

## Case Study 1.1

# Global garment industry

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### Background

There has been a period of significant change in the main producing and export countries of the garment market since the 1970s. OECD countries are no longer significant exporters. The largest supplier bases can now be found in China, Bangladesh, Viet Nam, India, Turkey, Indonesia, Mexico, Thailand, Pakistan, Tunisia, Cambodia, Sri Lanka, Morocco, Romania and Poland.

The garment industry is a global one: supply and value chains are spread across many countries and continents. According to Better Work<sup>2</sup> about 60 million people were employed in the textile, clothing and footwear sector worldwide in 2014, compared to 20 million people in 2000. About three-quarters of garment workers worldwide are female. The industry is seen as ‘a stepping stone to development’ in many countries. The garment industry operates in many least developed and developing countries.

Globalization of the garment sector has created a rapid increase in employment opportunities in developing economies, particularly for unskilled women, young people and migrants. However, much of this employment takes place under poor working conditions. Lead firms in the garment supply chain tend to be large retailers or design houses that are concentrated in the United States, the EU and Japan. (ILO 2015) Lead companies source from supplier firms, which are concentrated in emerging and developing economies. Working conditions of garment workers, many of whom are young female migrants from rural areas, are frequently what the ILO describes as ‘unacceptable forms of work’ and fail to meet international labour standards. The Rana Plaza tragedy, in which 1,129 workers were killed when a building collapsed, illustrates the type of problems that exist in the garment sector in some countries.

### Structure of sector

In the past a company would most likely have owned its own factory. Today global production does not follow a simple chain. For example, the production of a dress for a global brand may involve many factories and sub-contractors, who in turn produce dresses for many companies. Many supplier firms compete for orders from retailers, which reduces suppliers’ bargaining power. (ILO 2015)

The garment sector is typified by a high share of short-term contracts and highly variable working hours, because garment suppliers need to respond quickly to volatile ordering demands. In some cases production is sub-contracted from a large factory to several smaller factories, which in turn sub-contract to homeworkers. Each factory may produce for a number of different brands, making it difficult to establish strategies to improve conditions in the factory. While some buyers may encourage improved standards for workers, others may be driving prices down, making it challenging to introduce higher wages, training or regular hours. In global supply chains tight production deadlines and changing fashion products puts pressure on suppliers for fast turnaround.

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2 Better Work is a joint project of the International Labour Organization (ILO) and the International Finance Corporation (IFC)



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### The gender dimensions of garment global supply chains

Women's opportunities for formal employment have grown considerably with the expansion of the garment sector in developing countries. (Kabeer, 2004; Heath and Mobarak, 2011) Women represent over three-quarters of workers in the garment sector (more than 70 per cent of garment workers in China are women, in Bangladesh the share is 85 per cent, and in Cambodia as high as 90 per cent). Despite this huge growth of formal employment for women, the majority carry out 'low-skilled' tasks such as sewing, embroidery, cutting and finishing of garments. Many women garment workers experience poor working conditions, poor maternity protection and insecure employment. The sector has a very low rate of unionization, making it more difficult for women to be protected against unsafe or exploitative working conditions.

**Source:** Fair Wear Foundation (2014); Institute of Development Studies (2006); Better Work, undated; ITUC (2016).