

“中国制造”-SAI/Solidardiad 联合项目 “MADE BY CHINA”-SAI/Solidaridad Joint Program

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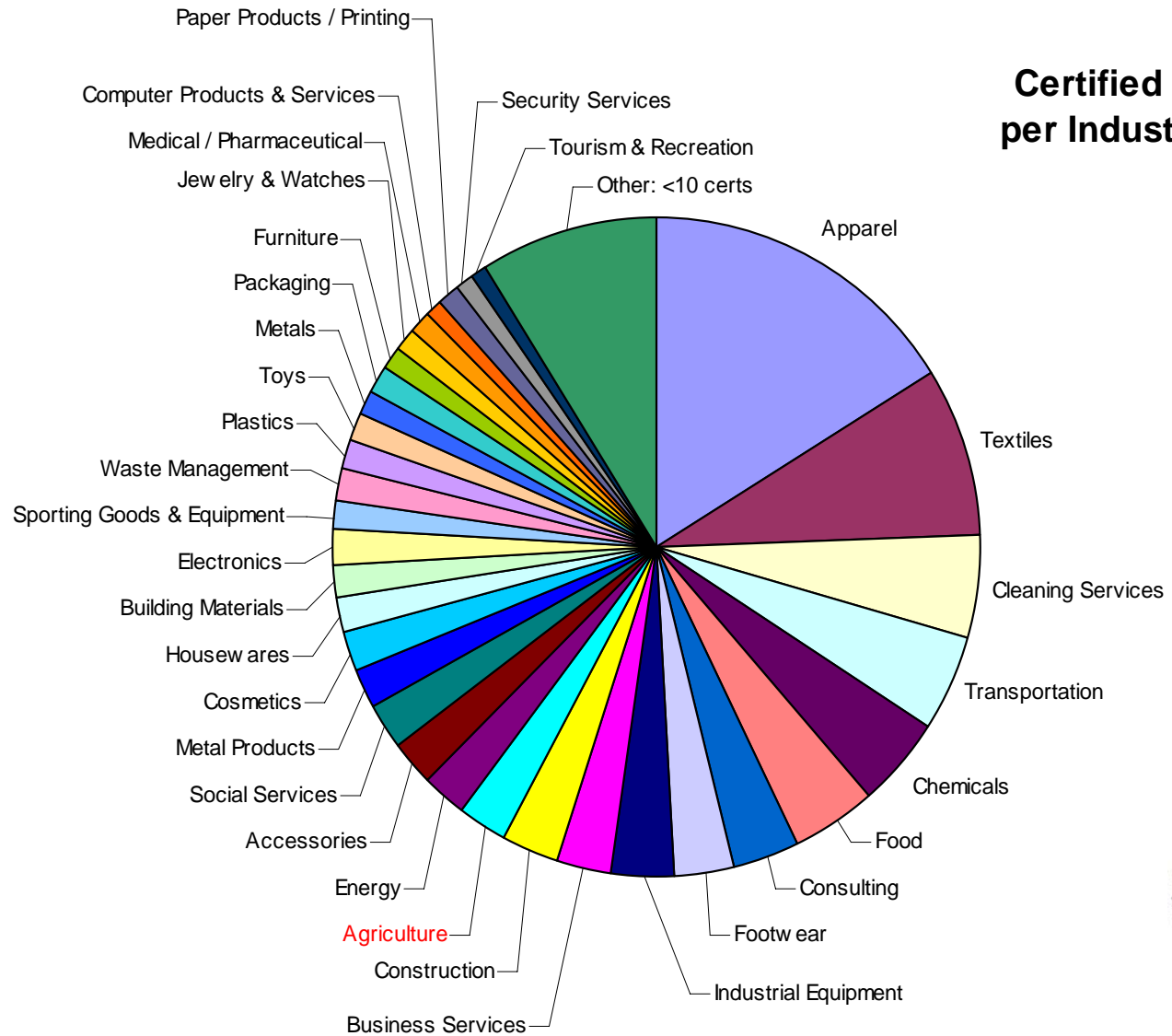
Introduction: SA8000

1. SA8000 is a standard promoting Human Value @ Work.
2. Applicable worldwide, across industrial sectors, including agricultural sector.
3. Considered as one of the most stringent workplace standards.
4. Independent verification system (built-in complaint/ grievance element to ensure quality).
5. As of June 2006, more than 1,000 certificates issued worldwide, covering more than 55 countries (from Italy to Madagascar), 40 industry sectors, and more than half million workers represented.

