

**Asian Regional consultation
Held by the Special Representative of the Secretary-General
on Human Rights and Transnational Corporations and Other Business Enterprises
Bangkok, June 26-27, 2006**

SUMMARY REPORT

Background

On June 26-27, 2006, the Special Representative of the Secretary General on Business and Human Rights convened a consultation with key stakeholders from the Asian region in Bangkok. This was the second in a series of three such consultations. Each is intended to gain perspectives from the region on the overall issues covered by the mandate; to focus in depth on a particular set of business and human rights challenges at play in the region; and to learn about broader stakeholder concerns.

Because large parts of Asia provide significant manufacturing platforms within global supply chains, the Bangkok consultation focused on human rights issues in supply chains, in particular with regards to the effectiveness and accountability of programs to monitor and correct human rights abuses in supplier factories (see Annex 1: Agenda).

Existing initiatives addressing these challenges include company codes of conduct, monitoring and auditing of workplace standards, accreditation programs as well as advocacy campaigns for workers' rights. Some are company-based; others involve industry associations and multi-stakeholder efforts. These initiatives were undertaken with the intent to identify, verify and remediate workers' rights abuses, but current expectations have moved beyond a static compliance-orientation to aspirations for continuous improvement and sustainable change in performance based on local and international laws, evolving norms and standards, economic and social incentives, improved management systems, and market competitiveness.

Despite common goals, initiatives to catalyze this change in workplace environments have significant differences in structure, participation, governance, and process. Many involve the interests and influence of numerous stakeholders including, but not limited to, the buying companies and brands, supplier factory owners and managers, workers and labor unions, NGOs, international organizations, local and national governments, and local communities. A background report was prepared for the consultation, using industry and multi-stakeholder initiatives as a lens through which to assess the challenges and opportunities for sustainable change and continuous improvement in supply chains. The report analyzes in detail initiatives in the apparel, footwear, toy and electronics industries. EICC, ETI, FLA, ICTI, SA8000, and WRAP were chosen for review because they have emerged as key initiatives within and among these industries, because they offer insights into the priorities of the stakeholders involved, and because they demonstrate the differences in the structure and scope of these initiatives (the report is available at: <http://www.business-humanrights.org/Updates/Archive/SpecialRepPapers>.)

The consultation brought together 76 participants from 20 countries, representing 44 non-governmental organizations and trade unions; 20 representatives from the private sector; and 12 "other" institutions (academics, governments, international organizations – see Annex 2: List of Participants). The SRSG and members of his team also made an apparel industry site visit in Bangkok.

The Asia consultation was made possible thanks to the generous support of the Friedrich Ebert Stiftung, with additional assistance from the German Marshall Fund of the United States and the Government of Norway. The Friedrich Ebert Stiftung's Geneva and Bangkok offices also provided crucial logistical support.

Proceedings summary

Opening the consultation, the SRSG, Prof. John Ruggie, described his mandate and recalled the overall objectives of the regional consultations, and of the Bangkok meeting in particular.

The keynote speeches on **Human Rights and Supply Chains Management – Challenges and Practices** were delivered by representatives of business and labor, respectively: a joint presentation by Mr. Alan Hassenfeld, Chairman of Hasbro Toys, and Ms. Harriet Mouchly-Weiss, Managing Partner of Strategy XXI; and Mr. Govindasamy Rajasekaran, Secretary General of the Malaysian Trade Union Congress. The keynote speakers agreed that a common standard

for business with regards to human rights was needed because human rights policies remained a leaders' debate, which was not reaching laggard companies. Ms. Mouchly-Weiss described the CARE code of ICTI, which is applied by various international enterprises in the toy industry. Mr. Hassenfeld pointed out that Corporate Social Responsibility (CSR) was not philanthropy but made good business sense. Mr. Rajasekaran regretted that only a very small percentage of companies worldwide had embraced any CSR policy, however. He reminded the audience that the ILO has been around for 80 years and asked that we not have to wait another 100 for the introduction and implementation of binding standards for business, especially as he detected a downward trend in national labour legislation and enforcement.

