Final report of the discussion

Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries
(Geneva, 23–25 September 2014)
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Introduction

1. The Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries was held at the International Labour Office in Geneva from 23 to 25 September 2014. The Forum’s convening and its composition were approved at the ILO Governing Body’s 319th Session (October 2013); its purpose was for tripartite participants to discuss ways to address wages and working hours in the textiles, clothing, leather and footwear (TCLF) industries, taking into account the national contexts and the related international labour standards, with a view to adopting points of consensus that would inform future policy development. The Office had prepared an issues paper and suggested points for discussion, which served as the basis for the Forum’s deliberations.

2. The Chairperson of the Forum was Ms Susanne Hoffmann (Germany). The Government group coordinator was Mr Dongwen Duan (China). The Employers’ group coordinator was Ms Alessandra D’Amico and the Workers’ group coordinator was Ms Monika Kemperle. The Secretary-General of the Forum was Ms Alette van Leur (Director, Sectoral Policies Department (SECTOR)), the Deputy Secretary-General was Mr David Seligson, the Executive Secretary was Ms Maria Beatriz Mello da Cunha, and the Coordinator of secretariat services was Ms May Mi Than Tun.

3. The Forum was attended by 122 participants (from which 65 per cent were women): 59 Government representatives and advisers from 36 member States, as well as 38 Worker and 16 Employer participants, and nine observers from intergovernmental organizations (IGOs) and international non-governmental organizations (NGOs).

4. The Secretary-General of the Forum observed that it had been eight years since the last meeting for this sector, and tragic accidents had called world attention to working conditions of garment workers in general; thus it was timely to discuss trends and challenges in wages and working hours in the sector, and ways to improve compliance with related ILO standards and national legislation. These industries had great potential for employment generation in many low-income countries, particularly for women and youth, but were sometimes faced by challenges in terms of working conditions, including wages and working hours. The textile and clothing industry had undergone important changes in the past 20 years, particularly since 2005. From an established quota system to total trade liberalization, the sector had experienced an intense process of globalization. The ILO had, in recent years, considerably expanded its efforts to promote decent work in the textiles industry, notably through the Better Work programme (a unique partnership between the ILO and the International Finance Corporation (IFC), to improve workplace compliance and competitiveness in the industry). The Forum provided an opportunity to develop consensus on future action by the ILO and its Members.

5. The Chairperson noted that the Forum would focus on: key issues relating to wages and working hours in the TCLF industries at global, regional and national levels; measures that

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3 GDFTCLI/2014/4.
governments, employers and workers should take to enhance workplace compliance with national labour laws and regulations, international labour standards and collective agreements on wages and working hours in those industries; and social dialogue’s contribution to addressing challenges on wages and working hours in order to promote decent work and sustainable enterprises. For her Government, decent work in the TCLF industries was relevant for the Economic Cooperation and Development and the Labour and Social Affairs Ministries. Wages, working hours and global supply chains in TCLF industries were big issues for governments, employers and people in general. The gender pay gap needed to be bridged, and decent, sustainable wages were essential. An alarming aspect was the excessive overtime worked, which is necessary to make a living in the industry – with concomitant increased risk of stress, ill health and accidents. To address these problems, corporate social responsibility (CSR) and private voluntary initiatives could reinforce laws, regulations and labour inspection, especially where inspection was weak. This topic was relevant to upcoming agenda items at the International Labour Conference in 2015 on transitions to the formal economy, and in 2016 on global supply chains.

6. The Executive Secretary introduced the issues paper, which analysed production, trade and employment trends in these industries, noting that over the past 30 years, strong competition, technological change, pressure to cut costs and evolving consumer patterns had led to changes in production, work organization and product lines. Since the end of the quota system in 2005, the TCLF industries were more exposed to global competition, leading to rapid geographical shifts in production locations and systems. New jobs were created in developing countries, while job losses were faced in traditional manufacturing countries, with the exception of high-end and technological products. Between 2005 and 2011, global value added grew by 2.1 per cent in textiles and 3.9 per cent in clothing and fur and in leather and footwear – it declined in most industrialized and emerging economies, but increased markedly in China, and in many least developed and other developing countries. The textile and clothing industries were an important source of employment for many countries, according to the United Nations Industrial Development Organization (UNIDO) estimates, but available data was not comparable, as methodologies and years of collection differed from one country to another.

7. Wage regulation and setting was an integral part of the ILO mandate. The 1919 ILO Constitution and the 1944 Declaration of Philadelphia included provisions on wages. ILO Conventions and Recommendations provided specific guidance on wages, in particular in minimum wage fixing mechanisms. Minimum wage systems require member States to develop enforcement mechanisms to ensure their implementation. Minimum wages can be established through national law, collective bargaining and other systems at national or sectoral levels. According to a recent ILO study, nearly 80 per cent of countries surveyed had established minimum wages. However, compliance with wage legislation is often low in the major TCLF-producing countries. One third of countries had monthly minimum

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4 According to the report *Social dialogue*, Recurrent discussion under the ILO Declaration on Social Justice for a Fair Globalization, Report VI, International Labour Conference, 102nd Session, Geneva, 2013, paras 15–16: “Social dialogue is the term that describes the involvement of workers, employers and governments in decision-making on employment and workplace issues. It includes all types of negotiation, consultation and exchange of information among representatives of these groups on common interests in economic, labour and social policy. Social dialogue is both a means to achieve social and economic progress and an objective in itself, as it gives people a voice and stake in their societies and workplaces. … Bipartite social dialogue may take the form of collective bargaining or other forms of negotiation, cooperation and dispute prevention and resolution. Tripartite social dialogue brings together workers, employers and governments to discuss public policies, laws and other decision-making that affect the workplace or interests of workers and employers.”
wages of US$50 to $149, while 6 per cent had monthly minimum wages of less than $50 per month. Among the main problems found by research studies by Better Work and others concerned; unpaid leave and overtime; delayed payment; lack of social security and other legal benefits; and insufficient information on wages and deductions provided to the worker.

8. On working hours, the very first ILO Convention, adopted in 1919, established a maximum of 48 hours per week and eight hours per day. Internationally accepted standards on working hours, weekly rest, night work and paid leave were already in place both at international and national levels (a recent ILO study found that 140 out of 152 countries had legislation specifying normal weekly hours limits); what was really needed was enforcement. Compliance problems regarding working hours found in textile, clothing and footwear industries in selected countries include: excessive daily and weekly hours of work, sometimes necessary to reach the minimum wage level; inappropriate rest and recuperation periods; overtime payments below the legal requirements; and poor communication between management and workers. Excessive hours of work can affect occupational safety and health and productivity. The responsibility for ensuring compliance with wages and working-time legislation was with governments, through effective labour inspection and administration. In 2011, the International Labour Conference adopted a resolution calling for sound labour inspection that could expand its coverage to a diverse global workforce, including workers in supply chains and export processing zones (EPZs). Several TCLF-producing countries had increased the number of inspectors and provided training and better equipment. Private compliance initiatives and international framework agreements had recently emerged in the sector, which could complement labour inspection systems, by engaging different partners in the implementation of mechanisms such as codes of conduct and workplace audits.

9. Social dialogue and tripartism constituted the ILO’s governance paradigm for promoting social justice, and fair and peaceful workplace relations. The 2013 International Labour Conference resolution stated that “social dialogue has many forms and collective bargaining is at its heart”. Collective bargaining and freedom of association are fundamental principles and rights at work. Agreements reached at global, sectoral or enterprise levels in recent years have proved the relevance of collective bargaining to institutionalize labour relations and settle workplace disputes through dialogue. Recent events in Bangladesh illustrated the importance of engaging social partners in agreements to improve working conditions in the sector. The ILO was strongly committed to such initiatives, in particular through capacity building of workers, employers and governments. In discussing the way forward, it counted on participants’ experience and knowledge to seek ways to promote wages and working hours in the TCLF sector. As the ILO Declaration on Social Justice for a Fair Globalization noted:

… in a world of growing interdependence and complexity and the internationalization of production:

…

– social dialogue and the practice of tripartism between governments and the representatives organizations of workers and employers within and across borders are now more relevant to achieving solutions and to building up social cohesion and the rule of law … ;

10. The Employers’ group coordinator welcomed the Forum, which provided a good opportunity to together find ways to address wages and working hours in the TCLF industries, taking into account national contexts and related international labour standards. Regarding the issues paper, she noted the lack of data on the national context of TCLF industries, which made the debate challenging. She agreed with paragraph 8 of the issues paper regarding the description of TCLF industries, that the TCLF industries were highly
competitive. At the regional and international levels those industries should ensure that all
countries and governments were making efforts to improve compliance with standards and
to enhance employment in the sector. On the competitive side, she referred to issues that
increase pressures in the industries such as barriers to enter the market; mobility of
production; need to shorten the delivery time; proximity of the factories to the consumer
market.

11. Concerning low and high value-added parts of the sectors, she stressed that these required
different pricing, investment, different opportunities for workers, different skills levels and
therefore different wage levels. Low skills and education levels of workers and quality of
education in the national context, and the increasing challenge to attract workers into the
sector should be considered in the debate. National competitiveness, in terms of
infrastructure, transport costs, government economic and monetary policies were also
critical to the competitiveness of TCLF industries. A stable industrial relations
environment was necessary to ensure that social dialogue would facilitate setting of wages
and working hours within the national context. If all this could be achieved, the industries
could increase employment numbers in countries in return for wages that could be
commensurable with national working conditions, and sustainable enterprises would be
able to continue to diversify and grow.

