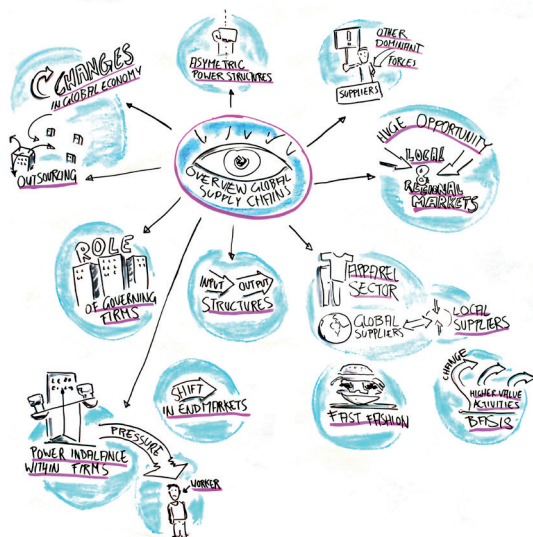


Strategies to Improve The Working Conditions Along Global Supply Chains

Report on the conference on 3 / 4 September 2015
by Frederike Boll and Miriam Saage-Maaß
Illustrations by 123comics

GLOBAL SUPPLY CHAIN - ECONOMIC & POLITICAL BACKGROUND

NEO-LIBERAL ECONOMY AND GLOBAL SUPPLY CHAIN STRUCTURES -
STAKEHOLDER, LEGAL FRAMEWORKS AND THE PROMISE OF SOCIAL UP GRADING



GLOBAL COMPETITION LEADS TO INHUMANE WORKING CONDITIONS. THIS HAS TO CHANGE!

Sudden catastrophes make us aware of what we could have known before: The working conditions along global value chains are inhumane. They include deficient fire and building safety at the work-place, excessive working hours, inadequate payment, sexual violence, restriction of trade union rights and violence against trade union activists. Since the fire disasters in Pakistan in autumn 2012 and the collapse of the factory building Rana Plaza in Bangladesh in spring 2013, these abuses are increasingly being discussed in society and politics. In the producing countries, the consumer states and at the international level, trade union and civil society actors advocate for improving the working conditions along the global production- and supply chains.

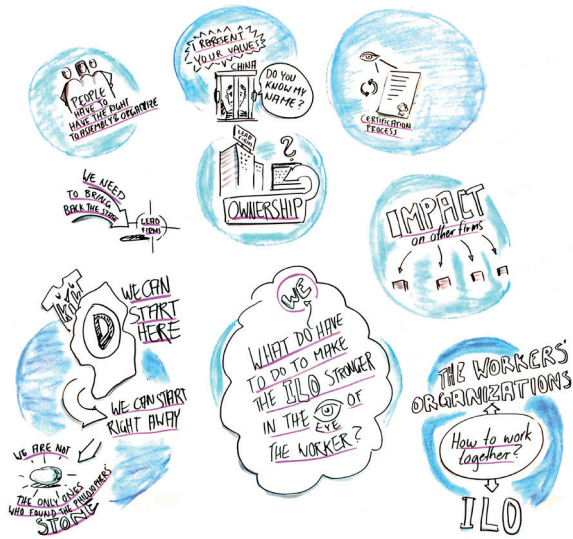
On 3rd and 4th September 2015, the Friedrich-Ebert-Stiftung (FES), the European Center for Constitutional and Human Rights (ECCHR), the German trade union confederation (DGB) and the Hans-Böckler-Foundation held a two-day symposium to discuss and analyze different national and international strategies to enforce social standards worldwide.

