WHAT IS

CLS+

Linking trade and shared prosperity in Global Supply Chains in Asia
WHAT IS CLS+

CLS+ (Core Labour Standards Plus) is an initiative of the Friedrich-Ebert-Stiftung (FES) and partners in Asia that advocates for binding and enforceable labour and social standards in trade agreements and preference systems, against inequality and in support of a stronger role for unions and workers along the global supply chains.

WHY WE NEED CLS+

Twenty years after core labour standards were promoted with the ILO Declaration on Fundamental Principles and Rights at Work (1998), the push for further trade liberalization has created new social and economic realities beset by deteriorating labour rights and rising inequality.

Today, eighty percent of world trade takes place in global supply chains. Their growth is further supported by a new trend that gave way to bilateral, regional and transregional preferential trade agreements over multilateral negotiations.
A power imbalance dictated by multinational corporations between the different actors in the global supply chains has unleashed hyper-competitive price pressure among producers. In turn, the continuous drop in import prices paid for apparel in the garment, footwear and electronics sector has demoted workers’ rights. In the new realities of a globalized world, social clauses linked to trade have barely upheld core labour standards for workers in Asia, let alone work safety, fair wages or social protection.

73% drop in respect for workers’ rights in top 20 apparel exporters to the United States

1989 - 2010

Mark Anner, “Stopping the Race to the Bottom,” (FES 2015), Author’s calculations based on OTEXA and CIRI data.
Some of the deadliest industrial disasters were recorded in recent history when the Rana Plaza building collapse in Bangladesh killed 1,134 workers and the fire inferno in the Ali Enterprises building in Pakistan swallowed 250 people. And yet, debates continue among the various actors along the global supply chain about the responsibility to uphold safe working conditions and social standards. Excuses that pin costs down for the failure to live up to these responsibilities are unacceptable in an economic reality where much less than half of the final retail price of most products manufactured in Asia reaches the producing countries, and only a fraction of that price goes to wages and investments in safety measures.

In Asia, countries with export-oriented industries ride on the coattails of cheap labour costs and a growing workforce to ensure participation in the new global trade regimes where strategic protectionism to develop domestic industries is no longer possible as a development trajectory. Instead, Bangladesh, Cambodia, Myanmar, Pakistan and Vietnam declare reduced tariffs and import duties for their manufactured products a cornerstone of their economic development, discounting compliance with social standards as a secondary concern.

Without action, preferential schemes like trade agreements with the European Union or the Trans-Pacific Partnership Agreement (TPP) will perpetuate the unjust imbalance between actors and countries across the global supply chains while producer prices stay low even when zero tariffs substantially reduce costs for brand-owning multinational corporations.

Undoubtedly, increased trade and greater trade liberalization does not automatically lead to the promotion of labour standards as economists projected. At least in some sectors, the race to the bottom is not a slogan but an economic reality.
THE APPROACH
OF CLS+

CLS+ stands for shared prosperity of all actors along the global supply chain

To counter the power asymmetry in trade relations across global supply chains, CLS+ makes a connection between a binding social clause in international trade and a fair economic balance for all actors along the global supply chains, from brand-owning multinationals to workers.

FES in Asia works with political, trade union and academic partners to introduce a CLS+ policy-tool and assess the implementation of core labour standards in the framework of preferential trade agreements in export-oriented industries of five countries: Bangladesh, Cambodia, Myanmar, Pakistan and Vietnam.

Aligned with ongoing efforts in organizing for social justice, FES takes up the findings of the assessment with policy makers, also in the European Union.

In Asia, the push for binding social standards is part of a growing concern for social provisions in existing and negotiated trade agreements and preferential systems.

CAMBODIA
MYANMAR
PAKISTAN
VIETNAM
BANGLADESH

EBA
GSP Plus
TPP
ACCORD
The TPP is expected to secure more effectively workers’ rights in countries such as Vietnam. Human and labour rights provisions in some EU preferential systems (e.g. “Everything But Arms”) are only weakly defined, yet the EU has assured that the chapter on labour and environmental issues in the upcoming trade agreement with Vietnam, complies with its newly declared value-based trade policy.

The EU preferential tariff system with Pakistan (GSP Plus) provides for strong labour standards and will be reviewed in the European Parliament in 2016. Additional pull for binding social standards comes with promising country initiatives, like the binding scheme ACCORD in Bangladesh or the European Garment Alliance, especially after resolutions of the 2015 G7 Summit called upon the private sector to attend to human rights standards as a step towards responsible supply chains.
THE CORE ASPECTS OF CLS+

CLS+ addresses two challenges in the debate on how trade policy can improve labour standards along the value chain in Asia.

CLS+ shapes a socially responsible international trade regime in the 21st century

CLS+ takes action to broaden the concept of core labour standards and enlists living wages, hours of work, safety standards, migrant workers’ rights and social protection as binding and enforceable elements in global supply chains and trade agreements. Since international trade in practice mainly refers to trade in multinational corporations through foreign direct investment and outsourcing, CLS+ shapes a socially responsible international trade regime in the 21st century by creating the economic nexus between trade and labour standards in the global supply chain.

CLS+ identifies common economic interests for shared prosperity and decent working conditions in and along global supply chains

CLS+ considers different perspectives on the dimensions of trade, international macroeconomics, and economic policy to assess the experiences of different actors along global supply chains in Asia. Indeed, global supply chains may provide opportunities for local producers to increase productivity, yet they can also be limiting, offering a future only to low-wage and low-skilled labour and to a growth model driven solely by foreign direct investment and export orientation. In countries with a surplus in labour supply and high levels of export over GDP-orientation, productivity gains do not guarantee wage increases, stronger domestic demand or wage-led growth, but rather rise in profits of the international brands and stable consumer prices in importing countries. It comes as no surprise, then, that furniture or garments in the US are as cheap today as they were thirty years ago.
**WITH CLS+** the Friedrich-Ebert-Stiftung in Asia takes a joint effort with governments, trade unions, employers and multinational companies to address economic upgrading on technology, products and position in the value chain for all actors. Working to achieve equal opportunities to access the benefits of global supply chains, with CLS+ we identify common economic interests amongst the stakeholders to achieve sustainable development, shared prosperity and decent working conditions in and along the global supply chain.

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**FOR FURTHER INFORMATION:**

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