

ASIA FLOOR WAGE ALLIANCE

PUBLIC LAUNCH DECISION STATEMENT

HONG KONG, OCTOBER 2008

I. TRANSITION TO PUBLIC LAUNCH

The Asia Floor Wage Alliance has been building towards a global movement for an Asia Floor Wage in the global garment industry. The process of building an Asia-centred union-led, industry-wide initiative has been inspiring and historic. The time has now come to publicly launch the campaign to win Asia Floor Wage for millions of workers who form the majority of the working poor in the world.

The Asia Floor Wage Alliance has been engaging in discussions, debates, seminars, workshops, etc. with unions, ngos, researchers, multi-stakeholder initiatives, international institutions, and scholars for almost two years. The AFW Alliance held its formal First International Planning Meeting in Dhaka in May 2007 to prepare for internal capacity building such as research, education, consensus-building, and representative and political relationship-building.

On October 17-21, 2008, the AFW Alliance held its Third International Planning Meeting in Hong Kong, where the Steering Committee took stock of the progress and made key decisions. The AFW Alliance is now making the transition from an internal phase to an externally-oriented phase that would move the campaign to a public launch in 2009.

The meeting was attended by a representative group of participants from countries in Asia, Europe and the United States. One global body represented was International Garment and Leather Workers' federation (ITGLWF).

II. CORE PRINCIPLES OF THE AFW PROCESS

The AFW campaign prioritizes the involvement of unions and grassroots workers' organizations and is committed to open and inclusive debates that lead to thoughtful and meaningful consensus. It prioritises the spreading of the AFW demand to workers.

The AFW must be linked to existing wage struggles and debates in each country and contribute to developing an international framework based on Asian leadership and an Asia-centred process. The AFW is complementary to living wage demands. The

AFW is centrally situated in living wage formulations and adds justification to the workers' demands for even a minimum wage.

The AFW is conceived within a global industry and therefore the campaign for AFW must also be international as well as national and regional. It is linked to the US dollar's purchasing power which continues to define international purchasing power standards.

Finally, the AFW is ambitious and winnable.

III. STATE OF GLOBAL GARMENT INDUSTRY

The global garment industry has moved manufacturing from the Global North to the Global South in the past few decades. The move from North to South has more or less stabilized at this time. Within the Global South, maximum production has settled in Asia. Movement is an underlying aspect of restructuring and the process is continuous but at this point, this is the state. This state of restructuring gives Asian workers a global bargaining position to develop a global collective strategy.

IV. ASIA FLOOR WAGE FORMULATION

The participants discussed and debated in depth the formulation of Asia Floor Wage, keeping in mind the countries' different economies and politics. This discussion was a culmination of debates in different countries and of wage survey data that had been collected from Asian countries.

The components used to define AFW are:

- Cost of food (food-cost)
- Cost of non-food items (non-food cost)
- In terms of a worker's family

The AFW is a formula that varies with a country's economy. The variation is based on the notion of "Purchasing Power Parity", a World Bank method for comparing different nations' economies based on a nation's purchasing power when compared to the purchasing power of the US Dollar in the United States.

Due to the dominance of US Dollar in such international standards, the AFW is also compared to the wage of a US minimum wage worker.

Workers today work extensive overtime not only because of the pressure of employers but also because they are unable to meet the basic needs of their families in the regular hours. AFW must be earned within a country's standard week which

can not exceed 48 hours.

All costs for AFW formulations are based on reasonable and average market costs(e.g., not in special areas like free trade zones or within an industrial park).

Food cost forms the core of AFW formulation because food costs in the Global South are significantly higher than that in the Global North and most working class families struggle most with this cost.

The food cost will be based on the caloric nutrition value of the food items rather than the food item itself because each country or even each city may have variations in eating habits. The caloric value of a daily food basket for an adult worker, involved in physical work (such as manufacturing) should be no less than 3000 calories. The food basket will be a variable basket in different countries but will amount to 3000 calories.