THEORIES OF CHANGE: WHAT HELPS TO IMPROVE WORKING CONDITIONS IN THE GLOBAL ECONOMY

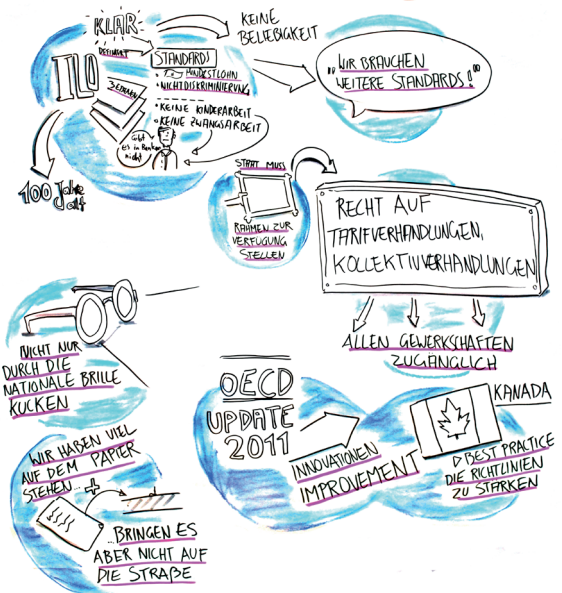


BACKGROUND: UNEQUAL POWER STRUCTURES ALONG THE VALUE CHAIN

The global economy has changed. It is increasingly intertwined, but globalization has neither reduced social inequality nor furthered social and labor standards worldwide. On the contrary, globalized finance markets and emerging global production networks have extended asymmetric market- and power structures. As a result, few corporations dominate the market and competition in the supply industries tightens. This leads to intensifying competition between producing countries, which is dealt with at the expense of the workers. Furthermore, the neoliberal political



INTERNATIONAL STANDARDS TO PROTECT WORKERS' RIGHTS



mainstream has facilitated this development. A trade regime focusing on abolishing trade barriers and on strengthening economic agents is vivid proof of the neoliberal dogma's dominance.

NO NEED TO REINVENT THE WHEEL

What can trade unions, workers, and governments do to fight asymmetric power structures?

Trade unions have been trying to commit transnational corporations to social dialogue, but these attempts have failed for a long time. Supported by rising public pressure after several tragedies, trade unions recently succeeded to conclude so-called Global Framework Agreements with some transnational corporations. These agreements are based on the ILO Core Labor Standards and on other conventions. In addition, the framework agreements apply to all business activities and to the whole global production network including suppliers, business partners, and others. However, implementation remains problematic. Production site workers and owners often don't know about existing agreements and therefore cannot invoke them, for instance when violations of ILO core labor standards occur.

The **ILO** aims at providing decent work for all. However, its tripartite organizational form consisting of representatives of trade unions, employers' organizations and governments poses a constant challenge. Reconciling all interests in one organization often proves difficult. Still, the ILO has addressed many relevant issues and challenges of the (transnational) labor market early and continuously in its various international conventions and recommendations, including its Core Labor Standards and its Declaration on Social Justice for a Fair Globalization. Unfortunately, many of these conventions still haven't been ratified or implemented due to a lack of political will. Furthermore, the ILO has no sanction mechanisms and can hardly take legal action against violations.

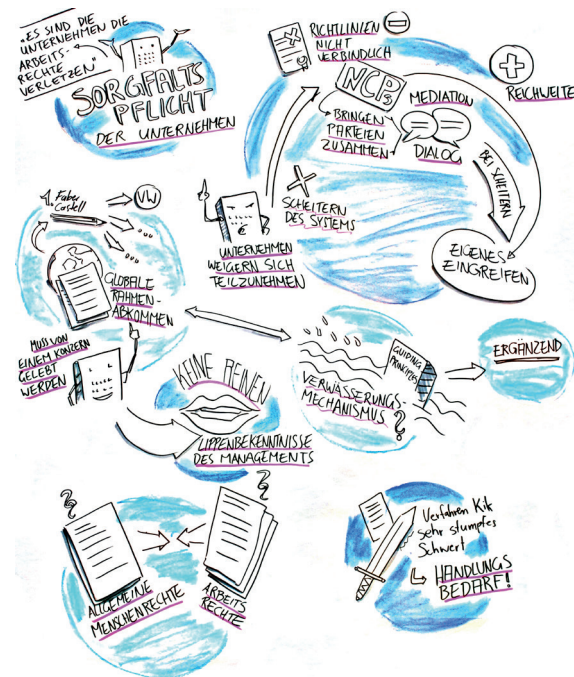
The situation is similar with the **OECD Guidelines For Multinational Corporations**. They were also created to promote a code of conduct for corporations worldwide and 42 governments agreed on implementing them. In 2011, the guidelines were extended to cover the supply chains. With this revision, the OECD acknowledged that the influence of transnational corporations is not limited to their company, but spans the entire production network. The National Contact Points (NCPs) are an important instrument for victims of human rights violations. The NCPs are government agencies responsible for receiving complaints about infringements of the OECD Guidelines, for evaluating

them and for promoting the Guideline's application. Unfortunately, they often fail to support victims. Many of the NCPs are inadequately funded or lack the structures necessary to effectively respond to the human rights violations reported to them.

