

## **Note on the proceedings**

Tripartite Meeting  
on Promoting Fair Globalization  
in Textiles and Clothing  
in a Post-MFA Environment

Geneva, 24-26 October 2005

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## Contents

	<i>Page</i>
Introduction .....	1
Report of the discussion .....	3
Introduction .....	3
Opening speeches.....	3
Presentation of the report and general discussion .....	4
Presentation of the report.....	4
General discussion .....	5
Panel discussion .....	12
MFA Forum .....	12
Global supply chain .....	16
Competitiveness and decent work: Integrated strategies .....	21
Social dialogue, restructuring, training and retraining.....	26
Consideration of Chairperson’s summary .....	29
Chairperson’s summary.....	32
Introduction.....	32
I. Developed countries .....	33
Challenges.....	33
Partnership with the ILO.....	33
II. Developing countries .....	33
Challenges.....	33
The role of governments .....	34
Partnership with the ILO.....	34
III. Least developed countries.....	34
Challenges.....	34
International collaboration and support by the ILO.....	34
IV. Building a strategic supply chain.....	35
Challenges.....	35
Partnership with the ILO.....	35
V. Workers’ organizations.....	35
VI. The ILO and other institutions.....	36
VII. Other important issues .....	36
VIII. An ILO contribution to a multilateral response to the adjustment challenges facing the TC industries .....	36
Evaluation questionnaire .....	39
List of participants.....	43

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## Introduction

The Tripartite Meeting on Promoting Fair Globalization in Textiles and Clothing in a Post-MFA Environment was held at the International Labour Office in Geneva from 24 to 26 October 2005. The Office had prepared a report as a basis for the Meeting's discussions.

The Meeting was chaired by Ambassador S.E. Mr. Jean-Jacques Elmiger. The Employer spokesperson was Mr. Quix and the Worker spokesperson was Mr. Schallmeyer.

The Meeting was attended by Government representatives from Bangladesh, Belgium, Brazil, Canada, Cambodia, China, Czech Republic, Egypt, France, Haiti, Honduras, India, Italy, Kenya, Lesotho, Malaysia, Madagascar, Mauritius, Mexico, Morocco, Panama, Peru, Philippines, Poland, Portugal, Romania, Spain, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, United States and United Kingdom, as well as 15 Employers' and 15 Workers' representatives.

Observers attended the Meeting from the European Apparel and Textile Organization (EURATEX), the European Commission, the European Trade Union Federation for Textiles, Clothing and Leather (ETUF-TCL), the International Confederation of Free Trade Unions (ICFTU), International Federation of Textile and Clothing (IFTC-WCL), the International Organisation of Employers (IOE), the International Textiles and Clothing Bureau (ITCB), the International Trade Centre UNCTAD/WTO (ITC), the Organization for Economic Co-operation and Development (OECD), the International Textile, Garment and Leather Workers' Federation (ITGLWF), the United Nations Conference on Trade and Development (UNCTAD), the World Bank, the World Confederation of Labour, and the World Trade Organization (WTO-OMC).

The Secretary-General of the Meeting was Ms. Sally Paxton, Executive Director of Social Dialogue, Labour Law, Labour Administration and Sectoral Activities Department. The Deputy Secretary-General was Mr. Norman Jennings, Deputy Director of Social Dialogue, Labour Law, Labour Administration and Sectoral Activities Department. The Executive Secretary was Mr. Jean-Paul Sajhau of the same department. The experts were Ms. C. Bader, Mr. P. Bailey, Mr. D. Belau, Ms. C. Foucault-Mohammed, Mr. M. Hahn, Mr. Y. Kamakura, Ms. S. Maybud, Mr. M. Meletioui, Mr. J. Myers, Mr. W. Ratteree, Ms. Tomoda, Ms. A. Vere, Mr. B. Wagner and Mr. E. Werna.

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## Report of the discussion

### Introduction

1. The Meeting met to examine the item on the agenda. It was chaired by Mr. Elmiger. The Employer spokesperson was Mr. Quix and the Worker spokesperson was Mr. Schallmeyer.

### Opening speeches

2. Welcoming all participants, the Chairperson opened the Meeting and introduced the first speaker, the ILO Director-General, Mr. Juan Somavia.
3. The Director-General outlined the varied nature of the textiles and clothing (TC) sector, which spanned over hundreds of thousands of enterprises – of all types and sizes, stretching across dozens of countries and touching every consumer in the world. In view of the end of the Multifibre Arrangement on 1 January 2005, this Meeting had been tasked to examine the resulting worldwide consequences, trends and experiences, with the goal of crafting tangible practical strategies and policy responses. A need existed to address the transformation of the TC sector in a socially responsible way. Competitiveness for the global textile and clothing industry in the post-MFA environment was about producing the right product, at the right price, at the right moment and under the right conditions of work throughout the supply chain. All these elements had a critical social and political component that had to be taken into consideration when designing effective responses at the national and international levels. Experiences in Cambodia confirmed ILO's belief that what was good for workers was good for business. As shown in the report, the distribution of the benefits of trade liberalization in these industries had so far been uneven. This confirmed one of the main findings of the World Commission on the Social Dimension of Globalization, which had also found that serious social and economic imbalances of globalization could be corrected with the right policies. It was important not to roll back the opening of markets and stifle the potential gains from increased international trade and investment. Instead, solutions needed to be pursued that cared about workers, families and communities. Given that the current situation cried out for a coherent response from the multilateral system, he hoped that the Meeting might focus not only on what the ILO itself could do, but also in collaboration with other agencies, including financial institutions. The ILO's tripartite structure provided the means through which the real actors in the economy could come together to share experience and ideas and find common ground to develop and advance balanced solutions around enterprise development, employment creation, rights at work and social protection. Recent developments, such as the United Nations unanimous adoption of the Outcome Document supporting decent work and a fair globalization, were positive signs. The challenge before the Meeting was to translate that broad vision into a practical approach for the TC sector. Three issues seemed important. Firstly, more could and should be done to upgrade the skills and employability of workers and managers entering and leaving the industry, as every worker deserved dynamic public and private policies aimed at empowering them and ensuring they had the adaptability and dignity to weather turbulence and move from one job to another with adequate support to do so. Second, more could be done to provide better information about changes in the flows and on possible shocks in the supply chains. This would help avoid some of the huge swings in orders that were so disruptive to the lives of smaller businesses and workers. Third, the Meeting should examine what could be done to develop a more collaborative and socially responsible approach to the management of the supply chains in the sector. Each of these three issues was more likely to be better addressed if respect for fundamental rights at work was ensured and sound industrial relations systems were developed. Tripartism and social dialogue were strong foundations for the elaboration of sound post-

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MFA integrated strategies. This Meeting was a good example of social dialogue and tripartism between acknowledged experts who were at the same time the actors involved in a new trade regime with far-reaching implications. The Meeting was also a critical ingredient to responding in a concrete way to the call by the leaders of the world to promote decent work and a fair globalization. The challenge would be to provide guidelines for all those who had to deal, on a daily basis, with the new “rules of the game” and to determine which ILO policies and tools could be useful for all concerned. This Meeting could herald the beginning of a commonly agreed, new, people-centred approach to promoting fair globalization in the textile and clothing industry for the benefit of workers, enterprises and consumers.

## **Presentation of the report and general discussion**

### ***Presentation of the report***

4. The report prepared for the Meeting by the Office <sup>1</sup> was introduced by the Executive Secretary, who outlined the background of the Meeting and the findings contained in it. Studies conducted before the end of the Multifibre Arrangement (MFA), had suggested that a number of producing countries would greatly benefit from trade liberalization, while the importing countries would be most adversely affected. Studies differed, however, as to the expected extent of these developments and on what measures could be taken to counterbalance negative effects. Studies had also concluded that the large TC buyers would regroup and concentrate on a few sources; this trend had already been confirmed. When making their choices, international purchasers apparently preferred enterprises that were competitive in regards to cost, quality, speed and respect for rights at work. Since the publication of the report, new data on the development of the TC markets had been made available. This snapshot suggested that the countries who had been the most affected by quotas were the countries most benefiting from liberalization. At the same time, however, some countries (particularly in Asia) had been able to maintain their positions. The countries most affected by the changes were in Africa, particularly in sub-Saharan Africa. The TC sector was further contracting in the main importing countries, namely the United States and countries of the European Union (EU). The picture for Latin America was still not clear; the sector in this region seemed to be going through an adjustment period. Since these were only early tendencies and the markets were in a transition phase, it was unwise to draw conclusions on long-term implications based solely on these figures. Recent developments, such as the negotiations between China and the EU showed that the main actors were still trying to find their positions in this changed environment. What was clear, however, was that all countries would need to adjust in the future. When doing so, it was crucial they did not ignore the social dimension. Restructuring was necessary and social dialogue was the best tool to find a way through this transition phase and move forward. As had been demonstrated in ILO projects in Bangladesh, Cambodia, Egypt, the Philippines, Romania and Tunisia, increased competitiveness and compliance with international labour standards went hand in hand. Chapter 5 of the report contained elements for a possible agenda for action. It outlined possible conclusions regarding the roles and responsibilities of the main actors to ensure a participatory approach in creating a fair globalization.
5. The representative of the Office from the Employment Strategy Department provided an overview of a new ILO working paper on the trade and employment impact of the phase-

<sup>1</sup> *Promoting fair globalization in textiles and clothing in a post-MFA environment* (TMTC-PMFA/2005).

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out of the MFA.<sup>2</sup> The paper, which focused on exporting countries, illustrated the evolution and performance of trade and employment in the TC sector until 2005 and to forecast its evolution. There was a general trend towards rising exports from developing countries and away from OECD countries, which would, however, remain important exporters. World trade in clothing had increased markedly in the first half of 2005. China had very high increases in exports in the first half of 2005 and reinforced its dominant position in the TC sector. The United States had shown negative growth and Europe presented a mixed picture. While most major exporting countries had not experienced declines, various smaller exporting countries' exports had diminished. A worldwide decline in employment was noticeable; a general trend towards consolidation, restructuring and modernization could be observed. There were four broad groups of exporting countries: some that strongly benefited, some that could potentially benefit provided they built alliances; and some that needed restructuring, concentration and diversification of their TC industries; and some that needed dramatically to restructure their TC sector or redeploy to other sectors. The last group of countries seemed to be the likely losers of the developments. Although the phasing out of the MFA implied changes in all four groups, fast adjustments of production to the new situation would need to be combined with active and passive labour market policies for workers during the transition period, if the social costs of adjustment were to be minimized. Countries needed to coordinate macroeconomic, trade and industrial policies with labour market policies. In some cases, diversification and technical cooperation also needed to be considered in order to reduce social hardship and contribute to a fair globalization of the TC sector.

### **General discussion**

6. In his introductory remarks, the Employer spokesperson stressed three points. Firstly, free trade and globalization were, in principle, positive, since they contributed to world economic development. But that all participants – those in market and non-market economies – should abide by the same World Trade Organization (WTO) rules. Only then, price dumping, social dumping and monetary dumping could be avoided. Every company should be able to make best possible use of its normal competitive advantage on a level playing field. Secondly, companies in many countries were faced with government policies and administrations that were not business-friendly. Companies that were overburdened by bureaucracy, taxation or hindered by poor national infrastructure could not utilize their own competitive advantages. Governments should create a business-friendly environment and allow companies to be productive, by cutting down red tape and improving local infrastructure. Thirdly, the TC sector was in transition and it would take a few years to reach a new equilibrium. The newly emerging trade patterns and trade relations created a new situation that would require companies to make strategic analyses and restructure themselves. The Employers' group recognized that these adjustments would have social consequences and they were ready and willing to confront them.
7. The Worker spokesperson pointed out that a global revolution was noticeable and numerous jobs were lost every day. Countries like Lesotho, Nepal and the United States were strongly affected. To counter these sometimes catastrophic developments, his group supported a new social market economy in the framework of a new world economic and social order. Based on the understanding that "those who acted worldwide, were also responsible worldwide", his group sought globalization with a strong social dimension, based on universally shared values and the respect for human rights. A globalization that was fair and contributed to social inclusion, and was democratically controlled, would provide opportunities and tangible benefits to all. A global social framework should be

<sup>2</sup> The end of the Multifibre Arrangement and its implication for trade and employment.

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created; something echoed by the mandate of the ILO. The considerable growth of China's exports had been achieved at the expense of Chinese workers' rights and working conditions. His group could not support a system that exported poverty to the rest of the world. In order to keep up with such unfair competition, rights at work were eroded elsewhere. The WTO was apparently ignoring these developments and the ILO had only recently realized the extent of the resulting problems. While the most pessimistic scenarios of the end of the MFA had not come true, the full repercussions could only be observed in the coming years. All actors should use the intervening time to shape a fair globalization and to stabilize the sector nationally and globally. To this effect, national task forces comprising governments and the social partners should lead the way to develop the strategies and means to cope with the changes. On an international level, cooperation between international organizations, such as the ILO and WTO, was needed to further the Decent Work Agenda. The Workers' group were looking forward to analysing the opportunities and problems of the sector and to shaping a practical and consensual action plan together with Government representatives and the Employers at this Meeting.

8. The representative of the Government of China said that the Meeting was not the forum to discuss a country's political system. Moreover, accusations about his country had been made that were based on faulty assumptions. The debate should focus on the issue on the agenda.

