



# Impact of Covid-19 on Decent Work

## August Wage Digitization Digest- 6<sup>th</sup> Edition

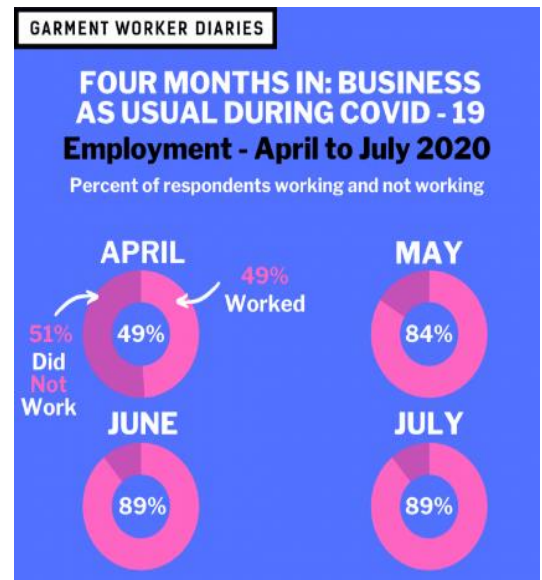
The Wage Digitization Digest is a monthly desk-based intelligence report produced by Synergos that sources from English-language media spanning a monthly timeframe specified in the digest. The report covers the impact on workers during COVID-19, in garment, coffee, and tea industries; with a focus on digital wages, gender equity, and worker wellbeing; across Bangladesh, Cambodia, Ethiopia, India, Indonesia, Pakistan, and Viet Nam.

### Macro Global Trends

- 1. Economy:** Though there have been signs of recovery as economies begin to reopen, many garment workers continue to be out of work and unprotected. India's garment industry is yet to pick back up, owing to low demand and labor shortage. In Bangladesh, though there has been an increase in orders, prices of orders have significantly decreased, impacting the sustainability of the industry without government aid ([RMG Bangladesh](#)). Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers Exporters Association (BKMEA) are benefiting more and the revitalization of orders is not reaching factories not affiliated with these entities.
- 2. Labor concerns:** There is a growing momentum from unions to protect worker rights. A number of garment workers' unions and employer associations in Indonesia have issued their joint commitment to ILO action in the Global Garment Industry strategy to protect garment workers' wellbeing ([Ecotextile](#)). Following the arrest of Rong Chhun, president of the Cambodian Union Confederation (CUC), civil society groups have condemned the Cambodian authorities' use of violence against and arrests of peaceful demonstrators and activists ([ITUC, Central Cambodia](#)).
- 3. Unpaid wages:** Business and Human Rights Research Centre (BHRRC) reports that up to 16M garment workers in ten countries (Bangladesh, Cambodia, China, India, Indonesia, Myanmar, Pakistan, Philippines, Sri Lanka and Vietnam) have lost their jobs and all have reports of unpaid wages. In Cambodia, garment workers continue to go without wages and benefits have caused ongoing protests. In India, the Supreme Court declared no coercive action could be taken against employers for failing to comply with the government's directions regarding wage payments, leaving workers waiting for their wages for months ([Hindustan Times](#)).
- 4. Worker unrest:** Across almost all in-focus countries, worker unrest and coordinated union-led resistance persist in response to unpaid wages, limited worker protections, and targeted firings of workers affiliated with unions. In Bangladesh, worker representatives argue that targeting a portion of workers and factories where more union workers were present is purposeful and destruction of union. In Cambodia, tensions continue to rise between unions and local authorities at protests. In India, protests have continued after the state governments suspended labor laws, going against conventions set by the ILO ([The Wire](#)).
- 5. Gender inequality:** In Bangladesh, women workers, especially pregnant ones had been facing severe problems as factory authorities denied them entry to work without paying their job benefits ([Newage Bangladesh](#)). In India and Pakistan, COVID-19 has highlighted the major impact on informal migrant workers in the garment value chain that are largely women working from home. Home-based garment workers were the first to lose employment and, with no unemployment benefits in place, and did not receive any government aid ([Just Style](#)).

