

European *Social* dialogue

Newsletter from the European Commission - DGV/D - May 1999

Special Edition:

codes of conduct and social labels

Ethical consumption and production

Employment & social affairs



European Commission

Industrial relations & industrial change

Contents

WHY A SPECIAL EDITION OF 'EUROPEAN SOCIAL DIALOGUE' ?	3
TIME LINE	4
INTRODUCTION	5
MAJOR RECENT EVENTS	
1. Sharing experiences	7
1st EU-US symposium on codes of conduct and international labour standards (February 1998, Brussels)	
2. Partnership essential for effective monitoring	8
European workshop on codes of conduct and social labels (November 1998, Brussels)	
3. Looking to the future	11
2nd EU-US symposium on codes of conduct and international labour standards (December 1998, Washington)	
4. European Parliament initiatives	13
– Fair trade and labour standards	
– EU-wide standards for European companies in developing countries	
5. Workers' fundamental rights	14
ILO core labour standards declaration (June 1998)	
6. ILO evaluation points up divergence	14
ILO study on codes of conduct (November 1998)	
7. Positive tools for ethical trade	15
European Commission study on social labels (1998)	
ANNEXES	
1. Related Web sites	16
2. Texts of codes of conduct already established in the framework of the European social dialogue	
A. EuroCommerce and Euro-FIET joint statement on combating child labour	18
B. A charter by European social partners in the footwear sector on child labour	18
C. A charter by the social partners in the European textile and clothing sector	20

Why a special edition of 'European Social Dialogue' on codes of conduct and social labels?

First of all, we believe it is necessary and useful to inform not only the social partners throughout the European Union but also anyone interested in the European social dialogue about events and initiatives in a field that is becoming increasingly important every day.

Let us bear in mind that the debate on codes of conduct and social labels focusses on ethical production, ethical trading and ethical consumption, with the aim of improving respect for fundamental social and labour rights and thus improving the working conditions of workers around the world.

In Europe, numerous actors and stakeholders are fuelling the debate and developing schemes and initiatives: the European Parliament, companies (multinationals as well as small and medium-sized enterprises), non-governmental organisations (NGOs), trade unions, governments and other public authorities, academics and experts. And, on a global scale, discussions are developing rapidly as well. Apart from a wide range of initiatives by individual stakeholders, the issue is also on the agenda of the International Labour Organisation (ILO) which has recently analysed some 200 codes of conduct and several social labels.

Secondly, within the framework of the social dialogue European social partners representing several sectors have taken up the challenge of improving working conditions for workers around the world. Indeed, since 1995, employers and workers in commerce, in textile and clothing and in footwear industries have been working together intensively. The results are innovative and their follow-up is exciting: a code of conduct in the textile and clothing sector, based upon the core labour conventions of the ILO, which has been transposed into national collective agreements (the social partners hope to extend it to the central and eastern European countries); a charter against child labour in the footwear sector, recently extended to footwear retailers; and a joint declaration against child labour for the commerce sector.

And the debate is moving forward. A recent European seminar held in November 1998, in Brussels, on monitoring codes of conduct and on social labels showed a major general consensus is undoubtedly developing in Europe on at least three issues. Firstly, codes of conduct are a good way to improve working conditions of workers in developing countries, on the basis of voluntary action by companies and consumers. Secondly, it is even more widely accepted that any code of conduct should contain the core labour standards embodied in the ILO conventions on the prohibition of child labour, forced labour, discrimination on the basis of sex, race, religion or other grounds, and on the guarantee of freedom of association and collective bargaining, and as adopted in the 18 June 1998 ILO declaration on fundamental principles and rights at work. Effectiveness of codes of conduct and social labels can only be achieved in the framework of a long-term, step-by-step, incentive and partnership approach.

Furthermore, participants also concluded that any partnership should have as a first objective a structured exchange of experiences. Calls have been made for a systematic exchange of experiences and practices – be they positive or negative. These calls are closely linked to the need to make codes of conduct more transparent to all affected by them and, in particular, suppliers, workers and consumers.

With this special edition, Directorate-General V hopes to make its contribution to the increasing need to structure information and to make it as widely available as possible. It is the basic condition for any real progress in the debate on basic working rights.

Odile Quintin

Acting Deputy Director General DG V, European Commission

March 1995	European footwear sector child labour charter
March 1996	European commerce sector child labour declaration
September 1997	European textile and clothing sector code of conduct charter
February 1998	1st EU-US symposium on codes of conduct and international labour standards (Brussels)
March 1998	EU study on social labels
June 1998	ILO declaration on core labour standards
November 1998	ILO study on codes of conduct EU seminar on monitoring of codes of conduct and social labels (Brussels)
December 1998	2nd EU-US symposium on codes of conduct and international labour standards (Washington)
January 1999	European Parliament fair trade and standards in Europe initiatives
May 1999	EU Communication on commitment to fair trade (in preparation)

Introduction

How can we improve conditions for workers around the world? The promotion of codes of conduct and social labels is one way which can prove to be effective. Codes of conduct can be defined as commitments by companies to respect fundamental labour standards. Social labels are addressed to consumers and indicate that the production of the goods concerned has taken place respecting these fundamental labour standards.

Codes of conduct and social labels recently started to appear in large numbers. Discussion on the social dimensions of international trade relations has undoubtedly become a fixture in international, regional and national forums.

The International Labour Organisation (ILO) adopted a declaration on fundamental principles and rights at work (see page 14) on 18 June 1998. Also in 1998, the International Labour Office carried out a survey of around 200 codes of conduct and various social labels adopted and promoted by companies, non-governmental organisations (NGOs) and trade unions (see page 14). The issue is still on the ILO agenda.

Within the European Union (EU), the debate is also making headway, and at a fast pace.

Several services of the European Commission have launched measures to promote ethical production and trade. An incentive clause has been added to the Generalised System of Preferences (GSP). Within the framework of co-operation with the ILO, the Commission can use a separate budget line to co-finance, for example, the International Programme for the Elimination of Child Labour (IPEC). The Commission puts a major financial contribution at the disposal of joint activities with NGOs and is also supporting a joint action against child labour in Pakistan by financing education centres, the monitoring of workplaces and the development of regional work organisations. It also supports projects on health and safety, on non-discrimination and in favour of street children.

Finally, the Commission is preparing a communication on fair trade¹ in which it describes the concept of fair trade and gives a brief outline of the current situation with a view to assisting discussions on courses of action the EU could adopt to assist the development of fair

trade within the EU, and thus contribute to the key aims of EU development as set out in article 177 of the Treaty of Amsterdam².

The European Parliament adopted in January this year two reports which deal particularly with codes of conduct and basic labour standards. The Committee on External Economic Relations adopted a report by MEP André Sainjon on the trading system and internationally recognised labour standards. The Committee on Development and Co-operation approved a report, prepared by MEP Richard Howitt, on EU standards for European enterprises operating in developing countries and towards a European code of conduct (see page 13).

Some Member State governments support initiatives. The United Kingdom government has recently promoted the Ethical Trading Initiative which is being developed by an alliance of companies, trade union organisations and development NGOs. The objectives are to promote observance of a code of practice based on the new ILO standards in global supply chains and to explore methods of monitoring and independent verification. A model code has already been drafted and the first annual meeting organised.

In the Netherlands, the Dutch Foundation is running a Fair Trade Charter (FTC), worked out between employers, trade unions, NGOs and the government. The FTC was initially drawn up for the clothing sector. It has been amended for extension to the cut flowers sector. The Foundation is also addressing new dimensions such as health and safety and environmental standards. As for the implementation of the FTC, a gradual approach has been adopted. Companies must commit themselves to the process and are required to work out a timetable. They are then given the necessary assistance to achieve improvements. Monitoring and verification processes are an integral part of the FTC system.

Important initiatives have been taken by the European social partners within the framework of their social dialogue. The promotion and the support of the social dialogue at Community level being one of the main tasks of DG V, it has been closely involved in the negotiations, drawing up and adoption of these joint texts.

