

Asia Floor Wage Alliance Phnom Penh Declaration Cambodia, Phnom Penh, October 2018

I. Asia Floor Wage Alliance Kicks off Phase II with Focus on Bargaining

Asia Floor Wage Alliance met on October 11-12, 2018 in Cambodia to kick off the second phase of its work -- after completion of the first phase of ten years. In the First Phase of ten years AFWA had accomplished the following:

- Shifted the terms of debate within the garment global supply chain and made wages the central issue.
- De-legitimised brands who claimed they were paying a living wage
- Developed a counter-strategy to brands' threat of relocation as a race-to-the-bottom within Asia by framing a regional alliance focused on brands
- Disproved the claim that a cross-border regional living wage formulation, based on workers' needs and union unity and consensus-building was impossible. The AFW formulation is a credible and legitimate benchmark for minimum living wage for garment workers in the global industry.
- Developed a woman-centred formulation for Minimum Living Wage, including within its scope unpaid household and care work, acknowledging the fact that many families are headed by single women, and that even in a double income family one income typically goes on care work.
- Built a united and extensive Asia-led labour alliance to fight for a regional living wage in the global garment industry, making living wage a bargainable objective and placing the responsibility of delivering living wage on the principal employer, the brands.

Today, garment brands have to respond to the urgent living wage question. AFWA took the living wage from a concept to a bargain-able demand and prepared the conditions for global brand bargaining.

In 2018 AFWA added a new element to its campaign and bargaining – gender-based violence in brands' supplier factories that lies at the core of global supply chain's ability to curb Freedom of Association and to extract inhuman levels of productivity at a cheap price.

As AFWA moves forward, it begins its second phase of work on

- the bargaining and progressive delivery of living wage in a time-bound fashion
- the ending of gender-based violence in the industrial relations in brands' global supply chains
- the development of stronger social alliances of unions and labour rights organisations for converging campaigning and union power into effective bargaining; and thereby enhancing political capacity of local unions for brand agreements over global supply chains

II. Challenges Facing Asian Garment Unions

1. Militancy followed by Backlash: Limiting of National Bargaining:

In producing countries in Asia, democratic breakthrough opened up militant union struggles to raise minimum wages such as in Cambodia and Indonesia. Now we are witnessing a phase of backlash against militant unionism with excessive suppression of union leaders, restrictions on democratic unions and undermining of statutory minimum wages at national levels, particularly in export sectors such as the garment industry.

In Indonesia, the government has undermined the minimum wage gains of unions in the garment sector by introducing a special “Sectoral Minimum Wage” for the garment sector which is lower than the minimum wage (which is supposed to apply to all sectors). Further, Indonesian government used to conduct annual survey of a menu of physical needs which would help negotiate and determine minimum wage. Now the government has restricted the needs survey to every 5 years, using only factors of inflation and economic growth rate for annual revision of minimum wage.

In South India in Tirupur, Tamil Nadu central trade unions through tripartite agreements in garment have raised minimum wages by 52% since 1990. Recently, the industry and Government, under the pretext of reclassifying the garment industry into “hosiery manufacturing” has lowered the wages of the garment workers as the minimum wage has risen slower under the hosiery sector notification than under the garment sector. At a national level in India, there is governmental and judicial approval for the use of “trainees” who are paid less than the minimum wages and for the use of fixed term contractual workers who are deprived of social security benefits and security of employment. Similar “backdoor” efforts are underway in Sri Lanka. In 2016, the Parliament passed legislation by which national minimum wage was raised for garment workers. However, in 2018, the government notified a “garment sector” wage, supposedly for “trainees,” which is less than the nationally legislated minimum wage opening the door for employer abuse through mis-classification of workers.

In Cambodia there is alarming repression of labour activists. In 2016, the Government introduced the Law on Trade Unions, which granted the exclusive right to enter into collective bargaining or collective dispute resolution to the union with most representative status (MRS), though not necessarily based on workers mandate. This status was easily conferred to pro-government and pro-management unions who receive company and government support. Independent union registration documents are routinely rejected for minor mistakes.

2. Importance of Brands Respecting a Uniform Wage Nationally

There is an emerging trend that even within a country, the industry is trying to re-locate internally to regions with lower minimum wages. Therefore it is important to ensure that brands respect the highest minimum wage for garment workers nationally so as to counter this national level race to the bottom.

In the last three decades Sri Lanka’s Civil War has destroyed people’s lives in Northern and Eastern Provinces of Sri Lanka. Now the garment industry is expanding to the Northern province to exploit workers who are even more desperate, coming out of a civil war. In Indonesia, there is a growing trend for the textile industry to move the production factories from West Java province to other regions, particularly Central Java province where minimum wages are lower compared to Jakarta, Bogor, Depok Karawang, Bekasi and Tangerang. In India, industry is setting up factories in poorer states with low wages where the state government is providing significant subsidies. Or industry is bringing in more vulnerable workers from surrounding rural areas by daily transportation.

