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List of Acronyms used

CBA: Collective Bargaining Agent or Agreement
EBA: The EU's Everything but Arms Initiative

EPZ: Export Processing Zone

EOBI: Employee Old-Age Benefit Institutions

GSP+: The EU's Generalised Scheme of Preference Plus

ILO: International Labor Organization

HRCP: Human Rights Commission of Pakistan NGO: Non-Governmental Organisations

RMG: Ready-made Garments
PTI: Pakistan Tehreek-e-Insaaf

MOPHRD: Ministry of Overseas Pakistanis and Human Resource Development

ITUC: International Trade Union Congress

HRW: Human Rights Watch

GENPROM: United Nations Development Programme's Gender Promotion

in the Garment Sector Project

GE4DE: International Labour Organization's Gender Equality for Decent Employment

UNICEF: United Nations Children's Fund

ICT: Information and Communications Technology

1. Introduction

Located in South Asia, Pakistan is the fourth largest cotton producer in the world and ranks third in terms of yarn production. Pakistan's manufacturing industry, of which garment and textile form a key sector, is the second largest tier of the economy after agriculture.

Pakistan's economy has grown steadily in recent years but remains below its regional counterparts. Despite an increasing flow of investments under the China-Pakistan Economic Corridor (CPEC), issues such as the energy crisis, the fight against terrorism, and political instability have had a negative influence, limiting the country's ability to reap the full benefits of such investment. While the country needs decent road connectivity, efficient seaports, and competitive productivity and wage levels, there are also has serious issues around educating its workforce and increasing women's participation in the economy.

Acquiring the EU's General Scheme of Preference Plus (GSP+) status¹ has improved Pakistan's margin of preference in producing ready-made garments (RMGs), which has contributed to the growth of garment exports to the EU.

Pakistan consistently ranks at the lowest tier of the various global indices, including human development, political governance, corruption, inequality, freedom of speech, and gender, to name a few. A wide range of legal reforms of the labour market have taken place over the last ten years, including the devolution of power to the provinces due to the 18th Amendment to the Constitution. This has opened up opportunities for more provincial autonomy, including the Industrial Relations Act and trade unionism. However, there are several flaws that include a weak labour inspectorate, lack of protection against anti-union discrimination, and the use of 'yellow unions' that continue to influence and undermine the union movement.

Due to country's patriarchal structure, women are confronted with a multitude of challenges to claim their rightful place in society and the workplace. Of the estimated 2.2 million people employed in Pakistan's garment factories, around 28% of the garment workforce are women.² This is a distinguishing feature of the RMG labour force in Pakistan as compared to other larger garment manufacturing countries where the percentage of female workers is much higher, such as Bangladesh (65%), Sri Lanka (76%), China (66%), Cambodia (82%), Vietnam (79%), and Indonesia (65%).³ The female participation rate in the garment industry has, however, increased over time, and the annual growth rate for female employment in the industry is 10% as compared to male employment growth of 4.3%.⁴

Occupational health and safety, including fire safety, are critical issues for the garment industry to address, especially since the Ali Enterprises fire in 2012. Several related laws have been passed, especially on fire safety, but due to weak implementation mechanisms the impact is minimal.

Pakistan has not been immune to the economic shocks of COVID-19 and its exports have been hit hard. Still, it has been the fastest to recover compared to its regional counterparts. If the garment industry is able to maintain this positive growth and upward trajectory, it will help both increase exports and, given its labour-intensive nature, provide plenty of good jobs for people.

- EU's special incentive arrangement for vulnerable low and lower-middle income countries to slash import duties to 0% for products coming into
 the EU market. his helps developing countries to alleviate poverty and create jobs based on international values and principles, including
 labour and human rights.
- 2. Wage Indicator Foundation 2018: https://wageindicator.org/documents/publicationslist/publications-2018/2018-garment-wageindicator.pdf
- 3. Wage Indicator Foundation 2018: https://wageindicator.org/documents/publicationslist/publications-2018/2018-garment-wageindicator.pdf
- 4. International Labour Organization 2017: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_544182.pdf



2. General Country Information

Pakistan is a federal parliamentary republic. In 2018, the Pakistan Tehreek-e-Insaaf (PTI) party won the most National Assembly seats in the general elections, and PTI's leader, Imran Khan, became prime minister. The democratic system in Pakistan has faced frequent interventions from the military since it became an independent country in 1947. The last 12 years is the longest period that successive democratic political governments have remained in power.

Pakistan is a developing country with a population of 216.5 million and an annual population growth rate of 2%.⁵ It is the 5th most populous country in the world⁶ bordering India, China, Afghanistan, and Iran. Females make up 48.5% of the population⁷ and overall 35% of the population is under the age of 15 years⁸. The increasing proportion of Pakistan's youth provides the country with a potential demographic dividend and a challenge to provide adequate services and employment.

Overwhelmingly a Muslim majority nation, Muslims make up 96.2% of Pakistan's population, as per the 2017 Census. The largest minority groups are Hindus (1.6%) and Christians (1.59%). Ethnicity and religion significantly influence Pakistan's social and cultural environment. There are five main ethnic and language groups in Pakistan, namely: Punjabi, Pashtun, Sindhi, Baloch, and Muhajir (immigrants), each having their own distinct history and tradition.

2.1. SOCIO-ECONOMIC INDICATORS

The economy of Pakistan, like other economies, has a diverse structure with three main sectors -agriculture, industry, and services with a 19.31, 19.29, and 61% share in GDP respectively. The total GDP of Pakistan in 2019 was 278.22 billion USD. In the year 2020, Pakistan's economy sharply contracted as it experienced a negative growth of 0.4% due to supply and demand shocks. That year the industrial sector experienced a negative growth rate of 2.64%, which reflects the challenges post-COVID-19. Pakistan's exports as a percentage of GDP have consistently declined in the last decade. In 2019, they were 10.1% of GDP, which is lower than India (18.4%), Bangladesh (15.3%), and Sri Lanka (22.9%) (see Figure 1).

- 5. World Bank: https://data.worldbank.org/indicator/SP.POP.TOTL?locations=PK
- 6. US Census Bureau: https://www.census.gov/popclock/print.php?component=counter
- 7. World Bank: https://data.worldbank.org/indicator/SP.POP.TOTL.FE.ZS?locations=PK
- 8. World Bank: https://data.worldbank.org/indicator/SP.POP.0014.TO.ZS?locations=PK
- 'Population by Religion', 2017 Census, Pakistan Bureau of Statistics: http://www.pbs.gov.pk/sites/default/files//tables/POPULATION%20BY%20RELIGION.pdf
- 10. Pakistan Economic Survey 2019-2020, Finance Division, Government of Pakistan
- **11.** ibid
- 12 World Bank: https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=PK-IN-BD-LK



40% 35% 30% 25% 20% 15% 10% 5% 0% 1960 1980 1965 1970 1975 1985 1990 1995 2000 2005 2010 2015 India Bangladesh Pakistan

Figure 1: Exports of Goods and Services (% of GDP) - Pakistan, India, Bangladesh, and Sri Lanka.

World Bank national accounts data, and OECD national accounts data files.

Moreover, Pakistan's exports are quite narrowly focused, with three main categories - textile and apparel, food products, and leather products - comprising approximately 80% of exports. Textile and apparel exports are the largest, making up 60% of all exports.

In 2019, GDP per capita was 1284.7 USD, which reflects a 13.33% decline compared to 2018. Pakistan's GDP showed steady growth in the preceding ten years. Pakistan's GDP is lower as compared to regional countries such as India (2099.6 USD), Bangladesh (1855.7 USD), and Sri Lanka (3853 USD). Figure 2 provides a comparison of GDP per capita with regional countries. The income inequality further exacerbates the already low levels of economic development. The income share of the lowest 20% in Pakistan is 8.9%, which is slightly higher than India (8.1%), Bangladesh (8.6%), and Sri Lanka (7%).

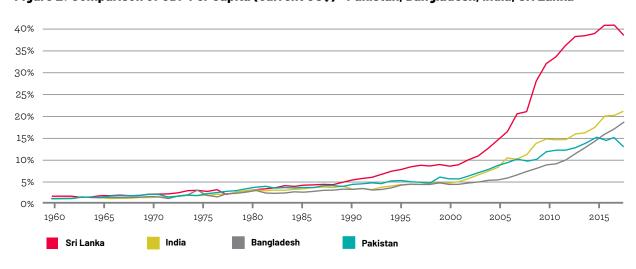


Figure 2: Comparison of GDP Per Capita (current US\$) - Pakistan, Bangladesh, India, Sri Lanka

- 13. Pakistan Economic Survey 2019-2020, Finance Division, Government of Pakistan
- 14. World Bank: https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=PK-LK-IN-BD
- $\textbf{15.} \quad \textbf{World Bank:} \ \underline{\textbf{https://data.worldbank.org/indicator/SI.DST.FRST.20?locations=PK-IN-BD-LK}$

According to estimates by the Planning Commission of Pakistan, 24.3% of the population lives below the national poverty line. ¹⁶ Due to challenges arising from COVID-19, this figure is expected to increase as more people are pushed below the national poverty line. Another challenge facing the economy in the last two years has been high inflation. Headline inflation rose to 11.2% in 2020, with the highest inflation rate recorded at 14.6% in January 2020. ¹⁷ The main contributing factor to this high inflation rate was high food prices, which directly impact the poor.

The Government of Pakistan has undertaken targeted poverty reduction interventions through the Ehsaas Programme, the Benazir Income Support Programme, the Sehat Sahulat Programme, and expanding coverage of the Waseela-e-Taleem Programme. Through these programmes, cash subsidies, health, and education support are provided to people in lower strata of society.

As per the United Nation's 'Human Development Report 2020', Pakistan has an HDI score of 0.557 and is ranked in the group of countries with medium human development. Pakistan ranked 154 out of included 189 countries, mainly due to deficiencies in health and education facilities. One manifestation of these deficiencies is the high under-five mortality rate, which was 67.2 deaths per 1,000 live births in 2019.

Similarly, Pakistan ranked 151 out of 153 countries on the Global Gender Gap Index due to significant gender inequalities related to access to education and work²¹ (see Appendix 1 for details). This is reflected in lower female labour force participation, which is 22.8% as compared to a male labour force participation of 81.1%. Similarly, the female population that has attained secondary education is 27.6%, while the percentage of male population with secondary education is 45.7%.²²

2.2. LABOUR MARKET

In terms of size of the labour force, Pakistan ranks 9th in the world²³, with a total labour force of 63.4 million in 2018²⁴. Overall, the unemployment rate is 5.7%. Appendix 2 provides an overview of key indicators in the labour market. It is evident from the table that female labour force participation is significantly lower. The appendix also provides details of the county's workforce. Overall, the service sector and agriculture sector have the largest share in employment. The informal economy has a 71.4% share of total employment. Women are mostly employed in the agricultural sector, with a smaller share in the industrial and service sector.

It is estimated that, of all the people employed, around 55.6% are vulnerable or 'at risk of lacking decent work'. The share of vulnerable workers is especially high in agriculture (87.8%). The vulnerability faced in agriculture is similar for both genders. However, in manufacturing, 32.9% of workers are vulnerable, while this breaks down as 55.9% of women compared to 26.6% of employed men being vulnerable. 26

- 16. Pakistan Economic Survey 2019-2020, Finance Division, Government of Pakistan
- 17. Pakistan Bureau of Statistics, Government of Pakistan
- 18. The HDI rankings are measured by combining indicators of health, education, and standards of living but this year included two more elements: a nation's carbon dioxide emissions and material footprint that put enormous strain on the planet.
- 19. Human Development Report 2020, United Nations Development Programme: http://hdr.undp.org/en/countries/profiles/PAK
- 20. World Bank: https://data.worldbank.org/indicator/SH.DYN.MORT?locations=PK-IN-BD-LK
- 21. World Economic Forum: http://www3.weforum.org/docs/WEF_GGGR_2020.pdf
- 22. Human Development Report 2020, United Nations Development Programme: http://hdr.undp.org/en/countries/profiles/PAK
- 23. International Labour Organization
- 24. Pakistan Labour Force Survey 2017-18, Pakistan Bureau of Statistics, Government of Pakistan
- 25. Pakistan Employment Trends, Pakistan Bureau of Statistics, Government of Pakistan
- **26**. ibid



Impact of the 18th Amendment to Pakistan's Constitution: In April 2010, the 18th Amendment to the Constitution devolved labour, along with 46 other areas, to the provincial level. This has had a major effect on the development and implementation of labour policies in the country. The 18th Amendment aimed to decentralise power and grant greater autonomy to the provinces to develop and implement policies closer to the ground, which would eventually filter down to the district levels. This will be discussed in detail in Chapter 5 of this the report.

Respective provincial governments were required to promulgate their labour laws according to local conditions. However, Sindh was the only province that produced a record number of labour-related legislation²⁷, including the first-ever law in Pakistan to protect the rights of home-based workers (The Sindh Home-Based Workers Act, 2018) and agriculture workers (The Sindh Women Agriculture Act, 2019), which were previously not covered by the labour laws. Other provinces lag in developing provincial legislation and still mostly rely on older federal laws.

Due to the concentration of the textile and garment industry in Sindh and Punjab, this report will point out specific laws and industrial relations in these provinces, and where necessary references will be made to federal legislation.

2.3. INDUSTRIAL RELATIONS

As mentioned above, the 18th Amendment has had a major effect on the development of labour policies in the country. Industrial relations are organised on a federal level through the Industrial Relations Act of 2012, and provincial policies were introduced in Punjab in 2010 and Sindh in 2013. This provincial division further complicates implementation and monitoring of the diverse industrial relation policies. Also, at the federal level, responsibility for reporting Pakistan's progress in the application of international conventions and labour standards now rests with the Ministry of Overseas Pakistanis and Human Resource Development (MOPHRD).