The code of conduct adopted in September 1997 by the social partners in the European textile and clothing sector, EURATEX for the employers and ETUF:TCL for the workers (see page 20) was a major breakthrough. The code refers to the ban on forced labour, the freedom of association and the right to negotiate, the ban on child labour and non-discrimination in employment, and the way it is being implemented is particularly interesting. Through the inclusion of its clauses in national collective agreements – which are negotiated and concluded at national level in the Member States of the European

1. 'Fair trade' initiatives are market mechanisms which give consumers the opportunity to contribute towards sustainable economic and social development in developing countries through their purchasing preferences. 'Fair trade' is an example of development occurring through trading relationships and improved commercial opportunities to bridge the gap between developed and developing countries and to facilitate better integration of developing countries in the world economy.

2. Article 177 of the Treaty of Amsterdam states that Community policy in the sphere of development co-operation shall foster: "the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them; the smooth and gradual integration of the developing countries into the world economy; the campaign against poverty in the developing countries".

Union – the content of this code acquires legal status and binding force. It therefore constitutes a good example of how problems related to implementation and monitoring of codes of conduct can be tackled. It also shows how partnership – national collective agreements are negotiated between national social partners (i.e. labour and management) – can be a driving force in the implementation and monitoring process.

The social partners in the European footwear sector (CEC for the employers and ETUF:TCL for the workers) adopted in 1995 a charter on child labour which they revised in 1997 (see page 18). Thanks to a recent agreement with the CEDDEC, representing the European shoe retailers, the charter has been significantly extended.

EuroCommerce and Euro-FIET, representing the employers and the workers in European commerce respectively, adopted in March 1996 a joint statement on combating child labour (see page 18). This declaration has been the basis for a joint project on initiatives taken in the European commerce sector which aim to assist in combating child labour. The main emphasis of this project is on innovative measures which go beyond awareness raising and seek to tackle child labour more pro-actively, taking into account the problems of the countries and locations where production takes place. At present, EuroCommerce and Euro-FIET are negotiating an agreement on codes of conduct based upon the 18 June 1998 ILO declaration.

Apart from these important results, a broader reflection on codes of conduct and social labels has been conducted by DG V. Several events organised last year helped to bring the debate forward and give shape to a concrete initiative.

Within the framework of the Transatlantic Dialogue, the European Commission (DG V) and the United States Department of Labor held a 1st EU-US symposium on codes of conduct and international labour standards, in Brussels in February 1998 (see page 7). It brought together representatives from a wide range of organisations with a shared interest in the development and the implementation of codes of conduct on labour standards. These organisations included businesses, trade unions and NGOs. Focus of the discussions was the need to ensure respect for workers' labour standards worldwide and the role of voluntary codes of conduct. The discussions were important as a first exchange of information and experiences. However, they showed that it is necessary to go further. There was general consensus to reflect on aspects of codes of conduct which are necessary for going beyond signed agreements: provisions and clauses to standardisation, implementation and monitoring of codes.

In a follow-up event, the 2nd EU-US symposium, held in Washington in December 1998, discussions in working groups revealed that there are no clear-cut answers to a series of open questions related to the scope and the need for standardisation of codes of conduct and their implementation and monitoring (see page 11).

DG V also organised a workshop on monitoring codes of conduct and social labels in Brussels in November 1998. This workshop had two main objectives: to provide for an exchange of European experiences with codes and labels already implemented by various partners; and to exchange views on monitoring: a key element for efficient and credible codes and labels (see page 8).

The workshop clearly demonstrated that, in Europe, a major general consensus is developing on at least three issues. First of all, codes of conduct are a good way to improve working conditions of workers in developing countries on the basis of voluntary action by companies and consumers. Secondly, it is even more widely accepted that any code of conduct should contain the core labour standards embodied in the ILO conventions on the prohibition of child labour, forced labour, discrimination on the grounds of sex, race, religion or other grounds, and on the guarantee of freedom of association and collective representation and bargaining, and as adopted in the 18 June 1998 ILO declaration on fundamental principles and rights at work. Thirdly, and perhaps most importantly, effectiveness of codes of conduct and social labels can only be achieved in the framework of a long-term, step-by-step, incentive and partnership approach.

One of the most important conclusions the participants reached was that a core element of success is co-operation based on partnership. Partnerships are required at all levels and in different formats and should at least include local key stakeholders such as local NGOs, trade unions and workers employed by subcontractors in the developing countries.

Within these partnerships, a pragmatic and realistic approach must be adopted (this as such is not in contradiction with more ambitious long-term strategies). Greater co-operation is also needed, not necessarily signifying co-ordination and standardisation from the outset, although these forms of co-operation could be envisaged in the long term. In this context, numerous calls for a more permanent partnership initiative and measures were formulated during the workshop.

These measures should include: structured exchange of experiences; help with information, training and communication; promotion of knowledge and dissemination of European experiences; promotion and development of criteria established by codes of conduct, through information and dissemination of support programmes with a view to adequate development of these criteria; raising the profile of companies having adopted a code of conduct and thus adding value to good practices; and identification of a common basis in which core labour standards constitute a fundamental component. Progress in the reflection on monitoring should be seen as a priority, while keeping in mind its necessary independence.

Bearing in mind the calls for a long-term, incentive, positive, step-by-step approach based on partnership, the European Commission stated, both in Brussels at the November 1998 European workshop and at the 2nd EU-US symposium, that, as a first step, it can help all the interested European parties to come together in a more organised fashion. In this context, the Commission has expressed its willingness to support the launching of a network and any action which the network partners would like to undertake.

Since then, the Commission has received a request for such a European network. Given that this initiative aims to meet the objectives described above, the Commission has decided to lend its support. This network is now being set up. Its purpose is to bring together all interested European stakeholders in the field of codes of conduct and social labels.

Major recent events

1 Sharing experiences

1st EU-US symposium on codes of conduct and international labour standards

An international symposium organised jointly by the European Commission and the US Department of Labor within the framework of the Transatlantic Dialogue in Brussels in February 1998 brought together a wide range of organisations with a shared interest in the development and implementation of codes of conduct. This was a first attempt to share experiences from both sides of the Atlantic and generated a list of topics covering scope, standardisation and implementation for further discussion.

The main conclusion in Brussels was more needed to be done to eradicate violations of labour standards in the workplace. No one wants to be associated with exploitative employment practices. Whenever there is a link between well-known corporations and violations of workers' rights, the media are quick to publicise it. The contrast between the promise of global commerce and the misery of exploited workers makes for powerful news. The proliferation of codes of conduct reflects the failure of governments and international organisations to enforce minimum standards. However, corporate codes of conduct are no substitute for national and international labour regulations.

Lasting improvements

The symposium concluded that, ideally, codes of conduct should become the basis for joint efforts to seek lasting improvements in working conditions. There are valid business reasons for companies to improve working conditions through codes of conduct. Business partners who follow such codes are more likely to deliver a good product on time and at a fair price. And when workers are treated fairly, there is higher productivity, lower turnover and fewer workplace disruptions.

Nevertheless, common ground in February did not seem to stretch far beyond the rejection of child labour; since then there has been

some evolution towards acceptance of core labour standards. Some codes of conduct used ILO conventions to define core labour standards, while other initiatives used the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. Codes could also include health and safety, working time, wages and benefits, disciplinary measures and housing.

Trade union rights differ from other labour standards in that they are enabling rights. Consequently, some have argued that respect for other labour standards reduces the need for freedom of association and collective bargaining.

How far down the supply chain should a code of conduct reach? In the case of a fully controlled foreign subsidiary, codes of conduct must be observed; but in the case of producers of a minor input bought through the open market, a code might be impossible to implement. What seems to matter is the degree of control a company has over the employment conditions of all workers employed by its subcontractors.

Implementation of codes of conduct is important. Employees protected by a code must be informed that it exists. Business partners need to be told about the code and the way in which it affects contractual obligations. And businesses may want to inform consumers of their adherence to a code of conduct.

Professional monitoring

An overwhelming consensus of the symposium was that to establish an advantage a company must submit to external and independent monitoring of the way it is implementing codes of conduct. Such monitoring must be carried out professionally. There is a clear need for the accreditation of monitors to ensure professionalism and to guarantee true independence.

The easiest option in dealing with breaches of codes of conduct might be to sever contractual relations with suppliers, but the consensus seemed to be that this should be the last resort. There is no guarantee that exploited workers will actually be better off if their employer loses an important contract. So a more pragmatic approach would give suppliers a specified period to mend their ways.

