

Regulating Global Value Chains to realize labour rights for homeworkers

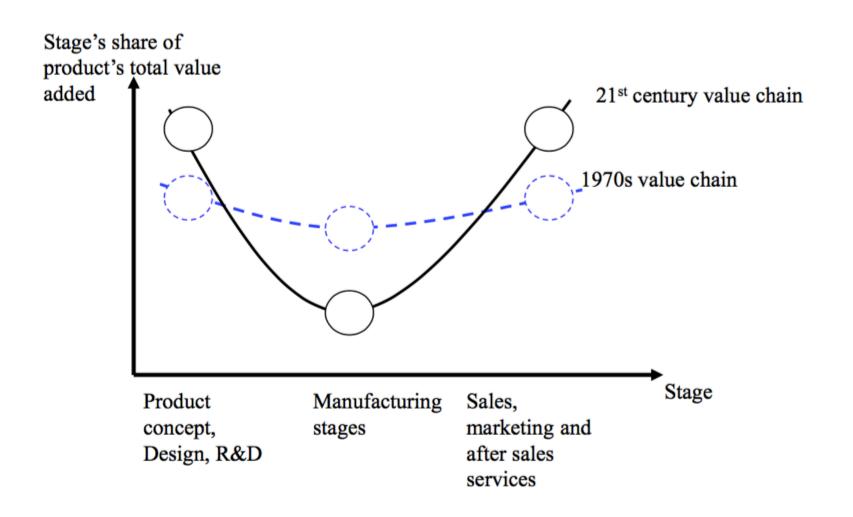
SUPPLY CHAIN



Vertical disintegration of production – global value chains

- Technological innovation, lower transport costs, exchange control de-regulation, WTO law (esp the General Agreement on Trade Tariffs); low wages in developing countries; and neo-liberal ideology propagating "labour flexibility"
- □ Labour flexibility (Standing 1999):
 - "production or organizational flexibility (outsourcing)
 - "wage system flexibility" (the wage-costs of production)
 - "labour cost flexibility" (non-wage component of labour)
 - "numerical flexibility" (risk of low demand)

Smile Curve (Baldwin 2011)



Characteristics of chains that homeworkers participate in

- Mass-produced, labour intensive chains.
 - Product specifications are simple, barriers to entry are low
 - The main driver for brands and retailers is PRICE
- An ILO (2017) global survey of 1454 suppliers from 87 countries:
 - suppliers face intense competition from other suppliers to produce goods for as little as possible.
 - Buyers continually pressure suppliers to drop their prices.
 - □ Up to 52 per cent of suppliers surveyed sign contracts to produce goods at a loss.
 - Demanding unpaid overtime, keeping wages low, and outsourcing to homeworkers are the suppliers' primary tactics for keeping costs low.
- Maldisribution is structurally embedded in these chains

Key Regulatory Responses

National

- Homeworkers are 'disguised employment'
 - Labour Law
- Thailand's HomeWorker
 Protection Act— Law of
 Contract
- Supply Chain Legislation (Australia)

Global Level

- Global FrameworkAgreements
- Human Rights (trade unions)
 - ILO MNE Declaration
 - OECD Due Diligence
 Guidance for
 Transparency in Supply
 Chains

Key challenges from National Legislation perspective

Enforcement

- By homeworker— they fear reprisal.
- An over-supply of labour and their not having union recognition means their fear is wellfounded.
- Need for thinking about grievance and enforcement mechanisms

Implications of Enforcement

- Who is an employment relationship established with: contractor or factory?
- What are the implications for the factory, and country given larger supply chain dynamics? Fear that capital will move.

Human Rights Approach

Enforcement

- Voluntary instruments
- "New Governance" regulatory techniques
 - Protocol Committing to Human Rights
 - Train suppliers
 - Labour rights a contractual term
 - Due Diligence of supply chains
 - Use leverage to bring suppliers into line
- Human Rights shift public consciousness

Implications for HW of OECD instrument

- Brands may ban homework
- Does not deal with MNE's procurement practices i.e. structural maldistribution left intact

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WIEGO Law Programme(with ORP)

Theoretically

Contribute to
 emerging field of
 transnational labour
 law + labour law as
 a discipline rethinking
 itself both normatively
 and conceptually

Practically : ORP and Law Prog

- Strengthening MBOs and Building alliances [ORP]
 - up the chain- unions, factories?
 - Regional
- Need for research on good practice grievance + enforcement mechanisms
 - Engaging w regulatory theory
 - Australia
 - Thailand