



Justice in Fashion (JiF)

COVID-19 Impact Assessment Summary: Ready-Made Garment (RMG) Industry

Prepared for the UN Special Rapporteur on contemporary forms of slavery
Date: Thursday 18th June 2020

Summary

COVID-19 continues to expose gross inequalities of wealth, risk and power in the Ready-Made Garment (RMG) industry. When lockdown measures first took effect in Europe and the United States, major apparel brands and retailers cancelled or postponed overseas production orders. As a consequence, factories reduced their production capacities or ceased operations altogether, resulting in millions of factory workers being laid off or temporarily suspended. Facing both income and job losses, coupled with a lack of access to basic social protection systems, COVID-19 places an already precarious group of RMG workers at greater economic vulnerability and increased risk of minor to extreme forms of exploitation.

This impact assessment presents an overview of: (1) the RMG industry (2) pre-and post-COVID-19 drivers of worker exploitation (3) aims and limitations of the COVID-19: Action in the Global Garment Industry; and (4) conclusions and recommendations.

The main drivers of increased vulnerability identified in this assessment are gender and other forms of identity discrimination; government and industry-related corruption; poverty; mental health; and migrant status.

1. Ready-Made Garment (RMG) Industry Overview

The Ready-Made Garment (RMG) industry mass produces clothing for major brands and retailers. Apparel supply chains are designed to maximise brand and retailer profits, with suppliers operating on limited profit margins in countries where production costs are relatively low¹. Therefore, the growth of global apparel supply chains has led to the amplification of wealth and power inequalities between brands and suppliers. The impact of such inequalities has included the lack of social protection systems within the RMG industry and pressures on suppliers to cover up-front costs of production, including purchasing of fabric and workers' payments¹.

According to the World Trade Organisation's 2018 World Textile and Apparel Trade Report, the top ten exporters of textiles are China, EU, Bangladesh, Vietnam, India, Turkey, Hong Kong, Indonesia, Cambodia and the USA². In Bangladesh alone, the RMG industry accounts for around 84.1% of total exports, thus providing the backbone of the national economy³. In addition, the RMG industry employs approximately 60 million people across the world, and nearly 75% of those employed are women¹. Therefore, women constitute a



disproportionate majority of the RMG industry workforce. That said, only around two per cent of garment workers across the world are paid a living wage⁴. For example, within Bangladesh, the world's second largest exporter of clothes, the minimum wage for garment workers is 5,300 Taka (USD 62) per month⁵. This figure provides just over half the required living wage, resulting in a relatively large proportion of workers unable to meet their basic needs⁵.

Moreover, many garment workers average between 60 to 140 hours of overtime per week and workers regularly report they are denied breaks and are subject to abuses⁵. Within Vietnamese factories alone, 43.1% of women reported experiencing verbal abuse, sexual harassment or violence⁶. This demonstrates the extent to which women's health and well-being can be detrimentally impacted due to the lack of social protection systems within the RMG industry. In addition, such exploitation and human rights' abuses within global apparel supply chains have become increasingly invisible due to a growing proportion of home-based garment workers across the world⁷.

However, it is also important to recognise that work within the RMG industry can also offer transformative opportunities of change for many individuals. These include the chance for families to rise out of extreme poverty, provide their children with an education, and to gain economic independence⁵. A 2019 World Bank report estimated that since 2010, eight million Bangladeshis have moved out of poverty, largely as a result of the nation's growth of its RMG industry⁸. Furthermore, many garment workers have mobilised across the world in the form of unions and labour movements to defend their basic worker's rights. The hope for a better standard of living through decent work within the RMG industry has been a key driver of such activism and the endeavour to achieve emancipatory change.

2. Pre-and post-COVID-19 drivers of worker exploitation

The abuse of low-skilled, low-paid, often migrant workers is a recurring feature of the RMG industry. Inadequate resources, corruption and weak national institutions result in weaker protection mechanisms for workers. The result is that garment workers will often undergo a continuum of experiences ranging from decent work through minor and major labour law violations, to extreme exploitation in the form of forced labour.

