on a single underlying transformation: how labor standards become embedded in the institutions—monitoring bodies, complaint systems, due-diligence obligations—that govern international production. That transformation is the thread connecting treaty design, trade flows, worker outcomes, enforcement, and firm behavior across the sections that follow.

This way of organizing the literature is especially useful for non-specialist readers because it turns what might look like a scattered set of subfields into a coherent research program. Economists, political scientists, legal scholars, and international organizations have all contributed to this literature from different vantage points. The ambition here is synthetic: to show that they are all studying different aspects of the same transformation in the governance of trade and production (Bown & Claussen, 2024; International Labour Organization, 2022; OECD, 2023).

The contribution of the survey is threefold. First, it offers an accessible map of the literature for readers interested in trade, labor markets, institutions, or global value chains but not specialists in trade-and-labor governance. Second, it organizes the evidence around a common analytical sequence—methodology, political economy, measurement, trade effects, labor outcomes, enforcement, and supply chains—rather than around isolated debates. Third, it advances an integrative synthesis by reading recent work on enforcement, due diligence, and supply chains as continuous with, rather than separate from, the earlier literatures on adoption and trade effects.

The remainder of the manuscript follows that logic. Section 2 explains the review strategy and the reasons for drawing not only on journal articles but also on additional sources like datasets and institutional documents. Section 3 examines the political economy of adoption, showing that labor provisions are not randomly distributed across PTAs but reflect domestic coalitions, partisanship, and bargaining incentives. Section 4 explains how measurement infrastructure changed what the field could learn empirically.

Sections 5 and 6 review trade effects and worker outcomes. Section 7 turns to enforcement, and Section 8 situates labor provisions in wider debates on firms, global value chains, ESG, and due diligence. The conclusion returns to the larger point previewed here: labor provisions are increasingly part of the wider system through which states and non-state actors attempt to govern labor conditions in an integrated world economy.

2. Literature Search, Scope, and Review Methodology

This survey adopts a structured review strategy designed to balance breadth, transparency, and synthetic interpretation. The literature on labor provisions in preferential trade agreements is unusually fragmented across disciplinary boundaries. Important contributions appear in international economics, comparative political economy, international law, labor studies, and institutional research produced by organizations such as the International Labour Organization (ILO), the OECD, the World Bank, and the U.S. International Trade Commission. The strategy adopted here is therefore to collect evidence broadly but to synthesize it around economic questions concerning incentives, institutions, and outcomes. That choice is not merely eclecticism: it reflects the fact that the field itself has developed through interaction between academic research, data-building efforts, and institutional practice.

The temporal scope of the review runs from the early 1990s to 2026 (see also Siroën, 2013). The starting point is substantive rather than arbitrary. The early 1990s mark the period in which labor-trade linkage debates became much more salient through the North American Free Trade Agreement, associated labor side arrangements, and the broader spread of modern PTAs containing explicit labor language. The end point is equally important: the most recent phase of the literature increasingly concerns enforcement architectures, facility-level remedies, due diligence, responsible business conduct, and supply-chain governance. A survey that ended before those developments would understate the extent to which the field has moved beyond debates about trade flows alone. Consistent with this end point, the search underlying this survey was revisited to confirm coverage of very recent contributions, and it identified two 2025 sources that extend the evidentiary base for the enforcement and supply-chain clusters discussed in Sections 7 and 8: a mapping of efforts to protect worker rights across global supply chains (Jaax & van Lieshout, 2025) and an analysis of how trade-based mechanisms have been used to enforce international labor law in practice (Lyall, 2025).

The review includes four kinds of material. First are peer-reviewed journal articles that establish the main empirical and conceptual benchmarks of the field. Second are major working papers and discussion papers when they have played a recognized role in shaping debate or remain the best available source on a developing topic. Third are datasets and codebooks, which must be treated as substantive contributions because the field's development has depended heavily on advances in measurement. Fourth are institutional documents, especially when they clarify implementation mechanisms, stakeholder participation, dispute resolution, or due-diligence obligations. This inclusive strategy reflects the structure of the field itself: several of the most influential interventions are not ordinary articles but infrastructures such as DESTA, LABPTA, LABPTA 2.0, and the ILO Labour Provisions in Trade Agreements Hub (Dür et al., 2014; Raess & Sari, 2018; Raess & Sari, 2025; International Labour Organization, 2022). Table 6 summarizes this data infrastructure directly, tracing how measurement capacity expanded from DESTA's general coding of agreement design, to LABPTA's labor-specific 140-item coding, to LABPTA 2.0's added stringency indices, and finally to the ILO LP Hub's structured compilation of treaty text; this progression is itself part of the story the survey tells about how the field's questions have changed as its evidentiary base has changed.

The review process is organized around six clusters, reflecting the methodological framework developed by Aissi, Peels, and Samaan (2018), which distinguishes between immediate institutional effects and more distant labor-market outcomes. The first cluster concerns political economy and treaty design. The second concerns measurement and data infrastructure. The third concerns trade effects. The fourth examines labor-rights and labor-market outcomes. The fifth focuses on enforcement, compliance, and dispute settlement. The sixth turns to firms, global value chains, ESG, and supply-chain governance. This clustering reflects a substantive claim: the literature developed cumulatively, with each wave opening the next set of questions. The six clusters, and the three broader "generations" into which Section 1 groups them, describe shifts in the field's center of gravity rather than a strict succession in which later work supersedes earlier work; political-economy analyses of adoption, gravity-based estimates of trade effects, and governance-oriented enforcement research continue to be produced alongside one another.

Selection within these clusters emphasized contributions that established a major empirical benchmark, introduced an influential dataset or coding architecture, clarified an important institutional mechanism, or bridged otherwise separate literatures. That means, for example, that DESTA and LABPTA are treated not merely as data tools but as turning points in the field's development. Likewise, the ILO handbook and LP Hub matter not only because they summarize policy practice, but because they systematize implementation, stakeholder participation, and design heterogeneity in ways that later empirical work could use. The review is therefore interpretive rather than meta-analytic in the narrow statistical sense. The outcome space is too heterogeneous for simple pooling, and a more useful task is to identify where evidence converges, where it remains contingent, and which institutional differences explain those divergences. This approach is consistent with recent survey-oriented syntheses of the field (Raess, 2022).

This survey's relationship to Raess (2022) merits a brief statement. Raess (2022) organized the field around three core questions—adoption, trade effects, and labor outcomes—and the present survey is cumulative with that synthesis rather than seeking to displace it. What this survey adds is threefold: it incorporates evidence and data infrastructure available mainly since that synthesis, most notably LABPTA 2.0's stringency indices (Raess & Sari, 2025) and the facility-level evidence from the USMCA Rapid Response Labor Mechanism (Bown & Claussen, 2024; United States Trade Representative, 2024a, 2024b); it treats enforcement architecture and supply-chain governance as a distinct sixth cluster in its own right rather than a brief coda (OECD, 2023; European Commission, 2024; Landau, 2023); and it reinterprets the evidence through an explicit governance lens, arguing that adoption, trade effects, labor outcomes, enforcement, and supply chains increasingly describe different vantage points on a single underlying transformation in how labor standards become embedded in the institutions governing international production. Table 7 sets out, cluster by cluster, where this body of evidence has reached relatively settled conclusions and where open questions remain, and is intended as a guide to the survey's forward-looking agenda as much as a summary of what has already been established.

A final methodological point is central to the manuscript's broader contribution. Labor provisions are not a single treatment. They vary in content, stringency, institutionalization, and enforceability. Some are largely aspirational, some emphasize cooperation and technical assistance, some create monitoring bodies and participatory mechanisms, and some authorize sanctions-backed enforcement. Increasingly, they also interact with due-diligence obligations and supply-chain enforcement that lie partly outside the four corners of trade agreements themselves. A review that collapses all of this variation into one indicator would obscure the central lesson of the mature literature, namely that design heterogeneity is what makes explanation possible. Because of that, the survey takes institutional variation seriously from the start rather than treating it as a complication to be added later.

3. Political Economy of Labor-Provision Adoption

Labor provisions are not randomly distributed across preferential trade agreements (PTAs). That observation may now seem obvious, but it marks a major advance in the literature. Earlier debates often treated labor clauses as if they were either moral add-ons inserted by normatively ambitious governments or covert protectionist devices deployed by advanced economies against lower-wage competitors. The political-economy literature complicates both stories. It shows that variation in labor-provision depth reflects domestic coalition structure, partisan politics, labor-market composition, and bargaining conditions in trade negotiations. In that sense, labor clauses are best understood as negotiated institutional outcomes rather than generic ethical appendices to trade liberalization (Raess, Dür, & Sari, 2018; Kim, 2012).

A useful starting point is the broader literature on PTA design. Dür, Baccini, and Elsig (2014) introduced the DESTA dataset precisely because earlier large-N studies had paid too little attention to variation in agreement content and legal depth. Their contribution was not labor-specific, but it was foundational for labor-provision research because it established the principle that trade agreements are multidimensional institutions whose content is politically chosen and economically consequential. Once agreements are understood in this way, labor provisions become part of the broader political bargain over how deep integration should go and which domestic interests it should protect or discipline (Dür et al., 2014).

The most influential labor-specific political-economy contribution is Raess, Dür, and Sari (2018). Using an original dataset covering 483 PTAs signed between 1990 and 2016, and coding 140 labor-related provisions grouped into six overarching dimensions, they examine whether trade-union strength, government partisanship, and the relative power of skilled labor help explain variation in the depth of labor provisions. Their results support a clear distributive interpretation. Strong trade unions and left-leaning governments are associated with deeper and more far-reaching labor provisions, while a stronger skilled-labor profile is associated with less ambitious labor content. In addition, the effect of trade unions is conditioned by the presence of democracy and left government, which means that organized labor can shape PTA design most effectively when it has both institutional access and partisan allies (Raess et al., 2018).

This result matters because it places labor provisions squarely within the political economy of trade adjustment. A government deciding whether to include stronger labor commitments in a PTA is not simply deciding whether to endorse international labor rights in the abstract. It is also deciding how to manage the domestic politics of liberalization. Groups that fear downward pressure on standards—trade unions, left parties, lower-skilled workers, and allied civil-society actors—have obvious reasons to support deeper labor content, especially if such commitments make trade agreements more politically acceptable. By contrast, where skilled labor is more politically dominant, or where exposure to low-wage competition is experienced differently, the push for ambitious labor clauses may be weaker. Labor provisions therefore reflect not only interstate bargaining but also intrastate coalition management (Raess et al., 2018).

