Environmental scoping study

Decent work in the garment sector supply chains in Asia

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For the International Labour Organisation

Executive Summary

This report is part of a regional scoping analysis of decent work in the garment sector supply chains in Asia, conducted by the ILO in partnership with The Swedish International Development Cooperation Agency (Sida). The report has been prepared under the direction of Cristina Martinez, Senior Environment and Decent Work Specialist of the International Labour Organization (ILO).

Executive summary

This report contributes analysis of environmental issues to a scoping project into decent work and the garment industry in Asia. For the purpose of this paper, focus and analysis is restricted to the environmental impacts in the textile manufacturing and garment assembly links of the supply chain.

MAIN FINDINGS

Environmental impacts in the textile and garment supply chain

Environmental impacts are concentrated at certain points in the supply chain, and this report highlights four areas:

i. the weaving, dyeing and finishing processes in textile manufacturing;
ii. energy use;
iii. textile waste associated with garment assembly; and
iv. the transport emissions throughout the supply chain as materials and then final products are shipped globally.

The most significant impacts however are within the first area, with the main impacts being on use intensity of water resources, chemical use including toxic chemicals, waste water discharges and lack of treatment processes, and energy use and carbon intensity of electricity.

The environmental impacts of textile and garment manufacturing process are highly localised to where production is. The communities surrounding these facilities are significantly impacted in terms of health, quality of life, and in many cases, impacts on livelihoods from farming and fishing. The location of production facilities in major urban areas (in order to access large pools of labour) also means that these facilities are adjacent to houses, schools, other businesses and community facilities.

There is a great deal of difference between best and worst practice in terms of resource efficiency in the sector. This means there are significant opportunities to optimize the environmental and social footprint, but they require a focus on process design up front. The industry provides a context where relatively modern and existing technology can be deployed and be used to address environmental impacts, whilst also achieving productivity and development gains.

Barriers to adopting cleaner production practices in textile manufacturing include; awareness and knowledge deficiencies of inefficient practices and the availability of cleaner production techniques, lack of skilled personnel, lack of trusted information sources, lack of context specific market offerings, difficulty in accessing finance and lack of robust environmental regulation to drive compliance and best practice.

Environmental regulation systems and institutions are still emerging in many study countries. Whilst there are deficits in these regulatory frameworks, this is exacerbated by significant deficits in monitoring, testing and compliance activities. Deficits include lack of institutional capacity in environmental agencies, lack of skilled personnel within agencies, lack of adequate testing and laboratory facilities, and also minimal deterrence for non-compliance.

Intersection between decent work and environment

There are a number of intersection points between environmental impacts and decent work in the textile and garment supply chain. First, the wet processing of textiles not only has

environmental impacts with water use intensity and waste water discharges into the watershed, these processes can also put workers in hazardous positions, especially if adequate safety training, equipment and provisions are not made. Also, workers are further impacted if they live nearby to textile factories and are exposed to contaminated water supplies, and/ or their family livelihoods are negatively impacted by water scarcity or waste water discharges affecting agricultural and fishing industries.

Second, climate change impacts means that heatwave conditions will produce intolerable and dangerous working conditions if adequate ventilation, cooling and drinking water are not provided.

Third, the increasing frequency of extreme weather events such as floods, cyclones and heatwaves, which cause business disruption, can leave workers financially vulnerable if factories are not able to operate and workers lose income.

Fourth, addressing environmental impacts, through the introduction of cleaner production techniques, and the implementation of environmental regulation and strong monitoring and compliance activities, provides the opportunity to not only reduce environmental impacts but develop high level enterprise and employment opportunities in the textile and garment sector. Cleaner production requires higher levels of skill in plant and operations management. Increased monitoring and enforcement of environmental regulations increases demand for cleaner technology and production, this provides demand-pull for new enterprises to provide services to meet this need. If attention is also paid to market and non-market barriers to the adoption of cleaner production, such as access to finance, trusted information sources and knowledge sharing, as well as the participation and access of women to skills development, entrepreneurship and financial support, addressing environmental impacts can create sustainable development.

