

The ETI code of labour practice:
Do workers really benefit?

China



part
2_f

Findings and recommendations
from a scoping study carried
out in China

Stephanie Barrientos &
Jude Howell (London School of Economics)
Institute of Development Studies
University of Sussex

About the Report on the ETI Impact Assessment 2006

The Ethical Trading Initiative (ETI) is an alliance of companies, trade union and non-government organisations committed to improving working conditions in global supply chains. ETI company members require their suppliers to comply with the ETI Base Code, a code of labour practice based on international labour standards. After five years of operation, ETI wanted to assess:

- how its member companies were implementing the ETI Base Code;
- the impact of members' activities on workers in the supply chain;
- how the impact of member's work could be improved.

In 2003 ETI commissioned the Institute of Development Studies at the University of Sussex to conduct this assessment. The study was undertaken between 2003 and 2006 and this document is one of ten reports which, together, give the summary, complete findings, case studies and methodology of the study. The ten reports, published under the series title Report on the ETI Impact Assessment 2006, include the following:

The ETI code of labour practice: do workers really benefit?

Summary

Summary of an independent assessment for the Ethical Trading Initiative

This six-page document summarises the key findings and recommendations. It is available in print as well as online and is translated into Chinese, Spanish, French and Vietnamese.

Part 1

Main findings and recommendations from an independent assessment for the Ethical Trading Initiative

This is the report of the main findings with recommendations and good practice examples.

The detailed fieldwork comprised case studies in six countries and the findings are given in six documents that make up **Part 2** of the report. These will interest readers who want more detailed information on labour issues and code impacts in these countries.

Part 2A

Findings and recommendations from a case study in India (garments)

Part 2B

Findings and recommendations from a case study in Vietnam (garments and footwear)

Part 2C

Findings and recommendations from a case study in South Africa (fruit)

Part 2D

Findings and recommendations from a case study in Costa Rica (bananas)

Part 2E

Findings and recommendations from a case study in the UK (horticulture)

Part 2F

Findings and recommendations from a scoping study in China

Part 3

How and where ETI member companies are implementing codes

This makes up **Part 3** of the report series and describes the first phase study of ETI members' activities.

Part 4

Research methodology

This is for readers who want more detail on the research approach.

Each of the reports can be freely downloaded from www.ethicaltrade.org/d/impactreport and www.ids.ac.uk/

This series of reports has been prepared by the Institute of Development Studies (IDS) and the views expressed do not necessarily represent the views of ETI or of its member organisations. IDS is responsible for the accuracy of information contained in the document and our recommendations have not necessarily been endorsed by ETI.

Contents	p3
Foreword	p5
1 Introduction and context	p7
1.1 Background to the scoping study	p7
1.2 Methodology used in the China scoping study	p7
1.2.1 Basis of scoping study	p7
1.2.2 Key questions	p7
1.3 Context	p8
2 Key challenges for an impact assessment	p9
2.1 Value chain	p9
2.2 Double book-keeping	p9
2.3 Workers	p10
2.4 Key labour issues	p10
2.4.1 Freedom of association	p10
2.4.2 Overtime	p10
2.4.3 Regular employment	p10
2.4.4 Health and safety	p10
2.4.5 Accommodation	p10
2.4.6 Discrimination	p10
2.5 Trade unions / civil society	p11
3 Addressing the challenges for an impact assessment	p12
3.1 Value chain	p12
3.2 Double book-keeping	p12
3.3 Workers	p12
3.4 Trade unions and civil society	p12
3.5 Local researchers	p12
3.6 Summary of issues	p12
3.7 Practicalities of carrying out an impact assessment	p12
4 Recommendations	p15

f

Foreword

Over the last decade, an increasing number of companies have recognised that they have a responsibility for the rights and conditions of workers who produce the goods that they sell - even if those workers are employed by a factory or farm on the other side of the globe. Companies have typically responded by adopting voluntary codes of practice which stipulate minimum labour standards that they expect their suppliers to comply with. Many have invested considerable resources in monitoring compliance with their codes, and working with suppliers to improve conditions over time.

