

International Trade Committee

Oral evidence: [UK trade negotiations: Agreement with the Gulf Cooperation Council](#), HC 79

Wednesday 13 July 2022

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Members present: Angus Brendan MacNeil (Chair); Mark Garnier; Paul Girvan; Sir Mark Hendrick; Anthony Mangnall; Lloyd Russell-Moyle; Mick Whitley; Mike Wood.

Questions 42 - 107

Witnesses

[I](#): Rosa Crawford, Policy Officer, TUC; Martin Myant, Associate Researcher, European Trade Union Institute; and Pete Pattison, Journalist.



Examination of witnesses

Witnesses: Rosa Crawford, Martin Myant and Pete Pattison.

Q42 **Chair:** Good afternoon and welcome to the International Trade Committee and our evidence session on UK trade negotiations and the agreement with the Gulf Cooperation Council. We have three witnesses today.

First, I apologise to the witnesses. We are starting late today. We had a busy private session concentrating on the scrutiny or lack of scrutiny in the Australia trade agreement. Time is running out for that and we feel the scrutiny has not been given the time required. The CRAG will have it going through by Wednesday and we do not think Parliament has had the proper time to consider it. We have been looking at devices through the House, the Speaker and anywhere else to make sure that Parliament does have time to consider it. We are also mindful, of course, that the political time at the moment means that the urgent and the exciting maybe gets in the way of the important, hence—I repeat my apologies to you—we are starting 20 minutes late.

Can I ask you first to introduce yourselves—name, rank and serial number—for the record, although we do know who you are?

Rosa Crawford: I lead on international trade at the Trades Union Congress. It is a pleasure to be back at the Committee. The Trades Union Congress represents 5.5 million workers from our affiliated 48 unions and we are connected with workers around the world through the International Trade Union Confederation.

Chair: It is good to see you again. Thank you very much.

Martin Myant: I am currently an associate researcher at the European Trade Union Institute, which is the research and education organisation attached to the European trade unions. I am formally retired.

Chair: Thank you for coming out of retirement. I hope the committee room is not too hot temperature-wise. In London, it is never great at this time of year.

Pete Pattison: I am a freelance journalist, although I write almost exclusively for *The Guardian*. For about the last 12 years I have been investigating labour rights in the Gulf. I previously lived for six years in Nepal, which is one of the countries that sends lots of workers to the Gulf.

Q43 **Chair:** Thank you very much to you all for coming in. Pete, you said you have been investigating labour standards in the Gulf. By way of introduction, could you outline the general sense of your work and its findings?

Pete Pattison: I worked for about 12 years looking at labour rights in the Gulf—Bahrain, UAE, Kuwait and particularly Qatar, which has been the particular focus of my work for at least the last eight years. As you



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know, these countries depend massively on migrant workers, particularly from countries in the region, south Asia, and increasingly east and west Africa, for essentially the running of their entire economy. On average, about 70% of the Gulf states' workforce is a migrant workforce—in countries such as Qatar it is up to about 95%—and the significant majority of these workers are low-wage workers, who do jobs such as in construction and as security guards, gardeners and so on. They work at a low level in the service and hospitality sectors. I have found that these workers in general suffer from extreme labour rights abuse. I will highlight three of the most key issues that they face.

The first is that almost all low-wage migrant workers from countries of origin in south Asia and east Africa pay recruitment agents in their own countries very high fees to secure their jobs in the Gulf, from \$1,000 to maybe \$3,000 to \$4,000. They afford these fees by taking loans, so on arrival in the Gulf they are in severe debt. It may take four months, six months or up to a year just to repay that debt, so they start their employment in the Gulf in a position effectively of debt bondage.

The second major issue is the system in the Gulf known as kafala. It is a sponsorship system that ties workers to their employer—strictly speaking, a sponsor who is a local but effectively their employer. They are not able to change their jobs without their employer's permission which, as you can imagine, puts an inordinate amount of power in the hands of the employer. If you are an employer and you know your workforce cannot leave, there is almost no limit to what you can do to the workers because they cannot leave. These countries have introduced some reforms to some extent to the kafala system but effectively it is still in place.

The third of the significant issues that these workers face is very, very low wages—low wages, late wages and, in some cases, no wages. Even in a country like Qatar that has made a big deal about introducing a minimum wage in the Gulf, that minimum wage equates to £1 an hour. On top of that, workers have a food allowance that equates to £2 a day. If you talk to workers, they are not really concerned about terrible accommodation, whether their passports have been confiscated or that they are in debt. They factor all that in. They are not unwitting victims. They know the system. The real problem they face, time and time again, is the low wages. I returned from Qatar yesterday and I cannot tell you the number of times workers have told me how little their wages are and how much they struggle with that.

I am happy to give more details but those are the key issues and I will add one more that is very important. The Gulf creates opportunities for these low-wage workers—opportunities that they do not have at home—so they are willing to put up with this exploitation because at least it means they get a job. The issue is not whether they should go to the Gulf or not. They are going to go to the Gulf because of the lack of opportunities at home, but that lack of opportunities is ruthlessly exploited by employers in the Gulf and that is the key dilemma that



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workers face. They need work but why should they get work that is excessively exploitative? The choice should not be between no job at home and a bad job in the Gulf. I think we can do better than that.

- Q44 **Chair:** Thank you for that. There is another aspect that may also be worth consideration. We have been to the Gulf—to some of these countries—and I met a fellow working on a door at a hotel. I asked him where he was from and he said he was from somewhere like Uganda and that he was a vet at home. He was working as a doorman. Are you concerned about the loss of skills to the country of origin if vets are potentially going off to be doormen? Have you done any digging about what the effect of that might be?

Pete Pattison: I have not done any digging on the effect of that, but I agree with you. I have just come back from Qatar and I was talking to a worker there—a security guard simply sitting on a beach for 12 hours a day. He was a medical technician and he said, “I looked all across my own country, Pakistan, trying to find a job as a medical technician. I couldn’t do it. I tried to get a job across the Gulf but couldn’t do it, so I am here sitting on a seat beside a beach for 12 hours a day because at least I can earn something here that I could not earn at home.” I have not looked into the effect of that on the countries of origin but it is a brain drain, isn’t it? However, I will say that is not widespread. Let’s take Nepal. The vast majority of workers who go from Nepal to the Gulf are low-skilled. They are not high-skilled workers; they are low-skilled workers and they are not taking away from an important sector in their home country.

- Q45 **Chair:** Rosa Crawford, can you briefly outline the specific labour market issues that the TUC has identified as problematic across the Gulf states?

Rosa Crawford: The TUC is very concerned that across the Gulf Cooperation Council states we find some of the worst labour abuses in the world. On the recent ITUC global rights index, all the Gulf Cooperation Council states were rated either 5, meaning no guarantee of rights, or 4, meaning systematic violation of rights. It is no surprise that that is because independent trade unions are banned in the United Arab Emirates, Qatar and Saudi Arabia and repressed in the other countries. We share all the concerns that Pete has highlighted around the kafala system, locking in workers to exploitative forms of employment. In particular, we are very concerned about the abuses faced by domestic workers who are often trapped in homes and are subject to physical violence, sexual violence, very long hours, underpayment of wages and very low pay. That is found systematically across the Gulf Cooperation Council states.

In addition, migrant workers face very poor health and safety conditions. Pete and his colleagues have done a great job documenting the kinds of terrible conditions that have meant that thousands of workers have died from heat conditions in the construction of the stadium for the Qatar World Cup, which is taking place this year, as well as of workers trapped



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in unsanitary conditions that have meant that they were more subject to being infected by Covid-19 during the pandemic.

We have grave concerns about rights across the Gulf Cooperation Council states and for that reason the TUC does not believe that the UK Government should be entering into trade talks with the Gulf Cooperation Council states. We believe that they should be made to respect all the fundamental ILO conventions. Importantly, none of them respects all of them and freedom of association and collective bargaining are not ratified in any of the countries except Kuwait. That should be a pre-condition before the UK Government finalises any trade deal with the Gulf Cooperation Council states. The most grave violations of workers' rights should be addressed before trade talks are entered into. The UK Government should be dealing with this at a diplomatic level, not granting the good publicity of trade negotiations while these kinds of abuses take place.

Q46 Chair: You have called for that from the UK Government. Will you extend that to the European Union or whoever else?

Rosa Crawford: Absolutely. The TUC is still part of the European Trade Union Confederation and we campaign there also for a human rights-based approach toward trade. We also say there that it should be a precondition of any trade deal that fundamental human rights are respected and that respect should be shown towards those fundamental rights ahead of talks being entered into.

Q47 Mark Garnier: Can I follow up on your comment, Rosa? It comes to the terribly difficult argument, like with arms sales to Saudi Arabia, that it is almost best to be engaging with people and therefore you can be a critical friend who is respected rather than somebody locking horns. Can you respond to that? I think that your point is incredibly important, but would we be in a stronger position if we were in negotiations, get to signing a deal and say, "By the way, all of this is wiped out if you do not meet our requirements on workers' rights"?

Rosa Crawford: As the TUC, we certainly believe that trade can be a progressive tool for ensuring you have respect for fundamental rights and promoting decent jobs, but it is all a matter of context. When it comes to the Gulf Cooperation Council states, there is such a lack of respect for the most fundamental rights, so many problems at systematic and legal levels as well as trade unions not being allowed, that it is very difficult to see how a trade agreement or trade negotiations could be vehicles to facilitate the kinds of systematic changes you would need across the Gulf Cooperation Council states. It would be better to address these issues through the diplomatic channels that the UK Government has in the Human Rights Council and other fora. We have started trade talks with Canada and Mexico, both partners that talk about wanting to include labour standards and wanting to address labour rights issues and have a higher level of respect for fundamental workers' rights, particularly Canada of course. It totally depends on the context.