Overall, the state of labour unionisation in Pakistan is quite dismal. Only 2.2% of the workforce is unionised. Table 1 provides a snapshot of the status of unionisation in Pakistan, reflecting the formal sector. The majority of the workforce is employed in the informal sector and thus not unionised.

27. State of Human Rights 2018, Human Rights Commission of Pakistan:
http://hrcp-web.org/publication/wp-content/uploads/2019/04/State-of-Human-Rights-in-2018-English.pdf

Table 1: Status of Unionisation in Pakistan

Description	Figures	
Total Unionised Workforce	1,414,160*	
Total No of Unions	7096	
Total CBA ²⁸ Unions	1390	
Total Non CBA Unions	5706	
Membership of Three Leading Labour Federations		
Pakistan Workers Federation (PWF)	396	840,570
Mutahida Labour Federation (MLF)	204	140,200
National Labour Federation (NLF)	200	132,500

Source: International Labour Organization (2018)

Union density in the formal sector is also considered low at 15.5%.²⁹ Workers in various categories such as agricultural workers, teachers, civil servants, and workers in special economic zones cannot form a union as per law. Table 2 provides a list of sectors excluded from unionism, as per law. The low level of union activity is mainly the result of the overall political environment in the country. Pakistan has had a history of military rule in most years since its independence. Military rulers' patronage of the industrial elite especially discouraged the fundamental rights of workers, and consequently, unions were restricted through various legislations.

Table 2: Sectors Excluded from Unionism as Per Law

	Sectors
1	Government Services (Provincial)
2	Federal Government
3	Defense Line Pakistan Railways
4	Agriculture (Forestry, Hunting and Fishing)
5	Self-Employed Persons
6	Hospitals and Clinics
7	Education Institutions
8	Export Processing Zones And Specific Public Sector Enterprises Falling Into This Category
9	Pakistan Security Papers
10	Pakistan Security Printing Corporation
11	Wah Ordinance Factory
12	Pakistan Council of Scientific and industrial Research
13	Defense Housing Authority Karachi
14	National Logistic Cell
15	Civilians of the Defense Services
16	Watch and ward, Security or Fire Service of Oil, Gas, Seaport or Airport

Source: International Labour Organization (2018)

^{*}This is based on number of members declared at the time of union registration

^{28.} Collective Barganing Agent (CBA)

^{29.} A Profile of Trade Unionism and Industrial Relations in Pakistan, International Labour Organization 2018

Moreover, legislation that does exist for protecting labour rights is ineffective due to weak enforcement mechanisms. For example, labour officers/inspectors have the legal authority to inspect organisations to monitor working conditions and, in case of any violation, punish them accordingly. This is to ensure better working conditions for the labour force. However, there are not enough inspectors employed by the labour department. In Karachi, the largest industrial city housing thousands of industrial and service organisations, employs only 70-80 inspectors. In addition, a corrupt political system hampers the functioning of labour inspectors, and their capacity to regulate working conditions is another constraint. Finally, industrial relations are affected by the aforementioned high levels of informal sector employment beyond the scope of existing labour laws.

This situation is reflected in the International Trade Union Congress (ITUC) Global Rights Index. Pakistan was awarded a rating of 5, which indicates that no rights are guaranteed (see Appendix 3). 'Countries with the rating of 5 are the worst countries in the world to work in. While the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices.'³⁰

2.4 POLITICAL AND GOVERNANCE INDICATORS

The Constitution of 1973 is still the supreme law of Pakistan and it defines the political system as a Federal Parliamentary Republic. The legislative body comprises an upper house, i.e. the Senate that has equal representation from all four provinces, and a lower house, the National Assembly that comprises elected members from all the provinces. In addition, provincial assemblies comprise elected members from each province. One of the salient features addressed by the 1973 Constitution is the sharing of power between federal and provincial governments. It provides a federal legislative list and a concurrent legislative list. The National Assembly is sovereign in making federal laws as per the federal legislative list and concurrent legislative list. Provincial assemblies are prohibited from making any laws regarding areas specified in the federal legislative list. In case of laws related to the concurrent legislative list, both national and provincial assemblies can make laws. However, if the National Assembly passes any law regarding concurrent issues where provincial law also exists; federal laws prevail.

The democratic system in Pakistan has faced frequent interventions from the military since its founding. Pakistan scores lower relatively on the Democracy Index as compared to regional countries like Bangladesh and India, and is defined as a 'hybrid regime' rather than a functional democracy by the Economics Intelligence Unit (EIU). This is because of low scores in political participation, political culture, and civil liberties. This score declined from 4.64 in 2013 to 4.25 in 2019. 32

Appendix 4 compares Pakistan with other regional countries on various governance indicators. It is evident from this comparison that Pakistan lags behind regional countries in terms of political stability, voice, and accountability. In terms of regulatory quality, government effectiveness, and control of corruption, Pakistan is in a better position than Bangladesh. On Transparency International's Corruption Perception Index, Paki-

- 30. https://survey.ituc-csi.org/ITUC-Global-Rights-Index.html?lang=en
- 31. These are the regimes where 'elections have substantial irregularities that often prevent them from being both free and fair. Government pressure on opposition parties and candidates may be common. Serious weaknesses are more prevalent than in flawed democracies—in political culture, functioning of government and political participation. Corruption tends to be widespread and the rule of law is weak. Civil society is weak. Typically, there is harassment of and pressure on journalists, and the judiciary is not independent' (Economist Intelligence Unit, Democracy Index 2019)
- 32. Economist Intelligence Unit, Democracy Index 2019

stan ranked 120 in 2019 while Bangladesh, India, and Sri Lanka ranked 146, 80, and 93, respectively.³³ Overall, Pakistan has significantly improved its ranking on the Ease of Doing Business Index from 136 in 2018 to 108 in 2019.³⁴ This is mainly attributed to improvements in the registration of businesses, getting permits from various government departments, payment of taxes, and facilitating cross-border trade by developing a fully automated web-based system for imports and exports.

2.5 GENERAL HUMAN RIGHTS SITUATION

According to Amnesty International and Human Rights Watch (HRW), the crackdown on civil society and freedom of expression has intensified in the last few years. There are increased restrictions on media, the political opposition, and non-governmental organisations (NGOs). Human rights activists, media personnel, and opposition parties are under attack. The Human Rights Commission of Pakistan (HRCP) reported that 'Media coverage was severely inhibited and journalists intimidated into self-censorship, most specifically in reporting on abuses by government security and intelligence agencies as well as militants'. Human Rights Watch claimed to receive 'several credible reports of intimidation, harassment, and surveillance of various NGOs by government authorities'. The government has enforced the Regulation of INGOs in Pakistan 2015 policy to regulate the registration and functioning of international NGOs including humanitarian and human rights groups.

The rights of women and children are another area of concern highlighted by human rights organisations. Violence against women including abduction, physical assault, rape, and murder are key issues. Similarly, sexual abuse and violence against children is widespread. According to HRCP, there has been a significant increase in cases of sexual abuse in the last couple of years.

There have been some legislative achievements in the recent past to ensure the rights of women and children, such as the passing of the Sindh Home Based Workers Act, 2018; the Sindh Women Agriculture Act, 2019, the Punjab Domestic Workers Act, 2019, and the Anti Rape Act, 2020. Similarly, the Transgender Persons (Protection of Rights) Act, 2018, gives transgender persons the right to be recognised as per their self-perceived gender identity and makes discrimination against them in numerous areas unlawful. However, the effective implementation of these laws is yet to be seen.

Another area of concern is labour rights. Regarding the ratification of international labour standards, Pakistan has ratified 36 out of 189 ILO Conventions, including:

- Fundamental Conventions: 8 out of 838
- **Governance Conventions:** 2 out of 4
- Technical Conventions: 26 out of 177

See Appendix 5 for complete details.

- 33. Transparency International, Corruption Perception Index 2019: https://www.transparency.org/en/cpi/2019/results/pak
- 34. World Bank, Doing Business 2020: https://www.doingbusiness.org/content/dam/doingBusiness/country/p/pakistan/PAK.pdf
- 35. State of Human Rights 2018, Human Rights Commission of Pakistan: http://hrcp-web.org/publication/wp-content/uploads/2019/04/State-of-Human-Rights-in-2018-English.pdf
- 36. World Report 2020, Human Rights Watch: https://www.hrw.org/sites/default/files/world_report_download/hrw_world_report_2020_0.pdf
- $\textbf{37.} \quad \textbf{Amnesty International:} \\ \underline{\textbf{https://www.amnesty.org/en/countries/asia-and-the-pacific/pakistan/report-pakistan/$
- 38. International Labour Organization: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:103166



The implementation of ILO and UN conventions relating to labour standards and human rights is an ongoing problem in Pakistan. For example, despite significant legislation, Pakistan ranked 8th on the Global Slavery Index 2018, with an estimated three million living in modern slavery/ bonded labour.³⁹ Similarly, an estimated 12 million children are involved in child labour in the country.⁴⁰

Significant among the conventions that Pakistan has not ratified, are those on a pollution-free environment; safety and health in construction, agriculture, and mines; home workers and domestic workers; prevention of major industrial accidents; and minimum wages. The numerous and regular reports of industrial accidents in Pakistan, and particularly the all too frequent cases of fatal accidents in mines, point to the urgent need for regulations. For example, in the last eight years, more than 300 workers lost their lives in deadly incidents in Baluchistan and other provinces.⁴¹

39. Global Slavery Index 2018: https://www.globalslaveryindex.org/2018/data/country-data/pakistan/

- State of Human Rights 2018, Human Rights Commission of Pakistan: http://hrcp-web.org/publication/wp-content/uploads/2019/04/State-of-Human-Rights-in-2018-English.pdf
- 41. State of Human Rights 2018, Human Rights Commission of Pakistan:
 http://hrcp-web.org/publication/wp-content/uploads/2019/04/State-of-Human-Rights-in-2018-English.pdf

3. Stakeholders

GOVERNMENT INSTITUTIONS

Ministry of Commerce and Textile (MOCT)

MOCT is concerned with economic growth and commerce development and promotion in Pakistan. The trade agreements and export and import policies and regulations come under its purview. There is a textile division within this ministry that formulates programmes and strategies to bolster the competitiveness of the textile sector.

http://www.commerce.gov.pk

Ministry of Industry and Production (MOIP)

MOIP plays the role of facilitator in industrial development through policy interventions, which includes setting up Industrial Parks and Export Processing Zones for investors, and skill development of human resources for industrial sectors.

http://www.moip.gov.pk

Ministry of Overseas Pakistani Human Resource Development (MOPHRD)

After the 18th Amendment, the Ministry of Human Resource Development was merged with the Ministry of Overseas Pakistanis in 2013. Apart from policies and programmes for overseas Pakistanis, it is responsible for policies and programmes related to labour at the federal level. It coordinates with provincial labour departments and reports compliance on international labour standards.

http://ophrd.gov.pk

Export Processing Zones Authority (EPZA)

EPZA is under the administrative control of the Ministry of Industries and Production. Its purpose is to accelerate the pace of industrialisation in the country and enhance the volume of exports by creating an enabling environment for investors (foreign and local). The EPZA is pursuing an extensive programme to create a network of export processing zones in Pakistan. These EPZs are being established in close cooperation or under joint venture arrangements with the private sector.

https://epza.gov.pk

Trade Development Authority of Pakistan (TDAP)

TDAP is under the administrative control of the Ministry of Commerce. It aims to help improve market access through trade diplomacy and promoting the 'business' image of Pakistan in the key export markets for Pakistani products and services. It mainly helps exporters find new markets.

https://tdap.gov.pk

Provincial Labour and Human Resource Department

The Sindh Labour and Human Resources Department and Punjab Labour and Human Resource Department are two important stakeholders. They are responsible for the implementation of labour laws in these provinces. The setting of minimum wage, inspection of factories, registration of unions, handling workers' complaints, managing worker welfare programmes, managing industrial disputes, and managing labour courts are some of the important functions that come under their jurisdiction.

https://labour.punjab.gov.pk

https://sindh.gov.pk/dpt/Labour_HRM/index.htm

EMPLOYERS ORGANISATIONS

Pakistan Hosiery Manufacturers Association (PHMA)

PHMA is the representative body of hosiery and knitwear manufacturers. Established in 1960 it has around 884 member organisations all over the country. It serves to protect the interests of knitwear garment manufacturers and works closely with governmental organisations. In the recent past, it has worked with various international organisations such as ILO and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for improving productivity and energy efficiency.

http://phmaonline.com/home.asp

Pakistan Readymade Garments, Manufacturers & Exporters Association (PRGMEA)

PRGMEA is the representative body of woven garment manufacturers. It has 355 member organisations all over the country. Its mission is to support its member organisations and help address hurdles in the business environment through continuous interaction with relevant government bodies. PRGMEA has also worked with various international organisations such as UNDP and ILO on improving industry performance. In 2019, PRGMEA hosted the 35th IAF World Fashion Convention in collaboration with International Apparel Federation (IAF)

http://www.prgmea.org

Pakistan Textile Exporters Association (PTEA)

Established in 1985, PTEA is a representative body of textile manufacturers. PTEA advocates for textile exporters and works as a bridge between industry and the government. It is mostly dominated by fabric manufacturers. There more than 250 members across the country.

http://www.ptea.org.pk

All Pakistan Textile Mills Association (APTMA)

APTMA is the representative body of spinning, weaving, and composite mills. It has 396 member-textile mills. It is one of the largest and most influential trade associations in the country.

https://www.aptma.org.pk

Pakistan Cotton Ginners Association (PCGA)

PCGA is the industry association for cotton ginners, representing more than 1,200 members.

https://www.pcga.org

Employers Federation of Pakistan (EFP)

EFP is the only body of employers in Pakistan that is a member of the International Organisation of Employers (IOE). EFP is also a member of the Confederation of Asia-Pacific Employers (CAPE) and the South Asian Forum of Employers (SAFE). The EFP, as the tripartite constituent of ILO, has the mandate, among others, to interact with government, business organisations, social partners, and stakeholders in its advocacy role on the issues of social, economic, environmental, industrial relations, and human resource development.

https://efp.org.pk

Federation of Pakistan Chambers of Commerce and Industry (FPCCI)

The FPCCI serves as a bridge between the private sector and the government. It plays an active role in presenting problems of trade and industry and safeguarding the interests of the private sector through constant dialogue with the Pakistan government

https://www.facebook.com/FPCCI.OFFICIAL.PAGE/

TRADE UNIONS

Pakistan Workers Confederation (PWC)

PWC is an umbrella organisation for unions and was created after the merger of three national Pakistan unions, namely: the All Pakistan Federation of Trade Unions (APFTU), the All Pakistan Federation of Labour (APFOL), and the Pakistan National Federation of Trade Unions (PNFTU). PCF is currently the largest and most active union in Pakistan and the go-to partner for the ILO and the Government of Pakistan.