#### Updates from WTO and other IGOs and general discussion on impact of end of quotas

9. An observer from the European Commission (EC) pointed out that the TC sector in the EU had been deeply affected by the end of the MFA. Several initiatives aimed at increasing the competitiveness and employment of the sectors have been pursued in cooperation with the social partners and EU Member States. Social dialogue on the European level had been a major instrument to address these key challenges. These efforts were reflected in the 2003 and 2004 communications on the future of the TC sector in the EU and in the recommendations on concrete actions to increase competitiveness of the sector, agreed upon by a High-level Group on textiles and clothing involving EU Commission services and the EU Parliament, EU Member States, social partners and other stakeholders. The High-level Group addressed issues such as lifelong learning, vocational training, research and innovation, competition rules and the fight against counterfeit products.
10. Another observer from the EC added that the EU had focused on preparing for a smooth transition. EU policies were, therefore, not specifically targeting one country or region. The EU need not hinder China from benefiting from its WTO membership and was glad to have concluded the Shanghai Memorandum of Understanding and the Beijing Agreement. In order to smoothen the transition, the EU's scheme of General System of Preferences (GSP), which would enter into force in January 2006, had been adapted to target countries most in need and the EU was actively encouraging countries to implement social standards, such as the implementation of a GSP plus scheme.
11. The representative of the Government of Turkey stressed that the TC sector provided income and employment for millions in the world. Since this sector was a traditional gateway to industrialization, development issues needed to be considered when discussing policies to face the current transition phase. In a world of complex interdependence, actions at the national level needed to be suitably matched in cooperation with international actors, such as the WTO and the ILO, who needed to recognize their responsibilities.
12. The representative of the Government of Mexico said his Government was pursuing people-centred labour policies. Policies that secured employment and could react to falling employment levels were given highest priority. The ILO should redouble its efforts to urge



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all member States to apply international labour standards. The speaker recalled that the 14th Summit of Labour Ministers of the Americas had agreed on a plan of action that highlighted areas for special attention, such as the social and labour effects of globalization and poverty alleviation. To further improve competitiveness in the TC sector, the ILO should increase its efforts in the region. Efforts, such as tripartite councils to shape policies on how to improve the competitiveness of the sector, were needed. They should be backstopped by international cooperation to lessen the economic and social impact of globalization.

- 13.** The representative of the Government of Kenya explained that many jobs had been lost in her country in the run-up to the end of the MFA. Various enterprises had closed down in 2004-05. Many others were operating at reduced capacity or had put workers on extended leave. No new investments in the TC sector had been made for the past nine months. Kenya was not competitive on the world market in spite of its growth before the removal of quotas. Since the only way out for her country to regain competitiveness was to reduce costs, the Government had been looking at investments in export processing zones (EPZs). Since Kenya could not compete on cost with far more competitive countries, diversification was a possible solution. High-fashion garments brought better returns, but technology transfers and skills development programmes were necessary. To this effect, the Government had been trying to identify investors who could fund such training. Labour laws, including those pertaining to factory inspection and occupational safety and health, had been reviewed and safety and health standards would also be applied to TC EPZs. The international community should further pursue the removal of non-tariff barriers and the abolition of cost dumping, since unfair prices furthered unfair wages. Kenya was moving away from a minimum wage system towards a sector-specific, productivity-based system to determine salary scales and achieve a competitive edge.
- 14.** The representative of the Government of China observed that it was important to have a true picture of the TC sector subsequent to the phasing out of the MFA, which had allowed countries to benefit from their specialization and competitive advantage. The sector had been governed by a distorting regime for 40 years, leading to the loss of a large number of jobs that had been lost in the 1990s in the Shanghai region. Having paid this transition cost, the TC sector was now enjoying health growth rates. The TC sector had pioneered the market economy reforms and had fostered privatization and urbanization. In some provinces, over 99 per cent of the TC enterprises were privately owned, attracting considerable foreign investment. China's competitive advantage resulted from the good quality of its products, its skilled labour, complete product lines, fast delivery and stable economic policies. China was an important importer of TC and related machinery; additionally it had the largest internal market. China's membership of the WTO had thus brought considerable benefits to the world economy. The price pressure resulting from large retailers' bargaining powers and the increase in labour costs had forced Chinese companies to abandon the traditional strategy to compete through low costs. Instead, industry clustering, technological innovations, environmental protection and social responsibility strategies were being pursued. For example, China's National Textile and Clothing Council was conducting training activities in social responsibility. The Chinese Government attached great importance to compliance with WTO regulations and international cooperation (e.g. ASEAN). It also recognized the need for business-friendly regulations. The phasing out of the MFA had marked the end of an era and the sector now called for a new approach on how best to bring together stability, social responsibility and environmental strategies. This way needed to be pursued multilaterally and backstopped by the joint efforts of China's Government, employers and workers.
- 15.** The representative of the Government of Bangladesh called for more research on how best the sector could cope with the end of the MFA. The TC sector was the major export-earning sector of his country. Although the Government had already adopted a number of measures to secure the base of the sector, including skill training and coordinating

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mechanisms, external assistance was needed. All the same, the consequences of the phasing out of the MFA had not been as severe as initially expected. More time was needed before an assessment of how the sector was faring in Bangladesh could be made. For instance, both the supply and demand sides needed to be scrutinized more closely. Infrastructure such as port facilities needed to be improved, while foreign investment flows and public/private partnerships needed to be promoted. Private enterprises also needed to develop training programmes in a good atmosphere. While interagency cooperation should produce some desirable results, the ILO needed to create a means to fund welfare-related activities that would assist the most vulnerable groups, such as women and small and medium-sized enterprises (SMEs) in least developed countries (LDCs).

- 16.** The representative of the Government of India declared that in the first six months following the end of the MFA, there had been ground for certain apprehensions, but the sector had since picked up momentum to the extent that other countries in South Asia would do well to follow India's examples. The make-up of the Indian Government meant that labour standards could not be compromised. Although such a situation meant that cost-cutting was restricted, other factors such as: volumes, product quality and training, made a difference. Labour law reforms had also been introduced, such as the authorization of night work for women workers, with certain guarantees of protection, child-care facilities and sanitary arrangements on the shop floor. These factors had led to a turnaround in the TC sector. India's message was that rapid modernization of the sector brought rapid results and created a win-win situation for the whole world.
- 17.** An observer from the WTO drew attention to WTO document (WT/COMTD/LDC/W/37) that outlined the possibilities for developing countries to improve the competitiveness of their TC industry. The LDC group of WTO had requested that these countries should be able to retain market share and be gradually integrated into the markets. Since there was no general agreement on retaining market share, the document had been prepared to present LDCs with a range of options on how to best improve their competitiveness, namely coherence programmes of the International Monetary Fund and the World Bank, more flexible rules of origin, technical assistance and capacity building, bilateral cooperation programmes and other means to tackle the constraints faced by LDCs.
- 18.** An observer from the International Textiles and Clothing Bureau introduced an analysis of trade flows since the abolition of quotas. He observed that simulations-based predictions by a number of researchers about dire consequences for a number of developing countries had proven to be ill-founded. Citing data on United States and EU imports since January 2005, he said that certain developing countries that were predicted by these researchers to be the casualties of the expiry of quotas had been experiencing a fresh boom in their exports to the two largest markets. On the other hand, certain other countries that were forecasted by them to retain their market shares had generally witnessed declines in their exports. Included among this group were a large number of countries from eastern Europe, north Africa and central America. The fact that it was so despite the advantage of duty free access and shorter distances to the main markets enjoyed by this latter group of countries highlighted the inherent problems confronting their exports. He said that being tied to using United States and EU inputs due to strict origin rules deprived their export structures of the flexibility necessary to succeed in the marketplace. Citing a sharp drop in Pakistani bed linen exports to the EU after the imposition of anti-dumping duty by the latter, he further argued that the US/EU trade policy in fact remained the predominant influence on trade flows in textiles and clothing making it imperative that these issues be addressed multilaterally through the processes of the WTO.
- 19.** An observer from the European Apparel and Textile Organization (EURATEX) noted that the representative of the International Textiles and Clothing Bureau had not made any reference to social conditions and disagreed with the opinions expressed. The representative's interpretation of EU trade policies in the case of Pakistan had been

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misleading. The decision to re-impose custom duties had been taken at WTO, not at EU level. It was also important to note that the formulation of rules of origin was left to the discretion of countries and regions and was not a WTO issue. Finally, tariffs in the EU were the lowest in the world. Problems did not lie in the EU.

20. The representative of the Government of Haiti said that it was necessary, when pursuing trade liberalization, to consider the situation of countries with limited alternatives for development. Questions such as market access were crucial to ensure a fair globalization. Her Government had targeted two areas for development, namely the TC and tourism sectors. The crisis in the national tourism sector meant that the TC industry was even more important. Disadvantaged countries like Haiti should have access to special arrangements to develop their clothing industries during the next 20 years, and to assistance from international organizations in order to identify new sectors for job creation.
21. The Employer spokesperson said that it was important to recognize that since the quotas had been lifted changes had been rapid. While access to new markets was given and more advantageous sourcing policies could be pursued, some companies had lost their competitive edge. These benefits and threats needed to be taken into account by companies that were rethinking their business strategies and could sometimes have severe consequences on the social side. Governments needed to realize that companies were facing increased competition and adopt business-friendly policies to ensure conditions favourable to enterprise. Only in such environments could companies restructure and compete successfully.
22. The representative of the Government of Italy explained that the Italian TC industry comprised large and medium-scale enterprises, on the one side, and small enterprises, on the other. The latter worked mainly as subcontractors, and were often based in lower income regions. In order to guard employment levels, the Italian Government had acted decisively in cooperation with local and regional administrations. It supported workers through measures that included vocational training and retraining and helped enterprises by investment programmes and aids to foster technological modernization. In order to reach the whole TC sector, it had also extended the coverage of these benefits to small and artisanal enterprises.
23. The representative of the Government of the United States reminded the Meeting that the most sensitive quotas had been the last to be phased out and pointed out that, similarly to the EU, the United States had also tried to enter into an agreement with China. Since this had not happened, his Government was taking measures foreseen in China's accession agreement with the WTO to provide certainty and stability until 2008. Given that future developments could not be anticipated, new ways of adjusting needed to be sought and unemployment resulting from productivity gains needed to be addressed. Necessary retraining and skill development were tasks that the ILO was in a good position to pursue.
24. A Worker member from the United States warned participants to draw lessons from the last ten months. Many speakers were too optimistic and did not acknowledge that the abolition of quotas was not complete. Instead, safeguard actions had been taken by the EU and the United States to restrict imports from China. If these had not been taken, the dire predictions made would have come true. All international organizations, such as the ILO and the WTO, should find ways of dealing with the slowly unfolding, serious situation.
25. An Employer member from the United States asked the Meeting to interpret correctly the current situation. Developments in the first nine months had been skewed, since a lot of enterprises' sourcing decisions had been postponed in the expectation of safeguards actions against China. Also, due to China's accession agreement with the WTO, significant quotas on significant products persisted until 2008. Against this background, it was necessary to be more cautious in assuming that the challenges faced by LDCs could be sufficiently

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answered by programmes such as the ILO programme in Cambodia. Tariffs and favourable rules of origin were crucial for the future of these countries. The importance of market access was demonstrated in the case of Burma. He supported the approach taken by the ILO in this regard.

- 26.** A Worker member from Mexico stated that the Mexican TC sector was suffering from unfair competition from countries that did not comply with international labour standards, e.g. working hours. The number of workers affected was large and smuggling was putting additional strain on the sector. If international rules were not enforced, the Mexican TC sector would further suffer. Countries should not be allowed to compete unfairly to the detriment of other countries. International organizations needed to cooperate on trade issues and enforce rules that ensured international labour standards were respected. This was an issue that the ILO should continue to follow up.
- 27.** An Employer member from Mexico pointed out certain inaccuracies in relation to Mexico. In the Office's report, statements concerning market composition, the US/Mexican markets, electricity subsidies, the observance of international labour standards and the protection of intellectual property were misleading. Mexico, being the second largest exporter to the United States, said that the large rise in Chinese imports would not have been possible if this country was a market economy. Measures should be taken at the WTO to monitor compliance with its rules, at the World Customs Organization to fight anti dumping practices, and at the ILO to achieve universal compliance with the Declaration on Fundamental Principles and Rights at Work, 1998. He supported free and fair trade and was, therefore, committed to creating conditions that fostered decent trade built on justice, equality and fairness, as well as appropriate working conditions in all countries.
- 28.** The representative of the Government of Turkey shared the view expressed by the Worker member from the United States on the preliminary impact assessment and lessons to be learned. The representative said that Turkey had not yet faced problems to the extent originally expected, because of the inapplicability of carry over in the beginning of the year and the presence of newly applied safeguard measures, but this would change soon. Although Turkey's exports had increased in the last ten months, the rate of growth had fallen. Countries needed to acknowledge that there exist problems in the post-ATC environment and work cooperatively to find meaningful and sustainable solutions. The concept and coverage of the WTO document (WT/COMTD/LDC/W/37) should, therefore, not only be limited to LDCs.
- 29.** A Worker member from Turkey stated that the quota-free regime had had adverse effects in two areas neglected by the Office report. Firstly, the informal sector had expanded considerably. Even large companies sometimes maintained a single production unit for social auditing purposes and moved the rest of the production to the informal sector. Resorting to the informal sector facilitated all sorts of exploitative actions, and helped companies bypass even minimum wage legislation. Secondly, this development seriously hampered the exercise of the right to organize and collective bargaining. Should these developments continue, it was likely there would be no viable unions left to engage in social dialogue.
- 30.** An Employer member from France summarized measures and policies implemented during the ATC period. Employers did not just wait for the end of the ATC but for ten years had taken a range of measures to adapt. These had sometimes led to manpower reduction, but also to investment in equipment. Future action to ameliorate the negative impact of the phase-out should include compliance with international economic rules. Other means, such as anti-dumping measures, the protection of intellectual property and compliance with environmental and public health regulations, were required. Governments and regional organizations like the EU needed to recognize their responsibilities and focus more on social policies.

