

The Asia Floor Wage campaign –
Decent income for garment workers in Asia

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This report documents the talk which was given by the author during the Global Labour University's Workshop "Precarious Work. Understanding the Challenges – Finding Union Strategies" May 31 – June 1, 2011 in Berlin under the course of Dr. Michael Fichter Otto-Suhr-Institute for Political Science.

Introduction

In this paper, the Asia Floor Wage is presented as a concept and as a campaign. It starts with explaining important categories of “wages”, international rights concerning wages and ways to define them. Findings on the actual wages in the garment industry follow. Against this background the emergence of the Asia Floor Wage alliance is described. The paper introduces the actors in this alliance and its strategy to achieve the Asia Floor Wage as well as the methodology to determine the Asia Floor Wage. Finally, the importance and relevance of the alliance and campaign is being evaluated.

1. Terms

Before talking about the Asia Floor Wage (AFW) it is important to navigate among the various wage categories. Basically, three levels of perspective and three corresponding wage terms are to be differentiated:

Wages can be seen as a

- category of human and basic social rights,
- political demand or result of political negotiations,
- real remuneration for paid labour.

As an actual labour remuneration, wages is the result of individual or collective bargaining with employers or those who give orders. As a political term, it is subject to political negotiations usually on the national level in a tripartite body including trade unions, associations of employers and state institutions. The results of these negotiations are Legal Minimum Wages. It is important to note that the Legal Minimum Wages are not determined on the basis of calculations or scientific investigations but by negotiating on the political scene and therefore they reflect the relation of powers and influence of the three traditional social partners.

LIVING WAGE as a Human Right

Wages is also an international right: According to the European Social Charter and the UN Universal Declaration of Human Rights, Article 23(3) + Article 25(1), as declared in 1948, the right to a LIVING WAGE is a human right.

The Universal Declaration of Human Rights of 1948 states that, “Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity and if necessary supplemented by other means of social protection” (Article 23, Section 3). To make clear that earning a living does not mean taking on multiple jobs and long hours, the Universal Declaration says, “Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.” The same points were expressed in the 1974 International Covenant on Economic, Social, and Cultural Rights” (Part III, Articles 7 and 11).

The right to a LIVING WAGE belongs to the family of socio-economic human rights. The UN Declaration of Human Rights also defines the LIVING WAGE. It should cover basic needs and give workers a discretionary income to satisfy cultural and educational needs.

The LIVING WAGE is a wage that covers basic needs (including: nutritious food, clean and safe housing, education, clothing), as well as a small amount of discretionary income; it is based on regular working hours (not including overtime), and supports workers' dependents.

The right to a LIVING WAGE cannot be found in conventions of the International Labour Organization. However, the ILO conventions 26 (1928), 99 (1951) und 131 (1970) give directions for the minimum wages fixing.

The LIVING WAGE as a Human Right is one standard demanded by the Clean Clothes Campaign's Code of Labour Practices (1998) and of various other codes declared by labour-related organisations as well as multistakeholder-organizations. As a Human Right, this right is also part of the Framework and Guiding Principles developed by the United Nations Special Representative of the Secretary General on human rights and transnational corporations and other business enterprises, John Ruggie (2008). In these documents Ruggie defines protection, respect and remedy of Human Rights as a duty of states and responsibility of corporations in order to close the gaps that exist "between the scope and impact of economic forces and actors, and the capacity of societies to manage their adverse consequences."¹

Difficulties to define a LIVING WAGE

When the Clean Clothes Campaign urges retailers and brands to make sure that their suppliers and subcontractors pay the LIVING WAGE to their workers, retailers and brands often fall back to the point that nobody knows how much a LIVING WAGE should be in a certain country or region and that difficulties in calculating a LIVING WAGE makes it difficult to reach it.

It was only recently that a methodology was developed to cope with this problem: the Wage Ladder. It was developed by the Joint Initiative on Corporate Accountability and Workers Rights Jo-In during its pilot project in Turkey.

