2014

REPORT

STITCHED UP: POVERTY WAGES FOR GARMENT WORKERS IN EASTERN EUROPE AND TURKEY

Clean Clothes Campaign

BD
Berne Declaration
Déclaration de Berne
Erklärung von Bern

ENS
Entwicklungspolitisches
Netzwerk Sachsen e.V.

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This publication was produced with the assistance of the European Union. The content of this publication can in no way be taken to reflect the views of the European Union. Funding contribution from Kirchlicher Entwicklungsdienst / Brot für die Welt-Evangelischer Entwicklungsdienst

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"Work is central to people's well-being. In addition to providing income, work can pave the way for broader social and economic advancement, strengthening individuals, their families and communities. Such progress, however, hinges on work that is decent."[1]

International Labour Organisation

EXECUTIVE SUMMARY

STITCHED UP

POVERTY WAGES FOR GARMENT WORKERS IN EASTERN EUROPE AND TURKEY!

The garment industry represents a great opportunity for a country's economic development, and in turn that of its people, but only if the work it provides is decent as defined by the International Labour Organisation (ILO). Workers' rights need to be respected in terms of safety and working conditions as well as the wages they are paid.

Traditionally, the exploitation of workers within the garment industry is seen as a problem felt most keenly in Asia where stories of poverty wages, dangerous working conditions, and forced overtime are well documented. However, as this report will demonstrate these problems are endemic throughout the garment industry and even in countries within the European Union we are seeing poverty wages and terrible living conditions for the men and women making the clothes we buy in the high street.

This report looks in detail at the wages and living situations of garment workers in ten countries, nine European post-socialist countries and Turkey. The report highlights that the post-socialist countries function as the cheap labour sewing backyard for Western European fashion brands and retailers. Turkey as one of world's textile giants has their own cheap backyard in the Eastern Anatolian region. Additionally, Turkish garment firms subcontract to the whole region including North Africa and South Caucasus.

One of the **five headline targets of the "Europe 2020, an EU strategy for smart, sustainable and inclusive growth"** is to reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion by 2020. The payment of a living wage in garment and shoe factories is a very concrete measure that has the potential to reach a large number of people and decisively improve their livelihoods.

This report highlights the poverty wages and terrible working conditions that garment workers face across this region.

'Jobs with such a tremendously low wage create poverty rather than fighting it.'

OVERVIEW AND METHODOLOGY

Clean Clothes Campaign and our partners have investigated the wage and living situations of garment workers and their families in Turkey, Georgia, Bulgaria, Romania, Macedonia (FYROM), Moldova, Ukraine, Bosnia & Herzegovina, Croatia and Slovakia. The research comprised desk research on the socio-economic situation of the garment sector and the national labour law as well as field research, namely off-site interviews with workers. We found production of these brands and retailers (selection): Zara/Inditex, H&M, Hugo Boss, Adidas, Puma, Nike, Levi's, Max Mara, Tom Tailor, Benetton, Mango, Tesco, Versace, Dolce & Gabbana, Gerry Weber, Otto, Arcadia, Prada, Esprit, C&A.

In all the countries researched an immense gap between the legal minimum wage and the estimated minimum living wage was found. This gap tends to be even larger in Europe's cheap labour countries than in Asia.

The countries where the legal minimum wage is the lowest in relation to an estimated minimum living wage (below 20%) are Georgia, Bulgaria, Ukraine, Macedonia, Moldova, Romania and the Eastern Anatolian region of Turkey. As of 2013, Bulgaria, Macedonia and Romania have lower legal minimum wages than China; Moldova and Ukraine have even lower legal minimum wages than Indonesia.

The take-home wage of garment workers falls far short of a subsistence minimum, let alone a living wage. In all researched countries (expect region, Croatia, and Ukraine), the lowest found take-home net wages do not even reach 30% of an estimated living wage. From the interviews conducted in this research it became clear: **Jobs with such a tremendously low wage create poverty rather than fighting it.**

Garment workers are under enormous pressure to stay in their job. Many families depend on the job of the garment worker because this is the only regular income in the household. No matter how bad the situation is the workers have to perform and do everything they can in order not to lose their jobs. Too often workers choose between a minimal income and their health. Their dependency and devotion is being exploited by managers.

The research found that the situation for women was particularly bad with women ruining their health while being the health-safeguard of the family. Still their work is not recognized and devalued as "unskilled" work as compared to "technical" or "hard" work of men.

Women also face extreme time-poverty, stress and all too often sexual harassment. All over the region work in the garment industry is infamous for low pay and bad working conditions, it is seen as mere "contribution" to the family income, as supplementary wages. Contrary to this perception a majority of women workers are single mothers or family breadwinners.

THREE MILLION GARMENT WORKERS

Working in the garment industry contributes to the family's poverty and social exclusion. A total of three million formal and informal garment workers are affected in the countries researched. Issues contributing to the increased risk of poverty and social exclusions include:

1. wages set far below subsistence and poverty lines, let alone a minimum living wage;
2. women being subject to discrimination in pay and treatment;
3. reliance on the wages earned as main source of income for the family and
4. having almost no active collective representation in the form of unions or labour support organisations.

The research found that workers in **Georgia** (due to an almost complete absence of legal and institutional protection) as well as **home-based workers** in **Bulgaria and migrant workers in the Eastern Anatolian region of Turkey** face the highest risk of being poor and feeling deprived of any opportunities and influence on their living situation.

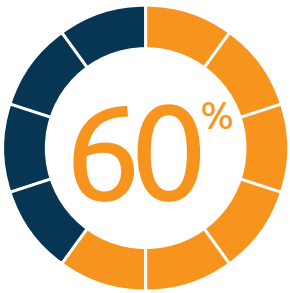
The research also highlights the numerous and varying violations of law and diverse wage theft practices. This indicates that **institutions such as the labour inspectorates** in the countries turn a blind eye on conditions in the garment industry. They are reported to be understaffed, malfunctioning and sometimes bribed in most countries researched, while in **Georgia**, a legal workers protection system and institutional mechanisms such as labour inspection and labour court hardly exist or do not exist at all.

Despite the strong position of the sector as an employer and exporter in the region, the workers remain in poverty and see their basic human rights denied. While the countries depend on the sector, it in turn creates distress and diseases for workers and their families.

'The research also highlights the numerous and varying violations of law and diverse wage theft practices.'

WE CALL ON GOVERNMENTS

of host states where apparel and shoe brands and retailers produce as well as on relevant EU-institutions to immediately raise the legal minimum wage to at least



of the national average wage

PROTECT, RESPECT AND REMEDY

According to the **UN Guiding Principles on Business and Human Rights**, home and host states of apparel and shoe brands/retailers, the European Union and brands and retailers themselves have a *duty* and *responsibility* to *respect* and *protect* human rights wherever they produce.

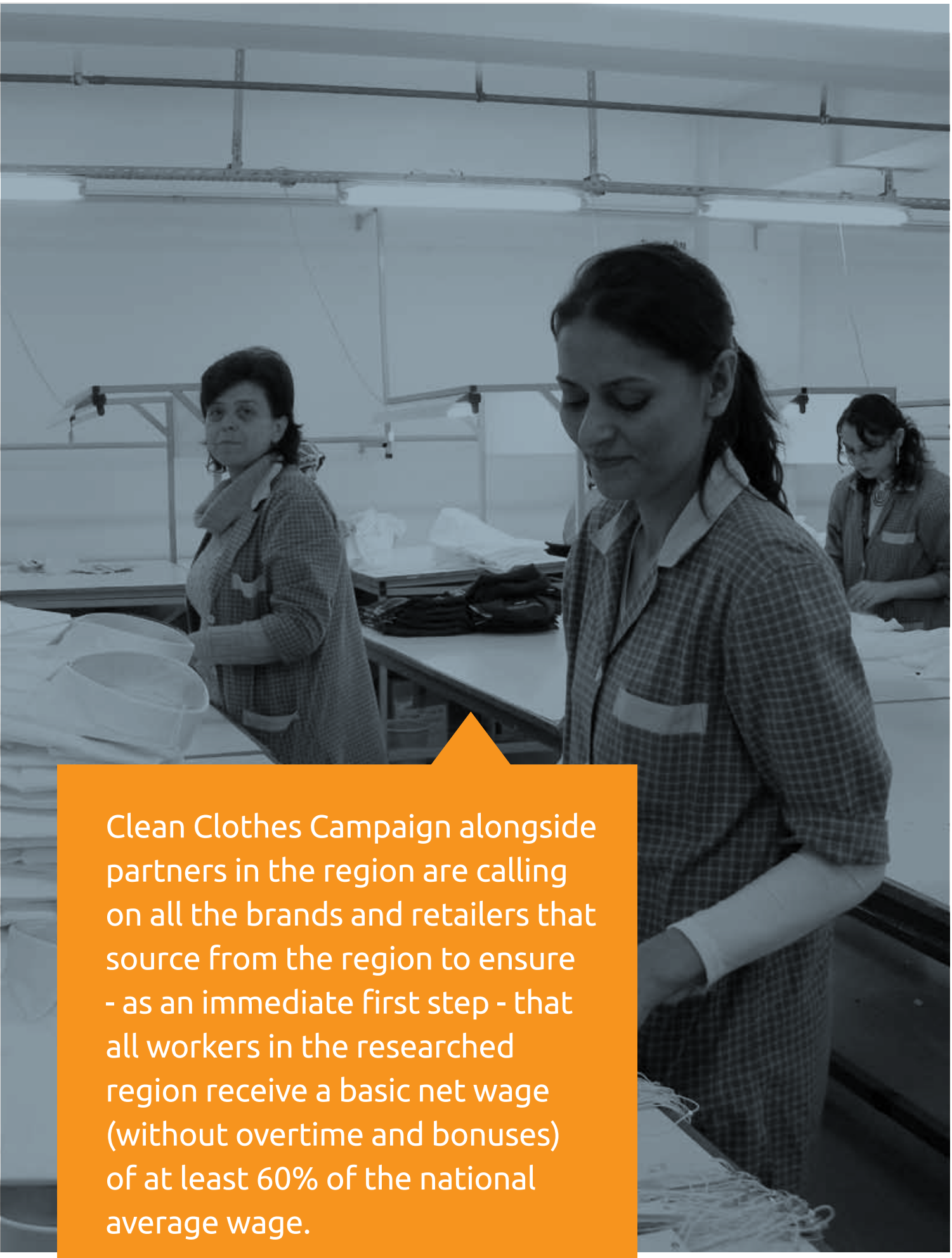
This means they should act with due diligence to ensure workers receive a living wage and take clear steps to remediate when this is not the case.

- Home states of these brands / retailers and the EU have the duty to ensure, that brands and retailers respect human and labour rights worldwide.
- Host states of these brands / retailers and the EU have a duty to protect the human and labour rights of their workers and implement minimum wages that fight poverty rather than creating an impoverished and socially excluded workforce.
- Brands / retailers have the responsibility to pay the full price of the product they order – a price that is in accordance with human rights. This includes a wage that workers and their families can live on.
- Brands have the responsibility to not take advantage of their purchasing power or weak state implementation of labour and human rights, and respect the international human and labour rights, including the right to a living wage, over and above compliance with national laws and regulations protecting human rights.

Clean Clothes Campaign alongside our partners in the region are calling on all brands and retailers that source from the region to make sure as a **first immediate step** that workers in the researched region receive a **basic net wage (without overtime and bonuses)** of at least **60% of the national average wage**. As a further step, the basic net wages have to be increased towards the level of the estimated minimum living wage.

We call on **governments of host states where apparel and shoe brands and retailers produce** as well as on relevant **EU-institutions** to immediately raise the **legal minimum wage** to at least 60% of the national average wage and progressively allow a wage hike of the legal minimum wage towards the estimated living wage.

We call on **governments of home states of apparel and shoe brands and retailers** as well as on relevant **EU-institutions** to hold multinational companies accountable for their actions along their supply chains and to make sure that brands and retailers respect human and labour rights including the law in the respective countries. Governments of home states have to make sure that brands and retailers work with full effort and in a transparent manner towards the implementation of a living wage in their global supply chains.



Clean Clothes Campaign alongside partners in the region are calling on all the brands and retailers that source from the region to ensure - as an immediate first step - that all workers in the researched region receive a basic net wage (without overtime and bonuses) of at least 60% of the national average wage.

01

CHAPTER ONE

INTRODUCTION

The report focuses on the garment workers in workers in 9 European post-socialist countries or 'transition economies' as well as Turkey as the "tiger" of the Euro-Mediterranean textile cluster. Among the researched countries Bulgaria, Romania, Croatia and Slovakia are member states of the European Union (EU), Turkey and Macedonia (FYROM) are candidate countries of the EU and Bosnia & Herzegovina is a potential candidate[2].In addition the remaining researched states - Georgia, Moldova and Ukraine - are in close contact with EU.

1.1 THE GARMENT INDUSTRY IN THE RESEARCHED REGION

For the global garment industry the researched region forms a cluster of countries with similar 'competitive advantages' and challenges such as:

- tremendous industry know how and long standing history of garment, shoe and textile production
- developed infrastructure
- proximity to Western European markets which saves time and money in terms of delivery, quality control and business relationships in general
- very low labour costs
- capacities for fast production and delivery
- opportunities to produce small orders or specialized collections (such as work wear)

In addition, the government monitoring and enforcement of labour laws is weak in most of these countries. In Georgia, there is not even a substantial labour protection system in place. Workers therefore lack a strong state protection of their labour rights.

WHY THIS REGION?

For the 27 EU countries (EU27) the main import origin of clothing is the EU itself plus geographical Europe (49.1%, according to WTO Trade Statistic 2011)[3]. Even though the trade statistic does not necessarily refer to the country of origin of a garment, we can safely assume that the geographical Europe is a very important production region for the garment and shoe consumption within the EU27 plus Switzerland. And, its importance as a region is growing. In a McKinsey survey on global sourcing strategies

Why does garment production move to post-socialist European countries? This is what investment promotion agencies would say [5]:

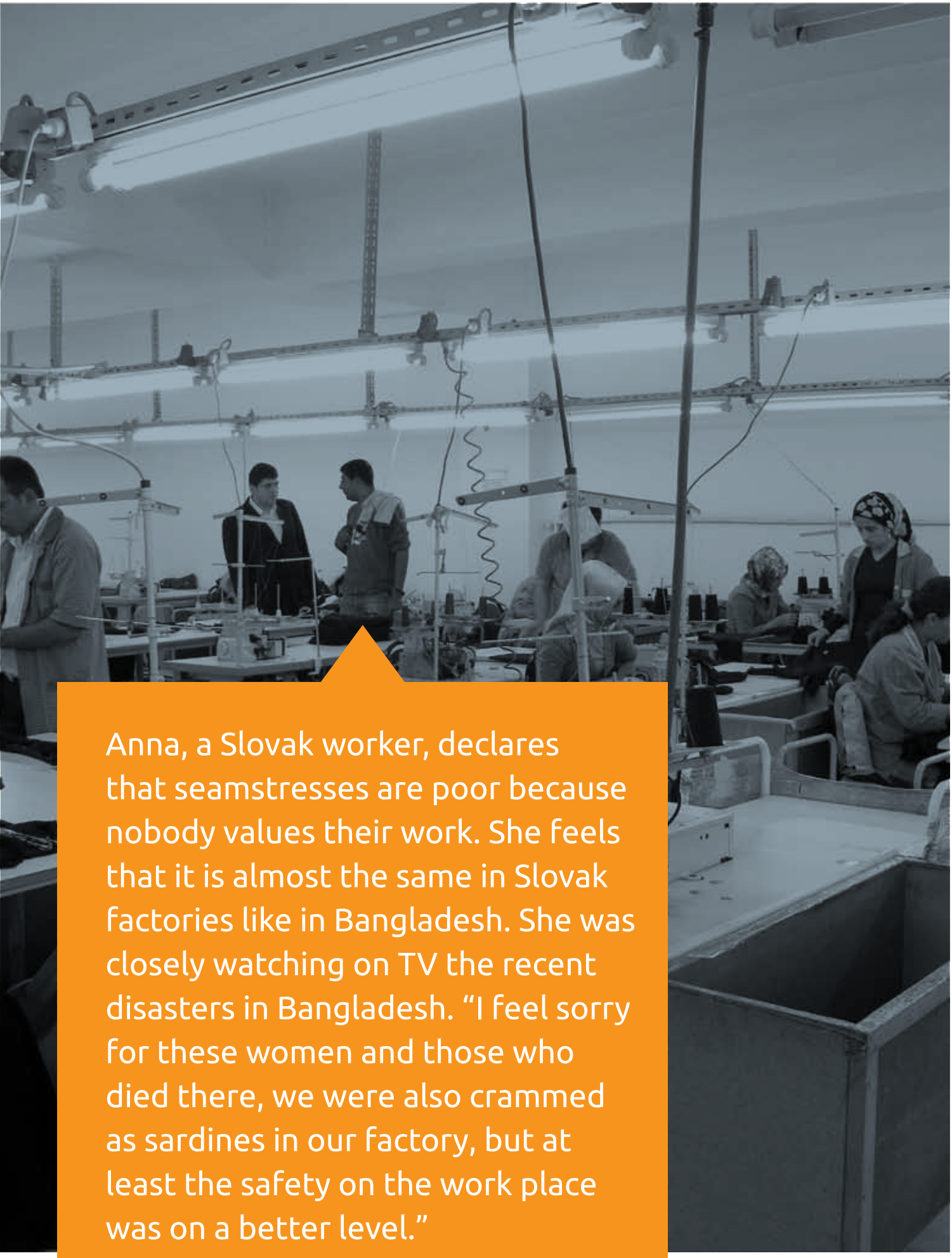
- Relocation of production capacity away from EU15 countries
- Deregulated textile markets after 2005 (end of multi-fibre agreement)
- Well qualified labour force
- Competitive production cost
- Proximity to consumer markets
- Good technology level

of apparel, 69% of the interviewed chief purchasing officers stated that "proximity sourcing is becoming increasingly important"[4].

By far the biggest export destinations of apparel and garments from the region are Germany and Italy. For Turkey alone, more than a fifth of its clothing and apparel exports end up in Germany. For Croatia, Italy is the biggest export market of clothing, apparel and footwear (51%), followed by Germany with 24% in 2012. In addition to cheap sourcing of high quality garments, Germany profits through services provided by business consulting companies such as Weiss Consulting who are selling advice to the governments and the garment companies in the region. We found their involvement for example in Bulgaria and Slovakia.