The Ethical Trading Initiative (ETI) is an alliance of companies, trade union and non-government organisations (NGOs) committed to improving working conditions in global supply chains. When they join ETI, companies commit to implementing the ETI Base Code - a code of practice based on international labour standards - in all or part of their supply chain. But how exactly have member companies put this commitment into practice? Has their work on implementing the Code actually made any difference to workers in their supply chains? How can the impact on workers be improved? In 2003 ETI commissioned us to undertake a study to answer these and other related questions. This document provides an account of the key findings and recommendations from a scoping study conducted in China, one of six case studies chosen to give an insight into key issues in different countries and sectors.

Who is this document for?

This document is relevant to all those involved in monitoring and improving labour conditions in the export garment industry in China, including retailers, agents and suppliers, auditors, non-governmental organisations (NGOs) and trade unions. Unlike the other five case studies, the China study was not a full impact assessment. Rather, it was an evaluation of the feasibility of carrying out such an assessment in the future, and the focus of this document reflects this limited scope. Nevertheless, this report also serves as a succinct overview of some of the key factors that influence labour practices and code implementation in China – including social and political factors, labour law, the nature of supply chains, key characteristics of the workforce, and trade union and civil society influences. As such, we hope that it will be of wider relevance and interest.

About the ETI Impact Assessment and IDS

The ETI Impact Assessment was initiated in 2003 – five years after ETI was established – to answer the questions outlined above. Based on assessing the ethical trade programmes of nearly 30 sourcing companies (retailers, brands and suppliers), and including in-depth case studies in five countries and three sectors, this has been the most comprehensive assessment of the impact of codes of labour practice to date.

The Institute of Development Studies (IDS) at Sussex is well-respected for its research and consultancy on international development. The research team has extensive experience and expertise in ethical trade, employment in export production and labour standards. For the case studies IDS worked in partnership with local researchers who spoke the relevant languages and had experience of labour issues in the industry in question.

The research findings are based on qualitative and quantitative information collected from all key stakeholder groups, including brands, retailers, agents and suppliers, factory and farm managers, trade union organisations at international and national levels, NGOs, and all types of workers (women as well as men, migrant and contract workers as well as permanent workers, and trade union worksite representatives).

About the ETI Impact Assessment reports

The findings and recommendations from the ETI Impact Assessment are written up in ten separate documents, all of which can be freely downloaded from www.ethicaltrade.org/d/impactreport and www.ids.ac.uk. The ten documents, each targeted at different audiences, are listed on the inside front cover of this report.

By offering these different ways of accessing the

findings of our study we hope we are throwing a helpful searchlight on current ethical trade practice that will enable everyone involved to enhance their understanding and develop their practice in this challenging but worthwhile field.

Acknowledgements

We would like to offer our thanks to all those in both the UK and China who took part in the research interviews.

Stephanie Barrientos & Jude Howell (LSE)
Institute of Development Studies
University of Sussex

1 Introduction

1.1 Background to the scoping study

China ranked highly on the main criteria used for selecting countries for the Impact Assessment case studies, for the following reasons:

- ETI member companies have a high level of sourcing from China;
- China is considered a high-risk country as a source of code non-compliance;
- the largest number of ETI company assessments are undertaken in China. In 2002, 1,383 desk and site-based assessments were carried out in China accounting for 24% of all assessments carried out by ETI companies;
- with the phase out of the Multi-Fibre Agreement (MFA) in January 2005, future sourcing was set to expand from China.

