



**Ethical
Trading
Initiative**

For workers' rights. For better business.

COVID-19 virtual think tank

Food, Farming & Fisheries (FFF) sector

Accelerating transition: the future is now

29 April 2020

Agenda & housekeeping

- Two speakers blocks - followed by Q&A
- Questions to be posted in the chat box
- Questions not answered will be taken into consideration in the follow up note
- Please ensure you are on mute
- The session will be recorded.
- Link, slides & note will be cascaded





Welcome, aim & intent

Peter McAllister, ETI Executive Director

- We know the problems
- New narrative or tested solutions that need acceleration?
- New ETI strategic objectives includes:
 - Transitions & new world of work
 - Business models and purchasing practices
 - Equality and social inclusion
 - New and strengthen partnerships
- Vision and mission to drive change that respects workers rights and protections

Session one

Prof. Damien Grimshaw, Professor of Employment Studies at King's College and ex-Director of Research at the ILO Geneva

- *Time to reset unequal global value chains: Leveraging tripartite plus for a strengthened social contract*

Bert DeWel, Climate Policy Officer, ITUC

- *Just Transition and implications for agriculture*



Time to Reset Unequal Value Chains: Leveraging “tripartite plus” for a strengthened social contract

Damian Grimshaw

Professor of Employment Studies
& Associate Dean for Research Impact

April 2020



The global pandemic is having a catastrophic effect on the world of work

- Crisis of unemployment & loss of income
- Few protections for people in precarious and informal work
- Enormous health risks of unsafe workplaces
- Inequalities of online work opportunities
- Country resilience is massively unequal (unequal financial and institutional resources, e.g. social protection)

Positive response requires a new social contract:

- Labour institutions and 'tripartite plus' essential –build on the ILO's Universal Labour Guarantee?
- Link to new principles of inclusive growth

GVC suppliers & workers in developing countries are at the wrong end of highly unequal chains

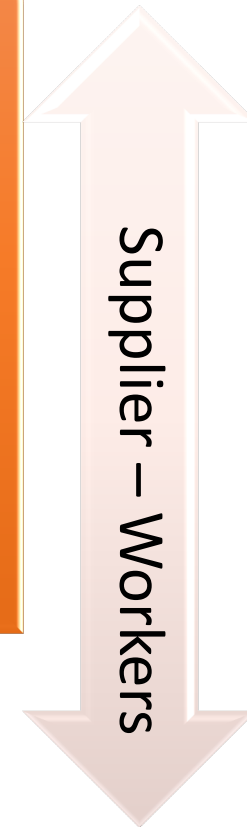
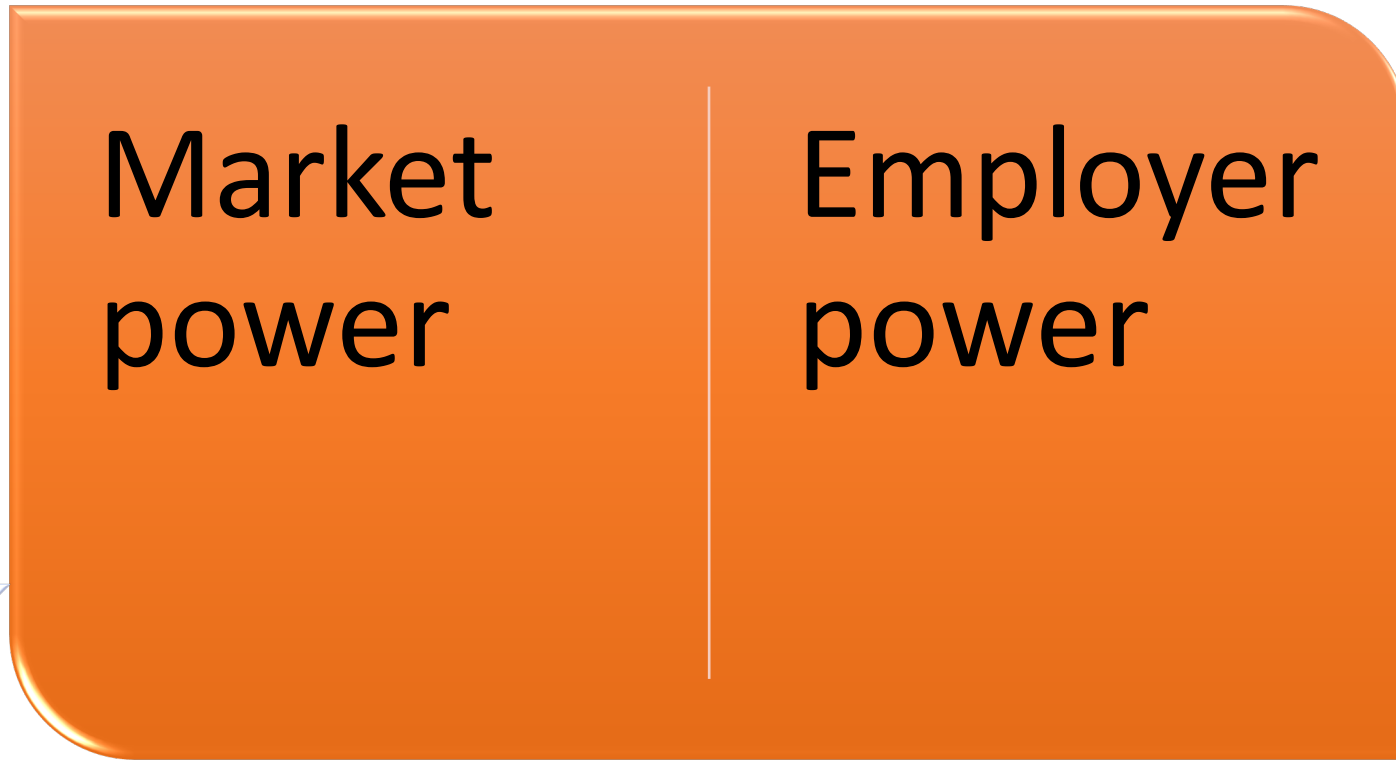
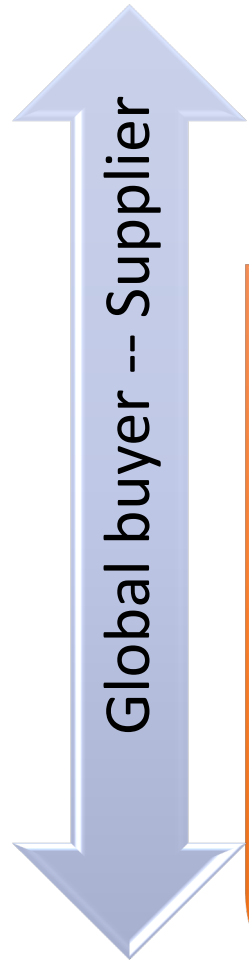
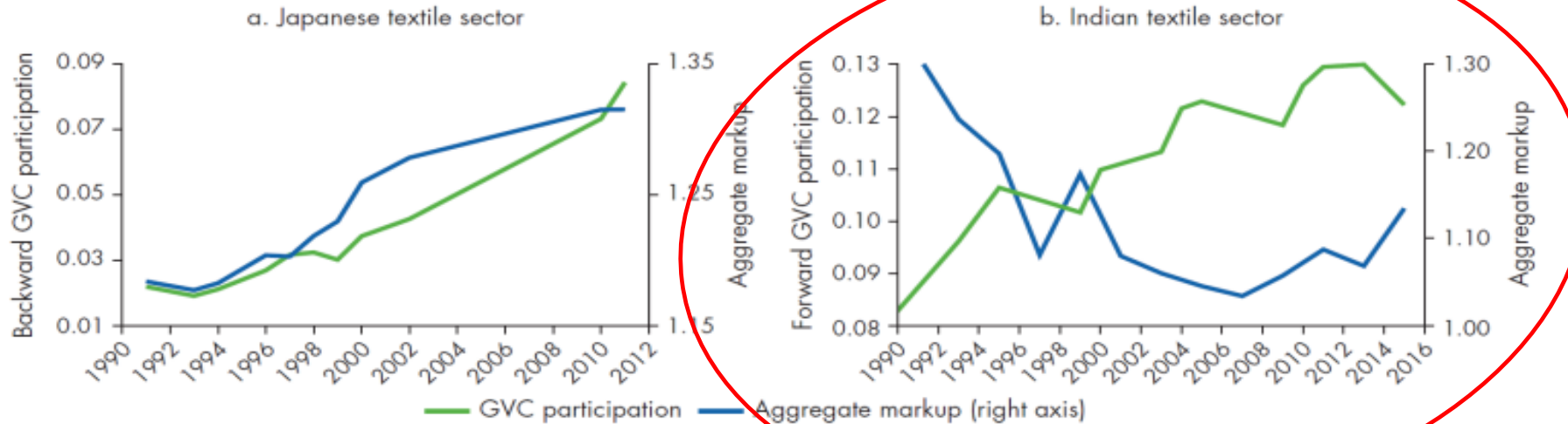