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- 31.** A Worker member from the Dominican Republic expressed concern about actions taken by her Government and employers to tackle the problems arising from the post-MFA regime. Competitiveness was at the expense of already poor working and living standards. There was virtually no protection in cases of job loss. The survival of the sector depended on a fair globalization. To this end, the Government needed to take into account both economic effects and social aspects and comply with international labour standards. Unfortunately, the report for the Meeting neglected the impact on workers' living and working conditions.
- 32.** An Employer member from Uruguay regretted that the report did not refer in detail to the TC sector in Latin America. There was no reference to Uruguay, where certain categories of clothes had played a leading role in exports. It was important to highlight the liberalization of markets, as this would help enterprises to increase competitiveness, and improve technology and quality of production. The costs entailed by exchange rates were significant but the issue was not fully understood by workers' organizations. Social dialogue would hopefully correct misconceptions. Concerning compliance with international labour standards, the idea of a social clause applied in the form of trade sanctions would be difficult to implement and would lead to subjective application and confusion to the detriment of enterprises. Instead, national and regional comparative advantages should be strengthened, and government policies should contribute to make this possible. The international price falls in of recent years had had a negative impact on Uruguay, since producers in the TC sector backed away and reduced capacity. While general government policies were implemented with positive results, the lack of specific policies had watered down the effects of attempts by enterprises to become more competitive. Workers and workers' organizations should bear in mind that the future of their jobs depended on the future of their enterprises.
- 33.** An Employer member from the Dominican Republic disagreed with a statement made in the report and stressed that the Dominican Republic had always operated in accordance with international trade agreements. It had recently concluded the United States-Dominican Republic-Central American Free Trade Agreement and was negotiating a similar agreement with the EU. As stated in the report, the impact of the quota phase-out in Central America was serious. Although initial growth had been registered in the first three months, it had since decreased, and was projected to become negative by the end of the year. Despite the safeguards taken by the EU and United States, a large number of jobs had been lost and many enterprises closed. On the other hand, new vertically integrated enterprises had appeared. Also, a strategy that made use of the cheap labour available in Haiti had been used successfully by companies from the Dominican Republic.
- 34.** A Worker member from Lesotho highlighted the plight of TC workers in Africa. Since the implementation of the quota-free regime, many jobs were lost across the continent. Workers who had managed to keep their jobs worked under the restriction of short-term contracts. The impact of these consequences was amplified by the fact that much of the population was affected by HIV/AIDS. His Government was giving in to pressure and was establishing EPZs, although it was fully aware of their characteristics of poor working conditions, low wages, absence of trade unionism and excessive working hours. Should an agreement be reached between China and South Africa, it was imperative that Lesotho be included in its remit.
- 35.** A Worker member from Jordan stated that many factories there had announced a relocation to China, which threatened investments. On the other hand, the good tripartite relationship was favourable to investments. Also, an agreement had been concluded with the United States on qualified industrial zones (QIZs). His country's record was different from that of certain parts of Asia, where workers' rights were not observed and trademarks infringed.

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36. A Worker member from the Philippines said that, while fears about export performance had not been realized due to existing safeguards, fears about job loss had become reality. As a reaction, a national labour policy agenda had been adopted covering, inter alia, market access and trade facilitation, employment, social protection and safety nets, skills development, education and training, labour relations and wages. A council established to continue social dialogue had formulated a national action plan to improve competitiveness through the promotion of decent work. Also, a sectoral free trade agreement was being negotiated with the United States under the QIZ model for goods to enter the United States under preferential tariff rates. Until the end of the year, a 10 per cent drop in exports was forecast. While orders increased, prices declined underscoring the higher competition, unionized workers were displaced without separation pay, and EPZs fostered a further decrease in unionization. The right of workers to organize and bargain collectively needed to be reaffirmed.
  37. A Worker member from Kenya evoked the dumping of second-hand clothes as one of the serious problems faced by the TC sector in the United Republic of Tanzania, Uganda and Kenya. He called for a level playing field for manufacturers, especially in view of the dumping of substandard goods from China.
  38. A Worker member from Bangladesh estimated that the report was too optimistic, since quotas had not yet been fully abolished. The workers' right to organize throughout the production chain should be guaranteed. Multinational enterprises should embrace their corporate social responsibility and not compete at the expense of the workers. Buyers should consider this before buying cheap products.
  39. A representative of the Government of China said that the accusations made against her country were unjustified. The WTO had concluded that China fully complied with the TRIPS agreement. Moreover, the average TC wage was US\$80 and, in coastal areas, more than US\$100. China should not be blamed for problems stemming from the fact that certain governments did not fulfil their responsibilities in terms of tax reforms, workers' education, skills training, customs procedures and trade facilitation.

## Panel discussions

### *MFA Forum*

*Panellist:* Mr. Nigel Twose, *Manager, Foreign Investment Advisory Service; Head, Bank's Corporate Social Responsibility Practice, World Bank*

40. The Executive Director of the ILO Employment Sector, Mr. José Salazar, introduced the panel speaker and emphasized the importance of the present transition phase. The impact on global supply chains was drastic and implied major restructuring. Information exchange was necessary to assist countries and companies which needed to manage their investment strategies and identify and expand partnerships. He highlighted the many areas of work in the ILO's Employment Sector, such as skills development, employment strategies, corporate social responsibility and active labour market policies that could assist governments, employers and workers in this process. The World Bank played a significant role in the post-MFA era, in particular within the collaborative framework of the MFA Forum, in bringing together suppliers, buyers, trade unions, NGOs and others to mitigate the negative impacts of liberalization.
41. Mr. Twose (World Bank) explained that the end of the MFA had led to changes in sourcing patterns. Under the quota system, buyers had not necessarily purchased from the most competitive sources, but from sources that had not used up their quota. Now, buyers were consolidating their sources. This led to a reduction in the number of suppliers, as only

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the most competitive would stay in business. CSR was one of the buyers' criteria when taking sourcing decisions. In terms of competitiveness, CSR codes could also help supplier factories to improve productivity and quality, comply with the labour and environmental standards of international buyers and gain access to new market segments. CSR practices could also help governments enforce national labour and environmental laws within factories through codes of conduct. Hard-pressed public inspectorates could thus focus on factories not having credible and verified codes. CSR could also improve national economic competitiveness strategies, since evidence of good standards was increasingly required by buyers, investors and project financiers. Certain principles of best practice consistently appeared across national systems. Systems needed to be sector-wide, transparent and credible and be governed through a tripartite structure. Inefficiencies needed to be reduced so that numerous systems, monitoring and reporting requirements were streamlined into a single system that could operate more effectively. Productivity impacts needed to be measured, and market-based incentives captured so that they could be passed on to the buyers and consumers in order to get market-place rewards. Three countries were exemplary for the problems faced and approaches attempted. Although far from perfect, Cambodia had created a transparent and credible monitoring and reporting system. Capacity-building activities had resulted in improved compliance and better competitiveness. A local executing agency monitored and reported on improvements; dependence on donors was being reduced through sustainable financing. El Salvador faced strong competition from China, and had comparatively low labour productivity. Furthermore, international criticism was heavy, especially in respect to its non-compliance with international labour standards. The Government had asked for assistance to develop a collaborative monitoring and reporting programme as well as an information management tool which could also measure productivity gains due to compliance with international labour standards. In terms of best practices, El Salvador had not yet achieved sector-wide progress, transparency, or a shared governance structure or platform. It had, however, reduced inefficiencies and was better able to measure productivity impacts and capture market-based incentives. In Lesotho, the TC sector accounted for nearly three-quarters of the country's exports. It produced low value-added products and had low labour productivity. Ten factories had closed and a large number of jobs had been lost. Bearing in mind that 30 per cent of all adults were infected with HIV, unemployment had staggering consequences. Given that the third country provision in AGOA was to expire in October 2007, and use of the safeguard clause in China's protocol of accession to the WTO was to expire in 2008, exports were likely to continue to fall considerably. Opportunities existed for the MFA Forum to help with country-level initiatives by developing a collaborative framework for guiding post-MFA actions. These would facilitate the transition to market-based competition, by involving manufacturers, buyers, trade unions, NGOs and international institutions in strictly informal collaboration. There was no government participation, although government agreement was sought prior to national engagement. The model was initially tested in countries where the workforce was extremely vulnerable and the country was dependent on the TC industry. The first pilot country was Bangladesh; discussions were under way with the Dominican Republic, Lesotho, Mexico and Morocco. The first steps in Lesotho would be taken at a stakeholder workshop based on a study of best CSR practices from Cambodia and Bangladesh, a vertical integration study to determine regional sourcing or national production alternatives, and a market access study. In the second phase, a national CSR system with a shared platform and stakeholder involvement would be developed. Mr. Twose encouraged the ILO to become involved in the Forum; the ILO would bring solid technical expertise and an ongoing relationship with labour ministries and could share its experiences from Cambodia and elsewhere with the Forum.

42. Speaking on behalf of the Workers' group, a Worker member from the United States emphasized that the World Bank's involvement in the MFA Forum was indicative of the positive changes that had taken place in its approach to employment issues. He emphasized that the forecasts made in the research building up to the end of the quota system had not

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been flawed, and were fairly accurate in predicting the consequences of full trade liberalization. To date, full trade liberalization had not occurred, and safeguard actions were taken to mitigate the effects of Chinese exports. Chinese products which were not under safeguard actions had clearly taken over the United States market. “Meltdowns” had occurred in countries such as Kenya, Lesotho, Mexico and Nepal. The MFA Forum was the brainchild of industry practitioners that had met in early 2004 to examine what form of action was needed. Only through coordinated action involving all key actors solutions could be found. The MFA Forum recognized that tripartite efforts were at the core of action and input from other key players, such as the World Bank, the ILO and, as appropriate, civil society. The WTO, as the body responsible for the end of the MFA, needed to examine the impact of liberalization and pursue adjustment measures to assist the sector. First steps should be taken at the WTO’s ministerial meeting in December 2005 in Hong Kong, and focus specifically on tariff reductions. The international financial institutions also had to look at how they could assist nations in building on the resources available. It was not sufficient to abolish debt and to increase aid to Africa; instead industries that processed existing raw materials such as good quality cotton into garments for export should be supported. The ILO needed to be at the forefront of these developments and take practical action to make decent work a reality. National-level work, such as in Bangladesh, was important and had resulted in increased political support for the sector. The ILO needed to roll out the experiences from the Cambodia Better Factories project and continue to give attention to the sector, whose future was yet indeterminable. The breathing space given to the industry due to safeguard actions, needed to be taken advantage of. In order to stabilize the industry, inputs from many institutions, including the WTO, were required. If the issue would be put on the agenda of the WTO ministerial conference, the work of the MFA Forum would have been worthwhile.

43. The Employer spokesperson called for a level playing field that would foster fair competition. It was unfair that competition rules were not universally applied. The rapid and important shifts in trade flows since January 2005 were a shock and had created problems for many companies. It was time to find a new equilibrium within a system based on a level playing field overseen by the WTO. Only once consequences and trends had cleared up could more balanced social relations be addressed. Governments and the WTO had to play the main roles.
44. An Employer observer from India outlined her practical experiences with the MFA Forum. Her company had started developing a corporate social responsibility scheme ten years ago and soon realized that it needed to collaborate with other actors. In cooperation with initiatives on ethical trade, her company started dialogue with trade unions and NGOs. As an auditor, she realized that factories needed to be consulted on codes of conduct, if they were to be successfully applied. Experience had shown that the involvement of the sectoral actors led to useful codes and manuals that would be used on the ground. New thinking was necessary, since the TC sector was redefining itself. Local action was needed, as had been demonstrated in India and Turkey where initiatives had reduced duplication of audit efforts. This had led to new levels of transparency and collaboration. Although the Forum had initially focused on potential losers from trade liberalization, countries like China were now also joining this global initiative. This provided a chance to create a new worldwide level playing field.
45. The Employer spokesperson reminded the Meeting that free trade was possible only, if fair conditions could be established. Competition needed to be based on real economic competitive advantages. It was important to distinguish the mandates of the WTO and the ILO: the WTO did not deal with social issues; they fell under the competence of the ILO.
46. The Chairperson referred to the 1996 WTO ministerial conference in Singapore, where the respective responsibilities of the two organizations had been defined.



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47. The Worker spokesperson disagreed; nothing would change as long as economic and social aspects were dealt with separately. This was aggravated by the fact that the WTO was in a position to inflict sanctions on member States, whereas the ILO could not. The MFA Forum and the World Commission's report had provided a wealth of information. In order to improve working conditions, action needed to be taken; most importantly, fundamental Conventions needed to become integral parts of WTO agreements.
48. The representative of the Government of Canada explained that his Government was in favour of free trade since it believed that that led to development and prosperity. As a result of industrial relocation and the loss of tens of thousands of jobs, Canada had taken measures to help enterprises reposition themselves and to support the income of affected workers and their retraining for re-employment. Concerted action between international organizations was even more necessary. Economic considerations alone were no longer sufficient; the social impact needed to be considered as well. The WTO, the World Bank and the ILO should work together and start developing relationships that would allow them to jointly assess the consequences of the end of the MFA. Joint indicators should be created for that purpose so as to ensure that the results of such an assessment would be followed up.
49. The representative of the Government of France felt that the different mandates of the WTO and the ILO should not be obstacles to their cooperation. The social consequences of WTO agreements should be taken into account and not be left solely to the care of the ILO. The ILO should be associated with the MFA Forum in order to help improve social governance in the context of globalization. One of this Meeting's results should be the creation of a close relationship between the ILO and the WTO, which at a later stage could also be opened to other actors.
50. The Employer member from the United States commended the ILO for bringing together parties with roles to play in promoting fair globalization in the textile sector. Her company was involved in several multi-stakeholder initiatives including the MFA Forum, the ILO's Better Factories Cambodia, the Ethical Trade Initiative and others. Her company was the first multinational to implement a code of conduct to ensure its suppliers' compliance with labour, health, safety and environmental standards. It recently published a complete list of its suppliers' names and addresses in order to increase transparency and improve working conditions by encouraging collaboration with other brands on monitoring and remediation in shared factories. At the community level, her company supported local organizations that worked to educate workers on their rights under local laws and the company's code of conduct and to improve working and living conditions in communities where the company's products were made. At the government level, her company worked closely with governments, non-governmental organizations, industry associations and other stakeholders to strengthen implementation and enforcement of labour laws in countries where it had a business presence. Since 2000, she had been advocating for the inclusion of labour standards with enforcement provisions in all international trade agreements, whether bilateral or multilateral. Her company believed that LDCs needed to be granted greater market access and was a strong advocate of the current Trade Act 2005 legislation. Her company believed that the Trade Act 2005 legislation as it stood today would significantly benefit the least-developed countries in Asia and hoped the US Legislator would pass it in its current form. Her company looked forward to cooperating on these issues with other brands and hoped that other brands would join in its efforts to persuade governments to include labour standards and related enforcement provisions in trade agreements.
51. An Employer member from France said that employers in Europe had been highlighting social concerns for years. Nevertheless, every day, enterprises were closing down, creating redundancies. The concerns of employers in those "developed" economic zones should also be considered in the ILO, since all efforts in improving working conditions would be

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useless if some countries continued to ignore international trade rules and, consequently, to further reduce their TC sectors.