IN EUROPE – EVERYTHING'S FINE?

In reaction to the awful human tragedies such as the 2013 collapse of Rana Plaza, a building housing five garment factories in Bangladesh with a death toll of 1138 people and more than 2000 injured, or the deadly fire in Ali Enterprises, a garment factory in Pakistan in 2012 with 300 deaths, many companies talk about relocating to Europe, implying that the labour conditions are safe and fair, and that their garments therefore would be produced under decent conditions. However, extensive field research conducted by Clean Clothes Campaign and its local partners shows a very different picture. We found numerous labour and human rights violations, and one of the most pressing issues in all researched countries was the staggeringly low wages.



Anna, a Slovak worker, declares that seamstresses are poor because nobody values their work. She feels that it is almost the same in Slovak factories like in Bangladesh. She was closely watching on TV the recent disasters in Bangladesh. “I feel sorry for these women and those who died there, we were also crammed as sardines in our factory, but at least the safety on the work place was on a better level.”

For many families the wage of these workers constitutes the only steady income for the entire household and in many cases the only insured income through which the family has a health and social insurance.

CAN EMPLOYMENT IN THE GARMENT AND SHOE INDUSTRY MOVE ITS 3 MILLION WORKERS OUT OF POVERTY AND SOCIAL EXCLUSION?

The research covered all garment production centres of the European post-socialist countries except for the Baltic countries, Belarus, Poland, Czech Republic[6] and Greece.

In the researched post-socialist countries there are approx. 700,000 registered garment workers plus about 350,000 informal workers without formal employment relationships and no minimum social security. It is our modest estimation that a third of the garment sector in post-socialist countries is informal. In Turkey about 508,000 workers are registered in the garment and leather industries (excluding the textile industry) and about 1.5 million are estimated to be informally working in this industry.[7] This accumulates to approx. 3 million garment workers in the researched countries.

For many families the wage of these workers constitutes the only steady income for the entire household and in many cases the only insured income through which the family has a health and social insurance. With an average family size of 3 in the researched region, we estimate that at least 9 million people are directly depending on the wages in the shoe and garment industry. Poverty wages in this sector do therefore have a direct impact on the livelihoods of these 9 million people and limit their chances to overcome poverty and poverty-related exclusion.

One of the **FIVE HEADLINE TARGETS** of the '**EUROPE 2020, AN EU STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH**' is to reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion by 2020. The payment of a living wage in garment and shoe factories is a very concrete measure that has the potential to reach a large number of people and decisively improve their livelihoods within the EU and the geographical Europe.

1.2 THE GENERAL SITUATION IN THE RESEARCHED REGION

While post-socialist countries' main activity in global garment supply chains is sewing, in Turkey all parts of the textile chain can be found such as cotton growing, fibre production, spinning, weaving, sewing and finishing. The Turkish fashion industry sources more and more from the whole Euro-Mediterranean-region including the post-socialist countries of the Balkans and the Caucasus. However, transition economies have their own history and role within global supply chains of garments, which was established by the EU cut, make and trim production (known as the "Lohn"-system; see 1.3).

Post-socialist countries share a similar political and socio-economic history during the previous 25 years and before. Their economies – many of them industrialized from mostly agrarian dominance in late 1940's – went through an unprecedented de-industrialization process post 1989/1990, with huge unemployment and rapidly growing informal economies and semi-formal workplaces. In the whole region there is a relatively low share of formal employment in the economically active population and a high share of "self-employment" in subsistence farming as well as other businesses including garment production (e.g. in. Slovakia or Bulgaria). This self-employment is however in most cases not freely chosen: to collaborate with a self-employed contractor provides the factory management a way to circumvent social insurance payments. The lack of other opportunities to sustain the own family has led women, especially, to accept these precarious labour conditions that are imposed by the market situation.

PERSISTENT SOCIAL CRISIS IN TRANSITION COUNTRIES

Transition from socialist to capitalist societies implied an acute poverty and welfare reversal coupled with a dramatic loss of social security. This sudden and complete social insecurity together with a total shift in society's rules and values left people without any way of building on previous savings or experience, and they remained paralysed, in shock and with a loss of identity. Indications for this historically unique social and economic backlash are manifold. Among them are the rapidly growing incidents of Tuberculosis in the whole region[8], a virtual collapse of the birth rates in the 1990's[9] a significantly lower life expectancy[10], and a massive exodus of citizens. After what is called the "revolution" or "Wende" in 1989/90 the countries lost between 20% and 40% of their populations through one-way streets of migration to Western Europe and North America, as well as to Turkey and Greece[11]. In Turkey, many migrants from post-socialist countries of Eastern Europe and Central Asia are working in the textile and garment industry and constitute a source of cheap, unregistered and therefore extremely vulnerable workforce[12].

AFTER WHAT IS CALLED THE 'REVOLUTION' OR 'WENDE' IN 1989/90 the countries lost between

and

of their populations through one-way streets of migration to Western Europe and North America, as well as to Turkey and Greece[13]

One of the countries, where refugees and migrants first enter is Bulgaria. Bulgaria, the country with the highest At-Risk-of-Poverty-rate in the EU, now faces the huge problem of being responsible for a high number of refugees, for which they lack any infrastructure or know-how.

The exodus is predominantly driven by young, well-educated women[13]. Their migration destinations changed over time. In the 1990's Germany was a major destination of migrants and refugees from the region. But Germany wanted to "share the burden of immigration" among all EU-countries and initiated the "Dublin II" agreement (effective since 2003). It stipulates that the country where the refugee first enters the EU has the responsibility for the asylum procedure. After that, the number of refugees and in general migrants to Germany dropped sharply[14]. One of the countries, where refugees and migrants first enter is Bulgaria. Bulgaria, the country with the highest At-Risk-of-Poverty-rate in the EU, now faces the huge problem of being responsible for a high number of refugees, for which they lack any infrastructure or know-how. This situation exacerbates the existing social crisis in the country and provides fodder for nationalistic political forces.

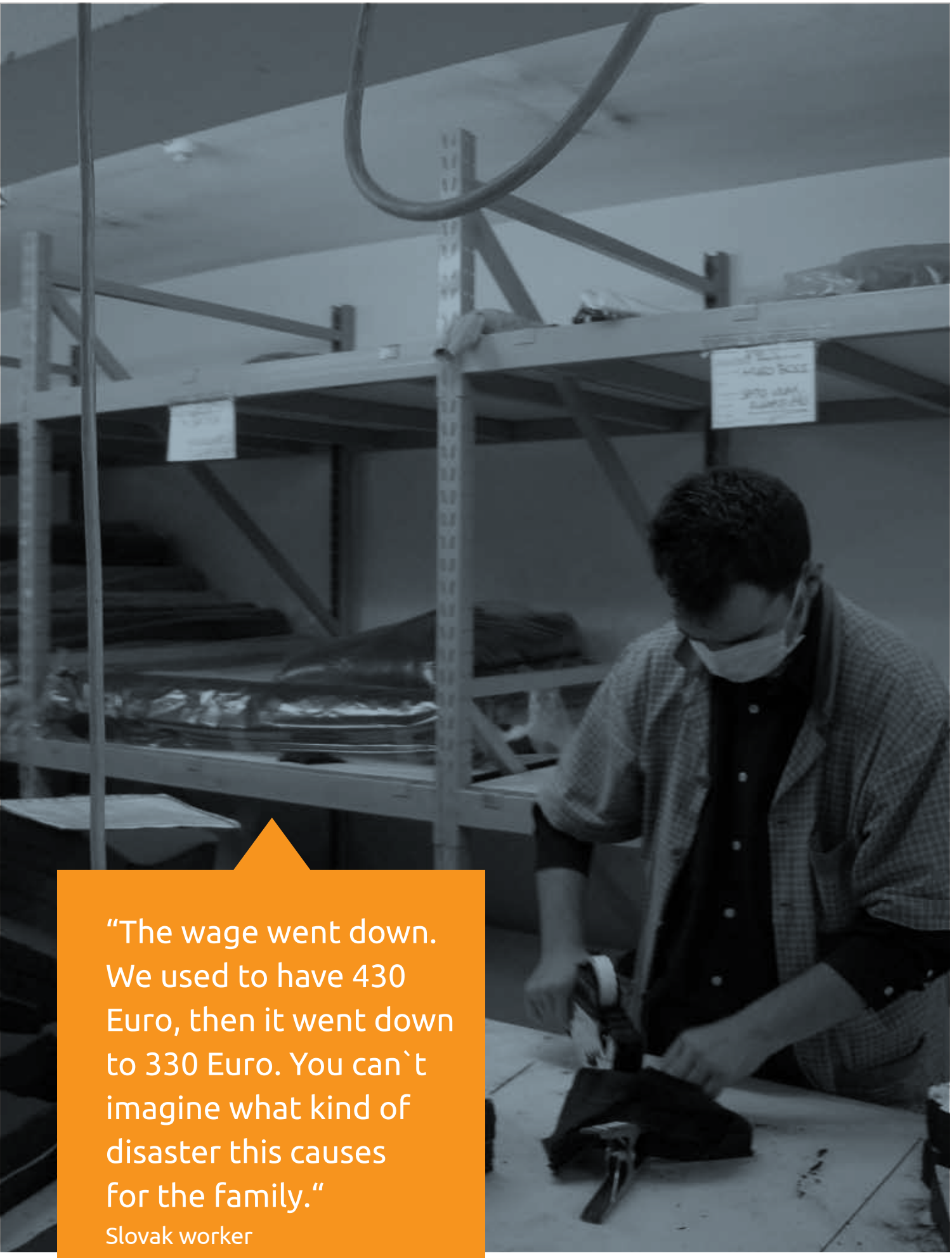
In post-socialist countries themselves, it is obvious that the rapidly accelerated aging of the population together with the low salaries and widespread informal employment (without any health and pension insurance scheme) will lead to a sweeping poverty of elderly people within the coming few years. The fact that young, well-educated women are leaving and that the vast majority of the remaining citizens are poor poses huge challenges to countries like Bulgaria, Romania and Macedonia. A huge need for (unpaid) care-work will grow quickly.

SHORT HISTORY OF THE TEXTILE AND GARMENT SECTOR IN THE REGION

The peaceful revolutions in 1989/90 led to two dramatic changes as concerns the fashion business:

Firstly the breakdown of the COMECON[15] -market and the market for an extensive and comprehensive textile and garment industry in the region. All of a sudden, these companies – at least what was left of them after privatization – added to the tens of thousands of garment factories worldwide competing for the orders from fashion retailers and brands. Abruptly they fell from the secure position of supplying COMECON-market into competition with garment producers around the globe. In addition the sudden crash of the internal and COMECON markets meant they had to rely on export exclusively. Moreover the companies did not have any marketing networks in Western Europe – apart from "Lohn"-clients (see chapter 1.3. where "Lohn"-work is explained).

Secondly, the whole former COMECON region now represents a new market for 'Western' fashion retailers and brands. The textile and garment industry is a typical example for de-industrialization in transition economies after 1998/90. While the sector had historically and also during socialist times been well established into a job-creator for economically underdeveloped areas, it was one of the earliest privatized sectors during the transition. Most companies closed down, traditions – for instance the wool and silk production in Romania and Georgia – were lost. The only surviving departments of former state-owned or collectively owned textile trusts were the sewing departments. Small private "sweatshops" mushroomed. In addition to transition, economies in former Yugoslavia suffered from the war and the subsequent embargo.



"The wage went down. We used to have 430 Euro, then it went down to 330 Euro. You can`t imagine what kind of disaster this causes for the family."

Slovak worker

'The garment sector remains important in the national economies of the post-socialist countries. For Romania for instance, the export value of garment ranks forth after machinery, metal raw material and vehicles – despite of the general undervaluation of garment exports.'

The development of the garment industry in post-socialist Eastern Europe can broadly be grouped in these phases:

- Early 90's: closure or privatization of state-owned textile trusts - dramatic de-industrialization first affecting the textile sector.
- Since late 90's: rapidly growing subcontracted garment manufacturing, mushrooming of private small-medium-sized garment producers. This rapid growth could not be translated into improved working conditions.
- Since the crises in 2008: stagnation, shrinking sector with again deteriorating working conditions. Employers use the crisis intensively as pretext to increase pressure on workers.

For instance in Bulgaria, women have been sent to "unpaid leave" and now work from home as self-employed seamstresses or home-based workers respectively. In real terms the crisis imposed a halt to the boom of the previous decade; the sector remained more or less stable, except for Ukraine and Romania, where a sharp drop in garment production occurred in 2008/2009 with a modest recovery until 2010/11.

In Turkey the garment industry has been slowly and steadily growing as a sector throughout the last 25 years. The sector managed to reach the pre-crises level of exports already in 2011 – boosted by a drastic import duty increase for fabrics and garments in 2011.

In contrary, post-socialist countries are obviously reluctant to introduce trade barriers and use trade measures like Turkey. One of the few attempts to protect the domestic textile and garment industry is the Ukrainian zero VAT-regulation on imported equipment for light industry (which is predominantly the apparel business) coupled with the introduction of import duties for commodities like garments and textiles for a limited time[16].

The garment sector remains important in the national economies of the post-socialist countries. For Romania for instance, the export value of garment ranks forth after machinery, metal raw material and vehicles – despite of the general undervaluation of garment exports. About one third of all export revenues in Macedonia are generated by garment exports; in Moldova, garment exports account for almost 20%, and in Bulgaria for approx. 25% of the entire export value.

However, we have to keep in mind that official statistics tend to undervalue the output of garment manufacturing out of mainly two reasons:

- The high percentage of informal economic activities: For the Ukraine alone the sectoral employers association estimates that the real output of the sector is 20 times the official figures.[17]
- The "Lohn"-system is a special EU-trade system whereby exports and re-imports are exempted from tax and therefore don't count (fully). Additionally the value added is "just" the labour and therefore the economic output is not high as compared to steel industries for example.

We can therefore assume that the real economic importance of the garment and shoe industry in the region exceeds the official statistics by far.

'We are safe to assume that the real economic importance of the garment and shoe industry in the region exceeds the official statistics by far.'

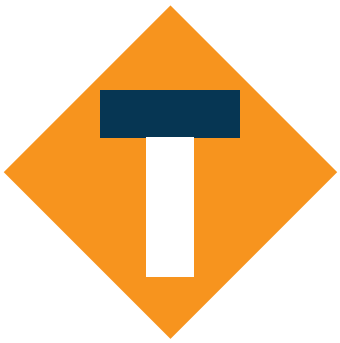
1.3 THE OPT OR "LOHN"-SYSTEM AS MAIN GARMENT TRADE AND PRODUCTION SCHEME FOR POST-SOCIALIST COUNTRIES

Outward Processing Trade – as it is called euphemistically – (OPT – commonly known in the region as "Lohn"[18] production or "Ishleme" in Bulgaria) is an inner-European trade scheme designed for the textile and garment industries predominantly of Germany and Italy.

It is a way of manufacturing and trading garments whereby the imported - mostly pre-cut - inputs are assembled and sewn and then re-exported to the country of origin. The aim of the operation is to use cheaper wages in nearby countries for the labour-intensive parts and at the same time protect their own textile and garment industry. This re-importation arrangement can only be profitable for the buyer/input-supplier company in the country of origin, if the assembly costs (wages, rent, energy costs, etc.) are kept attractively low, the terms of trade are favourable and the trade transactions are not subject to customs or tariff expenditures.

These exemptions were granted by the EU to countries such as Poland and Yugoslavia from 1982 onwards under the "Europe Agreements". These agreements facilitated the outsourcing of assembly production, which increased buyers' flexibility, just-in-time delivery, and time management strategies.

‘LOHN’ PRODUCTION IS A DEAD END FOR A NATIONAL ECONOMY.



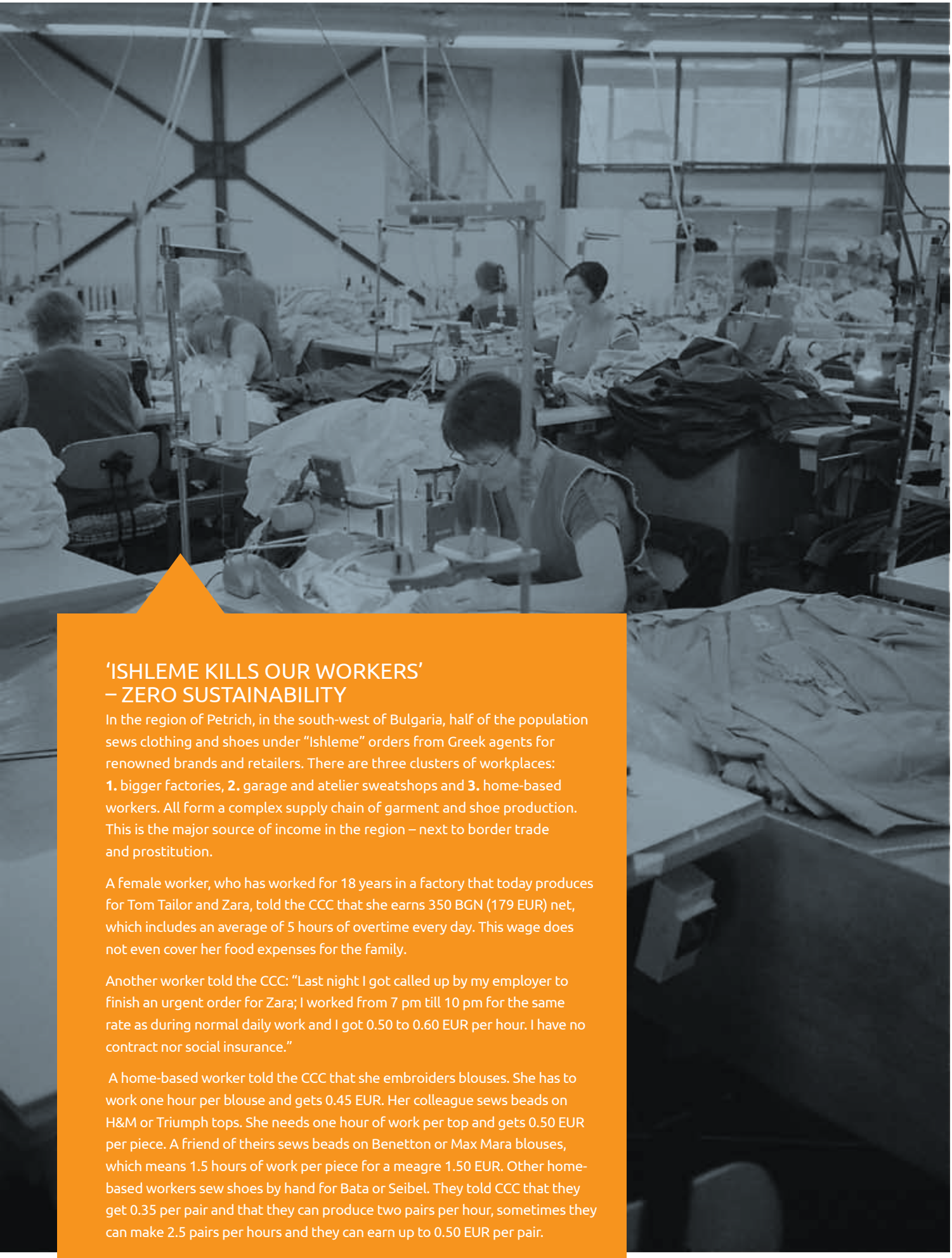
Examples for the use of this one-sided trade and production scheme include garments assembled/produced in Central America and Caribbean countries destined for the North American market and those in Central, Eastern and South-Eastern Europe destined for Western European buyers. In Europe, West Germany supported this scheme through customs duties exemptions already back in the 1970’s. Since the 70’s, then socialist countries like Poland, Eastern Germany or former Yugoslavia were the “Lohn”-system sewing shops of Western German fashion producers.

