

January 11, 2019

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

Parliamentary questions by the member Voordewind (ChristianUnion) to the Minister of Foreign Trade and Development Cooperation on child labour and non-payment of minimum wages by Dutch and in the Netherlands active seed companies operating in India
[submitted November 27, 2018]

Question 1

Are you familiar with the report "*Remedies for Indian seed workers in sight? - Monitoring report on tackling child labour and non-payment or minimum wages in hybrid cotton and vegetable seeds production in India*" by the India Committee of the Netherlands and the Stop Child Labour Coalition?⁽¹⁾

Answer 1

Yes.

Question 2

What is your reaction to the findings of the report that the companies mentioned in the report indicate that on average there is less than 1% child labour in their supply chains, while previous reports by the India Committee of the Netherlands in 2015 and other more recent sources, including a report from the *Council on Ethics* of the *Norwegian Government Pension Fund*, indicate that this percentage is much higher?⁽²⁾ What is your reaction to the finding that often minimum wages are not yet being paid by the suppliers of seed companies?

Answer 2

The findings of the India Committee of the Netherlands that child labour still occurs in the seed production and that suppliers often do not even pay a minimum wage are of course worrying. The government expects companies operating in or from the Netherlands to do business in accordance with the OECD guidelines for multinational companies. This means that they have to identify risks in their production chain and must address these risks. If child labour or too low wages emerge as risks, companies are expected to take measures.

It is not the task of the government to explain the observed difference in percentages of child labour. It is important that seed companies monitor child labour in their production chain and share this data. If these data differ from recent findings of the India Committee of the Netherlands (ICN) and other reports, the government recommends both parties to enter into dialogue with each other about the methods of monitoring and the differences in order to effectively combat child labour.

Question 3

What happened to the commitments made by the previous Minister for Foreign Trade and Development Cooperation in response to the parliamentary questions following the reports of the India Committee of the Netherlands in 2015.⁽³⁾

How do you assess the fact that nothing has been done or is being done to work on a "sector covenant with the seed sector and the involved stakeholders"? Are you prepared to take steps to promote that such a covenant is being developed or that the seed companies will participate in another covenant, such as the Agreement for the Agricultural Sector or the Agreement for the Food Products Sector?

Answer 3

The government has brought child labour to the attention in bilateral contacts and fora, also during the visit of the Prime Minister and the Minister for Foreign Trade and Development Cooperation to India in May 2018. The Minister of Foreign Affairs also discussed the issue of human rights during his visit to his Indian counterpart Swaraj in May 2017.

It is positive that in 2017 India has ratified the International Labor Organization (ILO) conventions on minimum age for admission to employment (No. 138) and on the worst forms of child labour (No. 182). Adequate implementation and enforcement of conventions and legislation and regulations in the area of labour and children's rights remain, however, issues in India. The Netherlands contributes financially to the promotion of this implementation, for example through the ILO.

The government has entered into discussions with the trade association for plant reproduction material, Plantum, about the possibilities for a sector covenant. In line with the SER advice report on ICSR [International Corporate Social Responsibility] covenants, the initiative to come to a covenant must be taken by the sector. The trade association has indicated that it does not want to explore an ICSR covenant, but will implement the OECD guidelines in a different way. The ministry continues to discuss with the sector about compliance with the OECD guidelines and the way in which the sector will carry this out in practice.

The government also has the ambition that by 2023 90% of the large companies in the Netherlands will endorse the OECD guidelines as a frame of reference for their international activities. In the coming years, progress will be monitored with interim measurements. Companies from the seed sector will also - insofar as they fall under the definition⁽⁴⁾ - be included.

Question 4

Can you indicate if the *Memorandum of Understanding* between the Netherlands and India refers to child labour and the payment of living wages by seed companies that are active in India and what are possibly the results of this?

