

Opening remarks by Sigrid Kaag, Minister for Foreign Trade and Development Cooperation, at the textile sector webinar, 14 May 2020

Ladies and gentlemen, Pierre,

First of all, I hope you're all in good health. This crisis is taking a toll on all of us, so it's good to see some smiling faces on my screen.

Each of us is experiencing the serious consequences of COVID-19. The most pressing, of course, is the impact on health. But right behind it is the deepest shock to the global economy in living memory. The International Labour Organization forecasts that, in the coming months, as many as 300 million jobs could be lost globally, and that 1.6 billion workers in the informal economy are in danger of having their livelihoods destroyed.¹

Your sector has been hit especially hard. These last few months have been incredibly difficult for your companies, and, I imagine, for many of you personally as well. We need to work collectively towards a rapid economic recovery, and I will do what I can to help you achieve this. We must overcome this crisis together, and we will all have to do our part. Companies, consumers, and government.

What we do in the next months will be crucial. We have to make the right choices now. Not only in terms of business prospects and building a more sustainable future, but also for the wellbeing of the people who depend on you for their livelihoods.

Earlier this week, I talked with representatives of your sector. They spoke about the dramatic decline in sales, expressed their worries about the future, and confirmed the severe effects all this is having on workers in producing countries.

There have been media reports about companies passing on the costs of COVID-19 to their suppliers. This worries me, because it diminishes trust and harms the most vulnerable. What we should be doing instead is strengthening trust in production countries, and involving them in creating stronger social security systems and living wages.

That's why I urge you not to cancel your orders and contracts, to maintain your supply chains as far as possible, and to set an example by making sustainable business choices. Fortunately, in Europe, we're now seeing something of a turnaround in purchasing practices, while firms from the US and the UK continue to cancel orders.

I'm glad to see European business taking a global leadership role, and I encourage you to keep it up. Now, more than ever, international responsible business conduct is crucial. The UN Guiding Principles still stand, as do the OECD Guidelines. The current crisis disproportionately affects the economically

¹ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_743036/lang--en/index.htm

vulnerable – typically those at the start of supply chains, in production countries. They are now relying on you for their health, safety and income.

So I want to commend you for continuing to support the Dutch IRBC Agreement for the Garments and Textile Sector, and the due diligence commitments this entails. It's a robust agreement, and in this uncertain period it offers a much-needed support framework.

I know this is a difficult time, and that many of you are worried about the state of your businesses. Looking ahead, I can't assure you that the future will be easy. But I can assure you that there will always be a market for your products. The next few months may be tough, but people will always need clothes. Sales may be down for a while, but they will pick up again.

The current crisis is about what we do in the meantime.

The choices we make now will define us for the next decade.

So I'm heartened to hear about the many great initiatives launched in your sector. In my discussion earlier this week we talked about working towards a textile pact, in which business and government collaborate on building better business models, improving supply chains, and implementing more sustainable business practices. I applaud the move towards offering living wages, transitioning from fast fashion to slow fashion, and fair pricing in your supply chains.

In turn, I will continue to support you at political level. We still need legislation that promotes good trading practices, both nationally and at EU level.

This crisis is serious, but it can also propel us forward towards a fairer and more sustainable future. To make that happen we must improve cross-border cooperation on responsible business practices. We need to improve supply chains, as well as the lives of those working in them. And we need to involve consumers: in the end it is they who have to support these improvements through the purchases they make. You can help persuade them to buy responsibly by letting them know you are doing your part in the ongoing Corona-crisis.

I will do what I can. This government has supported a number of your companies by taking over wage costs, and loosening the conditions of export credit insurance. We will do our utmost to keep up this support. And in turn, I call on you to do your part:

Stand firm for those who rely on you, and continue to improve your business through fairness and sustainability.

And together we will get through this.

Thank you.