

European Citizens:

EU markets offer unfair products



Shoe production, India
Photo: Heather Stilwell

Collected Report from 12 People's Meetings in:

**AUSTRIA, BULGARIA, CZECH REPUBLIC, DENMARK, FINLAND, GERMANY, ITALY,
NAFARROA - SPAIN, POLAND, SLOVAKIA, SWEDEN, UK**

THE EUROPEAN PEOPLE'S MEETINGS

With the 'People's meetings' the Change Your Shoes Project got input and ideas from European citizens in 12 EU countries to how the EU development and trade policy can improve conditions in the global shoe and garment industry.

The 'People's meetings' sought suggestions to what information the European consumers need, to be able to play a positive role. They were forums for dialogue between the European citizens and NGOs, Public institutions (Governments), Political Parties, Local authorities, Trade Unionists, and Companies.

The 12 People's Meetings were developed as a learning exercise and a debate forum. The meetings took place in enthusiastic atmospheres and engagement from the participants. Many subjects were debated. Experts explained about relevant subjects from trade agreements and the EU development policies to leather tanning and the working conditions in the shoe factories around the world. The participants brought up questions and suggestions regarding the development of the shoe industry, both in terms of improvements from the industry side and better regulation from the EU side.

The People's Meetings were part of the European Year for Development 2015 (all meetings carried out during the fall/winter) and were founded by the EU Commission through the project Change Your Shoes.

EU DEVELOPMENT AND TRADE POLICY

Eradicating poverty and promoting workers' and human rights are cornerstone principles in the EU development and trade policy.

The European Union Treaty of Lisbon, Article 3.5, speak of the European Union's relations with the world, referring to EU obligations to contribute to:

"... the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights."

EU trade policy has four main aims. Among them is to ensure that trade is a force for global sustainable development.

” More monitoring of consistency promises between development and trade policies. – Finland

EU uses its trade policy to reinforce other important international goals. Among them: striving to improve working conditions for workers in developing countries: ensuring respect for fundamental workers' rights and for environmental protection requirements in a context of trade and economic expansion: reflecting international core labour standards for the jobs created by open trade.

The EU is the world's largest single donor of development aid. EU aid that is also given to garment and shoes producing countries like Bangladesh, Vietnam and Indonesia. Through its trade agreements the EU and EU based companies are heavily involved in the same countries.

But despite the intentions of the EU trade and development policies, the fact is that most of the clothes and shoes sold to European consumers by major European companies like H&M, adidas, and Gucci are produced by workers living in poverty and with little respect for basic workers' and human rights.



Tannery, Bangladesh, photo: Akash

PROBLEMS IN THE GLOBAL SHOE AND GARMENT INDUSTRY

The global shoe and garment industry suffers from a number of endemic problems with violations of the workers' basic human rights. The most serious are:

Poverty wages. Oftentimes workers in producing countries are not paid the national minimum wage, let alone a living wage, causing workers to live in inadequate housing sometimes suffering from malnutrition.

Hazardous workplaces. Factories are often of poor quality, increasing the risk of fires and structural collapse. Often ventilation is inadequate, exposing workers to heat and dust. Shoe production involves dangerous work in the tanneries, where necessary safety standards are frequently ignored, causing

” Company CEOs need to be held accountable in legal frameworks. Only then will they stand up for workers rights. – UK

exposure to chromium, as well as many other hazardous substances, which can have devastating consequences.

Oppression of the right to organise and demand collective bargaining. Trade unions and workers demanding better working conditions and respect for human rights often face harassment, firing or worse. Generally the governments in garment



Tannery, Bangladesh, photo: Akash



Shoe production, India, photos: Heather Stilwell →

producing countries have a poor record of protecting basic workers' and human rights, like freedom of association and assembly.

Toxins in clothes and shoes. Hazardous chemicals and chromium are often found in clothes and shoes sold to European consumers.

Lack of transparency in the supply chain. For the European consumers it is virtually impossible to find out where and under which conditions their clothes and shoes are produced.