52. The representative of the Government of Turkey emphasized the need for cooperation between the ILO and the WTO in spite of their different mandates. This extraordinary transition period required extraordinary measures. Free trade was not an end in itself but a means to achieve prosperity, provided that all players observed fair practices.

### **Global supply chain**

*Panellists:* Mr. Dan Henkle, *Vice-President, Global Compliance, Gap Inc.*

Mr. Manfred Schallmeyer, *President, IG Metall*

Mr. Alamgir Mohiuddin Rahman, *Immediate Past Senior Vice-President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA)*

53. Mr. Pursey (Office of the Director-General, ILO) introduced the three panel speakers. Two questions were of particular importance: how manufacturing enterprises should adapt their strategies to the new competitive environment and to the goal of promoting decent work; and how international buyers could contribute to the promotion of a fair globalization in the sectors. He suggested that the response of the global production network to the ending of quotas could have a decisive influence on the structure of the production side of the industry and its geographical location. The immediate reaction seemed to be consolidation among supplying enterprises and locations, but medium-term dynamics could lead to a broadening of the supply base.
54. Mr. Henkle suggested that the two central questions posed by Mr. Pursey would best be answered by outlining some of the current best practices that showed the benefits of running their operations in an ethical and responsible way. One of his company's top suppliers had invested heavily in creating a positive work environment. Their efforts were reflected in a very small annual labour turnover; two of their factories were SA8000 certified; efforts were made to also getting all others certified. Although they were paying well-above minimum wage, they were cost-competitive, since their overall operations were run efficiently and effectively. Since January 2005, the company's business had increased and prospects for future growth looked good. Social responsibility was a key factor to differentiate them from competitors and allowed them to remain competitive and successful. Another best practice involved a supplier in sub-Saharan Africa, which was thriving, since they had decided to hire locally for all key factory management positions and openly and actively engage with local trade unions. Cambodia also demonstrated the benefits of compliance with labour standards. Collaboration between the Government, suppliers, buyers and trade unions in the framework of the ILO's Better Factories Cambodia programme had a positive impact on working conditions and had created a win-win situation, since the country's competitiveness had considerably increased. Buyers' best practices were also relevant as they played an important role in numerous multi-stakeholder initiatives. Working conditions could not only be negatively affected by suppliers, but also by buyers, if they did not give suppliers enough time to complete orders, did not pay enough, or did not adequately assess a supplier's abilities. Gap Inc. was addressing this issue by examining its purchasing practices using a balanced scorecard to ensure that suppliers produced high quality, cost-competitive products in a socially responsible way. None of these elements were ignored in the examination and the scorecard guided where orders would be placed. This, in turn, helped to compensate compliant suppliers. It was crucial that all stakeholders were actively involved in collaborative and collective action in the promotion of fair globalization.

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- 55.** Mr. Schallmeyer said that the current situation and the expected developments in the TC sector resulted from globalization and its inherent chances and risks. Globalization was unstoppable and needed to be optimized in order to create new chances and to minimize risks. All stakeholders should contribute to a politically responsible, socially just and ecologically sustainable process; it would be irresponsible to leave these issues to the market forces. Therefore, the Workers' group supported a new social market economy in the framework of a new world economic and social order in collaboration with WTO. Based on the understanding that "those who act worldwide are also responsible worldwide", the Workers' group was striving for a globalization with a strong social dimension, based on universally shared values and the respect for human rights – a globalization that would be fair and contributed to social inclusion, was democratically controlled and would provide opportunities and tangible benefits to all. The message from ITGLWF members worldwide was that, working conditions were being squeezed and that some employers were trying to sideline the unions' role. Numerous studies showed that respect for core labour standards contributed to efficiency and competitiveness but too many companies and countries were not prepared to make the investment in fundamental principles and rights at work. Since good working conditions made good business sense, a separation between economic and social issues as suggested by the Employer spokesperson was harmful. Instead, the improvement of working conditions, training and lifelong learning needed to be mainstreamed into company policies. It seemed, however, that this was not always sufficient, which made unions conclude that some way of linking rules concerning trade liberalization to respect for core labour standards, was essential. Initiatives such as SA8000 and the MFA Forum also held promise and the ITGLWF was very open to dialogue with Employers and Governments over solutions to pressing problems. The textile and clothing sector played an important part in the development process and was thus a key to achieving of the poverty reduction goals of the Millennium Summit.
- 56.** Mr. Rahman outlined the history of the ready-made garment industry in Bangladesh. The sector accounted for 76 per cent of total exports and had a large, mostly female workforce. The industry positively affected other sectors, including transport, hotels, insurance and banking sectors and accounted for foreign exchange earnings in 2004 of US\$5.65 billion. Since the end of the quota system, however, Bangladesh faced an uncertain future and it was doubtful whether it would be able to continue to maintain its position in the world market. Since September 2004, the country had feared that business could shift away causing massive unemployment and chaos. However, apparel exports, since January 2005, showed an increase in knitwear and only a slight decline in woven goods. There had been demand for knits and since knit fabrics were produced locally, quick delivery could be ensured. The fact that the EU had allowed duty to be cut for locally produced fabrics was also helpful to exports. The relaxed rules of origin to come into effect from January 2006 should be accepted without hesitation by individual governments, as demonstrated by Bangladesh. At the same time, it was necessary that efforts be made to facilitate market access for Bangladesh, since the United States had left out 15 LDC countries under the new Bill TDA 2005 "TRADE-Tariff Relief Assistance for Developing Economies". He observed that the bigger buyers favoured manufacturers who could offer a package from yarn to garments in a vertically integrated setup. It was lamentable that suppliers had to face the pressure from buyers who threatened to go elsewhere. Buyers were also trying to pass on costs such as stockholding to suppliers which was adding to the difficulty of adjusting and developing the "full package" service that buyers wanted. Bangladesh still had a long way to go before it could feel reasonably secure about the future of its garment sector. Strategies adopted included moving to a more value-added base, changing from factory-driven to market-driven processes, compliance with national and ILO standards, removing existing inefficiencies to reduce lead time, ensuring good working conditions based on social dialogue to increase productivity, making relentless effort to offer competitive prices while not negotiating with the quality, labour standards, OSH, seeking aggressively new potential buyers by diversifying products and creating own lines, and

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building close relationships and understanding with their existing buyers to keep the continuity of business and prevent it from shifting away.

- 57.** An observer from the European Commission said the EU was committed to advancing social dialogue and corporate social responsibility (CSR). The EU collaborated with other countries and international institutions like the ILO to promote a social dimension to globalization and decent work. To this effect, the Commission was supporting several projects, such as a cooperation project between six CSR multi-stakeholder organizations in Turkey, an ILO project with social partners in Turkey, and a capacity-building project with major TC brands and trade unions in Bulgaria. CSR is one of the responses to the imbalances of globalization and a means to achieve sustainable development, which is an overarching objective of the EU. It complements and does not replace legislation and/or social dialogue. In July 2002, the European Commission issued the *Communication on corporate social responsibility: A business contribution to sustainable development*, launching a strategy on corporate social responsibility that aimed to promote the contribution of business to sustainable development and called for a new social and environmental role for business in the global economy. The EU strategy on CSR focused on promoting a partnership approach to CSR, including companies, social partners, civil society organizations, and other key stakeholders; enhancing the credibility and transparency of CSR policies and practices; and promoting CSR-supportive public policies at EU and national level. A new communication on CSR is currently being prepared. In September 2005, China and the EU had signed a Memorandum of Understanding on employment and social affairs, providing a framework for dialogue on areas such as social protection, social cohesion, labour legislation, labour relations and social dialogue.
- 58.** An Employer member from Mexico said it was essential to find the right ways of strengthening the supply chain from fibre to final product. His country had successfully integrated the supply chain, so that exports, which largely went to the United States, had only fallen slightly. Productivity and flexibility were key attributes of workers in the new environment; pay had to be linked to productivity. Employers were the key decision-makers in the future of their enterprises but they should facilitate workers to realize to their full potential. Thousands of jobs were at risk in his country so long as there was no level playing field in the textile and clothing – all countries should have to obey the same rules and turn words into action.
- 59.** A Worker member from Bangladesh remarked that the challenges faced by workers were job losses and the possible death of the industry. Employers should respect core ILO Conventions, national laws and minimum wages. Moreover, employers should reserve some part of their profits for technology and training, but should also make greater efforts to respect their workers – a 72-hour working week was in clear contravention of international labour standards. Other problems related to safety and health and maternity leave. Businesses had been flourishing in an unplanned way and were often not observing existing labour legislation. Governments should shoulder their responsibilities by enforcing regulations. Business and workers needed to look at the backward linkages and be more responsive to information from buyers about changes in fashion or customer requirements. Due to the low prices paid by buyers, workers' wages were far too low. Buyers needed to reconsider their demands as these directly reflected in working conditions. Where orders were placed with factories that could only comply if they were to run their machines seven days a week and 24 hours a day, excessive overtime and stress were the results of their orders and the related penalties. The workers acknowledged that manufacturers, intermediaries and buyers had to make profits, but they needed in turn to respect the workers and protect their livelihoods.
- 60.** An Employer member from the United States stated that the best strategies to cope more efficiently with increased international competition and promote decent work addressed two key aspects: training (in health and safety, sewing, and employment/employability

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skills) and improved pay; and conditions that would make the firm become the supplier of choice. This was because buyers would find the best quality, efficiency, price and the like among suppliers whose workforces were skilled, motivated and committed to making the best products.

- 61.** An Employer member from Uruguay agreed that enterprises should adapt to competition and promote decent work. They would continue to use technology to improve productivity and quality. They also needed trend-setting designs and quicker reaction times. Strategies (sometimes at the national level) for new products and specializations were helpful. Cost control became ever more important in times of crisis. Given the changing nature of the markets, companies needed to be able to top up their workforce by calling on temporary staff in times of high demand; these workers needed to be well-trained and flexible and supported by government policies. Another key issue was counterfeiting and unfair competition between enterprises. The ILO Declaration on Fundamental Principles and Rights at Work, 1998, needed to be respected in all enterprises and subcontractors. Subcontracting should be designed to cover specialized areas and training ought to be provided as necessary, rather than subcontractors being used as a way to cut costs or avoid observing labour regulations.
- 62.** An Employer member from France pointed out that no enterprise was the same. What was important was to provide tools to workers to improve the situation. One example was training for workers in France that can lead to a diploma or other qualifications. This was excellent for workers and their enterprises, and also provided a certain level of security for workers seeking reassignment when job losses were unavoidable. Employability training would help them to keep their jobs, as well as to find work with another employer. Employers had made major efforts over the past few years to improve their strategic vision but were getting tired of having to face obstacles (such as restrictive legislation and unfair competition). It was very difficult for employers to ensure further employment for their large and competent European workforce if the employers' problems were not taken into account. After all, enterprises generated the creative wealth of direct and indirect employment. This should not be seen as an opposition between employers and workers, but rather a search for common ground.
- 63.** A Worker member from Kenya noted that leading buyers had an important role in Kenyan EPZs, but were not fulfilling their responsibilities there. Working conditions were very bad especially for women workers. When faced with complaints, firms would put pressure on the authorities to have claims withdrawn. The recent meeting between buyers and the ITGLWF in Durban, South Africa, noted that what was currently happening in East Africa was worse than ever before in terms of exploitation and constraints of freedom of association. Key buyers were forcing workers to sign agreements not to join a trade union. Although the labour ministry was aware of these facts, it had no authority over EPZs. Enterprises in these zones paid the lowest wages in the country and things were worse in Uganda.
- 64.** A Worker member from Lesotho stated that it was very difficult for workers to meet targets that had been imposed by buyers without any consultation with the shop floor. A case where orders with two factories in Lesotho had been cancelled because the firms were unable to meet their targets due to mismanagement, confirmed that workers needed to be involved in setting realistic targets. Also, buyers and companies should be required to clearly identify themselves or their foreign parent companies so that they could not simply elope from their responsibilities.
- 65.** An Employer member from Bangladesh clarified that the 72-hour work-week had only been a one-time thing to see the reaction and was not repeated. He stressed that the recent catastrophe in a company had not resulted from non-compliance with safety and health requirements, but from disrespect of the building codes. His group sympathized with the

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victims. The garment association BGMEA was ensuring that in future no factory premises would be allowed to be built without prior permission of BGMEA ensuring compliance with building codes; no licences needed for exports would otherwise be issued.

- 66.** Mr. Pursey noted that it seemed that some risks were being passed down the chain to the weakest links. There was a major problem about lack of information about how the market was moving, changes in demand or styles or other aspects, since this information was needed throughout the supply chain, UN agencies might want to help assisting the industry in this respect.
- 67.** Mr. Henkle explained that the Ethical Trade Initiative was now shifting its focus towards suppliers and was realizing the complexity of the issues. There had been much discussion of the Cambodian model, which was not just about CSR, but also addressed other issues such as infrastructure, protection from corruption, and technology change to improve competitiveness. He acknowledged that some LDCs were in a precarious situation and supported an approach that would take their vulnerabilities into account. The benefits of CSR had been discussed, but there was a need to have better, more articulated business cases for corporate social responsibility.
- 68.** A Worker member from the United States was struck by the gap between the rhetoric of CSR, good faith efforts of NGOs and UN agencies to deal with the coming storm in the industry, on the one hand, and reality, on the other. Less than subsistence wages, unbelievably long hours, exploitation, union prohibition were the reality. He wondered why Employers were not supporting public and trade policies concerning CSR issues.
- 69.** The Employer spokesperson reaffirmed the importance of economic conditions in this debate. Social aspects were secondary. In a globalized world, more attention needed to be given to economic issues. It was not social problems that were causing the problems outlined by the Workers. The causes were distortions in the markets, which could unfortunately be not fully addressed by CSR. Before social problems could be addressed, a level playing field needed to be created and economic distortions be tackled. There were three reasons for this. Firstly, the world was still confronted by the problem of closed markets, with tariff and non-tariff barriers. Secondly, counterfeiting and piracy were hurting the industry; infractions needed to be tackled quickly and strongly. Thirdly, subsidies, low interest loans and other (sometimes invisible) instruments were putting unfair pressure on firms that were competing fairly and needed to be phased out. It was important to deal with first things first – companies should be concentrating on doing what they do best, while governments and others should strive to urgently address these problems and ensure that WTO rules were complied with.
- 70.** The representative of the Government of Turkey pointed out that a majority of governmental participants had stated that their countries were suffering from unfair competition resulting from other countries' lack of compliance with international labour standards, very low wages, as well as bad social and working conditions. They had mentioned that their improved social standards and working conditions made them uncompetitive as they increased costs; the speakers had therefore urged all members to comply with ILO standards. In view of this, it seemed paradoxical to him that at the same time almost all panellists had explained that the improvement of working conditions to be the best option available to increase productivity and competitiveness.

