

2014

EXECUTIVE SUMMARY

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





“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.”<sup>1</sup>

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.

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*‘Jobs with such a tremendously low wage create poverty rather than fighting it.’*

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## 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 (except 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.

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## 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.

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# 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 <sup>2</sup>	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 <sup>3</sup>	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 <sup>4</sup>
Ukraine	80 Euro	167 Euro	554 Euro

In its **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
<b>Bulgaria</b>	Ralitsa Ivanova, researcher Home-based Workers Association (HWA): Violeta Zlateva, Rosalina Ivanova, Svetla Ilijeva, Svetlana Shandrova, Nina Kovacheva
<b>BiH (RS)</b>	NGO from BiH
<b>Croatia</b>	Novi Sindikat: Marina Ivandic, Bojan Nonkovic
<b>Georgia</b>	Georgian Trade Unions Confederation (GTUC) Ekaterine Pirtskhalava, independent researcher
<b>Macedonia</b>	Permaculture and Peacebuilding Centre (PPC)
<b>Moldova</b>	Corina Ajder, independent researcher
<b>Romania</b>	Corina Ajder, independent researcher
<b>Slovakia</b>	Centre for environment and ethical education Zivica, Slovakia: Katarína Miesler
<b>Turkey</b>	Bilge Seckin, independent researcher, M. Emin Yılmaz Worker/researcher
<b>Ukraine</b>	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 <small>Source: interviewees and factory websites, the list may not be exhaustive</small>
<b>Bulgaria</b>	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
<b>BiH (RS)</b>	34	3	Adidas, Meindl, Haix, Decathlon, Geox
<b>Croatia</b>	39	3	Olymp, Benetton, Hugo Boss
<b>Georgia</b>	49	2	Mango, Zara, Adidas, Puma, Nike, Armani, LC Waikiki, De Facto
<b>Macedonia</b>	29	3	Max Mara, Tesco, Canda
<b>Moldova</b>	19	2	Naf Naf, Primark, Tesco, Benetton, Versace, Dolce & Gabbana, Armani, Max Mara
<b>Romania</b>	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)
<b>Slovakia</b>	9	5	Prada, Armani, Versace, Valentino, Max Mara Cavin Klein, Pierre Cardin, Lacoste
<b>Turkey</b>	45	4	Hugo Boss, Mayerline, H&M, Zara, Otto, Benetton, LC Waikiki, De Facto
<b>Ukraine</b>	7	1	Steilmann, Benetton, Sisley, Next, TopShop, Mexx, Esprit, Betty Barclay, John Lewis, Laura Ashley
<b>Total</b>	<b>316</b>	<b>39</b>	

### ENDNOTES

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

<sup>2</sup> Exchange rate in all tables as of 1st February 2014, [www.oanda.com](http://www.oanda.com); legal minimum wage as of 1st May 2013

<sup>3</sup> 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.

<sup>4</sup> Average minimum living wage expectation of interviewees is 890 Euro. Turkish Trade Union calculated 1095 Euro as the poverty level.

### CREDITS

**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 research and further input of researchers and institutions in the European post-socialist countries and Turkey (see Annex 1) | **Art direction & design:** Atomodesign.nl | **Images:** Clean Clothes Campaign; Susanne Hörenz - 3. Etage Film | **Acknowledgements:** Emma Harbour, Silvie Lang | **Contact Information** [www.fair-fashion.ch](http://www.fair-fashion.ch) - [lohnzumleben.de](http://lohnzumleben.de) - [cleanclothes.org/livingwage](http://cleanclothes.org/livingwage)



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