The first session focused on **Supply Chain Monitoring and Auditing: Best Practices**. Companies began to adopt corporate responsibility policies and practices addressing labor rights in supply chains a decade or more ago, but with mixed results to date. There was broad consensus that supply chain monitoring and auditing by themselves produce limited improvements in performance, and that there was a need, therefore, to adopt more active remediation and capacity-building measures. Indeed, the leading initiatives are moving in this direction. Many participants underlined the need for standards and indicators that are recognized by all parties, and some expressed an interest in international guidelines supported by OHCHR. It was also highlighted that the various forms of supply chain monitoring and auditing only reached the formal sector, neglecting the very large informal sector of irregular and migrant workers.

The second session, on **Impediments to Improvement**, examined some of the major reasons for the slow rate of change in supplier factories. The proliferation of codes and duplication of audits were mentioned as a major obstacle to improvement, because they consume scarce resources that could be better invested in training managers and educating workers and communities regarding their rights. In this context, representatives of companies and civil society organizations alike stressed the importance of long-term relationships between buyers and sellers in order to achieve a closer alignment of values.

Beyond the limitations of supply chain monitoring, participants noted the impact of practices on the part of buyers (brands as well as retailers) themselves: increasing cost-pressures, erratic procurement scheduling, leaner production methods, ever-tighter "just-in-time" methods of inventory control and the like. Moreover, the question was raised whether the business model of large value-brand companies was compatible with significant improvements in working conditions unless the changes were part of a broader industry or regulatory play.

Participants also discussed the downward pressures created by the race among governments to attract businesses regardless of the social costs, coupled with the lack of interest in business and human rights issues of by many Asian-owned companies. This was identified as one of the major dilemmas with no clear solutions at the moment, as participants feared that neither governments nor local companies would constitute a significant force for positive change any time soon.

The third session addressed ways of **Raising the Bar**. It was noted that multi-stakeholder initiatives in the footwear and apparel industries account for approximately one-tenth of the total sales in those products. Efforts to raise the bar for the vast majority of workers, therefore, would need to reach well beyond this sphere. The options discussed included re-energising trade unions and/or imposing legal obligations. Some participants stressed the desirability of a "code of codes," but there was no consensus on whether that would make much difference or how to achieve it.

Many participants saw the role of trade unions as a key part of any solution. But representatives from the labor movement themselves emphasized the need for unions "to re-invent and make themselves relevant again" in the radically different context of today's global economy. Some participants also suggested a UN monitoring body and complaints mechanism for individuals, as it exists in some measure for human rights violations committed by states. The lack of political will by states was recognized as a major obstacle for any initiative.

The fourth session looked at **the Role of governments**. Participants acknowledged that corporate human rights policies and practices, particularly with regard to labor standards, in some respects were an anomaly to begin with, created by the unwillingness or inability of governments to enforce their own laws. While the role of business codes and standards coupled with the role of NGOs as watchdogs and human rights advocates were seen as crucial drivers of change, all participants agreed that there were limits to the practical reach and political legitimacy of this mode of conducting social policy. Efforts

had to be redoubled, participants felt, to bring this responsibility back to states. One participant cited the garment workers unrest unfolding in the export processing zone of Dacca while the consultation was being held as a result of governance failure – in this instance, the refusal of the government over many years to increase the minimum wage even when lobbied to do so by some international firms. It was generally agreed that intergovernmental organizations, such as the ILO and the UN human rights machinery, had to be used more effectively to reinforce the governance role of states. It was also noted that the impact of governments went well beyond regulating, that they could also produce a positive effect through such policies as procurement requirements and the provision of export credits and investment insurance. Many participants supported the idea of involving governments in private initiatives such as training factory managers in human resource practices and human rights standards.

