

To make RUGMARK operational the political and financial commitment of the Canadian Government would be required. And if RUGMARK in Canada is to be consistent with the German RUGMARK operation, carpet importers will be expected to donate 1% of the FOB value of the carpets to UNICEF for rehabilitative programme interventions for child labourers now displaced from hand-knotted carpet production. Interviews with carpet importers and retailers in Canada suggests that the interest in contributing money to the social cause of RUGMARK is mixed.

At 1995 import values, the 1% FOB of hand-knotted carpets in Canada, from India, would generate C\$77,250 annually for child labour rehabilitation activities related to the RUGMARK initiative.

Mr. Pharis Harvey of the International Labour Rights Fund, and RUGMARK advocate in the United States, suggested that RUGMARK would operate from the ILRF office with the assistance of a small business loan. As an alternative to donating the entire amount of the 1% FOB to UNICEF, he suggested a donation of the net of this amount after office operating expenses.

To lend legitimacy to the advocacy work undertaken by RUGMARK in Canada, RUGMARK labelled carpets would need to be either available in the marketplace or be accessible to importers.

3.3 What are the policy implications for Canada in the adoption of RUGMARK?

As a voluntary programme available to carpet exporters in India and Nepal, there is no risk of Canada being accused of unfair trade practices. RUGMARK does not represent a trade barrier. Unlabelled carpets will still be permitted entry to Canada, however, some provision for the sale of existing stocks of carpets not labelled may need to be considered.

3.4 What would be the cost of establishing RUGMARK in Canada?

The German Government provided the DM equivalent of C\$339,000 to cover operating costs of RUGMARK during its first year in Germany. For the following two years (1996-1997), the Government agreed to provide C\$1,695,000 (C\$847,500 per annum) to cover the German expenses.

An additional contribution of C\$192,100 was provided during the programme's first year by four German NGOs under the NGO coalition banner, "Campaign Against Child Labour". These same NGOs report providing an additional combined contribution of C\$339,000 to the RUGMARK initiative through their own programmes.

Because German imports of hand-knotted carpets represent 40% of the world market (in 1995 this represented C\$1.4 billion in imports compared to \$39 million in Canadian hand-knotted carpet imports), and Canadian imports represent slightly more than 1% of the world market, one would expect a more modest operation in Canada. Although, to mount a campaign of any consequence, one would not expect to budget less than \$300,000 per year.