

# **Not our problem: Global brands defer responsibility for garment workers living below poverty line**

Monday 19 July 2021, by [ADEGEEST Don-Alvin](#) (Date first published: 14 July 2021).

**The world's biggest fashion companies are yet to agree to renew a long term Bangladesh safety accord eight years after the Rana Plaza disaster. Yet for all the good the accord can accomplish, companies including Zara and H&M are holding out because of direct liabilities. Only five of the original signatories so far have signed, with the deadline nearing August 31<sup>st</sup>.**

The hesitancy to commit has highlighted supplier responsibility elsewhere in Asia, where an ambitious labour rights group is attempting to hold global labels accountable for alleged rights violations during pandemic.

## **Wage theft**

In a report first published by the Guardian, the Asia Floor Wage Alliance (AFWA) worker rights group is taking legal action against global fashion companies including H&M and Levi's over the 'wage theft' of supply chain garment workers during the coronavirus pandemic.

H&M is cited for alleged labor abuses that took place in 2020 at a supplier factory, where the AFWA claims the brand 'has total economic control over the workers' subsistence, skill, and continued employment.'"

AFWA's report claims the majority of garment workers in Sri Lanka, Pakistan, Indonesia, India, Cambodia and Bangladesh had lost money to which they were legally entitled. It argues that the factories which employed these workers act not as independent suppliers but as contracted manufacturers and that the brands which source from them should be regarded as joint employers and held accountable.

## **The devastating effect of Covid-19 on garment workers**

In a report called Money Heist, the author asks if the loss of earnings suffered by garment workers should be called wage theft by the brands for whom they produced garments? AFWA explains that in the current situation garment workers work to produce clothing for a number of brands from the Global North. But, they are not directly employed by these brands. Rather, workers are employed by suppliers in various countries of the Global South. These suppliers, however, are not independent manufacturers, having garments produced and selling them on the global market. Rather, they are contract manufacturers. They produce garments based on designs and specifications provided by the brands.

## **Billion dollar brands and failing to live up to their responsibilities**

AFWA argues if brands are the principal employers of workers in supplier factories, they should have responsibility to sustain suppliers and their workers in times of recession, just as they take various measures to support share-holder value, even carrying out share buy-backs. Brands, however, refused to take or share any responsibility for either suppliers or their workers.

At the onset of the pandemic some brands refused to pay suppliers for orders already delivered, a step from which they retreated only after exposure in the international media threatened them with a loss of reputation. This had a knock-on effect with some suppliers not paying wages to workers. Labour contractors went so far as to switch off their phones in order to avoid workers asking for their dues, said the report.

AFWA states the risks of business have been transferred to suppliers from the Global South and, in turn, to their workers. While the owners of the suppliers would surely have been able to secure their consumption from their savings, the workers' incomes were pushed below even the poverty line, with women workers falling even more behind the poverty line than men.

The Covid-19 pandemic exposed the undeniable truth that extreme labour exploitation forms the core feature of global apparel supply chains. The humanitarian crisis unleashed on garment workers in Asia due to the pandemic-induced recession, was neither unanticipated nor unavoidable. Rather, it was the direct consequence of the actions of global apparel brands located in the Global North, which earn super-profits through the exploitation of workers within a "framework of unequal regional and national development, [and] an unequal and segmented labour market.

Currently minimum wages in production countries are set at extremely low levels that do not cover the costs of living, which, estimated by the Asia Floor Wage Alliance, being at least three times higher than the minimum wages available to garment workers.

### **Profits before all**

The pandemic saw brands quickly respond by engaging in aggressive actions to preserve their colossal past profits and minimise any reduction in profits during the recession. These actions, in turn, resulted in cascading effects on the employment practices of their suppliers towards workers in their supply chains. Brands imposed unilateral decisions such as order cancellations without payment to suppliers, and used their leverage to demand shorter lead times, delayed payments, and deep discounts from suppliers. They exhibited a total disregard for basic justice and fairness in their supply chains – forcing Asian suppliers to pass on costs to workers.

### **Brands to be held accountable**

The liability gap in the existing structure of global garment supply chains has foreclosed the option of workers' and their unions' agency to hold brands accountable. AFWA wants to restore this agency, bring unions into direct engagement with the brands and claim accountability within the jurisdictional domain of their countries.

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Fashion United

<https://fashionunited.ca/news/fashion/not-our-problem-global-brands-defer-responsibility-for-garment-workers-living-below-poverty-line/2021071418825>