



Global Wage Trends for Apparel Workers, 2001–2011

Worker Rights Consortium July 2013



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Introduction and summary

When images of poor labor conditions in the garment industries of leading apparel-exporting countries reach the global news media, it is often because those conditions seem uniquely and unjustifiably extreme. Malnourished workers working 14-hour days faint by the hundreds in Cambodian garment plants.¹ Hundreds more are killed in deadly factory fires in Bangladesh and Pakistan by owners who lock exit doors when fires start—presumably because they fear that fleeing workers will stop to steal clothes.²

Yet these images reflect a common basic reality: Garment workers in many of the leading apparel-exporting countries earn little more than subsistence wages for the long hours of labor that they perform. And in many of these countries, as this report discusses, the buying power of these wages is going down, not up.

Critics of antisweatshop advocates often argue that concern over poor labor conditions in apparel-exporting countries is misplaced and counterproductive.³ According to their argument, jobs in garment factories, no matter how low the wages or how difficult the conditions, benefit low-skilled workers because they provide better conditions and compensation than jobs in the informal and agricultural sectors of developing countries. Moreover, they posit, export-apparel manufacturing offers these workers—and, by extension, developing countries—a “route out of poverty” through the expansion of the manufacturing sector.⁴

The first part of this argument is largely noncontroversial. Employment in the urban formal economy typically offers better and steadier income than informal-sector work or agricultural labor. Yet self-labeled “pro-sweatshop” pundits have not explained why the price that workers in developing countries have to pay for steady wage employment should be grueling working conditions, violations of local laws and basic human rights, and abusive treatment, except to say that there are always some workers for whom labor under any conditions will be an improvement over the status quo.

The second part of the argument, however—that employment in export-garment manufacturing offers a “route out of poverty”—rests on either an extremely low benchmark for poverty⁵ or the promise that such work offers the future prospect of wages that actually do support a decent standard of living for workers and their families—that is, a “living wage.”⁶ In other words, for the export-garment sector to actually offer workers in developing countries a “route out of poverty,” either these workers’ current living conditions must not amount to poverty or, if they do, these workers must be able to expect to escape poverty in the future with the industry’s further development.

Over the past decade, however, apparel manufacturing in most leading garment-exporting nations has delivered diminishing returns for its workers. Research conducted for this study on 15 of the world’s leading apparel-exporting countries found that between 2001 and 2011, wages for garment workers in the majority of these countries fell in real terms.⁷

As a result, we found that the gap between prevailing wages—the wages paid in general to an average worker—and living wages⁸ for garment workers in these countries has only widened. A comparison of prevailing wages to the local cost of a minimally decent standard of living for an average-sized family finds that garment workers still typically earn only a fraction of what constitutes a living wage—just as they did more than 10 years ago. While these workers may not live in absolute poverty, they live on incomes that do not provide them and their families with adequate nutrition, decent housing, and the other minimum necessities of a humane and dignified existence.

To summarize briefly:

- We studied 9 of the top 10 countries in terms of apparel exports to the United States as of 2012 and 15 out of the top 21 countries by this same measure. We only studied 15 out of the top 21 countries because we were limited to those places in which we had regular field-research operations at the time of the study.⁹ On average, prevailing straight-time wages—pay before tax deductions and excluding extra pay for overtime work¹⁰—in the export-apparel sectors of these countries provided barely more than a third—36.8 percent—of the income necessary to provide a living wage.

- Among the top four apparel exporters to the United States, prevailing wages in 2011 for garment workers in China, Vietnam, and Indonesia provided 36 percent, 22 percent, and 29 percent of a living wage, respectively. But in Bangladesh, home to the world's fastest-growing export-apparel industry, prevailing wages gave workers only 14 percent of a living wage.
- Wage trends for garment workers in six additional countries among the top 21 countries¹¹ were also studied in terms of apparel exports to the United States. In four of the six countries—the Dominican Republic, Guatemala, the Philippines, and Thailand—prevailing wages also fell in real terms by a per-country average of 12.4 percent, causing the gap between workers' wages and a living wage to widen in these countries as well.
- Garment workers in Mexico, the Dominican Republic, and Cambodia saw the largest erosion in wages. Between 2001 and 2011 wages in these countries fell in real terms by 28.9 percent, 23.74 percent, and 19.2 percent, respectively.
- In 5 of the top 10 apparel-exporting countries to the United States—Bangladesh, Mexico, Honduras, Cambodia, and El Salvador—wages for garment workers declined in real terms between 2001 and 2011 by an average of 14.6 percent on a per country basis. This means that the gap between prevailing wages and living wages actually grew.
- Real wages rose during the same period in the four remaining countries among the top 10 exporters that we studied—China, India, Indonesia, and Vietnam—as well as in Peru and Haiti, which were among the top 21 countries. Wage gains in India and Peru, however, were quite modest in real terms at 13 percent and 17.1 percent, respectively, amounting to less than a 2 percent annual gain between 2001 and 2011. Wages rose more substantially in real terms in Haiti (48.2 percent), Indonesia (38.4 percent), and Vietnam (39.7 percent) over the 10-year period. Even if these rates of wage growth were sustained in these three countries, however, it would take on average more than 40 years until workers achieved a living wage. Only in China, where wages rose in real terms by 124 percent over the same period, were workers on track to close the gap between their prevailing wages and a living wage within the current decade. According to our research, Chinese apparel workers are on course to attain a living wage by 2023, but only if the rate of wage growth seen between 2001 and 2011 is sustained.

The prevalence of declining wages and persistent poverty for garment workers in a majority of the world's leading apparel-exporting countries raises doubt that export-led development strategies create a rising tide that lifts all boats in most countries pursuing these strategies.

As noted, this report examines actual trends in real wages and other related indicators between 2001 and 2011 for garment workers in 15 of the top 21 countries exporting apparel to the United States. It examines whether and where prevailing straight-time wages for garment workers are actually going up or down in terms of buying power—that is, whether workers are en route out of poverty, stuck in it, or headed deeper into it. As the report discusses, the prevailing straight-time wage rate for most garment workers in most of the countries examined was the applicable minimum legal wage in their respective countries. This is due to several factors, including the widespread practice of governments setting industry- and even job-specific minimum wages, and, in many cases, a lack of worker bargaining power due to limited alternatives for formal-sector employment and low unionization rates.

The report compares levels of prevailing wages in 2001 and 2011 to the level of earnings that workers and their families need in order to afford the basic necessities of a nonpoverty standard of living—a living wage—and whether garment workers are actually on a path to reach this goal or whether they are falling further behind. Our research shows that only a handful of the countries examined have achieved even modest growth in real wages over the past decade, and in only one, China, was the rate of growth significant enough that the country's workers would achieve a living wage in the relatively near term if it were to be maintained. In all of the other countries, there has either been negative real-wage growth or growth that is so slow that a living wage is decades away. Unsurprisingly, growth in real wages for garment workers tended to be most associated with those few countries that have instituted major increases in their legal minimum wages as a means of poverty alleviation and/or avoidance of social unrest and that in most cases also experienced growth in other higher value-added manufacturing sectors, not just garment production.

In sum, our research indicates that while the establishment of an export-garment-manufacturing sector may tend to expand formal employment that is more profitable than alternatives in the informal sector or agricultural labor, the growth of an export-apparel industry does not necessarily raise its workers out of poverty when left to its own workings. While the expansion of garment-sector employment may have made the very poor initially significantly less poor, it has offered limited

opportunities for workers in most of the major apparel-exporting countries to make further upward progress toward an income that offers them a minimally decent and secure standard of living.

Instead, in most of the leading apparel-exporting countries, the wages for garment workers have stagnated or declined over the past decade. Wages have only risen significantly in real terms in countries whose governments have taken affirmative steps to ensure that workers share the rewards from the industry's growth and whose manufacturing sectors have diversified to put apparel factories in competition for labor with makers of higher value-added goods.

Real wage trends for garment workers, 2001–2011

Using the methodology discussed in the appendix, we estimated prevailing straight-time wages for garment workers in 9 of the top 10 and 15 of the top 21 countries exporting apparel to the United States in 2001 and 2011. To observe trends in the real value of workers' wages during the intervening period, we deflated our estimate of the prevailing wage in 2011 for each country by the aggregate consumer price inflation that a country had experienced from 2001 to 2011.¹² By this measure, real wages for garment workers in 9 of the 15 countries included in this study fell over that time period.

The garment exports of the 15 countries studied comprised nearly 80 percent of all apparel imports to the United States in 2011.¹³ Prevailing straight-time wages for garment workers fell in real terms in five out of the seven countries studied in the Americas and four out of eight of the countries studied in Asia. The remaining six countries where wages increased, however, produce the majority of garments that are exported to the United States.¹⁴

Real wage trends among 9 of the top 10 apparel exporters to the United States

Where real wages fell: Bangladesh, Mexico, Honduras, Cambodia, and El Salvador

In the nine countries we studied among the top 10 apparel exporters to the United States,¹⁵ wages for garment workers in five countries—Bangladesh, Mexico, Honduras, Cambodia, and El Salvador—declined in real terms during the period from 2001 to 2011 by an average of 14.6 percent on a per-country basis. These countries shipped nearly 20 percent of the total value of garments exported to the United States in 2011.¹⁶

Mexico registered the largest decline, seeing a 28.9 percent drop in workers' buying power over this 10-year period. This decline coincided with a much larger one in the country's market share, as the country fell from the United States' top source of imported apparel in 2001, when it accounted for nearly 15 percent of imports, to the United States' fifth-largest clothing supplier in 2011, when it had a market share of slightly less than 5 percent.¹⁷

Bangladesh and Cambodia, the fourth- and eighth-largest clothing exporters to the United States in 2011, respectively, dramatically expanded their apparel exports to the United States during this period, recording increases in both countries of roughly 18 percent in the value of their shipments between 2010 and 2011 alone.¹⁸ Since 2011 Bangladesh has overtaken Indonesia and Vietnam to become the second-largest exporter of apparel to the United States.¹⁹

Both Bangladesh and Cambodia, however, saw wages fall in real terms between 2001 and 2011. The decline in Bangladesh—2.37 percent over the decade as a whole—was substantially moderated by a significant increase in the minimum wage, which was instituted in 2010.²⁰ In Cambodia, however, the loss of buying power for workers was much more significant at 19.1 percent, particularly as the country's export-apparel industry was under the oversight of the International Labour Organization's Better Factories Cambodia program during the entire period.²¹ In 2011 Cambodia and Bangladesh had the lowest prevailing monthly wages for straight-time work of any major apparel exporter to the United States at approximately \$70 and \$50, respectively.

The two leading Central American exporters, Honduras and El Salvador, where labor costs are considerably higher, both saw real wages for apparel workers fall. Wages for garment workers declined in Honduras in real terms by 8.76 percent from 2001 to 2011, as the country's rank among major apparel exporters to the United States fell from fifth place to seventh place during the same period.²² Prevailing monthly straight-time wages for Honduran garment workers in 2011 stood at \$245.71.

El Salvador, which failed to rank among the top 10 apparel exporters to the United States throughout the first part of the decade, stood as the ninth-largest exporter in 2011.²³ Straight-time wages for its apparel workers, however, fell by slightly more than 11.5 percent during this time, to a monthly figure of \$210.93.

Where real wages grew: China, India, Indonesia, and Vietnam

In the four remaining countries among the top 10 exporters that were studied—China, India, Indonesia, and Vietnam—prevailing real wages for garment workers rose by an average of 55.2 percent, or slightly less than 6 percent per year between 2001 and 2011. These four countries collectively made up 57 percent of clothing imports to the United States in 2011, and all four recorded gains in market share during this period.²⁴

Wage gains for garment workers in India between 2001 and 2011, however, were much more modest than in the other three countries at 13 percent, averaging only 1.3 percent per year in real terms, despite the fact that in 2011 the country stood as the sixth-largest garment exporter to the United States with its 7.23 percent market share, up from 3.2 percent in 2004.²⁵ Prevailing straight-time wages for Indian garment workers were \$94 per month in 2011.

The buying power of workers' straight-time wages rose more substantially over this period in Indonesia and Vietnam, the third- and second-largest apparel exporters to the United States in 2011, respectively. Indonesia saw an increase of 28.4 percent, and Vietnam saw an increase of 39.7 percent. The two countries also saw their market shares increase to 6.48 percent from 3.4 percent and to 8.53 percent from 4 percent, respectively, between 2004 and 2011.²⁶ In the case of Vietnam, however, this figure reflects a significant minimum-wage hike that did not take effect until October 2011.²⁷ Even with these gains, however, prevailing straight-time wages for garment workers in Indonesia and Vietnam stood at only roughly \$142 and \$111, respectively, per month in 2011.

Wage gains for garment workers during this period were greatest in China, where wages more than doubled in real terms by 129.4 percent. Apparel imports from China rose dramatically from 2001 to 2011, a period in which China overtook Mexico as the leading exporter of garments to the United States and more than tripled its market share, from 10.2 percent in 2000 to nearly 38 percent in 2011.²⁸

Real-wage trends among other top apparel exporters to the United States

Wage trends for garment workers in six additional countries that were among the top 21 countries²⁹ in terms of apparel exports to the United States were also studied. In four of these countries—the Dominican Republic, Guatemala, the Philippines, and Thailand—wages also fell in real terms from 2001 to 2011, by a per-country average of 12.4 percent. In the other two countries, Haiti and Peru, wages rose in real terms over the same period, by 48.2 percent and 17.1 percent, respectively.

Where real wages fell: Dominican Republic, Guatemala, the Philippines, and Thailand

Among the countries in the group where wages fell, the Dominican Republic saw the largest decline. Its workers' straight-time pay fell by 23.74 percent during this time period. This period also saw an equally dramatic decline in the standing of the Dominican garment industry in comparison with those of other major apparel-exporting countries. While the Dominican Republic was fifth among the top garment exporters to the United States in 2000, it had fallen to 21st by 2011, having lost 80 percent of its market share over the intervening decade.³⁰

As with all but one of the countries in the Caribbean Basin that were included in this study, wages for garment workers in Guatemala fell during this period, by just more than 13 percent. Guatemala also lost a significant portion of its share of U.S. apparel imports during the past decade, with its market share declining from 3 percent in 2004 to 1.7 percent in 2011.³¹

Two other apparel-exporting countries that were studied, the Philippines and Thailand, also saw straight-time wages for apparel workers fall slightly during this period, by just more than 6 percent. These countries each also lost roughly half their share of U.S. apparel imports during the decade, with their market share declining from roughly 3 percent each in the first half of the 2000s to approximately 1.5 percent each in 2011.³²

Where real wages grew: Haiti and Peru

Wages grew in real terms in two other countries in the Americas that were included in this study, Haiti and Peru. In 2011 these two countries represented the 19th- and 18th-largest exporters of apparel to the United States, respectively.³³ Wage growth for Haiti's garment workers was nearly 49 percent, much more robust than the 17 percent wage growth that Peru's workers experienced over the same period. The growth in Haiti was significantly related to substantial increases in the Haitian minimum wage that were fiercely opposed by that country's apparel industry.³⁴

Yet even after the significant minimum-wage increase was implemented in 2009, Haitian apparel exports to the United States continued to rise sharply, by more than 40 percent from 2010 to 2011, compared to an 8 percent increase in Peru's apparel exports to the United States during the same period.³⁵ In 2011 straight-time wages for garment workers in Haiti, at \$131 per month, were roughly half those earned by workers in Peru, who earned \$263 per month.

