

Overview of the employers' position - Achieving Decent Work in Global Supply Chains



Introduction

Employers are firmly committed to achieving decent work across their domestic and global operations. As well as complying with relevant laws, they are actively engaged in many initiatives to implement authoritative standards such as the UN Guiding Principles on Business and Human Rights, the ILO MNE Declaration and the OECD Guidelines for Multinational Enterprises. They also carry out numerous activities to make a positive contribution to the Sustainable Development Goals.

From 25 to 28 February, the ILO is convening a [Technical Meeting on Achieving Decent Work in Global Supply Chains](#). During the meeting, the tripartite constituents will:

- (a) Assess the failures which lead to decent work deficits in global supply chains;
- (b) Identify the salient challenges of governance to achieving decent work in global supply chains; &
- (c) Consider what guidance, programmes, measures, initiatives or standards are needed to promote decent work and/or facilitate reducing decent work deficits in global supply chains.

Understanding the nature and complexity of global supply chains

As the [conclusions](#) of the 2016 International Labour Conference on decent work in global supply chains made clear, global supply chains are “complex, diverse and fragmented.” The challenge is to make sense of the many different types of supply chains around the world and the underlying factors that determine why decent work deficits exist in some global supply chains, but not others. As such, employers would like to underscore the following:

- Global supply chains exist in all countries and are most extensive in developed economies that have high levels of compliance with national laws and respect for fundamental principles and rights at work. Therefore, global supply chains, per se, are not the problem. As stated in the 2016 ILC conclusions, the problem is that some countries linked to global supply chains have limited capacity to implement and enforce national laws.
- The production of goods and services within a State is always subject to the laws and regulations of that country's jurisdiction. The fact that a product or service crosses a border does not create a unique challenge to decent work or effective labour regulation. There is no “regulatory gap” that needs to be bridged at the international level. Rather, the challenge is to ensure the effective implementation and enforcement of regulation at national level.
- Decent work deficits are far more prevalent in domestic supply chains.¹ Where decent work challenges occur that are linked to exports, these mirror the challenges found in those domestic economies generally. At the same time, approximately 95% of the world's workers are not employed by exporters and approximately 85% of workers are not linked to global supply chains. Moreover, those affected workers often produce goods and services simultaneously for the domestic and global supply chains, making it impossible and fruitless to distinguish the global market from the, often far bigger, domestic market.

¹ A 2019 [Alliance 8.7 report](#) found that child labour and forced labour or human trafficking is “far more” likely to occur in production for the domestic economy not global supply chains.

- Global supply chains have been a major driver of development for decades. They stimulate economic growth and create jobs. They also contribute to productive employment and decent work. Cross-border trade and investment has created opportunities for hundreds of millions of people, spurring poverty reduction and entrepreneurship, and helping to promote the transition from the informal to the formal economy. They encourage and enhance skills development, productivity and competitiveness - vital ingredients to increase men and women's participation in the labour market, with often better work opportunities than in purely domestic markets.
- The actions of employers cannot replace the duty of States to protect fundamental labour rights. Companies must comply with the law and respect human and labour rights, and they should use their leverage to push business partners to do the same. But companies cannot enforce the law - that is the role of the State, which has the power to investigate, subpoena records, issue fines, seize assets, freeze bank accounts, revoke export licences, arrest abusers and imprison offenders. Companies do not - and should not - have these powers.
- A company's ability to influence the supply chain is highly divergent and depends to a significant degree on the number of suppliers it has (for example, many large companies have several thousand suppliers and various tiers); the structure and complexity of the supply chain; and - crucially - the company's market position.

Priorities for the Technical Meeting

- The ILO Technical Meeting is an opportunity to lay the path towards a comprehensive ILO strategy on domestic and global supply chains that focuses on each country's context and responds to the on-the-ground challenges and needs. It needs to be guided by the [ILO Centenary Declaration](#) (of June 2019), which makes clear that the ILO's focus on global supply chains must be understood and considered in relation to domestic supply chains, not separately.²
- The meeting also offers an opportunity to consider future ILO actions in light of the independent [Synthesis Review](#) (published in September 2019) on lessons learned on interventions in relation to global supply chains following interviews with key ILO staff. The report explained that:
 - There is no clear ILO definition of global supply chains and the ILO has no overall strategy or holistic approach (it is not clear what the ILO is trying to achieve).
 - Global supply chains are an entry point to addressing decent work deficits in a country. Therefore, the Office's work and development cooperation projects should be carried out on that basis, not as a discrete policy issue.
 - There is no baseline data to measure progress. There is no established ILO methodology and there is no evidence of what works and what doesn't work.
 - Most ILO projects are one-off and at the sector and/or enterprise level instead of at the country level, and there is no ability to scale.
- Employers are motivated to find practical solutions to the above challenges with a focus on:
 - Supporting national governments to implement ILO standards they signed up to and address the implementation gap at the national and local level.
 - Addressing underlying conditions that result in decent work deficits in countries with weak governance and developmental issues such as poverty, informality and corruption.
 - Promoting internal coordination through the "One ILO" approach and building on successful programmes ([Better Work](#), [EESE](#) and [SCORE](#)) to realise universal respect for FPRW.

² [ILO Centenary Declaration](#) (June 2019): II. A: "The ILO must direct its efforts to: (xii): Ensuring that diverse forms of work arrangements, production and business models, including in domestic and global supply chains, leverage opportunities for social and economic progress, provide for decent work and are conducive to full, productive and freely chosen employment;"