However, despite China's position as a major sourcing country, it was decided not to carry out a full impact assessment there at this stage. Instead a feasibility study was undertaken in China, in order to assess whether and how such a study could be done at a later stage. This was due to resource constraints which could have meant an in-depth study in China affecting resources available for other country studies, and the specific challenges of sourcing from China. These included:

- the complexity of working there due to political constraints and absence of free trade unions
- well-known problems of 'double book-keeping'
- the difficulty of triangulating information and verifying findings in the absence of independent trade unions and NGOs.
- the probable need to adapt the 'value chain to impact mapping' methodology that was developed for other country studies.

The scoping study set out to consider how the methodology applied in the other country studies might be adapted to the Chinese context; to establish the potential local researchers that could carry out a

future study; and to get a preliminary perspective on the key (labour/impact) issues in China that such a study would need to address.

The scoping study was carried out by Dr Stephanie Barrientos (Institute of Development Studies, Sussex) - coordinator of the Impact Assessment and Professor Jude Howell (London School of Economics), a Chinese expert and linguist who has worked on labour and political issues in China for 23 years.

1.2 Methodology used in the China scoping study

1.2.1 Basis of scoping study

As part of the scoping study the authors undertook a number of UK-based interviews with key actors in ETI and its China Working Group during April-September 2004. These included: three company members, one ETI Secretariat member, two trade union members, two NGO members, and other relevant non-ETI professionals engaged in sourcing activity from China.

The authors visited Hong Kong and Guangdong in October 2004 where they interviewed: two Chinese suppliers to ETI companies, two ETI company buyers, two sourcing agents, one ETI company compliance officer, one independent auditor, five NGOs, one Hong Kong-based trade union organisation, one Chinese trade union official, one Labour Bureau official, one factory worker, one academic researcher in Hong Kong and another in mainland China.

1.2.2 Key questions

In order to get a better understanding of whether a future impact assessment study would be feasible, we sought information on the following related issues:

- background issues/challenges of working in China such as politics/culture, and the leverage of ETI firms vs US and other buyers;
- the similarities and differences between Chinese labour law, the standards covered by company codes, and actual labour practices on the ground;

- the influence of the ETI Base Code and other codes;
- **trade unions:** the role and activity of the All-China Federation of Trade Unions (ACFTU), and different union perspectives on China;
- **other players:** NGOs, trade/industry bodies, government
- worker profiles, migrant labour, and worker turnover
- **auditing:** audit fatigue, audits vs self - assessments, and the extent of double book-keeping;
- government bureaucracy/response
- access to factories and workers
- potential independent research partners.
- requirement of employment contracts;
- health and safety regulations;
- establishment of an arbitration committee system for mediating factory disputes.

However there is a lack of capacity or will to carry out labour inspections or deal with the mounting number of disputes. This reflects the combined interests of local governments and some factory owners in maximising returns from labour and maintaining comparative advantages in labour costs in a fiercely competitive global environment.

1.3 Context

China's economy has enjoyed high growth rates for well over two decades. In 2004, China was the world's third largest exporter, accounting for around 10% of world exports. Trade accounts for approximately 70% of its GDP. In 2002 China joined the World Trade Organisation, opening up further domestic markets to foreign competition and prising open previously carefully guarded sectors such as retailing. By the end of this decade the OECD estimates China will become the world's largest exporter, and a major beneficiary of global trade liberalisation.

China's new labour law was promulgated in July 1994 and came into effect from January 1995. The law was introduced in response to increasing concern among central and provincial government leaders and the All-China Federation of Trades Unions (ACFTU) about a range of issues on the employment of workers in the Special Economic Zones. Some of the key measures introduced under the new labour law include the following:

- maximum of 40 hours per working week;
- overtime upon consent of worker;

2 Key challenges for an impact assessment

This section examines the key issues that we would need to address in order to carry out an impact assessment. It reflects the views of different actors interviewed in the scoping study as to the feasibility of carrying out a full impact assessment.