Q48 **Mark Garnier:** I take your point. Pete Pattison, coming back to you and following up on your security guard on the beach, the fact that he could not find a job as a medical technician in Pakistan slightly suggests that there was a surplus of medical technicians in Pakistan and that it is not necessarily a brain drain, it is a sort of overflow of a skill that is not needed. Is that fair? I know I am going slightly beyond your expertise in this

Pete Pattison: My general impression from talking to thousands of workers over the years is that they say there is a lack of opportunities in their home countries, wherever they may be. They say if you want to get a job, there are only corrupt pathways open to them and it is that lack of opportunity that pushes them to come to the Gulf.

Q49 **Mark Garnier:** So they do not have a choice. I want to talk a bit more about the series of labour reforms across the Gulf states over the last decade, 12 years or so. To what extent have they translated into tangible benefits for workers? Can you give us any examples, if there are any?

Pete Pattison: Yes, I can. The best example is the example of Qatar, because its reforms have been the most high-profile and they have come about directly because of the unrelenting spotlight that the World Cup has brought. As a result, and particularly as a result of a threat they faced from a UN inquiry into forced labour, they eventually agreed to introduce some labour reforms. The two most prominent of those reforms are the introduction of a minimum wage and what they call the abolition of the kafala system.

On the ground, from my experience of talking to lots of workers, both those reforms are flawed. They are flawed in a number of ways. First, they were brought in far too late. They were brought in 10 years after Qatar won the right to host the World Cup. They are also flawed in the nature of the reforms. The minimum wage equates to £1 an hour. This is one of the richest countries in the world. It is calculated based on wages in Nepal and India. It is not calculated on wages in the Gulf.

Secondly, the kafala system still exists in Qatar. I have spoken to enough workers to know that they cannot change jobs. It was successful in the first few months after it was introduced; then it basically reverted to what it had been like before. My great fear is that after the World Cup, and along with that the spotlight, it will go back to normal. If in a country such as Qatar, where there is so much media and global attention, these reforms are not working, there will be less chance of reforms working in other countries across the Gulf.

Q50 **Mark Garnier:** Do you have any examples from outside Qatar?

Pete Pattison: I cannot give you any off the top of my head. All the countries have begun to introduce some reforms. There is a general sense that the kafala system is outdated and should not be accepted. Saudi Arabia has begun to make some reforms and UAE has done the same. In Bahrain, there was already some flexibility for workers to change jobs. The general movement is a recognition that reforms have to



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happen and kafala is the key to it, but the movement is very slow on the ground for workers. Workers have so little power in these countries. If an employer says, "No, you can't go" or "Wait a little while," workers' access to justice is so limited and their fear of speaking up is so great.

Q51 Mark Garnier: Take a country like Saudi Arabia. Mohammed bin Salman, who I know has a bad press, is bringing forward Vision 2030. The first time we went to the Gulf—to Riyadh—was in 2018; we went back again earlier this year as a Select Committee and the change was quite remarkable. Before, the women were all wearing robes and they were not allowed to drive; this time, women were driving. I think we would all agree that there is still a long way to go with women's rights but there is some progress. Are you suggesting that in somewhere like Saudi, workers' rights are not moving forward as fast as other changes are going through?

Pete Pattison: Yes, very much so. I have not been to Saudi so I cannot say from the ground, but I talk to other people who know what is happening in Saudi. The rate of change and reform for low-wage workers who are non-citizens is far, far slower than other reforms on that country.

Mark Garnier: It feels like lip service rather than anything else.

Pete Pattison: I think that is an excellent way to describe it, yes.

Mark Garnier: Rosa, can you come in?

Rosa Crawford: I note that the International Trade Union Federation has flagged that some reforms have been made in Saudi that they have welcomed in the global rights index—notably that not all workers now require permission to leave their employer—but I agree with Pete Pattison that a number of restrictions remain that make it very, very difficult for many workers to change employer. Importantly, domestic workers, security guards, personal drivers and shepherds are not covered by that reform in Saudi Arabia, which is the majority of the vulnerable workers.

There is still a long way to go, but it is important to recognise that the reform in Saudi and the reform in Qatar were part of a global movement that pushed them to that stage. It is important to recognise that trade unions internationally were part of that global movement and we achieved those important legal changes. However, there is a long way still to go. Independent trade unions need to be allowed to exist and workers need to have a proper ability to change employers, rather than the small changes that are ineffective on the ground and do not make a practical difference.

Chair: Before I bring in Mike Wood, I think Sir Mark Hendrick wants to make a brief point.

Q52 Sir Mark Hendrick: On Pete Pattison's earlier point, do you get the impression that where there are human rights advances, if you can call them that, they are aimed more at the domestic population than the



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immigrant workers? One thing that struck me on a visit I made to the UAE many years ago was the workers' horrible accommodation, many of them packed into very small cabins or huts. You say that a lot of this is factored in, that they know they are going to be paid badly, that they will be in debt and so on, but do they really know what their living conditions will be like before they go there and how they will be treated?

Pete Pattison: The problem is twofold. They are often promised things in their home countries that turn out to be different when they get to the Gulf. That is less around accommodation and more around salaries. They are promised double and when they get there, they find it is different. On my recent trip, a lot of the Kenyan guards were telling me that they receive their contract papers at the airport as they are leaving and they do not sign them until they get to the Gulf and by then it is too late. That is so common that people call it contract substitution because it is just what happens regularly.

You make the right point about the accommodation. You used the word "cabin". Just last week I walked into cabins in a labour camp that I was visiting. There were four bunk beds, eight beds, in a room about the size of the inside of this table here; no windows. Every bed had a kind of cloth draped down the front of it, which was all the workers had for privacy. While some workers are getting slightly better accommodation now—Qatar has made an effort to improve labour camps for workers employed directly on World Cup projects—the cabin that I saw last week is still very common.

Q53 **Mike Wood:** Turning to the other side of the equation, obviously there are a lot of international companies operating across the Gulf states. How closely do they engage in local labour practices?

Pete Pattison: What do you mean by engage in local labour practices? Following what the other companies are doing?

Mike Wood: To what extent do they try to push things to a more progressive way? How much of it is just following what other companies do and how much of it is trying to influence the decisions that have been made around regulations?

Pete Pattison: That is a very good and important question. In my experience, foreign companies, including UK companies, working in the Gulf adopt the labour practices of existing companies in the Gulf. I find very few examples of UK companies saying that they are going to work to a higher standard. I find that it is very widespread among senior management—people you would call expats rather than migrant workers—that they have almost no recognition of what is happening in the Gulf and among their workforces. I was talking to a Nepali guy who lived in Doha for 19 years but was working at a very high level in a company. He was absolutely shocked that Nepali workers, his fellow countrymen, were still paying very high recruitment fees. He had no awareness of it and he said to me, "I live in a different world."



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It is the same for managers or senior people in UK companies: they live in a different world. They do not know about these cabins where workers live eight to a room with no windows. There is this balance between ignorance and indifference—they don't know and they don't care. It feels a bit like that. I have documented major UK security companies and construction companies that are guilty of exactly the same abuses as the ones I have described.

Q54 Mike Wood: Do you get any sense that the companies are taking steps to try to protect their employees or the employee subsidiaries from labour market abuses? Or are they just doing the minimum that is required by law or local custom?

Pete Pattison: I think it is mostly doing the minimum required by law, saying, "This is how they operate in this part of the world so we are going to operate in the same way."

You made a point about subsidiaries. I think this is important. A huge amount of subcontracting goes on in the Gulf and there is a huge amount of use of what are called supply companies, which are companies that bring workers over from Nepal or India, let's say, and farm them out to other companies. Companies at the top of the supply chain, let's say a hotel chain, do a contract with the supply company. They are not contracted to the workers so they do not feel a direct responsibility for those workers and that big gap between the workers and the management is partly responsible for this.

I will add one slightly positive thing. There is a UK-based hotel chain in the Gulf that recruits almost entirely directly from countries of origin through the internet. They do online interviews and potential candidates apply online and, therefore, they skip the middleman, the recruitment agent who is charging these impoverished workers \$1,000, \$2,000 or \$3,000. There are a few examples of good practice, but it is not widespread yet.

Q55 Mike Wood: Do you know if that chain feels that it gets any benefit out of that arrangement rather than the more usual channel?

Pete Pattison: I don't know. I have not spoken to them but I did speak to somebody who brought me my room service last week and he thought it was great. He came from Myanmar. He said, "The economy has crashed there. I have no options there. Someone told me about this job and I applied online. I got the job and they sent me the ticket. I am happy to be here." That is why I said at the start that this can work, but for too many it does not.

Q56 Chair: Can you travel freely among the Gulf states, given the work you do?

Pete Pattison: I do but only because I do not tell people I am going there. I work quietly and I keep looking over my shoulder. No, I can't do it freely or officially.

Q57 Chair: Do you post video footage of the cabins you were talking about



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online, on YouTube and places like that, where the general public can look at them?

Pete Pattison: *The Guardian* would publish them, yes.

Chair: The sort of thing you talked about is available online?

Pete Pattison: Yes.

Q58 **Sir Mark Hendrick:** My question is for Martin Myant. There seem to be two different approaches to provisions in trade agreements: the EU approach and the US approach. Can you tell us a bit about how you see the differences between the two?