The coalition logic is reinforced by a second strand of the literature emphasizing anticipatory politics. Kim (2012) argues that prospective PTA partners may improve labor protection even before negotiating or signing an agreement if they believe it increases their attractiveness to a major developed economy, especially the United States—a mechanism Kim labels "ex ante due diligence." Using evidence on U.S. trade partners between 1982 and 2005, the paper shows that governments were more likely to improve labor protection prior to PTA signature during periods when U.S. trade policy gave greater salience to labor standards. This implies that labor provisions affect incentives before treaty obligations formally exist, and that treaty design becomes partly endogenous to preexisting domestic reforms. The possibility of being selected as a desirable partner is itself a source of leverage, helping explain why trade-and-labor linkage can matter even without immediate enforcement activity (Kim, 2012).

Democracy is a crucial conditioning variable in this story. Raess et al. (2018) suggest that the effect of organized labor depends on democratic institutions because those institutions determine whether trade unions can influence negotiating mandates, public debate, and ratification politics. In more democratic settings, labor constituencies are more likely to find electoral, legislative, or corporatist channels through which to press for deeper labor provisions, while in less democratic settings political access may be too limited. For economists, this means labor provisions should not be read as simple preference revelation; they are preferences filtered through institutional access and the structure of political representation.

The political-economy literature also helps explain why labor provisions have become more prevalent as PTAs have deepened over time. As trade agreements moved beyond tariffs into behind-the-border regulation, they became more politically visible and more directly connected to domestic adjustment anxieties. Labor clauses can then be understood as instruments of political sustainability. They help governments assemble broader coalitions in favor of liberalization by reassuring skeptical workers and unions that trade will not be pursued at any social cost. In this interpretation, labor provisions are not external constraints on trade policy; they are part of the domestic politics that make ambitious trade policy possible in the first place. This helps explain why governments often include labor provisions not despite domestic political conflict, but because of it (Dür et al., 2014; Raess et al., 2018). This interpretation is also consistent with evidence that North–South PTAs are shaped by a "social protectionist bias," in which domestic constituents in advanced economies press for stronger labor and environmental standards, with the strength of those demands conditioned by electoral institutions and other features of domestic political representation (Postnikov & Bastiaens, 2020).

A further implication concerns bargaining asymmetry across countries. Powerful economies may have more capacity to demand labor clauses from smaller or lower-income partners, but the literature suggests that asymmetry alone is not enough to explain design outcomes. Domestic coalitions within the demanding state influence how aggressively labor clauses are pursued, while domestic coalitions within the responding state influence how much labor content is politically and institutionally acceptable. This is why agreements do not converge on a single labor model even when market-size asymmetries are large. Power matters, but it is filtered through domestic politics on both sides of the negotiating table (Kim, 2012; Raess et al., 2018).

Two recent contributions extend this coalition framework in directions that also qualify it. Vasquez-Merchan and De la Peña (2026) examine 114 Latin American PTAs signed between 1990 and 2015 and find that regime type and political stability, rather than government partisanship, interact with freedom-of-association and wage-bargaining institutions to shape labor-provision depth, alongside interactions between trade openness and intra-industrial competition. Because the coalition variables that Raess et al. (2018) identify appear to operate differently in a regional sample dominated by middle-income signatories, this suggests the partisanship channel may be less portable across contexts than global cross-sections imply. Fagundes Cezar (2025) adds a temporal mechanism largely absent from the static coalition account. Drawing on policy-feedback theory, he argues that the design of earlier agreements conditions later mobilization: in the United States, NAFTA established a labor-provision model widely regarded as designed to fail, which subsequently helped mobilize unions against prospective PTAs that resembled it, whereas no comparable feedback dynamic emerged in the European Union during the 1990s and early 2000s. On this reading, adoption is shaped not only by the configuration of domestic coalitions at the moment of negotiation but by the accumulated political legacy of agreements already in force.

Taken together, this body of work supports a single coherent picture rather than a list of separate findings. Labor provisions are endogenous to domestic and international bargaining conditions, and their depth tracks politically organized interests—trade unions, partisan allies, and skill-based distributional coalitions—more closely than it tracks abstract normative commitments. Because such provisions also help governments build and sustain coalitions in favor of liberalization, they are not merely outputs of political bargaining; they are themselves part of the machinery through which the political sustainability of globalization is managed. This has a direct bearing on how the remainder of the survey should be read. If the depth and design of labor provisions are shaped by domestic coalition politics before an agreement is even signed, then any later analysis of their trade effects, labor-market consequences, or enforcement credibility is, in an important sense, an analysis of the downstream consequences of a politically selected treatment. Section 5 returns to this point directly when discussing how the trade-effects literature has handled—and in places has yet to fully address—the possibility that adoption itself is not random with respect to the outcomes researchers seek to explain.

4. Measurement and Data Infrastructure: From Treaty Text to Comparable Evidence

For much of the early literature, empirical analysis of labor provisions was constrained less by theoretical disagreement than by the simple fact that the underlying phenomenon had not been measured systematically. Scholars knew that labor clauses varied widely across agreements, but they lacked a common dataset capable of distinguishing weak aspirational language from more stringent commitments involving monitoring, institutional cooperation, stakeholder participation, dispute settlement, or sanctions. As long as a labor provision was coded as a simple "present/absent" feature, the field could not say much about which kinds of labor provisions mattered, why they differed, or how they related to later outcomes. The measurement problem was therefore not technical in a narrow sense: it shaped the kinds of questions the field could ask at all (Raess & Sari, 2018; Dür et al., 2014).

The broader PTA literature took an early step toward solving this problem with the DESTA project. Dür, Baccini, and Elsig (2014) introduced a comprehensive dataset on the design of international trade agreements because earlier large-N research often ignored the heterogeneity of agreement content. Their result—that deep agreements drive much of the trade effect associated with PTAs, especially through behind-the-border provisions—was not specific to labor provisions, but it was foundational for subsequent labor research. DESTA established the idea that trade agreements should be analyzed as multidimensional institutional packages, not as homogeneous dummies. Once that conceptual shift occurred, it became possible to ask much more precise questions about labor-related commitments within the broader architecture of deep integration (Dür et al., 2014).

The decisive labor-specific breakthrough came with the Labor Provisions in Trade Agreements (LABPTA) dataset. Raess and Sari (2018) introduced a dataset covering 487 PTAs from 1990 to 2015 and coding 140 distinct items organized into six broad categories. Their effort was motivated by the absence of sufficiently fine-grained data capable of capturing variation in the scope and stringency of labor provisions. LABPTA made visible the composition of labor provisions themselves—substantive commitments, institutional structures, implementation mechanisms, dispute-settlement clauses, and more—rather than only their existence. This changed the field. Researchers could now ask not simply whether a labor clause existed, but which labor clauses existed, how deep they were, and how their specific components varied across treaties (Raess & Sari, 2018).

The descriptive findings in the original LABPTA paper are important in their own right because they preview the field's later movement toward governance. Raess and Sari (2018) show that labor provisions expanded over time in both breadth and content, and that the provisions increasing most steadily across PTAs were those related to monitoring and implementation. In other words, labor provisions did not merely diffuse as declarations of principle. They became progressively more institutionalized. That observation matters because it suggests that the later enforcement literature did not emerge from nowhere; the underlying treaty architecture was already evolving in that direction. The measurement infrastructure therefore not only facilitated later empirical work but also revealed a central substantive change in the nature of labor provisions themselves.

LABPTA 2.0 pushed the data frontier much further. According to the 2025 codebook and the U.S. International Trade Commission's gravity portal, Version 2.0 extends coverage to 610 PTAs over 1990–2021 while retaining the 140-item structure and adding explicit measures of stringency: strong enforcement, strong institutions for monitoring and implementation, and an overall measure of labor-provision depth (Raess & Sari, 2025; U.S. International Trade Commission, 2025). That extension matters methodologically because it permits closer alignment between theory and empirical design. Researchers can now test whether cooperation-oriented clauses matter differently from sanctions-backed enforcement, whether monitoring institutions have distinct effects from substantive rights language, and whether depth correlates differently with trade, labor outcomes, or worker-level evidence. The field has moved from binary coding to genuinely multidimensional institutional measurement.

A related innovation comes from the ILO's Labour Provisions in Trade Agreements Hub. The LP Hub is not merely a searchable repository for policy users; it is a structured compilation of labor-provision text across more than one hundred regional trade agreements and around 140 economies. Its methodological contribution lies in accessibility and comparability. By classifying labor provisions and making treaty text easier to navigate across agreements, the LP Hub allows researchers, policymakers, and non-specialists to compare obligations, institutional design, stakeholder involvement, dispute settlement, and implementation provisions within a single framework. The Hub therefore plays a bridging role between formal legal content and empirical usability (International Labour Organization, 2022).

The ILO's 2017 handbook on assessing labor provisions complements these datasets by underscoring a lesson that the later literature makes increasingly explicit: measurement cannot stop at treaty text. The handbook emphasizes content, implementation mechanisms, stakeholder involvement, technical cooperation, and the interaction of labor provisions with global supply chains and corporate social responsibility (International Labour Organization, 2017). A labor provision that appears strong on paper may remain weak in practice if domestic institutions cannot implement it, if social partners cannot activate its complaint procedures, or if the agreement lacks credible follow-through. The measurement challenge is therefore not only to code what agreements say, but to map the institutional channels through which what they say may—or may not—become economically meaningful.

Taken together, these four infrastructures—DESTA, LABPTA, LABPTA 2.0, and the ILO LP Hub—did more than add detail to existing measures; they reshaped what empirical strategy in this field could look like, as Table 6 summarizes. Because labor provisions can now be coded along multiple dimensions rather than as a single present/absent indicator, the trade-effects literature can distinguish cooperation-oriented provisions from hard enforcement, or shallow commitments from deep institutional ones, instead of treating the presence of "a labor clause" as a single undifferentiated treatment. The same architecture also gives economists, political scientists, and institutional analysts a shared empirical vocabulary, so that findings from gravity models, case studies of TSD chapters, and administrative reporting on the USMCA's Rapid Response Labor Mechanism can be related to a common coding structure rather than treated as incommensurable. And because monitoring institutions, implementation procedures, and dispute-settlement provisions are now measured explicitly, researchers can ask not only whether labor clauses affect trade, but whether they affect compliance trajectories, stakeholder participation, worker voice, and enforcement credibility—questions taken up in Sections 5 through 8.

This measurement progress, however, addresses the description of the treatment more directly than it addresses the question of how that treatment is assigned. LABPTA 2.0's stringency indices make it possible, for the first time, to distinguish cooperation-oriented from sanctions-backed provisions and monitoring institutions from substantive-rights language—distinctions that matter for interpreting the heterogeneous trade and labor-market effects discussed below. But Section 3 established that the depth and design of labor provisions are themselves the product of domestic coalition politics rather than features assigned independently of the outcomes researchers wish to explain. Better measurement of labor-provision content therefore narrows, but does not by itself resolve, the identification challenge that arises when a politically chosen treatment is used to explain trade and labor-market outcomes. Section 5 takes up this challenge directly, asking how the trade-effects literature has used—and has yet to fully use—this richer measurement to address the endogeneity of provision adoption.

