



FAIR TRADE TEXTILE AND DECENT WORK

**THE IMPACT OF FAIR TRADE ON THE
SUSTAINABILITY OF TEXTILE SUPPLY
CHAINS. GLOBAL CONTEXT ANALYSIS.**

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Magasins du monde

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ABBREVIATIONS

FTA:	Free Trade Agreement
MFA:	Multi-Fibre Arrangement
ATC:	Agreement on Textiles and Clothing
BFC:	Better Factories Cambodia
CC:	Compliance Committee
EBA:	Enforceable Brand Agreement
FLO:	Fairtrade International
FSP:	Fairtrade Sourcing Partnership
OECD:	Organisation for Economic Cooperation and Development
ILO:	International Labour Organisation
WTO:	World Trade Organisation
UN:	United Nations
PO:	Producer Organisation
CSR:	Corporate Social Responsibility
GSP:	Generalised System of Preferences
WFTO:	World Fair Trade Organisation
EPZ:	Export Processing Zone

1. INTRODUCTION

Who has not heard of Rana Plaza, the famous industrial disaster that occurred in Bangladesh in April 2013? Probably very few people, particularly among those interested in the textiles sector or issues of consumption in general. Although far from being the only accident of this type¹, it received significant attention in the media due to its magnitude. This in turn caused a huge stir within the general public and among political decision-makers. Even though we may question the “necessity” of accidents as tragic as this to awaken people’s consciences, numerous initiatives to better regulate the sector have subsequently been launched or given new momentum.

After reviewing the social and environmental externalities of textile production worldwide, this study will present an overview of the various initiatives seeking to reduce its negative impacts. Whether new or existing, public or private, national or international, all these initiatives have the main aim of making global textile chains more sustainable, and in particular improving workers’ rights and working conditions.

The questions we will attempt to cover include, amongst others: How can better working conditions be ensured throughout the entire supply chain, namely for both the last stage (garment manufacture) and the intermediate stages (cotton production, spinning, weaving, etc.)? What are the power relationships within the different links of the supply chain? What are the roles and responsibilities of each of these players? How can the transparency and accountability of brands within supply chains be improved? More specifically, we will examine the role that fair trade plays in these different areas, in its labelled as well as its integrated form.

¹ To cite just some recent examples: 64 dead and hundreds injured on 11th April 2005 in the Spectrum factory, also in Bangladesh; 254 dead and 55 seriously injured on 11th September 2012 in a fire in the Ali Enterprise factory in Pakistan; 112 dead and more than 200 injured on 24th November 2012 in a fire in the Tazreen Fashions factory, again in Bangladesh.

2. ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS OF CONVENTIONAL TEXTILE SUPPLY CHAINS

2.1 THE COTTON/TEXTILE/CLOTHING PATHWAY

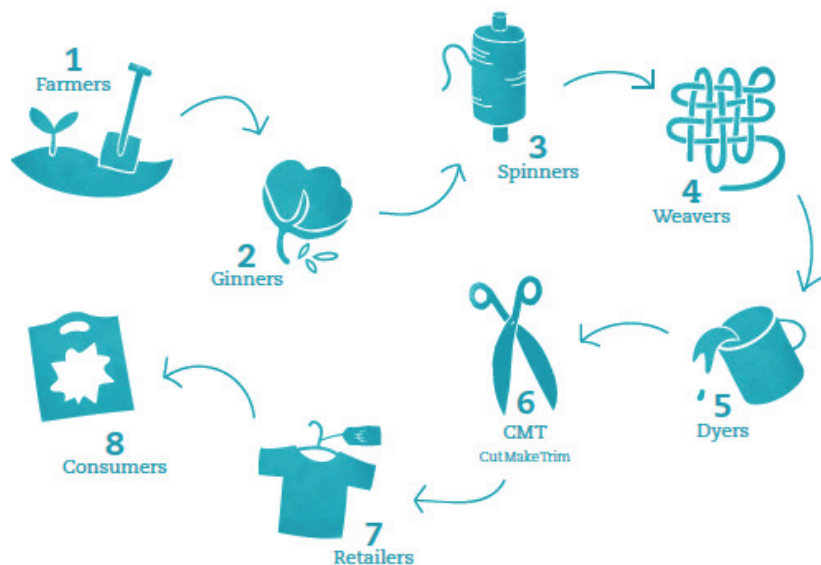
From producing the cotton to the sale of a garment in store, the route is long. In a 2005 study, the economist Richard Gerster reconstructed the path of a pair of jeans. The journey began in a cotton field in India and ended in a shop in Switzerland. Between the two, the cotton passed through China (spinning), the Philippines (weaving and dyeing), Poland (assembly) and Greece (washing and finishing). Light, sterile and (still) non-technological, textile products are manufactured, stored and transported relatively easily. This makes them an ideal target for the breaking down of factors of production that characterises globalisation, with all the social and environmental externalities which that involves.

The pathway is composed of three large sectors (figure 1): cotton production (cultivation and ginning), textile processing (spinning, weaving, dyeing, finishing) and garment manufacture (cutting, sewing, printing, embroidery, checking and packaging). While a part of global production remains artisanal and a vehicle for preserving traditional

techniques and cultures, the majority is now industrialised, particularly for the export market². Textile processing is the most automatised step, in contrast to cotton production and garment manufacture, which rely more heavily on manpower. A number of stages of production are entirely or partly subcontracted, in particular garment manufacture, which results in a particularly complex and opaque pathway.

For the remainder of this study, we will use the terms “first-tier supplier” for suppliers in direct contact with the buyers, “second-tier” for first subcontractors, and so on. Moreover, the only raw material we will consider is cotton. It alone represents 90% of the natural fibres used in the textile industry⁴, and although synthetic fibres are in strong competition (55% of the clothing market in 2013, compared to less than 40% for cotton⁵), none of them is the subject of a specific guaranty or fair trade production.

FIGURE 1. Stages of textile production³



² Gent C., Braithwaite P. 2006. Cotton and cotton textiles: Unpicking the threads.

³ FTAA. 15/03/2016. Power to West African cotton farmers. Recommendations to the European Union, 67 and West African governments in support of fairer and more sustainable textile supply chains.

⁴ International Trade Centre. 2007. Cotton exporter's guide.

⁵ The Guardian. 07/03/2012. How can we stop water from becoming a fashion victim?

2.2 IMPACTS OF COTTON PRODUCTION

2.2.1 The economics of cotton

In 2013/14, cotton was cultivated in more than 75 countries, across 32.4 million hectares (2.3% of the planet's arable land), resulting in a global production of 25.6 million tonnes (with a total value of US\$ 51.4 billion). These few figures give an idea of the **global nature of cotton farming**, cotton being the third largest crop in the world in terms of surface area, after cereals and soya⁶.

The world's main producers, in descending order, are China, India, the USA and Pakistan (figure 2). Cotton is an important **export crop**, in that roughly a third of production is traded on international markets, essentially for the manufacture of textile products⁷. Among the main importers are China, followed by India and Pakistan, three leaders in garment production (figure 3).

FIGURE 2. Cotton lint production and consumption (thousand tonnes) by country (2013/2014)⁸

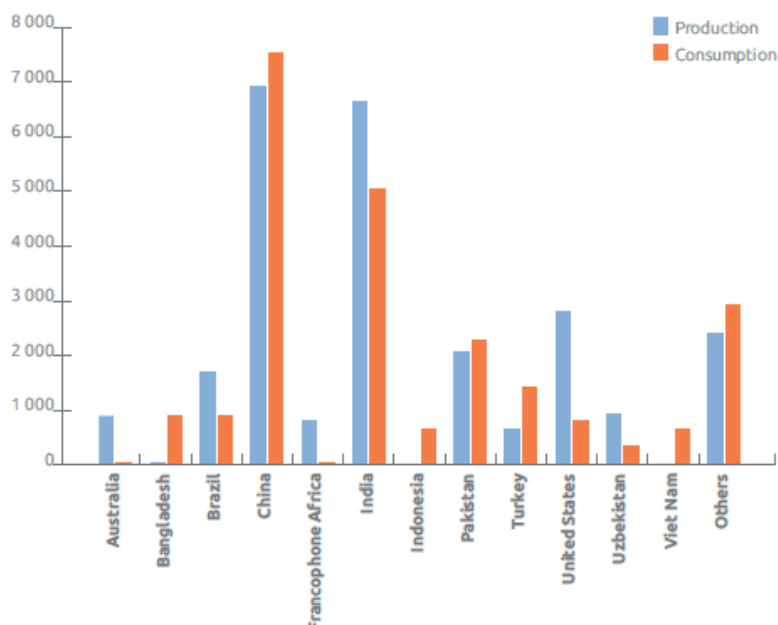
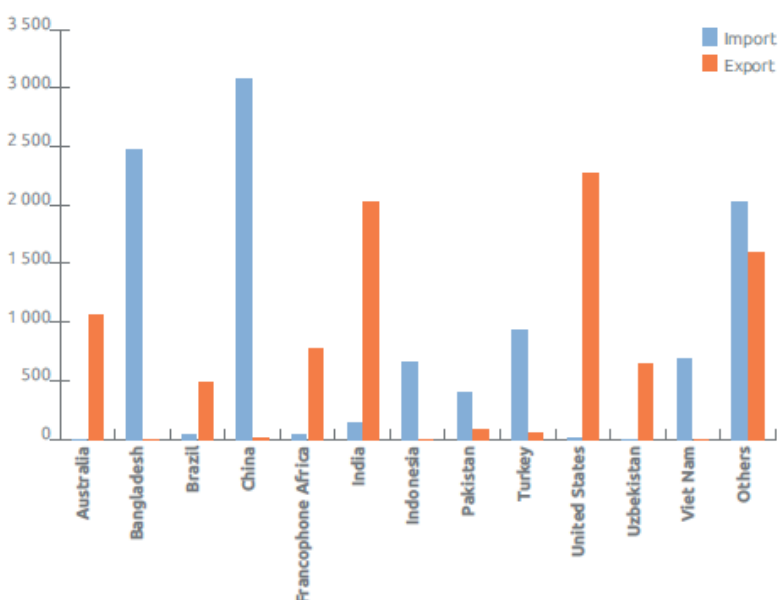


FIGURE 3. Cotton lint import and export (thousand tonnes) by country (2013/2014)⁹



⁶ ICAC. 2014. Cotton : World statistics.

⁷ Cotton lint is mainly used for clothing (60%), household textiles (tablecloths, curtains, cushions etc.) (33%), professional clothing (5%) and medical or hygiene products (compresses, cotton buds, etc.) (2%). The seeds on the other hand are used for oil production (for food or cosmetic use) and livestock feed (meal, the residue left after oil extraction). Source: Parmentier S., Bailly O, Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

⁸ FAO. 2015. Measuring sustainability in cotton farming systems. Towards a guidance framework.

⁹ FAO. 2015. Measuring sustainability in cotton farming systems. Towards a guidance framework.

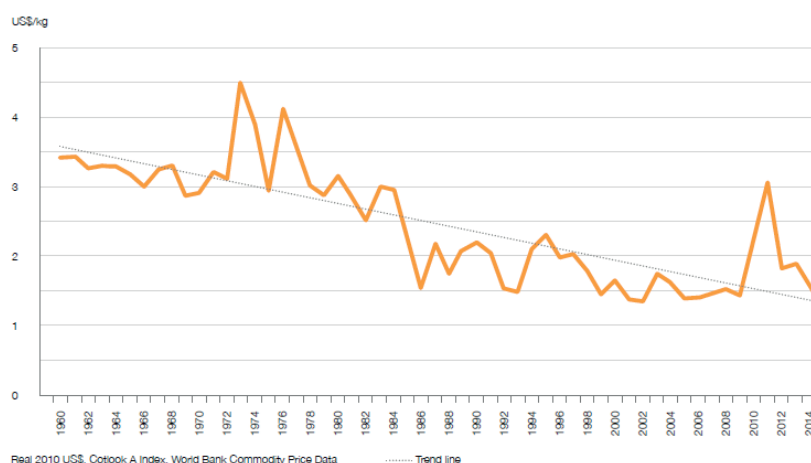
The countries of West Africa have a major **economic dependency** on cotton as a raw material, particularly the four major exporters (Burkina Faso, Mali, Benin and Chad), the group also known as C4¹⁰. The processing industry is virtually non-existent in these countries, in that less than 10% of domestically produced cotton is processed there. The reasons for this include competition from low-priced imports of ready-to-wear fashion from Asia and/or

second-hand clothing from Europe, the low purchasing power of local populations as well as significant deficiencies in infrastructure (particularly energy infrastructure, textile production being energy intensive)¹¹.

As with many other agricultural raw materials, for some years we have seen a **considerable volatility in market prices** of seed cotton. Very low at the beginning of the 2000s

(about 40 cents per pound), they climbed again in 2013/14 to 90 cents then fell again in 2015 to around 70 cents (figure 4)¹². Factors exerting a structural downward pressure on prices include subsidies, productivity gains, competition from synthetic textiles (whose prices are closely linked to those of oil), and strong competition within the clothing trade¹³.

FIGURE 4. Cotton prices in real terms 1960 – 2014¹⁴



Among these different factors, the generous **agricultural subsidies** paid by certain countries (mainly the USA, China and the EU) to their cot-

ton farmers are considered the least fair¹⁵. Indeed, these subsidies constitute a form of export dumping, running counter to the liberalisation

rules promoted by these same countries to the world trade organisation (WTO). The United States, the world's leading cotton exporters with 44% of the market share, have had the finger pointed at them for a long time¹⁶. Oxfam calculated at the start of the 2000s that withdrawal of American subsidies alone would have caused a rise of between 6 and 14% in world prices¹⁷. The numerous complaints to the WTO (including by Brazil in 2002 and a group of African countries in 2003) have had little effect¹⁸, the United States only being willing to make concessions in the context of a global agreement

10 Cotton represents 5-10% of the GDP and 33% on average of export revenues (up to 60% for Benin and Burkina Faso). Source: CTB. January 2011. La filière du coton. Une mondialisation cousue de fil blanc.

11 Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

12 CTB. January 2011. La filière du coton. Une mondialisation cousue de fil blanc.

13 However, there are many factors likely to cause prices to rise again over the long term. More specifically: the increasing scarcity of oil resources (which underlie input and freight costs) once the non-conventional oil boom is over, the limits in terms of workable land and yield, and the growth in demand linked to demography. Source: Veillard P. August 2013. L'impact de la hausse et de la volatilité accrues des cours sur les acteurs de la filière coton. Analyse Oxfam-Magasins du Monde.

14 Fairtrade Foundation. March 2015. Fairtrade and cotton.

15 The Fairtrade Foundation calculated that in 9 years more than \$47 billion was paid by the United States, the EU, China and India to their cotton producers. A single holding in California was alone reported to have received more than \$24 million in subsidies in 15 years. Source: Fairtrade Foundation. Janvier 2011. Le roman noir de l'or blanc.

16 In 2014/15, total subsidies in the cotton sector were estimated at a record \$10.4 billion, exceeding the previous record of \$6.5 billion in 2013/14. Source: International Cotton Advisory Committee. December 2015. Production and trade policies affecting the cotton industry.

17 Although this effect on prices would only be short term, the abolition of subsidies would move between 2 and 3 million tonnes of production to countries with lower production costs (emerging and developing countries), which would have a major impact in terms of poverty reduction in those countries most dependent on cotton exports. Source: Ergon. July 2008. Literature review and research evaluation relating to social impacts of global cotton production for ICAC expert panel on social, environmental and economic performance of cotton (SEEP).

18 Following a judgement of the WTO in Brazil's favour, a bilateral agreement was reached to avoid sanctions, resulting in the payment of compensation and the provision of technical assistance to Brazilian producers by the United States. However, this agreement only served to reinforce the inequalities in the way producers are treated and in no way improved the situation of small producers in developing countries. As for the African countries' complaint ("Sectoral Initiative in Favour of Cotton"), it was rejected by the WTO, who urged them to diversify their production. It should be noted, however, that the United States have since modified their "Farm Bill" (the equivalent of the European Common Agricultural Policy), and have opted for a more direct system of subsidies, mainly in the form of insurance payments (in the event of prices dropping too low). Source: ICTSD. May 2013. Cotton: trends in global production, trade and policy. Information note.

on agriculture¹⁹. It should be noted, however, that China has surpassed the United States in the total volume of its subsidies, through a strong policy of price support since 2011 (\$5.1 billion in 2013/2014, which represented 80% of total subsidies worldwide)²⁰.

Cotton is theoretically an excellent source of sustainable fibre, due to its renewable and recyclable nature, as well as its salt and drought tolerance (indeed, it can be grown in areas where few cash crops are capable of surviving). However, cotton production can have significant effects on surrounding communities and ecosystems, particularly when it is cultivated using non-sustainable farming practices²¹.

2.2.2 Social impacts

According to the FAO, more than 100 million family-run farms are engaged in cotton production as a main or complementary source of income²². Production in certain areas of the world is particularly labour-intensive, for instance in Asia (India, Pakistan, etc.) and in West and Central Africa (WCA). Thus in West Africa alone cotton provides a livelihood for more than 10 million people,

while it represented less than 5% of world production in 2005²³.

The expression “provides a livelihood” must, however, be put into perspective to the extent that 95% of these producers are in situations of **extreme poverty**, having to survive on less than \$1.5 per day²⁴. In order to increase their income, a number of these small producers attempt using various factors of production: agricultural inputs (fertiliser, pesticides), hybrid seeds, genetically modified organisms (GMO), mechanisation, etc. While improving yields, these inputs can in certain cases lead to economic dependence and increased indebtedness to suppliers²⁵ or local “loan sharks”²⁶. This is the case, for instance, when various forms of resistance to pesticides or to the GMO plants of Bt cotton appear (see below), requiring continually higher application volumes. As a consequence, India experienced a real “suicide epidemic” among small-scale farmers at the beginning of the 2000s, particularly following the introduction of Bt cotton by Monsanto²⁷. This kind of dependence is exacerbated when producers specialise in cotton at the expense of food crops.

Furthermore, the increased volatility of cotton prices introduces high levels of **economic uncertainty**. Haunted by past crises, many small producers invest cautiously, not benefiting from price support systems like those in developed countries. This volatility often forces them to put aside precautionary savings, and therefore to reduce some of their essential expenses, such as education, healthcare or food²⁸. The rise in input prices, linked to that of oil, also constitutes an impediment to investment²⁹. In addition, the cotton sector employs a large number of agricultural workers. This category of worker is certainly one of the most marginalised within the chain, often subject to various forms of forced labour, depending on the regions considered. One of the most emblematic cases is again that of India. The India Committee of the Netherlands (ICN) has recently identified nearly half a million cases of **child labour**, for the most part girls (2/3), members of low castes (Dalits), and victims of traffic from poor regions. Subject to simple but tedious tasks³⁰, these children frequently have to work 8 to 12 hours a day,

19 These subsidies remain a major obstacle in the Doha Round negotiations in particular. Direct payments to American cotton farmers stopped with the new “Farm Bill”, but they have been replaced with insurance premiums against risks (weather, pests, etc.), totalling \$1.8 billion over the 2011/12 to 2013/14 period. Source: Fairtrade Foundation. March 2015. Fairtrade and cotton.

