



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development

SDIR • NUMBER 088 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, November 30, 2017

—
Vice-Chair

Mr. David Sweet

Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development

Thursday, November 30, 2017

• (1305)

[English]

The Vice-Chair (Mr. David Sweet (Flamborough—Glanbrook, CPC)): I call the meeting to order.

Colleagues, welcome to the 88th meeting for the Subcommittee on International Human Rights, which is a subcommittee of the Standing Committee on Foreign Affairs and International Development. We're here studying child labour and modern slavery.

We have two witnesses who will be on teleconference. One is Jo Becker, who's from Human Rights Watch. She's the advocacy director. We also have Aidan McQuade, who's a special adviser for Anti-Slavery International.

My understanding is that we'll have Mr. McQuade on shortly.

Dr. Aidan McQuade (Special Advisor, Former Director, Anti-Slavery International): I'm here already.

The Vice-Chair (Mr. David Sweet): Great.

Mr. McQuade, would you begin your remarks, please?

Dr. Aidan McQuade: The challenge to eliminating child labour and forced labour I think is captured by the number 5.5 million. If you look at the 2005 forced labour estimates, the estimate of child slavery in the world was 5.5 million. In 2012, that number was 5.5 million. In 2017, the number has risen to about 10 million, because forced child marriage was finally recognized as being a form of child slavery as well.

The reason I refer to this number is that during this time period, we've seen a significant decline in the number of children in child labour in the world, including its worst forms, but no impact on the number of children in slavery, which suggests that there has been no impact whatsoever on the number of people in slavery.

In spite of many fine words and some fine action in relation to the broader question of child labour, we're not seeing any progress whatsoever in the issue of slavery. This suggests that we need to rethink, quite fundamentally, how we're doing some very big things, starting with international trade, and working our way down to the way in which we practise development, humanitarian response, and particularly education.

I think I'll leave it at that, and we can discuss it further as we're going along.

The Vice-Chair (Mr. David Sweet): Thank you very much, Mr. McQuade.

We'll move on to Jo Becker now, from Human Rights Watch.

Ms. Jo Becker (Advocacy Director, Children's Rights, Human Rights Watch): Good afternoon.

Thanks very much for the opportunity to speak with you today to discuss child and forced labour in global supply chains. We really welcome the Government of Canada's interest in taking further action to address these abuses.

Today I thought I would give you a brief overview of the research that Human Rights Watch has done on child and forced labour, our assessment of the current state of standards and legislation related to supply chains and human rights, and then also provide a few recommendations for the Canadian government as you consider your course of action.

First of all, Human Rights Watch has conducted research on child and forced labour in global supply chains for over two decades. We've interviewed thousands of workers, employers, government officials, and other affected individuals in the context of global supply chains in agriculture, the garment and footwear industry, fishing, mining, and construction.

I'll start with our work on child labour. We have documented hazardous child labour associated with a range of crops and products that are sold on the international market, including sugar cane from El Salvador, bananas from Ecuador, cotton from Egypt and Uzbekistan, and fruits and vegetables from the United States and from Israel.

We found children working very gruelling hours with sharp tools and heavy machinery. We found they were exposed to toxic pesticides and extreme heat. Of course, agriculture is one of the most hazardous sectors of work for children, and it involves 70% of the children who are currently engaged in child labour worldwide.

In recent years, Human Rights Watch has also focused on hazardous child labour in the tobacco sector. We have conducted research in the United States, Indonesia, and Zimbabwe, where children face added risk of nicotine poisoning because of their exposure to the tobacco plants. The majority of the children we interviewed experienced nausea, vomiting, headaches, and dizziness. These are all symptoms that are consistent with acute nicotine poisoning. The tobacco these children are cultivating and harvesting enters the supply chain of major cigarette manufacturers that sell their products all over the world.

An estimated one million children also work in mining, which is another very hazardous form of child labour. Human Rights Watch has documented child labour in small-scale gold mining in Ghana, the Philippines, Tanzania, and Mali.

One of the most serious concerns we found is that children often process gold with mercury, a highly toxic substance that can cause brain damage and other lifelong health conditions. They also risk their lives when they climb down unstable shafts that may collapse at any moment. Most of the gold they mine is used for the international jewellery market, which generates \$300 billion a year in revenues.

On forced labour, since 2016, Human Rights Watch has interviewed nearly 250 current and former workers in Thailand's fishing industry, and we found that many of them described forced labour situations. Some workers found their employment voluntarily, but then, once they were on the fishing boats, they were not allowed to leave and were held in forced labour. We documented deception regarding the terms of their employment, the seizure of identity documents, inability to change employers, recruitment fees that often placed the workers into debt bondage, and excessive work hours that often exceeded 18 hours a day and in a few cases went as high as 23 hours a day. We found unlawful wage withholding systems that required workers to put in six months or even up to two years of work before they would receive their salary in a lump sum.