Martin Myant: The current idea about labour provisions in trade agreements goes back to the 1990s when the World Trade Organisation was set up. There was a lot of pressure that one issue that should be included as an unfair trading practice relates to labour standards. The WTO decision was that it was not its responsibility—that it was for somebody else to deal with—so it would make no particular statement on labour standards. That creates the environment in which we have free trade agreements giving greater integration than just the WTO terms—for various other reasons, business wanted that—and that gave an opening for people to press for labour provisions to be included. The initial impetus is a view that it is an unfair trading practice that a country would have worse labour standards and that would give them an advantage. That has very much been the United States view, or a large part of the United States view.

I should add that it is the United States and the European Union that lead the pressure for labour being included in trade agreements. There are two reasons for that. One is that because of their political systems, trade unions have a significant input into what is decided. The other is that because of their economic size and weight, it is well worthwhile somebody else having an agreement with them—a developing country in particular will want an agreement with them to be able to export into them—so they are in a strong bargaining position.

For those two reasons, the US and the EU lead it. The US led off back in those days before the European Union was doing so much with the issue of whether it was an unfair practice to have worse labour standards. It is included in its agreements that you must not lower labour standards and that if something can be demonstrated as lowering—as unfair—various sanctions may be applied. That also limits the effectiveness of the provision because if it is focused on unfair trading practices, it is more focused on traded goods and will not cover, for example, public services and things that are not traded.

The European Union view is more geared towards improving standards in countries—more towards the sort of EU view that there should be civil society consultations going into public decisions and that we should set up consultation structures with other countries with which we have an agreement so that we can talk with civil society, interest representatives



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and so on, and develop them. It is not always easy. For example, for an agreement with Vietnam, which is not particularly good for an independent civil society, it is not particularly easy to find people to include in that.

The European Union also includes that you must not lower your labour standards in the interests of gaining trading advantage and typically, although not absolutely always, includes that you should ratify eight fundamental ILO conventions, which include things on forced labour, child labour and employee representation. It is a bit difficult for the United States to include that because it has not ratified the conventions and so sometimes has vaguer statements that you should go with the accepted international standards, which probably means the same thing but they cannot say so.

There are two different approaches although in a lot of respects they probably come to the same sort of thing in the end.

Q59 **Sir Mark Hendrick:** They have similar aims but in changing things on the ground, do you think that they are no better than statements of intent rather than rules and obligations that countries appear to follow to comply with social agreements?

Martin Myant: In so far as there have been any gains, they are very slow, very gradual and it is a learning process on how to use these agreements to get anything.

Q60 **Sir Mark Hendrick:** Are they verifiable?

Martin Myant: What is verifiable is that if you insist before an agreement is reached or before it comes into effect, you can get some changes in the laws in that country. The trade unions in the United States and their political allies have been very frustrated at these agreements seemingly achieving nothing and they insist ever more clearly before the agreement is reached—before it comes into effect—that they want to see changes in the laws of the countries concerned. It even appears that some countries, in anticipation of negotiating an agreement with the United States, may make some sorts of changes, although with the passage of time they become—

Q61 **Sir Mark Hendrick:** Going back to Pete's earlier point about the minimum wage in Qatar, is it not feasible that in doing any sort of deal with the GCC, the UK Government could insist on certain labour standards, minimum standards and maybe around the minimum wage? Can you envisage something like that?

Martin Myant: Insisting on it before is the key thing to do. In the case of the agreement with the Gulf states, it is not clear to me what the two sides are looking for, what they are expecting to gain and who is in the stronger bargaining position anyway. It is not clear to me what either is after. I have looked at the UK Government policy statement and it claims very small gains in exports that are uncertain and speculative. I am not clear on what the two sides are after, who has the stronger bargaining



position and whether you could get the Gulf states to agree to something along the way. Certainly if you want something to happen, insisting on it before the agreement comes into effect appears to be the way to do that. If you wait until after, it is very much harder.

The classic case that has been used to argue about how these things should develop is the United States with Guatemala. It was a clear case of abuses of employees' rights that was beyond serious dispute. That was the reason behind the United States becoming involved in a dispute with Guatemala. On proving that it was an unfair trade advantage, it proved impossible to convince the panel that was deciding that there were clear and persistent abuses and that they affected trade. After nine years, I think, they ended up with nothing. That was a classic case—the only case, really—of trying to push a dispute. In a lot of other cases, it just is not the priority for trade negotiators to be concerned with labour issues. There have not been a large number of disputes. Those that there have been have largely been with the United States, Mexico and Canada as part of their agreement.

Any serious evidence of the impact after agreements have been signed is either zero or minimal. Why are they there? They are there because to get a free trade agreement with the countries concerned through your political process, you need the political support of a coalition that includes those who say there should be labour provision. It has become accepted for the United States and the European Union to include them but then the people who have to implement it afterwards do not see it as their priority. I think that is a fair assessment.

Sir Mark Hendrick: Rosa, do you want to come in?

Rosa Crawford: Yes. I agree with Martin that the UK has the most leverage ahead of the trade agreement being signed. As I have outlined, the scale of abuse and the lack of respect for fundamental workers' rights across the Gulf states, as well as gender rights and LGBT rights, indicates that there needs to be systematic reform ahead of a trade agreement being signed. This would be far too much to expect even the best labour chapter to be able to address and at the moment we are still at a very early stage in having effective labour chapters.

I agree with Martin that the United States-Mexico-Canada agreement is a big step forward and there have been some significant changes in workers' rights as a result of having an Administration in the United States that is willing to act on those labour commitments, enforce them and act quickly. It is important to recognise that there are no independent unions in a number of companies in Mexico because of that. However, the framework and the context in the Gulf states are such that there are far greater abuses of workers' rights. We need to look at the diplomatic channels we can use to address them ahead of any agreement being signed and a labour chapter being created to address them.

Q62 **Sir Mark Hendrick:** On that point, is it the case in the Gulf that a lot of labour is migrant labour and therefore treated to a lower standard



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because of discrimination? Is that what it is about—that their own citizens would not be treated like that?

Pete Pattison: It is overt discrimination. The UN special rapporteur on racism who went to Qatar a couple of years ago said the system is like a caste system. To give a specific example, migrant workers can only live in certain parts of Qatar. They cannot go to certain malls at certain times of the day. I have watched them being kicked out of certain parts of the city just because they are from another part of the world. Yes, it is overt discrimination.

Q63 **Chair:** Would you go as far as to call it apartheid?

Sir Mark Hendrick: Except in apartheid, they were living there in so-called Bantustans. People were being moved there.

Pete Pattison: The system is designed to keep migrant labour separate from the local population. It is very close to apartheid, I would say, yes.

Martin Myant: Could I add a thought on that? Some of the disputes between the United States and Mexico in the past have been brought about by Mexico over the case of migrant workers in the United States, fruit picking and that sort of thing. It is possible, if you have representation from your country, for the issue to be raised. It would be a long shot for the United Kingdom to take up the case of migrant workers in the Gulf states. It would need them to have representation back to the United Kingdom's side to be able to take up the issues, because these things only work if the people suffering the discrimination have some sort of ability to raise them. But it is possible for migrant workers to have some sort of protection.

Chair: We will revisit that point later but I want to bring in Mick Whitley now.

Q64 **Mick Whitley:** I want to go back to the question that Mike asked Pete about international construction firms operating in Qatar. Is it a case of these firms turning a blind eye? I know they still contract out to supply companies but my view is that they do know about the abuses but are turning a blind eye. Is that the case?

Pete Pattison: Yes, that is largely the case and the consequences for turning a blind eye are very low. Nothing much is going to happen to them and that became starkly clear for me in about 2016 when I investigated a British construction company working in Qatar on a very high-profile project. Of course, they have to work in partnership with a local company, with a lead firm. I found workers who were working on that project through a supply company, a company way down the supply chain, who had had their passports confiscated, who were not being paid on time, who lived in horrible accommodation and who could not go home even though they wanted to. I did a big report on it, published in *The Guardian*, and about three months later, those workers got in touch with me and said, "Pete, nothing has changed. We are still in exactly the



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same situation.” That indicates how these companies can almost get away with no consequences. That is the situation.

Rosa Crawford: TUC-affiliated unions have been raising this very actively, as you would imagine, with the construction companies and insisting that there should be due diligence right down the supply chain, but unfortunately we have not had any success. No UK-based company has insisted on labour rights being respected or lobbied for changes around labour rights abuses in any of the Gulf states. I think that is quite damning for UK construction companies.

Otherwise, the only example we had of companies speaking out against the abuse was as a result of the international trade union campaigning around the World Cup being given to Qatar. In 2015, Visa and Coke raised concerns publicly about the kafala system specifically but they did not pull out of sponsorship of the World Cup and that is the only example we have. There is a long way for UK companies to go and we are saying that they should engage with trade unions here and internationally, working with federations such as the Building and Wood Workers’ International, which represents construction workers worldwide, to ensure that there is respect for fundamental rights right down the supply chain.

Mick Whitley: And you made a point about the diplomatic route earlier.

Rosa Crawford: Yes.

Q65 **Mick Whitley:** My question for Martin is: what kind of enforcement mechanisms for labour provisions exist in other trade agreements and how effective are they?

Martin Myant: The most effective enforcement is before you have reached the agreement, but moving on from that, after an agreement has been reached in the EU system you have consultation. If you disagree you can enter into a dispute, which requires the European Commission to push it so you have to have convinced them. A panel is set up of three people who hear the evidence and reach a judgment. In the EU system, that is the end of it.