TABLE 1
Monthly real wages in 15 of the top 21 apparel exporters to the United States, in 2001 currency

	Monthly real wage in 2001 currency				Percent change
	2001		2011		
	LCU	USD, PPP	LCU	USD, PPP	
Bangladesh	2,083.00	\$93.67	2,033.60	\$91.45	-2.37%
Cambodia*	51.00	\$161.89	39.78	\$126.26	-22.01%
China	480.00	\$144.86	1,076.57	\$324.90	+124.29%
Dominican Republic	2,698.00	\$293.52	2,057.45	\$223.83	-23.74%
El Salvador*	162.00	\$332.44	143.34	\$294.14	-11.52%
Guatemala	1,414.66	\$397.62	1,230.10	\$345.75	-13.05%
Haiti	1,014.00	\$104.42	1,502.99	\$154.78	+48.22%
Honduras	2,514.83	\$359.47	2,294.53	\$327.98	-8.76%
India	2,019.55	\$150.20	2,281.27	\$169.67	+12.96%
Indonesia	421,958.00	\$134.90	583,786.75	\$186.64	+38.35%
Mexico	4,766.00	\$755.14	3,386.54	\$536.57	-28.94%
• Mexico (Min Wage)	1,258.00	\$199.32	1,297.31	\$205.55	+3.12%
Peru	487.50	\$335.93	570.94	\$393.43	+17.12%
Philippines	4,979.00	\$249.25	4,662.19	\$233.39	-6.36%
Thailand	5,748.50	\$360.33	5,378.25	\$337.12	-6.44%
Vietnam	730,167.00	\$182.43	1,019,766.50	\$254.78	+39.66%

Comparisons of prevailing wages to living wages

In this section, we compare our estimates of prevailing straight-time wages in the garment industries of the leading apparel-exporting countries—known as prevailing wages—with estimates of the income that is needed to ensure that a worker and his or her family can afford the basic elements of an adequate standard of living—known as a living wage. For each country included in this study, we compare prevailing wages to living wages in both 2001 and 2011.

These comparisons reveal that in most major garment-exporting countries, as prevailing wages declined in real-wage levels, the already large gap between prevailing wages and living wages only grew between 2001 and 2011. Moreover, as we discuss below, with the noteworthy exception of China, the gap between prevailing wages and living wages is still significant in the countries where prevailing wages have risen in real terms, and this is unlikely to be overcome within the next 20 to 30 years.

Defining a living wage

The right of workers to earn a living wage and the obligation of business enterprises and governments to ensure its provision are enshrined in the basic instruments through which the international community has articulated basic human rights and the rights of labor.³⁶ Contrary to assertions sometimes made by multinational corporations seeking to avoid this responsibility,³⁷ there is a broad consensus on the elements of a living wage, at least as far as the types of costs that it should cover and the best practices for its calculation.³⁸

A recent study on estimating living wages, conducted for the International Labour Organization, or ILO, by Richard Anker, a former senior economist with that organization, describes a living wage as one that permits “[a] basic, but decent, life style that is considered acceptable by society at its current level of economic development ... [such that] [w]orkers and their families [are] able to live *above the poverty level*, and ... participate in social and cultural life” (emphasis added).³⁹

The ILO living-wage report notes that it is well-accepted that a living wage must provide for the basic needs of not only the individual wage earner but also for his or her family.⁴⁰ Anker points out that leading nongovernmental organizations, or NGOs, that have considered the issue, including at least one whose members include many major apparel brands and retailers, are consistent in their belief that a living wage should be attainable in a regular workweek without requiring overtime work.⁴¹

Finally, the ILO report addresses the criticism made by some apparel firms that the process of estimating a living wage is arbitrary and/or subjective. Anker observes that, in reality, all existing measures of labor welfare are significantly based on subjective judgments, including national governments' own minimum-wage laws and their statistical estimates of unemployment.⁴² The report also makes clear that there is general consensus among entities that promote payment of a living wage on the set of expenses that a living wage should cover, even though there are distinct differences in the methodologies that have been adopted in order to measure these costs.⁴³

Methodology for estimating a living wage in one country

To our knowledge, only one apparel factory in a developing country—the Alta Gracia factory in the Dominican Republic—has been certified as actually paying a living wage as defined using the methodological approach that the aforementioned ILO report identified to be the preferred method of making such an estimate.⁴⁴ The Worker Rights Consortium, or WRC, has verified that this factory's wages meet a living-wage standard as established through a local market-basket study last conducted by the WRC in 2010 and adjusted thereafter for inflation on an annual basis. (see box below)⁴⁵

The WRC's market-basket study avoided a number of methodological flaws that the ILO report identified in a number of other living-wage studies conducted by other organizations in other countries.⁴⁶ Moreover, the living-wage figure that the WRC arrived at in the Dominican Republic fell roughly at a midpoint between cost-of-living estimates published by the country's central bank on the one hand and its leading labor federations on the other, suggesting that it may have succeeded in avoiding potential subjective biases.⁴⁷

Finally, and most significantly, real world evidence at the Alta Gracia factory, including studies currently underway by public health scholars from Harvard University and the University of California, Berkeley,⁴⁸ indicate that the wage paid at the factory provides at a minimum level—neither particularly generously nor inadequately—for the basic needs of a garment worker and his or her family. The WRC has concluded, based on its original market-basket study and its ongoing monitoring of the factory since 2010, that wages paid at the Alta Gracia factory accurately reflect a minimum living wage for a Dominican garment worker residing in the area where the factory is located and his or her family.⁴⁹

WRC living-wage study: Free-trade-zone workers in the Dominican Republic

To estimate a living wage for free-trade-zone workers in the Dominican Republic, the WRC performed a comprehensive market-basket analysis. Based on this analysis, the WRC determined that a living wage in the Dominican Republic in 2010 was 222,042 Dominican pesos per year.⁵⁰ The gross wage necessary to yield this amount as take-home pay was 235,987 pesos.⁵¹ By comparison, the minimum wage in the country at that time provided annual straight-time wages of 70,200 pesos.⁵² Expressed as an hourly wage in U.S. dollars, the minimum wage was \$0.84 per hour and the living wage was \$2.83 per hour.⁵³

In conducting its analysis, the WRC took as a starting point the broad agreement among researchers that a living wage should cover the cost of meeting a family's basic needs in the following categories of goods and services: food and water; housing and energy; clothing; health care; transportation; education and child care; and modest funds for savings and discretionary spending.⁵⁴ The WRC then developed, through consultations with local experts and workers themselves, a "market basket," or a set of specific goods and services covering each of these categories that was appropriate to the Dominican Republic.

After defining the market basket's contents, the WRC measured the actual price of each item or service as available in local markets and from vendors or service providers accessible to workers.

In estimating the quantity needed of each good or service in the basket, the WRC assumed that the average worker has a family of four, based on demographic data for the Dominican Republic.⁵⁵ We also assumed that one of the family members represents an additional wage earner whose income covers one-quarter of a family's expenses.⁵⁶ Thus, the living wage for a full-time worker had to be sufficient to cover the expenditures of three of the four family members—one adult and two school-age children.

Methodology for estimating living wages transnationally

To estimate living-wage figures for 2001 and 2011 for the countries included in the study, we first adjusted our 2008 living-wage figure for the Dominican Republic for inflation using consumer-price-inflation data from the World Bank⁵⁷ to arrive at living-wage figures for that country for 2001 and 2011. Next, we converted this figure using purchasing power parity, or PPP conversion factors for the other countries for the same years from the World Bank's International Comparison Project⁵⁸ to arrive at figures for each country of amounts—in their respective local currencies—that provided the same buying power as the inflation-adjusted living-wage figure for the Dominican Republic.

As a general methodology for estimating living wages transnationally, relying on PPP conversions is admittedly an imperfect approach. It should be noted, however, that this is the method used by the one major multinational corporation to actually implement a living-wage policy in its global operations: the Swiss pharmaceutical firm Novartis International, AG.⁵⁹ Of particular relevance here, Anker's 2011 report for the ILO notes that this approach fails to account for variances among countries in the shares of household incomes devoted to different categories of expenditures, such as those on food, housing, utilities, and health care.⁶⁰

For this reason, the WRC's longstanding practice has been to conduct market-basket living-wage studies in individual countries in consultation with local informants and researchers in order to arrive at living-wage figures that accurately reflect local expenditure patterns.⁶¹ Conducting such individual studies in each of the countries included in this study, however, was beyond the scope of the research conducted for this report, which focused on the actual prevailing wages paid to garment workers during the period under study.

In this case, we determined that the value of our 2008 living wage for the Dominican Republic—as the sole living-wage figure that has been calculated using the preferred market-basket methodology and tested for real-world accuracy through implementation at an export-apparel factory in a developing country—made it a useful baseline for estimating living-wage figures for workers in the export-apparel sectors of other developing countries. Recognizing the limitations of this approach, however, we present these estimates only for the purpose of the current report and remain convinced that actual implementation of a living wage in an individual country requires a locally conducted market-basket study.

Prevailing wages compared to living wages

We estimated a living wage for each of the countries included in this study for the years 2001 and 2011 by using World Bank PPP conversion factors⁶² to extrapolate from the living-wage figure already in use by the WRC in the Dominican Republic. We then adjusted each of these for inflation. We then compared the 2001 and 2011 living-wage figures to the figures for prevailing monthly wages for garment workers for straight-time work in each of these countries for 2001 and 2011. We then used these comparisons to calculate ratios of the current prevailing wage to the current living wage in each of these countries in both 2001 and 2011. Using these ratios, we then calculated the annual rate of convergence or divergence of the prevailing wage and living wage in each country over the intervening 10-year period. Finally, for those countries where the prevailing wage and the living wage had converged to any extent from 2001 to 2011—that is, in any countries where the gap between the prevailing wage and the living wage in percentage terms had shrunk between 2001 and 2011—we used the rate of annual convergence to calculate the number of additional years required, assuming continued convergence at the same rate, until the prevailing wage equals the living wage.

Prevailing wages currently average a third of a living wage

In none of the 15 countries included in the study did the prevailing monthly straight-time wage provide garment workers with the equivalent of a minimum living wage. On average, the prevailing wage in 2011 for garment workers in each of the countries included in the study provided little more than a third—36.8 percent—of the estimated living wage in the same country, as calculated using the methodology described above.

This result is generally consistent with the WRC's prior research estimating living wages in individual countries based on local market-basket studies, which has found that achieving a living wage typically requires tripling the prevailing-wage rate for garment workers.⁶³ Prevailing wages for garment workers stood in relation to a living wage in essentially the same place that they had 10 years earlier, when the average share of a living wage provided by each country's prevailing wage for garment workers was 35.7 percent.

TABLE 2
Prevailing wages compared to living wages in 15 of the top 21 apparel exporters to the United States, 2001 and 2011

	Monthly wages, 2001 LCU		Prevailing as a percent of living
	Prevailing	Living, proxy	
Bangladesh	2,083.00	14,715.62	14%
Cambodia*	51.00	210.18	24%
China	480.00	2,950.05	16%
Dominican Republic	2,698.00	6,789.59	40%
El Salvador*	162.00	365.32	44%
Guatemala	1,414.66	2,473.31	57%
Haiti	1,014.00	6,769.50	15%
Honduras	2,514.83	4,865.92	52%
India	2,019.55	10,043.14	20%
Indonesia	421,958.00	2,708,675.43	16%
Mexico	4,766.00	5,083.61	94%
• Mexico (Min Wage)	1,258.00	5,083.61	25%
Peru	487.50	1,171.09	42%
Philippines	4,979.00	15,530.48	32%
Thailand	5,748.50	12,318.13	47%
Vietnam	730,167.00	3,167,635.39	23%

	Monthly wages, 2011 LCU		Prevailing as a percent of living
	Prevailing	Living, proxy	
Bangladesh	4,062.00	29,624.86	14%
Cambodia*	70.00	364.51	19%
China	1,363.00	3,811.25	36%
Dominican Republic	6,435.00	21,236.96	30%
El Salvador*	210.93	518.60	41%
Guatemala	2,359.64	4,721.74	50%
Haiti	5,633.00	23,908.19	24%
Honduras	4,642.64	9,845.25	47%
India	4,422.17	19,468.31	23%
Indonesia	1,287,471.00	5,814,077.48	22%
Mexico	5,200.00	7,805.96	67%
• Mexico (Min Wage)	1,992.00	7,805.96	26%
Peru	731.25	1,499.47	49%
Philippines	7,668.00	24,237.54	32%
Thailand	7,026.00	16,270.16	43%
Vietnam	2,306,667.00	7,844,895.84	29%

Not surprisingly, the country where the disparity between prevailing wages and a living wage was greatest was Bangladesh, where prevailing wages for garment workers in 2011—which were lower than those in any other country in the study—provided only one-seventh—14 percent—of a living wage. Also unsurprisingly, since real-wage levels for garment workers remained largely flat in Bangladesh from 2001 to 2011—registering, overall, a decline of 2.37 percent—the disparity between the prevailing wage and a living wage was the same in percentage terms in both 2001 and 2011.

The country where the gap between the prevailing-wage figure and the estimated living wage was the smallest was Mexico, where the prevailing wage in 2011 provided roughly two-thirds, or 67 percent, of a living wage. The narrowness of this gap, however, is largely explained by the fact the Mexico is the one country where the prevailing-wage figure used in this report includes overtime compensation. If one were to substitute as the prevailing-wage figure the legal minimum wage payable in the country’s leading center of garment production, the prevailing wage would supply only 26 percent of a living wage.

Among the other countries included in the study, Guatemala, Honduras, and Peru had prevailing wages in 2011 that provided the largest proportion of a living wage—50 percent, 47 percent, and 49 percent, respectively. Unfortunately, in Guatemala and Honduras, the gap between prevailing wages and living wages actually grew slightly from 2001 to 2011 instead of narrowing.

Excluding Mexico, countries in the Americas had prevailing wages for garment workers that on average equaled 40 percent of the living wage for the same country. The gap was wider in Asia, where prevailing wages for each country provided on average 27.3 percent of a living wage. The country in that region with the smallest gap was Thailand, where prevailing wages provided 43 percent of a living wage. Again, however, this gap was slightly broader in 2011 than it was in 2001.

Future trends in prevailing wages versus living wages

As would be expected, the only countries where the gap between prevailing wages and living wages narrowed between 2001 and 2011 were those countries where prevailing wages for garment workers had risen in real terms: China, Vietnam, Indonesia, India, Haiti, and Peru. Among these countries, only China saw prevailing wages make substantial gains in closing this gap, more than doubling as a proportion

of the living wage—from 16 percent to 36 percent—during these 10 years. In the other countries where wages for garment workers rose in real terms, such gains were more modest, representing on average an increase of 31 percent in the percentage share of the country’s living wage that the prevailing wage provided.

We found that even if each of these countries maintains a rate of wage growth for garment workers comparable to that which it recorded between 2001 and 2011, attaining a living wage is still a distant prospect. This is particularly true of India, where it would take—assuming an equivalent rate of real-wage growth going forward—more than a century for workers to reach a living wage, given that prevailing wages rose in real terms from 2001 to 2011 at an annual rate of just 1.3 percent, and that the prevailing wage at the end of this period provided just 23 percent of a living wage. The situation is similar but less extreme in Peru, where despite the fact that the prevailing wage in 2001 already provided a much larger proportion of a living wage at 42 percent, a fairly modest rate of real-wage growth—1.7 percent annually from 2001 and 2011—meant that, at the same rate, the country’s garment workers would not achieve a living wage for more than four decades.

Even in the cases of Indonesia, Vietnam, and Haiti, where wage rates for garment workers achieved significantly greater growth over this period—overall increases in real terms of 38 percent, 40 percent, and 48 percent, respectively, between 2001 and 2011—several decades of further growth at the same rates would be required before workers reached a living wage: 42 years for Haiti, 46 years for Indonesia, and 37 years for Vietnam. Only in China, where wage rates for garment workers have grown at a rate of 130 percent, which far surpasses the rates seen in any of the other countries included in the study, are wage rates projected to equal a living wage within the decade, assuming continued real-wage growth at the same rate. If China does manage to see such growth in real wages for its garment workers over the remainder of this decade—a possibility that seems significantly less than certain—Chinese garment workers will achieve a living wage in 2019.