We've also documented forced labour in large-scale construction and engineering projects in the Middle East, including Qatar, the United Arab Emirates, and other Gulf States. We found that many of these construction workers are migrants who are often tied to abusive employers through the kafala, or sponsorship system. Their passports are often systematically confiscated, and many workers are charged with extortionate recruitment fees that create crushing debts that they have to pay off.

Finally, we have also documented abusive labour practices in the apparel industry, particularly in Bangladesh and Cambodia. We have documented how many apparel workers experience forced overtime.

- (1310)

In Cambodia, we found that workers who refused to work overtime were often dismissed, faced reductions in their wages, or were subjected to punitive transfers. The majority of the women whom we talked to in these factories were working far in excess of 60 hours a week. In Bangladesh, we interviewed more than 160 workers from 44 different factories. Most of them were making garments for retail companies in North America, Europe, and Australia. We found that workers reported physical assault, verbal abuse, forced overtime, and failure to pay wages and bonuses.

That gives you a sense of our research. Now I want to address briefly our assessment of current standards and legislation related to supply chains and these human rights abuses.

International norms such as the UN Guiding Principles on Business and Human Rights recognize that companies should undertake human rights due diligence to ensure that their operations respect human rights and do not contribute to human rights abuses, but these international standards are generally not legally binding. As a consequence, we've found in our work that some companies take them seriously, but many do not.

As we work with companies, whether they're construction firms, multinational tobacco or garment companies, or jewellery retailers, we find a number of common problems. These include weak human rights policies, insufficient assessment and monitoring of risks in their supply chains, weaknesses in preventing or mitigating human rights abuses, insufficient monitoring, and lack of public reporting on the steps they're taking to address these abuses.

As part of my own work at Human Rights Watch, for the last number of years I've been particularly engaging with multinational tobacco and jewellery companies to look at their supply chains. In that context, we've also looked at industry-led initiatives to try to address child labour and other human rights abuses. What we've seen is that some of them are meaningful, but many are not. Just by coincidence, this morning I was meeting with the executives of a major multinational tobacco company. During our meeting, one of the executives said he could get a certificate on anything today. He could pay off his guilt, but it doesn't mean anything. I think this speaks very clearly to the challenges of industries policing themselves when it comes to addressing human rights abuses.

Ultimately, the primary responsibility for upholding human rights lies with governments. We've seen that when states impose mandatory human rights due diligence, company transparency has improved. Some of the existing models include the Dodd-Frank act in the United States, the U.K. Modern Slavery Act, the French due diligence law, and the transparency act in California. Of course other countries, such as the Netherlands and Australia, have also been considering legislation.

We find some limitations with existing laws. Some, for example, focus on very narrow thematic issues—just slavery and human trafficking or just conflict minerals—but will exclude other important human rights and labour issues. Some of these laws have no penalties for non-compliance. For example, in the U.K., NGOs have found that only about 14% of the companies that have submitted reports under the Modern Slavery Act have complied with basic reporting requirements, but the law carries no penalties for this non-compliance. In contrast, the French due diligence law includes a provision for injunctive relief if companies do not comply with their due diligence, and this is a positive model. Finally, some of the laws apply only to companies with revenues over a certain threshold. For example, the U.K. Modern Slavery Act applies only to companies with an annual turnover of more than 36 million pounds, and the proposed law under consideration in Australia sets an even higher threshold of \$100 million Australian.

With all of this as a backdrop, we certainly welcome Canada's interest in looking more closely at these issues, and we would encourage the Canadian government to introduce legislation that would require companies, both headquartered in Canada and doing business in Canada, to address forced and child labour and other human rights abuses in their supply chain.

• (1315)

From our point of view, such legislation could have four key components.

One, it would require transparency, including identifying and publishing the entities along the supply chain.

Two, it would require mandatory due diligence, including steps to identify, prevent, mitigate, and remedy instances of child and forced labour, and to also publicly report on these efforts in a way that is comprehensible to the public.

The third component, as I mentioned before, would be to include legal consequences, including penalties, for companies that do not comply.

Fourth, such legislation should be accompanied by an adequate budget and infrastructure to enable public reporting on the law's implementation.

