



The Uniting Church in Australia
Synod of Victoria and Tasmania
Justice and International Mission Unit

130 Little Collins St Melbourne 3000 Phone: 03 9251 5271 Fax: 03 9650 4490

TT 12 May 2004
Submission No. 7

RECEIVED
11 JUN 2004

11 June 2004

The Secretary
Joint Standing Committee on Treaties
R1-109
Parliament House
Canberra 2600

BY:

Dear Secretary,

I am writing on behalf of the Justice and International Mission Unit to lodge the following submission to the Joint Standing Committee on Treaties in relation to the Australia-Thailand Free Trade Agreement (FTA). The Unit currently opposes the treaty action being taken until such time as provisions are included in the FTA to ensure that it does not further contribute to human rights abuses in the manufacturing of goods.

In the 1977 "Statement to the Nation" the inaugural Assembly of Uniting Church in Australia delegates pledged the Church "to seek the correction of injustices wherever they occur" and to "work for the eradication of poverty". The Synod of Victoria and Tasmania has supported the Fairwear campaign to end exploitation in the clothing industry since its formation.

The Synod Justice and International Mission Unit believes that the Christian understanding of God-given human dignity means that we have an obligation to oppose all exploitation. The Unit is deeply concerned at evidence that exploitation is common in the textile, clothing and footwear (TCF) industry in most parts of the world, including amongst home-based workers in Australia. The Unit believes exchanges between developed nations and lesser developed countries (LDCs) should be free of exploitation and directed toward equitable outcomes.

The right to just pay, to form and join trade unions and to reasonable limitations in working hours are enshrined in the *UN Universal Declaration of Human Rights* and *The International Covenant on Economic, Social and Cultural Rights*, to which Australia is a state party. Further basic labour rights standards are spelled out in various ILO Conventions, such as:

- Convention 87 Concerning Freedom of Association and Protection of the Right to Organise;
- Convention 98 Concerning the Application of the Principles of the Right to Organise and to Bargain Collectively;

Thailand has not signed ILO Convention 87, ILO Convention 98 nor ratified the *International Covenant on Economic, Social and Cultural Rights*. Australia is the first developed nation to negotiate a FTA with Thailand. The Australian Government therefore has the opportunity to model an equitable agreement that does not promote the exchange of goods that have been manufactured in situations involving human rights abuses. Such abuses would include violations to the right to just and favourable pay, the right to form and join trade unions, the right to reasonable limitation of working hours and the right to a healthy working environment..

The Australia-Thailand FTA has the potential to improve the competitive position of the TCF industry in Thailand through investment and reduction of tariffs to enable exports to Australia. However, failure to include measures protecting workers from exploitation may further entrench human rights abuses in the Thai TCF industry.

Textile, Clothing and Footwear (TCF) Industry in Thailand

The manufacturing industry in Thailand is in a vulnerable position. The 1997 economic crisis in Thailand resulted in a significant cut of jobs in the private sector and soaring unemployment. Economic measures introduced in the aftermath of the crisis have favoured a flexible labour system with low and decentralised wages. Workers were forced to work longer hours at a rapid pace, using outdated machinery and equipment. The Centre for Labour Information Service and Training (CLIST) reports that some production was moved to the rural areas, where by law, in Thailand, wages are less and workers are also less organised. The result has created a manufacturing industry which is vulnerable to exploitation with reduced job security for millions of workers.¹

The Thai Labour Campaign researches and collects information about all forms of labour violations in Thailand. The Campaign reports ongoing problems with employers violating workers rights of freedom of association and organising as trade unions, a situation that has caused a significant decline in negotiating power for workers to improve working conditions and to protect those rights of association.² The Campaign reports that over 80% of the labour force in the footwear and apparel industry in Thailand are female most of whom are unmarried. It further reports that employers favour unmarried women because they are easier to exploit and to dismiss and because employers want to avoid giving paid maternity leave.³