The **UN Guiding Principles on Business and Human Rights** initiated by Prof. Ruggie are among the main internationally recognized standards. They do not only define the human rights responsibilities of states, but also those of corporations. They were adopted unanimously by the UN Human Rights Council in 2011 and constitute a major step forward. The 31 guiding principles refer to the Universal Declaration of Human Rights as well as to the ILO-Declaration of Principles and substantiate the approach »Protect, Respect and Remedy«. All UN member states are called upon to implement these principles in a so-called »National Action Plan for Business and Human Rights«. Germany has started the implementation process in 2014, but at the time of writing, it is difficult to foresee if this process will lead to binding standards for corporations. However, a legal framework is urgently needed to define the specific due diligences obligations of big corporations operating at the end of the supply chains. This is the only way to ensure good working conditions in supplier companies.

In response to Rana Plaza and other disasters, new initiatives emerged that aim at improving the horrendous conditions. One of them is the »**Accord on Fire and Building Safety in Bangladesh**«, in which more than 200 companies participate already. Another one is the »**Partnership for Sustainable Textiles**« initiated by the German Ministry of Economic Cooperation and Development. In June 2015, the sector's main associations and many large fashion companies joined the Partnership. However, it remains to be seen how effective these initiatives are in preventing human rights violations.

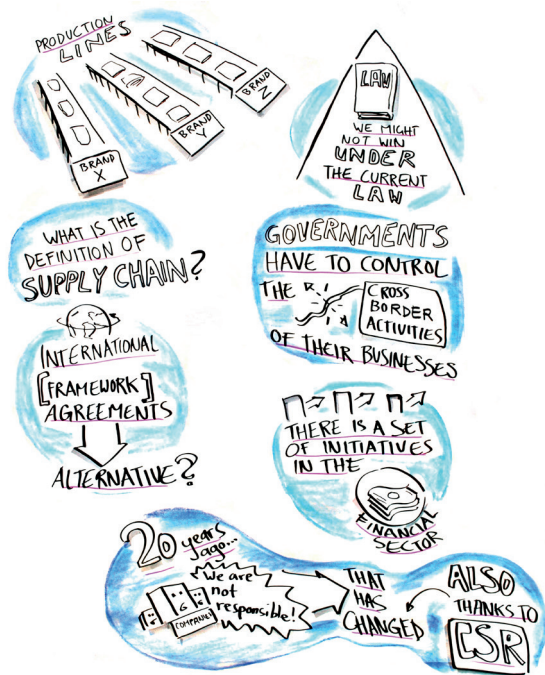
Furthermore, some **victims of the factory disasters** mentioned above are taking legal action against the purchasing companies. For example, Pakistani workers and their families, along with lawyers and the ECCHR, have filed a lawsuit against Kik, a textile discounter based in Germany and the main customer of Ali Enterprises Fabric. In this way, they demand investigation, compensation and justice. Bangladeshi and Pakistani organizations also seek to proceed against the auditing companies that had confirmed the safety of the factories shortly before the devastating fire and building collapse.



