

Next-door Relocation without Much Improvement: Garment Done-for-Brands Industry in Ukraine

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In global supply chains (GSC) of garment industry much attention has been paid mainly to the situation of Asian workers because of their leading participation in this GSC. However, after 2013 Rana Plaza collapse in Bangladesh, many garment brands talk about relocating their production orders to “better” locations of the Eastern Europe. In fact, many have been producing there for years, but the question is whether mass relocation to this region will actually mean garment production within better labor context.

This paper is based on 2017 research of labor conditions and wages in garment done-for-brands industry in Ukraine, done within Clean Clothes Campaign (CCC). Findings of the research are derived from: desk-research on garment industry, respective legislation and social context of the country; field-research of labor conditions and payment (semi-structured interviews with workers).

Legal framework in Ukraine is relatively labor-friendly and the garment sector is relatively unionized, the country has legal subsistence threshold and legal minimum wage. However, it is only positive illusion, because of the high level of informality in the sector – according to some sources, only 10% of factories operate fully within legal framework. Another issue is that the main union of the country is basically a yellow union. And the last important point is that legal provisions of payments are very low in the country. Subsistence threshold is extremely low (approx. EUR 59), though legal minimum wage was doubled in 2017 (approx. EUR 89 net).

What is definitely true in the logic of relocating brand production to Ukraine and other East European countries is that labor safety is better than on many Asian factories. Field research shows that working places are relatively comfortable and safe, mostly due to historically better development and generally higher standards in the whole economy.

However, the general socio-economic situation is close to market despotism regime of labor control, with elements of employer labor control regime. Doubling of the legal minimum wage is a positive step but not a great one. As the field research shows, it is still far below living wage. And, moreover, even this legal minimum wage is not always paid to people in garment done-for-brands industry. Illegal

overtime is common in high season, and it is caused by factories taking many orders and valuing labor very low, due to purchasing practices of brands. Hence, workers go on overtime to get money in harsh economic conditions. For the same reasons in low season, still having to work some (though often legal) overtime, people sometimes are still not paid the legal minimum wage, against the law. There were also cases of illegal prosecution against attempts to create an independent trade union; hence, factory-level repressions of collective bargaining happen.

Research shows that likely relocation of brands' production to East European countries would be more a faced repairment of GSCs' problems. It definitely can mean less deadly accidents, but as Ukrainian case study and research of other countries of the region within CCC shows, it will not mean decent work, payments and right for collective bargaining. These are caused by general problems of the GSC, such as brands' purchasing practices, but also by local forms of labor control – market despotism with elements of employer labor control.

Hence, outsourcing of brands' production to Eastern Europe will only replicated the inherited problems of modern GSC. And local labor will have to find its strategy to improve the situation. As in its labor control model Ukraine is close to market despotism, especially after the economic crises started in 2014, international campaigning and pursue of international accords would be the most likely strategy here. Preliminary evaluation of other countries in the region also points to this option for struggle. Such campaigning can show that relocation without reshaping GSC policies, especially brands' purchasing practices, will not make a meaningful change – indecent production can happen not only in remote locations, but just next door to brands' home countries and enclaves of consumption. While struggling for local improvements, it is inherited problems of GSCs within existing value chains, which such campaigning should stress.