## Bangladesh

**Economy (garment):** Though still hurting, the garment sector is showing signs of recovery. Buyers are placing orders again, but with 5%-15% lower prices than previous years ([RMG Bangladesh](#)). 89% of garment workers in a survey reported going back to work in July ([Garment Worker Diaries](#)). In July, manufacturer orders ranged 50-80% of capacity. Many small and medium-sized enterprises that worked as subcontractors for big factories were unable to qualify for government funding and, as a result, were unable to pay their workers. A recent survey by BRAC University and C&A Foundation found non-affiliated factories operated at 50% capacity in June compared to a 60-70% average for association-affiliated factories. These factories also did not receive government aid, impacting wages ([RMG Bangladesh](#)). Viet Nam surpassed Bangladesh as the 2<sup>nd</sup> leading garment manufacturer ([RMG Bangladesh](#)).



**Wage Assistance:** In light of 18% decline in garment sector's export revenue since 2019, government aid is making it possible for July wages and Eid bonuses for workers, especially in export-oriented sectors that have received Tk 10,500 crore in bailout funds from the government. Bangladesh government has expanded aid to small and medium enterprises (SMEs), so include factories who produce up to \$5M of exports ([The Daily Star](#)). The Ministry of Finance is considering another stimulus package for garment exporters to help pay wages for August.

**Worker Unrest:** 6000 members of the Garment Workers Trade Union Centre (GWTUC) were illegally sacked in March and have not been paid by Dragon Sweater Group, a supplier of Lidl and Walmart/ASDA ([Global May Day](#)). Protests have been scheduled to start on Mon, Aug 31<sup>st</sup> worker representatives argue that targeting a portion of workers and factories where more union workers were present is purposeful and destruction of union.

**Gender Inequity:** From the Garment Worker Diaries, only 70% of women reported receiving Eid bonus payment compared to 81% of men, with median payment of Tk. 4,350 for women vs. Tk. 4,500 for men. Women reported facing health issues such as unhygienic working conditions resulting in urinary tract infections and hefty costs. Women workers, especially pregnant ones had been facing severe problems as factory authorities denied them entry to work without paying their job benefits ([Newage Bangladesh](#)). All data presented here comes from interviews conducted over the phone with a pool of 1,377 workers ([Garment Worker Diaries](#)).

**Migrant Workers:** Over 95,000 Bangladeshi migrant workers have returned to Bangladesh in the last four months, majority being male. Nearly 70% of surveyed migrant workers who returned to Bangladesh since February are still unemployed ([Newage Bangladesh](#)). USAID and Winrock

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International released a report examining of returning migrants. Of the 155 respondents, 94% no longer had enough income to support themselves, and 60% did not have enough daily food to eat ([Winrock.org](#)).

**Tea:** Tea garden owners have seen a continuous fall in tea prices. This has affected the payment of salaries and allowances to workers. The tea gardens are operational but will not be able to continue functioning without assistance. Tea prices at auction saw a 47% drop from last year with much of the tea unsold. The Bangladesh Tea Association has requested financial assistance to battle the ongoing crisis ([The Daily Asian Age](#)). Meanwhile, the Bangladesh government reported an increase in tea demands, setting a production target of 140 million kg in 2025 ([The Business Standard](#)).

## Cambodia

**Economy:** The European Union partially withdrew the EBA due to concerns regarding Cambodian government suppression of citizen voices and violations of human rights and labor rights ([VOD](#), [Asia Times](#)). Associations in footwear state that 80,000 jobs are at risk with 40,000 workers already impacted by economic implications of COVID-19 and 70% of member factories preparing for further reductions in employment ([KHMER Times](#)).

**Wage Assistance:** The Government of Cambodia will continue to provide out-of-work allowances to garment, footwear and hospitality workers for the next two months. According to the Labor Ministry, it paid over 8,000 suspended workers last month, totaling to 15,484 workers receiving out of-work allowances in the garment and tourism sectors ([KHMER Times](#), [KHMER Times](#), [Cambojanews](#)). The government has decided to deliver \$25 million per month to more than 560,000 poor and vulnerable families who have been severely affected by the ongoing coronavirus pandemic ([KHMER Times](#)).

**Worker Unrest:** The Phnom Penh authorities have been cracking down on protests in response to the arrest of Chhun outside government buildings ([VOA Cambodia](#), [Radio Free Asia](#)). In response to ongoing garment worker protests in the Kandal region, the Minister of Labor has urged Kandal provincial authorities to resolve all issues regarding garment workers.

