

# Clean Clothes Campaign



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## **Clean Clothes Campaign Contribution to the Informal meeting with stakeholders on responsible management of the supply chain in the garment sector – European Commission – 23<sup>rd</sup> January 2015 - Brussels**

### **The Clean Clothes Campaign**

The Clean Clothes Campaign (CCC) is a global network of trade unions, NGOs, consumer associations organised in national coalitions in 16 European countries and relying on more than 200 partner organisations and unions in garment-producing countries.

The Clean Clothes Campaign is dedicated to improving working conditions in the global garment and sportswear industries. Since 1989, the CCC has worked to help ensure that the fundamental rights of workers are respected. We educate and mobilise consumers, lobby companies and governments, and offer direct solidarity support to workers as they fight for their rights and demand better working conditions.

### **Introduction**

The collapse of the Rana Plaza building in Bangladesh on 24th April 2013 which killed 1.138 workers and permanently injured over 2.000 other workers has revealed to the world the appalling labour conditions in the Bangladesh garment industry – the second most important supplier of the European market. In the few days following the tragedy, more than 1 million citizens (including a large number of European citizens) signed a petition demanding that the buyers take responsibility for the labour conditions in their supply chain and more specifically prevent future tragedies, and to adequately contribute to the compensation of the victims. While the focus is often on labour conditions and wages in Bangladesh and other Asian countries<sup>1</sup> such as Cambodia where workers are mobilising for much needed minimum wage increases to cover their basic needs, it is becoming even more apparent that wherever the garment supply chain is located, it is hosting the systematic abuse of workers and the violation of workers basic human rights, including the human right to a living wage. There is an urgent need for European brands and among

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1 Living Wage in Asia – Report 2014, Clean Clothes Campaign, <http://www.cleanclothes.org/resources/publications/asia-wage-report/view>

them the global leaders of fast fashion to stop building their business on this basis.<sup>2</sup> There is a compelling necessity for the European Commission to raise the level through a legal and regulatory framework.

Recent (May 2014) CCC research in Eastern European countries and Turkey<sup>3</sup>, where the garment industry employs over 3 million workers, reveals terrible living conditions and poverty wages for women and men making the clothes we buy in European high streets. Today, in EU Member States such as Bulgaria and Romania, garment workers are paid wages considerably lower than their counterparts in China and the gap between the legal minimum wage and the estimated living wage is comparable to countries such as Bangladesh.

The 25 years of experience of the CCC, tackling violations of human rights in the global garment supply chain has shown that voluntary initiatives driven by buyers and companies have failed to fight the systemic abuses of human rights in this industry. More constructive steps have recently been made towards binding agreements between buyers and unions through the Bangladesh Fire and Building Safety ACCORD involving 180 brands (mostly European) and the Indonesian PROTOCOL on Freedom of Association involving 6 global sportswear brands, their suppliers and local unions. However, the necessity remains to set the groundwork for the equal responsibility and treatment of *all* European fashion brands and retailers. There is a role to be taken by the national authorities, the European Commission and EU Member States, to ensure that all garments sold in Europe are made in good conditions and to ensure all European brands base their competitiveness on fair practices.

The EU Commissioner for Development Neven Mimica declared that “Voluntary CSR can deliver, but if it doesn’t, I’m ready to go further”. As has been seen with Rana Plaza and the ongoing violations of workers fundamental rights in the garment industry, it is clear that voluntary CSR has not delivered. It is time for regulatory action now.

### **The need for effective policies – a duty of the European Union**

President Juncker said; “*This is the last-chance commission for Europe. Either we win back the citizens of Europe [...] or we fail. Citizens want Europe to seriously serve the people, both in Europe and abroad. 94% of citizens favour strengthening international rules to make companies around the world provide better wages and labour conditions*”<sup>4</sup>. The EU is the largest consumer market in the world, and has therefore both the leverage and the duty to act for a global garment business that respects human rights.

The Clean Clothes Campaign would welcome an EU Flagship initiative on responsible management of the supply chain in the garment sector, if it creates supply chain responsibility in the garment sector in practice. Numerous companies have escaped their responsibility by outsourcing production to foreign suppliers, with the disastrous consequences mentioned above. Now is the time to restore responsibility.

Decent work in global supply chains will be a key point on the agenda of the **2016 ILO Conference**<sup>5</sup>. With an effective initiative, the EU has the ability, and the duty, to be a global champion of supply chain responsibility at this key moment.