5. Trade Effects of Labor Provisions in Preferential Trade Agreements

The earliest and most persistent economic controversy surrounding labor provisions in preferential trade agreements (PTAs) concerns whether they function as disguised protectionism. The logic is familiar to economists. If high-income countries tie market access to stronger labor standards, then lower-income exporters may face higher compliance costs, weaker cost competitiveness, and diminished ability to sell labor-intensive products abroad. In its strongest form, the protectionism hypothesis predicts falling bilateral trade, especially in North–South trade relationships where wage differentials and differences in regulatory capacity are largest. For many years, that prediction shaped both academic and policy debate. Yet the modern empirical literature now points in a different direction. Once labor provisions are measured more carefully and trade effects are estimated using contemporary gravity methods, the dominant result is no longer systematic trade suppression but trade neutrality and, in some settings, trade support (Carrère, Olarreaga, & Raess, 2022; LeClercq, Robertson, & Samaan, 2024). Earlier syntheses of the field also highlighted the centrality of the protectionism debate (Siroën, 2013). It is worth noting that the empirical premise underlying both sides of that debate has itself been questioned. Using a measure of export competition constructed to capture actual rivalry between countries exporting similar products in comparable volumes, Guasti and Koenig-Archibugi (2022) find little support for the proposition that global trade competition has driven a race to the bottom in labor standards. If the competitive dynamic that labor provisions were meant to arrest is weaker than was assumed, then the protectionist reading and the social-protection reading rest on a common and contested foundation—which is a further reason the debate proved so difficult to settle on its own terms.

The methodological transformation behind this shift is central to understanding the literature. Early studies often had to treat labor clauses as a simple binary feature: an agreement either had labor language or it did not. That approach was understandable but blunt. It obscured variation between weak aspirational commitments and more institutionalized provisions involving cooperation, monitoring, participation, dispute settlement, or sanctions. At the same time, empirical trade analysis itself evolved. Structural gravity models estimated with high-dimensional fixed effects and Poisson pseudo-maximum-likelihood became the preferred way to study bilateral trade flows (Azevedo et al., 2024). These tools matter because modern PTAs are multidimensional institutions. If labor provisions are studied with inadequate coding or if agreement heterogeneity is ignored, empirical estimates can confound the effect of labor clauses with the effect of broader agreement depth or related behind-the-border provisions (Dür, Baccini, & Elsig, 2014; Carrère et al., 2022; Fontagné, Rocha, Ruta, & Santoni, 2023).

The strongest benchmark result comes from Carrère et al. (2022), whose contribution is especially important because it combines detailed coding of labor clauses with a gravity framework capable of distinguishing among different directions of trade and different types of provisions. Their central finding is that the introduction of labor clauses has, on average, no statistically significant negative impact on bilateral trade flows. This result is already important because it undercuts the strongest version of the protectionism hypothesis. But the deeper contribution lies in the heterogeneity they uncover. In North–

South agreements, labor clauses can be associated with higher exports from lower- and middle-income countries to richer partners, especially when the clauses emphasize institutionalized cooperation rather than strong sanctions. That is more than a null result. It suggests that some labor provisions may improve the terms under which lower-income exporters participate in trade by reducing uncertainty, encouraging institutional upgrading, or improving credibility in destination markets.

LeClercq, Robertson, and Samaan (2024) reinforce this broad conclusion from a different angle. Their paper is valuable because it couples a legal typology of labor clauses with updated Poisson estimation and controls for other deep-trade provisions associated with trade. They find no robust evidence that labor provisions reduce bilateral trade. The significance of this result lies in the fact that it is obtained after handling legal design more carefully than many earlier studies. In other words, once both the legal variation and the econometric specification are treated more rigorously, the notion that labor clauses are systematically trade-reducing becomes even harder to sustain. The most important takeaway is that the anti-trade claim is not merely unsupported on average; it is increasingly inconsistent with the best-identified recent evidence.

A related contribution by Jinji and Kamata (2020) addresses the trade-creation question from yet another direction, asking not whether labor clauses suppress trade but whether they reduce the trade creation effect of RTAs itself. Using a gravity framework with a large sample of country pairs, they find that agreements containing labor clauses generate smaller trade creation effects than those without such clauses. This result is not straightforwardly protectionist in the conventional sense—it does not imply that labor provisions penalize lower-wage exporters—but it does suggest a moderation of the trade-expanding impetus that RTAs typically produce, potentially reflecting the additional regulatory demands associated with compliance. The finding is therefore complementary to the benchmark results reviewed above: where Carrère et al. (2022) and LeClercq et al. (2024) establish the absence of a systematic trade-suppressing effect on average, Jinji and Kamata (2020) show that the presence of labor clauses may nonetheless attenuate the trade creation dividend, a distinction that matters for how researchers interpret the net welfare effects of agreements that bundle market access with labor commitments.

At the same time, the modern trade-effects literature is not simply a sequence of null results. One of its main advances is the recognition that average treatment effects can conceal economically meaningful heterogeneity. Timini, Cortinovis, and López-Vicente (2022) explicitly investigate whether agreements with labor provisions affect trade differently depending on the level of development of the members, the labor intensity of the goods traded, and the enforceability of the labor provisions themselves. Their results show that trade agreements with labor provisions can have larger overall trade effects than those without such provisions, but that strong labor provisions may dampen some South-to-North export gains relative to agreements with weaker provisions, especially in labor-intensive sectors. This finding matters because it clarifies why earlier debates often talked past one another: labor provisions may generate both trade-facilitating and trade-constraining effects at the same time, and the sign of the observed effect depends on which partner, sector, and design dimension is being examined.

This heterogeneity points toward several mechanisms that economists can recognize readily. The first is a governance or credibility channel. Labor provisions may lower uncertainty by improving transparency, clarifying expectations, and supporting more predictable regulatory environments. If exporters, investors, or buyers value credible institutions, then labor provisions can function as signals of governance quality rather than merely as compliance burdens. The second is a coalition-building channel. Trade agreements often face domestic political resistance from workers and unions concerned about downward pressure on jobs and standards. Labor provisions may help governments sustain and ratify broader liberalization by making trade agreements more politically acceptable. In this interpretation, labor clauses facilitate trade not because they lower direct costs, but because they make ambitious integration politically sustainable. The third is a compliance-cost channel. Strongly enforceable labor provisions may indeed raise costs for exporters in labor-intensive sectors, particularly when domestic institutional capacity is weak. The mature literature suggests that all three channels may operate simultaneously, and that the net effect depends on context rather than on any single inherent property of labor provisions (Carrère et al., 2022; Timini et al., 2022).

This is why the protectionism debate increasingly looks like the wrong framing for the economics of labor provisions. Modern PTAs regulate far more than tariffs. They also regulate a growing range of behind-the-border issues associated with production, enforcement, and regulatory cooperation. Labor provisions are therefore best understood as part of the economics of deep integration. Their trade effects may arise less from simple cost escalation and more from the broader institutional environment in which exchange takes place. Fontagné et al. (2023) show in a wider PTA context that agreement depth and content matter substantially for trade outcomes. That general conclusion supports the labor literature's move away from binary claims about whether labor clauses are good or bad for trade and toward a more nuanced account in which specific institutional designs matter in different ways.

These benchmark results deserve closer scrutiny regarding how the underlying treatment—the inclusion of a labor provision—is measured and identified, since this bears directly on how much weight a non-specialist audience should place on the absence of a negative trade effect. Much of the earliest empirical literature, for the reasons discussed in Section 4, treated labor provisions as a simple present/absent indicator, comparing PTAs with and without any labor language at all. Carrère et al. (2022), LeClercq et al. (2024), and Timini et al. (2022) move beyond this binary approach by drawing on the LABPTA coding of provision design—distinguishing weak aspirational language from provisions backed by institutionalized cooperation or by sanctions-based enforcement—which is what allows them to report heterogeneous rather than single average effects. Even so, the identifying variation in all three studies is primarily cross-sectional: it compares PTAs that include a given type of labor provision with PTAs that do not, rather than tracking the same agreement before and after its labor content changed, since relatively few PTAs revise their labor provisions after signature.

This matters in light of Section 3's finding that the depth and design of labor provisions are shaped by domestic coalition politics. If the same conditions that make a government more likely to negotiate deep labor provisions also independently affect its trade with particular partners, a null or positive coefficient could partly reflect selection rather than a causal effect. Carrère et al. (2022) address this by restricting comparisons to country pairs that have already signed a PTA, controlling for overall agreement depth using the Dür et al. (2014) index, and instrumenting labor-provision inclusion with the union-strength, government-partisanship, and labor-power variables from Raess et al. (2018). They acknowledge, however, that the most demanding strategy—bilateral fixed effects exploiting agreements whose labor content changed after signature—is not feasible given how few such cases exist. LeClercq et al. (2024) and Timini et al. (2022) rely primarily on controls and sample decomposition, so the handling of adoption endogeneity varies across the three benchmark studies even as they converge on similar substantive conclusions.

A further, related concern lies just outside the labor-provisions literature narrowly defined but bears directly on how its results should be read. Recent methodological work on gravity estimation has shown that standard fixed-effects specifications can substantially understate the trade effects of regional trade agreements once the staggered timing of agreement formation and the heterogeneity of effects across cohorts and time-since-treatment are properly modeled, with one influential study reporting that conventional estimates of RTA effects may be biased downward by more than fifty percent (Nagengast & Yotov, 2025). This staggered difference-in-differences approach has so far been applied to the average effects of RTAs in general, not to the heterogeneous labor-provision designs that LABPTA 2.0 now makes codeable. Whether the "no systematic negative effect" conclusion, and the specific heterogeneity patterns reported by Carrère et al. (2022) and Timini et al. (2022), would survive a reanalysis along these lines is an open question rather than a settled one. It is precisely the kind of question that the combination of LABPTA 2.0's stringency indices and newer staggered-treatment gravity methods is now, for the first time, equipped to answer—even if no published study has yet done so.

Taken as a whole, the trade-effects literature has moved decisively away from the strong protectionism hypothesis: there is no robust evidence that labor provisions systematically reduce trade on average, and the heterogeneity that does emerge is more consistent with an institutional-governance interpretation than with a simple cost-based story. That synthesis, however, rests on identification strategies that, while considerably more sophisticated than the binary comparisons of earlier work, still depend heavily on cross-sectional variation in provision design and have not yet been tested against the staggered-treatment methods now reshaping the broader gravity literature. The appropriate summary is therefore not that labor provisions are costless or uncontroversial, but that the best available evidence does not support the protectionism story, while the precise size—and in some specifications even the sign—of particular design effects remains more sensitive to identification choices than the existing literature has had occasion to demonstrate. With that qualification in view, the next section turns from trade volumes to the question that matters most to workers themselves: whatever labor provisions do or do not do to trade flows, do they change the conditions under which people work?

