

ETI Workshop 7 – China – chair's opening speech

Hello and Welcome . . .

Housekeeping and format of the session, Chatham house rules . . .

If there is one thing we can all agree on whether as business, unions or NGO's it is that China cannot be ignored. On one level with a 1/5 of the worlds population this should always have been the case, but in reality it is the re-entry of China as a powerful economic player onto the world stage that has led everyone to sit up and take notice. Indeed as Napoleon noted at the end of the C18th 'China is a sleeping Giant and when she awakens she shall astonish the world'

Statistics are as we know (and as may become clearer during this session) a moving and often unreliable target when it comes to China. But just a few to give the context to the importance of ETI work in this area

- according to WTO figures China is now the 4th largest economy in terms of world trade responsible for 5.9% of goods exported and 2.5% of services.
- The phase out of the Multi-fibre Textile agreement has seen a massive boost into Chinese textiles exports China now produces some 20 billion garments a year, 4 for every person on the planet and many are estimating that China could soon have secured 70% of all clothing and textile imports into the EU and US with catastrophic effects for workers and business in the rest of the world.
- Just one corporation albeit a big one, Wal-Mart, purchased \$15bn of goods from China last year alone and you would as we all know be hard pushed to find a major British company without some form of operation in China.

The impact of this in terms of conditions for workers both in China and beyond who are effected by off-shoring and movement of production could fill this entire two day event as could the arguments around whether any form of positive engagement is possible.

The bottom line is that a large part of Chinas competitive advantage and thus a central reason why companies choice to source there is the absence of independent trade unions, this does not mean that Chinese employment law is all bad, indeed on paper some aspects are far better than the UK, the key phrase there being 'on paper.' The issue of enforcement and third party auditing is deeply vexed as anyone who saw the superb BBC 4 Storyville documentary on Nokia will have been reminded.

Nor does it mean Chinese workers are not seeking to improve conditions themselves. Reliable estimates indicate that 50% of factories in Guangzhou have seen some form of industrial unrest in recent years and there are more and more reports in the media that the so called endless supply of cheap labour is not so endless as it once seemed, with increasing farm prices, the spread of development and a growing skills base meaning companies are finding that they cannot simply fill positions overnight.

The genesis of the ETI China Project group lies in the vexed question of how those who have signed up to the base code can move forward towards its implementation in a situation where key elements of the code remain to all intents and purposes illegal. How can companies start to achieve real and meaningful improvement for the workers who produce their products and yes mitigate against the reputational risk which operating in such an environment can create. The China project group has taken an issue that all partners in the ETI identified has a central problem, health and safety, and are suggesting a path of action based on experience in the UK and elsewhere that the best way to improve health and safety, reduce accidents and long and short term health risks is in

involve workers themselves it really isn't rocket science even here statistics show that you are twice as likely to be injured at work in a non-union workplace.

Enough from me for now, I'll come back to how the project is progressing after we have our two speakers to give their perspective on involvement in the China project group and experience so far.

Introduce Meriel . . .

Introduce Tony

Wrap on where we are now (picking up anything not covered by Meriel and Tony)