2.1 Value chain

The value chain from China can be very complex, with many intermediaries operating. There is a significant use of agents and trading companies within the chain, who may be spread across the Asian region. Sourcing is often done through trading companies who attend trade fairs and take orders, but production takes place in another company. Factories are either Chinese-owned, foreign-owned (in the South often Hong Kong or Taiwanese), or joint-venture companies (see below for the relevance of this to an impact assessment).

The two largest agents operating in China are Li & Fung and W.C. Connors. Both are based in Hong Kong. They have offices throughout Asia and on other continents (up to 35 countries), and a large network of thousands of suppliers. A number of ETI companies (though not all) source through these agents. ETI companies are a small percentage of their total customers (about 10% of each), and have little leverage individually. Collectively ETI companies have some leverage. But agents themselves are the main point of leverage with suppliers, as they have the most significant purchasing power across a wide number of buyers (one had a turnover in excess of US\$2 billion in the previous year). This could pose a challenge for carrying out an impact assessment that is based on a value chain to impact mapping. If ETI companies do not have sufficient leverage to provide access to suppliers, agents may not have the will to do so given they are not members of ETI and have no clear stake in the process. Commercial agents and producers interviewed in the scoping study were all sceptical of the feasibility of carrying out an impact assessment in China.

A key challenge may therefore be the lack of willingness of producers to participate. Suppliers are

regularly (and over) audited, and would find it difficult to differentiate an impact assessment from another audit - if they were given any choice they would therefore probably not want to participate.

2.2 Double book-keeping

This issue came up systematically across interviewees. Most stakeholders both in mainland China and Hong Kong expressed the view that this is commonplace, a view which is supported by other sources¹. We were told that double book-keeping is part of a culture among factory owners and managers. Factories will normally try to cover up at least some issues in worker assessments or external audits in order to pass as compliant. One reason is the high threshold of Chinese labour law. Factories commonly try to evade the law through keeping a double set of books (one actual, one nominally compliant with the law) which they show to government factory inspectors.

Suppliers see social auditors and code of conduct managers in a similar light to government inspectors. However, many suppliers sell to multiple buyers with different codes and double book-keeping has been extended to cover different codes. We were told of a software programme that is able to keep 'records' of compliance for up to 16 different codes, with mistakes built in so that the books do not look so perfect that an auditor might become suspicious. One of our interviewees had seen the software, and we were informed it could be purchased in Hong Kong for US\$15,000.

One trade professional in mainland China also reflected the view among some factory owners/managers that sourcing companies themselves operate double standards. Some suppliers believe one standard is operated by buyers who make commercial demands which require certain labour practices (such as long overtime). Another standard is operated by code of conduct managers, who deem the same practices as non-compliance. While sourcing companies operate double standards, we were told that factory owners see no problem doing the same.

¹ See for example Alexandra Hamey 'Laying a false trail', Financial Times, 21 April 2005

2.3 Workers

The manufacturing workforce in foreign-invested enterprises is largely made up of young migrant workers from rural and peri-urban areas of poorer inland provinces. The workforce in garments is largely female and young, living in dormitories on or close to the site. These workers have no tradition or culture of independent labour organisation, and lack experience of speaking up about individual issues that concern them. Turnover (churn) of migrant labour in the factories is quite high. Large numbers return home at Chinese New Year, and many do not return or re-join the same factory. A challenge would be to include workers in a study who had experienced impact over time.

There is some evidence that factory owners, experienced in repeated rounds of company audits, have already 'trained' workers in advance. According to one social compliance officer: "You know when a worker has been coached when they answer your questions before you have asked them." This renders the results of worker interviews dubious.

2.4 Key labour issues

There are a number of areas related to the ETI Base Code where key informants indicated there are likely to be issues of non-compliance. The main issues identified by key informants² in our scoping study were as follows.

2.4.1 Freedom of association

Without independent trade unions in China, workers are not able to access the right to freedom of association. This right is seen as fundamental to workers' ability to access other rights embodied in the ETI Base Code. Independent trade unionists we interviewed expressed the view that all factories in China were de-facto non-compliant with the ETI Base Code, and there had been no change on this issue.