After 1989/90 this became the sole function of the textile sector in post-socialist Europe. The textile and garment sectors in post-socialist countries got downgraded to sewing shops dependent on “Lohn”-orders from Western European clients or from Turkish and Greek fashion firms. They were integrated into global supply chains of garments just like “developing countries” in the Global South. Their national economic structures became similar to those of “developing countries”: labour-intensive and primary parts in production networks and supply chains. Higher value and processing parts are typically not found. This role and status in global supply chains of garments is important for understanding the highly dependent position and thus the extremely limited leeway and upgrading opportunities of garment companies and industries previously specialized in “Lohn”-production. **“Lohn” production is a dead end for a national economy.**

“LOHN” IS A PRECARIOUS FORM OF PRODUCTION AT THE EXPENSE OF THE WORKERS

The garment factory that relies on “Lohn”OPT becomes extremely vulnerable, fragile and dependent on any sourcing decisions by buyers. While decisions by buyers can have drastic impacts on the small producers, even small deviations in production costs can in turn drive the producer “out of the market”. Due to low wages “Lohn”OPT production does not generate added value. Therefore “Lohn” producers are always very close to bankruptcy. They have very low profit margins and operate ‘from hand to mouth’. In order to keep flexibility for clients despite the very tight economic situation, they tend to work with subcontractors and home-based workers. Therefore apparel supply chains involving “Lohn”OPT tend to be more complex.

Due to subcontracting logics and logistics, garment assembly shops tend to concentrate in certain regions where buyers come from – e.g. in Southern Bulgaria and the Republic of Macedonia (FYROM) along the border to Greece and Turkey.



‘ISHLEME KILLS OUR WORKERS’ – ZERO SUSTAINABILITY

In the region of Petrich, in the south-west of Bulgaria, half of the population sews clothing and shoes under “Ishleme” orders from Greek agents for renowned brands and retailers. There are three clusters of workplaces: **1.** bigger factories, **2.** garage and atelier sweatshops and **3.** home-based workers. All form a complex supply chain of garment and shoe production. This is the major source of income in the region – next to border trade and prostitution.

A female worker, who has worked for 18 years in a factory that today produces for Tom Tailor and Zara, told the CCC that she earns 350 BGN (179 EUR) net, which includes an average of 5 hours of overtime every day. This wage does not even cover her food expenses for the family.

Another worker told the CCC: “Last night I got called up by my employer to finish an urgent order for Zara; I worked from 7 pm till 10 pm for the same rate as during normal daily work and I got 0.50 to 0.60 EUR per hour. I have no contract nor social insurance.”

A home-based worker told the CCC that she embroiders blouses. She has to work one hour per blouse and gets 0.45 EUR. Her colleague sews beads on H&M or Triumph tops. She needs one hour of work per top and gets 0.50 EUR per piece. A friend of theirs sews beads on Benetton or Max Mara blouses, which means 1.5 hours of work per piece for a meagre 1.50 EUR. Other home-based workers sew shoes by hand for Bata or Seibel. They told CCC that they get 0.35 per pair and that they can produce two pairs per hour, sometimes they can make 2.5 pairs per hours and they can earn up to 0.50 EUR per pair.

A HOME-BASED WORKER TOLD THE CCC that she embroiders blouses. She has to work one hour per blouse and gets

€ 0.45

Her colleague sews beads on H&M or Triumph tops. She needs one hour of work per top and gets

€ 0.50

per piece.

Although the European Commission has long recommended the obvious, namely that only upgrading from a mere cheap labour based industrial strategy towards integrating more parts of the value chain can offer a future to the sector[19]. This has turned out to be hardly possible. After the economic crisis of 2008/2009 it proved to be even more difficult. Global supply chains of garments are a manifestation of an imbalance of power and influence and global fashion production markets don't allow major shifts. The only thing sustainable about OPT-production is the loss of full production know-how, which can still be witnessed today.

The limited possibility of upgrading is exacerbated by limited and rather decreasing purchasing power of the local population. It restricts their market chances; while low-income people would mainly buy second-hand clothes, a 'middle class' has increasingly lost purchasing capacity and the upper class keeps a small, but steady demand for renowned (Western) luxury brands.

BRANDS WITH PRESENCE IN THE REGION

Maybe the only example of brands originating from post-socialist countries and emerging on the regional market is LPP from Poland. With its brands including "Reserved", "Sinsay", "Mohito" it can be found in most shopping malls in the region. However, LPP has never had a considerable production base in Poland or in the region. Therefore LPP cannot serve as successful upgrading example of a "Lohn"-driven textile-garment sector in post-socialist countries.[20]

On the other hand there are local brands with production and market in the researched countries such as "Arber" in the Ukraine, "Battibaleno" in Bulgaria[21] or "Ionel" in the Republic of Moldova. They emerged out of local textile and garment production companies, which originate from socialist times. Where such national brands are still present, the sector does not fully depend on "Lohn".

Finally there is a third cluster of regional brands: "Steilmann" for example developed by a German fashion producer with main production capacities in Romania, Bulgaria and Ukraine to a regional brand with main marketing networks in Romania, Bulgaria and Ukraine as well. In Germany "Steilmann" is hardly present as a brand anymore.

1.4 SPECIFICS OF THE REGIONAL WORKFORCE

The picture of the Asian garment industry looks like this: The industry is predominantly employing young women sometimes just with primary school education, many of which migrated from the countryside to bigger towns in order to find a job and support their extended families at home. While this holds true also for parts of the Turkish garment industry, it is not the case for the garment industry in post-socialist countries. Women and men do not migrate from the countryside and live in industrial centres in boarding houses. Instead they commute to work from home.

The age structure in the industry is very mixed. Many women in their 40's or 50's are working in the sector; they have been working in the industry and in the respective factories for many years – sometimes more than 20 years. Despite their vast experience, they still just earn the legal minimum wage, which is far below a living wage. In Croatian suppliers for Benetton or Hugo Boss for instance the wage constitutes only one third of a minimum living wage.

Contrary to the Asian garment industry, most garment workers in post-socialist countries have completed secondary school and professional education, some hold university degrees, and a considerable part has vocational training from the sector. For example 80% of interviewed workers in Bosnia & Herzegovina (BiH) completed secondary education.

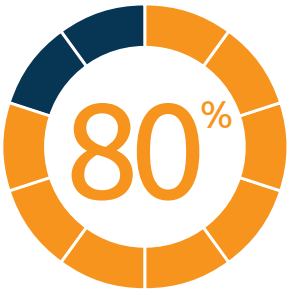
In some Asian garment producing countries the garment industry is one of the few new industrial job opportunities. Contrary to this in the post-socialist countries of Europe working in the garment industry is one of the few remaining job opportunities.

Especially in the European post-socialist countries and Turkey, female garment workers have a multiple burden: in addition to their tiring factory job, they are taking care of the extended family's household, caring for children, parents, parents in law or sick family members and very often they are working on agricultural land to contribute to the low family income with home-grown vegetables or meat from their own cattle. Garment workers are therefore not only income-poor, but also time-poor.

A Macedonian garment worker, explains her situation:

"Should I pay the electricity bill or buy clothes for my children or spend it on something else? We are lucky because we have a small piece of land where we grow food for ourselves. And my mother in law contributes with her pension. It's good that we don't have to work on Sundays, so I can do the housework, clean, do the laundry, prepare food for my son and get his clothes ready. On working days I'm exhausted after work and only do things that are really necessary."

HIGHER EDUCATION



of interviewed workers in Bosnia & Herzegovina (BiH) completed secondary education.

"By profession I am an Economist. But due to lack of job opportunities I have to sew."

Bulgarian worker

"All workers have the right to a fair remuneration sufficient for a decent standard of living for themselves and their families."

European Social Charter (Council of Europe 1961)

1.5 THE RELEVANCE OF A LIVING WAGE AS A CENTRAL HUMAN RIGHT

A cornerstone of a decent life is a living wage that covers the basic needs of the worker and her/his family and that includes some discretionary income. A minimum of economic freedom is a pre-condition to enjoy the full set of social and political rights. Without a living wage, workers worldwide suffer from a whole range of poverty-related issues. And the daily challenges for an income-poor worker are not limited to money constraints. If a workers has to worry that the salary is not enough to cover the basic needs for herself and her family, she will doubtlessly face other poverty-related problems such as limited access to adequate health services, lack of social security, poor housing, limited access to education, and a limited participation in the cultural and political life – social exclusion. The human right to a living wage is therefore seen as an *enabling right*.

A living wage is also central for any real development, be it on the personal level, on the level of the household, on the level of the local economy, or on the level of the national economy of production countries. The deprivation of this right means that individuals, families and whole national economies are assigned a place as cheap labourers in the global market – with barely any chances to develop beyond a certain level of income-poverty.

THE CONCEPT OF A LIVING WAGE IS WELL FOUNDED IN INTERNATIONAL HUMAN RIGHTS AND LABOUR RIGHTS STANDARDS

A living wage for the worker and her family is established as a human right in the **Universal Declaration of Human Rights** (UDHR, 1948), Article 23 (3). The concept of a living wage is also established in the **International Covenant on Economic, Social and Cultural Rights** (ICESCR, 1966), Article 7 (a) as well as in several ILO declarations and conventions: Constitution of the ILO (Preamble of the Charter, 1919), Declaration of Philadelphia (International Labour Conference, 1944), ILO Declaration on social justice for a fair globalization (2008), Convention 131 and 156 (indirectly) and Recommendations 131 and 135 (indirectly).

In addition, the **European Social Charter** contains reference to a fair remuneration:

"The Community Charter of Fundamental Social Rights for Workers (abbreviation: *EU Social Charter*) adopted by the EU in 1989 contains the principle that every job must be paid a fair remuneration (Title 1 (5)). According to the situation in each country workers should therefore be guaranteed a fair remuneration for work. The concept of fair remuneration for work is understood by the EU Social Charter to mean remuneration for work that is sufficient for a decent standard of living for workers. The 1961 "*European Social Charter*" of the European Council also contains a clear provision on "the right to a fair remuneration

sufficient for a decent standard of living..." (Article 4). Similar provisions concerning "fair remuneration" are also to be found in the national Constitutions of many European countries, such as Belgium, Italy, Spain, Portugal and the Czech Republic. (...) In the early 1990s the European Commission recognised the need for a European minimum wage policy. In a statement dating from 1993, the Commission urged the EU member states to take appropriate measures to ensure that the right to a decent remuneration for work is protected."[22]

As the ILO outlined in its latest report on minimum wage systems, the European Committee of Social Rights specifies what is considered a fair wage: "According to the European Committee of Social Rights, to be considered fair, wages must in any event be above the poverty line in a given country, that is 50 per cent of the national average wage. Furthermore, if the wage lies between 50 and 60 per cent of the national average wage, a State is asked to demonstrate that the wage is sufficient for a decent standard of living, for example, by providing detailed information on the cost of living".[23]

The business responsibility to respect human rights is also well grounded in international frameworks:
The **UN Guiding Principles on Business and Human Rights**[24] stipulate that all corporations - regardless of their size, sector, operational context, ownership and structure, have a responsibility to respect human rights worldwide. This means that corporations have to act with due diligence and avoid adverse human rights impact, and provide remedies in case human rights violations take place. The guiding principles also specify that the business responsibility is not limited to any national borders or to the headquarters, but goes across the value chain of an enterprise and therefore establishes supply chain responsibility of buyers for their suppliers. The UN Guiding Principles on Business and Human Rights establish a principle of shared responsibility between the state and the business. However, they also clearly say that the responsibility to respect human rights *"exists independently of States' abilities and/or willingness to fulfil their own human rights obligations, and does not diminish those obligations. And it exists over and above compliance with national laws and regulations protecting human rights."*[25] In other words:
In cases where the state fails to protect human rights – as in the case of lack of a legal minimum wage that meets a subsistence level (living wage) – the business has the obligation to respect human rights nevertheless and to not take advantage of this state failure.

The call for companies and buyers to pay a living wage is therefore rooted in international standards.

'In cases where the state fails to protect human rights – as in the case of lack of a legal minimum wage that meets a subsistence level (living wage) – corporations nevertheless have a responsibility to respect human rights and to not take advantage of the state's failure.'

UN Guiding Principles on Business and Human Rights

'The UN Guiding Principles on Business and Human Rights[24] stipulate that all corporations - regardless of their size, sector, operational context, ownership and structure, have a responsibility to respect human rights worldwide.'

THE CCC DEFINES A LIVING WAGE AS FOLLOWS

The Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

More specifically, the CCC defines that a living wage has to:

- apply to all workers, which means that there is no salary below the living-wage level,
- be earned in a standard work week of no more than 48 hours,
- be the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime,
- cover basic needs of a family of four (two adults, two children),
- include an additional 10% of the costs for basic needs as discretionary income

The CCC believes that some key assumptions must always be central to a living wage:

A living wage is always a family wage. In most production countries, the pension and insurance schemes are not sufficient and public care services often absent. A genuine living wage must therefore take that into account and at least partially cover the basic needs of unpaid caregivers in the household.

A living wage must allow for savings. Without this, workers remain in a vulnerable situation, are not able to make mid- and long-term plans in their lives and are at risk of ending up in debt when additional unforseen expenses come up.

A living wage has to put a floor, not a ceiling, on wage payment and secure a minimum income for all workers. Ideally, a living wage should have a regional approach so as not to increase wage competition between countries, instead increasing the base wage level for all workers.

PAY GARMENT WORKERS A LIVING WAGE

They should be able to afford:

1. FOOD
2. RENT
3. HEALTHCARE
4. EDUCATION
5. CLOTHING
6. TRANSPORTATION
7. SAVINGS

A LIVING WAGE IS A HUMAN RIGHT, FOR ALL PEOPLE, ALL OVER THE WORLD

02

CHAPTER TWO

WAGE LEVEL

Despite advances in the technology, the garment industry remains one of the most labour-intense industries and relies on the work of approx. 30 million workers worldwide. The labour costs at factory level are still a decisive factor when choosing a production location. Buyers usually compare the legal minimum wages of different countries in search for the economically most advantageous one.

2.1 LEGAL MINIMUM WAGE – ENOUGH TO LIVE ON?

Governments know that low wage costs are a competitive advantage and a precondition to attract the global garment industry. "Survival of the cheapest" has become the leading maxim, both in production countries as well as on consumer markets. The mere threat of relocation is enough for governments of production countries to align their labour and trade policies with the expectations and demands of the global buyers.

LEGAL MINIMUM WAGE AS MAJOR ORIENTATION FOR SOURCING DECISIONS AND WAGES IN THE GARMENT INDUSTRY

Firstly, just like in Asia, garment workers in the researched post-socialist countries and Turkey earn just the legal minimum wage; sometimes they even need to work overtime to reach the minimum wage. In practice, **the legal minimum wage is often the ceiling instead of the bottom line for wages.**

'Governments know that low wage costs are a competitive advantage and a precondition to attract the global garment industry. "Survival of the cheapest" has become the leading maxim, both in production countries as well as on consumer markets.'

Secondly, just like in Asia[26], the **legal minimum wages are poverty wages.** In all researched countries – except for Georgia, where there is no legal minimum wage – the legal minimum wage is set far below a subsistence minimum as defined by the national statistics offices and even below the poverty line of 50% of the national average wage as defined by the European Committee of Social Rights. Thus the legal minimum wage cannot even cover the most basic needs of workers and their families and actually consolidates poverty rather than eliminating it.

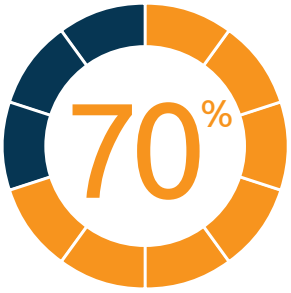
TABLE 1: Legal minimum wages far below any poverty level

COUNTRY	LEGAL MINIMUM NET WAGE IN EURO[27]	50% OF AVERAGE NATIONAL WAGE IN EURO[28]	60% OF AVERAGE NATIONAL WAGE IN EURO[29]	SUBSISTENCE MINIMUM, PER MONTH, FAMILY OF FOUR, IN EURO[30]
BiH (Republika Srpska RS)	189 Euro	216 Euro	259 Euro[31]	927 Euro
Bulgaria	139 Euro	204 Euro	245 Euro[32]	867 Euro
Croatia	308 Euro	363 Euro	435 Euro[33]	none
Georgia	none	163 Euro	196 Euro[34]	109 Euro
Macedonia	111 Euro	173 Euro	208 Euro[35]	346 Euro
Moldova	71 Euro	102 Euro	122 Euro[36]	316 Euro
Romania	133 Euro	181 Euro	218 Euro[37]	none
Slovakia	292 Euro	338 Euro	406 Euro[38]	508 Euro
Turkey	252 Euro	335 Euro	401 Euro[39]	1.002 Euro
Ukraine	80 Euro	139 Euro	167 Euro[40]	228 Euro

Even if the legal minimum wage in most countries slowly rises, utility prices are drastically increasing at the same time, and workers can over time often not sustain their already low purchasing power. This is for instance reported in Bulgaria or Bosnia and Herzegovina, where workers stated that the legal minimum wage covers only 70% of their monthly expenses on food – let alone all other household expenditures such as rent, heating, health services, transportation etc.