The fifth session focused on *The Role of International Cooperation*. It discussed the lessons to be drawn from international cooperation projects such as the ILO's "Better Factories Cambodia" Program, ways better to engage development cooperation agencies, and the need for stronger international legal remedies. Capacity building in the areas of human rights and human resource management as well as harmonizing CSR policies were identified as key priorities for development cooperation agencies. One participant recommended linking WTO rules to human rights standards in order to use the full capacity of international cooperation. And again the role of the national government was highlighted along with the need to get laggard companies to apply standards through market-based or regulatory means.

The final and longest session of the consultation provided an opportunity for all participants to express ideas, advice, and recommendations to the SRSG on issues related to the overall mandate, and how it could contribute to the specific situation of in various parts of Asia.

Many participants raised the plight of informal, unorganized and migrant workers throughout the region. Several participants stressed the egregious situation of human rights abuses in Burma. Some NGOs suggested that the SRSG take up the UN Draft Norms again and incorporate them into his work. The lack of interest in these issues on the part of Asian companies was regretted. Other participants saw the SRSG's mandate as an opportunity to mainstream human rights and build support for capacity building and promoting information programs for workers and managers. The creation of an international mechanism comparable to the OECD National Contact Points was raised as a potential tool to help human rights defenders on the ground. Additionally, it was felt that the SRSG had a significant role to play in "filling the gap" between proliferating standards and actual implementation. Indeed, it was suggested that he create a forum for all stakeholders to work together to find new ways to secure better practices on the ground.

At the conclusion of the meeting the representative of one NGO announced that she would be sending the SRSG a letter on behalf of a number of NGOs. The letter's content was not indicated and thus was not discussed by the consultation as a whole. The subsequent letter and the SRSG's response are posted on the websites of EarthRights and the Business & Human Rights Resource Centre (<http://www.business-humanrights.org/Categories/UNintlorgs/UNintergovernmentalorgs/UN/UNSpecialRepresentativeonbusinesshumanrights.>)

The **next consultation will take place in Bogota, Colombia, on January 18-19, 2007**. The topics once again will include the overall issues raised by the SRSG's mandate, and the more specific focus will be the challenges of companies establishing and retaining a "social license to operate," particularly in relation to indigenous peoples.

**
*

Sunday, 25 June

19:00 Welcome Dinner

Monday, 26 June

8:30 Coffee and Registration

9:15 Welcome and introduction

- Prof. John Ruggie, Special Representative of the Secretary General on Business and Human Rights

9:30 Keynote Speeches: "Human Rights and Supply Chains Management: Challenges and Prospects". Views from a company and a labour perspective"

- Mr Alan Hassenfeld, Chairman, Hasbro & Ms Harriet Mouchly-Weiss, Managing Partner, Strategy XXI
- Mr Govindasamy Rajasekaran, Secretary General, Malaysian Trade Union Congress

10:20 Break

10:35 Session I: "Supply Chain Monitoring and Auditing: Best Practices"

- Mr William Anderson, Head Of Social and Environmental Affairs, Asia/Pacific, Adidas, China
- Prof. Liu Kaiming, Director, Institute for Contemporary Observation, China
- Mr Sumeth Srisangthaisuk, Project Manager, GAP, Thailand

12:30 Lunch

1:30 Session II: "Impediments to Improvement"

- Mr Martin Ma, Director, China program, Social Accountability International, China
- Mr Ian Spaulding, Director, Overseas Compliance, Sears/Kmart
- Ms Nazma Yesim, Project Officer, Bangladesh Institute of Labour Studies, Bangladesh

3:30 Break

3:50 Session III: "Raising The Bar"

- Mr Ji-Hoon Cha, Co-President, Lawyers for a Democratic Society, Korea
- Ms Harsh Saini, Director, Corporate responsibility, Nike, Inc., Thailand
- Mr Hyowon Yoon, International Director, Korea Health & Medical Workers' Union, Korea

5:50 - 6:00 Wrap-Up Day 1

Tuesday, 27 June

9:00 Session IV: "The Role of Governments"

- Mr Henry Heyneardhi, Director, Business Watch Indonesia, Indonesia
- Ms Nymia Pimentel Simbulan, Executive Director, Philippine Human Rights Information Centre, Philippines
- Mr Auret van Heerden, President and CEO, Fair Labor Association, Switzerland

11:00 Break

11:15 Session V: "The Role of International Cooperation."