**Labor Concerns:** Civil society groups have published statements condemning the Cambodian authorities' use of violence against peaceful demonstrators and the recent arrests of more than a dozen activists ([ITUC](#), [Central Cambodia](#)). At the end of July, Rong Chhun, the president of the Cambodian Union Confederation (CUC), was arrested, which is the latest crackdown against opposition voices in the country and reflects the human rights concerns of the European Union that led to the withdrawal of the EBA agreement ([Yahoo News](#)). The National Trade Unions Coalition (NTUC) requested a meeting with the Minister of Labor to address the difficulties currently faced by garment workers. Recommendations included a higher minimum wage for workers in the garment, footwear, construction and service sectors ([KHMER Times](#)).

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**Unpaid Wages:** Garment workers in Cambodia are facing growing debt as many go without salaries, health insurance or unemployment benefits. Although the government has promised subsidies to laid-off garment workers, many workers have not received any assistance ([LA Times](#)). Unpaid or outstanding wages and benefits are causing protests across Kandal province and Phnom Penh. At Timeless Fashion Clothing factory in Phnom, workers have demanded to be paid \$100 and benefits on 15 August if the factory suspends operations or shuts down.

**Migrant Workers:** According to the Asia Development Bank, Cambodia could lose more than 15% of its international remittances because hundreds of thousands of workers, mostly from Thailand, have returned home ([KHMER Times](#)). Migrants from Cambodia are still risking crossing into Thailand to work, though over 100,000 Cambodian migrant workers have already returned.

## Ethiopia

**Economy (garment):** Despite limited media coverage in Ethiopia, widespread layoffs in the garment sector continue, as indicated by the largest kids-wear retailer in the U.S., the Children's Place, cancelling millions of dollars-worth of orders from suppliers in Ethiopia. To avoid payments to suppliers, the company cited the 'force majeure' clause, which frees companies from contractual obligations during extreme events. The canceled orders have resulted in employee pay cuts and layoffs; the loss of income for workers has meant that they have been forced to frequently skip meals ([The Guardian](#)).

**Gender inequality:** World Bank, New York University, IZA Institute of Labor Economics, and Vassar College researchers are carrying out an ongoing study, interviewing 5,000 female garment workers on a bi-weekly basis in the industrial park in the city of Hawassa. Findings are now available and will be analyzed in the upcoming digest. The full report is in our additional reading section ([EcoTextile](#)).

## India

**Economy (garment):** India's garment industry is yet to pick back up, owing to low demand and labor shortage. 50% of workers who returned home during lockdown are yet to return to, many due to lack of transportation ([NBT](#)). According to the Clothing Manufacturers Association of India (CMAI), 25-30% of garment factories, which previously employed 12 million workers, are likely to shut down, resulting a reduction of 25% in jobs. Tiruppur Exporters' Association (TEA) requested the Prime Minister and the Reserve Bank extend the moratorium on loan repayment for another six months due to continued financial stress leading from a 60% decrease in garment exports ([Fibre to Fashion](#)). Small and medium enterprises in the garment and textile industry are doing even worse with production down 70% ([News Click](#)).

**Tea:** Tea production continues to decline and a proposal by a national body of tea traders to import tea for export has drawn criticism from growers in north Bengal due to the potential of destabilizing prices ([The Telegraph](#)).

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**Migrant Workers:** While some manufacturers state labor shortages, media is reporting that migrant workers are returning from rural areas to industrial sites, as they have been unable to find work back home ([Indian Express](#), [Business Standard](#)). The Central government has started to map the skills of migrant workers in 30 districts of UP and Bihar in order to provide them with employment, especially the MSME sector ([The Indian Express](#)). 20,000 migrant workers will be provided with accommodation and jobs in garment factories in Noida through a job portal created to aid migrant workers find jobs ([Mumbai Mirror](#)). Migrant workers who benefitted from the rural employment guarantee scheme are requesting improved labor conditions – more work and improved income ([India Spend](#)).

**Labor Concerns:** Garment workers have been susceptible to COVID-19, particularly in the Himmatsingka factory, who were quarantined inside a building on the factory premises without beds and adequate treatment ([Deccan Chronicle](#)). There has been a spike in the cases of child labor.

**Unpaid Wages:** The Supreme Court passed a series of orders that effectively decided in favor of employers by ordering that no coercive action could be taken against employers for failing to comply with the government's directions regarding wage payments. Cases of unpaid wages are still unresolved, which left workers waiting for their wages for months ([Hindustan Times](#)).