The other components of living wage formulations are non-food costs (e.g. housing, clothing, healthcare, reproductive health, fuel, transportation, education, etc.) To allow for flexibility in defining what items should constitute it, it has been simplified in AFW as a factor of the food cost (e.g. 2 times, 3 times, etc.). The ratio of Food to Non-food within Asia Floor Wage formulation has been defined to be an average of 1:1 or 50% each. However, in order to account for different development standards in different countries, a variable of 10% (plus or minus) was decided. Different countries can then define this ratio according to their development standards.

The definition of a family for AFW is 1 earner and 2 dependents, taking into consideration the value and necessity of domestic work.

AFW is a feasible figure that falls within the spectrum of ideal wage demands in the different countries. It is a regionally agreed formula that can add credibility to living wage demands.

AFW Formulation for an Asian garment worker in the export sector was decided (based on figures as of January 1, 2008):

- 475 PPP\$ (Purchasing Power Parity Dollar) per month
- Earned in one standard week that is not more than 48 hours
- Based on a family of minimum one earner and two dependants
- Food cost, calculated on basis of market cost, and constituting 50% (+/- 10%) of the AFW
- Food cost based on 3000 calories per adult per day
- Non-food costs constituting 50% (+/- 10%) of the AFW

V. AFW & RELATION TO MINIMUM WAGE & LIVING WAGE

The Asia Floor Wage provides workers' organizations with a credible regional figure based on legitimate criteria and thoughtful calculations. AFW adds to the justification of minimum wage demands. For workers struggling for living wage, the AFW figure would add credibility to their demands.

VI. AFW & RELATION TO RIGHT TO ORGANISE & UNIONISATION

The Asia Floor Wage campaign will use different avenues and strategies to win the demand. In this campaign, unions and workers' organizations are central to formulating, arguing, and winning the demand.

The Asia Floor Wage can become a reality for workers only if it is not only won but also implemented and enforced. Implementation has to involve different institutions and agencies. However, enforcement can ONLY be done through unions and workers' representatives. Therefore Right to Organise and Unionisation is central to the ultimate success of Asia Floor Wage.

VII. TARGETS FOR ASIA FLOOR WAGE

All retailers and brands are targets but some strategic ones will be chosen for the purpose of highlighting in the campaign.

Among multinational buyer companies:

- Giant Retailers: Walmart (USA), Tesco (UK), Carrefour (France).
- Big Brands: To be decided based on research on Tier 1 companies and Brands that reveal strategic focus points

Tier 1s in Asia will be consulted to explore common interests with the AFW campaign. The AFW campaign is committed to economic development and decent labour standards and believes that the two are not only important but in fact, have to be pursued simultaneously.

VIII. CAMPAIGN DECISIONS

The AFW campaign welcomes opportunities to working with multi-stakeholder initiatives on living wage because AFW is a concretization of such a demand. The Asia Floor Wage campaign will collaborate with the Giant Retailers campaign which has also integrated AFW demand into its campaign.

October 7, 2009 will be the AFW Public Launch Day, coinciding with the ILO's International Day for Decent Work. International Seminars will be held in Indonesia,

China, and Europe leading up to the Public Launch.

October 7, 2009 will be a Day of Action for AFW campaign across the globe, when AFW Alliance members will plan coordinated and simultaneous actions in their various countries to launch the campaign.

An International Hearing on Decent Labour Standards in the Garment Global Supply Chain will be held in Delhi, India on October 7, 2009.

IX. CAMPAIGN STRUCTURE

The AFW Alliance has been guided in the initial stages by a Working Steering Committee. At the Hong Kong meeting, the WSC was dissolved and a formal and more representative structure was created.

- International Steering Committee (ISC) was formed
- Coordinating Committee (CC) was nominated by the ISC for closer guidance
- National Campaign Coalition / Working Groups (NCC) would be formed in different countries and one person from each NCC would be on ISC.
- Regional coordination would continue:
 - East Asia from Hong Kong (Globalisation Monitor),
 - South East Asia from Jakarta (Trade Union Rights Centre),
 - South Asia from Delhi (Society for Labour and Development/JwJ-India),
 - North America from Washington DC (Jobs with Justice),
 - Europe from Amsterdam (Clean Clothes Campaign)
 - UK from London (Action Aid-UK)
- Overall coordination would continue from Delhi