It has happened once in a dispute with South Korea over the weakness of trade union rights in South Korea. The effect of that is purely reputational, but it could be used in Korea to say, “We’re in danger because our reputation is damaged, and that might have trade consequences.” Of course, the dispute was not just between the EU and Korea: it was between Korean trade unions and the Korean Government, and the EU was taking up the case that had been put by the Korean trade unions over the course of the previous 10 years. As a result of that, and as a result of political changes in Korea at the time, it was possible to get them to ratify fundamental conventions and promise to change various laws. I do not know if that has happened—I have not followed the latest events in Korea—but I think there is another change in Government.



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An important point about the dispute with South Korea was that it was not necessary to prove any implications for international trade. It was not necessary to prove that Korea was gaining an unfair advantage. The issue was simply, “Are you applying the spirit of ILO conventions on rights for trade unions and collective bargaining?”

The United States has a slightly different way of doing things but goes through a consultation, tries to reach agreement, a panel is formed and then they have penalties. They have two sorts of penalties—this is abstract because it has not happened—and one is that you can impose a fine on the country. The fine means that it has to use that money for something to improve its labour standards, such as labour inspectorates or health and safety or something of that sort. The other penalty that could be imposed is a trade sanction, which is a bit more difficult because the workers in that sector may suffer from the trade sanction, so I think the first one is, in many respects, preferred.

I should add that there is also reputational damage to the United States. They had disputes with Mexico in the past over things that were nothing to do with international trade. I think it was about treatment of pregnant women in the civil service or something and it was possible by the reputational effect, even though they could never have applied sanctions, to make a difference there.

Those are the enforcement provisions. On how effective they are, in the case of South Korea the reputational effect made some difference and, above all, it strengthened the hands of people who had been fighting for that in Korea all along. In the case of the United States, again it is only reputational things that have made a difference.

Q66 Mick Whitley: How important are trade unions in the effectiveness of labour provision in trade agreements?

Rosa Crawford: It is incredibly important that trade unions are engaged from the outset and throughout the process of negotiating a trade agreement. We should be involved and it has been most welcome that this Committee has raised with the Government the need for UK trade unions to be much more engaged, and consulted on the text of trade agreements as they are going through and being negotiated—although we are still not on the trade advisory groups that the Government have for that purpose. We should be involved, formulating what would be an effective labour chapter and then monitoring and overseeing that those commitments are enforced, working with our partner trade unions in other countries.

In the case of Korea, it was really important that EU trade unions raised concerns with the European Commission and the Korean trade unions also raised concerns with their Government and gave evidence to the European trade unions to help push the case forward. It took far too long to be investigated by the EU and, unfortunately, because there is no hard sanction in the EU trade agreement, as Martin said, we still see repression in Korea. The vice-president of the KCTU, the Korean



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confederation, was arrested last month for peaceful protests. Repression continues, unfortunately, but it is important that there is that line of information and that the trade unions have that monitoring role.

We want to see that role go further in UK trade agreements. We want trade unions to be able to raise a complaint that automatically leads to an investigation of a violation of labour standards and for that complaint to be investigated in a timely manner. It took the European Commission over six years to investigate the complaint in Korea. We want it to happen much more quickly and the US is a model in that respect, in the rapid response mechanism that it has. In the US-Mexico-Canada agreement, there is an obligation for investigation after 30 days of the complaint being submitted. That shows the kind of approach that is much more effective. With that rapid process, we have seen independent unions elected in companies that were previously only recognising fake trade unions and union busting.

It is important that the timescale is rapid in this process. We want trade unions to be empowered and then we want there to be an effective sanction and at the end of it for the trade unions to be monitoring whether that sanction has been effective in addressing the complaint. There needs to be much closer engagement than they currently have.

In any of the UK trade agreements today, as I have flagged to the Committee before, the approach taken in the Australia trade agreement and the New Zealand trade agreement is completely inadequate on the role of the trade unions. There is no specific role in monitoring—no ability for trade unions to monitor investigations or the remedy. We need to go a lot further, building on what they have with the rapid response mechanism in the US but going further again than that.

Martin Myant: I will add to that. I agree with all that, but having in the trade agreement that you will respect workers' rights or you will ratify the ILO fundamental conventions and so on is in itself not enough anyway. The important thing in the way the United States has pursued this—Vietnam and Mexico may be prime examples—is not a general statement but it is absolutely specific: these are the things you must do, and the reason why you have to do them is that that is identifiably a problem in your particular country.

In Vietnam, they do not have independent trade unions. Various forms of representation are allowed but they cannot do everything a trade union can do, so "Change the law specifically to make that possible." You can only do that if you know what you are doing because you have trade union involvement probably from both sides.

In the Mexico agreement, again the things Mexico was required to do were absolutely specific in changing employment law. They would not necessarily be relevant anywhere else but were relevant specifically to Mexico because of the way that the independence of trade unions was being prevented there. The United States trade unions were involved in



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formulating that agreement and they were taking their ideas from Mexican independent trade unions, so it is essential from start to finish.

Q67 Chair: Given some of the comments we have heard, how likely is it that the domestic political environment in the Gulf would lend itself to the enforcement of provisions on labour standards? What are the problems and what could change?

Rosa Crawford: From a trade union perspective, we are very sceptical that there is much political appetite to implement the kind of large-scale reforms that we want to see. It took huge amounts of international pressure from trade unions, civil rights activists across the world and countries, through the UN, to lead to the reforms that we got in Qatar and Saudi Arabia, and even those are quite limited in ending the kafala system that ties workers to exploitative employers. None of the Gulf states, with the exception of Kuwait, has ratified the fundamental ILO convention on collective bargaining and freedom of association. For those kinds of changes to be made would require a lot of political will.

The UK Government have not stipulated in their mission statements around the Gulf states talks that ratification of the fundamental conventions—that they must have independent trade unions, they must end the kafala system across the Gulf states and they must end the abuse of domestic workers—will be an expectation of the UK Government. That has not been part of the rhetoric or the narrative. There is a real concern that UK Government are not even using the power and leverage they have, but even if they did, it would be quite a stretch to think that the political will exists to create the kinds of changes we are calling for. That is why is so important that we explore our diplomatic channels and do not reward the GCC countries with a trade deal when they have not even started to make the kinds of changes needed.

Q68 Chair: Pete, what is your take?

Pete Pattison: I will respond at a very local level. Take a worker in the Gulf. I was talking to some workers last week and they had not been paid for three months, so they refused to go to work for 15 days and eventually took their case to the local labour court, but even though they submitted their case to the labour court, they now have to wait, probably for weeks or months, for some resolution to be made. Often labour courts are miles away from where they live. They have to pay for transport to go to the labour court. They have to get time off from their employer to go to the labour court, which itself is difficult. The language in the labour court may be predominantly Arabic rather than their own language. Right at the ground level, enforcing these changes is very difficult. There are not enough labour inspectors on the ground. The labour inspectors might not speak Hindi, which is the most commonly spoken language among workers. There are lots of practical problems at ground level in making these changes take effect.

Q69 Chair: Why is this the case in the Gulf? When you speak to Arabs—people from these Gulf states—they will quite often talk about the humble origins of their own families. From what you are saying, there seems to



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be a lack of empathy, with some people almost living in marble houses and others living in shacks and huts. Why is there this difficulty? Where is the force for self-correction of this manifest problem of treating other people like this, and given the religious aspect of what Islam may demand? Why is there this difficulty for change coming about in the Gulf? Is there anything specific to do with the Gulf? I am struggling to see why.

Pete Pattison: Yes, and I think I will struggle to answer you because what looks so clearly discriminatory and wrong in my eyes does not appear to be seen that way by other people.

Chair: You would also include the Nepalese manager who was on a different level and did not seem to know about his own countrymen.

Pete Pattison: What he said to me is, "I live in a different world." It is like that for everyone. Anyone who is working at a senior management level or anyone who is, say, a local sheikh who owns one of these companies, seems to struggle to make a connection with the people at the bottom of the labour chain who are doing the actual painful, hard work out in the sun.

Chair: And that is enriching him.

Pete Pattison: It is enriching them, yes, absolutely, but there seems to be a disconnect.

Q70 **Sir Mark Hendrick:** Is it linked to what you were saying about it being a sort of caste system? That is still prevalent even in parts of this country within communities when you look at intermarriage, for instance. Is it that and that it has never moved on with the times in a similar way to some extent—a far lesser extent obviously—to the class system in this country? Is it a more intricate version of that?

Pete Pattison: I think it is a more severe version of that, yes. It is not simply race. Lots of Indians in the Gulf are earning great salaries, have very good jobs and are doing very well.

Sir Mark Hendrick: I don't mean race but a hierarchy.

Pete Pattison: Exactly—I agree with you. It is more of a caste system. It is more of a class system where those at the bottom who are essentially defined by their wages are seen as different, they live in different areas. They live in a labour camp miles away from everywhere else. They go to work by bus, they do their work and they go back by bus. They have shops that only they go to. There are increasingly hospitals that only they go to. They live parallel lives and I think that partly allows people who are higher up in management, including local people who own companies, to see them as other, and it is easier to deny someone their rights when you see them as other, isn't it?

Q71 **Mick Whitley:** It is industrial apartheid, isn't it?

Pete Pattison: Yes, I think that is a reasonable way to describe it.



- Q72 **Chair:** Prison reform in the UK in Victorian times only came about when middle-class and upper-class people went to jail for debt infringements and their friends came in to see them and saw what prisons were like for the other and decided to change things. You are indicating a disconnect between those who have and the other in the Gulf states.