TABLE 3

Years until prevailing wages converge with living wages in 15 of the top 21 apparel exporters to the United States, 2001 and 2011

	Trend	Years to convergence
Bangladesh	Diverging	N/A
Cambodia	Diverging	N/A
China	Converging	12
Dominican Republic	Diverging	N/A
El Salvador	Diverging	N/A
Guatemala	Diverging	N/A
Haiti	Converging	42
Honduras	Diverging	N/A
India	Converging	122
Indonesia	Converging	46
Mexico	Diverging	N/A
• Mexico (Min Wage)	Converging	444
Peru	Converging	45
Philippines	Diverging	N/A
Thailand	Diverging	N/A
Vietnam	Converging	37

Conclusion

We have examined the trends from 2001 to 2011 in real wages for apparel-sector workers in 15 of the top 21 manufacturing countries. In nine countries—Bangladesh, Cambodia, the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, the Philippines, and Thailand—the prevailing real wage for apparel-sector workers in 2011 was less than it was in 2001. That is, apparel-sector workers in the majority of the countries studied saw their purchasing power decrease and slipped further away from receiving a living wage.

In the six countries examined in which real wages increased from 2001 to 2011, wage growth in two of the countries, Peru and India, was modest—less than 2 percent per year. While wage gains for workers in Indonesia, Vietnam, and Haiti were more substantial, it would take an average of more than 40 years for the prevailing wage rate to equal a living wage even if this rate of wage growth were sustained. Only in China did real wages for apparel-sector workers increase at a rate that would lift workers to the point of receiving a living wage within the next decade. Not surprisingly, then, the industrial centers in China where workers benefited from these gains have already seen a loss of apparel production, as manufacturers have shifted their facilities, and buyers have shifted their orders, to lower-wage areas both within China and in other countries.

One key reason that the prevailing wage increased in China is that the government substantially increased the mandated minimum wage, in part in order to limit worker unrest. Because minimum wages in most of the countries studied are both sector and job specific, this points to one possible way forward for increasing workers' compensation. Countries need to look at increasing minimum wages to help lift workers toward a living wage. Promoting greater respect for the rights of union organization and collective bargaining to empower workers to negotiate wage increases on their own could also have a similar effect.

Doing so would provide greater dignity for workers while helping to build the foundation for a strong, consumer-driven economy. But as the experience of other countries shows—particularly the higher-wage countries in Latin America that saw declines in real wages for garment workers during the last decade—such gains will only be sustainable if manufacturers and buyers are willing to absorb the added labor costs, rather than applying downward price pressure through the threat of exit.

By doing so, these manufacturers, brands, and retailers could help make apparel jobs a true route out of poverty. Raising the prevailing-wage rate for apparel-sector workers is both good for workers and good for economies. It would spark a virtuous circle in which higher wages beget increased demand and thus more and better jobs.

About the author

Benjamin Hensler is deputy director and general counsel to the Worker Rights Consortium, an independent nonprofit organization that monitors and reports on labor conditions in garment factories that produce apparel bearing the names and trademarks of leading universities and colleges in the United States, Canada, and the United Kingdom. Since 2000 more than 180 universities and colleges have affiliated with the WRC.

Hensler is a J.D. graduate of Yale Law School, and graduated summa cum laude with a B.A. in politics from Princeton University. Prior to working for the WRC, he was employed by the U.S. Court of Appeals for the Ninth Circuit in San Francisco and the law firm of James and Hoffman, P.C., in Washington, D.C.

Acknowledgements

This paper was prepared for the Center for American Progress by the Worker Rights Consortium. The WRC is an independent nonprofit organization that investigates and reports on working conditions in the global apparel industry. The WRC's primary work is to monitor labor conditions in factories producing apparel licensed by its more than 180 affiliated universities and colleges in the United States, Canada, and the United Kingdom. The WRC performs this monitoring work for its university and college affiliates and conducts field research on working conditions in export-garment factories in nearly all of the leading apparel-producing countries in Asia, the Caribbean, and Latin America.

The WRC received considerable assistance in conducting the research for this paper from faculty and students in the Global and International Studies Program at the University of California at Santa Barbara, which, along with the university's other campuses, is a longtime affiliate of the WRC. In particular, the WRC would like to thank graduate student Christopher Wegemer, who provided considerable assistance with secondary research and statistical analysis, and professors Richard Appelbaum and Aashish Mehta, who gave extensive advice concerning the report's methodology. Graduate students Allison McManus and Kellie Hinze and undergraduate students Nick Flicker and Emily Sackett also provided much-appreciated help along the way.

The WRC would also like to thank the many local experts on wage practices in the countries whose export-apparel industries are the subject of this paper who gave their time to be interviewed for this study. The names and institutional affiliations of these academics, lawyers, NGO staff, and trade unionists appear in the footnotes of this paper. Their deep knowledge and firsthand experience of labor conditions in their countries' garment industries was, as always, invaluable to the WRC in carrying out its research. Finally, the WRC would like to express its grateful appreciation for the collaboration and support of the Center for American Progress, without which this project could not have been undertaken.

Appendix: Methodology

In reaching the findings in this report, the WRC calculated monthly regular earnings for garment workers at the prevalent wage rate in the leading regional center of export-apparel production in each country studied. To facilitate cross-country and longitudinal comparison, consistent terms of measurement were used wherever it was practicable. Where it was not, that fact is noted.

First, as stated, the countries from which wage data were collected were all among those listed as the top 21 in the value of their apparel exports to the United States in 2011, as compiled by the U.S. Commerce Department's Office of Textiles and Apparel, or OTEXA.⁶⁴ Wage data were collected for 15 of these countries, which represent those countries where the WRC regularly conducts research on garment-factory conditions.⁶⁵

For reasons explained below, except where specifically noted, the prevailing wage for garment workers in each country was considered to be the monthly wage earned by a full-time employee working regular straight-time hours as a sewing-machine operator in that country's largest center for export-garment manufacturing. In most of countries included in the study, this wage consisted of (1) the amount an employee would earn in an average month for working such a schedule while being paid at the applicable legal minimum-wage rate for his or her job classification in that locality, and (2) the monthly value of all additional compensation typical for an employee in this job classification and locale to receive over the course of a year that is not contingent on performing additional work, such as overtime or off-the-clock work.

Because garment factories, like most firms of any significant size, employ workers in multiple job classifications and rates of pay, data were sought for the prevailing-wage rate paid to the job classification(s) that represented the plurality of employees in each country's export-apparel manufacturing sector. As is widely recognized, in the assembly operations that provide the bulk of garment-manufacturing employment, this classification is nearly always one that includes sewing-machine operators, who are typically the largest single group of employees.⁶⁶

Published studies containing survey data for average wages in 2001 and/or 2011 for garment workers for regular straight-time hours were used for this calculation where available, and the source is cited in the text.⁶⁷ Where such data were unavailable—as was the case with most of the countries included in this study—

the WRC estimated workers' monthly wages by determining the typical values of the components of this compensation through research on industry practice in each of the countries included in the study. The various factors determining whether and how particular forms of compensation were included in our estimates of prevailing wages are discussed below.

Wage rates

For the primary component of this compensation—the wage rate workers receive for straight-time work hours—the most applicable figure was in nearly all cases the relevant legal minimum wage. In the experience of the WRC, whose core work is to monitor labor conditions in garment factories in leading apparel-exporting countries, apparel workers in the overwhelming majority of these countries typically earn the legal minimum wage for straight-time working hours. For the purposes of this report, the accuracy of this observation was checked in each country through consultation with local informants familiar with conditions in the apparel sector, including NGOs, trade unions, and academics. Where data published by government authorities, academics, NGOs, or other researchers were available and applicable, they were incorporated and cited herein.

Likely reasons for the prevalence in major apparel-exporting countries of garment factories setting workers' base pay at the legal minimum wage include not only workers' relative lack of bargaining power,⁶⁸ but also the fact that minimum-wage rates, as established by the relevant government authorities, are often set with specificity not only to a particular locality such as the state or region but also to the industry—such as “ready-made garments”—job classification, and experience.⁶⁹ Although the WRC has found some notable cases of garment factories failing to implement the legal minimum wage as set by the government,⁷⁰ wage-and-hour violations more typically occur with regard to employers' failures to pay employees for additional time worked, whether this is labor performed off-the-clock or underpayment of mandated premiums for overtime.⁷¹ For this reason, the legal minimum wage is in most cases a reasonable proxy for prevailing-wage rates when conducting a study of this kind.

Hours of work

With the sole exception of Mexico, our wage estimates reflect monthly wages for straight-time hours for each country included in this study, and they do not include compensation for overtime hours.⁷² There are several reasons for taking this approach: First, overtime earnings are variable, not only among firms and from season to season but also from year to year, since they reflect not only the financial health and business practices of individual firms and their buyers but also buyer demand as driven by the business cycle in the United States and other major apparel-importing countries.

Second, to the extent that increased wages reflect a greater amount of overtime worked, the resulting data represents a flawed measure of both individual worker welfare and an industry's contribution to socioeconomic development. When greater earnings are based on more overtime—rather than higher wage rates for regular working hours—the added benefit to the worker is mixed, since the employee has to give more of his or her labor and time and is not simply receiving more compensation.⁷³

Moreover, a strategy of heavy reliance on overtime as a means of satisfying either a firm's and/or its customers' production needs or workers' demands for greater income has negative consequences for the society as well: Firms that pursue this strategy, which typically include most export-apparel factories, restrict their contribution to formal-sector employment by failing to hire employees who might otherwise do the work performed by the existing workforce as overtime, thereby also limiting the reach of employment-based social safety nets.

Finally, the inclusion of overtime compensation in wage data used to measure worker welfare is problematic because overtime compensation in the apparel industry is often earned under circumstances that violate national laws and workers' basic rights.⁷⁴ For the reasons already stated, and because excessive overtime is considered harmful to workers' health and general well-being, nearly all leading apparel-exporting countries, in addition to requiring premium pay for overtime hours, sets a maximum limit on the amount of overtime that workers may perform over a given period.⁷⁵ Nearly every major U.S. apparel brand and retailer imposes similar standards in its code of conduct with which its suppliers are contractually required to comply.⁷⁶ Despite these measures, both overtime hours in excess of legal limits and nonpayment of legally required premium pay are pervasive in the export-apparel industry.⁷⁷

Production-based bonuses

With the exception of Thailand, the wage data we used did not include production bonuses for the countries included in this study.⁷⁸ In the WRC’s experience, most apparel factories in major garment-exporting countries set some form of individual or team-based production quota or target for sewing-machine operators. In many cases, factories provide monetary bonuses to those employees who exceed this target. For multiple reasons, however, these bonuses are generally equivalent to overtime compensation, rather than regular wages. For the reasons just stated above, we did not consider overtime compensation in estimating prevailing-wage rates for the purposes of this study.

First, with the exception already mentioned, local sources consulted for this study confirmed the WRC’s general experience that such bonuses typically cannot be earned solely based on the tasks employees are able to complete during their regular working hours. Therefore, such bonuses are attributable in whole or in part to work performed as overtime. Second, these sources confirmed the WRC’s view that where such bonuses are awarded, employees typically do not receive additional compensation beyond the bonus itself for the additional time spent outside of regular working hours to complete the necessary quota.

Third, in a number of the countries studied, local sources reported that, within the workday, employees routinely work during statutory break or meal periods—both paid and unpaid—in order to earn the bonuses, again without any additional compensation aside from the bonus itself. Since such bonuses represent compensation for which employees must provide additional labor and time rather than simply being rewards for greater efficiency, they are directly analogous to overtime compensation and treated accordingly for the purposes of this study. Only where such bonuses were typically attainable by employees based solely on work performed only during regular straight-time hours was this compensation included in our calculation of prevailing wages.

Other monetary compensation

Other forms of employer-provided compensation, such as attendance allowances or nonproduction-based bonuses, were treated as wages, so long as they were paid in cash or otherwise included in workers’ pay and their payment was prevalent in the industry—that is, most garment workers regularly received them. For this rea-

son, forms of compensation that, while mandated under a given country's laws, in practice only a minority of garment factories in that country reportedly paid were not included.⁷⁹ Conversely, other payments that, while not legally required, were reportedly consistently provided to a majority of workers were included.⁸⁰

In many major garment-exporting countries, workers receive, as either a legal requirement or an industry custom, annual or bi-annual bonuses equivalent to their regular pay for a particular time period, such as an extra month's pay at the end of the year.⁸¹ When such payments were reported to be consistently provided to workers, they were included in our calculations on a pro-rata basis, or by adding one-twelfth of their total annual value to workers' wages and other monthly compensation.

In-kind compensation

For multiple reasons, we did not include in our wage calculations various forms of noncash compensation or benefits that are common in some garment-exporting countries, such as employer provision or subsidization of transportation to and from the factory, housing in employee dormitories, or meals in company canteens.

First, in the experience of the WRC, such forms of employer provision vary greatly in their quality and often fail to meet basic standards for health, sanitation, and safety. Food supplied in canteens may be unsanitary or nutritionally deficient,⁸² rendering its actual value to employees questionable, as workers may have to supplement or replace it with meals that they prepare or purchase themselves. Similarly, company dormitories may be overcrowded, ill-maintained, and unsafe,⁸³ making estimates of their value that are based on the local housing market inaccurate unless one is able to determine how such offsite housing compares in quality.

Second, in the WRC's experience, these forms of in-kind compensation are often provided as much for the employer's benefit as for that of its employees. Factory canteens and employee dormitories, for example, help ensure that the workforce remains on the company premises at least throughout the workday if not throughout the entire workweek. This means that the workforce is available to work at whatever time the employer requires and is dependent on the company for basic sustenance and shelter.

Employer-subsidized transportation facilitates the recruitment of a workforce from less-urbanized areas where wage levels and worker expectations are apt to

be lower than in the immediate vicinity of the factory itself.⁸⁴ Similarly, company housing permits factories to hire workforces made up of internal or foreign migrant workers, who may not only accept lower wages than local residents but also be easier to discipline because they may have greater sunk costs associated with gaining employment at the firm and less ability to find alternative work.

Moreover, payment of in-kind compensation rather than cash compensation is recognized to be inversely related to the quality of employment.⁸⁵ In-kind compensation makes the workers' access to goods contingent on the employer's goodwill and restricts the workers' choice and use of goods to those that the employer chooses to provide.

Finally, in-kind compensation also typically benefits certain classes of employees much more than others. Company dormitories, for example, may be an attractive housing option for migrant workers, particularly those who do not have families living with them, but not for local workers with children. For these reasons, although some garment factories have claimed that in-kind compensation should be treated as equivalent to wage compensation in evaluating whether their employees are receiving a living wage,⁸⁶ the WRC did not include it in the wage data that we collected for this study.

Social-security program contributions

Our wage data also do not make any allowance for forms of deferred compensation from employers that provide what are the equivalents of social safety nets in countries that have no forms of state-run unemployment insurance or injury compensation. Many major garment-producing countries mandate under their labor laws that, on termination of employment, firms must make payments to employees that may amount to several months' wages.⁸⁷ While such mechanisms enhance workers' overall economic security by providing income at the time of loss of employment, they do not directly increase their day-to-day buying power.

Factory owners in some countries have adopted a practice of "liquidating," or regularly paying off, such severance benefits to their employees, typically to avoid accumulated liability and/or prevent workers from accruing seniority but sometimes at workers' own requests.⁸⁸ Whether or not payment of such funds is made at the initiative of the employer or the employee or with the agreement of both, paying such benefits in advance means that they will not be available as income

replacement at the intended time of need. Because such practices are more analogous to prepayment of social insurance benefits than they are to provision of additional compensation, we did not include funds that workers receive from such payments in our calculations.

For similar reasons, we did not include as compensation the value of any assistance, contribution, or subsidy provided to workers for health care. Employer practices with regard to the provision of such care for employees vary among the leading garment-exporting countries, from the establishment of onsite clinics staffed by nurses to the enrollment of employees in state-run health care programs.⁸⁹ Assessing the relative monetary values to employees of such assistance is difficult, and such benefits are typically not considered as income when measuring wage compensation in countries that are more developed, whether they are typically provided through private insurance purchased by employers or via a state-run system.

