



EUROPEAN COMMISSION
Employment, Social Affairs and Inclusion DG

Employment and Social Governance
Social dialogue

**Plenary Meeting of the
SECTORAL SOCIAL DIALOGUE COMMITTEE
TEXTILE AND CLOTHING**

**8 November 2018
MINUTES**

Chair: Commission

1. Approval of the minutes of the last meeting and of the agenda

The agenda of the meeting was adopted. The minutes of the working group meeting dd. 20 April 2018 were approved.

2. industriAll Europe project "Strengthening the capacity of Trade Union in South-East Europe to improve wages and working conditions in the garment and footwear sectors"

In his presentation (attached) Mr Zibell gave a state of play of the project, funded by the VP/2017/002 call (Information and Training measures for Workers' organisations). The project activities are taking place in Romania, Bulgaria, Albania, North Macedonia, Serbia and Croatia. A number of national seminars were held, most recently in Bulgaria. The intention of the project is to strengthen both sides of industry in countries where social dialogue is not functioning well at national level. The outputs until now are mainly kick-off meetings and training sessions, as well as stocktaking on potential. The project also deals with living wages, since many employees are emigrating from these countries. A possible instrument to enhance the attractiveness of the garment and footwear industries is to increase wages. Also, it is important to stress the need for acceptable purchasing practices, which are influencing wages; cooperation on this aspect is ongoing with IndustriALL Global Union. The project also aims at strengthening employers' organisations, with the aim to come to collective agreements, and to address workforce shortages jointly. Mr SCALIA (EURATEX) welcomed the project,. Living wages in China, however, show regional differences, and product prices start rising. Ms BUTAUD-STUBBS added that the functioning of the value chain is linked to the economic conjuncture situation of the sector; in France, for instance, the total consumption of textile has gone down following the arrival of Primark.

3. Texdr project on CSR risk management

EURATEX updated the participants on the state of play of the project, dealing with the assessment of risks relating to Corporate Social Responsibility (CSR). The project is targeted towards SMEs. Ms BUTAUD-STUBBS pointed at the complexity

of the IT application, which made training workshops necessary. A particular challenge will be the financing of the system after 2019. Mr ZIBELL replied that industriAll would have to take political decisions to describe the role of the trade unions of the project, and the need for continuation. In his opinion, the tool is a stepping-stone to start reducing risks. Social dialogue could be organised at enterprise level around discussions on the remediation actions to the risks that were identified with the tool. In Austria, the tool received good feedback from entrepreneurs, whilst in France the tool is apparently used less in enterprises. Therefore, Ms BUTAUD-STUBBS suggested presenting the tool in sectoral meetings at national level. Mr SCALIA added that permanent training on the use of the system will be needed, and invited the trade unions to reflect on their role in this respect.

4. Relationships along the Textile and Clothing supply chain: purchasing practices and audit fatigue.

In his presentation (attached) Mr ZIBELL proposed a number of indicators on purchasing practices in the Textile and Clothing sector. Purchasing practices influence working conditions and wages. The indicators are based on the “Supplier Speak Up” report published in 2016 by Ethical Trading Initiative – ETI - (Norway), which provides purchasers with a practical guide. The indicators mentioned are non-judgemental, and could be the basis for reflection and discussions in i.a. a social dialogue context. Mr SCALIA replied that some of the indicators are not easily measurable, and some related technical data are confidential. A discussion with large brands on the feasibility of the use of the indicators had not yet taken place. Ms BUTAUD-STUBBS agreed that the indicators are intellectually robust, but not always realistic. Also, they do not take into account the uncertain nature of certain elements, such as sales forecasts for the fashion sector. However, she confirmed that indicators on the quality of technical specifications should be developed; at the same time she pointed at the importance of existing ISO norms.