2.4.2 Overtime

Working hours are currently a key issue of concern to auditors and ETI companies. Impactt Limited, a UK-based consultancy organisation specialising in ethical supply chain management, had been running an overtime study in China, working to address this issue. Overtime is likely to be an area where double book-keeping is prevalent, which undermines the ability to verify the real impact of codes of labour practice.

2.4.3 Regular employment

There is a high level of turnover of workers in Chinese factories in the South (where our scoping study took place). This is partly because of the use of migrant labour from rural areas, who return home particularly at the New Year. But it raises issues of whether codes of labour practice have impacted on conditions of employment with implications for labour turnover.

2.4.4 Health and safety

This issue can be checked visually so auditors are likely to have had the most impact in terms of improvement and compliance. However, concerns were raised about the level of commitment of some factory managers to maintaining good health and safety practices in the long term.

2.4.5 Accommodation

Most workers are internal migrants, and live in dormitories on or close to the factory. We visited one such dormitory. Any study would need to examine carefully whether codes of labour practice had impacted on accommodation conditions, such as overcrowding, sufficient access to potable water and sanitation, safety, and security restrictions on workers.

2.4.6 Discrimination

A large percentage of the workforce is female and migrant. In our study we interviewed male but no female factory managers. We were unable to

² Interviews were primarily carried out with key informants. Only one worker was interviewed, as it was not deemed possible to carry out serious research among workers in the course of a one week scoping visit.

ascertain whether there had been any change in difficulties faced by migrant workers, or the extent to which women were able to progress in terms of training and promotion to supervisory positions. But this is an issue that would need to be examined.

This raises serious issues given the lack of independent trade union organisation. For the purposes of carrying out an impact assessment a significant challenge would be how to check information independently with workers' representatives.

2.5 Trade unions/civil society

The All-China Federation of Trade Unions (ACFTU) is the only government-recognised federation of trade unions that is officially allowed to operate in China. Though the Labour Law provides workers with the right to belong to a trade union, workers do not have the right set up an alternative independent association.

The ICFTU and global union federations³ do not recognise the ACFTU as an independent organisation representing workers' rights. Working with the ACFTU would be perceived by them as legitimising a government-sponsored union. Lack of an independent union organisation would undermine our ability to verify information. On the other hand there is often a trade union branch in supplier companies. In many newly established domestic private enterprises, it is well known that the trade union chair is also the company manager or deputy manager, and/or a relative of the owner. However, it would cause problems if we evaded discussing employment conditions with and working through the trade union leader. The trade union could object to the research, making it difficult or impossible to carry out a study.

A number of non-governmental organisations are emerging that focus on issues of corporate social responsibility (CSR). These organisations are separate from the government and also from the ACFTU. However such organisations are not immune from pressure both from companies and local governments to report favourably on conditions in factories. In addition some Hong Kong NGOs harbour doubts about the motives of some mainland NGOs working in CSR, and in particular their commitment to workers' rights.

³ Global union federations are the international associations of trade unions organised by industry or occupation, including for example the International Textile, Garment and Leather Workers' Federation (ITGLWF)

3 Addressing the challenges for an impact assessment

Although the issues outlined in Chapter 2 would clearly pose a significant challenge for any impact assessment carried out in China, there are a number of ways to address these. The following pointers were provided by different actors interviewed, supplemented by experiences in other case studies.

3.1 Value chain

Two agents and one of the suppliers interviewed expressed the view that suppliers might be less reluctant to participate in an impact assessment if the study followed a learning approach. The focus would need to be not on 'proving' whether the ETI Base Code had led to specific changes, which would be difficult to verify, but rather on how to develop strategies, tools and practical guidance with the aim of helping suppliers to improve. If producers believed it was something they could benefit from, they might be more willing to cooperate.

