



ACT - FREQUENTLY ASKED QUESTIONS

**Clean
Clothes
Campaign**



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What does ACT claim to be doing to improve working conditions in the garment industry?

ACT claims to work towards living wages through the promotion of sectoral collective bargaining agreements. These agreements must then be signed at national level between IndustriALL affiliates and employers' organisations. ACT suggests that these agreements, once signed, will trigger improvements in purchasing practices from the member brands.

CCC sees ACT a means for achieving national-level industry-wide bargaining, resulting in agreements that include incremental wage increases. ACT has the potential to advance national-level industry-wide bargaining in certain production countries, which will include modest wage increases. The portrayal of ACT as a strategy to achieve living wages across supply chains in the foreseeable future is misleading.

ACT may bring extra leverage and bargaining gains through the purchasing practice advantages at a national level (as in a sustained volume for sourcing), but unless and until this includes a massive price increase to finance fair wages it is going to be a matter of decades, not years. This is evidenced most clearly by the 7% increase foreseen in the Cambodia ACT process, which would be a good achievement, but it does not equal living wages even if more brands sign on and the agreement is successfully concluded.

What has ACT achieved so far?

ACT has not publicly communicated any data on wage levels in its brands' production locations, but it admits that the number of workers that earn a living wage as a result of ACT remains at zero.

Negotiations have been ongoing in Cambodia and will allegedly also start in Myanmar, Turkey and Bangladesh. Negotiations in Cambodia have been suspended by employer's organization GMAC.

ACT is trying to gain more leverage in the negotiations in Cambodia through attracting more brands to join.

How does ACT relate to CCC's core work on living wages: 1) supporting the struggle for higher minimum wages; 2) calling on brands to sign enforceable agreements on wages?

1) Measures aimed at closing the existing gap between minimum wages and living wages include:

- identifying and publicly disclosing what current paid wages are;
- quantifying what wage the workers in brands' supply chains should be earning in order to meet the human right to a living wage;
- using wage ladders or other tools to close the gap between the current paid wage and the minimum living wage;
- paying higher prices to ensure the supplier has the means to close the gap;
- signing time-bound agreements enforceable in a court of law with local and/or global trade unions ensuring the workers in their supply chains are paid a living wage.

In CCC's understanding, ACT does not do this.

ACT has repeatedly stated that it is the union's prerogative to bargain for wage increases beyond the statutory minimum. In our opinion this does not exempt a brand from identifying and mitigating the employer's failure to pay living wage - especially in a context where the statutory minimum wage is less than a half, or more commonly less than a third, of even the lowest living wage estimate.

The Ruggie framework and the UNGPs are very clear on this. They state that the responsibility to respect human rights "exists independently of States' abilities and/or willingness to fulfill their own human rights obligations, and does not diminish those obligations. Moreover, it exists over and above compliance with national laws and regulations protecting human rights."

The 2018 minimum wage revision in Bangladesh is an example of where ACT brands, and ACT as the overarching institute, failed to support the workers' unambiguous living wage demand. Instead of supporting the unions' in their joint demand to raise the minimum wage to 16,000 taka, many ACT brands stated they believed that their work or membership in ACT would result in collective bargaining agreements in which workers could bargain on wages directly with their employers. This response - which we received from major ACT brands like H&M and C&A - completely neglected the fact that ACT was not even active in Bangladesh at the time, and it illustrates that ACT brands use ACT as a shield that protects them from having to actually do something on wages.

CCC has been advocating for living wages for decades and we have diligently supported trade unions' campaigns and demands for increases in minimum wages in their respective countries. Clearly, we believe that it is crucial to support national level bargaining among unions, employers and governments for incremental minimum wage increases. However, we have learned that national level bargaining does not yield a living wage because its framework does not address competitive national labour markets within a region. As we know, pricing by brands is based on the lowest labour cost within a regional framework. A unilateral rise in wages in a particular country is constrained by that country's competitive / comparative positioning within the region; this factor constrains industrial bargaining confined to a country.

All garment producing countries' governments (including those in the EU) have failed to set the minimum wage at a living wage level. That means that the unions in these countries - if they are able to enter into the bargaining process with their employers at all - have to bargain upwards from a level so low that the incremental wage increases that even very successful bargaining would bring still keep the workers far below a living wage level.

This is because they are bargaining within a national framework for a demand that is essentially tied to the regional labour market that shapes the pricing in the region.

2) At this point in time we believe that ACT is not making any real efforts on living wages and if brands continue to hide behind ACT, ACT poses a real threat to our efforts for enforceable brand agreements. Brands that have joined ACT will be reluctant to sign onto another, real living wage initiative. However, we do not see any reason why brands could not be ACT members and also sign a binding agreement that will immediately deliver higher wages for workers.

Has there been any public communication from CCC about ACT?

We did not publicly communicate on ACT as a stand-alone topic, but there are references to ACT in the 2019 Tailored Wages report:

"The programme aims to increase wages at scale. Our concern is that it does not require brands, in a way that is legally binding and enforceable, to significantly increase the prices they pay to suppliers. It fails to address the problem that wage increases must be regional to avoid production relocation. Further, the programme has not adopted a living wage benchmark definition, and says that any wage negotiated is a living wage – a point of disagreement. Wages through this type of negotiation may increase, but, as far as we anticipate due to the global economic model, won't be able to cover the gap between minimum and living wages needed any time soon (if ever)".

CCC had chosen not to publicly communicate about ACT because it seemed as though ACT could exist next to CCC's strategies on living wages. We decided to publish these FAQs as it became evident that brands increasingly use their membership in ACT as a reason not to undertake any actions on living wages.

Will CCC call upon brands to join ACT?

No, not as long as ACT is publicly claiming to be working on living wages.

As explained above, ACT is being used as an excuse by brands to reject other requests related to living wage measures. This is similar to what happened with the Accord, where brands also tried to argue that the work undertaken on fire and building safety in Bangladesh would exempt them from having to do any work on other safety issues, or on safety in other countries. Our network members believe it is crucial to resolve this situation before we can encourage brands to join ACT.

Two preconditions would have to be met for CCC to be able to encourage brands to join ACT:

Firstly, there needs to be a change in how ACT is being presented to the public. This change would mean publicly clarifying that ACT is a strategy to promote national-level industry bargaining and to achieve incremental wage increases in relationship to or benchmarked with the minimum wage. It would also mean refraining from claims that ACT will deliver a living wage.

In our opinion, an indefinitely delayed timeline to reach a living wage is not much better than no living wage objective whatsoever.

Secondly, we would need to see a public statement from IndustriALL in support of other living wage campaigns and actions, including campaigns calling upon brands:

- to support and lobby in favour of increases in the statutory minimum wage;
- to pay higher prices;
- to publicly disclose the wages currently paid at their suppliers;
- to commit to a credible living wage estimate so as to measure the living wage gap for their sourcing countries;
- and to take acceptable time-bound actions to close the living wage gap.

Are brands' commitments under ACT enforceable?

No, they are not enforceable in any court of law.