

## Country Plan Vietnam 2015

### 1. Introduction

Vietnam has seen several significant improvements in labour law over the past years, including sustained improvements in its industrial conditions. In January 2015, as a result of research and a consultation through a tripartite National Wage Council, the Vietnamese government raised the minimum wage by fifteen percent to €135 per month. Even though this tripartite structure is promising and sets a good example for other Asian production countries, the challenge remains to protect the factory workers. Around eighty percent of Vietnam's factory workers are women, yet there is still a gender gap in hourly wages paid, with men receiving higher wages. The newly set minimum wage is a big step in the right direction, but does not yet meet the living wages benchmarks held by local stakeholders.

Excessive overtime in Vietnamese garment factories continues to be one of the most prominent violations of workers' rights, according to Fair Wear Foundation's (FWF) audits. Workers rely heavily on wages earned during overtime hours, and not receiving the correct overtime premiums has a severe impact on workers' monthly income. Reducing excessive overtime in the Vietnamese garment industry remains one of the biggest challenges for brands and factories in Vietnam.

In Vietnam the Right to Freedom of Association and Collective Bargaining presents big challenges. The updated 2013 labour law includes improved provisions to support this right with several paragraphs supporting social dialogue. In practice, however, implementation of the law is complex; a gap remains between official channels of trade union representation and actual effective social dialogue structures. This, together with a lack of effective grievance mechanisms, could result in wildcat strikes (members of a union striking without the union's approval or support).

Vietnam has become an increasingly important garment exporting country, particularly for the outdoor, sports and shoes sector. The textile industry remains the most important export industry for Vietnam, and interest from European textile brands continues to grow. The negotiations for a Free Trade Agreement between Europe and Vietnam would create an even larger boost for doing business in Vietnam.

In 2015 Fair Wear Foundation has twenty affiliates sourcing from approximately 155 factories in Vietnam. Most of these factories are located in or around Hanoi and Ho Chi Minh City.

In 2015 Fair Wear Foundation's activities in Vietnam will focus on factory audits with the local FWF team, complaints handling and expanding the factory trainings as part of the Workplace Education Programme.

### 2. Country study

An updated version of Vietnam's country study will be provided on [www.fairwear.org](http://www.fairwear.org) (April 2015). These publications, intended to support member companies in the process of code implementation as well as to inform local stakeholders in their work, will be based upon stakeholder interviews and other reliable sources.



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### *Deliverables*

- Key indicators on Vietnam are published on [www.fairwear.org](http://www.fairwear.org) (Jan-Dec 2015).
- New benchmarks are collected for Fair Wear Foundation's wage ladder on Vietnam (Jan-Dec 2015).

## 3. Audit training and audits

Fair Wear Foundation verifies the process of code implementation in production countries. This includes audits done by local audit teams.

### *Deliverables*

- Auditors are updated on new FWF developments, including cross country learning through webinars (Jan-Dec 2015).
- A new worker interviewer is recruited and trained.
- During 2015 approximately twenty-five factory audits will be carried out in Vietnam.

## 4. Complaints procedure and Workplace Education Programme (WEP)

Fair Wear Foundation has a complaints procedure enabling workers or their representatives in garment factories supplying FWF member companies to file complaints about their working conditions and/or code implementation. FWF has a local complaints handler.

### *Deliverables*

- The complaints handler is functioning well.
- During factory visits and audits, FWF makes certain the Code of Labour Practices is posted (Jan-Dec 2015).
- Information cards with the complaints handler's telephone number in the local languages is distributed to workers, which contributes to an increased awareness of the FWF complaints procedure among workers (March-Dec 2015).
- The Workplace Education Programme will be implemented at an additional twenty factories throughout Vietnam to explain the functioning of FWF's complaints hotline and the benefits of setting up functional grievance mechanisms. Trainings will be carried out in cooperation with the input of local stakeholders (Jan-Dec 2015).

FWF piloted its Workplace Education Programme in Vietnam in the second half of 2014 during which six trainings were conducted. The focus has been to raise awareness of both worker and employee rights and responsibilities. From these pilot trainings FWF has learned that there is a big difference between Vietnamese-owned textile companies and foreign-owned textile companies in how FWF's training is received. The trainers developed icebreaker exercises for workers to become familiar with each other and to help them feel comfortable. Visual icons of the labour standards were useful tools; the sessions are interactive and workers are asked to evaluate their factory using each



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labour icon. In general, FWF found both workers and managers interested in learning effective ways to communicate regarding grievances and/or labour disputes.

Thanks to funding granted by the Netherlands Enterprise Agency (RVO), Fair Wear Foundation has been able to start the project 'Knit your Bit' in Vietnam. Knit your Bit is a joint project by Fair Wear Foundation and the Dutch Centre for the Promotion of Imports (CBI). The aim is to improve sustainable business practices of both European buyers and their suppliers in Vietnam. Brands involved in the project can benefit from the services provided in the following areas: coaching, training, joint (corrective) action plans, and audits. The project enables the implementation of the Workplace Education Programme in-house factory trainings in Vietnam to improve communication and social dialogue between workers and management.

## 5. Stakeholder consultation and engagement

Cooperation with stakeholders in production countries is aimed at improving labour conditions in affiliated production countries. Fair Wear Foundation cooperates with stakeholders in production countries, consulting on FWF policies and on local labour conditions. Thus the stakeholders affiliated with FWF are organisations that play an important role in shaping the social dialogue in a production country. Stakeholders in production countries can, in return, provide solicited or unsolicited policy advice to FWF. FWF will consult the stakeholders in production countries on important issues within their field of competence.

Fair Wear Foundation is trying to find a workable and effective way to involve local partners in the work of FWF in Vietnam. In its 2011-2015-strategy plan, FWF committed to develop best practice examples on improving industrial relations in the most important production countries. The objective for 2015 is to establish and expand local partnerships that can function as co-applicants in joint funding projects and to further expand the stakeholder network with qualified trainers.

### *Deliverables*

- Stakeholder dialogue included in the updated country study.
- Input from local stakeholders is integrated into support/advice given to companies in the process of improving working conditions (June – December 2015).
- Project management with Knit your Bit partner CBI.