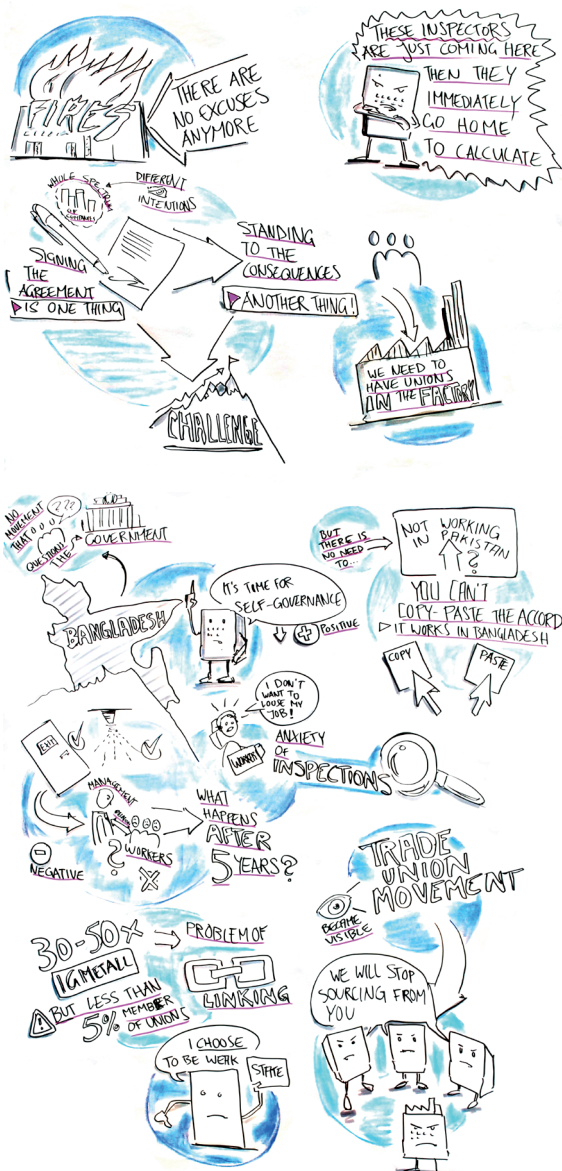
WHAT IS THE ROLE OF THE COMPANIES?

WHEN DOES CORPORATE SOCIAL RESPONSIBILITY WORK AND WHAT ARE THE LIMITS? HOW CAN WORKS COUNCIL WORK WITH THE UN GUIDING PRINCIPLES? CAN BAD CSR PRACTICES BE LEGALLY CHALLENGED? IS LEGAL REGULATION THE ANSWER?





FROM VOLUNTARY TO BINDING STANDARDS
THE SAFETY ACCORD IN BANGLADESH



LONG LIVE INTERNATIONAL SOLIDARITY!

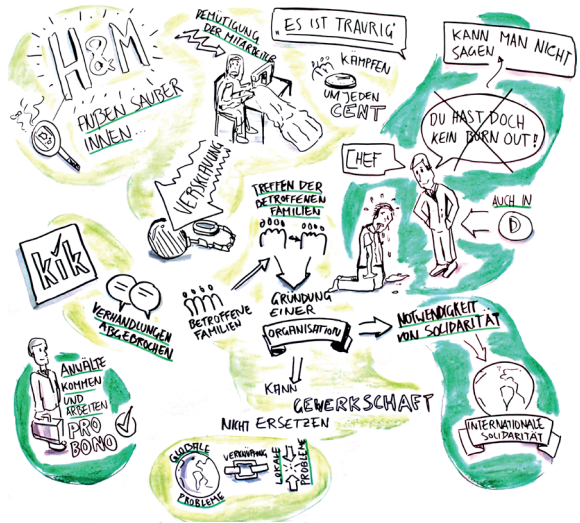
Although the instruments mentioned above are still far from being enforced, they do provide a starting point to establish social standards along the value chain. The challenge trade unions and civil society organizations face is not the lack of existing standards for good working conditions, but the lack of effective implementation and of sanction mechanisms.

Basically, neither global economic processes, nor working conditions exist in a vacuum any interference with which would be impossible. Therefore, all actors should advocate for effectively implementing existing standards as well as for sanctioning violations. Trade unions should increasingly develop strategies to organize workers – in the global North as well as in the global South. Solidarity is not a dusty term, but highly topical and urgently required – not only on the national, but also on the global level! Global Framework Agreements have to be strengthened and implemented, also in the production facilities. To achieve this aim, a number of measures are needed, e.g. broad information campaigns within companies. Furthermore, every (!) government should firmly enforce international standards such as the ILO core labor standards. Governments should also ensure access to justice and compensation for the victims of human rights violations. Especially the public sector has a special responsibility, as it is obliged to conduct fair and sustainable procurement procedures. At the same time, states should support the implementation of the UN Guiding Principles for Business and Human Rights and of binding standards for economic actors. Additionally, legal proceedings against buying companies, against auditing firms and against factory owners are a means to sanction irresponsible company actions. For these complex, often transnational cases, close cooperation and solidarity among actors in the global North and South is necessary, too.