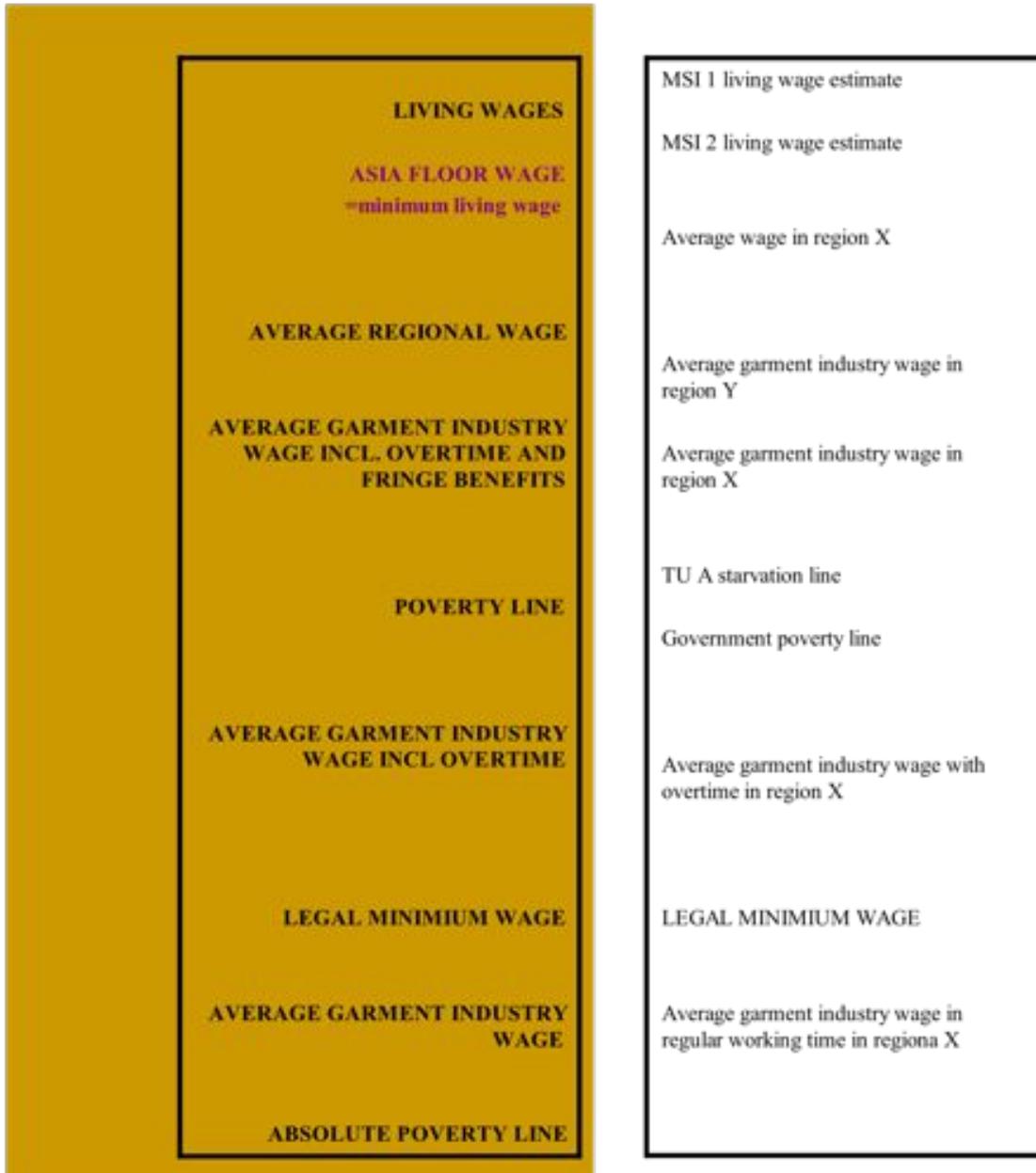
This picture shows the members of Jo-In.



