



FAIR TRADE TEXTILE AND DECENT WORK

HOW CAN THE FAIR TRADE TEXTILE SECTOR BE DEVELOPED? AVENUES FOR ACTION FOR FAIR TRADE PLAYERS AND POLITICAL DECISION-MAKERS.

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INTRODUCTION

Anger is often a driving force for change. The collapse of the Rana Plaza textile factory in 2013 may have led to an unprecedented wave of indignation in the fashion industry, and with it numerous attempts at better regulation of the sector¹, but has this led to a change in the way we dress? This is doubtful... despite the proliferation of incidents of this type², changes in our consumption habits still appear very marginal in this domain, particularly compared with others such as the food sector³.

The limited availability of sustainable – and more specifically fair trade – clothing and textile products appears to be one of the main problems, despite there being multiple and diverse factors at play. If we take the case of Belgium, for example, the supply of fair trade clothing is very erratic: only a few specialised shops market product ranges that are relatively limited and of a typical style⁴. In comparison, the British, Italian and Spanish fair trade markets are more developed, benefiting from the presence of brands such as People Tree, Altromercato and Oxfam Intermon. How can these examples be replicated and spread? Must demand be influenced at the same time, for instance through increased awareness? Can the sector ultimately be brought into the mainstream, in order to offer consumers a real alternative to the dominant model, a vehicle for so much injustice?

The purpose of this analysis is to present several avenues for action aimed at fair trade players and political decision-makers. With regard to the former, we will concentrate more specifically on fair trade organisations (FTOs) from the integrated channel (WFTO). One reason for this is that Oxfam-Magasins du Monde (OMM) belongs to this fair trade family. Another is that the labelled fair trade textile channel is already benefitting from the new Fairtrade International Textile Standard. In comparison, the integrated artisanal sector suffers from disadvantages of a more structural nature and generally targets populations that are more marginalised, which can justify increased support for its development.

At the political level, these recommendations are principally aimed at Belgian, European and Indian players. India has been chosen because fair trade textiles are relatively developed and integrated there, and because OMM already has several Indian partners. The aim is to utilise these avenues for action during OMM's "Fair Trade Textiles and Decent Work" 2017/18 campaign. In the future, these recommendations could serve as a basis for discussion for a concerted development of the sector, in India (and more extensively in the South) as well as in Europe.

1 <https://www.oxfammagasinsdumonde.be/>

2 To cite just a few 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.

3 On this subject, see for example Oxfam-Magasins du Monde's campaign "Cultivons les alternatives" regarding alternatives in the food sector.

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

1. FAIR TRADE ORGANISATIONS

ALL

A first course of action would be for all organisations closely or distantly involved in fair trade textiles to carry out **work to advocate increased and specific support for the sector from public authorities**. Rana Plaza and the many public awareness campaigns which followed (such as Fashion Revolution) have created a context, for instance at a political level and in the media, which is clearly favourable. The argument could be focussed for example on the social impact of the fair trade textile sector, its benefits in terms of image in an industry with a disastrous reputation, its contributions to the UN's Sustainable Development Goals (SDGs), its difficulties in a context of fierce competition and widespread social dumping, etc.

NORTHERN FTOS (IMPORTERS)

- For Northern, and more specifically European, FTOs, the priority should be to **develop market access and demand for fair trade textile products**. The lack of resources and economic difficulties experienced by Southern fair trade textile suppliers, particularly the smallest FTOs, severely limits their capacity to adhere to all of the fair trade criteria. Avenues for the development of these markets include:

- the expansion of product ranges (beyond simple fashion accessories, home textiles, etc.) to include other more common consumer goods (underwear, baby clothes, t-shirts, and ready-to-wear garments more generally);

- the development of communication strategies focussed around aspects of social and product innovation, enabling these Northern FTOs to set themselves apart from other economic players.

