

ASIA FLOOR WAGE ALLIANCE

THIRD INTERNATIONAL PLANNING MEETING REPORT

HONG KONG, OCTOBER 2008

I. TRANSITION TO PUBLIC LAUNCH

The Asia Floor Wage Alliance has been engaging in discussions, debates, seminars, workshops, etc. with unions, ngos, researchers, multi-stakeholder initiatives, international institutions, and scholars for almost two years. The AFW Alliance held its formal First International Planning Meeting in Dhaka in May 2007 to prepare for internal capacity building such as research, education, consensus-building, and representative and political relationship-building.

On October 17-21, 2008, the AFW Alliance held its Third International Planning Meeting in Hong Kong, where the Steering Committee took stock of the progress and made key decisions. The AFW Alliance is now making the transition from an internal phase to an externally-oriented phase that would move the campaign to a public launch in 2009.

The meeting was attended by a representative group of participants from countries in Asia, Europe and the United States. One global body represented was International Garment and Leather Workers' federation (ITGLWF).

II. CORE PRINCIPLES OF THE AFW PROCESS

The AFW Steering Committee and the participants affirmed important core elements that are part of the AFW Alliance's process.

The AFW campaign prioritizes the involvement of unions and grassroots workers' organizations and is committed to open and inclusive debates that lead to thoughtful and meaningful consensus. It prioritises the spreading of the AFW demand to workers.

The AFW must be linked to existing wage struggles and debates in each country and contribute to developing an international framework based on Asian leadership and an Asia-centred process. The AFW is complementary to living wage demands. The AFW is centrally situated in living wage formulations and adds justification to the workers' demands for even a minimum wage.

The AFW is conceived within a global industry and therefore the campaign for AFW must also be international as well as national and regional. It is linked to the US dollar's purchasing power which continues to define international purchasing power standards.

Finally, the AFW is ambitious and winnable.

III. STATE OF GLOBAL GARMENT INDUSTRY

The global garment industry has moved manufacturing from the Global North to the Global South in the past few decades. The move from North to South has more or less stabilized at this time. Within the Global South, maximum production has settled in Asia. Movement is an underlying aspect of restructuring and the process is continuous but at this point, this is the state. This state of restructuring gives Asian workers a global bargaining position to develop a global collective strategy.

IV. ASIA FLOOR WAGE FORMULATION

The participants discussed and debated in depth the formulation of Asia Floor Wage, keeping in mind the countries' different economies and politics. This discussion was a culmination of debates in different countries and of wage survey data that had been collected from Asian countries.

The components used to define AFW are:

- Cost of food (food-cost)
- Cost of non-food items (non-food cost)
- In terms of a worker's family

The AFW is a formula that varies with a country's economy. The variation is based on the notion of "Purchasing Power Parity", a World Bank method for comparing different nations' economies based on a nation's purchasing power when compared to the purchasing power of the US Dollar in the United States.

Due to the dominance of US Dollar in such international standards, the AFW is also compared to the wage of a US minimum wage worker. The comparison with a US minimum wage worker means that AFW is being compared with the poorest wage in the developed world or the Global North.

Participants discussed the fact that workers today work extensive overtime not only because of the pressure of employers but also because they are unable to meet the basic needs of their families in the regular hours. AFW must be earned within a country's standard week which can not exceed 48 hours.

All costs for AFW formulations are based on reasonable and average market costs(e.g., not in special areas like free trade zones or within an industrial park). Food cost forms the core of AFW formulation because food costs in the Global South are significantly higher than that in the Global North. Most working class families struggle most with this cost.

The food cost will be based on the caloric nutrition value of the food items rather than the food item itself because each country or even each city may have variations in eating habits. The caloric value of a daily food basket for an adult worker, involved in physical work (such as manufacturing) should be no less than 3000 calories. The food basket will be a variable basket in different countries but will amount to 3000 calories. Participants discussed that a child's food costs more than adult food and also a growing child needs more calories. However, this was accommodated as a child consumes much less than 1500 calories and a child's growth phase lasts a finite period of time.

Non-food costs (e.g. housing, clothing, healthcare, fuel, etc) can be allocated in a lump sum manner, as a factor of the food cost (e.g. 2 times, 3 times, etc.).

The definition of a family for AFW formulation was discussed in depth. The proposal is for a family with 1 earner and 2 dependents. Situations where an elder parent is being taken care of or countries with 1-child policy were discussed. However, discussions showed that these situations could be subsumed broadly in the 1 earner and 2 dependent structure.

