

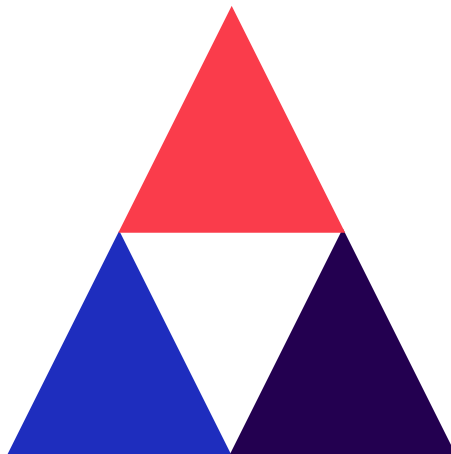


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▶ TMDWSC/2020/7

▶ Note on the proceedings

Technical Meeting on Achieving Decent Work in Global Supply Chains
(Geneva, 25–28 February 2020)



Governance and Tripartism Department
Geneva, 2020

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Introduction

1. The Technical Meeting on Achieving Decent Work in Global Supply Chains was held in Geneva from 25 to 28 February 2020.
2. The Meeting was the third in a series of three meetings held to complement the programme of action on decent work in global supply chains (“the programme of action”),¹ approved by the Governing Body at its 328th (October–November 2016) and 329th (March 2017) Sessions, as follow-up to the resolution concerning decent work in global supply chains adopted at the 105th Session (2016) of the International Labour Conference (the “2016 conclusions”).² The first meeting in the series was the Tripartite Meeting of Experts to Promote Decent Work and Protection of Fundamental Principles and Rights at Work for Workers in Export Processing Zones (EPZs) (Geneva, 21–23 November 2017). The second meeting was the Meeting of Experts on Cross-border Social Dialogue (Geneva, 12–15 February 2019). The present Meeting followed on from the mid-term report, presented to the Governing Body at its 337th Session (October–November 2019), on the implementation of the programme of action, and was aligned to paragraph 25 of the 2016 conclusions, which called for a meeting to:
 - (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.
3. The Meeting was attended by the Government representatives of 50 Member States, with 28 Government advisers; 8 Employer and 8 Worker representatives, with 5 Employer and 5 Worker advisers. Observer governments from 18 Member States and the representatives of 4 official international organizations were also present. The list of participants is available on the ILO [website](#).
4. The Officers of the Meeting were as follows:

<i>Chairperson:</i>	Ms Lena Margrethe Hasle (Norway)
<i>Government Vice-Chairperson:</i>	Mr Virgil Seafeld (South Africa)
<i>Employer Vice-Chairperson:</i>	Mr Mthunzi Mdwaba (South Africa)
<i>Worker Vice-Chairperson:</i>	Ms Catelene Passchier (Netherlands)

¹ ILO, [GB.328/INS/5/1](#); [GB.328/INS/5/1\(Add.1\)](#); and [GB.329/INS/3/2](#).

² ILO, [Conclusions concerning decent work in global supply chains](#).

Opening statements

5. An ILO official presented the background report for the Meeting (“the background report”);³ he also drew the participants’ attention to the points for discussion, which followed the mandate conferred on the Meeting by the International Labour Conference, as set out in paragraph 2 above.
6. The Worker Vice-Chairperson said that the twenty-first century world of work had been reshaped by globalization. Many multinational enterprises now had resources that exceeded those of national economies, giving their investment choices great power. Foreign direct investment had transformed multinationals into major agents of globalization able, through their suppliers and subcontractors, to dictate the terms and conditions of employment of millions of workers, particularly in developing countries. In the search for market opportunities, low labour costs were considered by many companies as a competitive advantage. Competition between small and medium-sized enterprises (SMEs), competing for contracts within supply chains, resulted in downward pressure on wages. Multinational corporations could put pressure on governments that might wish to monitor and rectify poor working conditions by enforcing labour standards by threatening to move their investment to another country. Lack of resources required to inspect and enforce standards also hampered governments, while multinationals operating in these countries frequently benefited from tax exemptions. Indeed, increasing evidence showed a correlation between low employment protection and poor occupational safety and health regulations and greater foreign direct investment, as if multinationals were deliberately seeking out lower labour standards.
7. The Meeting must consider how to counter a race to the bottom in which workers, companies and countries were competing with each other to propose the lowest price, to the detriment of workers and their families. Globalization should be encouraged to bear its promised fruit of productive employment, with decent wages and working conditions, contributing to sustainable and inclusive economies. The 2016 conclusions called on the Meeting to identify salient challenges of governance to achieving decent work in global supply chains, and to consider what kind of action would be needed, including possible standard setting, to address and reduce the deficits and gaps identified.
8. The Workers’ group was disappointed that the background report lacked the necessary analysis on the adequacy of the ILO’s standards in achieving decent work for the millions of workers engaged in global supply chain work and on how to address the governance challenges. Other points in the report with which the group was not in agreement would be dealt with later in the discussion. The Meeting should not rehash discussions that had already been held or renegotiate the 2016 conclusions. The problems noted by the Conference Committee in 2016 had worsened, rather than improved. The absence of regulation or reliance on self-regulation had allowed companies to escape sanctions for abusive behaviour at the expense of the lives and livelihoods of working people. Evidence showed that voluntary corporate commitments, subject only to audits carried out by dependent for-profit firms, were not implemented in practice, thus failing to achieve decent work in global supply chains across the board. While many companies were now economically larger than some countries and in effect determined the working conditions in their supply chains by setting price points and delivery times, they remained free from any responsibility for their actions or influence. That was due to the nature of global supply chains: by fragmenting production into business units across jurisdictions, the lead companies, which held the networks together, could escape liability by passing the responsibility to the local business unit. Such supply chains were, by definition, a mass outsourcing scheme, eroding the employment

³ ILO, *Achieving decent work in global supply chains: Report for discussion at the technical meeting on achieving decent work in global supply chains*, TMDWSC/2020 (2020).

relationship and impeding access to labour protection. Digitalization and platform businesses worsened the problem, allowing business another tool to outsource and fragment the supply chain.

9. The 2016 conclusions noted that failures at all levels within global supply chains contributed to decent work deficits and lack of respect for fundamental rights, especially those of freedom of association and collective bargaining, but also in areas including wages, working time and occupational health and safety. Informality, non-standard forms of employment, and the use of intermediaries were common and tended to exacerbate labour rights violations. The fragmentation of the employment relationship presented a challenge in ensuring access to labour protection. The 2016 conclusions noted the acute presence of child and forced labour in global supply chains, especially at the lower levels. Migrant workers and homeworkers were subject to discrimination and lacked legal protection. Women represented a large share of the workforce in global supply chains, with disproportionately high representation in low-wage jobs in the lower tiers of the supply chain, which exposed them to discrimination, sexual harassment and other workplace violence. Decent work deficits were also pronounced in export processing zones (EPZs) linked to global supply chains.
10. The Worker Vice-Chairperson noted that under international human rights law the State's duty to protect human rights beyond its national territory had strengthened in recent years. Many governments had acknowledged that voluntary and non-binding measures alone were not sufficient to address the challenges. The moment had therefore come for the ILO to develop normative guidance. An ILO standard would create the necessary level playing field where the race to the bottom was no longer incentivized. The pressure placed on governments to reduce labour protection in order to attract foreign direct investment would drop, while companies seeking to ensure that their operations were not negatively impacting labour rights would also benefit. Workers would universally be able to enjoy their rights and obtain their fair share of the wealth they helped create. To remain relevant, ILO standards must provide answers to the challenges posed by an increasingly globalized and interconnected world.
11. The Employer Vice-Chairperson noted that the Meeting was an opportunity to put the ILO's work on global supply chains on the right track, with a view to reflecting important developments since the 2016 discussion. The ILO Centenary Declaration for the Future of Work, 2019 ("the Centenary Declaration"), stated that global and domestic supply chains should be addressed simultaneously. Ninety-five per cent of the world's workers were not employed by export enterprises and approximately 85 per cent of workers were not linked to global supply chains. Policy focusing solely on global supply chains would therefore exclude the vast majority of workers. It would produce a two-tier standard system, with two approaches to the same problem. The ILO's work should be aligned to the Centenary Declaration, reflect the reality of the world of work, and adopt a holistic approach to all supply chains: global and domestic.
12. The Meeting could benefit from the information contained in the recently published independent synthesis review on ILO work in global supply chains,⁴ although the background report failed to mention it. The review found that there was no clear ILO definition of global supply chains; there was no overall ILO strategy or established methodology to engage with global supply chains, and a consequent lack of coordination between Office departments in addressing the issue; most ILO projects were one-offs, baseline data was lacking and no rigorous impact assessment of the work was carried out.

⁴ ILO, *ILO Decent Work interventions in global supply chains: A synthesis review on lessons learned; what works and why 2010–2019* (2019).

That was an indictment of the ILO's work on global supply chains, and disastrous for all who made up the Organization. The ILO must develop a coherent engagement strategy before considering additional programmes. That strategy should take full account of country context, as noted in the synthesis review, and encourage change at the local level, for the benefit of all workers, employers and communities. The Alliance 8.7 report ⁵ explained that by far the greatest incidence of child and forced labour was to be found in domestic markets and had no connection to global supply chains. The "One ILO" approach currently being implemented in Ethiopia should urgently be replicated and mainstreamed throughout the ILO's work.

13. The Employers' group was disappointed by the generally negative tone of the background report, which lacked balance, and omitted important issues while including contentious ones that would only increase divergence. The background report was correct in saying that the vast majority of decent work challenges occurred in the lower tiers of the supply chains, precisely where domestic and global supply chains overlapped in the domestic economy. Practical solutions such as capacity building, technical assistance and partnerships to transform the world of work were not advanced as solutions. Instead, the background report suggested normative action in the form of extra-territorial jurisdiction. Such action would not address the root causes of the problems. The Meeting should now take the findings of the 2019 synthesis review into account, as the background report had failed to do so. Moreover, the report lacked comparative data on employment levels in domestic and global supply chains and did not present any evidence that the problems attributed to global supply chains were any different from those in domestic supply chains. It focused on supply chains flowing from developing to developed countries. That was tantamount to selection bias or "cherry-picking" information to support a particular ideology, given that 20 of the top 25 exporting countries were developed countries, as were 16 of the top 20 importing countries. Those countries had extensive links to global supply chains, but had none of the problems that the background report attributed to global supply chains. The background report upheld the view that the business practices of multinationals were the primary cause of decent work deficits in global supply chains, without acknowledging that exactly the same practices occurred in all domestic supply chains. Finally, the ILO had once again omitted to engage with and consult the World Trade Organization (WTO), an organization with expertise on global supply chains, on the content of the background report. That showed scant respect for united multilateralism and policy coherence.
14. The Employer Vice-Chairperson observed that trade was at the centre of the Meeting's discussions, and the evidence showed that global supply chains, through which trade flowed, were important drivers for job creation, economic growth and poverty eradication. All production of goods and services, whether for export or for the domestic market, took place within a national jurisdiction. All companies were subject to the laws and regulations, including those based on ratified ILO Conventions, of the country in which they operated. The problem lay in the failure to implement those laws, and in countries' weak capacities to develop adequate systems of labour inspection and administration. There was no regulatory gap at international level, but rather an implementation challenge at national level. The Employers' group would therefore not support any new specific Convention on global supply chains, but was committed to better implementation and enforcement of existing regulations at national level. That approach was considered all the more pertinent given that two thirds of all workers were in the informal economy, where decent work deficits were the greatest. In saying that, the Employers did not wish to apportion blame, or shame any particular group, however they believed that the ILO must adopt a more coherent and strategic approach to domestic and global supply chains, to respond better to the needs of governments, workers and employers. The group was committed to the success of the

⁵ ILO, OECD, IOM and UNICEF, *Ending child labour, forced labour and human trafficking in global supply chains* (2019).

Meeting, and to finding lasting solutions to decent work deficits in domestic and global supply chains.

15. The Government Vice-Chairperson said that the members of the group had many, diverse opinions on the subject under discussion and, rather than attempting a group statement at this point in the proceedings, he would prefer for individual representatives to take the floor in turn and state their national positions.
16. The Government representative of Canada said that her country was committed to eliminating labour exploitation, including child labour, forced labour, human trafficking and other human rights violations. However, governments alone could not eradicate labour exploitation from global supply chains, but should forge partnerships with international organizations, civil society, enterprises and other governments to address that issue. Canada had launched public consultations on possible measures to combat labour exploitation in global supply chains. The results were being analysed and best practice examined with a view to determining the way forward. Social dialogue and consultations were essential to solving the problem. The present Meeting could establish common solutions through innovative ideas.
17. The Government representative of India acknowledged that global supply chains could be an important source of job creation, economic development and prosperity. Supply chains were complex and impacted the local labour markets profoundly and the quality of work produced was shaped by national labour market conditions. Developing countries' participation in the global supply chains remained peripheral, and his Government firmly believed that labour standards should not be included in the clauses of trade agreements. Indeed, a standard specific to global supply chains could become a trade barrier for a majority of countries. Decent work should be promoted through national laws and regulations, leaving Member States to strengthen their efforts to ensure decent work within the supply chains rather than initiating a standard-setting process. The decision of the 329th Session of the Governing Body to proceed through ILO programmes, measures and initiatives focusing on knowledge generation and dissemination, capacity building and technical assistance to Member States should be prioritized.
18. The Government representative of Nigeria acknowledged modest gains in national employment opportunities arising from global supply chains. However, many of the jobs created for young people were low wage and unregulated, in such fields as cocoa products, cotton textiles and mining for minerals. Moreover, they were in the informal economy. Economic pressure was still making multinationals seek out regions in which competition between enterprises drove wages down, while moderate wage-paying opportunities in supply chains remained the exclusive preserve of high-skilled labour. The Government had recently asked the Nigeria Employers' Consultative Association (NECA) to register all SMEs, so as to increase effective enforcement of regulations. New labour inspectors had been recruited and deployed to the 36 federal states. Training for the labour inspectorate in digitalization was now important in order to be able to address the automation process of procurement and supply in global supply chains. Monitoring and inspecting was made difficult because such virtual platforms remained concealed from inspectors, as they could operate from other countries. The Government therefore saw a need for an international governance instrument to regulate the use of technology in procurement. Social dialogue and collective bargaining institutions were being strengthened in his country. The National Labour Advisory Council – the highest tripartite institution in Nigeria – had been reconstituted to provide space for dialogue with the social partners. The Minister of Labour and Employment had invoked discretionary powers to put in place guidelines and codes of practice for non-unionized contract workers in the banking and insurance, oil and gas, and telecommunications sectors, respectively. The mining sector was under consideration.

