



FAIRTRADE
INTERNATIONAL

Synopsis: Fairtrade Textile Standard 2nd consultation results	
Consultation Period	08.08.2015 – 8.09.2015
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Introduction

A second public consultation on the draft Fairtrade Textile Standard took place from August, 8th and September 8th, 2015 to gather feedback on changes made to the draft standard as a result of the first public consultation earlier this year. Twelve key stakeholders took part in this consultation round and provided their comments.

Stakeholders made their comments either directly in the standard, on specific requirements, or sent general feedback on scope and content of the standard via email.

This document provides an overview of the critical issues on which these stakeholders provided input. It does not summarize feedback that has already been submitted and considered in earlier consultations. A separate reference document is available on request that includes all feedback that was submitted in this consultation round.

The fundamental feedback on the standard revolved around the following issues:

- Scope of the standard and subcontracting
- Certification & auditing
- Freedom of Association / trade unions
- Living wages
- Traceability, labelling & contracts

Scope of standard and subcontracting

Various stakeholders had questions regarding the scope of the standard. Some stakeholders wanted to know what the scope of the standard was, particularly which actors in the supply chain are involved, for instance if suppliers of chemicals or accessories were involved in the scope. Other stakeholders basically did not understand whether the standard applied to brands or only to producers in the supply chain. The introduction of the standard now makes this clear.

The question regarding the scope of the standard, for example, whether it should apply to the whole textile chain including all subcontractors or whether the scope should be more focused to a few producers, was controversial.

While some stakeholders supported the position that the standard should comprise as many processes as possible (e.g. also home-based workers or accessory suppliers), others said that the current scope of the standard was too comprehensive. Stakeholders supporting the latter view said the standard is impossible, too difficult and too costly to enforce, particularly if it includes subcontractors or if it includes

product fillings (e.g. goose down) or garment linings; this would be the case particularly for smaller companies. One stakeholder warned that a scope that was too comprehensive could even lead to decertification because companies might feel that it is too much to comply with, particularly if at the moment they only have one line Fairtrade certified. The same stakeholder was also afraid that the introduction of the standard could create bottlenecks in the supply chain, as certified production would revolve around a few spinners/ginners, which might prevent upscaling.

One stakeholder expressed approval that the standard does not allow subcontracting that leads to “unfair” working conditions, while various stakeholders criticized the requirements on subcontracting. The main critique was that the term subcontracting was not clearly defined or that the way it is done created a “huge risk”. Stakeholders also feared that auditors might not uncover clandestine subcontracting. A clearer definition for subcontracting has now been added to the standard.

Finally, some stakeholders feared that too few of the requirements actually applied to subcontractors - and these points in the standard have subsequently changed. One stakeholder suggested to apply the grievance mechanism to subcontractors, and another stakeholder wanted to add unannounced audits by FLOCERT to subcontractors. Both of these points have now been added into the draft standard.

Regarding the geographical scope and taking up a former discussion on whether the standard should or should not allow China as a production country, stakeholders now commented that it was not clear which countries were excluded *per se* as production countries, or, more specifically, whether “problematic countries that legally restrict FoA were declined“. One stakeholder said that defining the scope as “countries and regions where FoA is ensured” was problematic without a proper explanation how this is determined.

Certification / Auditing

Various stakeholders were skeptical with regards to the method of auditing. One stakeholder said that the standard still relied too much on auditing, while another stakeholder suggested that local Fairtrade staff should not conduct audits in order to ensure objective procedures. This comment reflected a lack of understanding regarding the independent nature of FLOCERT auditors and that Fairtrade International does not conduct audits.

FoA / Trade unions / Elected worker representatives

There were not so many comments regarding freedom of association, trade unions and/or elected worker representation, however the few that were received showed that the issue is still controversial. A few stakeholders were very skeptical about trade unions and said that the cooperation with trade union representatives would generally be a problem. More specific comments were pointing out that definition of a unionized workplace (>50% of workforce belongs to a TU) as problematic or that the standard would need to ensure that migrant workers get their basic rights like FoA, even if these are legally forbidden.