Endnotes

- 1 Patrick Winn, "Cambodia: garment workers making US brands stitch 'til they faint," *GlobalPost*, October 5, 2012, available at <http://www.globalpost.com/globalpost-blogs/america-the-gutted/cambodia-fainting>.
- 2 Farid Hossain, "Fire Exits Locked at Burned Factory," *USA Today*, January 27, 2013, available at <http://www.usatoday.com/story/news/world/2013/01/26/bangladesh-factory-fire/1866777>; Declan Walsh and Steven Greenhouse, "Certified Safe, a Factory in Karachi Still Quickly Burned," *The New York Times*, December 7, 2012, available at <http://www.nytimes.com/2012/12/08/world/asia/pakistan-factory-fire-shows-flaws-in-monitoring.html?pagewanted=all&r=0>.
- 3 See, for example, Nicholas Kristof, "Where Sweatshops Are a Dream," *The New York Times*, January 15, 2009, available at <http://www.nytimes.com/2009/01/15/opinion/15kristof.html>.
- 4 Ibid.
- 5 See, for example, Gladys Lopez Acevedo and Raymond Robertson, eds., *Sewing Success?: Employment, Wages and Poverty Following the End of the Multi-Fibre Arrangement*, vol. 12 (Washington: The World Bank, 2012), available at http://siteresources.worldbank.org/EXTPOVERTY/Resources/SewingSuccess_FullReport.pdf. The source defines the rate of poverty among garment workers in developing countries as "the share of workers within each sector that earn less than \$1 (purchasing power parity, PPP) per day."
- 6 The concept of a living wage and how it can be measured in a given country is discussed at some length in this report. For an in-depth examination of the methodological and policy issues involved in arriving at such an estimate, see Richard Anker, "Estimating a Living Wage: A Methodological Review" (Geneva, Switzerland: International Labour Organization, 2011), available at http://www.ilo.int/wcmsp5/groups/public/-ed_protect/-protrav/-travail/documents/publication/wcms_162117.pdf.
- 7 As discussed, the WRC measured change in real wages in each country by estimating monthly straight-time wages for garment workers in 2001 and 2011 in local currency and then deflating the 2011 wage figure by the aggregate consumer price inflation in that country during the intervening period, using inflation data from the World Bank. See World Bank, "Data: Consumer price index (2005 = 100)," available at <http://data.worldbank.org/indicator/FP.CPI.TOTL> (last accessed April 2013).
- 8 As discussed, the WRC estimated living wages in 2001 and 2011 for each country included in this report by adjusting for inflation the figure it has calculated to be the living wage for the Dominican Republic—which was derived using a market-basket research study and which has been tested through actual implementation—and converting this inflation-adjusted figure into the local currencies of the other countries using the PPP factors developed by the World Bank's International Comparison Project.
- 9 For a list of the top countries exporting apparel to the United States, see Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category* (U.S. Department of Commerce, 2012), available at <http://otexa.ita.doc.gov/msrcty/v0.htm>. The countries studied were confined to those where, at the time the research for this study was conducted, the WRC regularly carried out field research on garment-factory conditions. For this reason, the remaining country among the top 10 apparel exporters, Pakistan, as well as several other countries among the top 20 apparel-exporting countries, was not included. See endnote 11.
- 10 The term "straight-time wages" is used throughout the report to refer to "total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, [and] shift differentials." U.S. Bureau of Labor Statistics, *Glossary* (U.S. Department of Labor), available at <http://www.bls.gov/bls/glossary.htm#> (last accessed April 2013). Our usage here differs from how the term is sometimes used in the United States because, as discussed below, we include in our calculation of monthly straight-time wages the pro-rated monthly value of certain forms of monetary compensation that garment workers in a given country ordinarily receive during a single calendar year, whether as a statutory requirement or as established industry practice and most commonly including the annual bonuses that are paid to garment workers throughout much of Asia and Latin America.
- 11 For similar reasons to those stated above, the remaining five countries—Sri Lanka, Nicaragua, Italy, Egypt, and Jordan—among the top 20 apparel exporters were not included in the study. Neither was Pakistan. See Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*. The 21st-largest exporter to the United States, the Dominican Republic, was included because it is a country where the WRC regularly monitors factory conditions and to facilitate comparative analysis, as it is the only developing country where a factory has been verified by the WRC to pay its employees a living wage, based on independent market-basket research. See Steven Greenhouse, "Factory Defies Sweatshop Label, But Can It Thrive?," *The New York Times*, July 17, 2010, available at <http://www.nytimes.com/2010/07/18/business/global/18shirt.html?pagewanted=all>. As the remaining countries among the top 25 apparel exporters are not countries where the WRC has an active presence, they were not included in this study.
- 12 World Bank, "Data: Consumer price index."
- 13 Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*.
- 14 Ibid.
- 15 For reasons previously discussed, the remaining country among the top 10 apparel exporters, Pakistan, was not included. See endnotes 9 and 11.
- 16 Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*.
- 17 Ibid.
- 18 Ibid.
- 19 Bettina Wassener, "In an Unlikely Corner of Asia, Strong Promise of Growth," *The New York Times*, April 24, 2012, available at <http://www.nytimes.com/2012/04/24/business/global/in-bangladesh-strong-promise-of-economic-growth.html?pagewanted=all&r=0>.
- 20 BBC News, "Bangladesh increases garment workers' minimum wage," July 27, 2010, available at <http://www.bbc.co.uk/news/world-south-asia-10779270> (last accessed April 2013).

- 21 Stanford Law School International Human Rights and Dispute Resolution Clinic and the Worker Rights Consortium, "Monitoring in the Dark: An Evaluation of the ILO's Better Factories Cambodia Program" (2013), available at <https://humanrightsclinic.law.stanford.edu/wp-content/uploads/2013/03/Monitoring-in-the-Dark-Stanford-WRC.pdf>.
- 22 Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*.
- 23 Ibid.
- 24 Ibid.
- 25 Ibid.
- 26 Ibid.
- 27 Ministry of Justice, "Increase the Minimum Wage for Businesses," August 9, 2011, available at http://moj.gov.vn/en/ct/Lists/Activities%20of%20Public%20Administration%20Reform%20And%20Us/View_Detail.aspx?ItemID=118.
- 28 Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*.
- 29 As discussed, the remaining six countries among the top 21 apparel exporters were not included in this study. See Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*; Steven Greenhouse, "Factory Defies Sweatshop Label, But Can It Thrive?"
- 30 Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*.
- 31 Ibid.
- 32 Ibid.
- 33 Ibid.
- 34 Dan Coughlin and Jean Ives, "Wikileaks Haiti: Let Them Live on \$3 a Day," *The Nation*, June 1, 2011, available at <http://www.thenation.com/article/161057/wikileaks-haiti-let-them-live-3-day#>.
- 35 Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*.
- 36 See, for example, United Nations Universal Declaration of Human Rights (1948), Art. 23; ILO, "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" (2006), available at http://www.ilo.org/empent/Publications/WCMS_094386/lang-en/index.htm. For a discussion of ILO and other international instruments that reference living wages, see Anker, "Estimating a Living Wage: A Methodological Review," pp. 2–4, available at http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_162117.pdf.
- 37 See Anker, "Estimating a Living Wage: A Methodological Review," p. 1. He quotes a 2006 statement from Nike, Inc. that says, "We do not endorse artificial wage targets or increases based on arbitrary living wage definitions."
- 38 Ibid. at 25, 49–50.
- 39 Ibid. at 5.
- 40 Ibid. at 49.
- 41 Ibid. at 50.
- 42 Ibid. at 11–12.
- 43 Ibid. at 49–53.
- 44 Compare *ibid.* at 27—discussing practice of calculating costs for separate categories including food, housing, transportation, clothing/footwear, childcare, and other expenditures—to WRC, "Living Wage Analysis for the Dominican Republic" (2010), available at <http://www.workersrights.org/linkedddocs/WRC%20Living%20Wage%20Analysis%20for%20the%20Dominican%20Republic.pdf>.
- 45 Ibid.
- 46 Compare *ibid.* to "Estimating a Living Wage: A Methodological Review," pp. 38–40, which criticizes some living-wage studies for failing to separate categories of nonfood expenditure and failing to provide specific information regarding selection, type, price, and quantity of food items.
- 47 WRC, "Living Wage Analysis for the Dominican Republic," p. 8.
- 48 John Kline, "Alta Gracia: Branding Decent Work Conditions" (Washington: Walsh School of Foreign Service, Georgetown University, 2010), available at http://ibid.georgetown.edu/document/1242775279540/Alta_Gracia_Web_Final.pdf. The report cites a longitudinal study by Maria Cecilia Acevedo of the Kennedy School of Government and Lia Fernald, an associate professor at the University of California, Berkeley, School of Public Health.
- 49 *Ibid.*; WRC, "Verification Report Re Labor Rights Compliance at Altgracia Project Factory (Dominican Republic)" (2011), available at <http://www.workersrights.org/reports/AG%20Monitoring%20Report%20II%2012-08-2011.pdf>.
- 50 WRC, "Living Wage Analysis for the Dominican Republic," p. 1.
- 51 Ibid.
- 52 Ibid.
- 53 Ibid.
- 54 Anker, "Estimating a Living Wage: A Methodological Review," p. 5.
- 55 Ibid.
- 56 Ibid.
- 57 World Bank, "Data: Consumer price index."
- 58 World Bank, "Global Purchasing Power Parities and Real Expenditures: 2005 International Comparison Program" (2008), pp. 21–28, available at http://siteresources.worldbank.org/ICPINT/Resources/270056-1255977254560/6483625-1337016259587/2005ICPReport_FinalwithNewAppG.pdf.
- 59 See Anker, "Estimating a Living Wage: A Methodological Review," p. 43. He critiques this methodology generally and Novartis' living-wage studies specifically.
- 60 Ibid.
- 61 WRC, "Living Wage Analysis for the Dominican Republic"; WRC, "Sample Living Wage Estimates: Indonesia and El Salvador" (2006), available at <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1205&context=globaldocs>.
- 62 World Bank, "Global Purchasing Power Parities and Real Expenditures."

- 63 See Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*; Letter from Donald I. Baker to Acting U.S. Assistant Attorney General Sharis Pozen, December 15, 2011, available at <http://www.workersrights.org/dsp/WRC%20BR%20Req%2012.15.11.pdf>.
- 64 Office of Textiles and Apparel, *Major Shippers Report: U.S. General Imports by Category*.
- 65 See endnotes 9 and 11 for reasons why we chose to include the countries we did in this study.
- 66 See, for example, U.S. Bureau of Labor Statistics, *Occupational Outlook Handbook 347 (U.S. Department of Labor, 2001)*. This source shows sewing-machine operators as occupying 70 percent of production jobs in the U.S. apparel industry. In the same source, see also “Textile, Apparel, and Furnishings Occupations,” p. 477.
- 67 See, for example, Philippine Bureau of Labor and Employment Statistics, “Occupational Wages Survey” (2011), available at <http://bles.dole.gov.ph/SURVEY%20RESULTS/2010%20Survey%20Result/OWS/tables/TABLE%202.pdf>.
- 68 See, for example, Mark Anner, “The Impact of International Outsourcing on Unionization and Wages: Evidence from the Apparel Export Sector in Central America,” *Cornell ILR Review* 64 (314) (2011). The article reports unionization rates of 0.46 percent and 8.68 percent in apparel factories in export-processing zones in El Salvador and Honduras, respectively.
- 69 See, for example, Mohammad Yunus and Tatsufumi Yamagata, “The Garment Industry in Bangladesh.” In Fukunishi, ed., *The Dynamics of the Garment Industry in Low-Income Countries: The Experience of Africa and Asia* (2012), available at http://www.ide.go.jp/English/Publish/Download/Report/2011/pdf/410_ch6.pdf. This chapter illustrates the minimum-wage structure of the Bangladeshi ready-made-garment industry.
- 70 See, for example, Memorandum from Ben Hensler and Scott Nova to Primary Contacts, WRC Affiliate Colleges and Universities, March 5, 2010, available at <http://www.workersrights.org/university/memo/030510.html>.
- 71 See, for example, WRC, “Factory Assessment: ITIC Apparel (Dominican Republic) Findings and Recommendations” (2012), pp. 10–11, available at <http://www.workersrights.org/Freports/WRC%20Findings%20and%20Recommendations%20re%20ITIC%20Apparel%20%28Dominican%20Republic%29%202.8.12.pdf>.
- 72 The WRC focused its research on wage trends in the Mexican apparel industry on Tehuacan, a city in the state of Puebla that has long been a leading center of jeans manufacturing, and where labor-rights monitors have reported regularly on wage practices over the past decade. While the legal minimum wage for garment workers in Tehuacan remained essentially flat between 2001 and 2011, rising in real terms by 4.4 percent over this period, studies by the Canadian labor-rights NGO, Maquila Solidarity Network, or MSN, and a local human rights organization, the Human and Labour Rights Commission of Tehuacan Valley, or HLRCTV, found that average wages—including overtime—fell much more sharply in real terms over the decade. Based on wage research conducted by MSN and HLRCTV in 2000, 2002, 2010, and 2011, the WRC estimated that with adjustment for inflation there had been a 28.9 percent decline in average wages for apparel workers in Tehuacan between 2001 and 2011. Maquila Solidarity Network and Human and Labour Rights Commission of Tehuacan Valley, “Tehuacan, Blue Jeans, Blue Waters, and Workers Rights” (2003), pp. 2, 31; Rodrigo Santiago Hernandez, “Tehuacan’s Garment Industry in Times of Crisis” (Toronto: Maquila Solidarity Network, 2010); Interview with Rodrigo Santiago Hernandez, January 2012.
- 73 Acevedo and Robertson, eds., *Sewing Success?*
- 74 See, for example, ILO, “Better Factories Cambodia, Twenty Eighth Synthesis Report on Working Conditions in Cambodia’s Garment Sector 9” (2012), available at <http://www.betterfactories.org/resource/asp?z=7&iddoc=166&c=1>. The source notes that 86 percent of factories surveyed by program violated legal limits on overtime hours.
- 75 Ibid.
- 76 See, for example, Nike, Inc., “Nike Code of Conduct” (2010), available at http://nikeinc.com/system/assets/2806/Nike_Code_of_Conduct_original.pdf?1317156854. The code limits permissible hours of work in supplier factories to the lesser of 60 hours per week or the maximum allowed under national law.
- 77 See, ILO, “Better Factories Cambodia, Twenty Eighth Synthesis Report on Working Conditions in Cambodia’s Garment Sector 9.”
- 78 The WRC determined that in the case of Thailand, unlike that of other countries included in this study, workers typically were able to earn a premium above the legal minimum wage—in the form of bonuses for individual employees’ production levels—as part of their regular straight-time pay. For this reason, the monthly value of the portion of production bonuses attributable to nonovertime work hours were included in our calculation of prevailing wages for Thai garment workers.
- 79 See, for example, Alok Sarkar, “Labour Laws Befitting the Workers,” *Daily Star (Bangladesh)*, December 1, 2005. The article notes the existence—but pervasive nonenforcement—of a law requiring the sharing of 5 percent of annual profits with employees.
- 80 See, for example, Van Thu Ha, “Minimum wage policies in Vietnam: Ways to a Minimum Living Standard” (2011). This unpublished work discusses the introduction of attendance and seniority bonuses as an industry practice, even though they were not required by law.
- 81 Pacific Bridge Recruiting, “Compensation in Asia: Thirteenth Month Pay Lower in 2001/2002,” May 9, 2002, available at <http://www.pacificbridge.com/news/compensation-in-asia-thirteenth-month-pay-less-in-2001-2002>. This notes the payment of annual bonus as a legal requirement in India, Indonesia, and the Philippines and as a common but not mandatory practice in China and Thailand.
- 82 See, for example, WRC, “Investigation re Complaint against Kukdong (Mexico)” (2001), available at http://www.workersrights.org/Freports/Report_Kukdong_1.pdf. This notes workers’ complaints regarding their employer’s provision of meals with rancid or insubstantial food in the factory canteen.
- 83 See, for example, WRC, “Assessment of Lianglong Socks Factory (China)” (2008), available at http://www.workersrights.org/Freports/Lianglong_Socks_Report_4-3-08.pdf. It describes the dilapidated, unsafe, and unsanitary conditions of company dormitories).
- 84 See, for example, WRC, “Report of Visit to Rajlakhmi Cotton Mills Pvt. Ltd. With Fair Trade USA Delegation on September 19, 2011” (report of visit to apparel factory in Calcutta, India, on file with WRC), November 1, 2011,

available at http://ethixmerch.com/sites/ethixmerch.com/files/Report_of_Visit_to_Rajlakshmi_Cotton_Mills_110111.pdf.