Figure 3.15 Increasing GVC participation is associated with rising markups in developed countries but falling markups in developing countries



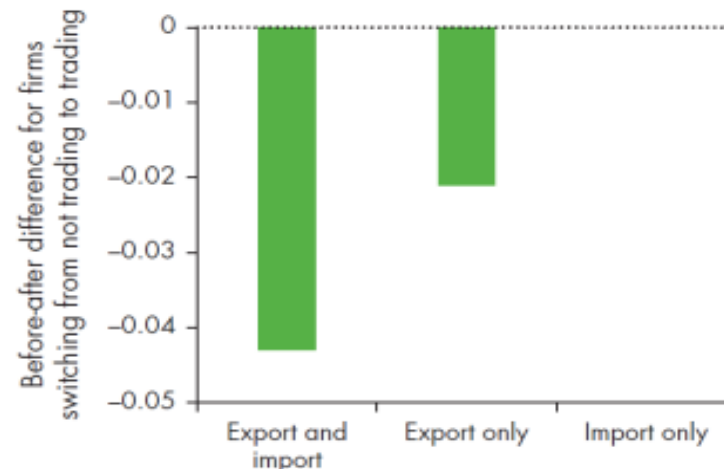
Sources: WDR 2020 team, using data from Eora and Worldscope.

Note: Graphs plot data between 1991 and 2011 for panel a and between 1990 and 2015 for panel b. The left y-axis in panel a measures the share of foreign value added in gross exports of the Japanese textile sector (backward GVC participation). The left y-axis in panel b measures the share of domestic value added in India embodied in importing countries' exports to third countries (forward GVC participation). The right y-axis in both panels measures the share-weighted average markup of listed companies in the textile sector. Markups are calculated following De Loecker and Eeckhout (2018). Similar results hold across countries and sectors.

GVCs generate.⁶⁸ The implications of GVCs for the emergence of superstar firms huge in scale, high in market power, and large in profit rates are exacerbated by the disproportionate bargaining power that these large lead firms may have over their suppliers.

