



## Country plan Vietnam 2016

### 1. Introduction

Vietnam has seen several significant improvements in labour law over the past years, including sustained improvements in its industrial conditions. In January 2016, as a result of research and a consultation through a tripartite National Wage Council, the Vietnamese government raised the minimum wage levels to between €94 (lowest) and €137 (highest), defined per region.<sup>1</sup> Even though this tripartite structure is promising and sets a good example for other Asian production countries, the challenge remains to include factory workers in collective bargaining and wage negotiations. 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. Factories often comply with local legislation which allows the union chairman to be part of office staff/factory management which is in violation of the international convention and does not allow for independent worker representation. Workers committees or unions are rarely without management involvement. 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) or workers leaving the factory instead of communicating about their labour rights.

Other common issues found in FWF audits show incomplete labour contracts, resignation policies that are not correctly implemented and low awareness among workers of their rights and responsibilities. Vietnamese garment in general have improved health and safety standards and are improving their internal compliance system.

Vietnam has become an increasingly important garment exporting country, particularly for the outdoor, sports and shoes sector. The textile industry remains the most important

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REGION	2016
I	3.500.000 VND
II	3.100.000 VND
III	2.700.000 VND
IV	2.400.000 VND



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export industry for Vietnam, and interest from European textile brands continues to grow. The negotiations for a Free Trade Agreement between Europe and Vietnam will possibly create an even larger boost for doing business in Vietnam.

In 2016 Fair Wear Foundation has 21 member companies sourcing from approximately 175 factories in Vietnam. Most of these factories are located in or around Hanoi and Ho Chi Minh City.

In 2016 Fair Wear Foundation's activities in Vietnam will focus on the implementation of the Workplace Education Programme, to raise awareness on labour rights and grievance mechanisms. Trainings will be arranged for both management and workers over the year.

The verification will focus on factory audits with the local FWF audit teams and effective complaints handling.

## 2. Country study

To remain aware of recent trends in the Vietnamese garment industry, to support member companies in the process of Code implementation, and to contribute to the dissemination of information that supports local stakeholders in their work, FWF regularly publishes a [report](#) on the important challenges in the Vietnamese garment industry based on stakeholder interviews and desk research. An updated report for Vietnam was published late 2015.

### *Deliverables*

- Key indicators on Vietnam are published on [www.fairwear.org](http://www.fairwear.org) (Jan-Dec 2016).
- New benchmarks are collected for FWF's wage ladder (Jan-Dec 2016)

## 3. Audit training and audits

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

### *Deliverables*

- New auditors have been trained and participated in observed audits to establish a full team in both North and South Vietnam (July-Dec 2016).
- Auditors are updated on new FWF developments (Jan-Dec 2016).
- During 2016 about 25 factory audits will be carried out in Vietnam.

## 4. Complaints procedure

FWF has a complaints procedure enabling workers or their representatives in garment factories supplying FWF members to make complaints about their working conditions and the way the Code is implemented. FWF has a local complaints handler.

### *Deliverables*

- During factory visits and audits, it is checked whether the Code of Labour Practices is posted (Jan - Dec 2016)



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- Cards are developed and distributed, with information for workers with the complaints handlers telephone number in local languages. This contributes to an increased awareness of FWF's complaints procedure among workers (Jan - Dec 2016)

## 5. Workplace Education Programme (WEP)

To make workers and management aware of the complaints mechanism, FWF provides training to both parties through the global programme - Workplace Education Programme (WEP). During different WEP training sessions, FWF local trainers discuss labour conditions together with workers and management. Both parties are encouraged to maintain effective communication channel to discuss issues at their factories.

### *Deliverables*

- Implementation of the Workplace Education Programme (basic module) at 10 factories to explain the functioning of FWF complaints hotline and to explain the benefits of setting up functional grievance mechanisms. Trainings are carried out in cooperation with, and with the input of, local stakeholders (Jan – Dec 2016).

## 6. Stakeholder consultation and engagement

Cooperation with stakeholders in production countries is aimed at improving labour conditions in the countries where production for members takes place. FWF cooperates with stakeholders in production countries particularly for consultation on FWF policies and on local labour conditions. Thus, the stakeholders FWF works with are organisations that have a role in influencing or shaping the social dialogue in a production country. Stakeholders in production countries can provide policy advice to FWF. Advice can be solicited and unsolicited. FWF will consult the stakeholders in production countries on important issues within their field of competence.

FWF tries to find a workable and effective way to involve local partners in the work of FWF in Vietnam. For 2016 FWF will conduct a stakeholder mapping to further investigate stakeholder relations in cooperation with CNV Internationaal and FNV Mondiaal.

### *Deliverables*

- Stakeholder dialogue included in the updated country study.
- There is a country representative to coordinate activities, events and maintain contact with stakeholders in Vietnam.
- A round table conference is organised. This event should contribute to the process of strengthening local mechanisms that offer workers access to remedy by promoting learning between local initiatives and exchange of experiences. Through the round tables FWF will also gather input for the Workplace Education Programme to strengthen FWFs complaints procedure (Sept 2016)
- Input from local stakeholders is integrated into support/advice given to companies in the process of improving working conditions (December 2016)



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## 7. Additional Activities (optional)

Please list all the additional activities in the country.

- Finalize project management of the project 'Knit your Bit' where FWF has been able to pilot factory and members' training through funding granted by the Netherlands Enterprise Agency (RVO).