PARTICIPATION IN THE PEOPLE'S MEETINGS

People's Meetings were held in 12 EU member states: Poland, Austria, Sweden, Czech Rep., Finland, Denmark, Nafarroa - Spain, Bulgaria, Italy, UK, Slovakia and Germany. The total number of participants was 767.

<i>Experts</i>	43
<i>NGO's</i>	95
<i>Public institutions</i>	21
<i>Political parties</i>	15
<i>Local authorities</i>	5
<i>Trade unionists</i>	34
<i>Citizens</i>	540
<i>Companies</i>	14

OUTCOMES FROM THE PEOPLE'S MEETINGS

Many issues were brought up, there was a lot of interest and many questions were posed at the panels. We have sorted the issues under different headlines. They were eg. Public procurement, Mandatory due diligence for companies throughout the supply chain, Human Rights customs for goods entering the EU, Transnational companies, Facts about the workers, plus several more. Three of the most widely discussed subjects were the below mentioned:

Transparency in the supply chain

Citizens across Europe are concerned about the lack of transparency in the production chains of their products.

The need for clarity arises when consumers become aware of the low standards of working conditions in the shoe- and garment industry. They buy shoes and wear clothing that have been made during overtime by workers earning very low wages that doesn't allow a decent living. Just a few brands do efforts to support decent working conditions in their production sites, but the majority of them don't deliver facts on production circumstances. Consumers have no way of knowing if workers have suffered during the making of a simple flip-flop or even a luxury leather item being purchased in Europe.



It is therefore important to the consumers that it is made mandatory for EU based brands to make their supply chain public. The bad conditions have been in focus for a long time, resulting in companies producing voluntary CSR-policies, but without the expected improvements in social and working standards. The mandatory open supply chains would bring about accountability towards both workers and consumers – on each side of the companies.

Two other main advantages to open supply chains would be 1) In case of accidents at the factories: The UN Guiding Principles on Business and Human Rights ask of the brands to react with remedy when the accidents occurs. The open supply chains would help to immediately locate the brands behind the present production in the factory to start a remedy plan. 2) Open supply chains would bring about knowledge of product materials, where they come from, how they were made etc. This both in terms of worker/consumer health and of concern for the environment.

The EU directive on Public Procurement supports governments and local governments to buy goods that do not only come cheap, but are also produced in line with the Human Rights. This new directive is a great tool for public procurement buyers, in theory. But how should they find out what to buy, i.e. which suppliers live up to the ethical standards they would like to adhere to? There is no way of telling if the

desired product has been made in a place where workers have been treated well or not. Public procurement expenditures in the EU is estimated to amount to 19.4 per cent of GDP, equivalent to 2.2 trillion Euro. To make the new EU directive on Public Procurement a tool for better working conditions in the production chains of the desired goods, it should be accompanied by mandatory open supply chain lists from the brands.

Some brands have already opened their supply lists, proving that it can be done and that it does not harm their position in the market. Big companies like H&M and Jack Wolfskin and small and medium sized companies like Nudie Jeans and G-Star have made public their sourcing lists.

” Public procurement should live up to aims of decent production. – Poland

The technical details of such a tool could be inspired by the US database ImportGenius. The database hosts information extracted from the US Customs. All goods entering the US through it's seaports are listed in the database. You can find information about producers in the supply chain for the specific import batch, about product details, value, and more.



Tannery, Bangladesh, photo: Akash

Goods entering the EU

The participants in the People's Meetings saw possibilities for obtaining more knowledge and for guarantees for improvements through using the trade borders of the European Union as a filter for bettering working conditions in the shoe- and garment industries.

Once goods enter the EU market, they should have been made under fair working conditions and should certainly be free of human rights abuses. The high living standard in the EU should by no means be made on the expense of the health and safety of workers producing for us. The borders should serve as a tool to drive forward better working conditions where our products are being made.

The citizens participating in the people's meetings are in favour of setting high social barriers to the goods entering the EU in terms of conditions for workers making the products outside of the European borders. Many express concern to the fact that regulations which European producers must abide to are without consequences grossly overstepped on production sites outside of the EU. Trade agree-

ments and custom duties are some instruments to legally bind European companies to fair and healthy production methods, no matter in which part of the world the production originates.

