



## INCREASING PRODUCTIVITY AND COMPETITIVENESS THROUGH LABOUR LAW COMPLIANCE IN PAKISTAN'S TEXTILE SECTOR

The textile industry is the largest manufacturing industry in Pakistan, the fourth largest global producer of cotton, and the eighth largest exporter of textile products in Asia. It contributes to 8.5 per cent of GDP and provides employment to 30 per cent of the 56 million strong national workforce – or 40 per cent of industrial employment. Punjab Province dominates the textile industry in Pakistan. The GSP-Plus status, granted to Pakistan by the European

Union, became effective on 1 January 2014, giving Pakistani industry duty-free access to European markets. This is crucial to the competitiveness of Pakistan's textile industry. However, maintaining this GSP-Plus status will depend on how well the Government of Pakistan implements and reports on the application of 27 United Nations Human Rights Conventions, including the eight ILO fundamental Conventions ratified by Pakistan.

### FACTS AND FIGURES

**Partners:**  
Pakistan Textile  
Exporters'  
Association (PTEA)

**Beneficiary country:**  
Pakistan (Faisalabad  
in Punjab)

**Timeframe:**  
February 2015 to  
December 2017

**Budget:**  
USD 110,183

### THE RESPONSE

Aware of the economic and employment implications if Pakistan fails to comply with the conditions of its GSP-Plus status, the Government – through the Ministry of Overseas Pakistanis and Human Resources Development at the Federal level and the Department of Labour and Human Resource Development at the Provincial levels – has developed an International Labour Standard (ILS) Compliance and Reporting programme to improve workplace practices in the textile industry, together with the ILO.

The programme will ensure the application of labour laws through the active engagement of the textile industry in order to guarantee the continuity of Pakistan's exports to the global market. A part of this project will be implemented with financial support from the Pakistan Textile Exporters' Association (PTEA).

Other supporting partners include the Ministry of Textile Industry, the Ministry of Commerce, the Employers' Federation of Pakistan (EFP), and the Pakistan Workers' Federation (PWF). The ILO will extend its technical advisory role in the implementation of the project.

A supervisory system has been proposed to ensure the application of labour standards. The ILO will provide technical assistance in building capacity to improve reporting on national and international obligations. A three-tiered interconnected solution serves as part of the initiative, which involves the following:

- Strengthening the Government's capacity to report on ILO Conventions through the enforcement of National and Provincial labour legislation;
- Strengthening the capacity of workers' and employers' organizations to effectively advocate for labour law compliance and reporting;
- Engaging industrial associations and industrial establishments to promote responsible workplace practices and reporting mechanisms, which will be bridged with the Public Labour Inspectorate and enhance the labour inspection regime.





## RESULTS

The involvement of sector-wide industrial associations proves very helpful – not only in ensuring the systematic implementation of labour laws, but also in institutionalizing a sustainable compliance, monitoring and reporting mechanism. The partnership will accordingly be supported at both association and enterprise levels.

In the first year, a minimum of 35 industrial units will be included in the programme, followed by 55 in the second year, and 120 in the following year: a total of 210 industrial units in the textile sector will therefore be supported to ensure their compliance with national labour laws for better productivity.

The project will help the workers and employers in the target factories work together to design and implement a workplace improvement plan, with the aim of achieving improvements in working conditions and productivity. This will be ensured through workplace cooperation, i.e., social dialogue and building on existing bipartite structures at the workplace where they already exist.

### **Buyers' Forum Pakistan**

In 2014, the ILO, the International Finance Corporation (IFC) and the Government of the Netherlands brought together a total of 20 international brands in Pakistan, so that they might collaborate on knowledge management and share best practices with a view to improving environmental, labour, health and safety performance in the sector. With the Buyers' Forum in place, dialogue has been initiated to create a climate conducive to investment in the textile sector.

The GSP-Plus status granted to Pakistan in 2014 foresees an estimated growth of almost 15 per cent in the textile and garment sector combined. This will add approximately USD 1.5 billion to Pakistan's total exports, boost investment and employment, enhance institutional capacity, and sustain national economic



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### **BENEFITS OF PARTNERING**

- Improving adherence to national laws, including those based on international labour standards, in Pakistan's textile factories;
- Improving the image of Pakistan's textile industry as responsible workplaces compliant with national laws and international labour standards;
- Developing buyers' confidence that compliance with labour laws in these factories is being publicly monitored, and reliably and accurately reported;
- Establishing a coordination mechanism between textile industry, related workers' organizations and labour departments, with respect to compliance and reporting on labour laws.