

POSITION STATEMENT of ASIA FLOOR WAGE ALLIANCE

This statement can be used by AFW Alliance organizations to discuss the AFW concept with other allies and to make certain decisions around the campaign.

I. Need for Asia Floor Wage

The global economy is increasingly integrated from the perspective of capital but increasingly fractured from the perspective of labour. Freer capital flows, relentlessly expanding global companies, and expansive trade policies have made the world a smaller place for capital. In contrast, labour mobility is limited and workers in the global economy are isolated from each other even as their labour contributes to the consolidation of the global commodity chain.

The garment industry is arguably the most integrated international industry today. It has globalized and repeatedly re-structured its production in the last two decades moving from continent to continent in search of cheap labour and large scale competitive advantage. Its production is spread across the globe, primarily in the Global South in regions like Latin America, Africa, Eastern Europe, and Asia.

The global production chain consists of a variety of manufacturing facilities: the most advanced large factories (Tier 1) that combine design, fabrication, as well as delivery to the sales point; they often subcontract to labour contractors and little-known subcontracted factories, which in turn subcontract to almost anonymous home based workers (Tier 4) spread across several countries, primarily in the Global South. The parent multinational companies sourcing from the global supply chain consists of big brands and multi-goods big retail or “big box” companies, primarily in the Global North, serving the consumer market. The global supply chain is opaque and not fully known by the parent company or by the contracted manufacturers or the workers or consumers.

Presently, the largest concentration for garment production is Asia. In terms of scale of production, size of workforce, access to raw materials, technology, diversity of skills, and labour cost, Asia offers the most competitive advantage. In fact, researchers have established that the garment industry has, for the most part, completed its re-structuring with regard to its production locations. Within Asia, garment production takes place in many countries such as China, India, Bangladesh, Sri Lanka, Pakistan, Indonesia, Cambodia, Vietnam, Thailand, and South Korea.

In the Global North, big box multi-goods retail companies (like Walmart, Carrefour, Tesco) are fast becoming the primary channels for marketing, gradually taking this function away from the big brands (like JC Penney, Gap, etc.). These companies are also now setting the standard for multinational corporate practices and the global supply chain.

Garment workers' rights activists, at both production and retail ends, have been at the forefront of international accountability campaigns for over a decade, around the globe. Activists have supported organizing of workers, publicized labor rights violations, fought to hold employers and multinationals accountable to fair labour standards, and organized consumer-led anti-sweatshop campaigns. Campaigns have brought together companies, social organizations, unions, government, and international institutions in an effort to build multi-stakeholder initiatives for accountability. Garment workers' rights activists have also extensively documented the industry, working conditions, the global supply chain, consumer attitudes, etc. In short, activism in this area has a long and committed history.

Various sophisticated mechanisms have developed for corporate monitoring and accountability in the garment industry. One example is the Code of Conduct which many multinational companies voluntarily developed, under pressure from activists. On a similar vein, the Code of Labour Practices was developed through dialogue initiated by the activist community. Along with codes, various monitoring mechanisms evolved such as the multi-stakeholder Foundation Model and the Ethical Trading Initiative. SA8000 is another mechanism for certifying and monitoring companies that are supposedly practising fair labour practices. International complaint mechanisms like the OECD (Organization for Economic Cooperation and Development) mechanism have been painstakingly developed

This work has a long history and their limitations and strengths have been documented. These mechanisms have established the need for monitoring and have played a major role in developing powerful publicity campaigns to shape public opinion and outrage. These activities also help to develop a full understanding of the range of improvements needed for ensuring livable conditions for workers.

Laudable as this work has been, it has little ability to provide leverage for building worker collectivity with bargaining power. Workers collectivities with bargaining strength need measurable and bargainable demands appropriate to the economics and the powerholders of the industry.

For example, the recognition of a right does not necessarily lead to bargaining power. Although, it is important for employers to recognize the workers' right to organize – the recognition, in itself does not lead to a collectivity with bargaining power.

Organizing, in itself, also does not necessarily lead to bargaining power. Workers have attempted organizing over the years in numerous, courageous ways. However, workers who have developed bargaining ability in a certain factory and demanded higher wages, have done so at the threat of closure and jobs moving elsewhere where the wages are lower. Or, workers demanding higher wages from a manufacturing facility are told that their employers' hands are tied by the insufficient prices that they receive from the buyer, that is, the parent multinational.

So, bargaining power has to come from the framing of a demand that is bargainable and deliverable, and that is appropriately targeted given the structure and economics of the industry as a whole.

There have also been attempts at ensuring fair labour standards through the use of clauses in trade agreements (such as social clause or labor side agreements, etc.). In an industry like garment where the production is spread across the globe, such clauses or agreements do not necessarily deliver bargainable power to workers in a specific country and in fact, may weaken workers' collective power by dividing them nationally when in fact, they operate within the global production chain in an industry.

II. Basis for Asia Floor Wage

It is important to find a bargainable and appropriately formulated demand in the context of a global production chain that would motivate a strategic collective organizing for.

The AFW strategy in this campaign is based on certain objective conditions described below. However, it is replicable for other industries, in other regions, if these objective conditions apply. In 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. However, Tier 1 workers are paid the high end of the wages in the production chain of a particular country. So, in order to ensure that workers below Tier 1 get minimum wages, Tier 1 workers must get above minimum wage.

Fact 4:

Retail companies, as they become consolidated into fewer big box multinationals, need larger volume 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 Asian Tier 1 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.

III. Principles for Conducting AFW Campaign

- The AFW campaign acknowledges the importance of the Global South led by unions, in this international campaign; it recognizes that the idea originated within the trade union movement in Asia, and in particular India.
- The AFW campaign relies on open dialogue with diverse institutions, including manufacturers and governments; and it will pay due attention to the development of relationships with them in the spirit of mutual respect and cooperation.
- The AFW campaign relies on the solidarity between the Global North and the Global South; differences and unequal power dynamics that seep into activism will be resolved through open communication and continuous dialogue that respects the Asian labour initiative.
- The AFW campaign will strive to maintain transparency and inclusivity of all organizations that have a stake in this campaign.
- The AFW Alliance members in each country are responsible for deepening communication with their allies in their countries and integrating the AFW campaign with other garment workers' initiatives and campaigns on working conditions, living wage, and industrial bargaining.
- The AFW Alliance views itself as a platform bringing together diverse entities that may be collaborating for the first time on such a scale. It believes that collaboration of these diverse entities is critical to the campaign and will rely on the collective experiences of the Alliance members to ensure and sustain a viable platform.
- The AFW campaign believes its strength lies in the development of a de-centralized movement, will promote flexibility, spontaneity, and sharing, and will evolve structures and coordination to the extent necessary to provide broad cohesion, and avoid confusion and inefficiency.
- The AFW campaign agrees that its core purpose is to achieve recognition of AFW and actualize it in Asia and for this, will give due diligence to each alliance member's sensitive issues. It will not engage and get involved in issues that are divisive to the campaign and would weaken its efforts.

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