

August 8, 2013

Answers by Dutch Minister for Foreign Trade and Development Cooperation, Lilianne Ploumen, to questions from members of Parliament Voordewind (ChristianUnion), Thieme (Party for the Animals), Krol (50Plus) and Gesthuizen (Socialist Party) on child labour and low wages in Dutch seed companies in India (submitted July 15, 2013).

Question 1

Are you familiar with the article from the newspaper *Trouw* on June 29, “Younger than fourteen? Not on the field but in the classroom”(1) and the report “A Tale of Two Companies”(2), just published by the India Committee of the Netherlands and the campaign Stop Child Labour? What is your reaction?

Answer

The situations of child labour and low wages in Indian seed production described in the article and report are examples of situations that the Dutch government wants to be eliminated as soon as possible. The fact that despite previous signals there still is child labour in the fields of the Indian supplier of the Dutch company Bejo Zaden did prompt us to discuss this with Bejo. Because of the broader context the sector organization Plantum and the company Nunhems were also invited for this conversation.

Question 2

Are you willing, in line with the plans in the policy paper “Corporate Social Responsibility pays off”, to choose the Dutch seed sector or wider the companies abroad who are active with plant reproduction material, as one of the sectors on which a risk analysis according to the 'due diligence' principle of Ruggie will be applied? If not, why not?

Answer

The sector risk analysis intends to examine in which Dutch sectors the nature, scope and approach of risks in the supply chain have to be prioritized to discuss the need for strengthening their supply chain approach with all companies in these sectors. In the first half of 2014, the results of this analysis will be known. On that basis I will, together with other involved Ministers, start talks with the sectors confronted with the highest risks where the government can also provide added value in a joint approach to these risks. Which sectors will be chosen will depend on the analysis. This could also be companies operating abroad with plant reproduction material.

Question 3

Do you intend to bring the issue of child labour and low wages - including wage discrimination of women - in the seeds sector to the attention of your Indian counterparts during your mission to India in September, also in view of the jointly working on solutions? If not, why not?

Answer

Corporate Social Responsibility (CSR) will be an important part of the mission. We will look for links with the themes of this mission, in particular urbanization and food security, and with matters of concern to the participating companies. The program is not yet known. My purpose is to discuss in an open manner with companies, civil society and the government about the challenges that these groups face by doing business in India. One of the themes that surely will be addressed is the promotion of the development of women through entrepreneurship. I will discuss the progress of the CSR cooperation between the Dutch and Indian authorities with the Indian Minister of Corporate Affairs.

Question 4

Are you willing to address the trade association for companies in the plant reproduction sector, Plantum, on the implementation of the 'Plantum statement on the prevention of child labour'? Are you also prepared to come to further agreements with them for the implementation of the statement and the still missing public reporting on it?

Answer

In the conversation with Plantum the implementation of the 'Plantum statement on the prevention of child labor' was discussed. With this statement the trade association encourages her members to eliminate child labour completely from their supply chain. Plantum expects her members to undertake corrective action when child labour occurs somewhere in the chain. The members themselves are responsible for achieving results to eliminate child labour in the supply chain. Plantum fulfills a facilitating and advisory role towards her members. So Plantum gives advice on the inclusion of clauses against child labour in contracts and on supporting local education projects. Plantum also encourages members to discuss issues such as child labour, minimum wages and monitoring and to exchange *best practices*. The working group within Plantum dealing with child labour will extent her scope to working conditions, bringing minimum wage also on the agenda as an issue.

Plantum has promised to ask her members to evaluate their policy for the elimination of child labour and to report about this to Plantum so that Plantum can compile an aggregated public report.

At the end of 2014 my Ministry will have a follow-up conversation with the companies and trade association Plantum on the results of the actions specified in the answers to these parliamentary questions.

Question 5

Are you going to obtain further information from Bejo Zaden [Bejo Seeds], now they are again faced with child labour in their supply chain while also following up on detailed parliamentary questions about it in 2010(3), on their concrete plans to prevent this in the future?