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19. The Government representative of Croatia, speaking on behalf of the European Union (EU) and its Member States, said that the 2016 conclusions, as well as the conclusions from the Tripartite Meeting of Experts to Promote Decent Work and Protection of Fundamental Principles and Rights at Work for Workers in Export Processing Zones (EPZs) ⁶ and from the Meeting of Experts on Cross-border Social Dialogue, ⁷ had achieved tripartite consensus and provided an ambitious basis for work. The EU and its Member States had actively participated in those discussions and the conclusions should be implemented without delay. They would support approaches agreed under the 2030 Agenda for Sustainable Development regarding sustainable production and decent work and intensified international cooperation on responsible business conduct. Many references had been made during those meetings, and at the Conference, to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (“the ILO MNE Declaration”), and to the Integrated Strategy on Fundamental Principles and Rights at Work 2017–2023, while the Centenary Declaration also marked an important step in the promotion of decent work throughout domestic and global supply chains. The Council of the European Union had formally endorsed the reference to global supply chains in its own conclusions ⁸ on the Centenary Declaration in October 2019. Those conclusions recognized the important role of multinational enterprises to foster responsible and sustainable management of supply chains, including through corporate social responsibility, human rights due diligence, promotion of decent work and social and labour protection. The conclusions referred to the levels of responsible business conduct that might be expected from enterprises and to whether specific measures were required when those expectations were not met. The current Meeting should be forward-looking, on the basis of paragraph 25 of the 2016 conclusions, and should consider whether existing ILO standards might or might not be fit for purpose to achieve decent work in global supply chains.
20. The 2016 conclusions recognized that the ILO was uniquely positioned to address governance gaps in global supply chains so that they could fulfil their potential as ladders for development. In doing so, the Organization should build on the *UN Guiding Principles on Business and Human Rights* (“the *UN Guiding Principles*”), the Organisation for Economic Co-operation and Development (*OECD*) *Guidelines for Multinational Enterprises* (“the *OECD Guidelines*”) and other international texts, as well as cooperating with international development initiatives, organizations and established multi-stakeholder initiatives, such as Alliance 8.7. Synergies should be promoted and duplication avoided. The EU and its Member States reiterated the comments made during the Governing Body discussion of the mid-term report ⁹ on the implementation of the programme of action on decent work in global supply chains, especially with regard to the recommendation that the Organization should adopt a “One ILO” approach and establish working groups focusing on particular sectors of work in global supply chains. The EU had welcomed an approach that drew on the expertise and experience of the Better Work Programme, the Sustaining Competitive and Responsible Enterprises (SCORE) Programme and the Vision Zero Fund. The EU encouraged that approach as well as more effective cooperation with the private sector. It noted that impact measurement and an appropriate methodology required further development. The data-driven engagement model described in the mid-term report could potentially provide this. The EU welcomed the work achieved so far; now was the time to

⁶ ILO, [Full text of the conclusions of the Meeting \(MEWEPZ/2017/2\)](#).

⁷ ILO, [Full text of the conclusions of the Meeting](#) (2019).

⁸ Council of the European Union, *The Future of Work: the European Union promoting the ILO Centenary Declaration*, Council conclusions, Brussels, 24 October 2019.

⁹ ILO, [GB.337/INS/4](#). See also the Minutes of the Institutional Section of the 337th Session of the Governing Body, [GB.337/INS/PV](#) (2019), paras 183–185.

accelerate efforts and provide the ILO with a new impetus in promoting decent work in global supply chains.

- 21.** The Government representative of the Netherlands said that there was an urgent need to reduce decent work deficits in global supply chains, especially through efforts to eradicate child labour, forced labour and modern slavery. Governments, businesses, employers and workers must each address the challenges. Existing ILO instruments of proven effectiveness must be strengthened and consideration given to developing new instruments to ensure decent work in global supply chains and ensure that child labour was ended by 2025.
- 22.** The Government representative of Uruguay said that global supply chains presented numerous opportunities, especially for developing countries, and for Uruguay, which was a small country far from major centres of commerce. They also presented challenges, however, including: problems arising from forced and child labour, freedom of association and collective bargaining deficits, unregulated working hours, occupational safety and health gaps, informality, gender inequality and the failure to distribute a fair share of the economic benefits to workers. The ILO should make use of its mandate and presence in the sector to combat decent work and governance deficits in global supply chains by developing guidelines, programmes and standards that could unleash the potential of the supply chains. Greater international and multilateral coherence and coordination could drive improvements in global supply chains. Uruguay promoted the inclusion of labour clauses in its current trade agreements. Development cooperation could build institutional capacity to recognize decent work deficits in global supply chains. The ILO should work with other organizations to harness the benefits of supply chains, including with the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Development Programme (UNDP), as well as with other regional organizations that worked directly with global supply chains.
- 23.** The Government representative of Switzerland stressed the importance of following up on the previous discussions on global supply chains, especially the general discussion at the 105th Session (2016) of the Conference. The background report and the points for discussion provided an excellent basis for the work of the Meeting. Global supply chains helped to promote sustainable economic growth and decent work opportunities. Attention should be paid to SMEs, rather than concentrating solely on multinationals, since decent work deficits were frequently concentrated in the lower tiers of chains. The Meeting should reflect on concrete measures that could improve the productivity and labour conditions in SMEs working as part of global supply chains. Switzerland supported a sectoral approach and agreed that global supply chains could not be thought of as a single category. Working conditions within them varied from one end to the other and in relation to the geographical and sectoral context.
- 24.** The Government was convinced that a close examination of the measures and programmes that had proved most effective in generating and promoting decent work could help identify those which might be redeployed on a greater scale. It was regrettable that the report contained no detailed analysis of that kind: Better Work and SCORE were excellent programmes in which valuable sectoral approaches had been developed. Governance challenges in global supply chains called for a holistic approach by the ILO. Successful programmes on enterprise development needed to be supplemented by expertise in social dialogue, the ILO's normative strength, and its predominant role in labour inspection and administration, including occupational safety and health. A positive example would be the comprehensive and coordinated programme Advancing Decent Work and Inclusive Industrialization in Ethiopia in the garment and textiles industry. Multilateral coherence should also be upheld, and the ILO should coordinate its position with the OECD, with the World Bank Group, within the UN system and with relevant discussions in the G20. Switzerland was therefore in favour of non-normative action, employing a sectoral approach through interventions that had a proven track record, potentially resulting in technical

guidelines or a code of conduct to improve the effective application of existing international labour standards.

25. The Government Vice-Chairperson welcomed the fact that the ILO, governments, labour unions and employer organizations had agreed on the need to address problems related to global supply chains. Those problems, however, did not occur in isolation. The employment of children in Bangladesh, the Democratic Republic of the Congo or Malawi and bad working conditions in farming in South Africa, were linked to activities that supported profits in developed economies. Less developed countries were the source of input materials required for products and production processes that were mainly aimed at established economies. The great wealth earned in that process did not profit the production countries. The end result was that the poorer countries were now weaker than many of the largest global companies, resulting in an unequal relationship between producing countries and the enterprises extracting minerals and other resources. Countries were consequently unable to enforce even their own laws to regulate the conduct of business. It was indeed impossible to talk about decent work deficits in global supply chains without taking into account economic malpractices such as illicit financial flows, tax avoidance, base erosion and profit shifting, transfer pricing and corruption, which shaped the relationship between poor countries, developed countries and multinational corporations. An inherently exploitative environment existed. In the face of such a situation, voluntary monitoring initiatives were insufficient. Developing countries were unable to ensure their own policing of business conduct. The benefits of the *UN Guiding Principles* and the MNE Declaration were limited by the fact that they were voluntary and non-binding. The only way forward would be to produce a binding instrument on decent work in global supply chains.
26. The Government representative of the United States of America said that the Meeting's conclusions should recognize the benefits of enterprises and supply chains in the delivery of new technology, improved health, lower consumer prices and a higher standard of living, as well as the obstacles many workers faced in enjoying basic labour rights and decent work. The obvious challenges were gaps between ILO standards and national legislation and gaps in implementation of those standards. The lack of access to remedy was of particular concern. The most effective means to promote enforcement would be a combination of capacity-building measures, the inclusion of labour clauses in trade agreements, technical assistance and the provision by the ILO and other institutions of relevant training, expertise and information. The Government could also support multi-stakeholder initiatives that included employer organizations, companies and worker organizations or civil society groups, to enhance the role of governments and that of the social partners.
27. The Government representative of the United Kingdom of Great Britain and Northern Ireland commended the ILO for its efforts to promote decent work in global supply chains, and the comprehensive approach the Office was taking to that end. The Government was committed to assisting business to conduct itself in a socially sustainable way through promoting the *UN Guiding Principles* and the OECD due diligence guidance for global supply chains. The United Kingdom was the first country in the world to produce a National Action Plan in 2013, responding to the *UN Guiding Principles*. The Government focused on promoting transparency. All United Kingdom businesses with a turnover of more than £36 million were required to publish annually steps taken to identify and tackle modern slavery in their operations and global supply chains, and to publish information on due diligence, policy commitments and evidence of effectiveness. The Government would be creating a new central registry for modern slavery statements. Measures had recently been taken to ensure that government departments had the training and ability to identify and report modern slavery in what could often be complex situations in supply chains. Proposals were being considered to make large public sector organizations in the country report on the steps they were taking to keep their supply chains free from modern slavery. The public sector could thus bring its spending power to bear against the challenges. The Government recognized that more action was needed to punish and eliminate human rights abuses and

exploitation, often experienced most acutely by women and vulnerable groups. It could also see that companies were increasingly aware of the advantages of ensuring corporate social responsibility throughout their operations.

- 28.** The Government representative of Argentina informed the Meeting of some of the actions undertaken by her country to promote decent work in global supply chains. Having worked with France to promote SDG target 8.7, Argentina was strongly committed to that target as Deputy Chair of Alliance 8.7. Thus Argentina had worked closely on the report on forced and child labour in global supply chains prepared by the ILO for the Alliance 8.7 Action Group on Supply Chains. Argentina was also working to implement the United Nations General Assembly resolution to declare 2021 the International Year for the Elimination of Child Labour. Argentina had always recognized and respected human rights, particularly the fundamental principles and rights at work, and in that connection highlighted the importance of the MNE Declaration, which had framed Argentina's approach to drafting due diligence instruments at national level. Argentina also promoted the *OECD Guidelines* in support of responsible business conduct. A national contact point had been appointed in the country to oversee implementation of these *Guidelines*. A tripartite consultative council had also been established to raise enterprise awareness of the benefits of good practice in supply chains.
- 29.** The Government representative of Turkey noted the positive effects of global supply chains and their potential to create decent work. Under Turkey's 2015 presidency of the G20, the Labour and Employment Ministers' Declaration also stressed the importance of fostering safer workplaces within sustainable global supply chains, while recognizing that they were important drivers of world trade. The G20 Leaders affirmed their support for policies that allowed all enterprises, particularly SMEs, in countries at all levels of economic development, to participate in global supply chains. Also in 2015, under the German presidency of the G7, the Vision Zero Fund was launched. The Government of Turkey, in its G20 capacity, supported the Fund, and believed that the initiative could have a positive effect on improving working conditions in global supply chains.
- 30.** The Government representative of Iran noted that the 2016 conclusions, which referred both to the positive aspects of global supply chains, and to the challenges that were also inherent to them, showed the importance of effective action to address decent work deficits. The ILO was best placed to lead global action in that area. Technological advances were changing the world of work, including global supply chains. Digital labour platforms were generating opportunities, but posed cross-border challenges to achieving decent work in supply chains. Iran believed that global supply chains should be considered in the context of the future of work, and, as such, the Centenary Declaration could provide valuable guidance. Multilateralism should be strengthened in the area. Global supply chains included foreign direct investment and the increasingly predominant international sourcing business model. It was essential to guarantee fair and equal access to a balanced, open and rule-based international economic system, to allow all Member States to benefit from the opportunities arising from global supply chains. More research should be conducted regarding global supply chains, which would be more effective if it could be based on reliable data and statistics. Strengthening development cooperation and South-South and triangular cooperation would go far in improving work in supply chains. The Meeting's conclusions should take account of differing national circumstances.
- 31.** The Government representative of China said that in 2018 his country had signed a memorandum of understanding with the ILO, noting that global supply chains were a universal way of organizing investment, production and trade in the world economy, but focusing on ensuring compliance and protecting the legitimate rights and interests of workers. Two further relevant projects, funded respectively by the EU and by a Spanish multinational clothing company (INDITEX), were ongoing in the country. The ILO should continue to build constituents' capacity and to provide technical assistance.

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- 32.** The Government representative of the Philippines was very disappointed that the background report for the Meeting had found no place to highlight issues pertaining to indigenous peoples, though she noted that the ILO had recently reported that indigenous peoples were three times poorer than other vulnerable groups and had urged the international community to reverse that situation. For work to be decent, it must not invade the collective rights of indigenous peoples, whose territories produced the raw material needed by industry. Eighty per cent of raw materials, including the world's remaining biodiversity and minerals, were extracted from indigenous peoples' ancestral lands. The debate on global supply chains should include that issue. The rights of indigenous peoples must be respected, in particular their right to prior consent to the incursion of industry in their land. Global South countries like the Philippines welcomed investment from the Global North, but the Global South governments lacked the legal frameworks that could protect their workers and indigenous peoples from the pressures of globalization. Some countries were weaker than the multinationals operating in their jurisdictions and were obliged to bow before their financial weight. They were then upbraided by the ILO and other international organizations for their failure to provide adequate human rights protection. All forces, and not only governments, should be made accountable for the effects of global supply chains on vulnerable groups of workers and indigenous peoples.
- 33.** The Government representative of Panama fully concurred with the important point made by the Government of the Philippines concerning indigenous peoples. The ILO should continue to monitor global supply chains closely, to determine the strongest and weakest areas within them and provide guidance as to how to establish a system that was beneficial to all sides, both financially and in terms of protection of human rights.
- 34.** The Employer Vice-Chairperson said that companies invested heavily in social compliance audits because they did not wish to conduct business with suppliers engaged in harmful practices. To say that such audits had no impact was an unhelpful misrepresentation. Social compliance audits were only one tool which, together with other private compliance initiatives, played a crucial role in encouraging suppliers to comply with national laws. Business was striving for zero defect, but the work was ongoing. Efforts would continue to promote decent work throughout the supply chain. There was a need for investment to support countries on the ground to address systemic challenges. In response to the comment that global supply chains encouraged a race to the bottom, evidence showed that all chains were becoming more highly skilled. That business was constantly seeking to pay the lowest wages was a popular misconception. Companies made business choices on the basis of availability of raw materials, confidence in rule of law, provision of transport, infrastructure, time-to-market, customs facilities, etc. "Race to the bottom" was a naïve and overly emotional catch phrase. The word "fragmentation" should be avoided when speaking of global supply chains. "Segmentation" was more accurate as it reflected the reality of different pieces of a product being made in different countries. The group endorsed the points made by the Government of the Philippines concerning indigenous peoples.
- 35.** The Worker Vice-Chairperson stated that there was a need to regulate the auditing industry as it had many flaws. In respect of the race to the bottom, an OECD report identified a distinct correlation between foreign direct investment and low labour standards. In response to the point made by the Employer Vice-Chairperson, she clarified that "fragmentation" was the correct term in this instance, as she had been referring to the fragmentation of jobs and employment relationships. She agreed that the missing perspective of indigenous peoples should be added.

Points for discussion

Point 1. What are the failures which lead to decent work deficits in global supply chains?

36. The Employer Vice-Chairperson highlighted the importance of not allowing the debate to degenerate into a “blame game”. Decent work challenges on the ground should be approached through partnership and collaboration. The group wished to remove the artificial distinction, which it believed devoid of all reality, between global and domestic supply chains. Cross-border supply chains existed in all countries and most extensively in developed economies that had high compliance with national laws and with fundamental principles and rights at work. In the parts of the world where abuses such as child and forced labour were to be found in global supply chains, they were also present in domestic supply chains. Global supply chains, per se, were not the problem. Moreover, it was virtually impossible to distinguish between domestic and global supply chain workers because in almost all cases they all produced goods or services for both markets. Of all workers working in supply chains in all countries, 90 to 95 per cent worked in the domestic market; 5 to 10 per cent were linked solely to global supply chains. A holistic approach would cover both groups, rather than directing efforts to reduce decent work deficits at the much smaller group of workers linked to global supply chains. Indeed, there was an inherent problem with the title and framing of the Meeting: *Decent Work in Global Supply Chains*. Corrections should therefore be made to the subject under debate. In its call to consider domestic and global supply chains together, the Centenary Declaration provided guidance as to how the discussion should be framed. When talking exclusively about global supply chains, the Meeting should consistently refer to “decent work deficits linked to *some* global supply chains”, and not give the impression that all international trade led to such deficits.
37. He reiterated that the Meeting was essentially discussing trade: the importation and exportation of goods and services, including important foods, vital medicines and technology, across international boundaries. It provided opportunities and benefits to all countries and hundreds of millions of people. It spurred poverty reduction and entrepreneurship, improved living standards, and helped with transitioning from the informal to the formal economy. Trade raised skill levels and contributed hugely to countries’ development, providing decent and productive work for millions of women and men. If the Meeting’s conclusions were to keep the best and improve the rest, then it was important to acknowledge and not undermine the many positives of trade.
38. The ILO had been working on the topic without a clear definition of global supply chains, and with a bias that highlighted countries in Asia and the Pacific and in the garment and textile sector. Global supply chains were not new. They existed between Global North countries, between Global North and Global South countries and were growing fastest between countries in the Global South. They were tending to become more regional. Technological advances were allowing companies to move production closer to consumer markets, and compete in a “just-in-time” market. However, trade wars were returning in some parts of the world, with dramatic shifts in production from one country to another. Unpredictable factors such as the current outbreak of coronavirus disease (COVID-19) could also disrupt global supply chains.
39. The Employer Vice-Chairperson noted that, essentially, global supply chains were not the problem. The background report explained that “Decent work deficits tend to be more acute where governments already lack the capacity to ensure compliance with laws and regulations.” Governments, international organizations, enterprises, trade unions and civil society had achieved international policy coherence through authoritative global standards including the *UN Guiding Principles*, the ILO’s MNE Declaration and the *OECD*

Guidelines. Other international initiatives further reinforced that coherence, which should now be brought to bear in practice at local level, taking account of individual country context. All countries had made high-level commitments to promoting decent work according to ILO standards, but that had not been followed by mid- and local-level political commitment on the ground. The Alliance 8.7 report indicated that measures such as good-quality free public education, stronger social protection and more orderly, regular migration were the starting points to address the problems of child labour, forced labour and human trafficking in supply chains. An International Justice Mission report noted that the problem was worsened by the existence in many parts of the world of “Under-resourced, undertrained and corrupt law enforcement officials [who] do not or cannot arrest and charge criminals who traffic and exploit labourers or gather evidence that could hold them accountable in courts of law.”¹⁰ The report explained that despite high-level government commitment, the necessary resources were often not allocated where needed: on the ground.