- In parallel, these FTOs could **explore fundraising aimed at Southern partners** specialising in fair trade textiles, more specifically to finance campaign and advocacy activities, which are virtually non-existent at the moment. To this end, Northern FTOs could take advantage of several trends in cooperation: the increased involvement of private players, the growing visibility of fair trade (cf. the EU's new strategy entitled "Trade for All"), an increase in Aid for Trade type schemes⁵, etc.
- Another solution advantageous for buyers would be to **create fair trade supply chains** using different parties specialised in one or more stages of the chain, who each already perform well in their domain at the social and environmental level. Given the difficulty for a single supplier to respect the demanding social and environ-

mental criteria throughout the entire supply chain, it would be useful to develop links between different fair trade stages: between cotton producing FTOs and those covering spinning, weaving or dyeing, and those specialised in product manufacture. This is what the German FTO "3Freunde" has done, for example, by combining the strengths of the three Indian fair trade organisations Pratima, Armstrong Knitting Mills India and Mila Clothing, who specialise in the stages of cotton growing, spinning/weaving/dyeing, and garment manufacture respectively.

SOUTHERN FTOS (SUPPLIERS)

- In the South, one of the priorities of FTOs should be to better quantify the non-wage benefits which they usually provide to their craft-people and/or workers (see recommendations to WFTO below). They should also try to improve/ **systematise their access to social security programmes** (administrative support with official identification procedures, obtaining a bank account, etc.), at the federal or regional level. (e.g. "welfare boards"⁶). One of the benefits of this would be that the public aid obtained would allow savings made on social benefits to be transferred directly to wages, in

⁵ On this subject, see the Oxfam-Magasins du Monde analysis: Veillard P. September 2013. Du commerce équitable aux chaînes de valeur durables.

⁶ These "welfare boards" are tripartite bodies (government, employers and workers) of certain Indian states (therefore existing at a regional level) which provide informal workers with various benefits such as work equipment, assistance with identification procedures, discussion forums, etc.

order to move towards a living wage. The minimum goal in this domain would be to achieve a piece-rate that corresponds to a living wage when adjusted for average working time⁷.

- Whether through public aid or funded directly by Northern FTOs own resources, **training programmes** for craftspeople and workers could be developed. The goal would be to improve their knowledge of labour law, more specifically issues of trade union freedom, collective bargaining and democratic organisation of work. It would also be useful to provide these FTOs with more capacity building in the areas of production, trade, organisation, etc., in order to develop and di-

versify product availability, as well as the reliability and quality of production, absolutely crucial in the sector.

- Another course of action, particularly for the smallest FTOs, would be to **increase systematic procurement of organic cotton**. As well as the obvious marketing advantage of using organic (a sector that is booming, due to the ecological, natural, etc. aspects which more and more consumers are demanding), this specialisation enables a better guarantee of the “ethical” coverage of the supply chain (cf. criteria of the GOTS certification system⁸).
- Lastly, these Southern FTOs should join trade union or NGO coalitions (e.g. SEWA, Wiego) and

together with them **call for an improvement in national legislation concerning those working informally and/or from home** (e.g. on the basis of ILO Recommendation No. 204⁹, or, specifically in India, the recent corresponding draft law presented to the Indian Parliament). In addition to the issue of access to social security programmes mentioned above, the aim would be to obtain better recognition of and stability in their work, to establish minimum piece-rate wages, to promote the contributions and impact of the fair trade sector, etc.

2. WORLD FAIR TRADE ORGANISATION (WFTO)

- The World Fair Trade Organisation should include in its WFTO Guarantee System **a requirement for the systematic calculation (i.e. monetary quantification) of social benefits** awarded to craftspeople and workers. In this same area, it would also be useful to better evaluate (for example through surveys) the practices of members involved

in fair trade textiles. This work could be conducted by the WFTO’s working group on the living wage, while also including the recommendations for obtaining better access to public systems of social protection (see recommendations for Southern FTOs above).

- Also within its Guarantee System, the WFTO could **extend the re-**

quirements of its monitoring system (IMS) to all stages of the textile supply chain, in other words from the plant providing the fibre to the finished product, for main materials like cotton (but not for accessories). The logic for this increased requirement specific to the textile sector is the complexity and length of its supply chain

⁷ In the knowledge that many craftspeople have other economic activities (for example in agriculture), as at the Indian organisation CRC, for example.

⁸ The Global Organic Textile Standard is a harmonised certification system covering the various stages of textile production. It guarantees adherence to criteria that are mainly environmental (e.g. a ban on harmful or carcinogenic substances, management of water, energy and waste, a minimum of organic raw materials), but also social (fundamental ILO Conventions). See: Infolabel. GOTS.