Finally, we'd also encourage the Canadian government to consider legislation that would prohibit the import of any goods that are produced or manufactured using forced labour, slave labour, child labour, or labour of persons who have been trafficked. In the United States, for example, there is legislation of this kind that has been used to block the import of goods made using forced labour in China.

As part of its enforcement, Canada should report publicly on the goods that are banned from Canada because of forced or child labour, outline the specific problems in the countries where the goods are produced, and communicate with those countries and relevant businesses the steps they need to take to address these human rights abuses.

Again, thank you very much for the opportunity to meet with you today. I very much look forward to your questions and dialogue.

• (1320)

The Vice-Chair (Mr. David Sweet): Thank you very much, Madam Becker.

We'll begin our rounds of questions now.

I'll check if Mr. Reid is ready to go ahead with the first round of questions.

Mr. Scott Reid (Lanark—Frontenac—Kingston, CPC): Sure.

First, how long are the rounds? It's been so long since I was here.

The Vice-Chair (Mr. David Sweet): It's seven minutes for the first round.

Mr. Scott Reid: Mr. Chair, normally you're not in the chair. Normally you'd be doing the questions on behalf of the Conservative Party. I know that you may have to leave, so I want to ask if you have any questions that you would want to ask.

The Vice-Chair (Mr. David Sweet): Yes, I can go ahead with one, Mr. Reid, and then you can carry on from there.

Mr. Scott Reid: Why don't we do that, then?

The Vice-Chair (Mr. David Sweet): Mr. McQuade, you had mentioned some numbers that were a little disheartening in the sense of the growing number in child labour and forced slavery. You had explained that now forced marriage is included in the number.

Are there any models, with any countries, whereby we're winning, or any models, as was mentioned earlier by Ms. Becker, in which companies are taking action and doing the right thing and actually reducing child labour and forced labour, in any marketplace?

Dr. Aidan McQuade: I think where there is the most progress is in the chocolate sector. In significant part that's because in 2003 there was a film made by the British Channel 4 that exposed the issue of trafficking in forced child labour in Côte d'Ivoire in particular. This caused a significant shock through most of the chocolate brands across the world, many of which had roots within the Quaker movement and had a very strong social conscience as part of their business. Consequent to that, they set up the International Cocoa Initiative, which is an effort against child labour in cocoa and has on its board both corporations and trade unions. Also, most businesses now have their own initiatives that are trying to respond to the issue of child labour within the cocoa sector.

More recently there has been some comparable confrontation within the garment sector around the issue of forced child labour in garment manufacturing, as Jo referred to this in some of her evidence, but this is only a beginning. The garment sector is early in its approach towards dealing with these issues within its supply chain.

However, to go back to cocoa for a second, one of the most significant things is that many of the chocolate businesses have recognized explicitly and publicly that child labour, and to a lesser extent child slavery, is a major problem in their supply chain. Consequently, they've said that they're going to try to do something about it. Most other businesses are still in a state of denial.

Also, in dealing with the issues of child labour, many of the chocolate businesses have established what would essentially be the equivalent to community development approaches towards this. They're working with whole communities. They're working with a child-centred approach to try to build awareness amongst communities about the problems with child labour and the paths out of child labour for the whole family.

Most child labour occurs within a family context. That's one of the things that distinguishes it from child slavery. "Child slavery" is defined in the UN's supplementary slavery convention as the handing over of a child to a third party for the purposes of exploitation. Bearing that in mind, it's important to remember that when child labour is occurring within a family context, most families want to do right by their children. They just don't have that many options in terms of how to do the best by them. It's important to work with families, and indeed with whole communities, in order to reduce the causes of child labour.

One of the key causal factors of child labour is education, or the lack of it. Often schools are distant. Often the quality of education within those schools is very poor. Sometimes the treatment of children in the schools is very poor. Families sometimes don't send their children to school because they're terrified of the corporal punishment the children may receive. Many girls don't attend school, particularly in their teenage years, because there aren't safe, clean, and private sanitary facilities for them. These are all contributors to child labour. Families decide to keep their kids at home rather than send them to school because they don't see the benefit of education for them.

A significant approach against child labour has to be in relation to education, particularly improving the quality of and access to education, with a stronger component of vocational education and teaching of human rights, particularly girls' rights, in those education curricula. It's important to conceive of the laws that you're thinking about in conjunction with Canada's aid policy and aid strategies. I very much agree with Jo's proposal for the elements of a law dealing with supply chains, but that would be importantly complemented by an effective aid policy or strategy that looks very centrally at the issue of education and empowerment of kids as a means to reduce child labour within families and communities.

• (1325)

The Vice-Chair (Mr. David Sweet): Thank you very much, Mr. McQuade.

