

HIGH LEVEL CONFERENCE ON RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN IN THE GARMENT SECTOR, BRUSSELS, APRIL 25TH, 2016

SPEECH

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Pakistan is the sixth most populous country in the world with a population of about 189 million, as estimated and used by Labour Force Survey 2014-15. The estimated labour force is 61 million comprising of all persons of age ten years and above. The number of people employed increased from 56 million in 2013-14 to 57.42 million in 2014-15. Agriculture sector employs 42.27% of the labour, followed by 35% by services sector. The manufacturing sector accommodates 22.61% of the labour force. The formal sector constitutes 27.4% of the non-agricultural labour force, while the informal sector employs 72.6% of the non-agricultural labour force.

In Pakistan the garment industry provides 15 million jobs for Pakistanis, and is the country's largest manufacturing employer. It contributes 9.5 per cent to GDP. Pakistan's textile exports that constitute more than 50 percent of the total exports is effectively standing at around US\$13 billion. However, garment workers suffer from poor working conditions, low wages and inadequate occupational safety.

Pakistan was granted GSP plus status on January 1, 2014, enabling it to export textile goods to 28 European countries till 2017 without any duties. Under it, almost 20 percent of Pakistani exports enter the EU market at zero tariff and 70 percent at preferential rates. EU accounts for 25 percent of Pakistan's exports

and 10 percent of imports. The bilateral trade volume is around \$11 billion. Pakistan is exporting mainly textiles and leather products to EU and imports mechanical and electrical machinery, chemical and pharmaceutical products.

Thus, Textiles and clothing account for around 75% of Pakistan's exports to the EU. While the textiles and clothing industry are the backbone of the Pakistani economy, relying so heavily on one product category carries risks for Pakistan. Trade diversification programmes have been launched to reduce the country's reliance on the textiles and clothing sector. The recently granted GSP+ preferences should also support Pakistan's efforts towards diversification.

However to maintain this GSP Plus status, Pakistan is mindful of taking concrete steps to improve workers' conditions and promote decent work by ratifying and implementing 27 UN conventions, including the eight ILO Fundamental Conventions.

The steps to ensure compliance with core labour standards are part of GSP Plus and Compliance with Core Labour Standards. It is a kind of reform agenda that my Ministry would be following over coming months.

STEPS TAKEN BY PAKISTAN TO ENSURE RESPONSIBLE MANAGEMENT OF SUPPLY CHAIN IN THE GARMENT SECTOR

Establishment of Buyers Forum

Government of Pakistan, with ILO assistance and working together with the International Finance Corporation (IFC) and the Government of Netherlands, set out to engage the major international buyers and fashion houses on the issue and thus established the first ever Buyers' Forum in Pakistan in December 2014. The formal engagement of international

buyers was started after the visit of the Dutch Minister for Trade and Development, Ms Liliana Ploumen, in April 2014.

The Buyers' Forum is composed of 22 international brands, and its purpose is to facilitate and promote a dialogue between textile sector buyers and manufacturers to discuss sustainable practices; improved compliance and reporting on environmental, labour and health and safety standards; and their implementation in the garment and textile sector in Pakistan.

This forum is inspired by the Bangladesh model, where buyers jointly tackle complex challenges that are both factory specific, and that thread across the sector and supply chain for stable and sustainable improvement, productivity and competitiveness. Research has indicated that smaller local manufacturers across the textile value chain do not have compliance monitoring mechanisms and the capacity to maximise potential benefit of GSP+. Ineffective labour inspection and absence of building safety and fire codes are particular challenges to the adherence of labour standards including Occupational Safety and Health.

Buyers Forum is fostering support for three key areas; strengthening labour inspection regime, issues of contractual employment and supporting smaller manufacturers to improve compliance at par with International Standards.

Labour Inspection Reforms

Government of Pakistan is cognizant of the fact that effectiveness of labour inspection system could be improved by making up the human and financial resource deficit, institutionalizing user-friendly labour inspection tools and addressing the data management and training requirements. In this regard, Ministry of Overseas Pakistanis and Human Resource

Development (MOPHRD) in collaboration with the International Labour Organization (ILO) has embarked upon this three years project that aims at strengthening the a) regulatory framework, b) institutional capacities and c) extending the outreach and quality of the labour inspection system in Pakistan. The project is financially supported by the Government of Netherlands and will endeavor to support the provincial labour departments of all the four provinces, AJK and Gilgit Baltistan. The project will also contribute in addressing institutional challenges in centrally collating, analyzing and reporting data on labour inspection.

Public Private Partnership with PTEA

In order to enhance the application of labour laws in the textile sector, the ILO and the Ministry of Textile Industries engaged in a dialogue with major Textile Industrial Associations. As a result, a joint intervention was designed between the ILO and the Pakistan Textile Exporters Association (PTEA) through a Public-Private Partnership (PPP), which aims to build the capacity of the textile industry in order to develop responsible workplace practices and programmes through a social dialogue approach. A formal agreement between the ILO and PTEA was designed and signed in early 2015 for implementation.

Garment Sector Stakeholders Forum

A Garment Sector Stakeholders Forum (GSSF), jointly facilitated by the ILO and GIZ, has also been established here to discuss and debate issues relevant to garments and textile sector. GSSF provides a platform to stakeholders to generate debate on issues prevailing in the sector including legislative and institutional reforms, enforcement and implementation mechanisms and recommendations to address them.

Labour Legislation Reform

Agriculture is at the lowest tier of textile value chain and it is important to extend labour laws to provide these workers with protections. Both Sindh and Balochistan have amended their industrial relations laws and allowed formation and joining of unions to agricultural and fisheries workers. A union of agriculture workers has been registered in Sindh under the amended Act.