Role of multi-stakeholder initiatives and corporate social responsibility programs

The report also examined a number of illustrative examples of corporate social responsibility (CSR) and multi-stakeholder initiatives, to understand the range of activities covered, and how well they matched up to identified deficits. There is a great variety of existing initiatives in these two categories, and other development projects and funding, targeted at the sector.

The examination of CSR initiatives showed the *lack of established shared or common values across the supply chain for environmental and social goals is a key barrier to wider improvements in environmental performance*. CSR provides an important framework for developing business responses to social and environmental issues, but there are significant knowledge gaps in understanding CSR activities in Asian firms, specifically the effects of CSR interventions on firm profitability, workers and environmental conditions.

Multi-stakeholder initiatives can address environmental impacts by providing an opportunity for consensus building around the next steps for action. It also provides good opportunities for cross-organisational learning, and can fill gaps in regulatory or governance arrangements where they are still emerging in developing countries.

However, there exists a multitude of initiatives by governments, the private sector, civil society, and international organisations designed to improve social and environmental standards in the garment value chain. The challenge, being to manage multiple initiatives in a way that avoids duplication and/ or contradictory measures, and that understands that all

these initiatives are competing for the limited bandwidth for change available to each business.

POSSIBLE WAYS FORWARD

The key recommendation is the utilization of the ILO Just Transition Guidelines as a framework to guide the transformative actions proposed. The guidelines offer a policy framework and practical tool to promote a just transition to low-carbon, climate-resilient and inclusive economies. The guidelines cover nine policy areas of critical importance to a just transition (ILO 2015). The Guidelines indicate that International Labour Standards (ILS) are not a separate policy area. Rather, ILS provide the normative framework for all actions and measures.

The Just Transition Guidelines (JTG) provide a higher level umbrella to work regionally instead of nationally or locally by focusing on crossborder impacts and cross-country peer learning and sharing of experiences. *As the textile and garment industry undertakes a series of important reforms at the country level, the application of the ILO Guidelines for a Just Transition to this industry and its consideration at the regional level to address cross-border environmental and labour implications can incentivize the industry to undertake actions that are transformative at the local level at the same time that it addresses regional impacts of the industry ecosystem.*

Specifically, the application of the JTG on regional program development for waste water treatment, water efficiency, and diffusion of best practice cleaner production techniques in the textile manufacturing sector would provide the best cost-effective opportunity to address environmental impacts of the textile and garment industry. Based on the results of this scoping paper, the following recommendations for transformative actions on the ground are proposed:

- In partnership with existing local and international actors and initiatives, undertake close examination of how innovations around best practice cleaner production techniques are introduced and diffused in textile clusters, with a focus on understanding the enabling environment and what factors are context specific and what can be replicated and/ or scaled up regionally. This will require mapping of local and national level initiatives in each of the study countries, as well as country-level analysis of barriers and enabling environment for implementation.

- In doing so, pay special attention to improving adoption of cleaner production techniques lower down the supply chain, and in smaller facilities that have not been engaged with current initiatives. This can address environmental, but also gender implications of impacts, as these lower supply chain links and smaller facilities are more than likely to employ mostly women.

- Focus on developing context specific strategies for skills development, entrepreneurship, enterprise and innovation support, including finance to develop product and service offerings; this should include specific investigations and strategies for female skills and entrepreneurship activities. A regional level program can provide the overall architecture for program activities; a platform for knowledge sharing; cross-country dialogue on specific issues; and common evaluation and performance

metrics. Materials and training resources can also be developed at the regional level, and then customised by local actors for their context. The International Training Center of the ILO has a dedicated program for training constituents in Just Transition and could be engaged to design and deliver a training and skills development programme.

- These strategies should be developed using multi-stakeholder processes, with the participation of local and international actors in a regional process. The interaction with regional and international actors provides encouragement to local actors to force acknowledgement and action to address environmental impacts. Structured dialogue processes, such as tripartite social dialogue offer the best opportunities for initiatives to be fit for purpose as they provide means for workers, employers and government to participate in the process of developing strategies. Local actors not experienced in multi-stakeholder regional dialogue processes may require additional capacity and resources to adequately participate.

- CSR has an important role to play in helping businesses activate their role in social and environmental activities in addition to economic activities. There are significant knowledge gaps of local and national CSR interventions in the study countries and their effects on profitability of local enterprises, workers and environmental conditions.