20 Fairtrade Foundation. March 2015. Fairtrade and cotton.

21 SSI. 2014. The state of sustainability initiatives review 2014. Standards and the Green Economy.

22 Taking into account the work of family members, farm labourers and workers in auxiliary services such as transport, ginning, pressing and storage, the figure would reach a total of 250 million workers involved in cotton. Source: FAO. 2015. Measuring sustainability in cotton farming systems. Towards a guidance framework.

23 ECOWAS. August 2006. Atlas on the regional integration in West Africa. Cotton.

24 Graas F. Août 2010. Coton : ce que couvre le label du commerce équitable. Analyse Oxfam-Magasins du monde.

25 Producers in Asia (particularly in India), often employed in forms of contractual farming (see chapter 4.1.1), are especially dependant on their buyers, who are at the same time their suppliers (of inputs but also of various other services, including marketing). Here we refer to a “captive” power relationship within the chain, controlled by a few buyers alone. This kind of relationship is characteristic of many other agricultural supply chains, for example that of bananas. Source: BASIC. November 2014. Who’s got the power? Tackling imbalances in agricultural supply chains. A study about power concentration and unfair trading practices in agricultural supply chains.

26 With the general lack of investment in agriculture that many developing countries are experiencing, from rural banks among others, small-scale farmers often have to borrow from local loan sharks who charge interest far above the legal rate.

27 According to the famous Indian scientist and activist Mandiana Shiva, “The epidemic of farmers’ suicide is the real barometer of the stress under which Indian agriculture and Indian farmers have been put by globalisation of agriculture. Growing indebtedness and increasing crop failure are the main reasons that the farmers have committed suicide across the length and breadth of rural India [...]. While the benefits of globalisation go to the seeds and chemical corporation through expanding markets, the cost and risks are exclusively born by the small farmers and landless peasants.” Source: Shiva M., Jalees K. May 2006. Seeds of Suicide. The ecological and human costs of globalisation of agriculture. Research Foundation for Science, Technology and Ecology.

28 Graas F. Août 2010. Coton : ce que couvre le label du commerce équitable. Analyse Oxfam-Magasins du monde.

29 Fairtrade foundation. Janvier 2011. Le roman noir de l’or blanc.

30 Various tasks are assigned to the workers in the cotton plantations: sewing, weeding, harvesting, spreading fertiliser, cross-pollination. The latter, one of the most labour-intensive tasks, consists in manually depositing pollen on the cotton plants. This has to be repeated every season, because the “hybrid” plants must be crossed again to maintain their quality. Source: Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

exposed to pesticides, all for a salary below the minimum wage. The majority of them do not go to school and were recruited with the aim of repaying their parents' debts³¹. Egypt is another area of the world where child labour still remains very prevalent (in manual pest control)³².

Uzbekistan constitutes another example of the systematic violation of cotton workers' rights. The world's fifth-ranking exporter, the country is sadly famous for its cases of **forced labour**, in particular the forcible sending of nearly a million people to the cotton fields each year. Following numerous campaigns and promises to boycott by hundreds of brands, the Karimov government has

renounced the use of child labour³³. But pockets apparently remain, particularly for children over the age of 15. Furthermore, forced labour among adult school teachers causes significant disruption to children's education³⁴.

2.2.3 Environmental impacts

In the majority of developing countries, cotton crops remain rain-fed, and grown on small plots of land in rotation with food crops. Their environmental impact is therefore lower than that of intensive monocultures, like those practised in the United States and Brazil, which involve heavy use of water, pesticides, mechanisation and GMOs³⁵.

With regard to **pesticides** (insecticides and herbicides), the most recent studies show that cotton farming consumes 6% of the total volume used in agriculture, making it one of the "dirtiest" crops in the world³⁶. This unbridled consumption has serious consequences for ecosystems, biodiversity (earthworms, birds, rodents, bees, etc.), the health of the soil, etc. What is more, the pesticides used are often among the most toxic on the market, many of them being classed by the World Health Organisation (WHO) as "very dangerous" or "extremely dangerous"³⁷. While many of these products are banned in industrialised countries, they are still used in developing countries due to their low cost. This is particularly the case in India, where apparently cotton accounts for more than half the quantity of pesticides applied each year (for only 5% of the cultivated land)³⁸. The effects on the health of local populations include weight loss, headaches, renal and nervous system disorders, foetal malformations, liver immunodeficiency, and cancer of the prostate, breast or brain³⁹. Once again, poisoning is much more frequent in developing countries, for various reasons such as application using hand pumps (raising the risks of exposure), poor labelling,



A child gathering seed cotton in Uzbekistan

31 Employers frequently recruit workers at the beginning of the season, paying their families an advance in the form of a loan. The debt resulting from the loan considerably restricts the freedom of the workers, particularly in the case of children and/or migrants (the latter often being housed at the place of work, in very precarious conditions). Source: ICN. July 2015. Cotton's forgotten children. Child labour and below minimum wages in hybrid cottonseed production in India.

32 SOMO. March 2014. Fact Sheet. Child labour in the textile & garment industry. Focus on the role of buying companies.

33 In 2014, a follow-up report by the ILO showed that forced child labour "was no longer used on a systematic basis". Source: ILO. 2014. Worst forms of child labour convention (no. 182) – Uzbekistan.

34 Baptist World Aid Australia. 16/04/2015. The truth behind the barcode. The Australian Fashion Report 2015.

35 CTB. Janvier 2011. La filière du coton. Une mondialisation cousue de fil blanc.

36 Cotton farming alone is said to represent 14% of the world's consumption of insecticides. The consumption of pesticides and insecticides has nevertheless dropped in recent decades (11% of the world's consumption in 1988 and 22.5% in 1990 respectively). Source: Ferrigno S. 2012. An insider's guide to cotton and sustainability. West Yorkshire: MCL Global.

37 This includes the category of organophosphates, very dangerous for the nervous system. Source: Kooistra K., Termorshuizen A. 2006. The sustainability of cotton. Consequences for man and environment.

38 Mailloux C. Février 2010. Les certifications comme outils d'amélioration des conditions de vie des collectivités du sud : étude de cas d'une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l'environnement.

39 Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

a lack of protective equipment, the absence of controls by public authorities, and even illiteracy (which complicates raising awareness of the dangers of pesticides)⁴⁰.

In the face of this type of damage, **transgenic cotton** was presented as an alternative. The main GMO variety used in the world today is Bt cotton, developed at the end of the 1990s (30% of global cotton production⁴¹). According to its proponents, Bt cotton is said to reduce insecticide consumption while increasing yields⁴². However, the results of different impact studies are fairly contradictory and controversial. Several studies carried out in China and India have demonstrated the number of pesticide treatments necessary for Bt cotton to be considerably reduced (up to 80% in certain cases), with a resulting increase in yield. But others have

shown that the initial benefits observed dissipated in the long term⁴³. Several reasons are put forward to explain this lack of lasting effect: the replacement of the eliminated insects by other pests, the development of resistance to the Bt toxin or even a decrease in the production of this toxin in certain sections of the plant. The efficiency of Bt cotton therefore seems entirely relative over time, and also according to geographical area, certain areas being populated by different predators from those targeted by Bt cotton. And even the cases of increased yields do not necessarily mean a better income for cotton farmers, due to the generally very high cost of transgenic seeds (linked among other things to the patent on the seeds as well as the monopolies of manufacturers like Monsanto). Ultimately, therefore, the overall effec-

tiveness of Bt cotton appears mitigated, without even considering the risks it represents in terms of human health, biodiversity (including the risk of spreading the modified genes) and of producers' economic dependence (see above)⁴⁴.

The other major environmental impact of cotton besides pesticides relates to the large quantities of water used in its cultivation. On its own this reportedly consumes 2% to 3% of the water used worldwide for agriculture⁴⁵. Nearly 8500 litres of water are used on average to produce 1kg of cotton lint⁴⁶, 2700 litres for a single t-shirt⁴⁷. This **overconsumption of water** stems essentially from irrigation. About 50% of cotton fields are irrigated (corresponding to 75% of world production), often in arid regions that already have severe shortag-



Cotton farmers spraying pesticides in a cotton field near Faisalabad in Pakistan



GMO cotton trial field in the United States

40 Environmental Justice Foundation. 2007. The deadly chemicals in cotton.

41 Maxwell D., McAndrew L., Ryan J. August 2015. State of the apparel sector report – Water. Global leadership award in sustainable apparel.

42 Bt cotton specifically combats the "Helicoverpa zea" bollworm, the main cotton predator. A gene from a bacteria that produces a toxin harmful to this type of insect has been isolated and then inserted into the cotton seeds. So the quantity of insecticide used is theoretically reduced, as the cotton plant secretes the toxin itself. Source: Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

43 A study from 2006 thus revealed that the benefits seen by 481 Chinese cotton farmers at the end of the 1990s (an average drop in the number of treatments from 18 to 6.6 per season) had completely disappeared within a few years. Four years later, they were once again having to spray their fields 15 to 20 times per season, just like non Bt cotton farmers. Source: Wang S. et al. 2006. Tarnishing silver bullets: BT technology adoption, bounded rationality and the outbreak of secondary pest infestations in China.

44 Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

45 SSI. 2014. The state of sustainability initiatives review 2014. Standards and the Green Economy.

46 WWF. 2007. Cleaner, greener cotton.

47 Chapagain A. 2006. The water footprint of cotton consumption: an assessment of the impact of worldwide consumption of cotton products on the water resources in the cotton producing countries. Ecological Economics. Vol. 60.

es of fresh water (e.g. Pakistan, Northern India). One of the most emblematic examples is undoubtedly the Aral Sea. The fourth largest lake in the world in the 1960s, it has seen an 80% reduction in its volume in 40 years, as a result of the massive irrigation of cotton fields introduced by the former Soviet Union and continued by Uzbekistan and Turkmenistan.

Other repercussions of irrigation are that it significantly reduces the flow of water in rivers and raises the mineral salt content of lakes and soil⁴⁸, which considerably weakens ecosystems, especially in terms of their biodiversity. Consequently, this **salinisation** has caused the extinction of 20 to 24 species of fish endemic to the Aral Sea, including the sturgeon which produces the famous caviar (not without consequences for the living conditions of local fishermen).

As seen, cotton production has a very strong environmental impact, mainly due to pesticide pollution and a non-sustainable exploitation of water resources. Other impacts, less significant but all associated to some extent, include soil impoverishment, deforestation, eutrophication of lakes, rivers and deltas⁴⁹, and loss of



Evolution of the surface of the Aral Sea (satellite photos taken successively in 1973, 1989, 2003 and 2010).

biodiversity, as well as carbon emissions (stemming mainly from chemical inputs and transport)⁵⁰.

2.3 IMPACTS OF TEXTILE/CLOTHING PRODUCTION

2.3.1. The economics of the textile/clothing sectors⁵¹

Overall the fashion industry – textiles, clothing, footwear and luxury items – is said to represent a turnover of more than \$3 trillion today. It is also one of the most profitable industries in the world, even more profitable than high-growth sectors such as electronics and telecommunications⁵². In terms of commercial trade its influence is more modest, to the extent that in 2013 textiles/clothing represented only 4.2% of the total value of exported goods (a total of \$766 billion). Nevertheless, the in-

dustry remains dynamic, clothing exports for example experiencing a growth of 8% over the 2010–2014 period (4 times the average for exports)⁵³. The sector is also characterised by the hegemony of Asia, which provides nearly 60% of world exports (figure 5)⁵⁴. In only a few years China has become the largest world exporter (34.8% and 38.6% of the market share in textiles and clothing respectively in 2013), followed by the EU (23.6% and 25.6%) and India (6.2% and 3.7%). The latter was the country with the highest growth in 2013 (almost 23%), overtaking Germany and Italy⁵⁵. For many countries, the sector represents a major source of foreign currency. Clothing consequently totalled 80.7% of Bangladesh's exports in 2013. In terms of imports, the EU is the largest importer of clothes (38% in 2013), followed by the United States⁵⁶.

48 Soil salinisation is most often due to bad design or a lack of drainage for irrigation water. The large quantities of accumulated water absorb mineral salts situated deep in the ground, which then become concentrated in the soil until they reach thresholds that are "toxic" for crops. It is estimated that 12% to 36% of the cotton-growing land in the largest producing countries is affected to differing degrees by salinisation. In India only, between 27% and 60% of irrigated cotton fields are said to be affected. Source: Environmental Justice Foundation. 2012. The true costs of cotton : cotton production and water insecurity.

49 Eutrophication is the deterioration of an aquatic ecosystem through the proliferation of certain plants, in particular planktonic algae. This can be caused by the discharge of nitrates (nitrogenous fertilisers for example), phosphates (detergents for example) and organic matter as a result of human activity.

50 Total emissions of greenhouse gases linked to the consumption of cotton products are estimated at 220 million tonnes of CO₂-eq. Manufacture, distribution and consumption are the stages of the life-cycle responsible for the majority of these emissions. Cotton production is nevertheless responsible for about 12% of the total. According to a life-cycle analysis, 1 tonne of conventional cotton lint emits 1.8 tonnes of CO₂-eq. Source: International Trade Center. 2011. Cotton and climate change: impacts and options to mitigate and adapt.

51 According to the harmonised system of classification of the World Customs Organisation (WCO), textile products include all threads, fabrics, interior textiles, carpets and industrial fabrics, whether of a natural or synthetic origin. The clothing sector includes all garments and fashion accessories, divided into two categories according to whether the fabric is knitted or woven. Source: European Commission. February 2011. The textile and clothing sector and EU trade policy.

52 Fashion Revolution. December 2015. It's time for a fashion revolution.

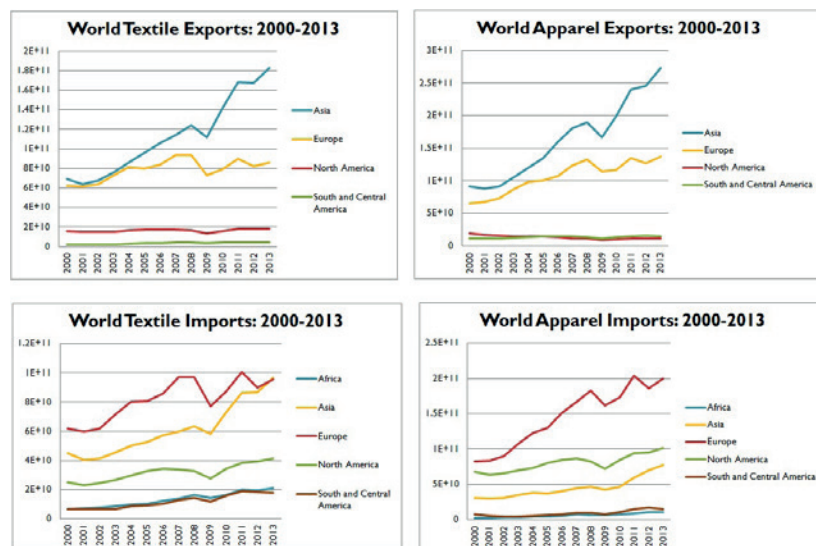
53 WTO. 2014. International Trade Statistics.

54 CCC. 2014. Living wage in Asia.

55 The Times of India. 03/06/2014. India overtakes Germany and Italy, is new world n°2 in textile exports.

56 WTO. 2014. International Trade Statistics.

FIGURE 5. Evolution of world textile and apparel imports/exports between 2000 and 2013⁵⁷



To put it simply, the sector is characterised by the distinct dominance of Asia as far as production is concerned (China, India, Bangladesh, Vietnam, etc.), whereas design, distribution and consumption mainly take place in the West. This situation is of course not specific to clothing or textiles. As for most manufactured products, economic globalisation has led to a **breakdown of production stages** between different geographical areas, according to their comparative advantages⁵⁸. The result is a global, scattered and highly flexible assembly line⁵⁹.

From this point of view, Asia has constituted a veritable Eldorado for brands and distributors from very early on. The opening-up of the communist economies of China and South East Asia in the 1980s and 90s provided these countries, among other things, with millions of poorly paid and poorly protected workers (e.g. without social security)⁶⁰. This “social dumping” is characteristic of the garment manufacture sector, very labour-intensive but requiring few resources in the way of capital, technology or skilled labour (and therefore easily relocatable)⁶¹. More-

over, the textile industry is often the first choice of developing countries who wish to rapidly enter the global and financial markets, and to finance their development process through export earnings⁶². In its report “Stitched Up”, The non-governmental organisation (NGO) Clean Clothes Campaign thus demonstrated the way that European brands use Eastern Europe and Turkey⁶³ as a backyard for cheap production⁶⁴, as well as East Africa (e.g. H&M in Ethiopia⁶⁵). The variable labour cost is not the only comparative advantage, however: local supplies of raw materials, the presence of high-quality infrastructure (e.g. transport), tax legislation, geographical proximity, etc., also come into play⁶⁶. In the hour of “fast fashion”, a synonym for ever shorter delivery times⁶⁷, the geographical advantage is a particularly important competitive factor for the countries close to the main areas of consumption (e.g. Turkey, Morocco, Tunisia and Egypt for exports to the EU; Mexico and Nicaragua for the United States)⁶⁸. The Spanish organisation Inditex, owner of the brands Zara and Pull&Bear among others, is the archetype of this alternative supply

57 Global Apparel & Textile Trade and Sourcing.

58 Mayer F., Pickles J. June 2010. Re-embedding governance: global apparel value chains and decent work. Capturing The Gains.

59 Carr M., Chen A.M., Tate J. 2000. Globalization and home-based workers. Feminist economics 6(3), p. 123-142.

60 According to research by Werner International, the five countries with the lowest hourly labour costs in the textile industry are Pakistan, India, Albania, Vietnam and Indonesia. Source: French national contact point. December 2013. NCP report on implementation of the OECD guidelines in the textile and clothing sector, following a referral from Nicole Brice, Minister of Foreign Trade.

61 Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

62 Great Britain and the United States went through this process at the beginning of the 19th century, Japan in the first half of the 20th century and the Asian Tigers (Hong Kong, South Korea, Taiwan) in the 1950s. Source: Palpacuer F., Gibbon P., Thomsen L. March 2005. New challenges for developing country suppliers in global clothing chains: a comparative European perspective. World Development. Vol. 33(3), p. 409-430.

63 The Batman Province of Southeastern Turkey proclaims itself to be “cheaper than China”. Source: CTB. 2014. Made in Misery: Ethics in the garment industry after Rana Plaza.