All Pakistan Trade Union Federation (APTUF)

The APFTU was formed in 1948 and has 240 affiliated unions, including workers in unorganised sectors such as brick kilns, oil tankers, and the carpet industry. It is the second-largest trade union federation in Pakistan.

Pakistan Textile Workers Federation (PTWF)

The Pakistan Textile Workers Federation (PTWF) represents workers in textile, garments, and power looms. The main objective of the federation is the adoption and enforcement of recognised ILO declarations on fundamental rights, and the upholding of the principles embodied in international labour conventions, especially the core labour standards relating to trade union activities, child labour, bonded labour, and equality.

http://ptwf.blogspot.com

Pakistan National Textile, Leather, Garments, and General Workers Federation (PNTLGGF)

The PNTLGGF strives to install a 'living wage system', to end the contract system and daily wage system in financial, commercial, and industrial sectors, and to end all manner of restriction in the way of union formation, making it compulsory for every establishment to have a union, and restrain the employers from putting up hurdles in the way of unionisation.

https://www.facebook.com/pages/category/Nonprofit-Organization/Pakistan-National-Textile-Leather-Garments-General-Workers-Federation-350575201967174/

National Trade Union Federation (NTUF)

NTUF represents workers of different sectors, which include agriculture, automobile, shipbuilding, electricians, textile, garments, leather, chemicals, food and beverages, services, local bodies, printing, processing, transport, meteorology, polyester fabric, and allied industries. They are mainly active in and around Karachi. The NTUF is affiliated with IndustriALL.

https://www.facebook.com/National-Trade-Union-Federation-NTUF-1594302000818483/

Home Based Women Workers Federation (HBWWF)

HBWWF's main objective is to recognise home-based work as labour in Pakistan's law and incorporate home-based workers in social security schemes that exist in Pakistan. They focus on women workers in the garment and textile industry, bangle industry, sack stitching, carpet weaving, packing, hanger making, cotton filling, fabric sorting, cutting, jewellery, shoemaking, football stitching, patchwork, and all kinds of embroidery. They are affiliated with Home Net South Asia, a network of home-based workers in South Asia.

https://hbwwf.org

NON-GOVERNMENTAL ORGANISATIONS

Pakistan Institute of Labour Education and Research (PILER)

PILER is dedicated to promoting a democratic and effective labour movement. PILER does so by mobilising and organising workers (male/female) and communities around issues of labour rights, broadly defined to include public services such as education, health, and shelter that are basic requirements for a decent living. Furthermore, they assist in training and education for effective and sustained mobilisation and organisation of workers, both in the formal and informal economies. PILER also undertakes advocacy activities as well as research. In the recent past, PILER has successfully campaigned with trade unions and other labour rights organisations to secure compensation for the Ali Enterprise victims. It is also mobilising the partner organisations to work towards a binding agreement on workplace safety for the Pakistan textile and garment industry.

https://piler.org.pk

Labour Education Foundation (LEF)

LEF is an initiative of renowned trade union leaders, human rights, and women rights activists to organise, build capacity, and advocate for workers' rights, and provide informed input to trade unions and various civil society organisations for the promotion of workers' rights. LEF works closely with various national and international organisations to ensure labour rights in various industrial sectors, including textile and garments.

https://www.lef.org.pk

Kaarvan Foundation

Kaarvan Crafts Foundation was established in 2004 with a goal to alleviate poverty by developing and sustaining avenues for economic & social empowerment for women entrepreneurs in urban and rural low-income communities of Pakistan.

https://www.facebook.com/KaarvanCraftsFoundation/

Homenet Pakistan

Homenet's goal is to develop and strengthen networks among home-based women workers and organisations working with them, and facilitate their cross-learning and cooperation to empower women. It furthermore aims to develop a national policy for home-based workers, undertake advocacy with public representatives at all levels, working with government, policymakers, and planners.

https://homenetpakistan.org

INTERNATIONAL ORGANISATIONS

International Labour Organization (ILO)

The ILO office was set up in Pakistan in 1970. ILO's work in Pakistan covers a wide range of activities: promotion of international labour standards; prevention and elimination of child and bonded labour; job creation through employable skills; mainstreaming gender equality; strengthened labour market governance; employment and livelihoods recovery in response to conflicts and crises; expansion of social security schemes and social safety nets, especially in the informal economy, and the promotion of tripartism and social dialogue. It is actively involved in the garment sector in Pakistan. Some active projects in the garment sector include a focus on labour standards in the global supply chains and Pakistan Buyers Forum. ILO is also set to launch the Better Work Programme in Pakistan.

https://www.ilo.org/global/lang--en/index.htm

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

GIZ has been active in Pakistan since 1963. Its priority areas in Pakistan are sustainable economic development, good governance, and energy. It is working on various projects within these thematic areas. In the textile sector, GIZ supports the Pakistani Government in ensuring labour and environmental standards are upheld. There is an Implementation Agreement to support two projects and one is on "Improvement of Labor, Social and Environmental Standards in Pakistan's Textile Industry (TextILES)"...

https://www.giz.de/en/html/index.html

The Sustainable Trade Initiative (IDH)

IDH is active in Pakistan in the area of sustainable production. Their main projects are focused on textile and apparel, where IDH collaborates with partners such as the Pakistan Buyers Forum and the Better Cotton Initiative.

https://www.idhsustainabletrade.com

4. Garment Industry Overview

Pakistan is the fourth-largest producer of cotton in the world and depends heavily on its textile industry, within which garments comprise the most value-added stage. The sector contributes nearly one-fourth of industrial value-added, 60% of the exports, and employs about 40% of the industrial labour force.⁴² Pakistan's textile and garment industry is thus the backbone of the economy and it remains the primary engine for economic growth in the country. In 2017, ILO estimated that the garment industry in Pakistan employed approximately 2.2 million workers.⁴³ The growth of this sector is very important for both employment and export earnings.

The garment industry in Pakistan consists of a handful of large firms and a few hundred medium-sized firms that together account for approximately two-thirds of the export share. The remaining exports come from hundreds of small firms that export in smaller volumes. Table 3 provides details of the size and structure of the garment industry in Pakistan. Locals mainly dominate the ownership, with only 5% of garment manufacturing firms owned by foreigners. Production is mainly concentrated in two provinces, Punjab and Sindh. In Punjab, the country's most populous province, the cities of Lahore and Faisalabad are the main production centres with some production in Sialkot and Multan as well. In Sindh, production is concentrated in Karachi, which is the largest and main port city in the country.

The main markets for Pakistan's garment exports are the USA and EU, which account for a 30% and 57% share respectively, as per export data for the financial year 2019-2020. Garment producers in Pakistan are major suppliers to many leading American and European brands. Over the years, the industry has grown at a healthy pace and Pakistan's garment exports reached the 5.3 billion USD mark in 2020 (see Table 4 for export trends in the last ten years). The share of woven products has continuously increased from 41.8% to 47.7% in the last ten years, and is expected to continue to grow as the denim segment is performing well. Overall, Pakistan's exports are quite concentrated in a few product categories. Three broader categories, i.e. trousers, knit shirts, and sweaters/sweatshirts, account for two-thirds of garments exports. The highest growth over the last ten years was seen in the trouser category, making Pakistan the sixth largest producer of woven trousers.

- 42. Pakistan Economic Survey 2019-2020, Finance Division, Government of Pakistan
- 43. International Labour Organization 2017:
 https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_544182.pdf
- 44. Pakistan in the Apparel Global Value Chain, World Bank:
 http://documents1.worldbank.org/curated/pt/933691570165490189/pdf/Pakistan-in-the-Apparel-Global-Value-Chain.pdf
- 45. Trade Development Authority of Pakistan
- 46. Pakistan in the Apparel Global Value Chain, World Bank:
 http://documents1.worldbank.org/curated/pt/933691570165490189/pdf/Pakistan-in-the-Apparel-Global-Value-Chain.pdf

Table 3: Structure of Pakistan's Garment Industry*

Threshold	Number of firms (Share)	Export Value (Share)	Top Product Categories (Shares)	# of HS Codes ⁴⁷	Top Markets (Share)
Over US \$ 100 m	8 (0.2%)	US \$ 1.5 b (31%)	1. 62032222 (59%) 2. 611595 (12%) 3. 610910 (6%)	76	1. United States (31%) 2. Germany (11%) 3. UK (10%)
US \$ 10- 100m	64 (1.3%)	US \$ 1.6 b (34%)	1. 620320 (26%) 2. 620342 (13%) 3. 610590 (8%)	135	1. United States (28%) 2. UK (16%) 3. Spain (14%)
US \$ 1-10m	401 (8%)	US \$ 1.2 b (25%)	1. 620322 (8%) 2. 610590 (8%) 3. 620342 (6%)	178	1. United States (33%) 2. UK (14%) 3. Germany (11%)
Less than US \$ 1 m	4,481 (90%)	US \$ 0.5 b (10%)	1. 611610 (7%) 2. 610590 (7%) 3. 620349 (5%)	203	1. United States (26%) 2. UK (18%) 3. Germany (9%)
Total	4,954	US \$ 4.7 b ()	1. 620322 (30%) 2. 611590 (6%) 3. 620342 (6%)	207	1. United States (30%) 2. UK (14%) 3. Germany (10%)

Source: World Bank (2019)

Table 4: Pakistan Apparel Exports to the World

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Value (\$, million)	3,033	4,078	3,597	3,841	4,202	4,501	4,558	4,679	5,288	5,552	5,346
Annual growth rate (%)	-5.6	34	-11.8	6.8	9.4	7.1	1.3	2.7	13	5	-3.7
		V	loven and	Knit valu	ıe (\$, milli	ion)					
Woven	1,269	1,773	1,615	1,799	1,909	2,095	2,195	2,318	2,577	2,653	2,552
Knit	1,764	2,305	1,982	2,042	2,293	2,406	2,363	2,361	2,711	2,899	2,794
Woven and knit share of total import value (%)											
Woven	41.8	43.5	44.9	46.8	45.4	46.5	48.1	49.5	48.7	47.7	47.7
Knit	58.2	56.5	55.1	53.2	54.6	53.5	51.9	50.5	51.3	52.3	52.3

Source: Trade Development Authority of Pakistan

^{*}This is based on the analysis of 2016-17 firm-level export data from the Pakistan Customs Authority.

^{47.} Harmonized Commodity Description and Coding Systems (HS): an international nomenclature for the classification of products

GSP+

Pakistani textile and clothing exports to the EU have surged since the country was granted preferential access to EU markets, through GSP+ in 2014.48 Under this scheme, preferential access is provided through tariffs reduction for goods when entering the EU market. The scheme specifically targets the most vulnerable and least-developed countries and other lower-middle-income countries, and aims to be an incentive for economic growth and development for beneficiary countries. GSP+ has been designed to encourage benefitting countries to commit to implementing core human and labour rights, principles of sustainable development, and good governance. While Pakistan cannot 'graduate' out of this scheme, its status is contingent on sustainable development and good governance measured by conformance and performance in ratifying 27 conventions.⁴⁹

Acquiring GSP+ has improved Pakistan's margin of preference in ready-made garments vis-à-vis China and India (which faced average export-weighted tariffs of 11.5% and 9% respectively, from 2011 to 2016). Similarly, in the EU market, Pakistan enjoys a preference margin of 12% with Thailand and 9.6% with Vietnam and Indonesia, all tough competitors in the EU garment market.

On the other hand, Pakistan does not enjoy preferential margins over Cambodia or Bangladesh, two of the most dynamic RMG exporters of the last ten years. Both countries benefit from the more generous EU Everything but Arms (EBA) scheme, which does not expire, entails no capping restrictions (exports to the EU can grow without restriction), and has more beneficial rules of origin (to qualify for 0% duty, EBA countries are not restricted to sourcing inputs from regional groupings). The latter effectively puts Pakistan at a distinct disadvantage, despite similar duty-free access compared to Bangladesh and Cambodia in the region. Their less rigid rules of origin allow them to import raw materials from the cheapest partner, while Pakistan is limited to sourcing inputs from its sub-regional grouping.

