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The IBA Global Employment Institute

Global war, global trade: a Global Employment Institute perspective



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The IBA Global Employment Institute (GEI) recently completed its *Annual Global Report*, in which lawyers from 52 countries highlighted general international trends in human resources law. The questions covered the most relevant issues relating to employment, industrial relations, discrimination and immigration law. The survey has identified some key trends, notably around global conflicts and trade, climate change and artificial intelligence.

Global war and conflicts

In 2023 and 2024, no issues were more important than global leadership and conflict. The war in Ukraine, the Israel–Palestine conflict, international trade conflicts, increased isolationism and nationalism, and climate change have impacted the working environment and labour markets worldwide. These developments prompted businesses to reassess workplace practices, labour rights and the future of the work environment.

Global conflicts place immense psychological and emotional stress on affected employees, particularly those with direct ties to the regions involved. These conflicts also create tensions within workforces as differing opinions on the conflicts surface and challenge workplace cohesion.

In addition, the uncertainties presented by the new Trump administration in the United States will roil world trade, cause political upheaval and will significantly affect human resources issues. The impacts cannot currently be predicted with any certainty.

Economically, the ripple effects of these conflicts – present and future – strained labour markets worldwide. Supply chain disruptions, fluctuating energy prices and economic instability forced employers



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to adapt quickly. Industries dependent on the international trade of raw materials, or regional markets facing workforce reductions, halted operations or required upskilling to shift focus to alternative markets.

Refugee flows and displacement pressured labour markets in host countries, requiring efforts to integrate migrants while balancing existing employment demands. These challenges underscored the interconnected nature of global labour markets, pushing companies and governments alike to navigate uncertainty with resilience and adaptability.

In Europe in particular, and even more so in countries neighbouring Ukraine – such as Bulgaria, Czech Republic and Hungary – as well as Central European states such as Germany, Austria and Luxembourg, human resources issues related to the migration of refugees and their effects on the work environment are particularly pronounced. In Switzerland and the United Kingdom, for example, these issues spawned problems for refugees who wish to access the labour market.

In Lithuania and Poland, refugees effectively joined the labour market and eased the lack of employees. In countries further from the war, such as Switzerland, differences in culture and language created difficulties in their integration, both into society generally and the workplace. For example, in France and Germany, where Ukraine has a large impact on the energy sector, the war resulted in price inflation and led to tensions in wages and higher salary demands.

The war also led to conflicts in the workplace. In Belgium, for example, HR managers were reported trying to proactively avoid discussions regarding the Israel–Palestine conflict, and in the UK, to be especially alert in regard to potential harassment and discrimination. In the Netherlands, an employer wanted to terminate the employment contract of an employee because of his LinkedIn statements about the Israel–Palestine conflict. The court considered that, in this particular case, the employer was not entitled to restrict the employee’s freedom of expression.

Even as far away as Nigeria, the conflicts caused human resources challenges, including instances of discrimination, tension and reduced productivity. In Australia, some employers reported that their employees were affected because they had family in Ukraine, Israel or Palestinian territories, or by the uncertainty of the war and consequent mental health issues.

Of course, in countries directly impacted by war, such as Israel, there are special difficulties, including a shortage of labour in numerous sectors, including construction and agriculture. In response, Israel has entered into agreements with India, Moldova, Sri Lanka and Thailand and other countries to expedite work permits.

A clear trend across the Nordic countries, particularly in Sweden but also in Norway, Denmark, and Finland, is the growing tension between the need for labour migration and increasingly restrictive immigration policies. On the one hand, conflicts and global instability have contributed to rising migration flows toward Europe and the Nordic countries. At the same time, many Nordic economies face structural labour shortages, especially in high-skilled sectors such as tech, healthcare and green industry. This has created significant pressure to attract and retain international talent. On the other hand, political shifts in the Nordic countries resulted in tightened migration rules, including higher wage thresholds and stricter requirements for work permits. These measures have made it increasingly difficult for lower-skilled workers to access the labour market. As a result, integration and targeted labour migration policies have become central challenges.

The US and other countries that rely on labour migration in areas such as agriculture, but have implemented increasingly restrictive immigration laws, are seeing the same issues.

Global trade

The Ukraine war has not been the only source of global tensions with an effect on labour. Current trade conflicts between the US and China, as well as the US and the European Union, impact the global economy as costs of materials rise, resulting in elevated prices of essential commodities and thus reduced salary values and job losses.

China has suffered job losses due to business decline from the trade conflict with the US. India, on the other hand, has ended up as a beneficiary in view of some of the ongoing trade conflicts as companies move out of China, leading to increased business activities and job growth.

Other political developments with less visibility on the global scene nevertheless have affected the workplace. Notably, elections in Colombia and Indonesia, as well as irregular immigration from neighbouring countries, have created economic uncertainty.

Due to their proximity to the US and as its largest trade partners (jointly with China), Mexico and Canada have been targeted by President Trump since his campaign for tariffs and restrictive measures on trade and border exchanges. Since his arrival in office, despite keeping Mexico in the spotlight for these restrictions, the specific impacts on employment for Mexico are yet to be seen.

Even though there is no certainty about what will happen, there is a possibility that the trade agreements of the United States–Mexico–Canada Agreement (USMCA) will prevail, despite the public positions. President Trump has hinted at avoiding such severe impacts on Mexico, provided that the country takes serious measures to address immigration, and that both countries align their policies on the fight against fentanyl. If the trade restrictions on Mexico take effect, the sectors that expect to be most seriously impacted are the vehicle industry, the manufacturing industry, agriculture (particularly avocado and tomato exports), the electronics and technological components industry, and energy, steel and aluminium.

