



## Improving social compliance in the textile supply chain of Fairtrade-certified cotton: [An Overview](#)

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# Key Characteristics of the Textile Chain

- Textiles are complicated products with many components and as such have large supply chains
- **Long**
  - Ginning
  - Spinning
  - Dying/knitting
  - Cut-Make-Trim
  - Finishing
- **Complex**
  - Integrated, vertical, traceable
  - Non-integrated, horizontal, not easily traceable
- **Labour use**
  - Intensive at Cut-Make-Trim – known extensive labour violations



# FLO's Textiles Project –phased in approach

Given the long and complex textiles chain and the labour rights violations, the development of a Fairtrade approach to textiles was, in consultation with diverse stakeholders foreseen into two phases.

- **The first phase** explicitly limited certification to raw cotton by offering cotton producers in the South opportunities to sell under Fairtrade (FT) terms. (Europe in 2004)
- **The second phase** investigate how Fairtrade benefits could be extended to workers in the supply chain involved in processing the raw cotton into consumer end products. (Funded by ICCO, Netherlands)



# Phase One: Product Development Approach

- Focus: Cotton farmers - FT price and premium, and market access for FT cotton.
  - FT Standard for cotton farmers: Small Producer Organizations /Cotton Seed
  - FT Approval for traders to carry FT cotton: General Standards for Trade
- Only the cotton in the finished garment or textile is FT Certified and carries the special FT Cotton Mark
- As of August 18<sup>th</sup>, 2009: 37 cotton producers organizations certified for seed cotton - 16 in India, 13 in West Africa, the rest in Brazil, Peru and Egypt



# Rational for Certifying Only the Cotton

## Stakeholder discussions showed -

- Risk that a FT label would be limited to a small percentage of retail volume thereby stimulating “free riding”
- Concern that a FT label on a garment would lead consumers to believe that minimum standards are met - ILO and Human Rights Conventions are largely aspirational.
- Lack of consensus about how financial benefits from Fairtrade should be determined and distributed to workers in the textile supply chain.