64 According to this report from 2014, about 20 European ready-to-wear brands (including H&M, Benetton, Zara and Dolce&Gabbana) regularly source from a dozen Eastern European countries (Turkey, Georgia, Bulgaria, Romania, Macedonia, Moldavia, Bosnia-Herzegovina, Croatia and Slovakia). The production costs of these countries are unbeatable (lower than those of China, for example), because of the prevalence of very low legal minimum wages (substantially lower than the poverty threshold), and a high number of overtime hours. Source: Clean Clothes Campaign. 2014. Stitched up: poverty wages for garment workers in Eastern Europe and Turkey.

65 Le Monde. 20/08/2013. L’Asie devient trop chère pour H&M, qui se tourne vers l’Afrique.

66 Besides wages (until recently) among the lowest in the world, China’s success can be explained by outstanding logistics chains (coordination between different production facilities, often directly by western companies) as well as the abundance of specialised “clusters”. Thus, more than 80% of Chinese exports come from 38 textile clusters and 48 clothing clusters. Some examples of these clusters (mainly situated in 4 regions, all on the Chinese coast) are: children’s clothes at Zhili, manufacture and export at Pinghu, sport and leisure wear at Shaxi, denim at Xintang. Source: Reille C. 2008. Stratégie textile habillage.

67 Today the collections of the big brands are renewed almost continually, sometimes in less than two weeks. Consequently, certain brands offer their customers up to 20 collections per year. Source: ILD. 2014. Wages and working hours in the textiles, clothing, leather and footwear industries.

68 Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

model known as “near-sourcing” (55–60% of its production coming from Spain, Portugal and Morocco)⁶⁹. One factor that has had considerable impact upon the process of delocalisation, and accelerated it, is the **dismantling of the Multi-Fibre Arrangement (MFA)**. Initiated in the context of the GATT (General Agreement on Tariffs and Trade), this agreement protected the clothing industry of developed countries for 30 years, via a system of import quotas. With the entry into force of the WTO in 1994, it was replaced by a new agreement, the Agreement on Textiles and Clothing (ATC). The ATC gradually eliminated quotas, until their complete disappearance in 2005. The sector has since been subject to the general rules of the WTO, giving free run to a race for competitiveness between developing countries. The result is that the most competitive, particularly those capable of integrating all stages of production within their territory, have rapidly gained a tremendous market share. Consequently, eight years after the MFA ended, China had won a further 12% of the world’s clothing exports (from 27% in 2005 to 39% in 2013). This growth was mainly at the expense of developed countries, via a massive deindustrialisation that has resulted in significant job losses⁷⁰, but also at the

expense of other developing countries that previously benefitted from protected access to markets (e.g. Mauritius, Cambodia, Bangladesh). Many of these countries reacted by relaxing their labour laws, the only competitive factor within their grasp in the short term. Examples are Bangladesh raising the authorised number of overtime hours and lowering the limits on women’s night-time working in 2005, and the Philippines abolishing the law on minimum wages in the textile industry⁷¹. It should be noted, however, that in this “post-MFA” era, preferential access programmes and systems to support trade have been put in place, for instance within bilateral trade agreements with less developed countries. Examples are the African Growth and Opportunity Act between the USA and certain African countries, and the Generalised System of Preferences (GSP) in the case of the EU⁷².

Export Processing Zones (EPZs) are undoubtedly the most extreme example of this “race to the bottom” on social standards, symptomatic of globalisation. These areas are industrial enclaves enjoying a series of benefits, such as exemption from customs duties or corporation tax, administrative simplification, weak labour legislation, etc. Also known

as “Maquiladoras” in Mexico⁷³, their numbers have been exploding for the last twenty years. Thus in 2008 they numbered 1735, spread across 133 countries, the most important being located in Asia (a total of 213 in China alone). Although they can be a source of job creation and foreign currency, these areas are most often characterised by massive exploitation of workers⁷⁴.

In terms of **governance**, brands and distributors are the principal parties who not only benefit from the social dumping which characterises clothing and textile chains, but also are responsible for it. Few in number and concentrated, they are able to impose conditions on a multitude of suppliers (themselves large in number and generally small-scale) in terms of price, deadlines and payments that are increasingly disconnected from the realities of production (figure 6)⁷⁵. The most commonly given example is perhaps the breakdown of the price of a t-shirt, which shows the extent to which the worker is the main victim in these power relationships (figure 7). The frequent recourse to subcontracting transmits and amplifies the downstream pressure of the chain, while making the latter still more opaque and complex to map.

69 SOMO. May 2015. From moral responsibility to legal liability? Modern day slavery conditions in the global garment supply chain and the need to strengthen regulatory frameworks: The case of Inditex-Zara in Brazil.

70 According to the European Commission, the number of people employed in the EU textile industry halved in 10 years, to reach 2.3 million workers in 2009. Source: European Commission. February 2011. The textile and clothing sector and EU trade policy.

71 Collectif Ethique sur l'étiquette. Accord-multifibres.

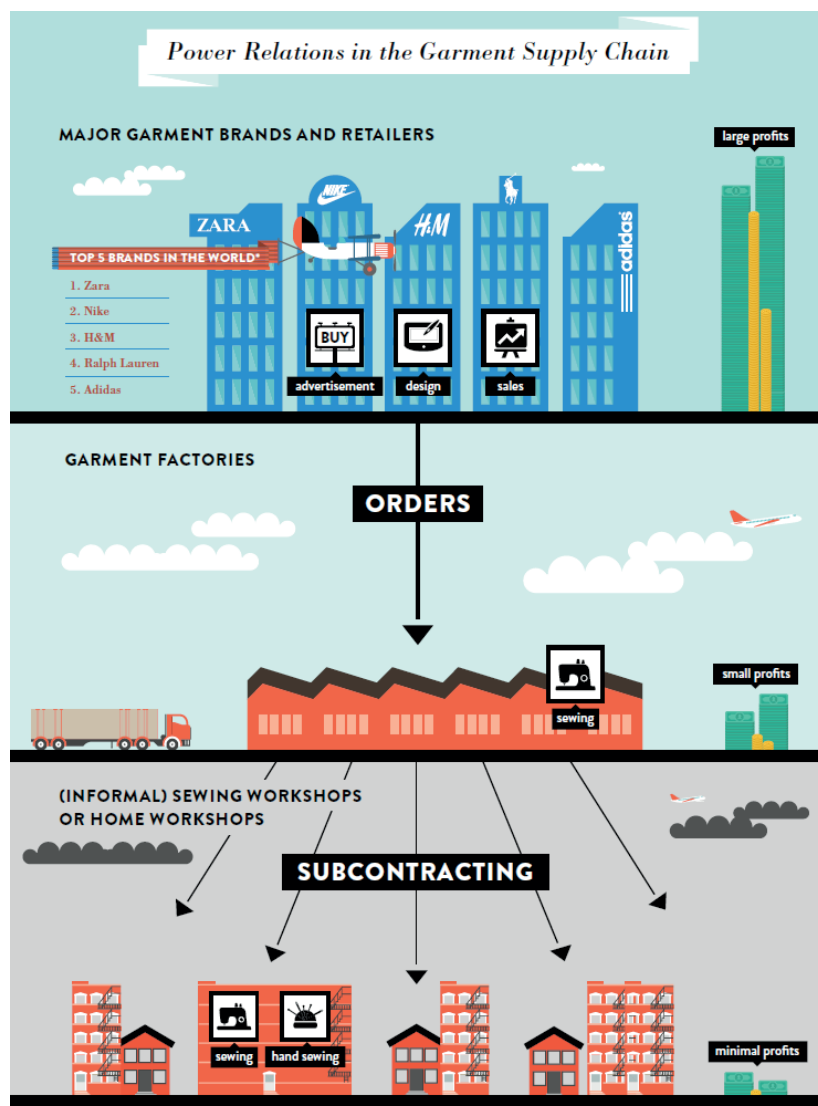
72 GSPs are trade preferences that are non-reciprocal and positively discriminatory towards developing countries. They include the Special Initiative for sustainable development and good governance (GSP+), as well as “Everything but Arms” (GSP-EBA), a special arrangement for the least developed countries. See also: Veillard P. 2015. Tout ce que vous avez toujours voulu savoir sur le commerce (sans jamais oser le demander). Analyse Oxfam-Magasins du monde.

73 Maquiladoras are mainly subsidiaries of foreign firms set up along the northern border of Mexico. They enjoy tax exemption on parts and raw materials for the assembly and export of simple finished items with low added value. Source: Villavicencio D. 2004. Les « Maquiladoras » de la frontière nord du Mexique et la création de réseaux binationaux d'innovation. Innovations 1(19), p.143-161.

74 Le Monde. 20/12/2010. Atlas mondial des zones franches.

75 Mailloux C. Février 2010. Les certifications comme outils d'amélioration des conditions de vie des collectivités du sud : étude de cas d'une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l'environnement.

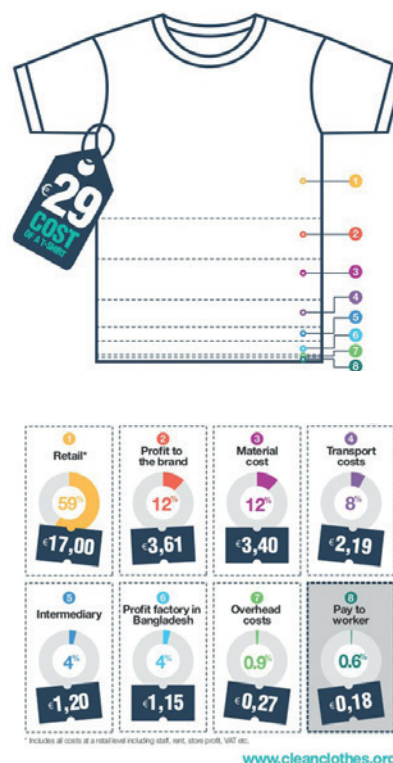
FIGURE 6. Power relationships within textile supply chains⁷⁶



For the economist G. Gereffi, the buyers' control of these ("buyer driven") supply chains stems from the simplicity of the information being exchanged⁷⁷. Essentially commercial (purchase price, terms, quantities and designs to produce), this information is easy to codify. Supervision costs and the risks associated with changing suppliers are therefore

lower than in the chains of more complex products (e.g. automobile and aeronautical chains), which allows competition to be introduced much more easily. Note however that some of these suppliers have become huge transnational corporations, real "tigers" of garment manufacture, which somewhat evens out the power balance in their favour⁷⁸.

FIGURE 7. Breakdown of the price of a t-shirt⁷⁹



To summarise, therefore, the governance of clothing/textile chains is characterised by a strong concentration of power upstream, which results in "predatory" sourcing behaviour and innumerable human rights violations throughout the different links of the supply chain (from first-tier suppliers and subcontractors to the production stages of raw materials such as cotton). Lastly, as already mentioned, the **lack of transparency and traceability**⁸⁰ is another specific feature of textile chains which ultimately has a strong impact on the working conditions in factories. It is difficult to resolve and rectify possible viola-

76 SOMO. May 2015. From moral responsibility to legal liability?

77 Gereffi G., Humphrey J., Sturgeon T. 2005. The governance of global value chains. Review of International Political Economy, 12(1), p. 78-104.

78 Parmentier S., Bailly O. December 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

79 achACT. June 2014. Devenez achACTEURS! Que font marques et enseignes de mode pour garantir un salaire vital à celles et ceux qui fabriquent leurs vêtements?

80 We can define traceability as the level of understanding that a corporation has of its supply chains. Transparency on the other hand concerns the extent to which this information is made available to the public.

tions of labour law without information on production sources or monitoring of/access to factories. In spite of the growing demands of civil society and the general public, according to some studies less than a quarter of brands publish a list of their first-tier suppliers⁸¹. In fact, half of them do not even know who these suppliers are, given that they utilise specialised textile sourcing companies, who themselves only rarely provide this type of information⁸². The quality of information is also reportedly very variable: sometimes simply the name or location of factories, often Corporate Social Responsibility (CSR) reports (watered down), more rarely audit results (see the detailed evaluation of clothing sector standards below).

2.3.2 Social impacts

In 2014, the International Labour Organisation (ILO) estimated that the garment and textile industry employed between 60 and 75 million people in the world, of which a large majority (about ¾) were women⁸³. By way of comparison, the industry was still only employing ca. 20–25 million workers at the start of the 2000s⁸⁴. It therefore has **great potential for creating jobs** (particularly unskilled jobs), while at the same time constituting, as we have seen, a first step



The rubble of the Tazreen Fashions factory in Dhaka in Bangladesh (fire on 24 November 2012 resulting in 112 deaths and more than 200 casualties)

in the industrialisation process for many countries. But in practice, the industry often also proves to be a vehicle for the degradation of populations' working and living conditions, particularly in informal work situations⁸⁵. As explained above, this race to the bottom in working conditions is brought about by a combination of interconnected factors: a culture of overconsumption and "fast fashion", the opacity and complexity of supply chains, the asymmetry of power among the parties involved, and the race for economic competitiveness between different countries in order to accommodate the clothing multinationals (e.g. EPZs), a race that is a synonym for a generalised deregulation, as illustrated by the end of the MFA at the international level, etc.

While these impacts are making themselves felt in many areas, the

intense emotion aroused by the Rana Plaza accident in 2013 made **working and safety conditions** one of the priorities of the sector. Subsequent to the tragedy, 3660 factories had been inspected in Bangladesh by the end of 2015, resulting in 37 of them being closed⁸⁶. This single figure demonstrates the general level of dilapidation of the buildings and the regulatory jungle which allowed them to be built⁸⁷. However, the problem is far from being specific to Bangladesh, Rana Plaza merely being the last in a long series of accidents in the industry⁸⁸. In a more general way, workers in the sector often work in an unsafe environment, combining heat, noise, a lack of proper lighting and poor ventilation (cf. airborne particles). In addition, the minimal safety standards are frequently not respected (e.g. emergency exits being inaccessible, obsolete fire safety

81 A study by Baptist World Aid Australia showed that in 2014, of 214 brands present on the Australian market, only 20% published a list of their first-tier suppliers. Another study by the organisation Rank a Brand showed that, out of a total of 350 brands present on the German and Dutch markets, 7% published this information. Source: Baptist World Aid Australia. 16/04/2015. The truth behind the barcode. The Australian Fashion Report 2015.

82 These subcontractors (e.g. The Supply System, Zegna, HRX), completely unknown to the general public, represent a large proportion of the clothing market. The corporation Li&Fung, with a turnover of €10 billion, covers nearly 40% of the American market for example.

83 Overall, women represent on average 68% of the workforce in the clothing industry and 45% in the textile industry. But the variability between countries is very large, some employing higher percentages of women. Examples: 85% in Bangladesh and 90% in Cambodia. Source: ILO. 2014. Wages and working hours in the textiles, clothing, leather and footwear industries.

84 Allwood J. et al. 2006. Well dressed? The present and future sustainability of clothing and textiles in the United Kingdom. University of Cambridge Institute for Manufacturing.

85 ILO. 2014. Wages and working hours in the textiles, clothing, leather and footwear industries.

86 Altermondes. 17/03/2016. Bangladesh : répression antisyndicale dans le secteur de la confection.

87 As an example, the latest update of the Accord on Fire and Building Safety in Bangladesh (see chapter 3) reported in March 2016 that a dozen factories had been excluded, out of a total of 1661 inspected. The reasons for these exclusions included: refusal to temporarily evacuate a factory; an absence of progress in finalising corrective action plans or in the execution of the work required to make buildings secure; refusal to deal with workers' complaints regarding safety issues; a lack of cooperation with inspectors. Note that these exclusions only concern the brands who signed the agreement (around 200 at the current time), which means the suppliers concerned can continue their activities with other brands. Source: Accord on fire and building safety in Bangladesh. 09/03/2016. Quarterly Update March 2016.

88 See the non-exhaustive list of accidents in the footnote to the introduction.

arrangements, an absence of first-aid kits or protective wear such as masks, gloves etc.). The most dangerous sectors are dyeing and bleaching (daily exposure to a variety of toxic products), as well as the sandblasting of jeans⁸⁹ (responsible for many respiratory illnesses).

Another of the most problematic aspects of the industry concerns wages, which, in the majority of producing countries, are quite – or even very – far removed from the **living wage** (see box and figure 8). The minimum wage in Bangladesh, for example, is 5300 taka (€50) per month, which makes it one of the “cheapest” countries in the world⁹⁰. Wages this low have numerous consequences for the living conditions of workers (poor nutrition, precarious and unsafe housing, chronic fatigue, etc.)⁹¹. This is particularly true among women, who must generally look after most of the work in the home as well. An

emblematic case is Cambodia, which was recently confronted with a series of instances of female workers fainting in the workplace. As a result of their low pay, they were ingesting the equivalent of only 1600 calories per day, on average, when the minimum necessary for this type of work is calculated at 3000⁹².

In order to compensate for their low wages, garment workers often find themselves working a very large amount of **overtime**, especially during peak season (up to 16 hours per day)⁹³. A multi-country study pub-

lished in 2011 demonstrated that, in the sampled clothing factories, workers worked on average 71 hours per week (76 hours in Bangladesh and Pakistan) and, in 66% of cases, more than six days a week⁹⁴. This massive reliance on overtime (generally underpaid) is due at least in part to fluctuations in demand and to increasingly short delivery deadlines (cf. “fast fashion”), which push many suppliers to keep a low number of skilled employees rather than a steady base of workers⁹⁵.

Living wage⁹⁶

There is currently no official definition or methodology for a living wage that is universally recognised. The Universal Declaration of Human Rights (UDHR – Art 23.3) defines the minimum living wage as “*a remuneration earned by a worker during a normal working period that covers the essential needs of the worker and their family (accommodation, food, clothing, healthcare, access to education) and provides them with discretionary income*”⁹⁷ that they can perhaps set aside as savings”⁹⁸. Other players (e.g. multinationals and governments) favour a more restrictive approach that takes into account neither the family’s needs (wage for an individual only), nor a discretionary income (basic needs only). While it is broader, the definition of the UDHR proves more complex to operationalise because it is more qualitative. It is impossible to define a universal living wage, due to the great variability in standards of living between countries (and even within one country). Regional inequalities are very marked in India, for example, as between the states of Himachal Pradesh and Uttar Pradesh (where the percentage of the population below the poverty threshold is 2% and 25% respectively)⁹⁹. The living wage must not be confused with the legal minimum wage, which is specific to the legislation of each country/region and most often below the living wage¹⁰⁰.

89 CCC. March 2012. Deadly denim. Sandblasting in the Bangladesh garment industry.

90 By way of comparison, in 2014 the legal minimum wage in Sri Lanka, Cambodia, India (Gurgaon region), and China was €52, €73, €76 and €188 respectively. Source: CCC. 2014. Living wage in Asia.

91 A further example is Myanmar, the new Eldorado of the clothing industry. In September 2015, the minimum wage there went up to €76 a month. For a 6 day working week and an average of 10.5 hours of overtime per month, Oxfam calculated that the final monthly salary was on average €90, a level which remains largely insufficient to cover the most basic expenses (food, housing, medicines, transport, etc.) of the workers and their families. Source: Oxfam International. December 2015. Made in Myanmar: Entrenched poverty or decent jobs for garment workers? Oxfam briefing paper 209.

