



Stopping supply chain slavery in Canada

By Darryl Anderson

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Has Canada been slower than other countries to engage in the global discussion about stopping modern slavery in international supply chains? According to the Canadian authors of a May 2019 report, entitled, *The Straight Goods: Canadian Business Insights on Modern Slavery in Supply Chains*, the answer is yes.

Modern slavery in international supply chains

International law does not define the term “modern slavery.” The concept is used frequently to include the clearly defined ideas of forced labour (including bonded labour, slavery and human trafficking) and child labour.

Research demonstrates that the lower levels of global supply chains, where natural resource inputs are farmed, mined, fished and processed by workers who are often regarded as unseen and superfluous, are especially in danger of being caught up in modern slavery.

World Vision Canada’s report, entitled *Canada’s Child and Forced Labour Problem* identified over \$34 billion of Canadian imports annually that were at a high risk of having been made by a child or forced labour. More than 1,200 firms operating in Canada were identified as having imported one or more of these high-risk products. Both public and privately held companies ranging from small and mid-sized to multinational corporations were involved in international supply chains. These enterprises represent almost every sector and supply chain stage.

The Global Slavery Index - Country Study Canada documents the top five Canadian imports which are vulnerable to being made or sourced under conditions of modern slavery. Canadian imports of laptops, computers and mobile phones from China and Malaysia are at the top of the list. Clothing and apparel sourced from several

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countries are second on the list. Canadian gold imports from Peru are in third place — a problem that may be less visible than other products on the list. Nevertheless, workers in the illegal gold mining industry in Peru find themselves trapped in debt-bondage-like conditions. They also have to repay disproportionate amounts of money owing to recruiters and workers being pressured by possible violence when they endeavour to leave the mines. Imported seafood into Canada is also suspected of having modern slavery within international fishing industries. Sugarcane imported from the Brazilian industry is another product considered to be at risk of using modern slavery and rounds out the top five goods.

Legislative approach adopted by other nations

With the ever-increasing opportunities and complexity associated with international trade, no supply chain tier is immune to the risks of being caught up in the web of modern slavery. However, is there also a business case for Canadian firms to support legislation that would address the issue?

Ms. Delaney Greig, Manager Engagement and Policy, Shareholder Association for Research and Education (SHARE) stated: “Beyond the moral imperative that we end the egregious human rights abuses of forced labour, human trafficking and child labour, SHARE sees a clear investor and business case for legislation at this time to de-risk supply chains and facilitate long-term certainty.” Ms. Greig also observed that “well-crafted legislation would establish an enabling environment for preventative

action by investors and companies to address human rights risks in global supply chains, rather than responding to issues after the fact (often including in the media or courts). A legislative standard levels the playing-field across companies by providing a common standard for due diligence and disclosure.”

The first example of reporting legislation is the *Californian Transparency and Supply Chains Act of 2010*, followed by the *UK Modern Slavery Act 2015* supply chains clause and, more recently, *Australia’s Modern Slavery Act 2018*. Firms that do business in each jurisdiction (and also meet a specific financial threshold) are required to publicly report on their efforts to address modern slavery issues in their global supply chains. However, each jurisdiction’s legislation has a different definition of modern slavery, and reporting and frequency of reporting requirements. Nevertheless, a consistent international approach is based on the premise that increased transparency and reporting will lead to greater accountability. Ultimately, more significant consumer and legislative action and enforcement in all tiers of international supply chains will also occur.

Mandatory human rights due diligence legislation such as *France’s 2017 Corporate Duty of Vigilance Law*, in addition to requiring public reporting, creates an obligation for very large companies based in the country to proactively conduct due diligence on the full range of human rights issues in their operations and supply chains. The legislation also provides for potential civil liability if it can be demonstrated that a firm’s failure to adequately comply with the law caused harm to a third party.

Canada’s response to modern slavery in international supply chains

In October 2018, the Canadian House of Commons Standing Committee on Foreign Affairs released a report entitled *A Call to Action: Ending the Use of All Forms of Child Labour in Supply Chains*. The sub-committee collected evidence from the private sector, government officials, non-government organizations and labour representatives. The report’s sixth recommendation called for the federal government to develop legislative and policy initiatives to prompt firms to eliminate the use of modern slavery in their supply chains.

The Honourable John McKay P.C., M.P., in a written statement prepared for *BC Shipping News*, stated: “In 2017, Prime Minister Trudeau and other G20 leaders committed to eliminating forced labour by 2025. This past June, the G7 hosted a socially responsible business meeting, which further confirmed the importance of tangible action. While many of Canada’s G20 partners have taken concrete steps in

combatting forced labour by introducing forms of modern slavery legislation, Canada has yet to do the same. This is not to say that zero progress has been made on the file, but at this time the approach is minimal and lagging.”

In response to a House of Commons report, Mr. McKay introduced Private Member’s Bill C-423, or the *Modern Slavery Bill*, in Parliament on December 13, 2018. The legislation’s purpose is to implement Canada’s international commitment to confirm supply chain transparency and contribute to the fight against modern slavery. The Act requires companies that have assets of over \$20 million and revenues over \$40 million to ensure that their supply chains are transparent and free of goods produced by slavery if they wish to do business in Canada.

Conclusion

Ms. Greig noted that “Canada is somewhat lagging” in addressing the problem of modern slavery in international supply chains. “Peer jurisdictions, including California, the U.K., France, Netherlands

and Australia already have legislation in place. This means that many Canadian companies are (or will be) captured directly or indirectly by a patchwork of legislation elsewhere, without the opportunity to define what an effective regime looks like for us.”

The Honourable John McKay expressed hope that all political parties will make the topic of stopping modern slavery in the supply chain a matter of discussion and commitment during the upcoming federal election campaign. Maritime transportation firms and ports are the beneficiaries of increased international trade. Thus, readers of *BC Shipping News* are encouraged to contribute to the national and international conversation and put forward their perspective on the most effective way to address the issue from a Canadian legislative, business and consumer perspective.

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