



Pre-competitive collaboration in supply chain mapping of the natural rubber sector in Vietnam

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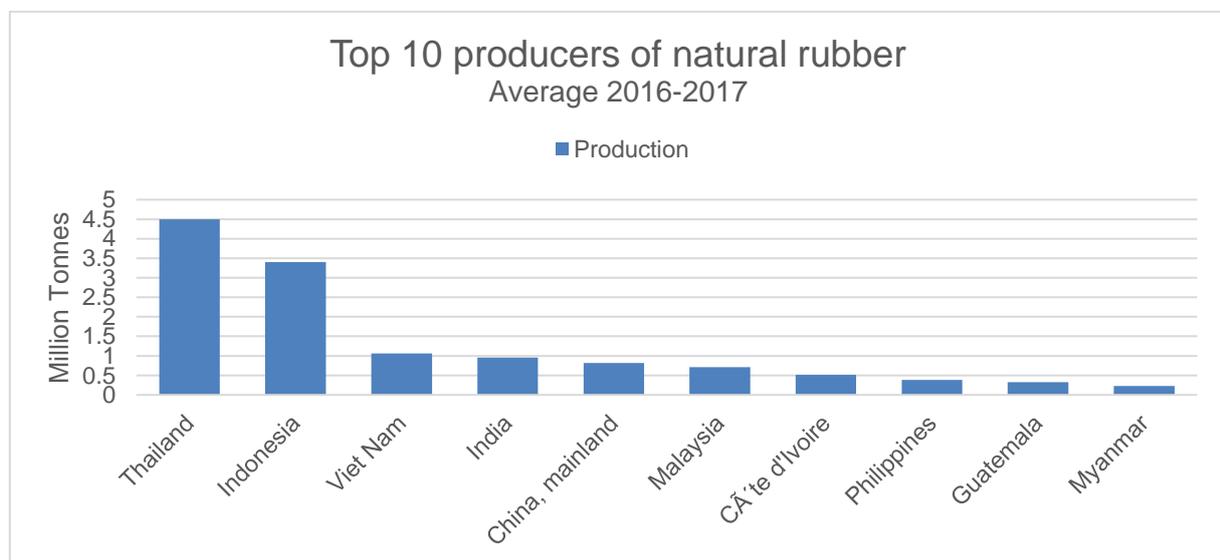
Objectives of the session

- Discuss practical approaches for companies to map production in the upper tiers¹ of the raw materials supply chain, where companies may have limited visibility and leverage.
- Identify potential challenges both within a company and in extended supply chains to achieving traceability and ways in which collaboration can address these challenges.

Background

Context

Rubber is a key raw material for the footwear and sporting goods sectors. For example, several FLA affiliates (sporting goods and footwear companies) use natural rubber extensively, either alone or in combination with other materials in the production of several products.



¹ Fair Labor Association's Supply Chain Mapping and Traceability Glossary can be accessed at the following link. https://www.fairlabor.org/sites/default/files/supply_chain_mapping_glossary_nov2018.pdf

Viet Nam is a key rubber producing country: Between 2005 and 2015, the country doubled its natural rubber production², and in 2017 was the third-largest rubber producer globally after Thailand and Indonesia.³ **This session will draw primarily on the Viet Nam context, however findings and lessons learned are not necessarily unique to Viet Nam.**

While there has been some attention to the adverse environmental and chemical usage aspects in the production of rubber⁴, limited attention has been paid to the labor conditions. In contrast to other materials – such as cotton – rubber remains relatively unexplored from a labour perspective. However, given the seasonal nature of work, and especially during peak latex harvesting season, FLA’s field-level data gathering⁵ in Viet Nam indicates various labour risks, including the use of seasonal (migrant) workers, low wages and excessive working hours. At the same time, important reforms are underway, including better protection for migrant workers⁶ and ratification of the ILO convention on collective bargaining⁷. However, overall there is very little data on labor rights issues in the natural rubber supply chain in Vietnam.

What are the remaining challenges and gaps?

In light of potentially higher risks of human rights in the upper tiers of global supply chains, more information needs to be collected in the hidden parts of the supply chain that fall outside of the usual monitoring scope of multi-nationals or government agencies. Yet, there are no proven processes and methods established for supply chain traceability. Each organization has its own mechanics determined by its strategic vision and available resources. Establishing such visibility remains a challenge across raw materials generally, including rubber. According to a survey conducted by the FLA amongst 99 of its affiliated companies, the key challenges that face the companies on conducting supply chain traceability are lack of manpower and human resources (62 percent) and lack of financial means (43 percent) to invest in this exercise. Other challenges are lack of data collection tools, guidance material, in-house expertise to guide the process, or agreed-upon commitment within a company on prioritizing supply chain mapping. Ten percent of the respondents indicated that they lack commitment from their suppliers, and vendors is a challenge. The lack of cooperation makes the supply chain mapping process difficult for them.

From the FLA’s perspective, key challenges remain because companies still consider supply chain mapping as a one-time activity rather than as a core operational activity. Secondly, there is a lack of cascading mechanisms in the supply chain, where more responsibilities and support needs to be provided to suppliers to help them learn and engage in this as a joint activity. Finally, given that supply chains span across countries and borders, it is a resource-intensive exercise for one company to undertake alone, and there is a lack of proven collective approaches.