Our experience in the main Impact Assessment study was that the research team had to spend a lot of time with suppliers to assure them that the findings of the study would be anonymous, and that they could benefit from improvement in overall understanding of codes. Otherwise they were reluctant to participate. This would clearly also be vital if an assessment were undertaken in China.

3.2 Double book-keeping

Unravelling double book-keeping is difficult, according to interviewees engaged in social compliance, particularly where a supplier is determined to cover up an issue. However, it can be done by good interviewing and careful probing of workers which helps to pick up issues; and checking output against the number of workers and working hours. However, managers will often try to deny it.

Some factories (particularly those run by Chinese who have lived abroad rather than state-owned enterprises) may also have a more open and transparent attitude. They might be more open to a study which: (a) pursued a learning approach, and

(b) encouraged factory owners and managers to work with us as a process of capacity building from which they could benefit. This might also help to overcome the likelihood of being presented with a false reality of working conditions and changes.

3.3 Workers

In other case studies the research team found that sensitivity in the approach to and interviewing of workers was essential, especially those in insecure work such as migrant and contract workers. Gaining the confidence of workers to talk and give honest information would require the use of worker-sensitive and participatory methods. It would therefore be essential to use local researchers with understanding of culture and language, who have experience of interviewing workers in China.

Other possibilities are carrying out worker interviews away from the factory floor (in dormitories or canteens) where they feel freer to talk, or outside the factory premises. In some circumstances workers might be at risk if they are seen talking to outsiders. Some NGOs in Hong Kong, linked to networks in mainland China, do have the means and experience of accessing such individuals or networks, but would have to be aware of the risks involved.

3.4 Trade unions and civil society

Lack of independent trade unions removes one important source of information, and would make it very difficult to verify data. However, in some factories we were told there are workers keen to engage in more independent labour organisation, and they may be prepared to give information.

In some instances the local trade union leader could well be committed to workers' rights and might welcome the opportunities created through an ETI impact assessment to improve aspects of workers' conditions.

There are also numerous activists located in non-governmental legal counselling centres who, as part of their work, have taken up issues around migrant

workers and laid-off workers. Again they are separate from the government and independent of the ACFTU, and therefore could provide a potential source of independent verification. They are more likely to have a commitment to the interests of workers and upholding their independence from government and companies.

3.5 Local researchers

The impact assessment would need to work through local researchers. There are independent researchers, located in universities, think-tanks and research institutes in mainland China and in Hong Kong, who are working on migrant workers, corporate social responsibility, and labour issues.

Crucial here is their independence from government and from the particular enterprises; their commitment to workers' rights; their capacity in terms of social science research skills such as qualitative interviewing, note-taking, writing-up and analysis; their credibility to workers being interviewed; and finally an established record of relevant research. Qualitative interviewing on sensitive issues such as employment conditions requires skills in listening, probing, picking up interesting points and asking for elaboration and so on.

Over the last two decades Chinese scholars have gained considerable skills in quantitative survey research. However training in qualitative research methods is not so well developed and the impact assessment would need to include some time for detailed discussion of research methods, and training on the use of qualitative and participatory methods.

The scoping study identified some well established researchers in mainland China and Hong Kong who have been working for years on workers' rights issues. They have carried out their investigations through detailed studies of one or a few factories. While they have the background knowledge, commitment, independence and credibility to participate in an impact assessment, they would still face the problems of wider access already discussed above.

3.6 Summary of issues

The following Table summaries the key challenges and opportunities for an impact assessment identified during the scoping study.