⁹ International Labour Organisation. See also: Equal Times. 04/07/2016. Recommendation 204: ending informality. Equal Times ‘News at work’ special report n°10/2016.

compared to the wider handicraft sector (comprising products generally subject to little processing and therefore with a lower “labour content”). This criterion for establishing a system of a due diligence or risk management type could, at least in the initial phase, be considered a criterion for progress.

- Lastly, the WFTO could **revise its Principles 2 and 6**¹⁰, which current-

ly cover the areas of workers’ participation and freedom of association separately, to bring them together under one more coherent heading dedicated to the principle of workers’ empowerment. In line with this, a training programme on issues of labour law could be set up by regional platforms (more specifically WFTO Asia), aimed at the employees of their member

organisations. The idea would be to make empowerment a major principle that differentiates the WFTO integrated channel in the textile sector, through its communication, campaigns and advocacy equally (consistent with the inclusion of textiles in WFTO 2016-18 advocacy plan)¹¹.

3. POLITICAL DECISION-MAKERS

THE EUROPEAN UNION (EU) AND THE BELGIAN GOVERNMENT

- A first course of action for public authorities would be to **utilise the power of public procurement for the benefit of fair trade cotton/textiles**. Fair trade public purchasing is an easy way for them to demonstrate consistency between their policies and their purchasing practices. This furthermore presents a significant potential in terms of purchase volume (cf. professional clothing), as numerous players have already shown (e.g. La Poste and the City of Paris in France, the London School of Economics in the United Kingdom)¹². The EU Directive on

public procurement of February 2014 facilitates this approach in that it clearly specifies (in Article 97) that the supply or use of fair trade products may be included in calls for tender, either i) in the criteria for awarding the contract, or ii) in the performance terms of the contract¹³. In Belgium, fair trade is not directly mentioned in the law of 17th June 2016 implementing the Directive. It would therefore be advantageous to include it in the formulation of future Royal Decrees (with an emphasis on textiles), as well as in documents or events providing information for public officials responsible for procurement.

- The EU and Belgium could also **increase their support for fair trade cotton and/or textiles in**

their commercial and development policies. At the European level, this could be provided through specific support for the sector in the operationalisation of the new European “Trade for All” strategy¹⁴, in the sustainable development chapters of the EU’s new generation of free trade agreements (FTAs) and in its Aid for Trade policies more generally.

- The EU’s Garment Initiative should **give priority to fair trade cotton/textile products**. Currently focussed on garment manufacture, this initiative could be extended to the whole value chain, including raw materials such as cotton. In the medium term, active measures could be put in place to help other players in the textile industry, such as craftspeople or

10 WFTO Principle 2, “Transparency and Accountability”, covers aspects of empowerment more specifically through points 2.4 (“The organisation implements appropriate and participatory ways to involve constituent members and employees in its decision-making”) and 2.5 (“process for internal communication”). Principle 6 concerns “Freedom of Association”, as well as “Commitment to Non Discrimination, Gender Equity and Women’s Economic Empowerment”.

11 WFTO, February 2016. Advocacy and campaign work plan 2016-2018.

12 FTAO et al. November 2016. Recommandations politiques pour une meilleure gouvernance de la filière coton en Afrique de l’Ouest.

13 Article 97 of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement.

14 European Commission. 14/10/2015. Trade for all - Towards a more responsible trade and investment policy. Section 4.2.4 on promoting fair and ethical trade schemes.

the producers of other raw materials¹⁵. In the event of the process reaching a conclusion (cf. a relative political stalemate since its launch in 2014), the involvement of and active support for fair trade players (particularly from the South) in operationalisation would be very pertinent, given the inclusive (cf. transparency, power redistribution, capacity building, etc.) and “ready-to-use” nature of fair trade channels.¹⁶

- Over the longer term, the EU could further **explore opportunities for preferential market access** (or “qualified” access) for fair trade (textile) products (and for more broadly sustainable textile products)¹⁷. In Belgium, it would be beneficial for parties to cooperate in setting up and financing a programme for the development of one or more fair trade textile channels in its countries of intervention¹⁸. The Trade for Development Center (TDC) could also extend its available support to the fair trade cotton and textile sec-

tors¹⁹. More generally, Belgium could follow the example of France, who has signed bilateral cooperation agreements with Ecuador, Bolivia and Brazil to promote fair trade and a social and solidarity-based economy in their commercial relationships²⁰.