**Gender Inequality:** The coronavirus pandemic has highlighted the major impact on informal migrant workers in the garment value chain that are largely women working from home. Home-based garment workers were the first to lose employment and, with no unemployment benefits in place, and did not receive any government aid ([Just Style](#)).

**Wage Assistance:** NGOs in India have organized an India-wide signature campaign demanding a monthly assistance of Rs 6,000 for workers affected by COVID-19. Asia Floor Wage Alliance (AFWA) reports that, amidst the coronavirus pandemic, there has been a spike in bonded labor and child labor in India, including in the garment industry ([Asia Floor Wage Alliance](#)).

**Worker Unrest & Job Loss:** Organized by trade unions and 200+ affiliated organizations, workers protested government policies which benefit the corporate sector in detriment of workers, including income loss and malnutrition. In many cases, however, garment workers have been re-hired on lower wages. Workers and unions protested for the suspension of labor laws in states such as Gujarat and Uttar Pradesh to be revoked, as the changes will lead to exploitation of workers and are against the conventions of the ILO ([The Wire](#)).

## Indonesia

**Labor Concerns:** A number of garment workers' unions and employer associations in Indonesia have issued their joint commitment to ILO Action in the Global Garment Industry strategy to protect garment workers' income, health and employment ([Ecotextile](#)). The joint commitment was signed by 4 garment/textile unions and 3 employer associations on Aug 6 ([Industrial](#)).

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**Economy:** In May 2020, Indonesia's textile-related exports dropped by a massive 52% compared to the same month last year, leading to layoffs. In response, manufacturers have urged the government to remove existing raw material import restrictions ([East Asia Forum](#)).

**Coffee:** Several major global coffee trading companies have banded together to donate \$200K in protective equipment ([Daily Coffee News](#)).

## Pakistan

**Worker Unrest & Job Loss:** Due to decreased demand and cancelled orders during the coronavirus pandemic, many factories had to stop production because they lacked the financial means to pay workers their wages. This has left millions of workers with reduced or no income, including many home-based subcontractors ([The International News](#)). According to reports from the Clean Clothes Campaign (CCC) network, an international garment factory from the French brand "Standard" has dismissed over 70 workers for taking legal action against management during lockdown and blocked them from entering the factory ([CCC Network](#)). IndustriALL reports that All Pakistan Federation of United Trade Unions (APFUTU), in Pakistan, expressed solidarity with the 1,200 workers sacked by union-busting at Gokaldas Exports in India, as 1,200 workers were illegally dismissed by H&M supplier Gokaldas Exports on 3 June ([Industrial](#)).

**Unpaid Wages:** According to the Clean Clothes Campaign's (CCC) report, garment workers in Pakistan lost 75% of their wages in April, which, for the vast majority of garment workers, meant that they were unable to afford basic necessities such as food and rent ([Clean Clothes](#)).

**Gender Inequality:** The economic impact of the coronavirus pandemic has largely affected women in the informal sector that are subcontracted by factories. These women lack social protection as they are paid piece-meal without contracts; they are now left without income and job security ([The International News](#)).

**Labor Concerns:** Most workers do not have access to social security and are paid according to the quantity of the products they produce. Garment workers in Pakistan lost 75% of their wages in April, which, for the vast majority of garment workers, meant that they were unable to afford basic necessities such as food and rent ([Clean Clothes](#)).

## Viet Nam

**Economy:** While Vietnam has surpassed Bangladesh as the second-largest apparel exporter with Vietnamese apparels earning \$30.94 billion between July 2019 and June 2020, Vietnam's export orders are continuing to fall sharply (down 12% in May). Companies are reporting decreases between 10-25% in profits despite switching to PPE and the domestic market. ([Fibre2Fashion](#), [VN Express](#)). Manufacturers are calling on the government to support them by giving access to cheap credit and deferred tax payment ([Fibre2Fashion](#)).

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**Worker Unrest & Job Loss:** According to the Ministry of Labor, the number of workers forced to take unpaid leave or lower working hours could be up to 5M in the 3<sup>rd</sup> quarter. In response, the Ministry of Labor has proposed easing conditions for businesses to access soft bank loans so that they can pay workers' wages ([Vietnam Insider](#)). ILO reports that almost 1 in 4 garment workers in Vietnam have lost their jobs. As a result, workers have gone on strike in response to poor management of the crisis ([International Labor Organization](#)).