2 Partnership essential for effective monitoring

European workshop on codes of conduct and social labels

Some 100 European companies, trade unions, NGOs and public bodies participated in the 'Monitoring of Codes of Conduct and Social Labels' workshop held in Brussels on 25 November 1998. This covered three central problems: the need for movement towards a model code; existing support structures and ways to increase the efficiency of codes of conduct; and options for effective monitoring. Concluding discussions on partnerships for efficient monitoring showed consensus for a long-term, incentive-driven, positive, step-by-step approach.

The two main objectives of the Brussels workshop were to:

- exchange European experiences of codes and labels already implemented by various partners; and
- exchange views on monitoring – which is a key part of making codes and labels effective and credible.

A survey by the European Commission's DG V among the participants of this workshop identified various motivations for implementing such codes:

What is the main motivation of a code of conduct?



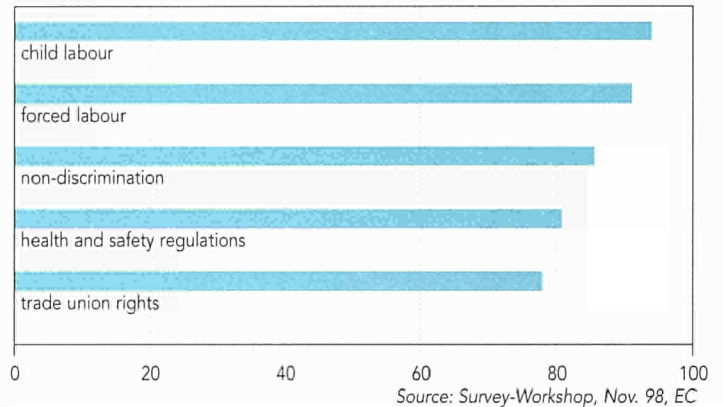
Contents of codes

There is a huge variety of existing codes of conduct and social labels – from unilateral codes laid down by a number of large companies through bilateral agreements negotiated between industry and NGOs or trade unions to tripartite codes involving governments as well. However, producers are concerned that they might have problems meeting divergent codes from different buyers. Moreover, describing a standard is not enough. To have an impact, a code or label must contain rules for its implementation.

The Commission survey clearly demonstrates the broad consensus on the most important areas that should be covered by a code.

These correspond closely with the ILO declaration on fundamental principles and rights at work (see page 14). However trade unions and NGOs would like more comprehensive codes to include the ILO core labour standards as well as additional labour issues, such as minimum wages, and other fundamental human rights.

Which areas should be covered by codes of conduct?



Framework for monitoring

Implementation of codes and labels is the responsibility of the companies concerned. They must ensure their application down the product supply lines by providing their staff, subcontractors and suppliers with the necessary information, and this information should also be distributed to consumers and other stakeholders. Companies are also responsible for setting up a monitoring structure.

'In-house' code of conduct

Dutch clothing multinational C&A has an in-house code, monitored by SOCAM, founded in 1996 and now independent. So far, SOCAM has made some 3,700 visits. C&A's code applies to all suppliers and their subcontractors. It is based on core labour standards and fundamental human rights but also addresses health and safety, housing and environmental issues. It is constantly being adapted and improved. Any violation of the code is regarded as serious; in some 90 cases, business relationships between C&A and suppliers have been cancelled. The main obstacles concern the flow of information within supply lines as well as a lack of co-operation in enforcing the code at all stages of the production process.

Communication is crucial. Businesses which start a proactive dialogue with interested partners are in a more advantageous position than those which only react when issues are brought to public attention by the media.

Social labels

Social labels have already been produced in several areas. For example, the Fair Trade Charter (FTC) in the Netherlands was worked out between clothing sector employers, trade unions, NGOs, and the state (and has since been extended to the flower sector). Monitoring and verification are integral parts of the system and there are sanctions as a last recourse.

Unique one-product scheme

The Rugmark for carpets is unique among social labels since it is limited to one product, one producing region (the Indian subcontinent) and one issue – the ban on child labour. The label has been introduced in the USA, Canada, the Benelux and Germany. The Rugmark Foundation concludes contracts with producers and exporters. The partners agree to the ban on child labour and allow unannounced controls in their plants. Fees from exporters and buyers are collected in a fund and transferred to the producing countries for use mainly in the education of former working children.

Commission initiatives

The European Commission has already introduced a number of measures to promote ethical production and trade:

1. an incentive clause has been added to the Generalised System of Preferences (GSP);
2. a separate budget line has been established for co-operation with the ILO;
3. major financial contributions are provided for joint activities with NGOs;
4. a joint operation against child labour in Pakistan is being supported by financing education centres; monitoring of workplaces; development of regional work organisations.

Organising monitoring

Monitoring and verification have a key role in making a code or label work. This requires an approach that balances:

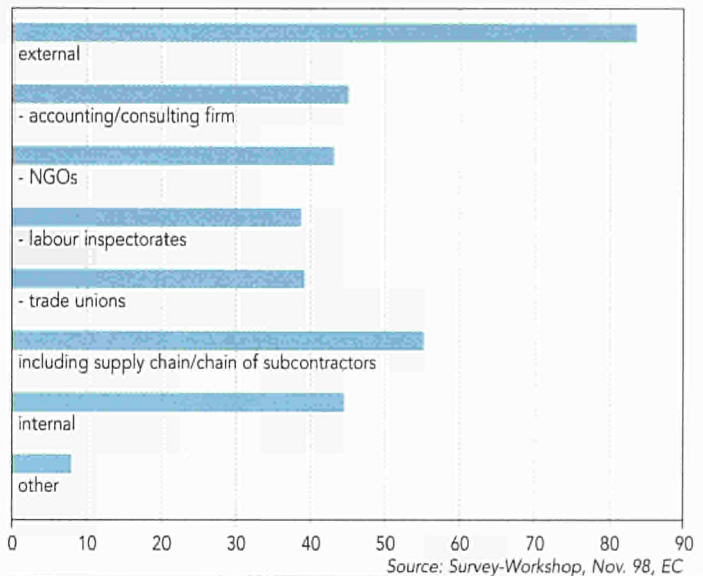
- legitimacy of monitors and their professionalism;
- transparency of audits and confidentiality of business data;
- minimum standards and improvement of working conditions;
- local decision-making and incentives in global markets.

Monitoring needs to be carried out professionally. The Commission's survey showed strong support for external monitoring carried out either by accounting or consulting firms on one hand, or in partnership with NGOs and/or trade unions on the other.

Local monitoring is also important, but organisations in the producing countries in the South urgently need the capacity, the resources and the financial means to take up this task. Certification of accreditors represents another problem. Further obstacles might be costs

and the limited ability of a company to organise a monitoring process – particularly in the case of SMEs.

How should monitoring be organised?



The cost of implementing and monitoring a code is crucial. Social improvements will have to be paid for by consumers paying a premium, by the companies selling the goods, or by producers and workers in the South. The same applies to any international certification agency. However, OECD studies indicate that if working conditions are raised to meet minimum standards, costs are cut because productivity and product quality both rise.

Trade unions are keen to be involved at regional, national and international level – certainly in the short term in the absence of recognised accreditation mechanisms for the auditing of labour practices. The ILO made clear that monitoring itself should be left to those who are directly involved. Trade unions and NGOs underlined, however, that in the medium term the ILO could play a key role in training social auditors.

SA (Social Accountability) 8000³ represents one way to make independent verification of codes and labels possible. This standard is designed to work across countries, across industries and in companies of all sizes, and is open for third-party verification. According to SA 8000 every facility seeking certification must be audited. These audits must be made by organisations accredited by the CEPAA (Council on Economic Priorities Accreditation Agency).

Building partnerships

Monitoring depends on partnership and transparency. However, partnerships must be flexible enough to be adapted to sector, region and industry. The objectives and standards of a code must be conveyed from Europe in such a way as to prevent fears of new protectionism. All activities should build partnerships between North and South – and long-term relationships are the key to success.

3. SA 8000 is being developed by the non-profit CEPAA, established in 1997 to assist in drafting a common standard for companies seeking to guarantee the basic rights of workers. Based on ILO conventions and related international human rights instruments, including the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child, SA 8000 was developed by representatives of trade unions, human rights and children's rights organisations, academia, retailers, manufacturers and contractors, as well as consulting, accounting and certification firms.

