



Business Council for Global Development

Written Submission to United States Department of Agriculture, Consultative Group to Eliminate the Use of Child Labor and Forced Labor in Imported Agricultural Products

April 30, 2010

On behalf of the Business Council for Global Development (BCGD), we are pleased to submit the following comments to the United States Department of Agriculture (USDA), Consultative Group to Eliminate the Use of Child Labor and Forced Labor in Imported Agricultural Products (Consultative Group).

About the BCGD

The Business Council for Global Development is a coalition of leading businesses that works with governments, international organizations and nongovernmental organizations to advance global development. We have long supported initiatives to strengthen rule of law and capacity building to eliminate illegal child and forced labor.

BCGD develops projects and policies to promote sustainable development and to create greater opportunity in the global economy.

Summary of Key Points for the USDA Consultative Group

The Business Council for Global Development is committed to advancing economic development and opportunity, and implementation of internationally recognized labor rights (including the elimination of child and forced labor in agriculture):

- ∞ The BCGD has long supported partnerships, programs and policies to achieve these goals throughout the developing world.
- ∞ The BCGD supports good governance and capacity building -- including rule of law and institution development – as part of effective strategies to simultaneously

stimulate economic development and protect internationally recognized labor rights.

- ∞ Achieving these goals will require partnerships and shared responsibility between labor rights and economic development organizations, governments, international organizations and businesses throughout the global supply chain. Neither business alone nor any other individual stakeholder can unilaterally overcome the challenges now being addressed by the Consultative Group.
- ∞ In pursuing strategies to eliminate child and forced labor in the rural agriculture sector, it is important to distinguish between larger commercial farms and plantations on the one hand and small family farms on the other – the latter poses unique challenges, particularly in developing countries with weak rule of law and governing institutions.

The BCGD welcomes the opportunity to work with the USDA Consultative Group in achieving its goals.

Introduction

The BCGD commends the work of the Consultative Group “to develop recommendations relating to guidelines to reduce the likelihood that agricultural products or commodities imported into the United States are produced with the use of forced labor and child labor. “

As we have seen in multi-stakeholder initiatives to promote economic development, implement capacity building measures and improve the rule of law in the developing world, it is critical to work collaboratively with all of the key players on the ground including governments, local communities, international finance institutions, NGOs, and global companies.

We applaud the Consultative Group’s mission and as a coalition of leading global companies from a variety of different industries, we have seen how every industry faces unique challenges and opportunities in working to raise labor standards and create greater opportunity for sustainable economic development and growth.

In order to have a lasting impact on the communities in which our global companies operate, it is imperative that multi-stakeholder engagement processes, like the Consultative Group, implement policies, programs and pilot projects that will engage the business community and will produce measurable change and improvements in the developing world.

The BCGD welcomes the opportunity to provide insights and comments with respect to the limitations of monitoring systems and the need for additional programs and

initiatives to build capacity on the ground in the developing world and productive relations between business, government, NGOs, and other influential stakeholders.

As an organization that is focused on promoting sustainable global development, it is our recommendation that in addition to implementing monitoring systems that work with the structures on the ground, in country, we must also tackle challenges related to child labor in the broader context of agricultural development policy, global food security, and capacity building.

Challenges

Eliminating the use of child and forced labor in imported agricultural products is a challenge that will require strategic engagement between all stakeholders with clearly identified roles and responsibilities assigned to the private sector, government, NGOs, and other influential actors. Working to raise labor standards and implement capacity building measures pose unique challenges in the agricultural sector in the developing world, in particular:

- ∞ 90% of global agricultural production is produced by millions of small holder farmers
- ∞ Poverty is pervasive throughout the rural sectors of each country
- ∞ There is a significant lack of educational services in rural communities
- ∞ Education opportunities decrease as children age
- ∞ Lack of literacy among community leaders and families
- ∞ Lack of health and other services in the communities
- ∞ Agricultural production and commodities serve as a major source of income in significant portions of the rural sectors of each country

Recommendations

The recommendations of the Consultative Group will likely lead to guidance for U.S. importing companies on how to voluntarily develop their own monitoring and verification programs to ensure that they are not importing products in which child or forced labor was used.