COVID-19 is exacerbating existing worker vulnerabilities in the sector. These vulnerabilities include gender and other forms of discrimination, government and industry-related corruption, poverty, mental health, and migrant working status.

- ***Gender and other forms of identity discrimination***

Discrimination on the basis of race, gender, caste and other factors shapes how people are treated in the labour market, and helps to create and justify the supply of people vulnerable to forced labour in the RMG and other global industries⁹. There is an abundance



of research that demonstrates that poverty and labour exploitation disproportionately impact lower castes, non-white, indigenous people and women⁹.

In many cultures, women are considered inferior to men; are paid less for equal work; have fewer rights; have less access to health, education, and property; are expected to be submissive to men; and are therefore vulnerable to exploitation and recruitment by human traffickers. Gender and ethnic demographics make identity discrimination particularly common within the RMG industry.

Impact of COVID-19:

COVID-19 has exposed discrimination in the work place, with reports linking discriminatory practices to withholding of healthcare, discrimination in relief distribution, and lack of protective equipment for workers of religious minority communities¹⁰.

- ***Government and industry-related corruption***

RMG workers are also vulnerable to exploitation due to government and industry-related corruption. Business-to-business bribery may include requests for payments for favourable findings by auditors or merchandisers demanding commissions from suppliers in order to do business. Bribery of foreign officials is likewise present in the RMG supply chain, including bribery of inspectors or in the process of securing licenses to operate. The prevalence and normalcy of bribery and corruption in many operating contexts make the issue particularly challenging to address.

Impact of COVID-19:

Economic disruption, as a result of the COVID-19 pandemic, is likely to increase incentives for corruption within the RMG industry. For example, employers may attempt to recoup lost revenue through illegitimate means, including requiring garment workers to fulfil excessive working hours and reducing workers' pay below the legal minimum wage, among other exploitative labour practices. Moreover, corruption is known to be one of the main factors that increases vulnerability of individuals to human trafficking¹¹.

- ***Poverty***

Most RMG workers lack certainty that they will earn a sufficient living from their work¹². Insufficient pay can drive families to send children to work at an early age rather than into education, limiting their future employment prospects to low-skilled, low-paid labour.

Long working hours jeopardise worker health and family life. When workers get ill, they are unlikely to be able to afford treatment which in turn impacts their ability to work, along with negatively affecting their incomes¹³. Traffickers specifically target poor and marginalised communities to offer vulnerable individuals false opportunities to improve their



circumstances. In turn, poor and marginalised people are more likely to take greater risks in order to provide for themselves and their families.

Impact of COVID-19:

Mass unemployment, as a result of termination of contracts by brands and the non-payment of existing orders, is likely to exacerbate poverty and has been identified as a driver of exploitation amid the COVID-19 pandemic. For example, in Bangladesh more than a million workers in the RMG industry were made unemployed following the outbreak of the pandemic. In this situation, many workers will seek respite through informal loan systems, incurring highly-inflated interests rates. This will result in high levels of debt and increase the vulnerability of workers to exploitation and forced labour.

- ***Mental health***

Garment workers frequently work in dangerous and unhealthy working conditions. Sexual harassment in the workplace, low wages and repetitive strain from physically demanding and intense work also increase workers' vulnerabilities. Such dangerous and unhealthy working conditions also have a negative impact on the general psychological well-being of RMG workers¹⁴.

Impact of COVID-19:

Coupled with the psychological impact of COVID-19, RMG workers with pre-existing mental health conditions now face a variety of heightened challenges including isolation, diminished capacity to consent or offer informed consent, and limited ability to assess risk and detect ill-intentions. Traffickers are skilled in detecting these vulnerabilities and manipulating them to their advantage¹⁵.