The Commission's survey identifies no single preferred approach towards co-operation. While NGOs stress the importance of raising the consumers' awareness (81%) or the development of common monitoring standards (69%), the most important issues for businesses are the standardisation of codes (44%) and the accreditation of external monitoring (44%). The trade unions attach more or less the same importance to all approaches (46-55%).

Partnerships have to start with a meaningful and constructive dialogue. Experiences should be gathered in pilot projects to provide a basis for strategies to structure the input from local levels and to disseminate the code among consumers. Following this, a two-track approach to monitoring should be developed to include the ILO, accreditation bodies and others. Monitoring itself should be run in co-operation with local partners with a feedback mechanism to deal with complaints and trigger improvements.

Within the European Union a number of tasks could be envisaged:

- sharing information on good practices;
- tripartite training on social standards;
- publishing an annual social status report;
- building a network;
- setting up an agency or observatory for international social standards; and
- extending the scope of European works councils to global works councils in multinational enterprises.

Though formal agreements and core labour standards already exist, it is still not clear who is responsible for their application. Codes of conduct do not replace either the fundamental rights of working persons or collective bargaining at the regional level. However, the credibility of codes of conduct can be significantly improved if they are transposed into regional or national collective agreements.

Workshop conclusions

Codes and labels express the voluntary commitment of companies to achieve improvements in working conditions. Their implementation is crucial. To give this long and complicated process a framework, an evolutionary agenda is required. It has to be founded on pragmatism, incentives and partnership. Implementation must be

flanked by financial support and technical assistance, particularly for SMEs. The ILO, the European Commission and other bodies could play a key role in this process.

Problems for producers, buyers and consumers stem from the wide range of criteria that characterise existing codes and labels. The efficiency of codes and labels and their credibility can be fostered if pragmatic and realistic solutions are sought. The core labour standards – set out in the ILO declaration of June 1998 – should be the basis of such solutions.

Monitoring has to be independent and should be organised externally. It must be carried out to professional standards, so the accreditation of auditors and the development of methods of certification have top priority. The ILO could play a major role in accrediting certification agencies and training auditors. Nevertheless the input from local, national, European and international levels must not be neglected.

Partnerships are a core element of success. Partners will be able to exchange practical experience, identify needs for education and training, and support each other as regards information and communication.

The message about a code's objectives and impact must be spread to promote it to consumers and to strengthen its credibility. 'Positive discrimination' and official recognition for companies and products which achieve improvements could give an additional push to the code or label. But most participants rejected a punitive approach.

Commission observations

Building partnerships means forging links between the existing initiatives. A first step is the exchange of experience and information on existing codes, good practice and training measures. The second step could be the building of a network and a permanent forum for dialogue between social partners, companies, NGOs, experts, public authorities and other parties. All companies interested in taking part in the development of codes and labels on a voluntary basis should be able to do so. In the framework of an action programme, the Commission is willing to support co-operation, such as a network or practical measures.

3 Looking to the future

2nd EU-US symposium on codes of conduct and international labour standards

As a follow-up to the joint symposium in February, within the framework of the Transatlantic Dialogue, the US Department of Labor and the European Commission organised a discussion, in Washington in December 1998, on the contents and implementation of codes of conduct, involving business, trade unions, NGOs and public bodies in both the USA and Europe. The meeting reviewed recent progress, examined the scope, contents and potential for standardisation of codes of conduct, and explored how such codes could be implemented and monitored.

There was clear consensus about the need to improve conditions for workers around the globe. All sides were equally committed to the core labour standards contained in the ILO June 1998 declaration (see page 14) as the minimum basic working conditions. The role and responsibility of governments in enforcing existing regulations was also emphasised, as was the need for remediation once abuses had been identified.

Variety of codes

Many companies, mainly multinationals, have already introduced some form of labour standards. The wide variety of codes of conduct currently in use cover to a greater or lesser degree use of child and forced labour, workplace discrimination, freedom of association and worker representation, wages and working hours as well as health and safety in the workplace.

The overall result of these voluntary codes has been to bring added value to the operations of those companies which are applying them seriously, through better productivity and a more stable workforce. But many concerns remain, particularly about companies adopting codes purely for public relations purposes, the problems of monitoring such codes and how SMEs can afford to implement such an approach.

In Europe, progress has already been made in several areas, including ethical trading – such as the Ethical Trading Initiative (ETI) in the UK, involving a range of companies, trade unions, NGOs and government. A code of conduct has been developed for the European clothing/textile sector, which refers to the ILO declaration. This code is being transposed into national collective agreements with legal force. And the European Parliament has discussed the development of a code of conduct and monitoring platform for European companies operating in developing countries (see page 13).

In the USA, President Clinton promoted an Apparel Industry Partnership (AIP) involving companies, trade unions and NGOs. After two years, an initial agreement has been signed, although trade unions and some NGOs involved feel unable to support it because of the failure to include the requirement for a decent living wage.

UK Ethical Trading Initiative

The UK Government has recently promoted the Ethical Trading Initiative which is being developed by an alliance of companies (many high street retailers), trade unions and development NGOs. The objectives are to promote observance of a code of practice based on the new ILO standards in global supply chains and to explore methods of monitoring and independent verification. A model code has already been drafted, experimental pilot studies are being prepared and the first annual meeting organised.

European textiles initiative

In September 1997, European social partners signed up to a code of conduct for the textile and clothing sectors covering child labour, forced labour, trade union rights and the principle of non-discrimination in the workplace (see page 20). In addition, a joint monitoring scheme was drawn up with some elements of enforcement. Follow-up has been ensured by regular social dialogue. The text of the agreement has been translated into all EU languages and copies distributed to reach more than 40% of EU textile and clothing companies. The code has been transposed into several national collective agreements – either entirely, partially or as the basis of more extensive national discussions – to become legally binding. Companies have also been encouraged to apply the code to relationships with suppliers in Eastern Europe, particularly in those countries that are applying for membership of the EU.

US Apparel Industry Partnership (AIP)

The US Apparel Industry Partnership, initiated and endorsed by President Clinton, reached an agreement in November 1998. This proposes: uniform standards; comprehensive internal and external monitoring; mandatory training for managers; overview by the independent Fair Labor Association (including representatives of NGOs and companies); and public reporting of findings for transparency. In addition, the code prohibits child labour, requires payment of minimum or prevailing wages, restricts hours of work, and recognises freedom of association and collective bargaining.

US Collegiate Licensing Company

Codes of conduct pose a challenge for US colleges and universities that work with thousands of different suppliers of licensed products. The Collegiate Licensing Company (CLC) now represents more than 170 educational institutions in the US with their many suppliers – from SMEs to large companies. It is fully committed to obtaining fair treatment for workers at all these suppliers. Pressure on institutions comes also from student groups and legislators who have been calling on colleges to be proactive. A task force has been meeting regularly to develop a code based on the US AIP agreement with input from manufacturers and students. The draft was circulated at the beginning of December 1998.

Scope and standardisation

Despite the wide range of views about the precise definition of a code, there was consensus on:

1. the need to improve working conditions worldwide – voluntary codes of conduct are one means to achieve that goal;
2. codes are not meant to replace efforts to strengthen national law and practice, nor to replace collective bargaining agreements;
3. the proliferation of codes of conduct reflects government failure to enforce labour law adequately; and
4. there are a variety of corporate practices, codes of conduct and policy guidelines encompassing a range of issues such as labour standards, environmental practices, and corruption and bribery.

While there was agreement on the need to improve working conditions, there was discussion about how to achieve this. Some saw working with and through existing international standards as the most appropriate means. Participants also considered the possibility of conflict between codes of conduct on the one hand and national law and practice or international labour standards on the other. The same participants were opposed to the principle of standardisation of codes.

Others felt that codes of conduct are needed to ensure companies adhere to internationally-accepted labour standards. Currently more and more companies are voluntarily adopting codes of conduct regarding labour practices. Companies should perhaps internalise ILO standards and incorporate them into management systems.