12. The Workers’ group coordinator stressed the gender dimension of the topic under review,
noting that legislation and standards on wages and working hours should be supplemented
by specific issues including equal opportunity and treatment, and maternity leave. There
had been little social dialogue in the TCLF industries in recent years, at least not at the
international level. It had taken the Rana Plaza disaster to raise the profile of these issues.
In most TCLF supply chains, exploitative working conditions were the norm, often
breaching even the lowest occupational safety and health standards. Regarding working
hours, she referred to the excessively long hours employees had to work, that were far
beyond the legal limits; the issues paper had highlighted gaps in regulation and
enforcement. Concerning wages, most TCLF workers in developing countries lived in
absolute poverty or just above that level, which was a consequence of the very low wages
that were barely sufficient for subsistence. They were suffering a decline in real wages,
massive inflation in costs of basic necessities such as food, housing and energy, and their
pay rates were being squeezed by employers and by TCLF brand names. Buyers and
consumers both put high pressure on enterprises to cut costs and prices.

13. She observed that these problems were compounded by weak and inadequate mechanisms
for social dialogue and negotiations on wages and working conditions. Gender aspects
played a role in TCLF wage setting, and both minimum and average wages were much
lower than in other industries. Compared with average wages in manufacturing, global
average wages in textiles were 24 per cent lower, and 35 per cent lower in the clothing
industry. In some countries, the textile industry was the only one in which women were
allowed to work. Regarding subcontracting, temporary and fixed-term contracts, workers’
rights were curtailed, and their contracts might not be extended or renewed. These
problems were not restricted to one country or region – they were global issues that
required a global response. The responsibility lay not only with employers and brand
names, but also with governments. Progress on compliance would be difficult to achieve
until a global approach to the production systems and supply chains was taken. She
concluded by expressing surprise that few major TCLF stakeholders were represented in
the Forum, despite the importance of this issue.

14. The Government group coordinator congratulated the Office for the excellent issues paper
and observed that the discussion on working hours and minimum wages should take into
account the characteristics of each sub-sector. As the Government group had no common
vision on the issues, individual governments would take the floor to contribute to the
discussion.
15. The Government representative of Ghana welcomed that the discussion on minimum wages and working hours would take into account national context, and a case in point was the fate that had befallen the textile industry in the West African subregion. The Ghanaian textile industry had once been very successful – employing over 30,000 people and producing high-quality fabrics, with very good textile brands and designs that were in very high demand, particularly in West African markets, producing traditional African apparel and other clothing products, and contributing significantly to gross domestic product. However, the trade liberalization policy of the 1980s and 1990s led to the collapse of most of the industry, which was reduced to 3,000 workers. More recently, local and foreign firms had shown interest in the sector, following government policies to promote high-quality traditional/national fabrics and clothing, most of which were produced within designated “free zone” industrial areas that included spinning, weaving, textile and clothing factories. Likewise, the footwear industry had been reinvigorated in recent years, for domestic consumption, especially for the security services. This had helped the Government to save foreign currency and create jobs. It was also establishing a new public–private partnership programme to improve business in the industry. Ghana’s textile and footwear industries were attracting local and foreign direct investments that enhanced job creation; fair wages, occupational safety and health, and capacity building for workers were important issues to be addressed.

16. The Government representative of Ethiopia observed that his country was at the inception point in the textile and garment industry, seeking to attract investment in different sectors, especially in textile and garment factories, in order to reduce poverty. His country had ratified the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), and also adopted occupational safety and health policies to enhance workplace conditions and to increase productivity. He noted that in order to increase wages, labour productivity needed to be improved, and attention should be paid to enhancing the skills and knowledge of the workforce. Harmonious industrial relations were crucial for increasing labour productivity. It was essential to achieve this goal in a peaceful way: workers and employers should sit around the table to discuss and solve their disputes. His country had effective bipartite social dialogue at the workplace, as well as tripartite dialogue including social partners and governments when labour regulations, laws, policies and frameworks were being reviewed or implemented. Social dialogue could bring peace to the workplace as a win–win solution. Peaceful relations in the industry made workers feel more like stakeholders in the enterprise. Social dialogue at the enterprise level was therefore important, and should develop further. Ethiopia was on the road to achieving harmonious industrial relations.

17. The Government representative of Germany noted that inspections were a fundamental issue for effective compliance with legislation on minimum wages and working conditions and ILO Conventions and Recommendations, especially in the informal economy. Sanctions, encouragement and strengthening of social dialogue in the informal economy could all positively influence compliance. Corporate social responsibility was also crucial regarding supply chains, as mentioned in the issues paper. Such measures should be encouraged and given greater support, given the voluntary basis of those schemes in the supply chain.

18. The representative of the European Union (EU) welcomed that the issues paper also included elements on social dialogue and innovative mechanisms to improve working conditions. The EU supported efforts by the European social partners for better conditions in these industries, in the framework of their sectoral social dialogue committees. The European social partners in the textile and clothing industries were working on a project on harmonization guidelines for implementation and promotion of corporate social responsibility in their industries, to establish a set of CSR requirements, underpinned by a risk-management tool. In leather and tanneries, the European social partners, with the support of European Agency for Safety and Health at Work (EU–OSHA), had developed
the online interactive risk assessment (OIRA) tool to assist small and medium-sized tanneries in their efforts and strategies on prevention and management of risks for tannery workers. Finally, the European social partners in the footwear sector were working on a project to renew the footwear sectoral social dialogue at the European level. The EU also supported transnational company agreements such as the global framework agreements referred in the issues paper, as they enabled mechanisms for dialogue between workers and employers on key issues relating to working conditions in multinational companies’ supply chains. Regarding the Rana Plaza tragedy, the EU had – with the ILO, Bangladesh and the United States – taken the initiative to launch a “Sustainability Compact” to promote better labour rights and responsible supply-chain management techniques in the garment manufacturing sector in Bangladesh, which was a good example of a way forward in terms of working conditions. Over the last few years, the EU had also developed bilateral cooperation on occupational safety and health with partners in industrialized economies such as the United States and emerging economies such as China and India, covering several industries. Further action could be taken by Europe in the context of the European Year for Development in 2015. He supported the implementation of the recent G20 commitments for healthier and safer workplaces, and considered preparations for the International Labour Conference agenda item on decent work in supply chains in 2016 as important for the improvement of working conditions in this sector.

19. The representative of UNIDO acknowledged that the topic of the Global Dialogue Forum was an important industrial development issue, as clothing and leather industries provided many job opportunities for developing and developed countries. Apart from minimum wages and working hours, other minimum standards could be discussed, especially on occupational safety and health, which was interlinked with other issues. Productivity, skills development, working conditions, safety standards and competitiveness were key factors for wages and employment. The Forum’s consensus points would be important for UNIDO and other international organizations in promoting sustainable industrial development.

20. The representative of the Fair Wear Foundation (FWF) introduced her organization, which was governed by employers’ associations and trade unions and worked with over 80 European brands, reporting on their efforts to improve working conditions in their supply chains. She underlined that even if the first ever ILO Convention had already recognized that excessive overtime was bad for workers, productivity and the economy, it still represented one of the most common non-compliance elements in the garment industry. In fact, excessive overtime was endemic in this industry. It was linked to low wages: legal minimum wages were generally far behind living costs in most garment-producing countries, such as India, China and Bangladesh. To collect data on estimated living wages in the different countries, the FWF had launched a wage ladder tool in 2011, which had been used directly by the FWF to assess hundreds of companies, and indirectly by more than 500 companies, consultants and NGOs worldwide. Garment workers – particularly women – were at risk of human rights violations. The FWF’s data showed that 60 per cent of women working in the garment industry in India and Bangladesh had encountered some form of harassment or workplace violence. Change could be achieved on excessive overtime: good practice examples included those of Bangladeshi and Turkish factories. In her opinion structural change was also possible, but required effective social dialogue. Constituents should fulfil their role of protecting and respecting the human rights of workers, particularly in contributing to building an inclusive economy and lifting families out of poverty. She repeated the call to action of the 2013 European Conference on Living Wages (hosted by the German and Dutch Governments), and recalled the 2011 International Labour Conference resolution concerning labour administration and labour inspection. Effective forms of multi-stakeholder cooperation such as the FWF initiative and local labour inspections were really needed. FWF work on violence against women at the workplace had begun to document the extent of this phenomenon: the ILO should undertake more research on the topic, which could represent an interesting input for the 2016 International Labour Conference item on decent work in global supply chains.
21. The representative of the Ethical Trading Initiative (ETI) welcomed collaborative efforts such as the Forum to address issues affecting workers in global supply chains. The ETI used its voluntary code of workers’ rights, the ETI Base Code, drawn largely from ILO Conventions and the framework of the UN Guiding Principles on Business and Human Rights. Governments and businesses had joint responsibility for respecting human rights. The role of the ETI, along with its trade union and NGO members, was to assist businesses to understand and respect workers’ rights within complex global supply chains. This had led to many improvements, particularly in health and safety and elimination of child labour. However, it was unclear whether there had been sustained progress on real wages or decent working hours. A common factor of global concern was the lack of equity in sharing economic value. The most excluded were often low-skilled workers in factories, farms and the hospitality sector. Women had less voice, choice or control over pay and working hours. Brands and retailers had a vital role to play in achieving real progress, and the ETI had identified seven key steps for achieving this. Step one was being aware of the wages landscape and the wider economic, political and social dynamics affecting wages. Steps 2–3 were finding out the actual wage levels and collaborating with others to benchmark wages. Step 4 was identifying opportunities for leveraging change with other institutions and individuals. Step 5 was implementing the plan and ensuring that costings were transparent about real labour costs. However, employers should be prepared to pay workers adequate wages, should be able to sustain their businesses by providing minimum wages and supporting suppliers to improve productivity, human resources and management practices, and should support efforts to ensure that workers have a meaningful voice through collective bargaining. Steps 6–7 were monitoring progress and sharing lessons to evaluate their actions. The ETI believed that brands and retailers could play a role in achieving real progress by supporting suppliers by coordinating production targets with effective human resources plans, and continually upgrading workers’ skills. Governments, trade unions and NGOs were also important in creating and ensuring an environment to sustain improvement of wages and reduction of working hours. Change would be sustained only if initiated at the industry level rather than by individual enterprises or countries. Thus, the aim should be for an industry employing workers who earned enough to support their families and were represented in collective bargaining. This would produce stronger and more productive industries for the benefit of everyone.