Another question comes to my mind. We have spoken to many people from the Gulf over time, in various guises and capacities, and some of them are unhappy with what they see. Do you think they feel that there is such inertia to be overcome and, given that these are fairly static societies, it is hard to make a move to change things? For instance, is there a voice in the Gulf area from people from the Gulf, indigenous from the Gulf—people on the social crusade that you appear to be on?

Pete Pattison: Almost none that I am aware of. There are people in the Gulf—people of, say, Indian origin—who are very activist and are working hard to support low-wage workers. I have not come across any Qataris or Emiratis who are leading that kind of campaign. I do not know of any at all.

- Q73 **Chair:** Rosa, do you want to add anything specific about the Gulf to what we have just been picking up on? We have to watch out that we are not straying into the sort of colonial aspect of telling other countries what to do; however, we are talking about the other within another country who seem to have a very rough deal.

Rosa Crawford: We find workers around the world, because we work with them every day, who all want their fundamental rights to be respected, so this is not some kind of imperialist demand. This is a demand for basic dignity for all workers. If we want a level playing field where we do not have unfair competition, we should be insisting on those standards being respected throughout the world and be using our leverage to promote that.

Our ability to push that campaign forward in the Gulf states is limited by the fact that trade unions are banned in half the Gulf states. It has been very difficult for trade unions internationally to support campaigns, but there is work being done by global union federations and the Building and Wood Workers' International Union, as well as the International TUC, which is doing a lot of work connecting with the Qatari and Saudi Governments. The ILO has offices in those countries and has been doing some support work.

There are lots of grass-roots trade unions. Workers are always going to organise, whether we are legal or not, but it makes it much harder when there is no legal recognition of trade unions in the Gulf Cooperation Council states. That is also a limitation on workers' ability to claim their rights and for us to see progress on workers' rights.

Chair: Thank you. You have answered that devil's advocate question, and Pete has as well, when he said it is for the outside to support people inside who want to see that change in their own society but cannot break the chains around them.



Q74 **Mick Whitley:** This is another question for Rosa and Pete. To what extent are some UK companies prepared to turn a blind eye to poor labour standards in the Gulf for reasons of profitability?

Rosa Crawford: As I have outlined, as trade unions we unfortunately have seen that UK companies have not been willing to raise issues around human rights or workers' rights, and have not been willing to conduct due diligence on their supply chains when they are sourcing from Gulf Cooperation Council countries or they have operations there to address the issues. They have not been willing to stick their heads above the parapet to say that Qatar should not be hosting the World Cup because thousands of workers have died. Unfortunately, we think UK companies have turned a blind eye, and we need to push them and keep pushing them because it feels like they are not feeling the pressure enough.

As I have outlined to this Committee before, we think there should be stronger due diligence legislation in the UK whereby it is mandatory that there is reporting across supply chains and on the measures you are taking to prevent workers' rights abuses, and if abuses are found, there should be a sanction. That is the kind of thing that is being discussed in the EU now. In Germany and France they have specific legislation. We need much stronger laws because a voluntary approach clearly is not working and a sense of morals and ethics is clearly not guiding companies, because otherwise they would have spoken out.

Mick Whitley: Pete?

Pete Pattison: I do not really have anything to add to what Rosa has said. I agree with what she said.

Chair: Thank you. I am always appreciative of a witness who has an answer like that.

Mark Garnier: As long as not all your answers are like that.

Chair: Well put.

Q75 **Mark Garnier:** Martin, to continue on this theme, we can obviously talk about supply chains and people turning a blind eye to supply chains, and sometimes they don't even know what is going on in the supply chain, but there is a competitive advantage. If you are prepared to ignore very, very low wages you get very cheap products and, therefore, you get a competitive advantage. How effective are labour provisions in trade agreements in addressing complaints of competitive advantage with other countries because of those labour laws? Or do they make no difference whatsoever?

Martin Myant: I probably could give quite a short answer on that one.

Mark Garnier: Which is no effect whatsoever?

Martin Myant: Specific complaints and disputes have not been successful. In fact, as far as I am aware, they have never started on the



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issue of competitive advantage or unfair advantage. As I say, the Guatemala dispute was really not what started it. What really started it was the conditions for workers' representatives in Guatemala and then it was, "Well, this is a theme, we have the agreement of the United States—maybe we can use that to protect our position."

The big advantage that low-wage countries have over high-wage countries is that their wages are lower. The wage issue was never considered. It was the employee rights, trade union conditions and so on that were taken up in these agreements. If you tried to put a clause in there saying, "You are not allowed to pay low wages," nobody would sign the agreement because they regard that as their advantage.

Q76 Mark Garnier: To be fair on that point, if you go back to Adam Smith economics, for example, exporting a certain manufacturing process to other countries does help to develop those countries economically and—

Martin Myant: That is exactly the argument that India and other countries used back in the 1990s to say, "You can't take away what is our advantage, and that is low wages." The way that labour provisions have been included is to say, "We are not picking on the wage level, per se. We are picking on: are you giving workers the opportunity to be represented?" and so on.

The United States and Mexico had their agreement back from the 1990s and the wage level in Mexico then I think—I have it in something I have written and it might not be 100% accurate—was 20% of the United States level. It has fallen now to 10% of the United States level. Despite having that agreement, despite being able to develop automotive industries and all the rest, the wages are still massively lower and, in fact, relative to the United States, even lower.

Q77 Mark Garnier: What about the other rights? The cost of a worker is half the wages but a lot of it is to do with making sure that they are looked after—they get air conditioning in their factories and they get all that kind of stuff that goes with it. Does that apply across the whole of the cost of the worker or is it—

Martin Myant: No, it is still wages, and the insurance contributions or whatever will be taken into account. I am not sure whether all the other things would be counted as the cost of a worker in any country.

Q78 Mark Garnier: No. I think the point I am trying to make is that you can cut a huge amount of corners on safety for example and, therefore, you have a competitive advantage because you are not investing into that type of stuff. That is at the expense of the safety expense of a worker. I think it is all part of the mix.

Martin Myant: That may be included in United States trade agreements. I think health and safety things do quite frequently figure. Yes, you could. If we are talking about a car assembly factory, I think it will be pretty similar in different parts of the world and if they build a new one in Mexico, I think it will be pretty similar to a new one somewhere else.



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Rosa Crawford: Can I add to that? On the rapid response mechanism, although the complaints they have been investigating are labour rights complaints, it is notable that most of them are US companies that have moved to Mexico, like General Motors and Tridonex. They knew that they could get away with union busting and recognising fake unions more easily in Mexico, as well as paying lower wages, because you don't have independent trade unions there.

The fact that those rapid response cases against General Motors and Tridonex have now resulted in independent unions being installed and elected in those companies means that you will have less of a competitive advantage based on exploitative conditions and repression of workers' rights. The effect will be to lessen that unfair advantage even though it is a labour rights' focused complaint, and that is what they should be doing.

Martin Myant: To spell that out a bit, you talk about Adam Smith or Ricardo and comparative advantage and everything; the world changes when you have multinational companies. The issue is not a Mexican company gaining an unfair advantage against a United States company. The issue is the United States company closes its factory in Philadelphia or somewhere and starts up a factory in Mexico and the company gains an advantage that way. It would be very difficult to make a case of, "We have an unfair advantage over the United States" or something when it is the United States company doing it.

Chair: At the risk of Sir Mark Hendrick combusting, I think he has a very—

Q79 **Sir Mark Hendrick:** On that point, when you are looking at North America obviously the market—a bit like the European Union—is very integrated. Therefore, the same companies are operating across borders. If we are talking about relating labour standards and costs from a country on the other side of the world, or the Middle East compared to the UK, there is not necessarily the same level of integration, the same industrial interest in those countries.

You made the point that in Mexico the wages dropped from 20% of the US wage historically to 10%. You could argue that they may be more labour intensive because the US is more highly productive because of automation and technology, so the two will balance themselves out. What you are saying is that the same companies are operating in the other place and, therefore, there isn't the balance between labour intensity and companies that are just more productive per person. Therefore, you would expect the more productive company to have higher wages because there are fewer people producing the same goods, whereas in a labour-intensive economy you wouldn't expect that. That is what breaks down that whole model, surely.

Martin Myant: I can give you the exact figures. It was 20.8% in 1994 and 12.1% in 2019. Yes, there will be some more labour-intensive activities in Mexico but in that period a big change that happened is that the automotive industry moved into Mexico in a big way. The gap in



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wages there is not the 10% or whatever but it is still pretty huge. It is something approaching it. A relative fall in Mexican wages has happened at the same time as more modern industries have been coming in there, although not all the most modern activities—they don't bring their research and development and everything; it is mostly the manufacturing—but from the United States side there has been the argument that, "They are taking our jobs away" because they are paid so badly.

There may be a number of factors for exactly why wages in Mexico have failed to grow so much, but one thing that has been picked on is the industrial relations system and the weakness of trade union representation.

Q80 Sir Mark Hendrick: Aren't all these arguments like we had from Trump about reshoring? Doesn't that kill those arguments about reshoring when firms are moving out and using cheap labour?

Martin Myant: He is saying, "Can we get an agreement that will encourage them to come back?"

Q81 Sir Mark Hendrick: How do you incentivise such an agreement if Mexican workers will work for less than American workers?

Martin Myant: I think it is no great secret that we have had our questions in advance and there is one on the United States and Mexico coming up after that, but if you want me to talk about that now I can.