¹Protect, Respect and Remedy: A Framework for Business and Human Rights, A/HRC/8/5 (April 7, 2008) p. 3 - <http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf> (21 Oct 2011)

Wage ladder is “a benchmarking system used to chart wage levels in a factory relative to various wage standards in a country or region”, as defined by Henrik Lindholm of the Fair Wear Foundation (FWF). FWF is the only multistakeholder organization that has implemented this methodology in its day to day work so far.

The following “ladders” show these benchmarks: the left ladder - various wage and income categories, the right one more concrete terms for a special Turkish region.²



This methodology allows labour-rights actors not only to define a LIVING WAGE but also to develop strategies how payment of a LIVING WAGE can be made possible step by step.

² MSI = Multistakeholder Initiative; TU = trade union

2. Background

The majority of workers in the global garment industry are women. The wages they are paid in most garment-producing countries are simply not enough; they are far from a living wage. Despite working long hours of overtime, women garment workers are taking home earnings so low that they are often unable to feed even themselves properly, let alone provide for their families. The reality for most women working in the garment industry is malnourishment, substandard housing, lack of clean water, and not enough money to pay for health care and education. Currently, the failure to pay a living wage means that jobs in the global garment industry do not lift women out of poverty.

As a rule, basic rights are violated in the garment industry; actually, paid wages are far from covering basic needs of workers and their families. In the garment industry tens of thousands of suppliers compete for few orders, retailers and brands constantly relocate their production in



search for better bargains – at the expense of workers, predominantly women workers, the last ones in the chain. There is a race to the bottom for ever lower wages, lower social standards.

Within the garment industry women are concentrated in unskilled, low-paid and often casual or informal work. Their work, even when skilled, is undervalued and few workers have access to decent working conditions or training. Women garment workers earn often less than their male colleagues and have the lowest wages among industrial branches.

Women workers have little voice and influence in their workplaces. They are often denied the right to join a union or to organise. The unequal power of women garment workers in relation to men and their employers, both at work and in the community, is at the heart of the injustices and deprivations they experience.

Women garment workers tend to be in a vulnerable position because they are young, often migrant, and poorly educated. They lack rights at work, including to pregnancy and maternity protection. The long hours typical for garment industry work often come into conflict with women's ability to fulfil the responsibilities they shoulder in their families and communities.

Women generally assume most responsibility for domestic life (including taking care of children and the elderly) that means that they are typically under MORE rather than less pressure to earn a living wage.

STITCHING A DECENT WAGE ACROSS BORDERS



Studies³ found that actual wages of garment industry workers are

- sometimes below the absolute poverty line of 1 USD per day,
- normally far below a country's relative poverty line (60% median income),
- between 50% and 10% of a living wage,
- often below the Legal Minimum Wage of the country.

Relation between LIVING WAGE and Legal Minimum Wage

Additionally, it has to be noted that the country's Legal Minimum Wage as a rule falls short of meeting basic needs of the workers. The Legal Minimum Wage in all garment production countries of the world does is far below a LIVING WAGE.

There are three main conclusions to be drawn from research and investigations:

1. Legal minimum wages in reality set the ceiling for garment workers, not the bottom line.
2. Legal minimum wages have for a long time determined sourcing decisions of buyers.
3. **Legal minimum wages often fail to protect workers and their dependants.**



Therefore, it came as no surprise that in 2009-2011 there were labour unrests and wage struggles in Bangladesh, Cambodia, Laos, China, Myanmar and other countries.

The Clean Clothes Campaign launched an initiative to support striking and struggling workers.



The AFW campaign describes the background for the AFW demand as follows⁴:

"The AFW strategy is based on certain objective conditions described below. However, it is replicable for other industries, in other regions, if these objective conditions apply. In

³ Clean Clothes Campaign/ Merk, Jeroen 2009: Stitching a Decent Wage across Borders: The Asia Floor Wage Proposal. Amsterdam

⁴ „Basis for Asia Floor Wage. 2005"

short, this is a trade union strategy in the context of the global supply chain.