40. He noted that informality could disproportionately affect women and vulnerable or marginalized groups such as ethnic and religious minorities, children, persons with disabilities, migrant workers and their families, and refugees. Far greater focus should be placed on reducing informality, through partnerships between government, employers and civil society. Social audits, codes of conduct and multi-stakeholder initiatives had grown in response to the implementation challenges in countries. Indeed, such measures only existed in countries facing significant development and governance gaps. They could not take on the role of government. The fact was that some countries linked to global supply chains had limited capacity to implement and enforce national laws. The answer was to develop strong national institutions that could implement and enforce laws covering all companies and workers within countries, regardless of whether they participated in global supply chains or not.
41. The Worker Vice-Chairperson said that her group had no objection to aligning the ILO’s work in global supply chains to the Centenary Declaration, which stated that the ILO should direct its efforts to “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”. However, that did not mean that challenges specific to global supply chains should not be discussed. There was no need to reinvent all international labour standards, which of course applied in the domestic context, but the cross-border nature of global supply chains brought additional problems of liability, accountability, monitoring and enforcement that were not covered by existing standards and which made it possible to exploit decent work deficits at local level. It was that particular problem that called for a solution. Workers were not advocating a two-tier system of norms, with different standards applying to different groups of workers. Existing international standards should also be correctly implemented in a cross-border context. Several governments, including South Africa, had admitted to lacking the capacity to counter the business force of multinational companies, and the group agreed that that could exacerbate the problem of the rights of indigenous peoples. The problems should be approached as they had been by the 2016 Conference, and as they had been both by the UN and the OECD in their respective texts on global supply chains and in the ILO MNE Declaration. Although useful, those guidelines were, however, voluntary texts, and the evidence showed that voluntary efforts did not yield sufficient results. The group was convinced that a more binding framework was required.
42. Employment in global supply chains, particularly in the lower tiers of the chains, was characterised by low wages, excessive working hours, health and safety hazards and an

¹⁰ International Justice Mission, *Justice Review: A Journal on Protection and Justice for the Poor*; Washington, DC, United States (2018).

absence of respect for freedom of association and collective bargaining. It was clearly linked to child and forced labour due to excessive subcontracting practices making use of smaller companies, informal workshops and home-based workers. Greater segmentation of the production process and the ease with which production could be controlled from afar had led to the expansion of global supply chains. The most labour-intensive production processes had been exported to countries where wages were low and unions weak. Where unions were strong, wages and working conditions improved. In the absence of a much-needed ILO standard, there was still an incentive for companies to spur a global race to the bottom. Price points, quality and delivery time were prioritized over labour rights and sustainability. As a result, in order to attract investment, governments of producing countries were dissuaded from protecting workers' rights. That companies could source goods or services from another supplier or from an even lower-cost country also created a competitive environment forcing wages and labour conditions downwards. For example, in 2018, a multinational cement company had been found to have inserted in contracts with subcontractors in Zambia a clause forbidding the subcontractor from unionization and collective bargaining. Subcontracting, temporary or outsourced work and bogus self-employment were also often used to drive costs downwards. In a case concerning a US seafood restaurant chain sourcing crab meat from Indonesia, 60 per cent of workers, some with 15 years of seniority in the factory where they had been employed on a series of short-term contracts, received notification of dismissal. The lead company had decided to outsource the work to "mini-plants" which were in reality private homes in forest areas, where the workers worked under the company's supervision, but for half the wages previously earned. Purchasing practices directly fuelled labour rights' abuses in global supply chains, forcing suppliers to sell products to buyers at below cost price. The ILO INWORK report,¹¹ *Purchasing practices and working conditions in global supply chains: Global Survey results*, revealed that 39 per cent of suppliers in chains reported having accepted orders priced at a level that did not enable them to cover their production costs, placing downward pressure on working conditions in supplier enterprises and adversely affecting sustainable economic development of local business.

43. The Worker Vice-Chairperson observed that, as recognized in the 2016 conclusions, the proliferation of outsourcing throughout global supply chains had eroded the employment relationship and thus access to labour protection at a global scale. The lead firm in the chain would claim to have no formal responsibility for the employment relationships with workers further down the chain. Suppliers, to respond to the flexibility and low costs demanded by lead companies, restricted the number of permanent workers, making use of a precarious, part-time workforce. A recent OECD report concluded that workers in non-standard forms of employment were 50 per cent less likely to be unionized and able to bargain collectively.
44. Where fragmentation of production and services resulted in the fragmentation of global companies into networks of business units spread across various jurisdictions, such networks were only controlled to varying degrees by the lead company. In legal terms, only the company that directly breached standards would be responsible for that breach. Moreover, the government of the country in which the breach occurred would have scant, if any, jurisdictional power to regulate the conduct of the lead company, based in another country. As the Meeting report suggested, the outsourcing of the responsibility for the employment relationship and labour protection effectively resulted in lead firms being exonerated from responsibility in cases of violations of fundamental rights and working conditions. Those firms could hide behind the corporate veil to avoid liability for the acts of a subsidiary, even where they could have influenced the subsidiary's conduct. The enforcement of labour rights by governments in supplier countries was insufficient to address the underlying structural problems behind those violations. ILO standards currently offered no normative guidance on that critical question. Digitalization would provide further opportunities for outsourcing

¹¹ ILO, [INWORK Issue Brief No. 10](#), June 2017.

and fragmentation of production and services across jurisdictions. The challenges would only get worse.

45. The Government Vice-Chairperson, speaking as a Government representative of South Africa, gave the example of the garment and textile sector in South Africa, which had been decimated when multinational companies had simply packed up their machinery and moved to another country where the labour protection legislation was looser. There genuinely was a race to the bottom. Government was accused of lacking the capacity to enforce labour standards, but the true problem lay in the lack of effort by companies operating global supply chains to comply with the standards in place. Voluntary compliance mechanisms were not always reliable. In 2015, the South African wine industry had been very severely affected by the results of an Ethical Trading Initiative voluntary compliance audit, which pointed to issues in the wine industry that did not in fact exist. That had impacted not only the industry, which had subsequently suffered a loss of 18 billion South African rand in exports to the global market as a result, but also the vulnerable workers in the agricultural sector. Voluntary compliance mechanisms should be properly regulated.
46. He did not object to dealing simultaneously with global and domestic supply chains, although standards were already in place covering the domestic issues. However, the purpose of the Meeting was to deal with shortcomings in global supply chains.
47. The Government adviser of South Africa noted that the Employers had expressed a wish to use the word “segmentation” rather than “fragmentation”. However, the 2016 conclusions used the word “fragmentation”. Furthermore, paragraph 10 of the background report recalled that the Governing Body had fixed the title of the Meeting as *Achieving Decent Work in Global Supply Chains*. It would be useful to clarify whether the Employers’ suggested changes could be introduced at the present stage.
48. The Employer Vice-Chairperson said that he had recommended a title change because four years had passed since the 2016 conclusions, and the proposal appeared more appropriate, given that time lapse. The Centenary Declaration referred to domestic and global supply chains together and the group’s desire was to avoid a two-tier standards approach. The suggestion to replace the word “fragmentation” by “segmentation” was simply an attempt to bring greater accuracy and clarity to the discussion.
49. The Worker Vice-Chairperson said that focusing on the specific challenges posed by global supply chains would not create a two-tier standards approach, or leave all those workers not employed in a global supply chain behind and unprotected. She reiterated that issues of responsibility and accountability arose from the cross-border nature of global supply chains, and those issues were not covered by current ILO standards. The focus of the Meeting was not on every worker in the world, but on how to ensure decent work in global supply chains.
50. The ILO Deputy Director-General for Policy informed the Meeting that as the Governing Body had decided on the title of the Meeting at its 337th Session (October–November 2019) it could not be changed.
51. The Employer Vice-Chairperson said that he did not wish the title of the Meeting to change at this point. Indeed, as an Officer of the Governing Body, he fully understood that Governing Body decisions could not be altered. However, in looking for solutions, and moving on from 2016, the Governing Body should seek more appropriate terminology. The fact remained that it was virtually impossible to distinguish between domestic and global supply chain workers because in almost all cases they produced goods or services simultaneously for both markets.
52. The Government representative of Croatia speaking on behalf of the EU and its Member States, said that several ILO–EU projects had investigated decent work deficits in global

supply chains, including child and forced labour, in fishing and seafood supply chains and occupational safety and health deficits in garment, coffee, lychee and palm oil supply chains. A European Commission study found that only one third of the EU-based companies interviewed had human rights due diligence processes for their supply chains. Decent work deficits in global supply chains could not solely be attributed to enforcement failures at national level. The Meeting should build on outcomes of previous meetings while focusing on paragraph 25 of the 2016 conclusions. It needed to provide the ILO with new impetus to promote decent work in global supply chains.

53. The Employer Vice-Chairperson wished to make clear that, as Vice-President of the International Organisation of Employers to the ILO, he represented 50 million businesses in 150 countries. He reiterated that the business choices made by companies could not be summarized as the search for the cheapest labour, but were based on factors including availability of raw materials, confidence in a State's rule of law, productivity, seasonability, time-to-market, local infrastructure and ease of transport facilities to ports and airport facilities and customs clearance. He requested that the term "lead firm" not be used. The UN Secretary-General's Special Representative for Business and Human Rights, Professor Ruggie, had written a letter¹² to the Director-General prior to the 2016 Conference to explain that the background report¹³ for the general discussion was inaccurate in its assertion that a "lead firm" typically had "control" of its global supply chain. The term should therefore not be used.
54. The Worker Vice-Chairperson said that Professor Ruggie had challenged the use of the term "control" by lead firms, not the term "lead firm" itself. The Workers' group fully understood that companies made their business decisions on the basis of many factors. The group in no way believed that enterprises were always behaving negatively, but was simply advocating for a system that provided incentives to take business decisions based on those factors which were more likely to promote decent work.

Point 2. What are the salient challenges of governance to achieving decent work in global supply chains?

55. The Worker Vice-Chairperson said that her group firmly believed that governments had the clear duty of governance: to adopt and enforce legislation. Negative pressure, however, could be applied by global supply chains to dissuade a government from fulfilling its regulatory role. A new ILO standard would help to prevent that by creating an international level playing field to encourage companies always to invest on the basis of the reasons enumerated by the Employer Vice-Chairperson, rather than seeking out low labour costs, weak protection of labour rights and restrictions on trade union activity. The group had noted the Employers' insistence that national governments should be responsible for implementing labour standards. However, the same insistence was not obvious in regulatory issues at national level, where indeed evidence existed showing that chambers of commerce and companies put pressure on governments to prevent them from introducing protective labour legislation. National labour inspectorates were of course important and should be strengthened.
56. Global supply chains were not the cause of tax evasion, but their fragmented structure offered new opportunities for such avoidance. Profit shifting led to substantial losses in tax revenue, especially for non-OECD countries, which had in 2013 lost US\$200 billion in

¹² Professor Ruggie's letter can be consulted at the following web page: <https://www.business-humanrights.org/sites/default/files/documents/Ruggie-letter-Ryder-30-May-2016.pdf>.

¹³ ILO, *Decent work in global supply chains*, ILC.105/IV (2016).

revenue as a result of that practice. The fragmentation of business structures into separate legal entities posed challenges for effective governance at national level. Corporate groups could be organized to allow avoidance of liability by hiding behind the corporate veil. Thus, lead companies influenced the actions of the business entities in the corporate group and supply chain, but it was only the local entity that committed, and was responsible for, a violation in a particular country. The cross-border nature of global supply chains made it difficult for national labour administrations to eradicate conditions leading to labour abuses, as some of the factors leading to those abuses lay in different countries, and therefore beyond the jurisdiction of the labour administration.

57. She noted that governments were taking action within the framework of the *UN Guiding Principles*, the *OECD Guidelines* and the ILO's MNE Declaration, but those were all non-binding texts, the effectiveness of which depended on the implementation mechanisms in place. Good practices had resulted from them, but uptake and impact had been weak across countries. National Contact Points, established as part of the implementation mechanism by countries adhering to the *OECD Guidelines*, had no means of enforcing settlements or of imposing sanctions. They could recommend that governments take action against violations committed by companies, but no more. The MNE Declaration was being diminished in importance by the Employers, who had prevented it even from being referenced as a relevant instrument in the ILO Centenary Declaration. Almost ten years after the publication of the *UN Guiding Principles*, only 23 countries had developed national action plans, and most plans did not deliver a robust business and human rights agenda, as required by the *UN Guiding Principles*. Some exceptions, where countries had taken further action, of course existed. In Germany, the Government had investigated whether companies were taking steps to comply with government expectations of responsible business conduct without being legally obliged to do so. Two years of investigation revealed that only 18 per cent of companies complied voluntarily. The Government of the Netherlands was conducting a similar evaluation to see whether binding regulatory action was needed.
58. The 2016 conclusions called on governments to promote cross-border social dialogue and international framework agreements and for the ILO to facilitate such agreements where requested. Transnational agreements between companies and global trade unions, including transnational collective bargaining, were at the core of cross-border social dialogue, and addressed labour rights in companies' cross-border operations and activities. Most agreements included direct references to ILO standards, and they had recently expanded to include topics beyond the scope of the fundamental principles and rights, such as harassment, the right to disconnect and the right to access data. Most agreements included a mechanism to resolve labour disputes. The Meeting of Experts on Cross-border Social Dialogue recognized, as did the OECD due diligence guidance, that transnational company agreements were an essential part of companies' obligations to perform human rights due diligence, especially with respect to labour rights. However, without an enabling environment and enforceability, trade unions were finding it increasingly challenging to negotiate such agreements. The fact that the Accord on Fire and Building Safety in Bangladesh (the "Bangladesh Accord") was a binding and enforceable agreement had greatly enhanced its effectiveness. It had made it possible for the garment industry to improve fire safety significantly throughout the sector. Creating an enabling environment for binding and enforceable transnational company agreements would greatly assist the social partners' effectiveness at addressing decent work deficits in global supply chains.
59. The Workers' group believed that voluntary business initiatives were inherently flawed and had failed to improve working conditions, despite claims to the contrary. They had become a for-profit, multibillion dollar industry in their own right. Most ignored the fact that abuses might be driven by purchasing practices and concentrated only on supplying companies, without capturing what the lead company was doing, directly or indirectly, to contribute to decent work deficits. Cases of serious audit fraud and manipulation were common. Private auditors lacked understanding of the enabling rights to freedom of association and collective

bargaining and of occupational safety and health risks. Workers were not involved in the design and implementation of the audits. The results of the audits were not made available to either the workers concerned or to the labour inspectorate, though the same audits covered workplace issues including safety, wages, abuse and overtime. Shortly before the Rana Plaza disaster in Bangladesh, resulting in the death of 1,134 workers, the factory had been audited and declared safe by a private auditor. Other similar examples of failure were easy to find. Where actions were voluntary, there was no transparency, no accountability and therefore scant effectiveness. The Corporate Human Rights Benchmark organization found that 50 per cent of companies that had expressed a commitment to human rights due diligence had not taken any steps towards implementation, while only 3 per cent of companies complied with all due diligence requirements, including providing remediation. Regulation was essential, but difficult for governments unless an international level playing field existed under an ILO standard providing a coherent response to a global challenge of governance. Otherwise, the risk would be a patchwork of regulatory approaches across different countries that would continue to encourage “forum shopping” for the country with the lowest level of obligations and labour standards. That was precisely the problem that had to be addressed.

