Minimum Wage in Haiti August 2014

THE ISSUE:
How should companies interpret Haiti’s minimum wage law when establishing payment policies for piece-rate workers in garment factories?

WHY IT’S COMPLICATED:
Haiti is one of many countries to establish a minimum wage that varies across employment sectors, with different daily rates established for domestic workers, electricians, bank employees, and other professions. Within the garment industry, minimum wage law varies further, providing for two different rates – a standard minimum daily wage for garment workers of 225 gourdes (US $5.71), and a piece-rate wage, requiring that factories establish a rate that will “allow the worker to realize ... at least 300 gourdes” (US $7.61) per eight-hour day.1 The majority of Haiti’s garment workers receive the piece rate.

This shift in emphasis between the two laws – from flat daily rate to piece rate – shifts companies' obligations from simply meeting a minimum-wage benchmark to the more complicated calculation of a reasonable piece rate to meet the targeted 300-gourde outcome. Though the law, as written, clearly communicates an aspiration for piece-rate workers to reach the 300-gourdes level, Haiti’s Ministry of Social Affairs and Labor, in a response to pressure from local manufacturers, has backed away from the spirit of the law, stating that the 300-gourdes-per-eight-hour-day target “can under no circumstances be considered a minimum wage.”

THE ILO’s SHIFTING INTERPRETATION:
Better Work Haiti, a program of the International Labour Organization (ILO), monitors garment factories to assess compliance with core labor standards and national law. To assess compliance with the 300-gourdes-per-eight-hour-day target, Better Work Haiti declared in October 2013 that to be considered compliant, 90 percent of piece-

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1 Le Moniteur No. 109, Article 2.2.
2 Notice from the Ministry of Social Affairs and Labor to Enterprises in the Export Garment Sector, October 2013.
rate workers in a given facility must be earning 300-gourdes for eight hours of work.\(^3\) Better Work Haiti did not explain the rationale for the 90-percent target, and ultimately shifted its methodology, following pressure from the government. By April 2014, Better Work Haiti no longer assessed piece-work for compliance, but simply reported the percentage for workers in a given facility earning more or less than 300 gourdes per eight-hour day.\(^4\)

**THE WRC REPORT:**

In October 2013, using data from Better Work Haiti and its own investigations, the Worker Rights Consortium (WRC) published a report on wages in the Haitian apparel industry,\(^5\) finding widespread noncompliance with the 300-gourdes-per-eight-hour standard. The report quotes workers explaining that production targets in factories are set too high for them to reasonably earn 300 gourdes in eight hours.

For example, the report found workers in one facility earning an average of 223 gourdes after failing to meet a production quota of 3,600 T-shirts in an eight-hour day. The WRC called on supplier factories to establish piece-rates that allow non-trainee workers to “consistently receive” a 300-gourde daily rate, though workers may earn less during a three-month training period.

**FLA-AFFILIATED COMPANIES’ RESPONSE:**

FLA affiliates Gildan Activewear, Hanesbrands and Russell/Fruit of the Loom have committed to work with their suppliers to provide piece-rate workers in their contract factories with at least 300 gourdes for an eight-hour workday. Each brand has developed its own framework for its specific commitments.

Gildan reports that it committed in November 2013 to the 300 gourdes per eight-hour workday standard, so long as “reasonable efficiency rates” are met, and has stated that an April 2014 meeting with local union leaders confirmed the company’s compliance.\(^6\) Hanesbrands reports to FLA that compliance with the 300-gourdes standard for trained piece-workers became mandatory at its contract factories as of February 2014, with auditing to ensure compliance beginning in April 2014. And Russell/Fruit of the Loom affirmed in November 2013 that it would follow the initial 90-percent standard set forth by ILO/Better Work.\(^7\)

**FLA REFLECTIONS:**

The apparel industry, after agriculture, is the most important source of jobs for Haitian workers. Its exports amount to more than $800 million annually and account for more than 90 percent of export earnings, or 9 percent of GDP. The industry employs more than 30,000 workers, 63 percent of them women.

These garment industry jobs are very important for helping local workers invest in rebuilding their communities and their lives after the devastating earthquake in 2010. To succeed, workers must earn a wage in line with the spirit of the FLA compensation code, which calls on employers to progressively establish wages that “meet workers’ basic needs and provide some discretionary income.”

With debate ongoing around what this means in Haiti, we recognize the three FLA affiliate brands named above for taking steps to meet the 300-gourdes-per-day standard for workers, and we call on all FLA affiliate brands to establish strategies to meet this standard. All companies doing business in Haiti must continually assess whether their compliance strategies are working, and whether factories’ production and efficiency targets are set realistically so that workers can earn 300 gourdes daily, without overtime.

Ultimately, the controversy over piece rate is as much a productivity debate as a wage debate. As wage costs increase, the competitiveness of Haiti’s industry will hinge on continued productivity. Achieving a stable, productive, and non-exploitative garment industry in Haiti will depend on cooperation and consensus between the government, the garment industry, and trade unions, with continued support from the ILO, NGOs, and brands doing business in Haiti.

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