- Ms Ros Harvey, Chief technical Adviser, ILO - Better Factories Cambodia, Cambodia
- Ambassador Elisabeth Dahlin, Swedish Partnership for Global Responsibility, Sweden
- Mr Rene Ofreneo, Executive Director, Fair Trade Alliance, Philippines
- Mr Viraf Mehta, Chief Executive, Partners in Change, India

1:15 Lunch

2:15 Session VI: The Contributions of The SRSG's Mandate

The final session is an opportunity for all participants to provide ideas, advice, and recommendations on how the SRSG mandate can best contribute to improving the situation in Asia.

4:00 Closing Remarks

- Prof. John Ruggie, Special Representative of the Secretary General on Business and Human Rights

4:15 End of the meeting

The Asia consultation was made possible thanks to the generous support of the Friedrich Ebert Stiftung, with additional assistance from the German Marshall Fund of the United States and the Government of Norway.

Annex 2: List of Participants

- Korshed Alam, Alternative Movement for Resources and Freedom, Bangladesh
- Sohnia Karamat Ali, Education & Research Associate, Pakistan Institute of Labour Education, Pakistan
- William Anderson, Head Of Social And Environmental Affairs, Asia/Pacific, Adidas, China
- Le Anh Duc, Vietnam Leather&Footwear Association, Vietnam
- Roqueto Arpafo, 1st National Vice-Chairperson, Alliance of Progressive Labour, Philippines
- Christine Bader, Manager, Policy Development, BP, United Kingdom
- Charles Bodwell, Chief Technical Advisor, Factory Improvement Programme, ILO, Thailand
- Ji-Hoon Cha, Co-President, Lawyers for a Democratic Society, Korea
- William Conklin, Country Representative, American Center for Intl. Labour Solidarity, Thailand
- Elisabeth Dahlin, Ambassador, Swedish Partnership for Global Responsibility, Sweden
- Elenita Dano, Associate, Third World Network, Malaysia
- Patrick Earle, Human Rights Council of Australia, Australia
- Steve Gimpel, Pjv Asset Protection Supervisor, Barrick (Niugini) Limited, Papua New Guinea
- Bruce Gray, Pjv Asset Protection Department Manager, Barrick (Niugini) Limited, Papua New Guinea
- Dorothy Guerrero, Programm Director, Focus on the Global South, Philippines
- Serge Guillaume, Consultant, Thailand
- Ros Harvey, Chief Technical Advisor, ILO - Better Factories Cambodia, Cambodia
- Alan Hassenfeld, Chairman, Hasbro, Usa
- Henry Heyneardhi, Director, Business Watch Indonesia, Indonesia
- Pill Kyu Hwang, Attorney, Korean Public Interest Lawyers Group GONG-GAM, Korea
- Sol Iglesias, Acting Director Of Intellectual Exchange Department, Asia-Europe Foundation (ASEF), Singapore
- Gary Jordan, Vice President, Asics America Corporation, Usa
- Liu Kaiming, Director, Institute for Contemporary Observation, China
- David Kinley, Professor, University of Sydney, Australia
- Felix Kirchmeier, Program Officer (Human Rights), Friedrich-Ebert-Stiftung, Switzerland
- Takiyama Kojiro, Section Chief, Csr Team, Asics Corporation, Japan
- Rori Kramer, Communications Officer, Economic Policy Program, The German Marshall Fund of the United States, Usa
- Gopinathan Kunhithayil Parakuni, Civil Initiatives for Development and Peace, India
- Jean-Pierre Labbé, Senior Vp, Public Affairs, Total, France
- Chang-Hee Lee, Industrial Relations Specialist, ILO, Thailand
- Lingyun Li, Professor, East China University of Politics and Law, China
- Serena Lillywhite, Manager, Brotherhood of St Laurence, Australia
- Martin Ma, Director, China Program, Social Accountability International, China
- Marie Mancheron, Legal Counsel, Total, France
- Min Janeh Mehm, Programme Management, Human Rights Foundation of Monland, Thailand
- Viraf Mehta, Chief Executive, Partners in Change, India
- Jason Miller, Researcher, Karen Human Rights Group, Burma
- Harriet Mouchly-Weiss, Managing Partner, Strategy XXI, Usa
- Dominique Muller, Executive Director, Hong Kong Liaison Office of the international trade union movement, China
- Vitit Muntarbhorn, Professor, Chulalongkorn University, Thailand
- Ravi Nair, Executive Director, South Asia Human Rights Documentation Centre, India
- Christopher Ng, Regional Secretary, UNI-Asia & Pacific, Singapore
- Rachel Nicolson, Lawyer, Allens Arthur Robinson, Australia
- Abdul Latif Nizamani, Vice President, Pakistan Workers' Federation (PWF), Pakistan
- Justine Nolan, Professor, Human Rights First, Australia
- Charmaine Nuguid-Anden, S.A.F.E. Environmental And Social Affairs Auditor/Asia Projects Coordinator, Puma, Philippines
- Piaporn Oberoi, Coordinator, Forum-Asia, Regional Secretariat, Thailand
- Rene Ofreneo, Executive Director, Fair Trade Alliance, Philippines
- Gerald Pachoud, Special Adviser To The SRSG
- Daniel Panjaitan, Lawyer, Urban Community Mission, Indonesia
- Judy Pasimio, Programme Officer, Asia Pacific Forum on Women, Law and Development, Thailand
- Nymia Pimentel Simbulan, Executive Director, Philippine