- The EU and/or Belgium could equally establish a **binding legislative framework requiring due diligence from companies importing textile products** on their soil. The various existing initiatives not having progressed very far (cf. discussions regarding a business and human rights treaty at the UN) and/or being unambitious (cf. the OECD Guidelines), the EU could take the lead in creating a minimum floor with regard to respect for human and labour rights in global value chains²¹. For example, models developed for other sectors could be extended to the textile sector (Directives on timber and conflict minerals, for example, with improvements to make them more efficient and binding²²). The

Belgium government, for its part, could take inspiration from the legislative initiatives of various European neighbours (cf. the UK’s Modern Slavery Act²³ or the French Duty of Care law²⁴).

- In a similar vein, Belgium could **establish a national strategy to increase sustainability in the textile industry**. To achieve this, Belgian cooperation could take inspiration from other initiatives in Europe, such as the Agreement on a Sustainable Garment and Textile Sector²⁵ in the Netherlands, or the Partnership for Sustainable Textiles²⁶ in Germany. In addition to creating a forum for dialogue and exchange between companies regarding good practices, this strategy could include a series of measures to support the sector in Belgium, among which could be envisaged:
 - tax incentives, for example reductions in VAT on fair trade textile products;
 - funding for research (e.g. the development of techniques for tracing textile products, for map-

15 FTAO et al. November 2016. Recommandations politiques pour une meilleure gouvernance de la filière coton en Afrique de l’Ouest.

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

17 In practical terms, this comes down to reducing customs tariffs for sustainable, fair trade, ethical etc. products, or products that respect high social/environmental standards more generally (e.g. ILO Conventions, standards taking into account human, socio-economic and cultural rights, etc.). In parallel, products giving rise to blatant and documented human rights violations could be subject to import taxation or barriers, as with the EU’s (as yet very limited) “Generalised System of Preferences” (GSP). In order to avoid any accusations of protectionism, revenue collected on non-compliant products would be dedicated to a fund for support/cooperation. For more information, see: Veillard P. November 2016. Position d’Oxfam-Magasins du monde sur la question du TTIP.

18 For example in Mali or Burkina Faso, two countries in receipt of Belgian aid and with a high dependence on the cotton sector. The structuring of processing capacities in fair trade and organic cotton/textiles could significantly help them to move up the value chain and would contribute to them developing in a more inclusive way, like certain East African countries (e.g. the organisations Mantis World in Tanzania and Plexus Cotton in Uganda). Source: FTAO et al. November 2016. Recommandations politiques pour une meilleure gouvernance de la filière coton en Afrique de l’Ouest.

19 The TDC regularly launches calls for proposals for marketing/financial/business management support, in order to improve market access for fair trade and sustainable organisations in the South. The most recent call includes many agricultural and mineral raw materials, as well as the tourist sector, but not cotton/textiles.

20 Accord bilatéral entre la France et l’Equateur relatif à l’ESS et au commerce équitable.

21 FTAO et al. November 2016. Recommandations politiques pour une meilleure gouvernance de la filière coton en Afrique de l’Ouest.

22 Le Monde. 16/06/2016. Les institutions européennes s’accordent sur un encadrement des « minerais de sang ».

23 Business & Human Rights Resource Centre. United Kingdom’s Modern Slavery Act 2015.

24 By introducing an obligation to develop vigilance plans, this law imposes legal responsibility on large companies located in France with regard to the entire value chain (in France as well as abroad), which among other things involves access to justice for victims. Source: CCFD Terre Solidaire. 13/10/2016. La proposition de loi sur le devoir de vigilance bloquée au Sénat.

25 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 supply 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, funding 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.

26 Launched in April 2014 by the Minister for Economic Cooperation, Dr. Gerd Müller, this partnership developed an action plan to improve the practices of the sector, 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). 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.

- ping supply chains);
- support (financial and/or other) for campaigns, conferences, information or training programmes aimed at fashion companies (particularly SMEs) regarding fair trade and sustainable textiles²⁷;
- inclusion of promotion for existing guarantee systems in this work, such as Fairtrade International's cotton sourcing programme and new Textile Standard, or the WFTO's new product label;
- funding for public awareness campaigns about the true production and consumption costs of textile products.