In relation to rubber specifically, companies used to the compliance approach at direct manufacturing find themselves lacking leverage to obtain information from upstream suppliers. Currently, the footwear sector only sources six percent of all-natural rubber globally. For the FLA the main concern is that once the salient human rights issues are established, even the most active companies may be limited in bringing about meaningful improvements at scale unless they explore partnerships with other sectors, such as the tire

² Association of Natural Rubber Producing Countries, “[Member Country Info: Vietnam](#).” Accessed 6 January 2019.

³ Food and Agriculture Organisation of the United Nations, “[FAOStats: Crops](#).”

⁴ [Current trends of rubber plantation expansion may threaten biodiversity and livelihoods](#), Global Environmental Change.

⁵ Based on FLA’s field visit to rubber plantation and interaction with local stakeholders in Vietnam in October 2018.

⁶ The Phnom Penh Post (Sep 2019), “[CLMTV \[Cambodia, Laos, Myanmar, Thailand and Vietnam\] countries agree framework for mobile social security scheme](#).”

⁷ ILO (July 2019), “[Vietnam ratifies the Collective Bargaining Convention](#).”

manufacturing, responsible for consuming about 70 percent of the global natural rubber and who lead the local government engagement.¹

About the FLA project on rubber mapping in Viet Nam

In 2019, the Fair Labor Association (FLA) partnered with the International Organization for Migration (IOM) and three global footwear and sporting goods companies - Adidas, New Balance, and Puma, sourcing shoes and sporting goods from Vietnam, on a rubber mapping project. The first objective of the project is to map the natural rubber value chain, understand supply chain structure, assess worker demographics, recruitment process, and working conditions at the various tiers of the natural rubber supply chain. The second objective is for the participating companies to learn about supply chain mapping in an action-based learning approach, identify gaps in the internal supply chain management systems, and understand processes that can contribute to streamlining the process both internally and externally for future supply chain discourse.

Through the FLA-IOM project, multinational companies engaged different departments to work together to collate information and to create an overview of bottlenecks, especially at the tier three level and hot-spot areas. The FLA-IOM project has also engaged with over forty suppliers ranging from footwear manufacturers (tier 1) to component suppliers (tier 2), to traders and intermediaries, to rubber processors (tier 3), and plantation.

Discussion questions

The following discussion questions build on the case study of mapping the rubber supply chain in Viet Nam.

- How is the rubber supply chain organised and what are its unique characteristics?
- What were the key learnings for business, intergovernmental organisations and suppliers in establishing traceability in the rubber supply chain – including in relation to creating buy-in.
- What are the persisting challenges to establishing traceability?
- What learnings can be applied in other contexts, such as in relation to other materials or regions?

For more information

- Fair Labor Association, *Child Labor in Cotton Supply Chain in Turkey*, 2017 https://www.fairlabor.org/sites/default/files/documents/reports/child_labor_in_cotton_supply_chains_june_2017.pdf
- Fair Labor Association, *Improving Employment Practices in the Turkish Cotton Sector*, 2019 https://www.fairlabor.org/sites/default/files/documents/turkishcottonreport_final.pdf
- Fair Labor Association, *Children's' Lives at Stake, Study of the shoes manufacturing cluster in India*, 2017 https://www.fairlabor.org/sites/default/files/documents/reports/childrens_lives_at_stake_full_report_december_2017_0.pdf
- Fair Labor Association, *Guidance on Supply Chain Mapping and Traceability*, <https://www.fairlabor.org/blog/entry/guidance-supply-chain-mapping-transparency-and-traceability>

- KnowTheChain, *2018 Apparel & Footwear Benchmark Findings Report*, 2018, https://knowthechain.org/wp-content/plugins/ktc-benchmark/app/public/images/benchmark_reports/KTC_AF_2018.pdf.
- Business & Human Rights Resource Centre, *Vietnam*, <https://www.business-humanrights.org/en/regions-countries/asia-pacific/vietnam> (updated on an ongoing basis)

About the partners

About Fair Labor Association (FLA)

FLA is a collaborative effort of universities, civil society organizations, and socially responsible companies dedicated to protecting workers' rights around the world. FLA's efforts span the entire value chain of garment and footwear, from manufacturing to component makers, to raw materials such as cotton, leather, and rubber. <https://www.fairlabor.org/>

About New Balance

New Balance is global footwear and apparel company headquartered in Boston, MA, is an accredited FLA member. Participating in the FLA's Rubber Mapping Project in Vietnam fits into their global strategy of sustainable supply chain discourse. <https://www.newbalance.com/id/responsible-leadership.html>

About the International Organization for Migration (IOM),

Established in 1951, International Organization for Migration (IOM), is the leading inter-governmental organization in the field of migration and works closely with governmental and non-governmental partners. With 173 member states, a further 8 states holding observer status and offices in over 100 countries, IOM is dedicated to promoting humane and orderly migration for the benefit of all. It does so by providing services and advice to governments and migrants. IOM is a partner of the FLA through a global Memorandum of Understanding that covers a number of joint activities, including the cooperation on the Rubber Mapping Project in Vietnam.

About Business & Human Rights Resource Centre

The Business and Human Rights Resource Centre is a non-profit that tracks policy, practice, and performance of over 9000 companies globally. **KnowTheChain**, a partnership between Humanity United, the Business & Human Rights Resource Centre, Sustainalytics, and Verité, is a resource for companies and investors to understand and address forced labor risks within their global supply chains. <https://www.business-humanrights.org/> <https://knowthechain.org/>

About The Viet Nam Rubber Association (VRA)

VRA is a social-professional organization that gathers and represents Vietnamese enterprises, organizations, and citizens, operating in the rubber industry or related to the rubber industry. <https://www.vra.com.vn/index.html>