

## Proposed **Program of action**

# Fair Labour Practices

## in the **Post Quota World**

The phase-out of garment import quotas at the end of 2004 is having an enormous impact on garment producing countries, manufacturers and workers around the world. Action by all stakeholders is urgently needed to ensure that the negative consequences of the phase-out on workers, communities and countries are addressed and compliance with international labour standards is promoted rather than evaded.

At the international level, a multi-stakeholder coalition – the MFA Forum – has begun to outline a broad action platform outlining how multi-lateral institutions, governments, retailers and brands, suppliers, NGOs, and unions can work together to ensure a just transition to a post-quota world.

### ● **ACTION BY BUYERS (RETAILERS AND BRANDS)**

#### **Responsible buyers will...**

- ☐ Know their supply chain thoroughly in order to source responsibly. For example, if sourcing is via a buying agenda and/or multinational supplier a company needs to know which countries and suppliers are receiving orders.
- ☐ Whenever possible, maintain current country supply base and contain consolidation within the country. If exiting a country, this should be done in a manner that respects international labour standards and national labour law, and enables and encourages suppliers to do the same, for example
  - giving adequate notice for ending supplier relationships and working with suppliers to monitor adherence with national laws regarding retrenchment of workers or closing down of a facility so that workers are compensated in line with national law.
- ☐ Work with suppliers and governments to help develop a mechanism to prioritize the promotion of opportunities for employment for displaced workers in the remaining and/or new textiles and garment factories.
- ☐ Seek to source from countries that respect core labour standards and work with public institutions,

#### **Current members of the Forum include:**

AccountAbility  
Asda/George  
Business for Social  
Responsibility  
Debenhams  
Ethical Trading Initiative  
Fair Labor Association  
The Co-operative Group  
Gap Inc.  
Interfaith Center for Corporate  
Responsibility (ICCR)  
Littlewoods  
Maquila Solidarity Network  
Marks & Spencer  
Nike  
Oxfam International  
Social Accountability  
International  
UNDP Asia Trade Initiative  
UN Global Compact  
World Bank Group  
This framework has not yet  
been endorsed by individual  
organizations.

### **fact sheet**

**3** A series on  
trade and  
labour rights in  
the garment  
industry.

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suppliers, trade unions and NGOs to maintain decent working conditions in current supply chains.

- ☐ Source only from suppliers who provide decent work, thus meeting buyer codes, national laws and international standards, or who are willing to work with buyers, trade unions and NGOs to meet these standards.
- ☐ Continually develop process improvements so that purchasing practices are aligned with labour

standards compliance.

Undertake to be transparent in this work, disclosing supply chain information that facilitates accountability to external stakeholders.

- ☐ Offer technical assistance to their suppliers to increase productivity, technology, design, marketing, and worker and management skills training.
- ☐ Lobby and support national governments to reduce corruption and bureaucratic red tape.

☐ Support government efforts in retraining and job banks for workers – both within the industry and for retrenched workers.

- ☐ Monitor supplier adherence to payment of legally required social security / pension payments.
- ☐ Collaborate with national governments to build capacity around labour standards and other measures of competitiveness and development.

## ● ACTION BY MANUFACTURERS

### **Responsible manufacturers will...**

- ☐ Provide decent work through respect for national law and international labour standards and work with their suppliers and/or contractors to the same end.
- ☐ Upgrade technology, management and skills of workers in order to remain responsibly competitive.
- ☐ Increase influence of the supply chain on the design and marketing of products by, for example, building up a degree of independence.

☐ Improve factory standards and working and employment conditions in order to improve quality, and to meet buyers' policies on working conditions and national labour laws and to respect international labour standards.

☐ Lobby and work with government, trade unions and NGOs to develop national industrial and social policies that support real and responsible competitiveness.

☐ Promote workers' access to job banks and retraining programs if they are retrenched.

☐ Ensure workers are paid their rights in retrenchment according to the law.

☐ Pay legally required social security/pension payments and ensure they are up to date.