The European Council and European Parliament review GSP+ beneficiary countries, including Pakistan, every two years. Pakistan's last review took place in 2018-2019. The last report raised serious concerns on the issues of freedom of expression and shrinking space for the freedom of civil society to operate. In terms of labour rights, the EU mission on GSP+ reported a weak labour inspection system, disregard for freedom of association, and adoption and implementation of occupational health and safety legislation as major concerns.⁵¹

There will be one more report before the expiration of the GSP+ status and consultations were to begin in 2020. This status was awarded to the country for ten years and current regulation related to GSP will expire on 31 December 2023.

Due to its labour-intensive nature, the garment industry is one of the largest sources of industrial employment in Pakistan's economy. It is estimated that employment in the garment industry is 26.5% of manufacturing employment.⁵² Of the estimated 2.2 million employed in Pakistan's garment factories, around 28% of the

- 48. https://ec.europa.eu/trade/policy/countries-and-regions/countries/pakistan/
- 49. Since 2016, assessment of progress on protecting labour and environment, curbing drug trafficking and corruption, and upholding basic human rights is to be conducted every two years. Pakistan passed its first assessment in 2018.
- 50. European Commission. Rules of Origin: GSP. Available at http://trade.ec.europa.eu/tradehelp/rules-origin-generalised-scheme-preferences
- 51. European Commission:
- 52. International Labour Organization 2017:
 https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_544182.pdf

garment workforce are women.53 The low percentage of women in the garment workforce is one distinguishing feature of the Pakistani garment labour force as compared to other larger garment manufacturing countries where the percentage of female workers is much higher in the industry such as Bangladesh (65%), Sri Lanka (76%), China (66%), Cambodia (82%), Vietnam (79%), and Indonesia (65%).⁵⁴ Generally, female labour force participation in Pakistan is lower, at 22.8 % in 2018, and of these economically active women only 16.6% are employed in the industrial sector (see Appendix 2 for details). Despite the lower female participation rate, the garment sector is significant for female employment and holds greater opportunities for female workers. This lower female participation rate is attributed to cultural barriers and stereotypes, perceived safety and security issues, and a lack of safe transport and inadequate childcare that is affordable, among other factors. However, the female participation rate in the garment industry has increased over period of time, and the growth rate for female employment in the industry is 10% as compared to 4.3% growth in male employment.55 This is because of various initiatives by development agencies such as the United Nations Development Programme's Gender Promotion in the Garment Sector project (GENPROM) and the International Labour Organization's Gender Equality for Decent Employment (GE4DE) project.⁵⁶ Therefore, the share of female workers in the garment industry is expected to grow further.

Another important feature of Pakistan's garment industry workforce is the prevalence of male piece-rate labour. Historically, the majority of sewing operators in the industry were male workers hired on piece-rate basis.⁵⁷ These workers were hired through contractors who managed their work and wages, were mostly higher skilled, and earned more than monthly paid workers. Due to increasing competitive pressures, firms have tried to replace these workers with salaried female workers who generally are hired at minimum wage levels, which is lower than what male piece-rate workers earn.⁵⁸ However, a sizeable workforce in the industry is still hired at a piece rate, especially in the knitwear sector. These workers are more vulnerable as there is a greater likelihood of earning below minimum wage due to the inconsistency of work.⁵⁹ Moreover, they are more likely to be denied benefits such as leave, overtime pay, bonuses, medical and old age benefits, as ambiguity exists in the labour law.

Limited availability of trained technical staff to maintain and run machinery at full efficiency is reported to constrain the development of Pakistan's textile industry. This shortfall is partly due to a lack of technical education facilities. Unfortunately, successive governments have done little to improve technical and vocational education and training, and thereby have undermined the country's export potential. The country's existing technical and vocational education and training options cater to only a small proportion of the population. To overcome skill shortages, many manufacturers have instituted on-the-job training at their factories. 60

- $\textbf{53.} \quad \textbf{Wage Indicator Foundation 2018: } \underline{\textbf{https://wage indicator.org/documents/publications.list/publications-2018/2018-garment-wage indicator.pdf}$
- 54. Wage Indicator Foundation 2018: https://wageindicator.org/documents/publicationslist/publications-2018/2018-garment-wageindicator.pdf
- 55. International Labour Organization 2017:
 - https://www.ilo.org/wcmsp5/groups/public/--ed_protect/---protrav/---travail/documents/publication/wcms_544182.pdf
- 56. The role of intermediaries in governance of global production networks: Restructuring work relations in Pakistan's apparel industry: https://journals.sagepub.com/doi/abs/10.1177/0018726717722395
- 57. IDE-JETRO: http://www.ide.go.jp/library/Japanese/Publish/Download/Report/2011/pdf/410_ch4.pdf
- 58. Precariousness, Gender, Resistance and Consent in the Face of Global Production Network's 'Reforms' of Pakistan's Garment Manufacturing Industry: https://journals.sagepub.com/doi/abs/10.1177/0950017019870735
- 59. International Labour Organization 2017:
- https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_544182.pdf
- 60. https://www.dawn.com/news/1210891

COVID-19 Impact on the Garment Industry

While Pakistan's issues remain when it comes to export competitiveness, Pakistan had the fastest export recovery from COVID-19 in South Asia (see Figure 3). ⁶¹ The next six to nine months will be crucial to see whether exporters can maintain these relationships and sustain these gains.

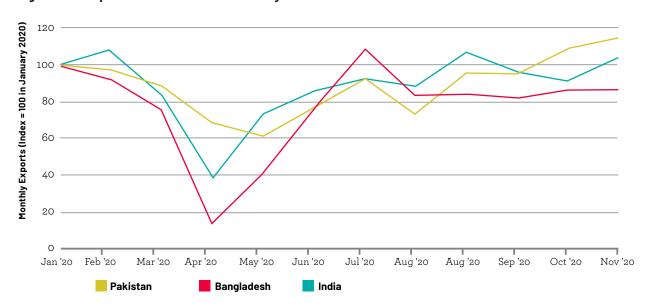


Figure 3: Comparison of Pakistan's Recovery from COVID-19

Pakistan has had the strongest export recovery from the COVID-19 pandemic in the subcontinent

The first case of COVID-19 was reported in Pakistan on 26 February 2020. With a gradual increase in the number of cases, various provincial governments announced a lockdown from 23 March and closed all factories except those producing essential items. As a result, economic activity in the industry halted completely. The lockdown continued till 6 May. However, in mid-April, the government allowed export-oriented industries to resume operations after following strict safety procedures. Industry sources show that for the month of April 2020 the majority of industry was closed. Orders were either cancelled or put on hold by buyers as Pakistan's export destinations were under lockdown. However, from June 2020 onwards business orders started improving, and from August onwards, the majority of the firms became fully operational again. Table 5 and Figure 3 demonstrate the economic impact of COVID-19 on Pakistan's garment manufacturing industry. Overall, in March to November of 2020, garment exports remained 7% lower than 2019 exports for the same period. The decline in exports was more prominent in the woven sub-sector, where there was a 13% decline as compared to knitwear, which declined by 3%. However, in the last three months, the order situation has improved, reflected in a consistent increase in exports. With news of an intense second wave of COVID-19 in Europe and lockdowns announced in December 2020, the future is still uncertain.

^{61.} https://pakistonomy.substack.com/p/exports-bounce-back?token=eyJ1c2VyX2lkIjoxMzIoNTg3NywicG9zdF9pZCI6MzExMDM5MzYsIl8iOi-JQaitnViIsImlhdCI6MTYxMDIoNTioNiwiZXhwIjoxNjEwMjQ4ODQ2LCJpc3MiOiJwdWItNjc5OTAiLCJzdWIiOiJwb3NoLXJlY-WNoaW9uIno.5gWB_msMCeRMj9HXXsV21zd8VUQhWl1JTTtQlHPjREQ&utm_source=substack&utm_medium=email&utm_content=share

^{62.} https://en.wikipedia.org/wiki/Timeline_of_the_COVID-19_pandemic_in_Pakistan

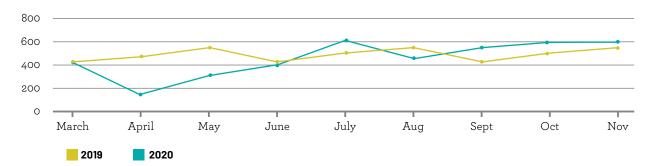
 $[\]textbf{63.} \ \ \underline{\text{https://gulfnews.com/world/asia/pakistan/pakistan-reopens-factories-during-covid-19-lockdown-as-exports-drop-1.70941852}$

Table 5: Monthly Comparison of Knit and Woven Exports (Million USD)

Month		2019 Million USD		2020 Million USD				
	Knit	Woven	Total	Knit	Woven	Total		
March	215.4	214.2	429.6	209.7	209.1	418.8		
April	241.2	231.1	472.3	92.3	61.4	153.7		
May	273.8	252.4	526.2	180.9	135.6	316.5		
June	230.2	214.1	444.3	221.4	184.9	406.3		
July	262.1	232.3	494.4	315.7	274.2	589.9		
August	278.2	235.3	513.5	248.6	202.9	451.5		
September	238.9	199.1	438	296.4	224.2	520.6		
October	274.6	238.8	513.4	321.8	245.6	567.4		
November	266.8	250.2	517	327.5	258.8	586.3		
Total	2281.2	2067.5	4348.7	2214.3	1796.7	4011		

Source: Pakistan Bureau of Statistics

Figure 4: Month Wise Comparison of Pakistan's Total Garment Exports (Million USD)



Source: Pakistan Bureau of Statistics

During the lockdown, the Government of Pakistan issued a no-layoff order, and employers were instructed to pay full salaries to workers during lockdown. The State Bank of Pakistan announced a scheme to finance workers' salaries at lower interest rates for employers maintaining the workforce. Nonetheless, workers faced layoffs and terminations during lockdown. There were reports of workers' protests against terminations and non-payment of wages and benefits.⁶⁴ There were also reports of wildcat strikes (strike without the consent of union) and violence, which is unprecedented.⁶⁵ Cases of retaliation by factory management were also reported, and some cases were filed by employers against protesting workers in addition to the firing of workers.⁶⁶

^{64.} Clean Cloth Campaign: https://cleanclothes.org/news/2020/july-2020-covid19-blog

^{65.} Clean Cloth Campaign: https://cleanclothes.org/news/2020/august-2020-covid19-blog

^{66.} Clean Cloth Campaign: https://cleanclothes.org/news/2020/august-2020-covid19-blog

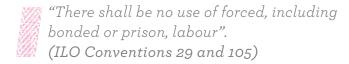
As the industry regained momentum from September to November 2020, the employment situation improved. There have been reports of worker shortages especially in the textile sector. According to stakeholders, this quick recovery is attributed to three main factors. First, a shorter lockdown period in Pakistan as compared to other regional countries like India and Bangladesh where infection rates were higher, which resulted in the delays of orders. Second, the US-China trade war, which resulted in a rise of orders for Pakistan. Third, the strong economic stimulus package from the Government of Pakistan, which helped the industry in sustaining its position.

67. https://www.arabnews.pk/node/1782136/pakistan

5. Implementation of the FWF Code of Labour Practices

Under each labour standard, the relevant part of the Fair Wear code of labour practices as well as a short clarification is written.

5.1. EMPLOYMENT IS FREELY CHOSEN





Today, forced or bonded labour occurs mostly through economical bondage rather than physical force: workers are not free to leave their jobs, for example, because they have paid a recruitment fee to the company or a labour contractor, or they have other insurmountable debts with the company. Also, and often related to the above, the employee's ID may be kept by the employer. Furthermore, workers may be housed in dormitories (possibly provided by the employer), which they cannot leave freely. The latter often occurs in the case of migrants who only work in the industry for a few years. However, other forms of bonded labour may also exist.

Official Statistics on Compliance

Pakistan has ratified the ILO Convention on Forced Labour (Co29), Abolition of Forced Labour Convention (C105), and Fee-Charging Employment Agencies Convention (Co96). However, certain forms of modern slavery are still prevalent in Pakistan that include forced and bonded labour, human trafficking (including labour trafficking), and domestic slavery. Pakistan ranked 8th on the Global Slavery Index 2018, with an estimated 3 million people living in modern slavery. It was also one of the four countries that scored above 90% in the Vulnerability Model, which measures systemic, individual, and environmental risk factors.

Laws and Regulations

The Constitution of Pakistan⁷⁰ has several articles that are relevant to this standard. Article 14 explains the dignity of man as inviolable and Article 25 states that all citizens are equal before the law and are entitled to equal protection of the law. Article 11(2) prohibits all forms of bonded labour and trafficking in human beings. Article 11(1) further states that slavery is non-existent and forbidden and that no law should permit or facilitate its introduction in Pakistan in any form. Article 9 of Pakistan's Constitution is also relevant in

- State of Human Rights 2018, Human Rights Commission of Pakistan: http://hrcp-web.org/publication/wp-content/uploads/2019/04/State-of-Human-Rights-in-2018-English.pdf
- 69. Global Slavery Index: https://www.globalslaveryindex.org/2018/data/country-data/pakistan/
- 70. http://www.na.gov.pk/uploads/documents/1333523681_951.pdf



that it states that no person can be deprived of his/her liberty under the law. Article 15, dealing with freedom of movement, gives every citizen the right to enter and move freely throughout Pakistan and to reside and settle anywhere.

The provincial assemblies of Punjab and Sindh passed the Punjab Bonded Labour System (Abolition) (Amendment) Bill 2018 and the Sindh Bonded Labour System Abolition Act 2015 respectively. These are the provinces with high incidences of bonded labour, especially in the agriculture and brick kiln sectors, where the fundamental rights of workers are not ensured. According to the Human Rights Commission of Pakistan (HRCP), many cases were registered by police against brick kiln owners on charges of bonded labour in 2018.