6. Labor-Market Outcomes: Do Labor Provisions Improve Worker Welfare?

If the trade-effects literature asks whether labor provisions impede commerce, the labor-outcomes literature asks the policy question that matters most to workers, policymakers, and non-specialist economists alike: do labor provisions improve the lives of workers? This question is substantially harder than the trade-effects question. Trade flows are standardized and relatively straightforward to measure. Worker welfare is not. It includes legal protections, enforcement capacity, bargaining rights, wages, working hours, occupational safety, job quality, dismissal risk, and broader indicators of voice and representation. As a result, the labor-outcomes literature is more heterogeneous in both concept and method. Yet a broad synthesis is possible. The clearest evidence points to stronger effects on legal commitments and labor-governance institutions than on broad wage gains or observable working conditions in macro-level data (Kamata, 2016; Siroën & Andrade, 2016; International Labour Organization, 2017).

A useful way to organize this literature is to distinguish among three layers of outcomes. The first concerns formal labor-rights commitments: for example, ratification of ILO conventions, protection of freedom of association, recognition of collective bargaining, anti-discrimination commitments, and prohibitions of child or forced labor. The second concerns labor-governance institutions: labor ministries, inspectorates, complaint systems, social dialogue mechanisms, and enforcement bodies that translate legal commitments into practice. The third concerns labor-market outcomes in the narrow sense: wages, hours, safety, stability, and broader dimensions of material worker welfare. Much of the apparent ambiguity in the literature stems from failure to distinguish clearly among these categories. Once they are separated, the pattern becomes more intelligible. Labor provisions more frequently affect the first two layers than the third. This distinction closely follows the analytical framework proposed by Aissi, Peels, and

Samaan (2018), who argue that evaluations of labor provisions should separate formal commitments, institutional implementation, and worker-level outcomes. More recent work also suggests that outcome heterogeneity extends to gendered labor-market effects: using expanded LABPTA coverage and retrospective econometric analysis, Ahmad, Raess, and Thome (2023) find evidence that strong labor provisions in PTAs can reduce the gender wage gap in developing countries, although data limitations remain important. Related evidence suggests that labor provisions may also matter for broader dimensions of women's welfare: Bastiaens, Postnikov, and Kreft (2023) find a robust positive association between labor provisions in PTAs and women's civic freedoms in the Global South, although they do not find equally strong effects across all dimensions of women's economic or political freedoms. Evidence from the wider trade-and-gender literature suggests one reason such effects are difficult to pin down. Studying Brazilian manufacturing between 2000 and 2012, Paz and Ssozi (2021) find that import competition altered female employment shares and the male–female wage gap in directions that depended on the source of imports, the skill intensity of the industry, and the educational attainment of workers—and that a domestic policy shift in 2008 modified, and in several cases reversed, those effects. If trade exposure operates on gendered outcomes through channels this contingent, then estimates of a labor provision's gendered effect are conditional on a domestic policy environment that the provision itself does not control.

Kamata (2016) remains one of the clearest tests of direct labor-market effects at the macro level. Examining more than 220 effective RTAs and classifying their labor clauses by substantive and procedural content, Kamata studies outcomes including real earnings, mean weekly work hours, fatal occupational injury rates, and ILO core-convention ratification. The most sobering result is that there is no robust overall evidence that RTAs with labor clauses systematically improve these broader observed labor conditions relative to RTAs without them. This matters because it disciplines overly optimistic claims. Legal language alone does not automatically produce better wages or safer workplaces. For economists, the implication is that the causal chain from treaty design to observed worker welfare is mediated by domestic institutions, enforcement capacity, and workplace-level incentives rather than being direct and immediate. Newer quasi-experimental evidence also points to important design-specific effects: Abman, Lundberg, McLaren, and Ruta (2023) show that child-labor standards in RTAs can affect employment and schooling outcomes in heterogeneous ways, with especially notable differences between agreements that include child-labor bans and those that do not. This is especially relevant for the present survey because it shows that substantive clause design can shape labor-market effects in opposite directions rather than simply strengthening or weakening a common average treatment.

A follow-up contribution by Kamata (2018) narrows the focus to two specific labor-market outcomes—statutory minimum wages and employment protection regulations—asking whether RTA labor provisions can prevent the deterioration of domestic labor standards rather than simply promoting their improvement. This framing is analytically important: the question is not whether labor provisions raise standards but whether they arrest a downward slide. Examining OECD-style indicators of minimum wages and employment protection legislation, Kamata (2018) finds that the evidence for a protective effect is at best conditional and depends heavily on the type of standard and the institutional depth of the provision in question. The 2018 paper therefore complements the 2016 analysis by clarifying that the absence of an average upgrading effect does not rule out a more modest protective role, while simultaneously cautioning that even such a protective function is not robust across all design types and outcome measures. Together, the two Kamata contributions reinforce the broader pattern that labor provisions operate most visibly on formal and institutional outcomes, while their influence on the numerical floor of labor-market standards such as minimum wages or dismissal protections is contingent and design-specific (Kamata, 2016, 2018).

Siroën and Andrade (2016) find a similar pattern from a different empirical angle. Using panel data for 141 countries, they conclude that labor provisions appear to support the spread of international labor standards through convention ratification, but not necessarily through observable improvements in labor practices themselves. The gap between formal commitment and workplace reality emerges as one of the most revealing stylized facts in the entire literature. This gap is not evidence that labor provisions are irrelevant. Rather, it demonstrates that labor provisions often work first by reshaping the legal and institutional environment, while downstream behavioral and welfare effects depend on the strength of implementation and the incentives facing firms and governments.

A more recent contribution by Bazillier and Rana (2025) updates this picture with an explicitly identification-conscious design of the kind discussed for the trade-effects literature in Section 5. Using a difference-in-differences approach that addresses the endogeneity of social-clause adoption with an instrument based on the diffusion of labor provisions across a country's other agreements, they examine effects on both ILO convention ratifications—a formal-commitment outcome—and reported ILO violations, a more direct measure of practice. On average, they find no significant effect of labor provisions on either outcome. That average, however, conceals two design-contingent patterns that map directly onto the layers used here. Provisions with a higher degree of legalism, meaning legally binding rather than purely declaratory language, are associated with more ILO convention ratifications, particularly in South-South agreements, but show no corresponding association with violations. Provisions that instead emphasize institutionalized cooperation mechanisms are associated with fewer reported violations in

North-South agreements, but not with additional ratifications. In other words, the legalism dimension of a provision appears to move the first layer without moving the third, while the institutional-cooperation dimension does roughly the reverse. This is a sharper, more recent illustration of the same disjunction between formal commitment and workplace reality that Siroën and Andrade (2016) first identified, and it reinforces the broader point that which design dimension is examined determines which layer of outcomes, if any, appears to respond (Table 3).

This distinction helps explain why softer governance arrangements sometimes look more successful in institutional terms than in wage terms. Postnikov and Bastiaens (2014), in the context of EU trade agreements, argue that dialogue-based provisions can generate positive ex post effects through learning, social-partner engagement, and civil-society participation. Their argument is important because it broadens the field's understanding of what it means for labor provisions to work. If dialogue and participation strengthen rights protection or institutional responsiveness, those effects may matter even if they do not quickly appear in average earnings data. For a survey aimed at economists, the lesson is that labor provisions may be more akin to institutional reforms than to standard policy shocks with immediate aggregate labor-market payoffs.

The ILO's assessment framework reinforces this interpretation. The handbook on assessment of labour provisions treats labor provisions as bundles of governance arrangements rather than self-executing clauses (International Labour Organization, 2017). Under that perspective, it is unsurprising that the stronger and more consistent evidence concerns legal commitments, institutional capacity, and implementation pathways. Institutions often move before wages do, and rights may become more enforceable before they translate into measurable economy-wide labor-market gains.

The newer evidence from the USMCA's Rapid Response Labor Mechanism is especially important because it shifts the scale of measurement from countries to workplaces. Bown and Claussen (2024) describe how the RRM created a facility-specific compliance institution designed to address denials of freedom of association and collective bargaining at particular sites. USTR's own administrative reporting documents a series of post-petition outcomes at named facilities, including backpay, reinstatements, independent union elections, and revised bargaining arrangements (USTR, 2024a). It is worth being precise about what kind of evidence this is. These are case-level administrative records of what happened after a petition was filed and resolved; they are not, on their own, identified causal estimates of the kind discussed for the trade-effects literature in Section 5, since there is no comparison group of similar facilities that did not receive a petition. What the RRM record nonetheless provides is a degree of worker-level visibility—named workplaces, specific remedies, dated timelines—that country-level macro data of the kind reviewed earlier in this section cannot offer. Whether this visibility could eventually support more systematic causal analysis, for instance by comparing petitioned facilities with similar non-petitioned facilities, remains an open empirical question rather than a settled finding.

For economists, the key inference is that labor provisions matter most where they influence rights, institutions, and enforcement credibility. They are not well understood as direct wage policies. They are better understood as institutional devices that may improve worker welfare under certain conditions: where complaint mechanisms are usable, where inspectorates or panels can act, where firms face credible compliance pressure, and where workers can translate formal rights into bargaining power. This perspective also helps reconcile the mixed evidence. Macro-level wage data may fail to show large average effects even if labor provisions are strengthening workplaces and worker voice in more targeted ways. In other words, the literature is not necessarily contradictory; it may simply be observing different margins of the same underlying process across formal commitments, institutional implementation, and worker-level outcomes. A similar lesson emerges from work on informality, where the direction of the effect turns on which side of the trade relationship is liberalizing. Paz (2014), analyzing the 1989–2001 Brazilian liberalization with a heterogeneous-firm model in which firms choose whether to comply with payroll taxes, finds that reductions in the import tariffs of Brazil's trading partners lowered the informality share and raised the average formal wage, while cuts in Brazil's own import tariffs worked in the opposite direction—an asymmetry that follows from export-market access inducing firms to shift toward formal contracts in order to supply foreign buyers. The same analysis shows that estimates change materially once the spatial and temporal heterogeneity of payroll-tax enforcement is controlled for, an early indication of the point Section 7 develops at length. Bellakhal, Ben Kheder, and Haffoudhi (2025) reach a compatible conclusion for labor clauses specifically, finding that PTAs can increase informality in low- and middle-income economies, but that clauses relying on deeper cooperation mechanisms may reduce informality when agreements link such economies to high-income partners. Both results point toward market access and institutional cooperation, rather than legal obligation alone, as the operative channel.

Across this literature, then, the pattern is less that labor provisions "work" or "do not work" than that different design features operate on different layers of outcomes, and the layer at which a researcher looks substantially determines what they find. Legalistic commitments move ratifications; institutionalized cooperation appears to move reported violations in some configurations but not others; facility-specific mechanisms make backpay and reinstatement visible in ways that national wage and hours data cannot. None of these channels has yet been shown to operate through a fully identified causal chain running from treaty text to worker welfare—a gap that echoes the identification concerns raised for the trade-effects literature in Section 5, even though the labor-outcomes literature has begun, as Bazillier and Rana (2025) illustrate, to take that gap seriously. The next section turns to the institutional machinery that the labor-outcomes literature increasingly treats as the proximate determinant of whether any of these design features reach workers at all: the dispute-settlement procedures, monitoring bodies, and facility-specific mechanisms such as the RRM that make compliance with labor provisions enforceable, or not, in practice.