In making such a recommendation, one must recognize the difficulties in implementation given the development challenges in a rural agricultural setting, and the sheer number of small holder farms. No inherent capacity exists to implement auditing in country. Given the unique challenges in sustainable agricultural development,

implementing policies, public-private partnerships and other third party stakeholder engagement that addresses the root causes of forced and child labor (lack of education, lack of resources, lack of rule of law and good governance, etc) is essential. Careful consideration must be given to a balance between monitoring and certification activities, and programmatic dollars that address root causes including poverty and lack of educational infrastructure in the developing world.

BCGD is committed to pursuing policies and initiatives that:

- ∞ Provide opportunities for sustainable economic development and growth;
- ∞ Raise labor standards; and
- ∞ Build the rule of law.

We should redouble our support of sustainable institutions at origin that are needed for economic development, human rights, free markets, and due process.

Capacity Building

Initiatives to end child labor will not work when implemented in a vacuum. The policies and programs that the Consultative Group implements should incorporate the larger and more fundamental challenges that face the developing world such as good governance and capacity building. Our government's policy focus should be on the developing countries needing support as opposed to punitive measures that would punish these countries and their poor small-holder farmers.

Capacity building to eliminate illegal and forced labor should include but not be limited to the following elements:

- ∞ Develop social protection capacity in the rural sector and work to build stronger institutional frameworks in each country.
- ∞ Build rule of law and good governance in developing countries with vulnerability to child and forced labor (particularly in sectors such as coffee and cocoa).
- ∞ Implement public-private partnerships that address cultural challenges and labor issues with respect to the way in which poor, rural family farms operate.
- ∞ Implement education programs, involve the local community, government officials and local law enforcement to achieve sustainable change.
- ∞ Create public-private partnerships that will raise the incomes of the local farmers.

Stakeholder Engagement

- ∞ A coordinated approach to raising labor standards and enforcing rule of law is vital to the success of the effort. Such coordination should include labor rights and economic development organizations, local governments, and businesses throughout the global supply chain.
- ∞ Responsibility for implementing solutions must be shared among NGOs, local community leaders, businesses, governments, international institutions and civil society actors.
- ∞ Sponsoring a program of stakeholder engagement will allow key actors to exchange best practices, brainstorm initiatives and partnerships that will create greater opportunities for economic development and growth within the local communities.

Sustainable Agriculture and Development

In order to break the cycle of poverty among smallholder farmers and producers, it is essential to expand farmers' access to markets at all levels—national, regional and global—and identify and address barriers that constrain growth in the agricultural sector

The Consultative Group should work together with businesses, governments, and NGOs to develop sustainable agriculture and development policies that:

- ∞ Improve farmer training and organization;
- ∞ Raise yearly yields and income for local family farms;
- ∞ Improve local farmer access to global markets;
- ∞ Create a secure investment climate; and
- ∞ Provide economic development opportunities.

Global Food Security¹

A multi-stakeholder approach to raising labor standards and rule of law should be well-coordinated and fully integrated within the economic, trade, development and investment goals of the U.S. Global Hunger and Food Security Initiative (GHFSI). The Consultative Group should work together with the GHFSI in three broad areas:

¹ Katrin Kuhlmann, German Marshall Fund, *African Markets and Trade: Critical Links to Global Food Security* (April 2010)

- ∞ Support regional integration of sub-Saharan Africa's food economy by focusing attention and investment along the African Development Corridors.
 - Many countries are either landlocked and have no access to ports or are so small that local markets cannot provide adequate economic opportunities. Regional markets can create the economies of scale necessary to expand business opportunities, foster competitiveness, and connect producers to international markets.
- ∞ Increase productivity, production and sustainability throughout the food system with a market-led strategy.
- ∞ Improve links to markets and enhance opportunities to trade by shifting to a demand-driven policy approach.

Conclusion

In order to have a lasting impact on the communities in which our global companies operate, it is imperative that multi-stakeholder engagement processes, like the Consultative Group, implement policies, programs and pilot projects that will engage the business community and will produce measurable change and improvements in the developing world.

We applaud the Consultative Group's mission and as a coalition of leading global companies from a variety of different industries, we have seen how every industry faces unique challenges and opportunities in working to raise labor standards and create greater opportunity for sustainable economic development and growth.

The BCGD welcomes the opportunity to provide additional insights, ideas and recommendations as the Consultative Group moves forward with its important mandate.