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## **Competitiveness and decent work: Integrated strategies**

*Panellists: Mr. Abdelouahid Khouja, Secrétaire general, Ministère de l'Emploi et de la formation professionnelle*

*Ms. Khadija Rhamiri, Coordinatrice, Syndicat national des travailleurs du textile et du cuir; Union marocaine des travailleurs (UMT-CISL)*

*Mr. Karim Tazi, Président, Association marocaine des industries du textile et de l'habillement (AMITH)*

*Ms. Ros Harvey, Chief Technical Adviser, ILO*

*Mr. Charles Nupen, Chief Technical Adviser, ILO*

- 71.** Introducing the panel speakers, Ms. Berar-Awad (Policy Integration Department, ILO) remarked that an integrated approach needed to combine economic improvements and the social dimension, notably advances in respect for international labour standards, social protection and other core decent work objectives. Integrated strategies brought government, employer and worker partners together and fostered social dialogue. The presentations would demonstrate that integrated strategies successfully addressed issues such as market access and competitiveness and proved that sound labour relations brought competitive advantages in regards to productivity, reliability and timeliness. Although all three cases studies had different starting points and approaches, they shared the purpose to promote decent work to increase competitiveness.
- 72.** Mr. Khouja thanked the ILO for its Decent Work Pilot Programme (DWPP) Initiative, which combined decent work and competitiveness considerations. Decent work objectives were a primary concern of the Moroccan authorities. The textile industry, which was extremely important to his country, was facing the challenges of globalization. The textile and clothing industry had also the largest share of women's employment. In order to minimize the negative impact of the end of the MFA, Morocco had pursued the DWPP to reposition itself by promoting decent work and social dialogue and thus increased competitiveness. Social dialogue had been the vehicle to form a new social pact that improved labour relations and shaped the steps taken on all levels. A 2003 agreement had led to a new Labour Code that advanced social dialogue in Morocco by including regular collective bargaining mechanisms; additional legislation improved social protection and social security. The integrated strategy had been built on targeted integration, enhanced timeliness, diversification, opening of new markets and support to enterprise marketing. In addition, free trade agreements had been successfully concluded with the EU, Turkey and the United States.
- 73.** Ms. Rhamiri noted that the situation of workers in the textile and clothing sector was not better than in other developing countries: fundamental labour standards and legislation were not respected, either because employers did not properly understand them or showed bad faith. Moreover, the Government had not ratified the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), nor had it established mechanisms to respect these laws and create sectoral and enterprise-level social dialogue. The end of the MFA raised concerns among all partners and Moroccan trade unions had not hesitated to respond to the ILO invitation to launch a DWPP in the textile and clothing sector to develop a strategic approach for the industry's enterprises, integrating economic and social dimensions in order to promote decent work in the sector. To these ends, a tripartite pilot committee was established in 2002, the first such tripartite body in the sector since 1994. The programme had as objectives: (1) development of productivity, quality and creativity; and (2) promotion of working conditions based on dignity, equality and

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freedom of workers. A social diagnostic study and national action plan is to be established with the following priorities: promotion of social dialogue; improvement of enterprise social management; collective bargaining and labour legislation training; revision of existing training programmes so as to maximize their effects and better coordinate them; and the elaboration of a gender strategy. The DWPP had enabled the social partners to: better understand each other and to create a joint committee to favour the emergence of mutual understanding; help to resolve conflicts; improve the sector's social policies; to promote decent work; help professional and human resource collaboration; follow the economic and social trends in the sector; evaluate globalization and commercial trends on the sector; begin reflection on means to develop the sector economically and promote workers' social conditions; promote respect for fundamental rights and fight discrimination; combat social dumping; and propose to public authorities measures to save employment. After three years, the process starting to gain momentum. Remaining challenges included: the ratification of Convention No. 87; ensuring decent work in conformity with legislation and international standards; reaching higher technological levels as well as better management and worker competencies to ensure enterprise competitiveness; promoting sectoral and enterprise social dialogue; and working together to develop national industrial policies for responsible competitiveness.

- 74.** Mr. Tazi noted that the post-MFA era in Morocco had led to a necessary strategic repositioning in the textile and clothing industry based on five key strategic factors. National tripartite action plans were the basis for reinvigorating the sector. Characteristics of the post-MFA world which affected Moroccan production included: strong Asian product penetration in EU and American markets; global price reductions and a reduction in social practices in many producing countries; and changes in buyer strategies to the detriment of geographic proximity. The end of the MFA had led to reduced exports, although employment losses and reductions in working time were less severe than expected, most likely as a result of safeguard measures adopted by the EU. Morocco's strategic repositioning was based on: synergy and alliances; competencies and training; research, innovation and creativity; and international marketing, all with the aim of moving from a contractor to a producer of finished products. The strategy targeted four levels: markets, products, services and industry. The market strategy relied on a diversification of products and outlets, repositioning in the EU market and enlarging access to markets in the USA, EU and Turkey. The product strategy focussed on higher levels, market differentiation and fostering a fashion and design culture. The service strategy was based on reducing delays and therefore maximizing the geographic proximity advantage, diversification in final product offers at the international level, developing export and delivery platforms, and promoting commercial approaches based on enterprise networks. The industrial strategy relied on more co-contracting and trade, targeted integration, exploiting competitive niches and adherence to social standards. Widespread government, employer and trade union contributions formed the action plan. The Government had adopted a new Labour Code, concluded an agreement with the sector employers to provide specific encouragement to strategic planning, promoted targeted upstream integration and supported enterprise restructuring based on competitiveness and wealth creation. Workers' organizations had adopted a consensual plan to remedy social deficiencies in the sector, integrated the social and economic dimensions, participated in the creation of the joint committee on social dialogue and reflected more on conflict resolution. The Employers' association, AMITH, had adopted a charter of values and created a certificate label to further promote values and ethical standards in commercial, environmental and social planning, and upgrading the social concerns of enterprises. Adherence to social standards served several ends: as an external marketing tool; as a competitiveness factor; as a force for negotiation with different partners; and as a tool for promoting transparency and good enterprise practices. In conclusion, the DWPP in Morocco was both consensual and integrated (economic and social dimensions). It still depended on the ILO's continued support but had now reached a new operational phase thanks to the financial support of Spain.



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75. Ms. Harvey recalled the background to the Better Factories project based on the 1999 United States Cambodian Trade Agreement and resulting additional quota access for products produced in compliance with labour standards. Since the end of the MFA had made this benefit redundant, the project had refocused on CSR with strong government, industry, buyer and union support. Cambodia had developed a market niche based on labour standard compliance, as well as price and fast delivery. Monitoring, suggestions for improvements and capacity building constituted the remediation cycle of the project. Social dialogue and gender equity were mainstreamed through monitoring, the development of resources for use by partners, training and capacity building. Monitoring relied on mandatory government regulation of all enterprises, engagement of national staff, a focus on national laws incorporating core labour standards, an independent, credible and transparent procedure and a feedback mechanism. But the project did not replace the government's labour inspection role. Training, targeted different levels and groups, was modular. It concentrated on single issues, worked especially on reaching new workers in areas like grievance resolution, and was jointly run by unions and managements. Before the final handover, the project would go through a monitoring phase to ensure that its governance structures were sustainably balanced. Eventually, full Cambodian ownership was envisaged based on a tripartite agreement. It was built upon: joint funding of monitoring, including a contribution from unions; support from the World Bank; a move towards training based on cost recovery; and reducing duplication in monitoring. An information management system had been developed in all relevant languages so as to reach all actors. Employment growth in the sector had been steady. Factors influencing the success of the project were tripartism and social dialogue, supporting incentives, and government support. The project had demonstrated the benefits of mainstreaming gender equality in practice, reducing duplication, independent and credible monitoring, transparency and adherence to a cycle of improvement and remediation. Remaining challenges included: the avoidance of overestimating success; improving monitoring which stopped at the factory gate; reducing corruption; greater adherence to good governance and the rule of law; improving tolerance and respect for opposition; and respect for freedom of expression and the press. Progress to date revealed that a strategy of compliance with labour standards not only improved marketing prospects but automatically led to good management practices.
76. Mr. Nupen presented a project on building enterprise competitiveness in the clothing and textile sector in South Africa. In spite of its importance, the sector had suffered great job losses in the last three years, primarily as a result of the lifting of quotas, strengthening of the local currency, illegal dumping and a lack of competitiveness. Given the local context, the project sought to develop a turnaround strategy that would promote a responsive macroeconomic and industrial policy framework, recognize the need to shift market and product focus, identify trends in factory closures, and build competitiveness. The project was carried out in two rural towns with a high incidence of unemployment, a high prevalence of HIV/AIDS and where the textile and clothing sector was the biggest employer. The key enterprise characteristic was a predominantly female workforce. The participants were small and medium-sized enterprises that represented a mixture of clothing and textile companies, were export-oriented, were labour-law compliant and unionized. In each case, a tripartite multi-stakeholder steering committee was established to oversee the process and to promote information sharing. The first component of the project was training; a training college was established to impart best practices, with an emphasis on skills development. Training was carried out in the areas of teamwork, visual performance measurement, good housekeeping, quality, problem solving and labour relations. These best practices were then implemented in the workplace, with advice and training provided on site, supported by trained teams. Also, profit improvement programmes were identified and conducted. Over a 12-month period, operating efficiency and product quality were improved, the rate of absenteeism and disciplinary infractions reduced, and a substantial saving generated through the profit improvement programmes. In addition, a significant contribution was made to democratizing workplaces. Decisions

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were dialogue-driven and a change in the management culture meant that workers were empowered. The project resulted in the creation of a team leader assessment tool and a comprehensive human resources manual for the textile and clothing sector. In response to the project's success, local authorities created a business centre to provide ongoing support.

- 77.** A Worker member from the United States pointed out that Cambodia was a successful example of linking market access to rights. But ever since this link had ceased to exist, indications of human rights rollbacks had surfaced. It was therefore not clear if the Cambodian model was sustainable. The lesson to be learned from the Cambodian example was that, in any bilateral trade agreement market access needed to be linked to labour law adherence.
- 78.** The Employer spokesperson stated that governments had a fundamental role to play in creating attractive business environments. Within exporting countries, governments were responsible for implementing and enforcing social legislation. While employers could contribute to this goal through CSR, the primary responsibility remained with governments. These governments were also responsible for ensuring the development of effective transport and communication networks, for simplifying complicated, bureaucratic customs procedures, for respecting and enforcing intellectual property rights and for fighting against corruption. In importing countries, governments had the responsibility to ensure that all countries complied with and enforced WTO regulations. A level playing field could only be created if all companies in all countries, including those in the informal sector, were subject to the same rules. Given that market access was of great importance to developing countries, developed countries needed to give a priority to this issue at WTO. When designing development projects, governments needed to be aware of the need to diversify economies to prevent over reliance on a single industry. Economic realities also meant there would always be some job losses – continual increases in worldwide employment were not realistic. Therefore, it was the responsibility of governments to provide training and career counselling for affected workers.
- 79.** The Government representative of Spain pointed out that ILO should more powerfully demonstrate the link between decent work and resulting profits – being abstract was not enough. The ILO needed to capitalize on the fact that, what was good for workers brought tangible benefits that would be reflected in companies' books. He encouraged the Cambodian, Moroccan and South African projects to continue sharing their experiences.
- 80.** The Government representative of Romania outlined the very satisfactory results of Romania's participation in the ILO Action Programme on improving competitiveness in the textiles, clothing and footwear industry by promoting decent work and called for the Programme to be continued. With the assistance of this Programme, a tripartite national steering group for the sector had been set up that had established clear objectives for an integrated national strategy.
- 81.** The Government member of Mexico felt that it was very useful to debate constructively how the TC sector could flourish within a fair competitive system and distribute wealth fairly among the different actors in the production and supply chain. Five elements contributed to sustainable development. These were enterprises of all sizes; workers and their trade unions; schools, basic education; technical colleges, universities and lifelong learning within enterprises. It also included governments who were responsible for ensuring sound fiscal and monetary policies, effective trade facilitation, a working judicial system and intellectual property regimes, safety and health and labour legislation and inspection, and the promotional competitiveness, enterprise and decent work. The fourth element was respect for values, human rights, ethics and the rule of law. The fifth, the international level, was relevant for standard setting and enforcement; with the WTO as main actor for trade matters, and the ILO responsible for employment and labour issues.

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International cooperation was essential in order for workers to obtain and enjoy decent work, in conditions of economic expansion in textiles on the basis of full, productive and freely chosen employment.