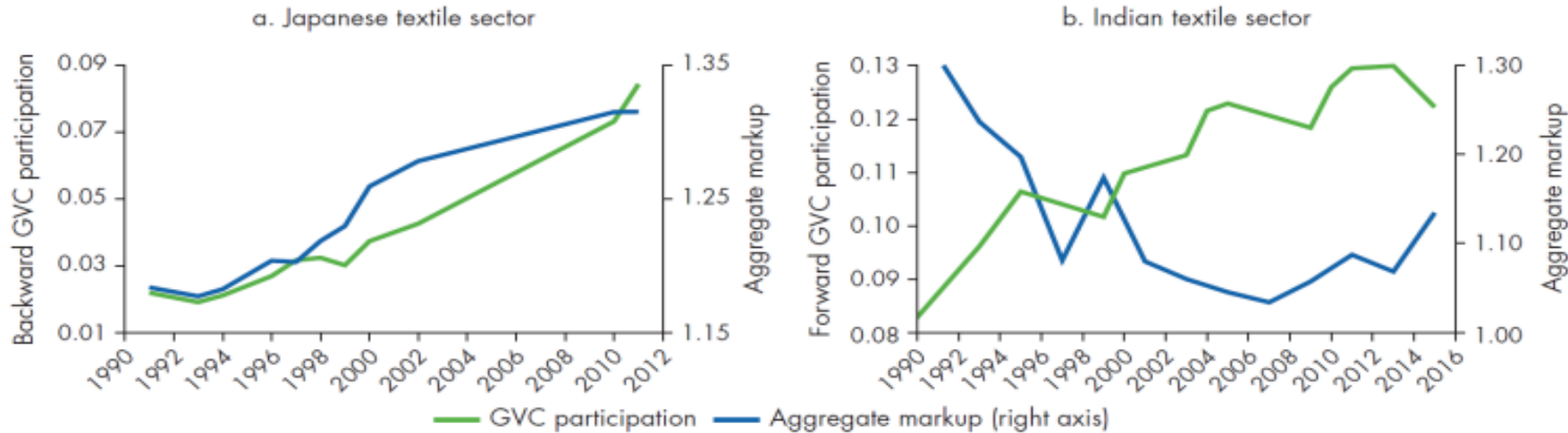
Although buyer firms in developed countries are seeing higher profits, supplier firms in developing countries are getting squeezed. Across 10 developing countries, the relationship between markups and forward participation is negative for developing countries in the textile and apparel sector (see figure 3.15, panel b, for India).⁶⁹ Some developing countries, including China, enjoy a positive correlation. This finding is consistent with a growing number of firms from emerging economies graduating from supplier to lead firms in GVCs.

Figure 3.16 In Ethiopia, firms entering GVCs experience greater declines in markups, 2000–2014



World Development Report 2020, World Bank.

Figure 3.15 Increasing GVC participation is associated with rising markups in developed countries but falling markups in developing countries



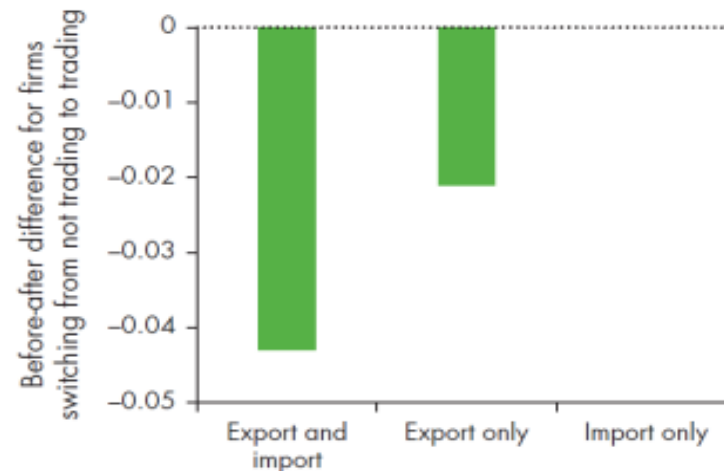
Sources: WDR 2020 team, using data from Eora and Worldscope.

Note: Graphs plot data between 1991 and 2011 for panel a and between 1990 and 2015 for panel b. The left y-axis in panel a measures the share of foreign value added in gross exports of the Japanese textile sector (backward GVC participation). The left y-axis in panel b measures the share of domestic value added in India embodied in importing countries' exports to third countries (forward GVC participation). The right y-axis in both panels measures the share-weighted average markup of listed companies in the textile sector. Markups are calculated following De Loecker and Eeckhout (2018). Similar results hold across countries and sectors.

GVCs generate.⁶⁸ The implications of GVCs for the emergence of superstar firms huge in scale, high in market power, and large in profit rates are exacerbated by the disproportionate bargaining power that these large lead firms may have over their suppliers.

Although buyer firms in developed countries are seeing higher profits, supplier firms in developing countries are getting squeezed. Across 10 developing countries, the relationship between markups and forward participation is negative for developing countries in the textile and apparel sector (see figure 3.15, panel b, for India).⁶⁹ Some developing countries, including China, enjoy a positive correlation. This finding is consistent with a growing number of firms from emerging economies graduating from supplier to lead firms in GVCs.

Figure 3.16 In Ethiopia, firms entering GVCs experience greater declines in markups, 2000–2014



World Development Report 2020, World Bank.

