



"In order to properly take care of my family and land, I need to wake up at 5.30 every morning. Every morning, I milk the 2 cows I own and knead the dough for the bread which I leave for my mother-in-law to bake. She is old, but she is still able to bake it and feed the children while I'm at work. After kneading the dough, I take care of the vegetable garden, clean the house and prepare breakfast and dinner for the children. Although my in-laws receive a pension of 100 GEL (41 EUR) each, their entire pension goes to their medications. Our biggest expenditure is food. Although I have two cows for milk, butter and cheese, and I have fresh vegetables from my garden, we are a big family and require 124-166 Euro worth of food monthly."

WAGE COMPARISON



WAGE RELATED RIGHTS VIOLATIONS

- Total absence of a fully-fledged system of protection of workers social security and living wages: no labour inspection, no labour court, modest labour law as of June 2013.
- The average wages including overtime is far below a minimum living wage.
- One average wage (114 Euro) is not even enough to buy food for the family (166 Euro monthly needed according to workers).
- Overtime bonus not paid.
- Arbitrary disciplinary wage deductions.
- Taking days off and annual leave is extremely difficult.
- Bad temperature regulation in factories.
- Intimidation, shouting by management.

DEMANDS TO THE GOVERNMENT

- Immediately establish basic **protection of workers and social security systems** including labour inspections, unemployment benefits, and a labour court. Urgently address the ILO Committee of Experts observation (from 2013) regarding these issues.
- Urgently proceed with the **next step of the labour law reform** to address womens 'workers' rights as anticipated by the government during the discussions on Labour Law amendments in June 2013 and to following up with the draft amendments prepared by the Ministry of Justice in cooperation with the GTUC Women Committee and Employers associations as presented publicly as a first draft of amendments in October 2013.
- Organise an educational campaign in Georgia on international labour standards.

GEORGIA'S GARMENT INDUSTRY AND REMUNERATION SITUATION

The present garment industry in Georgia is concentrated in the Adjara region where Turkish companies subcontract to Georgian sewing factories. Just a few garment factories are located outside Ajara in Tbilisi and Kutaisi. The Georgian textile and garment sector has an impressive history; however after the breakdown of the Soviet Union, it collapsed. As a consequence, a social crisis emerged that is still prevailing. Unemployment is estimated to be over 50%. While many people are formally self-employed, they are actually carrying out any kind of informal or semi-formal activities. Besides subsistence farming, people try to escape poverty through "doing business" in various ways. 65% of the economically active population is estimated to be "self-employed". They improve the official unemployment statistics, although they are not in any secure employment. There are hardly any single mothers in Georgia because it is almost impossible to sustain a living as a single mother.

TOTAL ABSENCE OF PROTECTION OF WORKERS, LIVING WAGES AND SOCIAL SECURITY

In Georgia at present, there is no functioning system to protect workers rights.¹⁰ A labour law which contains some basic rules has been in effect since June 2013. However, there is no labour inspection and no labour court; workers don't enjoy any mandatory social insurance system and there is no tripartite system of negotiations among social partners. Since the introduction of the 2013 Labour Law some regulations on working hours, overtime and labour contracts¹¹ and a Tripartite Social Partnership Commission was created. However this Tripartite Commission is not functioning. Most terms of employment are "defined upon consent of the parties". Consequently there are no effective Collective Bargaining Agreements (CBAs)¹² in the garment industry.

"If you fail to fulfil the quota, you might be left with around 200 GEL (83 Euro) per month which is very little and is not even worth leaving your family."

DEMANDS TO BRANDS AND RETAILERS

- ▶ As a **first immediate step**, global buyers have to make sure that workers in Georgia receive a basic net wage (without overtime and bonuses) of at **least 196 Euro** (60% of the national average household income). As a **further step**, the basic net wages have to be **increased towards the level of the estimated minimum living wage**.
- ▶ Buyers have to **analyse and adapt their price structure** in order to make sure that the actual price they pay to the supplier allows for these wage hikes.
- ▶ Make sure that the rights of workers to **freedom of association and collective bargaining** are respected. Make sure that workers representatives' right to information on the terms of employment and more importantly on place the wages is respected. Seek cooperation with local stakeholders – above all the Georgian Trade Union Confederation GTUC and Georgian human rights organisations.
- ▶ In absence of a full Labour Code abide by ILO-conventions and Jo-In (Joint Initiative on Workers Rights and Corporate Accountability) Code requirements – in particular immediately initiate **payment of overtime** remuneration at a rate of at least one and a half times their regular hourly compensation rate and an end to disciplinary wage deductions
- ▶ End the misuse of **short-term employment** and initiate a company based **health and pension insurance** in absence of a social security system.