Fact 1: Now that the garment industry has completed its re-structuring and has bottomed out in Asia, it is important to take a strategic look at this region. Out of the many Asian countries, China, India, Bangladesh, Sri Lanka, Indonesia, and Cambodia can be said to cover the bulk of the garment production. This workforce constitutes a numerically strong regional collectivity.

Fact 2: Research on wages of garment workers in these countries show that wage levels of workers in these countries are more or less comparable. So, the relatively uniform wages provide a regional bargaining opportunity. A unified regional strategy would also avoid the danger of jobs moving within these countries because of a wage demand in any one country.

Fact 3: In the key Asian countries of production, labour laws, definitions of statutory wages and governmental regulations differ quite widely.

Fact 4: Retail companies, as they become consolidated into fewer big box multinationals, need larger volumes of products and are increasingly turning to large, stable, and advanced manufacturers. As a result, multinational buyers are beginning to stabilize their relations with the Tier 1 companies, resulting in a more stable workplace.

Demand: A regional and differentiated wage formulation demand that would set the high end for garment industry manufacturing in Asia. The proposed demand is an Asia Floor Wage for garment workers in conjunction with fair pricing that would make Asia Floor Wage possible.

The formulation of such a regional wage demand would need to be developed in the context of the global supply chain, and national conditions of the key Asian countries.”

3. Who is the Asia Floor Wage alliance? What is AFW?

In over a decade of campaigning on workers rights in the garment industry it turned out that wages is THE cross-cutting and central issue. It is essential for workers and it is at the centre of companies' competition and relocation strategies. Competition around wages and not based on a product's quality characterizes the garment industry.

Therefore at the beginning of this century labour activists around the globe had been searching for new strategies towards achieving LIVING WAGES.

As a result of this pledge the AFW alliance was initiated in 2005 by Asian labour activists from trade unions and NGOs along with research institutions and global campaign organisations like the Clean Clothes Campaign.

The AFW alliance is led by a Steering Committee with members from India (Hind Mazdoor Sabha HMS, New Trade Union Initiative NTUI, India National Trade Union Congress INTUC, All India Trade Union Congress AITUC), Sri Lanka (ex. Dabindu Collective), Indonesia (SPN, Federation of Independent Trade Unions GSBI, Trade Union Rights Center TURC), Hong Kong/ China (Globalization Monitor), Malaysia as well as a representative of the Committee for Asian Women, of the Clean Clothes Campaign, of Action Aid (UK) and Jobs with Justice (USA).

AFW alliance runs an International Coordinating Office with Anannya Bhattacharjee, Society for Labour & Development India, and Sub-regional coordinating offices in Asia.

Organizations in most Asian garment production countries support the AFW campaign – as well as international trade union confederations such as UNI, the Global Union for skills and services.



What is the AFW campaign?

The alliance strives to work in both fields:

- a) bottom-up organizing and educating garment workers and
- b) collective bargaining and political campaigning.

The AFW campaign developed various grassroots education materials, such as comics. This poster was designed to mobilize for the launch of AFW campaign in 2009.

At the same time the AFW campaign follows a new pattern of collective bargaining: It does not just focus exclusively on the immediate employer. It takes into consideration

that global supply chains of garments entail an imbalance of power where through their purchasing power buyers (retailers and brands) on top of the chain influence the whole chain. Their sourcing decisions determine delivery times and prices and therefore working conditions of garment workers. Bargaining strategies in the garment industry should therefore go beyond employers and include buyers (retailers, brands).

Anannya Bhattacharjee, AFW's international coordinator, justifies the specific AFW bargaining strategy in this way (during the International Forum of the Clean Clothes Campaign in Turkey 2010): „In the global garment industry brands and retailers have profited hugely from outsourcing production to low-wage countries, capitalising on poverty wage and benefiting from weak enforcement of labour law. They are fully responsible that the workers who make their products are paid a living wage.”