92 CTB. 2014. Made in Misery : Ethics in the garment industry after Rana Plaza.

93 CCC. 2015. Facts on the global garment industry.

94 This study also shows that legal periods of rest and recuperation, including weekly rest and annual paid leave, are frequently not respected. Source: Vaughan-Whitehead D. October 2011. How ‘fair’ are wage practices along the supply chain? Global assessment in 2010–11.

95 More than 60% of companies studied underpay overtime compared to local legislation (which furthermore is often not very demanding). Source: Vaughan-Whitehead D. October 2011. How ‘fair’ are wage practices along the supply chain? Global assessment in 2010–11.

96 Behets Wydemans E. April 2014. Salaire vital versus salaire équitable. Analyse Oxfam-Magasins du monde.

97 A discretionary income is part of a wage that can be dedicated to expenses which, in a given social class, are considered non-essential.

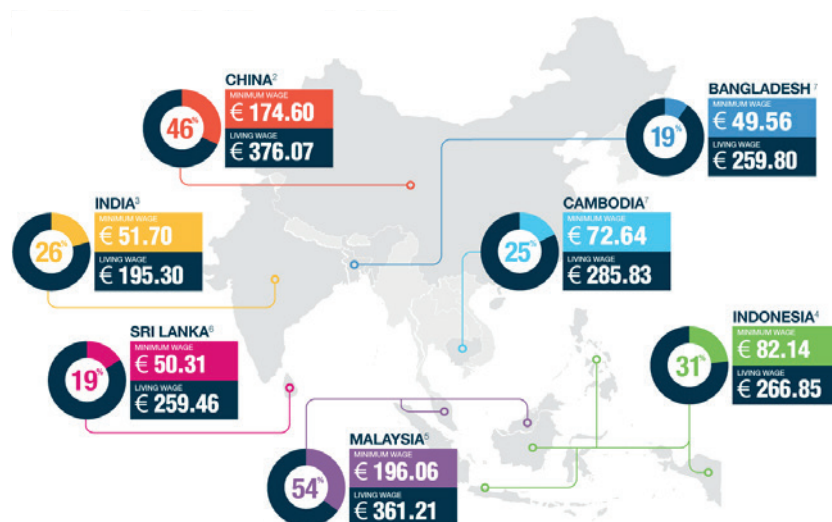
98 ILO Conventions 95 and 131, ILO Recommendations 131 and 135 and Article 23 of the Universal Declaration of Human Rights.

99 Leal N., Veillard P. Février 2013. Prix et salaires équitables : une perspective européenne. Analyse Oxfam-Magasins du monde.

100 Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

These forms of exploitation are also related to a weakness or **absence of contractualisation of the employer-employee relationship**, itself made possible by an abundance of vulnerable workers who can be exploited at will (migrants, young women, etc.). Temporary and part-time contracts, informal working, contractual working and working from home (see box for definitions) are extremely common in the sector, and allow the employer to avoid costs relating to the social advantages of permanent employees (paid leave, insurance, maternity leave, social security, etc.). The lack of contracts also means that victims of industrial accidents and their families cannot claim compensation because they are not officially registered¹⁰¹. Although extremely difficult to estimate, the proportion of those working from home who are carrying out paid work (generally piecework) for clothing companies or their intermediaries is reportedly very high (authors such as M. Chen spoke of 60% in the 2000s, across the whole of Asia and Latin America)¹⁰². In Bangladesh alone, they reportedly number several hundred thousand, mainly in rural situations¹⁰³.

FIGURE 8. Minimum Wage vs. Living Wage in the main textile-exporting countries of Asia¹⁰⁴



Migrants are one of the populations most exposed to these forms of exploitation and **discrimination**. An example is found in Mae Sot in Thailand, on the border with Myanmar: a series of subcontractors from the Thai garment industry have been established there since the end of the 1990s, for the ability it gives them to hire and exploit Burmese migrant workers. Paid substantially less than the minimum wage, the majority have no documents (or else their documents have been retained by their employer), which limits their ability to travel and places them in a highly vulnerable situation¹⁰⁵.

Women constitute another particularly vulnerable sub-category of the population. Although some authors support the integratory and autonomising nature of the paid work provided by the textile industry¹⁰⁶, we cannot fail to recognise the deep **gender inequalities** that prevail within it. Considered to be more docile and flexible, women earn less on average than men, have less chance of promotion and have to face numerous forms of psychological and sexual harassment. Other populations that are discriminated against include the uneducated or unskilled, ethnic minorities, and lower castes in India¹⁰⁷.

101 European Parliament. August 2014. Workers' conditions in the textile and clothing sector : just an Asian affair? Issues at stake after the Rana Plaza tragedy.

102 Wiego. Garment Workers.

103 Wiego. April 2014. Home-based workers in Bangladesh: statistics and trends. Statistical brief n°. 12.

104 Clean Clothes Campaign. 2014. Living wage in Asia.

105 Out of the 200,000 to 300,000 migrants working in the Mae Sot district, only 30,000 are in possession of a work permit. Source: CCC. 2014. Migrant workers in Thailand's garment factories.

106 According to the economist Naila Kabeer, work in the garment industry has allowed female workers in Bangladesh to obtain better recognition for their economic contribution, to be more aware of their rights and to have a more critical frame of mind than the majority of their fellow female citizens. Source: Schultze E. 24/03/2015. Exploitation or emancipation? Women workers in the garment industry.

107 Schultze E. 24/03/2015. Exploitation or emancipation? Women workers in the garment industry.

Different categories of workers

Although a universal definition does not exist, the ILO characterises **informal work** as work in “*the absence of a legally protecting framework*” with a “*high degree of vulnerability*” (workers have no access to social security or to most forms of employment protection). The ILO also points out that the border between formality and informality can be very porous, as for example in the clothing industry: an informal worker may be a subcontractor working in the absence of a legal framework for a formally registered factory, or else a worker directly employed by this same factory but with no contract¹⁰⁸.

A **contractual worker** (or subcontractor) is defined as a worker employed by a third party (individual or company/organisation), and not directly by the management of the factory where they work. They may be formal or informal, depending on the contract provided by the organisation employing them¹⁰⁹.

A person **working from home** is a non-agricultural worker carrying out paid work in their own dwelling or on adjacent premises/land. Two categories can be distinguished:

- They may be a self-employed worker who assumes business risks (e.g. capital investments, loans, purchase of materials and sale of finished products). This sub-category includes employers (i.e. who employ salaried workers), those self-employed on their own behalf (i.e. who do not employ workers) and those working in a family context.
- They may equally be an employee or subcontractor working, in their own home, for a company or another subcontractor. They are not generally responsible for selling the finished product and are paid by the piece. They are provided with raw materials but must cover many other production costs (equipment, transport, etc.).
- Both categories are affected by the irregularity or cancellation of orders, an absence of reliable supplies of raw materials, late payments and rejected goods.

Subcontractors working from home provide their own workspace and are not directly supervised by their employer, which means that they are sometimes classed as self-employed workers. On the other hand, however, they are dependent on their employer for orders, raw materials and the sale of finished products, which sometimes puts them in the category of dependent salaried workers. In reality, they hold an intermediate status between that of a fully self-employed worker and a salaried employee¹¹⁰.

¹⁰⁸ ILO. 2002. Decent work and the informal economy.

¹⁰⁹ Chan M. November 2013. Contract labour in global garment supply chains. Key characteristics and recent trends.

¹¹⁰ Wiego. Home-based Workers.

While not as widespread as in the cotton sector, **child labour** also exists in the textile industry, particularly in the informal sector (small subcontracting workshops or working from home). It is particularly widespread in the carpet industry, for instance in the “Carpet Belt” of the Indian state Uttar Pradesh¹¹¹. Also in India, the “Sumangali” system is an extreme case, combining child labour, forced labour, human trafficking and discrimination based on sex and caste. Predominantly located in the state of Tamil Nadu, this system is close to modern slavery, and is based on the employment, in spinning and manufacturing plants, of young Dalit¹¹² girls from poor rural areas or neighbouring states. These girls are recruited by local agents who promise them a good salary, paired with a bonus at the end of the contract if this is fully completed (usually three years). This type of contract is very attractive for the parents, for the most part very poor, because it can potentially cover all or part of the girl’s dowry¹¹³. Unfortunately, it often proves to be a trap: the girls must work very long days, in unsafe conditions with very little freedom of movement (they are confined to compounds adjoining the factories). In addition, they are not always paid the entirety of their sal-

¹¹¹ Kara S. 2014. Slavery and child labor in India’s hand-made carpet sector. FXB Center for health and human rights, Harvard school of public health.

¹¹² Four out of five Indians are Hindu, a religion based on castes. While the Constitution of India prohibits any discrimination based on religion, the caste system still has a considerable influence on social relationships. Hindu society is divided into 4 main social classes: Brahmins (priests), Kshatriyas (warriors), Vaishyas (merchants) and Shudras (serving classes). The untouchables or Dalits (“oppressed”) are casteless and occupy the lowest rung of the system.

¹¹³ As a reminder, the principle of a dowry is that the parents of the future bride pay an agreed sum of money and/or gifts to the family of their future son-in-law. The system is still very common in India, particularly in rural areas, despite its prohibition by law.



Female worker in a cotton mill in Tamil Nadu, India

ary¹¹⁴. Numerous cases of debt bondage (a form of forced labour) are also found in small rural weaving workshops in this same area of Tamil Nadu, particularly among Dalit workers¹¹⁵.

One factor explaining these various violations of labour law is the **absence or weakness of trade union freedom** in many producing countries. China, for example, has not ratified the ILO fundamental conventions relating to trade union freedom (Conventions 87 and 98 – see box), and neither have Thailand, Laos, India¹¹⁶ or Vietnam¹¹⁷. Chinese law certainly recognises the existence of trade unions, but solely those affiliated to ACFTU¹¹⁸, the national union federation. Their room

for manoeuvre is still further reduced by the fact that the majority are established and headed by businesses¹¹⁹. More generally, members or leaders of the sector's trade unions who attempt to assert their rights are often dismissed arbitrarily, or else strikes/demonstrations are prohibited or violently repressed. An example of this occurred in Cam-

bodia, where, in January 2014, the repression of demonstrations calling for a rise in the legal minimum wage led to the death of 3 workers and numerous casualties¹²⁰. Even when it exists, freedom of association often proves illusory, the majority of workers not joining a union for fear of dismissal¹²¹.

The term **child labour**¹²² groups together all activities which deprive children of their childhood, their potential or their dignity, and are harmful to their schooling, health, physical or mental development. It refers to work that:

- is dangerous for children's health and their physical, social or mental development;
- compromises their education;
- by depriving them of any kind of schooling;
- by forcing them to leave school early;
- by forcing them to accumulate academic and professional activities that are excessively long and too burdensome for them.

In its most extreme forms, child labour concerns children reduced to slavery, separated from their families, exposed to serious risks and illness, and/or left to themselves in the streets of large cities, often from a very young age.

Forced labour¹²³ is defined by ILO Convention 29 as "*all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily*". Generally, the term "forced labour" includes slavery and practices comparable to slavery as well as bonded labour and debt bondage. Several elements, occurring individually or in conjunction with each other, can indicate a situation of forced labour:

- threats or physical injuries;
- restriction of movement and confinement to the workplace or a limited area;
- debt bondage, wage deductions or an excessive reduction of salary which do not respect prior agreements;
- retention of passports and identity documents;
- threat of being reported to the authorities, for workers without legal immigration status.

114 SOMO. March 2014. Fact Sheet. Child labour in the textile & garment industry. Focus on the role of buying companies.

115 Capturing the Gains. July 2013. Bonded labour in South Asia's textile industry: findings from the South Indian powerloom sector. Policy brief.

116 The country has not ratified these conventions, but the Trade Union Act of 1926 recognised the right to belong to a trade union, among other things. Moreover, just like any other member of the ILO, India is bound by the ILO Declaration on Fundamental Principles and Rights at Work. Source : Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

117 ILO. Ratification of conventions. Consulted on 18/12/2015.

118 All China Federation of Trade Unions.

119 Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

120 Le Monde. 03/01/2014. Cambodge : trois morts lors de la répression d'une manifestation.

121 CCC. 2015. Facts on the global garment industry.

122 ILO. November 2008. Defining child labour : a review of the definitions of child labour in policy research.

123 GTZ. 2014. Travail forcé et traite des personnes.



Pollution from a dyeing plant in the town of Shenzhen in Southern China

2.3.3. Environmental impacts

Most of the environmental externalities of textile production come from the stages of washing, bleaching and dyeing. These various stages are both water-intensive and a source of significant pollutant release. Consequently many workshops and colouring plants in India, China and Bangladesh have a well-documented history of local water reserve depletion and the pollution of rivers¹²⁴. In addition, the many chemicals used attack the skin and respiratory tract of workers, who most often do not wear masks or protective gloves¹²⁵.

At a global level, 20% of freshwater pollution is reportedly linked to textile processing and dyeing¹²⁶. Although data vary according to fibre, it is estimated that an average of 100-150 litres of water is required to process 1kg of textile material¹²⁷.

It must be noted, however, that the most water-intensive stages in the life-cycle of a textile product remain the production of the cotton and the use/care of the product by the consumer. For example, in the “water footprint” of a pair of Levi’s jeans (a total of 3800 litres of water), cotton production contributes 68%, consumption 23% and fabric/garment manufacture 6%¹²⁸.

¹²⁴ Maxwell D., McAndrew L., Ryan J. August 2015. State of the apparel sector report – Water. Global leadership award in sustainable apparel.

¹²⁵ Parmentier S., Bailly O. Décembre 2005. Coton : des vies sur le fil. Oxfam-Magasins du monde.

¹²⁶ Maxwell D., McAndrew L., Ryan J. August 2015. State of the apparel sector report – Water. Global leadership award in sustainable apparel.

¹²⁷ Allwood J. et al. 2006. Well dressed? The present and future sustainability of clothing and textiles in the United Kingdom. University of Cambridge Institute for Manufacturing.

¹²⁸ Levi Strauss & Co. 2015. The lifecycle of a jean. Understanding the environmental impact of a pair of Levi’s 501 jeans.

3. GLOBAL INITIATIVES FOR TEXTILE CHAIN REGULATION

The set of social and environmental externalities described in the previous chapter clearly seems to indicate a **deficit in the governance of textile value chains**. By the end of the 1970s, traditional forms of regulation, essentially based on national standards and systems of control (labour codes, inspections, legal audits, etc.), were overtaken by the speed of economic changes caused by globalisation. NGOs, trade unions, consumer organisations, and even some companies then criticised, often for different reasons, the opaque processes, limited scope and weak capacities of these national regulatory systems (mostly located in developing countries)¹²⁹.

Various strategies have emerged over the years to try to remedy these shortcomings: from the definition/implementation of fundamental social norms at the international level (e.g. fundamental ILO Conventions), to the emergence of different forms of self-regulation from multinationals, to attempts to integrate social and environmental clauses into the WTO rules. This chapter will not cover all of the initiatives launched, which are extremely numerous. The aim here is rather to outline the main trends and to review the most recent proposals in order to better understand

the context in which fair trade textile projects place themselves. To this end, we will focus our attention on three forms of governance in turn: public regulatory frameworks, private sector voluntary initiatives (of which fair trade is one, but this will be covered separately in Chapter 4), and a more recent form of legally enforceable “hybrid” instrument.

3.1. PUBLIC FRAMEWORK FOR TEXTILE CHAIN REGULATION

3.1.1. Conventions of the International Labour Organisation

At an international level, it is the ILO which historically enabled the first major advances in the advocacy of workers’ rights. Founded in 1919, then incorporated into the United Nations in 1946, its main “added value” lies in its work setting standards: the many conventions, standards and recommendations which it formulates are increasingly recognised by governments and institutions dealing with labour law, whether public or private, at international, national and regional levels. Among the various conventions, eight are considered fundamental, as they deal with four basic rights: freedom of association, the elimination of forced la-

bour, the abolition of child labour and the elimination of discrimination in employment (ILO 1998 Declaration on Fundamental Principles and Rights at Work)¹³⁰. In contrast to its recommendations, the conventions of the ILO are, in theory, binding when ratified by governments (in reality, there is no way to sanction States that contravene these conventions)¹³¹. Table 1 shows which countries, among a selection of those key in the clothing sector, have ratified which of the eight fundamental Conventions.

129 O'Rourke D. 2003. Outsourcing regulation: analyzing nongovernmental systems of labor standards and monitoring. *The Policy Studies Journal*, 31(1).

130 Parmentier S., Bailly O. Décembre 2005. *Coton : des vies sur le fil*. Oxfam-Magasins du monde.

131 However, in the context of the ILO 1998 Declaration, the member States reaffirmed their commitment “to respect, to promote and to realize, in good faith” these fundamental rights, whether or not they had ratified the corresponding Conventions. Note that in 2015, the ILO comprised 186 member States.

Convention	Year	Subject	China	Bangladesh	India	Pakistan	Vietnam	Cambodia
n°29	1930	Forced Labour	x					
n°87	1948	Freedom of Association and Protection of the Right to Organise	x		x		x	
n°98	1949	Right to Organise and Collective Bargaining	x		x		x	
n°100	1951	Equal Remuneration						
n°105	1957	Abolition of Forced Labour	x				x	
n°111	1958	Discrimination (Employment and Occupation)						
n°138	1973	Minimum Age		x	x			
n°182	1999	Worst Forms of Child Labour			x			

TABLE 1. Ratification of the fundamental ILO Conventions by a selection of key countries in the textile/clothing sectors¹³²

3.1.2. International treaties on Human Rights

In the area of **human rights**, there are four international treaties relating to labour law: the International Covenant on Civil and Political Rights (ICCPR); the International Covenant on Economic, Social and Cultural Rights (ICESCR); the Convention on the Rights of the Child (CRC); and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Once again, these treaties are only binding for the States which have ratified them. Even then, these countries must ratify the optional protocol to the respective convention before an enforcement mechanism can be put in place. Among the main textile

producing countries, only the Philippines (ICCPR), Cambodia (CEDAW) and Thailand (CEDAW) have ratified certain protocols. Laos, Pakistan, India, Bangladesh and China do not have enforcement mechanisms available for any of the above-mentioned treaties¹³³.

3.1.3. The United Nations Framework for Business and Human Rights

More recently, the **United Nations Framework for Business and Human Rights** (also called the “Protect, Respect and Remedy” Framework), has constituted a starting point for several regulatory initiatives in the clothing sector. Drawn up in 2008 by the UN’s Special Representative

John Ruggie, this framework is a sort of conceptual reference for all legislation, CSR policies, regulations and treaties involving business and human rights. It is based on three pillars:

- The State’s obligation to *protect* when third parties, including corporations, infringe upon human rights;
- The responsibility of businesses to *respect* human rights;
- The need to improve access to effective *remedy* for victims of human rights violations.