Mr. Reid, I'll put 30 seconds on your time next time; otherwise, you won't get any momentum with that.

Mr. Scott Reid: If I have 30 seconds, I will ask one question for people to think about and perhaps work into their future responses.

Ms. Becker, as we try to apply oversight, typically it occurs from outside the countries in question and occurs by means of sanctions that are imposed on those who, for example, would seek to have a new bond issue on a stock market but who have allowed their overseas operations to violate a human rights standard. It's a good idea, but I think the problem is that it tends to push the problem further down the supply chain.

I know you don't have time to answer that now, but if you are able to respond to that in your response to one of the other questions, I'd be interested in knowing how to resolve that problem.

The Vice-Chair (Mr. David Sweet): Thank you, Mr. Reid.

We're now going to Mr. Tabbara.

Mr. Marwan Tabbara (Kitchener South—Hespeler, Lib.): Thank you, Mr. Chair, and thank you, witnesses, for your testimony.

My first question will be for Ms. Quade. It's about the U.K.'s Modern Slavery Act. I'm just going to read to you from an article that I have here, which was written shortly after the Modern Slavery Act was implemented in 2015. Part of the title is "Will it work?". I'm just going to read a bit of it out to you:

Although the new provision will push slave labour higher up the agenda for businesses and help increase transparency, there are concerns that it will do little to force companies to properly investigate slavery in their supply chains.

That being said, you mentioned that in the agricultural sector, 70% of...child labour has been rampant there. With that article I just read, how can states properly tackle the issue of child labour and specifically in rural areas?

Dr. Aidan McQuade: I'm sorry; is that question for me or for Jo?

Mr. Marwan Tabbara: It was intended for Ms. Quade. I'll get Ms. Quade to respond.

An hon. member: It's Ms. Becker.

Mr. Marwan Tabbara: Oh, sorry.

Dr. Aidan McQuade: It's Ms. Becker or Dr. McQuade.

Mr. Marwan Tabbara: I'm sorry. I got them mixed up. I apologize.

The Vice-Chair (Mr. David Sweet): Ms. Becker, go ahead.

Ms. Jo Becker: Should I answer now, or are you—

Ms. Marwan Tabbara: Yes.

Ms. Jo Becker: —asking me additional questions? Okay. Thanks for that.

I would agree with the authors that transparency alone is not enough, that you do need to motivate companies to fully investigate their supply chains all the way through. For example, in our current engagement with the jewellery industry, we've been looking at whether or not they know where the gold and the diamonds they use for their jewellery is coming from. It's shocking to us how few of them can actually trace their gold and their diamonds to the mines where they originated. If they don't know where the gold and the diamonds are coming from, they have no way of knowing whether they've been responsibly sourced.

What often happens with these long and complex supply chains is that companies will look basically to their direct suppliers for assurances, and what we're seeing is that too often they will simply accept assurances that, "Oh, of course, what we're selling you is responsibly sourced. There's no child labour. There's no forced labour." The company stops there and doesn't really demand credible evidence from their direct supplier that they have also gone to their sub-suppliers to ensure that human rights abuses are addressed.

That's one reason that we're interested in legislation that doesn't just address the transparency aspect, but also puts forward the steps that companies need to take to assess the human rights risk throughout every stage of their supply chain, and then address it when it occurs. That would be a more robust piece of legislation.

If I can just add one more thing on tackling child labour, I agree with Aidan absolutely that education is key. The International Labour Organization has been tracking global child labour rates for over 20 years. Aidan spoke specifically about some of the figures on child slavery, but on child labour globally, the numbers have been improving. There were an estimated 245 million children engaged in child labour in the year 2000, and the most recent estimates are that it has dropped to 152 million, a drop of almost 100 million.

In its assessment, the ILO identifies four key reasons for that, or key components of an effective child labour strategy. One is exactly what Aidan was speaking about in terms of ensuring access to free and quality education. As enrolment goes up, child labour goes down.

A second program that's been very effective is what they call "cash transfer programs," whereby a government will identify the poorest families and provide them with monthly stipends. These stipends will help them meet their basic needs and reduce the need for children to go out into the workforce. It also is often an incentive to keep children in school. We've seen very positive results in a number of countries.

The third criterion the ILO says is important is strong child labour laws, with good enforcement, and the last is good regulation of business in a country.

I would reinforce what Aidan said about also looking not just at supply chains and legislation related to businesses, but also where Canada is placing its foreign aid, and making sure that it's investing in the kinds of programs that are most effective.