In all researched countries women represent the overwhelming majority of employees. Garment workers earn the lowest or second lowest wages in the industry and therefore face the highest risk of poverty.

MONTHLY EXPENSES
Workers in Bulgaria as well as in Bosnia and Herzegovina stated that the legal minimum wage covers only



of their monthly expenses on food

'For certain companies, especially for medium-sized companies, specialized products and smaller volumes such as work wear, and for fast-fashion lines of global buyers such as Zara and H&M, it became economically simply more advantageous to produce in Europe's cheap labour countries.'

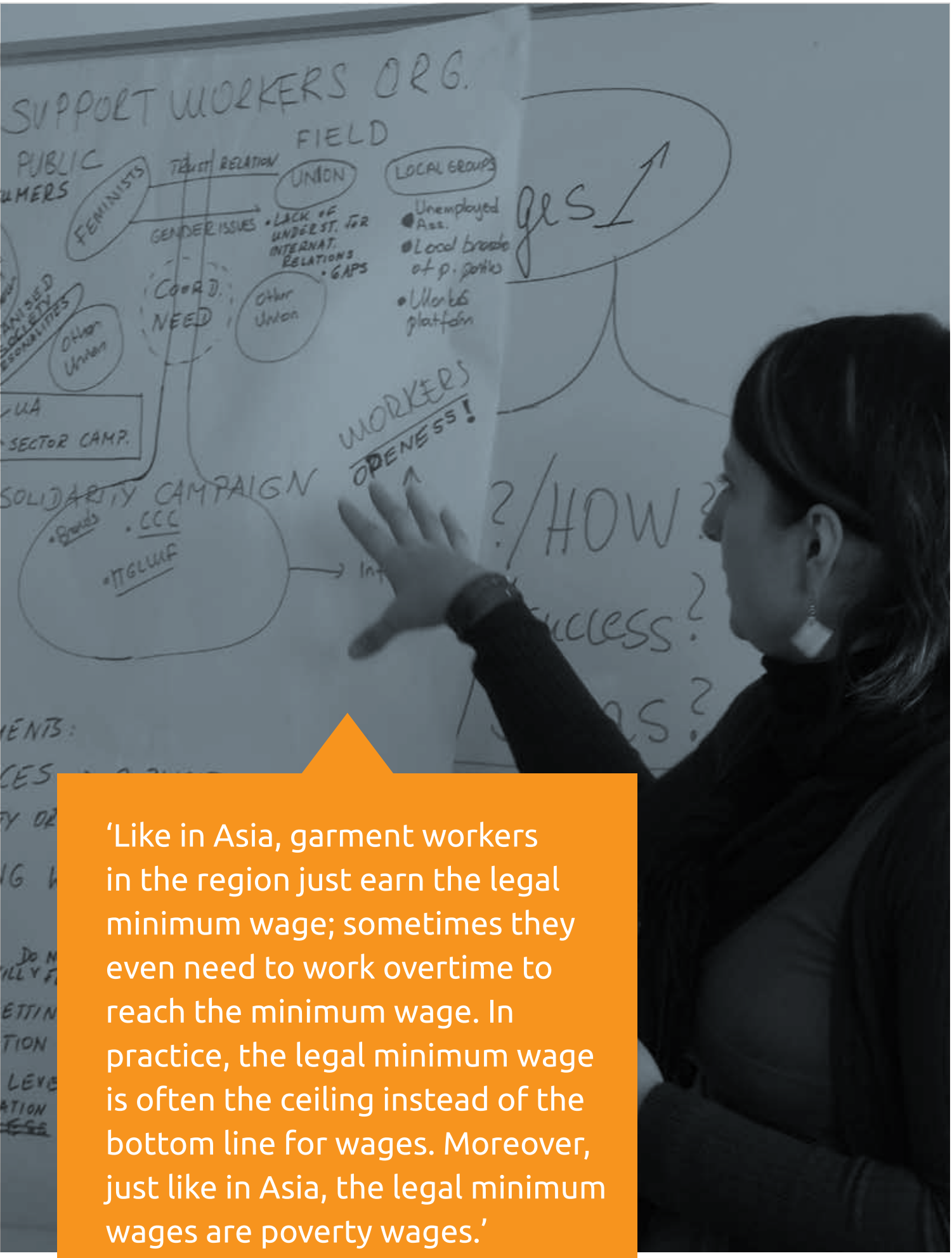
TABLE 2: Gendered economy: Garment industry wage - lowest among industries

COUNTRY	AVERAGE NET-WAGE IN THE GARMENT INDUSTRY (2012), IN EURO[41]	AVERAGE NET-WAGE IN MANUFACTURING (2012), IN EURO (ACCORDING TO STATE STATISTIC OFFICES)
Bulgaria	141 Euro	168 Euro
BiH (RS)	189 Euro[42]	416 Euro[43]
Croatia	378 Euro	629 Euro
Georgia	132 Euro[44]	258 Euro
Macedonia	175 Euro (garment) 159 Euro (shoes)	252 Euro
Moldova	114 Euro (garment) 126 Euro (shoes)	Lowest: wood carving industry: 101 Euro Highest: automobile industry: 230 Euro
Romania	234 Euro (garments) 252 Euro (shoes)	Lowest: food manufacturing: 231 Euro Highest: coal and refined oil products: 816 Euro
Slovakia	392 Euro (garment) 470 Euro (shoes)	627 Euro
Turkey	251 Euro[45]	415 Euro
Ukraine	145 Euro	296 Euro

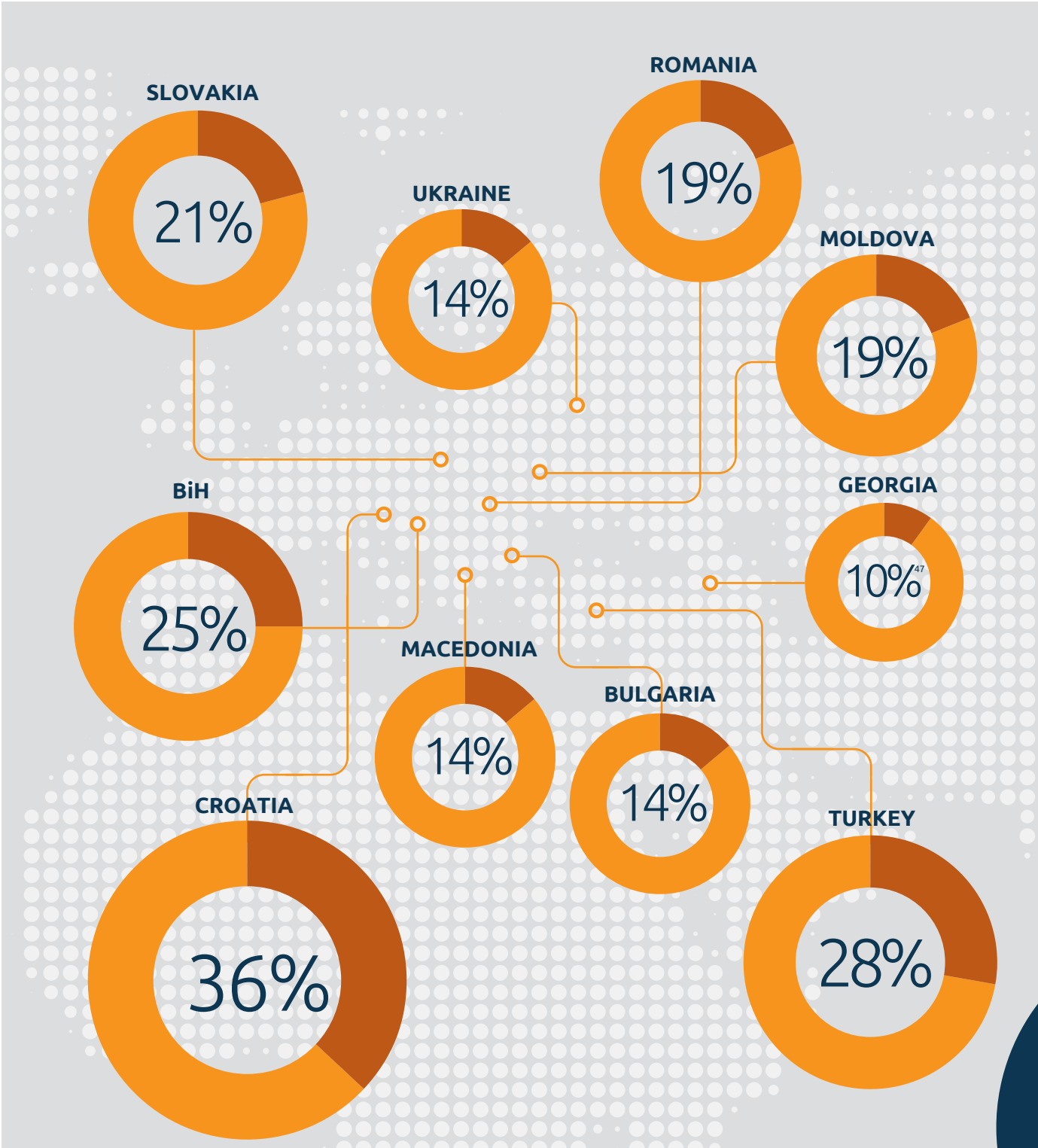
HUGE GAP BETWEEN LEGAL MINIMUM WAGE AND MINIMUM LIVING WAGE

The textile, garment and footwear industry is sometimes described as a 'caravan' that moves across the globe searching for 'competitive costs'. Indeed, the decision by garment producers to take back part of the production to Europe can be linked to the rising labour costs (in terms of real currency, not necessarily in terms of purchasing power) in countries such as China or Malaysia and to comparatively low wages in the researched region. For certain companies, especially for medium-sized companies, specialized products and smaller volumes such as work wear, and for fast-fashion lines of global buyers such as Zara and H&M, it became economically simply more advantageous to produce in Europe's cheap labour countries. As of 2013, Bulgaria, Macedonia and Romania have lower legal minimum wages than China; Moldova and the Ukraine have even lower legal minimum wages than Indonesia.

The countries where the legal minimum wage is the lowest in relation to an estimated minimum living wage (below 20%) are Georgia, Bulgaria, Ukraine, Macedonia, Moldova and Romania.



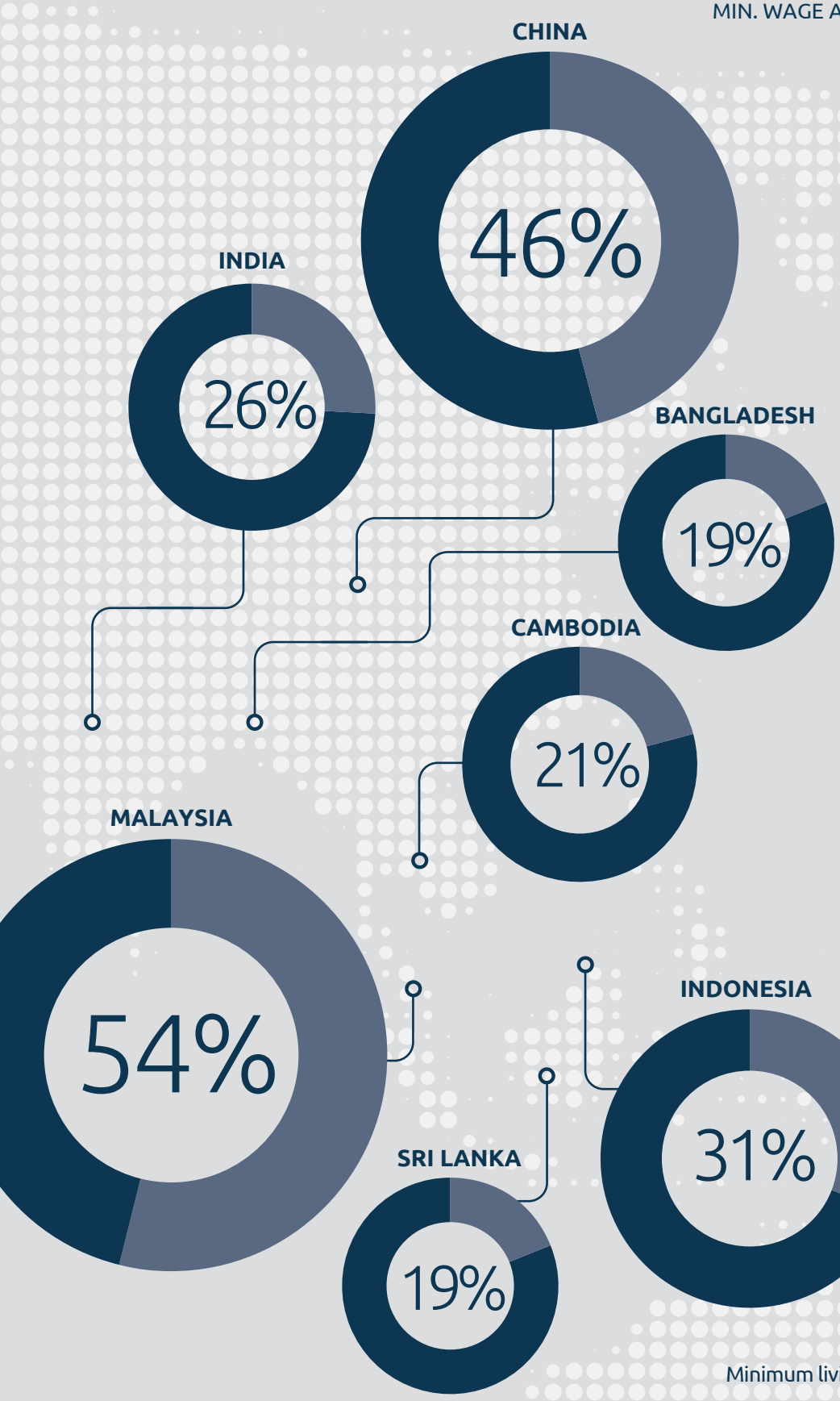
‘Like in Asia, garment workers in the region just earn the legal minimum wage; sometimes they even need to work overtime to reach the minimum wage. In practice, the legal minimum wage is often the ceiling instead of the bottom line for wages. Moreover, just like in Asia, the legal minimum wages are poverty wages.’



In all researched countries there is an immense gap between the legal minimum wage and the estimated minimum living wages and this gap tends to be even larger in Europe's cheap labour countries than in Asia. The estimation for a minimum living wage in Eastern Europe and Turkey is based on workers interviews. Workers were questioned on household expenditures[53].

LEGAL MINIMUM WAGE IN ASIA AND EASTERN EUROPE FAR BELOW A LIVING WAGE

MIN. WAGE AS A PERCENTAGE OF A LIVING WAGE



EASTERN EUROPE
ASIA

LEGAL MINIMUM NET WAGE IN EURO[46]	
Bulgaria	139 Euro
BiH (RS)	189 Euro
Croatia	308 Euro
Georgia	52 Euro[47]
Macedonia	111 Euro
Moldova	71 Euro
Romania	133 Euro
Slovakia	292 Euro
Turkey	252 Euro
Ukraine	80 Euro
Bangladesh[48]	50 Euro
Cambodia	61 Euro
China[49]	175 Euro
India[50]	52 Euro
Indonesia[51]	82 Euro
Malaysia	196 Euro
Sri Lanka[52]	50 Euro

Minimum living wage according to Asia Floor Wage.

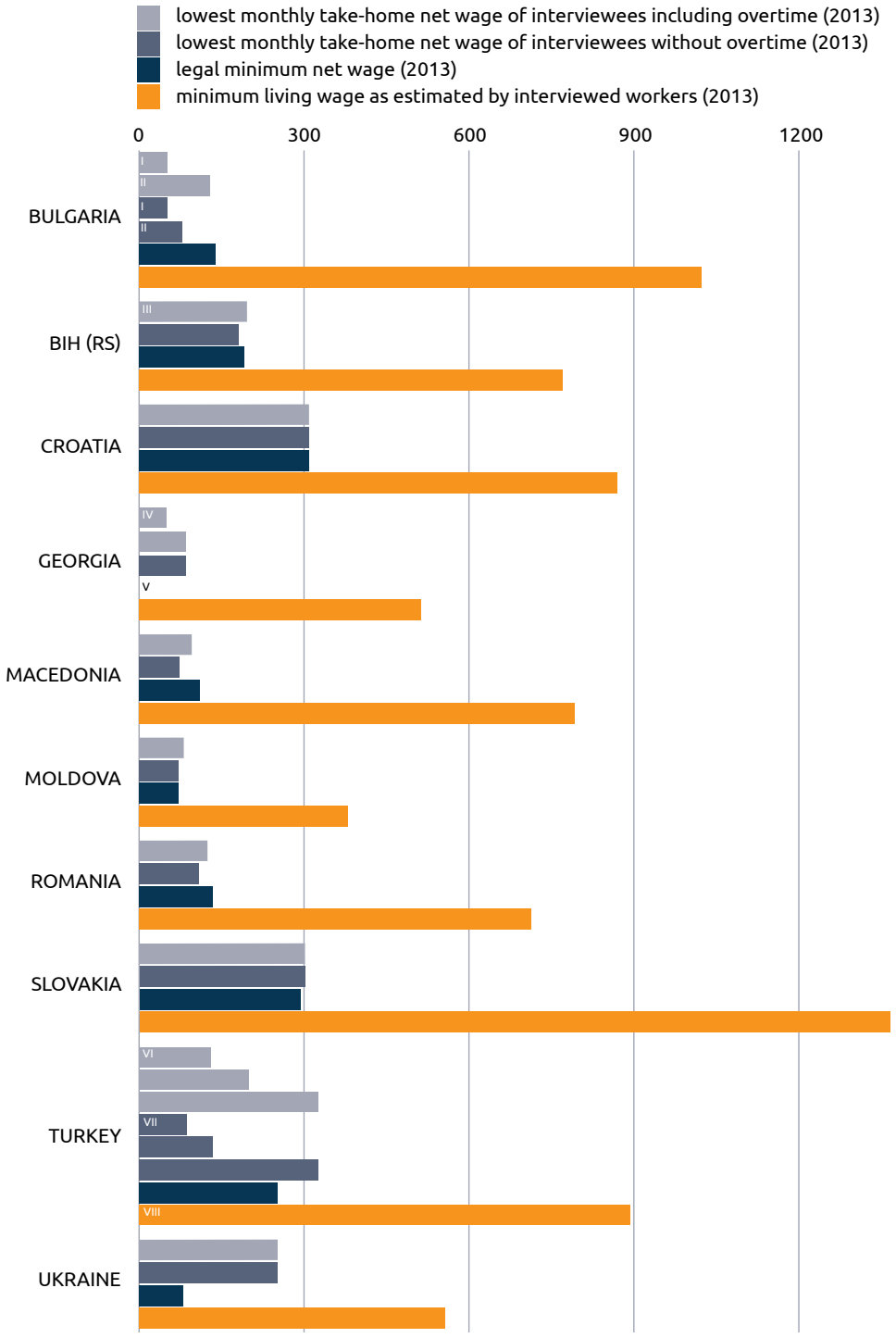
"I barely get the minimum salary, and one month I did not manage to reach the legal minimum wage after working even on Saturdays. I tell my boss that sometimes I don't make the minimum if I don't come on Saturdays" and he says: 'Then come on Saturdays'."