- 82.** The Government member of China noted that the case studies were a very useful starting point for discussions on the right strategy to face increasing competition in industry. He regretted that some speakers were calling for safeguard actions. To extend safeguard measures would mean going back to protectionism and hurt Chinese workers in the sector who had been prevented from fully benefiting from fair globalization in TC for far too long. He fully endorsed the call by the Employers' group for a level playing field and fair trade rules for textiles and apparel. Indeed, China was happy that the unfair system of quotas that had distorted free and fair trade had been lifted. Developing countries such as China needed fair trade rules to provide equitable opportunities for businesses to survive and prosper. Trade rules fell within the WTO's mandate, and the international community should have full confidence in the competence of the WTO in this field. The Singapore Consensus, endorsed in Doha, should be respected. He agreed that governments should provide a business-friendly environment, with appropriate policies on credit, investment, taxation and trade, putting in place good infrastructure, fighting against bureaucracy and corruption, and protecting intellectual property rights. Government could collect and disseminate market information to facilitate business. Also, governments should ensure compliance with labour standards and facilitate enterprise. China's national experience was a living example of the successful development and implementation of government policies. During the transitional period since 1995, the Chinese Government had made every effort to re-engineer the TC industry to improve its efficiency, competitiveness and productivity. In pursuing sustainable development, his Government believed that what was good for the workers was also good for business, and, accordingly, had always been committed to the protection of workers' rights. Legislation, law enforcement and harmonious industrial relations were among the key measures pursued by the Government to protect the legitimate rights and interests of TC workers. This was reflected in the Labour Act and in China's ratification of the Equal Remuneration Convention, 1951 (No. 100), and the Worst Forms of Child Labour Convention, 1999 (No. 182). It was now considering ratification of the Forced Labour Convention, 1930 (No. 29), with technical assistance from the ILO. Trade union rights were protected. His country had many labour inspectors as part of their enforcement system. They were performing an excellent job, and could be compared favourably with many other ILO member States in that regard. A national tripartite commission on labour relations was established in 2001, and consultations at the national, provincial and sectoral levels were held. Promoting harmonious labour relations, prevention and settlement of labour disputes were at the top of the agenda of these committees. Special measures targeted workers laid off in the TC sector, such as redeployment, entrepreneurship training, and microcredit schemes to assist them to find new jobs. Social security programmes and other social safety net measures had been further improved to cater for workers in need. Like many developing countries, China faced many challenges such as huge gaps between rich and poor regions, and the inflow of migrant workers from economically backward regions who now worked in the textile industry of the coastal regions. Those migrants required more government assistance. The Government was ready to engage in constructive and meaningful dialogue with the international community and welcomed its assistance to further advance decent work.
- 83.** An Employer member from France considered that all French textile makers enjoyed decent work conditions. TC enterprises in industrialized countries were, however, facing the prospect of drastic job losses because of unfair trade. Those losses were a reflection of the creation of jobs which did not meet the same decent work criteria elsewhere in the world. Remedies were needed to address the lack of respect for moral and ethical standards and social dumping. Given that the ILO did not have a mandate to change the economic framework, he called upon Governments to intervene. The developed countries needed to

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intervene in the Hong Kong Round, in order to prevent jobs in TC in industrialized countries from ceasing to provide decent work in the future. A fairer social globalization could not be achieved in an environment of unfair economic globalization which did not comply with international rules.

- 84.** An Employer adviser from the United States noted that the post-ATC environment involved enormous changes that were unpredictable in the short run because of recourse to safeguard measures. A coordinated response was required since there would be additional predictable impacts in 2008 when all safeguard measures based on China's accession agreement with WTO expired. Immediate action needed to be taken. Not all countries were affected in the same way and there were differentiated levels of risk. Some countries were more heavily affected than others; particularly those with limited resources needed technical assistance. The LDCs required urgent support in order to adjust; trade preference programmes seemed a sensible way to tackle this issue. The ILO should work with other international institutions to mobilize support. The ILO should also further investigate ways to ensure compliance with labour standards. Different approaches, especially in the field of technical cooperation and auditing, needed further research. Competitiveness required measures to be in place that ranged from infrastructure and the protection of intellectual property to skills upgrading and the rule of law.
- 85.** An Employer member from Brazil noted a study which indicated that "winners" could only emerge in countries where the Government had committed itself to strengthening the sector's competitiveness. Governments needed to adopt laws to promote fair conditions and to take action to protect workers, industry and buyers. Customs regulations and trade agreements were also crucial to strengthen exports.
- 86.** In response to the comments made, Ms. Harvey stressed that sustainability was the main criterion for determining the success of any project. The transition phase foreseen in the project had been decided upon to ensure that the value of the certification system would not be comprised by particular interests. Good governance was also ensured by the combination of transparency and accountability. The IT used would ensure that the results of audits were directly published. She agreed that buyers' interests were moving targets and that further research on the mechanisms of the market might be helpful. Empirical evidence showed, however, that companies were interested in being ranked according to compliance with labour standards, since they perceived such measures to be good for their business.
- 87.** Mr. Nupen pointed out that some of the benefits of the programme, such as a businesses' confidence in being able to win new markets and workers' increased mobility and skills were indeed hard to measure in economic terms. But just the savings accrued by companies, were double of the cost of the project, rendering a cost-benefit analysis very favourable.

### ***Social dialogue, restructuring, training and retraining***

*Panellists: Mr. William Lakin, Director-General, European Apparel and Textile Organization (EURATEX)*

*Mr. Patrick Itschert, General Secretary, European Trade Union Federation for Textiles, Clothing and Leather (ETUF-TCL)*

*Mr. Kazi M. Aminul Islam, Joint Secretary, Ministry of Labour and Employment, Bangladesh*

- 88.** The Director of the Department of Social Dialogue, Labour Law and Labour Administration and of Sectoral Activities, Ms. Walgrave, introduced the panel speakers.

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Social dialogue was the engine and means for achieving consensus and to find common ground on sectoral, national, regional and international levels. The discussion should not only point to thriving social dialogue and focus on the tool as such, but also on the issues that needed to be addressed in the industry. These included restructuring, innovation, training and retraining. These issues of great importance to the main actors were ideally addressed by social dialogue.

- 89.** Referring to earlier statements, Mr. Lakin pointed out that some of the comments made regarding EU policies had been misleading. Since the EU had an industry of its own which needed to compete, it understood globalization to be a two-way street. This understanding guided EU policies which took the EU's interests into account. It was also important to recognize that the WTO and the ILO were distinct from each other and had different mandates. European social dialogue was thriving in the textile sector due to excellent relations between the parties. The bi-partite approach and a clear mandate allowed for a focussed discussion of issues relevant for the sector. Work was conducted on trade issues and participation in the high-level group ensured that education, training and employment needs of the sector were reflected. Issues such as the European Observatory for Training and Employment, an information media pool aimed at improving the image of the industry and common qualification standards to facilitate mobility, had been the subject of European social dialogue. As far as the enormous structural adjustments that had taken place since 1994 is concerned, social dialogue had demonstrated its value. The industry had gone through consolidation, was now leaner, meaner and fitter – a result that might not have been achieved without social dialogue on a European level. As a consequence, the industry in Europe was on the verge of a major technological breakthrough which would strengthen its competitive position. Clear signals of further support from the European Commission and Members were, however, necessary to sustain the status quo. He regretted that developing countries had directed all their efforts to the two largest markets. This strategic limitation fostered overdependence and should be countered by growing internal markets. A greater focus on south-south trade was necessary to avoid unfair pricing, non-compliance with labour standards and loss of jobs.
- 90.** Mr. Itschert explained that EU-wide sectoral social dialogue began at the initiative of the EU in 1991. The fashion industry had, for a long time, been the only industry that had institutionalized social dialogue on a European level. Although the benefits were tangible, this hesitancy could stem from the great difficulty to gather all actors in the large number of member States. Now that the future of the sector was at stake, this structure promised, to provide a good basis for necessary adjustments to be shaped in a consensual climate. Consultations on the end of the quota system had been conducted and forums in candidate countries had been created to address the problems related to the EU's enlargement. A remarkable achievement of European social dialogue was the first framework agreement signed in 1997. It helped ensure that relocations did not go hand-in-hand with the exploitation of workers. It had set trends and demonstrated that the European social partners were prepared to shoulder their responsibilities in relation to globalization. The high-level group had succeeded in setting up an adjustment fund to find alternative jobs and had identified good practices (e. g. anticipated retraining if relocations were inevitable). Since the TC industry had been very much affected by the changes in supply and demand, the national joint observatories in Belgium, France and the United Kingdom had proved to be very useful. Other tangible results of social dialogue were funds that promoted training and retraining, the development of standards for mobility and the creation of a media pool to create modern teaching materials.
- 91.** Mr. Islam (Bangladesh) emphasized the importance of the TC sector for Bangladesh. Globalization was adversely affecting many countries in the world and disrupting the TC industry. Bangladesh had suffered serious job losses in the past ten months because its economy depended mainly on TC exports. The industry was thrown into uncertainty and instability following the end of the quota system. In order to cope with resulting problems,

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action needed to be taken at the national and international levels. At the national level, trade unions played an important role to help solving the problems. In this context, the social dimension became more important than ever. He called upon all countries to comply with the ILO. With the help of the ILO, Bangladesh was on the way to further increasing compliance with ILO core labour standards, also in its EPZs. At the international level, level playing fields needed to be created to allow fair competition. This did not mean, however, that uniform rules were applied to different situations. In order to achieve a fair globalization rules needed to respect countries' specificities. Since his Government realized that the full effect of the abolition of the quota system had not yet reached his country, it had further strengthened national social dialogue. The positive benefits of not reducing workers to simple wage-earners were apparent, since their contribution in shaping the future of the industry reflected their important position as one of the main stakeholders. Efforts made in respect to child labour had demonstrated how useful social dialogue could be. In order to further promote decent work, it needed to be given a specific country context and relate to other issues of development such as poverty alleviation. Since restructuring sometimes brought job losses, countries needed to find ways to help affected workers. Examples to better cope with change included Bangladeshi programmes for retraining workers and microfinance projects. As far as CSR, imports into the United States market suggested that the high aspirations connected to the CSR did not clearly materialize in sourcing decisions. The CSR should, therefore, take the situation of workers more into account. When deciding on future actions, ILO should focus on three points: continue to study the short-, medium-, and long-term impacts of the end of the MFA; create a technical support fund increase the TC sector's compliance with international labour standards; and further promote the Decent Work Agenda by extending its collaboration with other international organizations such as the WTO to address the employment problems in the TC sector.

- 92.** The Employer spokesperson confirmed the importance of sectoral social dialogue and noted that it should not be exclusively concerned with social aspects. Economic analyses should be considered, since business strategies built on them. Only thus trade and corporate issues could be fully understood. He agreed that compliance with labour standards was a necessity for all countries and pointed out that this was the ILO's mandate.
- 93.** A Worker member from the United States agreed with the panel speakers that social dialogue fostered constructive proposals and mutual respect. However, social dialogue went hand-in-hand with freedom of association. No social dialogue could work if the two parties were not equals. Freedom of association was thus a precondition for social dialogue. The absence of freedom of association was reflected in the meagre wages paid to Chinese workers. These artificially low wages were distorting the industry; action was required to create a level playing field. It was not acceptable that some countries benefited from exploiting workers by ignoring their fundamental rights.
- 94.** A representative of the Government of Mauritius reported on the post-MFA situation in his country. He stressed the importance of the sector for his country. The TC industry there was economically important and was mainly concentrated in EPZs. Since January 2005, Mauritius had clearly lost exports and was facing massive unemployment and capital flight. In order to lessen the impact, companies should give countries time for adjustments before taking decisions to relocate factories. The IMF and the World Bank should assist in increasing the competitiveness of the TC sector.
- 95.** An observer from the European Commission outlined recent EU efforts and commitments to strengthen bilateral and autonomous social dialogue both at EU and national level, including in the new Member States and candidate countries. The Commission had recently addressed the issue of anticipating and managing change promoting an approach characterized by an improved interaction between the relevant EU policies and a greater involvement of social partners. EU structural funds already play a major role in financing

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accompanying measures of restructuring processes, and an envisaged globalization adjustment fund would provide further support for the ongoing work on strategies to manage change. In addition, the Commission had set up a High-Level Forum on restructuring, gathering EU institutions, Member States, regional and local authorities, social partners, to discuss and exchange best practices and strategies on anticipating and managing change.

96. Mr. Itschert stressed that acceptance of globalization was strengthened, if it was governed properly. Compliance with core international labour standards should represent the absolute minimum. Countries should not stop there. He agreed with the Worker's group's statement on freedom of association. In response to an earlier statement, he pointed out that an element of CSR was that companies did relocate in socially responsible ways.
97. The representative of the Government of China questioned whether a link between wages and freedom of association made in earlier statements existed. Wages were determined by many factors and varied according to national conditions.
98. The representative of the Government of Brazil reported that the TC sector in Brazil was holding up well since the end of the quota regime. Given the short period of time passed this was not a final evaluation; moreover, difficulties existed. In order to address these problems, the Government had, already before January 2005, implemented competitiveness measures that focused on reorganizing the market and promoting decent work, in collaboration with the Brazilian Workers' Union. Thanks to increases in productivity as well as investment programmes on acquisition of technologies and training of human resources the TC sector was experiencing a period of renovation and growth. Especially the strategic programme for the Brazilian TC chain was showing good results. It featured a modern campaign for the international dissemination of Brazilian products and showcased technological advances, respect for the environment and social responsibility of the national industry. A competitiveness forum organized several regular meetings and did not just address general problem but also provided opportunities for discussing questions related to the end of the quota system.

## Consideration of Chairperson's summary

99. The Meeting had before it the draft Chairperson's summary (TMTC-PMFA/2005/5). The Chairperson announced several changes that had been agreed during informal consultations with the Chairpersons of the three groups.
100. The Worker spokesperson said he thought that during these consultations, there had been agreement to modify the last sentence of paragraph 7 to read "Increased international competition, especially competition from items produced under exploitative conditions, has reduced TC prices, further eroding the competitiveness of developed countries" and to move the sentence to follow the first sentence of paragraph 29 of the draft. The Chairperson recalled that this was the case.
101. The Secretary of the Employers' group did not recall there had been agreement to add the reference to "exploitative conditions" in paragraph 7. In paragraph 8, "appropriate" should be deleted as measures taken may or may not have been appropriate. The Employers' group had strong reservations about paragraph 28 which they felt did not reflect the consensus reached by the Meeting. The last part of the sentence, starting with "should be used to review", should therefore be deleted. In paragraph 20, the phrase "others however did not share this view" should be added to the end of this paragraph's last sentence. In paragraph 30, subparagraph (iv), the last sentence should be modified to read "Discussions would include reference, among others, to the ILO Tripartite Declaration on Multinational Enterprises and Social Policy."

