

February 16, 2017

Answers by the Minister of Foreign Trade and Development Cooperation to:

Parliamentary questions by the members Voordewind (ChristianUnion) and Van Laar (Labour Party) to the Minister of Foreign Trade and Development Cooperation on clothing brands that contribute to low wages, long working hours, child labour and school dropout in Bangladesh (submitted January 31, 2017)

Question 1

Are you familiar with the report *Branded Childhood*⁽¹⁾ of the coalition Stop Child Labour and SOMO?

Answer 1

Yes.

Question 2

Do you agree with the report's conclusion that garment brands that have their products manufactured in Bangladesh not only contribute to low wages and excessive overtime, but also, as a result, to child labour and school dropout of children from adult garment workers?

Answer 2

The report *Branded Childhood* of Stop Child Labour and SOMO presents a harrowing picture of child labour in Bangladesh. Children belong in school, not at work. As indicated in the report, child labour in the formal sector is now considerably reduced. In this sector garments are produced which are destined for export. According to the report children of textile workers often work in other sectors. The lack of living wage for parents can may cause children to contribute to the family income. The Netherlands does acknowledge this and actively pursues living wages.

Question 3

Do you agree with the recommendations in the report and are you prepared to bring this to the attention of the garment brands, multi-stakeholder initiatives (including the Covenant on Sustainable Garment and Textile) and the Government of Bangladesh?

Answer 3

The report confirms that living wage is a key instrument in tackling child labour. The government supports the recommendation that this issue needs to be put higher on the agenda of brands, producers, the government of Bangladesh and in multi-stakeholder initiatives. Moreover, the report describes important preconditions for a living wage such as freedom of association and fair procurement practices by the garment brands.

The report calls for action plans for the establishment of higher wages in multi-stakeholder context. The government recognizes that the objective of achieving a living wage must be

addressed collectively. The Dutch government is, just like Stop Child Labour, a party to the textile covenant whereby Dutch companies have jointly agreed on addressing the risks in the supply chain. Parties to the covenant are expected to provide within a year an action plan to address the risks in the supply chain. In addition, it was agreed in the covenant that there will be collective projects with regard to freedom of association and living wage. The working group on living wage comes up with concrete proposals soon.

Following the recent wage campaigns in Bangladesh, the Dutch ambassador has spoken with the employers' organization and the authorities in Bangladesh. There was also a meeting with one of the larger trade unions. The Netherlands has stressed the importance of living wages and workers' rights in these talks. In short, this report supports the Dutch approach.

Question 4

Are you prepared to discuss the increase in costs of living in Bangladesh (rent, energy) in recent years in with its government? How do you explain this cost increase which followed a sharp percentual increase of the minimum wage at that time?

Answer 4

After recent wage campaigns in Bangladesh the Netherlands has taken the lead and has drawn attention for the situation of representatives of like-minded countries and international organizations. The objective is to jointly raise the issue with the authorities of Bangladesh. Bangladesh already has a high inflation for many years, even in the period prior to the increase in the minimum wage. The inflation is largely independent of the wage increase. However, there are signs that rents and food prices increase when wages are increased in the textile sector and other key sectors. Indeed, there is no security of rent and social housing. In that way, the wage increase unfortunately is partly lost in terms of the targeted improvement in purchasing power. These issues will be discussed during a round table on living wages and social dialogue, which the Netherlands will organize in Bangladesh next summer.

Question 5

Are you also prepared to bring this report to the attention of your European colleagues and the European Commission in order to jointly bring this matter to the attention of the government in Bangladesh?

Answer 5

The report provides support for the need to work together to bring the importance of a living wage and freedom of association to the attention of the Government of Bangladesh. Both in Bangladesh and for example in the context of the *EU Garment Initiative* there is close cooperation in this area with the European Commission.

Question 6

Are you willing to take more action towards garment companies active in the Netherlands and towards the European Commission to urgently raise the problem of the lack of a living

wage and its consequences for adults and children, because of the limited progress being made by garment companies on increasing the actual wage to a living wage? Are you prepared to do this in consultation with all stakeholders who are committed to a living wage?

Answer 6

Netherlands is both nationally and internationally active in promoting living wage and will only achieve results by working together with all stakeholders. In June 2016 the Netherlands organized the *Asian Living Wage Conference*. The conference was at that time attended by the governments of producing countries, apparel brands, manufacturers, trade unions and NGOs. In the Netherlands, preparations are made in the framework of the textile covenant for a collective approach in the area of living wage. In producing countries, starting with Bangladesh, round tables will be organized to follow up on the outcomes of the conference. To enforce the Dutch approach, there is also cooperation proposed with the German Textil Bündnis and ACT (Action, Collaboration, Transformation), the living wage initiative of major international fashion brands. In addition, the government will, in the framework of the *EU Garment Initiative*, insist on action in the area of living wage.

The report *Branded Childhood* also mentions the importance of appropriate procurement practices of the garment brands. To approach the issue of low wages and other risks in the sector also from this perspective, the Netherlands organized the *Sustainable Sourcing Conference* in Bangladesh in September 2016. A concrete outcome of the conference is to develop a joint training program for buyers and producers on sustainable procurement, organized by the *International Apparel Federation*. The training starts with a pilot project in Bangladesh. Living wage will be part of the curriculum.

Question 7

Are you planning to take the initiative to require transparency from companies and to come up with legislation relating to modern forms of slavery? Are you willing to make the fight against starvation wages part of this, considering that in your response to recent previous questions⁽²⁾ you agreed with the recommendations to governments of importing countries in the report *Fabric of Slavery*?

Answer 7

The government policy is aimed at the voluntary conclusion ICSR covenants. In the covenants agreements are made on the compliance with the OECD Guidelines for Multinational Enterprises, including directives on transparency. In the textile covenant it was agreed that companies will make their production locations public. The government is also attaching importance to adequate legislation in the field of minimum wages and enforcement of this legislation in the producing countries themselves. The Netherlands will contribute to this by strengthening the capacity of the labour inspectorate of Bangladesh and will organize a round table on living wage in the textile sector.

Question 8

Can you explain - in the context of living wage – what the status is of the investigation by the apex body for sustainability standards ISEAL of a benchmark for living wage? What follow-up steps you have in mind for this issue?

Answer 8

ISEAL has completed 22 benchmarks for living wage in 15 countries. Part of it was published, the others will follow shortly after extensive validation with local parties. The benchmark for Bangladesh is relevant in the context of the report *Branded Childhood*. The study confirms a large gap between wages in the textile sector and the benchmark for a living wage. This information will be used in the above mentioned (joint) follow-up actions in Bangladesh. In addition, the information will be shared with parties concerned, such as procuring brands, so that they can take this information into account in their procurement policy.

Notes

- (1) <http://www.stopchildlabour.eu/garment-brands-contribute-to-low-wages-long-working-hours-and-child-labour-in-bangladesh/>
- (2) <http://www.indianet.nl/pdf/kv170116e.pdf>

[translation of <http://www.indianet.nl/pdf/kv170216.pdf> by India Committee of the Netherlands]