• (1330)

Mr. Marwan Tabbara: You mentioned, Ms. Becker, in your statement that these industries police themselves. As you just mentioned right now, you need states to impose mandatory legislation. That would bring more of a positive outcome, and probably you can achieve more effectiveness within industries and within the supply chains. Would you agree?

Ms. Jo Becker: Yes, I would. When you have voluntary initiatives, what you end up with is companies adopting policies that look good on paper or developing industry associations that give them a bit of a fig leaf to make them look like they're doing something. There are individual companies that are very sincere in wanting to do the right thing and have taken some really strong steps, but then it creates an unlevel playing field where the companies that aren't interested or don't care do nothing, and it almost penalizes the companies that want to do the right thing, whereas if you have mandatory expectations that have been set through legislation, then everybody's on the same level playing field and has the same expectations. You can expect more transparency, better behaviours, better policies, better practices. I think we've been seeing that with the legislative initiatives we've seen so far.

Mr. Marwan Tabbara: Perfect. Thank you.

The Vice-Chair (Mr. David Sweet): Ms. Hardcastle is next.

Ms. Cheryl Hardcastle (Windsor—Tecumseh, NDP): Thank you, Mr. Chair.

Thank you, Dr. McQuade and Ms. Becker, for your very thoughtful presentations today.

I want to concentrate mostly on what we've seen so far with legislation that is emerging on this issue and what we can learn from different countries and their examples.

Ms. Becker, you talked a little about how one of the problems that exists right now with the legislation is that it's too narrow. For instance, it may just address conflict minerals.

How do you think we should be approaching this issue? Do you think that when we're addressing due diligence legislation on modern slavery and forced labour issues, since child slavery is in such a large spectrum, should we be putting all this together with potential human rights violations that occur in other areas? What would you suggest we could do with that problem?

• (1335)

Ms. Jo Becker: We would welcome legislation that has a broader focus, because if it's narrowly focused just on slavery and forced labour, you're going to miss out on a lot of child labour situations, for example, or other human rights violations that occur.

I'll confess that I'm not an expert on much of this different national legislation, but the French due diligence law is intriguing because it does take a broader approach and puts expectations on companies to conduct due diligence in their supply chains on a broader range of issues.

A minute ago I mentioned that we'd been engaging with jewellery companies. There's been a lot of attention over the years on conflict diamonds and on gold that fuels conflict. We found a lot of the jewellery companies that we talked to are very focused on making sure that they're not buying gold or diamonds from the Congo, for example, because of all the attention there. There has also been forced labour in Zimbabwe. There is child labour in gold mining in many other countries. I think taking a broader approach in what companies are expected to do will have a much broader impact on the ground in rectifying or remedying some of these abuses.

Ms. Cheryl Hardcastle: Dr. McQuade, did you want to add to that?

Dr. Aidan McQuade: Yes. First of all, I think the fact that you're discussing due diligence as opposed to simply transparency is an extremely important step, because that will encourage and compel businesses to think about these issues much more broadly.

I'm somewhat skeptical that the issue of child labour can be dealt with by criminalizing it. I think the due diligence approach is an important one, but then the key question is how you encourage businesses to take approaches that are fundamentally community development approaches if we wish them to address the issues of child labour. These types of approaches are much more in the sphere of the not-for-profit sector. That's a more subtle challenge that requires this question of how we may coordinate it with aid also.

The other element that Jo highlighted, which I very strongly endorse, is the idea of refusing access to Canadian markets of goods that are tainted with child or forced labour, as the United States has done. This is a very important step, because a lot of countries across the world are developing a competitive advantage for their economies based on low-cost labour, which includes child labour, forced labour, and other forms of labour exploitation. Until there is a compelling reason for them to change that economic model, they will carry on doing as they have been doing.

A lot of the issues across the world that are causing child labour and child slavery and other labour abuses exist because governments are not implementing the laws they have passed. India has much fine anti-slavery law on its books; it simply doesn't implement it, and there's no compulsion from outside in international trade that it should do so, because it and other countries in Southeast Asia have access to markets while carrying on these practices. I think it's important to think about what the influence of Canadian law can be internationally in trade and the international political economy as well as how it's going to affect specific Canadian companies.

Ms. Cheryl Hardcastle: Is it safe to say, then, that both of you recommend sanction mechanisms be built into any new legislation?

Dr. Aidan McQuade: Jo may have a slightly different take on this. I personally would suggest there should be an office within the Canadian government that has the power to exclude from Canadian markets goods that are tainted with child, forced, or slave labour. That should be a discretionary power, because some businesses will be working very hard at resolving these issues, so that should be taken into account. I think it should be something that makes it clear to countries that are tolerating these abuses that there could be a consequence to them in terms of the way they're taking up their economic model.