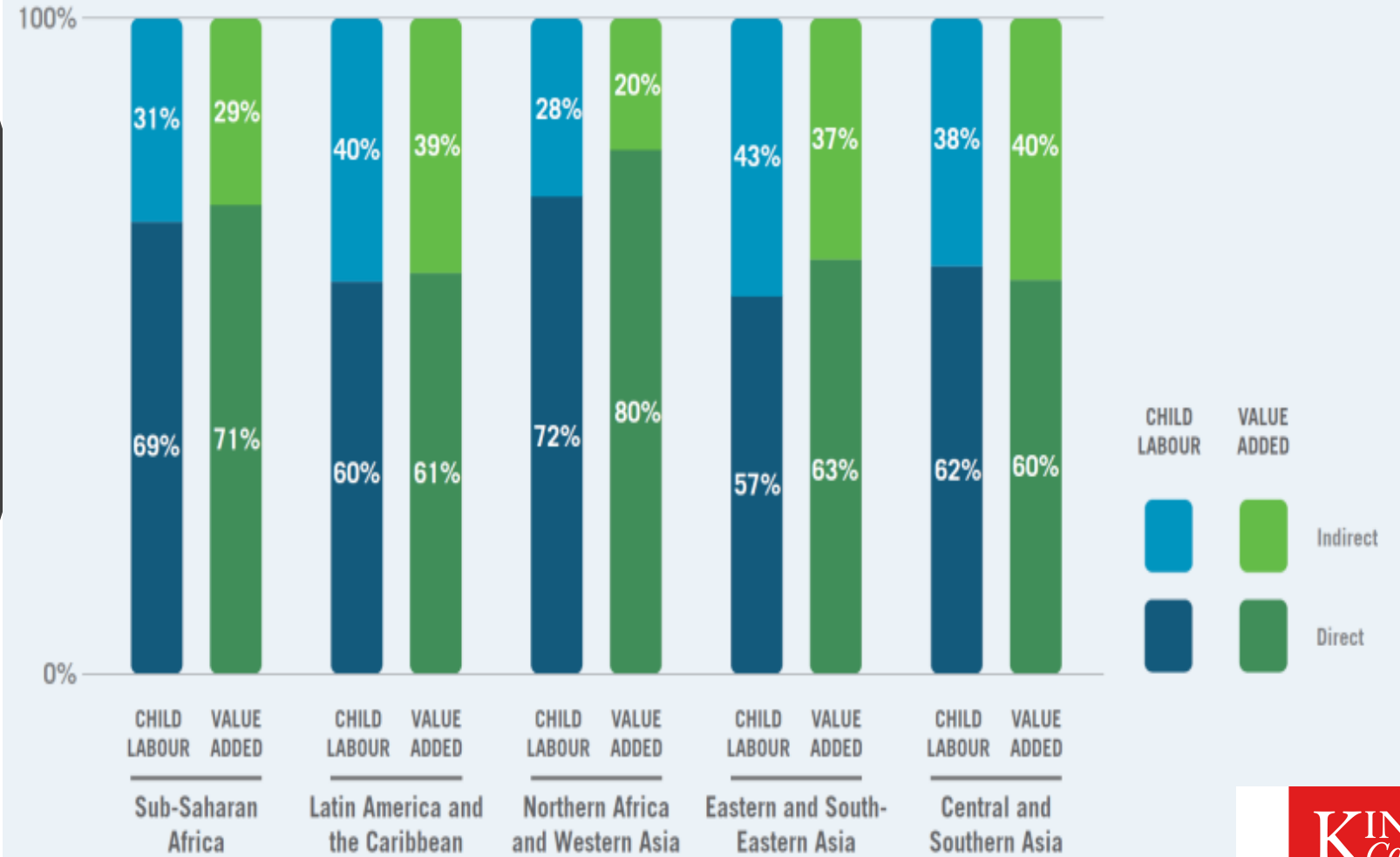
GVC suppliers & workers in developing countries are at the wrong end of highly unequal chains

Workers in GVC suppliers are exposed to exploitative employer power:

- Suppliers squeezed by powerful buyers
- Suppliers may enjoy political power of dominant export sector
- Low compliance with employment protections (there is often limited country resource for labour inspectorates)
- Chain of worsening labour conditions among upstream suppliers

Child labour also found upstream where difficult to address

FIGURE 3.
ESTIMATES OF CHILD LABOUR AND VALUE ADDED FOR EXPORTED GOODS AND SERVICES, DIRECT AND INDIRECT, BY REGION (2015)