## ● ACTION BY NATIONAL GOVERNMENTS

### Responsible Governments in exporting countries will...

- ❑ Develop and/or review trade, industrial and social policies for the textile and garment sector, and seek to maximize those policies and approaches that enhance productivity, quality and labour standards.
  - ❑ Support the textile and garment industry by improving infrastructure, customs procedures, access to credit, reducing corruption and bureaucratic inefficiency, etc.
  - ❑ Promote decent work throughout the textile and garment industry by enacting and enforcing labour law, which guarantees full respect for the rights of workers, especially in line with international labour standards.
  - ❑ Facilitate collaborative efforts by other actors to achieve greater respect for the enforcement of labour laws, consistent with international labour standards.
- ❑ Make every effort to maintain decent work places, but where closure is inevitable, then:
    - Monitor the closure of factories ensuring they act within the law in all respects, especially in terms of workers' severance pay;
    - Prioritize the promotion of opportunities for employment for displaced workers in the remaining and/or new textiles and garment factories;
    - Ensure the payment of legally required social security / pension payments (especially where these were related to the granting of quota);
    - Provide social safety nets for retrenched workers;
    - Provide retraining programs and job banks for retrenched workers;
    - Advance national legislation ensuring workers are paid before other creditors in case of closure; and
    - Ensure that investors exiting the textile and garment sector meet legal requirements to workers, particularly social security / pension payments and severance pay.

### Responsible Governments in importing countries will...

- ❑ Support enhanced market access for vulnerable textiles and garment producing countries. In addition, support incentives for compliance with international labour standards.
- ❑ Promote the provision of technical and financial assistance to vulnerable textile and garment producing countries, with a view to developing policies and implementation mechanisms which help develop strategies for responsible competitiveness especially in the area of labour standards, sustainable development, equitable poverty alleviation and capacity building more broadly.
- ❑ Provide support for labour restructuring programs developed with a multi-stakeholder framework.
- ❑ Promote ethical trade in textiles and clothing, including through measures that promote those importers that require decent work throughout their supply chain.

## ● ACTION BY INTERNATIONAL INSTITUTIONS

- ❑ Should be aware of, monitor and make public the impacts of their policies and programs, which would include, for example, the WTO examining the impact of trade liberalization under the Agreement on Textiles and Clothing and proposing, if necessary, trade policy measures to assist emerging and struggling industries to adjust to meet the challenges of the open market.
- ❑ Provide technical and financial assistance to vulnerable countries which helps develop strategies for responsible competitiveness, particularly in labour standards and capacity building more broadly, and which, for example, might include the International Financial Institutions providing support for labour restructuring programs developed within multi-stakeholder frameworks.
- ❑ Assist in alleviating the impact of trade liberalization on employment standards and poverty alleviation including, for example, the International Labour Organization working with member states to help promote decent work in the post-MFA textile and clothing industry.

## ● ACTION BY TRADE UNIONS AND NGOS

- ❑ Lobby governments and international institutions to take the lead in adopting policies that will promote decent work, protect employment and ensure the integration back into the industry, as well as the protection of the livelihoods of those displaced due to consolidation and liberalization.
- ❑ Monitor developments arising from trade liberalization in the sector and highlight, wherever and whenever necessary, problems arising and the action needed to counter these in order to ensure that workers' interests and demands are adequately represented and protected.
- ❑ NGOs to lobby, and trade unions to negotiate with companies both internationally and nationally to use trade liberalization and supply chain consolidation to provide decent work and avoid where possible job losses and mass dislocation of workers.
- ❑ Promote with government and employers the scaling up of skills retraining of all workers in the industry and retraining of workers displaced through consolidation, both through advocacy and programmatic work as appropriate.
- ❑ Work with those employed in the industry to build awareness of competitiveness in a globalized economy and particularly the key role that decent work plays in this.
- ❑ Promote social dialogue at local, national, and global levels with a view to securing cooperation and ensuring good industrial relations practices throughout the industry.