22. The representative of the UNI Global Union remarked that his organization represented millions of workers in the commerce sector; thus they had great interest in debates on the TCLF industries because their members were selling clothes and other TCLF goods in shops, and wanted to be proud of the products they were selling. Workers in retail fashion shops had expressed issues identifying with the brands they worked for, especially following the Rana Plaza incident, which had highlighted the state of working conditions in the apparel industry. Although the tragedy was partly an issue of fire and building safety, it was also relevant for discussions on wages and working hours. It was timely to have such a debate as numerous colleagues had expressed that wages and working hours were two sides of the same coin, as workers often had no choice but to accept long working hours to meet their basic needs. On social dialogue, his organization was not the only one that felt that the brands themselves were key players: the brands’ focus on price, lead times, delivery times and quality put an excruciatingly strong pressure on labour rights especially concerning wages and working hours. The UNI Global Union believed in the power of bargaining. The issues paper referred to global framework agreements such as those between IndustriALL and Inditex; the UNI Global Union also had global framework agreements with Carrefour, Metro and ShopRite, although their effectiveness for enforcing minimum working conditions and standards in practice remained to be seen. The UNI Global Union hoped for other instruments to make labour rights in the TCLF sector a reality; brands had approached them with codes of conduct, which were mainly unilateral instruments, but while these instruments might satisfy their union affiliates’ demand to increase labour rights in the sector, there were limits to what codes of conduct could deliver. His organization was proud of having taken part in the Accord on Fire and
Building Safety in Bangladesh, along with local unions, IndustriALL, the ILO and brands. It had been a ground-breaking, truly binding union–management agreement which not only included social audits but also real inspections; signatory brands and other partners had an obligation to make things better. The Accord focused on fire and building safety, but its binding nature, joint inspections and obligations to make things better could also encourage progress on wages and working hours. Commerce workers wanted to be proud of products they were selling on behalf of their brands, but would not wish to be selling clothes made in exploitative conditions.

Discussion point 1: Issues pertaining to wages and working hours in the TCLF industries at the global, regional and national levels

23. The Executive Secretary introduced the first point for discussion on what were, in the views of governments, employers and workers, the most important issues related to wages and working hours in the TCLF industries. She recalled that this point would set up the basis for the discussions during the Forum.

24. The Workers’ group coordinator highlighted the importance of tripartite consultation and agreement through discussion on wages and working hours in the TCLF industries. Especially in manufacturing countries, there was a huge gap between the required income per month and the wages that workers actually received. Workers were compelled into excessively long hours to supplement basic pay to support themselves and their families. They should enjoy proper living wages and a balance should be struck between work, family and private life. Low wages and long working hours were endemic in TCLF industries; women had the lowest wages and worst working conditions. Workers must have freedom of association, the right to organize and collective bargaining. They were under-represented in TCLF industries and there were massive barriers from employers and governments against organizing unions and realizing workers’ rights. Governments should take measures to ensure workers’ representatives could exercise their rights. Collective agreements must be upheld, working hours and minimum wage legislation must be implemented and workers should have much better working conditions.

25. The Employers’ group coordinator commented that social dialogue and harmonious industrial relations were very important in the national context for wages and working hours. The Ethiopian Government representative had emphasized the importance of productivity and the link between wage levels and productivity. She agreed with the German Government representative about the importance of ensuring compliance with relevant legislation – particularly in the informal economy – through proper labour inspection. However, while sanctions and penalties for non-compliance were relevant in the national context, encouragement and incentives for compliance were also useful and account should be given to the competitiveness and maturity of the TCLF industries. Working hours in the sector had to be understood in the context of the seasonality of work and the related need for flexibility in managing working hours. There were peak seasons with high production turnover and low seasons with less work. Labour policies should enhance possibilities for flexible working-time arrangements to enable adjustments to those fluctuations, and paid public holidays at national level should not curtail international competitiveness and survival capacity of the enterprises. Overtime was a contentious topic, but many workers wanted it. Overtime must be voluntary and excessive hours or continuous overtime should be prevented. Among the factors influencing working hours was the lead time to production – requiring a quick turnaround. On wages, she stressed that the negotiating parties should not only consider workers’ wages, but also the total labour cost for the enterprise to ensure reasonable payment levels. As the UNIDO representative had indicated, wages and productivity had to go hand-in-hand. Skills enhancement could
help workers be more productive. Changes in wages should not be sudden, but organized as a step-by-step adjustment. In the national context, the playing field for domestic producers was often uneven between the formal and informal economies. The implementation of compliance among informal producers should be strengthened and its importance should not be underestimated. The Employers’ group opposed sanctions if a country was non-compliant with a Convention. The way forward was addressing the capacity-building needs of employers and government actors.

26. The Government group coordinator noted that skills training and technology were critical, but it was important to strike a balance between technological developments and the labour-intensive nature of the sector. The Forum should consider the TCLF sector’s characteristics, as outlined in the issues paper, including short lead time to production, very low profit margins, high volatility and low predictability.

27. A Worker participant from the Dominican Republic representing EPZ workers disagreed with the Employers’ views on wages. In the Dominican Republic, the average monthly wage in their sector was $160 and this compared to a monthly cost of living of $600. He called these pay levels “starvation wages” because of the impact they had on living conditions, as many workers and their families had to live in indecent conditions; they could not feed their families properly and suffered from malnutrition; and they lived in inadequate accommodation, often one cramped room shared by many family members. Many had to walk long distances to work as they could not afford public transport. Even if workers had paid leave they could not enjoy it because they had to pay their debts. With these wages they had no chance for a decent life. Workers who had to work for 20 or more years under these conditions would not live long. Workers created profits but were less productive under such working and living conditions. Their feeling was that the work provided should be distributed more equally; workers should enjoy the same rights as employers as regards the possibilities to educate their children and live a decent life. Employers should not move from one country to another because labour was cheaper there. Workers understood that people running a business had to generate profit, but this should not be done under unjust conditions for workers.

28. A Worker participant from Nicaragua observed that conditions had deteriorated since the last sectoral meeting. According to a study by the Federación Nacional de Sindicatos Textil, Vestuario, Piel y Calzado (FESITEX), labour costs in his country were well below 1 per cent of the sales price in the garment sector, even with transport costs factored in. As big brands benefited from large shares of the profits, he wanted to know how they justified their sales prices in relation to labour costs. The practice of outsourcing further brought down labour costs. Designers and producers should increase pay for garment workers, to provide a living wage. Currently, garment sector workers in his country could earn up to $229 per month working very long hours (less that the cost of one night’s stay in a Geneva hotel). A living wage would require $750 per month to ensure decent working and living conditions. Hence, a worker should earn $2 per hour to achieve such a decent wage, but they were a long way from that. To illustrate the pressures put on workers, a brand operating in Costa Rica had claimed to be unable to sustain its business when wages were $60 per month, so they had switched to another country where lower wages could be paid while Costa Rican workers lost their jobs without any warning.

29. A Worker participant from the Philippines followed up on an earlier statement on minimum wages. In her country, minimum wages were set annually, but varied regionally. In Manila, the minimum wage was $300 but other areas had much lower minimum wage levels, but the inflation rate was higher there than in Manila. A monthly living wage for a family of four was around $600. She called on Government and Employers’ groups to narrow the gaps of wage levels towards a living wage that should be similar for both rural and urban areas.
30. A Worker participant from Sri Lanka noted that 80 per cent of garment workers in his country were migrant, female breadwinners, like in many other countries. Sri Lankan garment workers had minimum wages of $70–80 per month, but surveys showed that $320 per month was necessary to live decently. Employers insisted on focusing on take-home pay rather than on the minimum wage, but to earn that take-home pay required at least 60 hours of overtime. Production targets were fixed unilaterally because there were no unions. Workers had to go to work even when sick; if they missed even one workday, they would lose their monthly attendance bonus. The Labour Department survey on garment workers’ health conditions found that 66 per cent of female workers had anaemia. In Sri Lanka, 20 per cent of companies’ expenses went into labour costs, but only 8 per cent went to workers. A living wage was the most important issue for garment workers.

