

Textile industry: Towards a new economic model to stamp out human rights violations in the workplace

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The textile industry employs millions of people in developing countries. Yet its economic model (pressure on costs and lead times, large volumes, frequent renewal of collections, low prices) leads to a number of human rights violations in the workplace. Legislation is gradually being introduced to hold companies in the sector accountable and allow them to participate fully in the development of the countries where they are located.

The textile industry is a major source of employment in developing countries. While it has pulled several million workers out of extreme poverty - including women workers who make up 85% of the global workforce in the sector -, these workers have swelled the ranks of poor workers around the world. The extension of value chains, driven by liberal globalization, outsourcing by multinational companies seeking lower production costs, the lack of regulation, and overconfidence in the proactive action of companies have also led to persistent systemic violations of fundamental rights in the workplace. Both nationally and internationally, binding legislation called for by consumers and civil society is being introduced and should eventually be critical to the emergence of a responsible industry.

This is an essential move, as subcontracting in the garment industry has led to a widespread deterioration in working conditions and wage stagnation in production countries. The end of the Multifibre Arrangement in 2005¹ completed the liberalization of the sector and accelerated competition between workers and social dumping. Human rights in the workplace, which are in

particular governed by the conventions of the International Labour Organization (ILO), are frequently violated.

WIDESPREAD VIOLATIONS OF HUMAN RIGHTS IN THE WORKPLACE

The collapse of Rana Plaza² in Bangladesh in 2013 is emblematic of the broken promises of the clothing industry. With a very cheap labor force and a substantial production capacity, in the 2000s the country became the new El Dorado for international ordering parties.³ Still today, the minimum wage in the sector remains one of the lowest in the world (USD 80 a month). The tragedy of Rana Plaza calls into question the relevance of development models, as instead of investing in an industry creating well-paying jobs, Bangladesh, encouraged by bilateral free trade agreements, has based its comparative advantage on the cost of its labor. Indeed, while the textile sector accounted for 45% of industrial employment in 2012, its contribution to the country's national income only stood at 5%. This model shows the limits of the hyperspecialization of countries, driven by liberal globalization, in sectors with low added value focused on export.

The persistent and widespread violations of human rights in the workplace in the subcontracting countries of the textile industry demonstrate the failure of Corporate Social Responsibility (CSR) policies. The tragedy of Rana Plaza happened almost 20 years after the widespread adoption of codes of conduct and social audits, triggered by the Nike scandal in 1996.⁴ The non-binding codes of conduct of the major international ordering parties generally shift the risk and responsibility onto third parties, the supplier or subcontractor. By refusing to interfere with the highly lucrative economic model of the sector - pressure on costs and lead times, just-in-time production, volumes, etc. - the proactive initiatives of CSR have therefore only led to minor improvements.

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Furthermore, poverty wages are the norm in production countries and are well below the living wage that allows workers to provide for their basic needs and those of their family (accommodation, health, food, education, transport, savings, etc.). According to the Fair Wage Network, regardless of the living wage indicator selected, the minimum wages in textile producing countries are two to five times lower than the living wage. Poverty wages are intrinsically linked to the current economic model of the garment industry. It is based on the production of constantly renewed low-cost collections - fast fashion -, which therefore have a low production cost.

The news constantly reminds us of the violations of workers' rights in the sector. For example, in 2019, in its Uyghurs for Sale report,⁵ the think tank Australian Strategy Policy Institute (ASPI) revealed the existence of Uyghur forced laborers manufacturing clothes in China for leading retailers on the Western market. In addition, the Covid-19 pandemic has given a reminder of the extreme vulnerability of textile industry workers: in Asia, many millions of them,⁶ with no wages following the cancellation of orders, are on the verge of famine.

Consequently, the capacity of the sector to contribute to the empowerment of people in developing countries is legitimately called into question. It is today essential to introduce binding rules to bring about a responsible industry.

A BINDING FRAMEWORK TO CHANGE THE MODEL

Faced with the lack of proactive measures to prevent violations of fundamental rights and the environment, there is growing consensus on the need for binding regulations, but many economic players are still opposed to this.

In this context, the current lack of legal responsibility between the ordering party and its subcontracting chain is an aberration.⁷ French law on the duty of vigilance of parent companies and contracting companies, adopted in March 2017, provides an initial response to this shortcoming. It is based on the UN Guiding Principles on Business and Human Rights. Adopted in 2011, they establish the responsibility of countries to protect people from violations related to economic activities and the responsibility

of companies to respect fundamental rights. In particular, they especially recognize a duty of vigilance for multinational companies in all their business relationships.