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- 102.** A Worker member from the United States, on behalf of the Workers' group said the deletion of "appropriate" in paragraph 8 was acceptable but the other suggestions were not.
- 103.** The Secretary of the Employers' group said that he had hoped that the Chairperson's summary could reflect the consensus arrived at during the Meeting's discussions. If this was not to be the case, the Employers' group would not insist further. His group, however, regretted this unfortunate situation.
- 104.** A Worker member from the United States reminded the Meeting that the ILO Tripartite Declaration on Multinational Enterprises and Social Policy had found tripartite agreement and that its promotion was a part of the ILO's mandate. It was, therefore, surprising that attempts were made to downgrade its status. The MNE Declaration encompassed all the issues that would need to be addressed in the TC sector – a change to the text seemed unnecessary.
- 105.** The Chairperson suggested that perhaps the intent of the Employers' group had been to broaden the scope of the paragraph beyond the MNE Declaration. This could be useful as there were other documents that dealt with this issue.
- 106.** The Secretary of the Employers' group confirmed this. There had been no intent to detract from the MNE Declaration. If there was strong opposition to the suggestion, however, the Employers' group would retract it. But their reservation concerning paragraph 28 remained. The reservation could be addressed by modifying the sentence to read: "Some considered that the ILO should promote ... make recommendations to promote fair globalization in the TC sector; others however, were not of the same opinion."
- 107.** The Government representative of Bangladesh said "relaxation" should be replaced by "flexibility" in paragraph 17. In the second sentence of paragraph 18, the phrase "including zero tariff access for the LDCs, removal of barriers, passage of trade acts in the United States, and possible modifications to AGOA programmes" should be inserted after "vulnerable countries".
- 108.** The Government representative of Peru did not support the second sentence of paragraph 18; it should be modified to indicate that not all participants supported the opinion expressed therein.
- 109.** The Government representative of China said that the last sentence in paragraph 1 was misleading. The transition to liberalization began on 1 January 1995 and ended on 1 January 2005. The sentence indicated that the transition was only beginning. It would be more accurate to use the term "adjustment process" instead of "transition". Likewise, in paragraph 3, "period of transition" should be replaced by "adjustment process". The last sentence in paragraph 3 should be deleted, as there were other measures beyond textile-specific safeguard arrangements affecting the TC sectors. In the fourth line of paragraph 12, the word "bridging" should be deleted, as these measures were enforced for the sake of domestic industries and not exporting countries.
- 110.** The Government representative of Turkey said that the issue of the relaxation of the rules of origin was a sensitive one; this term should, therefore, be removed from the second sentence of paragraph 17.
- 111.** The Chairperson thanked the participants for their comments and noted they would be reflected in the report of the Meeting's discussion. He announced that the Meeting had duly noted his summary.
- 112.** The Secretary-General noted there had been 127 participants from 36 countries present at the Meeting. She thanked the participants, panellists and the Chairperson for their



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contributions. The Meeting had been an enriching experience that would provide the ILO with solid guidance for its future work.

- 113.** The Chairperson thanked the participants, panellists and ILO for their work and insights shared. In spite of some diverging opinions, the Meeting had been successful in achieving consensus. He declared the Tripartite Meeting on Promoting Fair Globalization in Textiles and Clothing in a Post-MFA Environment closed.
- 114.** An Employer member from France, speaking on behalf of the Employers' group, expressed his appreciation for the quality of work that had been carried out. He also appreciated the spirit of consensus that had been shown, in spite of some differences of opinion. The Employers' group would continue to follow closely the issues discussed during the Meeting and hoped that the ILO would be able to arrange a follow-up meeting at an appropriate date.
- 115.** A Worker member from the United States speaking on behalf of the Workers' group, noted that there were many points of agreement among the constituents directly involved in the TC sector. When outside interests intervened in sector-specific meetings, however, it became much more difficult to reach agreement. Tripartite meetings should therefore not be subject to outside restrictions that would prevent them from making the propositions they deemed necessary. Although this had unfortunately been the case to a certain extent at this Meeting, it had been positive and additional meetings would certainly be necessary.
- 116.** The Government representative of Bangladesh, speaking on behalf of the Government group, thanked the participants for their work and hoped that future efforts would continue in the spirit of tripartism.
- 117.** The Government representative of China expressed appreciation at having had the opportunity to participate in an ILO meeting. She reminded the Meeting that the quota system had been in place for 45 years. Eliminating the quota system provided the conditions for non-discriminatory trade policies. It was important to bear this in mind when trying to shape coherent practices with the WTO.

Geneva, 26 October 2005.

Mr. J.-J. Elmiger,  
Chairperson.

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## Chairperson's summary

### Introduction

1. The textile and clothing (TC) sector has traditionally played an important role in the industrialization and economic and social development of many countries. The TC sector remains important for employment, manufacturing output and exports in a number of developing and least developed countries (LDCs), but its relative importance has declined in the major developed countries. Since January 2005, with the phase-out of quotas, the TC sector worldwide is experiencing a major revolution that raises fears, challenges and opportunities. It is under these new rules of the game that the ILO's Governing Body decided to convene this Meeting. The framework of the report and the Meeting was set by the end of the Agreement on Textiles and Clothing (ATC) and the beginning of a transition towards the liberalization of trade in textiles and clothing.
2. The purpose of the Meeting was to provide guidance to governments, employers' and workers' organizations: on how to share strategies, lessons and experiences throughout the supply chain; on how best to adapt to changing circumstances; and how to promote fair globalization in textiles and clothing in this post-MFA environment. The Meeting was also to highlight the role of the ILO in targeted activities as a follow-up to this Meeting.
3. Without exception, the interventions have been thoughtful and interesting. And they stimulated a lively and rich debate. From this debate, I identified three major points. First, the TC industry is in crisis in many parts of the world; many are suffering, thus the future remains uncertain. The preliminary impact assessment is just that – preliminary. Second, the countries and enterprises that had prepared for the changes and had developed strategies to maintain their competitiveness have performed better than those that did not. There has been clear evidence from all sides that there is a positive and mutually reinforcing relationship between respect for workers' rights, social dialogue and labour relations and competitiveness and productivity. Third, and this is probably the most important point, because of the potential use of textile-specific safeguards arrangements, we are in a period of transition.
4. We therefore have a small but important window of opportunity for the development and implementation of collaborative and sustainable strategies. These strategies should enhance productivity, quality and labour standards and promote a fair globalization, through tripartite collaboration at the global, regional, national and enterprise levels. However, tripartism is dependent on the respect for and implementation of ILO core labour standards. It will be important also to engage with buyers, representatives of importing countries, international institutions and civil society organizations.
5. You have asked the ILO to play a leading role in promoting international policy coherence towards fair globalization in the TC industry and in providing practical assistance where it can. You have also asked the ILO to collaborate more with other organizations.
6. This Chairperson's summary reflects a number of priority issues on which consensus was reached. It addresses different groups in turn, looking at the challenges, their roles in addressing them and partnerships with the ILO.

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## **I. Developed countries**

### ***Challenges***

7. TC employment has been declining for 20 years. The decline has quickened following the end of quotas. Some regions and SMEs are particularly vulnerable. The TC labour force is largely composed of a majority of women workers, often with rather low levels of qualifications. This makes the restructuring process more challenging.
8. So, the major importing countries have taken measures, in particular through safeguards or bilateral agreements, to avoid market disruption and better regulate the growth of their TC imports. Regional partnerships and preferential access to developing countries and LDCs, particularly affected by the end of quotas, have been developed. Internally, enterprises in importing countries promote innovative production practices, research and development, and improve human resources development to maintain their international competitiveness and to develop their exports.

### ***Partnership with the ILO***

9. Developed countries and institutions such as the European Commission, have a long experience of cooperation with employers' and workers' organizations which led to a process of social dialogue that, with the full participation of all the actors concerned, can facilitate the restructuring process. Together with the ILO, they should share their experience and expertise in order to promote social dialogue in the major TC producing countries. However, social dialogue can only exist where freedom of association is respected.
10. Employers in developed countries are willing to face the challenges of the new TC trade regime, provided trading partners consistently respect the World Trade Organization (WTO) rules. Additionally, governments should implement the ILO Declaration on Fundamental Principles and Rights at Work (1998) and the ILO should continue to promote the full respect of this important Declaration.
11. Workers are equally willing to face these challenges provided WTO rules are fair and enable countries to preserve their TC sectors.
12. Developed countries should support incentives for compliance with international labour standards and, together with the ILO, provide technical assistance to developing countries, within a multi-stakeholder framework, to facilitate the implementation of socially responsible labour restructuring programmes.

## **II. Developing countries**

### ***Challenges***

13. Preliminary results of the impact of the end of the ATC are mixed and must be considered with caution. The bridging regulatory measures introduced by the key importing countries have provided a vital breathing space. This opportunity must be seized to enable both importing and exporting countries to soften the adjustment process.

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## ***The role of governments***

14. Governments have an important role in managing the process of improved integration into the global economy in a post-quota environment and in ensuring that it meets their economic and social objectives. This role includes the correction of market deficiencies and negative externalities. Ensuring a level playing field is the key to increasing national and enterprise comparative advantage. Means to do this include: practical and socially responsive restructuring and redeployment policies; sound social protection and safety nets; the application of core labour standards; enforcing labour legislation; and establishing a suitable environment for constructive social dialogue.
15. An appropriate framework must be ensured, in particular for SMEs, so that enterprises can fully exploit their competitive potential. Policies and programmes will be needed for the most vulnerable enterprises, and to strengthen the production linkages between the formal and informal parts of the TC sector as a result of the inevitable concentration of international orders on fewer sources. Importantly, governments should provide adequate infrastructure, facilitate customs procedures, fight against corruption and protect intellectual property rights. The closure of enterprises should be monitored in order to ensure it occurs within the law, especially in terms of workers' severance pay and social security/pension payments.

## ***Partnership with the ILO***

16. To maintain the viability of enterprises in those developing countries that are highly dependent on TC exports, integrated strategies that combine the search for improved competitiveness and the promotion of decent work need to be developed and implemented. Using examples of existing good practices, national tripartite bodies to monitor the social and economic dimensions of the post-MFA environment could be created in the major exporting developing countries. The ILO should assist in these initiatives.
17. Particular attention should be given to the ratification and implementation of ILO core labour standards, the promotion of social dialogue, and human resources development, including training and retraining policies. In this latter regard, the ILO should assist governments, employers' and workers' organizations to deal quickly with changes in their industry. A gender-sensitive approach is particularly important in view of the large number of women workers whose earnings represent a major part of their family's income.

## **III. Least developed countries**

### ***Challenges***

18. Those LDCs that are highly dependent on the TC sector for industrial employment and export earnings are those which will be most affected by the end of quotas. Appropriate measures, including technical assistance and support for capacity building, enhanced market access and relaxation of rules of origin, are urgently needed to improve their competitiveness on the world market, to protect the workers concerned and to develop socially responsible restructuring strategies.

### ***International collaboration and support by the ILO***

19. The document prepared by the secretariat of the WTO on "Options for LDCs to improve their competitiveness in the textiles and clothing business" provides interesting areas for consideration. Appropriate bilateral and multilateral trade measures to ensure enhanced

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market access for vulnerable countries should be considered to avoid the complete disruption of the TC market and the associated social impact on these countries.

20. The ILO should provide support to these countries to ensure compliance with international labour standards with a view to sustainable development and equitable poverty alleviation. Where drastic restructuring and redeployment policies are required, all efforts should be made, including with ILO assistance, to ensure the protection of the workers concerned through the provision of appropriate social safety nets.
21. Protecting workers also means providing quality jobs for all. In the post-MFA environment, therefore, LDCs need to develop training and retraining programmes to improve the skills and employability of the workers inside and outside the TC sector. The ILO should be actively involved throughout this process of lifelong learning as a means to decent work.

#### **IV. Building a strategic supply chain**

##### ***Challenges***

22. The Meeting recognized the need to promote a responsible supply chain, through partnerships that balance social and commercial interests during the transition period. This requires strengthening work on the links between competitiveness, employment and labour conditions, and reviewing sourcing strategies in light of relevant public policies and national strategies for restructuring.
23. As the world TC market becomes more concentrated, buyers, particularly international buyers, should commit to sourcing responsibly from countries that respect core labour standards and from suppliers who provide decent work. Incentives could be one way to encourage responsible sourcing.
24. Decent work and systems of mature industrial relations have been shown to contribute to lower labour turnover, higher productivity, better quality and improved productivity.

##### ***Partnership with the ILO***

25. International buyers should offer technical assistance to their suppliers in the fields of productivity, workers' and managers' skills training, technology transfer, industrial relations and marketing. Buyers should use best corporate social responsibility (CSR) practices to build local capacity in relation to the respect of core labour standards. Buyers should work in a collaborative way, with the governments and social partners concerned, to ensure the full implementation of these standards throughout the global supply chain. Where appropriate, these activities should be implemented in partnership with the ILO, including through multi-stakeholders initiatives.

#### **V. Workers' organizations**

26. Workers' organizations should recognize the international dimensions of the issues they have to deal with in the post-MFA environment, and develop new mechanisms and approaches as necessary. National workers' organizations, with the support of the global union federations and of the ILO, should monitor developments arising from trade liberalization, highlight the actions needed to protect workers' interests and use social dialogue to express their views and reach consensus.

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27. Workers' organizations should be associated with national and international collaborative initiatives to promote fair globalization in the TC industry. They should contribute, through advice and direct support, to the vocational training efforts necessary to equip workers for change and to improve their employability.
  28. Workers' organizations should provide advice, where appropriate, on socially responsible restructuring and redeployment policies and reinforce, within their educational programmes and with the support of the ILO, health and safety training for their members.

## VI. The ILO and other institutions

29. The ILO should cooperate more actively with: the World Bank, the WTO, and with multi-stakeholder initiatives, such as the Global Compact, the OECD Guidelines on Multinational Enterprises and the MFA Forum. The Meeting stressed the importance of the ILO playing a more active role in the latter. The Outcome Document recently agreed by Heads of State at the United Nations should provide a sound basis on which to advance the Decent Work Agenda. The ILO should promote policy coherence between it and the WTO, World Bank, International Monetary Fund (IMF) and other international institutions, to review the socio-economic implications of the post-MFA environment and make recommendations to promote fair globalization in the TC sector.