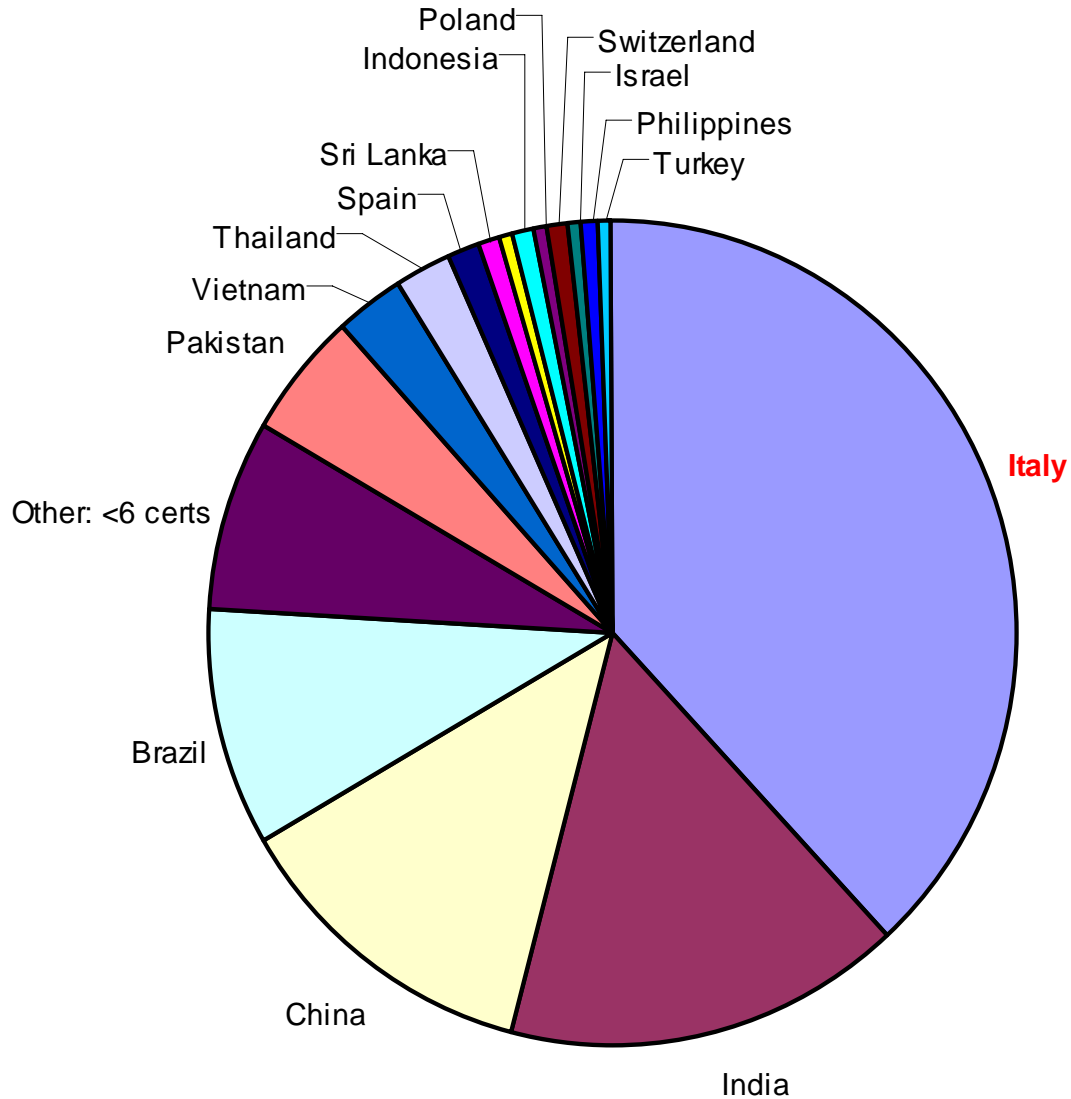


SA8000 Certified Facilities by Industry

**Certified Facilities
per Industry 6.30.06**



SA8000 Certified Facilities by Country



Introduction: Social Accountability Int'l

1. SAI is a New York based Not-for-Profit organization.
2. Established in 1969, has been promoting CSR for 37 years (Former name: *Council for Economic Priorities*).
3. In 1997, SAI, working with multi-stakeholders, published SA8000, after two years' intensive research and debate.
4. As developer of SA8000, SAI's major function is to ensure the quality & integrity of SA8000 audits, conducted by independent certification bodies.
5. On top of oversight on certification, SAI develops range of capacity building programs (auditor, supply chain management, workers, management)