31. A Worker participant from Peru recalled the impact of globalization: most textile production was no longer in developed but in developing countries. In Peru’s textile industry, exploitation was rife despite Peruvian labour law. The law specified 48 hours per week, but they had to work 72 hours per week. Companies forced workers to work 16 hours per day to meet production targets, in particular in companies with no union representation. According to the law, workers should get a 25 per cent premium for the first two hours of overtime, and 35 per cent for two additional hours; this was not followed by non-unionized companies, who claimed the regulation was anti-competitive. Labour costs for companies did not even reach 1 per cent. Companies had their fixed profits while workers suffered wage reductions. He claimed that companies had no problem complying with other fixed costs, such as rent and electricity, but always wanted to bargain with workers for lower wages. Peru’s legal minimum wage was $265 per month, 70 per cent of which covered transport and food, so only 30 per cent was left for the family, thus workers could not afford to work only eight hours a day; they were obliged to stay longer. Money on its own did not make profit; workers were needed to operate machines and produce goods. Most were women; earning low wages affecting their right to motherhood.

32. A Worker participant from India reminded the Forum that working 14–15 hours was not healthy. Companies had to first understand their production capacity; urgent orders forced them to have workers stay for 12 to 16 hours. Many brands spoke about their codes of conduct, but 99 per cent of garment workers had no knowledge of those codes. Employers should meet trade unions to learn what was going on among their workers. Many representatives of companies had visited his region but none had dialogue with workers. Trade unions wanted to cooperate with all actors.

33. A Worker participant from Indonesia referred to working conditions and wages in her country. In the past year, Indonesia’s minimum wage was increased to $50 per month. However, 200 companies did not implement those regulations. Some brands, such as Asics, Puma, Adidas, Nike, Reebok and New Balance (among others) had signed the Freedom of Association Protocol, promoting better working conditions and wages, but others refused to sign it.

34. A Worker participant from Cambodia emphasized that decent wages had to be defined without including extra hours and allowances. A working day should have eight hours per day. Employers defined decent wages including overtime, allowances and bonus but a decent wage should be fixed.

35. A Worker participant from Bangladesh referred to the intervention by the FWF, which claimed that almost two-thirds of garment factory workers underwent sexual or other harassment, but only five factories had been surveyed, and many young women surveyed were experiencing personal independence for the first time in their lives, so the figures cited might be exaggerated. The minimum wage in Bangladesh was $70 and most factories implemented this wage, but workers had to perform overtime of four to five hours per day to get a better salary. Sweatshop workers tended to be paid piece-rate rather than overtime
and old manual machinery was used rather than semi-automated. Subcontracted workers were overworked to fulfill quotas, and contractors paid intermediaries who paid workers a lower rate after deducting their commission. Small and larger TCLF companies often shared buildings, and it was sometimes unclear to the worker who was the employer (especially when subcontracted to another firm in the same premises). After the Rana Plaza disaster, the tripartite partners in Bangladesh had worked together, with international organizations, to develop the Accord on Fire and Building Safety, and there had been no accidents since its signature. The ILO-administered trust fund must fulfill its commitment to compensate Rana Plaza victims, including those who had survived, the majority of whom have remained jobless since the tragedy. The image of the Bangladeshi TCLF industries had to be restored.

36. The Employer group coordinator emphasized the need to understand issues of wages and working hours within national contexts, and observed that ILO work on EPZs had found that conditions there were, on average, better than with domestic producers in the same country. She stressed the importance of having real data to inform discussion on wages. The minimum wage was different from a living wage that a family needed for its monthly food basket; and calculation of living wages required information on how many breadwinners a family had. National and global data on minimum wages, gross wages, take-home pay, and food and transport allowances were needed to make comparisons and understand competitiveness to really understand, at country level, what was happening in the sector.

37. The Government representative of the Islamic Republic of Iran remarked that there were several wage and working-hours standards in TCLF sector at global, regional and national levels, but there was no level playing field for such standards. Employers or manufacturers in different countries overlooked occupational classification procedures. Low-cost commodities of low quality were being exported, and could squeeze out better products, encouraging the non-implementation of minimum standards. Prevention of low-quality commodity imports in regional and global trade could lead to better wages and working conditions at the national level.

38. The Government representative of the Philippines stated that its apparel industry was strong in the 1970s, but had changed in the post-Multi-Fibre Arrangement (MFA) environment, and nowadays represented 4 per cent of total exports and 13 per cent of manufacturing sector gross domestic product. The TCLF sector had the momentum to rebound. At the national level, minimum-wage setting was tripartite. Minimum wages differed by geographical area and occupational/skill level, and settlements through the regional wage and productivity boards were moderate and predictable, aiming at ensuring competitiveness and productivity. The minimum wage setting mechanism was above the poverty rate but below the average wage levels. She noted that piece-rates were also common in the TCLF industries and were related to the minimum wage. The labour inspection system was being improved through tripartite agreements, and helping to enhance productivity, retooling and reskilling. The lessons learnt from labour standards and labour inspections were based on experience. She noted these had three dimensions. First, there was a need for skills upgrading so that business was sustainable; as skills were updated, so were wages, and skills could be upgraded through business partnerships. Second, income support, social security and other assistance to workers in businesses undergoing restructuring/insolvency were needed. Third, social dialogue must be strengthened and take into account gender issues.

39. The Government representative of Germany commented on the Workers’ interventions, agreeing that more data was needed on supply chains, and noting that Germany had developed, with the social partners and civil society, ways to improve the possibility for informed consumer decisions regarding the TCLF industries’ entire supply chains. This
would need participation by all stages of the supply chain, from production to clients, and would provide transparency.

40. A Worker participant from the Philippines noted that in her country, enterprises paying wages negotiated through collective bargaining could be exempted from minimum wage legislation.

41. A Worker participant from the Dominican Republic responded to earlier comments as regards EPZs in her country. EPZ enterprises had 17 different levels of minimum wages (varying by sector, size of enterprise or EPZ status), and it was regrettable that official data from the Government showed that big companies in the TCLF industries paid even lower wages than other enterprises; workers had suffered a 40 per cent loss in their purchasing power. That was unjustifiable. Workers should participate in social dialogue, and minimum wages were often not paid. Wages and pensions must be improved and greater transparency was required. Workers were on miserable wages, and discussion should be frank, responsible and not based on polemics.

Discussion point 2: Measures to enhance workplace compliance with national labour laws and regulations, international labour standards and collective agreements on wages and working hours in the TCLF industries

42. The Executive Secretary introduced the second discussion point, on measures governments, employers and workers should take to enhance workplace compliance with national labour laws and regulations, international labour standards and collective agreements on wages and working hours in the TCLF industries; and on how these measures could ensure gender responsiveness for a predominantly female workplace.

43. The Workers’ group coordinator called on participants to share practices that had worked well for the sector, as well as initiatives with room for improvement. She drew attention to the importance of proper worker representation for improving working conditions in the sector. Unions should be able to provide advice in the context of labour inspections or monitoring systems. Compliance was ensured through labour inspection; but, generally, few resources were made available to carry out inspections; sometimes corruption was to blame for inspection problems and sometimes inspection was totally absent. Without union participation, effective inspection systems could not be ensured. Unions should be a part of ancillary inspection agreements. In some instances, unilateral, non-binding agreements had taken the place of labour inspection mechanisms. Some companies had developed units to monitor compliance (or worked with NGOs or others), but did not go to the root of the problems encountered. Although most of these initiatives were introduced in good faith, their non-binding nature could doom them to failure. Union representation could also help in tackling the lack of guidelines on conducting inspections in the industry. ILO standards and other corporate social responsibility endeavours had not guaranteed proper implementation of their underlying objectives. Lack of pressure to introduce positive changes had led workers to feel that working conditions had worsened in past years. Active union involvement translated into improved economic outcomes for companies and governments. Participants should rethink minimum wages vis-à-vis living wages, unions should be an integral part of labour inspection processes and benefit should be drawn from collective bargaining agreements. These represented enabling conditions for safety and overall economic growth in a country. Tragic events, such as the fire accident in Bangladesh, should not be the sole motivation and trigger for improving working conditions in TCLF industries. She appealed to social partners and governments to work
together; framework agreements could be useful for tackling national and global issues and ensuring better working conditions without being unilateral measures.

44. A Government representative of Germany stated that working conditions in the sector constituted cross-border and transnational issues, and requested advice on models where voluntary inspection initiatives could become more binding for all parties. Strong collaboration ties were necessary between the State and labour inspectors. He emphasized that transparency and accountability were extremely important, but a recent EU study found that companies published little information about prevailing working conditions in their factories. Implementation of complaints and grievance procedures should not only apply in companies’ countries of origin but also in production countries. Companies that had progressed in establishing transparency frameworks and mechanisms should not be adversely impacted by competitors that had failed to implement good practices.

45. A Government representative of the Netherlands concurred, and focused on the issue of how to bridge the gap between minimum wage and living wage, requesting recommendations on how to address this sensitive question. Perhaps benchmarks (like the FWF’s) should be developed; wage levels and wage indicators could be a starting point. German and Dutch textile companies had pioneered pilot projects addressing discrepancies between the minimum wage and living wage. Other Dutch companies had signed commitments to close the gap by 2020, by providing a decent living wage to all employees.

46. A Government representative of Thailand remarked that regulations existed in most countries, but effective implementation remained complex. One of the most challenging issues for effective implementation was that the number of workers had significantly increased in a relatively short period. Labour inspector numbers could not maintain that same pace. He asked for advice on capacity-building efforts and effective implementation recommendations.

47. A Government representative of Panama highlighted that the Government has taken measures to improve workforce inspection mechanisms and processes. First, inspector and vehicle numbers have increased recently from 217 to 350 and ten to 45, respectively. Second, strong collaboration has been promoted between the Government, unions and trade associations. Third, a gender bureau has been created to oversee the delivery of equal conditions for all workers. All measures were implemented by issuing secondary legislation within the existing national labour framework.

