
Who Pays? A living wage for Asian garment workers

Media Briefing

The clothing industry has long been the focus of high-profile campaigns and media exposés of poor conditions, low wages and child labour. Everyone knows that when they buy a new shirt from a high street store or supermarket, it's likely that the person who made it was paid a pittance and faced working conditions much tougher than those we'd expect here in the UK. Despite the spotlight on the industry and a massive investment by retailers in corporate social responsibility (CSR), the wages and conditions of most garment workers have seen little improvement in the last 10 years, in fact in some cases they've got worse. To reverse this trend, ActionAid is joining forces with a developing country-led coalition, the Asia Floor Wage alliance, to force retailers to pay a living wage across their supply chains once and for all.

Giant retailers force global inequalities

Retail giants, many of them supermarkets, are increasingly able to demand lower prices, shorter lead times and better credit terms from developing country suppliers. In a massively competitive industry, suppliers feel unable to stand up to buyers, afraid that business will go elsewhere. The result is a worse deal for businesses and workers in the developing world, cheaper clothes for western consumers and bigger profits for retailers.¹

Poverty wages and harsh conditions

For garment-workers falling prices has made the battle for better pay a steep uphill struggle. Today garment workers across Asia, the majority of whom are women, earn half of what they need to meet their families' basic needs, such as food and sending their children to school.² Even in countries where a minimum wage is guaranteed by law, the gap between this and a living wage can be huge. In Bangladesh, Sri Lanka and Cambodia, for example, the legal minimum wage falls below the UN defined poverty line of \$2 per day.³

Big retailers' demands for high volumes of clothes at short lead in times have also created unrealistic productivity targets in factories, which can make workers' daily lives a misery. Workers face harassment, bullying and even physical abuse if they don't meet their targets.⁴ Women in factories commonly have kidney problems resulting from not drinking water during the day – toilet breaks mean lower productivity. Some even forgo food in order not to take a break.

Long hours are also a fact of life for many garment workers with overtime either forced upon them or a necessity to help bring their wages up. For women, who make up the majority of the garment workforce, this increases their burden, as many will also have to make time for domestic duties such as cooking, cleaning and child care.

Freedom of association withheld

Despite its enshrinement in UN standards, freedom of association is rarely upheld for garment workers, especially women. UK retailers who have signed pledges to support freedom of association, do little to genuinely promote this right.⁵ Workers are commonly warned by factory management not to join unions, and in the worst global examples big brands have 'punished' union activity by locking-out trade unionists and even shutting down factories where union activities have taken place.⁶

UK retailers and the ethical trading approach

Many UK retailers including Asda, Primark, M&S and Tesco would argue that, whilst problems still exist in their supply chains, they have made progress in ensuring better pay and conditions for workers. All these companies are members of the Ethical Trading Initiative, a multi-stakeholder dialogue between NGOs, unions and retailers to overcome ethical problems in the supply chain. To be members of the initiative, retailers must sign up to a base code which includes pledges to pay a 'living-wage' and ensure freedom of association, however these commitments seem to be aspirational rather than actual and members apparently face no sanction if they fail to meet them.

A number of retailers, including M&S, Asda George and Arcadia which owns Topshop have also set up pilot projects to see how wages could be improved. Almost all of these rely on improving productivity as opposed to increasing the amount paid to suppliers and it has not yet been demonstrated that this approach can lead to a living wage being paid across a company's supply chain.

Fundamentally, whatever commitments UK retailers make to ethical standards, it will be impossible for these to be met as long as they continue to insist on purchasing practices which force suppliers into such a weak position that pay and conditions cannot be improved. For real change to happen, retailers need to pay a better price for goods and enter into relationships with suppliers which allow space for fair treatment of workers.

A new movement for a living wage

Whilst globalisation has meant greater power for retailers it has also allowed the growth of new social and political movements. In 2009 a ground-breaking coalition of workers' and civil society organisations was launched, called the Asia Floor Wage. For the first time, workers across Asia, supported by organisations in consumer countries, united to demand a living wage. By working together, the movement hopes to escape the threat of companies taking their business elsewhere.

The coalition has devised a formula for a living wage across Asia based on how much a worker would need to support a family of four, in terms of calorific needs and other expenses. It then used a purchasing power parity dollar conversion to fix this amount for each country.⁷ Using this simple equation it should now be easy for retailers to work towards a living wage across their supply chains.

ActionAid, as part of the Asia Floor Wage Coalition, will be targeting retailers in the UK to demand that they support the Asia Floor Wage and begin implementing its formula to ensure all workers are paid a living wage.

ActionAid is also calling on the government to establish a Commission for Business, Human Rights and the Environment, to ensure that UK companies, including clothing retailers, respect human rights in their operations overseas.

For more information please contact the ActionAid press office 020 7561 7636

Endnotes

- 1 During 2009 both Tesco and Primark reported record profits.
- 2 Hearson, M. *Let's clean up fashion: The state of pay behind the UK high street*. Labour Behind the Label, 2008 p1
- 3 Merk, J. *Stitching a decent wage across borders: The Asia Floor Wage proposal*. Asia Floor Wage Campaign, 2009. p14
- 4 Kelly, A. *Who Pays?: The real cost of cheap school uniforms*. ActionAid, 2008.
- 5 McMullen, A et al *Let's clean up fashion 2009: The state of pay behind the UK high street*. Labour Behind the Label 2009.
- 6 E.g. Merk, J. *Stitching a decent wage across borders: The Asia Floor Wage proposal*. Asia Floor Wage Campaign, 2009. p19 and <http://www.labourbehindthelabel.org/campaigns/urgent/jeerzees/289-jeerzesvictory> (accessed 17/12/09)
- 7 Merk op.cit.

ActionAid UK

Hamlyn House
Macdonald Road
London N19 5PG
United Kingdom

+44 (0)20 7561 7561