Regarding labour laws applicable in particular to the industrial establishments, Section 12 The Industrial and Commercial Employment (Standing Orders) Ordinance 1968, and Section 16 The Sindh Terms of Employment (Standing Orders) Act 2015, state that only permanent workers are required to give a one-month notice before leaving their job. Other categories of workers such as badli (replacement), apprentice, probationary, temporary, and contract workers are not required to give any notice. In the province of Sindh, third-party employment through contractors is not allowed for production work.

Stakeholder's View on Forced Labour

All stakeholders believed that there was no direct forced labour in the garment industry. The majority of the workers are locals and are mostly local migrants. In Karachi, some foreign workers from migrant communities such as Afghans, Bengalis, and Burmese also work in the garment industry. However, the provision of dormitories is not common in the industry especially in cut-to-pack factories. In large textile or spinning/weaving mills, dormitories are present, but no instance of any direct forced labour has been reported. Similarly, workers can freely leave if they want to. Mostly no formal notice is given by workers. Payment delays or holding workers' identification documents is also not common. However, stakeholders believe involuntary overtime and lower piece rates that force workers to stay longer or avoid breaks to earn a decent wage are forms of indirect forced labour that exist in the industry.

5.2. THERE IS NO DISCRIMINATION IN EMPLOYMENT

"In recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps". (ILO Conventions 100 and 111)

- ROUNT

Discrimination often springs from the broader society, and cannot always be solved in one particular factory. However, factories can always take steps in the direction of decreasing discrimination. For this labour stan-

dard it is particularly important to investigate which initiatives there are in the broader society to reduce discrimination, and to find out how corrective action in factories can fit in with these initiatives.

Official Statistics on Compliance

Pakistan has ratified the Discrimination (Employment and Occupation) Convention (C111), Equality of Treatment (Social Security) Convention (C118), Vocational Rehabilitation and Employment (Disabled Persons) Convention (C159), and the UN Convention on the Rights of Persons with Disabilities. However, discrimination in various forms still exists. For example, Pakistan ranked 151 out of 153 countries in the Global Gender Gap Index and is the lowest ranked in South Asia.⁷¹ This is mainly due to the social and cultural context of Pakistani society, which is historically patriarchal with often discriminatory terms for access to education, health, and economic opportunities for women compared to male members of society. This is reflected in the female labour force participation rate, which stands at a low 22.8% while male labour force participation is 81.1%.⁷² Women are mostly employed in the agricultural sector with a smaller share in the industrial and service sector. Women employed in the manufacturing sector face greater vulnerability: 55.9% of females employed are termed as vulnerable workers, while 26.6% of male workers are deemed vulnerable in manufacturing.⁷³ Discrimination based on ethnicity, religion, or caste is also common.

The garment sector in Pakistan has brought unprecedented opportunities for women and has significantly contributed to increasing female employment. It is one of the industrial sectors where the female participation rate is high (28% approximately) and has increased over a period of time. The growth rate for female employment in the garment industry is double that of male employment. However, despite an increase in female employment, women still face harassment and discrimination in the workplace. Pakistan has ratified the ILO Convention on Equal Remuneration (C100) and the Discrimination (Employment and Occupation) Convention (C111). Both Conventions are requirements under GSP+. However, women are still underrepresented in leadership positions across all sectors.

Laws and Regulations

According to the Constitution of Pakistan's Article 25 on Equality of Citizens: 'All citizens are equal before law and are entitled to equal protection of law. There shall be no discrimination on the basis of sex'. In the industrial sector, similarly, Section 11 of The Sindh Terms of Employment (Standing Orders) Act 2015 states that: 'No discrimination shall be made on the basis of gender, religion, political affiliation, sect, colour, caste, creed, ethnic background' in employment terms and conditions.

An overview of labour laws of Pakistan shows that in general there is no provision in the labour law that goes against ILO Conventions 100 and 111. Section 15 of West Pakistan Minimum Wage Rules, 1962⁷⁵ and sections 15 and 18 of The Sindh Minimum wage Act, 2015, bind employers to applying the principle of equal remuneration for work of equal value between men and women workers while fixing wages.

- 71. World Economic Forum: http://www3.weforum.org/docs/WEF_GGGR_2020.pdf
- 72. Pakistan Labour Force Survey 2017-18, Pakistan Bureau of Statistics, Government of Pakistan
- 73. Pakistan Employment Trends, Pakistan Bureau of Statistics, Government of Pakistan
- 74. International Labour Organization 2017:
 - https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_544182.pdf
- $\textbf{75.} \quad \underline{\text{https://www.ilo.org/dyn/travail/docs/970/West\%20Pakistan\%20Minimum\%20Wages\%20Rules\%201962.pdf}$

For women workers, Section 33 of The Factories Act, 1934, and Section 53 of The Sindh Factories Act, 2015, require the provision of childcare facilities. In both the provinces where the garment industry is mainly located, laws exist that mandate provision of maternity benefits for women. In Punjab, The Punjab Maternity Benefits Ordinance,1958, entitles women workers, who have been in employment from four months before their delivery date, to a maternity leave of 12 weeks (six weeks before the expected date of delivery and six weeks after the delivery date). In Sindh, The Maternity Benefits Act, 2018, mandates a maternity leave of 16 weeks (four weeks before the delivery date and 12 weeks after the delivery). However, it requires continuous employment of one year preceding the expected date of delivery to avail of this benefit. In 2010, the Protection Against Harassment of the Women at the Workplace Act was also introduced, aimed to provide a safe working environment for women. However, the implementation of said law has been limited.

There are also laws to ensure employment opportunities are extended to disabled persons. The Disabled Persons (Employment and Rehabilitation) (Amendment) Act, 2012, and The Sindh Differently Able Persons (Employment, Rehabilitation, and Welfare) Act, 2014, place requirements on employers to hire differently able persons on similar terms and conditions as other workers, and these should be at least two and five percent of the total workforce in Punjab and Sindh respectively. Any employer who does not hire the required number of disabled persons needs to contribute an amount equivalent to the salaries of the required number of disabled persons into the Differently Able Persons Rehabilitation Fund, which is to be used for the welfare of disabled persons.

Stakeholder's Views on Discrimination

Although the garment industry provides significant economic opportunities for women, stakeholders confirmed that gender-based discrimination exists in hiring, promotion, wages, social security access, and maternity benefits in the sector. Many factories discourage the hiring of female workers and have a male-only workforce. A recent study found only 8% female employment in factories supplying to seven leading brands in Pakistan, which were far below the official statistics of 28%. In factories where there is a presence of female workers, upward mobility is quite limited. Supervisory and managerial positions are held predominately by males. Moreover, the quality of employment for women in the garment industry is another concern. An ILO study found a 64.5% difference in male-female earnings in Pakistan's garment sector. Similarly, wages have increased in the sector over the years as the government consistently revised the minimum wage in the last ten years. However, wage growth for women has been approximately 5% less than for men. This can be attributed to occupational segregation, lack of maternity support, inequality in access to education, and vocational training.

In terms of legally mandated provision of childcare and maternity benefits, a vast majority of factories lack adequate facilities for childcare or the actual provision of maternity benefits. In the majority of cases, women lose their job during pregnancy. Similarly, the requirements regarding disabled persons' employment are rarely met in the industry. The government has failed to implement laws to provide equal opportunities for disabled persons. As per law, the government has to register disabled persons in each district and make arrangements for their rehabilitation, including employment and any factory desirous of hiring disabled persons can hire workers registered with the relevant district authority to fulfil the legal requirement. However, the registration mechanism is still in its infancy.



^{76.} Wage Indicator Foundation 2018: https://wageindicator.org/documents/publicationslist/publications-2018/2018-garment-wageindicator.pdf

^{77.} Assessing the Gender Pay Gap in Asia's Garment Sector, International Labour Organization 2016: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_466268.pdf

5.3. NO EXPLOITATION OF CHILD LABOUR

"There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years." (ILO Convention 138) "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [under the age of 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals". (ILO Convention 182)



Official Statistics on Compliance

Pakistan has ratified the ILO convention on Minimum Age (C138). However, there are an estimated 12 million⁷⁸ child workers in the country. This is an estimated number as official data on child labour is out-dated; the last child labour survey was done in 1996. A new child labour survey is currently being conducted with technical assistance from UNICEF that would help address the gap in the availability of data. As per the US Department of Labour statistics, children in Pakistan are employed mainly in agriculture (69.4%), services (19.7%), and industry (10.9%)⁷⁹. Most common sectors where children are employed include farming (cotton farming), brick kilns, carpet weaving, glass bangles, surgical instruments, garment manufacturing, domestic work, restaurants, gas stations, and auto repair services. Furthermore, child labour is more pervasive in rural areas. There are also differences between different provinces with 21.5% and 12.4% of children between the age of 5 to 14 working full-time in Sindh and Punjab provinces respectively.⁸⁰

Similarly, Pakistan has ratified the ILO Convention on Worst Forms of Child Labour (C182). However, children are still employed in forced labour conditions. Poor rural households sell their children for domestic servitude or other forms of paid work. For example, in the brick kilns sector, children work in debt bondage. Sexual assaults and physical abuse are common in these forms of work. Children are also kidnapped and sold into organised begging rings, gangs, and child sex trafficking.⁸¹

Laws and Regulations

Article 11(3) of Pakistan's Constitution expressly prohibits the employment of children below the age of fourteen years in any factory, mine, or other hazardous employment. Furthermore, Article 25(A) ensures freeand compulsory education for children up to 16 years old. Labour laws such as the Sindh Prohibition of Employment of Children Act, 2017, The Sind Factories Act, 2015, The Factories Act, 1934, The Punjab Restrictions and Prohibition of Children Act, 2017, The Sind Factories Act, 2015, The Factories Act, 1934, The Punjab Restrictions and Prohibition of Children Act, 2017, The Sind Factories Act, 2015, The Factories Act, 1934, The Punjab Restrictions and Prohibition Of Children Act, 2017, The Sind Factories Act, 2015, The Factories Act, 1934, The Punjab Restrictions and Prohibition Of Children Act, 2017, The Sind Factories Act, 2015, The Factories Act, 1934, The Punjab Restrictions and Prohibition Of Children Act, 2017, The Sind Factories Act, 2015, The Factories Act, 1934, The Punjab Restrictions and Prohibition Of Children Act, 2017, The Sind Factories Act, 2017,

- 78. State of Human Rights 2018, Human Rights Commission of Pakistan:
- $\underline{http://hrcp\text{-web.org/publication/wp-content/uploads/2019/04/State-of-Human-Rights-in-2018-English.pdf}$
- 79. Bureau of International Labor Affairs, US Department of Labor: https://www.dol.gov/agencies/ilab/resources/reports/child-labor/pakistan
- 80. ibid
- 81. Bureau of International Labor Affairs, US Department of Labor: https://www.dol.gov/agencies/ilab/resources/reports/child-labor/pakistan
- 82. http://www.na.gov.pk/uploads/documents/1333523681_951.pdf



tion on Employment of Children Act, 2016, and the Employment of Children Act, 1991, regulate the employment of adolescent workers. As per section 22 of the Sindh Prohibition Of Employment Of Children Act, 2017, any adolescent worker below the age of 16 years is only allowed to work where an employer would ensure that the adolescent worker is undergoing compulsory schooling. According to section 82 of The Sind Factories Act, 2015, an adolescent person is not allowed to work until a certified medical professional issues a fitness certificate confirming the age and suitability for work. This certificate is considered as conclusive evidence in case of any dispute in age. Section 7 of The Sindh Prohibition of Employment of Children Act, 2017, stipulates working hours for adolescent workers. They are allowed to work between 8 am and 7 pm and stipulated working hours for adolescent workers are seven hours in a day including breaks and waiting time for work. The adolescent worker should be provided with a one-hour break after three hours of consecutive work.

Stakeholder's Views on Child Labour

Child labour in the garment industry of Pakistan exists mainly in smaller factories. These factories generally are in the lower tier of the supply chain that is not directly being monitored by the brands such as cut-make-trim subcontractors, or embroidery, printing, and dyeing/washing sub-contractors. In tier-1 factories, child labour is non-existent. However, it is quite easy to get a national ID card and declare oneself as an adult by providing fake documents to government authorities issuing the ID card, which is considered an authentic age proof for the hiring of workers.

5.4. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

"The right of all workers to form and join trade unions and bargain collectively shall be recognised." (ILO Conventions 87 and 98) "Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions".

(ILO Convention 135 and Recommendation 143)



Official Statistics on Compliance

Pakistan has ratified the ILO Conventions: Tripartite Consultation (International Labour Standards)

Convention (C.144), the Freedom of Association and Protection of the Right to Organise Convention (C. 87), and the Right to Organise and Collective Bargaining Convention (C. 98). However, as explained previously,

the state of unionisation in Pakistan is quite dismal. Only 2.2% of the workforce is unionised and mainly found in the formal sector. The union density in the formal sector is 15.5%.⁸⁴ This low percentage of the unio-

- 83. A worker who has completed his fourteenth but has not completed eighteenth year of his age
- 84. A Profile of Trade Unionism and Industrial Relations in Pakistan, International Labour Organization 2018



nised workforce is either because workers are employed in the informal sector and are thus not regulated, or in most cases are not recognised as labour, or are hired through third-party contractors. Similarly, workers in various categories such as the agriculture workforce, teachers, civil servants, and workers in special economic zones have no right to form a union as per law.