There was a wide-ranging debate as to the appropriate content of codes. Among the majority of participants who favoured codes of conduct, there was broad agreement that as a minimum, codes ought to include the principles outlined in the ILO declaration on fundamental principles and rights at work. Beyond such basic principles, individual companies, partnerships and so on should include additional issues or standards such as human rights, health and safety, living wage and hours of work.

Many participants underlined the potential benefits of greater harmonisation of codes. Standard agreements are easier to communicate and for stakeholders to understand. Standardisation could also benefit manufacturers and suppliers faced with a multitude of codes to follow and help promote certainty for consumers.

Some pointed out the practical administrative and financial difficulties involved in going beyond the first level in the supply chain. A few also noted that companies could not be held responsible for subcontracting below the primary supplier; primary suppliers should be responsible for their own subcontractors. Others stressed that companies are responsible for applying their codes to all levels of production as a way of ensuring the credibility of codes. Existing management systems, such as those in place to monitor quality control, could be adapted to monitor working conditions.

The need to educate workers and managers and to disseminate information about codes in various languages as part of implementation efforts was also underlined.

Implementation

While there were many divergences between participants according to the interests they represent, several shared points of view emerged:

- It is necessary to take seriously the definition of best ways to implement codes of conduct.
- All actors linked to the implementation of codes of conduct must be competent in the area that is internationally benchmarked. All people or organisations involved in implementation should have a real knowledge and a legitimate interest in codes of conduct.

There are various organisations that could play a role in developing capacity and performing training in this area.

- Because codes of conduct are adopted by companies, their implementation is of great importance for the company and would benefit from an internal consensus between management, unions and suppliers.
- Distance between a company and consumers could determine the level and method of implementation. The direct exposure of the company to the market could therefore also determine the involvement of different stakeholders.
- The importance of transparency is endorsed by labour and management, as well as by NGOs and other stakeholders.
- At present, the general debate seems to be at a global level, mainly because multinationals operate globally. Although some participants were reluctant to deal with codes of conduct or labour standards at regional level, others felt that regional organisations could assume certain tasks such as structured regional benchmarking. Various calls were also made upon the ILO to play a more active role.
- Trust was considered as a main prerequisite of efficient and effective implementation of codes of conduct – all parties have a role to play here.
- There is a need for a systematic analysis of codes of conduct practices as well as their impact on working people. It is important to draw lessons from initiatives under way and to understand the links between them.
- EU-US dialogue on codes of conduct is important, but many participants proposed enlargement to include other stakeholders, in particular those in developing countries.

Common objectives

Voluntary codes of conduct are a reality, and the number of experiments in the USA and the EU is increasing. The ILO declaration on core labour standards must be the minimum requirement. The common objective accepted by all sides is the need to improve working conditions worldwide. Codes are not a substitute for legislation, however, and governments have a key role in enforcing labour regulations. Moreover, it is essential to have an accessible process for remedial action.

The US Department of Labor sees a role for governments in facilitating establishment of codes. And it feels the ILO should help structure certification standards and possibly act as an information centre and clearing house. But there is a need to answer genuine concerns in developing countries about protectionism. Further dialogue is thus essential to bring all stakeholders together – including Korea and Japan as well as the developing countries themselves.

Europe sees codes of conduct as the way forward but this involves a long-term, step-by-step process. The European Commission stated again that it is keen to help all the actors wanting to meet in a more structured way to continue to discussion. It is willing to support the establishment of a more permanent partnership initiative allowing for:

- structured exchange of experiences;
- help with information, training and communication;
- promotion of knowledge and dissemination of experiences;
- promotion and development of criteria established by codes of conduct;
- improvement of transparency of companies having adopted a code of conduct and adding value to good practices; and
- identification of a common basis that includes core labour standards as a fundamental component and progress in implementation and monitoring codes of conduct.

4 European Parliament initiatives

The European Parliament has long taken a lead in the debate on fair trade (see Box). Two reports, on fair trade and on voluntary codes of conduct, were debated in the European Parliament in January 1999.

Fair trade and labour standards

Proposals for a European code to be developed based on fundamental labour rights were approved by the European Parliament on 13 January 1999. This should be founded on the voluntary commitment of European multinational enterprises rather than focussing on sanctions. Procedures would be published in the *Official Journal of the European Communities* or on the Commission and Parliament Web pages. The code would be backed by incentives (e.g. in the framework of the GSP, or by support plans for the families of working children).

The debate arose from the Sainjon report⁴ on the trading system and internationally recognised labour standards that called on Member States to take the lead in promoting international labour standards as an integral part of world trade. Efforts should be concentrated on securing support for the respect of conventions such as those restricting the use of forced and child labour and guaranteeing the right to join trade unions. The general conclusion was that children should not work and the EU had a moral duty to make this happen.

EU-wide standards for European companies in developing countries

The European Parliament debated the idea of a European monitoring platform triggered by the Howitt report⁵ as well as the proposal to nominate special rapporteurs and organise annual public hearings at the Parliament. MEPs voted to adopt the resolution on 13 January 1999 with a series of amendments, including a call on the Council to develop a joint position on voluntary codes of conduct, on the lines of the code of conduct for arms exporters, taking into account the limitations of 'self-policing'. A further amendment calls on the Commission and Member States to take co-ordinated action to promote the establishment of a truly independent and impartial monitoring mechanism which is internationally accepted.

The European Parliament Committee on Development and Co-operation has been examining EU-wide standards for European

companies operating in developing countries, covering such areas as minimum standards for human rights, treatment of minorities and proper working conditions. The Howitt report did not propose setting new European standards, but rather the creation of a model European voluntary code of conduct based on international standards and the establishment of a European monitoring platform with provision for complaint procedures and remedial action.

In its conclusions the report:

- calls upon all Member States to apply relevant ILO standards actively both in international trade and in the World Trade Organisation;
- invites the EU Council of Ministers to prompt Member States to use their weight within the ILO to encourage monitoring of implementation of core labour standards;
- calls on Member States to recognise the work of NGOs involved in implementation of labour standards and help raise public awareness of the problem;
- strongly supports incentives that bring developing states closer to the observation of core social standards and help them integrate into the world economy;
- urges Member States to support a multilateral framework to prevent social and environmental dumping;
- emphasises that the benefits of trade should be shared by all participants as part of commitments made at the UN World Summit on Social Development in Copenhagen in March 1995;
- supports consumer pressure group campaigns for labelling schemes;
- welcomes the voluntary commitment by firms to comply with fundamental human rights; and
- supports the inclusion of relevant social clauses in EU trade and co-operation agreements with third countries.

- 1994 European Parliament adopted a resolution on 'promoting fairness and solidarity in North-South trade'⁶ calling for EC level initiatives to support fair trade, dedicated funding and the inclusion of fair trade in Community development and co-operation policy. European Commission published a document on Alternative Trade, expressing support for strengthening fair trade both in the South and the North.
- 1996 Economic and Social Committee opinion⁷ welcomed development of fair trade labelling initiatives and called on the Commission to create a separate budget line to support such activities.
- 1998 European Parliament adopted Fassa report⁸ which made a number of proposals for further Commission actions in support of fair trade.

4. See *The trading system and internationally recognized labour standards* (A4-0423/98 - Sainjon), EP Committee on External Economic Relations.

5. See *EU standards for European enterprises operating in developing countries: towards a European code of conduct* (A4-0508/98 - Howitt), EP Committee on Development and Co-operation.

6. EP document A3-0373/93, PE 206.396.

7. CES 538/96 E/as.

8. EP document A4-0198/98, PE 225.945.

5 Workers' fundamental rights

ILO core labour standards declaration

The ILO Declaration on Fundamental Principles and Rights at Work was adopted by the International Labour Conference at its 86th Session on 18 June 1998. It marked a renewed universal commitment amongst members, even if they have not ratified the conventions in question, to respect, promote and realise certain core standards.

In its preamble, the declaration states that 'in seeking to maintain the link between social progress and economic growth, the guarantee of fundamental principles and rights at work is of particular significance in that it enables the persons concerned to claim freely and on the basis of equality of opportunity their fair share of the wealth they have helped to generate, and to achieve fully their human potential.'

Although the declaration is not an ILO convention as such, all ILO members have an obligation arising from the sole fact of their

membership in the organisation to respect, promote and realise, in good faith and in accordance with the ILO Constitution, the principles concerning the fundamental rights which are the subject of the conventions on core labour standards.

