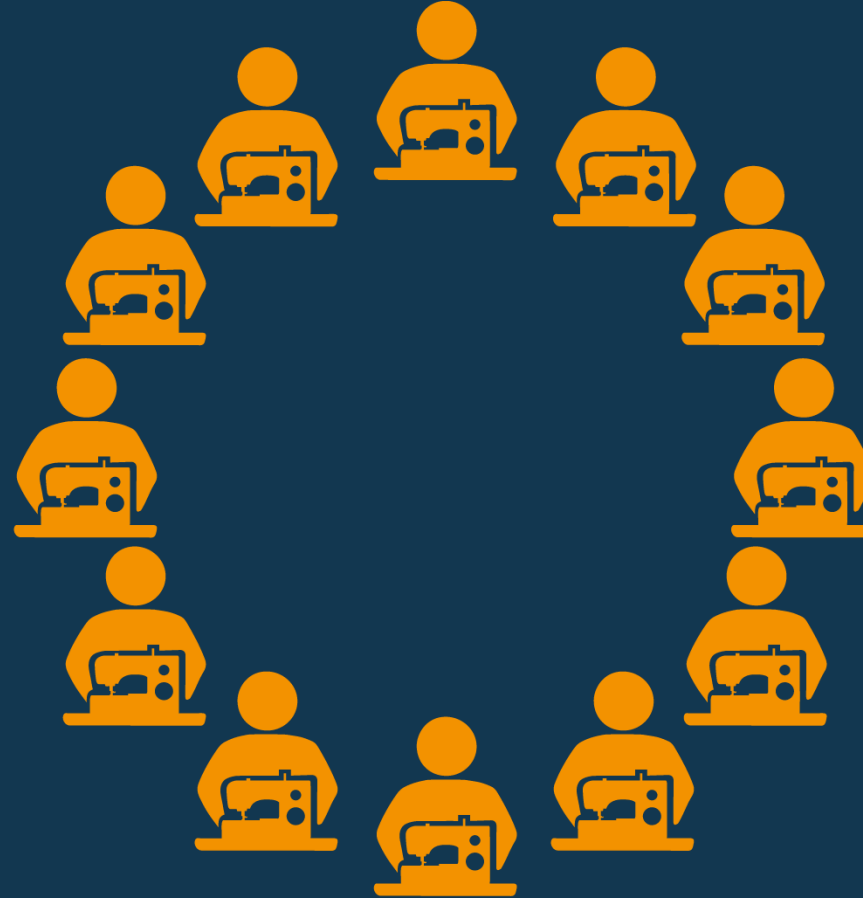


PERC EXCO

Clean
Clothes
Campaign

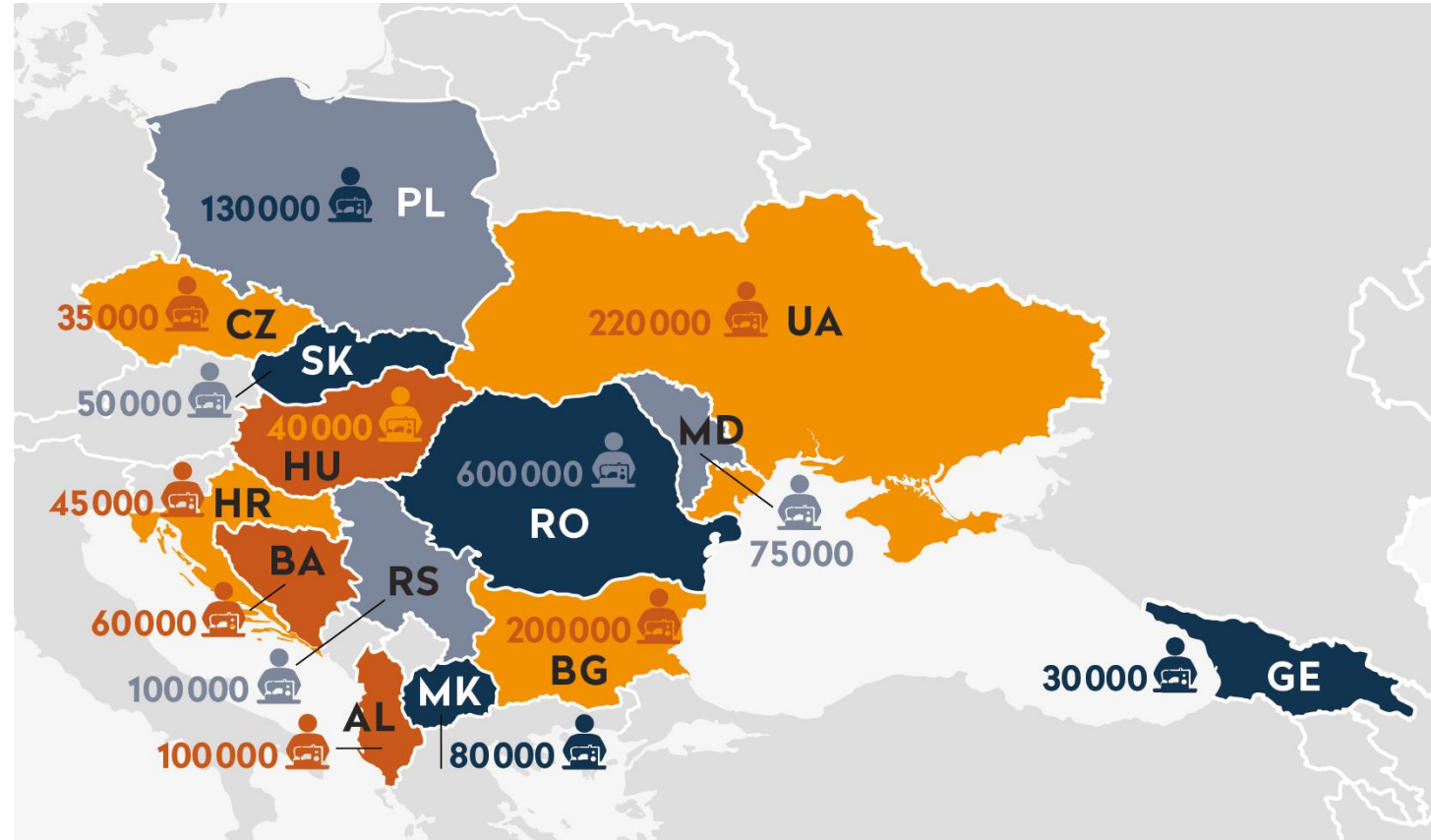
PAY A **LIVING
WAGE**



EUROPE'S SWEATSHOPS

More Than 1.7 Million Work in the Garment/Shoe Industry in Central, East and South East Europe*

In all of the region's countries, the workforce is predominantly female. Of the formally registered workers in the apparel sector, between 79% and 92% are women.



* Total number of formal and informal workers, moderately estimated on the basis of empirical evidence and share of informality in the economy.