48. A Worker participant from the United States referred to the ILO Declaration on Fundamental Principles and Right at Work and its Follow-up. The first principle – freedom of association and the effective recognition of the right to collective bargaining – was obligatory for all ILO member States, including the largest TCLF-exporting countries. Governments must permit workers to organize and select their own representatives and protect workers when freedom of association was violated. Social dialogue and harmonious labour relations could only be achieved when there was a right to collective bargaining, which – with the right to strike – were the best ways to establish living wages for workers. He provided examples of human rights violations where the responsibility was not only with governments, because production companies also had a role to play. If global brands believed in their codes of conduct, then production companies should respect these rights enshrined in the ILO Declaration.

49. A Worker participant from Japan emphasized the importance of freedom of association and the right to strike. Sound industrial relations were important and there were many obstacles to effective freedom of association. Especially in developing countries, textile unions were the first established and often the first to fail. The unions were pioneers but find it difficult to stay established. The existence of credible unions was important, as
unions could drive changes in working conditions. In Asia, there were many difficulties for unions as laws are not in favour of the establishment of unions. EPZs, in particular, made it difficult to establish unions.

50. A Worker participant from Pakistan stated that in July 2014, wages in the TCLF sector were around $120 per month for an eight-hour day. Implementation of the law was crucial – the big issue was freedom of association, plus labour inspection and minimum wages. National agreements should be adopted. Attention should be paid to gender equality, improved working conditions, minimum wages, implementation and corruption.

51. A Worker participant from South Africa offered some suggestions to improve wages and working conditions in the TCLF industries. Government was a large procurer of goods and services and thus they should impose compliance requirements on the procurement of TCLF products. Governments also allocated industry support measures that could be linked to compliance. It was important to build the capacity of labour inspectorates, enhance trade regulation (in the World Trade Organization (WTO)) and extend monitoring mechanisms. Governments could assist in a labour relations environment and strengthen the right to strike. In addition, he suggested that speeding up legal processes of legal compliance issues could help. Strengthening centralized collective bargaining and ratifying core labour Conventions could help the industry. For employers, he suggested that it was useful to condemn non-compliance and production should not be outsourced/subcontracted to non-compliant companies. This should not just take the form of sanctions (which could include factory closures), but also incentives and encouragement for good behaviour compliant companies. Certifying compliance was also important and easy to implement. Employers could help strengthen compliance and workplace inspections, support whistleblowing environments free from fear and allow workers to take industrial action against non-compliant firms.

52. A Worker participant from Bangladesh stated that it was the duty of employers and governments to ensure safe workplaces through extensive monitoring. He added that brands and buyers also had corporate social responsibilities and questioned how they could provide compliance certificates in the absence of trade unions at the factory level. An inspection mechanism alone could not ensure factory compliance. The Bangladesh Accord provided a new model for safe workplaces and promoting compliance.

53. A Worker participant from Spain noted that few brands were attending the Forum, and urged multinationals to sign global agreements with worker representatives. Some companies were pioneers, but others (like Gap) had not (yet) signed the Bangladesh Accord. Decent work should be ensured for everyone.

54. A Worker participant from Indonesia stated that in Indonesia, there was a Freedom of Association Protocol signed by many brands. Workers wanted the brands to respect the United Nations Guiding Principles on Business and Human Rights (UNGP), but just signing agreements was insufficient – they should be implemented.

55. The Employer group coordinator began by responding to comments about the right to strike made by Worker participants during the discussion. She clarified that the agenda of this Forum focused on wages and working hours and the Employers’ group believed that it should not address the issue of the right to strike. She then re-emphasized that the TCLF industries were characterized by volatility, low predictability and generally low profit margins. Subcontracting was common and intermediaries played an important role by bringing down costs. Labour abuses and human rights violations should be addressed through enforcement of national laws and regulations. Fundamental principles and rights at work should be promoted in all economies, especially in the informal sector. The gap between law and practice was an important challenge for national economies, and requires additional data collection and analysis. Reducing informality and corruption and improving
social security were also important. More information on innovative compliance models used in different countries should be shared. She mentioned the example of the “golden list” used in Jordan with incentives to encourage compliance, and sanctions for non-compliance. Employers did not want to see workers living in poverty, however minimum wages must be reasonable and working hours must be flexible given the seasonality of the demand for finished goods. Workers should not work excessively long hours for long periods of time and overtime work should be voluntary. She continued by agreeing with the intervention from a Worker participant from South Africa, who explained the need for implementation and enforcement of compliance for all employers. Different models and mechanisms for compliance promotion and enhancement existed, with government procurement being a good place to start. Labour inspectors needed capacity building in terms of technical skills and technical knowledge on compliance. She also agreed that employers could be more stringent about outsourcing to non-compliant subcontractors. They should encourage their buyers to source from compliant factories. Finally, their recommendations for workplace compliance and enforcement required national ownership. Wages and working hours should be discussed within the national context.

56. The Employer participant from South Africa disagreed with the Workers’ group comment that higher wages would be beneficial to everyone. That complex issue had been widely debated without clear resolution. Furthermore, a one-size-fits-all wage model was not the answer. Wages should be tailored to the specific social and economic needs within different national and regional contexts. He endorsed the statement from the Worker participant from South Africa on the need for compliance and enforcement. It was important to fix the gap between labour standards and practice. South Africa had implemented a compliance certification scheme which allowed different actors within the supply chain to verify that they were doing business with compliant companies. Although it had varying degrees of success it was designed to reward those companies that were compliant.

57. An Employer participant from Brazil endorsed the comments made by the Employer group coordinator and observed that employees and employers would not exist without each other. In Brazil, multiparty social dialogue was very important, and addressed several issues including migrant labour and informality. Even though the textiles were produced primarily for domestic consumption in the country, it was a very competitive business. He concluded by encouraging the ILO to help, including through holding discussions with the WTO.

58. The Government representative of Ethiopia referred to the topics of abusive inspectors and gender responsiveness. First, he mentioned corruption should be considered an individual behaviour problem. The Government should fulfil its regulatory role and take measures against corrupt inspectors. In Ethiopia, efforts to reduce corruption included labour/management safety and health committees, and a system for the regular exchange of information between employers, managers and workers. Second, Ethiopia had enshrined the rights of women in the national Constitution. Although a legal framework to protect women’s rights was enacted, it was not enough. The fundamental problem was the attitude of people towards women’s rights, especially in sub-Saharan countries. The Ethiopian Government’s approach was to change the social attitude towards women. Developing countries were making a transformative change. Policy interventions were needed to shift the paradigm and to build women’s self-confidence. The promotion of girls’ education, and women’s capacity building were strategies that had to be implemented in addition to inspection and compliance measures.

59. The Government representative of the Philippines pointed out that the Government had implemented several measures applicable to promoting workplace compliance. Based on an ILO audit of the inspection system, the Government of the Philippines increased the inspectorate’s capacity through regulatory and developmental approaches with the active
participation of employers and workers. The Government promoted a culture of voluntary compliance, which involved awareness raising of plant-level partnerships, and simplified procedures to enable companies to comply with standards. The Government authorized the creation of 372 new senior inspector positions with adequate salaries. As a result, the country employed 574 enforcement officers, and complied with the ILO recommendation of one inspector for every 120 establishments. Inspectors have been trained, and used mobile electronic inspection checklists. The device was developed with assistance from the ILO, and included decent work indicators. Collected data was transmitted in real time for analysis. Inspectors could then immediately map the findings and develop inspection strategies based on the results. The Government also took measures to address corruption in the inspectorate. Training programmes were developed in partnership with the Garment Business Association of the Philippines.

60. The Government group coordinator summarized the main issues that the Government representatives identified regarding the second point for discussion. Workplace compliance could be enhanced by capacity building of labour inspectors, private compliance initiatives could supplement labour inspections and formalization of the informal economy should be increased. Regarding gender responsiveness, factories should provide care facilities and governments should take measures to disaggregate statistics by gender and should implement relevant labour Conventions, particularly those related to equal opportunity and treatment.

61. The Government representative of Germany addressed the need for consensus about the minimum wage and compliance mechanisms. The minimum wage should be reasonable, while taking into account the national context. The issues of minimum wage, working hours and the informal sector were all connected. Governments should ensure that people could earn a decent wage that would allow them to meet their basic needs. Social dialogue should also consider how to ensure effective compliance mechanisms, including through a change on procurement practices and development of new mechanisms. Discussions on these topics should bring together all social partners, stakeholders, big retailers and NGOs to improve transparency and effectiveness.

62. The Government representative of the Netherlands reinforced the idea that all stakeholders had to participate in social dialogue. Governments should invite global brands to participate in social dialogue to prevent factories from moving from one country to another when wages increase.