Table 3.1

Key issues -
summary

Challenges	Opportunities
<ul style="list-style-type: none"> • Double book-keeping • No freedom of association therefore compliance issues • No independent TUs/NGOs to verify/ triangulate • Workers have no experience of talking to independent researchers, no culture of expressing individual opinions • Migrant workers with high churn therefore little long term knowledge • Management mindsets • Lack of leverage of ETI companies. (even of ETI) • Bureaucracy of doing research in China • Difficulty of finding non-biased local partners with good access to workers • Suppliers would not want to collaborate voluntarily unless they could see advantages to themselves 	<ul style="list-style-type: none"> • Learning approach - suppliers might buy into study • Increased awareness for suppliers, workers and relevant organisations • High level of legislation with which compliance could be improved • High level of sourcing from China (increasing post-MFA) implies that a China-focused impact study would have wide relevance • Collective leverage of companies (ETI and non-ETI) • Professional independent researchers do exist • Many NGOs are positive about the opportunities • Possible to triangulate via Hong Kong-based study

3.7 Practicalities of carrying out an impact assessment

ETI companies have been doing most of their sourcing in South China over a considerable period of time. Relations of trust and contacts are to some degree established. Impact is therefore more likely to be assessable in the South. For these reasons, it would be most appropriate to locate the impact assessment in the South.

However, there was some concern that an ETI study in Guangdong might overlap with other ETI projects on health and safety and/or the Impactt project on overtime. However, a counter-argument is that Guangdong is an extremely large province, and it would be quite possible to locate an impact assessment in an area or with suppliers where no other UK initiative was taking place. It would be important to consult ETI and Impactt on locations to avoid other activities.

Another possible location would be Shanghai where export production has taken off rapidly since the mid-1990s and where many new investors will head in the next few years. However, it may not be so easy to assess impact in Shanghai.

4 Recommendations

The majority of interviewees involved in the scoping study thought that an impact assessment would be challenging. But most believed there were also ways of addressing many of the challenges - IF the assessment was clearly focused on learning and improvement rather than assessing past impact.

We were left with three options to consider:

- (a) don't do an impact assessment,
- (b) do a standard impact assessment or
- (c) do an assessment of learning and best practice.

The reasons for and against each of these are summarised in [Table 4.1](#).

The overall recommendation of IDS is to carry out a study in China. However, it was clear from the scoping study that this would need to be subject to important adaptations.

- The goals of an assessment would need to be focused much more on learning, assessing how to

extend good practice and deliver improvements. If suppliers were being assessed on past impact, they would be unlikely to participate.

- The existing methodology of a value chain to impact mapping would have to be carefully adapted in the case of China. Value chain mapping would need to be included as one strand to trace connections through agents to ETI companies. It would need to be supplemented by an independent approach to workers and labour organisations in order to help the process of verification.
- The project would need to involve an independent local research team with strong connections and good experience, drawn from Hong Kong and mainland China.
- The best location would be Guangdong, where ETI companies have been applying codes for longest. Care would need to be taken not to overlap with the Impactt Overtime project or any ETI initiatives.

Table 4.1
Summary of
different options

Option	Reasons for	Reasons against
a. Don't do IA in China	<ul style="list-style-type: none"> • Difficulties make it impossible 	<ul style="list-style-type: none"> • China is such a major source of supply
b. Standard IA, using same methodology as other case studies	<ul style="list-style-type: none"> • Comparability with other case studies 	<ul style="list-style-type: none"> • Low buy in from factories • Problem of labour and factory turnover • Assessing 'virtual' reality
c. A learning and best practice focus	<ul style="list-style-type: none"> • More buy in/less intimidating • Factories more likely to participate • Fewer problems of verification • Increased understanding of the challenges • Contribute to improving change in future, understanding process of change 	<ul style="list-style-type: none"> • Less comparative with other case studies • Less able to identify/assess ETI's role

Ethical Trading Initiative
2nd Floor, Cromwell House
14 Fulwood Place
London WC1V 6HZ

t +44 (0)20 7404 1463
f +44 (0)20 7831 7852

eti@eti.org.uk
www.ethicaltrade.org

Institute of Development Studies
University of Sussex
Brighton
BN1 9RE

+44 (0)1273 606 261 t
+44 (0)1273 621 202 f

ids@ids.ac.uk
www.ids.ac.uk