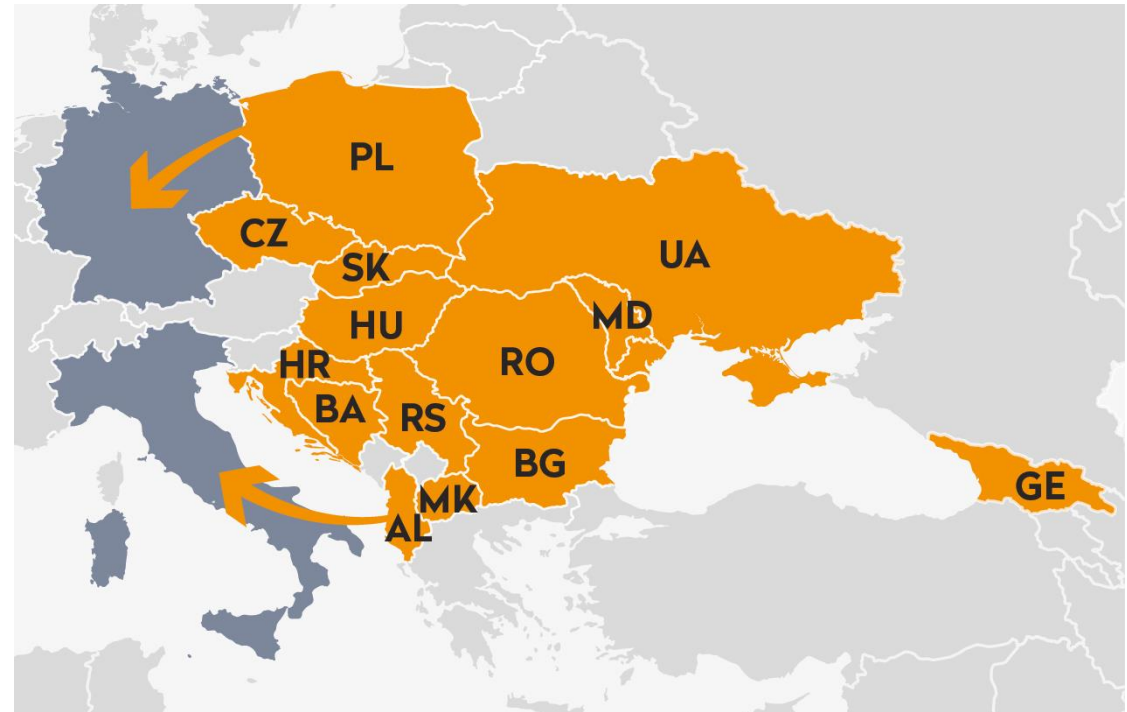
Core Characteristics of the Regional Garment and Shoe Industry

All countries have a skilled, experienced workforce.

In most countries,* the garment and shoe industry is still one of the (if not the) most important employment and export sectors.

In all countries, there is an employer-biased environment with extremely low wages and immature industrial relations.

THE BIGGEST RECIPIENTS OF GARMENTS AND SHOES FROM THE REGION ARE GERMANY AND ITALY



* Albania, Bulgaria, Bosnia-Herzegovina, Croatia, Georgia, Macedonia, Moldova, Poland, Romania, Serbia, Slovakia, Ukraine

OPT Production of Shoes

In all countries, the dominant production and trade system in the garment and shoe industry is Outward Processing Trade OPT (“Lohn”, “Ishleme”, “Façon”).

Legend



Italian brands deliver production inputs to low-wage countries in the region



Italian brands re-import the shoes

The last steps, like packaging and



labelling, are done in Italy before the shoes are sold on European markets.



OPT Production of Garments

German brands are the main companies using the Outward Processing Trade scheme (OPT) for garment production.

Legend

-  German brands deliver production inputs to the countries in the region
-  German brands re-import the garments
-  steps are done in Germany before garments are sold on European markets.