- 60.** The Worker Vice-Chairperson stressed that regulating certain business models that led to abuses was not new to the ILO. From its very first days, the ILO had – in a tripartite manner – developed and adopted standards that fundamentally shaped and changed prevailing business models in a more socially just direction. Most of those standards were designed to apply at the national level and a serious gap remained where companies had cross-border activities and operations. However, a number of ILO standards had aspects relevant to international and cross-border cooperation and regulation, for example, the Maritime Labour Convention, 2006, as amended (MLC, 2006), and the Work in Fishing Convention, 2007 (No. 188), as well as instruments on migration. Moreover, the supervisory bodies regularly called for the lifting of any limitations on the right to freedom of association in EPZs and reminded governments that incentives to attract foreign direct investment should not include any limitations on the right to organize and bargain collectively. Regulating unacceptable business models and cross-border activity were therefore not in any way foreign to the realm of ILO standards.
- 61.** Yet, there were glaring gaps in ILO standards in the field of governance of global supply chains. Those were as follows:
- due diligence was not mandatory when conducting cross-border activities and operations impacting on labour rights; preventive provisions at supply company level and at lead company level were required;
 - there were no international regulations governing social audits and certification bodies operating across different countries along the supply chains;
 - current international labour standards contained no requirements obliging Member States to collaborate in respect of monitoring and enforcement measures, labour inspection and access to remedy in cross-border cases;
 - gaps remained in standards with regard to the right to bargain collectively with the economic employer in triangular employment relationships. That problem was worsened by global supply chains heavy reliance on outsourced workers who lacked the effective right to bargain collectively with the lead firm responsible for their working conditions, while their legal employer was further down the supply chain;
 - while the Labour Clauses (Public Contracts) Convention, 1949 (No. 94), concerned labour standards in public contracts, its Article 7 prevented it from applying to global supply chains;

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- the Examination of Grievances Recommendation, 1967 (No. 130), was pertinent to addressing deficits, but was not explicitly applicable to global supply chain situations.
62. The Employer Vice-Chairperson said that the discussion thus far had been useful in that it confirmed that the central issue under debate was trade. Countries did not trade with each other: they fixed the rules that governed how companies traded between them. A rule on “sourcing” was therefore a rule on trade, or a trade barrier. A rule prohibiting companies from sourcing, or importing, materials from certain countries also prohibited those same countries from exporting. It had been pointed out that all transactions by domestic firms, up to and including the exporter, were covered by national law. Supposed problems arose only when goods or services crossed borders. Moreover, the perceived problem did not occur in trade between companies in developed countries, but only when companies from developed countries traded with companies in developing countries.
 63. That line of thought resembled the protectionist debates of 20 years ago: developed countries should restrict importation from developing countries that failed to meet certain labour standards. The Employers were against such punitive action, which would only worsen the situation in the developing countries by undermining their ability to address existing decent work challenges. It was also counter to the ILO Declaration on Fundamental Principles and Rights at Work, 1998,¹⁴ which stated that “labour standards should not be used for protectionist trade purposes”, and that “the comparative advantage of any country should in no way be called into question”. The Employers would not enter into a debate that sought to violate the core principles of that Declaration by referring to companies, rather than to countries.
 64. The Employer Vice-Chairperson noted that the Workers’ group had suggested that some governments might be put under pressure to reduce enforcement of labour standards in response to threats from companies. It was patronizing to suggest that any government might feel threatened and such language should be avoided. No government at the Meeting had declared that it felt threatened in any way. An accusation had also been made that employers did not join the regulatory debate at national level. Such statements reduced the level of debate to mud-slinging, and were not helpful in seeking consensus and clarity on the way forward. A further accusation was that the Employers did not support the MNE Declaration, while the International Organisation of Employers (IOE) was in fact currently engaging with the ILO on a project regarding the Declaration. A statement had been made that international framework agreements were at the core of cross-border regulatory action. That was also incorrect. Such agreements were one way of regulating cross-border transactions, among many others.
 65. He observed that the Bangladesh Accord and the Alliance for Bangladesh Worker Safety had both contributed to improving building and fire safety in the country, but both had been sued in Bangladeshi courts because they were foreign-enforced standards. The Accord was being shut down in May 2020 and obliged to transfer its funding to the Government-led RMG Sustainability Council. It was important that details put forward as facts during the discussion should reflect the reality in the countries. Furthermore, the social audit that had monitored Rana Plaza had examined the safety of the operation, and not the safety of the building itself.
 66. All companies, whether producing for the domestic market or for export and regardless of their size, were subject to the laws and regulations of the country in which they operated. Those laws and regulations must be in compliance with ratified ILO standards. Cross-border supply chains began and ended in all countries. If there were a regulatory gap, it would therefore be apparent in all countries. And yet there was no regulatory gap apparent in

¹⁴ [ILO Declaration on Fundamental Principles and Rights at Work \(1998\)](#).

Switzerland, an important exporting nation, for example. Governance was not lacking at the international level. There were shortfalls in implementation and enforcement at national level. The key factor was not the presence of cross-border supply chains, but the weakness of national governance systems in certain countries. The Alliance 8.7 report revealed that in North Africa 91 per cent of child labour was purely domestic, outside global supply chains. By concentrating on decent work challenges in global supply chains, the Meeting was missing the root causes of lack of development: weak governance, informality and poor productivity, which impacted all workers — not simply those in global supply chains. That overall approach was upheld in the ILO Centenary Declaration. The ILO Declaration on Fundamental Principles and Rights at Work and indeed ILO Conventions were applicable to all workers. To develop a standard applicable specifically to workers in global supply chains would simply create a two-tiered compliance system and promote unequal and potentially discriminatory treatment of workers. The only solution would be to develop strong, national institutions that could implement and enforce laws covering all companies and workers in the same way within national borders, whether they participated in cross-border supply chains or not. The Meeting needed to listen to governments in order to understand what their implementation difficulties might be. Labour inspection would appear to be a major area for attention. The 100th Session (2011) of the International Labour Conference had held a general discussion on labour administration and labour inspection. The agreed measures to be undertaken had apparently not been implemented. However, the Employers were committed to innovative ways of building capacity of labour inspectors at national level.

- 67.** The Employer Vice-Chairperson said that the ILO already possessed a comprehensive panoply of international labour standards. More needed to be done to ensure that Member States implemented those standards in law and practice, that domestic labour administration and inspection systems ensured that they were effectively followed and that workers had access to judicial remedies in cases of abuse. Those standards, which were addressed to governments and not to companies, did not differentiate between workers in companies producing for the domestic market, or the global market, or both. The ILO was also equipped with a supervisory mechanism which had proved effective at resolving domestic and cross-border supply chain issues since its inception. The Governing Body had confirmed that the ILO's fundamental Conventions, governance Conventions and more recent technical Conventions were all up to date, and the Standards Review Mechanism Tripartite Working Group was working to ensure the relevance of the body of the ILO's standards. All efforts were clearly being made to ensure that the ILO was equipped with standards that were fit for purpose. The Employers did not believe the argument that some Member States would never have the capacity to implement and enforce international labour standards. Once again, that was a patronizing opinion. The job of the Office was to support all Member States in their efforts to achieve decent work, and to leave no one behind in the process.
- 68.** The Employers' group did not see the need for a review on how international labour standards applied to global supply chains, as all important instruments applied equally to all workers. The Tripartite Working Group was moving ahead with its work, which also included the identification of gaps in coverage in the instruments reviewed. So far, general gaps in the protection of workers had been noted, rather than gaps specific to workers in global supply chains. No justification had been provided for special or additional protection in global supply chains. Nor did the group support an article 19 General Survey on national law and practice in relation to global supply chains that the background report had suggested. General Surveys were not tools to examine specific "topics", but were designed to review national law and practice in relation to selected instruments.
- 69.** The Employers could not agree to any of the normative actions proposed: a declaration by the Governing Body or by the Conference, a modification to the MNE Declaration, and in particular to a new international labour standard, as all issues that pertained to global supply chains were adequately covered by the current range of ILO instruments.

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70. The ILO should communicate better that international labour standards applied in all workplaces and to all workers, irrespective of the market in which they were working, and that the primary responsibility for implementation lay with governments, not companies. The Office should develop training materials and tools to assist Member States and the social partners in their understanding of the standards. Information on good practices was also very important. The material produced should put emphasis on the Labour Inspection Convention, 1947 (No. 81), and the Labour Inspection (Agriculture) Convention, 1969 (No. 129). The ILO should also encourage Member States to seek recourse to development cooperation in building the capacity of national institutions to help create an enabling environment for effective implementation of ratified Conventions.
71. An Employer member from Mexico recalled that the North American Free Trade Agreement (NAFTA) between Canada, Mexico and the United States had been renegotiated and was now replaced by the United States–Mexico–Canada Agreement (USMCA). Under Chapter 23 of that Agreement, the parties had established special protection of fundamental rights, such as freedom of association, collective bargaining, abolition of child and forced labour, non-discrimination and acceptable conditions of work, which went beyond the protection previously provided by national law and regulations. The signatories agreed to set up rules to implement those provisions domestically. Mexico had recently passed new labour legislation that implemented those changes, placing them in federal law. One effect of the agreements that had passed into law was the right of all workers to belong to a trade union of their choice. Particular attention had been paid to reinforcing labour dispute mechanisms. In this way, the trade agreement signed by the three States had in fact encouraged compliance with international labour standards.
72. The Government Vice-Chairperson recognized the nuanced approach taken to global supply chains by the 2016 conclusions, which acknowledged that there were both positive and negative aspects to the chains. Individual governments' responses to discussion point 2 varied too widely for the group to be able to give a single, collective reply to the issue, but governments appeared to focus on two points. The first related to government capacity in terms of enforcement and inspection systems and the ability of the labour administration system to apply the regulations. The second concerned access to remedy, especially in the lower tiers of the supply chains, but also to all workers across the supply chain.
73. The Government representative of Croatia, speaking on behalf of the EU and its Member States, said that governance challenges arose from the weakening of regulations through fragmentation of the production process across borders; and a lack of effective access to remedy, as a result of a combination of limited corporate liability, limits on State jurisdiction and weak national governance. The ILO should assist by promoting ratification and implementation of international labour standards. EU–ILO cooperation provided specific examples of cross-border global supply chain challenges. Those included the need for cross-agency inspections and cross-border traceability to prevent and address forced labour in fishing supply chains; and the need to pay particular attention to national regulations on phytosanitary products at the sending and receiving ends of supply chains, as well as during transport, as they could have a serious impact on occupational safety and health along the supply chain.
74. The Government representative of the United States said that existing measures should be implemented, rather than developing new standards. The US Department of Labor report on the worst forms of child labour, published annually, highlighted abuses around the world and described progress towards their elimination. In making recommendations, the 2019 report concentrated overwhelmingly on the need to strengthen laws and enforcement to achieve eradication. Its other recommendations included improved coordination, more focused policies and targeted programmes. International trade was not the exclusive domain of giant multinationals, but very often concerned small or family-run enterprises. Large and small companies should adhere to the same standards. Standards and implementation in

EPZs should be the same as those applicable in national law and be consistent with the fundamental principles and rights at work. Governments had the responsibility to enforce laws and protect human rights, while employers had the responsibility of compliance therewith. Stronger and more effective efforts by enterprises, trade unions, international organizations and non-governmental organizations could help promote international labour standards, especially where governmental institutions were weak.

75. The Government representative of Canada stressed the importance of collaboration and communication. The challenge was finding a way to work with industry and civil society in designing effective and enduring programmes to address labour exploitation in supply chains. National circumstances must also be taken into account. A harmonized approach on the basis of existing international frameworks and partnerships (*UN Guiding Principles*; *OECD Guidelines*; MNE Declaration; Alliance 8.7) should be considered, taking care to ensure work was not duplicated. The ILO should also be mindful of the work undertaken by Member States to combat labour exploitation in their own jurisdictions, as a number of countries had already adopted legislation addressing exploitation across supply chains. The Government would welcome ideas on potential measures to help identify sources of exploitation in supply chains, and promote better information sharing among ILO constituents.
76. The Government representative of Switzerland did not see the added value of an ILO standard on global supply chains. It would not solve the issue of extraterritorial jurisdiction and the ILO supervisory system was not suited to that task. It would be insufficiently specific to address the wide range of decent work deficits and the particular governance frameworks in different economic sectors. The ILO should assist Member States in ratifying and implementing applicable standards, in particular the eight fundamental Conventions. Governments should ensure that their policies were coherent with international labour standards. Free trade agreements could be helpful and could, as did the European Free Trade Association, reference the ILO fundamental Conventions. Governments had a particular responsibility to lead by example in global supply chains for public procurement. Switzerland took the ILO fundamental Conventions as minimum labour standards in its law on public procurement of 2008. Further international labour standards had subsequently been added to the canons, and officials negotiating for public markets could also require compliance from supply chains with those instruments.
77. Legislative measures alone could not bridge governance gaps. A combination of responses, or a “smart mix”, was required. Legislation should be accompanied by incentives, support and capacity building. All actors in the supply chain, governments, companies, employers and workers, must come together to address decent work deficits, adopting the approach promoted by relevant ILO initiatives, such as the Better Work and SCORE programmes. Those initiatives could be coupled with voluntary sustainability standards. Switzerland had adopted that approach, and it had enabled the country to support a more sustainable production of certain key commodities, including coffee, cocoa, palm oil and cotton. In the future, Switzerland aimed to go beyond certification, and would welcome the expertise of the ILO in taking initiatives forward, addressing the regulatory framework in individual sectors, and engaging in public–private partnerships. The *UN Guiding Principles* constituted an important step towards closing existing governance gaps. Switzerland had recently revised its National Action Plan on Business and Human Rights for 2020–23, in consultation with relevant stakeholders. The revised plan included a particular effort to support SMEs.
78. The Government representative of the United Kingdom said that any mandate placed on governments to perform due diligence, especially if wide-ranging in scope, would be very challenging, given the number of businesses it would involve. It would, moreover, be very difficult for the ILO to develop due diligence standards that reflected the differing national contexts in which global supply chains operated. Extraterritorial enforcement of measures was another concept that would prove very complex in practice. The United Kingdom did

not support further action on global supply chains where there was no international consensus on governance of issues such as minimum working conditions and the organization of the platform economy.

