

# The exploitative model of supply chains corrupting global trade must end - G7 leaders can effect change.

*“--experience has shown that, however much we do in the interests of transparency and prevention, there will always be companies which ignore agreements and break the rules. And so we come to my third point: the vital importance of structures which make it easier for employees to voice complaints and stand up for their rights – and without having to risk losing their jobs as a result. We have to keep that in mind at all times.”*

Chancellor Angela Merkel 23 march 2015

Labour is not a commodity. This principle is at the very heart of the Constitution of the ILO, and yet the global web of supply chains that dominate international trade have been allowed to operate on this basis.

G7 nations have laws that guarantee fundamental rights for workers in their own countries. They can guarantee equal treatment for workers in other countries where companies based in G7 countries operate, by extending the same rule of law beyond their boundaries,

The UN Guiding Principles on Business and Human Rights provide a framework for this by clarifying the respective obligations of governments and corporations: governments need to protect human rights; corporations need to respect human rights.

A corporation’s responsibility to respect human rights “exists independently of States’ abilities and/or willingness to fulfil their own human rights obligations, and does not diminish those obligations.”

The UN Principles make it clear that corporations have a responsibility to respect the rights of workers throughout their activities – including sub-contractors and suppliers.

And when the business model of the 21st century assumes that wage rates are simply a market issue, we need to remind corporations that earning a living wage is a human right.

The United Nations Universal Declaration of Human Rights (Article 23/3) states: “Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.” In other words: living wages are a basic human right. And respecting basic human rights is non-negotiable.

Indeed this is reflected in both the ILO Declaration of Philadelphia and its Social Justice Declaration.

“Corporate Social Responsibility” has failed. Only the rule of law can mandate:

- transparency
- due diligence for labour rights and safety
- minimum living wages and collective bargaining
- social protection

Soft law too has a vital role. We ask the G7 to strengthen the implementation of the OECD Guidelines for Multinational Enterprises in particular by supporting a mandatory peer review monitoring process for the National Contact Points and introducing consequences for non-compliance, building on Canada's recent example, to strengthen the authority of the National Contact Points. We also ask that the role of the ILO be supported and strengthened to purge informal work and forced labour and to monitor corporate behaviour.

However we also ask that Governments look to their own laws such that legal remedy is available where soft law fails.

Major corporations are implicated through sponsorship and merchandise in the corruption and human rights scandal currently engulfing FIFA, which puts itself above the law. Without fundamental rights enshrined through the rule of law, the global economy is corrupted.

And people want governments to act. 55 percent of people in four G7 countries (France, Germany, UK, USA) surveyed by the ITUC agree that companies cannot be trusted to look after their workers.

The G7 can, and must, make a difference.