The Gap Between the Legal Minimum Wage and a Living Wage

Legend

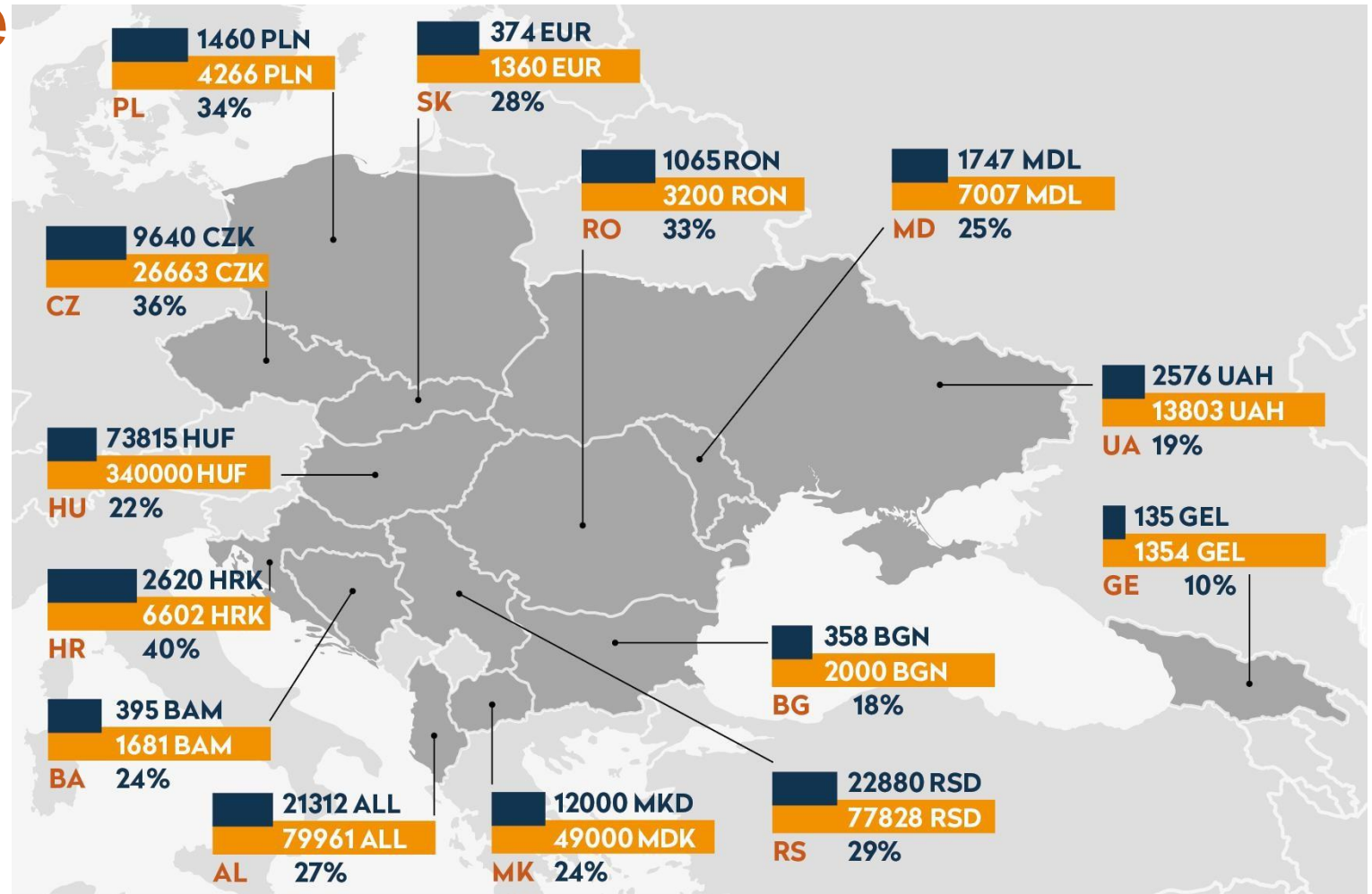
- Legal net minimum wage*
- Living wage estimate according to interviewed workers*
- % Legal net minimum wage as share of living wage estimate*

* **Notes:** Net minimum wage as of Oct 2017, except if stated otherwise below. Living wage estimates as of 2017 (AL, MK, RS, UA), 2016 (BA (RS), HU, PL, RO, SK), 2015 (CZ) or 2013 (BG, HR, GE, MD).

CZ: Net wage differs according to family status and can be higher. Min net wage used here applies to a worker without children. **BA (RS):** It cannot be excluded that lower minimum wage in the garment sector apply due to a sector agreement.

GE: There is no realistic min. wage for the sector. The figure used here is the minimum gross wage for the public sector (135 GEL). Min. wage for private sector is only 20 GEL = 7 EUR.

HU: Minimum net wage and living wage estimate as of 2016. Living wage estimates according to workers interviewed ranges from 300.000 to 400.000 HUF. For this calculation, an average figure of 340.000 has been used.