Sir Mark Hendrick: I will save it for then.

Q82 Chair: Before we touch on the United States and Mexico, on the wages issue, can I just confirm the percentage difference? It has gone from 20.8%, I think you said, to 12.1% over that 25-year period.

Martin Myant: Yes.

Chair: Is there any growth in American wages?

Martin Myant: Yes.

Chair: Are Mexican wages still growing relative to Mexico, because it is Mexico versus America you are talking about?

Martin Myant: It is one like that and one like that. They are not actually falling in absolute terms.

Q83 Chair: I just wanted to get that clear. Next we are going to, basically, the United States-Mexico-Canada agreement, which apparently contained a number of strong provisions on labour standards. How did these things get accepted by Mexico? Was Mexico looking for support for its migrant workers in the United States perhaps when it was doing that? What was the driver in particular around that agreement and those acceptances?

Martin Myant: The first point is the bargaining power of the two sides: the Mexican economy has become so tied into the United States that the United States is in a very powerful position and if there was no



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agreement Mexico would be in real trouble. I cannot remember what proportion of its exports goes to the United States but it is enormous, particularly for motor vehicles, so they needed it. Trump says, "NAFTA is going to end," so the fear is that they will get nothing.

From the US side in general, as I have said, there is this view that NAFTA has been very bad for the United States and that it has led to jobs moving to Mexico. It is very hard to prove—and let's not go there, because jobs disappear because of higher productivity and because of imports from other parts of the world and so on.

Q84 **Chair:** Also, anybody who perceives a loss would make a greater noise than anybody who perceives a gain, so you can see where the political volume would be.

Martin Myant: Absolutely, and it is pretty wide across the United States. I cannot remember but I think Hillary Clinton in her presidential campaign said, "NAFTA is a bad thing." The man whose name escapes me at the moment from Vermont, I think, he was very firm that NAFTA is bad.

Chair: Bernie Sanders.

Martin Myant: Bernie Sanders, yes, and Trump went along with it in the way that he did or does, so the United States is able to insist. There is another point, which is the specific political situation at the end of the Trump era. He did not have a majority in the House of Representatives and trade unions had a very strong position to press their case there and Trump was going to find it very difficult to say he will ignore them.

On what happens in the agreement, there is the same issue that we cannot have denial of labour rights, and the ILO fundamental conventions, if not named explicitly, have to be fairly clear. They have changed, because you don't need to prove that something gives an unfair trading advantage but you do have to prove that it is traded goods, so it is not clear that the agreement is much protection if you work in public services or something of that sort.

The things that they have changed include a rules-of-origin rule of \$16 per hour pay as a certain percentage of a value of a motor vehicle. I do not know how they are going to work it out but \$16 an hour compares with about \$2.50, \$2.60 an hour as the usual rate of pay in that industry in Mexico. You are insisting on a huge increase in pay for some people there and if you don't do it you lose the right to tariff-free exports into the United States. I don't know how that will work out in practice. It may have a whole number of different effects, but that is in line with Trump saying, "We will bring the jobs back. It will no longer be worth your while to make it in Mexico. You will come back." A number of companies have said, "It is still worth our while to make it in Mexico. We can comfortably pay that much. We have been making masses of profit anyway and that still is cheaper than moving to the USA."



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The other thing that Rosa has referred to is what they call the rapid response labour mechanism. You can make a complaint against an individual company that it is not respecting employment rights. You do not need to prove that gives them a trade advantage. You can make that complaint by a very quick process, because the problem with all the past ones is they have taken ages to get nowhere. You can take sanctions against that company such that it will have to pay the tariffs to export into the United States.

The complaint obviously comes from independent Mexican trade unions. It goes back to United States trade unions who then take it up with the United States authorities. One side to it—the United States—has immense bargaining power and those are the things that it has gone for, insisting, “You make the change now or the agreement will not happen.” That was the condition for the House of Representatives ratifying, which Trump desperately wanted before he could face an election.

From the Mexican side, it wants change too. The issue in Mexico is what it calls protection contracts. A trade union signs a collective agreement with an employer and it does not need to consult with its members—with the employees—on what that agreement is. It does not need to publicise what it is. There are even cases of multinational companies coming into Mexico who have the agreement signed and in place before the factory is even built, and it is with the old trade unions that are part of the old power structure. Independent trade unions can be shut out by various means. You can sack them if they try to set it out, victimise them or whatever. It is very difficult to set up a rival.

As I said before, the important thing is that the laws that are insisted on are absolutely specific to Mexico: that we must publicise what a collective agreement is, workers must have the right to vote on it and they must have the right to vote on what union will represent them. If those things don’t happen, we can use this rapid response mechanism and, as Rosa has said, that has already happened in a number of US-owned companies.

That is an issue inside Mexico. It is worried that its wages are so low and have not grown. Mexico elected a new president who basically supported that kind of position and who is happy to see these laws passed. In fact, he is particularly happy because if that is included in a trade agreement it is then under international law and it becomes impossible for the next Government that comes in to change it back, so it gives Mexico greater security and in that respect it likes it.

I might add that, looking at the laws they have had to introduce, basically they look as if they have been written in Mexico rather than the United States, so it is there that the—

Q85 Chair: In some aspects you have talked about there, I did not quite see the American body politic as being very pro workers’ rights. The US Congress has been very pro Mexican workers’ rights in a very strange way because of the blowback of the effect of low wages within the United



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States.

Martin Myant: Yes, I think it is the—

Sir Mark Hendrick: The Hispanic vote is it? The Hispanic vote in the US.

Chair: No, it is that the erosion of jobs, or the making of that gradient so great that companies leave the States, has been the driver for the US Congress to be worried about workers' rights—not in America but in Mexico.

Martin Myant: It would not have received Democratic Party support without the United States trade unions supporting that agreement. That was apparently the position at the end of it. Of course, everybody knew, "We are reaching the end. Trump has to get this agreed. He will be in real trouble because he has made such an issue of"—as you said—"Can we bring the jobs back home?"

There is a specific political situation in the United States as well but yes, it is a paradox that this gives, from the United States side, power over abuses of workers' rights in Mexico. It does not give the Mexican side the right to complain over abuses in the United States, and a lot of the things complained about happen quite routinely in parts of the United States anyway.

Chair: That is to Mexican workers?

Martin Myant: No, to United States workers. Denial of trade union rights is quite common.

Mick Whitley: The right-to-work states. He is talking about the right-to-work states. The companies moved out of Detroit.

Martin Myant: Yes.

Mick Whitley: In most of the southern states they are on half the wages that their compatriots are on in Detroit. That is what happened.

Chair: In the southern states of the United States of America?

Mick Whitley: In the southern states. They call them the right-to-work states. Obviously they need to ballot the workforce to get a union and a lot of them—particularly the Japanese transnationals—never had unions for many years because the workers who they employed did not want unions in there. It is only just lately that they are organising them. To be honest with you, the UAW was quite happy with the big three in Detroit because they had the same terms and conditions as their colleagues did in Canada—they had similar—but as you know they broke away and formed the CAW.

Q86 **Chair:** Rosa, did you want to come in there?

Rosa Crawford: Yes, just to say that the US unions, with the Mexican unions, are pushing for the rapid response mechanism to be improved to, exactly as Martin says, apply both ways. I think the Canadian unions will



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be happy for it to be possible for Mexican unions to enforce rights for workers in Canada too but, as Martin says, the power asymmetry has meant that the US could insist—particularly, US companies could insist—that this is a one-way process. We are working with the US trade unions to think of ways that that system could be designed to be a two-way process.

It is interesting that the UK has started trade talks with Mexico and Mexico has said it would be open to thinking about a kind of rapid response mechanism in the UK-Mexico trade agreement, but I think it might insist on that being two-way. We would certainly support that because we would like it to be used as a means to improve rights here, so it is important to think about how we could improve on that as well.

Q87 Chair: Thank you. The purpose of that detour was to look at US-Mexico in the light of our wider discussion of the Gulf. It is to show that these things can happen in trade agreements.

Moving back to the Gulf area, many companies are, as we know, entirely committed to operating according to robust ethical principles. Pete and Rosa, are you aware of any instances in which such companies have withdrawn from operating in the Gulf because low standards have given local suppliers maybe a competitive advantage? There was a mention of the hotel, Pete, from you earlier but just a general—

Pete Pattison: Yes. Frankly speaking, no, I am not aware of that. I think that is partly because of the kafala system. The kafala system means workers are bound to their employers, so there is no free movement of labour. There is no open labour market as you would have in the UK. When you know that your workers cannot leave to go to another company, there is no incentive for you to provide better conditions. There are no consequences for not doing so.

Q88 Chair: Are you aware of any that may have left for reputational damages reasons? I am asking you to be a bit of an encyclopaedia here—I do get that.

Pete Pattison: No. Well, I am trying to think. I did a big exposé on a very fancy hotel in Qatar, which should have caused it a lot of reputational damage. To some extent it did because the Liverpool football team, when they were going to go to Qatar to play in the Club World Cup, refused to stay at that hotel. Nevertheless, I am pretty sure that hotel is still operating in Qatar, so the reputational damage does not seem to stick.

Q89 Chair: What is the name of the hotel?

Pete Pattison: Kempinski Hotel.

Sir Mark Hendrick: It is a worldwide chain.