Mr SCALIA introduced the subject of audit fatigue by pointing at the increasingly high requirements that put pressure on textile companies. Also, these companies are often requested to comply with several different systems, which adds up to audit fatigue. In this context he pointed at the “Social and Labour Convergence” project – SLCP - (www.slconvergence.org), which gathers some 100 companies around questions on core elements of the value chain. The questions cover similar aspects as the ETI initiative, and he therefore invited industriAll to reflect on them. Mr ZIBELL replied that industriAll cannot take a position on this project, since trade unions were not involved in the definition of the indicators. He and Mr. KREUZER mentioned that the reference to national law may be an insufficient guarantee when this law is too weak.

5. Reliable input and transmission of information along value chains: role of technologies and of social dialogue

Mr CARIOU (Crystalchain) explained the basics of the Blockchain technology (presentation attached). The system is based on individual responsibility and the immutability of data. This results in a trusted system, with several levels of confidentiality. The recorded data are easily traceable and auditable, which is linked to the high degree of automation of all the steps in the data chain. The bitcoin uses blockchain technology, but it is often wrongly perceived as being the system itself. The issues with the bitcoin caused severe reputational damage to Blockchain technology. Mr CARIOU gave an example of the use of Blockchain technology in the wool industry, with complete traceability throughout the value chain, notably of quality, production conditions, and animal welfare.

In Blockchain, the data entered are not modifiable. The customisable confidentiality of access to data can also be used to also allow consumers to have an access to data.

Mr. ZIBELL stressed the importance of procedures ensuring that the data introduced in the system is actually true, and hinted at a possible role for trade unions as contributors to certifying this veracity of data.

The employers' side was concerned about additional costs for the industry, and pointed also at the problem of interoperability, sometimes combined with a lack of Enterprise Resource Planning (ERP). However, EURATEX confirmed the importance of traceability, since it is linked to due diligence and legal compliance, and can have an impact on sustainable consumption. EURATEX announced the creation of a traceability working group. In this respect, the "Be Aware" project of the Belgian association, a Euratex Member, was mentioned. Also the OECD has a working group on Blockchain. Finally, the workers' side pointed at the importance of social dialogue and involving trade unions in the validation of data on social conditions.

6. Shortage of qualified workforce in Europe

EURATEX informed the meeting of their project under the Blueprint for Sectoral Skills Cooperation, which covers skills gaps in general. The aim is to develop a sectoral strategy and 8 new curricula. The project "Digital TCLF" (jointly managed with industriAll) partly covers the digital mismatch. Nine professions have been identified, and the intention is to produce a roadmap for sectoral digital skills in the final phase of the project.

7. AOB.

The Commission reminded the social partners of the possibility to join the "Tanning and Leather" and "Footwear" joint working group meeting on 9 July 2019.

Annexes:

- List of participants
- Presentation: "Strengthening the capacity of Trade Union in South-East Europe to improve wages and working conditions in the garment and footwear sectors".
- Presentation: "Purchasing Practices in Textile and Clothing : possible indicators.
- Presentation: "Traceability with blockchain for textile and clothing business"

Annex: List of participants

<p><u>Employers</u></p> <p>EURATEX</p> <p>Mr Mauro SCALIA (EU) Ms Dunja DRMAC (EU) Ms Iratxe GARCIA (EU) Ms Emanuelle BUTAUD-STUBBS (FR) Ms Varpu LAANKOSKI (FI)</p> <p>5 employers representatives (4 women, 1 man) (3 EU, 2 MS)</p>	<p><u>Workers</u></p> <p>industriAll</p> <p>Ms Maike NIGGEMANN (EU) Mr Laurent ZIBELL (EU) Mr Jannie ANDERSEN (DK) Mr Attila BERENYI (HU) Mr Abdelkader CHIGRI (FR) Ms Ana FILIPE (PT) Mr Tamas KELETI (HU) Mr Gerald KREUZER (AT) Ms Nina LAINE (FI) Ms Alena NAROVCOVA (CZ) Ms Iris SCHIEWEK (FI) Mr Gieljan VAN MELLAERT (BE)</p> <p>12 workers representatives (5 women, 7 men) (2 EU, 10 MS)</p>
<p><u>Others</u></p> <p>Mr Sylvain CARIOU (Crystalchain)</p> <p><u>European Commission</u></p> <p>Danny SCHEERLINCK (EMPL.A.2)</p>	