7. The Enforcement Revolution: Compliance, Credibility, and Transnational Governance

The enforcement literature represents the clearest shift yet in the field's center of gravity toward governance questions, though, consistent with the framing set out in Section 2, this is best read as a change in emphasis rather than as a literature that has displaced its predecessors: work on the political economy of adoption and on trade effects continues, often informed by the same data infrastructure discussed in Section 4. What distinguishes the enforcement literature is its organizing question: under what institutional conditions do labor provisions become credible enough to alter behavior? This question is consequential because it treats trade agreements not merely as legal texts but as governance systems whose effects depend on monitoring, complaint procedures, implementation capacity, and remedies rather than on legal wording alone (Bown & Claussen, 2024; International Labour Organization, 2024).

The basic intuition is straightforward. A labor obligation matters only if the relevant actors expect it to be observed, contested, and enforced. A clause that is formally binding but practically inert may still matter rhetorically, but it is unlikely to change behavior at the point of production. By contrast, institutions that lower information asymmetries, authorize complaints, create timelines for review, and attach consequences to non-compliance transform labor provisions from symbolic commitments into credible constraints. The enforcement literature is therefore centered not only on law but also on credibility. Trade agreements govern when workers, firms, and governments believe that violations are actionable and that ignoring them will carry costs (Bown & Claussen, 2024; USTR, 2024a).

A complication follows directly from that intuition, and it is one the trade-agreement literature has been slower to absorb than the domestic labor-economics literature. Enforcement capacity is not uniform within partner countries, and its effects are not monotonic. Almeida, Paz, and Poole (2022) exploit variation across Brazilian municipalities in the intensity of labor inspections—instrumented using federal budget variation interacted with a municipality's distance from its state capital—to examine how de facto enforcement conditions the labor-market response to a trade shock. They find that expansionary trade shocks raise formal employment and reduce informality, but that these gains are significantly attenuated where enforcement is strict, with employers substituting toward self-employed workers who are cheaper than formal employees yet remain legal. Their conclusion is that stringent labor regulation can produce a precarization of work rather than the protection it was designed to deliver. Two implications matter for this survey. First, the enforcement literature's working assumption that more credible enforcement yields better worker outcomes holds only conditionally: where compliance costs are high relative to the alternatives available to employers, stricter enforcement can push activity into legal but less protected arrangements rather than into formal employment. Second, because enforcement capacity varies subnationally, a treaty obligation that appears uniform at the national level is in practice implemented against a heterogeneous domestic institutional landscape—which may help explain why country-level studies of labor-provision effects, reviewed in Section 6, so often return weak or unstable average estimates.

Historically, most trade-and-labor arrangements relied heavily on cooperation and dialogue. The European Union's Trade and Sustainable Development chapters are the clearest example. For many years, the EU model emphasized consultations, panels of experts, technical cooperation, and civil-society participation while keeping the TSD chapter outside the standard sanctions-based state-to-state dispute-settlement machinery. This institutional design rested on a particular theory of compliance: that dialogue, transparency, and reputational pressure could generate meaningful improvements while preserving legitimacy and partnership. From one perspective, that model delivered important gains—normalizing stakeholder participation and embedding labor rights inside modern EU agreements. From another perspective, however, the model looked weak: if trade consequences never materialized, what made compliance incentives credible? (European Commission, 2022; European Parliamentary Research Service, 2023). Legal scholarship concludes that TSD chapters succeeded in institutionalizing labor issues but faced persistent weaknesses in implementation, remedies, and enforceability (Harrison et al., 2019). Comparative review finds only marginal improvements in TSD scope across successive EU agreements and an unresolved debate over whether breaches could justify withdrawing concessions (Romanchyshyna, 2023), while case-based analysis of EU–Korea proceedings shows the gap between procedural activation and genuinely strong compliance pressure (Nissen, 2022). Comparative ILO research extends this conclusion beyond the EU (Corley-Coulibaly, Grasselli, & Postolachi, 2023).

This tension explains why the EU's own policy discussion gradually moved toward stronger enforcement. The European Commission's 2022 communication laid out a more assertive approach, including broader use of state-to-state dispute settlement and sanctions for material breaches of core labor and climate commitments (European Commission, 2022). Recent legal analysis frames this as a genuine, if still incomplete, step toward credibility—a change driven by sustained pressure from the European Parliament, member states, and civil-society organizations, and one that the earlier promotional model had long been argued to require (Xhaferri & Robles Hernández, 2026; Bronckers & Gruni, 2021). The importance of this reform trend is broader than the EU case itself: even a governance model historically associated with soft dialogue increasingly acknowledges that dialogue alone may be insufficient where incentives to under-enforce labor rights are strong—a shift from governance by persuasion toward governance by persuasion plus credible consequence.

The United States–Mexico–Canada Agreement's Rapid Response Labor Mechanism sits at the other pole of the comparative literature. The RRM is analytically distinctive because it is facility-specific, expedited, and targeted at denials of freedom of association and collective bargaining rights at identifiable worksites. Bown and Claussen (2024) show that the mechanism emerged from the distinctive political economy of North American integration, where weak labor-rights enforcement in Mexico had become a persistent source of distributive conflict in the United States. Polaski (2023) situates this development within a longer arc of cross-border labor governance, arguing that the RRM is a structurally new approach precisely because it creates a standing, facility-specific enforcement channel in place of the episodic, government-to-government complaints that characterized NAFTA's labor side agreement. Its novelty lies not merely in being stronger, but in changing the scale of enforcement. Conventional state-to-state dispute settlement typically asks whether a government has, in general, complied with treaty obligations. The RRM asks whether workers at a specific facility are being denied rights and whether the resulting violation should trigger remediation or trade consequences. That difference is economically significant because it moves enforcement closer to the actual locus of employer behavior and workplace harm (Bown & Claussen, 2024; USTR, 2024b).

Shifting the scale of enforcement also shifts, at least in principle, who faces incentives. Under conventional state-to-state systems, the relevant actors are mainly governments and trade ministries; under a facility-specific system, plant managers, suppliers, lead firms, buyers, and labor representatives become direct participants in the enforcement story. In empirical terms, the RRM creates event-like interventions at identifiable sites, which are closer to the kind of micro-level evidence economists can use to evaluate institutional impact than the country-level averages discussed earlier in this survey. Section 6 already examined what the resulting USTR administrative record can and cannot establish—case-level documentation of post-petition outcomes such as backpay, reinstatements, and revised workplace policies, rather than identified causal estimates of the kind discussed for the trade-effects literature in Section 5—and that caveat carries over directly here. The remaining question, which Polaski (2023) treats as central to assessing the RRM's broader significance, is whether this facility-specific architecture is a portable institutional innovation or a product of circumstances specific to the US–Mexico relationship: the size of the US market, the political salience of manufacturing employment in the United States, and decades of prior NAALC-era complaints that had already identified many of the facilities and sectors where RRM petitions would later be filed.

Two developments since much of this literature was written bear on how the RRM record should be read. The first concerns the mechanism itself. Between May 2021 and June 2025 the United States triggered thirty-seven known cases and Canada one, of which twenty-seven were resolved, with roughly three-fifths originating in the automotive sector; a determination published in March 2026 found a severe denial of rights at a mining facility in Mexico following a panel verification and hearing, one of the few cases to proceed to panel adjudication rather than negotiated settlement (United States Trade Representative, 2026b). Evaluations of the full case record nonetheless report a declining trajectory: in the mechanism's early years petitions more frequently produced new union representation and collective agreements, while cases initiated after 2023 less often did so, prompting the concern that matters are being resolved without securing durable gains (Rangel & Wallach, 2025). That pattern is analytically informative rather than merely disappointing, since it suggests the visibility a facility-specific mechanism creates may be easier to sustain than the organizational change it is meant to produce. The second development concerns the agreement housing the mechanism. At the mandatory six-year joint review held on 1 July 2026 under Article 34.7, the United States declined to confirm its intention to extend the USMCA for a further sixteen-year term, triggering annual reviews that will continue until the parties agree to an extension or the agreement expires in 2036 (United States Trade Representative, 2026a). The agreement remains in force, and the RRM with it. But the episode separates two things this literature has tended to treat together. Enforcement credibility, in the sense Bown and Claussen (2024) analyze, concerns whether a mechanism can make obligations actionable at the workplace; agreement durability concerns whether the treaty containing that mechanism persists. The RRM may well be the most credible labor-enforcement institution yet built into a trade agreement while sitting inside an agreement whose continuation is now renegotiated annually. For the portability question raised above, this distinction matters: an institutional design is portable only if the political settlement sustaining it can be reproduced, and the 2026 review suggests that settlement is more contingent than the mechanism's early record implied.

Another major contribution of the enforcement literature is its emphasis on information. Enforcement requires more than legal power; it requires credible knowledge about violations. Complaint systems, petitions, stakeholder submissions, hotlines, monitoring committees, and worker organizations are therefore not peripheral institutional details. They are central to whether labor provisions can function at all. This is one reason the literature increasingly treats worker voice, civil-society participation, and social dialogue as integral to enforcement architecture rather than as optional normative embellishments. Information that remains private or diffuse cannot discipline behavior. Information that becomes institutionalized through petitions or complaint channels can trigger review, remediation, and in some systems trade consequences. From this perspective, governance works by making labor harms legible and therefore actionable (International Labour Organization, 2022; USTR, 2024b).

The comparative lesson is not that one model is universally superior, but that effective labor governance requires a portfolio of institutions—monitoring, participation, implementation support, complaint procedures, and credible remedies—and that, on the evidence reviewed here, no single agreement yet combines all of them (Table 4). The EU's trajectory shows why dialogue without stronger incentives may disappoint, even as recent reforms attempt to close that gap (Xhaferri & Robles Hernández, 2026); the USMCA's RRM shows how a facility-specific design can generate visible workplace-level effects, while leaving open how portable that design is beyond the US–Mexico relationship (Polaski, 2023). That portability question is also where the enforcement literature connects most directly to the supply-chain literature taken up next. If facility-specific enforcement depends on identifying particular worksites, suppliers, and buyers, it is naturally bound up with the broader architecture of global value chains, lead-firm responsibility, and due-diligence obligations that increasingly determine which facilities come under scrutiny in the first place—the subject of Section 8.