- 79.** The Government Vice-Chairperson said that while there had been a recent increase in the influence of non-State actors on all aspects of life, including multinational corporations, global unions and civil society, the UN was formed around nation States, and, in reality, the primacy of the nation State could not be ignored. International labour standards were ratified by nation States, and the success of their implementation depended on the political will of States. The sovereignty of States continued to be a fact preventing, for example, South Africa from extending its jurisdiction beyond its borders without breaking international law. Global supply chains had very significantly altered production processes, and the ILO's body of standards was not able to accommodate that change. Therefore, a binding labour instrument, positioned to take account of the multinational character of the business environment, should now be considered. The discussions thus far showed that there was no agreed definition of a global supply chain. Decent work for all would only be possible if a level playing field was established. Current international frameworks were insufficient to achieve that end. Voluntary initiatives and audits, though creating opportunities, were not managing to eliminate decent work deficits in global supply chains.
- 80.** The Worker Vice-Chairperson said that the Employers' insistence that the discussion was essentially about trade was misleading. The Workers did not wish to erect barriers or create obstacles to trade. They wished for a situation in which relevant international labour standards were applied throughout global supply chains. They questioned the efficacy of voluntary auditing and called for more effort to be made to ensure that open borders, globalized markets and free trade should be based on a level playing field founded on the fundamental principles and rights at work. The Employers had quoted from the ILO Declaration on Fundamental Principles and Rights at Work to support an argument against protectionism. However, the ILO Declaration on Social Justice for a Fair Globalization said "that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes". There was a clear distinction between protectionism and protection.
- 81.** The USMCA did indeed appear to be a positive example of a trade agreement, in that it contained labour clauses and promoted their enforcement. The Workers' group welcomed the fact that the Employers shared that opinion and wished to see many similar agreements. However, they noted that employers had filed some 400 injunctions against the labour laws that had been introduced in connection with that trade agreement.
- 82.** The General Secretary of UNI Global Union informed the Meeting that the Bangladesh Accord had been signed between global unions in 2013, and since then it had overseen 37,000 inspections in over 2,000 factories, of which 90 per cent had been remediated. The Accord was credited with restoring safe factories in Bangladesh and was now entering a new phase under which it would become a not-for-profit corporation. That did not mean it was ceasing to exist: it was a binding agreement and had been popular with global brands since its inception, gaining over 200 signatories. It established what the brands wanted: a level playing field.
- 83.** The Worker Vice-Chairperson said that her group believed that existing weaknesses in enforcement at national level had been exacerbated where globalization had allowed greater opportunities for abusive practices. The Government representative of South Africa had made that point very clearly. The ILO standards currently in place had been rendered less effective by the changes in the world of work that had accompanied digitalization and globalization. A specific standard that was applicable to global supply chains was needed, not to create a two-tiered system, but to afford protection for the particular needs of workers

in supply chains. The group agreed with the Employers that there was a need for further ratification and better implementation and enforcement of ILO instruments, and hoped that the Employers would back up their international-level expressions of support for increased enforcement by also supporting it at national level, where they often argued against ratification. The Standards Review Mechanism was an important initiative for the ILO, but it was not a standard-setting body. The group welcomed the acknowledgement by the Government representative of the United States that government and business shared obligations in addressing decent work deficits. As set out in the 2016 conclusions, the social partners had complementary responsibilities. Government action alone was not sufficient. The Workers would have liked the report to conduct a more comprehensive analysis of gaps in governance leading to decent work deficits, which would have allowed the Meeting to judge what actions needed to be taken in view of the transnational nature of global business. Attributing decent work deficits to the national level alone ignored the MNE Declaration, the *OECD Guidelines* and the Ruggie Principles.

84. The Employer Vice-Chairperson agreed that there were gaps that were provoking decent work deficits, and that the Meeting should identify those and decide on the appropriate response. The emphasis should be on concrete, non-normative action and the approach should be collaborative. As the Government representative of Switzerland had suggested, a combination of responses was called for. The Employers wanted a strategy to be put in place, combined with capacity building and incentives.

Point 3. What guidance, programmes, measures, initiatives or standards are needed to promote decent work and/or facilitate reducing decent work deficits in global supply chains?

85. The Employer Vice-Chairperson said that the Meeting must take account of the key findings of the independent synthesis review, which were as follows:
- global supply chains offered an entry point for the ILO to achieve outcomes in all of its work. They were not a stand-alone issue, but a means of implementation that cut across all ILO action;
 - the precise problem that the ILO was trying to address in global supply chains lacked clarity. The Organization’s programme of action on global supply chains did not amount to an overall strategy;
 - there was no established typology of global supply chain interventions within the ILO;
 - ILO interventions had been heavily concentrated in the Asia and the Pacific region and in the textile and garment sector;
 - short project time frames were not conducive to achieving sustainable changes for either global supply chain participants or supporting institutions, and consequently the impact of the projects could not be assessed;
 - longer-term presence in implementation countries, and extended projects, were considered beneficial. A country-based approach was the most effective;
 - the ability to scale up ILO interventions and projects was limited. Most projects were “one-off”, without apparent follow-up;

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- the impact of many of the global supply chains-related projects over past years had not been fully determined, such that the ILO did not clearly understand what did, and what did not, work.

86. On the basis of those findings, the synthesis review recommended that the Office develop a high-level strategy document to provide a clear definition of global supply chains; to articulate desired outcomes; to demonstrate how the outcomes were interrelated; to put a monitoring system in place; and to identify mechanisms maximizing organizational synergies. To that end, the synthesis review suggested that the Office should strengthen global supply chains project design and monitoring; adopt the “One ILO” approach currently being implemented in Ethiopia; and consider whether a more in-depth and comprehensive evaluation of all ILO work in global supply chains was needed.

87. The Employers’ group strongly supported the development of such a strategy and outlined the approach their group would propose. The definition of global supply chains that should be used was that from the ILO–OECD–IOM–UNICEF report: “goods and services that cross international borders for consumption or as inputs for further production.” Global supply chains would then become a point of entry that the ILO could use to support Member States in developing or reinforcing national institutions to ensure effective compliance with Conventions, the critical issue to solving the problems. The strategy would be based on the principle that all workers and all employers, not only those that worked in global supply chains, were entitled to protection under national law. All available evidence showed that wages and working conditions were better in production for export than in domestic supply chains, and also better than in the informal sector. The strategy would avoid the basic flaw in the ILO’s current approach, which assumed that global supply chains were distinct from domestic supply chains, where in fact they were entirely intertwined. The strategy would also avoid the mistake of assuming that certain trends or issues were unique to global supply chains. For example, the Office claimed that fragmentation in global supply chains provided opportunities to avoid complying with legislation. Yet fragmentation of production was as common in domestic supply chains as in global supply chains, with precisely the same business practices in both. There was therefore no need to focus solely on global supply chains. The Office approach also maintained that national laws were not working when goods or services were produced for export, yet all production took place within a national jurisdiction and was subject to national law, whether for export or not. Moreover, advanced economies had extensive links to global supply chains, but faced no enforcement challenges.

88. The Employer Vice-Chairperson said that the strategy, adapted from the sectoral “One ILO” approach adopted by the ILO in Ethiopia, would seek to support Member States in developing strong and effective national institutions through:

- partnerships and tripartite dialogue;
- promoting respect for the fundamental principles and rights at work;
- instituting appropriate labour reforms;
- helping to develop and reinforce labour administrations and inspectorates;
- helping to develop effective judicial systems, including labour courts;
- encouraging the transition from the informal to the formal economy;
- supporting the development and implementation of employment and active labour market policies;

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- promoting productivity improvements and an enabling environment for sustainable enterprises;
 - establishing sustainable social protection systems;
 - promoting skills development and effective human resource and development policies, including in relation to gender equality and diversity;
 - using supply chains as an entry point for ILO action in all spheres listed above under the “One ILO” approach but for individual countries, rather than sectoral approaches, though priority could then be given to individual sectors as necessary.
- 89.** Using the sectors identified within domestic and/or global supply chains, the ILO could then expand its operations as part of a coherent, longer-term “whole of country” initiative to support constituents in developing strong, effective national institutions able to protect the fundamental principles and rights at work, improve compliance, increase employment, develop skills and gender diversity, and support formalization, productivity and competitiveness. It could combine with other initiatives such as the Alliance 8.7 pathfinder countries and other complementary activities, such as the ILO Global Business Network on Forced Labour. It would have the merit of applying to all workers, rather than excluding the 85–90 per cent of workers that were not linked to exports. Development of such a strategy should be carried out by a working group taskforce of a manageable size, similar to the Working Party on the Functioning of the Governing Body and the International Labour Conference, with representatives of governments, and the workers and employers represented by the ITUC and the IOE.
- 90.** The Worker Vice-Chairperson countered the Employers’ argument that it was incorrect to concentrate exclusively on global supply chains at a time when supply chains were becoming increasingly regional, especially in Asia and in Europe. She cited one example taken from the heavy-duty transport industry, quoting a recent trade union news article entitled *Romanian trucker, Polish wage, Dutch workplace*. In that example, Eastern European drivers were hired on wages established in the lower-income countries, even if their workplace was in a higher-wage zone and their work took them frequently through high-wage countries. At issue here was the business model based on outsourcing across borders. It made no difference whether it was between or within regions or global: it consisted of the exploitation of lower wages and lower social protection in another country to generate higher business profits.
- 91.** She noted that the Employers had also been critical of the lack of attention that the Office had accorded to the independent synthesis report on the ILO’s work in global supply chains. However, the synthesis review had been fully discussed during the 337th Session of the Governing Body (October–November 2019), and the decision taken at that session invited “the Office to continue to take into account the findings of the independent synthesis review”, which for the Workers constituted a satisfactory response. The group acknowledged that there were many linkages between global, regional, interregional and domestic supply chains, but maintained that there was a dimension to global supply chains which required action by the ILO. In respect of a definition for global supply chains, that given in the background report to the 2016 Conference general discussion was sufficient: “cross-border organization of the activities required to produce goods or services and bring them to consumers through inputs and various phases of development, production and delivery”. Enforcement and implementation activities at national level could always be improved, but such improvement would not be sufficient to respond to discussion point 3, which invited the Meeting to consider whether current ILO standards were fit for purpose to deal with the issues pertaining to global supply chains. The Employers’ group had failed to address that question. However, existing ILO standards were premised on the assumption that workers were employed by an undertaking solely responsible for setting working

conditions, with a government free from all external pressure and possessing the required regulatory space to address decent work deficits. But globalization, trade and technological advances had profoundly changed the manner in which labour markets were structured. The Workers did not wish to reverse those changes, or to erect trade barriers or constraints on technological efficiencies; their concern was with the decent work deficits that had arisen. They simply wished to ensure appropriate regulation at the appropriate level, which – in a situation where markets were increasingly global – should be through an international standard providing for a level playing field at global level.

92. The Workers believed that such a standard should include the following elements:

- an obligation on Member States to regulate the conduct of enterprises established in their territory and under their jurisdiction;
- legislation to ensure that enterprises take the necessary preventive measures (due diligence requirements) against labour rights risks, including transparency, regarding their cross-border activities;
- voluntary initiative social auditors and certifiers operating in global supply chains must be licensed by public oversight bodies with guarantees of transparency;
- effective access to freedom of association and collective bargaining throughout the supply chain, including in EPZs, to be guaranteed by legislative and policy measures;
- employment relationships with minimum protection throughout the supply chain, extending protection to non-standard forms of employment and taking measures to prevent misclassification and disguised employment practices;
- extending requirements for adherence to labour standards in public contracts to the global supply chain (by laws and through collective agreements), to promote decent work along the supply chain through public procurement;
- monitoring and enforcement measures to ensure effective protection of workers, including collaboration between Member States in cross-border cases with regard to labour inspection and access to justice. The instrument should include provisions ensuring the establishment of grievance mechanisms throughout the supply chain.

93. The Workers' group did not support the possible non-normative action listed in the background report. While there was of course a need for promotional activity to accompany standards, alone it was insufficient. Promoting ratification and implementation of ILO standards should already be part of the Organization's regular work. Non-binding measures fell short of ensuring an appropriate international governance framework. The Workers did not favour technical guidelines or a code of conduct, given that the recently modified MNE Declaration was already in place. The proposal to adopt a declaration on global supply chains would appear to be a duplication of the already very comprehensive 2016 conclusions. The Employers called for coherent Office action in the area of global supply chains, but the Office had already put in place a five-year plan that was followed up by the Governing Body. Any necessary adjustments could be made to that plan as it progressed.

94. The Government Vice-Chairperson said that the membership of his group was divided on whether standard-setting in the field of global supply chains was necessary. The changes in the labour market indicated the need for continued discussion. New work platforms, created by digitalization, were not covered by existing standards, and employment conditions had declined. There was some consensus around action to be taken by the Office, which should reinforce its current efforts to implement the 2016 conclusions, and also conduct an analysis

into decent work deficits in global supply chains, identifying where such deficits occurred and their underlying causes.

95. The Government member of Croatia, speaking on behalf of the EU and its Member States, said that given the extent and types of decent work deficits in global supply chains, the ILO should adopt a smart policy mix, as outlined both in the *UN Guiding Principles* and in the 2016 conclusions, and build on other guidance initiatives in that area including the *OECD Guidelines*, and in cooperation with development organizations and multi-stakeholder initiatives such as Alliance 8.7. It was now time for the ILO to accelerate its efforts by stepping up active engagement with multinational enterprises, effective advocacy, policy advice and technical assistance. The ILO–OECD programmes in Asia and Latin America, funded by the EU, provided good examples of multi-stakeholder partnerships which could be deepened and developed with additional partners. The EU agreed that the “One ILO” approach should be strengthened, so as to take on the form of a model for future development cooperation programmes, replicable across different types and tiers of supply chains. The conclusions of the Meeting of Experts on Cross-border Social Dialogue also listed specific, concrete actions to take in the field. Before enhancing existing programmes or developing new ones, the impact of current measures needed to be gauged. There was a clear need to identify gaps in the existing body of standards applicable to global supply chains. On that basis, options to strengthen the ILO’s regulatory and non-regulatory measures could be explored, at sectoral level, where appropriate. All international labour standards were applicable to global supply chains, but they had not been designed for that purpose. The Office should provide the building blocks outlined to take the issues forward at the 341st (March 2021) of the Governing Body.
96. The Government representative of South Africa said that the existence of decent work deficits in global supply chains could not be blamed on the failure of governments to implement labour standards alone. At a time of transformative change in the world of work, the supervision of international instruments was of fundamental importance. Shifting trade patterns were tending towards regional rather than global supply chains, but the Government of South Africa still called for a binding instrument to deal with cross-border supply issues that was positioned in such a way as to recognize the multinational character of business environments. The 2016 conclusions had stated that “current ILO standards may not be fit for purpose”. There would be a need to refer infringements and abuses to an international tribunal, which could for example resemble the International Centre for Settlement of Investment Disputes. South Africa supported the proposal made by the EU that the Office should supply the building blocks to take the issues under discussion further forward at the 341st Session (March 2021) of the Governing Body.
97. The Government representative of the United States said that his Government did not see the need for a new standard on decent work in global supply chains. All issues were already covered by the very wide range of instruments already in place. Governments could not be called on to administer due diligence in hundreds of thousands of supply chains – the scale of that operation would call for a bureaucracy far beyond the capacity of governments to establish. An additional concern arose from the fragility of global markets, currently seriously disrupted by the COVID-19 outbreak. Increased regulation could also have a dampening effect on the market. Many excellent initiatives were already in place: the Better Work Programme, the USMCA, the Vision Zero Fund, and the ILO’s own supervisory mechanism, among others. A combination of those approaches could be endorsed as upgraded action.
98. The Government representative of the United Kingdom supported all the non-normative proposals made in the background report. The ILO could provide business with information about the risks of exploitative practices, by establishing a country, region and locality risk register, and a similar register for products that were known to be produced, transported and supplied in conditions at risk of such practices. The ILO should continue to work with its

multilateral partners to generate and share knowledge and promote sector-based due diligence guidance. The United Kingdom was in favour of the ILO providing technical assistance, and promoting ratification of existing Conventions that aimed at tackling abusive labour practices in global supply chains. The Government would support development or revision of declaratory texts, if they added value. Governments should be encouraged to conduct due diligence on public sector supply chains and to use their leverage in that sense to promote decent work. International agencies should do likewise. The Government also felt that the gender dimension was lacking in the background report. Business mechanisms on “access to remedy” could provide a basis for making progress in that field. In that connection, the ILO could work with the United Nations Office of the High Commissioner for Human Rights (OHCHR) Working Group on the issue of human rights and transnational corporations and other business enterprises, which had conducted a large access to remedy project, supported by the United Kingdom. The project suggested potential action to be taken as well as listing many best practices.