Living wages

The issue of living wages remains a very contentious topic, and generated a number of heated comments, most of which were repeated from earlier consultations.

Some stakeholders argued that the suggested approach would not go far enough. Their main points of critique were:

- A product from a supply chain in which living wages are not yet paid should not be called “Fairtrade”.
- The time of 6 years until a living wage was paid in a certified factory was seen as too long.
- A financial crisis cannot exempt a certified factory from paying living wages.
- The Fairtrade Textile Program should not engage in calculating labour minute value and help companies implement this should be the role of unions and not of a standard.

One stakeholder feared that the suggested approach would go too far and that buyers will stop buying Fairtrade if it implemented living wages on a factory level and not with a political approach.

Another stakeholder suggested to have a broader, more sectoral perspective on living wages and to try to link it to the idea of a wage fund, which could cover multiple factories and unions and could help to “get around the problem of most likely not having unions present in each factory”.

In addition, there were some questions that indicated that the current approach was not properly understood. Stakeholders asked questions about the living wages benchmarks and wanted to know how it was calculated or how high it would be. Others wanted to know how the higher costs for living wages would be covered, whether this would be by means of a Fairtrade Premium or otherwise. One stakeholder asked whether all workers in a factory would receive the same add-ons or whether only those categories that were below the benchmark would be raised.

Traceability & Labelling, Contracts (Chapter 5)

Many comments indicated that the Labelling (including guidance) and Traceability requirements were not clear. Stakeholders were skeptical if the labelling could function without deceiving the consumers, that is to say, there was concern how consumers would understand the differences between the standard with the different uses of fibres (certified/not certified/ Fairtrade certified etc.).

More specific issues included:

- The use of the word “label“ was seen as unclear;
- It was not understood what the terms “certified” and “non-certified” in 5.1.4 referred to;
- 2nd tier traceability was seen as problematic, however 2nd tier subcontracting is not allowed under the standard;
- It was not clear, to whom the labelling and traceability applies and what fibres/inputs would need to be traceable.

In addition there were the following questions:

- Are there requirements for transaction certificates?
- Will the Fairtrade Cotton mark disappear, once the standard is implemented fully?

A number of stakeholders did not find the requirements on contracts very clear - particularly 5.3.3 - and were afraid that this requirement would place an additional burden on the factory management. Specific concerns included:

- Whether all requirements were also for brands / licensees and what kind of contracts and data were necessary.
- Whether requirement 5.3 also applied to B2B markets.
- What the consequences would be if buyers did not comply with the requirements (5.3.2)
- One stakeholder was concerned that the time for approval of Fairtrade label of 5-6 weeks was too long.
- Stakeholders were uncertain which requirements applied to brands partners.

Additional topics

There were a number of comments on general topics on and about the standard. In summary these are:

- **Changes to the standard:** One stakeholder requested that Fairtrade International is very clear and transparent about changes to the standards in general and that it cannot be the role of the licensees to inform themselves about possible changes.
- **Confusion around different Fairtrade Standards:** Various stakeholders were confused about how the standard will work in relation to the other existing Fairtrade standards or other fibres. One feedback suggested to have GOTS, EU-ecolabels and SA8000 serve as a substitute to the standard, while on the other hand, others said that it would not be possible to have the Fairtrade standard substituted by, for instance, GOTS.
- **Bangladesh Accord:** One stakeholder commented that the standard needed a clear link to provisions in the Bangladesh Accord regarding building safety.
- **Environmental requirements:** Various stakeholders called for changes to the environmental part of the standard, particularly nano-materials and chrome would need to be added, and risks & opportunities defined for the Health and Safety officer.

Conclusion

As a result of this 2nd public consultation, some of the feedback was immediately incorporated into the standard, such as added and improved definitions, clarity on the scope and who the requirements in the standard applies to, added guidance on the grievance mechanism and clarity on 2nd tier subcontracting. Other feedback contributed to our overall understanding of the various view points on the standard. While not all feedback leads to a concrete change, it provides valuable insight to the mood of the industry and perspectives of our stakeholders.