The core standards covered by the June ILO declaration concern:

- freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced or compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

These principles arise from a series of ILO conventions, including conventions nos 29, 87, 98, 100, 105, 111 and 138⁹.

An important part of the declaration is follow-up, mainly promotional in nature, to provide a new channel for the flow of information about these rights and principles as they relate to economic and social development needs. The declaration also made clear that the follow-up is not a substitute for the established supervisory mechanism for ILO conventions and recommendations.

6 ILO evaluation points up divergence

ILO study on codes of conduct

A review of codes of conduct and social labels carried out by the International Labour Organisation (ILO) in November 1998¹⁰ demonstrates clearly the large number and enormous variety of existing codes and label systems. The ILO study highlights the voluntary nature of such action and the need for consensus.

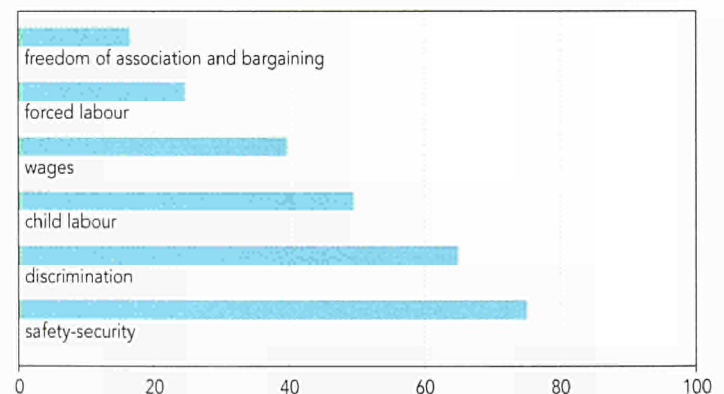
Following its commitment, the ILO reviewed more than 200 codes of conduct and social label systems. These included: codes negotiated bilaterally with industry and NGOs and/or trade unions; tripartite codes such as the ban on child labour negotiated in Italy with employers' organisations, trade unions and central government; and self-defined 'in-house' codes laid down unilaterally by the management of a number of big companies (producers as well as retailers).

Two main conclusions were drawn from the study concerning codes/labels referring to ILO standards:

1. **Content:** The core labour principles are interdependent. A third of all codes/labels reviewed were incomplete – for example, referring to child labour but omitting freedom of association.
2. **Implementation:** The implementation of a code/label has to start with the commitment of both management and staff. Codes in which the participation of the workers is integrated are generally more credible.

Critical research is the next step. The ILO has a mandate to proceed with, as a short-term objective, a research agenda on labour practices and practices in social auditing. The ILO will also prepare more proactive measures. Overall, it has identified a number of key principles to be met, including the need for codes and labels to follow market mechanisms. Voluntary action and consensus have to be core features of any code – and consensus requires informing management and staff down the production line.

Content of codes studied by ILO (%)



Prepared by the European Commission for the EU November 1998 Brussels workshop on codes of conduct

9. Full information about the ILO core labour standards may be found on the ILO website (<http://www.ilo.org>).

10. Study prepared by the Working Party on the Social Dimensions of the Liberalisation of International Trade, ILO, Governing Body, 273rd Session, Geneva, November 1998 (GB.273/WP/SDL/1(Rev.1)).

7 Positive tools for ethical trade

European Commission study on social labels

Social labels can help deliver positive social change according to a report¹¹ commissioned by the European Commission and conducted by the New Economics Foundation (NEF), a UK-based independent research institute specialising in corporate accountability and ethical trade. Experience and evidence from the environmental sector suggest labels could provide benefits to workers and trigger changes in the behaviour of consumers, retailers and brand companies. Social labels deserve Commission support as they foster public understanding of the issues concerned, concludes the NEF. And they can form a solid basis for further efforts to promote social improvements.

Consumers are increasingly demanding minimum human rights standards for workers in the global supply chains making the products they buy. Social labels provide an effective tool for disseminating information about 'ethical trade'. But there is a need to maintain the quality of such labels by monitoring and verification.

Labels influence consumers and businesses and boost consumer self-esteem. They can be categorised as: self-declared, industry body, partnership, NGO-led or official-body. Label standards must be higher than current practice and should offer some market advantage to produce a positive effect in the supply chain. To be really effective,

labels must be relevant, clear, trustworthy, accurate and viable.

The most effective labels are linked to strong public feelings and underlying public action – such as those co-ordinated through the work of NGOs. Typical is the Max Havelaar coffee labelling initiative which has been widely publicised and is well recognised (89% of Dutch consumers have heard of Max Havelaar).

Public policy intervention

Public policy intervention would make social labels more effective. This could involve:

- increasing education and awareness-raising around labour conditions, trade and consumption issues;
- sponsoring annual awards for companies demonstrating best practice in the social area;
- facilitating development of multi-stakeholder initiatives such as the Ethical Trading Initiative in the UK (see page 11);
- developing pan-European standards to support the development of credible private labels;
- using public procurement in promoting and supporting labelled products – although this runs the risk of challenge under World Trade Organisation (WTO) regulations;
- using fiscal incentives to reward socially responsible purchasing; and
- establishing a European social label – although research indicates the most effective labels are associated with specific civil society movements.

Opportunities and limitations of social labels

CHARACTERISTIC	OPPORTUNITY	LIMITATION
Incentive comes from independent civil processes	Provide way of translating concern into positive action	Without these processes, social labels are unlikely to be effective
Reduce cost to consumers of finding ethical product	Labels can ease the take-up of such products	Labels can increase 'costs' in terms of price or choice
Can form part of self and group identity for consumers	Ideal for identity and lifestyle products (clothing, branded goods)	Unlikely to work well on generic or high-priced competitive products
Significant resources required to set up, promote and monitor	Can attract start-up and ongoing funding from a variety of sources	May rely on external funding to avoid higher prices to consumers
Emerge around 'hot' issues	Most attractive where issues and products carefully targeted and backed up by campaigning and education	Social labels do not provide a blanket solution for all issues related to trade and labour standards

Where social labelling works best

- Products bought and consumed by the general public
- Identifiable, branded products
- Products – such as clothing – strongly associated with social identity
- Products not competing solely on price
- Products which are simple to trace

11. *Social Labels: Tools for Ethical Trade*, report prepared by the NEF for the European Commission, DG V/D.1, 1998.