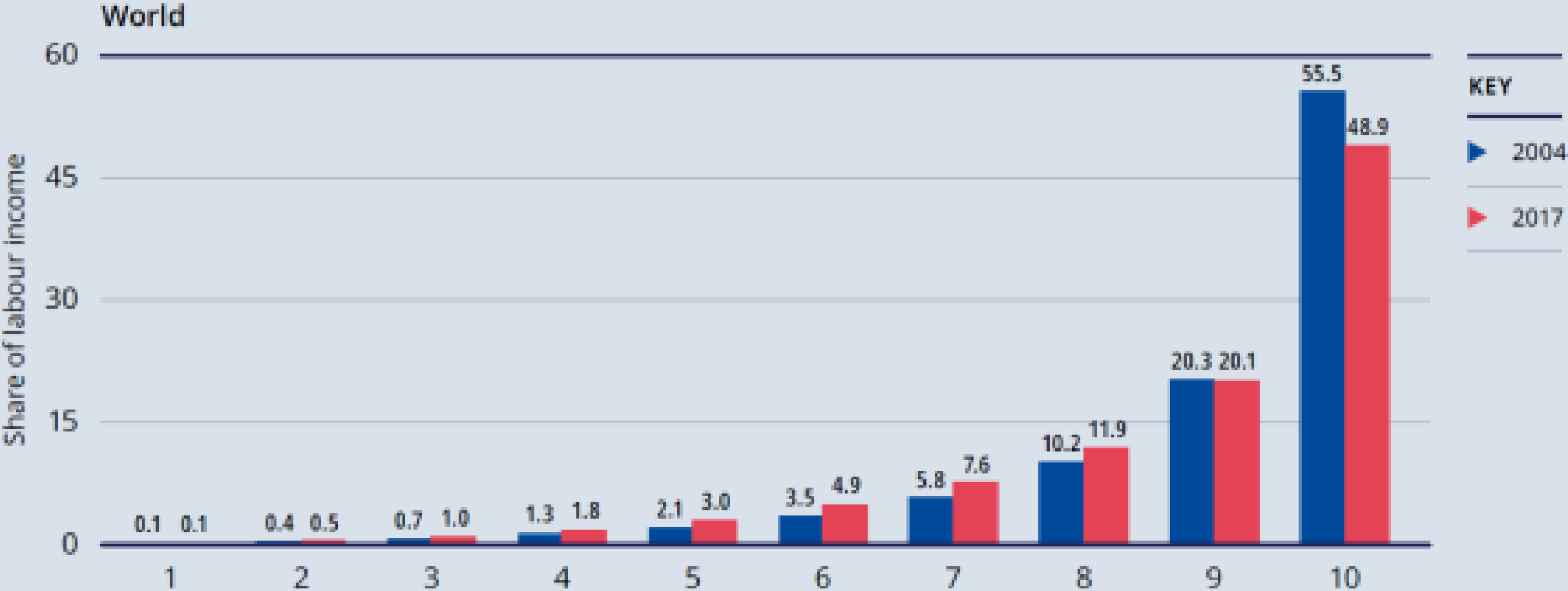


GVC suppliers & workers in developing countries are at the wrong end of highly unequal chains

Workers in GVC suppliers are exposed to exploitative employer power:

- Suppliers squeezed by powerful buyers
- Suppliers may enjoy political power of dominant export sector
- Low compliance with employment protections (there is often limited country resource for labour inspectorates)
- Chain of worsening labour conditions among upstream suppliers
- Overall, missed opportunity in most developing countries to raise labour incomes

Labour income distribution by decile, global, 2004 and 2017 (percentages)



Source: ILO (2019: figure 3.5)

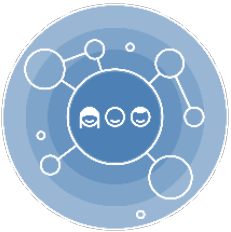
Urgent need for a new social contract



Establish a Universal Labour Guarantee

Provide a labour protection floor for all workers:

- Fundamental workers' rights
- Basic working conditions (living wage, maximum hours, safe workplace)



Promote inclusive growth

- Long-term investment
- Fair income shares & decent work
- Environmental sustainability



Tripartism plus

- Wide network of representative stakeholders
- Agile & innovative union strategies



A row of green sandbags is lined up along the muddy bank of a river. The water is brown and murky, and the sandbags are partially submerged. The scene suggests a flood or a need for water control.

Just Transition for Climate Ambition in the agriculture sector

Bert De Wel
Policy Officer
International Trade Union Confederation (ITUC)



“The impacts of this crisis have brutally exposed the failings of the model of globalisation which has been imposed on working women and men. Public health systems have been debilitated by austerity, and the erosion of workers’ rights has left untold millions of workers exposed. Women, migrant workers, ethnic minorities and others who face discrimination are bearing a particularly heavy burden. This must change.”

**From the ITUC May 1st Statement 2020
One World: Jobs, Incomes, Social Protection**



“Intensive monoculture, subsidized over-production, reliance on oil-based fertilizers and hazardous pesticides, and trade and investment deals which serve the interests of corporate agribusiness are the foundations of a system that deprives agricultural workers of their basic rights and consigns millions to poverty. But this socially and environmentally destructive system delivers jobs to union members in meat and dairy processing.”

From an IUF Climate Change Workshop, May 2019.

Lessons from COVID-19 crisis:

- Protect biodiversity
- Save nature
- Implement a Just Transition



Just Transition policies and measures deal with:

- impact of climate emergency on workers, their families and communities;
- impact of climate policies on workers, their families and communities.





Objectives	Climate protection
	Poverty eradication
	Sustainable development



Fundamental pillars

Policy framework for a Just Transition



The decent work agenda has to be central to all policies.

Decent Work Agenda

Labour Rights
Employment
Social Protection
Social Dialogue
Gender



1. Macro-economic policies
2. Industrial and sectoral policies
3. Enterprise policies
4. Building skills
5. Occupational Safety and Health (OSH)
6. Social Protection
7. Active labour market policies
8. Protection and safeguarding Labour Rights
9. Social Dialogue and Tripartism

There is no unique recipe for all countries and regions!

Based on ILO documents

Guidelines for a just transition towards environmentally sustainable economies and societies for all

(1) The greening of economies in the context of sustainable development and poverty eradication will require a country-specific mix of macroeconomic, industrial, sectoral and labour policies that create an enabling environment for sustainable enterprises to prosper and create decent work opportunities by mobilizing and directing public and private investment towards environmentally sustainable activities. The aim should be to generate decent jobs all along the supply chain, in dynamic, high value added sectors which stimulate the upgrading of jobs and skills as well as job creation and improved productivity in more labour-intensive industries that offer employment opportunities on a wide scale.

(i) regulate and incentivize companies to reduce, minimize, and, where possible, eliminate hazardous materials across the supply chain of products and production processes;



Guidelines for a just transition towards environmentally sustainable economies and societies for all

Enterprise policies

- (h) establish targeted programmes in sectors where a significant proportion of enterprises and workers are informal with a view to promote formalization and awareness of social, economic and environmental policies; in this context, the use of the cooperative model, among others, can be an effective tool for formalization.