Oxfam International recently released a report "*Trading Away our Rights: Women Working in Global Supply Chains*", highlighting Thailand as one of the countries where exploitation and human rights abuse occurs the TCF industry. The report confirms that the global-supply chain, in which production is sub-contracted to multiple sites, is eroding workers' rights standards and locking workers into a cycle of exploitation and poverty. Most of these workers, live their entire lives in debt. Non, a 26 year old sewing underwear for Victoria's Secret in Thailand comments on her conditions "*We have to do overtime until midnight to earn a decent income. I am afraid of having children because I wouldn't be able to feed them.*"⁴

Oxfam Community Aid Abroad has reported that the legal daily minimum wage in the Bangkok area is 160 Baht (\$5.60), which is too low to meet workers' most basic physical needs. There have been other allegations by a Thai garment worker that she and her colleagues had been drugged with amphetamines in the drinking water to make them work harder at night.

The report released by Oxfam International, the Clean Clothes Campaign and Global Unions "*Play fair at the Olympics*" earlier this year found that workers in the Thai TCF industry are being required to work up to 16-hours a day, six days a week, especially during peak seasons. Quoting Phan, a 22-year-old migrant workers, sewing sportswear for the Puma label at a garment factory in Thailand:

¹ The Centre for Labour Information Service and Training (CLIST) accessed 28/5/04 <http://www.workers-voice.org/engversion/index.php>

² Thai Labour Campaign accessed 31/5/04 <http://www.thailabour.org/campaigns/wage/background.html>

³ Thai Labour Campaign accessed 31/5/04 <http://www.thailabour.org/docs/CodeReport/LaborForce.html#foot>

⁴ *Trading Away our Rights Women working in global supply chains* Oxfam International; Oxford, 2004 p.4

Every day we work from 8 am until noon, then break for lunch. After lunch we work again from 1 pm to 5 pm. We have to do overtime every day, starting from 5:30 pm. We work until 2 am or 3 am during the peak session. We always have to work a double shift. Although we are very exhausted, we have no choice. We cannot refuse overtime work, because our standard wages are so low. Sometimes we want to rest, but our employer forces us to work.

I earn around US\$50 per month, but I pay US\$3 for electricity, water, and dormitory. I also pay US\$5 for rice. The employer also asks us to pay US\$7 per month for the workers' registration fee. So, I only have US\$35 left for all my other living expenses. In some months during the low season when I earn less, I only have 30 or 40 cents left that month.

The report found that labour rights abuses are endemic to the global sportswear industry:

Market power enables global companies to demand that their suppliers cut prices, shorten delivery times, and adjust rapidly to fluctuating orders. Inevitably, the resulting pressures are transmitted down the supply-chain to workers, leading to lower wages, bad conditions, and the violation of worker's rights.

The Justice and International Mission Unit is concerned that the Thailand-Australia free trade agreement may assist in facilitating this perpetuation of human rights abuse in the global TCF industry.

Products from Burma

The Justice and International Mission Unit is also concerned that goods produced through forced and exploited labour in Burma may be able to be imported into Thailand and then gain preferential treatment in being exported to Australia through the FTA. Provisions in the FTA should seek to prohibit the importation to Australia of goods from Burma, especially where such goods have been produced through human rights abuses.

The 1998 annual Synod of Victoria expressed its concern to the Australian Government regarding "the continued lack of democratic reforms in Burma" and "continuation of human rights abuses". The Synod requested that the Australian Government close the Austrade office in Rangoon as foreign trade was regarded by the military regime in Burma as a sign of legitimacy.