Romanian worker with more than 25 years of service in the factory

2.2 FINDINGS IN RESEARCHED FACTORIES: TAKE-HOME WAGE, ESTIMATED MINIMUM LIVING WAGE

According to the law, the legal minimum wage should be earnable within regular working hours. This means that overtime should be paid on top and at a higher rate. However the research findings revealed that in most countries not even the extremely low legal minimum wage is respected and overtime is a necessity to reach a minimum wage level. In Bulgaria, Macedonia, Romania and Turkey the lowest found net wage (including overtime) is even below the legal minimum wage.

TABLE 3: Real take home wage (in Euro) per month (without overtime) is often lower than the legal minimum wage



"This month, I was lucky I got the minimum, but many women don't manage. If you work 8 hours from 7.00 to 16.00, you can make perhaps 155 Euro (gross), maximum 177 Euro (gross)."

Romanian worker

I During forced leave when there are no orders.

II During normal working season.

III Average take-home net wage according to all interviewees in Republika Srpska, BIH.

IV Salary for the first month.

V No legal minimum wage.

VI 130 euro for ateliers in the Batman region, 196 euro for a factory in the Batman region and 326 euro for a factory in Istanbul.

VII For ateliers in the Batman region, based on average working days of 12h.

VIII Average minimum living wage expectation of interviewees is 890 Euro. Turkish Trade Union calculated 1095 Euro as the poverty level.

"The only thing I want from that company is higher wages. I think we deserve more for what we do, we deserve a higher salary."

Croatian worker

"If we only depended on our wages, we would starve to death."

Turkish worker

The lowest take-home wage (including overtime) per country covers only 13% to 46% of what is estimated by workers to be a minimum living wage. Workers therefore have no chance to cover their basic needs with these wages, even if they work many overtime hours. While in Croatia workers stated that the wages they earn are just enough to buy food for the family, workers for example in Romania stated that one wage would cover only 40% of the food costs of their family.

TABLE 4: Even with overtime a garment worker's wage cannot cover the most basic needs

COUNTRY	LOWEST TAKE-HOME-NET-WAGE OF INTERVIEWEES INCLUDING OVERTIME (2013)	SHARE OF ESTIMATED MINIMUM LIVING WAGE (2013)
Bulgaria	129 Euro	13%
BiH (RS)	196 Euro[54]	26%
Croatia	308 Euro	36%
Georgia	83 Euro	16%
Macedonia	97 Euro	12%
Moldova	81 Euro	21%
Romania	124 Euro	18%
Slovakia	300 Euro	22%
Turkey	130 Euro[55]	15% (Eastern Anatolia)
	196 Euro	22% (Eastern Anatolia)
	326 Euro	37% (Istanbul)
Ukraine	253 Euro	46%

In all researched countries (except Istanbul region, Croatia and Ukraine), the lowest found take-home net wages do not even reach 30% of an estimated living wage[56] .

Our research shows that working in the garment industry contributes substantially to poverty. The take-home wage of garment workers is far from reaching the subsistence minimum, let alone a living wage. From the interviews conducted it became clear that jobs with such a tremendously low wage create poverty rather than fighting it.

EU COMMISSIONED RESEARCH

Recent reports on the risk of poverty in the EU[57] question whether having a job is an effective way of escaping poverty, and finds that the rate of working poor has significantly increased especially in Bulgaria and Romania.

One of the **five headline targets** of the "**Europe 2020, an EU strategy for smart, sustainable and inclusive growth**" is to reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion by 2020. Most of these 20 million live in Bulgaria and Romania. Bulgaria and Romania are the countries with the highest At-Risk-Of-Poverty rate in the EU. Bulgaria leads the statistics with great distance[58]: Bulgaria (49.3%), Romania (41.7%), Latvia (36.6%), Greece (34.6%), Lithuania (32.5%), Hungary and Croatia (both around 32.0%) in 2012.

"We blindly accept any kind of contract that was given to us due to the lack of funds to care for the family."

Georgian worker

'Asked how she can support her family from her wage, M. started to cry. "It is impossible. I only come back with pennies at the end of the month. Only the monthly ticket for the bus and the phone and internet bill is taking half of my wage. I need to take an advance from the salary every month to pay them on time. How about pocket money for the children, or a visit to the dentist? It is unimaginable."

Romanian worker

DEVELOPMENT OF KEY BRANDS

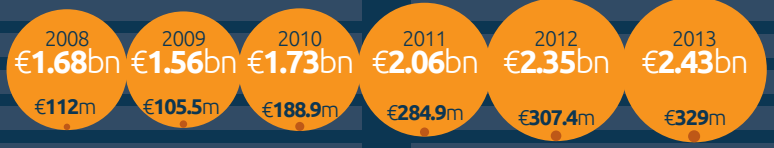
H&M, Inditex/ Zara, Adidas group, Hugo Boss (2008-2013)[59]

TURNOVER (in Euro)

PROFIT (in Euro)

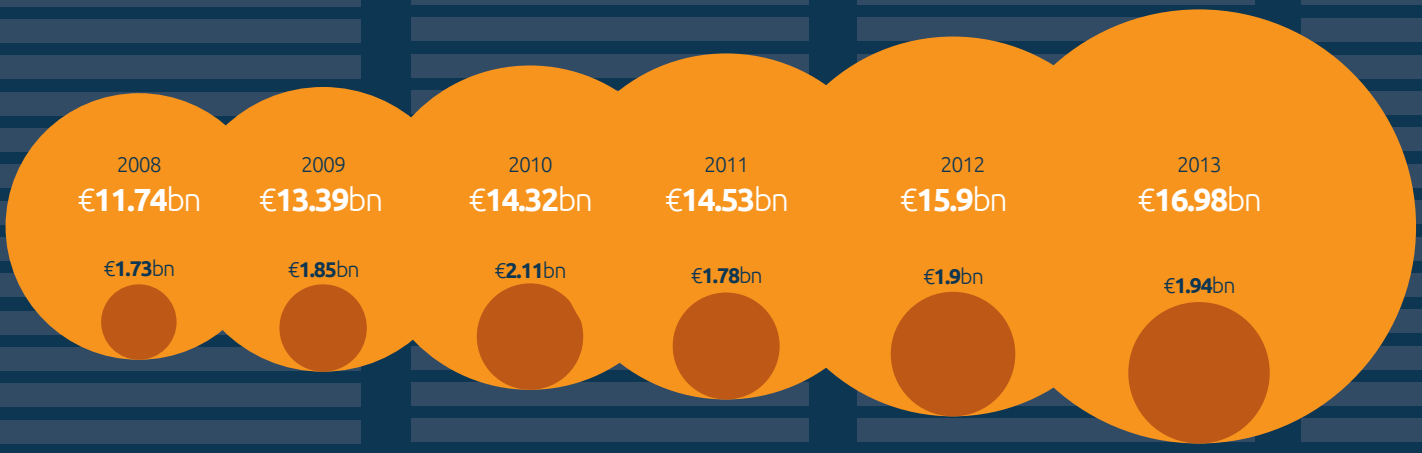
HUGO BOSS AG

BOSS, BOSS Green, BOSS Orange, HUGO



H&M

H&M, COS, Monki, Weekday, Cheap Monday, & Other Stories

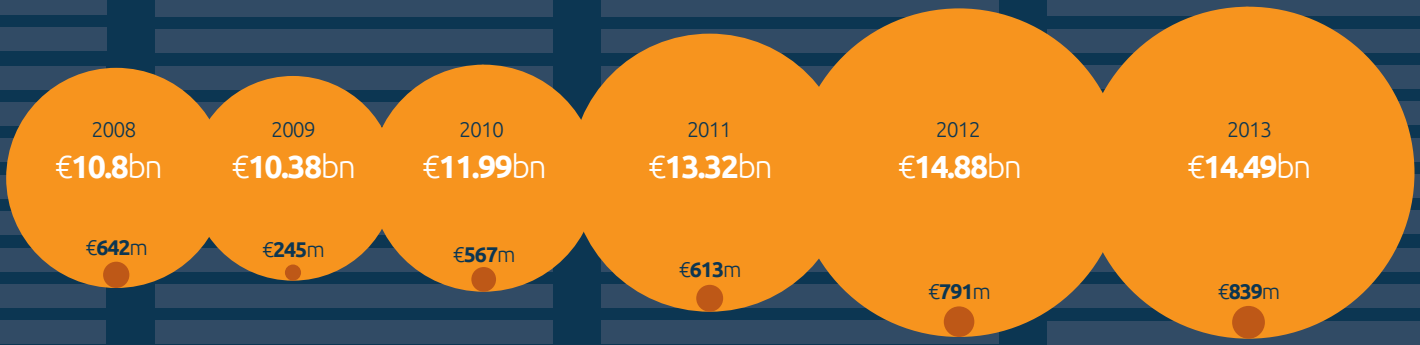


SHARP CONTRAST: BRANDS' AND RETAILERS' PROFITS

While poverty wages are being paid, prominent brands in the garment industry are making horrendous profits, even during and after the economic crisis.

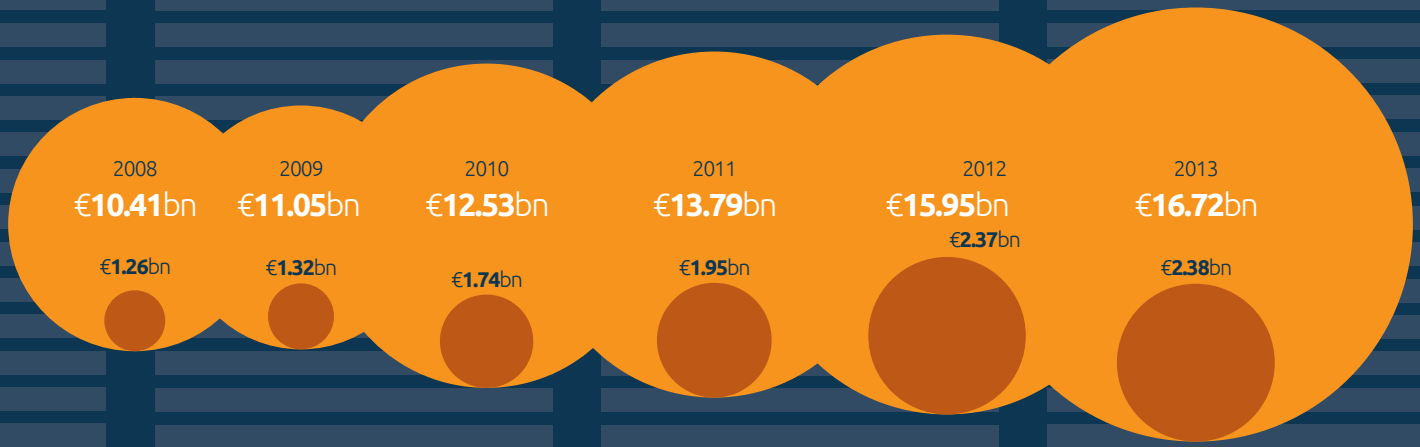
ADIDAS GROUP

Adidas, Reebok, Taylor made, Rockport



INDITEX GROUP

Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home, Uterqüe



Adidas workers in BiH earn

€ 9,00

for a 10 hour work day.
Georgian workers get

€ 5,00

for 8 hours per day.

CASE STUDY: WORKERS PRODUCING FOR ADIDAS EARN WAGES BELOW THE POVERTY LINE

In summer 2013 a total of 50 workers at two Adidas-suppliers were interviewed. The research revealed that **workers in Georgia and Bosnia & Herzegovina (BiH) don't earn enough to buy food for their families** – let alone to live a decent life.

The wages in BiH only cover about 70% of food costs and about 26% of an estimated minimum living wage. Moreover sometimes workers from BiH do not even earn the legal minimum wage. Adidas workers in BiH earn 9 EUR for a 10 hour work day. Georgian workers get 5 EUR for 8 hours per day. Both earnings are considerably below the national poverty lines.

Adidas profits from the absence of legal and institutional worker protection in Georgia.

Additional worker rights violations identified were:

- Stipulations in labour contract differ from real terms; sometimes there are no contracts and payslips.
- Extreme work pressure and difficulties to take any kind of leave including sick leave.
- Insufficient heating and no air conditioning, resulting in health problems of workers (e.g. kidney failure)
- Permission needed for going to the toilet or for standing up at all.
- Shouting and intimidation by management; disciplinary wage deductions.

Immediate steps required of Adidas

A As a first immediate step, Adidas has to make sure that workers receive a basic net wage (without overtime and bonuses) of at least 60% of the national average wage. As a further step, the basic net wages have to be increased towards the level of the estimated minimum living wage.

B Adidas has to analyse and adapt their price structure in order to make sure that the actual price they pay to the supplier allows for these wage hikes.

C Adidas has to make sure that the right of workers to freedom of association and collective bargaining is respected. This includes right to information on the terms of employment and wages in the first place. Adidas has to seek cooperation with labour and human rights organisation (in the case of Georgia: with the Georgian Trade Union Confederation GTUC).

D In absence of full labour regulation, Adidas has to abide by ILO-conventions and the Jo-In Code (Joint Initiative on Workers Rights and Corporate Accountability) requirements.

CASE STUDY: SYRIAN MIGRANTS PRODUCE FOR GLOBAL BUYERS LIKE ZARA (INDITEX) AND H&M

Located in the south east of Turkey, Batman is a city with a population of 348,963. As of 2011, Batman had with 25% the highest unemployment rate within Turkey. Public authorities advertise the region as being "cheaper than China." Usually factories in Batman produce for companies in big well-connected cities to international markets such as İstanbul, İzmir and Bursa, which directly supply global brands and retailers. Within the Batman garment sector, there are further subcontracting systems to small ateliers – similar to complex supply chains in Petrich, south west of Bulgaria.

The researched medium-sized sweatshops employ 80-90 or 220-230 workers, respectively, of whom 30-40% are unregistered and therefore deprived of their most basic social benefits. The workers earn a monthly salary of 600-900 TL (196-293 Euro). For that salary, they have to work 10-10.5 hours per day, which equals 30-50 overtime hours per month. The two researched factories supply well known brands including H&M and Zara (Inditex.)

Additionally a small atelier, a subcontractor for local factories, was researched. The atelier employs 18-20 workers. The workers are Kurdish women and unregistered. Among the workers there were also migrants from Syria. An 18 year old female worker from Syria was working there for two years without any legal protection. Workers in this atelier can earn around 400 TL (130 Euro) monthly. They start working at 09.00 and if there are urgent orders they work until midnight and even until the next mornings. They do not receive overtime payments at a higher rate as stipulated by law. Workers at this atelier do not know which brands they produce for as they never see any labels.

Since many of the workers in the Batman region are unregistered, they have difficulty to obtain health services. For more serious problems they have to pay the hospital bill themselves. They state that they "are trying hard not to get ill".

Immediate steps required of H&M and Inditex:

A Respect the Turkish law on overtime and legal minimum wage throughout the entire supply chain (including subcontractors of subcontractors).

B Wages must be immediately raised to the poverty threshold of at least 60% of the average national wage. Buying prices must be calculated on this basis and allow for the wage hikes.

SMALL ATELIERS

Workers in small atelier can earn around

€ 130

(400 TL) monthly.

They start working at 09.00 and if there are urgent orders they work until midnight.

09.00 - MIDNIGHT

Sometimes even until

THE NEXT MORNING

"If there is no overtime, there is no money. We need overtime because of the additional money. Because our salary is not enough as you can see. How can I make my living when I pay 950 TL (310 Euro) for our house and what remains is not enough for the rest of the cost?"

Turkish worker

"The last few years, I have used every day off to work on the family farm, because without that income, only with the salary, it would not be possible to cover the expenses for the family."

Worker in
Bosnia & Herzegovina

2.3 WORKERS' COPING STRATEGIES DESPITE POVERTY WAGES

Despite their employment and regular income, garment workers live in extreme poverty. We therefore asked them what their strategies are to cope with this poverty situation and how they manage to survive. This is what they told us:

- **Working overtime** to increase wages is one of the most widespread strategies. Research showed that overtime occurs regularly. Workers stated that their workweek was usually 42 hours (Croatia), 54 hours (Romania) and up to 60 hours (Moldova). In Turkey standard working hours could rise up to 72 hours and among homeworkers in Bulgaria up to 108 hours per week. In the majority of the researched countries, overtime was usually between 4 hours and 20 hours per week.

- **Subsistence agriculture (especially in Georgia, Macedonia, Bosnia & Herzegovina, Moldova, Bulgaria and South-Eastern Turkey)**. The agricultural land is cultivated by the extended family or shared among friends, whereby households subsidise their low wages and save on food. For example 62% of all interviewees in the Republika Srpska (Bosnia & Herzegovina) stated that they themselves grow vegetables and fruits for subsistence. In Georgia and parts of Macedonia it is particularly evident that management counts on subsistence agriculture as a conscious strategy to keep salaries low. Employers build factories in rural areas where people are clearly engaging in agriculture and thus have additional income. Macedonian factory owners stated that they adapted the working hours accordingly: They start at 06.00 and finish at 14.00, so that the workers have time to work on their agricultural land. In countries, where minimum pensions are extremely low such as Georgia or Moldova, the number of dependents on the wages increases and own agriculture is even more necessary.