• (1340)

The Vice-Chair (Mr. David Sweet): Ms. Becker, we have about 30 seconds left. Do you want to make an addition to that?

Ms. Jo Becker: Yes, sure. I think any law related to mandatory human rights due diligence should include a compliance component that provides penalties for companies that don't comply. That's certainly an incentive. Then there should be a block on the import of goods. It wouldn't necessarily penalize the companies, but just say that if these goods are made with child or forced labour, they are not allowed into Canada. In the United States, it's a complaints-based system that's enforced by the customs agency that implements the law.

The Vice-Chair (Mr. David Sweet): Thank you very much.

Now we move on to Ms. Khalid.

Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.): Thank you, Chair, and thank you to our witnesses for your very compelling testimony.

Dr. McQuade, you had spoken about providing perhaps incentives to companies to encourage them not to endeavour in hiring children, and in using child labour, but I want to pick your brain a little bit about the flip side of that coin. A lot of these children are coming from families where they are the sole breadwinners in that household, where there's extreme poverty and that family has no other choice but to send their kids out to work. What kinds of incentives can be provided to families to break that cycle? I know we talked about education and awareness, which is slow in terms of its progress, but are there any initiatives that can be taken with respect to providing incentives for families?

Dr. McQuade, start if you like, and then Ms. Becker can add any comments she may have.

Dr. Aidan McQuade: Sure.

I think you have your finger on one of the most complex issues in relation to child labour, which is that very often the families who send their kids into child labour don't have any other choice or certainly don't feel they have any other choice. This goes back to Jo's reference to cash transfers specifically helping the poorest families who have been compelled to send their children into labour. Cash transfers are one way in which child labour can be reduced.

Another way in which child labour can be reduced is through provisions of decent work for adults. Businesses can think about this as well. Companies that have been involved and have engaged most directly with the issue of child labour have begun to recognize that they have an interest in behaving to a certain extent like development funders, because the communities, particularly in cultural communities that they are sourcing from, need to be sustained and developed in order for particular commodities to be sustained from those communities. They realize there's a self-interest in that, and part of that then can become recognizing that there must be a need for reducing child labour within those communities. This is a significant Rubicon for any business to cross, particularly whenever one looks at some of the other pressures that bear upon business.

The standard, most overwhelming, ethical position for business executives is Milton Friedman's creed that the only ethical responsibility of business is to maximize profits for shareholders within the law, but if the law is inadequate in terms of protecting human rights of workers, then the risks of abuses become much higher, so one would need to shift one's perspective on what your ethical responsibilities are.

In addition to that, oftentimes business executives feel compelled to make sure that they are turning profits for shareholders within a quarter, within a year, depending on the regulatory environment in which that's occurring. Perhaps if some provision was thought about in relation to investment or reinvestment within aspects of supply chains in order to establish sustainable growth models and particularly anti-child labour and anti-child slavery models within the communities from which they're sourcing, that might give businesses the incentives they need over and above their reporting requirements, which would encourage them to invest in more imaginative ways.

The Vice-Chair (Mr. David Sweet): Ms. Becker, we have one minute for you to respond.

Ms. Jo Becker: Sure—

Ms. Iqra Khalid: If you can keep it to 30 seconds, Ms. Becker, I have another question.

• (1345)

Ms. Jo Becker: Okay.

Some of these interventions can be very low cost, and you've put your finger on poverty as the main driver. For example, we found that free lunches at schools are often enough to lower child labour rates, because families know that if they send their child to school, they'll get at least one good meal a day.

These cash transfer programs that Aidan and I have both been speaking about can also be very low cost. In Morocco, they found that \$7 per child per month was enough to dramatically reduce child labour rates and increase school enrolment. Just providing a small stipend for poor families can make a big difference.

Ms. Iqra Khalid: Ms. Becker, how do you collect data? Specifically, you talked about cash transfers. How do you identify these children, and is there kind of a collaboration piece between organizations and governments nationally and internationally?

The Vice-Chair (Mr. David Sweet): You can squeeze that in when you answer another question or you can provide it in writing afterwards.

Go ahead, Mr. Reid.

Mr. Scott Reid: Thank you, Mr. Chair.

I just want to respond to Dr. McQuade's reference to Milton Friedman and Milton Friedman's observation that the sole ethical responsibility of a member of a board of directors or the professional management of a company is to maximize the return to shareholders. That's a partial statement of what Friedman said, and I agree with Friedman on this, by the way. The rest is that it is to do so within the confines of the law and the rules with which that company operates, and it is the obligation of society to change those rules to ensure that the ethical rules are also moral rules. That is to say, it's not up to the company to do that as much as it is up to us to do it, we who design policy.