This makes clear the importance of ensuring a uniform national minimum wage, approved by unions, that garment brands respect and that applies to garment workers in a given country.

3. New Business Trends

After 2008, there has been a shift of garment industry in Asia, from China to other low-wage Asian countries. Taiwanese, Korean and Hong Kong capital are aggressively influencing business climate and wage policies.

In the garment industry Asian big capital is largely playing the role of Asian multi-national sub-contractors to global brands. Their dominance is still at the level of supplier economics. Their goal is to leverage profits and gains through serving global capital.

We witness an increasingly virulent repression as Asian big capital influences Asian governments to create increasingly repressive labour regimes. Asian big capital is also encouraging breaking down of national frameworks / national unions struggles by increasing fragmentation within each country – for example, by pushing for sectoral and sub-national wages.

We are also witnessing brands' attempts to escape from national frameworks such as Indonesia's Freedom of Association Protocol either by not expanding it or by allowing short term contracts in their supply chains to subvert it.

4. Calibrating Wage Bargaining in Garment

In this environment, it is even more imperative to build up a global alliance to counter attempts by Asian big capital and Global capital to undermine frameworks and legislation that have protected workers nationally.

The increasingly repressive governments and aggressive suppliers currently faced by garment unions in Asia cannot be sufficiently broken through by only national sectoral level bargaining. Our strategy has to be two-fold:

- 1) Push minimum wage up nationally and at the same time
- 2) Pull up wage to living wage in export sectors globally where brands have more paying capacity.

We have to complement national bargaining by bringing brands into the framework of global bargaining, coordinated union actions along global production networks of brands, and add power through global campaigns.

Low-wage sectors such as garment have dominant influence in determining wage standards in each country. It is very important that we focus on low-wage sectors such as garment as these sectors influence wages in general for all workers. This is an important historical juncture for AFWA as the fight for garment workers' human rights impact the human rights of labour in general.

III. Gender-Based Violence in Industrial Relations in Global Supply Chains

One of AFWA's central tenets has been to build women workers and women leaders' power in the global garment supply chain. All of AFWA's work – such as its formulation of living wage, its core principles, people's tribunals – have always placed women workers at the centre.

In May/June 2018, Asia Floor Wage Alliance published Gender-Based Violence at the Workplace research reports for the International Labour Conference (ILC) in Geneva. The AFWA GBV reports investigated and exposed wide-spread gender-based violence in the supply chains of Gap, H&M and Walmart. The reports received global media attention and exposed brand complicity in allowing and tolerating GBV.

AFWA holds brands responsible for GBV in their supply chains because they are the principal employers of the global supply chain and their purchasing practices negatively impact industrial relations in the factories. GBV is a serious issue and is a deterrent to the participation and leadership of women workers who form the majority of the garment workforce. Further, through the country level meetings AFWA deepened its GBV analysis, strengthened unions' capacity to address them and enabled women workers agency to emerge through developing Women Leaders Committees (WLCs) at country levels.

AFWA had demanded that brands meet with AFWA's Women Leaders Committees in 2018 and also publicly endorse the need for an ILO Convention on GBV. Gap and H&M had agreed to both these demands. AFWA-WLC will be following up with brand engagement.

IV. Brand Agreement on Living wage

AFWA has a regional strategy that pushes brands to pay living wage to workers in all garment producing countries in Asia simultaneously to reverse the race to the bottom and to prevent threat of brand relocation from one country to another within Asia. AFWA demands that brands sourcing from suppliers pay the difference between country's legal minimum wage and the living wage.

Brands have delayed and ran a public relations campaign to say they will enable living wage. It has proved to be a false promise. We do not want 'enabling' or any 'voluntary measures'; we want an agreement with brands on living wage that would require brands to pay the gap between minimum wage and living wage within a time bound period. AFWA's bargaining mechanism for living wage would be the Asia Brand Bargaining Group (ABBG).

V. AFWA Structure for Phase II

For the first ten years, where the focus was on building a regional alliance, establishing a global benchmark and campaigning, the AFWA was structured with that perspective. Going forward into Phase II where bargaining would be the core focus, the AFWA is being re-structured around the axis of the Asia Brand Bargaining Group (ABBG). ABBG member unions consist of primary garment unions in Asia. The ABBG members in each country would constitute AFWA-Nationals with Labour Rights Organisations, Social Movements and NGOs that can contribute expertise, organisational capacity and legitimacy to the bargaining process. Finally, we would have a global Asia-led and ABBG-led Asia Floor Wage Alliance. AFWA-Global would consist of AFWA-nationals from Asia, AFWA-Europe and AFWA-North America. We expect this structure will combine union power with campaign power, at each level, and become mutually accountable to enable effective negotiation for brand agreements, enforcement and monitoring.