Introduction: Solidaridad



1. Solidaridad is a Holland based development aid organization.
2. One of the pioneers of Fair Trade Movement.
3. Help farmers to help themselves by offering market access, business incentive & technical assistance.
4. By 2005, created market volume up to 100 million Euro for sustainable products (coffee, fruits, textile, biomass)



Made By China:

Joint Project by Solidaridad and SAI

Objectives:

1. Set up and operate an organic & socially responsible supply chain.
2. Empower farmers & workers adopting a bottom-up approach.
3. Offer market and business incentive to sustainable initiatives (environmental, social).



Conventional cotton - a costly endeavor

Cotton fields high demand in:

- Water: In Uzbekistan, 14,000 m³ water needed for per hectare of cotton field (*World Bank*)
- Pesticides: cotton fields consume about 20% of insecticides & pesticides worldwide
- Labor: cotton workers subject to health hazards and extremely low wage.



The Demise of the Aral Sea



1989 NASA image. 36500 km³



2003 NASA: 24,000 km³



Organic Cotton: Worldwide Production & Market

- **Organic production** is becoming an increasingly popular concept. By 2004-05, global fiber supply has increased by 392% since 2000-01, reflecting annual growth rate of 22%.
- **Global market** size has increased from \$245 million in 2001 to \$583 million in 2005. Annual growth rate 35%.
- **Key producers**: Turkey (40%), India (25%), USA (7.7%), China (7%).
- **Important buyers**: Nike, Marks & Spencer, Otto, Patagonia, Timberland, Walmart





Organic Cotton: China

- ❑ Organic cotton production increased dramatically, from 0 in 2000-01 to 7% of worldwide production (1,900 tonnes out of 25,394 tonnes).
- ❑ Much more potential to grow: China is the world's largest cotton producer (20% of worldwide production).
- ❑ All existing major organic cotton sites are in Xinjiang, primarily owned by the "Construction Corps."



Social Dimensions of Organic Production in China

1. While manufacturing sector wins worldwide attention, agriculture sector largely ignored by CSR proponents.
2. Little evidence of application of fair-trade model in agriculture sector.
3. Overall working conditions miserable for “front-line farmers.”

Urgent need to add social/human dimension to organic movement.



Virtual Trip: Organic Cotton in China

Red dots are cotton fields we explored previously.
Green dot is the most recent field we visited.
Hoboksar is the new home of Wurya and her blind mother.