## VII. Other important issues

30. We also heard of a number of additional issues that need to be addressed if a fair globalization is to be achieved. Increased international competition, especially competition from items produced under exploitative conditions, has reduced TC prices, further eroding the competitiveness of developed countries. While not directly the responsibility of the ILO, it should promote action. The issues include: the trans-shipment of goods in order to circumvent quotas; the pirating of designs; and the faking of labels and brand names. These illegal practices destabilize the industry and threaten employment provided by legitimate manufacturers. Furthermore, subsidies that lead to dumping prices should be eradicated. In addition, developed countries should campaign for charitable donations of used clothing to be used for that purpose, instead of being traded in ways which destroys TC jobs in developing countries. Some participants recommended that the WTO should provide for a specific discussion on the impact of trade liberalization in the TC sector at its December Ministerial Meeting.

## VIII. An ILO contribution to a multilateral response to the adjustment challenges facing the TC industries

31. In developing this summary, I have taken this unique opportunity to reflect on how to push forward with a practical package of adjustment support to the TC sector, support that I believe the ILO could play a major role in, and for which donor funding could be found. I believe that a consortium of international agencies should offer a coordinated response to the adjustment challenges of the TC industries in the North and South. I believe that the ILO could offer the following four components:
  - (i) A major drive to improve **skill development** for both workers and managers in the sector. This should include new skills for those leaving the industry as well as those aiming to stay and upgrade performance. The ILO should assist at the workplace level on workers' rights and working conditions and their link with competitiveness. The

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ILO should provide assistance to governments and employers' organizations on socially responsible restructuring processes.

- (ii) A new **global information and analysis service** that could include better and more up-to-date employment information, including hours worked, which is a good proxy for capacity utilization, and details of compliance or non-compliance with core international labour standards. This could be a joint activity with the World Bank, UNIDO, UNCTAD, WTO and others.
- (iii) **Assistance in compliance and remediation** to requesting exporting countries ready to ratify and implement the Conventions under the ILO Declaration. This would contain a portfolio of possible approaches drawing on the experience in Cambodia, Morocco, Romania and South Africa. It would seek to provide compliance reports that would meet the most exacting of buyers' standards thus enabling a considerable reduction in costly duplication of social auditing. The ILO service would be time bound and the countries concerned would be expected gradually to take over responsibility, leaving the ILO with the role of periodically reviewing the system to check that it continued to provide reliable reports.
- (iv) The establishment of a **global social responsibility forum** for dialogue between governments, employers' and workers' organizations in the producing and buying parts of the TC network, relevant international agencies and other relevant bodies. Meetings along the lines of the current one would be held unless the parties concerned ceased to find them useful. The goal would be the promotion of a fair, globalized industry and decent work for those employed in it. Discussions would be based on the provisions of the ILO Tripartite Declaration on Multinational Enterprises and Social Policy.

Geneva, 26 October 2005.

Mr. J.-J. Elmiger,  
Chairperson.

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## Evaluation questionnaire



A questionnaire seeking participants' opinions on various aspects of the Meeting was distributed before the end of the Meeting.

**1. How do you rate the Meeting as regards the following?**

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
The choice of agenda item (subject of the Meeting)	13	12				4.52
The points for discussion	4	15	5	1		3.88
The quality of the discussion	5	16	4			4.04
The Meeting's benefits to the sector	8	9	5	2		3.96
The Chairperson's summary	3	14	2	2	1	3.68
Panel discussion on MFA Forum	3	15	6		1	3.76
Panel discussion on global supply chain	4	10	11	2		3.96
Panel discussion on competitiveness and decent work	4	11	8	2	1	3.58
Panel discussion on the social dialogue	2	15	6	1		3.75
Opportunity for networking	4	14	6			3.92

**2. How do you rate the quality of the report in terms of the following?**

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
Quality of analysis	7	15	3		1	4.04
Objectivity	5	11	6	2	1	3.68
Comprehensiveness of coverage	4	16	4	2		3.85
Presentation and readability	12	11	3			4.35
Amount and relevance of information	6	12	7	1		3.88

**3. How do you consider the time allotted for discussion?**

	3 Too much	2 Enough	1 Too little
Discussion of the report		19	7
Panel discussions	1	18	5
Groups		19	4

**4. How do you rate the practical and administrative arrangements (secretariat, document services, translation, interpretation)?**

	5 Excellent	4 Good	3 Satisfactory	2 Poor	1 Unsatisfactory	Average score
	15	9	2			4.5

**5. In what capacity did you attend the Meeting?**

	Delegate	Adviser	Observer	Total
Government	6	1		7
Employer	6		1	7
Worker	9		2	11
IGO observer				
NGO observer				

**6. Participants at the Meeting**

	Government	Employers	Workers	Advisers	Observers	Total
	45	15	15	18	28	121

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### 7. Delegates/technical advisers

	Government	Employers	Workers	Total
Delegates	45	15	15	75
Technical advisers	14	4	0	18

### 8. Female participation

	Government	Employers	Workers	Total	% women delegates
Delegates	17	3	4	24	30.1
Technical advisers	3	1		4	

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**List of participants**  
**Liste des participants**  
**Lista de participantes**

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**CHAIRPERSON PRESIDENT PRESIDENTE**

S.E. M. Jean-Jacques Elmiger, Ambassadeur, Chef des affaires internationales du travail, secrétariat d'Etat à l'Economie, Berne

Experts nominated by Governments  
Experts désignés par les gouvernements  
Expertos designados por los gobiernos

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**Membres représentant les employeurs**

**Miembros representantes de los empleadores**

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**Members representing the Workers**  
**Membres représentant les travailleurs**  
**Miembros representantes de los trabajadores**

- Mr. Efren Aranzamendez, National President, Confederation of Filipino Workers (CFW), Manila
- Mr. Thorn Ath, President, Coalition of Cambodian Apparel Workers' Democratic Union (C.CAWDU), Phnom Penh
- Mr. Joseph Bolo, Secretary-General, Kenya Shoe and Leather Workers' Union, Nairobi
- Sra. Eunice Cabral, Presidenta, Sindicato das Costureiras e Trabalhadores nas Indústrias do Vestuário de São Paulo e Osasco, São Paulo
- Sr. Adolfo Gott Trujillo, Secretario General, Sindicato de Trabajadores de la Industria Textil, Confección, Similares y Conexos de la República Mexicana, México
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- Mr. Mark Levinson, Chief Economist, UNITE HERE, New York
- Mr. Daniel Maraisane, General-Secretary, Lesotho Clothing and Allied Workers' Union (LECAWU), Maseru
- M. Gheorghe Nastase, Président, Fédération des syndicats des confections et textiles (UNICONF), Bucarest
- Mr. Jebрил Qarka, Executive Member (Clothing and Textile Worker), General Trade Union of Workers in Textile, Amman
- Mr. Ramesh Chandra Roy, President, United Federation of Garment Workers, Dhaka
- M<sup>me</sup> Khadija Rhamiri, Coordinatrice nationale, Syndicat national des travailleurs du textile et du cuir (UMT), Casablanca
- Mr. Manfred Schallmeyer, President ITGLWF, IG Metall, Frankfurt-Am-Main
- Mr. Saner Taysi, Head, International Department, Textile, Knitting and Clothing Industry Workers' Union (TEKSIF), Ankara

**Representatives of member States present at the sittings**  
**Représentants d'Etats Membres présents aux séances**  
**Representantes de Estados Miembros presentes en las sesiones**

**BELGIUM BELGIQUE BELGICA**

- M. Luc Biesemans, Conseiller général, Direction générale relations collectives de travail, Service public fédéral Emploi, Travail et Concertation sociale, Bruxelles

**CANADA CANADA**

- M. Smaïl Bouikni, Directeur général adjoint à la planification et au développement de l'emploi, ministère de l'Emploi et de la Solidarité sociale, Emploi-Québec, Montréal

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M<sup>me</sup> Gentiane Andriambolontsiarovana, Conseiller technique, Mission permanente de Madagascar à Genève

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Mr. Wan Zulkfli Bin Wan Setapa, Labour Attaché, Permanent Mission of Malaysia in Geneva

**MAURITIUS MAURICE**

Mr. Umesh Kumar Sookmanee, Second Secretary, Permanent Mission of Mauritius in Geneva

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Sr. Jorge Félix Corrales, Consejero, Misión Permanente de Panamá en Ginebra

**PERU PÉROU PERÚ**

Sra. Eliana Beraún, Primera Secretaria, Misión Permanente del Perú en Ginebra

Sra. Crista Lopez Nagai, Misión Permanente del Perú en Ginebra

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Ms. Fatima Ahemad Elagash, Production Department, Ministry of Industry, Khartoum

## **SWEDEN SUÈDE SUECIA**

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## **SWITZERLAND SUISSE SUIZA**

M<sup>me</sup> Béatrice Schaer Bourbeau, Deuxième secrétaire, Mission permanente de la Suisse à Genève

## **THAILAND THAÏLANDE TAILANDIA**

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## **TUNISIA TUNISIE TUNEZ**

M. Khemaïs Brini, Directeur des industries textiles, ministère de l'Industrie, de l'Energie et des Petites et moyennes entreprises, Tunis

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Mr. Colin Bailey, Deputy Director, Europe and World Trade Directorate, Department of Trade and Industry, London  
Mr. Michael Watson, Attaché, Fonctionnaire, Permanent Mission of the United Kingdom in Geneva

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Representatives of the United Nations specialized Agencies and other official international organizations

Représentants des Nations Unies, des institutions spécialisées et d'autres organisations internationales officielles

Representantes de las Naciones Unidas, de los organismos especializados y de otras organizaciones internacionales oficiales

**European Commission**  
**Commission européenne**  
**Comisión Europea**

Ms. Giusy Chiovato Rambaldo, Coordinator/Chair European Textiles Social Dialogue, Brussels

Mr. Ghazi Ben Ahmed, Economist, Textile Unit, Brussels

Ms. Michaela Senarová, Policy Officer, DG Enterprises, Textiles Unit, Brussels

Mr. Christian Dufour, Delegation of the European Commission, Geneva

**International Textiles and Clothing Bureau (ITCB)**  
**Bureau international des textiles et de l'habillement (BITH)**  
**Oficina Internacional de los Textiles y las Prendas de Vestir (OITP)**

Mr. Munir Ahmad, Executive Director, Grand Saconnex, Geneva

Ms. Dinora Diaz, Economic Affairs Officer, Grand Saconnex, Geneva

Mr. Weigang Guan, Economic Affairs Officer, Grand Saconnex, Geneva

**International Trade Centre UNCTAD/WTO (ITC)**  
**Centre du commerce international CNUCED/OMC**  
**Centro de Comercio Internacional UNCTAD/OMC**

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**Organization for Economic Co-operation and Development (OECD)**  
**Organisation de coopération et de développement économique**  
**Organización de Cooperación y Desarrollo Económicos**

Mr. Hyung-Jong Lee, Principal Administrator, Trade Directorate, Courbevoie

**United Nations Conference on Trade and Development (UNCTAD)**  
**Conférence des Nations Unies sur le commerce et le développement**  
**Conferencia de las Naciones Unidas sobre el Comercio y Desarrollo**

Ms. Michiko Hayashi, Economic Affairs Officer, Trade Negotiations and Commercial Diplomacy Branch, Division on International Trade in Goods and Services and Commodities, Geneva

**World Bank**  
**Banque mondiale**  
**Banco Mundial**

Mr. Nigel Twose, Manager, Foreign Investment Advisory Service, Head of the Bank's Corporate Social Responsibility Practice, Washington

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**World Trade Organization (WTO-OMC)**  
**Organisation mondiale du Commerce**  
**Organización Mundial del Comercio**

M. Jean-Pierre Lapalme, Counsellor, Market Access Division, Geneva

Representatives of non-governmental international organizations  
Représentants d'organisations internationales non gouvernementales  
Representantes de organizaciones internacionales no gubernamentales

**European Apparel and Textile Organization (EURATEX)**  
**Organisation européenne de l'habillement et du textile**

Mr. William Lakin, Director-General, Brussels

**European Trade Union Federation for Textiles, Clothing and Leather (ETUF-TCL)**  
**Fédération syndicale européenne du textile, de l'habillement et du cuir**

M. Patrick Itschert, Secrétaire général, Bruxelles

**International Confederation of Free Trade Unions (ICFTU)**  
**Confédération internationale des syndicats libres (CISL)**  
**Confederación Internacional de Organizaciones Sindicales Libres**

Ms. Raquel Gonzalez, Assistant Director, Geneva Office

Ms. Esther Busser, Assistant, Geneva Office

Mr. Jerry Zellhoefer, European Representative, AFL-CIO European Office, Paris

Mr. Jeff Hermanson, AFL-CIO Solidarity Centre, Washington

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**International Federation of Textile and Clothing (IFTC-WCL)**  
**Fédération internationale textile et habillement (FITH-CMT)**  
**Federación Internacional Textil y Vestido (FIIV-CMT)**

Mr. Dirk Uyttenhove, President, Gent

Mr. Jan Callaert, Board Member, Gent

Mr. Cristian Antemir, International Relations Department., CNS (Cartel ALFA), Bucarest

Mr. Koen Deketele, Gent

**International Organisation of Employers (IOE)**  
**Organisation internationale des employeurs**  
**Organización Internacional de Empleadores**

M. Jean Dejardin, Conseiller, Cointrin/Genève

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**International Textile, Garment and Leather Workers' Federation (ITGLWF)**  
**Fédération internationale des travailleurs du textile, de l'habillement et du cuir**  
**Federación Internacional de Trabajadores del Textil, Vestuario y Cuero**

Mr. Neil Kearney, General Secretary, Brussels

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Sr. Francisco Orta, Secretario Internacional, Federación de Industrias Afines (UGT), Madrid

**World Confederation of Labour (WCL)**  
**Confédération mondiale du travail (CMT)**  
**Confederación Mundial del Trabajo**

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