- 99.** The Government representative of Finland said that after initially thinking that the background report should have gone deeper, having heard the debate, felt that it had been sufficiently stimulating as it stood. So far, the discussion showed that the Office should conduct further analysis to identify gaps before considering whether those could be adequately bridged by a standard.
- 100.** The Government representative of Switzerland said that his Government was in favour of strengthening existing measures and supported a sectoral approach. Attention should be paid to programmes that had proven track records, including SCORE and Better Work, both of which had had beneficial effects on working conditions in terms of working environment, occupational safety and health, wages, hours of work, reducing the gender pay gap, combating forced labour, as well as on productivity. Existing programmes and initiatives should be scaled up: the “One ILO” approach adopted in the garment sector in Ethiopia was an example. Switzerland had provided seed funding for a number of private and voluntary sustainability standards and recommended the Sustainability Map produced by the International Trade Centre as a useful tool. In seeking to go beyond certification, Switzerland had established multi-stakeholder platforms at the national and sectoral level that sought to improve the regulatory framework locally, in parallel with technical assistance, for instance improving working conditions in palm oil production in Indonesia and in coffee production in Peru. The Government was also rolling out its revised action plans 2020–23 on business and human rights and on corporate social responsibility, providing support to SMEs via a range of tools, including guidelines and practical workshops, and specific measures to raise awareness in the Swiss private sector of the risks of child and forced labour in supply chains. In that connection, the Government encouraged enterprises to make use of the MNE Declaration and in particular the ILO Helpdesk for Business on International Labour Standards, which provided practical assistance to enterprises. Switzerland stressed the usefulness of the *OECD Guidelines*, which contained valuable recommendations on conducting due diligence. The National Contact Points provided tailored mediation for specific grievances, allowing workers access to remedy and redress. Almost all cases closed by the Swiss National Contact Point contained recommendations, and the majority had led to a real change in company policies.
- 101.** The Government representative of Brazil said that voluntary codes of conduct and private monitoring mechanisms usually relied on self-enforcement. Despite the investments made by enterprises, they had not achieved the aim of promoting decent work and avoiding workplace tragedies. While private initiatives could play an important role in promoting decent work, they were not substitutes for public labour inspection. Indeed, the Meeting appeared to be in consensus on the need to strengthen labour inspection, but at the same time, labour inspectorates around the world had been facing staff and resource cuts. In terms of regulation, a common feature of recent initiatives had been to call for due diligence. But international standards on the subject were in their infancy; the concept itself was still under

development and questions remained in respect of liability. Due diligence requirements were among the most common methods used to link corporate responsibility to human rights in law. Brazil was open to a variety of options including normative and non-normative approaches. Particular attention should be paid to concrete measures that could be taken by the ILO and all other stakeholders to increase implementation of standards.

102. The Government representative of India said that India had heard the call for greater coherence, and had considerable legislative reforms in the pipeline aimed at strengthening enforcement; improving working conditions, especially for women; setting minimum wages; and promoting occupational safety and health. The emphasis should be on encouraging decent work through national laws and regulations, and on strengthening the public policy framework, rather than by introducing further, prescriptive standards.
103. The Government representative of Canada argued for a multipronged approach. His Government supported a rules-based international order and labour standards, which included the ILO supervisory system, and considered respect for fundamental principles and rights at work central to ensuring decent work globally. Free trade agreements were also key tools to mend decent work deficits in global supply chains, as had already been noted in relation to the CUSMA. Canada also provided technical assistance to its developing country partners to assist them in complying with their labour obligations. Finally, domestic measures also played a key role in addressing labour exploitation in supply chains. Among those measures, Canada now expected all companies to adhere to the principle of responsible business conduct, whether operating in Canada or abroad, regardless of the sector, in full respect of human rights, all applicable laws and international labour standards. Canada maintained an OECD National Contact Point to implement the *OECD Guidelines*.
104. Gender inequality was one of the root causes and drivers of labour exploitation, and Canada placed particular emphasis on advancing gender equality, for example through its Feminist International Assistance Policy. In 2019, the Government had also put in place a National Strategy to Combat Human Trafficking, under which it would increase its multi- and bilateral partnerships, including by joining Alliance 8.7 and requesting to join the Bali Process. The Government also understood the potential of leveraging procurement practices to address labour exploitation in supply chains and Canada had worked with key international partners to launch the *Principles to Guide Government Action to Combat Human Trafficking in Global Supply Chains*, which called for responsible government procurement practices. A 2018 policy required suppliers to self-certify that they and their direct Canadian and foreign suppliers complied with the eight ILO fundamental Conventions.
105. The Government representative of Spain said that his Government, which had ratified more ILO Conventions than any other country, agreed that there was a need to promote the ratification and implementation of international treaties and Conventions aimed at ensuring respect for human and labour rights. At the end of 2018, Law 11/2018 had been approved in Spain, which obliged large companies and business groups to integrate due diligence into their business processes, including, where applicable, processes related to their supply chains and subcontracting. Spanish companies operating abroad had made considerable efforts in respecting responsible business conduct, of which the INDITEX-funded project mentioned earlier by the Government of China was one example. Spain was constant in its support of ILO action, including standard-setting action, to eliminate decent work deficits in global supply chains.
106. The Government representative of Uruguay stressed the need to identify technical assistance programmes that could prove effective against decent work deficits in global supply chains.
107. The Government representative of Japan noted that many divergent views had been expressed during the Meeting, and consensus had not been attained. On the basis of that

observation, he believed that the Meeting should not conclude by setting in motion the process of adoption of a new international standard.

- 108.** The Employer Vice-Chairperson maintained his group’s position that insufficient attention had been paid to the synthesis review, which had indeed been discussed in passing by the Governing Body at its October–November 2019 session. The group disagreed that that discussion and decision constituted a “satisfactory response” to the synthesis review, and though the Governing Body had decided on the holding of the present Meeting, without a strategy it was not likely to be able to tackle the problem in the best way. It remained highly regrettable that the synthesis review had not even been mentioned in the background report. The group wished to reiterate that ILO figures showed that only 5 per cent of all workers were employed by exporters, and only 10 to 15 per cent of all workers were connected to global supply chains, making a dedicated instrument pointless. Any approach should encompass both domestic and global supply chain workers. He took exception to certain terms that had been used. “Lead firms” was not a technically correct term. The Government Vice-Chairperson had made a statement about “declining employment conditions”, but had not backed up that assertion with any facts; unsubstantiated statements were not helpful. The Government representative of South Africa had quoted from the 2016 conclusions that “current ILO standards may not be fit for purpose”. The full quotation read: “There is concern that current ILO standards may not be fit for purpose”.
- 109.** There had been an overwhelming view from governments that action should be non-normative and coupled to a clear, concrete strategy. The Employers completely rejected the development of any new standard in the field of global supply chains, and joined with the governments which had expressed a strong preference for a solution-led way forward. However, no participant had commented on the Employers’ proposal to put in place a task force, in the form of a working group similar to that charged with reforming the Governing Body and the Conference, with the ITUC and the IOE providing the social partner composition of the working group.
- 110.** The Government representative of Germany disagreed with the Employers’ appreciation of the “overwhelming support” from governments for non-normative action. She read out the closing words of the statement made by the Government representative of Croatia on behalf of the EU and its Member States:
- The EU and its Member States believe that we need to clearly identify if there are any gaps in the current body of standards and means to ensure decent work in global supply chains. This would then enable us to explore options to strengthen the ILO’s regulatory and non-regulatory measures in a step-by-step approach, including at sectoral level where appropriate. As stated in the background report, international labour standards all apply to global supply chains, but in essence they have not been designed for this purpose. We would like therefore to task the Office to provide the building blocks to take these issues forward in the Governing Body of March 2021.
- 111.** The Worker Vice-Chairperson thanked the Government of Germany for the precision she had brought to the discussion. Each participant was free to advance her or his reading of the feeling in the room. She had observed overwhelming support to focus on global supply chains as addressed in the 2016 conclusions, and as in the current programme of action. Many voices had spoken in favour of a smart mix of normative and non-normative action. It was important not to go backwards.

Consideration of the constitution of a drafting group

- 112.** The Chairperson informed the Meeting that now that the general discussion was over, a proposal had been put forward to constitute a smaller drafting group, which would work on

the basis of a set of draft conclusions to be prepared by the Office. The proposed composition would be eight Government members, eight Employer members and eight Worker members. Each group could be supported by eight advisers, who would not participate actively in the drafting process.

113. The Government Vice-Chairperson read out the composition of his group's proposed members of the drafting group as follows: Government representatives of Brazil, China, Croatia, Morocco, Netherlands, South Africa, United Kingdom and the United States. The group's advisers would be: Canada, European Union, Finland, Germany, Namibia, Panama, Tunisia and Uzbekistan. The Government group also wished for all interested governments to be able to participate in the work of the drafting group as observers.
114. The Employer Vice-Chairperson observed that the European Union was not a Member State of the ILO, but an observer institution.
115. The representative of the Legal Adviser read out article 13 of the Standing Orders for technical meetings on the establishment of subsidiary bodies:

ARTICLE 13

Subsidiary bodies

1. The meeting may set up subsidiary bodies. Subsidiary bodies shall consist of equal numbers of members appointed by each of the groups, as well as the Chairperson or a Vice-Chairperson of the meeting, who shall preside over the sittings of the subsidiary body.
 2. The Government members of a subsidiary body may be accompanied by their advisers, whose overall number shall not exceed that of the members of the Employers' and Workers' secretariats taken together. Such advisers and members of the Employers' and Workers' secretariats may take part in the debates.
 3. These Standing Orders shall apply in so far as they are relevant and with the necessary adaptations to subsidiary bodies.
 4. Sittings of subsidiary bodies are not open to observers or to the public.
116. On the proposal of the Chairperson, following consultations with the Vice-Chairpersons, the Meeting decided to consider the tentative conclusions in plenary sitting. Governments were asked to consider how best to structure their interventions in the light of the number of Government representatives present.

Consideration of the tentative conclusions

(The Office prepared a set of tentative conclusions for consideration by the Meeting. Following consideration of the tentative conclusions in the group meetings, it was evident that there was not an agreement to proceed to a discussion of the tentative conclusions. In an effort to resolve the impasse, the social partners and the governments agreed that the Government group should produce a compromise text, taking account of all concerns expressed by the three groups. During the subsequent discussion, the Meeting was suspended on several occasions to allow the groups to consult among themselves. The report does not indicate those breaks.)

117. The Chairperson informed the Meeting that she had conferred with the Government, Employer and Worker Vice-Chairpersons in respect of the tentative conclusions prepared by the Office, and it had been agreed that the Government group should be tasked with drafting a compromise text. She invited the Government Vice-Chairperson to present the draft conclusions produced by the Government group.

118. The Government Vice-Chairperson said that the views expressed by the social partners during their informal consultations regarding the tentative conclusions prepared by the Office had made it clear that discussions could not proceed on the basis of the draft. The Government group had therefore put together a proposal that aimed to encompass the views of the social partners and take on the productive ideas presented by the three groups during the discussion. It was presented as the basis for the entire text of the Meeting's conclusions, with further additions to be made as considered necessary. The proposal set out the modalities for an analysis of governance gaps in global supply chains, and the results thereof would form the building blocks for a discussion by the Governing Body at its session in March 2021. The draft proposal read as follows:

The Office, in concert with a tripartite working group of a manageable size and observing regional balance, should carry out an in-depth review to clearly identify if there are any gaps in the current body of normative and non-normative measures, means of implementation and other measures, to facilitate a discussion on options to ensure decent work in global supply chains, including at sectoral level, where appropriate. The review should provide the building blocks for a discussion at the Governing Body session in March 2021 with a view to agreeing a comprehensive strategy on achieving decent work in global supply chains.

In seeking the implementation of the 2016 conclusions and the ILO programme of action on decent work in global supply chains, based on a working concept of global supply chains, the review could aim to:

- (a) articulate the various outcomes being pursued;
- (b) explain how those outcomes are interrelated;
- (c) make clear how progress is to be measured;

and could consider, among others:

- (a) protection of human rights in global supply chains;
- (b) oversight of social auditing and certification bodies;
- (c) effective access to freedom of association and collective bargaining throughout the supply chain, including in EPZs;
- (d) capacity of national governments to promote decent work in domestic and global supply chains;
- (e) employment relationships with minimum protection at all levels of supply chains, extending protection to non-standard forms of employment, and taking measures to combat disguised and misclassified employment relationships;
- (f) public procurement and in public contracts;
- (g) monitoring and enforcement measures to ensure effective protection of workers, including collaboration between Member States in cross-border cases on labour inspection and access to justice; and
- (h) social dialogue within global supply chains, including cross-border social dialogue.

119. The Government draft had incorporated the idea of a working group, which had been suggested by the Employers. The idea was to develop a comprehensive strategy, based on a full review. The list presented was certainly not exclusive, but attempted to provide the basis of a way to move forward. The draft responded to certain concerns that had been expressed. It did not prejudge the existence or not of decent work problems in global supply chains; it sought to articulate the outcomes pursued, establish how those might be interrelated and provide a basis for the measurement of those outcomes. Governments had been concerned about their ability to enforce regulations in cross-border situations; the question of overseeing social audit initiatives and certification bodies had also been an issue of concern that the draft took into consideration. All points were listed in response to arguments put forward during the discussions.

120. The Government representative of the Netherlands said that it was significant that the draft opened with the words “The Office”, which showed that the intention was to have the Office lead the way forward, and not simply rely on a working group to do so.

121. The Employer Vice-Chairperson said that at the Employers’ group meeting various terms had been used to describe the tentative conclusions prepared by the Office. Those had ranged from “disappointing” to “outrageous”, passing by “provocative” to “disrespectful”. Despite his having repeated many points several times to avoid confusion, it appeared he had not been heard. Some paragraphs of the tentative conclusions were worse than others in capturing areas of consensus. The group considered the text that had been prepared by the Office to be a very imperfect report of the Meeting, rather than a set of conclusions that reflected points of consensus. The Government group’s alternative draft provided a gleam of light at the end of the tunnel, and the Employers had produced a further proposal on the basis of that draft. The Employers did not feel that a review was necessary: the group wanted to establish a clear strategy to deal with decent work deficits in global supply chains. The group wished for a manageable, regionally balanced working group, supported by the Office, to develop the strategy. That was expressed in the first paragraph of their proposal. The second paragraph was taken directly from the Government group’s draft. The proposal by the Employers read as follows:

That a tripartite working group be established (observing regional balance and supported by the Office) for the purpose of elaborating, for approval by the Governing Body, a strategy to equip the Office with the means to address implementation gaps in law and in practice to achieve decent work in both domestic and global supply chains. Decisions by the working group shall be taken by consensus.

The strategy should support implementation of the 2016 conclusions and the ILO Centenary Declaration and aim to:

- (a) articulate the various outcomes being pursued;
- (b) explain how those outcomes are interrelated; and
- (c) make clear how progress is to be measured.

122. The Worker Vice-Chairperson said that her group, although not completely happy with the Office’s tentative conclusions, would have been prepared to take them as a basis on which to work. The Employers had not wished to progress on that basis, and the Government group had attempted to find common ground. The Workers had some major problems with the Government group’s text, and did not find it better than the Office’s text. The Employers’ proposal was a reworking of a particular paragraph of the tentative conclusions prepared by the Office, which in turn had been based on ideas put forward by that group alone. The Workers recalled that the purpose of the Meeting was to respond to paragraph 25 of the 2016 conclusions, which clearly stated which issues had to be addressed by this technical meeting. Those issues were: to assess the failures which led to decent work deficits in global supply chains; to identify the salient challenges of governance to achieving decent work in global supply chains; and to consider what guidance, programmes, measures, initiatives or standards were needed to promote decent work and/or facilitate reducing decent work deficits in global supply chains. The Government and Employers’ drafts were moving away from that imperative.