63. The Workers’ group coordinator emphasized that freedom of association and collective bargaining were fundamental rights which enabled workers to negotiate decent wages and working hours. This was also in the interest of employers, as no employer could negotiate with each employee individually. Social dialogue could also address issues related to the difficult production agenda in the sector. Numerous stakeholders shared a responsibility in applying rules and standards. Governments had to enforce rules and apply sanctions. In the experience of workers voluntary compliance schemes did not work. Wages and working time in the sector were questions of fair distribution. Data showed that the TCLF industries had been doing well in the past decade. Workers needed to get a fair share of the profits. The inclusion of binding rules in WTO agreements would also be a positive step towards ensuring fairness. She welcomed the numerous references to the gender dimension of the sector and noted that workplace equality could not be isolated from the general social equality of women. Rules at the workplace would not be effective if family law still favoured men and let them determine if, and when, a woman could work. Governments had the responsibility of addressing these issues and promoting employment for women. She also welcomed the remarks in the discussion on the importance of labour inspectors, and the references to a living wage. Wages in the sector should provide a liveable wage within working hours set out by ILO standards. Workers should not have to resort to excessive overtime or multiple jobs to earn a living in the sector.
64. The Employers’ group coordinator emphasized the importance of the enforcement of national laws, and of social dialogue with the tripartite constituents. She reiterated that it was a long-standing position of the Employer group that trade and sanctions related to labour rights could not be linked. However, given the changing environment, further dialogue was needed on WTO mechanisms in this area. Employers fully supported freedom of association and the right to collective bargaining, within the framework of national law. Implementation of these rights needed to occur within the national context. Working hours and wages also needed to be set within a national context. To maintain competitiveness in a difficult environment with changing production schedules, flexibility around working hours was essential. Overtime should also be voluntary, but it was important to take into account national context. In Cambodia, for example, there were two months of leave and public holidays; overtime was necessary to maintain production schedules.

Discussion point 3: Social dialogue’s contribution to addressing challenges on wages and working hours in the TCLF industries

65. The Executive Secretary introduced the third point for discussion on how social dialogue could contribute to addressing challenges on wages and working hours in the TCLF industries. She noted that it should take into account the various forms of social dialogue, and that collective bargaining was at the heart of social dialogue.

66. The Employers’ group coordinator explained that social dialogue should begin at the workplace level, to ensure good workplace relations, and to avoid challenges with wages and hours of work. It was essential that workers’ representatives and management met regularly, and that complaint and grievance procedures existed to resolve problems at the shop-floor level. At the national level, social dialogue needed to be proactive, data driven and not restricted to a small selection of actors. Good social dialogue required an understanding of social and economic issues, and respect by all parties. At the national level, there should be: regular bipartite check-ups to monitor social dialogue; complaint and grievance procedures that were handled in a timely manner; a framework for problem solving; and sanctions for persistent non-compliance. The enforcement of laws was important, as well as awareness raising on social dialogue for enterprises.

67. The Workers’ group coordinator stated that social dialogue was based on the fundamental rights of freedom of association and collective bargaining. There were differences in the understanding of social dialogue at the enterprise level, so it was important to involve other stakeholders in such processes. Wages were an issue to discuss through social dialogue, as were other issues such as productivity and efficiency. The perception of the value of work in the sector also needed to be considered in wage setting. Work in the sector was often perceived as women’s work, and therefore accorded low wages. If a man entered the sector, for example, he often would receive higher wages as the perception of the value of his work was higher. A further issue to be addressed was the link between multinationals and national suppliers. In some cases, multinationals were prepared to pay higher wages, but these conditions never reached workers. Social dialogue also needed to include the multinationals.

68. The Government group coordinator summarized the views expressed during the Government group discussion. Many countries needed capacity building in social dialogue, especially at the grass-roots level. They acknowledged the need for flexibility in setting minimum wages; some should be set at the provincial level and some exemptions may be justified. The Government representatives were concerned about how to include the
informal sector in social dialogue and recommended that formalization should continue. Some EPZs were governed by different policies which also may impact social dialogue. Finally, international brands should participate in social dialogue aimed at increasing wages.

69. The Government representative of Algeria underlined the fact that social dialogue occurred at many different levels and may be influenced by many factors making reconciliation and consensus difficult.

70. The Government representative of Cambodia strongly advocated tripartite participation when setting the minimum wage. He described the tripartite social dialogue process to negotiate the minimum wage that was ongoing in Cambodia with technical support from the ILO. He also stressed that minimum wages should be predictable and increased gradually.

71. The Government representative of Ghana stressed that social dialogue was essential for industrial peace and national security. Labour legislation in Ghana allowed unions to be established easily, resulting in tripartite social dialogue with a multiplicity of unions. As a consequence, the public sector established a unified negotiating procedure for minimum wages, bringing all actors together. In the TCLF industries there was the additional challenge to include informal workers in the tripartite social dialogue necessary for ensuring compliance with wages and working conditions, without undermining productivity.

72. The Government representative of the Islamic Republic of Iran stated that social dialogue was an important tool included in the Islamic Republic of Iran’s national labour law. Collective bargaining agreements should be used to negotiate increases in the minimum wage or bonuses in accordance with national labour law.

73. The Government representative of Germany explained that social dialogue could occur at different levels. Those processes should be connected to each other and linked with international initiatives. The German garment sector had high union density and the collective agreements were an advantage for companies. Collective bargaining was an important part of social dialogue that promoted social peace and justice for workers, prevented distortion of competition and helped companies to overcome the recent financial crisis. Finally, he stressed the need to strengthen the process of formalization of informal workers to expand the coverage of social dialogue and collective bargaining.

74. The Government representative of Ethiopia stated that social dialogue was a key element for harmonious industrial relations. In Ethiopia, labour legislation should have tripartite endorsement prior to adoption and for effective implementation. Information exchange was also important for fruitful dialogue. Some employers resisted the establishment of unions within their enterprises due to the lack of knowledge about the importance of trade unions. Ethiopia ratified ILO Conventions regarding social dialogue since they were based on human rights. Social dialogue fostered stability and productivity when workers felt ownership for the enterprise. Social dialogue should also be proactive to avoid disputes.

75. The Government representative of Mexico stressed that social dialogue promoted communication and resolution of differences. In her country, it had enabled the National Minimum Wage Committee to set minimum wages through unanimous decisions supported by the production sectors and the Government. She agreed with the statements made by Germany that formalization of work was a priority. Informal work was widespread in the Mexican textile sector and the Government was therefore making significant efforts to formalize work in the economy with the support of the social partners. She concluded by emphasizing the importance of enhancing transparency during labour negotiations to build trust and confidence in the social dialogue process.
76. The Government representative of Tunisia said that social dialogue in his country played a key role in promoting decent work while maintaining the competitiveness and sustainability of companies. It allowed the Government to set minimum wages and to include decent work principles in collective negotiations. Social partners in Tunisia signed a social contract as a commitment to social dialogue and decent work principles. A national council for social dialogue was foreseen to ensure effective and lasting tripartite dialogue. Collective bargaining also offered a framework for discussing issues such as wages and skills.

77. The Government representative of the Philippines acknowledged that there was agreement in the room on the importance of social dialogue for all industries and for the implementation of decent work goals. In the Philippines they held tripartite dialogue at different levels. Some guiding questions for further discussion could be related to whether it was organized at the correct level and the right representatives were participating and discussing the right agenda. TCLF industries generated employment, and they required attention to decent work issues at the workplace as well as at sectoral and national levels.

78. A Government representative of the Netherlands indicated that the Government was inspired by Organisation for Economic Co-operation and Development (OECD) guidelines in relation to living wages and encouraged brands to bridge the gap between minimum wages and living wages. Global brands should participate in social dialogue in producing countries as well as at the international level. She asked the Employers’ group to comment on the possibility of “tripartite plus” social dialogue at the regional level.

79. A Worker participant from the Dominican Republic said that social dialogue required strong trade unions, with freely elected leaders, who could effectively negotiate collectively. Social dialogue should be held locally and at the international level. Workers were open to discussing a broad range of topics including competitiveness and productivity, but agreements on wages had to be the priority. Transparent social dialogue with governments and employers was necessary to discuss the real costs to companies, and how governments could increase the competitiveness of countries and to enable workers to live decently. Workers recognized the value of social dialogue to improve working and living conditions in the sector.

80. A Worker participant from Sri Lanka focused on social dialogue at all levels. Genuine social dialogue helped to reduce conflict, to build trust, and to improve working conditions, wages and productivity.

81. A Worker participant from Sweden was pleased to hear several positive statements from Employer and Government representatives supporting social dialogue and the need to improve working conditions in the sector. He preferred to use the phrase industrial relations, which is a term that covers conditions and issues between workers, trade unions and employers more broadly. Today, workers have no voice and were not included in the decision-making activities of the company. Industrial relations could change to address both working conditions and productivity of the company. This situation could be built upon good relations between social partners, and presupposes freedom of association and collective bargaining. It was strange that industrial relations systems had not been implemented on a wider scale, given the benefits for both management and the unions. His trade union had signed an agreement with H&M to promote industrial relations in Asian countries, especially in Cambodia. Finally, he called for governments to support the implementation of industrial relations at the industry and workplace levels in their countries.

82. A Worker participant from South Africa mentioned that collective bargaining should improve working conditions. Workers must have the right to bargain through their associations. When agreements were reached, governments should ensure compliance
when employers attempt to avoid implementing an agreement. In many countries legislation on minimum wages has been passed, but many companies postponed implementation. He called upon governments to pass clear legislation that would allow unions to participate in social dialogue. Social dialogue should also include wider developmental issues such as job creation and innovative strategies on production.

83. A Worker participant from Bangladesh said that without social dialogue industrial relations would not be possible. Negotiations and bargaining could happen only through social dialogue. Without social dialogue these conflicts could not be resolved. Social dialogue allowed workers and employers to develop a more harmonious relationship where problems could be resolved and productivity could be discussed.