"No one is forcing us to stay overtime, but if we want to make the monthly norm and gain a little bit more money we have to. If the supervisor tells us we need to come and work on a Saturday or during a holiday, we must come. Sometimes, workers ask permission to stay at home during holidays but in such a case we must have a very good reason – like a health problem or so."

Moldovan worker

"Without overtime we cannot survive."

Turkish worker

"In order to properly take care of my family and land, I need to wake up at 5.30 every morning. Every morning, I milk the 2 cows I own and knead the dough for bread which I leave for my mother-in-law to bake. She is old, but she is still able to bake it and feed the children while I'm at work. After kneading the dough, I take care of the vegetable garden, clean the house and prepare breakfast and dinner for the children. Although my in-laws receive a pension of 100 GEL (42 EUR) each, their entire pension goes to their medications. Our biggest expenditure is food, although I have two cows for milk, butter and cheese, and I have fresh vegetables from my garden."

Georgian worker

- **Debt:** For any unexpected expenses such as school stationary or text books workers have to take loans. They usually take loans from neighbours or friends or from the bank. Very often interest rates at banks range between 15 and 20%.

- **Living in "survival mode":** Workers stated that they are saving on health and heating, they cannot pay regularly for utility bills, they extend rent payment due to inability to afford housing loans, they have only irregular or inexistent medical check-ups (especially dentist check-ups) and they try to prevent any visit to the doctor, they cannot pay school supplies every year, they lack recreation, cannot travel outside the town, they always have to buy the cheapest, discounted and biggest packages in supermarkets or second hand utilities and clothes, they have to rely on stolen electricity, they use multiple credit cards until each card has reached the credit limit.

"I buy the biggest and cheapest bottles of shampoo, cook rice and potatoes for my children and maybe once a week we get a piece of chicken to cook. It's very hard if you don't have any land. This is our only income. Since my transportation is not covered by the factory, I need to spend 200 MDL (11 Euro) per month only for the minibus every day. This year I borrowed 1.000 MDL (54 Euro) to buy the cheapest school supplies for my two children and I pray I don't need to pay the school any other common fees in the next 3 months while I pay it all back."

Moldovan worker

"We do not have overtime and this allows me to work with my husband on the land. If we don't produce something, we cannot survive. With my salary we can only pay the utilities, and we also have a loan to pay... I pray to stay alive and healthy so I could work constantly, otherwise how will I get paid? You are wondering how do we survive, but tell me what can I do? It will be worse without this job. At least we get paid every month."

Macedonian worker

"With our salary it is impossible to live a normal life. Everyone here has some relatives who support him or her. We are lucky we grow our own vegetables in the village and in the summer that is what we eat. But in the winter life is very hard."

Moldovan worker

"The only leisure time activity one worker reported was that they once collected money to buy meat for a barbecue in the forest."

Researcher in Moldova

"Some of the workers reported that in order to survive, they have to work in small ateliers after their regular shift in the factory."

Turkish researcher

"When workers talk about holiday, they usually use words like "dream", "heaven", "luxury for us". Questions on savings usually makes them laugh. They say that they have zero social life. A worker stated: "The picture is clear, it is not possible for us to make savings since we cannot afford basic needs."

Turkish researcher

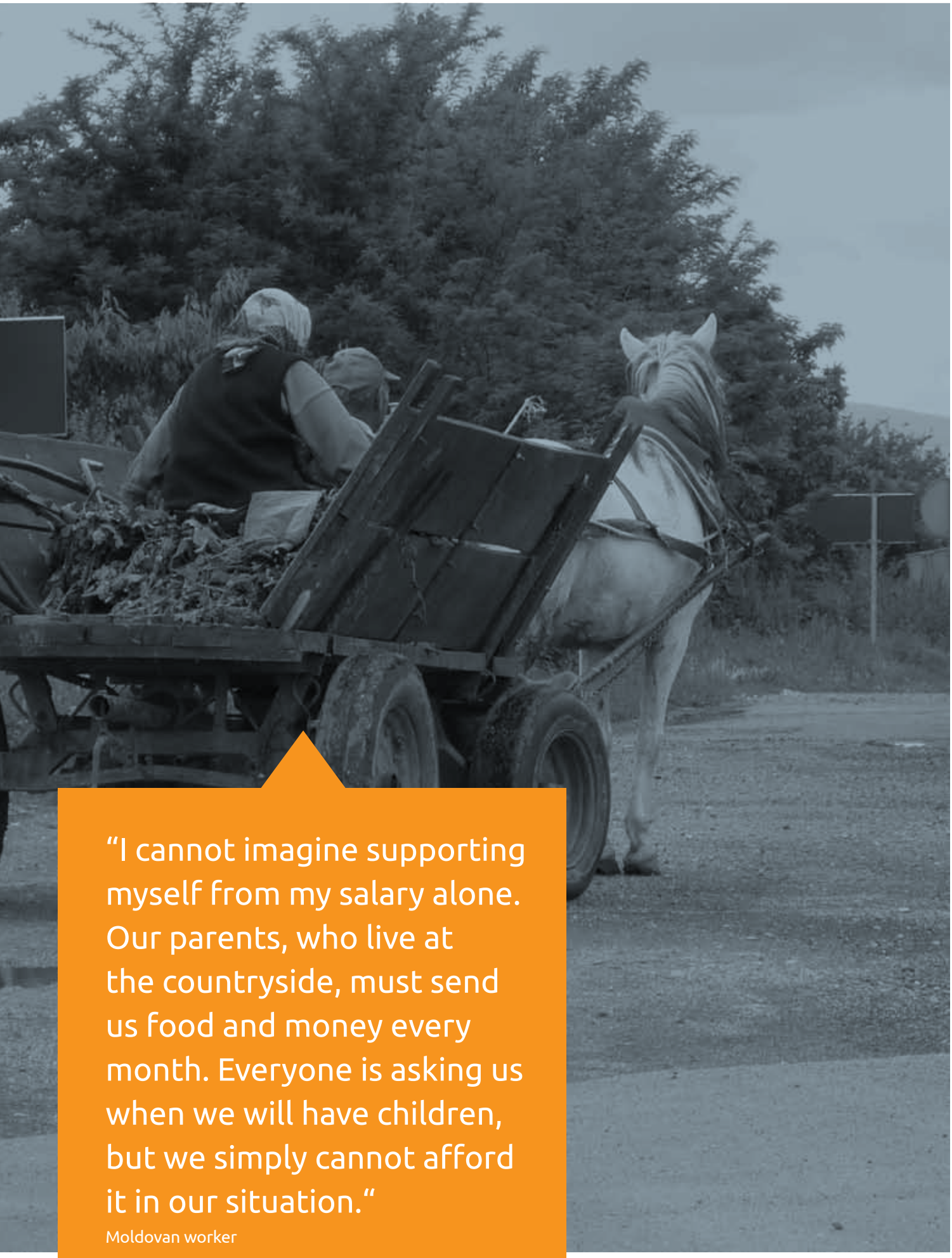
"There is nothing in our hand; we are only surviving on a daily basis."

Turkish worker

"I live with my mother who is handicapped and receives a pension of 125 BGN (64 Euro), but at least I have someone to care for my child when I am working 12 hours a day. I come back home tired. I do not remember when I last watched a movie or went to the theatre; I have not been out with friends in a restaurant or café; this is like a dream for me."

Bulgarian worker

• **Multiple jobs:** Many female garment workers engage in the informal labour sector in addition to their factory job. They are cleaning or selling food in order to top up their poverty wages. In Istanbul workers report about having multiple jobs in the garment industry.



"I cannot imagine supporting myself from my salary alone. Our parents, who live at the countryside, must send us food and money every month. Everyone is asking us when we will have children, but we simply cannot afford it in our situation."

Moldovan worker

03

CHAPTER THREE

WORKING HOURS - OVERTIME

40 hours is the standard working week in Bulgaria, Croatia, Bosnia & Herzegovina, Macedonia, Moldova, Romania, Slovakia, Ukraine and Georgia. In Turkey the law states 45 hours.

3.1 LEGAL PROVISIONS AND DEVELOPMENTS IN THE GARMENT INDUSTRY IN THE RESEARCHED REGION

The legal provisions concerning overtime vary hugely. In Georgia nothing is stipulated except: The maximum working time per day is 12 hours.

WEEKLY WORKING HOURS

The maximum weekly overtime hours can be between 8 hours (Croatia, Macedonia, Slovakia, Romania) and 20 hours (Bulgaria). For Turkey there is no weekly limitation. This contradicts the ILO Convention 1 (max 12 overtime hours per week).

Overtime per year can range from 120 (Moldova) to 400 hours (Slovakia). In some countries there are no regulations concerning maximum overtime hours per year, e.g. in Macedonia and Bulgaria.

Also **overtime** rates vary. In Croatia it is left to the negotiations between employers and employees and in Georgia there is no regulation at all. ILO Convention 1 stipulates that the overtime rate should be at least an additional 25%. Such a premium overtime rate of additional 25% is regulated in Bosnia & Herzegovina's, Macedonian, Romanian and Slovak laws.

Note that **Multistakeholder Initiatives** such as Ethical Trading Initiative (ETI) and Fair Wear Foundation (FWF) as well as the Joint-Initiative Draft Code (Jo-In code) require overtime to be voluntary and not exceed 12 hours per week, not be demanded on regular basis and compensated at a rate of at least one and a half times their regular hourly rate. This rate is stipulated in Bulgarian, Moldovan and Turkish laws.

"When we go to work we don't know when we will be back home. In one week, we work 50-60 hours, sometimes without days off; usually we work 200 hours in a month, but sometimes even 400 hours."

Bulgarian worker

3.2 FINDINGS IN RESEARCHED FACTORIES

Regular overtime occurs in all researched countries and workers state that it is difficult to refuse overtime or to get days off. In most of the researched factories overtime is not paid extra or not at full rate. In the researched factories in Bulgaria, Macedonia, Moldova, Romania and Turkey, workers had to work overtime beyond the legal limits.

"The payment for overtime work is always the same as for regular hours."

Moldovan worker

"The quota-system pushes women to work more in hope to qualify for an unofficial bonus paid once every 3-4 months to workers who meet their quota regularly. According to Moldovan law, the employer has to request workers to do overtime. In reality it is the other way around: The worker has to ask permission not to work overtime and give evidence, e.g. a certificate from a doctor."

Moldovan researcher

"Days off and sick leave are difficult to obtain. Even when the doctor prescribes sick leave, the factory does not approve it."

Worker in Bosnia & Herzegovina

CASE STUDY: ROMANIAN WORKERS

Workers supplying Zara (Inditex) and H&M claim that they cannot earn the legal minimum wage within the regular working hours and are forced to work excessive overtime.

In October and November 2013 a total of 22 workers of 2 suppliers for H&M and Zara were interviewed. Workers told the CCC that they do overtime that often exceeds the legally prescribed amount and sometimes the overtime does not even appear on the payslip and is paid in cash. Workers said that they sometimes can only reach the legal minimum wage if overtime and leave days are added on the payslip.

Immediate steps required from H&M and Inditex:

A Respect the Romanian law on overtime and legal minimum wage.

B Wages must be immediately raised to the poverty threshold of at least 60% of the average national wage. Buying prices must be calculated on this basis and allow for the wage hikes.

"Overtime is organised unofficially and does not figure on the official payslip, which only lists standard working hours. Overtime is not paid at the legally prescribed rate; it is paid as a continuation of the normal piece rate with a cash coupon of 2,10 Euro for Saturdays. Refusal of overtime can create tensions with management or supervisors."

Romanian researcher

04

CHAPTER FOUR

FORMAL EMPLOYMENT – LABOUR CONTRACTS

In all countries except for Georgia, legal provisions are in place as concerns employment relationships. In most of the researched countries a labour contract or in case of self-employed workers, paying health insurance fees is a precondition for coverage of health expenses through a state health insurance.

4.1 LEGAL PROVISIONS AND DEVELOPMENTS IN THE GARMENT INDUSTRY IN THE RESEARCHED REGION

There are reports from all countries that the garment industry is notorious for violating said regulations. Short-term contracts or driving workers into self-employment has become wide-spread.

In Romania it is reported: "According to labour law fixed-term contracts are only possible in exceptional cases. However, 6-12 months contracts are wide-spread. Contracts can be extended upon evaluation from management of the factory. In some cases, short term contracts pave the way to tax evasion and informal work: workers never have their contracts officially renewed while continuing to work for the factory informally. Informal work is common as workers can earn more without a formal employment contract. This is often a result of failure to officially extend fixed-term contracts after they expire. In October 2013, an official investigation conducted in three garment factories in Prahova revealed many workers were not employed as legally prescribed[60]. Investigations conducted in 2012 revealed another 100 workers without contracts at an Italian garment factory in Alba, who never had their fixed-term contracts renewed after their expiration[61]."

In Turkey and Croatia the growing use of labour agencies also applies to the garment industry where semi-formal arrangements of employment are wide-spread.

"Employees often sign contracts for a limited time, usually for a period of 3 months. If an employee works for the employer continuously for 24 months or if they work intermittently for 24 months over a period of three years, the working relationship becomes permanent. However, respondents point out that staying on the job often depends solely on the will of the employer."

Researcher Bosnia & Herzegovina

4.2. FINDINGS IN RESEARCHED FACTORIES

Informal or semi-formal practices include:

- **Misuse of self-employment** in Slovakia and Bulgaria (pushing workers into self-employment to avoid paying social security contributions as well as responsibility for workers)
- **Excessive use of short-term contracts** in Bosnia & Herzegovina, Bulgaria, Croatia, Georgia, Macedonia, Moldova, Romania, Slovakia.
- **Social insurance contributions are not paid by employers.**

"A fixed term contract cannot exceed a term of 36 months and can only be applied in certain exceptional cases – among them seasonal work[62]. This is being used in the garment industry. In reality fixed and short-term contracts for 6-12 months or around 1 year are wide-spread. In fact, only 3 of the 11 interviewees in one factory had indefinite contracts."

Moldovan researcher

"Workers sign short term contracts of 3-6 months for several years."

Macedonian researcher

"Protests against unpaid accrued workers salaries are common in Bosnia and Herzegovina. However, they are more about wage claims (no matter how low they are) than the amount of salary. In addition to the failure to pay workers' salaries, unpaid taxes and contributions are really the problem. Workers are entitled to a pension, but their pension is low since there is no contribution paid. According to a study[63] published by the Confederation of Trade Unions of B&H, an increasing number of workers which will not be able to retire because of unpaid contributions to the pension fund."

Researcher Bosnia & Herzegovina.

- **Deviations of contract clauses from actual practice** as concerns working time and wages: In Bulgaria researchers report that workers are officially employed part-time (e.g. 4 hours a day), but work full hours and even overtime. In most researched countries, there is very often a difference between the wage stated in the contract which normally is the legal minimum wage, and the actual wage where the difference is paid in cash "in the envelope". In a Georgian sportswear supplier the contract states a wage of 125 GEL (52 EUR), but the received wages is higher. This means that employers save cost on the back of the workers who are deprived of their social insurance payments.

4.3 INFORMAL WORK AND HOME-BASED WORK

Studies from Turkey, Bulgaria and the Ukraine state a high percentage of informal or semi-formal arrangements in the garment sector. Practices include misuse of self-employment, closing factories and driving workers into home-based work (Bulgaria) or not prolonging short-term contracts. For Bulgaria the Home-Based Workers Association (HWA) estimates that in addition to the approx. 100,000 registered workers another 50,000 home-based workers are working in the sector; for the Ukraine an employers association assesses that in addition to the registered employees the same number of workers is working informally and thus doubling the actual workforce in the sector. Often statistics only cover companies with a minimum number of employees, which means that micro enterprises such as garage or atelier sweatshops do not feature in statistics, even though majority of factories in the garment industry are small and micro-firms.

We estimate that in Turkey at least two-third of the garment industry is informally organised and in post-socialist countries on average every third garment worker does not enjoy (full) legal rights – above all lacking a proper labour contract and the full social insurance payments. Even though statistics of registered garment workers vary a lot in some countries like Turkey and the Ukraine, we estimate that almost 2 million garment and shoe workers in the researched countries are employed under extremely vulnerable conditions deprived of their minimum legal entitlements.

Layers of informality exist:
- There are ateliers in Turkey or garage sweatshops in Bulgaria, where workers are hired on daily basis, no overtime concept exists despite overtime hours that sometimes last until the next morning. These are subcontractors (of subcontractors) of 1st tier suppliers.

- And there are on the other hand unregistered workers at regular workplaces with a high percentage of unregistered workers who have no social insurances.

A continuum exists between formal and informal work. While one worker might have a proper contract and all mandatory contributions are paid, her colleague in the same production line might not enjoy these rights.

"Interviews showed that informality is one of the basic rules in the employment relations. In the two researched factories approx. one third of the workers are unregistered. In a subcontractor that employs 20 workers, only 4 workers are registered. All female workers were unregistered."

Turkish researcher

"I needed to go to an allergist, but I blew all possible dates only because I did not want to get fired. Finally, I went to the doctor to get my injection for my allergy, but the doctor refused to treat me because the company hadn't paid my insurance."

Slovakian worker

CASE STUDY: WORKERS TOIL FOR PREMIUM BRANDS LIKE HUGO BOSS

Between May 2013 and January 2014, a total of 40 workers of four production sites in Croatia and Turkey where Hugo Boss clothes are produced were interviewed. The research revealed that the wages of workers producing for Hugo Boss are far below an estimated minimum living wage.

Additional issues in factories in Croatia and Turkey where Hugo Boss garments are produced include:

- Denial of freedom of association and the right to collective bargaining, active union busting and mobbing of unionists, forcing and bribing workers to resign from the union
- Outsourcing and re-hiring of workers in sister companies on lower terms
- Sexual harassment, shouting, intimidation
- Overtime and overtime bonus not paid according to the law
- Women's reproductive rights are denied (e.g. obliging women not to get pregnant)

Immediate steps required from Hugo Boss

A Wages in production countries in Central, Eastern and South-Eastern Europe as well as in Turkey must be immediately raised to the poverty threshold of at least 60% of the average national wage. Buying prices must be calculated on this basis and allow for these wage hikes.