123. A working group was not needed to carry out a review; that should be done by the Office. The working group should provide inputs to and develop a comprehensive strategy, to be presented to the Governing Body for discussion at its session in October–November 2021. The Workers agreed that the time, apparently and unfortunately, had not yet come to respond to the paragraph in the Office’s tentative conclusions which read: “the Office should prepare a proposal to the Governing Body for a standard-setting item to be placed on the agenda of a future session of the International Labour Conference on achieving decent work in global supply chains”. The group therefore felt that it would be useful to conduct a review of

governance challenges to achieving decent work in global supply chains, especially in the normative sphere. Such a review did not presuppose an end result; that should be decided subsequently by the Governing Body.

124. The Government representative of the United States said that there were three issues on the table that needed to be resolved. Firstly, what would be the vehicle for moving forward – would it be a tripartite working group, and, if so, of what composition? Secondly, would the proposed report be an analysis of gaps, or suggest a strategy, or both? And thirdly, should the conclusions contain a list of specific topics for future consideration, and, if so, what should that list include?

125. The Government representative of the Netherlands presented a reworked draft, which took account of both the Employers’ and Workers’ positions, as follows:

In seeking the implementation of the 2016 ILC resolution and the ILO programme of action on decent work in global supply chains a two-step process will be adopted.

- (1) The Office will be tasked with conducting an in-depth review to clearly identify if there are any gaps in the current body of normative and non-normative measures, means of implementation and other measures, to facilitate a discussion on options to ensure decent work in global supply chains, including at sectorial level where appropriate. The review to be delivered by end of March 2021 should provide the building blocks for a review by a tripartite working group of a manageable size and observing regional balance.
- (2) In this basis, the working group will develop and agree upon a comprehensive strategy on achieving decent work in global supply chains and present it for discussion at the Governing Body session in November 2021.

126. The first step would be for the Office to conduct an in-depth review to identify gaps in normative and non-normative measures. That review should be completed by March 2021 and it would provide the building blocks for the work of a tripartite working group. Thus, under the second step, the working group would be able to develop a comprehensive strategy on achieving decent work in global supply chains and present it to the Governing Body for discussion in November 2021.

127. The Government Vice-Chairperson wished to state clearly that his group did not support the notion of a “trust deficit” in the ILO. That notion appeared to be colouring the discussions of the Meeting. The ILO was an institution that was 100 years old, and it was driven by its constituent governments, employers and workers. The idea that the “tail might be wagging the dog”, where the tail was the Office and the dog the Organization, was simply not acceptable to governments.

128. The Worker Vice-Chairperson asked the Government group to clarify what was meant by the term: “gaps in ... non-normative measures”. Care should be taken in using the word “strategy” as a new approach, since it could give the impression that all previous work on global supply chains had been done without a strategy.

129. The Government representative of the Netherlands explained that gaps in non-normative measures could mean gaps in implementation efforts, gaps in information on international labour standards, or resource shortfalls. The strategy would take account of previous work by the Office, but given the challenges to decent work still present in global supply chains, it was appropriate to rethink past strategies.

130. The Government representative of the United States said that other non-normative gaps could also include developmental gaps. A prior analysis of challenges to be overcome would enable the working group to develop a rational strategy on how to deal with the problems identified.

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- 131.** The Government representative of Brazil pointed out that further knowledge gaps existed in how best to implement measures, and on how the ILO could assist in implementation. Those areas required analysis to be understood.
- 132.** The Worker Vice-Chairperson asked for further details on the nature of the tripartite working group, and whether it should be limited to developing a comprehensive strategy, rather than to develop and agree on such a strategy. It was for the Governing Body to decide on whether to adopt the strategy.
- 133.** The Government representative of the Netherlands said that the composition of the working group could be decided during the Meeting’s discussions. It should be manageable in size and reflect the composition of the Organization. The principal point of the draft proposal was that it divided the work into two stages. The first stage was for the Office to complete the highly technical gap analysis and review; in the second stage, the tripartite constituents would see how to take the review forward in the form of a strategy.
- 134.** The Employer Vice-Chairperson said that tasking the Office to undertake the review was not acceptable to his group. He quoted the proverb “once bitten, twice shy”, explaining that his group had in fact been “bitten” three times. Firstly, the Employers had been unhappy with the 2016 conclusions. They had however committed to working with those conclusions, as they were the result of a tripartite process. Secondly, the group’s opinion of the background report prepared by the Office was much less than flattering. Thirdly, its views on the tentative conclusions prepared by the Office were that at best they represented an imperfect report of the Meeting. The cumulative effect of these experiences was painful, and had left the group “smarting”. On the basis of that past experience, the Employers had lost faith in the Office’s ability to conduct the review: the tripartite working group should do that job. Nor could the Employers accept a text that did not include domestic supply chains with global supply chains. That was critical for the group. Another point of difficulty was the time frame that had been proposed. While it might be possible to complete a review of gaps, six months to develop a coherent strategy seemed a very tight schedule. The Employers had taken their own proposal a step further, which they felt represented a very big concession. A third paragraph had been added, which included a data-driven gap analysis, with the full proposal now to read:

That a tripartite working group be established (observing regional balance and supported by the Office) for the purpose of elaborating, for the approval by the Governing Body, a strategy to equip the Office with the means to address implementation gaps in law and in practice to achieve decent work in both domestic and global supply chains. Decisions by the working group shall be taken by consensus.

The strategy should support implementation of the 2016 ILC resolution and the ILO Centenary Declaration and aim to:

- (a) articulate the various outcomes being pursued;
- (b) explain how those outcomes are interrelated; and
- (c) make clear how progress is to be measured.

The strategy could also consider a data-driven gap analysis that examines root causes of decent work deficits in domestic and global supply chains and assesses the role that workers, employers and government can play in reducing those gaps to achieve decent work for all.

- 135.** The Government Vice-Chairperson said that failure to respect previous Governing Body decisions would undermine the integrity of the ILO as an institution. The proposal put forward by the Government group went a long way to bridging the gap between the Employers and the Workers. The Office had the capacity to undertake the research required by a review or analysis of gaps in governance, and was therefore in a good position to undertake that task. Difficulties regarding the time frame could be resolved easily.

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136. The Government representative of the United States said that 16 governments had participated in drafting the proposed text, often with very differing points of view, and they had managed to arrive at consensus. The remaining problems were not insurmountable; the timetable could be adjusted, and an answer found to the Employers' view regarding the division of labour between the Office and the working group.
137. The Government representative of the Netherlands supported the group's draft as a possible compromise text. He agreed with his South African colleague that the Office was well equipped to play an important role.
138. The Worker Vice-Chairperson said that her group was ready to consider the Government group draft in a positive spirit. However, the draft presented by the Employers was not a possible basis for agreement.
139. The Employer Vice-Chairperson said that his group was prepared to work on the basis of the Government draft. Extensive changes would be required, but likewise the group was ready to make generous concessions.
140. The Worker Vice-Chairperson presented her group's amended version of the Government draft text, to read as follows (*previous text struck through; new text underlined*):

In seeking the implementation of the 2016 ILC resolution and the ILO programme of action on decent work in global supply chains a two-step process will be adopted.

- (1) The Office will be tasked with conducting an in-depth review to clearly identify if there are any gaps in the current body of international labour standards, ~~normative and non-normative measures~~, means of implementation and other measures, to facilitate a discussion on options to ensure decent work in global supply chains, including at sectoral level where appropriate. The review to be delivered by end of March 2021 should provide the building blocks for a review by a tripartite working group of a manageable size and observing regional balance.
- (2) On this basis, the working group will further develop and agree upon a comprehensive strategy building on the 2016 resolution and the Programme of Action on achieving decent work in global supply chains and present it for discussion at the Governing Body session in November 2021.

141. If that formulation was acceptable, then her group would wish to see if there was a need for other paragraphs to produce a final set of conclusions.
142. The Employer Vice-Chairperson presented the following amendments on the basis of the same text, saying that the amendments concerning consensus, regional balance, the combination of domestic and global supply chains, and tripartism were critical to the group (*previous text struck through; new text underlined*):

In seeking the implementation of the 2019 ILO Centenary Declaration, the 2016 ILC resolution and the ILO programme of action on decent work in global supply chains a two-step process will be adopted.

- (1) A tripartite working group, making decisions by consensus and of a manageable size and observing regional balance, and supported by the ~~The~~ Office will be tasked with conducting an in-depth review to clearly identify if there are any gaps in the current body of normative and non-normative measures, means of implementation and other measures, and to assess the role that workers, employers and governments can play in reducing any gaps to achieve decent work in domestic and global supply chains. ~~to facilitate a discussion on options to ensure decent work in global supply chains, including at sectoral level where appropriate. The review to be delivered by end of March 2021 should provide the building blocks for a review by a tripartite working group of a manageable size and observing regional balance.~~

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- (2) On this basis, the working group will develop and agree upon a comprehensive strategy on achieving decent work in domestic and global supply chains, building on the One ILO approach, and present it for discussion at the Governing Body ~~session in November 2021.~~

- 143.** The Worker Vice-Chairperson was at a loss to see where the generous concessions were in the text presented. The Governing Body, at its 337th Session (October–November 2019), had already discussed how to give effect to the ILO Centenary Declaration. There was no need for the present conclusions to become part of the follow up to that text. She understood that the Employers wished to refer to the Centenary Declaration because of its linkage of domestic and global supply chains, but many other parts of the text were relevant, and unless those were also mentioned, it was inappropriate to include it here. Regarding the division of labour between the Office and the working group, there was a clear message from the Government group and from the Workers that the Office should conduct the review, and the working group should follow up on the Office’s findings. The Workers did not wish to move away from that position. The group could accept the terms “normative and non-normative measures” and would not insist on its amendment to “international labour standards” if that would help to find agreement; however, the reversion to the previous terminology broadened the sense of the phrase to include all norms, rather than just ILO standards. The Meeting might wish to include a paragraph in the conclusions about the complementary roles of governments, business and the social partners. That could be added later. As it stood, the Employers’ wording took away from the ILO the responsibility to assess the role that workers, employers and governments could play in reducing any gaps, by deleting that part of the draft. The Workers’ group was not ready to introduce the words “domestic supply chains” into the text. The 2016 conclusions did not use those terms, and neither did any subsequent Governing Body decisions. Such an inclusion went beyond the scope and mandate of the Meeting. The reference to the “One ILO approach” was not necessary, but her group was not against it. However, it was disappointing that all reference to a time frame had been removed.
- 144.** The Employer Vice-Chairperson expressed surprise that the inclusion of a reference to the ILO Centenary Declaration should prove so difficult, given that it was currently the most important ILO text. The Employers had taken the wording “normative and non-normative” from the governments, despite being against it initially. The group had thought that it might help to find common ground. That was one of the generous concessions made; indeed, the feeling within the group was that so much ground had been yielded that there was no space to give further. However, with a view to giving the Office a key role, the phrase “to be implemented by the ILO” could be added after the phrase: “On this basis, the working group will develop and agree upon a comprehensive strategy”. The group also supported the reinstatement of the time frame in the text and agreed with the Workers’ proposal for the review to be delivered by March 2021, and proposed that the strategy should be developed by March 2022.
- 145.** The Government Vice-Chairperson recalled that at the outset, governments’ views had been almost diametrically opposed, with some Member States arguing for a standard on decent work in global supply chains, while others felt that the time was not yet ripe. The group had made a huge effort to find a common position, which reflected the views of the social partners. However, the group also felt that the mandate of the Meeting must be scrupulously observed, and must not be expanded to encompass new elements. Governments had thus provided leadership and guidance. It was now for the social partners to take the text further towards consensus, though it appeared that their apparent lack of flexibility was making the likelihood of reaching coherent, consensual conclusions recede into the distance.
- 146.** The Worker Vice-Chairperson acknowledged the leadership and bridging role undertaken by the Government group, and welcomed such an exhibition of tripartism. However, there had been little social dialogue in evidence during the negotiations, and tripartism could only work if supported by social dialogue. The Workers had come to the Meeting well-prepared,

and had made proposals, and given examples and explanations. It now seemed unlikely that the discussions would produce consensual conclusions. The group noted the Governments' determination not to move away from the mandate for the Meeting set out in paragraph 25 of the 2016 conclusions. The Workers were prepared to work on the basis of the Government group's draft and had put forward amendments that enhanced its precision. They wished, in paragraph 1, to limit the in-depth review to international labour standards, and not for it to include all standards in the area; and in paragraph 2, their change was intended to clarify how the comprehensive strategy would be developed. The proposals coming from the Employers did not accept the most important parts of the Government group's text. She now wished to know whether the Employers could accept that the Office should be tasked with conducting a review of possible gaps in international labour standards, to enable the tripartite working group to work on the basis of that review.

- 147.** The Employer Vice-Chairperson read out the definition of social dialogue from the ILO web site: "Social dialogue is defined by the ILO to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy." That text proved that what had been taking place in the meeting room was indeed social dialogue of very good quality. He thanked all three groups for their excellent engagement in social dialogue. His group had insisted at all times that an accusatory tone should be avoided. The Employers had conducted their negotiation in a robust, truthful and honest fashion, and felt that they had been respected for most of the Meeting. However, sometimes it should be recognized that an impasse had been reached, and that it was time to stop trying for the moment, and try again another day. The group's last attempt at consensus was to accept all amendments proposed by the Workers, on condition that all those proposed by the Employers were also accepted.
- 148.** The Worker Vice-Chairperson noted that the Government group had expressed two serious sticking points with respect to the Employers' draft amendment. The first was that in the Employers' draft a tripartite working group should undertake a work of review that was more properly done by the Office; and the second was that the Employers insisted that the tripartite working group should not specifically address global supply chains, but include domestic supply chains. In view of the opinions that had been expressed in the room, the Workers' group did not find the Employers' proposal to be serious, and failed to see how it could obtain tripartite agreement.
- 149.** The Government Vice-Chairperson said that he felt that the social partners had not come to the Meeting to negotiate, but to advise participants of their respective positions, irrespective of the consequences. His group had taken the two positions and merged them into a compromise draft text. The response from the social partners was to separate that draft into two texts again, each promoting their own approach. It would appear that some participants had come to the Meeting with a view to collapsing it. The Government group had tried to argue that the Office should conduct the research and review, a task for which it was equipped and which, indeed, would appear to be one of its purposes. Criticism had been levelled at the background report for lacking key analysis of gaps in governance in global supply chains. The constituents could have requested a reworking of the background report, and then have provided inputs and guidance. Another, possibly smaller, meeting could then have been called to discuss the revised background report in its new guise. That, however, had not happened. The Centenary Declaration called for a reinvigoration of the social contract. That reinvigoration had not been apparent at the present Meeting. That neither of the social partners appeared prepared to move from their respective positions was unfortunate, and could carry serious implications for future ILO technical and other meetings.
- 150.** The Government representative of the Netherlands asked for it to be placed on record that governments had done their utmost to find an equitable compromise encompassing the

important elements of both social partners' positions, which he hoped would at least serve as guidance for future negotiations to ensure decent work in global supply chains. The Employers' amendment fundamentally changed the initial proposal by governments and as such was absolutely unacceptable, at least to the Netherlands. Governments could now go no further, unless the social partners displayed some willingness to overcome the deadlock. He therefore encouraged them to meet bilaterally and resolve their differences.