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2 Tailored wages – Are the big brands paying the people who make our clothes enough to live on?, Clean Clothes Campaign, <http://www.cleanclothes.org/livingwage/tailoredwages/tailored-wage-report-pdf>

3 Stitched Up – Poverty wages for garment workers in Eastern Europe and Turkey, Clean Clothes Campaign, <http://www.cleanclothes.org/resources/publications/stitched-up-1/view>

4 Global Poll 2014 [http://www.ituc-csi.org/IMG/pdf/ituc\\_global\\_poll\\_2014\\_en\\_web.pdf](http://www.ituc-csi.org/IMG/pdf/ituc_global_poll_2014_en_web.pdf)

5 [http://www.ilo.org/gb/decisions/GB319-decision/WCMS\\_228473/lang-en/index.htm](http://www.ilo.org/gb/decisions/GB319-decision/WCMS_228473/lang-en/index.htm)

The Clean Clothes Campaign would be happy to applaud substantial initiatives taken by the European Commission at the occasion of the **Clean Clothes Campaign International Hearing who will take place in Brussels from 5 to 7 October 2015** and whose aim is to state what has been done by European companies and institutions to strengthen the respect of human rights in the garment supply chain, with a specific focus on living wage.

### **European Union's commitments to protect Human Rights**

The European Union has committed to implement effective policies capable of concretely improving the respect of workers' rights, and must now act. The UN Johannesburg Declaration states that fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. It agrees that all countries should promote sustainable consumption and production patterns, with the 'developed' countries taking the lead.<sup>6</sup> The UN Guiding Principles on Business and Human Rights established the State's duty to protect human rights, companies' responsibility to respect human rights, and the right to remedy for victims of human rights abuses, including the ILO core labour standards. The EU is a key player in ensuring that the UNGP live up to their potential. Moreover Article 208 of the Lisbon Treaty establishes that policy coherence is a core obligation for the EU, requiring all EU external policies to be supportive to development needs. Allowing garment companies evade their responsibility and profit from indecent work that harms development is in direct infringement of this obligation.

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<sup>6</sup> <http://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=74&menu=1010>

## **CCC proposal for an EU Flagship initiative:**

# **To launch a comprehensive action plan to stop human rights violations in the garment supply chain, to be monitored by an ombudsperson with a strong mandate**

The Clean Clothes Campaign advises that the flagship initiative should include a comprehensive set of legislative and institutional innovations. Our proposal is based on a mandate to be given to an ombudsperson and the setup of a legal framework in order to enforce the impact of Ombudsperson activities. This framework should establish clear responsibilities of member states and of European companies, in line with the UN guiding principles on Business and Human Rights, and should ensure coherence within EU policies and actions.

## **Mandate of the ombudsperson:**

The Ombudsperson should

### **1. Systematically assess cases of human rights violations in the global garment supply chain.**

The ombudsperson/office of the ombudsperson should have the power to undertake independent enquiries at the request of any stakeholder group, to initiate its own investigations, including within EU Member States and neighborhood countries, to report publicly and to require responses.

**In order to sustain this mandate, EC should develop the following legal framework:**

#### **1.1. Set up a traceability and transparency system along the supply chain**

Access to information in the garment sector is often the most important obstacle to tackle human rights violations in the global supply chain. In order to make human rights due diligence not only a theoretical concept but a step towards the concrete enforcement of human rights, an information system is needed that provides information linking all the actors within the value chain of a single product, from the production place to the retailers. Similar traceability systems already exist in the food supply chain (eg. meat) with the aim of contributing to ensuring food products are safe for European consumers. The same kind of information system can be designed and implemented in garment supply chains as a necessary first step to ensure products are made in safe conditions for garment workers, and to ensure that European consumers are not involuntarily aiding and abetting the human rights violations of the people making their clothes. This information system can only be designed and properly implemented at the European Union level. It can be based on the disclosure of already existing import shipping records and custom import declarations, and take the form of a new electronic labelling system or through a label number linked to an online database.

### **2. Ensure real access to remedy for victims and make proposals for the provision of remediation to victims.**

The ombudsperson should give access/provide remediation and require proper remediative actions by companies as well as impose sanctions against companies and countries (including trade sanctions under GSP and trade agreements).

**As a priority the ombudsperson should**

## **2.1. Guarantee compensation for Rana Plaza victims**

Despite the strong statements from the European Commission, the European Parliament and seven European Union Member State governments - France, Italy, Denmark, UK, Spain, Germany and The Netherlands – calling European companies sourcing in Bangladesh to contribute to the Rana Plaza Trust Fund, victims of the Rana Plaza collapse are still waiting for a fair and full compensation. Until now 40 million USD is still needed from the buyers' side -- only 50 percent of this amount is currently covered by the *voluntary* contributions of the companies who have provided compensation. The lack of proper compensation weakens the progress made up to now in Bangladesh.

A compensation agreement has been reached. In order to put this agreement into practice and to make the right to compensation for victims a reality, the European Union needs to take immediate action to guarantee the fund is fully filled by ensuring financing plans are agreed between companies and EU Member States governments for 24<sup>th</sup> April 2015.

**In order to sustain this mandate, EC should develop the following legal framework:**

## **2.2. Legally recognize the corporate duty of care in its supply chain**

The garment sector is characterized by a global and complex supply chain driven by transnational brands and retailers with a high risk of human rights violations.