B Enter into dialogue with unions and labour / human rights organisations in Croatia and Turkey on ending these abusive practices. Urge supplier management to stop these practices.

"I respect the company, I respect my work, why don't they respect me?"

Turkish Hugo Boss worker

05

CHAPTER FIVE

TRADE UNIONS

In some countries such as Bulgaria, Romania and Croatia, new union laws were introduced to make it more difficult for unions to be accepted as representatives in a factory and on national level. Consequently collective bargaining is made more difficult as well.

Unions taking part in the tripartite negotiations on the minimum wage are reluctant and modest in their demands towards minimum wage increases. There are hardly any public discussions around earning a living wage. However for instance in Moldova and Bosnia & Herzegovina there have been demonstrations around a decent wage in 2013.

5.1 LEGAL PROVISIONS

Researchers from Croatia noted that there are considerable barriers to organizing. Among them are wide-spread anti-union and anti-worker sentiments in media and society. Employers also exert anti-union pressure always justified by the difficult situation in the sector and international competition. Unions are said to ruin companies. Additionally the government is interfering pro management.

Moreover, fixed-term contracts are significant barriers to union organizing. While there are very few Collective Bargaining Agreements (CBAs) in the textile and garment industry, CBAs could guarantee overtime bonus (50%), on transportation and public holiday bonuses or supplements for high performance. The limited leeway for CBAs in the garment industry restricts drastically the opportunities for wage increases. As a sector with weak or non-existent collective bargaining, the legal minimum wage is the only form of collective wage regulation.

"I feel that life is hard being a garment worker. I am sure that managers and politicians don't know anything about our living conditions."

Slovakian worker

"What hurts me most is that women in the factory are too afraid to organise and challenge the management on the low payment. If we go together, maybe we could change something, but workers are terrified to lose their jobs in this economy. But after all we are all in this situation together."

Romania worker

5.2 FINDINGS IN RESEARCHED FACTORIES

With the exception of Turkey, it was extremely difficult for researchers to find workers who were willing to be interviewed. Even organisations like the union Novi Sindikat in Croatia and the Home-Based Workers Association in Bulgaria, which are organizing workers, found that workers were reluctant to be interviewed. Workers feared to get into trouble from management. Sometimes they said (e.g. Bulgaria, Slovakia) that they had signed an agreement not to speak about "internal conditions" of the company.

In countries like Slovakia and Croatia, where employers and also unions strongly argue with relocation threats and where even official statistics on unemployment rates are very high (Croatia: 18.4%, Slovakia: 14%), workers are hugely concerned with losing their jobs. This fear overshadows all other concerns.

"Workers are aware that in certain segments, their rights are not respected, but they do not speak about that, because they are aware that such a procedure would mean automatic termination of employment, which they must not permit to themselves."

Researcher from Bosnia and Herzegovina

"You must not protest, you just have to function. Fear is forcing workers to do that. If I protest, I get fired - and I would feel relieved."

Bulgarian worker

"When big clients come to visit our factory to talk to the boss, they see the new equipment and are content but never ask about how much we make."

Romanian worker

"Field work revealed that attempts to organise for challenging the inability to reach minimum wage during standard working hours stopped mostly at the worker's level. In any case workers have made little attempts to increase wages as they see the job as a stable source of income and claim other factories pay even worse (or don't offer lunch tickets)."

Researcher in Romania

Workers fear to organize. They feel weak and replaceable. This became apparent in their hesitation and sometimes hostility when they were asked for anonymous interviews. If there is such a fear, the unionization is a huge challenge. Researchers stress that workers do not see the union as an actor that can improve their position. They consider the way they are treated and exploited as an inevitable attribute of capitalism. In addition to the extreme pressure at the workplace, this creates fear, fatalism and depression among many garment workers in post-socialist states.

Moreover unionists feel powerless in negotiations considering the omnipresent relocation threat and creation of a sense of competition between workers and countries.

Despite this extremely disadvantageous condition for exercising freedom of association and the right to collective bargaining, we found organisations like TEKSIF and Clean Clothes Campaign in Turkey and Novi Sindikat in Croatia which support garment workers.

"The union does not have the opportunity to fight for the increase in wages since it has to constantly deal with preventing illegal practices such as unpaid overtime or unpaid wages over a long period of time."

Croatian trade union acivist

06

"Last month, after I worked overtime and on two Saturdays, I made less than the minimum, so they stole five days of my vacation to raise the sum to 800 RON (177 Euro)."

Romanian worker

CHAPTER SIX

WAGE THEFT PRACTICES

Beyond the aforementioned unlawful practices, we would like to highlight some additional wage theft practices we observed in the researched countries.

- **Stealing leave days and overtime to make it seem like the minimum wage was reached** In cases when workers cannot reach the minimum wage, employers find unlawful ways to lift the salary up to the minimum wage: in some documented cases, paid annual leave was included in the payslip in order to lift the salary up to the minimum wage, although, according to workers, no vacation days had been actually taken that month.

- In almost all factories there are **irregularities in taking leave**: Leave is paid considerably less than the normal salary (e.g. Bulgaria); all employees have to take leave at a fixed time; workers are not free to take leave (sick leave, annual leave or other legal entitlements for leave) and never take their full leave they are entitled to, but mostly take only one week in a whole year.

  ILO Convention 132 stipulates that there should be a minimum of three weeks paid holidays. Leave must be remunerated at the average pay rate of the workers. The researched countries have regulations in place which (on paper) foresee even stronger regulations than ILO Convention 132.

- **Outstanding wages and severance payments when factories close:** This is reported as a regular practice from Bulgaria and Slovakia, but seems to be wide-spread all over the region. There are reports of companies that closed down and left workers with unpaid wages for months and unpaid severance payments. Additionally, workers could not contact the management because it left the country. Workers could not look for other jobs because their contracts were not terminated formally.

"Sometimes we receive about 900 MDL (50 euro) ‚in the envelope' if the supervisor likes us and we meet the quota some months in a row."

Moldovan worker

- **Non-payment of mandatory social contributions and cash payments "in the envelope":** Workers receive a part of their wage, which equals the legal minimum wage, on their account. Mandatory contributions are paid on this amount. In addition workers get the rest of their wages in cash. This semi-formal wage payment seems to be very common in Bulgaria, Romania and Moldova. From Bulgaria there are reports that workers are employed for four hours per day according to the contract, but in fact work ten hours a day and get paid in cash for everything beyond the four hours.

"With a salary of 90 Euro all benefits included, workers see overtime as great news, albeit paid 'in the envelope'. One interviewee said: "If I have to come on Saturdays, I will. At least I get the money in my hand. I know it will not be included in my pension but I need it right now. We don't have time to think about the pension. Many women at the factory are in the same situation."

Moldovian researcher

- **Misuse of apprenticeship schemes or probation period:** Regardless of their previous professional experience, workers are often engaged under an "apprenticeship scheme" for their first time in the factory. Under such schemes, they receive for the first one to six months either no or an extremely reduced wage (e.g. in Bulgaria and Croatia about 50% of a normal salary, in Georgia no wage in the first month). During this time, they don't enjoy training activities, but have to work like normal workers.
- **Disciplinary / arbitrary deductions** are used for various reasons in all countries, although to a lesser extent in Croatia. The fines that were found during the research include an "absence fine" for smoking a cigarette, visiting the bathroom for longer than the allowed time, for drinking water, for talking etc. In Turkey, workers were even fined when they fell ill.

Note that Multi-Stakeholder Initiatives such as Ethical Trading Initiative (ETI) and Fair Wear Foundation (FWF) as well as the Joint-Initiative Draft Code (Jo-In code) demands "no deductions as disciplinary measure or for reasons not provided by national law except with permission of worker".

"Workers are fined when they are ill and cannot come to work. The fine is 40 TL (13 Euro) in one of the researched factories and in the other researched factory, the overtime hours were cut. Their loss is even higher than if the normal working hours were cut, because the overtime is paid at a higher rate of 1.5 times compared to the normal working time."

Turkish researcher

"If you fail to fulfil the quota, you might be left with around 200 GEL (83 EUR) per month which is very little and is not even worth leaving your family."

Georgian worker

- **Pay discrimination against minorities, refugees and migrants:** There is evidence throughout the region that minorities such as Roma, Pomaks, Kurds, Syrian refugees and migrants without papers are paid less and often far below the legal minimum. They are employed because they are more vulnerable and more easily exploitable. Media in various of the researched countries report about labour migrants from Asian countries and their slave like conditions. In Romania and other countries in the region, bringing in labour migrants from Asia is a strategy used by employers and employment offices to cope with the increasing lack of a qualified workforce for a notoriously low paying industry. Bulgarian researchers note that employers "threaten" to employ Vietnamese people. In Macedonia for instance many Roma women are reported to work in the garment industry. They face a higher risk of sub-standard wages and conditions[64].
- **Norm that can only be reached with additional (unpaid) overtime or that is used as a disciplinary threat**
  Workers all over the region mention the payment based on a certain norm. In some countries, workers receive the minimum salary regardless whether they over- or under reach the targeted daily norm. In other countries, workers fear to lose their job or have wage deductions if they do not reach the norm. This results often in unpaid overtime.

"Workers are paid a fixed salary, but they have a norm that must be met during one working day. If the norm is not met, they are required to stay after working hours so that they finish the norm in order to not have their salaries reduced."

Researcher in Bosnia & Herzegovina

07

Men mostly work in the cutting unit and logistics. They have a set wage of 300-350 GEL (124-145 EUR), whereas women mostly have performance-related pay. Mostly their pay comes to around 250-300 GEL (104-124 EUR).

Georgian researcher

CHAPTER SEVEN

THE SITUATION OF FEMALE GARMENT WORKERS

80-90% of the employees in the garment sector are women. While in post-socialist countries 90% or more of the workforce are women, in Turkey the share of women is much lower and varies according to the position: The registered jobs are mainly held by men; women almost exlusively work at the bottom of the supply chain, in the "under the stairway" sweatshops and in homes. The share of women grows the deeper we get in the supply chain.

In Turkey cutting, ironing, knitting, dying jobs are considered "traditionally" to be men's work. On the other hand, jobs like cleaning, helping and basic sewing are paid lower wages and are seen as part of the domestic duties and therefore as "women's job".

In Georgia this more traditional gendered labour division has been re-established: Men are mainly employed on "difficult" jobs, they work as drivers, electricians, masters, operators, in delivery – and are better paid than women; women work in "in-house jobs" – under high pressure quota system.

In post-socialist countries sewing is almost exclusively done by women. Men sometimes work either in the ironing or packaging sections or as 'machinists' which qualifies them for higher wages – provided that seamstresses are not working with machines. While seamstresses are paid according to quota or piece norms and basically receive the legal minimum wages, workers in logistics or cutters or packers – usually men – are paid by the hour and tend to receive more than the legal minimum wage.

This **gendered division of labour** within the production unit usually serves as justification for the higher wages of men in the industry.

Moreover, the garment sector usually is the lowest or second lowest paid industrial branch, while other sectors with predominantly male workforce get significantly higher wages – sometimes three times as much (see table 2). The garment sector is infamous for low wages and bad working conditions.

Both, the gendered division of labour within the workplace and the comparison with other industrial sectors clearly indicate **gender pay discrimination**.

"My life is work and caring for my mother and my son. I don't have any personal life. If I was alone, I would leave for Spain, but now I have responsibilities towards my family. I live with the hope that someday my life will change, that I will receive a wage that I deserve for the heavy work I am doing. I would work eight hours a day, I would go on vacation, to the cinema and the theatre. My son and my mother would be smiling more frequently."

Bulgarian worker

WOMEN - CHEAP AND OBEDIENT WORKFORCE?

In Macedonia women said that they just work for the health insurance of the family and that it is very important for them to provide this basic social security to the family. For the impoverished population in Macedonia, a labour contract is the only way to get paid health insurance and therefore get access to the health system. In countries like Slovakia, Bulgaria, Macedonia and Romania many workers are **single mothers** (about 30 – 60%) or sole **breadwinners of the family** because very often their husbands are unemployed. Most workers have to care for and sustain parents or parents in law.

Testimonies of women show the triple squeeze, the **triple burde**n they feel: having responsibility for the family in doing paid work, care-work and growing vegetables to subsidize their poverty wages.

"I only get minimum wage and it's impossible for me and my family to live a decent life with as little as that money, I am glad that I have a job at all. After working here for so many years – 28 years, I can't imagine working anywhere else and of course there is little chance that I would even find another job with my age of 46. With a monthly gross wage of 380 Euro, I am counting every penny to cover basic needs. I have three children. Although I am not very glad about my wage, I am lucky that our employer respects the normal working hours (eight hours). This working time allows me to be at home when my children come home from school. Immediately when I come home, I have to cook lunch for them and for my husband. He works in a nearby engineering factory and earns very little as well. Our household budget is less then 800 Euro. Saving money is impossible. We live from month to month without any guarantee for the future. I don't know what we will do if our daughters want to go to university. Sometimes I hope they finish with secondary school and start to work. Also, it is hard to explain to them that we can't go on holidays just like other families. All our money is spent on basic needs, especially on food. Because food has become really expensive, I cannot buy good food, but we got used to this. We can afford meat only once a week."

Slovakian worker

Not just material deprivation is manifested in these testimonials, but also extreme **time-poverty**. The interviewed women wished to spend more time with their families and children and for themselves, but at the same time feel under pressure to earn more and sustain the family.

Under these burdens tens of thousands of **women are ruining their health** – mentally and physically. Garment workers do not have time or money for screenings and precautionary medical examinations.

It is not just the workload, but being exposed to **harassment** as a woman. Former workers who produced for Hugo Boss in Turkey have made this very clear in testimonials. This occurs in the form of mobbing and puts extra pressure that supervisors and managers can exert on these workers. The same group of Turkish workers also claimed that they had to sign a contract that included a clause to not get pregnant for the next five years. One of the interviewed workers stated that a colleague of hers decided to get an abortion because she feared losing her job due to the "violation" of this contract.[65]

Among the interviewed workers in the **Eastern Anatolian region** in Turkey, there were also young female workers between 18 and 30 years of age. These young women try to prepare their dowry until their marriage. They buy clothes and other fabrics for that purpose and earn money for their dowry. Although the majority of them are planning to quit their job after marriage, they also consider their job as an opportunity to go out of their home and socialize. Work, even though its conditions are not good, is still a space for women to earn their life and feel freer than staying at home. They earn approximately 730 TL (238 Euro) per month. They estimate that they at least need 1.020 TL (332 Euro) for a living wage, which is exactly the poverty level that was publicized by Turk-Is confederation. They try to cover the gap between their needs and wages by doing overtime. Since overtime payments are not paid according to the law, they are only able to earn an additional 160-200 TL (52-65 Euro) per month when they do 30 and 50 hours overtime. Without overtime workers were not able to meet their most basic needs, although they already sacrifice most of their needs, such as education of children, cultural activities, clothes, shoes, holidays, health, or maintenance of their houses.

Female workers are particularly vulnerable and dependant on their job for many reasons, and among them is a huge **fear** of losing the job and with the job a minimum social security for themselves and their families. **This fear is exploited by management to pressure female garment workers to agree to the worst labour conditions.**

"We work like robots. No rest. Nerves are ruined, eyes are spoiled, backs hurt. We are not treated like human beings. We are shouted at. We take the problems and the pressure home and the family is suffering. You get aggressive. You must not protest; you just have to function. Fear is forcing workers to do that."

Bulgarian worker

"Almost every woman in the factory has problems with her back."

Slovakian worker

08

CHAPTER EIGHT

RECOMMENDATIONS

In accordance with the UN Guiding Principles on Business and Human Rights, states, the European Union and fashion brands as well as retailers have obligations to ensure a living wage in the garment industry.

- Home states of apparel and shoe brands and retailers have the duty to make sure that brands respect human and labour rights worldwide, including the payment of a living wage.
- Host states of these brands and retailers have a duty to protect the human and labour rights of their workers and implement minimum wages that fight poverty rather than creating impoverished citizens and regions.
- Brands and retailers have the responsibility to pay the full price of the product they order. This includes a wage that workers and their families can live on. Brands and retailers have additionally the responsibility to not take advantage of their purchasing power or weak state implementation of labour and human rights. Brands and retailers have to respect the international human and labour rights, including the right to a living wage, over and above compliance with national laws and regulations protecting human rights.

We therefore call on **governments of host states where apparel and shoe brands and retailers produce** as well as on relevant **EU institutions** to immediately raise the **legal minimum wage** to at least 60% of the national average wage and progressively allow a wage hike of the legal minimum wage towards the estimated living wage.

We call on **governments of home states of apparel and shoe brands and retailers** as well as on relevant **EU institutions** to hold multinational companies accountable for their actions along their supply chains and to make sure that brands and retailers respect human and labour rights including the law in the respective countries. Governments of home states have to make sure that brands and retailers work with full effort and in a transparent manner towards the implementation of a living wage in their global supply chains.

'Governments of home states have to make sure that brands and retailers work with full effort and in a transparent manner towards the implementation of a living wage in their global supply chains.'

We call on **global buyers** to make sure as a **first immediate step** that workers in the researched region receive a **basic net wage (without overtime and bonuses)** of at least **60% of the national average wage**. As a further step, the basic net wages have to be increased towards the level of the estimated minimum living wage.

TABLE 5: Recommended wage increases for researched countries

COUNTRY	LEGAL MINIMUM NET WAGE IN EURO[66]	60% OF AVERAGE NATIONAL WAGE IN EURO	ESTIMATED MINIMUM LIVING WAGE (2013)
BiH (RS)	189 Euro	259 Euro	767 Euro
Bulgaria	139 Euro	245 Euro	1.022 Euro
Croatia	308 Euro	435 Euro	862 Euro
Georgia	52 Euro[67]	196 Euro	518 Euro
Macedonia	111 Euro	208 Euro	790 Euro
Moldova	71 Euro	122 Euro	378 Euro
Romania	133 Euro	218 Euro	710 Euro
Slovakia	292 Euro	406 Euro	1.360 Euro
Turkey	252 Euro	401 Euro	890 Euro[68]
Ukraine	80 Euro	167 Euro	554 Euro

In it's **Roadmap to a Living Wage**, the Asia Floor Wage Alliance (AFW) puts forward 10 steps that brands and retailers need to engage in to show due diligence to ensure workers are paid a living wage. These proposed recommendations should not be considered individually, rather combined to form a road map. We consider these 10 steps fully applicable in the Global East and worldwide.

