



## Speaking Points Linda Kromjong

### “Decent work in global supply chains: the way forward after the 2016 International Labour Conference”

Monday, 14 November, from 11:40-13:00 in room XX of the Palais

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Dear Ladies and Gentlemen

Global Supply Chains are nothing bad. In the contrary, global supply chains contribute to jobs, income and wealth in the respective countries. In China alone, the percentage of people who lived beyond the international poverty line (1,90 US\$ currently) has declined from 66.6 percent of the population in 1990 to 11 percent in 2010. China per capita income increased fivefold between 1990 and 2000, from \$200 to \$1,000. Between 2000 and 2010, per capita income also rose by the same rate, from \$1,000 to \$5,000, moving China into the ranks of middle-income countries. Moreover, studies show that workers in global value chains are better paid and better trained than in purely domestic companies. The Conclusions of the ILC Global Supply Chains discussion stress that *“they have contributed to economic growth, job creation, poverty reduction and entrepreneurship and can contribute to a transition from the informal to the formal economy. They can be an engine of development by promoting technology transfer, adopting new production practices and moving into higher value-added activities, which would enhance skills development, productivity and competitiveness.”* Thus, we have to see supply chains not only as challenge, but primarily also as opportunity.

So, do we live in the best of all possible worlds as Leibniz famously said? Certainly not. In the ILC discussion a list of problems and challenges we see at local level were raised. There are unquestionably working conditions in some global border supply chains that are unacceptable and that urgently need to be addressed just as there are for wholly domestic supply chains. The IOE has always been highly vocal in condemning unacceptable forms of work, and will continue to take this stance, referring particularly to the 1998 ILO Declaration on Fundamental Principles and Rights at Work and the 2014 Forced Labour Protocol.

However, decent work challenges in cross border supply chains are not unique to cross border supply chains, but reflect general challenges in the local environment, such as a high prevalence of informality, ineffective labour inspection, a lack of OSH frameworks, high levels of corruption, ineffective judiciary systems and inadequately developed social protection systems. To be very clear, the cross-border flow of goods and services does not pose a unique challenge to decent work. As stressed before, working conditions in cross border supply chains are not worse than those in the purely domestic economy at local level. On the contrary, data indicate that they are often rather better.

The Global Supply chain action plan we adopted last Thursday in the ILO Governing Body contains some important activities to address decent work challenges inside and outside of Global Supply chains, such as

- Promotion of ratification and effective implementation of the fundamental principles and rights at work.
- Capacity building of constituents for improved engagement to promote relevant Conventions at national, sectoral, regional and international levels.
- Support to the OECD National Contact Points to provide to them the ILO expertise in cases which address the employment chapter of the OECD guidelines for multinational enterprises.
- Research on decent work in global supply chains.

Particularly important for the employers have been that the ILO develops a “one-stop-shop” to give companies information on specific country situations, laws and regulations in order to support them in their due diligence. Indeed the ILO has many data bases on OSH regulations, labour law, the implementation of Fundamental Principles and Rights at Work, etc, but what is missing is a place where companies can easily access these information.

In the ILC discussion in June the Employers have been very clear that the goal of the ILO should be to improve compliance and decent work conditions across the entire economy. Section 23(b) of the ILC conclusions explicitly calls for efforts to improve compliance across ALL enterprises and not just exporters. Thus, the Employers want to be very clear that the ILO GSC Programme of Action should be seen as complementing efforts and activities of the Office to improve compliance and working conditions across the entire economy, which is the ILO’s core mission and called for in GSC conclusions.

The Vision Zero Fund, which has been established within the ILO by the G7 is a very good example in this regard. The fund intends to strengthen OSH systems in producing countries generally, so that all workers – independently whether they work for an exporter or for a purely domestic company – benefit. The Vision Zero Fund is a multi-donor fund. The manager of the fund, Ockert Dupper, is in the room. Thus, if someone is interested in the Fund you are most welcome to address Ockert. The IOE is highly supportive of the fund. It is an innovative instrument to improve the health and safety of workers in producing countries.

Thus, to conclude, the IOE is highly committed to make the ILO action plan on Global Supply Chain a huge success. Partnerships, particularly with the German G20 Presidency, play an important role in this regard. The IOE as networking partner of the German B20 endeavours to have a practical, realistic outcome of the German G20 process on Global Supply Chains, which also respects the outcome of the ILC Discussion on Global Supply Chains. It would be already much won, if the G20 could agree to financially support the very intensive action programme of the ILO.

Thank you very much.

Reply to the question re vision and ambition:

My vision would be that we can much better unleash the potential of Global Supply Chains to create decent work, by facilitating a better spill-over effect with regards to responsible business conduct from buyer to supplier through increased training and capacity building of

suppliers as well as of public administration in producing countries, so that the international human rights commitments are implemented into national law and enforced on the ground. I would wish a more mature dialogue in which companies can address more openly challenges without being in danger of being directly sued or becoming a target of a campaign. I would aim that Governments take their duty to protect more serious – being it with regards to the business conduct of state-owned enterprises or with regards to the developments of NAPs.