- 151.** The Government representative of the United States said that it was not that governments could go no further, but rather that the Government group could go no further. Individual governments could still present their own points of view, though that would change the texture of the debate. It was greatly preferable for them to speak as a united group and allow the social partners to find common ground. In this instance, the group had made a great effort to come up with a unified position. That would of course not be possible on every individual modification put forward by the social partners.
- 152.** The Government representative of the United Kingdom said that the Meeting had from the outset acknowledged the importance of the subject it was discussing. The text of draft conclusions under consideration did not appear to contain irreconcilable elements. She joined her colleagues in urging the social partners to move to social dialogue to find the way towards consensual conclusions.
- 153.** The Government Vice-Chairperson said that his wish was not for the governments to lose their hard-fought unity on this issue, and begin to speak from their individual points of view. The group's text provided a clear basis for arriving at a compromise.
- 154.** The Government representative of Brazil stressed that the Government group had made huge efforts, with compromises from many individual governments that had previously held conflicting views, to arrive at the text on the table. It was perfectly understandable that the social partners should have amendments to make, but the text provided a solid basis.
- 155.** The Government representative of India stressed the importance of trying to move together in a common direction. A step-by-step approach should be adopted. The work of the present Meeting was initiated by the 2016 conclusions, and much had changed in the world of work since then. It was important to study the effect that those changes had brought to working conditions in global supply chains. Governments had worked hard to find a common position. The social partners might like to work further on the Government group's position as a way forward.
- 156.** The Government representative of Croatia, speaking on behalf of the EU and its Member States, endorsed the statement made by the Government of the Netherlands. The proposal made by the Employers' group did indeed undermine the Government group's position. The social partners must make the next move.
- 157.** The Employer Vice-Chairperson said that he wished to correct a number of assertions that had been made and which his group found disturbing. Firstly, he objected to the statement by the Government of the Netherlands that where there was no agreement in the room, the view of one group should be the de facto position. Much effort had been put into reaching a consensus, which had not been achieved. The purpose of the Employers' amendments had been to allow the Meeting to stand back from the various clear differences of opinion, and to let the proposed tripartite working group resolve those remaining issues. The group was grateful for the energy that governments had put into arriving at a shared position, but it should not be forgotten that the Employers represented 159 employers' organizations worldwide, and had to distil the different views of each of those into a common position. They could not abandon that position simply because the Government group had found a degree of unity. Secondly, the Employers' group did not appreciate what it understood as a perception in the room that the one group wanted a standard and the other group did not. The

Employers had made considerable concessions in an attempt to accommodate divergent opinions; they had at no point denied the process of dialogue and consultation, and had put forward many suggestions. Moreover, the group had agreed to work with the text submitted by the governments. The efforts made were not being recognized. Employers were neither “denialists” nor ideologues. At no point had they denied that there were issues in global supply chains. But it remained illogical to discuss global supply chains without including domestic supply chains, as had been recognized in the ILO Centenary Declaration. The group saw little point in continually issuing standards that were ratified by only a few Member States and implemented by fewer still. It was important to find solutions that had an impact on peoples’ lives. Many standards had failed to do so, and yet the ILO continued to issue them. Unemployment continued to rise and it was important to ask why that was so, and then decide on effective action to reverse the trend. He reiterated that his group’s proposal that the tripartite working group should take the discussion further, having considered all that had been said at the present Meeting, was a reasonable way forward and that that group would be free to choose whether to recommend standard setting or not. Furthermore, it was possible for working groups to generate their own analysis: the Working Party on the Functioning of the Governing Body and the International Labour Conference had completed its tasks in precisely that way. The Employers had even proposed an amendment to the text to include support by the Office to the working group. To put pressure on the group to accept a level and a specific type of involvement by the Office amounted to bullying and a lack of respect, as did the accusations levelled against the group of failure to engage in social dialogue and to negotiate.

- 158.** The group’s position had been presented clearly in the course of discussions. As work had gone forward, the Employers’ group had considerably modified their standpoint, making sacrifices and compromises in order to arrive at an outcome. Those efforts had not been recognized. He requested that the report should record that he had personally gone frequently to the offices of the Government and Worker Vice-Chairpersons to conduct negotiations, and had returned to his group to explain, introduce modifications and nuances in order to arrive at an acceptable result.
- 159.** The Government representative of Germany read out paragraph 25 of the 2016 conclusions once again to the Meeting. The text presented by the Employers’ group did not correspond to what was asked of the Meeting by the 2016 conclusions and it would not be possible for the Government of Germany to accept that wording.
- 160.** The Worker Vice-Chairperson agreed with the Government representative of Germany that the Meeting should respect the mandate it had been given in paragraph 25 of the 2016 conclusions. She appreciated the Government group’s efforts and noted the very high level of internal consensus the group had achieved. The Workers’ group should not be seen as entrenched in a position that precluded solutions that could move the discussion forward. The workers of the world had the greatest interest in moving forward, since they were at the heart of decent work deficits, every day. The Employers’ group was denying the responsibility of organized business to take matters forward. Yet trade union representatives met with organized business at local, regional and international levels and had observed that they accepted, perhaps not always with great appreciation, their responsibility for work in global supply chains, and multi-stakeholder initiatives and international framework agreements had been signed with individual businesses and groups of companies. While acknowledging that the Employers’ group represented 159 employer organizations, the Workers wondered whether the group was really representing the local businesses that were under increasing pressure from global supply chains and were being compelled to sell their goods and services at below cost price. Those businesses and their interests should also be represented, as should the interests of many top manufacturing brands who wished to take up responsibility for the workers in global supply chains. Many international institutions also wished to take the issue of responsibility further, and they were looking to the ILO, with its mandate to promote decent work and social justice, for action. If the Meeting failed to

produce conclusions, it would amount to admitting that the Organization conceived for social dialogue at the international level was not capable of fulfilling that responsibility.

- 161.** A tripartite working group should not be put in place to tell the Office what it should do. That would effectively be changing the role of the Office. The role of the Office was to prepare and conduct research and undertake the technical work, such as reviewing international labour standards, necessary to support discussions at a tripartite meeting. The Workers were not ready to change that, and had heard the same opinion from governments. The present Meeting must stick to the mandate it had been given in paragraph 25 of the 2016 conclusions, and limit its terms of reference to global supply chains. She requested that the three groups should once again state their positions.
- 162.** The Employer Vice-Chairperson said that his group’s position remained unchanged.
- 163.** The Government Vice-Chairperson said that his group’s collective position was reflected in the draft text that it had put forward. The group remained willing to listen to proposals that would strengthen the wording.
- 164.** The Worker Vice-Chairperson wanted to hear a clear statement from the Employers on whether they would be able to proceed with discussions if their group’s proposal, with its specific role for the tripartite working group, were not accepted. If not, would the group be able to accept responsibility for the consequences?
- 165.** The Employer Vice-Chairperson said that no one group could be responsible for the consequences of the Meeting failing to reach conclusions. That was a collective responsibility. He insisted that the record should show clearly the positions taken up by his group and the considerable concessions that the group had made, including, for example, the inclusion of the term “international labour standards” in place of “normative and non-normative measures”. In the face of such scant recognition of the group’s efforts, little now remained to be said.
- 166.** The Government Vice-Chairperson used the word “brinkmanship” to describe the current situation. He echoed the request by the Government representative of the Netherlands that the record reflect the efforts made by governments to align positions that ranged from wanting a standard immediately to not wanting one at all into a coherent compromise text. The group remained open to refining and strengthening that text, but unless the discussion became more constructive, there would be little point in continuing. He asked the Office to clarify what would be the implications of failing to arrive at an agreement.
- 167.** The ILO Deputy Director-General for Policy read out article 16(2) of the Standing Orders for technical meetings, concerning the record of proceedings:

If the meeting fails to reach the result specified by the Governing Body in accordance with article 3, the record of proceedings shall contain any recommendations which the meeting may wish to address to the Governing Body regarding possible future action on the matters covered by the agenda.

- 168.** Any recommendations that the Meeting might wish to communicate to the Governing Body would have to be agreed by consensus. A complete record of proceedings would be presented to the Governing Body at its session in October–November 2020. All participants at the present Meeting would have the chance to review the summaries of their own interventions prior to submission of the document to the Governing Body, and make corrections to those interventions if necessary. Only the Governing Body could decide on the next steps to take, if the Meeting failed to arrive at conclusions. While the 2016 conclusions, in their paragraph 14, pointed to the ILO as the institution “best placed to lead global action for decent work in global supply chains”, other organizations were moving ahead with their own

initiatives. For example, the Human Rights Council was working on a binding standard on business and human rights, building on the *UN Guiding Principles*.

- 169.** The Government representative of the Philippines appealed to participants to look beyond the meeting room, and to see the child labourers, the unprotected women workers, and the indigenous peoples whose resources were being extracted. They were the true losers. The debate on liability and accountability, on what should be done to create decent work, had been going on for decades. She called on both sides to try to reach a compromise, so that those people should know that their best interests were being defended.
- 170.** The Chairperson, noting that the Meeting had reached deadlock, opened the floor for closing statements.

Closing statements

- 171.** The Worker Vice-Chairperson agreed with the sentiments expressed by the Government of the Philippines. The 2016 conclusions took stock of the issues from all sides, and gave a clear mandate as to how to move forward. The programme of action then separated out various issues to be considered at dedicated meetings: fundamental principles and rights at work for workers in EPZs and cross-border social dialogue, which had postponed the present discussion until this Meeting. After two days of discussion, covering many topics, the Office produced tentative conclusions which were not perfect, but which the Workers had been prepared to take as a basis to work from. However, from the moment that one group declared itself unable to discuss the draft Office text, the nature of the Meeting had altered. It had not even been able to conclude that there were serious decent work deficits in global supply chains, although the 2016 conclusions stated that clearly.
- 172.** The Government group had taken it upon itself to bridge the gap between the social partners. The Workers had frequently reiterated that they were prepared to consider and work with any proposal that might be put forward. The Meeting had spent two days responding to three discussion points, and then two further days failing to agree on a short text that was very similar to paragraph 25 of the 2016 conclusions, albeit somewhat weaker. That text would at least have yielded a way forward, with clear roles for the Office and the constituents. The failure to contribute to the conversation on this urgent issue was a blow to the ILO's image.
- 173.** Globalization was placing workers in a more fragile situation. Borders were closing and action was being taken against any form of migration. Now there were threats from viruses as well. The moment would have been apt to take leadership, not to create barriers against cross-border business but to regulate it and ensure minimum standards. Governments, with sharply divergent views had been able to come to a common agreement, but the Meeting as a whole, had not. It was hard to comprehend how such an opportunity had been lost. It had been intended as a technical meeting, but had become politicized. The record of proceedings would now go to the Governing Body which, it was to be hoped, would shoulder its responsibilities and direct the next steps towards achieving decent work in global supply chains.
- 174.** The Employer Vice-Chairperson said that it was tragic that the Meeting had not found consensus, and agreed with the Government representative of the Philippines that the real tragedy was for the people that participants represented. He hoped that tripartism and social dialogue would emerge stronger from the Meeting's failure and lessons would be learned. The record would show the efforts that had been made by his group, and also that those efforts remained unacknowledged simply because the group dared to disagree. He thanked the Governments and the Workers for all their attempts to move the dialogue forward; he

was grateful to his group for allowing major concessions. He asserted that responsibility for the failure was collective.

- 175.** The Assistant General Secretary of IndustriALL said that the Workers' group had come to Geneva full of goodwill and ready for constructive discussion, but was now extremely disappointed. Its members had felt alternately disrespected, humiliated and in some cases insulted. His organization represented more than 50 million workers in manufacturing, the textile and garment sectors, the mining, automotive and aerospace industries, everywhere at the heart of global supply chains. The main lesson learned from the Meeting was that institutions like the ILO were live organisms – they remained relevant only if they responded to expectations, and dealt with the reality on the ground. Today, the ILO had refused to see the reality on the ground.
- 176.** However, the ILO was not the only body in which global supply chains were being discussed. The environment and spirit of cooperation in other organizations was far better than in the ILO, and more conducive to arriving at shared decisions. Partnerships there could be formed with the leaders of global supply chains, who were not present at the ILO. The background report did not refer to Action, Collaboration, Transformation (ACT), a foundation established by IndustriALL, together with 21 brands working in the textile and garment industry, which addressed the issue of the living wage in supply chains in that industry. A number of themes had been introduced into the discussion purely as distractions to impede progress at the Meeting. The issue of the definition of global supply chains; the issue that domestic supply chains had to be included with global supply chains; the question of whether there were any gaps in decent work in global supply chains, were all examples of such distractions. The Employers had spoken of giving concessions, but workers were giving their lives. The Rana Plaza disaster in Bangladesh had taken place one week after certification by a social compliance company; the same was true of the catastrophe at Ali Enterprises in Pakistan. In Ethiopia, garment industry workers were being paid US\$27 to US\$30 a month; workers were dying in the cobalt mines in the Democratic Republic of the Congo. At the same time, lead companies were generating huge profits. If the ILO was to remain relevant it had to face up to that reality. The Workers would continue to work in a civilized manner to promote sustainable economies, but if the root causes of the obvious problems were not addressed, then meetings such as the present Meeting, mobilizing a large number of high-level participants over four days, could not be justified. The ILO was lagging behind other international organizations.
- 177.** The Government Vice-Chairperson said that the ILO was at the epicentre of global social dialogue on labour market issues, and yet the Meeting had failed. The Government group had shown a willingness to be flexible and to engage constructively in the discussion. The group believed that its proposed draft should have constituted the Meeting's conclusions, as it reflected the points of view of all sides, and as such proved that social dialogue did work. The Meeting could have provided the ILO with the opportunity to take the lead in discussions on global supply chains. The opportunity was lost as the Meeting had failed. That failure would be felt in the communities mentioned by the Government of the Philippines.
- 178.** The Government representative of Croatia, speaking on behalf of the EU and its Member States, said that the Government group had actively participated in the Meeting and had sought compromise. It was regrettable that no tripartite agreement had been reached and that the Employers' group had not seized the opportunity to give the ILO and its constituents a central role in the promotion of decent work in global supply chains. The ILO should now step up its efforts on the basis of the 2016 conclusions, the programme of action and the outcomes of the two previous related meetings. At the October–November 2020 session of the Governing Body, the EU and its Member States would seek agreement on ways to promote decent work in global supply chains, taking the draft text proposed by the Government group as their starting point.

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- 179.** The Government representative of the United States reaffirmed the ongoing commitment of his Government to fair treatment for all workers, freedom from exploitation and to enjoy decent working conditions and living standards in full exercise of their labour rights. It was regrettable that the Meeting had failed to achieve an outcome.
- 180.** The Government representative of the United Kingdom said that she had hoped that the Meeting could have agreed on proposals for future ILO work to promote decent work in global supply chains, particularly on due diligence and tools to help identify exploitative labour practices. It was disappointing that the result of the Meeting had been a collective failure.
- 181.** The Government representative of Canada was disappointed that a conclusion had proved impossible. The ILO remained the best-placed organization to pave the way to tackling decent work deficits in global supply chains. The Government of Canada would continue to address decent work deficits in global supply chains through numerous channels, such as labour clauses in free trade agreements, by combating human trafficking, through responsible procurement and in partnership with Alliance 8.7.
- 182.** The Employer Vice-Chairperson said that he could not allow his group to be made to play scapegoat. The suggestion by the Government of Croatia, speaking on behalf of the EU and its Member States, that the Employers were responsible for the failure of the Meeting was abusive, and unacceptable. There was a failure in the room to find a solution acceptable to all that would have led to an outcome. The Government's proposal, for which the Employers had consistently extended thanks, was far from balanced. Only in one limited place had that draft reached out towards the Employers; the rest of the text contained none of the group's input. Despite that, and in an attempt to achieve consensus, the Employers had agreed to abandon their own draft and take the Government group's draft as a basis, in the meantime making a number of concessions. At no point did the Government group offer to amend its draft or move from their common position. Neither did the Workers' group offer to concede any ground on its position. The Employers' cordial civility should not be taken as a sign of weakness: the group was an equal constituency of the ILO. The failure of the Meeting was collective. The Employers' group was at peace with itself. It had done all it could to achieve an outcome, and would not allow that truth to be obfuscated.
- 183.** The Worker Vice-Chairperson said that the Government group had gone above and beyond to try to accommodate all sides of the house. One element that the group would have wished to feature in the preamble of the Meeting's conclusions, had work progressed that far, had been expressed in paragraph 15 of the 2016 conclusions. It was that "governments, business and social partners have complementary but different responsibilities in promoting decent work in global supply chains". That very important notion should be taken forward.
- 184.** The Government Vice-Chairperson thanked the Vice-Chairpersons and his own group for their support.
- 185.** The Chairperson thanked the Vice-Chairpersons and the participants at the Meeting. She regretted that an outcome had not been possible. Work would continue, within and outside the ILO, and she hoped that the Organization would assume a role of much-needed leadership in achieving decent work in global supply chains. She declared the Technical Meeting on Achieving Decent Work in Global Supply Chains closed.