It is possible to go to most brands' websites and learn about their Codes of Conduct. But who will make sure they are followed? The concerns are not only related to CSR-policies which are not met. It is common that national law is ignored when brands purchase their products at Bangladesh's or Indonesia's factories. Minimum wages are not met, safety standards are not followed etc. The brands do business in these countries in spite of obvious breaches of the law. It should be their responsibility when importing goods to the EU, to prove that national law of eg. Indonesia has been followed in the making of their products. As a minimum. On top of this comes voluntary aims of e.g. paying a living wage.

Trade agreements would also be an appropriate tool to secure a fair and safe production chain. The Sustainability Impact Assessments are a preparation

”Label should be common for the European companies. It should be comprehensive, widely accepted and supported by EU. – Czech Republic

tool which can be part of the aim of fairer production conditions. The SIAs should make clear which challenges the shoes- and garment brands will face in the particular country in which they produce. Accordingly the brands should prove, once the goods enter the EU, that the pitfalls of e.g. low wages or unpaid sick leave (according to relevant challenges with the national law) have been overcome.

Labels

Consumers lack both basic and in depth information about the production of their products. This concerns the conditions for workers in the production chain, and the complete overview of the different kinds of materials in a product; to know the origin and other important details, like if harmful substances were used in the processing. Different EU labels exist to help the consumer in relation to (some) harmful substances and if the concern is regarding ecological leniency.

As of now no general label exists that guarantees social conditions in an industry setting. None of the issues of low wages, overtime, unsafe work environment, freedom of association etc. are brought to the attention of the consumer. This kind of social label directly on the products would guide the consumer towards human rights-friendly products.

The label must be EU controlled in order to make it independent from company interests and for the European consumers to have to relate to as few labels as possible. As an example of a standard which could quite easily be introduced as a first tier in a development of such a social brand, the Asia Floor Wage would be suitable as a benchmark for decent wage.

THE POLL

The Peoples' Meetings were not the only way of interacting with the citizens of the EU on the matters

of the shoe industry. 10.000 EU Citizens in 20 European countries were questioned on their attitude and behaviour to support sustainability and fairness in the shoe industry and on the role of the European Union to guarantee human and environmental rights in the global production of footwear. The poll indicates that the subjects discussed in the Peoples' Meetings are indeed of interest to the broad population of the EU. The online- interviews were carried out by The Nielsen Company on behalf of "Change your Shoes" in June 2015.

Only 3% of the questioned European citizens claim to be well informed about European institutions regarding development aid. Even among university students this figure tops at 5%. 23% indicate to have no information at all.

More than 94% of the questioned population has the opinion that the European Union should regulate goods entering the European Market in regard to ecological and human rights aspects. Safeguarding human and workers rights has been found more important than the protection of consumers rights. In all mentioned aspects (besides the above mentioned also guaranteeing transparency in supply chain and production, and labelling which informs about ecological and social aspects), more than half of the questioned citizens looks at the EU for setting legal frameworks.

Focussing on the production of shoes for the European market, 28% of the questioned people indicate to have no information at all. 4% feels very informed. The most important trigger to raise demand for fair and ecological shoes are price stability (although more than 60% would be willing to pay at least 10% more) and the availability of trustworthy labels.

In Europe in general, but also in all countries participating in this study, men are spending more money on shoes than women.



Tannery, Bangladesh, photo: Akash

ABOUT THE 'CHANGE YOUR SHOES' PROJECT

The footwear sector is a key part of the broader fashion industry. However, in contrast to the textile sector, the grievances of the production processes of the leather and shoe industry are largely unknown. Change Your Shoes is a European initiative which stands up for an ethical, sustainable and transparent shoe supply chain.

We activate people as consumers and citizens to demand better working conditions for the makers of our leather shoes. We carry out research on the

working and environmental conditions in the leather and shoe production as a basis for the dialogue with EU citizens, decision-makers and shoe brands on these grievances. We also collaborate with trade unions and labour rights groups and support their struggles for better working conditions in production countries.

Change Your Shoes is a partnership of 15 European organizations and 3 Asian organizations.



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