

ILO-Sweden Regional Meeting on Promoting Decent Work in Garment Sector Supply Chains in Asia.

10-11 October Bangkok

Remarks on Background Report on Industrial Relations

Good morning

The industrial relations report before you provides a snapshot of challenges and successes, and decent work deficits, in the garment sector in Asia. While we must recognize the important contribution the sector makes to employment, especially employment of women, to national revenue, and to economic growth, significant gaps remain.

Minimum wages have increased substantially in several countries in recent years. According to ILO research, from 2014-2017, minimum wages grew by 53% in Cambodia and by over 25% in Vietnam. However, wages are still low, and non-compliance rates – the share of wage employees paid less than the minimum – can be as high as 50%. Differences between male and female wages range from 17% to 64%.

Linked to low wages is the high number of hours worked in Asia, despite most countries having statutory limits on overtime. In one country where ILO's Better Work programme operates, 90% of the factories monitored exceeded the legal limits for overtime and hours of rest. Leave entitlements, including maternity leave, is another key area of concern. Workers report difficulties in accessing their statutory leave, and women face obstacles accessing maternity benefits.

Job security and the nature of employment contracts are a persistent challenge across the region. The use of short-term contracts is prevalent, and in some countries, there has been an increase in the use both of subcontracting and of agency work. This has been associated with other decent work deficits identified, including maternity protection and the ability of workers to organize.

These matters are often the source of disputes between workers and employers, and are central to issues in industrial relations and collective bargaining.

Industrial Relations

The building blocks of a rights-based approach to sound industrial relations are the ILO Conventions on Freedom of Association and the Right to Organize and Collective Bargaining. With the exception of the Arab States, Asia-Pacific lags considerably behind the rest of the world in ratification of these conventions, including the two largest nations in this region. The principles underlying these Conventions are reflected in the 1998 Declaration on Fundamental Principles and Rights at Work, which obliges all member states of the ILO to

respect, to promote and to realize these principles, even if they have not ratified the relevant Conventions.

In this regard, the report finds significant deficits across the region. Despite substantial differences in legal and political cultures, and differences in levels of economic development and size, there is a surprising commonality with regards to the gaps identified.

These gaps can exist both in legislation and in practice. Following the ILO supervisory bodies, the report highlights a number of legal shortcomings:

- undue interference in workers' right to form unions, including excessive or arbitrary registration requirements;

- interference in the right of workers and employers to elect their representatives freely;

- lack of protections against acts of anti-union discrimination

- Lack of protection against various forms of unfair labour practices by both unions and management

- Failure to promote voluntary collective bargaining at various levels, including procedures for recognizing unions

Where legislation gives effect to ILO principles, there are often substantial gaps in compliance in practice. The lack of efficient and effective inspection and enforcement is highlighted as a common weakness of labour market governance across the region. Combined with low levels of sanctions and penalties, and often poorly functioning or overburdened court systems, the result is that workers and employers do not have proper access to labour justice. Given the unequal balance of power between the two, the loss here falls more heavily on the workers side.

Dispute resolution mechanisms

Well-functioning dispute prevention and resolution institutions are critical for sound industrial relations, and for successful collective bargaining. Most countries have such bodies, taking various forms of grievance handling, conciliation and arbitration. In few instances, however, do these bodies work as well as they should. Cambodia's Arbitration Council has been held out as an example, and while it has many positive attributes, its decisions are generally non-binding. This feature is found in most of the "Alternative" Dispute Resolution bodies in the region. If they are not effectively designed and utilized, then disputes are either resolved through strikes and lockouts, or through the courts.

IR Actors

Most major garment producing countries in Asia have sectoral employers organizations, as well as unions representing workers in the sector. Generally speaking, union density – the percentage of workers belonging to unions – is low, ranging from 1.5% to 15% in most

garment producing nations. This may be attributed to the legal and practical impediments noted earlier, as well as limited resources and capacities. The exclusive focus on enterprise level organizing is also a contributing factor. In some places, multiple unions and fragmentation is a serious concern.

Women, while making up the majority of the workforce, are often under-represented in union leadership. This problem is gaining greater recognition, and efforts are underway, some with the support of various initiatives, to increase the number of women in decision-making positions.

Employers' organizations and sectoral associations in Asia have a range of membership levels and compositions, and examples of large and representative organizations certainly exist. Generally they are engaged in labour law reform efforts and minimum wage fixing bodies, and many are directly involved with industrial relations and dispute resolution.

Tripartite bodies, in particular for MW fixing

Over the past several years, many countries have paid increasing attention to improving their minimum wage fixing institutions and procedures. They have seen progress as a result of an increased reliance on social dialogue, and objective social and economic criteria. In others, however, the role of social dialogue has been reduced, or minimum wages have not been regularly adjusted.

Workplace cooperation

Multiple pieces of research point to the benefits of workplace cooperation for improving productivity and competitiveness. The ILO's Better Work program finds that enterprises that form workplace cooperation committees show substantial improvements. Key to the improved benefits, however, is proportionate participation of women in the committees, and freely chosen worker representatives. Other research has shown that workplace cooperation is more effective in enterprises covered by collective agreements.

Collective bargaining

However, collective bargaining in Asia typically occurs at the enterprise level, leading to low collective bargaining coverage. Weak capacity of unions and employers, multiple and competing unions, legal obstacles, and employer opposition all contribute to this outcome. It is also common for agreements to reflect only minimum legal requirements, including on minimum wages.

Collective bargaining should be considered a useful tool for negotiating over productivity improvements, and for determining how the resulting benefits are shared.

Properly structured and coordinated, collectively bargained wages and working conditions are a key component of national or sectoral wage policies, and can significantly contribute to reduced poverty, inequality, and labour unrest, making it an important tool for policy makers at the national level. These strategies and commitments have been agreed by the tripartite constituents of Asia-Pacific, and are reflected in the Bali Declaration adopted in December 2016.

Existing initiatives and ways forward

The report details a small cross-sample of existing initiatives, and contains a number of recommendations and ideas for moving forward, too numerous to summarize here. It is hoped that they can inform the discussion over the next two days. The report also highlights that the garment sector has attracted probably the highest amount of attention in terms of initiatives to improve compliance, wages and working conditions. The challenge for us in the next two days is to learn how we can do better together.