8. Firms, Global Value Chains, ESG, and Supply-Chain Governance

The newest literature extends analysis beyond treaties, panels, and ministries toward a broader concern with how labor governance is embedded in global production. This shift reflects a structural transformation in the world economy. Production is increasingly organized through global value chains, in which lead firms coordinate networks of suppliers distributed across multiple jurisdictions. In such a world, labor conditions are shaped not only by domestic labor law or PTA obligations, but also by sourcing strategies, contractual relationships, auditing systems, investor pressure, and buyer expectations. If labor provisions matter within global value chains, they do so through the organization of production as much as through the legal obligations of states (OECD, 2023; Global Value Chain Development Report, 2023). The case for this reorientation was made well before the evidence existed to assess it. Kolben (2017) observed that United States and European Union labor provisions alike were directed primarily at improving partner-country labor law and its enforcement by state regulators, and argued that they ought instead to be grounded in a supply-chain approach reaching the commercial relationships that actually shape working conditions. Much of what follows in this section can be read as the literature catching up with that prescription.

This implies a different causal model from the one that dominated earlier literature. Rather than a direct chain from treaty commitment to state implementation to worker outcomes, the newer literature suggests a more layered process: labor provisions first shape enforcement institutions, due-diligence expectations, and buyer perceptions of risk; these alter firm incentives, supplier selection, and monitoring practices; only then do effects reach workplaces and workers. This perspective helps reconcile earlier findings—labor provisions may appear weak in country-level wage averages yet matter substantially by reshaping the institutional environment in which labor conditions are governed.

The global value chain perspective is especially useful because it foregrounds the role of lead firms, which shape labor conditions through sourcing terms, production deadlines, audit regimes, codes of conduct, and remediation plans. They are therefore not merely passive recipients of regulation but active governors of labor conditions within production networks. Yet their role is ambivalent: the same firms that demand compliance and labor-rights safeguards often impose price pressure and tight lead times that undermine compliance among suppliers. This dual role explains why the newer literature is increasingly skeptical of purely voluntary private regulation—if labor governance is to be effective in supply chains, it must alter the commercial incentives that reproduce labor violations rather than simply add audit layers on top of them.

Marslev and Staritz (2024) provide the most detailed empirical test of that proposition for a trade agreement, examining implementation of the EU–Vietnam FTA's TSD chapter through roughly seventy interviews conducted between 2019 and 2024 with negotiators, officials, labor organizations, and industry representatives in the apparel and footwear export sector. Vietnam is close to a best case for the optimistic view, since the government committed to substantial labor reforms before ratification, yet their assessment is guarded. Integrating state theory into a multiscalar labor-regime framework that treats workplace dynamics, national political economy, and inter-firm power relations as jointly constitutive, they conclude that outcomes depend heavily on state–society relations in the partner country and on the accumulation pressures the agreement itself intensifies. Their analysis is a useful corrective to accounts—including parts of the enforcement literature reviewed in Section 7—that treat institutional design as the binding constraint. Where lead-firm sourcing pressure and state–labor relations run against reform, stronger provisions may simply not be sufficient.

That is why due diligence has become such a central concept. The OECD's updated Guidelines for Multinational Enterprises frame due diligence as a continuous process for identifying and addressing adverse impacts across a firm's operations and supply chains (OECD, 2023). The regulatory logic is to turn labor rights into measurable organizational risk—changing what firms must know, document, and how they respond to complaints. Whether this achieves more than adding a compliance layer alongside existing sourcing relationships is an open empirical question; recent scholarship cautions that due-diligence frameworks may primarily function as managerial risk tools whose effects depend heavily on how they are institutionalized and enforced (Landau, 2023).

The European Union's Corporate Sustainability Due Diligence Directive, adopted in 2024, was especially significant because it appeared to harden what had often been a quasi-voluntary framework, imposing obligations across operations, subsidiaries, and supply chains requiring firms to identify, prevent, and address adverse human-rights impacts (European Commission, 2024). The Directive's own trajectory, however, illustrates how wide the gap between legal design and demonstrated effect can remain. The "Omnibus I" simplification package, entering into force in March 2026, narrowed its scope to the largest firms, removed the EU-wide civil-liability regime, and pushed the compliance deadline to 2029—meaning no company is yet required to comply (European Commission, 2026). The lesson is that due-diligence regimes of this kind remain prospective rather than evaluated policy, and the CSDDD's substantial renegotiation before its core obligations took effect is itself part of the story of how ambitious governance instruments are revised in practice. Labor provisions in PTAs therefore increasingly interact with a wider, still-evolving architecture of due-diligence statutes, complaint procedures, and market-access risks tied to labor conditions, widening their economic relevance even as that wider architecture remains in flux.

A second EU instrument illustrates a different mechanism. In April 2024, the European Parliament adopted a regulation prohibiting products made with forced labor from being sold, imported into, or exported from the EU market. Structurally, this is closer to the sanctions-based mechanisms of Section 7 than to the CSDDD's process-based obligations—it attaches a market-access consequence directly to the product rather than requiring due diligence regardless of outcome. Legal-practitioner commentary describes it as a substantial extension of enforceable supply-chain standards, while noting that much depends on implementing guidance still being finalized at the time of writing (Foley Hoag LLP, 2024). Its eventual labor-market effects remain to be studied. Table 5 situates this mechanism alongside the USMCA's facility-specific enforcement as an example of how enforcement-linked sourcing incentives operate in practice.

The supply-chain literature also clarifies why information remains central. In transnational production networks, harms often become visible not first through ministries or courts but through workers, unions, NGOs, auditors, or internal grievance systems. Complaint and notification mechanisms therefore become key channels through which labor rights are translated into actionable governance. This helps explain why the literature on labor provisions increasingly converges with scholarship on responsible business conduct, business and human rights, and environmental, social, and governance issues. The relevant question is not only whether governments comply with treaty commitments. It is also whether firms can continue sourcing, selling, and borrowing on the same terms if labor harms inside their networks become visible and contestable.

For economists, the main implication is that labor provisions increasingly matter through production governance rather than trade flows alone—shaping supplier eligibility, compliance investment, remediation incentives, and market-access risk. The next empirical frontier lies in connecting treaty design and enforcement institutions to firm-level outcomes: supplier upgrading, sourcing shifts, bargaining changes, and workplace governance. The same measurement imperative that produced DESTA, LABPTA, and LABPTA 2.0's stringency indices for treaty text (Section 4) is now being repeated for the supply-chain layer: a 2024 policy brief from Cornell's Global Labor Institute proposes roughly two dozen quantitative labor-outcome metrics intended to let regulators, lead firms, workers, unions, and researchers compare due-diligence performance across firms within a common framework (Global Labor Institute, 2024). Whether such metrics achieve anything like the influence that LABPTA achieved for treaty-level analysis, and whether they can eventually be linked back to the labor-provision data infrastructure described earlier in this survey, is itself part of the open research agenda.

Labor provisions began in the literature as a narrow question about whether social clauses inside PTAs were normative devices or disguised protectionism. On the evidence reviewed in this survey, they now sit inside a wider system that links treaty text, measurement infrastructure, trade flows, labor outcomes, enforcement institutions, and firm behavior in global value chains, with each layer shaped by, and in turn shaping, the others. Whether this wider system delivers for workers is, as the discussion of due diligence and the Forced Labour Regulation above suggests, still substantially an open question rather than a settled finding. What has changed is that the question is now askable in terms specific enough to be answered: which design features, operating through which institutional channels, produce which outcomes for which workers, measured how. Understanding labor provisions going forward requires not trade economics or labor economics in isolation, but an integrated view of institutions, firm behavior, and production networks—together with the measurement tools, reviewed throughout this survey, that make that integration possible.

9. Conclusion

The economics of labor provisions in trade agreements cannot be reduced to a single question about whether social clauses constrain comparative advantage. That framing, while historically useful, is too narrow for the literature as it now stands. Once labor provisions are measured with modern coding strategies and examined using contemporary empirical tools, the strongest version of the protectionism hypothesis receives little support: on average, labor provisions do not systematically reduce trade, and in some settings they may support trade by fostering credibility, cooperation, and politically sustainable integration (Carrère et al., 2022; LeClercq et al., 2024; Timini et al., 2022). As Section 5 discusses at length, however, this should be read as the best available answer rather than a fully settled one. The identification strategies behind it, while considerably more sophisticated than the binary comparisons of earlier work, still rely heavily on cross-sectional variation in provision design, and the staggered-treatment methods that have substantially revised average trade-agreement effects elsewhere in the gravity literature have not yet been applied to labor-provision heterogeneity (Nagengast & Yotov, 2025).

But the larger contribution of the literature is not merely to reject a negative claim. It is to identify where labor provisions actually matter, and the answer depends on which design dimension and which layer of outcome a researcher examines. The most consistent evidence concerns legal commitments, implementation structures, monitoring systems, complaint mechanisms, and the credibility of remedies, while broad wage gains in macro data remain difficult to establish. Legally binding provisions are associated with more formal commitments such as convention ratifications, while provisions built around institutionalized cooperation are associated with fewer reported violations, with each design dimension operating largely independently of the other (Bazillier & Rana, 2025; Kamata, 2016; Siroën & Andrade, 2016). This layered pattern mirrors the evaluation framework proposed by Aissi et al. (2018) and is consistent with the facility-level enforcement evidence discussed in Section 7 (Bown & Claussen, 2024).

The field's growing attention to enforcement reflects where the bulk of recent contributions have concentrated, as Section 2 emphasizes, rather than a literature that has discarded its earlier questions: work on the political economy of adoption and on trade effects continues, often using the same measurement infrastructure that the enforcement literature also draws on (Section 4). The EU's gradual strengthening of TSD enforcement and the USMCA's facility-specific Rapid Response Labor Mechanism both illustrate the same underlying point: labor provisions appear most consequential when they are embedded in institutions capable of gathering information, authorizing complaints, triggering review, and producing remedies (European Commission, 2022; Bown & Claussen, 2024). As Sections 6 and 7 note, however, the evidence for this remains largely case-based and administrative rather than drawn from identified causal designs. Once the inquiry is framed in these terms, it naturally extends into the world of firms, global value chains, due diligence, and responsible business conduct, where an EU due-diligence directive and a separate forced-labor market-access regulation now sit alongside the trade-agreement provisions that were this literature's original subject (OECD, 2023; European Commission, 2024). The analytical object, in other words, is not only the labor clause but the wider architecture that connects treaty commitments to production, compliance, and worker outcomes.

Read together, these threads do not describe an early literature about trade effects giving way to a later literature about governance, but a field whose questions have multiplied and increasingly interlock: treaty design, measurement, trade effects, labor outcomes, enforcement, and firm behavior in global value chains are best understood as different vantage points on a single object rather than as a sequence of superseded debates. Labor provisions are no longer best understood as peripheral clauses inside PTAs; they sit inside a wider system through which states and non-state actors attempt to govern labor conditions in an integrated world economy. That is the most important reason to care about this topic: labor provisions reveal how the economics of trade, institutions, and firms now intersect, and they do so in ways that remain only partially measured and only partially identified. Table 7 sets out, cluster by cluster, where the evidence reviewed in this survey is comparatively settled and where it is not; taken as a whole, its open questions point toward a common task—linking treaty-based measurement, facility-level enforcement evidence, and firm-level and supply-chain data within a single empirical framework, using identification strategies that the literature is only beginning to apply in this setting. Progress on that task would do more than fill gaps in an existing research program. It would help determine whether labor provisions remain a niche question about a specific clause in trade agreements, or become a central case for understanding how labor standards are embedded in the institutions that govern twenty-first-century production.