The other components of living wage formulations are non-food costs (e.g. housing, clothing, healthcare, reproductive health, fuel, transportation, education, etc.) To allow for flexibility in defining what items should constitute it, it has been simplified in AFW as a factor of the food cost (e.g. 2 times, 3 times, etc.). For example, some countries thought that non-food items could be costlier and more difficult to substitute whereas cheaper food substitutes could be found. The ratio of Food to Non-food within Asia Floor Wage formulation has been defined to be an average of 1:1 or 50% each. However, in order to account for different

development standards in different countries, a variable of 10% (plus or minus) was decided. Different countries can then define this ratio according to their development standards.

The definition of a family for AFW is 1 earner and 2 dependents, taking into consideration the value and necessity of domestic work.

AFW is a feasible figure that falls within the spectrum of ideal wage demands in the different countries. It is a regionally agreed formula that can add credibility to living wage demands.

AFW Formulation for an Asian garment worker in the export sector was decided (based on figures as of January 1, 2008):

- 475 PPP\$ (Purchasing Power Parity Dollar) per month
- Earned in one standard week that is not more than 48 hours
- Based on a family of minimum one earner and two dependants
- Food cost, calculated on basis of market cost, and constituting 50% (+/- 10%) of the AFW
- Food cost based on 3000 calories per adult per day
- Non-food costs constituting 50% (+/- 10%) of the AFW

V. AFW & RELATION TO MINIMUM WAGE & LIVING WAGE

The Asia Floor Wage provides workers' organizations with a credible regional figure based on legitimate criteria and thoughtful calculations. AFW adds to the justification of minimum wage demands. For workers struggling for living wage, the AFW figure would add credibility to their demands.

VI. AFW & RELATION TO RIGHT TO ORGANISE & UNIONISATION

The Asia Floor Wage campaign will use different avenues and strategies to win the demand. In this campaign, unions and workers' organizations are central to formulating, arguing, and winning the demand.

The Asia Floor Wage can become a reality for workers only if it is not only won but also implemented and enforced. Implementation has to involve different institutions and agencies. However, enforcement can ONLY be done through unions and workers' representatives. Therefore Right to Organise and Unionisation is central to the ultimate success of Asia Floor Wage.

VII. TARGETS FOR ASIA FLOOR WAGE

All retailers and brands are targets but some strategic ones will be chosen for the purpose of focusing the campaign.

Among multinational buyer companies:

- Giant Retailers: Walmart (USA), Tesco (UK), Carrefour (France).
- Big Brands: To be decided based on a matrix (table) created out of research on Tier 1 companies and Brands (see below)

Criteria for researching and selecting Tier 1 and Brands:

- Top 10 Tier1s in a country
- Brands to whom 60% of a particular Tier 1's export products are sold,
- Top 5 brands among these brands
- Union presence or commitment to unionizing in the Tier 1s
- Tier 1s may also be big traders

Tier 1s in Asia will be consulted to explore common interests with the AFW campaign. The AFW campaign is committed to economic development and sees AFW as contributing to such development.

VIII. GLOBAL SUPPLY CHAIN LEVERAGE POINTS

AFW campaign is ambitious and would need different kinds of strategies. The campaign would need an analysis of global supply chain mechanisms and institutions so that leverage points, monitoring points, and regulatory points can be identified. This research and strategizing would take place at different levels:

- In each country, AFW campaign coalitions would need to identify that country's strategic GSC points
- A researched theoretical analysis on AFW will be drafted which will include identification of national and international GSC points; this report will be used to develop further strategies

IX. RELATIONSHIP WITH OTHER CAMPAIGNS

Asia Floor Wage campaign will collaborate with the Giant Retailers campaign which has also integrated AFW demand into its campaign. The AFW campaign is open to working with multi-stakeholder initiatives on living wage because AFW is potentially a concrete example of such a demand.

X. PUBLIC LAUNCH

October 7, 2009 will be the AFW Public Launch Day, coinciding with the ILO's International Day for Decent Work. Two International Seminars will be held in Indonesia, China, and Europe leading up to the Public Launch.