WORKERS ARE ENTIRELY AT THE MERCY OF EMPLOYERS

The new labour code states that anything above 40 hours is overtime although it mentions that 48 hours per week should apply to the enterprises that work under specific work regimes that require work more than 8 hours of work per day. The latter provision has made working time regulation completely ambiguous and the employers started abusing the rights of workers by making 48 hours per week a normal standard rather than exceptional practice. The GTUC appealed this provision and practices in this regard, but this did not yield any results. Per day, a maximum of 12 working hours is legal. All other overtime terms including its increased remuneration are left unspecified (article 17- 4.). 1-6 months contracts are common practice¹³ – renewed again and again. The labour code of 2013 introduced a 30 months maximum duration for fixed-term contracts. However, the government doesn't monitor the implementation of its new laws and employers don't care about implementation. GTUC's affiliate representatives are often stopped from entering companies to monitor the enforcement

of the labour law and check workplace safety although such a right is guaranteed by the Georgian Trade Union Act. The Trade Union Act paragraph 16 allows trade union to appoint it's representatives who can enter the companies and workplaces where there are union members to monitor how the labour law and work safety rules are observed. Georgia doesn't have a mandatory social insurance contribution system. There is no minimum wage for the economy and a tripartite body to discuss minimum labour regulations is not functioning.

DEMANDS TO MULTISTAKEHOLDER INITIATIVES

- Pressure government to establish protection of workers and a social security system.
- Consider Georgia a high-risk country with absence of basic protection of workers.
- If companies already have (sub)contractors in Georgia, initiate own system of protection of workers including health and safety committees, regular monitoring of ILO conventions and workers training on international labour and human rights.
- Support an educational campaign in Georgia on international labour standards.

FIELD RESEARCH FINDINGS¹⁴

Workers were very reluctant to speak to the researchers. They feared negative consequences and losing their jobs. They moved into the garment sector due to lack of other opportunities and to earn their family's "bread and sugar".

The average monthly take home wage (including overtime) of the interviewed workers ranges between 83 Euro and 145 Euro, sometimes even as low as 50 Euro. On average, interviewed seamstresses earn 114 Euro net including overtime. The workers receive a production quota and stay until they finish the quota in order not to risk even lower wages. They usually do not see this extra work as overtime; they consider it work-load that they didn't manage to finish during normal working hours.

Wages of interviewed women are usually quota-driven while men get paid on an hourly basis and tend to earn 40% more than women. There is an extreme gender pay gap and gender discrimination in remuneration. Because of their meagre wages women want to do overtime. Holidays are sometimes unpaid and sometimes paid on a low rate. Holidays are usually only granted during mandatory factory holidays. Instead of granting a day off, workers are at times forced to resign. There are deductions from wages for disciplinary reasons.

The interviewed workers have contracts for a duration between 3 and 12 months. The work environment is sometimes tense; supervisors or managers shout and workers have to ask permission even for standing up. Most workers fear getting organized.

Brands producing in the researched factories that were mentioned by the interviewees include: Mango, Zara, Adidas, Puma, Nike, LC Waikiki, De Facto.

THE AVERAGE SALARY of a garment worker only covers two thirds of the minimum food costs for the family (with own subsistence farming) and only covers



of a minimum living wage.

"We blindly accepted any kind of contract that was given to us due to the lack of funds to care for the family."

Workers don't stay long in garment factory jobs because of the terrible conditions and miserable wages. The wage they can earn – including overtime – is often below even the official subsistence level of 109 Euro for a family of four and it covers 22% of a basic living wage which according to workers is about 518 Euro for a family of four. All interviewed workers stated that they have no savings for exceptional situations such as medical emergency. Workers have to borrow money from their neighbours and relatives. Employers count on additional earning of workers from their subsistence agriculture. Thus workers are regularly subsidising their own jobs.

MAGULI'S STORY

Maguli is 38 years old; she has a husband and three children. She married very early and only has 8th grade education. Maguli has been working at the factory since 2012 from the day of its opening. Due to very low wages that amounted to 100 GEL (41 Euro) in 2012, she quit. However, it's been 11 months since she started working there again. She works as a seamstress and masters five categories on the sewing machine which is reflected in her salary (each category earns 5 GEL – 2 Euro). Her daughter Maia also works there. "I have been working at this factory since it opened. It has been really hard to find work in the current environment, especially if you seek fair pay. When I first started here I was paid 100 GEL (41 Euro) and subsequently I left after a short amount of time since it was not worth leaving my family for such a miserable sum."