A major factor that severely hampered the trade union movement in Pakistan was privatisation in the early nineties. Strong unions existed in the public sector (railways, electricity, water, sewage, gas), corporations (telecom, airlines), and large-scale industrial units (textile, cement). Trade unions failed to resist privatisation unleashed in the neo-liberal economic era. From 1991 up to December 2008, a total of 167 federal government assets (in the banking, energy, telecommunications, and industrial sectors), were privatised, impacting millions of workers. After downsizing, the management of almost all privatised factories resorted to hiring employees on a contract basis or through a third-party employment system which led to the disintegration of trade unions.⁸⁵

Laws and Regulations

The Constitution of Pakistan Article 17 states: 'Every citizen shall have the right to form associations or unions, subject to any reasonable restrictions imposed by law in the interest of sovereignty or integrity of Pakistan, public order or morality'. The Punjab Industrial Relations Act, 2010, and The Sindh Industrial Relations Act, 2013, are two important labour laws that regulate the industrial relations in the provinces of Punjab and Sindh. Under these laws, workers are allowed to establish and join trade unions and associations of their own choice without previous authorisation. For registration of the union with the relevant Government department, representation of women in equal proportion to their employment is required in the executive, or office bearers of the union. Moreover, at least eighty percent of office bearers should be from the workers of the organisation for which the trade union is being formed. In cases where there are already two or more unions, a union with at least 20% of members of the total workforce employed in the factory would be eligible for registration. The laws also require the setting up of Worker Management Councils in factories with more than fifty workers. The council should comprise of equal representation of workers and management representatives to ensure harmonious labour management relations. Worker representatives on the council should be either nominated by the collective bargaining agent (CBA) or in the absence of a CBA should be elected through a secret ballot by all workers. The tenure of these representatives is for two years.

As per law, CBA status would be accorded either directly by the registrar of the trade union when there is only one union in the facility, or through a secret ballot if there are more than one union in the facility or group of facilities. In case of single union to be declared as CBA, union needs to have at least one-third of the total workforce employed in the facility or group of facilities be members. In the case of multiple unions, the registrar will hold elections upon request of an employer or union which has members composing at least one-fifth of the total workforce and decide about the CBA. The industrial relations laws protect trade union members from any discrimination by employers in recruitment, promotion, and working conditions based on the trade union affiliation of the employee.

Labour laws exclude workers in export processing zones (EPZs) from trade union membership. Furthermore, in Pakistan's EPZs, nine major labour laws have been declared inapplicable.

85. https://www.dawn.com/news/1255333/on-deaths-door-trade-unions-in-pakistan

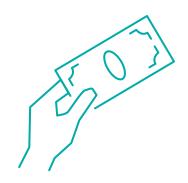
Stakeholder's Views on Freedom of Association and Collective Bargaining

Freedom of association and collective bargaining in Pakistan's garment sector is non-existent. There is no true example where workers were able to form a functional union and get a CBA with their employer. This is because of the overall environment concerning freedom of association. The employers are very conscious about it and there are cases of union busting. The Clean Clothes Campaign (CCC), for example, investigated a received complaint and found evidence of union busting. There has also been less emphasis from brands on freedom of association.

Worker Management Councils are quite common in the industry and found even in small firms. However, these are very ineffective, as members are not truly elected. Even if worker representatives are truly elected, the council is generally controlled by management and focuses on trivial issues. There is also a serious lack of awareness among workers on their right to organise and the benefits associated with it.

5.5. PAYMENT OF A LIVING WAGE

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income" (ILO Conventions 26 and 131, the Universal Declaration of Human Rights, art 23(3) and art 25(1))".



"Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted.

Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period".

How the level of a 'living wage' must be determined in a particular context is still a matter of debate. Awaiting a practicable definition, the Fair Wear Foundation holds that where unions are in a bargaining position, salaries should be negotiated through collective bargaining. Negotiated salaries in sectors can also be taken as a point of reference. Whether unions are genuinely in a position to negotiate and CBAs are implemented and in the actual interest of the workers, is a topic discussed under the previous labour standard. Where collective bargaining is not in place, gradual wage increases must be set in consultation with competent and relevant local authorities, unions, business associations, and NGOs.

Official Statistics on Compliance

Pakistan has not ratified the ILO Minimum Wage-Fixing Machinery Convention (C26) and Minimum Wage Fixing Convention (C131) and therefore has no specific policies that align with the aforementioned Conventions. Pakistan has minimum wage policies that differ in every province.

86. https://cleanclothes.org/ua/2013/cases/pakistan-foa

Pakistan ranks sixth in garment-producing countries in terms of the lowest minimum wage. The minimum wage in Pakistan is 111 USD while the minimum wage in countries with lower wages than Pakistan is:

Myanmar 94 USD, Bangladesh 92 USD, Sri Lanka 55 USD, Madagascar 54 USD, and Ethiopia 26 USD. Similarly, India, China, and Vietnam have 168 USD, 217 USD, and 151 USD respectively.

The minimum wage in Pakistan has increased over a period of time. In the last five years, there was a 35% increase in the minimum wage which increased from 13,000 PKR (Pakistani Rupee) in 2013 to 17,500 PKR in 2019. As per Wage Indicator Foundation estimates, the living wage for a typical family in Pakistan varies between 25,600 PKR to 34,000 PKR.88 Taking the lowest living wage figure, the minimum wage in Pakistan is 68% of the living wage. Similarly, the wage level at the national poverty line of PKR 3,25089 per adult equivalent translates into 21,263 PKR to 27,096 PKR per month for a low-skilled worker. The national poverty line of 3,250 PKR is based on nationally representative household consumption data from 2015-16. The new figures are not yet finalised. It is expected to increase further keeping in view the contraction in the economy, the high inflation rate in the last two years, and the economic impact of COVID-19.

Laws and Regulations

Historically, labour was under the purview of the federal government in Pakistan. After the 18th Amendment to the Constitution in 2010, it moved to the provincial level and as per law, provincial governments are bound to announce minimum wages for unskilled and skilled workers. Usually, minimum wages are revised at the time of the budget. Labour laws that govern the minimum wage setting and implementation are The Minimum Wages Ordinance, 1961 (applicable in the Information and Communications Technology ICT and Baluchistan), The Minimum Wages Ordinance, 1961 (adapted in Punjab by the 2012 Amendment Act), and The Sindh Minimum Wages Act, 2015.

Minimum wage boards constituted under the Minimum Wages Ordinance, 1961, and The Sindh Minimum Wages Act, 2015, determine the minimum wages for semi-skilled, skilled, and highly skilled workers, and make recommendations to the respective provincial government. The provincial labour department issues notifications accordingly. For example, the Punjab Labour & Human Resource Department issues detailed notifications for different categories of workers based on the classification in each industry. This provides minimum wage rates for ministerial, highly-skilled, semi-skilled, and skilled workers in the 102 industries based in the province (see Appendix 8 for skills-based minimum wage levels for the garment industry in Punjab). Similar detailed notifications have yet to be issued by the other provincial governments, which have only issued a minimum wage rate for unskilled workers but not for different industries based on their skill levels. It is of specific concern for the garment industry in Sindh province, because this allows employers to follow the same minimum wage rates for all classes of workers (see Appendix 9 for minimum wage rates in Sindh).

The composition of the minimum wage boards is tripartite. It is comprised of a Chairman - an independent member-, one employers' representative and one workers' representative. The provincial government

- 87. Emma Davis and Sheng Lu, University of Delaware: https://shenglufashion.files.wordpress.com/2020/12/minimum-wage.jpg
- 88. WageIndicator Foundation: https://wageindicator.org/salary/living-wage/pakistan-living-wage-series-september-2019
- 89. Ministry of Planning, Development & Reform measures poverty on a consumption based approach using data from the Household Integrated Economic Survey (HIES). The official poverty line in Pakistan is calorie-based, and consumption-based absolute poverty is estimated after converting the household consumption level to adult equivalent based on recommended nutritional requirements of 2,350 calories per person per day, and providing almost the equivalent amount for other basic needs.
- 90. https://wageindicator.org/salary/wages-in-context

appoints all members. The provincial government also appoints one member as representative of employers and one for workers at the industry level for all the industries for which minimum wages have to be notified. The provincial minimum wage boards then recommend minimum wage rates to the provincial governments. However, these wage boards are only advisory and the power rests with the provincial government to declare these wages. These recommendations become enforceable only when accepted and notified by the respective provincial governments. The Minimum wage boards can also periodically review these wages if there are any changes in economic conditions or the cost of living and recommend any amendments to their respective governments. However, the board cannot review it before one year of the previous review and has to review it within three years of the previous review. The authority again rests with the government whether it adopts and gives these recommendations a legal status. Moreover, the government can send the reference to the board anytime for revision of wages.

To ensure minimum wage compliance, the government has appointed labour inspectors to regulate and inspect the compliance of minimum wages by making visits to industries. In each district, the provincial labour department has set up offices to hear and decide on all claims (complaints) regarding non-payments or delay in the payment of wages.

For administration of wages, section 10 of The Sindh Terms of Employment (Standing Orders), 2015, and The Industrial and Commercial Employment (Standing Orders) 1968 require payment of wages before expiry of the seventh day after the last day of the wage period for factories with less than 1,000 workers. For factories employing more than 1,000 workers, it is before the expiry of the tenth day.

As per law, overtime work should be paid twice the hourly rate of regular work. Similarly, employers making a profit in a financial year are required to pay a bonus to all the workers who have been in employment for a continuous period of ninety days.

Stakeholder's Views on Payment of a Living Wage

Minimum wage compliance in Pakistan is weak. In 2014-15, an ILO study found 53.4% of workers received less than the statutory minimum wage in the textile, garment, and footwear sectors. The compliance was found better in first tier factories supplying directly to brands. As per stakeholder interviews, minimum wage non-compliance is more prevalent in smaller factories and factories in lower tiers, which are not directly being monitored by brands/retailers. In terms of the type of workers, more non-compliance is observed among piece-rate workers than daily wage workers. Piece-rate workers are an important category of workers in the industry and often earn less than minimum wage due to the irregularity of their work.

In terms of overtime pay, non-compliance does exist but it is mostly in smaller factories. Large factories generally comply with overtime premium requirements. However, overtime pay for piece-rate workers is a consistent issue that is found in all types of factories. Factories generally do not pay overtime to these workers and assume that the premium is included in the piece rate. Similarly, piece-rate workers mostly do not receive bonus payments. The general practice is that factories give bonus payments on Eid (religious festival).

91. Employment and Wage Rising in Pakistan's Garment Sector, ILO 2017: https://www.ilo.org/asia/publications/WCMS_544182/lang--en/index.htm

5.6. REASONABLE HOURS OF WORK

"Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate". (ILO Convention 1)



Official Statistics on Compliance

Pakistan has ratified ILO Conventions: Hours of Work (Industry) Convention (Coo1), Weekly Rest (Industry) Convention (Co14), Night Work (Women) Convention (Co89), and Night Work of Young Persons (Industry) Convention (Co90). According to the Pakistan Labour Force Survey 2017-18, around 37% of the employed workforce is working excessive working hours. These are more prevalent in the agriculture and manufacturing sectors with women exposed more to excessive working hours in agriculture than manufacturing. In manufacturing, 42.3% of employed persons are faced with excessive working hours. Moreover, excessive working hours are very common in the informal sector, which comprises almost a 71.4% share in employment. This is because wage levels are below statutory minimum wage, which forces workers to work long hours. Similarly, the provision of weekly rest in the informal sector is a consistent and serious non-compliance issue. Double payment for overtime hours is also a common issue.

Laws and Regulations

The Sindh Factories Act, 2015, and The Factories Act, 1934, regulate working hours in the industrial sector. Labour laws do not discriminate between any class of workers and requirements are the same for salaried, piece-rate, or temporary workers regarding working hours. According to these laws, workers in any establishment are allowed to work for nine hours/day (including breaks) or forty-eight hours/week with two hours allowed for overtime work. Therefore, on any given week, regular working hours can be up to 48 hours per week; with overtime, working hours should be 60 hours per week at most. In terms of breaks, a one-hour break is compulsory within six hours of continuous work. In special circumstances, a factory can apply for an exemption with the labour department. Moreover, all factory workers are entitled to one day off per week. In cases where the factory operates on Sundays, it should inform the labour department beforehand specifying how weekly rest will be substituted. As per law, a compensatory holiday for Sunday work should be provided within three days before or after the Sunday work. Labour law also restricts women and adoles-

cent workers' working hours. For example, women are allowed to work in a factory between 7 am and 7 pm.

- 92. Pakistan labour force Survey considers more than 50 hours/week as excessive hours
- 93. Pakistan Employment Trends, Pakistan Bureau of Statistics, Government of Pakistan

This can be extended to 10 pm if the employer arranges for transport facilities to doorstep of the worker. Similarly, the law also allows festival holidays with pay to all workers. ⁹⁴ If an employee is required to work on a festival holiday, he/she shall be provided with two compensatory holidays.

Stakeholder's Views on Excessive Working Hours

In the garment sector, excessive working hours and excessive overtime are the norm. According to an ILO study, more than 60% of the workforce works more than 48 hours/week in Pakistan, and males are more exposed to excessive working hours than women. The stakeholders confirm this view. The issue is equally present in all factories monitored and many brands have a relaxed approach to controlling working hours. Seventh-day rest is also not ensured and in each factory, generally, 10-20% of workers have not been provided with weekly rest each month, i.e. one day off during every seven-day period. The legal provision regarding compensatory holidays is rarely complied with and factories generally prefer paying workers instead.