Consequently, French law now requires large companies located in France⁸ to identify and prevent violations of human rights and the environment resulting from their activities, as well as the activities of their subsidiaries, subcontractors and suppliers. Collectif Éthique sur l'Étiquette believes that the implementation of their obligations under the law on the duty of vigilance should also be a prerequisite for any public financial support to the companies concerned.

ENSURE THE TEXTILE INDUSTRY CONTRIBUTES TO THE DEVELOPMENT OF COUNTRIES

Collectif ESE has made a set of recommendations for multinational companies based on this new international and national framework.⁹ They aim to put an end to the continuing lack of transparency in value chains, which encourages bad practice and does not allow the consumer to make informed choices. At a minimum, it is necessary to provide clear and detailed information about the level of wages, the weekly working hours, overtime and the presence of trade union organizations. This information must concern the company and all its suppliers and subcontractors.

Furthermore, multinational companies must comply with their duty of vigilance: procedures to identify, prevent and remedy violations of fundamental rights and the environment throughout their value chain. They must publish a comprehensive mapping of the risks, country by country. Cascade subcontracting and poverty wages are among the risks inherent to the economic model established by apparel ordering parties, meaning they must be identified.

No company can claim to perform its duty of vigilance if it does not identify how its model allows, encourages or benefits from situations of social dumping in the countries where it operates.

A crucial issue is that multinational companies must ensure the right to a living wage for garment workers by ending purchasing practices that put pressure on wages. They must set their prices based on the living wage, which can be determined using a credible and transparent indicator, for example, the one developed by Asia Floor Wage Alliance.¹⁰ They must also encourage tripartite negotiations to increase wages in production countries. More generally, the economic model based on fast fashion has to be done away with.

Finally, they must ensure that freedom of association and the right to collective bargaining are respected: experience shows that the most effective oversight mechanisms include workers' representatives. International agreements and sectoral agreements, such as the agreement signed in 2013 on safety in factories in Bangladesh,¹¹ are tools to improve rights. Ordering parties must use their influence to demand the application of these rights among their suppliers and subcontractors, or give preference to the ones with independent unions.

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The development of standards to hold economic players accountable is now being discussed at European level, via a directive on the duty of vigilance, and international level, via the treaty on transnational corporations and human rights that has been under negotiation at the United Nations since 2014. Rather than hindering development, they have every interest in supporting initiatives to regulate globalization, otherwise they may find themselves at cross purposes with growing international awareness.

CONCLUSION

To bring about an increase in the standard of living of the most vulnerable populations, a radical transformation of the industry is required. Beyond the duty of vigilance, it is necessary to call into question models based on the combination of low cost/large volumes which, to focus on financial performance, lead to widespread violations of international labor standards and environmental crime.

The textile industry is today synonymous with considerable social and environmental impacts. However, as we can see from many initiatives, it can also be a crucible for alternative models and best practices. Consumers are well aware of this and are increasingly turning away from retailers whose models have an excessive impact on people and the environment to encourage those with responsible practices.

1 The Arrangement was established by GATT and governed world textile trade through import quotas.

2 This building in the suburbs of Dhaka, which housed textile workshops, collapsed on 24 April 2013 killing 1,138 garment workers. Leading international retailers subcontracted their production there.

3 An ordering party is a company or economic entity that places orders with a subcontractor.

4 In a 1996 survey, Life Magazine revealed child labor in Pakistan for the brand Nike, paid a few cents per hour.

5 <https://www.aspi.org.au/report/uyghurs-sale> (consulted on 05/09/20).

6 It is difficult to get a global estimate, but several NGOs have documented this fact: <https://www.workersrights.org/issues/covid-19/>; <https://cleanclothes.org/news/2020/live-blog-on-how-the-coronavirus-influences-workers-in-supply-chains> (consulted on 05/09/20).

7 https://www.ituc-csi.org/IMG/pdf/pdffrontlines_scandal_en-2.pdf (consulted on 05/09/20).

8 <https://ethique-sur-etiquette.org/Devoir-de-vigilance-des-multinationales> (consulted on 05/09/20).

9 C.f. the report: https://ethique-sur-etiquette.org/IMG/pdf/etude_devoir_de_vigilance_annee_1-2.pdf (consulted on 05/09/20).

10 <https://asia.floorwage.org> (consulted on 05/09/20).

11 <https://bangladeshaccord.org/> (consulted on 05/09/20).