Recommendations

The Uniting Church Justice and International Mission unit encourages Australia to ensure that the Australia-Thailand Free Trade Agreement includes internationally recognised labour standards. In doing so the Unit makes the following recommendations:

Monitoring and certification of goods

Develop a certification process for goods entering Australia based on a monitoring and evaluation structure. Certification is granted upon condition of certain criteria including:

- Production of garments/items without the use of illegal labour and basic labour rights standards including occupational health and safety requirements are employed and upheld. Factories would be monitored regularly and inspectors trained and supervised.
- Included in this process would be a commitment to the exposure of companies failing to uphold basic standards. Companies connected to human rights violations in the TCF industry must be made accountable to consumers in the public conveyance of such information in Australia and Thailand.

Penalties

Penalties within the context of the free trade agreement

Currently companies that import clothing and footwear made where human rights abuses have been inflicted on the employees making the goods are rewarded in the Australian market by gaining a price advantage of goods made without human rights abuses. The Unit notes that the Australian Productivity Commission has encouraged this state of affairs in their "*Review of TCF Assistance*" from 31 July 2003. They effectively argue that it would be unfair for Australian families to pay higher prices for their clothing and footwear when they could benefit from human rights abuses being committed in factories overseas.⁵

The Australia-Thailand FTA proposes that tariffs for manufacturing products, have been either totally eliminated effective from 2005 (the proposed effective date of the FTA) or will be phased out by 2010. The Regulation Impact Statement (RIS) comments on the limited impact an increase of imports would have on domestic TCF production yet it fails to consider the impact this may have on the Thai TCF industry or the receipt of goods that may have been manufactured in conditions involving significant human rights abuses. The Justice and International Mission Unit believes tariff barriers could be effectively used within a context of the FTA as penalties applied where incidences of human rights violations in the manufacture of goods is recognised. This may be included in planned amendments to the *Customs Tariff Act 1995* and the *Customs Act 1901* to incorporate the penalty tariff rates that will apply to goods imported from Thailand under the FTA. Conditions of implementation of penalty tariff rates may be outlined and linked to evidence of human rights violations in the manufacture of goods.

Higher tariff levels should apply to products where it cannot be demonstrated that the goods have been produced by employees who have had their human rights and labour rights respected. There should be no reduction in tariff levels until human rights standards and labour rights standards can be guaranteed for all textile, clothing and footwear goods entering Australia.

Penalties for Australian based importers/manufacturers

The Justice and International Mission Unit believe it should never be acceptable for companies to use such human rights violations and exploitation to gain an advantage over competitors that may seek to uphold the basic human rights of the people that produce their goods. The Unit opposes the promotion of low wages and unsafe conditions as assets for international investors, in particular Australian investors or importers.

The Unit recommends that the Australian Government take steps to ensure that companies and countries that engage in such abuses are not rewarded with greater market share, for example using its membership of the ILO, WTO and APEC to achieve this end. Furthermore, a Corporate Code of Conduct for Australian companies should reflect core labour standards as declared by the International Labour Organisation attracting financial penalties for the failure to uphold these standards.

Summary of Recommendations

The treaty action not be taken until human rights and labour rights standards are specifically recognised in the Free Trade Agreement and measures incorporated into the agreement that would ensure that these standards are upheld. These measures should include:

- Reciprocal agreements of monitoring for human rights standards in manufacturing be introduced.

⁵ Productivity Commission 2003, *Review of TCF Assistance*, Report No. 26, Canberra, p. XXIV.

- Human rights violations should be documented, and perpetrators of such violations should be publicised within Thailand and Australia.
- Penalties be applied where incidences of human rights violations in the manufacture of goods is recognised. This may be included in planned amendments to the *Customs Tariff Act 1995* and the *Customs Act 1901* to incorporate penalty tariff rates that will apply to goods imported from Thailand under the FTA where there is evidence of human rights violations in the manufacture of goods.
- Penalties should be applied to Australian companies who knowingly import goods from Thailand, or produce goods in Thailand that have been manufactured with human rights abuses.

Yours sincerely,

Dr Mark Zirnsak
Director
Justice and International Mission Unit
Phone: (03) 9251 5265
Fax: (03) 9654 2136
E-mail: mark.zirnsak@vic.uca.org.au