5.7. SAFE AND HEALTHY WORKING CONDITIONS

"A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155...) Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited."



Official Statistics on Compliance

Pakistan has not ratified the ILO Conventions on occupational health and safety. However, it has ratified the Labour Inspection Convention (Co81). As mentioned earlier, labour inspection is quite weak due to the low number of inspectors in provincial labour departments and the limited capacity of the employed inspectors.

- 94. These holidays are declared by the federal government at the start of the year and include holidays of national or religious significance.
- 95. Employment and Wage Rising in Pakistan's Garment Sector, ILO 2017: https://www.ilo.org/asia/publications/WCMS_544182/lang--en/index.htm

There is no official data available on inspections that are carried out or of reported cases of injuries and accidents. In the majority of cases, injuries and accidents are not reported to the Department of Labour as required by labour law. The only publicly available data is from the Labour Force Survey, which documents self-reported injuries. As per the 2017-18 Labour Force Survey. 3.7% of respondents reported occupational injury/disease that resulted in a consultation with a medical practitioner or loss of work time. Male workers were found more vulnerable (4.4%) relative to female workers (1.5%) if gender-based violence is not included. Similarly, rural workers (4.5%) were found more vulnerable than urban workers (2.4%). Main incidents were seen in agriculture (41.6%), construction (17.3%), and manufacturing (16.9%) sectors. Women are about twice (79.7%) as exposed to risk as males (38.0%) in agriculture. Contrarily, males are more vulnerable in all the remaining occupational groups.

In terms of regulations, health and safety was a neglected area. The tragic incident of a fire in the Ali Enterprises garment factory in 2012, which was SA 8000 certified and was working for various international brands, exposed the situation on the ground in terms of health and safety. The factory completely burned down and more than 250 workers lost their lives. In response to national and international pressure, various initiatives focused on improving health and safety in the workplace were initiated by brands and international developmental organisations. The significant changes that have happened since then are the promulgation of various health and safety laws that established specific requirements for ensuring safety in the workplace. A key feature of these initiatives is a focus on improving the capacity of the labour inspectorate. Page 1975.

Laws and Regulations

There is no specific legislation on occupational safety and health in Pakistan. The main law, which governs these issues, has been The Factories Act, 1934. However, in the last few years, various laws have been enacted which deal with health and safety in more detail. These include The Building Code of Pakistan-Fire Safety Provisions, 2016, The Sindh Occupational Safety and Health Act, 2017, and The Punjab Occupational Safety and Health Act, 2019. The Building Code of Pakistan was promulgated by the Federal Ministry of Science and Technology in 2016 and is based on the NFPA 1 Fire Code. It is a comprehensive document that sets requirements for fire safety in the workplace. However, due to the devolution under the 18th Amendment, provinces have had to adapt this law to make it applicable in their respective provinces. Until now, Sindh is the only province that adopted The Building Code of Pakistan through The Sindh Occupational Safety and Health Rules, 2019. The factories in Sindh are now legally bound to implement this code. However, the government has yet to establish a mechanism for its proper implementation.

Stakeholder's Views on Occupational Health and Safety

Stakeholders view the implementation of health and safety laws, especially the Building Code of Pakistan, as a big challenge. A large number of factories do not comply with the Building Code of Pakistan, especially small-to-medium sized factories as they do not fulfil mandatory requirements regarding provisions of proper

- 96. Labour Force Survey 2017-18, Pakistan Bureau of Statistics, Government of Pakistan:

 http://www.pbs.gov.pk/sites/default/files/Labour%20Force/publications/lfs2017_18/Annual%20Report%20of%20LFS%202017-18.pdf
- 97. Clean Cloth Campaign: $\underline{\text{https://cleanclothes.org/campaigns/past/ali-enterprises}}$
- 98. Pakistan Safety Report: https://cleanclothes.org/file-repository/pakistan-safety-report.pdf

fire hydrants, comprehensive fire alarm systems, and fire-rated doors, among others. In large factories, due to initiatives from various brands post the Ali Enterprises incident that placed stringent requirements beyond the law, significant improvements have been observed. Labour rights groups informed that in the absence of a sound implementation mechanism it would be impossible to achieve any industry-wide improvements in health and safety. Therefore, various labour rights organisations are campaigning for an industry-wide binding agreement to ensure safety at the workplace. This is also important as the State lacks the capacity to implement health and safety regulations and provide essential emergency services such as rescue and firefighting. In Karachi, the largest city and industrial hub, with a population of more than 20 million and many garment factories housed in multi-storey buildings¹⁰⁰, there are only 13 functional fire stations with just one fire tender deployed at each, and only two out of six snorkels in operational condition. Due to an acute shortage of resources, the fire brigade's response time is extremely delayed.

Another important area identified is the lack of social security and insurance for workers in case of injury or death. Although The Workmen's Compensation Act, 1923, The Sindh Workers Compensation Act, 2016, The Provincial Employees Social Security Ordinance, 1965, The Sindh Employees Social Security Act, 2016, The Sindh Terms of Employment (Standing Orders), 2015, and The Industrial and Commercial Employment (Standing Orders), 1968, insure workers against injury, disability, and death arising out of and in the course of employment, this is not extended to all the workers. A large number of workers are not registered with the Social Security or Employee Old-Age Benefit Institutions (EOBI), and/or not provided with compulsory group insurance as per law. Any worker who is not registered with these institutions cannot avail of the compensations for injury, disability, death, or pension benefit. Generally, factories register a number of workers with social security to avoid contribution payments. According to a survey conducted by the Pakistan Workers Confederation, 42% of industrial workers are registered with social security, and 33% of workers are registered with EOBI. The percentage of women workers registered with social security and EOBI stands even lower at 13% and 11%, respectively. Ali Enterprise, who employed more than 1,000 workers, had only registered 268 workers with social security and 190 workers with EOBI.

 $\textcolor{red}{\bf 99.} \ \ https://www.thenews.com.pk/print/531569-pakistan-needs-agreement-on-pattern-of-bangladesh-accord-to-ensure-workplace-safety$

- $\textbf{101.} \ \underline{\text{https://tribune.com.pk/story/2099106/disaster-making-sordid-tale-karachi-fire-brigade}}$
- 102. Pakistan Workers Confederation: https://library.fes.de/pdf-files/bueros/pakistan/12099.pdf
- $\textbf{103.} \ \underline{\text{https://cleanclothes.org/safety/ali-enterprises/time-line-for-the-ali-enterprises-case}$

^{100.} This is unlike Bangladesh. These are commercial buildings not more than 6 storeys. In majority of the cases, single factory owned or rented the building. In some cases, smaller factories share the buildings as well.

6.8. LEGALLY BINDING EMPLOYMENT RELATIONSHIP



"Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected".



This labour standard generally means that workers have a written labour contract in keeping with the local law. There is no specific ILO convention covering this issue.

Official Statistics on Compliance

As mentioned earlier, a large majority of Pakistan's workforce is employed in the informal, which is beyond the purview of labour laws. In the industrial sector, which falls within the domain of labour laws, a widespread practice that prevents workers from claiming and proving their legal identity as workers is not being able to provide the legally required appointment/employment contract letters from their employers. Employers generally do not provide employment contracts to workers, although these are often maintained by employers for their own records. This practice circumvents applicable labour rights, entitlements, and wages, and obstructs workers' registration in social welfare schemes. It is estimated that less than 50% of workers have employment contracts, with only 19% of women reported to have an employment contract.¹⁰⁴

The situation is further exacerbated by the presence of the third-party employment system, in which workers are employed by a private contractor to work for a particular factory on a daily wage or piece-rate basis. Even though they work in a particular factory and carry out the core jobs, these workers are not employees of that company whose products they are producing. They are also not provided with an appointment letter, although in many cases they have identity cards issued by the company.

Laws and Regulations

The Sindh Terms of Employment (Standing Orders), 2015, and The Industrial and Commercial Employment (Standing Orders), 1968, regulate the terms of employment in the provinces of Sindh and Punjab. Both laws require every employer to provide every worker with an employment contract at the time of his appointment, transfer, or promotion, showing terms and conditions of his/her service. Employers are also required to maintain records including the name, address, name of parents, name of spouse, date of birth, nature of work, group, wages, leave record, and conduct of the worker.

Under these laws, workers are classified into six categories: permanent, probationers, badlis (alternate), temporary, apprentices, and contract workers. Workers in all the categories except permanent workers can be terminated without notice. For permanent workers, thirty days' notice or payment of one-month wage is required. Workers who are employed in work, which is of a permanent nature that lasts more than nine months and have completed a probationary period of three months, are considered permanent workers. In

104. Pakistan Workers Confederation: https://library.fes.de/pdf-files/bueros/pakistan/12099.pdf

105. Most of the time, this is an individual who has an informal arrangement to provide services.

other words, the law prohibits hiring fixed-term contract workers for tasks of a permanent nature. The maximum length of a fixed-term (temporary) contract including renewals is nine months and is only allowed for tasks of a temporary nature.

For contract workers, the above-mentioned laws have different definitions and there is some ambiguity that is exploited by the employers. The Sindh law defines a contract worker as 'a worker who works on contract basis for a specific period mentioned in the contract, in any establishment but does not include third-party employment'. Although the law in Sindh explicitly prohibits any third-party employment for production-related work, it allows direct contracts with workers. However, the law does not spell out the details of contract workers, i.e. how and where these can be used. The view of employers is that this provision allows them to hire workers on fixed-term contracts and terms of employment are governed by the contract itself. Nevertheless, this view is not aligned with the overall intent of the law. In Punjab, the law does not restrict third-party employment. It defines the contract worker as 'a workman who works on a contract basis for a specific period of remuneration to be calculated on a piece-rate basis'. This law also does not spell out the terms and conditions of contract employment. Therefore, employers mainly classify piece-rate workers as contract workers and tend to exclude them from other benefits such as overtime, leaves, bonuses, group insurance, etc. This view again is not consistent with other provisions of the law such as the definition of a permanent worker.

An important development regarding contract and third-party employment was the historic verdict of the Supreme Court of Pakistan in December 2017, which declared the third-party contract system against the Constitution and fundamental rights and ordered all employers to retrospectively regularise their workers employed on contract or third-party contracts. ¹⁰⁶

As per law, in case of any exceptional circumstances such as in the event of a fire, catastrophe,

break-down of machinery or stoppage of power supply, epidemics, civil unrest, or other causes beyond the control of the employer, workers can be laid off for fourteen days on half wages. In case of further stoppage, the employer can terminate their employment by giving them a written one-month notice or one month's pay. If a worker resigns, he/she is eligible for gratuity (severance pay) equivalent to one month of salary for every completed year of service. If a provident fund¹⁰⁷ is established, the worker would receive the contribution amount and gratuity would then not be applicable.

The Constitution of Pakistan Article 38-c states that the State shall: 'Provide for all persons employed in the service of Pakistan or otherwise, social security by compulsory social insurance or other means'. Therefore, labour laws such as The Employees' Old-Age Benefits Act, 1976, The Sindh Employees' Old-Age Benefits Act, 2014, The Provincial Employees Social Security Ordinance, 1965, and The Sindh Employees Social Security Act, 2016, establish a social insurance system for workers. The Employee Old-Age Benefits Institution (EOBI) and Employee's Social Security Institutions are responsible for managing the social insurance system in the provinces. In the case of EOBI, employers are required to register their employees and pay a monthly contribution of 6% of the wages of the employee where the employer would contribute 5% and the employee would contribute 1%. For social security, employers are required to pay 6% of the wages as a contri-

o6. https://www.dawn.com/news/1381429

107. Provident Fund is typically a mandatory retirement savings scheme used in Pakistan, India, and other developing nations. ... A worker gives a Most of the time, this is an individual who has an informal arrangement to provide services.

bution to social security institutions for workers with wages up to 22,500 PKR in Sindh¹⁰⁸ and 18,000 PKR in Punjab¹⁰⁹. As for the benefits, the laws provide different types of benefits to insured persons or their survivors such as old-age pension, survivors' pension, invalidity pension, old-age grant (if an employee is not eligible for a pension), sickness benefit, maternity benefit, medical care for self and dependents, and death grants, among others.

Stakeholder's Views on Legally Binding Employment Relationship

The general practice of not providing legally required appointment/employment contracts to workers persists. In terms of types of employment, approximately 45% of workers are not hired as permanent workers. They are piece-rate and daily wage workers either hired directly on a contract or through a contractor. The majority of these workers are not registered with EOBI or the social security institution and are not provided with overtime, leaves, bonus, or severance pay benefits in addition to benefits entitled under social security and EOBI. These include production workers as well as workers in peripheral services. Workers in peripheral services such as security, janitorial services, and loaders are more vulnerable and generally are ignored by the factories in terms of providing good working conditions. For example, janitorial employees are mostly hired through third parties, which rarely fulfil legal obligations towards stable, secure, and decent employment. Similarly, all permanent workers are not necessarily registered with EOBI and social security institutions, as reflected in the Ali Enterprises example mentioned previously.

