



MODERN SLAVERY IN SUPPLY CHAINS

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A short series of briefings by the Ethical Trading Initiative (ETI) and Anti-Slavery International that provide analysis of progress made in ensuring supply chain transparency and ending modern slavery.

MODERN SLAVERY IN THE PRODUCTION OF MEDICAL SUPPLIES

A new report [In Good Hands](#) published by the British Medical Association (BMA) has uncovered widespread labour rights abuses in medical gloves production.

With an annual value of \$5billion, gloves production is largely outsourced to countries in Asia and is mainly dependent on migrant labour. Many migrant workers reported dangerous working conditions, underpayment and non-payment of wages. Some also spoke about violence and coercion.

The report recommends that the manufacture of medical gloves be classed as a high risk industry in relation to labour rights abuse and that all actors along the supply chain take responsibility for improvement of manufacturing conditions. The findings pinpoint a key gap in due diligence in sourcing and procurement, which often, as in this instance, involves large public sector organisations such as the NHS.

The BMA has developed a strategy for ethical [procurement in the UK health sector](#) and will hold a one-day conference with ETI on ethical procurement in medical supply chains on 8 July.

SMALL AND MEDIUM ENTERPRISES UNAWARE OF MODERN SLAVERY ACT

The Chartered Institute of Procurement & Supply warns that 61 per cent of small and medium sized enterprises (SMEs) are unaware of Modern Slavery Act reporting requirements.

Yet businesses that fall above the Act's reporting requirement threshold of £36 million are increasingly requiring their smaller suppliers to carry out additional checks. And to provide guarantees that there is no modern slavery in the production of their goods or services.

To meet these demands, SMEs will need to be aware of the problems of modern slavery and how to respond to them. However, the findings of CIPS study suggests that [75 per cent of SMEs](#) would not know what to do if they uncovered a situation of modern slavery.

SMEs often lack the capacity and resource that larger businesses can invest into due diligence processes. Consideration should therefore be given by larger businesses on how to best support smaller suppliers in improving working conditions and implementing robust due diligence processes.

INTERNATIONAL LAW AND POLICY

US Customs seize alleged forced labour cargo

The strengthened powers of US Customs under the recently amended Tariff Act 1930 have been used for the first time. A shipment of [soda ash from China was seized](#) following allegations that it was produced by forced prison labour. US Customs have further issued an order to seize any material produced by Chinese corporation Tangshan Sanyou Group.

In April, US Customs were also [petitioned](#) by the International Labor Rights Forum and the Alternative Turkmenistan News, demanding that: all cotton goods from Turkmenistan be classified as illicit; a detention order on all cotton imports be issued; and direction be given to all port managers to block Turkmenistan cotton goods from being released into the United States.

A decision on the petition is pending. But by excluding slavery-produced goods, the US government is sending a strong message that modern slavery will not be tolerated in supply chains and there are calls for other governments to follow suit. For further information on Turkmenistan cotton see our first [Modern Slavery newsletter](#).

The Netherlands textiles transparency covenant

A new binding [sector-based agreement](#) was signed in the Netherlands in March between the Dutch government, civil society organisations, trade unions and textile and garment associations. It focuses on the elimination of child and forced labour in the textile and garment sectors and includes time bound targets. Corporate social responsibility and supply chain transparency are issues of focus for the Netherlands during its EU presidency and it is encouraging EU-level collaboration to address child and forced labour.

BUSINESSES IN THE NEWS

UK construction companies connected to labour abuses in Qatar

While [reports of labour rights violations](#) are not new to Qatar's World Cup stadia-building programme, a recent [Guardian investigation](#) found that British construction firms are failing to take necessary precautions to ensure their supply chains are free from labour abuse. The Guardian spoke to construction workers on sites operated by BK Gulf (co-owned by Balfour Beatty) and Gulf Contracting Company

(co-owned by Interserve) who alleged issues with payment of wages, debt bondage and confiscation of passports.

The majority of the workers spoken to were employed by third party labour suppliers, but worked for the UK co-owned companies. As such, the Guardian's report sheds light on failures of due diligence in subcontracting arrangements where there is no contractual relationship with workers, but only with labour providers.

This arrangement is known to underpin widespread worker abuse in many industries. Reporting under the Modern Slavery Act's transparency requirement should therefore include due diligence of agents that supply workers, including for construction sites.

Slavery in the Indonesia fishing industry

In April, an Associated Press (AP) [investigation](#) revealed that thousands of men from countries including Myanmar are trapped in slavery in Indonesian seafood production. AP's previous media exposés have concentrated on Thailand. The documentary followed the rescue of 2,000 fishermen from forced labour. Examination of US Customs import records revealed that fish and seafood produced in Indonesia ends up in a number of large US supermarket chains.

Slavery in the global fishing industry requires a systemic response that goes beyond focusing on one particular country. Global seafood supply chains should implement due diligence approaches that address human trafficking and exploitation of workers.

Businesses, in collaboration with trade unions and civil society also need to pressurise South East Asia governments to implement and enforce anti-trafficking laws such as the new [ASEAN anti-trafficking convention](#).

Forced labour in the UK

An [Al Jazeera documentary](#) on modern slavery in the UK included the case of Romanians employed as car washers. They were filmed undercover, working long hours at below minimum wage and living in appalling conditions in old shipping containers. Some claimed to have had their documents confiscated. Their employer had contracts with several Volvo and Kia car dealerships in Kent. The case, which is under investigation by police, reveals yet again that services provided by third parties under contract need to be at the centre of company due diligence processes.