Virtual trip: One organic cotton field in Xinjiang

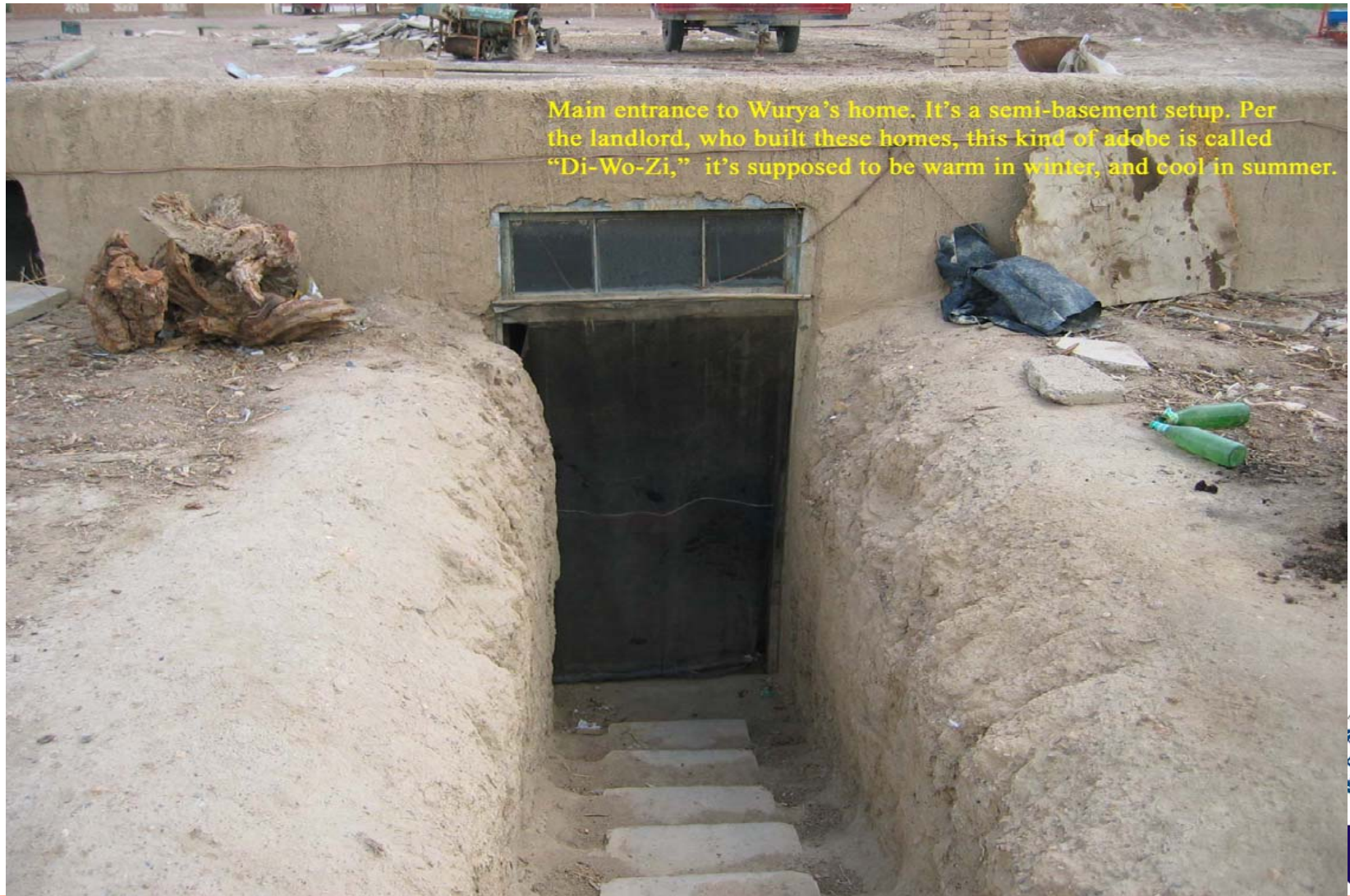


Virtual Trip to One Spot: 330 hectares

Organic cotton field owned by Mr. Tian, the guy wearing red Tshirt. He was showing me some skills how to get rid of the useless leaves. The blue shirt is a farmer he hires.



A Virtual Trip: Contract workers' home “Diwozi”



Virtual trip: Contract workers' family



Wurya and her mother. They belong to the Mogolian ethnic group. The family used to be herders in the upper north of Hoboksar, near the border with Mongolia and Russia. After their pasture was destroyed by natural disaster, the local government relocated them to this cotton field at Hoboksar. Wurya is three and half, her mother is about 35.

Virtual trip: Inside the Di-Wo-Zi



Solidaridad/SAI Work Plan

- Start from cotton field, secure certified organic cotton.
- Work with farmers, improve wages/conditions of contract workers & temporary workers (business order & partnership).
- Work with ginning, spinning, and apparel factories (business order & partnership)
- **Attempt to apply fair-trade model & SA8000 to all levels of operation of the flagship chain.**



Opportunities

- ❑ Organic cotton production already existing.
- ❑ Local government interested to learn fair-trade model, as “Step 2” to existing official poverty alleviation efforts
- ❑ Cotton producers eager to get access to international market.
- ❑ SA8000 enjoys wide recognition in China, factories starting to consider it as incentive today, rather than cost.



Challenges

- ❑ Market demand for organic cotton sporadic
- ❑ Conventional cotton still lucrative business (US\$ 1.77/kg) due to demand from China's huge garment industry
- ❑ Low yield compared to conventional cotton (800-900kg/ha lint)
- ❑ No concrete government support
- ❑ Fair-trade model still unknown to stake-holders in China