Annexes

1 Related Web sites

NAME OF ORGANISATION	WEB SITE ADDRESS	BRIEF PROFILE
International Programme for the Elimination of Child Labour (IPEC)	www.ilo.org/public/english/90ipec/index.htm	Since the early 90s, the International Labour Office has mounted a major offensive against child labour through its IPEC programme by assisting member states in the implementation of national policy and programmes to solve child labour problems.
United Nations Children's Fund (UNICEF)	www.unicef.org	UNICEF is the UN body dealing with child-related issues. Child labour features prominently among its activities. It co-operates closely with IPEC.
Anti-Slavery Society	www.anti-slaverysociety.org	A concerned NGO which has a series of pages hosted on the geocities network. It provides student and teacher resources and related links.
Global March Against Child Labour	www.globalmarch.org	The Web Site of the official organisers of the 1998 Global March. It contains details of the march itself, worldwide, background information on child labour and links to concerned organisations.
International Federation of Building and Woodworkers (IFBWW)	www.ifbww.org	International union organisation running a campaign to eliminate child labour from the construction industry.
Education International (EI)	www.ei-ie.org	International union organisation for teachers which targets teachers in an anti-child labour campaign, specifically in terms of producing teaching materials.
International Federation of Commercial, Clerical, Professional and Technical Employees (FIET)	www.fiet.org	International union organisation for the services sector which runs an anti-child labour campaign primarily in the commerce sector worldwide.
International Confederation of Free Trade Unions (ICFTU)	www.icftu.org	International organisation for union centres which co-ordinates the international union campaign for the elimination of child labour.
International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF)	www.iuf.org	International union organisation that conducts its campaign primarily in a field of significant exploitation: plantation and agricultural workers.
Public Services International (PSI)	www.world-psi.org	International union organisation for public sector workers currently conducting a campaign to prevent the use of surgical instruments made by children in public hospitals.
Free The Children	www.freethechildren.org	Registered US charity with programmes and activities to reduce poverty and exploitation of children throughout the world.
Network for Community Empowerment	www.community.com.pk	A civic society organisation in Pakistan which carries out small, community-level projects, notably on child labour.
One World	www.oneworld.org	One World is an online community of over 250 like-minded organisations concerned about social justice and humanitarian issues – child rights and labour figure prominently.
Amnesty International	www.amnesty.org	International organisation for the protection of human rights worldwide.
Child Rights Information Network	www.crin.ch	A global network of organisations sharing experiences and information on children's rights.
World Alliance of YMCAs	www.ymca.int	The World YMCA movement is concerned with the global exploitation of children in any form and its national societies are engaged in activities to combat this development.
Pan-Pacific & South-East Asia Women's Association International	www.ppseawa.org	An international women's association engaged in activities to promote peace and understanding among women in this region. Resources are also devoted to women and children's welfare.
Sweatshop Watch	www.sweatshopwatch.org	Sweatshop Watch is a coalition of like-minded organisations and individuals committed to eliminating exploitation in sweatshops. Their work includes public education, public policy advocacy and coalition-building.
Casa Alianza –Covenant House Latin America House	www.casa-alianza.org	NGO dedicated to the rehabilitation and defence of street children in Guatemala, Honduras and Mexico. It is the Latin American branch of the US-based Covenant
Alberta Sports, Pakistan	www.alberta-sports.com	Football manufacturer based in Sialkot, Pakistan, which is part of the ILO programme to eliminate child labour from this industry.
New Concept Information Systems	www.newconceptinfo.com	Group of professionals in India that offers research and publishing services in several areas of social development, including child labour.
Childhub	www.childhub.ch	Site set up to host web pages of organisations and individuals involved in children's rights issues.
Defence for Children International (DCI)	www.childhub.ch/webpub/dcihome	NGO promoting and protecting rights of the child. DCI branches exist throughout the world.
CAFOD	www.cafod.org.uk	CAFOD is the official relief and development agency of the Catholic Church in England & Wales. It runs a major campaign for child labour in the garment manufacture industry.
GreenNet	www.gn.apc.org	GreenNet is part of a global computer network specifically designed for environment, peace, human rights and development groups. 200 members have sites on GreenNet.
The World Bank Group	www.worldbank.org	The web site for the World Bank and related development/finance institutions
Essential Information	www.essential.org	Essential Information is a network of like-minded organisations focusing on development and humanitarian issues.
Agência de Notícia dos Direitos da Infância (ANDI)	www2.uol.com.br/andi	Brazilian news agency on children's rights issues.

Labors of Love Project	www.childlabor.org	NGO sharing information about child labour with the aim of persuading people to work more effectively together to end the practice while encouraging appropriate training and education for children.
Human Rights for Workers	ourworld.compuserve.com/homepages/hrw/	Publication that analyses and publicises the impact of globalisation, including child labour.
Children's House	childhouse.uio.no	An interactive resource centre for the exchange of information that serves the well-being of children.
Christian Aid	www.christian-aid.org.uk	Official agency of 40 church denominations in the UK and Ireland. It seeks to combat the root causes of poverty.
Co-op America	www.coopamerica.org	US NGO aiming to provide economic strategies, organising power and practical tools for businesses and individuals to address social and environmental problems.
ChangeNet	www.changenet.sk	Virtual community for Slovak NGOs exchanging information and resources.
Rugmark	www.rugmark.de	The RUGMARK sign guarantees the carpet producers' obligation that they produce their carpets without employing illegal child labour. It has now developed its own web site.
Terre des Hommes	www.tdh-geneve.ch	Swiss development co-operation NGO which acted as the Global March co-ordinator for the final events in Geneva.
Environmental Development Action in the Third World (enda)	www.enda.sn	International NGO based in Dakar, Senegal, concerned with sustainable development in Third World countries.
Save The Children	www.oneworld.org/scf/	UK's leading international children's charity.
ACTIONAID	www.actionaid.org	Leading development charity working directly with three million of the world's poorest people in Africa, Asia and Latin America, helping them in their fight against poverty.
Action for Solidarity, Equality, Environment and Development (ASEED)	www.antenna.nl/aseed	Global youth network focusing on issues of environment and development.
Corporate Watch	www.corpwatch.org	On-line magazine and resource centre covering corporate accountability, globalisation, social and environmental justice.
Child Workers in Asia	www.cwa.tnet.co.th	CWA is a network of NGOs and individuals involved in the child labour movement in various countries in Asia. It currently has links with NGOs in Pakistan, Bangladesh, Nepal, India, Laos, Vietnam, Cambodia, Thailand, Malaysia, Indonesia, Philippines and Hong Kong.
Council of Europe	www.coe.fr	This site includes texts from recommendations, resolutions and press releases of the Council of Europe on its commitment to combat child labour.
Global Exchange	www.globalexchange.org	Global Exchange is a non-profit research, education and action centre dedicated to advocating and working for political, economic and social justice on a global scale. It aims to increase global awareness among the US public and move them to action while building international and domestic partnerships around the world.
Department for International Development (DFID)	www.dfid.gov.uk	UK Government's department dealing with developmental issues, including child labour.
United States Agency for International Development (USAID)	www.info.usaid.gov	USAID is the independent government agency that provides economic development and humanitarian assistance to advance US economic and political interests overseas.
Department of Labor, US Government	www.dol.gov	The Department of Labor is charged with preparing the American workforce for new and better jobs, and ensuring the adequacy of America's workplaces.
The RUGMARK Foundation International	www.rugmark.de	RUGMARK is the fair trade label given to manufacturers of carpets and rugs who abide by the RUGMARK code of practice.
American Association of Farmworkers	www.afop.org	This site includes the AFOP campaign to eliminate child labour from agriculture in the US.
National Consumers' League (NCL), USA	www.nclnet.org	One of the largest consumer organisation sites with a number of links to child labour sites as well as its own policy and programmes.
UNITE !	www.uniteunion.org	The textile and garment workers union in the US with a wide range of information on child labour and sweatshops. It also provides a number of links primarily to union sites.
Youth Advocate Program International (YAPI)	www.yapi.org	This site covers a wide range of issues of interest to young people and the organisation also runs its own programmes world-wide.
The Concerned for Working Children	www.workingchild.org	Not a particularly useful site in terms of information, but it does provide some links.
European Union (EU)	europa.eu.int	This is the official web site of the EU. It provides a wide range of links to associated sites as well as policy statements and departmental links within the Commission.
International Save the Children Alliance	www.savechildren.or.jp	While this is not the best Save The Children site, it provides all the links to the national affiliates and is a good starting point for some of the good work on child labour done by this organisation.
Nike Inc.	www.nikebiz.com	The Nike web site has its own labour practices page : /social/labor/labor_nj.html. This is a policy statement regarding the company's labour practices, including with suppliers.
Levi Strauss & Co.	www.levistrauss.com	The official web site of the jeans multinational has a section relating to its community and grants programme. The company funds projects in certain fields, including social justice.
GUESS? Inc.	www.guess.com	The major textile American multinational also has a corporate responsibility page in which it claims to insist on fair labour practices among its suppliers.
Union boycott of GUESS?	www.guessboycott.org	In direct contradiction to the claims laid by GUESS?, American union UNITE! has established a web site as part of its global campaign to boycott the company's products due to its appalling working conditions, including sweatshop and child labour, particularly in Latin America.
Adidas	www.adidas.com	Like other major sports multinationals, Adidas also has a section on its site covering a policy for the establishment of fair labour practices. However, it hides behind the process launched by the World Sporting Goods Manufacturers in terms of establishing an industry-wide code of practice which is still under discussion.
Reebok	www.reebok.com	Reebok has published a human rights statement on its web site. It claims to be in favour of fair trade and good working conditions and to be against child labour in the manufacture of its products.