¹³² European Parliament, August 2014, Workers’ conditions in the textile and clothing sector: just an Asian affair? Issues at stake after the Rana Plaza tragedy.

¹³³ CCC, 2015, Facts on the global garment industry.



John Ruggie, the UN's Special Representative for Business and Human Rights, during the vote on the resolution at the Human Rights Council on 16 June 2011

In June 2011, the Ruggie Framework was operationalised in the form of 31 Guiding Principles on Business and Human Rights¹³⁴. The most important advance made by this framework concerns businesses. According to the principle of “due diligence”, they must identify and prevent possible human rights violations associated with their activities. If such violations are identified, they must mitigate them and provide reparation to the victims¹³⁵. These obligations concern not only the business itself but also its entire sphere of influence, including its subsidiaries, suppliers and subcontractors¹³⁶. As Jean-Marc Caudron

of achAct points out, *“following many compromises, the Ruggie framework includes no enforcement mechanism”*. Despite this absence of legal obligation, *“States have committed to its implementation, which means it has been described as non-optional”*. Implementation in each country takes the form of a “National Action Plan” (NAP), and presents very varied degrees of progress and requirements¹³⁷: sometimes just a wish list or a list of measures already in place, more rarely a legal framework allowing businesses to be prosecuted¹³⁸.

3.1.4. ECD Guidelines for Multinational Enterprises

Among the many instruments updated in light of the Ruggie framework¹³⁹ are found the **OECD Guidelines for Multinational Enterprises**. First developed in 1976, these guidelines are, as their name suggests, recommendations and codes of conduct aimed at multinationals¹⁴⁰. Recent advances include the incorporation, in the 2011 version, of the concept of due diligence mentioned above. While these guidelines are of an essentially voluntary nature, OECD member states are required to create «National Contact Points» (NCPs), (non-judicial) bodies whose remit includes dealing with complaints regarding corporations operating from or within the national territory. They are relatively complementary to the NAPs of the Ruggie framework, to the extent that they deal with more specific and concrete cases. For example, certain NCPs, in partnership with institutions such as the ILO, have been working on the implementation of guidelines specific to the textile/clothing sector, focusing on high-risk countries such as Bangladesh. Two reports from the French¹⁴¹ and Italian¹⁴² NCPs have thus formulated various practical

134 ONU. 21/03/2011. Principes directeurs relatifs aux entreprises et aux droits de l'homme : mise en œuvre du cadre de référence « protéger, respecter et réparer » des Nations Unies.

135 According to a commonly used definition, “due diligence” refers to all the checks that a prospective purchaser or investor will carry out before a transaction, in order to form a clear idea of a company's situation. In the context considered here, this principle refers to various continuous and proactive processes put in place by a company in order to identify its actual or potential adverse impacts, with the aim of avoiding or mitigating them. The measures taken must be proportional to the risk or likelihood of injury and the seriousness of the possible injury. It is the company's responsibility to respond to all adverse impacts. This requires reparative measures which may for instance take the form of apologies, guarantees of non-repetition or payment of compensation to victims. Source: CSI. 03/07/2012. Cadre des Nations-Unies « Protéger, Respecter et Réparer » : Note d'information à l'intention des syndicalistes.

136 Collectif Ethique sur l'Etiquette. Principes directeurs des Nations Unies sur les entreprises et les droits humains.

137 For example, at the end of 2015, Belgium was still at the stage of consultation between stakeholders. See: Commission Interdépartementale pour le développement durable. «Plan d'Action national Entreprises et Droits de l'Homme» & «Plan d'Action fédéral Responsabilité Sociétale».

138 Le Monde. 02/04/2015. Comment la loi veut responsabiliser les entreprises françaises.

139 Besides the OECD Guidelines, we can cite the ISO 26000 standard on social responsibility, as well as the Sustainability Reporting Guidelines of the GRI (Global Reporting Initiative). Source: CSI. 03/07/2012. Cadre des Nations-Unies « Protéger, Respecter et Réparer » : Note d'information à l'intention des syndicalistes.

140 The guidelines apply to multinational businesses, “companies or other entities established in more than one country and so linked that they may coordinate their operations”. However, they do not exclude SMEs, which are increasingly integrated into global supply chains, although their lesser capacities compared to multinationals are recognised.

141 French NCP. December 2013. NCP report on implementation of the OECD guidelines in the textile and clothing sector, following a referral from Nicole Bricq, Minister of Foreign Trade.

142 Italian NCP. June 2014. Report on responsible business conduct in the textile and garment supply chain. Recommendations of the Italian NCP on implementation of the OECD Guidelines for Multinational Enterprises.

recommendations, such as developing tools for informing consumers, or companies incorporating respect for the eight fundamental ILO Conventions into their contracts with subcontractors.

3.1.5. Social clauses in trade agreements

At the commercial level, the various attempts to integrate **social clauses into the multilateral agreements** of the WTO have so far had a very limited scope and impact¹⁴³. The latest drive in this direction during the Doha Round negotiations met with strong resistance, particularly from developing countries, who saw it as protectionism which could stand in the way of their development¹⁴⁴. More opportunities seem to exist through bilateral trade agreements between countries/regional areas, as shown by the case of the EU and its GSP, GSP+ and GSP-EBA preferential access systems. Nevertheless, only GSP+ awards trade preferences according to compliance with social standards (15 fundamental ILO/UN conventions). Moreover, few countries are concerned (only Pakistan in Asia for example), these countries are only considered as «blocks» (not for specific products or sectors), and ultimately

the preferences prove very limited. Similar mechanisms exist in the EU's new generation of free trade agreements (FTAs) and its (non-binding) **sustainable development chapters**, as well as in the **Global Sustainability Compact** between the EU, the ILO and the Government of Bangladesh (see box).

3.1.6. Other recent initiatives

Finally it should be noted that in the context of the European Year for Development (2015), the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO) also attempted to better regulate the sector through the introduction of a **Garment Initiative**. The proposal initially involved a label, then a flagship initiative, but is now moving towards a simple framework for multi-stakeholder dialogue. Its objective would be to promote exchanges between stakeholders on sustainable practices, to showcase successful initiatives, to raise awareness among consumers and to discuss the implementation of existing social and environmental standards¹⁴⁵. The many hesitations and delays (the official launch is now expected for mid-2016), as well as the vague and non-binding nature

of the initiative, point to a simple communication exercise¹⁴⁶. According to Carole Crabbé of achAct, the initiative could suffer from *"the strong influence of private lobbies at the European level"*, *"its lack of a significant budget"* as well as *"risks of duplication with other initiatives"*. Thus Dutch and German collaborations have launched roughly equivalent initiatives, the **Covenant for Sustainable Garments and Textiles**¹⁴⁷, and the **German Partnership for Sustainable Textiles**¹⁴⁸. These initiatives nevertheless seem more binding than that of the EU and cover a larger number of products, raw materials and stages of production.

143 The International Confederation of Free Trade Unions (ICFTU), now the International Trade Union Confederation (ITUC), was particularly active in this field during the 1990s, coordinating a comprehensive campaign with global union federations (GUF – sectoral federations). This campaign demanded from the WTO concrete measures to incorporate basic labour standards into multilateral trade negotiations, measures which were rejected by the international organisation at the Doha Round in 2001. Source: Fairbrother P., Hammer N. 2005. Global unions: past efforts and future prospects. *Industrial Relations*, vol. 60(3), p. 405-431.

144 Mayer F., Pickles J. June 2010. Re-embedding governance: global apparel value chains and decent work. *Capturing The Gains*.

145 FTAO. 15/03/2016. Plus de pouvoir pour les producteurs de coton d'Afrique de l'Ouest. *Recommandations à l'Union européenne, au G7 et aux gouvernements d'Afrique de l'Ouest pour soutenir des filières textiles plus équitables et plus durables*.

146 EurActiv. 20/06/2014. EU plans bid to raise global rag trade working conditions.

147 An agreement was reached on 9th March 2016 between the Economic and Social Council of the Netherlands, 3 professional associations, 2 trade unions and 5 NGOs. The text of this agreement commits the signatory companies to working together to improve the sustainability of their textile chains. The areas covered include factory safety, forced/child labour, chemical waste, etc., in various supplier countries such as Bangladesh, India, Pakistan and Turkey. However, financing has yet to be secured (the aim is to involve at least 35 companies, representing 30% of sales in the Netherlands) and joint action plans have yet to be developed. Note that the Dutch branch of CCC (Schone Kleren Campaign – SKC) has not signed the agreement, due to the absence of a binding target for a living wage. Source: Dutch Ministry of Foreign Affairs. 10/03/2016. *Agreement on sustainable garment and textile*.

148 Launched in April 2014 by the Minister for Economic Cooperation, Dr. Gerd Müller, this partnership developed, by means of a round table discussion involving more than 70 stakeholders (mainly from the private sector, particularly SMEs, as well as trade unions, NGOs and public authorities), an action plan to improve the practices of the sector. The plan's priorities include chain transparency, the reduction of harmful chemicals, freedom of association and progress towards a living wage. Source: Federal Ministry for Economic Cooperation Development. December 2014. *Sustainable textiles: What German development policy is doing*.

Action taken in the wake of Rana Plaza (Bangladesh)¹⁴⁹

On 13th May 2013, less than a month after the Rana Plaza tragedy, the **Accord on Fire and Building Safety in Bangladesh** was signed by trade unions (including IndustriALL and UNI Global Union) and more than 200 brands¹⁵⁰. The five-year agreement includes provision for the inspection of more than 1,600 factories, the cost being borne by the signatories in proportion to the value of their orders.

On 10th July 2013, 26 North American brands took a similar initiative called the **Alliance for Bangladesh Worker Safety**. Covering close to 700 factories, this Alliance is non-binding and generally much less strict than the Accord, particularly regarding freedom of association (only recommendations are given, and no trade union organisations are included)¹⁵¹.

On 8th July 2013, the **Sustainability Compact** was launched in Geneva by the European Commission, the ILO and the Bangladeshi government, for the continuous improvement of labour rights and garment factory safety in Bangladesh. This Compact has, for instance, made a reform of the Bangladesh Labour Law possible (improvements in terms of freedom of association and the right to collective bargaining, more than 300 new trade unions created in two years, etc.), as well as the recruitment of 200 additional labour inspectors and the improvement of fire and safety standards in the construction of factories¹⁵².

Following the accident, the ILO also extended its **Better Work** programme to Bangladesh. Launched on 23rd October 2013, it aims to inspect 500 factories over a period of three years¹⁵³.

At a national level, a **Tripartite Plan of Action** (NTPA) on fire safety and structural integrity of buildings in the garment sector was adopted on 25th July 2013. Bringing together the Bangladeshi government, local manufacturers (BGMEA and BKMEA) and trade unions, it essentially serves as a platform for the coordination of initiatives to improve working and safety conditions. It has for instance made possible the inspection of 1,500 factories not covered by the Accord or the Alliance, as well as a major reform of the Bangladesh Labour Inspectorate¹⁵⁴.

Lastly, the 20th November 2013 saw the signing of the **Rana Plaza Arrangement**, a fund for the compensation of victims managed by the ILO and funded by various contracting brands (including but not limited to those involved in the accident). This fund reached its target of \$30 million in June 2015, which has made it possible to compensate all injured workers and the families of deceased and missing workers¹⁵⁵.

149 European Parliament. August 2014. Workers' conditions in the textile and clothing sector: just an Asian affair? Issues at stake after the Rana Plaza tragedy.

150 <http://bangladeshaccord.org/>.

151 Altermondes. 17/03/2016. Bangladesh : répression antisyndicale dans le secteur de la confection.

152 European Commission. 24/04/2015. Bangladesh Sustainability Compact. Technical Status Report.

153 <http://betterwork.org/global/?lang=fr>.

154 Note that the NTPA predates Rana Plaza, as it was developed following the fire at the Tazreen factory in November 2012.

155 <http://www.ranaplaza-arrangement.org/mou>.

3.2. PRIVATE SECTOR VOLUNTARY INITIATIVES

3.2.1. Textile standards

In the 1990s, with the governmental regulatory systems mentioned at the beginning of the chapter being called into question, a new form of regulation emerged then rapidly

proliferated: the so-called voluntary initiatives of the private sector. In a context where free-trade dogma prevailed, States were becoming weaker and multinationals (for instance in the clothing sector) considerably stronger, voluntary standards and codes (see box for typology) appeared rapidly as a result. These standards were touted

as more flexible, more responsive and more suited to globalised chains than the traditional tools of public authorities. The latter also saw them as a way to supplement their chronic lack of financial means (which certain authors have described as a form of "subcontracting" of the regulatory function of States)¹⁵⁶.

156 O'Rourke D. 2003. Outsourcing regulation: analyzing nongovernmental systems of labor standards and monitoring. The Policy Studies Journal, 31(1).

Private sector voluntary initiatives¹⁵⁷

Private sector voluntary initiatives (or standards) are various principles and standards which a company voluntarily agrees to abide by in the context of its activities. In general, they provide a framework for the conduct of firms and their commercial partners (suppliers and potential subcontractors), in one or more areas of sustainable development: economic (e.g. trade practices), social (e.g. labour law) or environmental (e.g. pollutants). But the standards also vary according to sector (e.g. clothing), geographical area (e.g. developing countries), governance structures (e.g. multi-stakeholder) and monitoring systems (e.g. third party). Sometimes these standards merely consist of principles of good conduct. They are then generally called “codes of conduct” and are linked to more comprehensive CSR policies. The standards best known among consumers are labels (on products), a specific case in which a logo is affixed to the product in order to inform the consumer of compliance with specifications¹⁵⁸. In the textile sector alone, there are more than 60 sustainable labels and standards according to the “Eco-Textile Labelling Guide 2014”¹⁵⁹.

157 Newitt K. 2013. Private sector voluntary initiatives on labor standards. Background paper for the World Development Report 2013.

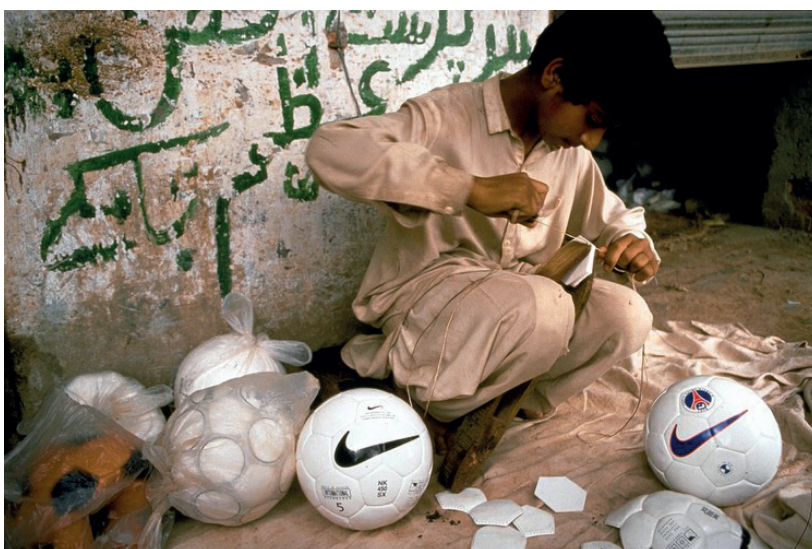
158 PFCE. 2015. Guide international des labels de commerce équitable.

159 <http://www.ecotextile.com/>.

Naturally, companies also saw these standards as being in their interests. This was namely a way for them to respond to the (increasing) pressures of social movements and to protect themselves against possible public attacks. Subsequently the standards were adopted more proactively by companies, who perceived them as a marketing tool to attract new responsible consumers and thereby gain a strategic position in the ethical marketplace. This approach is prevalent in the textile sector, where brand image is very important¹⁶⁰. Undoubtedly the most well-known case is that of Nike, one of the most talked about and profitable multinationals of the 1990s. At the time it was the object of numerous attacks by NGOs (such as the famous photo of a Pakistani child published by Life magazine in 1996), and was therefore one of the first to adopt a code of conduct¹⁶¹.

3.2.1.1. Different types of standards

While remaining predominant today¹⁶², these “corporate” codes of conduct have gradually seen competition from more participative systems, i.e. those developed and managed in collaboration with other stakeholders. This is the case for the **codes of conduct of business associations**, which bring together different companies from one (or more) sector(s). Several codes of this type are used in the garment



One of the photos used by Life Magazine in 1996 in its article “Six Cents an Hour”, to denounce child labour among Pakistani suppliers of Nike footballs.

160 Mailloux C. Février 2010. Les certifications comme outils d’amélioration des conditions de vie des collectivités du sud: étude de cas d’une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l’environnement.

161 This code includes, for instance, a system for evaluating and monitoring all of Nike’s suppliers (more than 900 factories and 650,000 workers at the beginning of the 2000s), as well as a confidential complaint mechanism.

162 In the clothing sector, the other brands to have quickly adopted corporate codes of conduct include Levi’s, GAP, Adidas, Disney, Walmart, H&M, etc. By 2001, it was estimated that 80-90% of large companies in the United States had a code of conduct (77% in Japan and 62% in France). Source: Mailloux C. Février 2010. Les certifications comme outils d’amélioration des conditions de vie des collectivités du sud: étude de cas d’une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l’environnement.

industry, including WRAP (Worldwide Responsible Apparel Production) and the BSCI (Business Social Compliance Initiative)¹⁶³. The guidelines and the control mechanisms of these codes are fairly weak, because they solely represent the (negotiated) interests of brands.

Multipartite standards, on the oth-

er hand, include NGOs, trade unions, industry representatives, governments etc., in addition to companies. These systems are more rigorous, binding and legitimate in as far as their criteria and monitoring methods are negotiated between players with more opposing interests (social and/or environmental

aspects are better taken into account when they include NGOs and/or trade unions, for example). This is what certain authors refer to as “co-regulation”, as opposed to the self-regulation which characterises corporate codes¹⁶⁴.

Characteristic	Variations
Type of standard	<ul style="list-style-type: none"> • Management standards (e.g. ISO14000) • Code of conduct (e.g. Nike) • Labels (e.g. Fairtrade) • Guaranty organisation (e.g. WFTO)
Geographical area	<ul style="list-style-type: none"> • National • Regional • International
Area of production	<ul style="list-style-type: none"> • All types of products • Specific to one sector • Specific to one company/supply chain
Area of sustainable development	<ul style="list-style-type: none"> • Social • Economic • Environmental
Governance	<ul style="list-style-type: none"> • Corporate • Business associations • Multi-stakeholder (companies, NGOs, trade unions, public authorities, etc.)
Monitoring/certification mechanisms	<ul style="list-style-type: none"> • First party (self-assessment) • Second party (checks by the association defining the standard) • Third party (checks by an external body, independent from the certified organisation or the body promoting the standard) • Multi-stakeholder (monitoring by a mixed committee, for example composed of company representatives, trade unions and NGOs)

TABLE 2. Typology of private sector voluntary initiatives¹⁶⁵

163 The BSCI is a non-specialised code of conduct, i.e. multi-sector, developed by the Foreign Trade Association (FTA). When created in 2003, its main aim was to offer a harmonised and simplified code for all European import companies, merchants and manufacturers, in order to generate economies of scale. Taking its inspiration broadly from SA8000 (like this standard it is based principally on the ILO standards and external audits of suppliers – see below), it is however simpler and less strict (which makes it a step towards SA8000 certification). Source: CTB. Janvier 2010. Commerces équitables & durables : quels labels et systèmes de garantie pour mon business ?