Pete Pattison: All the big worldwide chains are there. I did a report last year looking at all the hotels that were on the FIFA endorsement list. You can book your FIFA ticket in those hotels. I investigated about eight to 10



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hotels, and many of them were very prestigious brands. Here is the slightly difficult thing: if you name a company—let's say in Qatar—there is a real risk that the workers working at that company will be outed for having talked to a journalist. In that report I did not name the hotels, even though they were some of the biggest brands in the world, because I was very afraid of recriminations against some of those workers.

As a journalist, it is quite difficult. There is a very delicate balance in naming companies and, therefore, damaging or questioning their reputation, because of the consequences to the workers who work there. Ultimately, my responsibility is to keep those workers protected—keep my sources protected. There should be a reputational risk and there should be reputational damage. It does not always happen.

Q90 Chair: Rosa, are you aware of anybody in that area? I am asking you to be an encyclopaedia as well. Has anybody moved because of the reputational damage?

Rosa Crawford: No. From a trade union perspective, we are not aware of any companies that have pulled out for reputational reasons. As I say, in 2015 Coke and Visa spoke out in criticism against Qatar and the kafala system but continued to remain sponsors of the World Cup, so clearly did not feel that the reputational damage was so much that they wanted to pull out. Other than that, we are not aware of any companies that have pulled out for reputational reasons.

Chair: I will come back perhaps to this area later, but I want to bring in Paul Girvan at this stage.

Q91 Paul Girvan: I wonder what recognition is given to the cultural and religious ideology of some of these areas that we are working with. It has to be dealt with respectfully. Albeit we are attempting to improve workers' rights, pay and conditions, in doing so we still have to recognise a totally different culture and everything that is there.

This is primarily to Rosa. What safeguards on labour standards, if any, would you need to be included in the UK agreement with the GCC to give the TUC assurance that its concerns have been addressed? I am coming at that from the point of view that I believe in having unions in place but I think that unions sometimes push far too far on things that they should not be getting involved in. They do it in this country, never mind in the Middle East, and that is an area where I think we need to have some of that. I am just asking from my perspective.

Rosa Crawford: As I said, through the International TUC and the international union bodies we are connected with workers on the ground in the Gulf states. They are asking for their fundamental rights and the ability to form a union, demand their rights, demand decent treatment and receive that decent treatment and pay. It is very important that we find a mechanism for them to be able to do that.

Q92 Paul Girvan: You say they demand their rights; how do they demand those rights to you? How is that articulated? I appreciate that you said



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thousands—you used that term—have died in the construction of the stadia that will be used for the World Cup, and we have asked questions about that, but what evidence is there that there are thousands? I appreciate that on every construction site, even in the UK, we have deaths happen weekly in the construction industry. I wonder whether we are skewing something to put forward a message that is not necessarily there, or using it as a mechanism to create that problem. I want an answer on that. I would appreciate it—apologies for rambling on.

Rosa Crawford: The “thousands” figure partly came from investigations conducted by Pete and his colleagues at *The Guardian* who have done amazing work on the ground speaking to workers. Also, the International TUC has done its own research and so has the International Labour Organisation, so there is lots of substantiated evidence about the death rates in construction.

As for how we have had the connection with workers and their demands, we are limited by the fact that trade unions are not legal in the United Arab Emirates, Saudi Arabia or Qatar, but the international trade union organisations—like the Building and Wood Workers’ International and Public Services International—are supporting grass-roots worker organisations and domestic worker organisations and getting their views known internationally. It is more difficult because we do not have the legal structure that supports independent unions. Through those groups we can get a sense of what their demands are and it is obviously around decent treatment, safe treatment and decent wages.

As for the original question of what kind of labour chapter would be effective, as I outlined earlier we don’t think in the case of the Gulf Cooperation Council states that there is any labour chapter effective enough to address the scale of the problems facing workers in the Gulf Cooperation Council states. There are so many fundamental rights that are not recognised that it would require lots and lots of legal changes and lots of improvement in the enforcing of fundamental rights for there to be a framework where there is basic decent treatment of workers.

All that would need to take place ahead of a trade agreement being in place with a labour chapter to then monitor and enforce those fundamental standards. I think we are in a different situation than US-Mexico or certainly UK-Canada, for example. It is just a different environment. We don’t think a labour chapter would be effective enough to address the scale of these problems.

Paul Girvan: They effectively have the world over a barrel at the minute.

Pete Pattison: I have a little technical point. According to the World Cup organising committee, 37 people have died of what they call non-work-related deaths in stadium constructions and three have died of work-related deaths. The category of non-work-related deaths is somewhat questionable. For example, it includes workers who died in a bus accident on their way to work or workers who died shortly after



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leaving the stadium construction site, so the statistics are always a little bit murky.

I did a report that showed that over 6,500 south Asian workers had died in the 10 years since Qatar was awarded the right to host the World Cup, but they were not just construction workers. They were workers in all sectors. It is very difficult to get figures for the actual breakdown of those deaths, although we know that the large majority of workers in Qatar are low-wage workers who are exposed to the greatest health and safety risks at work.

The real issue across all Gulf states is that the vast majority of these deaths are categorised as sudden cardiac or respiratory deaths and they are not properly investigated. There is a huge question mark about why relatively young men, who have to pass a health test before they take up work in the Gulf, are dying in this way. Some evidence certainly points to the effect of heat. There are other issues such as very long hours, very poor quality of accommodation—as I have already explained—and also the severe and ongoing psychological stress that these workers are under, where they work in very difficult conditions with very low wages and large families depending on them back home.

Q93 Chair: The deaths at the World Cup stadium have been three and those workers outside the work environment have been 37; is that what you said?

Pete Pattison: The World Cup organising committee categorise them as non-work-related deaths, of which there have been 37 I believe. That is the latest figure.

Chair: The work-related deaths were three?

Pete Pattison: Yes. The categorisation is not medically scientifically based and, as I said, it is questionable. If a worker dies on their way to work on a company bus through a bus accident, how is that a non-work-related death? If a worker collapses in a stadium site and then later dies in hospital it is categorised as non-work-related. I don't see how that can be.

Chair: Would that worker then be in the group of 37?

Pete Pattison: Yes, that worker is in the 37. I will give a little bit of credit to the World Cup organisers here. We know that because they have been relatively transparent about how these deaths are recorded, unlike in the rest of the country.

The issue is that low-wage workers in Qatar are essentially under the responsibility and control of their employer for 24 hours a day. They live in employers' camps. They are taken to work by their employer. They work for their employer at the construction site and then they go back on employer's transport to their employer accommodation. Arguably, workers who die suddenly for an unexplained reason at their labour camps should also be covered by their workers—



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Q94 **Chair:** One of the things we have heard raised in these issues is that sometimes people who come from altitude are more likely to have cardiac issues. Do you have any evidence for that?

Pete Pattison: No, I don't have any evidence for that. Also, most of the workers who work in Qatar don't come from altitude. For example, in Nepal the majority of workers come from the southern plains—the flatlands—not at altitude at all.

Q95 **Mark Garnier:** On a very technical statistical point, presumably the key number is the excess deaths you find among foreign workers compared with people of a similar age group or similar type of work. Have you done any analysis on that type of thing?

Pete Pattison: No. It is very hard to calculate because, like I said, workers who go to the Gulf I think have to pass two health checks, one at home and one when they arrive in Qatar. If you compared it with the general population, it is like comparing apples and oranges. It is a concept that I could call a healthy worker effect, so it is very hard to calculate the excess deaths. The whole issue is statistically very murky and very hard to pin down.

The one thing that is clear is that the vast majority of workers' deaths are classified as—I am talking about Qatar here—as they call it, natural death due to cardiac failure or respiratory failure. I have seen so many death certificates that show that. These deaths are not being investigated, even though Qatar's own lawyers—lawyers they commissioned back in 2014—recommended that these deaths be investigated and that autopsies be carried out in the case of these deaths. Neither of those two recommendations have happened.

Q96 **Mark Garnier:** To be clear, you are suggesting that someone could almost have a girder fall on their head through bad practice and that could be recorded as a respiratory or heart—

Pete Pattison: No, I am not suggesting that. If a girder fell on their head it would be recorded in that way.

Mark Garnier: So it is not deliberately false, not deliberately misleading?

Pete Pattison: No, not that I am aware of.

Mark Garnier: That is very helpful. Thank you.

Q97 **Sir Mark Hendrick:** There seems to be too much focus in the press on workers directly dying as a result of being in a stadium in an accident—like a girder falling on a head. In fact, in the 10 years since Qatar won that bid, construction activity would not just be around the stadia. There would be hotels and lots of other associated construction projects linked to the World Cup for the provision of accommodation for tourists or fans or whatever. You were saying the statistics are very murky; well, I am sure they would be because there are so many connected industries and construction projects for the World Cup.



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A whole panoply of circumstances would put somebody at risk because health and safety conditions are not respected, the welfare of the workers is not looked at properly and the whole 24-hour lifestyle that these workers are living, under the so-called patronage of the sponsors, if you can call them that. It seems to me that this narrow focus on construction projects in the particular stadium is a very small piece of the whole picture when it comes to looking at the figure. My colleague Paul asks is it thousands? I would very much guess that it is thousands because it is not just a girder in a stadium. It is the whole lifestyle that all these workers are suffering over a 10-year period to do the massive projects.

Pete Pattison: Yes. Even at peak construction I believe there were only around 30,000 workers employed on World Cup stadium construction, but hundreds of thousands were employed in other construction projects and in other ways throughout the Emirate. You are absolutely right: a new airport, now a new airport extension, dozens of new roads, hotels, metro system, a new city, Lusail City north of Doha. The expansion is immense and to some extent drawing a distinction between what is a World Cup project and what is not a World Cup project is ridiculous. It doesn't make sense.