84. A Worker participant from Cambodia added that the international brands should encourage their suppliers to ensure long-term stability in a country. He mentioned that in Cambodia there was a discussion of minimum wages within a tripartite committee set up by the government. He stressed that the level established was not acceptable by workers, which resulted in strikes and violence. Bipartite discussions between the union and management at the enterprise level were important. He also urged bringing the brands back to the table.

85. A Worker participant from the United States said that social dialogue required real representation. Workers needed unions and the employer side needed factory owners, direct employers and the multinational brands. He noted that as mentioned in the issues paper, multinational companies determine the when, where and who of production. Twenty years ago, brands responded to criticism about child labour by saying that they were not responsible, but that was untenable. Then corporate social responsibility policies and codes of conduct were developed. In 2013, 180 brands signed the Bangladesh Accord on Fire and Building Safety, a binding agreement allowing unions to jointly conduct inspections with supplier factories. In 2014, Cambodian unions asked the brands to tell the suppliers to raise minimum wage levels. Following union demonstrations, some international brands wrote letters to the Government to indicate that they were willing to adjust prices to ensure higher wages. Nonetheless, international brands were not ready to take full responsibility for conditions in factories that make their goods. In North America, the International Ladies’ Garment Workers’ Union (ILGWU) and Seventh Avenue brands such as Calvin Klein, Donna Karan and Liz Claiborne had negotiated “jobbers’ agreements” setting minimum standards for North American supplier factories. The supplier factories, unions and brands engaged in triangular bargaining that guaranteed fair prices, stable profits, fair living wages and decent working conditions. Brands and factories competed on productivity and design rather than low wages. Triangular bargaining stabilized the women’s apparel industry and provided good jobs for thousands of workers until it was undermined by liberalization. If there was true commitment, the agreements could be implemented at the global industry level in order to eliminate the race to lower wages.

86. A Worker participant from Japan said that disclosure and transparency of company performance was important. Productivity should be separated from the minimum wage arguments. To increase productivity, trade unions should be involved as equal partners. Gains in productivity should not result in dismissals. Fair shares of productivity increases should be reflected in wages. Workers should be treated as partners when discussing productivity. Under those conditions, workers could actively participate in discussions on productivity; otherwise it would be just another burden. Labour and management should nourish trust with transparency, to develop good partnerships. Then they could negotiate fair wages.

87. The Employers’ group coordinator explained why their group had not brought up buyers’ involvement in the discussion so far. The group encouraged dialogue between buyers and unions, governments and factories to be more regular and formalized at different levels, but they could not see a role for buyers in wage negotiations. She expressed support not
only for collective bargaining agreements through social dialogue, but also focusing on job creation and productivity. Dialogue would need to take into account the challenges within the national contexts; otherwise it would not be possible to create better working conditions, higher-paid jobs and the right jobs to move along the value chain. Private companies could not substitute governments, but they did create thousands of job opportunities. The Employers’ group called for cohesive union movements that were transparent, engaged and equipped, as multiplicity could destroy proper dialogue. Respect for the social dialogue process, including collective bargaining, was important, so that this process is started and completed before commencing strike action. All constituents should follow laws and regulations in order to stand accountable in front of the law. With regard to wage negotiations, the role of the global unions was to constructively help national trade unions and not to create unrealistic expectations. Different countries had different stages of development and were more or less involved in TCLF industries. It was essential to take these differences into account in wage negotiations in order to create future opportunities and to enhance social dialogue leading to harmonious industrial relations.

88. An Employer participant from South Africa stressed that the Employers’ group had the best intentions, shown by their presence – in good faith – at the Forum. It was important to find practical and sustainable means for improving the TCLF sector’s environment. He called for mutual respect in the Forum and at factory level. Progress on crucial matters could only be reached if all constituents understood that this remained a joint responsibility for governments, employers and workers.

89. The Chairperson shared her impression of the discussion, which had been fair and constructive; there was no intention from the groups to bring a bad atmosphere.

**Discussion point 4: Recommendations for future action by the ILO and its Members regarding wages and working hours in the TCLF industries**

90. The Executive Secretary introduced the fourth point, on identifying specific recommendations to help orient the work of tripartite constituents and the ILO on this topic in the coming years.

91. The Workers’ group coordinator proposed across the board support for negotiating collective bargaining agreements, which were positive for workers and employers alike – providing greater stability, certainty, productivity, innovation, modernization and competitiveness. There was consensus on the need to avoid a downward spiral of wages, working conditions and respect for working hours. Wage inequality could be prevented by developing fixed wage scales. Collective bargaining could reduce costs by increasing flexibility and developing bipartite partnerships; their implementation would strengthen the skills and capacities of workers, trade unions and employers. Migrant, part-time and homeworkers could also be included, as well as informal economy operators – thereby social dialogue would become more effective. Tripartite consultation was required on institutional frameworks and industry-wide bargaining and mechanisms. ILO-based discussions could focus on the supply side as well as the demand side. One idea would be pilot projects along the lines of Better Work and Better Factories Cambodia that would become more binding arrangements.

92. The Employers’ group coordinator proposed four recommendations. First, the need to collect data was reinforced. Data would reveal employment levels for both domestic manufacturers and exporters, as well as wage structure per country. Data could also shed light on compliance rates and the most pressing challenges to implement national laws and regulations. Productivity rates and educational profiles by country could also be included
in data-gathering efforts. Second, she emphasized that the ILO is housing several programmes that develop skills and productivity. Applicable programmes should be analysed and tailored to the TCLF sector. Replicating successful programmes could enable quick and effective actions. Third, programmes tackling informality in the sector could constitute useful tools to increase government revenue and reduce corruption. She cited Brazil and China as examples of concrete efforts to successfully start addressing informality. Lastly, she stressed the need for capacity-building initiatives. These could target labour inspectorates, or other government agencies, to provide skills and develop technology to increase compliance rates. Capacity-building efforts could also seek to disseminate good practices and create an equal platform for discussion.

93. The Government group coordinator also put forward four recommendations. First, the need for accurate data and statistics was highlighted. The ILO could provide assistance to member countries to strengthen data-collection efforts. Second, programmes within the ILO framework should also be considered, especially to build the capacities of labour inspectorates. Third, he suggested promoting cooperation and dialogue between social partners and additional stakeholders (that is, global brands). Public–private partnerships, such as the ones developed within the ILO framework of action, could prove useful to the TCLF sector. Lastly, he recommended the compilation of best practices and successful formulas that can be replicated in other countries.

94. A Government representative of Algeria recommended participants adopt an ergonomic approach. He clarified that the broader definition of this term referred to the general study of workplace improvement to guarantee decent and productive conditions. He also identified the issue of informality as a major challenge needing a holistic focus. Efforts should first tackle shifting employers’ mentalities vis-à-vis informal labour; this takes time. He finally suggested that the ILO should assist in providing member countries with a global insight within capacity-building efforts.

95. The Government representative of Ghana emphasized that the industry must first survive before attempting to solve other issues related to working conditions. In the case of Ghana, he stated that low-quality textiles have swamped the market. Enforcement of standards and compliance with minimum wage laws should be a priority. He concurred with other colleagues and participants; cooperation should aim at developing skills and provide training opportunities.

96. A Government representative of Ethiopia called on member States to provide enabling conditions for social dialogue, through the application of tripartite consultations, and suggested that national occupational safety and health programmes be adapted and applied at the enterprise level.

97. A Government representative of Germany shared positive experiences that could be replicated. Framework agreements and the Bangladesh Accord are helpful, binding initiatives providing a starting point. The German and Dutch Governments have also conducted successful pilot programmes with positive outcomes. He agreed that more data is needed; however, this situation should not preclude governments from actively looking to implement other policy measures in the meantime.

98. A Government representative of the Netherlands acknowledged that more data is needed. Government initiatives have included funding the Better Work programme. Data collection efforts are at the core of this programme.

99. The Government representative of Egypt stressed that solutions need to take into consideration each developing country’s particularities. A database encompassing technical, financial and other particularities per country could provide a useful tool for decision-making processes.
100. A Government representative of Brazil agreed that pilot efforts, such as the Better Work programme, can contribute to improving working conditions in the sector. Governments deal with transnational companies, thus, trans-boundary solutions are needed. Data is collected at the national level. The ILO, through its Statistics Department, could take the lead in helping member countries to harmonize data and statistical indicators.

101. The Employers’ group coordinator supported Brazil’s suggestion to strengthen national statistics offices and labour inspectorates to gather more harmonized data. She added that the Bangladesh Accord came to life under exceptional circumstances. Other binding agreements efforts should adopt a more inclusive approach. Generally, national constituents should be in the driver’s seat and claim ownership of these initiatives.

102. A Government representative of the Netherlands agreed with the suggestion put forward by the Government of Brazil. Harmonized indicators could empower national directorates to develop useful tools to improve working conditions in the sector.

103. The Government representative of Mexico suggested that the ILO should consider developing wage surveys with globally standardized indicators, as it would be extremely useful to have harmonized salary variables in the calculation when analysing national data in an international context.

104. The Workers’ group coordinator stated that the Better Work programme was a good starting point, with room for improvement. Programmes and initiatives should include improved monitoring, promote transparency and establish sanctions. For example, cancellation of export licenses could provide enough motivation to non-compliant companies. Programmes and initiatives seeking to improve working conditions in the sector should be independent from government interventions.

105. The Employers’ group coordinator reminded participants that the purpose of initiatives, such as the Better Work programme, is to build labour-inspectorate capacity. Each national regulatory framework should develop its own sanctions structure.

106. The Government representative of Egypt asked rhetorically whether it was possible for a labour programme to be independent.