## Other

**Global Concerns:** Business and Human Rights Research Centre (BHRRC) reports that up to 16M garment workers in ten countries (Bangladesh, Cambodia, China, India, Indonesia, Myanmar, Pakistan, Philippines, Sri Lanka and Vietnam) have lost their jobs. In the same study, the Business and Human Rights Research Centre reports that in Bangladesh, Myanmar, Pakistan and the Philippines, garment workers' protests over unpaid wages have been met with violent crackdowns. The country analysis for 10 major garment exporting Asian countries reveals human rights abuses faced by garment workers in Bangladesh, Cambodia, China, India, Indonesia, Myanmar, Pakistan, Philippines, Sri Lanka and Vietnam. In all 10 countries, reports indicate that some garment workers have not been paid wages. In 4/10 countries, protests over unpaid wages have been met with harsh crackdowns, and, in 7/10 countries, reports reveal lack of COVID-19 safety precautions in garment factories ([Business and Human Rights Research Centre \(BHRRC\)](#)). Forbes reports that brands and retailers, as well as factories manufacturing for large companies, are using the pandemic as a cover to get rid of unionized workers ([Forbes](#)).

**Digitization in the Philippines:** The region of Central Visayas in the Philippines is moving towards digital payments through an initiative supported by the Department of Labor and Employment (DOLE)-7 regional office. Employers in the region are urged to explore bank and money accounts as the preferred mode of wage payments and benefits to workers as this helps promote safety, security, and financial inclusivity for workers amidst the coronavirus pandemic. The government authority reported that employers should support workers in this transition as well as involve additional customer service measures with partnered financial institutions ([Philippine News Agency](#)). Following the trend towards digital payments, Bangko Sentral ng Pilipinas is supporting another set of initiatives under the National Retail Payment System to streamline the digitization of government collections and disbursements. The EGov Pay Facility initiative seeks to deliver social services through the disbursement of funds to individuals via electronic fund transfers. This initiative also seeks to curb revenue leaks and enhance transparency ([OpenGov Asia](#)).

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## Additional Recommended Reading

1. **Bangladesh:** Garment Worker Diaries, "[\*Four Months On and Business as Usual During COVID-19\*](#)," Daniela Ortega, Aug 20, 2020. Web.
2. **Cambodia:** VOA Cambodia, "[\*Popular Unionist's Arrest Over Border Comments Sparks Protests\*](#)," Hul Reaksmeay, Aug 4, 2020. Web.
3. **Ethiopia:** World Bank, New York University, Vassar College, IZA Institute of Labor Economics, "[\*The Market-Reach of Pandemics: Evidence from Female Workers in Ethiopia's Ready-Made Garment Industry\*](#)," Christian Johannes Meyer, Morgan Hardy, Marc Witte, Gisella Kagy, Eyoual Demeke, Aug 28, 2020. PDF.
4. **India:** Business Standard, "[\*Two-thirds of migrants either back in cities or wish to return, says survey\*](#)," Aug 3, 2020. Web.
5. **Indonesia:** East Asia Forum, "[\*Indonesia's garment industry in crisis\*](#)," Deasy Pane, Bappenas, Donny Pasaribu, ANU, Aug 10, 2020. Web.
6. **Pakistan:** The International News, "[\*Covid-19 and women workers\*](#)," Shahzada Irfan Ahmed, Aug 7, 2020. Web.
7. **Viet Nam:** International Labor Organization, "[\*Social dialogue, a key to business survival and resilience in Viet Nam\*](#)," Aug 13, 2020. Web.
8. **Asia-Pacific:** Financial Express, "[\*RMG workers lose \\$500m in wages in three months\*](#)," Monira Munni, Aug 11, 2020. Web.

## About the Digest

This digest is produced by the Advisory arm of [Synergos](#), which provides strategic counsel, research, and insights for socially minded organizations. If you would like to be added to the mailing list, please contact [advisory@synergos.org](mailto:advisory@synergos.org). All information is public and can be forwarded.

This digest is commissioned by the Bill & Melinda Gates Foundation as a component of ongoing dialogue on the importance of wage digitization to accelerate financial inclusion and promote women's economic empowerment. You can learn more about responsible wage digitization by visiting: [BSR HERProject](#), [Better than Cash Alliance \(BtCA\)](#), and Microfinance Opportunities (MFO).



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