85 Acevedo and Robertson, eds., *Sewing Success?*

86 WRC, "Report of Visit to Rajlakshmi Cotton Mills Pvt. Ltd. With Fair Trade USA Delegation on September 19, 2011."

87 See, for example, Steven Greenhouse, "Pressured, Nike to Help Workers in Honduras," *The New York Times*, July 29, 2010, available at http://www.nytimes.com/2010/07/27/business/global/27nike.html?_r=0. Greenhouse discusses the agreement by Nike to contribute \$1.5 million to assist former employees of two supplier factories that failed to pay legally required severance benefits upon closure.

88 See, for example, WRC, "Worker Rights Consortium Assessment re Alamode, S.A. (Honduras)" (2009), available at <http://www.workersrights.org/Reports/WRC%20Assessment%20re%20Alamode%20%28Honduras%29%20-%2010%2022%2009.pdf>.

89 Ibid.

Appendix: Notes on countries included in this report

In conducting research for this report, the Worker Rights Consortium sought to estimate prevailing straight-time wages in 2001 and 2011 for workers in the export-apparel-manufacturing sectors of countries that were the leading sources of garments imported by the United States. Because the relevant data that we found available varied greatly from country to country, the method ultimately used to arrive at these estimates in each country varied as well. The subsections below detail the actual methods used to estimate prevailing wages in each country in 2001 and 2011; compare the change in the real value of these wages in each country over this time period when one accounts for consumer price inflation; and compare prevailing wage levels in both 2001 and 2011 to the WRC's estimate of what would constitute, in each country, a minimum living wage for garment workers and their families.

China

Between 2001 and 2011 China overtook Mexico—which, after the passage of NAFTA in 1996, had become the United States' largest source of apparel imports—to assume a dominant position as the leading exporter of apparel to the United States.¹ China now accounts for apparel imports of nearly \$30 billion per year and 40 percent of clothing imported into the United States, giving it a market share nearly five times larger than it enjoyed in 2000, and four times greater than that of its nearest rival, Vietnam.²

Significantly, China captured this market share at the same time that it substantially increased wages for garment workers. Based on a review of government statistics, we estimate that in the country's leading centers of garment production, prevailing wage rates for sewing-machine operators for straight-time work more than doubled during this period, increasing by almost 130 percent.

As is well-known, the high rate of real wage growth in China since the beginning of the last decade has by no means been confined to the manufacturing sector, much less to the apparel industry. Between 2001 and 2008, for example, average annual wage growth in China fluctuated between 12 percent and 14 percent, while the range for annual wage growth in manufacturing was slightly lower, between 10 percent to 12 percent.³ From 2003 to 2008 even wages for agricultural labor, in sectors like grain and pig farming, increased at rates ranging from 9.3 percent to 21.3 percent per year.⁴

Indeed, some evidence suggests that wage growth for apparel workers has likely trailed that of other manufacturing workers during this period. From 2003 to 2008, for example, average annual wage growth for migrant workers, who make up the bulk of the industry's workforce in the leading garment production centers, was 10.3 percent, slightly lower than for manufacturing workers as a whole.⁵

The high rate of real wage growth experienced during this period by Chinese workers is generally attributed to several factors.

First, as a result of both the economy's rapid expansion and a relative decline in the growth rate of the working-age population, China's industrial centers in the coastal areas where garment manufacturing was concentrated experienced very significant labor shortages during this period.⁶

Secondly, partially as a result of investments in infrastructure, labor productivity grew at a far greater rate than wages did, which enabled China's garment industry, at least during the 2000s, to maintain competitiveness with other low-labor-cost countries even as its own workers' wages climbed. From 2000 to 2007, while wages in manufacturing grew in real terms by 98.1 percent, productivity rose nearly twice as quickly, by 178.7 percent.⁷ Moreover, average wages for apparel workers in China, despite these dramatic increases, continue to be less than 10 percent of their levels in the United States and Western Europe, simply as a result of how low they were when China began its transition to a market economy.⁸

Third, as a matter of state policy, and in significant part in response to frequent incidents of labor unrest, the national government directed provincial authorities, who are responsible for setting minimum wages, to increase both the frequency and size of increases in the minimum wage. These increases continued unabated through the rest of the decade, except in 2009, when Chinese export manufacturers were hit hard by the global economic recession; the increases were quickly renewed once the economic outlook began to recover in 2010.⁹

During this 10-year period, the location of the largest concentration of garment production in the country shifted from Guangdong Province, the site of much of the growth in the country's export-apparel industry in the 1990s, to the province of Zhejiang, which borders on Shanghai.¹⁰ For this reason, to estimate wage growth for Chinese garment workers during this period, we compared wages in 2001 for sewing-machine operators in Guangzhou, a leading center of apparel

production in Guangdong, with wages in 2011 for their counterparts in Ningbo, a major garment-producing area in Zhejiang. The WRC found that the legal minimum-wage rate is a reasonable proxy for prevailing wage rates for straight-time work in the Chinese apparel industry.¹¹ In 2001 the minimum-wage rate applicable to sewing-machine operators in Guangzhou amounted to 480 RMB per month (US\$54.35 in 2001 dollars).¹² In 2011 the monthly minimum pay to sewing-machine operators in Ningbo was 1363 RMB per month (US\$202.79), an amount whose comparative value, when adjusted for consumer price inflation, or CPI,¹³ was 1076.57 RMB, an increase of 124.3 percent.¹⁴ The 2011 figure included the minimum monthly wage of 1310 RMB¹⁵ and a small (annual value, 53 RMB/month) seasonal allowance paid for work during hot weather, which, although already paid to public-sector workers in 2001, was implemented in the private sector in Zhejiang during the intervening decade.¹⁶

This measure of wage growth, however, may overstate the actual improvement Chinese garment workers saw in their standards of living during this period. Chinese government studies of “market wages” for sewing-machine operators in the country’s industrial centers report total compensation, which includes overtime.¹⁷ The data suggest that the rate of real growth in total compensation for sewing-machine operators, while still substantial, was significantly lower than the growth in prevailing wage rates. Sewing workers in Guangzhou in 2001 reported median total monthly earnings of 1,100 RMB (US\$132.85 in 2001 dollars) while workers in Ningbo in 2011, by the same measure, earned 2,098 RMB per month (US\$324.77), or, when adjusted for CPI, 1,657.12 RMB,¹⁸ an increase of 50.65 percent. Anecdotal information from local sources indicates that garment workers in Zhejiang province in 2011 did perform significantly less overtime than their counterparts in Guangdong in the early 2000s, which helps explain why total compensation grew at a lower rate than prevailing wages.

Moreover, from 2001 to 2011 aggregate food price inflation, or FPI, at 77 percent,¹⁹ was nearly three times greater than overall CPI (27 percent).²⁰ The average Chinese consumer spends about 20 percent of his or her income on food (compared to 12.4 percent for the U.S. consumer),²¹ but food costs typically make up a much higher percentage of overall spending by low-wage garment workers, estimated by some observers at up to 50 percent.²² While the actual difference in spending patterns between Chinese garment workers and the average Chinese consumer is unknown, the much higher rate of FPI in China during this period likely had some differential impact on workers’ ability to benefit from higher nominal wages.

It does appear, however, that Chinese apparel workers were able to make progress in their prevailing wages toward what the WRC estimates would constitute a living wage. Using the World Bank International Comparison Project's PPP conversion factors,²³ inflation-adjusted living-wage numbers for China were extrapolated for 2001 and 2011 from the living wage calculated by the WRC for the Dominican Republic. By this measure, prevailing wages, which had provided 16 percent of a living wage in 2001, provided 36 percent of a living wage in 2011.

If this rate of convergence were to be sustained, Chinese garment workers would achieve a living wage within seven more years. Whether this is actually likely to occur is less certain. As has been well-publicized, many apparel buyers have begun to shift their purchasing away from China toward lower-wage countries in Asia such as Bangladesh and Cambodia.²⁴ On the other hand, these countries have significant infrastructure problems,²⁵ and their apparel industries lack the degree of vertical integration and productivity that China has achieved.²⁶ Moreover, some Chinese observers remain optimistic that China's manufacturing sectors can maintain international competitiveness through internal relocation to the country's lower-wage interior, similar to the migration from the northern to southern states that occurred in some parts of U.S. manufacturing during the 20th century.²⁷

Vietnam

By 2011, Vietnam, which in 2001 had not even stood among the top 10 apparel exporters to the United States, had become this country's second-largest source of imported apparel, with annual exports to the United States worth \$6.6 billion, and nearly a 10 percent share of the U.S. market (up from less than 0.2 percent in 2001).²⁸ The WRC's research shows that during this time, straight-time wages for Vietnamese garment workers rose in real terms by nearly 40 percent (39.6 percent). In 2001 the monthly prevailing wage for garment workers was 730,167 Vietnamese Dong, or VND, but by 2011 it had risen to an inflation-adjusted value of VND 1,011,766 in 2001 currency.

The WRC found that in 2001, prevailing monthly compensation for straight-time work in the garment industry was equivalent to the applicable legal minimum wage, plus a number of allowances and the prorated value of a bonus of a month's wages that, while not legally mandated, reportedly is paid annually at the time of the Lunar New Year (Tết) holiday as an industry practice.²⁹ In 2011, according to

the WRC's research, prevailing wages consisted of the monthly minimum wage, which had been increased substantially in the interim; the prorated value of the Lunar New Year bonus; and a number of cash allowances that were instituted during 2010 and 2011 to compensate for increases in the cost of living.

The legal minimum wage in Vietnam is set geographically with the most populous cities, Hanoi and Ho Chi Minh City (denoted as "Region One"), having the highest minimum wage, followed by a second zone comprised of the urbanized belts surrounding both cities ("Region Two"), which has a lower minimum wage, and with the lowest minimum wage covering the rest of the country ("Region Three"). The bulk of the country's export-garment manufacturing occurs in Region One, although there are sizable centers of production in Region Two as well.³⁰

The legal minimum wage is set as the lowest wage allowed to be paid on a monthly basis for regular full-time hours. In 2001 this wage was VND 674,000 per month in Region One, for workers employed in foreign-owned factories, which, at that time, had a higher minimum wage. A review of published studies of wage levels in Vietnamese garment factories indicated that by 2001, payment of wages below the legal minimum, while common during the mid-1990s, had diminished and that most factories in Regions One and Two paid either slightly more or slightly less than the legal minimum.³¹

For this reason, the WRC believes that the 2001 minimum wage for Region One plus the prorated value of the Lunar New Year bonus is a reasonable reflection of prevailing wages in the industry at that time. Vietnamese garment factories typically did, in 2001, and continue to, today, pay production-based bonuses; because, according to sources consulted by the WRC, however, these are typically attainable only by working overtime, for reasons previously explained, they are not included in our calculations of prevailing wages.

By 2011 the country had experienced significant consumer price inflation during the intervening period, totaling 126 percent over 2001 prices.³² In order to retain workers and limit labor unrest, beginning in 2010, the industry adopted as a standard practice the payment of additional monthly bonuses for good attendance and seniority on the job.³³ Because these bonuses, although not legally mandated, are consistently paid to most workers in the industry, the WRC included them in its calculations of prevailing wages, estimating their monthly value at VND 140,000.

Vietnamese factories also have a practice of providing workers with free lunch at the factory,³⁴ but because this benefit is provided in-kind rather than as cash compensation, for reasons previously explained, it is not included in our calculation of prevailing wages. It is worth noting, however, that, between 2001 and 2011, Vietnam experienced significantly greater inflation in overall consumer prices (126 percent) than in food prices alone (61.5 percent). Garment workers may have felt harder hit by price increases for nonfood items because they received at least one daily meal free of charge at the worksite and, as a result, already may have devoted a relatively higher proportion of their incomes for other goods than workers earning otherwise comparable wages in other sectors of the economy.

In the face of the continuing rise in the cost of living during this period, some factories also began paying other forms of bonuses to workers. In October 2011, however, the government instituted a 40 percent increase in the minimum wage—the most significant increase since 2006—which raised the legal wage floor in Region One to VND 2,000,000 (US\$273.75).³⁵ This figure applied to both foreign and domestic employers, with the practice of separate minimum-wage levels for the two categories having been eliminated in the interim.³⁶

The WRC's research indicates that after October 2011, while some bonuses that were paid previously were subsumed into the new higher base wage, workers continued to receive allowances for good attendance and seniority, as well as the annual bonus for the Tết Festival. The WRC calculates the total monthly value of this compensation at the end of 2011 at VND 2,306,667 (US\$112.47).

Despite this increase, however, wages made very limited progress toward the level required for a living wage. By the WRC's estimate, in 2001, prevailing wages provided only 23 percent of a living wage, yet in 2011, this figure had only improved to 29 percent. By this measure, even if the rates of growth in real wages were sustained going forward, they would not reach the level of a living wage for nearly another 40 years.

Indonesia

While much less dramatically than those of China and Vietnam, Indonesia's share of the U.S. apparel market increased significantly between 2001 and 2011, climbing by nearly 50 percent, from 3.7 percent to 5.5 percent of U.S. garment imports.³⁷ While Indonesia was the ninth-largest exporter to the United States in 2000, by 2011 it was the third-largest exporter after those two countries.³⁸

During this period, real straight-time wage levels also rose significantly for Indonesian garment workers, and have continued to rise since that time. Based on a review of monthly straight-time wages in Bandung—a leading center of export-apparel production in West Java, the province that is home to a majority (57 percent) of the country’s garment factories³⁹—workers’ pay grew in real terms by 38.4 percent between 2001 and 2011. Monthly wages, which stood at 421,958 Indonesian Rupiah (Rp.) (US\$41) in 2001, had climbed to Rp. 1,287,471 (US\$147) by 2011. Due to consumer price inflation of nearly 121 percent during the intervening period, they were worth only Rp. 583,787 in 2001 currency.

The WRC based its calculation of prevailing wages on the applicable statutory minimum wage for the Bandung District. According to other published reports and interviews conducted for this study, this minimum wage constituted the actual base wage for garment workers in that area throughout the period under review.⁴⁰ Under Indonesian law, minimum wages for particular industrial sectors are set on the provincial or district level.⁴¹

While factories often offered workers the possibility of earning production bonuses, in actuality, the quotas were set too high for most workers to earn them on a regular basis.⁴² Workers typically receive, however, a legally mandated annual bonus of one month’s base salary, which is usually paid at the time of the Eid holiday.⁴³ This annual bonus was included in our calculation of monthly prevailing wages on a prorated basis.

Despite the increase in real wage levels, prevailing wages remained far below what the WRC calculated to be a living wage. Using PPP conversion factors,⁴⁴ inflation-adjusted living wage numbers for Indonesia were extrapolated for 2001 and 2011 from the living wage calculated by the WRC for the Dominican Republic. Using this measure for comparison, prevailing wages, which in 2001 provided 14 percent of a living wage, still provided only 26 percent of a living wage in 2011. For this reason, even if the real wage growth achieved between 2001 and 2011 were to be sustained, it would still be nearly 50 years before Indonesian garment workers attained a living wage for themselves and their families.