SERBIA



Full Country Profile available at:
cleanclothes.org/livingwage/europe



> 100,000 workers (formal and informal)



Main export destination: Italy

According to media articles, supplier list, websites or other local sources, the following brands and retailers are among the international companies sourcing from Serbia: Armani, Burberry, Calzedonia, Decathlon, Dolce & Gabbana, Ermenegildo Zegna, Golden Lady, Gucci, H&M, Inditex/Zara, Louis Vuitton/LVMH, Next, Mango, Max Mara, Marks & Spender, Prada, s'Oliver, Schiesser, Schöffel, Top Shop, Tesco, Tommy Hilfiger/PVH, Versace.

Benetton, ESPRIT, GEOX and Vero Moda (Bestseller) were among the international companies sourcing from the factories researched, according to workers interviewed or factory websites.

SERBIA | Workers' Voices

“I told the supervisor, ‘I cannot breathe at this machine. It’s already over 30 degrees in the factory and much hotter when we’re working at this machine.’ After I said that, the supervisor took the machine’s exhaust pipe and directed it at mine and my colleague’s faces and said, ‘Deal with it or else there are plenty of people waiting to replace you!’”

SERBIA | Wage Ladder

189 €	22,880 RSD	Legal minimum net salary, 2017 (as of 1 Jan)
218 €	27,624 RSD	Average net salary: garment industry (May 2017)
256 €	32,374 RSD	Poverty threshold, family of four, 2016 (60% of median household income)
278 €	35,094 RSD	Subsistence minimum, 2016 (minimum consumer basket for household)
372 €	47,136 RSD	Average net salary: total economy (May 2017)
652 €	77,828 RSD	Minimum living wage as estimated by interviewed workers (per month, family of four, net wage)

GEORGIA



Full Country Profile available at:
cleanclothes.org/livingwage/europe



> 30,000 workers (formal and informal)



Main export destination: Turkey

Unlike all other countries Georgia has:

- no labour law,
- no labour inspection,
- no mandatory social insurance contributions.
- A minimum wage last set in 1999.

Minimum Wage yet to be Paid in All Countries



EXAMPLES OF VIOLATIONS OF MINIMUM WAGE LAWS

In Ukraine and Serbia, workers reports reveal that a majority of them do not receive the legal minimum wage – for instance

- a majority of GEOX workers in Serbia,
- the majority of Serbian workers at Benetton's, Esprit's, Bestseller's/Vero Moda, suppliers and subcontractors and of Ukrainian Triumph workers.

While non-payment of the legal minimum wage often occurs in Bosnia-Herzegovina, Macedonia, Hungary, Moldova, Bulgaria, and Romania, in Ukraine, Serbia and Albania it is the norm for the majority of workers.

Weak States and Immature Industrial Relations



Global brands profit from a weak state and an intimidated and impoverished workforce, and do not exercise their human rights due diligence.

EU and Accession Countries

While the European Commission is hailing Ukraine and Georgia for their “unprecedented reforms”, it pays little to no attention to the situation facing the countries’ workers.

In Georgia, the absence of a workers’ protection system has not yet been structurally tackled by the EU despite its Association Agreement with Georgia.



Triple Burden on Women Workers

1. Responsibility for the family by performing paid work – many women workers are the breadwinners.
2. Household and care work for wider family (including elders and children).
3. Working in subsistence economy to subsidise poverty wages.



Faces of Poverty

Core strategies of workers to deal with their extremely low wages:

- Subsistence agriculture
- Indebtedness: constantly restructuring loans at usurious interest rates
- Labour migration to the West

LOAN OFFER NEAR A BRAND'S PRODUCTION SITE IN ROMANIA



Summary

There is a dramatic gap between the actual wages garment workers receive and the cost of living in Central, East and South East Europe.

Enforcement of labour laws is failing.

Working in the garment/shoe industry makes workers poor and sick.