References

Abman, R. M., Lundberg, C. C., McLaren, J., & Ruta, M. (2023). Child labor standards in regional trade agreements: Theory and evidence (NBER Working Paper No. 30908). National Bureau of Economic Research.

Ahmad, S., Raess, D., & Thome, K. (2023). Do female workers in developing countries benefit from labor provisions in PTAs? (Economics Working Paper Series, Working Paper 2023–10–E). U.S. International Trade Commission.

Aissi, J., Peels, R., & Samaan, D. (2018). Evaluating the effectiveness of labour provisions in trade agreements: An analytical and methodological framework. International Labour Review, 157(4), 671–698.

Almeida, R. K., Paz, L. S., & Poole, J. P. (2022). Precarization or protection? The role of trade and labour policies on informality. The Journal of Development Studies. Advance online publication. https://doi.org/10.1080/00220388.2022.2061850

Azevedo, A. F. Z. de., Paz, L. S., & Reis, M. dos. (2024). New evidence on WTO membership after the Uruguay Round: An analysis at the sectoral level. Open Economies Review, 35(1), 1–39.

Bastiaens, I., Postnikov, E., & Kreft, A.-K. (2023). Labour provisions in trade agreements and women's rights in the global south. Global Policy, 14(5), 702–715.

Bazillier, R., & Rana, A. T. (2025). Social clauses in free trade agreements: An efficient tool to improve labour standards? The World Economy, 48(6), 1251–1281.

Bellakhal, R., Ben Kheder, S., & Haffoudhi, H. (2025). Labor clauses in preferential trade agreements: How do they affect informality? Journal of Economic Integration, 40(2), 437–467.

Bown, C. P., & Claussen, K. (2024). The Rapid Response Labor Mechanism of the US–Mexico–Canada Agreement. World Trade Review, 23(3), 335–362.

Bronckers, M., & Gruni, G. (2021). Retooling the sustainability standards in EU free trade agreements. Journal of International Economic Law, 24(1), 25–51.

Carrère, C., Olarreaga, M., & Raess, D. (2022). Labor clauses in trade agreements: Hidden protectionism? Review of International Organizations, 17(3), 453–483.

Corley-Coulibaly, M., Grasselli, G., & Postolachi, I. (2023). Promoting and enforcing compliance with labour provisions in trade agreements: Comparative analysis of Canada, European Union and United States approaches and practices. International Labour Organization.

Dür, A., Baccini, L., & Elsig, M. (2014). The design of international trade agreements: Introducing a new dataset. Review of International Organizations, 9(3), 353–375.

European Commission. (2022). The power of trade partnerships: Together for green and just economic growth (COM/2022/409 final). European Commission.

European Commission. (2024). Corporate sustainability due diligence. European Commission.

European Commission. (2026). Corporate sustainability due diligence: Omnibus I simplification of EU sustainability rules. European Commission.

European Parliamentary Research Service. (2023). Trade and sustainable development in EU free trade agreements. European Parliament.

Fagundes Cezar, R. (2025). Policy feedback and the politics of trade agreements. Policy & Politics, 53(3), 529–552.

Foley Hoag LLP. (2024, June 26). New E.U. law advances global efforts to eradicate forced labor in supply chains. Global Business & Human Rights Blog.

Fontagné, L., Rocha, N., Ruta, M., & Santoni, G. (2023). The economic impact of deepening trade agreements. The World Bank Economic Review, 37(3), 366–388.

Global Labor Institute. (2024). Measuring supply chain due diligence: Labor outcomes metrics. Cornell ILR School.

Global Value Chain Development Report. (2023). Resilient and sustainable GVCs in turbulent times. Asian Development Bank, IDE-JETRO, UIBE, & World Trade Organization.

Guasti, A., & Koenig-Archibugi, M. (2022). Has global trade competition really led to a race to the bottom in labor standards? International Studies Quarterly, 66(4), sqac061.

Harrison, J., Barbu, M., Campling, L., Ebert, F. C., Martens, D., Marx, A., Orbie, J., Richardson, B., & Smith, A. (2019). Labour standards provisions in EU free trade agreements: Reflections on the European Commission's reform agenda. World Trade Review, 18(4), 635–657.

International Labour Organization. (2017). Handbook on assessment of labour provisions in trade and investment arrangements. ILO.

International Labour Organization. (2022). Labour provisions in trade agreements hub. ILO.

International Labour Organization. (2024). Labour provisions in trade agreements promote decent work. ILO.

International Labour Organization. (2025). Progress report on the implementation of the ILO strategy on decent work in supply chains. ILO.

International Labour Organization. (2026). Supply chains. ILO.

Jaax, A., & van Lieshout, E. (2025). Mapping efforts to protect worker rights in supply chains (OECD Trade Policy Papers No. 291). OECD Publishing.

Jinji, N., & Kamata, I. (2020). Do labor clauses in regional trade agreements reduce the trade creation effect? (Discussion Paper No. E-20-002). Kyoto University, Graduate School of Economics.

Kamata, I. (2016). Labor clauses in regional trade agreements and effects on labor conditions: An empirical analysis (IDE Discussion Paper No. 609). Institute of Developing Economies.

Kamata, I. (2018). Can RTA labor provisions prevent the deterioration of domestic labor standards? The cases of statutory minimum wages and employment protection regulations (IDE Discussion Paper No. 716). Institute of Developing Economies (IDE-JETRO).

Kim, M. (2012). Ex ante due diligence: Formation of PTAs and protection of labor rights. International Studies Quarterly, 56(4), 704–719.

Kolben, K. (2017). A supply chain approach to trade and labor provisions. Politics and Governance, 5(4), 60–68.

Landau, I. (2023). Human rights due diligence and labour governance. Oxford University Press.

LeClercq, D., Robertson, R., & Samaan, D. (2024). Labor provisions in trade agreements: Recasting the protectionist debate. Journal of Law, Economics, and Organization, 40(3), 673–693.

Lyall, L. (2025). Enforcing international labor law with trade incentives: Insights from trade-based enforcement cases. Harvard International Law Journal, 66(1), 301–360.

Marslev, K., & Staritz, C. (2024). Labor regimes, global production networks, and state–society relations: Assessing the impact of the EU–Vietnam Free Trade Agreement on labor in Vietnam. Economic Geography, 100(5–6), 410–436.

Nagengast, A. J., & Yotov, Y. V. (2025). Staggered difference-in-differences in gravity settings: Revisiting the effects of trade agreements. American Economic Journal: Applied Economics, 17(1), 271–296.

Nissen, A. (2022). Not that assertive: The EU's take on enforcement of labour obligations in its free trade agreement with South Korea. European Journal of International Law, 33(2), 607–630.

OECD. (2018). OECD due diligence guidance for responsible business conduct. OECD Publishing.

OECD. (2023). OECD guidelines for multinational enterprises on responsible business conduct. OECD Publishing.

Paz, L. S. (2014). The impacts of trade liberalization on informal labor markets: A theoretical and empirical evaluation of the Brazilian case. Journal of International Economics, 92(2), 330–348.

Paz, L. S., & Ssozi, J. (2021). The effects of Chinese imports on female workers in the Brazilian manufacturing sector. The Journal of Development Studies, 57(5), 807–823.

Polaski, S. (2023). USMCA and the Rapid Response Labor Mechanism: A new approach to cross-border governance of labor rights [Working paper].

Rangel, D., & Wallach, L. (2025). Closing the gap: Evaluating Rapid Response Labor Mechanism outcomes and charting a path through the 2026 USMCA review. Rethink Trade, American Economic Liberties Project.

Postnikov, E., & Bastiaens, I. (2014). Does dialogue work? The effectiveness of labor standards in EU preferential trade agreements. Journal of European Public Policy, 21(6), 923–940.

Postnikov, E., & Bastiaens, I. (2016). The domestic battle over the design of non-trade issues in preferential trade agreements. Review of International Political Economy, 23(5), 840–871.

Postnikov, E., & Bastiaens, I. (2020). Social protectionist bias: The domestic politics of North–South trade agreements. European Journal of International Relations, 26(2), 540–565.

Raess, D. (2022). Evidence on the impact of labor provisions in preferential trade agreements. In K. Elliott (Ed.), Handbook on globalisation and labour standards. Edward Elgar.

Raess, D., Dür, A., & Sari, D. (2018). Protecting labor rights in preferential trade agreements: The role of trade unions, left governments, and skilled labor. Review of International Organizations, 13(2), 143–162.

Raess, D., & Sari, D. (2018). Labor provisions in trade agreements (LABPTA): Introducing a new dataset. Global Policy, 9(4), 451–466.

Raess, D., & Sari, D. (2025). Labor provisions in trade agreements (LABPTA) codebook and coding version 2.0, 1990–2021. U.S. International Trade Commission.

Romanchyshyna, I. (2023). Tackling labour rights and environmental protection through trade and sustainable development chapters: The European approach. In Contestation and polarization in global governance. Edward Elgar Publishing.

Siröen, J.-M. (2013). Labour provisions in preferential trade agreements: Current practice and outlook. International Labour Review, 152(1), 85–106.

Siröen, J.-M., & Andrade, D. (2016). Regional trade agreements and the spread of international labour standards [Working paper].

Timini, J., Cortinovis, N., & López-Vicente, F. (2022). The heterogeneous effects of trade agreements with labour provisions. The World Economy, 45(9), 2820–2853.

U.S. International Trade Commission. (2025). Gravity portal: LABPTA 2.0. USITC.

United States Trade Representative. (2024a, February 9). Fact sheet: The USMCA Rapid Response Mechanism delivers for workers. USTR.

United States Trade Representative. (2024b). Chapter 31 Annex A; Facility-specific Rapid-Response Labor Mechanism. USTR.

United States Trade Representative. (2026a, July 1). Statement on the USMCA joint review. USTR.

United States Trade Representative. (2026b, March 26). USMCA Rapid Response Labor Mechanism panel finds severe denial of rights at Orla Mining's Minera Camino Rojo facility. USTR.

Vasquez-Merchan, I. L., & De la Peña, N. (2026). The case of labor provisions in Latin American preferential trade agreements. Latin American Policy, 17(1), e70043.

Xhaferri, Z., & Robles Hernández, J. (2026). Towards sanctions-based trade and sustainable development chapters in the EU's free trade agreements: Why is the EU's new trade and sustainable development policy a step forward? Journal of World Energy Law & Business, 19(1), jwaf018.