- (e) promote the adoption by enterprises of long-term environmentally sustainable policies included, but not limited to, low-carbon policies, and engage workers and their representatives and governments, where appropriate, on the means to achieve that goal while creating and protecting employment.



A **Just Transition** is a process at the company, sector, region or economy level that produces the plans, policies and investments so that:

- Everyone has social protection
- All jobs are decent
- Emissions are low or zero
- Poverty is eliminated and communities are thriving and resilient.

Effective Just Transition policies need a (formal) **social dialogue** process between governments, employers, workers and their unions to develop plans and measures that will build trust and drive effective transformation.

This dialogue should also include other partners and stakeholders such as communities, regions, etc. in order to have support in society to realize the different Just Transition measures and policies.

Just Transition is about having the voice of the workers being heard and to demand a space at the negotiating table.



www.ituc-csi.org/cepow



We need to tackle the challenges of Covid-19 and climate change together. Join the conversation to build resilient economies and workplaces.
June 24 #CEPOW
Global Day of Action



Thank you for your attention.



Bert De Wel
Climate Policy Officer, ITUC
Mail: Bert.DeWel@ituc-csi.org
Twitter: [@BertDeWel](https://twitter.com/BertDeWel)

Q & A



**Ethical
Trading
Initiative**

For workers' rights. For better business.

Session two

Peter Andrews, Head of Sustainability Policy,
British Retail Consortium

Kathy Roussel, Policy and Government Affairs
Manager, AMFORI

- *EU/continental perspective on EU support for the food supply chain*

Accelerating the transition – the future is now

Kathy Roussel,
Policy and Government Affairs
Manager, amfori

What is amfori?

We are the leading non-profit business association of global commerce that enables organisations to enhance **human prosperity**, use **natural resources** responsibly and drive **open trade globally**.

We call this **Trade with Purpose**

105

Food/beverage
members

2000

Food/beverage
producers



COVID-19 impacts on agriculture in the EU



Disruption of logistics and international trade

- EU agri-food sector disruption by the measures taken by EU countries to limit the spread of COVID-19
- DG TRADE report foreseeing a 9.7% decrease in global trade for 2020
- The WTO anticipates a contraction of 13% to 32% in international trade



Shortage of seasonal workers

- Disruption in food production and processing due to shortage of foreign seasonal workers
- Problem for fruits and vegetables to be harvested soon
- Local seasonal workers are less affected

EU's immediate reaction to the crisis: Food security and supply chains

- The European Commission created '[Green lanes](#)' to keep food flowing across Europe
- Seasonal workers were qualified as 'critical workers' to secure the necessary labour for the food sector
- Direct support is available for farmers and rural areas
- Coordination to keep the trade going at global level



Key challenges for a green recovery



Open and sustainable trade

- Supply chain resilience depends on trade flows
- Concluding ambitious trade and investment agreements will be crucial



Building a resilient supply chain

- Having clear picture of the structure of the supply chain
- Sustainable supply chains are also more resilient



Responsible purchasing practices

- Proceed with payments
- Communicating with local producers
- No cancelling orders already in production
- Supporting struggling business partners



Protecting workers

- Inclusive strategies needed

Thank you!

kathy.roussel@amfori.org

Q & A



**Ethical
Trading
Initiative**

For workers' rights. For better business.

Session three

Dr. Martin Buttle, Head of Good Work, Share Action

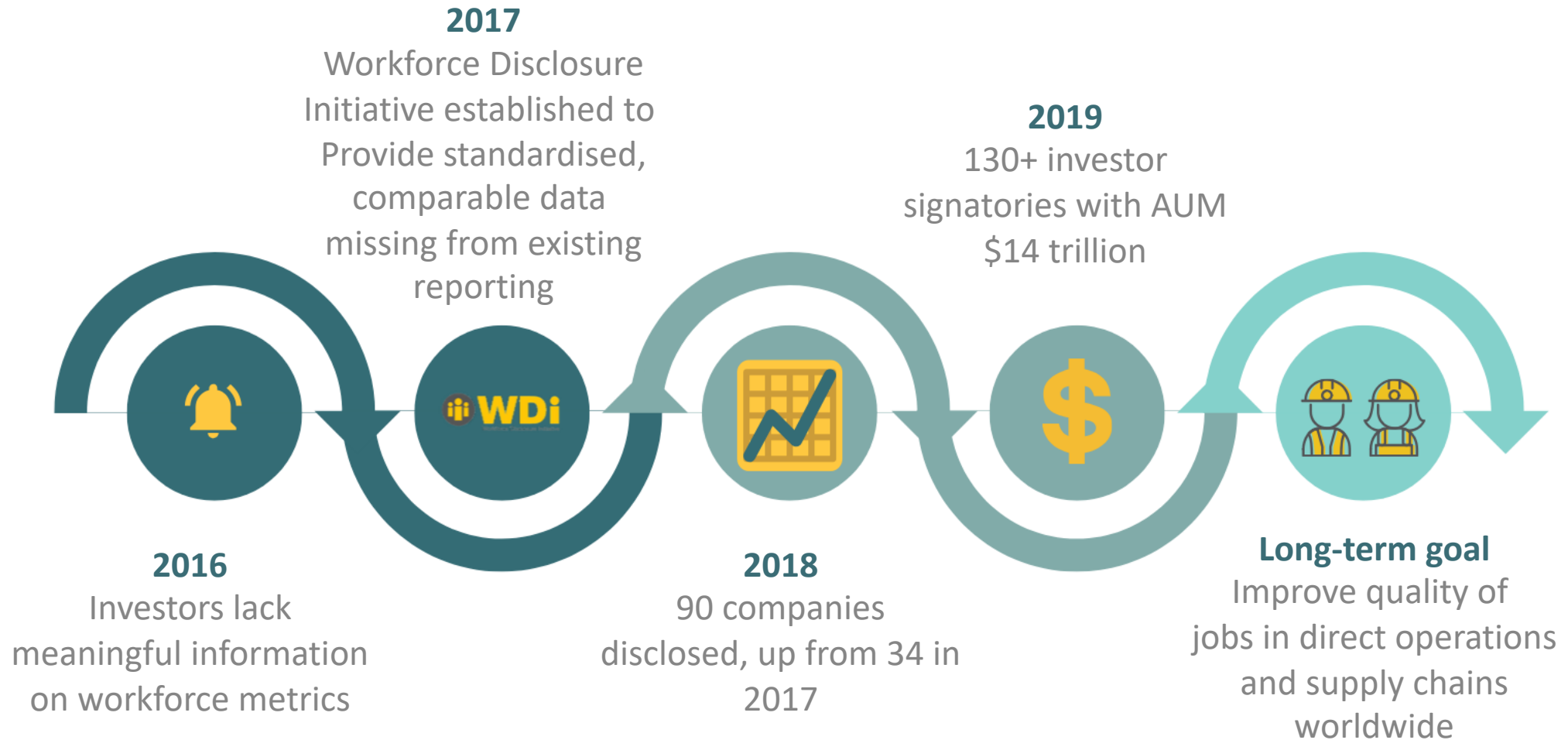
How investors can be leveraged to support the building of more ethical and resilient supply chains