In the short term, at least, real wage levels may well continue to climb. Indonesia recently announced an increase of more than 40 percent in the minimum wage for workers in Jakarta, with similar minimum-wage hikes predicted for other urban centers.⁴⁵ Yet as our study shows, multiple wage increases of this magnitude would be needed to lift the wages of Indonesian garment workers to the minimum level needed for a decent standard of living.

Bangladesh

The last decade also marked a dramatic increase in U.S. apparel imports from Bangladesh, placing the South Asian country on a course to overtake China, Vietnam, and Indonesia as the United States' leading source of garments. Bangladesh rose from this country's seventh-largest source of apparel in 2001 to its fourth-largest source in 2011, with nearly a 6 percent share of total imports.

Yet unlike these other countries, the expansion of Bangladesh's garment industry was not accompanied, in real terms, by an increase in wages for workers, which remained in 2011, as they were in 2001, the lowest of any leading garment-exporting country. In 2011 prevailing monthly straight-time wages in Bangladesh were 4,062 Taka (Tk.) (US\$54.78), compared to Tk. 2,083 in 2001 (US\$36.67). Adjusted for inflation, however, wages in 2011 were worth only Tk. 2,034, a 2.4 percent decline in real terms.

Bangladesh also differs from nearly all of the other garment-exporting countries included in this study in that, at the beginning of the period under review, its garment workers typically earned straight-time wages that were higher than the applicable legal minimum wage. This is because in 2001, the statutory minimum wage in the apparel sector had not been increased since 1994, so many factories had begun paying workers more than the minimum in order to prevent unrest and recruit and retain employees.

Wage levels in the Bangladeshi apparel industry have typically been set according to a scale that ranks job classification by skill and seniority. The plurality of employees falls into one of two categories: sewing-machine operator and senior sewing-machine operator.⁴⁶ The largest concentration of garment manufacturing is in and around the capital city of Dhaka.

An ILO survey of 20 factories in Dhaka reported that in 2001, sewing-machine operators (denoted "Grade 4") and senior sewing-machine operators (denoted "Grade 3") typically received base wages of Tk. 1800 and 2250 per month, respectively, slightly higher than the then-current corresponding legal minimum-wage levels for these jobs, Tk. 1710 and 2100.⁴⁷ Interviews conducted for this study with local trade unions and NGO leaders who were active in the garment industry at that time also cited Tk. 1800–2000 as a typical range of wages for sewing-machine operators.⁴⁸

Based on these sources, the WRC arrived at Tk. 2000 as a reasonable figure for the prevailing monthly base wage in 2001. Also included in our calculations on a prorated basis is an annual bonus of one month's wages that workers receive at the Eid holiday, bringing our figure for the prevailing total monthly straight-time wage to Tk. 2083.

The minimum wage for the apparel industry was raised in 2006 and 2010, with the latter increase bringing the monthly wage rates for sewing-machine operators in Grades 4 and 3 to Tk. 4218 and 3861, respectively.⁴⁹ Interviews with trade union leaders indicated that in 2011, with the most recent minimum-wage hike only having become effective in November 2010, sewing-machine operators rarely received straight-time wages above the legal minimum, with an estimated wage range for most of Tk. 3800–4000.⁵⁰

Indeed, the WRC's interviews with garment workers from a number of factories during 2011 and 2012 indicated that managers frequently had taken advantage of changes in the minimum-wage scale that were enacted along with the 2010 increase to downgrade workers' job classifications and thereby lessened its impact. For these reasons, the WRC concluded that Tk. 3900 represented a reasonable figure for prevailing monthly straight-time base wages for sewing-machine operators in 2011.

To this figure we added Tk. 162 as the prorated value of the annual Eid bonus, to arrive at a figure of prevailing total straight-time wages of Tk. 4062 per month. Since 2001, some factories have adopted the practice of providing other benefits, such as subsidized meals, transportation, and medical care. Because, however, these benefits are typically provided in-kind rather than in cash, they were not included.⁵¹

One reason why such benefits have been introduced, perhaps, is because straight-time wage garment workers have been, and remain, far below the level required for a living wage. The WRC calculates that in 2001, prevailing straight-time wages provided only 14 percent of the amount needed for a living wage. Lack of growth in wages over the intervening 10 years, when adjusted for inflation, meant that in 2011, this gap remained essentially unchanged.

In both 2001 and 2011, this was the greatest disparity seen between prevailing and living wages in any country included in the study. In 2001 nearly equivalent disparities existed in some of the other top garment exporters, including China and Indonesia, where prevailing wages provided only 16 percent of a living wage. By

2011, however, both of those countries had made at least some progress in closing this gap: Prevailing wages in 2011 in China and Indonesia equaled 36 percent and 22 percent of a living wage, respectively. Bangladesh had not.

India

Between 2001 and 2011 India rose from 20th to 7th place among countries exporting apparel to the United States.⁵² Its share of U.S. apparel imports nearly doubled during this period, from 1.7 percent to 3.3 percent.⁵³ Prevailing straight-time wages for Indian garment workers, however, made scant progress in real terms over these 10 years, having risen less than 13 percent when adjusted for inflation. In 2011 we estimate that the prevailing monthly straight-time wage for Indian garment workers was \$94.75, the third lowest, after Bangladesh and Cambodia, of any country included in this study.

As noted, the WRC's general approach in this study was to collect data on prevailing wages in each country's largest center of export-apparel production. In the case of India, however, we relied on figures for garment-worker wages in the city of Bangalore, which stands third among major apparel-manufacturing areas in India, behind larger areas of production in the state of Tamil Nadu (the cities of Chennai, Coimbatore, and Tirupur) and in the vicinity of New Delhi (known as the National Capital Region, or NCR, with garment production chiefly in the areas of Gurgaon and Noida).⁵⁴ The reason for this exception is the relatively greater consistency and transparency, in the WRC's experience, in wage practices among garment factories in Bangalore when compared to those in the country's other leading apparel-producing centers. This consistency is likely the result of the heavy presence in Bangalore of India's largest garment-manufacturing companies, including Gokuldas Exports, which directly employs more than 40,000 workers in its local plants.⁵⁵

The pay practices of the major Bangalore garment manufacturers stand in marked contrast to those of their counterparts in the NCR and Tamil Nadu. In the NCR, factories frequently have employed their workforces, which are made up mainly of migrant laborers, indirectly—and illegally—through third-party contractors.⁵⁶ Not surprisingly, nonpayment of the legal minimum wage has been pervasive. In Coimbatore and Tirupur, factories reportedly have often recruited workers through an illicit bonded labor scheme called “sumangali,” which involves the promise of a significant bonus to be paid to a female worker for use as a marriage

dowry, after a period of indentured employment.⁵⁷ Such practices make it difficult to generalize about prevailing wages across the sector.

Under Indian law, minimum wages are set by the country's constituent states. During the period studied, the government of the state of Karnataka, of which Bangalore is the largest city, revised the minimum wage for the garment industry in 2001 and 2009.⁵⁸ In years when the minimum wage rate is not revised, the government typically revises the variable dearness allowance, or VDA—an increment paid to workers on top of the minimum wage as a cost-of-living adjustment.

The state of Karnataka sets minimum-wage rates by industry, job classification, and geographic area. Most of Bangalore's garment factories fall within the area designated under the minimum-wage regulations as Zone I (Bangalore City Agglomeration Areas).⁵⁹

The minimum-wage regulations divide the workforce of the garment-manufacturing sector (termed the "Tailoring Industry") into five classifications: "unskilled," "semi-skilled," "skilled," "highly-skilled," and "office staff." Each classification in turn encompasses several specific jobs, all of which have the same minimum wage. For example, jobs in the "skilled" category include "Tailor Grade 1," "Cutting Machine Operator," "Inspector," and "Driver" (i.e., chauffeur).

According to local labor unions and NGOs, roughly a third of workers in the garment sector, making up a plurality of the workforce, fall under the unskilled category and are not paid more than the minimum legal wage. These workers include more junior sewing-machine operators ("Tailor Grade 3") and other ancillary positions (packers, helpers, trimmers). The four other categories of employees who make up the remainder of the industry's workforce not only have different (higher) minimum-wage rates, but according to local sources are often paid to varying degrees more than the legal minimum wage for their jobs.

A 2012 study by a Bangalore-based garment-workers union found that most workers surveyed in the unskilled category self-reported receiving wages that were roughly 8 percent below the applicable legal minimum.⁶⁰ Workers in more-skilled categories reportedly earned wages that exceeded the legal minimum, although the exact extent to which this was the case could not be determined. The study's authors reported anecdotally that in 2001, workers in the same category were paid 10 percent less than the then-current minimum wage.

Given the difficulties of measuring either the actual extent to which wage rates for more skilled employees exceeded the legal minimum, particularly as to the situation in 2001, or the actual degree of underpayment of unskilled workers at that time, the WRC decided to use the minimum-wage rates for unskilled workers in 2001 and 2011 as the basis for measuring wage growth over this time period. The determination to focus on wage rates for workers who, while the sector's lowest paid, made up a significant portion of its workforce, also appeared reasonable since a major purpose of this study was to determine whether garment workers were experiencing sufficient income growth, in real terms, to provide them with at least the future prospect of a living wage.

The WRC based the calculations of the change in prevailing wages in the Indian apparel industry between 2001 and 2011, therefore, on the applicable minimum wages in those years for a worker employed in Karnataka's "Tailoring Industry," in a job in the unskilled category, in a factory located in "Zone I" (Bangalore and Agglomerations). In each case, the minimum wage itself was comprised of two amounts: the "basic" wage and the VDA. In 2001 this figure, on a daily basis, was Rs. 71.70,⁶¹ and in 2011 it was Rs. 157 (US\$3.07).⁶²

Mexico

Mexico's standing as a leading source of U.S. apparel imports has declined significantly over the past decade, falling from its position as the top exporter of garments to this country in 2000 to fifth place in 2011, behind China, Vietnam, Indonesia, and Bangladesh. During this time, Mexico's market share, as a percentage of total U.S. apparel imports, fell from nearly 15 percent in 2000 to just less than 5 percent in 2011.

Not surprisingly, this shift appears to have had a significant impact on wage practices in the Mexican apparel industry, yet one that is not simple to quantify. Labor researchers interviewed by the WRC indicate that in 2011, Mexican garment workers, like their counterparts in most other countries included in this study, were paid only the legal minimum wage for their straight-time hours.

In 2011 earning more than the minimum wage, typically in the form of piece-work or production bonuses, reportedly required work off the clock or other overtime hours, for which employees do not receive other compensation. It was not possible

to draw a firm conclusion, however, regarding whether the same situation prevailed in 2001, or whether workers then earned wages above the legal minimum for their straight-time hours.

Minimum wages in Mexico are set by the government's National Minimum Wage Commission—known by its Spanish acronym, CONASAMI—on the basis of occupation for three geographic areas, Zones A, B, and C. Many of the country's leading centers of export-apparel production are located in Zone C, which includes the states of Aguascalientes, Coahuila, Guanajuato, Puebla, and Yucatan, and has the lowest minimum wages.⁶³ Within Zone C, the minimum-wage rate that applies to most garment workers is that for “*costurero(a) en confección de ropa en talleres o fábricas*” (sewing worker in garment manufacturing in workshops or factories”).⁶⁴

The minimum wage for workers in this classification in Zone C was 73.32 Mexican pesos per day in 2011,⁶⁵ and 46.30 pesos per day in 2001.⁶⁶ Workers in the export sector also typically receive, by law, an annual bonus in the amount of two weeks' wages,⁶⁷ and a statutory vacation bonus in the amount of 25 percent of the wages workers are required to be paid during their annual paid vacation.⁶⁸

The amount of the vacation bonus depends on the number of vacation days the employer is required to provide to the worker, which ranges from 6 to 12 days, according to the worker's seniority.⁶⁹ The WRC calculated the annual value of the bonus as 25 percent of wages for eight days (i.e., two days' wages), the amount mandated for workers with two years' seniority.

Adding the prorated monthly values of the annual bonus and vacation bonus to the monthly value of the minimum wage for sewing-machine operators in Zone C gives the figures of 1,258 pesos and 1,992 pesos as the minimum legal monthly compensation for full-time regular hours in 2001 and 2011, respectively. Adjusted for inflation during the intervening period, the latter figure is worth 1,297 pesos in 2001 currency.

By this measure, then, the value of apparel workers' wages, when adjusted for inflation, remained essentially flat between 2001 and 2011, rising by only 4.4 percent over this 10-year period. This statistic, however, may well not accurately capture the actual trend in garment workers' earning power during this period, which, according to other sources, has been one of significant decline.

Studies conducted in 2001–2002 and 2010 in Tehuacan—a city in the Mexican state of Puebla that has long been a leading center of jeans manufacturing—by the Canadian labor rights NGO Maquila Solidarity Network, or MSN, in conjunction with researchers from a local human rights organization, the Human and Labour Rights Commission of Tehuacan Valley, or HLRCTV, indicate that the average wages, including overtime, fell sharply in real terms over the decade.⁷⁰ MSN and HLRCTV’s 2001–2002 research reported that although sewing workers in garment factories had earned 700–1,500 pesos per week in 2000, this figure had fallen to 350–750 pesos by 2002, except for the most skilled sewers in factories producing for export, who might earn 1,000 pesos.

Based on these figures, the WRC selected 1,050 pesos per week as a conservative baseline wage figure for determining the decline in wages in the export sector between 2001 and 2011. Using this figure, we calculated that the monthly wage of a worker earning at this rate, including the prorated value of the annual and vacation bonuses, was 4,766 pesos.

MSN’s follow-up study in 2010 reported that wages for garment workers in large and medium-sized factories averaged 675 pesos per week, including overtime.⁷¹ The report noted that, even in these factories, production has shifted over the past decade toward lower value-added apparel for the domestic market and away from higher-value production for export to the United States. The co-author of this report, who was interviewed by the WRC for this study in 2011, indicated that even workers employed in the highest-paying export factories then earned only 1,100–1,200 pesos per week.

To determine the trend in real wages for workers between 2001 and 2011, then, the WRC calculated the monthly value, including the prorated value of the annual and vacation bonuses, of the wages of a worker earning 1,150 pesos per week, to arrive at a monthly prevailing wage for 2011 of 5,200 pesos per week. This figure was then deflated to account for aggregate consumer price inflation of 53.55 percent between 2001 and 2011, to reach a figure of 3,387 pesos for the value of the 2011 wage in 2001 currency. When compared to the 2001 monthly wage figure of 4,766 pesos, a decline of 28.9 percent over the 10-year period was recorded.

Even with overtime included, prevailing wages for Mexican garment workers fell significantly short and remained far below what the WRC calculated to be a living wage. Using World Bank PPP conversion factors to extrapolate from the living wage calculated by the WRC for the Dominican Republic, the WRC determined that the 2011 prevailing wage of 5,200 pesos per month, which included overtime

compensation, represented 67 percent of a living wage. The applicable minimum wage for garment workers, which was 1,992 pesos, provided, by the WRC's estimate, only 26 percent of a living wage, having essentially made no progress in this regard over the previous 10 years.

Honduras

In 2011 Honduras was the seventh-largest exporter of apparel to the United States, having stood as the fifth-largest exporter in 2001. Its 3.4 percent share of the apparel-import market in 2011 meant that it was still the largest apparel-exporting country in Central America. Based on interviews with local expert sources and reviews of reports by other organizations concerning labor practices in the country's export-apparel industry, the WRC determined that the applicable legal minimum wage, when supplemented by the prorated values of both statutory annual and midyear bonuses, and a mandatory subsidy paid to parents of school-age children, represents a reasonable proxy for prevailing straight-time wages.