Answer 4

The Netherlands and India signed a Letter of Intent in 2011, which focuses on cooperation between the two countries in the field of corporate governance and corporate social responsibility. Through the bilateral working group, set up with the signing of this Letter of Intent, the Netherlands started the conversation on corporate social responsibility (CSR) with various stakeholders from both countries. Also, the India Dutch Sustainability (INDUS) forum was set up, a platform aiming at partnerships between Dutch and Indian companies for making trade more sustainable. This platform also serves as a dialogue to promote CSR in India.

Question 5

Are you prepared to support Indian organisations or new joint initiatives which have been proven or can be expected to contribute to the effective tackling of child labour in the vegetable and cotton seed production and to working on at least the official minimum wage, working towards a living wage?

Answer 5

The government is prepared to assess such new initiatives on alignment with policy frameworks and quality. This can be done through the Fund Against Child Labour (FBK). Four projects in India already receive funding from the FBK; one of them is carried out by a company investigated in the report. The government also supports the Stop Child Labour Coalition with the area-based approach to combat child labour, including in seed production in India.

A new fund will soon be set up, from which companies can get financing together with social organisations for projects to improve conditions in production countries, for example on living wage.

Question 6

Are there companies and/or the trade association Plantum that have actually established effective complaints mechanisms in response to the 2015 reports of the India Committee of the Netherlands? If not, what are you going to do to have these established?

Answer 6

One of the pillars of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines is access to remedy for disadvantaged parties. The possibility of submitting a complaint must be part of this. The report shows that only two companies have actually done this. In discussion with the sector, the ministry will continue to insist on this.

Furthermore, in accordance with the OECD guidelines, the National Contact Points (NCPs) are an important dispute settlement mechanism. In case of insufficient compliance with the OECD guidelines by a particular company, stakeholders can report a case to the NCP. The NCP may then start a mediation process.

Question 7

Can you indicate to which activities the support to the recommendation⁽⁵⁾ from the 2015 reports of the India Committee of the Netherlands on living wage has led? Are you prepared to address companies and Plantum in view of little progress observed in the new report?

Answer 7

The government's policy is aimed at a living wage for employees in international production chains. To this end, the government is prepared to address companies and trade associations regarding their responsibility, and indeed does so at suitable forums and occasions. In dialogue with the seeds sector, the ministry will appeal to companies for their responsibility to pay the minimum wage and to work towards a living wage.

It would help purchasing Dutch companies when governments of production countries set a minimum wage at the level of a living wage. That is why the government is supporting a new

ILO project, *'Methodologies and indicators for wage setting'* (2018 - 2021), that will test the ILO methods for calculating the costs of living in a number of countries, including India. The results of the calculated benchmarks can serve as a guideline for determining minimum wages and for wages in supplementary agreements, for example at sectoral or plantation level.

Question 8

Do you support the recommendations of the report and what possibilities do you see to contribute to their implementation? Are you prepared to enter into dialogue with the companies involved and to insist on the formation of a covenant or affiliation with a covenant, including a concrete roadmap?

Answer 8

The recommendations of the report are in line with the government policy in the area of ICSR, child labour and living wage. The foregoing answers describe how can be contributed to the implementation thereof.

The ministry will remain in dialogue with the sector on compliance with the OECD guidelines for multinational companies and the possibilities for a concrete follow-up on this.

[Translation by India Committee of the Netherlands; original document: <http://www.indianet.nl/pdf/kv190111.pdf>]

Notes:

- (1) <http://www.indianet.nl/pdf/RemediesForIndianSeedWorkersInSight.pdf>
- (2) Council on Ethics for the Government Pension Fund Global to Norges Bank, 1 March 2018, Recommendation to place UPL Ltd. under observation. Available at: <https://etikkradet.no/files/2018/07/ENG-Rec-observation-UPL-2018.pdf>
- (3) <http://www.indianet.nl/pdf/kv151218e.pdf>
- (4) 'Large companies' include companies with more than 500 employees, total assets of more than 20 million euros and a net turnover of more than 40 million euros.
- (5) Meaning that seed companies must organise their purchasing practices in such a way that their suppliers / producers are able to pay living wages to their employees.