Her family monthly income totals 1.025 GEL (425 Euro). Maguli's husband earns 400 GEL (166 Euro), Maguli gets 300 GEL (124 Euro), their daughter Maia earns 200 GEL (83 Euro) and her mother-in-law's pension is 125 GEL (52 Euro). Maia's earned money rarely goes into the family budget since "she is young and spends her money as she wishes". The large part of the money is spent on food; in addition to this the family has their own family farm produce. Food costs are around 400 GEL (166 Euro) and this is despite the fact that they have an orchard, which is a big help in summer. Maguli thinks that if her family had 3.000 GEL (1.244 Euro) that would be optimal.

Her ordinary day looks like this: She gets up at 7.00, prepares breakfast, sees off her husband to work who is employed with a road construction company. Afterwards, she cleans the house, orchard and yard, leaves dinner prepared for her mother-in-law and her younger son, tidies up herself and at 8.30 she is already on a minibus going to work. At 9.00 she starts her work day which she finishes at 18.15. She works 41 hours per week. In the evening, she returns home very tired, watches movies and TV series, then prepares supper, washes laundry and at midnight she goes to sleep.

"We have two fifteen minute breaks for coffee and an hour long break for dinner. We must use this time for bathroom breaks too, however this is a large improvement over the previous arrangement we had. Now we have heating on the factory floor, although it doesn't reach every corner of the factory. The heating system consists of hot water lines that run above our stations, however, since they are not installed everywhere my daughter caught a cold last winter. After the diagnosis at the hospital, we found that she had fallen ill with nephritis. Also, I shall say it anywhere publicly, when you work as a tailor, you are not allowed to stand up without permission, and when you work as a controller you are not permitted to sit, hence most controllers are young girls. Of course I get tired." She is a seamstress and has to sit all day. She needs to get permission from a supervisor if she wants to get up. Officially Saturdays and Sundays are off, but sometimes it happens that depending on orders they have to work overtime.

Yet another problem is requesting vacation time. "My daughter wanted to take a vacation consisting of 2 weeks, but the company denied her request and told her to just write a formal notice for dismissal from work and they would re-hire her after the two weeks she rested. This means that the 5 GEL (2 Euro) raise per month from years of service would be zero and void and she would have to restart from scratch with the lowest wages and slowly return to her prior position. As for trade unions, nobody wants to unionise. Our rights are being violated and we need to have someone come and investigate our situation."

¹ Authors' estimation

² Source of data: Georgian Trade Union Confederation GTUC

³ Own calculation according to: www.geostat.ge/index.php?action=page&p_id=137&lang=eng, 28.11.2013

⁴ Gocha Aleksandria: "The rate for minimum wage has fallen so low that the private sector employees forgot that it even exists" - <http://gtuc.ge/eng/?p=345> - last visited: April 1, 2014

⁵ As of 1 Sept 2013 the minimum state pension was increased to 150 GEL = 63 EUR. No further increase is scheduled this year.

⁶ All data in Euro according to exchange rate of www.oanda.com, 1.2.2014

⁷ National Statistics Office: http://geostat.ge/?action=page&p_id=148&lang=geo

⁸ National Statistics Office: Subsistence Minimum. http://www.geostat.ge/index.php?action=page&p_id=179&lang=eng - visited 16 Mar 2014

⁹ own calculation: 60% of average income http://www.geostat.ge/index.php?action=page&p_id=182&lang=eng

¹⁰ www.ituc-csi.org/IMG/pdf/survey_ra_2013_eng_final.pdf

¹¹ Labour Code of Georgia - amendments passed by Georgian Parliament on June 12th, entered into force on June 12th, 2013. www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---ilo_aids/documents/legaldocument/wcms_127828.pdf

¹² Only two: One in the Batumi Tex LTD (located in Ajara) has not been renewed for several years now as the employer is refusing to enter into meaningful collective bargaining with the union. Another one in force is the LTD Imeri (located in Kutaisi) - with low social-economic value.

¹³ This seems to be common practice in the whole economy: www.ituc-csi.org/IMG/pdf/survey_ra_2013_eng_final.pdf - page 33. Last visited: 19 February 2014

¹⁴ During August 2013, a total of 49 qualitative interviews with workers from 2 different factories were conducted.

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