2 Texts of codes of conduct already established in the framework of the European social dialogue¹²

A. EuroCommerce and Euro-FIET joint statement on combating child labour

- I. EuroCommerce and Euro-FIET represent employers and employees in commerce. Commerce and distribution employ more than 22 million people in the European Union, which is 15 per cent of total employment. The value added of 14 per cent which commerce and distribution bring to the European Union is crucial for the well-being of all Europeans.
- II. The social partners consider it to be in contravention with the fundamental principles of human rights to exploit children in a way that deprives them of a natural adolescence and possibilities of education.
- III. The European commerce sector is worried that exploitation of children still takes place in certain countries in connection with the production of goods for the European market, among others.
- IV. Therefore, the European social partners in commerce:
 1. emphasise that where child labour exists, the countries concerned have a duty to combat the exploitation of children, which is in violation of their human rights, including those embodied in the laws of those countries;
 2. urge the countries concerned to undertake measures with the objective of guaranteeing that the children's right to a normal adolescence and education is ensured;
- V. The social partners in commerce realise that large enterprises and particularly large multinationals are able to apply more direct measures to avoid dealing with products that involve the exploitation of children than small retailers who purchase through third parties.
 3. call for development aid policies to give positive support to these measures, as many of the countries concerned are developing countries;
 4. express their awareness of and support for the growing consumer demand for goods obtained from sources which do not exploit child labour;
 5. support the objective that, whenever possible, it should be avoided to deal with goods produced in contravention of children's rights;
 6. recommend that retailers, wholesalers and the international traders be alerted to signs which may indicate that a production process involves exploitation of children;
 7. recommend commerce to support reasonable and practicable steps to use only reputable suppliers.

March 1996

B. A charter by European social partners in the footwear sector

Child labour

The footwear sector represents a very important activity for the European Union's economy. In 1993 it involved nearly half a million workers (approximately 300,000 directly and 150,000 indirectly). In addition, the European Union is one of the largest footwear manufacturers: 1.1 billion pairs were produced in 1993. This sector calls for qualified labour whose productive, traditional, but also creative and innovative qualifications find no alternative within the European Union.

The European Confederation of the Footwear Industry (CEC) and the European Trade Union Federation of Textiles, Clothing and Leather (ETUF:TCL), convened within the social sectoral dialogue, tackled the issue of child labour in the sector, among other things.

Whereas:

- Convention no 138 of the International Labour Organisation (ILO) regarding 'the minimum age for employment';
- The European Council directive regarding 'The Protection of Young Workers' (94/33/EC dated June 22, 1994);
- The latest report drafted by the ILO on 'Child labour' which clearly shows there is an upsurge in child labour not only in third countries but also in Western countries;

12. Texts as adopted.

- The recent Copenhagen Summit and its Programme for Action, which emphasises (art. 54d) "the need to strive to eradicate all forms of child labour that are contrary to internationally accepted standards, to ensure full implementation of existing legislation on this issue, and wherever necessary, to encourage the endorsement of legislation with a view to implementing the Convention on Child Rights and ILO Conventions that ensure the protection of working children, through educational and health-oriented social services; the need to promote employment policies which aim at eradicating poverty in families";
- The ILO draft resolution dated November 1, 1996 (TMFTCL/1996/8) approved by the 'Tripartite Meeting on the Globalisation of footwear, textiles and garment' and pertaining to child labour in the footwear, textiles and garment industries;

and further considering that:

- Child labour is undoubtedly an intolerable violation of human rights, and that some of the answers to this issue are within the social partners' reach;
- Child labour is a problem present in several industrial sectors, including the footwear sector in a number of countries throughout the world;
- Through its trade policy, and particularly the new Generalised System of Preferences (GSP) which includes provisions for (total or partial) temporary withdrawal of GSP benefits in case of coerced labour or slavery practices, and as of January 1, 1998 will include an incentive clause granting additional benefits to those countries that comply with Conventions nos 87, 98, and 138, the European Union can also contribute to improving the state of this issue;

the European social partners:

1. Work towards a profitable, internationally competitive, European leather and footwear industry based on the respect of interests of both employers and workers;
2. Called on employers and trade union members of signatory organisations to comply with important legislations to ensure smooth company management;

ask governments of all Member States:

1. to ratify and fully enforce the United Nations Convention on child rights as well as ILO Convention no 138;
2. together with social partners, to take measures and perfect legislation likely to gradually eradicate the use of child labour;
3. to foster and guarantee access to education, to see that compulsory schooling is observed (with a view to increasing the percentage of children in full-time education at the various educational levels), to cut down the number of drop-outs through such me-

thods as the strengthening of social action in schools, and to implement transitory systems allowing children or teenagers who dropped out of school before the age of completion of compulsory schooling to be reinstated and to continue their personal development;

decide to:

1. subscribe to the present Charter and commit to continue contributing to the implementation of actions aimed at eradicating all forms of child labour exploitation, and to promote the rights of these children throughout the world;
2. bring positive support to measures and programmes that make it possible to completely eliminate the use of child labour in the direct or indirect production and trade of footwear;

and confirm their commitment to see that affiliated companies:

1. Continue to not employ - either directly or indirectly - children under 15 or below the age of completion of compulsory schooling;
2. Support the development of training and apprenticeship programs within the company to provide for the personal development of young workers;
3. Support ILO Convention no 138 concerning 'the minimum age of admission to employment'.

Social partners will further see that the present charter be implemented separately as well as jointly through a social sectoral dialogue at all levels.

The CEC, the ETUF:TCL and their respective national affiliated federations shall circulate this Charter in all relevant languages, particularly in companies represented by the above organisations, further recommending that these companies include this Charter in the terms of purchase with their sub-contractors and suppliers.

The interpretation of the provisions of this Charter, and the problems that may arise following the failure to comply with it, shall be resolved within a joint CEC-ETUF:TCL committee.

The CEC and the ETUF:TCL agree to carry out an assessment of the Charter's implementation as part of the social dialogue at European level, at the latest one year following the signing of this agreement. They hereby ask the Commission and Member States to supply the necessary technical assistance in order to carry out this evaluation adequately.

March 1995,
updated October 1997.

C. A charter by the social partners in the European textile and clothing sector

Code of conduct

The European Apparel and Textile Organisation (EURATEX) and the European Trade Union Federation of Textiles, Clothing and Leather (ETUF:TCL), convened within the social sectoral dialogue at European level, re-affirm their earnest allegiance to the respect of human rights¹³. Social partners at European level hope for fair and open worldwide trade. These partners agreed to work towards a European textile and clothing industry that is productive, internationally competitive and based on the respect of both workers and employers.

Article 1 – Code of Conduct

EURATEX and the ETUF:TCL call on their members to encourage actively the companies and workers of the European textile and clothing industry to comply with the following ILO Conventions:

- 1) The ban on forced labour (Conventions nos 29 and 105):
Forced labour, slave labour and prison labour are banned.
- 2) Freedom of association and the right to negotiate (Conventions nos 87 and 98):
The right for workers to form and join a trade union, as well as the right for employers to organise, are recognised. Employers and workers may negotiate freely and independently.
- 3) The ban on child labour (Convention no 138):
Child labour is forbidden. Children under 15 or younger than the age of completion of compulsory schooling in the countries concerned are not admitted to work.

- 4) Non-discrimination of employment (Convention no 111):
Workers are employed on the basis of their ability to work and not on the basis of their race, individual characteristic, creed, political opinion or social origin.

Article 2 – Circulation and promotion

- a) EURATEX and the ETUF:TCL commit to promote and circulate this present Charter in the relevant languages and at all levels by December 31, 1997 at the latest.
- b) EURATEX and the ETUF:TCL call on their respective member organisations to adopt this Charter and to encourage its progressive implementation at the companies' level.

Article 3 – Follow-up and assessment

- a) EURATEX and the ETUF:TCL agree to follow up, in the framework of the Social Sectoral Dialogue at European level, the progressive accomplishment of the implementation of this Charter.
- b) To this effect, EURATEX and the ETUF:TCL will conduct a yearly evaluation of the Charter's implementation, the first evaluation will take place no later than 10th July 1998. The results of such an evaluation will be reported in the framework of the Social Sectoral Dialogue. EURATEX and the ETUF:TCL could ask the Commission and Member States to supply the necessary assistance in order to carry out this evaluation.
- c) EURATEX and the ETUF:TCL may, in the framework of the Social Sectoral Dialogue at European level, decide jointly and freely to start any other initiative in pursuit of the implementation of this Charter.

September 1997

Contact: Hilde De Clerck (DG V 296 67 63)

13. As defined in the Universal Declaration of Human Rights, among others.