The 10 steps brands and retailers must take to reach a living wage include:

1. Endorse the principle of a living wage in your company policy.
2. Respect freedom of association; clearly communicate Freedom of Association and Collective Bargaining rights to workers manufacturing the clothes you sell.
3. Enter into dialogue with unions and labour-rights groups.
4. Publicly commit to a living-wage benchmark: Asia Floor Wage (AFW) and the estimated minimum living wage as stated in this report.
5. Amend purchasing practices (e.g. analyse and adapt price structures and lead times in order to make sure that the actual price paid to the supplier allows for wage hikes towards a living wage).
6. Conduct pilot programmes involving suppliers, trade unions and labour support groups.
7. Support publicly the calls from civil society and unions to increase the minimum wage to a living wage standard in sourcing countries; issue a public statement assuring country governments that production will not be relocated as a result of minimum wage legislation that ensures a living wage.
8. Act in a transparent way.
9. Collaborate with other stakeholders.
10. Present a roadmap with a concrete timeline for payment of a living wage.

We call on the **direct employers** of the 3 million garment workers to respect their national labour law and stop wage theft practices immediately.

'We call on the direct employers of the 3 million garment workers to respect their national labour law and stop wage theft practices immediately.'

ANNEX 1: AUTHORS AND RESEARCH METHODOLOGY

This report was written by Christa Luginbühl, (Berne Declaration, Clean Clothes Campaign Switzerland) and Bettina Musiolek (Eastwind-Institute, Entwicklungspolitisches Netzwerk Sachsen ENS, Clean Clothes Campaign Germany), based on the research and further input of the following persons and institutions:

COUNTRY	NAMES AND ORGANISATIONS OF THE INVOLVED RESEARCHERS
Bulgaria	Ralitsa Ivanova, researcher Home-based Workers Association (HWA): Violeta Zlateva, Rosalina Ivanova, Svetla Ilijeva, Svetlana Shandrova, Nina Kovacheva
BiH (RS)	NGO from BiH
Croatia	Novi Sindikat: Marina Ivandic, Bojan Nonkovic
Georgia	Georgian Trade Unions Confederation (GTUC) Ekaterine Pirtskhalava, independent researcher
Macedonia	Permaculture and Peacebuilding Centre (PPC)
Moldova	Corina Ajder, independent researcher
Romania	Corina Ajder, independent researcher
Slovakia	Centre for environment and ethical education Zivica, Slovakia: Katarína Miesler
Turkey	Bilge Seckin, independent researcher, M. Emin Yılmaz Worker/researcher
Ukraine	Corina Ajder, independent researcher

The research took place between May and December 2013 and consisted of desk research for each country to give an overview of the garment industry as well as an overview of legal provisions and the wage situation in the garment industry of the respective country.

In addition, primary research was conducted as a basis to develop case studies for each country. A total of 316 qualitative off-site interviews with workers from 39 factories in 10 countries were conducted.

The results of the research were discussed with the involved researchers of all countries in a 3-day meeting in early 2014 in Sofia, where also policy recommendations for the region were discussed and later finalised through e-mail conversation with the research team and the CCC-network.

COUNTRY	NO. OF INTERVIEWED WORKERS	NO. OF RESEARCHED FACTORIES	BUYERS / BRANDS FOUND IN RESEARCHED FACTORIES Source: interviewees and factory websites, the list may not be exhaustive
Bulgaria	63	14	ZARA, Levi's, H&M, S.Oliver, OTTO, Max Mara, Calvin Klein, Cerruti, Peter Luft, MS Mode, Tom Tailor, Lee, Benetton, Massimo Dutti
BiH (RS)	34	3	Adidas, Meindl, Haix, Decathlon, Geox
Croatia	39	3	Olymp, Benetton, Hugo Boss
Georgia	49	2	Mango, Zara, Adidas, Puma, Nike, Armani, LC Waikiki, De Facto
Macedonia	29	3	Max Mara, Tesco, Canda
Moldova	19	2	Naf Naf, Primark, Tesco, Benetton, Versace, Dolce & Gabbana, Armani, Max Mara
Romania	22	2	Dolce Gabbana D&G, Eugen Klein, ROFA (work wear), Gerry Weber, Hucke, Basler, H&M, Delmod, Arcadia, Benetton, Inditex (brands Zara, Bershka, Stradivarius, Massimo Dutti)
Slovakia	9	5	Prada, Armani, Versace, Valentino, Max Mara Cavin Klein, Pierre Cardin, Lacoste
Turkey	45	4	Hugo Boss, Mayerline, H&M, Zara, Otto, Benetton, LC Waikiki, De Facto
Ukraine	7	1	Steilmann, Benetton, Sisley, Next, TopShop, Mexx, Esprit, Betty Barclay, John Lewis, Laura Ashley
Total	**316**	**39**	

ANNEX 2: Development of key brands: H&M, Inditex/ Zara, Adidas group, Hugo Boss (2004-2013)[59]

H&M (H&M, COS, MONKI, WEEKDAY, CHEAP MONDAY, & OTHER STORIES)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Turnover in Euro*	7.11 bn	8.11 bn	9.03 bn	10.39 bn	11.74 bn	13.39 bn	14.32 bn	14.53 bn	15.9 bn	16.98 bn
Profit in Euro**	0.82 bn	1.94 bn	1.22 bn	1.53 bn	1.73 bn	1.85 bn	2.11 bn	1.78 bn	1.90 bn	1.94 bn
Nr of shops***	1068	1193	1345	1522	1738	1988	2206	2472	2776	3132
Nr of employees	31701	34614	40855	47029	53430	53476	59440	64874	72276	81099

* Exchange rate: www.oanda.com, 13.11.2013/8.4.2014 ** Profit after tax *** own shops

INDITEX GROUP (ZARA, PULL & BEAR, MASSIMO DUTTI, BERSHKA, STRADIVARIUS, OYSHO, ZARA HOME, UTERQÜE)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Turnover in Euro*	5.57 bn	6.74 bn	8.2 bn	9.44 bn	10.41 bn	11.05 bn	12.53 bn	13.79 bn	15.95bn	16.72 bn
Profit in Euro**	0.64 bn	0.8 bn	1 bn	1.25 bn	1.26 bn	1.32 bn	1.74 bn	1.95 bn	2.37 bn	2.38 bn
Nr of shops***	2244	2692	3131	3691	4264	4607	5044	5527	6009	6340
Nr of employees	47046	58160	69240	79517	89112	92301	100138	109512	120314	128313

* Net income; ** own shops

ADIDAS GROUP (ADIDAS, REEBOK, TAYLOR MADE, ROCKPORT)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Turnover: Euro	5.86 bn	6.64 bn	10.08 bn	10.3 bn	10.8 bn	10.38 bn	11.99 bn	13.32 bn	14.88 bn	14.49 bn
Profit in Euro*	314 m	383 m	483 m	551 m	642 m	245 m	567 m	613 m	791 m	839 m
Nr of shops**	642***	708***	875***	1580****	1884	2212	2270	2384	2446	2740
Nr of employees	14254	15935	26376	31344	38982	39596	42541	46824	46306	50728

* Net income attributable to shareholders; ** own shops; ***Adidas Salomon AG; **** Adidas buys Reebok

HUGO BOSS AG (BOSS, BOSS GREEN, BOSS ORANGE, HUGO)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Turnover: Euro	1.17 bn	1.31 bn	1.50 bn	1.63 bn	1.68 bn	1.56 bn	1.73 bn	2.06 bn	2.35 bn	2.43 bn
Profit in Euro*	88.2 m	108.2 m	128.7 m	154.1 m	112 m	105.5 m	188.9 m	284.9 m	307.4 m	329 m
Nr of shops**	97	145	249	333	390	438	537	622	840	1010
Nr of employees	6942	7584	8441	9123	9593	9027	9944	11004	11852	12496

* Net income attributable to equity holders ** own shops

ENDNOTES

[1] ILO Decent Work Agenda: http://www.ilo.org/global/about-the-ilo/decent-work-agenda/lang--en/index.htm [last accessed, December 18, 2013]

[2] http://europa.eu/about-eu/countries/index_en.htm - last visited 8 April 2014

[3] http://www.wto.org/english/res_e/statis_e/its2012_e/its12_merch_trade_product_e.pdf , p. 131

[4]The global sourcing map – balance, costs, compliance, and capacity:, McKinsey`s apparel CPO survey 2013", October 2013, p. 9

[5] Moldovan Investment and Export Promotion Organisation, Investment and Export Promotion, Clothing and Textiles, updates in June 2010, available at http://www.miepo.md/public/files/Clothing___Textiles.pdf

[6] In both countries, Poland and Czech Republic, there are still about 40.000 workers in the garment industry. Compared to all other garment producing countries, in both countries at least state institutions like the labour inspection are now functioning to monitor working conditions. However, also in these countries the wages is by far below a minimum living wages. See: Bohemia Fashion s.r.o., Czech Republic. Company profile concerning labour conditions. 2010. www.sachsen-kauft-fair.de/wp-content/uploads/2010/11/CZ_Bohemia_Fashion-fact-sheet.pdf

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[9] Hoff, Andreas (2012): Demografische Entwicklung in Ost- und Ostmitteleuropa. www.diakonie.de/media/Hoff_21_02_13.pdf - page 24. Visited 17 Feb 2014

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[11] Interestingly also the Czech Republic and Slovenia became net immigration countries since the turn of the century.

[12] Many workers sandblasting jeans in Istanbul's sweatshops were reported to be migrants from Romania, Armenia, Georgia. They could not be medically treated for silicosis because they were without papers and health insurance. After falling sick they would return to their home countries were again their disease would not be detected.

[13] Gender specifics of out-migration from post-socialist countries to West Europe: http://siteresources.worldbank.org/INTWDR2009/Resources/4231006-1204741572978/Vollmer.pdf. http://www.ifl-leipzig.de/de/forschung/projekt/detail/selective_migration_and_unbalanced_sex_ratio_in_rural_regions_semigra.html

[14] Dublin II also set aside all humanitarian exemptions for pregnant women, elderly, sick people and minors. Dublin II foresees their detainment and deportation in any case before any counselling could take place.

[15] The Council for Mutual Economic Assistance (German: Rat für Gegenseitige Wirtschaftshilfe RGW, Russian: Совет Экономической Взаимопомощи, Sovet Ekonomicheskoy Vzaimopomoshchi, СЭВ, SEV; English abbreviation COMECON, CMEA), 1949–1991, used to be the economic union of socialist states in Europe and worldwide.

[16] Export Marketing Survey – Ukrainian Apparel Market, 2010 http://www.ukrexport.gov.ua/i/imgsupload/file/Ukrainian_Apparel_Market_Survey_en%282%29.pdf; page 8, 13

[17] "In estimates of Ukrainian Association of Light Industry (Associatsia Legprom) the annual apparel market value is about 7, 5 billion Euro, while official figure indicates only 365 million Euro. As stated above up to 90% of Ukrainian apparel sector is operating in shadow and grey schemes. Shadow segment continues to grow recently, as in order to survive in crisis economy also some big and medium sized producers have to apply "grey" schemes to "optimize" the related cost structure." http://www.ukrexport.gov.ua/i/imgsupload/file/Ukrainian_Apparel_Market_Survey_en%282%29.pdf; page 4 – last visited: 25 Feb 2014

[18] Also referred to as assembly production, cut-make-trim or cut-make production (CMT/CM). In addition to this OPT is also an EU trade scheme as explained above. "Lohn" is German for wage. In Bulgaria the term "Ishleme" – originally Turkish for embroidery – is used.

[19] Enlargement Weekly - 29 April 2003 DG Enlargement: WEAVING A NEW FUTURE - THE TEXTILE INDUSTRY AND ENLARGEMENT: "Companies there should reduce their reliance on outward processing transactions, and shift their focus increasingly towards high added-value products, design and quality."

[20] acc. to Joanna Szabuńko, Clean Clothes Campaign Poland

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[22] Wirtschafts- und Sozialwissenschaftliches Institut in der Hans-Böckler-Stiftung (WSI) in Germany, the Institut de Recherches Economiques et Sociales (IRES) in France, the Denknetz in Switzerland (2005): Theses for a European minimum wage policy, Düsseldorf – Zürich, 15 April 2005. www.boeckler.de/pdf/wsi_2005_thesen_mindlohn_en.pdf - page 2

[23] "Minimum wage systems, ILO, 2014, ILC.103/iii/1B: General Survey of the reports on the Minimum Wage Fixing Convention, 1970 (No. 131), and the Minimum Wage Fixing Recommendation, 1970 (No. 135), p.13-14, article 24

[24] John Ruggie acted from 2005-2011 as the United Nations Secretary-General's Special Representative for Business and Human Rights. He elaborated the UN Guiding Principles on Business and Human Rights that have been endorsed unanimously by the UN Human Rights Council on 16th June 2011.

[25] http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf, p.13, last visited 1.1.2014

[26] "Stitching a Decent Wage Across Borders", Jeroen Merk, Clean Clothes Campaign/Asia Floor Wage Alliance, 2009

[27] Exchange rate in all tables as of 1st February 2014, www.oanda.com ; legal minimum wage as of 1st May 2013

[28] "Minimum wage systems, ILO, 2014, ILC.103/iii/1B", p. 127, the ILO states: "The most widespread reference to evaluate minimum wage levels is probably their proportion of median wages or, as second best, their proportion of average wages". As we did not find the median wage for all researched countries, we decided to use the average wage as a benchmark.

[29] "Minimum wage systems, ILO, 2014, ILC.103/iii/1B", p. 127, the ILO states: "The most widespread reference to evaluate minimum wage levels is probably their proportion of median wages or, as second best, their proportion of average wages". As we did not find the median wage for all researched countries, we decided to use the average wage as a benchmark.

[30] Subsistence minimum as declared by the National Statistic offices for the year 2012

[31] 60% of average net wage http://www.fzs.ba/Eng/index.htm

[32] 60% of average wage http://www.nsi.bg/en/content/6410/total

[33] 60% of average net wage for December 2013, http://www.dzs.hr/default_e.htm ;

[34] 60% of average household income http://www.geostat.ge/index.php?action=page&p_id=182&lang=eng

[35] 60% of average net wage, http://www.stat.gov.mk/PrikaziSoopstenie_en.aspx?rbrtxt=40

[36] 60% of average wage, http://www.statistica.md/category.php?l=en&idc=452&

[37] 60% of average net wage, http://www.insse.ro/cms/files/statistici/comunicate/castiguri/a13/cs07r13.pdf ,

[38] 60% of average net wage for 2013, own calculation on the basis of http://portal.statistics.sk/showdoc.do?docid=67083 ;

[39] 60% of average wage, http://www.turkstat.gov.tr/PreHaberBultenleri.do?id=16200

[40] 60% of average wage, http://www.ukrstat.gov.ua/

[41] Exchange rate in all tables as of 1st February 2014, www.oanda.com, data according to the National Statistic Offices. Where statistics only gave gross wages, we calculated the approximate net wage in order to compare the net wage levels across countries. The average net wages include overtime and bonuses.

[42] No data available – legal minimum wage is used as a benchmark

[43] Average net salaries Republic Srpska, BiH, all sectors (no sector-specific data for manufacturing level available)

[44] Textile incl. garment sector, most recent available data from 2011

[45] Average wage for June 2012

[46] Not all countries do revise their legal minimum wages at a similar pace. The table compares therefore the legal minimum wage level as of 1st of May 2013, and uses the euro-exchange rate according to www.oanda.com as of 1st February 2014.

[47] There is no legal minimum wage. Contracts often state as a base salary 125 GEL/52 Euro. We use this benchmark to analyse the gap between the minimum wage and the estimated minimum living wage.

[48] The legal minimum wage in Bangladesh has been almost double in October 2013 after thousands of garment workers took the streets in protest. Since the wage increase was so significant, we used this new legal minimum wage in the overview.

[49] Average wage of most important production regions

[50] Average wage of most important production regions

[51] Average wage of all provinces

[52] Lowest entrance wage for first year

[53] Food (meat once a week); Housing (incl. flat rent/ mortgage, electricity, heating, water, maintenance of house); Health and Hygiene; Transportation; Education; Clothing and shoes; Leisure time (annual holiday, culture); communication (phone and internet); savings for emergencies

[54] Average take-home net wage according to all interviewees in BiH

[55] For 130 Euro ateliers in the Batman region, 196 Euro for a factory in the Batman region and 326 Euro for a factory in Istanbul

[56] The researcher underlined that the researched Ukrainian factory can be assessed as one with the highest wages in the sector.

[57] European Commission. Employment, Social Affairs and Inclusion: Employment and Social Developments in Europe 2013 (21/01/2014) - http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7684&visible=1 - last visited 26 Feb 2014

[58] Eurostat: File:At-risk-of poverty or social exclusion rate, 2011 and 2012.png. http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:At-risk-of_poverty_or_social_exclusion_rate,_2011_and_2012.png&filetimestamp=20131204140818- 26.2.2014

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60 Romania TV, Descinderi la fabricile de confectii din Prahova. Patronii, bănuiţi de evaziune fiscală şi spălare de bani, 11 October 2013, available at: http://www.romaniatv.net/descinderi-la-fabricile-de-confectii-din-prahova-patronii-banuiti-de-evaziune-fiscala_102318.html

[61] Unirea, Firma italiana de confectii prinsa cu 100 de angajati “la negru”, 13 April 2012, available at: http://www.ziarulunirea.ro/firma-de-confectii-cu-100-de-persoane-la-negru-73792.html

[62] Labour Code of Romania, Law no. 53/2003, Article 83

[63] http://www.cin.ba/tekstilni-radnici-danas-bez-plata-sutra-bez-penzija/, The official website of the Centre for Investigative Journalism, the Article “Textile workers without salary today, tomorrow, without pensions” last access 04.07.2013.

[64] Holubová, Barbora: Work market and social situation of women. February 2011, p.1-3

[65] Interview with ex-workers of Edirne Giyim, January 2014.

[66] Exchange rate in all tables as of 1st February 2014, www.oanda.com; legal minimum wage as of 1st May 2013

[67] There is no legal minimum wage. Contracts often state as a base salary 125 GEL/52 Euro. We use this benchmark to analyse the gap between the minimum wage and the estimated minimum living wage.

[68] Average minimum living wage expectation of interviewees is 890 Euro. Turkish Trade Union calculated 1095 Euro as the poverty level.

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