164 Siegmann K.A., Merk J., Knorringer P. May 2014. Voluntary initiatives in global value chains. Towards labour-led social upgrading? ISS working paper n° 586.

165 Ellis K., Keane J. November 2008. A review of ethical standards and labels: Is there a gap in the market for a new ‘Good for Development’ label? Overseas Development Institute. Working Paper 297.

In this category we find different systems of guaranty that are specific to the textile/clothing sector, for instance that of the Fair Wear Foundation (FWF), the Fair Labour Association (FLA), the Worker Rights Consortium (WRC), recently Fairtrade International (FI - see also chapter 4), as well as organic certification (GOTS – Global Organic Textile Standard). The Ethical Trading Initiative (ETI) and Social Accountability International (SA8000) are two multi-stakeholder initiatives widely used in the textile sector but open to several other industrial sectors. The guaranty organisation WFTO is open to food products as well as to textiles and handicrafts, but this last category is prevalent. The Global Compact, also multi-sectoral, is unique in that it is the result of co-operation between a public authority (in this international case, the United Nations) and companies¹⁶⁶. In the cotton sector, the main standards are those of Fairtrade International (FI), Better Cotton Initiative (BCI) and Cotton made in Africa (CmiA) (see box)¹⁶⁷.

New labels for sustainable cotton¹⁶⁸

The Better Cotton Initiative (BCI) and Cotton made in Africa (CmiA) are two new arrivals on the sustainable cotton market (limited to African production in the case of CmiA). These two multi-stakeholder initiatives have experienced phenomenal growth since their appearance at the end of the 2000s – 326% (2010-2012) and 78% (2009-12) growth in volumes of certified cotton respectively – in contrast to fair trade and organic certification (-9% and -1% between 2008 and 2012). Such a rate of growth is largely due to criteria that are undemanding and therefore well suited to the demands of the main buyers (e.g. C&A, H&M). Indeed, the criteria are essentially based on the provision of technical assistance with agricultural practices, through various partners such as the Dutch NGO Solidaridad for BCI and the COMPACI platform for CmiA. Both are relatively effective at an environmental level, offering integrated techniques for pest management and soil conservation for example, which make it possible to reduce water and pesticide consumption (although BCI authorises GMOs). However, they are much weaker on a socio-economic level: in contrast to the Fairtrade system, they guarantee neither a minimum price nor a development premium, only a better price associated with increased quality (similar to the UTZ Certified label in the food industry). In the end, both initiatives are more of a support system for producers than a certification. Note that the BCI is a B2B (“business-to-business”) system, which means there is no label on the final product.

168 SSI. 2014. The state of sustainability initiatives review 2014. Standards and the Green Economy.

Examples of ethical standards covering the textiles sector



166 The Global Compact is a United Nations initiative launched in 2000. It aims to encourage companies worldwide to adopt a socially responsible attitude by committing to the integration and promotion within their practices and policies of several principles relating to Human Rights, international labour standards, and the fight against corruption (for example by providing self-assessment tools). Monitoring of the Compact's 10 principles is not achieved through an audit-based system, but simply by self-assessment and communication of the company's progress. In fact, the Compact is more of a CSR initiative than a certification system. In 2011, around 8000 companies (out of an estimated total of 78,000 multinationals) were participating in the Global Compact, which makes it the largest CSR initiative in terms of numbers. However, this initiative is regularly criticised for its lack of impact. Source: Newitt K. 2013. Private sector voluntary initiatives on labor standards. Background paper for the World Development Report 2013.

167 More detailed descriptions and comparisons of the different labels can be found in the following publications: CTB. Janvier 2010. Commerces équitables & durable : quels labels et systèmes de garantie pour mon business ? PFCE. 2015. Guide international des labels de commerce équitable.

3.2.1.2. A comparison of clothing industry standards

We will not carry out a systematic comparison here of all the voluntary initiatives cited above, but will simply highlight a few differentiating features, focusing on the codes of the clothing sector:

- They do not all have the same scope, i.e. the same level of **coverage of the various links in textile chains** (which as we have seen are extremely numerous and complex). A standard such as SA8000, for example, is aimed uniquely at suppliers. It therefore places the total responsibility and cost for alignment with standards upon them. Responsibility is clearly removed from brands, who have merely to insist that their suppliers have certification, failing which they will switch suppliers. The FLA code also poses a problem in that temporary subcontractors are exempted from the system (i.e. those working with the audited supplier for less than 6 months in a 24 month period)¹⁶⁹. This represents a considerable shortcoming in an industry as volatile as that of clothing/textiles.
- On the other hand, there is little difference between the codes in terms of **normative reference**, i.e. the standards (national, international, resulting from collective agreements, etc.) that they refer

to in order to define their criteria: all are designed to improve the working conditions of workers in the South, and all are based on the ILO International Standards (widely recognised and enduring). Some also incorporate the Universal Declaration of Human Rights, such as the FWF code¹⁷⁰. According to C. Crabbé, the latter played a pioneering role because it was *“the first, in the middle of the 1990s, to be based on the fundamental ILO Conventions, which enabled them to be promoted and universalised, while at the same time reducing the risks of misinterpretation”*.

- Another important criterion in evaluating these codes is the **type of control system**. In this area, company codes (e.g. Nike and H&M) are the least credible as they most often use forms of self-assessment (or first-party evaluation). In this case, the company itself checks on the fulfilment of its commitments and those of its suppliers through internal monitoring systems. This contrasts with the SA8000 standard, for example, which requires audits to be carried out by independent professional bodies accredited according to ISO Guide 65, which in theory significantly improves their credibility (third-party evaluation). In theory, because numerous studies have demonstrated that, in the textiles sector, this type of independent

audit is not necessarily a guarantee of success. One of the reasons put forward is that auditors often lack the skills and authority necessary to do anything other than simply “tick boxes”¹⁷¹. Various forms of manipulation or fraud are also often seen at the time of these audits (e.g. instructions accompanied by threats towards interviewed employees, or the keeping of false records for contracts or methods of payment)¹⁷². Multi-stakeholder monitoring, i.e. the involvement of local organisations (e.g. NGOs, trade unions) in evaluation systems, appears to have more impact over the long term. This is thanks to their knowledge of the local issues and context (e.g. solutions suited to each organisation) as well as the relationships of trust that this approach makes it possible to build with employees (e.g. repeated contact and interviews outside the factories). From this point of view, the FWF, WRC and ETI standards seem the most credible because they are recognised for carrying out their checks in strict collaboration with local organisations¹⁷³.

169 Mailloux C. Février 2010. Les certifications comme outils d'amélioration des conditions de vie des collectivités du sud: étude de cas d'une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l'environnement.

170 Only the FLA code is a little weaker, requiring only the legal minimum wage (rather than the living wage) and accepting weeks of over 60 hours during peak times, in contrast to the other initiatives.

171 Siegmann K.A., Merk J., Knorringer P. May 2014. Voluntary initiatives in global value chains. Towards labour-led social upgrading? ISS working paper n° 586.

172 The French NCP formulated various recommendations on this aspect of the quality of independent audits in its recent report on textile chains. These recommendations included increasing the thoroughness of the audits as well their quality, transparency (through publications), frequency and follow-up. Source: French NCP, December 2013. NCP report on implementation of the OECD guidelines in the textile and clothing sector, following a referral from Nicole Bricq, Minister of Foreign Trade.

173 Nevertheless, all the codes combine different systems, particularly with self-assessment. For example, the FLA and FWF combine self-assessment and multi-stakeholder monitoring with independent checks for a small part of the supply chain (5% and 10% of facilities once a year for the FLA and every three years for the FWF).



Embroidery machines in a factory in Thuan An in Vietnam

In spite of this, most parties involved remain very cautious when it comes to evaluating the functioning of these different codes. Even the World Bank stated in its 2013 report on World Development that it was “difficult to ascertain the long-term impact of voluntary initiatives on working conditions in global supply chains”¹⁷⁴. Various studies (essentially qualitative) have shown that in terms of labour law, their contributions mainly concerned permanent employees (vs. temporary and seasonal workers, those working from home, etc.) and criteria oriented towards results (such as health and safety at work, reduction of overtime and minimum wages) rather than empowerment (e.g. freedom of association¹⁷⁵, combatting discrimination, gender equality)¹⁷⁶. For C. Crabbé, “while certain codes

have proved useful in specific cases, their impact remains limited overall. The main reason is that the commitments made are not or are rarely followed by changes in practice on the part of the business. They have drawn attention to themselves without making any fundamental difference”. Other criticisms of these various codes include:

- Their number: over time these codes have multiplied, which has caused an “audit fatigue” among suppliers (up to 30-40 audits per year, with many different systems in addition).
- The development of a real audit industry, where cases of conflicted interests and corruption are potentially significant (while the costs of audit are often prohibitive and borne principally by the suppliers).

- Their chronic incompatibility with the commercial practices of brands/distributors, such as the pressure on prices and last-minute changes to orders (design, fabric, colour, etc.) typical of “fast fashion”. These practices, which are not covered by the majority of codes, can cause violations of the labour code even within factories trying to conform¹⁷⁷.
- Further flaws in factory audits, in addition to those mentioned above, are their inadequate transparency and implementation mechanisms, as well as their frequent lack of worker involvement (and/or involvement of workers’ representative bodies)¹⁷⁸.

3.2.2. International Framework Agreements

There are another series of instruments in the clothing/textile industry which come under the category of private initiatives: **International Framework Agreements (IFAs)**. These are a type of international collective agreement, i.e. they are directly negotiated between a multinational company and a global union federation. Among other things they make it possible to establish a continuous relationship between the parties and to guarantee that the company respects the same standards in all the countries where it operates (a minimum of the 4 fundamental principles of the ILO, but often also clauses on safety,

¹⁷⁴ Siegmann K.A., Merk J., Knorrige P. May 2014. Voluntary initiatives in global value chains. Towards labour-led social upgrading? ISS working paper n° 586.

¹⁷⁵ However, certain codes can have a significant impact in terms of collective bargaining. This is the case for example when used by local trade unions as a normative reference during social conflicts (i.e. as a basis for discussion with the supplier, who is obliged to at least take into account the contents of the code imposed upon them by their customer). Source: Miller D. 2008. The ITGLWF’s policy on cross-border dialogue in the textiles, clothing and footwear sector: emerging strategies in a sector ruled by codes of conduct and resistant companies.

¹⁷⁶ Newitt K. 2013. Private sector voluntary initiatives on labor standards. Background paper for the World Development Report 2013.

¹⁷⁷ Conflicts and inconsistencies sometimes even occur within the same company, for example between the financial and risk-management departments, the first continually demanding a greater reduction of costs or production times, which conflicts with the criteria of the codes of conduct adopted by the company. Source: Mayer F., Pickles J. June 2010. Re-embedding governance: global apparel value chains and decent work. Capturing The Gains.

¹⁷⁸ Siegmann K.A., Merk J., Knorrige P. May 2014. Voluntary initiatives in global value chains. Towards labour-led social upgrading? ISS working paper n° 586.

working times, wages, etc.).

In the textiles sector, Inditex¹⁷⁹ and H&M¹⁸⁰ have signed such agreements, for example. But overall there are very few IFAs in the sector, for several reasons that are fairly sector-specific: its fundamentally “anti-union” and poorly organised nature, the volatility of suppliers, the lack of transparency within chains, as well as the competition represented by the many codes of conduct and multi-stakeholder initiatives¹⁸¹. The shortcomings of IFAs also include difficulties in involving local trade unions, the absence of legal constraints as well as low transparency (e.g. the IFA signed by Inditex does include the idea of a living wage, but offers no further information). Yet authors such as D. Miller consider that, in the globalisation era, such agreements constitute an important step forward as they institutionalise social dialogue and cooperation between contractors and workers’ representatives at an international level¹⁸².



Renewal of the International Framework Agreement between IndustriALL and Inditex on 8th July 2014

3.2.3. Conclusion: private governance with an uncertain impact

As seen, there is great uncertainty regarding the effectiveness of these various tools of private governance. Several factors can nevertheless improve their impact, among which can be cited: the presence of a leading company capable of influencing the whole sector, the alignment of commercial interests with social progress, the possibility of collective action by civil society (consumer groups, NGOs, trade unions, etc.), and, above all, opportunities for workers to be represented and to participate¹⁸³.

3.3. A MOVE TOWARDS MORE BINDING HYBRID INSTRUMENTS

Faced with the repeated failure of traditional forms of regulation, public as well as private, various pioneering initiatives have been launched in recent years. Although they have a variety of instruments and stakeholders in common with the private instruments mentioned above, by contrast they are more binding in nature.

3.3.1. Better Work Programmes (ILO)

One of the most well-known of these initiatives is the ILO’s **Better Factories Cambodia** (BFC) programme. This programme has seen the reorganisation of the Cambodian textile ex-

179 The Inditex agreement, signed in 2007, was the first within the sector. Drawn up with the union ITGLWF (International Textile, Garment and Leather Workers’ Federation), it was renewed in 2014 with its successor IndustriALL (the ITGLWF was dissolved in 2012 to merge with union federations from the chemical and metallurgical sectors, forming a new international federation, the IndustriALL Global Union).

180 IndustriALL. 03/11/2015. IndustriALL Global Union et H&M signent un accord-cadre mondial.

181 Difficulties and/or the unwillingness of multinationals to obtain information on the factory where production originates (without even mentioning subcontractors) complicate any negotiation of an agreement ex-ante. As for codes of conduct, some authors consider that they conflict with rather than complement IFAs, companies being able to use them as an excuse for not entering into negotiations. Source: Miller D. 2008. The ITGLWF’s policy on cross-border dialogue in the textiles, clothing and footwear sector: emerging strategies in a sector ruled by codes of conduct and resistant companies.

182 Miller D. 2008. The ITGLWF’s policy on cross-border dialogue in the textiles, clothing and footwear sector: emerging strategies in a sector ruled by codes of conduct and resistant companies.

183 Mayer F., Pickles J. June 2010. Re-embedding governance: global apparel value chains and decent work. Capturing The Gains.

port industry, by combining private self-assessment and national/international public interventions in a “hybrid” style. At its creation in 2001, its main original feature was to link ILO factory inspections to a system of export quotas within the US-Cambodia Trade Agreement (of 1999). This “stick and carrot” approach strongly encouraged Cambodia’s government and exporters to improve the sector’s working conditions so that they could to obtain better access to the lucrative American market¹⁸⁴.

Although the quota system came to an end with the withdrawal of the Multi-Fibre Arrangement in 2005, export licences are still awarded on condition that exporters participate in the programme, which makes it possible to monitor a large number of factories over long periods. Another strength of BFC in its current form is its inspection system: largely managed by the ILO, it offers better guarantees of independence and reliability than inspections for private codes or the Cambodian public services (which favour conflicts of interest and corruption), as well as cost synergies and international visibility¹⁸⁵. BFC also sets itself apart from most private instruments by having a strong focus on worker training, dispute resolution and the promotion of social dialogue at factory and industry level (with the ILO playing a mediating role between the Cambodian government, suppliers and international buyers)¹⁸⁶.



Female workers in a factory of the Better Work programme in Cambodia

3.3.2. Enforceable Brand Agreements

Another category of instrument appeared at the beginning of the 2010s: Enforceable Brand Agreements (EBAs). The main features of these new instruments are the involvement of a majority of stakeholders (trade unions, NGOs, but above all brands), as well as their legally binding nature. Indeed, the various stakeholders commit to implementing criteria through a contract, under threat of prosecution. Another distinctive feature of EBAs is the central role granted to workers and local unions. In charge of overseeing and implementing the programmes, they can also enter into direct contact with international buyers.

3.3.2.1 Accord on Fire and Building Safety in Bangladesh

The most well-known agreement of this type is now the **Accord on Fire and Building Safety in Bangladesh**, signed on 13th May 2013 shortly af-

ter the Rana Plaza tragedy. Although (for the moment) limited to a single country (Bangladesh) and a single sector (safety), it commits over 200 brands (mostly European) and trade unions (IndustriALL, UNI Global Union and local unions) for a duration of 5 years. NGOs (Clean Clothes Campaign, Worker Rights Consortium, International Labour Rights Forum, Maquila Solidarity Network) have the role of witnesses and observers, while the ILO acts as an independent body providing technical and organisational support.

The Accord makes provision for the inspection of over 1600 factories (independent inspections whose results are publicly available) and for renovations in the event of infringement. It also involves a series of training sessions for workers (among other things so that they can manage safety committees themselves), complaint procedures, an increased transparency of supplies as well as the need to establish

184 Arnold D. November 2013. Better Work or ‘Ethical Fix’? Lessons from Cambodia’s Apparel Industry. Global Labour Column n°155.

185 Stanford Law School & Worker Rights Consortium. February 2013. Monitoring in the dark. An evaluation of the International Labour Organization’s Better Factories Cambodia monitoring and reporting program.

186 Merk J. August 2012. 10 years of the Better Factories Cambodia project. A critical evaluation. Community Legal Education Centre & Clean Clothes Campaign.



A factory inspection in the context of the Bangladesh Accord

long-term contracts with adequate prices (for instance in order to cover safety and remediation costs)¹⁸⁷. The cost of the whole programme is borne by the signatories, in proportion to the value of their orders. While it is still too early to judge its impact, the number of signatory stakeholders (national and international), the level of transparency and detail of commitments, and its participatory nature make it an unprecedented programme¹⁸⁸.

3.3.2.2. Indonesian Protocol on Freedom of Association

Another instrument of the same type is the **Indonesian Protocol on Freedom of Association**. The culmination of a long campaign (“Play Fair”) begun in 2004 for the Olympic Games in Athens, the protocol was signed in June 2011 by suppliers, Indonesian trade unions and major brands of the sports industry such as Adi-

das, Nike and Puma. Like the Accord, it is restricted to one specific area, freedom of association, and moreover to only the sporting goods sector (the specialised field of the Indonesian textile industry). But in a country where trade union freedoms have long been suppressed, the protocol contains a series of important measures, aiming to develop or strengthen unions, and more widely, to improve employer/worker relationships. Examples of course include the authorisation of trade unions, but also the negotiation of collective agreements within 6 months at the latest of a local union branch being set up, the formation of committees in charge of managing complaints, the allocation of times and places for union meetings, etc. Thus far, the main benefits observed include an increase in the number of trade unions/collective agreements, a drop in the number

of cases of harassment of union members, as well as the establishment of direct communication between local unions and international brands. The slowness of the implementation process is to be regretted, and the fact that the protocol only covers first-tier suppliers¹⁸⁹.