Answer

There has been close contact on this issue between my Ministry and the company. Bejo Zaden which comes under Bejo Finance BV, has a minority stake in the Indian joint venture Bejo Sheetal. The collaboration involves seed breeding and research activities. In addition Bejo Sheetal produces and sells a range of vegetable seeds for the Indian market independently. In 2010 Bejo Finance in consultation with Bejo Sheetal took various measures to combat child labour. They recognize and regret that these measures have not been adequate to prevent child labour in their supply chain

In reaction to the new report by the India Committee of the Netherlands, the Dutch Bejo Finance BV promised to take new measures, including information to producers, monitoring in cooperation with NGOs and local government, financial incentives for producers who adhere to the agreements and participation in or subsidizing initiatives for education of children who come out of a working situation. These measures are inspired by the results achieved by Nunhems. Bejo has indicated that it does not want to be associated again with child labour in its supply chain.

I have confidence in the positive intention of the company and the effectiveness of these new measures. It is important that the company has promised that there will be monitoring. It is also important that cooperation is sought with a local NGO, Don Bosco Child Labour Mission, and the local authorities.

In the article [in newspaper Trouw] Bejo declares that it suspends all orders for the Dutch market until the Indian Bejo Sheetal has its business in order. This again confirms that the company takes the issue very seriously and strengthens her efforts now that previous measures appeared to be not effective enough.

Question 6

Has Bejo Zaden's joint venture partner Bejo Sheetal indeed joined the Fair Labor Association, as reported in the answers to parliamentary questions of 13 September 2010, partly on the basis of which the Ministers of Economic Affairs and Foreign Affairs at that time concluded that they were confident that 'Bejo Zaden would come to an improvement trajectory in the foreseeable future'? (3) If not, why not?

Answer

Bejo Sheetal indicates that it ultimately did not join the Fair Labor Association (FLA) because FLA did not appear to be active in the relevant part of India. Therefore Bejo Sheetal is now working together with the NGO Don Bosco Child Labour Mission. This organization is active in the area in India in the fight against child labour, including by providing bridging courses for children who come from a working situation.

Question 7

Do you intend to urge both Nunhems and Bejo Zaden to take action on the payment of at least the official minimum wage, but even better a living wage, by the farmers who supply to their joint venture partners? Are you also intending to raise the matter of wage discrimination against women? Are you willing to inform the Parliament about the results of your contacts with Nunhems and Bejo Zaden on these matters?

Answer

The report and the article also gave rise to discussion of the minimum wage issue. Both Bejo and Nunhems indicate that their contracts with suppliers not only prohibit child labour, but also require the contracted farmers to pay the minimum wage to their employees, based on the Minimum Wages Act in India.

Implementation of the legal regulations in terms of minimum payment is not closely monitored by the Indian government. The large supply of job seekers also often find work in jobs which are paid too low. The lack of administration by local farmers and the illiteracy of local employees are an obstacle to the control of the payment of minimum wage.

Nunhems is currently doing a pilot project in which control is established by inquiring with the employees. Bejo indicates that the minimum wage and wage discrimination, like child labour, will become part of the new measures they will take in response to this report. Local farmers will be motivated to at least pay the minimum wages to their employees. For equal work men and women should receive the same. Both Nunhems and Bejo Zaden indicate that this the realization of this improvement will take some time.

Question 8

Which sanctions do you want to apply, in view of your new CSR policy, to more firmly urge companies that repeatedly demonstrated the absence of a 'due diligence' policy in relation to the OECD standards, to still fulfil their International Corporate Social Responsibility obligations?

Answer

Companies that do not act according to the OECD Guidelines, may be excluded from the sector instruments. This means that they can not anymore use government subsidies or participate in trade missions. In addition, companies that do not have good due diligence policies do risk their reputation among consumers and companies they do business with.

Question 9

Are you willing to answer these questions well before the [parliamentary] general consultation about Corporate Social Responsibility to be held on 19 September 2013?

Answer

Yes.

- 1) Newspaper *Trouw* (June 29, 2013)
- 2) See: <http://www.indianet.nl/ATaleOfTwoCompanies.html>
- 3) Aanhangsel Handelingen 2009-2010, nr. 3312, en Aanhangsel Handelingen 2010-2011, nr. 338.