ESG and related issues

ESG (environmental, social and governance) continues to be an important issue in many of the countries surveyed. Companies increasingly recognise a social responsibility towards their employees: that beneficial action, particularly in the area of mental health, is imperative for sustainable business practices. Nevertheless, the development towards sustainable business practices is far from complete and some countries face major challenges.

Climate change-related regulations are affecting the labour market in numerous countries. Canada adopted the Canadian Sustainable Jobs Act in June 2024 to foster the creation of sustainable jobs as well as help the workforce gain the necessary skills, training and tools to fill these new jobs opportunities.

In Australia, coal mining and coal-fired electric generation industries are expected to be negatively impacted by job reductions. In countries such as Indonesia, the development of the renewable energy sector has created new job opportunities.



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Japanese media reports a trend that university students base their job hunting on how actively the company is aiming to reach the sustainable development goals. This increased awareness of the climate crisis among employees also has been noticed in the Netherlands.

In Portugal, environmental responsibility and mental health are essential issues for companies looking to improve their organisational culture and employer branding. In Brazil, there will be a change to health and safety regulations obliging companies to include, in the health and safety documents, measures to identify, prevent and manage occupational risks related to psychosocial factors in the workplace.

A modification of the taxation of company cars in Belgium caused a major shift toward greener company cars. On the other hand, one of the last car manufacturing factories and biggest employers in Brussels announced that it would close because its expensive electric cars could not compete with cheaper Asian models.

Serbia reports that, for its employers, the health and safety of the workforce is an important focus. In Korea, the recently enacted Serious Accidents Punishment Act makes it a crime punishable by jail time if a serious accident occurs due to the failure of top executives to implement a compliant safety system in the company. In Chile, the inclusion and improvement of the working environment for women is an important priority. The recent Chilean law on workplace harassment, sexual harassment and violence was the regulatory response to this challenge. Now, the biggest obstacle will be implementing it while considering Chilean idiosyncrasies.

In the US, there has been a focus on environmental responsibility and seeking to restore the carbon cycle to balance (the goal is to achieve 'net zero'). Large companies is particular recognise a strong responsibility, given their enormous influence on the increase but also the reduction of global greenhouse

gas emissions. Of course, it seems likely that the focus on ESG will diminish (indeed, it has already begun) with the arrival of the Trump administration.

Despite the changing ESG environment, Mexico has passed regulations to increase protection of employees' health and safety, and mental health. Furthermore, the current administration has been working to accomplish gender equality in the workplace. On the other hand, it is expected that Mexico will follow the US approach on this matter, which may result in the (at least temporary) stagnation or reduction of focus on ESG standards.

Artificial intelligence

Artificial intelligence (AI) continues to influence human resources teams in many participating countries. In particular, AI is increasingly used in recruitment and selection procedures, although this presents risks as well as opportunities. For example, employers must take steps to ensure that the process is fair and without unlawful discrimination, and some jurisdictions are imposing notice requirements on the use of AI in recruitment and selection processes.

AI may exacerbate certain problems, including job losses, ethical concerns, and the need for regulatory oversight and legal frameworks to ensure transparency. With the European AI Act, the first attempts have now been made to legally embed the complex issue. Moving forward, businesses will need to navigate these challenges by investing in employee retraining, addressing ethical issues in AI design, and ensuring that AI technologies complement rather than replace human creativity and innovation.



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AI also poses data protection challenges. The increasing use of employee surveillance technologies have heightened the need for robust data protection measures, prompting legal and employer-driven changes worldwide. Different jurisdictions are evolving their privacy laws to address gaps, regulate electronic monitoring and ensure fair use of AI in workplaces. Many employers are independently implementing data protection tools and policies in response to growing surveillance practices and evolving privacy concerns.

Many countries see opportunities and possibilities for the creation of new jobs with AI technology. While there has been an increase, for example, of the need to hire individuals who can bring their AI knowledge to the workplace, countries also, perhaps predictably, report job losses in sectors such as banking, finance and logistics, and in jobs such as translation.

A number of countries are developing AI governance regulations or codes of ethics concerning employee rights around AI. The European AI Act of 2024 is the first comprehensive AI legal regulation and applicable in all EU Member States. The regulations differentiate the applicable obligations by the level of the AI-posed risks.

In Canada, the government has proposed the *Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems*, with the purpose of providing common standards to enable employers to demonstrate they are developing and using AI responsibly while awaiting formal legislation. No single country, however, was reported to have yet implemented national legal regulations specifically dedicated to AI technologies. Instead, arising legal issues concerning AI are primarily addressed within the context of the existing law.

In a decision of 19 January 2024, the Hamburg Labour Court ruled that the works council has no right to co-determination regarding the general use of generative AI and dismissed an attempt to prohibit the use of generative AI systems. However, the issue would be evaluated differently if employers had direct access from the external provider acting as a data processor.

All countries agree that AI will shape the future of HR. The intersection between privacy, data protection law and employment law is and will continue to be at the forefront of employee matters in coming years, as more sophisticated monitoring mechanisms are developed.

Conclusion

We can expect that global conflicts, regulation of trade, climate change and AI will continue to be key issues for employers going forward. The uncertainties arising from the changes in the global dynamic that the Trump administration will spawn are guaranteed to give heightened importance to these issues. Employers need to consider how best to be ready to confront these issues in a changing world.



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