Prof. Stephanie Barrientos, Global Development Institute, University of Manchester university

The changing nature of value chains/women's equality



What is the Workforce Disclosure Initiative?



What do we want to achieve?

Investors are actively engaged with companies to improve workforce policies and practice.

Companies are held to account on their workforce policies and practices.

Engagement results in better quality jobs and improved conditions for workers in companies' operations and supply chains.



ShareAction's Workforce Disclosure Initiative (WDI) brings together 137 investor signatories calling for more meaningful and comparable data on workforce issues. This data helps to inform and align investment decisions with the UN guiding principles on business and human rights. Ultimately, the initiative will lead to changes in workforce policies and practices that help realise "full and productive employment and decent work for all".

Vision: a world where all finance powers social progress



Investors and the companies they invest in sustain a fair, just, healthy society by ensuring a positive impact on the communities they are a part of.



Quality of jobs improves worldwide as a result of increased transparency of workforce practices and investor engagement with companies on areas of concern.

Importance of "S" in ESG raised with investors and companies:

Investors and companies are aware of the impact poorly managed social risks have on business success and working lives.

Investors and companies engage on workforce issues:

Living wage, precarious work, modern slavery, diversity and inclusion, skills, training and development and the future of work.

Investors encourage companies to complete the survey:

Investor backed coalition of signatories call on companies they invest in to complete the Workforce Disclosure Initiative survey.

Companies release data:

A critical mass of companies disclose workforce data on worker's rights, pay ratios, supply chain structure and much more.

Investor-company engagement:

Long-term engagement between investors and companies on areas for improvement identified by the survey.

On-going dialogue on workforce practices:

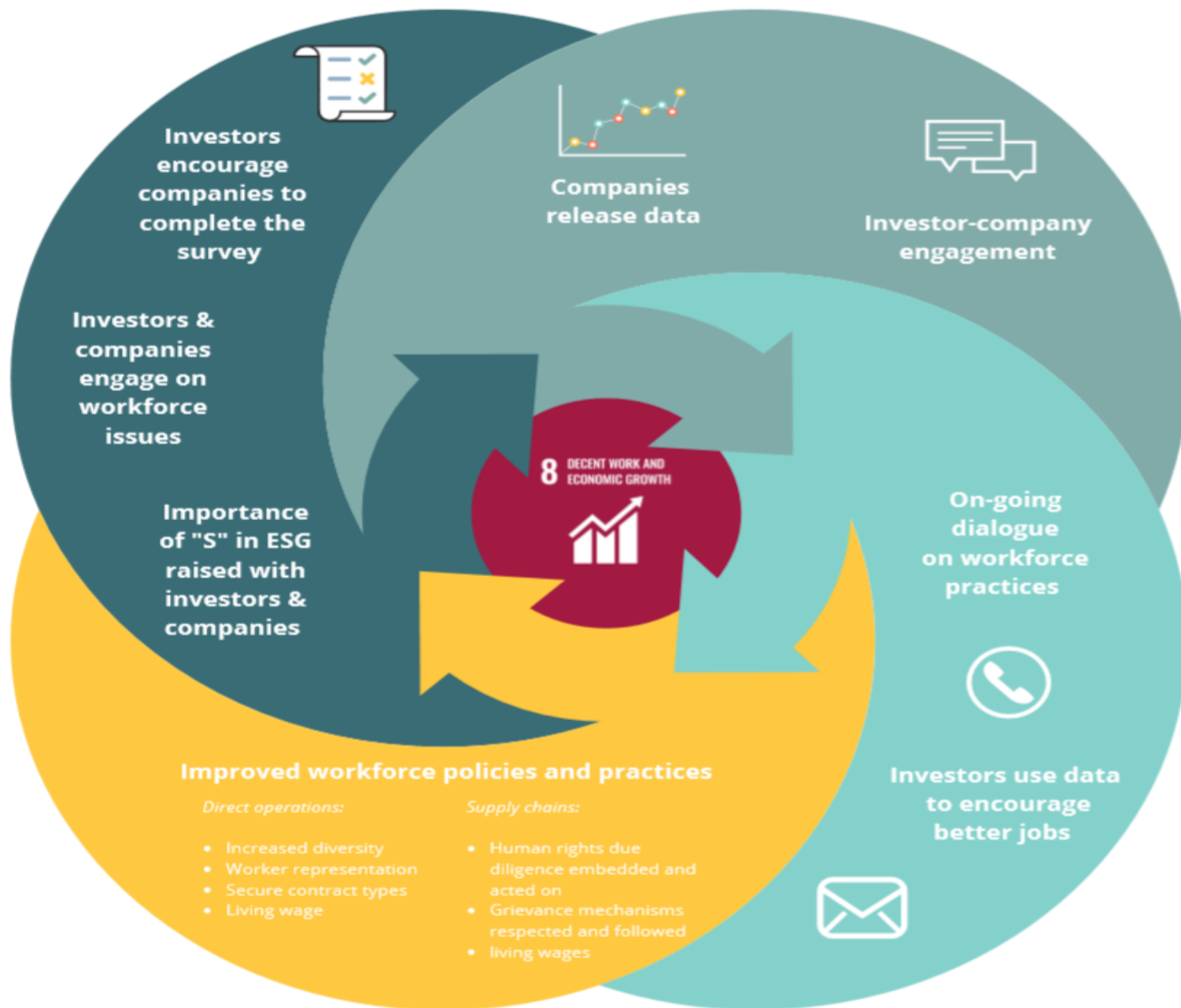
Discussions within companies and with their stakeholders on workforce issues and areas for improvement.