3.3.2.3. A new era

Overall, “these EBAs constitute a real paradigm shift”, considers C. Crabbé of achACT. “We are at a defining moment in the evolution of textile chain regulation. Codes of conduct constituted a milestone, particularly in helping to establish the Ruggie framework. Combined with the Rana Plaza tragedy and public mobilisation, this has led companies to recognise their responsibilities within chains. Time now for the era of binding agreements. The CCC, like many civil society players, wishes to implement EBAs in different countries by theme. In Cambodia, for example, the ACT programme¹⁹⁰ attempts to bring together trade unions, employers and international customers to negotiate increases in wages with the government, with the living wage as a goal. The key is to be able to negotiate directly with the most powerful players in the clothing industry, those who control the purse strings. This has rarely been seen in the history of social mobilisation”.

187 Italian National Contact Point. June 2014. Report on responsible business conduct in the textile and garment supply chain. Recommendations of the Italian NCP on implementation of the OECD Guidelines for Multinational Enterprises.

188 CCC. 2013. Bangladesh Accord: a historic first step.

189 Swedwatch. November 2013. Play fair – a campaign for decent sportswear. Has the first agreement between multinational companies and local unions strengthened freedom of association in Indonesia?

190 Launched in October 2014, ACT (Action, Collaboration, Transformation) is a global initiative comprising brands, manufacturers and trade unions in the clothing sector, which aims to negotiate fair wages in various producing countries. To achieve this goal, the programme supports freedom of association and the negotiation of collective labour agreements, as well as a change in commercial practices. In spite of its worldwide nature, the programme is being implemented in Cambodia in the first instance, where a series of meetings and negotiations involving suppliers, local/international unions and government representatives have already taken place. Source: Hiil. 2016. ACT: Towards living wages in global supply chains.

4. THE ALTERNATIVE RESPONSE OF FAIR TRADE

In spite of the many attempts at regulation, public as well as private, textile chains continue to be the site of many labour law violations. The question asked here is what the specific features and added value of fair trade are in this regulatory universe, particularly in comparison with existing private standards. More precisely, what is the role played by its different channels – labelled and integrated – in improving the working and living conditions of textile workers? First of all we will look at Fairtrade International (FI), the only fair trade product label covering the sector.

4.1. LABELLED CHANNEL: COTTON AND TEXTILE STANDARDS OF FAIRTRADE INTERNATIONAL

Cotton undergoes more processing than any other fair trade certified agricultural raw material (bananas, coffee, etc.), which as we have seen results in numerous problems of transparency and traceability. For this reason, FI's board of directors decided at the beginning of the 2000s to adopt a two-phase approach: certification and labelling solely of cotton in the first instance

(2005), then, after research and pilot testing, complete certification of textile chains (standard launched at the beginning of 2016 – see below).

4.1.1. Original cotton standard

Launched in 2005, FI's cotton certification allowed a void to be filled, as most sustainability or ethical trade initiatives were focused on the ready-to-wear garment industry. With this label, the certifying body covered a link in the chain previously "invisible" to consumers, in a domain – agricultural production – where it has a clear specialisation. In a similar way to other certifications of the Fairtrade system, cotton certification guarantees:

- A minimum price, variable according to variety and region (e.g. from €0.66/kg in Kyrgyzstan to €0.39/kg in Southern Asia). This minimum price makes it possible to cover the costs of sustainable production and provide for the essential needs of producers and their families. For organic cotton the minimum price is around 20% higher than for non-organic cotton.
- A development premium: equal to €0.05/kg of seed cotton, this premium is used for investment in community projects (purchase of processing equipment, education,

healthcare, individual loans, infrastructure, etc.)¹⁹¹.

- Pre-financing (on request): equal to a maximum of 60% of the purchase price of the cotton, this can prove extremely important for the purchase of seedlings, inputs (e.g. organic fertilisers) and other production factors.
- Adherence to a series of social criteria (mainly labour law, based on ILO Conventions) and environmental criteria (banning of GMOs, restrictions on pesticides, ecological farming practices, rain-fed cultivation, etc.).
- Better access to export markets, opportunities for more balanced negotiations and the signature of contracts with buyers, which enable producers to better plan their production and to adopt more sustainable farming practices over the long term¹⁹².

This standard is aimed at producer organisations (POs) governed in a collective and democratic manner (e.g. cooperatives), or at contract farming organisations (in this case producers are supported in an organisational process by "promoting bodies")¹⁹³. In 2013, nearly 15,900 tonnes of Fairtrade cotton had been sold, by 26 organisations (15 POs,

191 Development premiums reached a total of €644,000 in 2013. Just under 50% were spent on social projects (mainly education, but also healthcare and community infrastructure), the remainder on direct services for organisations (human and administrative resources, infrastructure) and for producers (tools, inputs and loans). Source: Fairtrade International. 2015. Monitoring the scope and benefits of Fairtrade. Sixth edition 2014.

192 Fairtrade foundation. Janvier 2011. Le roman noir de l'or blanc.

193 Contract farming is defined as agricultural production carried out in accordance with an agreement drawn up between a buyer and producers, the conditions of production and product marketing being fixed by the buyer. To a certain extent it is a privatisation of the services which are usually provided by producers' cooperatives. Today this system is widely favoured by international cooperation bodies (the World Bank, European Union, etc.), which consider it effective in a context of State withdrawal and international aid. In the Fairtrade system, producers are brought together in a very loose way around a promoting body (an NGO, exporter, the company responsible for ginning, etc.). It has been implemented mainly in India because of the cultural and historical resistance of the country towards cooperative organisational methods. Source: Fairtrade International. Standards for contract production. Consulted on 11/02/2016.

mainly in Africa, and 11 contract production organisations in India), bringing together 60,000 producers across nine countries (Benin, Brazil, Burkina Faso, Egypt, India, Kyrgyzstan, Mali, Nicaragua and Senegal)¹⁹⁴.

Despite the limited number of independent studies, a 2012 study commissioned by Fairtrade International allows several conclusions to be drawn regarding the impact of this certification¹⁹⁵:

- The minimum Fairtrade price was higher than the average price of conventional cotton in 3 of the 4 countries studied (ca. 50% higher in Senegal and Cameroon, 80% in Mali). In a context of falling and volatile prices (see figure 4, chapter 2), this improved the level and stability of producers' income and consequently their living conditions. This effect was much less pronounced in India, due to the high prices of conventional cotton at that time.
- In all the countries, the Fairtrade system was highly appreciated for the regularity of payments, the development premium (particularly for social infrastructure such as schools and health centres), as well as the technical support provided (above all for the increased quality of the cotton obtained, which results in better prices).
- Working conditions apparently had sometimes been improved (e.g. better wages, shorter working days), but these conclusions required more research in order to be confirmed (particularly in India,



Conclusion of the International Forum on fair trade cotton in West Africa, organised in Paris on the 15th March 2016 by Max Havelaar France and the Association of African Cotton Producers (AProCA), with the support of the Agence Française d'aide au Développement (AFD)

where the use of an employed workforce is more common). On the other hand, workers (as well as producers) had practically no knowledge of Fairtrade standards, often connected with a lack of education/literacy.

- The majority of POs had also seen an improvement in their organisational and management capabilities. This effect was most pronounced in India, where producers are traditionally not well organised. Nevertheless, these POs remained very dependent on overseeing structures (e.g. promoting bodies in India, namely for access to export markets) and were still far from being able to influence national sectoral policies. Furthermore, women's access to involvement in decision-making remained very limited, despite an increase in the

number of female members of POs (except in India¹⁹⁶).

- Lastly, it was found that African producers were faced with strong competition from Indian producers, owing to the price differential (particularly at a time when the Euro was strong, the CFA franc being pegged to it) and the concentration of textile and clothing factories in Asia (geographical proximity).

Overall, therefore, Fairtrade certification seems to have a meaningful impact on producers, their families, and their communities, although this impact was more marked in Africa than in India. Among the distinctive strengths and features of the Fairtrade system, its "pro-development" orientation stands out, as well as its organisational aspect, i.e. the fact

194 Fairtrade Foundation. March 2015. Fairtrade and cotton.

195 Fairtrade Foundation. May 2012. Fairtrade cotton. Summary and management response to an independent impact study.

196 Hence the study shows that women's participation stagnated at 4% in the Indian cooperative studied (although they could take part in meetings in their husbands' names).

that it leads certain POs to organise themselves in a collective and democratic way. This enables an improvement in power relationships between producers and their stakeholders (for instance the intermediaries who buy the seed cotton from them) and leads to them moving up the value chain. From this point of view, the approval of the contract farming model in India clearly raises questions. Admittedly it is used as a means for progression (i.e. towards the formation of a real PO) and, in enabling importers to deal directly with an intermediary sharing the same codes, it undoubtedly offers a form of economic efficiency¹⁹⁷. But in generating dependence, exclusivity, and by perpetuating, if not accentuating, unbalanced power relationships, it perverts the principle of producers' autonomisation¹⁹⁸.

Two other major limits of the system can be highlighted:

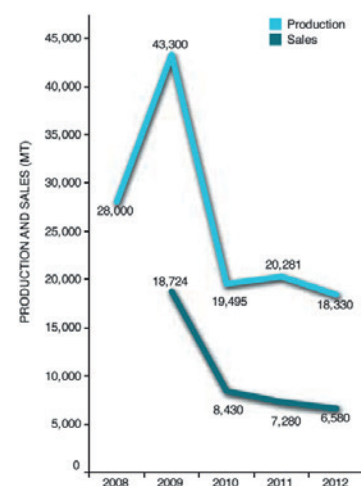
- Although FI planned from the outset to extend certification to the other links of the chain, its restriction only to cotton producers is extremely problematic, for instance from the point of view of consumer information: the label may well say "certified cotton", but numerous studies show that consumers do not know the difference and think they are buying an entirely fair trade garment. FI responds that the system partially covers other links, as each operator in the supply chain using the fair trade cotton (spinning, weav-

ing, garment manufacture, etc.) is asked to "make efforts" to respect the 11 ILO Conventions¹⁹⁹. But the variability in the control systems accepted as equivalent (WFTO, SA8000, ETI, FWF, FLA, WRC, or even a letter from a trade union accredited with IndustriAll) raises questions. We will see below in chapter 4 how a future textile standard could address these structural shortcomings.

- The very low certified volumes worldwide put the overall impact of Fairtrade cotton into perspective (figure 9). Consequently in 2012 it represented only 0.1% of worldwide cotton production, quite far from the CmiA standard (0.6%) and especially from the BCI standard (2%)²⁰⁰. The strong competition from these two less demanding (and therefore less expensive – see box above) standards, as well as the economic crisis at the end of the 2000s, exerted a strong pressure on the production and sales levels of the Fairtrade label (although these had experienced very strong growth after its launch in 2005). One figure illustrates this problem particularly well: in 2013, certified producers sold on average only 33% of their production in the form of fair trade cotton²⁰¹. Despite the determined words of Anup Singh, Global Cotton Manager of FLO ("sales increased by 28% in 2014, for the first time in several years, and Indian producers

reached a fair trade sales rate of 41%"), there is clearly a problem in demand which Fairtrade and its various national affiliates (e.g. Fairtrade Belgium) must tackle urgently. According to A. Singh, "significant work is being carried out in promotion, access to information and putting brands in contact with suppliers", which would largely explain the recent jump observed in trade.

FIGURE 9. Production and sales of Fairtrade certified cotton 2008-2012²⁰²



4.1.2. FSP cotton programme

Conscious of these problems in demand and the challenges in terms of development, in 2013 FLO launched a new sourcing programme. This programme, known as a "Fairtrade Sourcing Partnership" (FSP), enables companies to source fair trade cotton in a more flexible way: instead of being obliged to use only fair trade cotton and to separate/trace it

197 Eberhart C. 29 May 2012. Pour que l'agriculture de contrat ne devienne pas le nouvel eldorado du commerce équitable. <http://www.ethiquable.com/>.

198 Veillard P. Septembre 2013. Du commerce équitable aux chaînes de valeur durables. Analyse Oxfam-Magasins du Monde.

199 Veillard P. Août 2013. L'impact de la hausse et de la volatilité accrues des cours sur les acteurs de la filière coton. Analyse Oxfam-Magasins du Monde.

200 SSI. 2014. The state of sustainability initiatives review 2014. Standards and the Green Economy.

201 Fairtrade International. 2014. Monitoring the scope and benefits of Fairtrade. Sixth edition 2014.

202 SSI. 2014. The state of sustainability initiatives review 2014. Standards and the Green Economy.

throughout all stages of production, brands can choose to buy it in bulk, then mix it with conventional cotton (or other fibres) in their products. Once they have met a certain volume of fair trade cotton purchased they can publicise their Fairtrade commitments, either via a logo on the packaging (the Fairtrade symbol accompanied by the phrase “Fairtrade cotton program” – see figure 10), or in general communication tools (brochures, website, CSR reports, etc.). The benefits for producers of fair trade cotton remain the same as with traditional certification (minimum price, premium, etc.)²⁰³.

Thus a “product” certification is replaced here with an “ingredients” certification. This new formula is simpler to use but also potentially misleading for the consumer, as the purchased product is not made with 100% fair trade cotton (only a proportion, which may be very low). Another problem is that consumers are not necessarily able to tell the difference between the two logos²⁰⁴. After all, companies could be led to favour the FSP approach, at the expense of the traditional, more demanding approach, with the possi-

ble consequence of damaging the reputation of the fair trade sector as a whole²⁰⁵. In any case, while the FSP programme is very open to criticism (and criticised) in the food sector, it is less so in the cotton sector, given the complexity of the chains and the weak impact of fair trade cotton up until now. One argument is that producers’ fair trade sales rates must be improved if we want them to continue to invest in this furthermore quite costly certification.

But many national Fairtrade initiatives seem hesitant to engage with FSPs, as Huyen Montreuil, sales manager for Max Havelaar France, tells us. *“We are still in a phase of research and reflection. One reason FSPs are criticised is because they are associated with major brands. But we must see that they are also well suited to small ethical brands. For these brands, it is very complicated and costly to use traditional certification, which requires a huge number of stages and operators to be covered.”* In any case, we will have to wait some years before we are really able to analyse the impact of this programme on the fair trade cotton market, a

programme which is “quite slow to get going” according to A. Singh, “even if some brands like Switcher and ISA bodywear in Switzerland recently committed to it”.

4.1.3. Textile standard

After much research, stakeholder consultations and tests in the field, FI finalised the requirements of its new Textile Standard at the end of 2015, for an official launch in early 2016. It is quite clearly too early to assess the impact that this standard will have on the textile industry and workers’ rights. Nevertheless in this chapter we will try to critically summarise its main features and innovations, for instance by reporting the point of view of some of the sector’s key players.

First of all, it is important to specify the standard’s scope. It applies to organisations operating within textile chains²⁰⁶, who employ salaried workers and process fair trade cotton and other sustainable fibres. It does not cover those working from home, nor countries/regions where freedom of association is prohibited or restricted (e.g. China, Vietnam), and excludes suppliers of accessories (e.g. buttons, zip fasteners). On the other hand it does include subcontractors (first-tier only, second-tier subcontracting not being permitted), as well as all workers at the factory site (permanent as well as temporary, migrant, contractual, etc.). Regarding the actual content of the standard, the main innovation high-

FIGURE 10. Logos for FSP vs. traditional Fairtrade cotton certification



203 Fairtrade International. The Fairtrade Cotton Program.

204 Some consumers could even see the new logo as an improvement on the old system, as a type of additional support programme specific to one sector. Source: Veillard P. Janvier 2014. Les récentes évolutions du label Fairtrade. Analyse Oxfam-Magasins du Monde.

205 This system can also be seen as a way for a brand to improve its image at a minimal cost, similar to BCI and CmiA.

206 Including but not limited to the stages of ginning, spinning, weaving/knitting and cut, make and trim (CMT).

lighted by FI is a collection of measures that promote “*mature social dialogue*” between workers and employers. In line with its 2010 strategy for workers’ rights²⁰⁷, the idea here is to couple the traditional monitoring process (i.e. audits) with the creation of **a supportive environment for workers**, for instance through criteria that reinforce freedom of association and collective bargaining:

- Obligation to have a democratic and independent form of workers’ organisation on site, ideally in the form of a trade union.
- Obligation for the supplier to sign a protocol on freedom of association in order to obtain certification. This protocol makes the workers’ right to unionise official and bans any interference from management in the collective organisation process (e.g. threats of dismissal).
- Facilitation of workers’ access to a local point of contact (e.g. trade unions, NGOs) informing them of their rights.
- Involvement of workers in a Compliance Committee (CC). The CC is in charge of monitoring and implementing the criteria, and can for example carry out risk assessments (which make it possible to prioritise the audited sectors), talk directly with brands about these risks, communicate audit results to workers, etc.
- Participation of workers’ repre-

sentatives in audits and corrective action.

- Adherence to a collective agreement if one exists, or, if not, commitment to a negotiation process.
- Building the capacities and knowledge of workers in terms of labour law (e.g. posters, information sessions, discussions in a general assembly, training, etc.). Training can be provided by trade unions, external organisations (e.g. NGOs) or the regional branch of Fairtrade International²⁰⁸.

Another major advance of the standard, according to FI, is the obligation placed on the supplier to implement **a transition process towards a living wage**. Starting from the wage currently paid, (the national/regional minimum wage or that resulting from a collective agreement, according to which is higher), a plan for progression towards a living wage within 6 years must be negotiated and drawn up with the workers’ organisation in order to obtain certification. Moreover, the trade criteria specify that the price paid by importers must allow for paying such a living wage (this must be included in a contract, in addition to various other requirements in terms of volumes, quality, payment methods, a conflict-resolution process, etc.). This part of the standard has undoubtedly been the most controversial, particularly during the consultation process with

stakeholders. In this way, many players such as CCC were worried that the figures and calculation methods for the living wage were still not defined at the beginning of 2016²⁰⁹. CCC has also heavily criticised the six year transition period, as “*irresponsible towards workers*” and “*misleading for consumers*”. For the NGO, this constitutes a “*disproportionate marketing benefit*” which allows a brand to proclaim itself fair trade before even having to pay a living wage²¹⁰. FLO’s response is that in fact the process makes it possible for steps leading to a living wage to be taken, and that the plan represents workers’ interests since it is negotiated with their representatives.

The standard’s other requirements are relatively traditional and common to most ethical trading codes (criteria on working conditions, safety, forced and child labour, discrimination, etc., based on the ILO Conventions). Two aspects that are perhaps more distinctive: the fact that the internal management system for compliance with criteria also applies to subcontractors (not only to the supplier), and a complaints procedure allowing workers or third parties to report labour law violations in a direct and anonymous manner.