XI. CAMPAIGN PLAN

The participants discussed the campaign planning goals at national and international levels:

- Develop clear and obtainable demands for each relevant target
- Public education and awareness
- Demonstrate broad-based public support for the floor wage demand and other demands of targets
- Lead to unionization efforts in the countries

One of the top priorities by the end of January 2009, is the development of National Campaign Coalitions/Working Group in each country and a written National Campaign Plan. In all countries and regions, AFW will ally or integrate with existing relevant campaigns, as decided by campaign coalitions. Some examples:

India: ongoing campaign for garment workers on labour rights and unionization, wage increase or revision campaigns, living wage determination campaigns, international complaint mechanism campaigns, etc. A national coalition meeting would be held in Delhi involving more unions to develop a national plan. Materials to be translated into 3 languages, develop case studies, research for the hearing, organize regional meetings. Create India Organising Committee for International hearing.

Indonesia: ongoing decent wages and casual worker campaigns, freedom of association and living wage campaigns, living wage formulation efforts, training on wages with workers, development of manuals on wages. Activities would include food basket and Tier 1 research, workshop on wage advocacy for garment workers, seminar on decent wage, publications (pocket and manual books), tripartite consultation meetings to initiate dialogue, meetings with government, case studies preparation, etc.

China: explore interfacing with ongoing discussions on collective bargaining

agreements and wage debates. Hong Kong and China will work together and a working group would be constituted. Activities include translation, education workshops, wage research, food basket research, Tier 1 research interactions with government officials and union officials. Organise international research seminar on wages involving academics, officials, etc.

Sri Lanka: set up National Coalition and develop plan, translate materials, set up research working group for the hearing, etc. Need to do food basket research

Thailand: the national process needs further work and will be reviewed by December 2008.

Cambodia and Vietnam: national processes have to be initiated and begun by mid-January 2009.

Bangladesh: process would be firmed up in November by AFW Alliance

UK: company focused campaigns on living wage and freedom of association, multi-stakeholder initiatives, etc

USA: sweatfree campaigns, designated suppliers' campaigns, union organizing, corporate accountability campaigns, etc. Produce Theoretical AFW report for the Hearing.

Europe: international campaigns such as Giant Retailers, living wage demands, decent work regulation, ethical procurement, etc. Produce Popular AFW report (max 20 pages) for the Hearing.

XII. INTERNATIONAL HEARING & DAY OF ACTION

October 7, 2009 will be a Day of Action for AFW campaign across the globe, when the campaign will be publicly launched. AFW Alliance members will plan coordinated and simultaneous actions in their various countries to launch the campaign.

An International Hearing on Decent Labour Standards in the Garment Global Supply Chain will be held in Delhi, India on October 7, 2009.

The participants discussed the value of a "hearing" versus a "tribunal". The

decision was to hold a “hearing” as it is the introduction of AFW to the public. At the same time, some elements of a tribunal would be incorporated. The quality of the testimonies and case studies would need to be rigorous. The panel would be composed of public intellectuals and leaders with commitment to labour standards, justice, and international solidarity. The process would be tripartite, inviting testimonies and proposals from labour, government, and industry. Involving international bodies such as the ILO, ITGLWF, UN would be important.

Two reports will be released: one popular and one theoretical. Two regional consultations will be held leading up to the Hearing

The goals affirmed are:

- Establish the State of Decent Labour Standards in the global garment industry
- Present the impact of gender as a factor in determining the political economy of the global supply chain
- To introduce the concept of the AFW campaign to the public and targets as a means by which to contribute to strengthening the conditions of workers in the garment global supply chain
- To connect with other wage campaigns and solutions within the garment industry
- Launch the public phase of the campaign; raise the profile of the AFW campaign

XIII. CAMPAIGN STRUCTURE

The AFW Alliance has been guided in the initial stages by a Working Steering Committee. At the Hong Kong meeting, the WSC was dissolved and a formal and more representative structure was created.

- International Steering Committee (ISC) was formed
- Coordinating Committee (CC) was nominated by the ISC for closer guidance
- National Campaign Coalition / Working Groups (NCC) would be formed in different countries and one person from each NCC would be on ISC.
- Regional coordination would continue:
 - East Asia from Hong Kong (Globalisation Monitor),
 - South East Asia from Jakarta (Trade Union Rights Centre),
 - South Asia from Delhi (Society for Labour and Development/JwJ-India),

- North America from Washington DC (Jobs with Justice),
- Europe from Amsterdam (Clean Clothes Campaign)
- UK from London (Action Aid-UK)
- Overall coordination would continue from Delhi

XIV. FUNDRAISING

AFW Alliance has been working with a very small and tight budget. Most of the work has been done by AFW Alliance member organizations with their own infrastructure and support. However, to move to a public campaign phase, significant centralized funds would have to be raised. De-centralised funds would continue to be raised by member organizations for specific activities.