Discussion of the draft points of consensus

107. At the closing plenary session, the Forum examined document GDFTCLI/2014/5.

108. By the time the Forum adopted paragraphs 1–4 of discussion point 1, the Workers’ group coordinator suggested moving directly to point 4 to ensure recommendations for future action by the ILO and its Members could be discussed in the remaining scheduled time. Paragraphs 24–27 were so adopted.

109. An hour after the scheduled time for the ending of the Forum’s deliberations, the Chairperson had to leave the Forum. In agreement with the Forum, she was replaced by the Government representative of China, who had been serving as the Government group coordinator. Mr Francisco Figueiredo de Souza (Brazil) subsequently served as Government group coordinator for the remainder of the Forum.

110. The Forum thus completed the adoption of paragraphs 5–8. By that time, the interpretation services for the Forum were obliged to stop. The Forum’s Secretary-General explained that the participants could decide to close the meeting at that point if they so wished. However, in so doing that would prevent the remaining paragraphs being discussed or amended and
prevent the points of consensus from being adopted as a whole. All groups complained about the lack of interpretation at the end of the Forum, but agreed that the meeting could continue in English only. The Government group coordinator, the Employers’ group coordinator and the Workers’ group coordinator stressed that this must not be considered a precedent and was to be avoided at any cost in the future. The Secretary-General thanked the participants for their indulgence and confirmed that this situation should not create a precedent for future meetings.

111. The Government group coordinator remarked that many Government representatives had unfortunately had to leave the meeting earlier, but those that had remained were of the view that the current Forum’s format (also noted in previous meetings) had limitations regarding the process of adopting the points of consensus. It was noteworthy that some paragraphs were discussed three times while others were not discussed at all, or only very late in the proceedings. He congratulated the efforts of the Chairperson, the Government group coordinator (who became the substitute Chairperson), the Employers’ and Workers’ groups’ coordinators, the Office and all those involved in the organization of the Forum to reach consensus. Nevertheless, the Government group felt that there was a need and opportunity for reflection on how to improve the functioning of sectoral meetings, particularly Global Dialogue Forums. Some governments had previously stated that rules of procedure might need updating to match the structure of meetings. This reflection could coincide with presentation of the report of the Forum to the Governing Body in March 2015.

112. Following these remarks and in agreement with the participants, the Forum concluded its discussions on the remaining paragraphs and adopted the points of consensus as attached.
Points of consensus

Most important issues pertaining to wages and working hours in the textiles, clothing, leather and footwear industries

1. The textiles, clothing, leather and footwear (TCLF) sector is labour intensive, female dominated and is characterized by geographically dispersed production and rapid market-driven changes, as buyers determine by whom and where production takes place. Many jobs have been created in developing countries, especially for women, youth and low-skilled workers. As the employment creation potential continues to grow in many countries, the sector can also play an important role in industrial development, often acting as a gateway to manufacturing.

2. National contexts differ greatly. The TCLF sector is very competitive and manufacturers generally have low profit margins. Buyers and market pressures are driving down sourcing costs, including the cost of manufacturing, which includes labour costs.

3. Minimum wage levels in the sector are generally low and sometimes do not fulfil the needs of workers and their families. The fulfilment of these needs is sometimes only achieved through excessive overtime work. Wage levels are also influenced by national policies and the price paid by buyers.

4. Fluctuations in demand and short lead times require flexibility in working time in the TCLF sector. However, when these are poorly managed, they can often result in unduly long working hours. Excessive overtime is a concern for occupational safety and health and work–life balance of workers. Overtime should be an exception.

5. In relation to both wages and working hours, compliance is a challenge in the sector. The existence of non-compliant producers presents considerable barriers to ensuring sector-wide compliance, which often leads to unfair competition and unethical sourcing.

6. Social dialogue plays an important role in determining wages and working hours. Where it is absent, it is a concern. Governments should ensure that fundamental principles and rights at work are promoted, respected and realized.

7. Generally, there is a lack of national data regarding wages, working hours and gender inequalities, as identified in paragraph 22(d).

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1 These points of consensus were adopted by the Global Dialogue Forum on 25 September 2014. In accordance with established procedures, they will be submitted to the Governing Body of the ILO at its 323rd Session in March 2015 for its consideration.
Measures to enhance workplace compliance with national labour laws and regulations, international labour standards and collective agreements on wages and working hours in the TCLF industries

8. There are notable gaps between law and practice in the TCLF sector in relation to wages and working hours. Since compliance is critical for achieving decent work and to ensure that human and labour rights abuses cannot take place, there is a great need for governments to ensure compliance with national laws and regulations and ratified ILO Conventions. Challenges in relation to compliance have different causes, including the existence of informality and corruption, as well as enforcement deficits by governments.

9. An effective labour inspection system is central to ensuring compliance and contributing to a level playing field. In order to ensure the effectiveness of labour inspection systems, countries should regularly review and update their functioning and capacity including through training of inspectors and adequate resourcing. Information technology can contribute considerably to their effectiveness by improving the collection of necessary data. Regular inspections are critical.

10. The labour inspectorate and general compliance enforcement policies should not only sanction and penalize, but also set positive incentives for compliance. It should provide relevant technical information and advice to employers and workers, and measures should be taken to ensure that labour inspectors are free from improper external influences. Information and awareness campaigns can further support workplace compliance.

11. Private compliance initiatives cannot substitute labour inspection; they can, however, complement countries’ efforts in increasing compliance. However, experiences with corporate compliance programmes that rely on an auditing model and do not involve the social partners have shown the limitations of such approaches.

12. Governments, in consultation with employers and workers, have an important role to play in promoting gender equality measures through appropriate legal and institutional frameworks. Social partners and governments need to collaborate on measures, among others, to ensure that education, and training and employment opportunities are provided to women workers without discrimination and provide facilities for workers with care responsibilities.

13. Governments need also to ensure that sex-disaggregated data is collected that can be used to assess the situation in the TCLF industries and guide future public policy-making and tripartite actions.

14. As education and skills are important factors relating to wage levels, one focus should be to provide workers with more skills upgrading and training, including on-the-job training.
How social dialogue can contribute to addressing challenges on wages and working hours in the TCLF industries in order to promote decent work and sustainable enterprises

15. Social dialogue is an important means to achieve constructive and harmonious industrial relations. It must be based on respect for freedom of association and the effective recognition of the right to collective bargaining.

16. Production in the TCLF sector is truly globalized and therefore social dialogue can profit from participation of international actors, such as buyers. Sectoral social dialogue can take place at workplace, national, regional and international levels.

17. In many countries parts of the TCLF sector are informal. Social dialogue can play a role in contributing to the promotion of transition from the informal to the formal economy with the formalization of informal economy enterprises and workers.

18. Social dialogue is most effective when practiced regularly and proactively, and between social partners who have the capacities needed. Transparency and reliability of relevant data (as identified in paragraph 22(d)) contributes to the success of social dialogue.

19. Social dialogue in the sector can contribute greatly to its stability and success. Governments should create and enhance supporting regulatory frameworks, as appropriate, and take steps to ensure that agreements are better complied with.

20. Social dialogue also plays an important role in setting of labour legislation; the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), is of particular importance in this context.

Recommendations for future action by the International Labour Organization and its Members

21. In view of the discussion at the Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries the following future action was recommended.

22. The Office should:

(a) continue to promote the ratification and effective implementation of international labour standards relevant to the TCLF sector, including the Protocol of 2014 to the Forced Labour Convention, 1930, and the Forced Labour (Supplementary Measures) Recommendation, 2014 (No. 203), and those related to freedom of association and collective bargaining, as well as the promotion, respect and realization of fundamental principles and rights at work;

(b) promote social dialogue, which includes collective bargaining, in TCLF industries and develop capacity of tripartite constituents to effectively engage in social dialogue;
(c) provide technical assistance programmes to member States and constituents to help to
design and implement adequate regulatory and institutional frameworks to improve
conditions of work, skills, productivity, wages, competitiveness, training of labour
inspectors and sustainability in the TCLF industries;

(d) assist member States in designing unified data systems to collect regular data on
employment levels, minimum wages, wage structures, working hours, compensation,
total cost of labour, productivity and other relevant data to better understand the
national context; and

(e) undertake research and comparative analysis at a global level, map good practices and
share knowledge on all of the data identified in (d) and on profit margins at a global
level.

23. Governments should:

(a) work towards improved conditions of work in the TCLF sector by enforcing labour
legislation and effective protection of workers’ rights as well as building capacity of
workers and employers;

(b) ensure workplace compliance through labour inspection systems that have efficient
and effective methods of governance, provide transparency and can establish broad
partnerships (including private compliance initiatives (PCIs), including with
international buyers;

(c) procure from compliant TCLF factories;

(d) develop and improve public policies aiming at the transition from the informal to the
formal economy;

(e) assist social partners, upon mutual request, in setting up appropriate representative
negotiating bodies;

(f) promote social dialogue, which includes collective bargaining, in TCLF industries
and develop capacity of bipartite constituents to effectively engage in social dialogue;
and

(g) must promote, respect and realize fundamental principles and rights at work.

24. Employers’ and workers’ organizations in the TCLF sector should:

(a) engage in effective social dialogue in order to promote decent work and sustainable
enterprises;

(b) promote social dialogue and identify and develop mechanisms to involve buyers in
improving working conditions, productivity and competitiveness; and

(c) promote sourcing and subcontracting practices that enhance compliance.
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