

## FWF guidance paper North Korea

FWF is occasionally asked whether FWF membership is possible for companies sourcing from North Korea. This document is intended to guide (prospective) affiliates of FWF who are – or are considering – sourcing from North Korea.

### **Background**

Since 1948, North Korea has been a single-party state under control of the Korean Workers Party. Whereas North Korea is officially a socialist republic, most independent organisations and governments in the world consider the country to be a totalitarian dictatorship. North Korea has an industrialised, close to autarkic, centralised command economy. North Korea maintains a military-first policy to govern its country and its government, and henceforth is the world's most militarised nation <sup>1</sup>.

According to Amnesty International and Human Rights Watch, the country has one of the worst human rights records on a global scale <sup>2</sup>. The country has particularly been criticised for its severe restrictions on political and economic freedoms. Widespread torture, starvation, rape, murder and forced abortions have been reported countrywide. Government control of the North Korean media are among the strictest in the world. The North Korean government prohibits the exercise of freedom of speech and free press <sup>3</sup>.

### **Abuse of labour rights in North Korea**

In North Korea, forced labour is part of an established system of political repression. Below, some of the key elements of this system are outlined:

- North Koreans are not free to choose or change their jobs; the government determines the work each citizen does. All citizens of working age must work in full compliance with work discipline and working hours. North Korean law states that any individual who hinders the nation's industry, trade or transport system by intentionally failing to fulfil a specific duty, should get the death penalty<sup>4</sup>.
- While the Constitution guarantees freedom of association, in practice this right is virtually non-existent and workers in North Korea do not have the right to bargain collectively. Striking is prohibited. Independent trade unions cannot exist and the only authorised trade union organisation, the General Federation of Trade Unions of Korea, is controlled by the Korean Workers' Party – the ruling political party. Within the state framework, the GFTUK is responsible for mobilising workers to meet production targets and providing health, education and welfare services<sup>5</sup>.
- The North Korean government continues to ban the existence of independent local NGOs and denies entry to international organisations.

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<sup>1</sup> International Institute for Strategic Studies (2010). *The Military Balance 2010*

<sup>2</sup> Amnesty International (2007) *North Korea Human Rights Concerns*

<sup>3</sup> Reporters without borders (2010) *2010 Report*.

<sup>4-5</sup> ITUC (2010) *Annual survey of violations of trade union rights – Democratic People's Republic of North Korea*

- An estimated 150 000 to 200 000 prisoners are being held in labour camps spread around the country. According to UNHRC, they endure brutal punishments and few survive due to inadequate food, beatings, lack of medical care and unhygienic conditions. Many prisoners are not duly convicted of a criminal offense as fair trials do not occur in North Korea <sup>6</sup>.

### ***Labour situation in designated industrial zones***

The North Korean government has developed several industrial zones designated for industrial activity near its borders with China and South Korea. The absence of independent media means that few details are known about most of these industrial zones. The general assumption is that forced labour practices are widespread.

Significant information is available on the inter-Korean joint Kaesong Industrial Complex (KIC). KIC is a designated zone for industrial activity where tens of thousands of North Korean workers are employed in South Korean owned factories. Clothing is one of the main commodities produced at KIC based factories. Presently there are about 115 factories in the KIC. 730 000 North Koreans are expected to be employed in the KIC by 2012<sup>7</sup>.

Numerous violations of internationally accepted labour standards occur in the KIC:

- Since the KIC was opened, the North Korean government has demanded that all salaries be paid to the government. All KIC employers are complying with this requirement, which means that workers' wages are collected by the government of North Korea. It is unclear if workers' wages are properly calculated and paid in full.
- KIC is governed by a special law, which does not recognise freedom of association or the right to bargain collectively. Recruitment of workers to work in the Zone is controlled by the North Korean government. The North Korean government selects worker representatives in zone workplaces, which are then approved of South Korean company management.

### ***UN Position***

North Korea was accepted as a United Nations member state in 1991. The United Nations members agreed on several resolutions against North Korea's nuclear programme.

North Korea is not a member of the International Labour Organisation (ILO) and has not ratified any of the ILO core standards. The ILO does not have any official sources of information and hence cannot assess the situation of compliance with core labour standards in the country, nor does it have a position on investing in or trading with North Korea. As a result, FWF could not obtain advice from the ILO helpdesk for companies.

### ***EU Position***

The EU has called for an embargo on luxury goods from North Korea, including clothing of high quality. However, no clear definitions or criteria have been set in order to implement the embargo.

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<sup>6</sup> Hawk (2003) *The Hidden Gulag: Exposing North Korea's Prison Camps - Prisoners' Testimonies and Satellite Photographs*

<sup>7</sup> UNHCR (2006) *North Korea: Workers' Rights at the Kaesong Industrial Complex*



### ***Position of the international trade union movement***

The ITUC has condemned North Korea's system of forced labour on various occasions and frequently refers to the hardships of life under North Korea's dictatorship.

### ***FWF Position***

As sourcing from North Korea implies an involvement in serious violations of labour rights, it is FWF's position that it is not possible to combine production in North Korea with corporate social responsibility:

- Enforcement of existing legislation and general lack of respect for human rights in North Korea provide insufficient foundation for a credible process towards good working conditions in factories.
- The political situation in North Korea does not provide a credible structure for strengthening social dialogue between local stakeholders.

### ***Implications for FWF affiliates***

As part of the process of joining FWF, a prospective member company is asked to evaluate whether it agrees to gradually terminate production in North Korea. The prospective affiliate must commit to a strategy for doing so responsibly and within a clear timeframe. Factories must be given sufficient notice of the ending business relationship. The company must clearly explain to the factory why this decision was taken.

Prospective affiliates and current affiliates with suppliers in South Korea and China are expected to ensure that no subcontracting occurs to factories based in North Korea, including North Korean export processing zones (KICs). Member companies are expected to inform their South Korean and Chinese suppliers about this requirement. FWF expects its member companies to actively monitor if their South Korean and Chinese suppliers follow this requirement.

The measures outlined above should be part of the work plan of the (prospective) affiliate. FWF will provide practical support to affiliates on request. If the company joins, FWF will assess the implementation of the steps outlined in the work plan during the annual Management System Audit, of which a public report will be posted on [www.fairwear.org](http://www.fairwear.org).

### ***Future steps***

FWF will continue to monitor the positions on North Korea of the organisations listed above. If political developments in North Korea lead to changes in their positions, FWF will reassess its position on sourcing from North Korea.