The legal recognition of Human Rights Due Diligence is crucial for enforcing both workers' rights and fundamental human rights. Due diligence requirements exist in different legislations around the world, requiring companies to (i) identify the actual or potential impacts of their practices; (ii) prevent and mitigate impacts identified and (iii) account for impacts and responses to them. This includes for example, requirements to actively investigate and engage with stakeholders, ensure effective grievance mechanisms and protection for whistle blowers. Existing Due Diligence legislation provides practical guidance for companies to act on their responsibility and prevent themselves from causing or being responsible for human rights violations. Public entities must themselves implement such requirements, including the human right to a living wage, through state-owned enterprises, investment funds and public procurement.<sup>7</sup>

An example of good practice in this field is the FLEGT European legislation, which consists of a comprehensive action plan to prevent illegal timber, including (i) a requirement for retailers in the EU to guarantee the legality of the wood they sell (mandatory due diligence) ; (ii) specific bilateral agreements negotiated between the EU and exporting countries, to improve traceability and controls, in exchange for easier access to the European buyers (thanks to facilitated compliance guarantees) and financial support and: (iii) sanctions in the case of non-compliance. FLEGT shows how mandatory due diligence can be an effective tool, where included in a wider action plan. If the EU can deliver on illegal timber, why could it not deliver on illegal garments, manufactured in violation of international laws and human rights standards?

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<sup>7</sup> See "Human Rights due diligence : The role of States" Report (2012) [http://www.corporatejustice.org/IMG/pdf/human\\_rights\\_due\\_diligence-the\\_role\\_of\\_states-2.pdf](http://www.corporatejustice.org/IMG/pdf/human_rights_due_diligence-the_role_of_states-2.pdf) and update (2013) <http://accountabilityroundtable.org/wp-content/uploads/2013/11/ICAR-Human-Rights-Due-Diligence-2013-Update-FINAL.pdf>

### **3. Fight against abuses of human rights and require sanctions against companies and States**

As a priority the ombudsperson should

#### **3.1. Fight against the abuses of human rights within the EU, in Eastern European and Turkish garment industries**

One of the five headline targets of the “Europe 2020, an EU strategy for smart, sustainable and inclusive growth” is to reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion by 2020. The payment of a living wage in garment factories within EU and its neighbourhood is a very concrete measure to undertake in priority if EU wants its international action to be credible. This action has the potential to reach a large number of people and decisively improve their livelihoods. We therefore call upon relevant EU institutions to encourage the governments of European States (Members and non-Members of the EU) hosting a garment industry to raise the legal minimum net wage to their country’s EU SILC (Statistics on Income and Living Conditions) at risk of poverty threshold for a family.

In addition, the EC should develop a white paper identifying ways to tackle poverty wages and poor working conditions in EU and other Eastern European States hosting a garment industry and to remediate the negative economic and social impacts of the Outward Processing Trade on garment workers and national economies.

#### **3.2. Mobilize EU’s Trade policies to promote human rights, including in Cambodia and Georgia**

##### **Cambodia Sustainability Compact**

Trade in garments is facilitated by the EU’s Generalised System of Preferences (GSP) “Everything but Arms” (EBA) scheme for least developed countries, which provides duty free access to exports from EBA countries. As a condition for continued trade preferences, the EU has included important provisions that require beneficiaries to guarantee the exercise of fundamental labour rights in law and in practice. However, the International Labour Organization (ILO) has for several years criticized Cambodia for its continued failure to respect and promote freedom of association. In 2014, the situation took a dramatic turn for the worse.

If the labour provisions of trade preference schemes are to be a tool for raising labour standards and combatting income inequality, the EU must take enforcement seriously. The negotiation of a “Sustainability Compact” with Cambodia like the one negotiated with Bangladesh on the issue of freedom of association would be a first step, provided that the Compact with Cambodia contains more enforcement measures and sanctions.

Issues that could be included are (and some of which are contemplated by the GSP):

- Freedom of Association (allow registration of unions, allow for public demonstrations/gatherings)
- Reform of the Labour Law/Trade Union Law consistent with ILO conventions, in particular C87 and 98.
- Ending the use of repeated short term contracts for work permanent in nature, in violation of existing law. This is fundamentally meant to undermine FOA.
- End harassing lawsuits, which are meant to chill trade union activity
- Minimum wage setting for a “fair wage”, referring to the ICESCR - which is incorporated into the GSP
- Ensure those responsible for crimes against trade unionists are brought to justice

**Careful monitoring of labour law requirements in Georgia**

The Association Agreement between EU and Georgia due to be concluded before 2015, includes requirements relating to the development and necessary reforms of the labour law. The EU should monitor carefully the implementation of these requirements contributing to installing a comprehensive labour law, labour inspection mechanism as well as labour courts in order to ensure basic protection mechanisms for workers, which currently are lacking.

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