Centralised funds are needed for:

- Coordination and administration of campaign regionally and internationally
- Staffing, travel, office support with focus on China/HKG, Indonesia and India as regional and overall coordinating hubs
- Creation, design and printing of educational materials
- Website maintenance
- One national meeting per country
- Two international seminars in Asia
- Two regional planning meetings in Asia
- International hearing and Day of action preparation and organizing
- Follow up work after Hearing

XV. TIMELINE

OCTOBER '08

- Submit Proposal & Budget to AA-UK
- Submit International Hearing Proposal
- Submit speakers/panelists list

NOVEMBER '08

- Approve International Hearing Proposal
- Finalise speakers/panellists
- Get Permanent People's Tribunal input
- Finalise Case Studies Guidelines
- Finalise Union Presentation Guidelines

OCTOBER '08 – JANUARY '09

- National Coalitions formed
- National Plans Drafted
- National Process begun in Cambodia, Vietnam, & Thailand
- China research completed
- Case Studies work begun
- Theory of AFW Draft I
- Interact with (if needed/possible)
 - Launching of Giant Retailers Campaign (Jan 22 '09)
 - WSF Brazil, Jan '09

FEBRUARY '09

- International Wage Research Seminar, Beijing
- Regional planning meeting, Beijing

MARCH '09

- Assess funding feasibility

APRIL '09

- Wage seminar, Europe

MAY '09

- Complete case studies

JULY '09

- International Seminar, Jakarta
- Regional planning meeting, Jakarta

OCT '09

- International Hearing, Delhi
- Oct 7, International Day for Decent Work – AFW Global Day of Action & Public Launch of AFW Campaign!!!

AFW INTERNATIONAL STEERING COMMITTEE

October 2008

SOUTH ASIA

1. Palitha Atukorale, JSS, Sri Lanka
2. Chamali Tushari, Dabindu Collective, Sri Lanka
3. Wahida Nizam, AITUC, India
4. Ram Kishore Tripathi, HMS, India
5. Ashim Roy, NTUI, India
6. Anannya Bhattacharjee, SLD/JWJ, India

[2-3 Bangladeshi representatives to be confirmed]

EAST ASIA

1. May Wong, GM, Hong Kong

[1 more HKG representative to be confirmed]

[China representatives to be decided in early 2009]

SOUTH EAST ASIA

1. Surya Tjandra, TURC, Indonesia
2. Joko Hariyono, SPN, Indonesia
3. Emelia Yanti, GSBI, Indonesia
4. Kong Athit, CCAWDU, Cambodia
5. Irene Xavier, TIE-Asia, SE Asia

[Thai, Vietnamese representatives to be confirmed by early 2009]

UNITED STATES & EUROPE

1. Jeroen Merk, CCC, Europe
2. Carol Crabbe, CCC, Belgium
3. Dominic Eagleton, Action Aid, UK
4. Delphine Latawiec, Belgium
5. Sarita Gupta, JwJ, USA
6. Bill Dempsey, UFCW, USA

[French representatives to be confirmed]

ASIA FLOOR WAGE COORDINATING COMMITTEE

October 2008

SOUTH ASIA

1. Palitha Atukorale, Sri Lanka
2. Anannya Bhattacharjee, India

EAST ASIA

3. May Wong, Hong Kong

SOUTH EAST ASIA

4. Surya Tjandra, Indonesia
5. Rita Tamburan, Indonesia
6. Kong Athit, Cambodia
7. Irene Xavier, SE Asia

UNITED STATES & EUROPE

8. Jeroen Merk, Europe
9. Jenny Ricks, UK
10. Sarita Gupta, USA

ASIA FLOOR WAGE HEARING PLANNING COMMITTEE

October 2008

SOUTH ASIA

1. ALaRM to be decided, Sri Lanka
2. Anannya Bhattacharjee, India
3. To be decided, Bangladesh

EAST ASIA

4. May Wong, Hong Kong

SOUTH EAST ASIA

5. Surya Tjandra, Indonesia
6. Irene Xavier, SE Asia

UNITED STATES & EUROPE

7. Carole Crabbe, Belgium
8. Sarita Gupta, USA