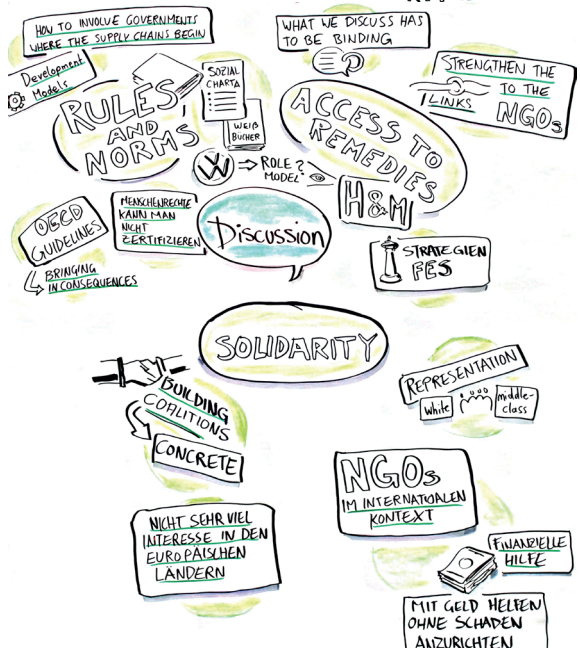
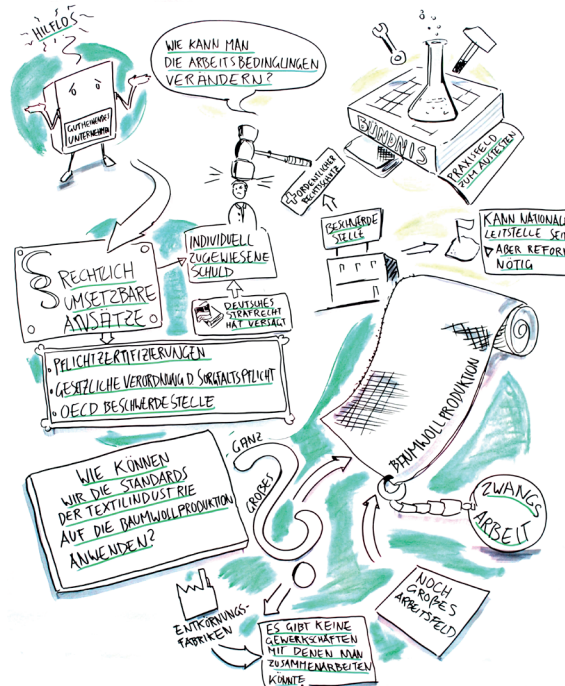
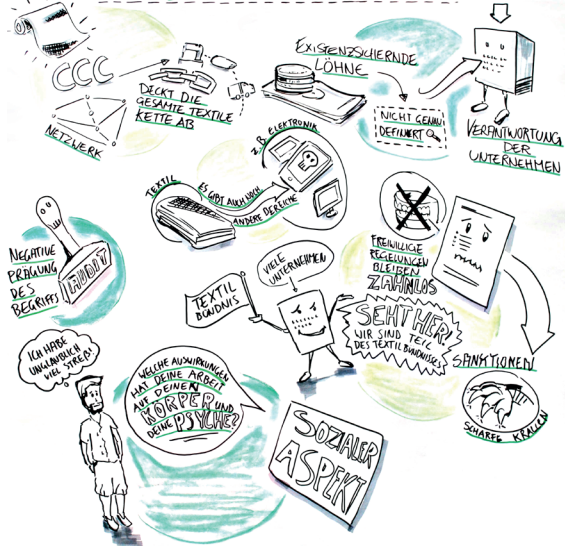
The (global) challenge is not easy to tackle, but there is no way around improving the working conditions along the supply chains. Article 1 of the Universal Declaration of Human Rights states: »All human beings are born free and equal in dignity and rights.« This is the main principle that should guide all actions.



ON THE COMPANY LEVEL
STRENGTHENING WORKER'S REPRESENTATION AND LEGAL REMEDIES FOR WORKERS AND TRANSNATIONAL LITIGATION OF WORKER'S RIGHTS



FROM VOLUNTARY TO BINDING STANDARDS
THE GERMAN TEXTILE ALLIANCE



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