With that in mind, I want to say that it seems to me that in some sectors—and I point to mining as an example—the rules that have been adopted by our stock exchanges in Canada ensure that you cannot issue a new bond issue, for example, if you aren't following certain standards. You have to replant a certain number of trees; it's

five for every one you remove in your mining operation. You must keep tailing ponds environmentally safe beyond the lifetime of the mine, and there are spot checks by international agencies to enforce this sort of thing.

It is easier to do that with tailing ponds and reforestation efforts than it is with child labour rules, but this strikes me as being one of the most effective ways of ensuring compliance, and I wanted to ask if you had any thoughts as to how the same kind of oversight mechanism could work in the realm of child labour and other forms of forced labour.

I'm not sure who to throw that open to. I guess I want to start with you, Ms. Becker. Anyway, maybe I can do that this round, as well.

Ms. Jo Becker: The mining example is very pertinent, and what we found is that in the industrial sector—which, of course, is what most Canadian mining is—we don't find problems with child labour or forced labour. Where we find child labour in mining is in the artisanal and small-scale sector.

It's a small portion. For example, for gold, it provides 15% to 20% of the world's gold, but that sector employs 40 million people around the world. It provides significant income for many people.

What we found in Ghana, for example, is that many of the artisanal mines are not regulated by the government. One of the recommendations we've made to the Ghanaian government is exactly what you've said: that the government should professionalize this sector, but make the provision of licences to miners contingent on meeting certain human rights standards, including no use of child or forced labour.

Mr. Scott Reid: The idea is, then, that this is a way of trying to police companies that have no presence here in Canada. The rules I was describing are Canadian rules designed and implemented at the level of the Toronto Stock Exchange and other public exchanges. You're talking about doing the same thing as part of domestic Ghanaian policy, and we should be trying to influence the Ghanaians to adopt that model. Would that summarize things accurately?

Ms. Jo Becker: It was just an example. My example is meant to say that greater government oversight and regulation in general is good. There are jewellery companies in Canada that may be importing gold from countries such as Ghana, so they want some assurance that their gold is responsibly sourced.

Mr. Scott Reid: Right.

Some things are easy to keep track of and some are harder to keep track of. We have some mechanisms that have been developed with regard to diamonds, for example, to ensure they are not conflict diamonds. One of the most obvious is that Canadian diamonds are incised with a laser so we know where they come from. My wife insisted when I proposed to her that I do so with a Canadian diamond.

Gold and any mineral of that sort that is fungible, in a sense, strike me as being very hard to trace, while things like textiles are some kind of intermediate case.

Are there any thoughts on how one can actually keep track of the hard to trace stuff and therefore eliminate the child labour practices we're trying to deal with?

• (1350)

The Vice-Chair (Mr. David Sweet): Very briefly, please.

Ms. Jo Becker: One good example of traceability is a Swiss jewellery company that invested for three years with several artisanal mines in Latin America, helping them improve their standards, reach fair trade certification, and then source from those mines. They know exactly where their gold is coming from, they know exactly what kinds of conditions it's produced under, and they have really invested in supporting those mining communities. That's a very good example of what a company can do.

The Vice-Chair (Mr. David Sweet): Thank you very much.

Mr. Fragiskatos, did you have any questions?

Mr. Peter Fragiskatos (London North Centre, Lib.): I do, Mr. Chair. Thank you very much.

Thank you to the witnesses for your testimony.

My question relates to scope. This has come up in passing today, but I think it's quite critical that we examine it in greater detail.

Existing legislation that we see internationally in the United Kingdom, in Australia, in California, focuses on modern slavery. The Dutch case is different. It focuses on child labour.

When we're assessing this issue, I will tell you my perspective, which is still very much open. I would love to hear the perspective of Dr. McQuade and Ms. Becker on this.

To my way of thinking, isn't it more logical, and wouldn't it be more effective, to craft legislation so that modern slavery is indeed the focus, rather than child labour? I say that because child labour can be interpreted very widely, whereas with modern slavery we're dealing with specific cases of forced labour and human trafficking.

You might come back and say that child labour is codified very well in international law and we have an idea of what it means, but when it comes to business analysis of any potential legislation and the public's understanding of legislation, child labour is very general. The average Canadian citizen might, indeed correctly, ask what child labour means here. Does it mean a young boy or girl helping out on a local rice plantation, or a family that's involved in mining in some way because it's necessary for the family's survival?

