

October 26, 2016

Answers by Minister Ploumen of Foreign Trade and Development Cooperation to

Parliamentary questions by Member Gesthuizen (Socialist Party) to the Minister for Foreign Trade and Development Cooperation on the fact that Dutch companies are having garments produced in India below the minimum wage (submitted September 29, 2016)

Question 1

Can you give a reaction to the report '*Uitgekleed – Aangekleed*' ["Dressed Down – Dressed Up"]⁽¹⁾?

Answer 1:

The report presents a harrowing picture of the daily life of the textile workers in India: low wages, excessively long working hours, discrimination against women. The situation is unacceptable and must improve. The report offers suggestions for this.

Although the motive of the Clean Clothes Campaign (CCC) not to name the investigated factories is respectable (protection of the interviewed workers), the government is of the opinion that CCC better should have reported the names of the factories in confidence to the Dutch garment companies. Only then companies can take action aimed at improvements in the respective factories.

Question 2

Do you share the opinion that garment companies are responsible for the working conditions in their supply chains and for ensuring that their subcontractors pay their workers at least the legal minimum wage?

Answer 2:

Based on the OECD Guidelines for Multinational Enterprises garment companies are responsible for the payment of the statutory minimum wage. Companies are expected to investigate the risks in their production chain (the due diligence process), such as violation of labour rights. They then should tackle and reduce these risks. In this context, compliance with local laws, such as minimum wage, is one of the conditions that companies are expected to demand from and check with their suppliers. Related to this individual garment companies can play a positive role by checking information about the wages paid. It is not only the responsibility of the Dutch companies, but also of the Indian government to ensure compliance with existing laws and regulations.

Question 3

Are you willing to address the garment companies mentioned in the report on the fact that their subcontractors do not comply with local legislation relating to working conditions and minimum wage?

Answer 3:

The government wants the discussion on the report '*Uitgekleed-Aangekleed*' to take place in the context of the ICSR [International Corporate Social Responsibility] covenant for the textile and garment sector concluded in July. The garment companies participating in the covenant have committed themselves to map the abuses, to report them and to work together with trade unions and NGOs on solutions. Some garment companies have their supply chain largely in order, others are still at the beginning of this process. The companies participating in the covenant should perform their due diligence within a year and make a plan of action. Via the covenant, the report will be recommended with the companies to be used for their due diligence investigation. Also companies that buy in India and are not participating in the covenant, are advised to inform themselves about the research of CCC and to consider how to contribute to improvements. The government will make them aware of the report and ask them to take note of the recommendations.

If CCC believes that the afore-mentioned Dutch companies insufficiently fulfill their obligation to due diligence, the organization can submit a complaint to the complaints and disputes committee of the textile covenant or to the National Contact Point of the OECD.

Question 4

Are you aiming to have these companies at least ensure that their subcontractors operate in accordance with the law and, if so, when do you expect that these companies have achieved this point?

Answer 4:

In the context of the OECD Guidelines the companies are expected to ensure compliance with local laws at their suppliers. This legislation should be applied in every situation any time. This is the shared responsibility of buying companies and the local government.

Question 5

What efforts will you undertake to persuade the textile companies mentioned to provide their employees a living wage?

Question 6

How do you respond to the observation of C&A that all garment workers deserve to earn enough money to support their families, but that this is only possible if all companies involved do cooperate?⁽²⁾ Do you think this does sufficiently explain that the average wage after deduction of fines in their factories ends up at one third of the living wage and that workers make much unpaid overtime? If not, how will you make it clear to them and the other companies surveyed that they, being final producer, are responsible for what happens in their supply chain?

Question 7

What role does the pursuit of a living wage play in your policy and how is this reflected in the textile covenant?

Answers 5, 6 and 7:

The government endorses the call for action for a living wage. The objective for a living wage should indeed be addressed collectively. This view corresponds with that of the major international fashion brands and the international trade union movement, which have united for this purpose in the so-called ACT initiative (Action, Collaboration, Transformation). Dutch companies do to separately monitor compliance with the statutory wage provisions. The Netherlands did organize the Asian Living Wage Conference last May in Pakistan, which was attended by textile producing countries from across the whole Asian region (Parliamentary document 32 735, no. 153). An outcome of this conference is that governments, employers and trade unions need to develop action plans for living wage at national level. This process is supported by the Fair Wear Foundation. Collective agreements for a living wage with a group of textile producers, supported by international fashion brands, can be an effective tool. The government will encourage Dutch brands to support and promote these national action plans for a living wage. Also during the recent conference Sustainable Sourcing in the Garment Sector, on 29 September in Bangladesh, the Netherlands did call on the purchasers from major fashion brands and local producers to realize a living wage for workers.

In addition, the government is seeking for cooperation on living wage issues with other EU countries such as Germany and Denmark, and with other initiatives such as ACT and the partnership with the Fair Wear Foundation. Thus the critical mass is created needed for the conclusion of sectoral collective agreements. Participants in the Dutch textile covenant have agreed to take collective action for achieving a living wage in their supply chains. In the first quarter of 2017 the government wants to make agreements with the parties to the covenant on the roadmap for a living wage.

Question 8

What options do consumers currently have to ascertain under what circumstances the clothes they buy are made? Will in this context specific attention be paid to the wage received by the workers of a textile factory and how this wage relates to the minimum and living wage?

Answer 8:

Critical consumers can accelerate the process of sustainability of the textile chain. There are several websites that rank brands rank on the basis of sustainability, including *Rank a Brand*, *Kledingchecker* [Garmentchecker] and the app *Talking Dress*. In April this year, Rank a Brand indicated in [TV news programme] *Nieuwsuur* that much information about the way brands deal with labour conditions is lacking. While this does not necessarily mean that these companies do nothing to improve working conditions, companies will have to report more and better about this. The Covenant on Sustainable Garments and Textile asks the signatories, which can be found on the website of SER ('Social and Economic Council'), to communicate publicly within three years on their CSR efforts. This contributes to more transparency towards consumers.

The *Sustainable Apparel Coalition* is a partnership representing more than a third of the global textile and footwear sectors. This coalition promotes transparency for consumers through a set of uniform industry-wide instruments (the so-called *Higg Index*) which allows the

measurement of sustainability. The Covenant on Sustainable Garments and Textile mentions this organization as one of the international initiatives it aims to cooperate with. The Netherlands actively supports the *Sustainable Apparel Coalition*.

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- (1) <http://www.indianet.nl/pb160927.html>; more elaborate version of this report in English: 'Doing Dutch - A research into the state of pay for workers in garment factories in India working for Dutch fashion brands', see <http://www.indianet.nl/pb160927e.html>
- (2) <http://www.indianet.nl/pdf/ReactiesBedrijven.pdf>