„Asia Floor Wage is about the capacity to pay of a the global industry. And we think in fact that the brands have more than enough capacity to deliver Asia Floor Wage. So we tell brands that AFW is something that we want in the global garment industry because it is well within their capacity to pay of the global garment industry. It must be paid by the brands and not our national industry.”

Thus next to the buyers, a bargaining strategy should involve governments. Sustainable change for workers particularly in the field of gender equality will not be achieved unless states and governments systematically protect workers' rights.

Regional strategy for collective bargaining

Buyers:	Governments:	Manufacturers/ Suppliers:
A living wage is a corner stone of decent working conditions.	Sustainable growth model for national economies; Shaping a social globalization	Compete on grounds of quality, sustainability, not low wages

In 2008/2009 AFW campaign developed a concrete plan buyers could do towards paying an AFW: „Road Map to an Asia Floor Wage: 10 steps brands and retailers can take toward implementing a minimum living wage”.

These are the steps retailers and brands should take:

1. Endorse a living wage standard
2. Promote respect for freedom of association, a precondition for a living wage
3. Enter into dialogue with the AFW Alliance
4. Publicly endorse AFW as a benchmark for a minimum living wage
5. Amend purchasing practices to make AFW a reality
6. Conduct “AFW-pilot projects” involving suppliers and AFW partners
7. Write to sourcing countries' governments to advocate for the AFW

8. Act in a transparent way
9. Do not work in isolation
10. Present a road map with a concrete timeline for the achievement of the AFW

4. How is the AFW calculated?

The calculation is based on the following well established assumptions:

1. wage = food + non-food costs
2. food costs are calculated for 3000 cal/adult/day
3. non-food = food
4. average household size: 2 adults + 2 children
5. working week of 48 hours
6. comparability: international currency PPP\$

With these assumptions AFW accounts for

475 PPP\$ / month in 2009/10 and

540 PPP\$ / month in 2011/12.

In terms of local currencies the figures are given in the chart below.

COUNTRY	475 PPP\$ 2009/10	540 PPP\$ 2011/12
CHINA	1639	1843 RMB
INDIA	6968	7967 Rupees
BANGLADESH	10754	12248 Takas
INDONESIA	1.868.650	2.132.202 Rupiah
SRI LANKA	16706	19077 SLR

5. Critical assessment of AFW campaign

AFW responds to the challenges for the labour movement – both unions and labour rights NGOs – arising from the knitting pattern of the global garment industry: global supply chains and prevalence of informal and precarious work. In this context traditional social partners and conventional labour strategies fail to protect workers' rights.

Assessment of the AFW campaign shows these strengths:

- **Scientific foundation:** AFW is based on in-depth research into working and living conditions of garment workers in Asia, predominantly women.
- **Regional minimum living wage formula:** AFW is based on a scientifically researched and developed formula for a regional minimum LIVING WAGE.
- **Cross-border approach:** Considering the constant relocation threat only an international strategy can cope.
- **Clear gender focus:** High gender sensitivity pervades both AFW's activities: It takes gender perspectives into account in all its work and addresses issues influenced by gender; it includes gender considerations in all its activities, particularly policy, education, bargaining and campaign work, and highlights gender discrimination experienced by women workers; it monitors living and working conditions of women workers as well as supply chain practices, and raises awareness of their impact on women working in the garment industry.
- **Integrated strategy:** The AFW campaign integrates organizing, worker education, political campaigning and bargaining activities.

Thus the Asia Floor Wage campaign and concept can be seen as a new political demand by new labour-rights actors and as a concrete definition of a minimum LIVING WAGE for Asian countries. At the same time the AFW undertakes education of workers on global contexts of their work and pursues new complex bargaining strategies.

The success of the AFW coalition will depend – as Anannya Bhattacharjee explains – on “our ability to achieve that depends on our powers to organise ourselves and to bargain globally and collectively”. That means the success will also depend on the extent to which the traditional labour actors will support AFW and be open for its policies.

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