When we're talking about modern slavery, again, that's very focused. We're talking about cases of clear forced labour activities, human trafficking activities, things that are clearly going against people's will, and that's why I say I think modern slavery is perhaps better suited to being the focus of progressive legislation in this regard.

However, as I said at the outset, I have an open mind, so I would love to hear from you both.

Go ahead, Ms. Becker, and then we can hear from Dr. McQuade.

Ms. Jo Becker: Briefly, child labour is usually understood to mean work that is either hazardous for children under the age of 18 or work that's done by children who are too young, generally under the age of 15.

You make a good point, and I think there's a broad consensus around forced labour. On the other hand, I would say that the voluntary standards we have internationally, especially the UN guiding principles for business in human rights, cover human rights generally. If you're going to ask companies to implement a due diligence policy, it seems to me that it's fairly easy to ask them to apply the steps of due diligence—identifying, preventing, mitigating—across a range of human rights abuses rather than solely limiting it to forced labour.

I'm curious about what Aidan has to say.

The Vice-Chair (Mr. David Sweet): Dr. McQuade, you have about 45 seconds.

Dr. Aidan McQuade: If we're talking about due diligence in relation to businesses, then I would agree with Jo that it's as easy to do due diligence on child labour as on forced labour. I'm quite aware of Milton Friedman's full quote, and my point is that in many parts of the world—not Canada—child labour and forced labour are essentially legal because they're called something else or because the law is simply not enforced.

One of the questions that I think is worthwhile for you to ponder as legislators is what impact an extra-territorial law such as this one, which looks at due diligence on Canadian business supply chains, might have upon the law and policy of countries where child labour and forced labour occur. I think this is where the idea of precluding goods tainted with child and forced labour from Canadian markets becomes important, because so many of these countries have built their competitive advantage on low labour costs, including exploitation.

The more fundamental way to address child labour must be through community development, empowering families and kids in the ways that we've discussed already. It's important, in parallel with the law, to think about what development policy is doing. Canada is also an enormously important aid donor—I don't have to tell you this—so how aid policy in relation to development and humanitarian work is being shaped in order to address these issues is a question that needs to be asked as well.

• (1355)

The Vice-Chair (Mr. David Sweet): Thank you very much.

That's all the time we have for that round.

Colleagues, if there's anybody who has a burning question, we have about two minutes left. If not, we'll adjourn.

Mr. Scott Reid: Could I go back and ask about pushing things down the supply chain?

The Vice-Chair (Mr. David Sweet): Okay.

Mr. Scott Reid: Right at the beginning, I asked about the danger that things simply get pushed further and further down the supply chain, and there's always going to be a level of opacity. I think that maybe we got a partial answer to that when Ms. Becker talked about getting a kind of fair trade certification.

Is having some version of fair trade certification the way to resolve the problem that you can always go down one more step to one more middleman and can no longer tell whether or not forced labour was being used?

Ms. Jo Becker: It's an excellent question. I think companies are increasingly accepting the fact that they have responsibility throughout their supply chain and not just for their direct operations or their direct suppliers. Some companies are looking to cut out some of the middlemen and looking for ways to directly source their materials without going through many steps. That's one thing.

In the garment sector, there's increasingly a move to push companies to publish all of their suppliers so that external stakeholders can trace the route of the garments—whether they're coming from Bangladesh or Cambodia, for example—so that they know which factories are producing them and can independently look at that aspect.

I would say that there are a number of ways to address these long and complex supply chains.

Mr. Scott Reid : Thank you.

The Vice-Chair (Mr. David Sweet): Thank you very much.

Ms. Becker and Dr. McQuade, we don't have time for closing remarks, but if there's anything that you feel you want to make sure we understand before we get to writing a report on this issue, please don't hesitate to email it to our clerk. They'll make sure that's added to the evidence.

I want to thank our witnesses very much for their time.

Dr. Aidan McQuade: May I add just 10 seconds to Jo's answer?

The Vice-Chair (Mr. David Sweet): Yes, you may.

Dr. Aidan McQuade: The critical way, I think, and the only sustainable way, really, to ensure that supply chains are transparent is through freedom of association in the supply chains. A major garment company has recently stated that the only ethical way to ensure ethical business is to ensure that you have freedom of association all the way through your supply chain. That would mean establishing monitoring systems of the workers themselves and of the supply chains. Increasingly, global framework agreements between multinationals and trade unions are recognizing that and using it as a model.

The Vice-Chair (Mr. David Sweet): Thank you very much.

Colleagues, the meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <http://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : <http://www.noscommunes.ca>