Under Honduran law, workers in export manufacturing are subject to a different minimum-wage rate than most other workers, including those employed in manufacturing for the domestic sector.⁷² However, while in 2001 the minimum-wage classification that included export-apparel workers had the lowest wage, 2,099 lempiras per month⁷³ in 2011 the minimum wage for these workers, 3,894.60 lempiras monthly, was the highest among the various minimum-wage classifications.⁷⁴ Honduran law stipulates that all employers must pay workers two bonuses, each of which are equal to one month's regular wages, exclusive of overtime or production bonuses.⁷⁵ One is payable at the year's end (the "13th month") and the other at midyear (the "14th month").⁷⁶ As these benefits reportedly are paid consistently in the export-garment sector, we included its prorated monthly value in our calculations of prevailing straight-time wages.

In addition, the law requires that workers who are the parents of school-age children also receive an additional bonus that is paid in the first quarter of the year. The amount of this bonus is calculated based on the minimum wage. In 2001 the value of this bonus, for workers in the maquiladora sector, was 792 lempiras, and in 2011 it was 1,187.31 lempiras.⁷⁷ While reportedly not paid in all instances, this benefit is, according to sources consulted by the WRC, received by the majority of eligible workers, and for this reason, its prorated monthly value was also included in our calculations.

Local sources and previously published studies have consistently reported that while some workers are provided with additional monetary compensation for straight-time work, the majority receive only the statutory minimum pay detailed above. A 2008 study by the Honduran NGO Centro de Derechos de Mujeres (Center for Women’s Rights) indicated that of 270 workers interviewed from Honduran export-garment factories, only 14 reported being paid production or efficiency bonuses.⁷⁸ The WRC did not find any evidence to suggest that payment of bonuses for meeting individually based production or efficiency goals was any more common in 2001.

During the 2000s, however, the Honduran garment-manufacturing industry, like those of other Central American countries, increasingly adopted the “team sewing” or “modular” manufacturing system. Under this system, the payment of bonuses, which are based on the total production of a *group* of employees, and which reportedly average between 100–300 lempiras per week, is more prevalent. Yet sources interviewed by the WRC reported that most workers earn such benefits only if they are willing to perform work that is otherwise uncompensated, whether “off the clock” during their meal and break times, or before or after the end of the regular workday.⁷⁹ Such earnings are more accurately classified as compensation for overtime work than as additional compensation for straight-time hours, and therefore are not included in our calculations of prevailing wages.

Some employers also provide in-kind benefits, such as transportation to and from the workplace and/or a partially subsidized meal during the workday. For the methodological reasons that we previously have explained, however, these benefits also were not included in our calculations.

Adding together only the applicable monthly minimum wage and prorated monthly values of the two annual bonuses and educational bonus produced figures for prevailing straight-time wages of 2,514 lempiras in 2001 and 4,642 lempiras in 2011. In December 2011 the exchange rate was 18.95 lempiras per U.S. dollar, so the value of the prevailing wage in U.S. currency was US\$449 per month.

Deflating the 2011 wage figure for aggregate consumer price inflation in Honduras between 2001 and 2011, which was 102.34 percent, produced a figure of 2,294 for the value of the 2011 prevailing wage in 2001 currency. Therefore the WRC calculated that, in real terms, prevailing straight-time wages for Honduran garment workers fell by 8.76 percent between 2001 and 2011.

This decline in inflation-adjusted prevailing wage levels caused the gap between prevailing wages and a living wage to slightly widen over the intervening 10 years. We estimate that prevailing wages for Honduran garment workers provided 52 percent of a living wage in 2001 but only 47 percent of a living wage in 2011.

Cambodia

While over the past decade Cambodia has often been cited as a “success story” among major garment-exporting countries in improving conditions for apparel workers,⁸⁰ a comparison of prevailing straight-time wage rates in 2001 and 2011 reveals that, when adjusted for inflation, pay rates declined significantly over the decade. Although previous studies have shown a significant reduction during the first half of the 2000s in the incidence of workers being paid *less than* the legal minimum wage, the declining buying power of the minimum wage itself has been much less widely reported.⁸¹

Between 2001 and 2011 Cambodia’s garment industry expanded dramatically, aided in the first part of the decade by a now-expired bilateral trade agreement, which granted the country’s apparel exports increased access to the U.S. market, in reward for improvement in its labor rights environment.⁸² By 2011 Cambodia’s garment industry had grown to be the seventh-largest exporter of apparel to the United States, up from 12th place in 2001.

While Cambodia’s garment industry is often credited with having significantly improved its labor rights environment during the 2000s, the evidence of such improvement is quite mixed when it comes to the wages earned by the industry’s workers. Between 2001 and 2008 the percentage of exported-apparel factories that, according to monitoring reports released by the ILO Better Factories Cambodia program, were found to be complying with the country’s minimum-wage laws rose from 75 percent to nearly 95 percent.⁸³ At the same time, however, as we explain below, the buying power of workers’ straight-time wages fell by nearly 20 percent.

In Cambodia the apparel industry is the only employment sector where the government has established a legal minimum wage. This wage is denominated as an amount payable monthly in U.S. dollars: In 2001 it stood at US\$45, and in 2011 it was US\$61. As the Cambodian apparel industry has diversified and the buying power of the minimum wage has declined, some factories now pay some sewing

workers at rates above the legal minimum, according to local sources, but in 2011 the minimum wage remained the prevalent wage for straight-time work,⁸⁴ just as it had been in 2000.⁸⁵

Over the past decade, however, worker discontent over low wages has led Cambodian unions to press for, and the industry and government to accede to, increases in mandatory supplements to workers' wages, which must be paid in addition to the base monthly wage. These include an increase in a statutory monthly attendance bonus,⁸⁶ which was raised from its previous level of US\$5, which prevailed in 2001, to its current level, US\$7, in 2011.⁸⁷ Because this bonus is, in practice, commonly paid to workers, and by law is owed even if workers avail themselves of statutory paid sick leave,⁸⁸ it was included in our calculations.

Since 2000, workers have also received a mandatory seniority bonus of US\$1 monthly per year of service.⁸⁹ The WRC estimates that in 2001, the average seniority for workers in the nascent industry was barely a year, yielding a monthly bonus of US\$1. While by 2011 the industry was more established, we estimate that because factory owners had adopted a practice of employing workers on successive short-term contracts, and because turnover in the industry remained high, the value of the seniority bonuses averaged only US\$2 a month per worker.⁹⁰

Factories are also required by law to pay workers another supplement, for meals, when employees work more than two hours beyond their regular shifts. The monthly value of this supplement was increased from US\$6.50 to its current level, US\$13, in 2011. Because, however, this supplement was more accurately viewed as additional compensation for overtime work rather than an enhancement to straight-time wages, it is not included in our calculations.

Finally, in 2012, the government mandated monthly payments of US\$5 per month as a cost-of-living-adjustment, US\$6 to reflect the increased cost of housing, and an increase of US\$3 in the attendance bonus.⁹¹ For the sake of consistency, and because our study of wage trends only took into account inflation between 2001 and 2011, these most recent increases were not included in our calculations.

When added together, the values of the minimum wage, the attendance bonus, and the seniority bonus, as estimated above, yield a value for prevailing straight-time wages of US\$51 in 2001 and US\$70 in 2011. Deflating the 2011 wage figure to account for the 76 percent aggregate increase in consumer prices in Cambodia between 2001 and 2011, however, reveals that the 2011 prevailing wage was worth US\$39.78 in 2001 dollars.

As a result, we estimate that, in real terms, prevailing wages for Cambodian garment workers fell by 19.17 percent during this period. This decline in prevailing wages meant that the gap between prevailing wages and a living wage broadened significantly. According to our estimates, while prevailing wages provided 24 percent of a living wage in 2001, in 2011 they provided only 19 percent of a living wage.

El Salvador

Between 2001 and 2011 El Salvador fell from sixth to ninth among the leading countries in exports of apparel to the United States. During this time, prevailing straight-time wages for Salvadoran apparel workers, when adjusted for inflation, also showed a declining trend.

The WRC found that in El Salvador, as with other countries included in this study, the applicable legal minimum wage, when combined with the value of a statutory annual bonus, represented a reasonable proxy for prevailing wages, both in 2001 and in 2011.

This is because, although garment workers can earn bonuses above the minimum wages if they meet production quotas set by their factories' management, such quotas are not attainable by most workers unless they work additional hours that are not otherwise compensated.⁹² Our calculations of prevailing wages, for reasons previously explained, also did not include the value of forms of in-kind assistance provided by some export-garment factories, including subsidized meals and transportation to and from the workplace.⁹³

El Salvador uses the U.S. dollar as its regular currency, and its minimum wage is denominated on a daily basis, although workers are required to be paid for a seven-day week, which includes a rest day on Sunday.⁹⁴ Minimum wages are established for particular economic sectors, although these classifications have been revised over time. In 2001 garment workers were required to be paid the daily minimum wage for “commercial, industrial, construction and service employees,” which was US\$4.80 per day.⁹⁵

In 2003, however, the government established a separate minimum wage for workers in the “textile, maquila and garment” sector, and throughout the 2000s increased this wage more slowly than it did the rates for other industries.⁹⁶ In 2011 the daily minimum wage for workers in the export-apparel industry was US\$6.25.⁹⁷

By law, Salvadoran employers also must pay workers a bonus by December 12 of each year, in an amount that ranges from 10 to 18 days' salary, depending on the worker's seniority.⁹⁸ For the purposes of this report, it was assumed that the annual value of this bonus was 15 days' wages, the amount stipulated by law to be paid to workers with more than 3 but less than 10 years of seniority.⁹⁹ The WRC included the prorated monthly value of this bonus in our calculations of prevailing straight-time wages.

In addition to paid time off for vacation, in the amount of 15 days per year, workers with more than one year of seniority also receive, under statute, a "vacation bonus" of 30 percent of their regular pay for this period.¹⁰⁰ The prorated monthly value of this bonus was also included in our calculation of the prevailing straight-time wage.

Combining the monthly values of the then-minimum wage, the annual bonus and the vacation bonus yield figures of US\$162 per month in 2001 and US\$210.93 per month in 2011 as prevailing straight-time wages for workers in El Salvador's export-apparel sector. When the prevailing wage figure for 2011 was deflated for the aggregate price inflation experienced by Salvadoran consumers during the intervening period, which was 47.6 percent, its value in 2001 dollars was US\$143.34, showing a decline of a 11.52 percent from workers' actual 2001 prevailing wages.

This decline in prevailing wage levels resulted in a somewhat more modest decline in the share of a living wage that prevailing wages provided to workers. The prevailing wage figure for 2011 provided 44 percent of a living wage in 2001 and 41 percent of a living wage in 2011.

Guatemala

During the 2000s, Guatemala retained a fairly consistent comparative standing among leading apparel-export countries, having stood as the United States' 13th-largest supplier of apparel in 2001 and remaining as the 14th-largest exporter to this country in 2011. At the same time, however, Guatemala's share of the U.S. apparel-import market contracted, falling from 2.67 percent in 2001 to a 1.7 percent share 10 years later. According to the WRC's calculations, during this time, prevailing straight-time wages for workers in the country's export sector fell by an estimated 13.1 percent.

In Guatemala, as in nearly all of the leading apparel-exporting countries we examined, unless they perform overtime, garment workers generally are paid only the legal minimum wage and other compensation required by law. Sources interviewed by the WRC stated that while factories offer bonuses for workers who reach certain production quotas, these are typically set so that, to do so, employees must work an additional one to two hours per day without additional compensation.¹⁰¹

Until 2009 Guatemala classified workers in two categories for purposes of determining the applicable minimum wage: agricultural workers and nonagricultural workers, with the latter group including garment workers. The minimum wage for nonagricultural workers in 2001 was 32.82 quetzals per day.¹⁰²

In 2009 a separate minimum wage was established for workers in the maquiladora sector, at a level lower than the minimum wage for other workers. In 2011 this minimum wage, which applied to all workers in the export-apparel industry, was 59.45 quetzals per day.¹⁰³

Guatemalan law required that workers be paid for a seven-day week, including one paid rest day.¹⁰⁴ Beginning in 2001, employers were also required to provide workers with additional compensation of 250 quetzals per month on top of the minimum wage.¹⁰⁵

Workers are also mandated to receive two other annual bonuses, each of which is equivalent to one's month's straight-time pay. The first, a year-end bonus known as the "aguinaldo" or "13th month," is paid in the first half of December.¹⁰⁶ The second, a midyear bonus commonly termed the "14th month," is paid in the first part of July.¹⁰⁷ Both of these bonuses were included in our calculations of prevailing wages in both 2001 and 2011 at their prorated monthly value to an employee earning the minimum wage.

Some garment factories reportedly provide additional benefits to employees in the form of subsidized transportation to and from work.¹⁰⁸ Moreover, Guatemalan law requires employers to contribute to funds for recreational activities and training for their workers.¹⁰⁹ As both forms of benefit are provided in-kind, however, for reasons explained previously, they were not included in our calculations of prevailing wages.

By adding together the forms of monetary compensation that employees receive for straight-time work—the applicable minimum wage, the monthly supplement, and the prorated values of the year-end and midyear bonuses—the WRC arrived at figures for prevailing monthly wages for Guatemalan garment workers in 2001 (1,414.66 quetzals) and 2011 (2,359.65 quetzals). With regard to the latter figure, the WRC deflated this wage rate by the total amount of consumer price inflation in Guatemala between 2001 and 2011, 91.83 percent, to reach 1,230.10 as the value of the 2011 prevailing wage in 2001 currency.

From these figures, the WRC determined that prevailing straight-time wages for Guatemalan garment workers fell by 13.05 percent between 2001 and 2011. The share of a living wage that the prevailing wage provided fell as well, from 57 percent in 2001 to 51 percent in 2011.

Peru

Although Peru accounts for less than 1 percent of apparel exports to the United States, over the past 10 years, it has gained market share during this time as a supplier of garments to this country. By 2011 Peru stood as the 19th-largest apparel exporter to the United States, having ranked 38th among countries sending garments here in 2001. During this period, prevailing wages for Peruvian garment workers has risen in real terms, albeit quite modestly, as well.

Peruvian labor law mandates payment to workers of several forms of additional compensation above the country's base minimum wage, including certain benefits specifically applicable to garment factories. Moreover, most production workers in these factories are reportedly paid, at least in part, according to piece rates or production quotas. Nevertheless, sources consulted by the WRC indicated that most garment workers, in actuality, earn straight-time wages that do not exceed the legal minimum wage.

The minimum wage for private-sector workers was 450 soles per month in 2001 and 675 soles per month in 2011.¹¹⁰ Local sources consulted by the WRC indicated that export-garment factories typically offer workers various forms of performance-based compensation—typically in the form of payment according to piece rates or bonuses for meeting production quotas.¹¹¹

They also noted, however, that in the majority of cases, workers employed under these arrangements can earn more than the minimum wage only by working additional hours beyond the regular workday for which workers are not otherwise paid.¹¹² As explained elsewhere in this report, such compensation is more akin to overtime pay than a wage premium for straight-time work and, therefore, was not included in our calculation of prevailing wages.

In addition, Peruvian law establishes a number of fringe benefits that employers are supposed to provide to workers, in addition to the minimum wage, as compensation for regular working hours. These include a statutory 10 percent wage premium for workers in the textile industry¹¹³—which includes garment manufacturing—and additional bonuses for employees with perfect attendance and employees with school-age children.¹¹⁴ According to the sources we consulted, however, only unionized garment factories, which make up a minority of overall employment in the export sector, actually pay these benefits.¹¹⁵

Two forms of additional statutory compensation that reportedly are paid for straight-time work—a year-end bonus and a bonus for patron saint days—each provide workers with an additional 15 days’ pay.¹¹⁶ By adding the prorated monthly value of these bonuses to the monthly minimum wage, the WRC calculated prevailing straight-time wages in the Peruvian export-garment sector to be 487.50 soles per month in 2001 and 731.25 soles per month in 2011. By adjusting the 2011 prevailing wage for aggregate consumer price inflation during the intervening years—28.1 percent—we arrived at a figure of 570.94 soles per month.