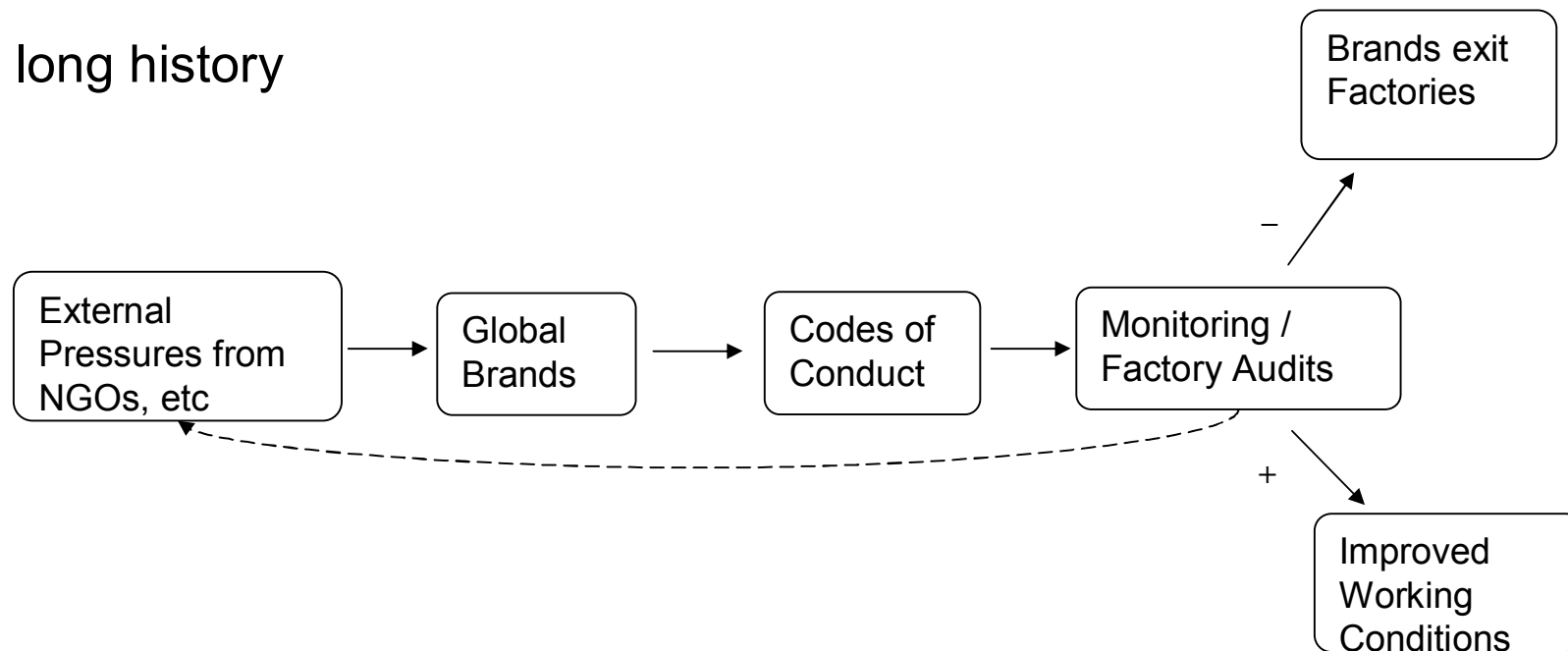
## Key Lessons Learned: Phase one

- Increased number of FT cotton producers
- Cotton-only certification expensive
- Cotton Mark (CM) not consistently used or interpreted
- Cotton farmers are not the only disadvantaged producers in the garments and textiles made from Fairtrade cotton
- Public awareness of social problems in textile products are predominantly about “sweatshop” conditions in factories, rather than problems of market access and sustainable livelihoods of cotton farmers.
- FLO/Global scan results (2009) indicated 47% of consumer want FT textiles in the market place –certified from farm level to finished product



# Traditional Model - Codes of Conduct/ Social Compliance

Codes of conduct and monitoring compliance with these codes have a long history



Principal way both global corporations and labor rights NGOs seek to remediate poor working conditions in global supply chain factories.



## Overall Results of the Traditional Model

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- The traditional compliance model has delivered some improvements of working conditions, however these improvements attempt to be provisional.
    - Basic improvements achieved in areas of health and safety
    - Improvements not achieved with regards to workers (e.g., freedom of association, limits of excessive overtime, wages)
  - Improvements appear to be unstable in that many factories cycle in and out of compliance over time.
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# A Committed Approach to Improving Labor Standards in Textiles

- The traditional model plays an important role, but it is utilized in different ways.
  - Rather than employing factory audits and the threat of sanctions to drive behavioral change, the commitment approach uses this same information and the presence of auditors in the factories to engage in a process of root-cause analysis, joint problem-solving, information sharing, and the diffusion of best practices.
- This approach compliments the traditional one and already co-exists in many factories throughout the world



# Improving Social Compliance in the Textile Supply Chain: Phase Two

- **Aims:**
  - **Measurably** improve the working and living conditions along the textile supply chain for Fairtrade-certified cotton
  - **Investigate** how Fairtrade elements concerning the terms of trade can be added in the textile chain
  - **Define** FLO's definitive approach to the textile chain and, provided the selected approach implies this, translate it into standards



# FLO's Exploration of a Strategic Approach to Social Compliance in Textiles

- Options based approach
- Joint partnerships with companies on each option
- Pilots associated with each option
- Evaluation criteria on each option
- Regular and timed multi-stakeholder discussion/feedback on the options based approach to improve social compliance in the textiles supply chain
- Entry requirement to partner on the options pilots:
  - FT cotton use



# Options Based Approach

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- What is an options based approach?
- Why choose this approach?
- Benefits and challenges of taking an options based approach?





# The Four Options

1. Verification of textiles company standards/codes of conduct post farm level
2. Development & empowerment of textiles workers in, around and along the supply chain
3. Fairtrade draft textiles standards piloted in unionised or worker supported facilities/factories
4. Fairtrade premium –workers/factories



# Timelines

- End 2009
  - Approval of FLO's Board on the Options Approach and Multi-stakeholder discussion/feedback on the Approach
- 2010
  - Development and Implementation of all Options
- End 2010
  - Multi-stakeholder discussion/feedback – report back
- September 2011
  - Assessment of findings on pilots and recommendation on FT textile approach
- December 2011
  - Multi-stakeholder discussion and FT Textile Approach for Board Approval



# Contact

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