Table 1. Three Generations of the Literature on Labor Provisions in PTAs

Generation	**Approximate period**	**Core question**	**Typical methods/data**	**Main takeaway**
1. Political economy and normative debate	1990s–mid-2010s	Why are labor provisions adopted, and are they protectionist?	Case studies, treaty comparison, political economy arguments	Labor provisions reflect coalition politics and institutional bargaining rather than random treaty design.
2. Measurement and trade effects	mid-2010s–early 2020s	Do labor provisions affect trade flows?	DESTA/LABPTA-style datasets, structural gravity models	No robust evidence of systematic trade suppression; effects are often neutral or conditionally positive.
3. Enforcement and governance	2020s–present	How do labor provisions become credible and shape firms and workers?	Facility-level enforcement evidence, due-diligence/RBC frameworks, global value chain analysis	The literature has shifted toward enforcement institutions, firm incentives, and supply-chain governance.

Table 2. Summary of the Trade-Effects Literature

Study / source	Data / method	Main finding	Why it matters
Carrère, Olarreaga, and Raess (2022)	Labor-clause coding in PTAs; gravity framework	No average trade-reducing effect; positive export effects in some North–South agreements with cooperation provisions.	Undermines the strongest version of the hidden-protectionism hypothesis.
Timini, Cortinovis, and López-Vicente (2022)	Structural gravity with heterogeneity by enforceability, development level, and sector	Effects vary by partner type, sector, and strength of provisions.	Shows why average effects alone are misleading.
LeClercq, Robertson, and Samaan (2024)	Updated legal typology plus PPML with deep-agreement controls	No robust evidence that labor provisions reduce bilateral trade.	Confirms that design-aware methods yield similar conclusions.
Jinji and Kamata (2020)	Gravity framework; large sample of country pairs	RTAs with labor clauses generate smaller trade creation effects than those without; labor provisions attenuate but do not reverse the trade-expanding impetus of agreements.	Distinguishes absence of a trade-suppressing effect from a moderation of the trade creation dividend; complements average-effect findings.

Table 3. Labor Outcomes: Legal Commitments, Institutions, and Worker Welfare

Dimension	**What is measured?**	**Representative evidence**	**Overall pattern**
Formal commitments and legal reform	ILO convention ratification, labor-law commitments	Siroën and Andrade (2016); Bazillier and Rana (2025); ILO assessment framework	Labor provisions more consistently affect legal commitments (e.g., convention ratification) than wages or broad working conditions, though even this effect is contingent on design: legally binding provisions are linked to more ratifications, while institutionalized-cooperation provisions are linked instead to fewer reported violations.
Labor-governance institutions	Inspectorates, stakeholder bodies, complaint procedures, implementation structures	Postnikov and Bastiaens (2014); Almeida et al. (2022); Marslev and Staritz (2024); ILO handbook and LP Hub	Dialogue and implementation mechanisms may strengthen governance capacity.
Direct and distributional labor-market outcomes	Wages, hours, injuries, gender wage gaps, child labor/schooling, informality	Kamata (2016, 2018); Ahmad et al. (2023); Abman et al. (2023); Paz (2014); Paz and Ssozi (2021); Bellakhal et al. (2025)	Average macro effects remain mixed to weak, but newer outcome-specific evidence shows heterogeneous and design-contingent effects, including on gender wage gaps, child labor/schooling, and informality.
Facility-level worker outcomes	Backpay, reinstatements, union representation, bargaining rights at named facilities	Bown and Claussen (2024); USTR (2024a)	Most promising recent evidence because enforcement operates close to the workplace.

Table 4. Competing Enforcement Models in Labor Governance

Feature	EU TSD model (traditional / reforming)	USMCA Rapid Response model
Institutional logic	Historically cooperation- and dialogue-oriented; now moving toward stronger dispute settlement and possible sanctions	Facility-specific, expedited enforcement centered on denials of freedom of association and collective bargaining rights
Primary target	Partner governments and implementation systems	Specific facilities and workplace practices, with spillovers to firms and suppliers
Main tools	Consultations, panels, civil-society mechanisms; stronger state-to-state procedures	Petitions, rapid review, remediation plans, panel procedures, suspension of tariff benefits or denial of entry
Main strength	Legitimacy, dialogue, learning, and broad institutionalization of sustainability concerns	Credibility, speed, worker-level visibility, and closer alignment between treaty obligation and workplace remedy
Main limitation / recurring criticism	Weak or delayed remedies can reduce credibility; even more assertive use of soft dispute mechanisms may not generate strong compliance pressure.	More credible and targeted, but narrower in substantive scope and concentrated on facility-specific denials of freedom of association and collective bargaining.

Table 5. Supply-Chain Mechanisms Through Which Labor Provisions May Matter

Mechanism	**How it operates**	**Likely economic effect**	**Illustrative anchor**
Due diligence and risk mapping	Firms identify and assess labor-related risks across operations and chains of activities	Changes in compliance investment, supplier screening, and documentation practices, though effects depend heavily on institutionalization and enforcement and may remain primarily risk-management oriented.	OECD RBC framework; EU Corporate Sustainability Due Diligence Directive
Complaint and notification channels	Workers, unions, NGOs, or other stakeholders surface labor harms through formal procedures	Lower information asymmetries and greater probability that violations become actionable	EU complaints procedures; OECD National Contact Points; USTR petition systems
Enforcement-linked sourcing incentives	Trade or customs risks increase the expected cost of labor-rights violations	Pressure to remediate, switch suppliers, or upgrade labor-management systems	USMCA RRM; forced-labor import controls
Remediation and worker voice	Grievance systems, union representation, bargaining, and remediation plans affect workplace outcomes	Potential gains in representation, backpay, reinstatement, and bargaining power	USMCA remediation cases; ILO decent-work-in-supply-chains strategy

Table 6. Data Infrastructure for Studying Labor Provisions in PTAs

Dataset / Infrastructure	**Coverage**	**Coding Structure**	**Key Innovation**	**Primary Use**
DESTA	PTAs broadly (not labor-specific)	Multidimensional coding of overall PTA design and legal depth	Established that PTAs are heterogeneous institutional packages, not homogeneous dummies	Foundation for treating PTA content as a variable; basis for later labor-specific work
LABPTA	487 PTAs, 1990–2015	140 items across six broad dimensions of labor content	First fine-grained measure of scope and stringency of labor provisions, not just presence/absence	Enabled heterogeneous treatment-effect estimation in trade and labor-outcomes studies
LABPTA 2.0	610 PTAs, 1990–2021	Retains 140-item structure; adds stringency indices (strong enforcement, strong monitoring institutions, overall depth)	Permits distinguishing cooperation-oriented from sanctions-backed clauses, and institutions from substantive rights language	Basis for newer heterogeneity analyses (e.g., Ahmad, Raess, & Thome, 2023)
ILO Labour Provisions in Trade Agreements (LP) Hub	>100 regional trade agreements, ~140 economies	Structured compilation and classification of treaty text (not a quantitative index)	Bridges formal legal content and empirical usability; enables comparison of obligations, institutions, and dispute settlement across agreements	Reference tool for researchers and policymakers; complements quantitative datasets

Sources: Dür, Baccini, & Elsig (2014); Raess & Sari (2018, 2025); U.S. International Trade Commission (2025); International Labour Organization (2022).

Table 7. Open Questions and Future Research Agenda

Theme	What the Literature Has Established	What Remains Open
Trade effects	Modern gravity-based estimates find no systematic negative effect of labor provisions on trade, with heterogeneity by partner, sector, and design type (Carrère et al., 2022; LeClercq et al., 2024; Timini et al., 2022); Jinji and Kamata (2020) further show that the presence of labor clauses may attenuate the trade creation effect even where no systematic suppression is detected	How to address endogeneity of provision adoption (provisions are politically chosen, per Section 3) in trade-effect estimates; which specific design dimensions (cooperation vs. sanctions, monitoring vs. substantive rights) drive heterogeneous effects, using LABPTA 2.0's new stringency indices; and whether these patterns, including the "no systematic negative effect" finding itself, survive reanalysis using the staggered difference-in-differences methods now applied to RTA effects more generally (Nagengast & Yotov, 2025)
Labor-market and worker outcomes	Effects are stronger on legal commitments and institutions than on macro-level wages or working conditions (Kamata, 2016; Siröen & Andrade, 2016); some design-specific and gendered effects identified (Abman et al., 2023; Ahmad et al., 2023); Kamata (2018) shows that even a protective function against deterioration of minimum wages and employment protection regulations is conditional and design-specific; a 2025 identification-conscious reanalysis finds this pattern is design-contingent rather than uniform—legalistic provisions move ratifications, institutionalized-cooperation provisions move reported violations, with little overlap between the two (Bazillier & Rana, 2025)	Whether institutional/legal gains eventually translate into worker-level welfare gains, and over what time horizon; more quasi-experimental designs exploiting specific clause types, following the Abman et al. (2023) approach; and whether subnational variation in enforcement capacity, shown to condition trade-shock effects on formality (Almeida et al., 2022), similarly conditions the effects of treaty-based labor obligations
Enforcement and	Facility-specific mechanisms (USMCA RRM) generate documented worker-level remedies; EU TSD reform	Moving from administrative/case-based evidence (USTR reporting) to a causal econometric literature on

compliance	shows a shift toward credible escalation (Bown & Claussen, 2024; European Commission, 2022); the RRM case record nonetheless shows fewer representation gains after 2023, and the July 2026 USMCA joint review left the agreement housing the mechanism subject to annual renewal (Rangel & Wallach, 2025; United States Trade Representative, 2026a)	enforcement effects; comparative evaluation of which portfolio combinations (per Corley-Coulibaly et al., 2023) are most effective and why; and whether enforcement credibility can be sustained independently of the durability of the agreement that houses the mechanism
Firms, global value chains, and due diligence	Due-diligence frameworks (OECD, CSDDD) reframe labor rights as firm-level organizational risk; lead firms identified as active governors of labor conditions (OECD, 2023; European Commission, 2024)	Connecting treaty design and enforcement institutions to firm-level outcomes – supplier upgrading, sourcing shifts, compliance expenditures; empirical evaluation of whether due-diligence regimes change outcomes or mainly function as risk-management tools (Landau, 2023); whether newly proposed labor-outcome metrics for supply-chain due diligence (Global Labor Institute, 2024) gain traction comparable to LABPTA's role for treaty-level analysis, and how the EU's 2024 Forced Labour Regulation interacts empirically with the CSDDD's due-diligence obligations
Cross-cutting / integration	The literature has moved from treaty-text analysis toward implementation and governance, with growing recognition that labor provisions operate through multiple, layered channels	Integrating treaty-based measurement, facility-level enforcement evidence, and firm-level/supply-chain data within a single empirical framework – identified by the manuscript itself as the central task for future research

Note: This table exhibits the survey's forward-looking research agenda, which is otherwise distributed across Sections 5–9 and the conclusion.