Investors use data to encourage better jobs:

Critical mass of investors integrate workforce data into investment decisions and engagement with companies.

Improved policies and practices:

Companies bring workforce practices in line with International Labor Organisation standards.



Investor signatories to the WDI

140 Investors with \$14tn Assets Under Management including:



See all signatories here: <https://shareaction.org/wdi/signatories/>

2019 WDI Survey

- 1. **Governance of workforce issues**
 - 2. **Risk assessment**, including human rights due diligence
 - 3. **Composition and Compensation**, including contract types, diversity and pay
 - 4. **Stability**, including workforce turnover and internal hires
 - 5. **Training and development**
 - 6. **Health and safety and wellbeing**
 - 7. **Workers' rights**, including freedom of association, staff engagement and grievance mechanisms
 - 8. **Supply chain structure**
 - 9. **Sourcing and purchasing practices**
 - 10. **Workers' rights**, including freedom of association, wages, working hours, recruitment practices, gender equality and grievance mechanisms
- Direct operations
- Supply chain

Ambition – 2020 and beyond

To drive up workforce disclosure:

- To continue an annual cycle of gathering workforce data, and to scale the number of companies that submit data (90 in 2018, 118 in 2019, 200 2020).
- To drive up disclosure rates for each company and to ensure data is comprehensive and of good quality.
- To increase the proportion of data that is disclosed publically (for 2018 it is 36%)

To enable investors to engage on workforce issues:

- To continue to grow the investor coalition (currently at 140 institutions with \$14tn AUM), especially to engage larger US funders and to diversify into other regions e.g. Asia.
- To convene and enable investors to engage on global work challenges (e.g. Living Wage, Workplace Rights, Modern Slavery, Precarious work, Equality & Future of Work) with their investees.

To be a thought leader on workforce practices:

- To be a thought leader on workforce practice, to perform and publish analysis based on the data gathered and to be in demand to speak in worldwide forums on the topic.
- To work more with the other organisations in this space, and to ensure we can understand, articulate and maintain WDI's uniqueness amongst reporting frameworks on workforce.
- To convene business, investors and civil society organisations to take action on global work challenges (e.g. Living Wage, Workplace Rights, Modern Slavery, Precarious work, Equality & Future of Work)

ETI Webinar

Accelerating transition: the future is now

Stephanie Barrientos
Global Development Institute
University of Manchester
s.barrientos@manchester.ac.uk

COVID shock across global value chains

Lower GVC tiers



Higher GVC tiers



Workers in global value chains (VCs)

Estimate: 40 OECD and middle income economies 453 m jobs in GVCs – 190 m (42%) female (ILO 2015)

Many millions more: lower income countries; lower GVC tiers; casual work, informal work and smallholders – women's work critical.

Country/Product	Smallholder/Homeworkers	Est. Wage Workers	Est. % Female Workers
Bangladesh Garments	n/a	4 m	55-70%
South African Fruit	n/a	400,000	53%
Kenya Flowers & Fresh Veg	220,000	100,000	75%
W. Africa Cocoa	1.5 m	n/a	25% farmers 45% family labour

Source: S. Barrientos (2019) *Gender and Work in Global Value Chains: Capturing the Gains?* Cambridge University Press

COVID Shock vs. Resilient VCs

- Fragility of 'just in time' global value chains
- Vulnerability of all workers esp. in low income countries
- Women workers most vulnerable
- Adverse buying practices
- TU & NGO campaigns
- Governments scramble to intervene
- Mass consumerism to lockdown
- More resilient regional VCs inc. Africa, Asia and Latin America
- Decent work: rights, employment, voice & *social protection*
- Gender equitable VCs
- Social responsibility of buyers across VCs
- Social protection by governments
- More sustainable consumption

Q & A



**Ethical
Trading
Initiative**

For workers' rights. For better business.



**Ethical
Trading
Initiative**

For workers' rights. For better business.

Summing up

Nick Kightley, ETI Strategic Lead, Food, Farming and Fisheries



Thank you



**Ethical
Trading
Initiative**

For workers' rights. For better business.