Q98 **Chair:** You gave credit to the World Cup building people; two points come to mind. Do you have any figures for similar Olympics or World Cups in other places for stadium deaths? The second thing is, given you mentioned the point of credit there—

Sir Mark Hendrick: My whole point, Chair, was it is not just stadium statistics.

Chair: Yes, I get that. On a totally different point: given that you credit them, is there a possibility of using the practice that you think is better than other practices and expanding it within the Gulf—that they can learn from themselves, if you like?

Pete Pattison: Yes. The Qataris would say very much that the World Cup is a catalyst for labour reforms and what they call the Supreme Committee, which is the local organising committee, has set standards for labour rights that are above and beyond the rest of the country, and to some extent they are right. For example, in addition to being slightly more transparent on the health and safety of the workers, it has begun a scheme to repay some of the recruitment fees—which I explained at the start of this session—that workers have endured. It is only partial: they are not repaying all the recruitment fees and it is done in instalments. It is not perfect but it is a step in the right direction.

There is some evidence that among workers, a very small number of workers who are employed directly on stadium construction enjoy better labour provisions than the general population. My experience, though, shows that that relatively good practice within workers under the Supreme Committee is not being rolled out across the country, so my fear is that there will not be a wider legacy of better worker rights as a result of the World Cup.



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Q99 **Chair:** Some of the World Cup organising committee came and made themselves available to MPs and Lords. Do you find access to these people on the World Cup organising committee relatively easy or difficult, given your role?

Pete Pattison: I never talk to them in Qatar because I am afraid I will be picked up and detained. I talk to them when I am back in the UK and I have always found them to be quite responsive and relatively transparent. Even the Qatar Government Communications Office is quite responsive, certainly much more responsive than—for example, to try to get anything out of the UAE Government is almost impossible so, relatively speaking, yes, better.

Chair: I am aware of time, unfortunately, for many unfortunate reasons. We will go to Mick Whitley.

Q100 **Mick Whitley:** This is for Rosa. The Government published their outline approach to negotiations with the GCC in June. What is the TUC's assessment of how the Government have engaged with trade unions so far?

Rosa Crawford: As I have outlined, the Government have not engaged adequately with us at all. We outlined our concerns to the Government on a number of occasions, not least in the evidence that we put online and submitted to the Government, that the UK should not be entering into trade talks with the GCC because of our grave concerns about the labour rights situation there, but they nevertheless proceeded. Now talks have started. There is no indication that we will be included on any of the advisory groups that will be consulted on the trade negotiations where we can raise concerns further.

As I say, the trade advisory groups still have only employers on them and they are crucial for us to be able to feed in insights and expertise on different sectors, especially on labour standards. We are very concerned that the Government's document on the GCC talks, which they published in June, just says that the agreement will not lower labour standards in the UK. Bizarrely, it only talks about the UK's ratification record on ILO standards and says that will not change as a result of the agreement, rather than addressing the fact that the fundamental standards have not been ratified across the GCC countries.

It does not look as though the Government are engaging seriously with our concerns about human rights and labour rights, or using the UK's leverage, as they should, on a global stage to insist on fundamental labour rights and human rights being respected, so we have a long way to go, unfortunately.

Q101 **Mick Whitley:** When we talk about the EU, it was a third, a third and a third.

Rosa Crawford: Yes, absolutely: compared to the kind of consultation mechanisms the EU has are practiced in the EU, this is much less than that. We are saying that there should be equal representation of trade



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unions and employers in any consultation around the trade negotiation text, and that needs to happen. Indeed, that is how we got the kind of improvements that we saw in the US in their Canada agreement: because US trade unions could input changes at the negotiation stage to the text of that agreement. That is what we should be able to do.

Q102 **Mike Wood:** Just quickly from each of you: what do you think the risks are of including provisions on labour standards in any agreement with the GCC, if those requirements are ultimately ineffective or unenforceable?

Rosa Crawford: I can begin. I think that there is a major risk that it allows the GCC to get a publicity boost and suggest that it has done something to improve workers' rights when it actually has not done anything. If there is no effective mechanism—as I say, I don't think for unions even the best labour chapter in the world could improve the scale of the problems across the GCC—the real danger is that it just becomes window dressing for a situation where there are really egregious abuses of rights going on. It discredits the UK as a partner for raising labour standards and human rights around the world, so I think there is a real risk for us there.

Martin Myant: I am not absolutely clear about what the two sides want out of the agreement anyway. It seems to me that improving the image for the Gulf states might be one of their objectives. If they are unenforceable we do not need the agreement, I suppose. That is sort of assuming they will be. The enforceable elements are those that are insisted on before the agreement is reached.

I was a bit surprised, in the course of the discussion we had on the number of deaths on construction sites and the like, that it was not obvious to me that they have a proper method of gathering these sorts of statistics in Gulf states. I would have thought that that might be one absolutely primary thing to insist on: that you have and introduce proper statistical measurement of just how unsafe your conditions are and health and safety measures to inspect and so on. If it is not going to work it is not going to be any good. It is just going to be whitewashing.

Mike Wood: Anything to add?

Pete Pattison: Yes, but I am not sure it answers your question. One of the things to think about is that the Gulf states may come back to the UK and say, "You are so concerned about labour rights in our country. What about labour rights in your country?" Post-Brexit the UK has adopted some new regimes to bring migrant workers to our country—for example, the seasonal workers scheme in farm labour. Some of the terms of that scheme could have been written by the Gulf states. They are almost exactly the same as the provisions that we are criticising in the Gulf states—not in scale and certainly at least pay is better in this country, but you need to be aware that I am pretty sure that the Gulf states will respond in that way on this issue.

Q103 **Sir Mark Hendrick:** Obviously none of you are Government Ministers,



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but do you think the Government are reluctant to introduce these issues around labour because they may be concerned that British companies would find it difficult to comply with these standards in the way that they would operate and, therefore, might not get the contracts that they want on the World Cup, or anything else for that matter?

Rosa Crawford: I will just say that the Government do not have any political inclination to protect workers' rights on the basis of current evidence. We have signed a trade agreement with the EU that has very high standards on labour rights with the level playing field provisions, and it looks like the Government are set to ignore those, introducing the Brexit Freedoms Bill that could allow EU social employment rights to be reduced, introducing agency workers' regulations that allow agency workers to replace striking workers, undermining fundamental IOL conventions of freedom of association. I think the outlook that the Government are presenting is one that suggests that it is not their priority.

Q104 **Sir Mark Hendrick:** Coming back to your involvement with the advisory groups, what reasons have the Government given for you not being involved with this?

Rosa Crawford: They really have not given any. I know that the Secretary of State for International Trade has appeared before this Committee and said she wants to see trade unions on the trade advisory groups, yet we haven't seen unions appointed. We can only think that there is some political blockage to us being appointed, which we cannot understand given that the intention the Government have professed is to include unions.

Sir Mark Hendrick: I have been present when that promise has been made, yes.

Mark Garnier: I don't think it is just you, actually: I think there are quite a lot of people who have the same complaints about it.

Rosa Crawford: Yes, we know other groups have that view too.

Q105 **Chair:** Thank you very much. We are coming to an end. I think we have exhausted our questions but there is something I wanted to pick up on. Somebody mentioned Kuwait as having been quite a bit better for union recognition and workers' rights—maybe not a gold standard but quite a bit better than the GCC group. What is the likelihood of grafting that around the place and that they learn from one another, or even of a trade agreement being used to make that happen among all the GCC countries? Is that something you would welcome or want, or am I overselling Kuwait?

Rosa Crawford: Kuwait has ratified the convention on freedom of association and the convention on collective bargaining, and independent unions are allowed in that country, so that is certainly better than quite a few of the other Gulf states. We would like Kuwait to use the progress



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that it has made to encourage that kind of progress in the other countries.

But I am slightly doubtful of a bilateral UK-Kuwait trade agreement with a strong labour chapter being the thing that then encourages the other Gulf Cooperation Council states to follow suit and improve labour standards. I think that might be a little bit of a stretch, but certainly the UK Government could work with Kuwait and the International Labour Organisation and International TUC to say, "These are really important improvements that other countries should be following. Other GCC countries should be having those kinds of improvements as well."

Q106 **Chair:** What has been described here this afternoon is runaway capitalism of the Dickensian standard of 150 years ago from books like *Oliver Twist* or something—whereas a minority are doing very well, a big lump of people are doing extremely badly to say the least—except it is happening in the sun rather than something dark and damp in Victorian times. Do you see any hope for change coming along? Or is that just a forlorn question?

Rosa Crawford: I think the fact that we have had improvements in the law in Qatar and Saudi Arabia shows that worker power and international pressure do have an impact. Obviously, the reputational issue is a big reason why Qatar also moved, but it does show that reform is possible. I think maybe in 2013 we could not have believed that workers would not be required to get permission from their employers to leave employment. I think that shows there is progress, but there is so much further to go that we need to be realistic about the kind of progress that can be achieved.

Q107 **Chair:** If the UK has any leverage at all, I think the clear message of the panel is that it has that at the beginning of negotiations not after anything is signed. Is that a unanimous view?

Rosa Crawford: Yes, absolutely.

Pete Pattison: Yes.

Martin Myant: Yes.

Chair: Thank you. It is a hot afternoon here in London, so thank you for your patience and your time, panel. It has been greatly appreciated. It has certainly been a lot of food for thought for everybody. We are all grateful that you have come along. Thanks once again and apologies for the late start.