This represented a 17.2 percent increase in prevailing wages in real terms between 2001 and 2011. This increase, however, only modestly helped close the gap between prevailing wages and living wages. Prevailing wages, which had provided an estimated 42 percent of a living wage in 2001, still only provided 49 percent of a living wage in 2011. Assuming continued convergence at the same rate, it would take the Peruvian garment industry another 45 years to provide its workers with a living wage.

Dominican Republic

In 2000 the Dominican Republic was the United States' fourth-leading source of imported apparel, following Mexico, China, and Hong Kong. By 2011 the Dominican Republic had fallen to 21st place among countries exporting apparel to the United States, with less than 1 percent of the overall market.

The impact of this decline on Dominican apparel workers has been severe. During 2006 and 2007 alone, following the phase-out of the Multi-Fiber Arrangement, the country lost an estimated 50,000 garment-manufacturing jobs.¹¹⁷ The WRC's research shows, not surprisingly, that during the past decade, wages for Dominican garment workers fell significantly in real terms as well.

The WRC found that in the Dominican Republic, as in other countries included in this study, the value of the legal minimum wage, plus a statutory annual bonus, represented a reasonable proxy for prevailing straight-time wages for garment workers. As explained below, according to our calculations, the buying power of these wages fell by nearly 24 percent between 2001 and 2011.

Most export-apparel production in the Dominican Republic occurs in free trade zones, which are subject to a separate minimum-wage rate. In 2001 the minimum wage in most free trade zones was 2,490 pesos per month, though some free trade zones in more economically depressed areas of the country had a lower minimum wage of 1,690 pesos per month.¹¹⁸ In October 2011 the minimum wage for workers in most free trade zones was increased to 5,940 pesos per month.¹¹⁹

According to local sources, in both 2001 and 2011, Dominican garment workers could, and often did, earn bonuses for exceeding production quotas, which could raise wages substantially above the legal minimum.¹²⁰ Reaching such quotas, however, required workers to perform overtime and, very often, work up to seven days per week. For this reason, as explained elsewhere, the WRC treated such bonuses as a form of overtime compensation, and therefore did not include them in its calculations of prevailing straight-time wages.

Garment workers in the Dominican Republic also, by law, receive an annual bonus, which is equal to 1/12th of their pay for the preceding 12 months, including overtime.¹²¹ For the purposes of this study, the WRC included in its

calculation the value of this bonus in the amount attributable to straight-time work—1/12th of the worker’s annual straight-time pay. From this figure, the WRC then derived the prorated monthly value of this bonus—1/12th of the amount of the bonus itself.

From the sum of the prorated monthly value of this bonus plus the monthly minimum wage for free trade zone workers, we derived figures for prevailing monthly straight-time wages for workers in the Dominican Republic’s export-garment sector in 2001 (2,698 pesos) and 2011 (6,435 pesos). Correcting for inflation during the intervening decade, which totaled 112.77 percent, yields a figure for the 2011 wage, in 2001 currency, of 2,057.45 pesos, revealing that prevailing straight-time wages fell in real terms by 23.74 percent.

Government wage data from the second half of the 2000s, which takes into account overtime and production bonuses, suggests, however, that Dominican apparel workers suffered an even *greater* decline in *total* wages than the fall in the value of the minimum wage alone indicates. In 2010, the most recent year for which such statistics are available, the average monthly wage (including overtime and bonuses) for machine operators in the country’s free trade zones—the plurality of whom (roughly 40 percent) are employed in apparel production—was 7,925 pesos per month.¹²² The legal minimum wage at that time was 5,400 pesos per month¹²³—a 1.47-to-1 ratio of average wages to the legal minimum wage.

While data on average wages in 2001 were not available, statistics for 2005 showed average wages of 6,349.20 pesos per month, while the minimum wage that year stood at 3,561 pesos per month¹²⁴—a 1.78-to-1 ratio of average wages to the minimum wage. Between 2005 and 2010, therefore, the ratio of average wages to the minimum wage fell at a *faster* rate (3.5 percent per year) than the minimum wage did over the decade as a whole (2.9 percent). In other words, following the phase-out of the MFA, Dominican garment workers lost the ability to supplement their straight-time wages with overtime or production-based compensation even *more quickly* than they lost buying power with respect to their regular wages.

Not surprisingly, the gap between prevailing straight-time wages and a living wage also widened measurably. Dominican workers earned prevailing wages that provided 40 percent of the WRC’s estimated living wage in 2001, but only 30 percent of the living wage in 2011.

Haiti

Between 2001 and 2011 Haiti lost ground among leading countries exporting apparel to the United States, falling from this country's 13th-largest supplier of garments to its 20th-largest supplier. At the same time, Haiti's overall share of U.S. apparel imports fell from 2.84 percent of the market to just less than 1 percent. Nevertheless, we estimate that over the same period, wages for Haitian garment workers rose in real terms by nearly 50 percent.

In 2001 earnings for most Haitian garment workers reportedly did not exceed the legal minimum wage, then set at 36 gourdes per day.¹²⁵ By 2011, however, Haiti had adopted a multitiered minimum-wage structure. For workers who earned a daily wage, legal minimum pay for the garment industry was 150 gourdes,¹²⁶ a figure lower than the daily minimum-wage rate in other sectors, which was 200 gourdes.¹²⁷ Garment workers who were paid according to piece rates—a group that, because it typically includes sewing-machine operators, comprises the majority of employees—were required to be paid at a per-garment rate that would permit them to earn no less than 250 gourdes in a regular working day, exclusive of overtime. Yet monitoring of factories' actual wage practices in 2011 found that more than 90 percent of factories failed to set their piece rates at levels that permitted more than a small minority of workers to earn the 250-gourde minimum wage. At the same time, available reports indicated that factories were paying most employees more than the 150-gourde minimum for non-piece-rate work.

Although it appears clear that most Haitian garment workers in 2011 earned a wage between 150 and 250 gourdes per day, there is limited evidence as to where workers' pay fell, on average, within this range. A report by a Haitian NGO, which was based on interviews with only eight workers, cited 236 gourdes per day as an average salary.¹²⁸ The ILO's Haiti Better Work program, while conducting more extensive monitoring of individual factories, only published wage information in its 2011 reporting for one specific manufacturer—who, it reported, was paying workers a daily wage of 173.60 gourdes.¹²⁹

In light of the available evidence, the WRC determined that 200 gourdes per day represented a reasonable estimate of average wages for workers in the Haitian export-garment sector in 2011. The only additional monetary compensation that garment-factory employees receive for straight-time work is a statutory annual bonus equal to 1/12th of their pay for the previous year.¹³⁰ To account for the amount of this bonus that is attributable to employees' straight-time hours, the

WRC included the prorated monthly value of a bonus calculated based on a daily wage rate of 36 gourdes in 2001 and 200 gourdes in 2011. The value of the 2011 wage in U.S. dollars, at 2011 exchange rates, was \$139 per month.

Based on these calculations, the WRC determined that the prevailing straight-time wage rate for Haitian garment workers was 1,014 gourdes per month in 2001 and 5,633 gourdes per month in 2011. Deflating the 2011 wage figure for inflation over the intervening period, which totaled 274 percent, yielded a value for the 2011 wage of 2,057 gourdes in 2001 currency. In real terms, then, prevailing straight-time wages for workers in Haiti's export-garment sector increased by 48.22 percent.

This increase in real wage levels helped Haitian garment workers make a degree of progress in closing the gap between prevailing wages and living wages. In 2001 prevailing wages for Haitian garment workers provided only 14 percent of a living wage, the second-largest such gap, according to the WRC's estimates, among any of the countries included in this study. By 2011 prevailing wages represented 24 percent of a living wage, still a lower percentage than we found in any other country we examined in the Americas.

Thailand

Although garment workers in Thailand during the 2000s continued to enjoy higher wage levels than their counterparts in other leading apparel-exporting countries in Asia, its garment industry made significant gains in its share of U.S. apparel imports. In 2001 the value of Thai apparel exports to the United States stood at less than 1 percent of total apparel imports to this country, leaving Thailand in 25th place among garment-exporting nations. By 2011, however, Thailand's market share had more than doubled to 1.56 percent, making the country now the 14th-largest apparel exporter to the United States.

These gains, however, are not reflected in the wages of Thailand's garment workers. The WRC found that over the same time period, prevailing straight-time wages for Thai garment workers fell in real terms by roughly 6.5 percent.

The WRC determined that in Thailand, unlike in most other countries included in this study, workers typically were able to earn a premium above the legal minimum wage, in the form of bonuses for individual employees' production levels and seniority, as part of their regular straight-time pay. For this reason, the

monthly value of the seniority bonus and the portion of production bonuses attributable to non-overtime work hours were included in our calculation of prevailing wages. Some other benefits, such as free rice at meal times and work uniforms are widely provided by Thai factory employers, but because they are received in-kind, for reasons explained elsewhere in this study, they were not included in our figures for prevailing wages.

Minimum wages are set in Thailand at the provincial level.¹³¹ Although since the late 1990s, a significant amount of apparel production has occurred in the country's northeast, around Chiang Mai,¹³² the majority of the country's garment manufacturing continues to be concentrated in the capital, Bangkok, and its surrounding provinces, Samut Prakan, Nakhon Pathom, and Samut Sakhon, all of which have the same minimum wage.¹³³ In 2011 the legal daily minimum wage in the capital area was 168 Thai baht, and in 2011 it was 215 baht.¹³⁴

The limited data available from the period around 2001 suggest that base wages in the garment sector typically did not exceed the legal minimum. For example, a 1998 study by the government's "Office of Wage Committee" found that in 1998 the nationwide daily average wage for workers in the textile and garment sector was 157.03 baht, only slightly lower than the then-current legal minimum wage of 162 baht.¹³⁵ Interviews with Thai labor experts indicate that the general industry practice of setting base wages at or very near the legal minimum continued through the 2000s.¹³⁶

Experts interviewed by the WRC also indicated that in both 2001 and 2011, workers typically earned production bonuses in addition to their base wages.¹³⁷ As most interviewees estimated the total monthly value of these bonuses as ranging from 1,000 to 2,000 baht,¹³⁸ we assumed, for the purposes of this study, an average value at the middle of this range of 1,500 baht.

Interviewees indicated that unlike workers' base wages, which have risen along with the minimum wage, the nominal value of production bonuses has remained stable over the past decade.¹³⁹ For this reason, we used 1,500 baht as the average total monthly value of the production bonus in both 2001 and 2011.

As has been previously discussed, in the case of most other countries included in this study, we did not include such bonuses in our calculations of prevailing straight-time wages, on the grounds that they typically could be earned only by per-

forming additional work that went otherwise uncompensated. Experts interviewed by the WRC indicated that, while Thai garment workers generally did have to perform such additional work in order to earn production bonuses at the top of the reported range (2,000 baht per month), a significant portion of the average bonus could be earned through work performed during regular straight-time hours.¹⁴⁰

Thai garment workers, like their counterparts in other major apparel-exporting countries, however, typically perform a considerable amount of overtime work, which, by law, must be compensated at a premium rate. To estimate the portion of the production bonus attributable to straight-time hours, we deducted from the amount of the total bonus a portion that was treated as earned through overtime work. Using this methodology, we arrived at a monthly value for the production bonus, as a component of straight-time wages, of 1,099 baht in 2001 and 976 baht in 2011.

To this amount, we also added, as an element of straight-time wages, the monthly value of the attendance bonus paid by most Thai garment factories, whose average value is reportedly equivalent to one to three days' base wages per month.¹⁴¹ For the purposes of our calculations of prevailing wages, we assigned this bonus a midrange monthly value of two days' base wages, which amounted to 330 baht in 2001 and 430 baht in 2011.

Finally, we also included in our prevailing wage figure a seniority bonus that workers typically receive on an annual basis in an amount determined by a "letter grade" they receive from their employers, and whose median value is reportedly 3 baht per day.¹⁴² Because when the legal minimum wage is increased, nearly the entire increment workers have received above it on account of their seniority reportedly is subsumed into their new wage rate,¹⁴³ we estimated the average value of the seniority bonus as only 1 baht per day.

For reasons previously explained, however, we did not include in our calculations two additional forms of compensation that, while quite prevalent in the Thai apparel industry, are most often provided in-kind. First, we did not include the value of work uniforms, which Thai garment factories typically provide to employees free of charge, on an annual basis.¹⁴⁴ Second, we did not make any allowance in our wage calculations for the value of a free portion of rice, a benefit which Thai garment-factory employers customarily provide to their workers on a daily basis.¹⁴⁵

By adding together the four forms of wage compensation discussed—the base wage and the production, attendance, and seniority bonuses—the WRC arrived at figures of 5,748.50 and 7,026 for prevailing straight-time wages for 2001 and 2011, respectively. When deflated to account for the 31.6 percent aggregate increase in consumer price, however, the wage figure for 2011, 7,026 baht, represents only 5,378 baht in 2001 currency.

Therefore, when adjusted for inflation, prevailing straight-time wages for Thai garment workers fell nearly 6.5% between 2001 and 2011. This caused the gap between prevailing wages and living wage to increase slightly: Prevailing wages which, in 2001, provided 47% of a living wage in 2001, provided only 43% of a living wage in 2011.

Philippines

In 2011 the Philippines was the 15th-largest exporter of apparel to the United States, accounting for slightly more than 1.5 percent of U.S. apparel imports. This was less than half of the country's share of the U.S. import-apparel market in 2000, when the Philippines stood as the United States' 10th-largest source of imported garments, with a market share of 3.3 percent. During this time, wages for Filipino garment workers fell as well, declining by 6.4 percent over the period between 2001 and 2011.

Unlike in most other countries included in this report, published studies are available that provide data for average straight-time wages for Filipino garment workers in both 2001 and 2011. Consistent with our findings in these countries, however, these studies indicate that actual prevailing wages for Filipino garment workers during this period did not significantly exceed the legal minimum wage.

Data published by the ILO indicate that in 2001, Filipino garment workers earned an average daily wage, exclusive of overtime compensation, of 190.9 pesos,¹⁴⁶ corresponding to a monthly straight-time wage of 4,979 pesos.¹⁴⁷ This figure is significantly less than the then-current legal minimum wage in the country's major export-garment-manufacturing centers. For example, in the metro-Manila municipality of Rosario, home to the Cavite Industrial Zone, the legal minimum wage in 2001 was 237 pesos per day, or 6,182 pesos per month.¹⁴⁸ In Cebu Province, another leading center for export processing zones, the monthly minimum wage was 5,217 pesos in 2001.¹⁴⁹

While the ILO has not published similar data for 2011, a roughly comparable study by the Philippine government's Bureau of Labor and Employment Statistics, the Occupational Wages Survey, reported that the average monthly wage for garment workers in August 2011 was 7,668 pesos.¹⁵⁰ This figure was also lower than the prevailing legal minimum wage in major garment-producing centers, which in 2011 was 8,790 pesos per month in Rosario, and 7,955 pesos per month in Cebu.

Wages reported in the 2011 Occupational Wages Survey, however, may tend to skew higher and more closely reflect conditions in the export sector than those reported by the ILO for 2001, since the former study covered only workplaces with more than 50 employees,¹⁵¹ while the ILO's statistics reportedly reflect average wages in the industry as a whole. Nevertheless, both sources are consistent in showing average earnings for garment workers that are below the then-applicable legal minimum wage in leading centers of apparel production.¹⁵²

A comparison of the average wage figures from the ILO for 2001 and the Bureau of Labor and Employment Statistics for 2011 indicates that in nominal terms, monthly wages grew during this period by 54 percent, from 4,979 pesos to 7,668 pesos. However, when adjusted for aggregate consumer price inflation over the same period, which was nearly 64.5 percent, the value of the average garment worker's wage in 2011 was only 4,662.19 in 2001 pesos.

In real terms, then, average wages for Filipino garment workers fell during this period by nearly 6.5 percent, from 4,979 pesos to 4,662 pesos. The gap between average wages and what the WRC estimates to be a living wage for garment workers in the Philippines remained steady: In both 2001 and 2011, average wages provided 32 percent of a living wage.

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