



**20** Ethical  
Trading  
Initiative

For workers' rights. For better business. For 20 years.



**Ethical trade – an opportunity  
for Pakistan's export businesses**

# Pakistan - positioned for trade growth

“We believe that SDGs agenda of development isn’t an international agenda, it is our own agenda. It reflects our ambition and desire to give our people better quality of life.”

Ahsan Iqbal, Federal Minister Planning, Development and Reform

Pakistan has a strong export sector that is well positioned for further growth. The country holds EU GSP Plus status, giving it tariff-free access to Europe. Pakistan also benefits from free trade agreements with many nations across Asia and beyond.

These trade partners value the high quality of Pakistan’s products including cotton, ready-made garments, surgical instruments, transport equipment and sports goods. But these trade partners also demand high standards in other areas.

The EU GSP Plus agreement requires Pakistan to meet 27 international conventions, including human rights and labour rights. The UN’s Sustainable Development Goals (SDGs) also highlight the importance of sustainable economic development and decent work for all people.

Pakistan must meet these expectations head-on by putting ethical trade at the heart of export growth.



# What is ethical trade?



“The evidence is clear – businesses that respect their workers have a competitive advantage over those that don’t.”

Peter McAllister, Executive Director,  
Ethical Trading Initiative

**Ethical trade is about treating workers with dignity and respect. It’s about valuing workers and recognising their fundamental rights.**

Ethical Trading Initiative (ETI) company members, for example, commit to following a Base Code of labour standards. This includes the right to a safe workplace, decent wages and hours, and zero tolerance towards discrimination or abuse. It also includes the right to join trade unions and bargain collectively.

How can ethical trade help your business?

Ethical trade can help your business in a number of ways:

- **Increased supply chain efficiency** – greater stability of supply, better quality products and a reduced rate of returns.
- **High productivity** – when workers feel respected, their productivity increases.
- **Better production management** – peaks in production can be managed effectively when workers are involved in finding solutions.
- **Decrease in workplace accidents** – when workers help identify health and safety issues, this leads to a direct decrease in accidents. Pakistani businesses are well aware of the high cost of compensation, if a fire or accident in their factory leads to injury or loss of life.



## Pakistan's ethical trade opportunity

**“Pakistan must seize the ethical trade agenda with both hands. It’s time to show the world that our business model is built on expertise, innovation, and on valuing the contribution of each and every worker.”**

Majyd Aziz, President, Employers’ Federation of Pakistan

Pakistan has an opportunity to show leadership in ethical trade – but the time to act is now, not later.

International companies are keen to invest in countries with a strong track record in business and human rights. Several ETI company members source products from Pakistan, and would like to strengthen this trade relationship. But they must see evidence that suppliers are strongly committed to ethical trade.

The cost of not acting is high. In 2014, a major US company banned all imports from Pakistan because of poor governance and safety standards. This decision reportedly cost Pakistan \$200 million in export textile products.

Ethical trade is not just about business – it must be supported by strong labour laws. Some regional governments are already setting a good example for others to follow.

Sindh Provincial Government has adopted a new Labour Policy that commits to a large increase in the minimum wage, the extension of labour laws to previously excluded sections of workers, and an improved law on trade unions.

# How to get involved



Collaboration is essential to ethical trade. The Pakistan Institute of Labour Education and Research (PILER) and ETI have partnered to provide ethical trade training to Pakistani businesses.

PILER is an NGO dedicated to promoting a democratic and effective labour movement for the overall advancement of a socially just and equitable society where the fundamental rights of people are protected.

ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Our company members include some of the world's best-known fashion brands, clothing retailers and supermarkets.

## Join our ethical trade training

Our training sessions are open to any Pakistani business that produces goods for export, across all sectors. You will learn about ethical trade, ETI's Base Code, and how to uphold labour standards in export supply chains.

To find out more, please contact:

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