The standard is considered to be a positive step forward by a number

207 Fairtrade International. 2012. A new workers’ rights strategy for Fairtrade.

208 In the Fairtrade International system, support for producers/workers is delegated to continental networks (three in number: Asia, Africa and Latin America), via a programme called PSR (Producer Services and Relations). Separate from the criteria/requirements, this programme is usually financed by Fairtrade International. But in the case of the Textile Standard, funding sources were still not defined at the beginning of 2016. Source: Veillard P. Janvier 2014. Les récentes évolutions du label Fairtrade. Analyse Oxfam-Magasins du Monde.

209 This inertia undoubtedly comes from the fact that FI is working jointly with 5 other sustainability standards (SAI, GoodWeave, Rainforest Alliance, FSC and UTZ), and in coordination with the ISEAL Alliance, on a joint definition and calculation method for a living wage (called the “Anker” methodology, the name of the ILO researchers who developed it). The objective is for all of these different certification systems, after a series of studies (18 underway in 14 countries), to use the same living wage references, specific to each country (of 50) and sector (toys, electronics, textiles, forestry and agriculture). Source: ISEAL Alliance. 03/12/2015. 18 Living wage benchmarks underway, criteria to be embedded in standards.

210 Luginbühl C. 21/01/2016. Un label « Fairtrade » pour le textile? Altermondes n°244.



Communication from Fairtrade International during the consultation process for its new textile standard

of players. Peter Williams, Oxfam Great Britain's representative in the WRAC (the Workers' Rights Advisory Committee of FI), judges that it attains *"a good level of credibility and synergy with other initiatives for ethical trade"*. For him *"Fairtrade-certified channels could provide a highly valuable example from which forms of collective organisation could grow, for example in Tamil Nadu in India."* He also considers that *"an approach focused on empowerment represents definite progress, for instance with the involvement of workers in monitoring and control systems"* (traditionally

a weak point of private standards). Time will nevertheless be needed to verify whether these different mechanisms function properly on the ground.

Other players have taken a more critical position, for example the global union IndustriALL, which considers that only mechanisms for collective bargaining throughout the whole industry can genuinely improve working conditions²¹¹. CCC is undoubtedly the most negative stakeholder²¹². On the issue of the living wage, as mentioned above, but also on the mechanism of social audit itself, and more generally, the

certification process. The NGO considers that social audits, on which the essence of FI's system is based, only give snapshots of a situation and so are totally ineffective in chains as complex as those of the textile industry (perhaps even harmful when they reinforce the precarious situation of workers by giving a false sentiment of security). Another major problem according to CCC is big brands' use of this type of certification for marketing purposes. By using it for certain garment ranges only, they improve their image at minimal cost. To encourage them to make progress throughout their entire value chain, CCC calls for more enforceable measures, such as the imposition of a minimum volume of labelled (and progressively increasing) articles or stricter communication rules²¹³. Ultimately, the NGO considers that the only way to really improve working conditions in the textile industry is to involve the entire sector and to force brands to revise their business model²¹⁴. Conversely, while they highlight the social quality of the Fairtrade standard, players such as Max Havelaar France fear for the final price of the products. *"Fairtrade cotton certified clothes are already 10 to 30% more expensive on average than conventional clothes,"* says H. Montreau. Either way, and even though Fairtrade has left its area of specialisation (agricultural raw materials) with this standard, the organisation unarguably has a certain credibility, linked specifically to an approach

211 Williams P. March 2015. OIFTWG briefing. Fairtrade textile standard.

212 The virulence of CCC's criticism towards the Fairtrade label could be explained, somewhat paradoxically, by the comparative progress that Fairtrade represents in the world of social standards. This new "improved" standard could indeed be used, in a rather classic way, as a pretext by certain brands for not committing to a more comprehensive and binding process of the EBA type, mechanisms which CCC moreover very strongly encourages in its lobbying strategies.

213 Luginbühl C. 21/01/2016. Un label « Fairtrade » pour le textile? Altermondes n°244.

214 Clean Clothes Campaign. 22/03/2016. New Fairtrade Standard will not benefit garment workers.

that is relatively demanding towards buyers and traditionally pro-development (compared for example with standards oriented towards “risk management” such as SA8000). Furthermore, this system is the only one covering the entire chain in a coherent way, i.e. both the cotton and textile stages, the latter generally representing the “weak” intermediate link between cotton and clothing (the vast majority of attempts to regulate the sector focusing solely on the clothing stage, particularly since Rana Plaza).



Fair trade and ethical fashion show at the opening of the WFTO conference in Milan, May 2015

4.2. INTEGRATED CHANNEL: WFTO GUARANTEE SYSTEM

In spite of its pioneering nature, Fairtrade International’s textile label is not the first to combine textiles and fair trade. As early as the 1960s, various organisations were importing and reselling “alternative” clothing made in Southern countries, most often from organic cotton (Fairtrade cotton certification not yet existing at that time). This is what is known as the **integrated channel**, where specialised Northern operators (with a Third World perspective, often connected with Christian religious movements) obtain supplies of fair trade products more or less directly from producers’ collectives and/or craftspeople. This channel relies on an organisational rationale, i.e. fair trade is the main business of all the organisations within the chain, from producers to importers to distributors. In-

deed the latter two are often the same, distribution generally being carried out through alternative networks in the world shop category (e.g. Oxfam-Magasins du monde in Belgium, Artisans du Monde in France, Gepa in Germany, Ten Thousand Villages in North America). In addition to ready-to-wear garments and fashion accessories, it is mostly handicraft products that are imported via this channel (e.g. jewellery, decorative items, toys, table accessories). Owing to their variety, they are less suited to product certification systems like that of Fairtrade than products in the food industry.

At the outset, indeed no certification existed, commercial relationships being based on the mutual trust of parties involved and respect for progressive contractual commitments (for consumers, often very committed, sale in an alternative shop was enough to guarantee the integrity

of the process). At the end of the 1990s, the need for the sector to strengthen its credibility with consumers, decision-makers and conventional private players (compared with the Max Havelaar label for instance, now Fairtrade), led to the development of a more professional and commercial approach. The IFAT (International Federation of Alternative Traders, now WFTO) then developed its first guarantee system, based on 10 principles to be respected by the organisations in the chain (see box)²¹⁵. The main aim was to meet the increasing demands of consumers in terms of the social quality of products.

215 The IFAT mark was officially launched at the World Social Forum in Mumbai in January 2004. Source: WFTO, December 2015. Sixty years of Fair Trade. A brief history of the Fair Trade movement.

10 WFTO principles²¹⁶

1. Creating Opportunities for Economically Disadvantaged Producers
2. Transparency and Accountability
3. Fair Trading Practices
4. Payment of a Fair Price
5. Ensuring no Child Labour and Forced Labour
6. Commitment to Non Discrimination, Gender Equity and Women's Economic Empowerment, and Freedom of Association
7. Ensuring Good Working Conditions
8. Providing Capacity Building
9. Promoting Fair Trade
10. Respect for the Environment

216 WFTO. 10 principles of Fair Trade.

While it has evolved greatly since its conception, for instance with the recent launch of a new version, the WFTO Guarantee System (GS) retains its main original features:

- The system is generic, i.e. can be adapted to any type of product (handicrafts, textiles, cosmetics, etc.) as it is based on organisations' practices and on the general WFTO principles.

- The criteria are very process-focused, in other words they enable members to continually improve.
- Mostly of a small size and historically/philosophically involved in fair trade, the partner organisations from the South are close to those who benefit, which ensures a form of legitimacy and guarantee with respect to the social quality of products.
- The monitoring system used is intended to be credible and affordable, by relying on a mix of internal and external assessments: self-assessment reports, external audits, visits/assessments by other WFTO members and a supervision/complaint mechanism (the Fair Trade Accountability Watch).
- The cost of audits is limited, thanks to a system linking the frequency of checks to organisations' past performance, in order to keep the tool accessible to as many organisations as possible²¹⁷.
- Lastly, a new feature of the GS is the introduction of a system of product labelling, in other words the possibility of placing the WFTO logo on a product's packaging. This system allows WFTO member sellers and partners to better communicate their fair trade commitment, as well as giving products and producers access to conventional distribution channels²¹⁸.



The different components of the WFTO Guarantee System

More specifically with regard to textile products: while the WFTO Guarantee System has less credibility in terms of control mechanisms, it is at the same time simpler, more flexible and less onerous than the Fairtrade system²¹⁹, which presents an advantage for chains as long and complex as those in textiles²²⁰. In fact, the system is predominantly used by niche brands, most often specialised in fair trade and sustainable clothing, who have developed forms of direct trade and support with a limited number of suppliers. The latter are likewise most often specialised in fair trade (as well as organic products) and frequently use production methods that are more artisanal than industrial²²¹.

217 The main change introduced by the new Guarantee System (GS) is an improvement in the reliability of monitoring. The old system also used a mix of self-assessment and audits, but the latter were very limited in number. This change was brought about by pressure from the Northern members of the WFTO, concerned about the credibility of their imports. Source: Veillard P. Février 2013. La certification organisation WFTO. Analyse Oxfam-Magasins du monde.

218 For more details on the product label and other new features introduced by the new GS, see: Giubilo F., Veillard P. Septembre 2015. Le label WFTO : de quoi il s'agit et dans quel marché il peut être trouvé ? Analyse Oxfam-Magasins du monde.

219 This lack of reliability is nonetheless compensated by the fair trade commitment of its member organisations.

220 Mailloux C. Février 2010. Les certifications comme outils d'amélioration des conditions de vie des collectivités du sud: étude de cas d'une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l'environnement.

221 These are often small community garment manufacturing workshops or consortiums of people working from home. More rarely industrial production units are found, smaller than average for the sector, and integrating several stages of processing. More details will be given in the case studies from India in our next study.

The availability of fair trade clothes in Belgium

Today, the range of fair trade clothes available in Belgium is relatively weak and sparse, with only a few specialised shops²²² marketing product ranges that are comparatively limited and of a typical style. However, certain initiatives aim to develop availability, such as the Gent Fair Trade programme²²³ of the town of Gent (historically a very important industrial centre for textiles), which comprises awareness-raising workshops, support for entrepreneurs, the organisation of an annual “Fair Fashion Fest”, activities for volunteer groups, etc. In the middle of the 2000s, Oxfam-Magasins du monde itself developed a collection of fair trade garments. Named “Kutim” and forming part of the wider range of artisanal products “Made in Dignity” (MID), this collection did not survive. Nevertheless, the step enabled OMM to gain some experience, for instance in terms of monitoring and evaluation (an external audit system was added to the WFTO guarantee system, which at the time was based almost entirely on partners’ self-assessment²²⁴).

222 A few examples: Oxfam and Couleur Sud in the Walloon/Brussels regions; Yak & Yeti, Today is a good day and Ethnics in Flanders.

223 www.gentfairtrade.be/.

224 This field assessment was carried out on a regular basis by an external consultant, on the basis of the code of conduct of the Campagne Vêtements propres (CVP – Belgian branch of the Clean Clothes Campaign). This code is a type of normative guide on the rules and criteria that must be put in place in order to create a credible control system. Source: Mailloux C. Février 2010. Les certifications comme outils d’amélioration des conditions de vie des collectivités du sud : étude de cas d’une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l’environnement.

Among the fair trade brands having developed their own ready-to-wear collections are People Tree in the United Kingdom and Japan, Altromercato in Italy (the “Auteurs du Monde” collection), EZA in Austria (the “Anukoo” collection), and Oxfam Intermon in Spain (the “Veralu-na” collection). The most well-known of these brands is undoubtedly People Tree, a pioneering company that enabled significant and early development in the range of fair trade clothes available in the UK (the largest B2C²²⁵ market in Europe, along with Germany). Often presented as the success story of the sector, it regular-

ly comes out on top in sustainability studies, like many other fair trade brands²²⁶. Consequently in 2014 it was rated by Ethical consumer as the most ethical ready-to-wear company in the UK. In spite of its relatively low turnover (ca. £8 million), it was especially well rated for its supply chain management system, its long-term relationships with its suppliers, and the forward-looking design of its collections²²⁷.

Integrated channels of fair trade are analysed further in the second part of this study, on the basis of various case studies carried out in

India. However, we can already make some general observations:

- Most producer organisations in this channel are very small in size. This presents certain advantages, for instance in terms of workers’ participation and empowerment, (e.g. democratic governance), guarantee of better working conditions and the absence of subcontracting. But the low volumes produced and production methods that are mostly or completely non-industrialised pose many challenges. Production costs in particular are usually considerably higher than the sector’s average, which has a strong impact on end prices and therefore sales. One consequence of this is that organisations are often dependent on a limited number of fair trade niche buyers, whose financial viability is not always guaranteed. Some organisations try to diversify their sales channels, either through local (emerging) markets or through the conventional international market, but they are often seriously deprived of resources, both human and financial.
- Likewise, at the other end of the supply chain, the “Western” WFTO member brands are usually very limited in size. This profile, in the SME (Small and Medium Enterprises) category, tends to make them quite reactive and innovative, however. Consequently many are at the leading edge of supply management, supplier relation-

225 “Business to consumers”, in other words mass market, as opposed to B2B (“business to business”, wholesale activities) or public markets.

226 In Australia, for example, fair trade brands such as Etiko and Audrey Bleu were rated top in the last evaluation of the Australian Fashion Report. Source: Baptist Worldaid Australia. April 2015. The Australian Fashion Report 2015. The truth behind the barcode.

227 Ethical consumers. December 2015. Ethical fashion report.

ships and product quality, particularly social quality (cf. forms of direct trade, regular visits, support programmes, etc., mentioned above). The majority hold a clear position in niche markets and target committed if not activist consumers, which allows them to bear the costs befitting a fair trade chain. Nevertheless, the number of fair trade brands remains very low, both in Europe and in other developed countries, which severely restricts the possibility of meeting the demands of consumers wishing to dress in an alternative way. Moreover, the often very “ethnic” style of existing fair trade clothes poses a problem. From this point of view, it would be useful to develop a more “mainstream” range, in terms of style but also audience (the available products currently targeting mainly women, and to a lesser extent children).

- Another relatively common weakness in this channel is the level of coverage of different manufacturing stages. Many organisations content themselves with buying their fabric direct on the local market, for example, sometimes without knowing anything about its origin or production conditions. Beyond issues of credibility, this poses many problems in terms of quality, timescales and reliability of supplies²²⁸. In this context, supplies of fair trade cotton clearly remain rare. Nevertheless, the

development of the new WFTO guarantee system should improve the situation in as far as it requires organisations to set up an internal supply management and monitoring system.

- Lastly, another area in which the WFTO principles come up against harsh realities on the ground is that of wages. In theory, the fair price paid to (and negotiated with, cf. WFTO principle 4) producer organisations should allow the latter to earn a living wage. But surveys have shown that, on the ground, payment of a living wage was far from systematic, workers sometimes earning even less than the legal minimum wage²²⁹. Organisations come up against many obstacles in this respect, ranging from the definition/calculation methodology for the living wage, to the viability of the organisation’s activities (owing to the price rises brought about by higher wages), to payment methods (often piecework, which raises the issue of the value of orders). Again, the implementation of a living wage policy within the WFTO, through a 5-year strategy, should enable the practices of member organisations to improve²³⁰.

²²⁸ Altromercato. 2012. *Quality in Fashion: a technical handbook for fair trade artisans*.

²²⁹ Williams P. 2013. *Fair prices & fair wages. A report for the European Fair Trade Association*.

²³⁰ Following research by an external consultant (P. Williams) carried out for the European Fair Trade Association (EFTA), the WFTO created a working group in 2013, leading to the development of the 2015 strategy on the living wage. This strategy makes provision for the creation of a pilot working group of 15 members, with a mandate to test the living wage calculation methods of DAWS (Dutch Association of World Shops) and SAI (Social Accountability International) on the ground. Source: Pinault L. Décembre 2015. *Commerce équitable : prix juste et salaire vital ? Analyse Oxfam-Magasins du monde*.

5. CONCLUSIONS

It can be seen that the contribution of the different fair trade channels remains limited in terms of resolving or mitigating the social and environmental impacts of textile production. The contrast is all the more striking when compared with fair trade food chains, which are significantly more developed.

To summarise, on one hand we have the Fairtrade certification system, which, faced with the complexity of supply chains, has only been able to cover a single part of them (cotton) in the first instance, combining it with existing standards for the other stages. As detailed above, this has led to problems of unequal treatment between players, significant risks of labour law violations and confusion among consumers, all with an effectiveness that is relative in terms of certified volumes and impacts among small producers. The future will show whether the more comprehensive and capacity building approach used by the new Textile Standard will make it possible to improve the general impact of the system.

In any case, the mechanics involved are much more complex and costly than in the WFTO Guarantee System. The simplicity and affordability of the latter are connected with its organisational and Third World approach, as opposed to the Fairtrade philosophy of insertion of fair trade into conventional markets. The result is that the integrated channel currently constitutes the only possibility for a 100% fair trade garment, and this even though its practices must still be significantly improved (cf. issues of coverage of the chain and wages mentioned above). On the other hand, the WFTO system reaches an even lower number of beneficiaries than Fairtrade: it only covers a niche market, occupied by only a few brands (but which we can consider to be at the forefront of social innovation). Owing to this minimal size, its overall impact on the working conditions of workers in the sector is extremely low when faced with the enormity of the world textile industry.



Demonstration in Bangladesh on the first anniversary of the collapse of Rana Plaza, 24th April 2014

Ultimately, the fair trade textiles landscape is making progress in a disparate way, with two systems of relatively different approaches and philosophies. Nevertheless, these approaches are proving rather complementary: the Fairtrade standard is designed more for industrial production and (relatively) conventional products, the WFTO standard for artisanal forms of production, products of a superior social quality and informal workers, those working from home and/or marginalised populations. The question that naturally arises is how to overcome existing obstacles and move the whole sector forward? A first positive element in response is that the context has never been so favourable. As dramatic as it may have been, the accident at Rana Plaza provoked a tidal wave of indignation whose aftershocks are still being felt 3 years later. One consequence is the increased pressure from consumers for a range of available fair trade/ethical/sustainable clothing that is both abundant and varied. This phenomenon is accentuated by the development and success of campaigns like Fashion Revolution. These awareness-raising and mobilisation efforts will nevertheless have to be strengthened, for instance to allow these same consumers to understand the totally anomalous nature of the outsourced prices of conventional textiles (justifying the price of fair trade textiles). On the other hand, the experience gained by fair trade organisations (e.g. the broadening of Fairtrade's expertise from the agricultural sector to the industrial sector) should make it possible to improve the quality and variety of what retailers can offer in the future.

These questions will be dealt with in more detail in our next study. Its purpose is to study in depth a variety of Indian organisations specialised in fair trade textiles, and to examine more precisely the challenges that they face. The ultimate goal is to formulate a collection of avenues for action to help them develop and improve their practices. Recommendations for the Indian and Belgian governments will also be formulated, for them to put in place policies to support the sector. With, as a guiding theme, the idea that developing fair trade channels of an exemplary nature could pull the whole textile sector up to a higher level and therefore ultimately benefit a large number of workers.

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