Annex 2: List of Participants

Human Rights Information Center, Philippines
Ravadee Prasertcharoensuk, Executive Director,
Sustainable Development Foundation, Thailand
Govindasamy Rajasaharan, Secretary General, Malaysia
Trade Union Congress, Malaysia
Sreedhar Ramamurthi, Convenor, Mines, Minerals and
People, India
Carol Ransley, Assistant Director, Earth Rights International,
Thailand
Roseann Rife, Human Rights in China, China
John Ruggie, Special Representative Of The UN Secretary
General On Business And Human Rights
Harsh Saini, Director, Corporate Responsibility, South And
South East Asia, Nike, Inc., Thailand
Rajeev Sharma, Programme Director, Building and
Woodworkers' International, India
Roddy Shaw Kwok-wah, East Asia Researcher &
Coordinator, Business & Human Rights Resource Centre,
China
Randall Soderquist, Director Economic Policy Program, The
German Marshall Fund of the United States, Usa
Farah Sofa, Deputy Director, Friends of the Earth, Indonesia
Ian Spaulding, Director, Overseas Compliance, Sears/
Kmart, China
Sumeth Srisangthaisuk, Project Manager, GAP, Thailand
Dinh Thi Nhu Quynh, Senior Officer, Vietnam Textile &
Apparel Association, Vietnam
Surya Tjandra, Director, Trade Union Rights Center,
Indonesia
Le Van Dao, General Secretary, Vietnam Textile & Apparel
Association, Vietnam
Auret van Heerden, President And CEO, Fair Labor
Association, Usa
Dilip Vaswani, Managing Director, Total refining and
marketing, Singapore
Phan Wanabriboon, Director, HomeNet Thailand, Thailand
Lene Wendland, OHCHR Advisor On Business And Human
Rights, Office of the High Commissioner for Human Rights
Nazma Yesim, Project Officer, Bangladesh Institute of
Labour Studies, Bangladesh
Argo Yeung, Project Coordinator, Scholars Against
Corporate Misbehavior, China
Pan Yi, Business Standards Officer, Pentland, China
Hyowon Yoon, International Director, Korea Health &
Medical Workers' Union, Korea