INDIAN PUBLIC AUTHORITIES

- In India, the authorities should **develop a national policy for the promotion of fair trade cotton/textiles**. As already mentioned, India enjoys a fairly unique situation in that all stages of textile manufacture are present on its soil, and it is home to many organisations specialised in fair trade textiles. The development of a specific strategy could enable India to make its fair trade (textile) sector a tool for economic diplomacy. To achieve this, it could take inspiration from strategies implemented in several European and Latin American countries²⁸. The measures to be

covered by this strategy could include:

- better recognition and promotion of this sector;
 - financial or commercial incentives for fair trade products (e.g. export subsidies higher than those for conventional textiles²⁹);
 - increased support for developing the capacities of existing fair trade organisations, as well as for the Fair Trade Forum India platform (for example for public awareness campaigns);
 - organisation of trade fairs to put Indian suppliers in contact with international buyers, etc.
- The Indian public authorities could additionally **systematise administrative and financial support to help informal workers in the sector access social security schemes**. Numerous systems already exist, for instance within the Office of the Development Commissioner for Handicrafts (attached to the Ministry of Textiles). But the procedures are long and complex, which makes them difficult to access for these populations (who usually have little education and whose time must first and foremost be dedicated to very poorly paid work). Among the measures to adopt may be cited:
 - a simplification of procedures;
 - an increase in the number of personnel dedicated to collecting information and to adminis-

trative support for craftspeople; - the award of funds to organisations who train and support the sector's craftspeople on these themes (e.g. SEWA or FTF-I for the fair trade sector).

In general terms, the government should more closely follow the latest recommendations of the National Commission for Enterprises in the Unorganized Sector (NCEUS), in order to establish a universal system of social security³⁰.

²⁷ These activities could be conducted, for instance, in collaboration with chambers of commerce or representation platforms for the textile industry, while emphasising more particularly the economic benefits of fair trade and sustainable approaches (e.g. an improved image among consumers, a reduced product rejection rate, improved quality and delivery times).

²⁸ CLAC, FTAD. June 2015. Public policies in support of fair and solidarity trade. First research phase: the cases of Colombia, Ecuador, Brazil, France, Italy and Spain.

²⁹ Export subsidies in the conventional sector are 3-4%, according to J. Joseph, director of the Indian FTI Creative Handicrafts.

³⁰ The NCEUS (National Commission for Enterprises in the Unorganized Sector) is a special multi-stakeholder commission created with the aim of studying the issues of the informal economy in India. It returned its conclusions in 2007, recommending the adoption of umbrella legislation which would cover all workers against the principal risks (health, sickness, employment, old age). See also chapter 3.2.1 of the study: Veillard P. December 2016. Travail décent et textile équitable. Impact du commerce équitable sur la durabilité des chaînes textiles. Etude de cas de 4 organisations équitables Indiennes.

CONCLUSION

As seen, because the fair trade textile sector is still very little developed, the avenues for support and development are many and varied. In light of the history of longer-established fair trade sectors, for instance in the food industry, it is clear that a significant increase in the power of fair trade textiles can only take place through a holistic approach, combining, among other things:

- stimulation of demand in the North and the South (e.g. public awareness and education campaigns, advocacy for public procurement, support with network creation);
- support for production (e.g. building the capacities of FTOs through technical, organisational or business support);
- facilitation of transparency and information transfer throughout the supply chain;
- the pursuit of new sources of funding;
- the simultaneous creation of a favourable (inter)national legislative environment³¹.

Regarding this last point, given the extremely competitive nature of the worlds of fashion, textiles and clothing, it seems inevitable that both a “floor” and a “ceiling” must be developed in the legal framework: at the same time offering protection for fair trade textiles, and enforcement/restrictions for products not adhering to minimum social and environmental standards.

From this point of view, it would be beneficial to further explore the avenue of qualified market access. Taxing socially harmful products while removing taxes from ethical products is an area as yet little explored by the fair trade movement, and something that would undoubtedly merit more attention.

31 Veillard P. September 2013. Du commerce équitable aux chaînes de valeur durables.



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