- ***Migrant status***

Migrant workers form a significant percentage of the global garment industry workforce. They often do the same job as local workers but for lower wages and in more precarious conditions, facing specific barriers to articulating and demanding their rights as workers. The connection between migrant status and forced labour is well-documented. Workers are often recruited by brokers or agents from populations suffering economic hardship. Promises of well-paid jobs, comfortable accommodation, nutritious meals, and opportunities for training and education are not met. In addition, lump sum payments promised at the end of the employment term further incentivise workers to endure exploitative conditions.



Impact of COVID-19:

Amid the COVID-19 pandemic, requirements to access basic services, such as obtaining identification documents, can present a significant barrier for many migrant workers. Furthermore, a post-COVID labour market is likely to be highly saturated and may act as a driving factor for labour migration. Where opportunities for legal movement are restricted, migrants may seek the assistance of smugglers who promise to facilitate travel across borders, albeit with hidden intentions to exploit the workers in the country of destination.

3. Aims and limitations of the COVID-19: Action in the Global Garment Industry

In April, the International Labour Organisation convened a working group of employers, workers, retailers and brands to address the serious damage to the garment industry caused by the COVID-19 pandemic. The International Working Group of the Garment Industry Call to Action (Working Group) is focusing on the following priority countries:

- Bangladesh
- Cambodia
- Ethiopia
- Haiti
- India
- Indonesia
- Myanmar
- Pakistan

The ILO has requested funding from the World Bank Group, International Monetary Fund and regional development banks to support the Working Group's objectives. In the short-term, these objectives include access to credit, unemployment benefits and quick income-support to workers and individuals, no or low-interest short-term loans, tax abatement, duty deferral, fiscal stimulus, and other forms of support.

Long-term collaboration commitments of the Working Group to proactively identify and address inequities of wealth, power, and risk systemic in the RMG supply chain remain unclear. Endorsing brands and organisations have stated their commitment to “work together to establish sustainable systems of social protection for a more just and resilient garment industry.”¹⁶ At the time of this report, no information was available of Working Group action taken to address structural issues of inequality of power and risk in the RMG industry.



4. Conclusions and Recommendations

This impact assessment presents an overview of the RMG industry, the pre-and post-COVID-19 drivers of worker exploitation, and the aims and limitations of the COVID-19: Action in the Global Garment Industry. The findings highlight how COVID-19 has placed an already precarious group of RMG workers at greater economic vulnerability and increased risk of minor through to extreme forms of exploitation. The main drivers of increased vulnerability identified include gender and other forms of identity discrimination, government and industry-related corruption, poverty, mental health, and migrant status.

These drivers of increased vulnerability will not diminish with time alone and require a global, sustained plan of action to be addressed. Action to reduce further exploitation and forced labour will be a crucial part of rebuilding the RMG industry for a more resilient and ethical post-COVID-19 world.

With this in mind, Justice in Fashion makes the following recommendations:

1. Apparel brands must carry out human rights' due diligence in their global supply chains. Brands must firstly respect all existing contracts, and no financial sanctions should be imposed for delays in production as a result of the COVID-19 pandemic. Moreover, transparent global supply chains will support efforts to reduce human rights abuses in the RMG industry through ensuring that brands respect workers' rights and that they work towards providing social protection schemes.
2. Governments and financial institutions should reduce debt-bondage of individuals by cancelling debts and providing direct cash transfers to those who are vulnerable to exploitation and forced labour within the RMG industry as a result of the COVID-19 pandemic.
3. The voices of those vulnerable to exploitation and forced labour, from those currently or previously employed in the RMG industry, should be included in the production of programmes, such as social assistance schemes. This is crucial to ensure the long-term sustainability of new initiatives within the RMG industry in global supply chains.
4. Support and monitoring of the International Working Group of the Garment Industry Call to Action. More specifically, reinforcing obligations of the Working Group to collaborate and address structural issues of inequality of power and risk in the RMG industry, as well as securing and distributing short-term financial relief from COVID-19.



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