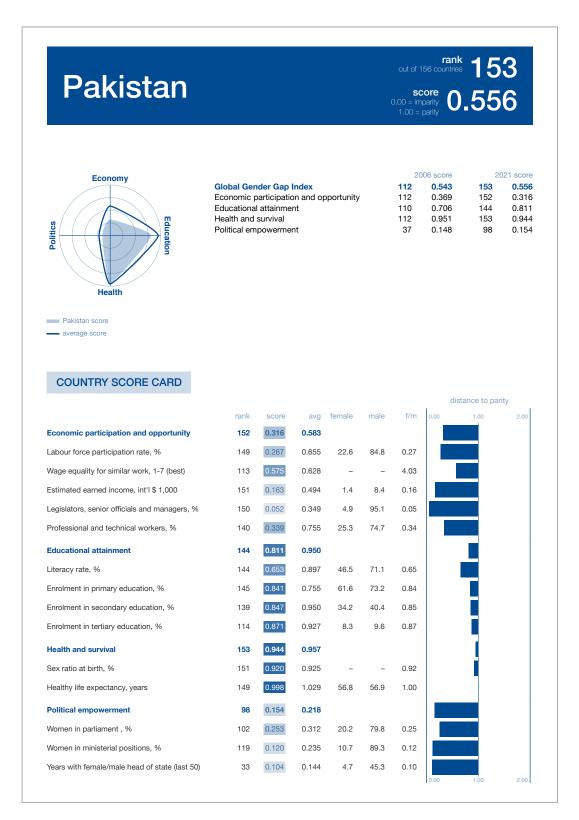
^{108.} In Sindh as per The Sindh Social Security Amendment Act, 2018, workers receive wages up to legal minimum wage plus 5,000 PKR.

^{109.} https://www.pessi.gop.pk/overview.php

^{110.} Employment and Wage Rising in Pakistan's Garment Sector, ILO 2017: https://www.ilo.org/asia/publications/WCMS_544182/lang-en/index.htm

Appendix

APPENDIX 1: PAKISTAN ON THE GLOBAL GENDER GAP INDEX



Source: Global Gender Gap Report - page 311: http://www3.weforum.org/docs/WEF_GGGR_2021.pdf

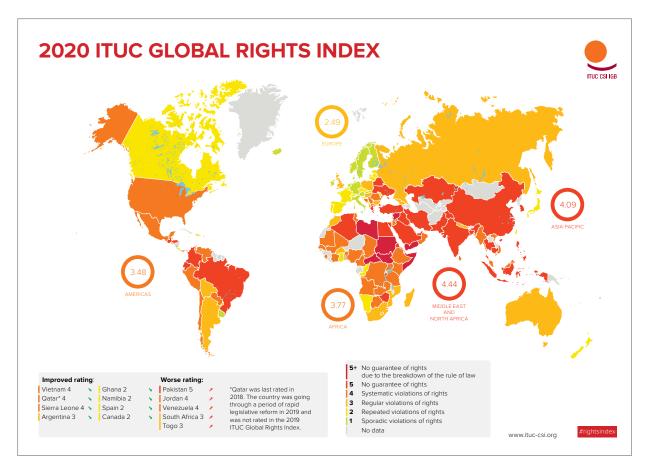
APPENDIX 2: KEY LABOUR MARKET INDICATORS (%)

Indicators	2006-07	2007-08	2008-09	2009-10	2010-11	2012-13	2013-14	2014-15	2017-18
			Labor	ur Force Par	rticipation	Rate			
Both Sex	52.5	52.5	53.1	53.5	53.4	53.1	53.1	53.3	51.9
Male	83.1	82.4	82.0	81.7	81.9	81.0	81.0	81.4	81.1
Female	21.3	21.8	21.8	24.1	24.4	25.0	25.0	25.0	22.8
			Employ	ment - to-	Population	Ratio			
Both Sex	49.8	49.9	50.3	50.7	50.4	49.9	50.1	50.2	48.9
Male	79.6	79.1	78.5	78.3	78.0	77.0	77.3	77.5	77.2
Female	19.4	19.9	21.0	21.9	22.1	22.2	22.8	22.7	20.9
				Unemployn	nent Rate				
Both Sex	5.1	5.0	5.2	5.3	5.7	6.0	5.6	5.8	5.7
Male	4.2	4.0	4.2	4.1	4.8	5.1	4.6	4.7	4.9
Female	8.6	8.7	9.0	9.2	9.0	9.1	8.9	9.2	8.5
			Share of	Industry in	total Empl	oyment			
Both Sex	21.4	20.6	21.0	21.4	21.8	22.8	22.9	23.2	24.0
Male	23.5	22.7	23.1	24.1	24.6	26.2	25.8	25.7	26.0
Female	12.6	12.2	12.7	11.6	11.5	11.3	13.1	14.6	16.6
			Share of A	griculture i	n Total Em _l	ployment			
Both Sex	42.0	42.8	43.3	43.4	43.5	42.2	42.2	41.0	37.4
Male	35.0	35.2	35.7	35.2	34.9	33.1	33.2	32.0	29.6
Female	71.4	73.8	72.7	73.9	74.2	74.9	72.9	71.8	66.1
			Share of	Services in	Total Empl	oyment			
Both Sex	36.6	36.6	35.7	35.2	34.7	35.0	34.9	35.8	38.6
Male	41.5	42.2	41.2	40.7	40.5	40.7	41.0	42.3	44.4
Female	16.0	13.9	14.6	14.5	14.2	13.8	14.0	13.6	17.3
	Share of Wage and Salary to Workers in Total Employment								
Both Sex	38.3	37.1	36.8	36.5	36.9	39.7	39.8	39.4	42.9
Male	41.5	40.6	40.5	40.7	41.2	43.8	43.5	43.5	46.8
Female	25.1	22.9	22.6	20.8	21.6	24.9	27.0	25.3	29.0

Indicators	2006-07	2007-08	2008-09	2009-10	2010-11	2012-13	2013-14	2014-15	2017-18
Share of Own Account Workers in Total Employment									
Both Sex	36.0	35.9	34.8	35.6	36.3	34.9	36.6	37.2	35.7
Male	41.1	41.2	40.1	41.3	41.8	40.1	41.6	41.8	39.9
Female	14.3	13.9	14.0	14.5	16.6	15.9	19.6	21.5	20.6
		\$	Share of Em	ployment ir	the Forma	al Economy			
Both Sex	71.5	72.4	73.0	72.9	73.5	73.3	73.3	72.3	71.4
Male	71.6	72.4	73.1	73.0	73.9	73.6	73.4	72.2	71.5
Female	69.9	71.7	71.6	72.7	70.6	70.9	72.5	72.9	70.7
		Sh	are of Eemp	oloyment W	orking 50 H	lours or Mor	e e		
Both Sex	40.0	39.3	38.0	39.5	38.5	36.3	39.3	39.1	37.8
Male	47.8	47.0	46.3	48.0	46.9	44.4	48.4	48.1	46.0
Female	7.7	7.6	6.0	7.8	8.4	7.3	8.7	8.1	7.4
		Share of E	Eemployme	nt in Agricu	lture Worki	ng 50 Hours	or More		
Both Sex	29.3	28.5	26.6	28.7	28.6	24.3	29.4	26.5	23.7
Male	40.4	40.0	38.5	41.3	41.0	36.0	43.5	40.0	34.3
Female	6.4	6.1	4.0	6.4	7.7	5.9	7.5	5.9	6.3
Share of Eemployment in Trade Working 50 Hours or More									
Both Sex	70.3	69.5	68.8	70.1	67.7	67.1	69.2	69.8	68.0
Male	71.5	70.5	69.5	71.1	68.4	67.8	69.7	70.5	68.7
Female	30.0	32.6	32.9	35.7	35.3	38.2	39.6	39.2	37.9

Source: Pakistan Bureau of Statistics, 2018

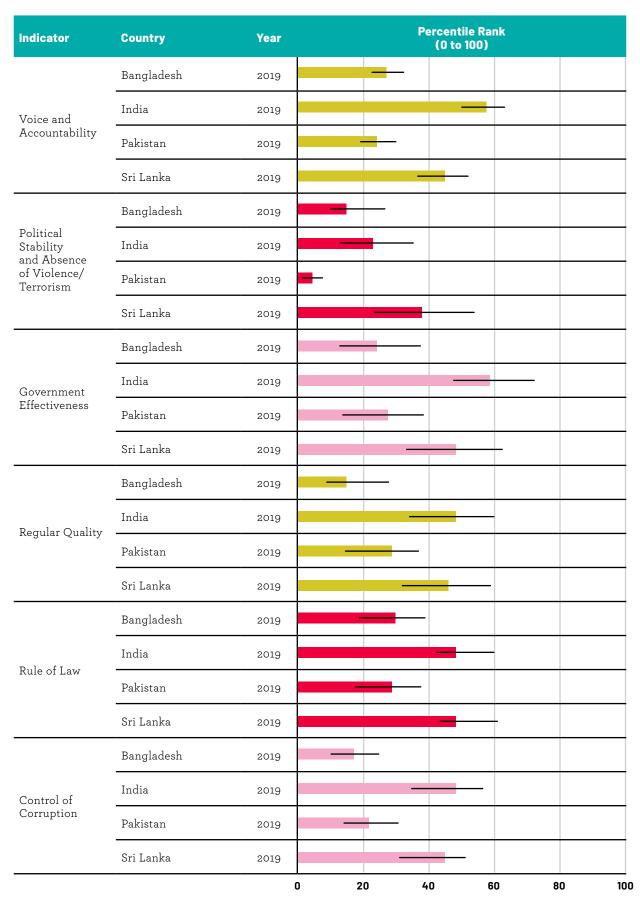
APPENDIX 3: PAKISTAN ON THE GLOBAL RIGHTS INDEX



Source: Pakistan on the Global Rights Index

https://www.ituc-csi.org/IMG/pdf/ituc_globalrightsindex_2020_infographics_en.pdf

APPENDIX 4: A COMPARISON OF PAKISTAN'S GOVERNANCE INDICATORS



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130

APPENDIX 5: ILO CONVENTIONS RATIFIED BY PAKISTAN

Ratified ILO Conventions					
Subject and/or right	Convention	Ratification date			
Fundamental Conventions					
Freedom of association and	Co87 - Freedom of Association and Protection of the Right to Organize, 1948	1951			
collective bargaining	Co98 - Right to Organize and Collective Bargaining Convention, 1949	1952			
Elimination of all forms of	Co29 - Forced Labour Convention, 1930	1957			
forced labour	C105 - Abolition of Forced Labour Convention, 1957	1960			
Effective abolition of child	C138 - Minimum Age Convention, 1973	2006			
labour	C182 – Worst Forms of Child Labour, 1999	2001			
Elimination of discrimination	C100 – Equal Remuneration Convention, 1951	2001			
in employment	C111 – Discrimination (Employment and Occupation) Convention, 1958	1961			
	Governance Conventions				
T. D to	C081 - Labour Inspection Convention, 1947	1953			
Labour inspection	C129 - Labour Inspection (Agriculture) Convention, 1969	Not Ratified			
Employment policy	C122 - Employment Policy Convention, 1964	Not Ratified			
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1994			
	Up-to-date Conventions				
TIT 1:	C014 - Weekly Rest (Industry) Convention, 1921	1923			
Working time	C106 - Weekly Rest (Commerce and Offices) Convention, 1957	1960			
Social Security	C118 - Equality of Treatment (Social Security) Convention, 1962	1969			
Seafarers	C185 - Seafarers' Identity Documents Convention (Revised), 2003	2006			
Employment policy and promotion	C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983	1994			

- > Fundamental Conventions are the eight most important ILO Conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work.
- Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, Conventions that promote a well-regulated and well-functioning labour market.
- In addition, there are 71 Conventions, which ILO considers 'up-to-date' and actively promotes. In the South Asian region, Pakistan is one of the few countries that cover all sorts of contingencies recognised by ILO Conventions.

Source: ILO, NORMLEX, Country Profiles - Pakistan

APPENDIX 6: LIST OF STAKEHOLDERS CONSULTED

Government Institutions

) Sindh Labour and Human Resources Department

Trade Unions

Labour Qaumi Movement (LQM)

Non-Governmental Organisations

- Pakistan Institute of Labour Education and Research (PILER)
- Labour Education Foundation (LEF)

International Organisations

- The Sustainable Trade Initiative (IDH)
- Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GiZ)
- Fair Labor Association (FLA)

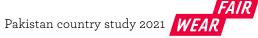
Employers Organisations

- Matrix Sourcing (active in Pakistan Buyers Forum)
- Li & Fung Pakistan (active in Pakistan Buyers Forum)

APPENDIX 7: SKILLS-BASED MINIMUM WAGE LEVELS IN THE READY-MADE GARMENT INDUSTRY IN PUNJAB

SKILL LEVEL	Minimum Wage Per month
Ministerial - A 1. Accounts Assistant / Assistant Accountant 2. Computer Operator 3. Store Keeper / Khateeb 4. Personal Assistant / Assistant all types 5. Assistant Incharge	PKR 21,062.44
Ministerial - B 1. Assistant Store Keeper 2. Cashier / Purchaser 3. Checker / time Keeper 4. Sales Man / Imam Masjid 5. Telephone Operator / Receptionist	PKR 19,776.73
Ministerial - C 1. Assistant Salesman 2. Typist / Clerk all types 3. Store man / Shipment Dispatcher 4. Junior / Assistant Time Keeper	PKR 19,014.88
Highly Skilled - A 1. Senior Mistry / Mechanic 2. Patter Maker / Senior Dyer 3. Assistant Supervisor	PKR 21,062.44
Highly Skilled - B 1. Deputy Dyeing Master 2. Senior Soft Flow Operator 3. Quality / Rowing Inspector 4. Assistant Knitting Master 5. Assistant Pattern Maker 6. Inspector / Trims Inspector 7. Junior Dyer / Fabric Inspector 8. Mistry / Mechanic / technician all types	PKR 20,185.08
Skilled - A 1. Collar Man / Sample man 2. Electrician / Fitter / Mason / Welder 3. Outfit Tailor / Karigar 4. Knitting Operator 5. Jet Operator / Soft Flow Operator 6. Boiler Operator / Vinch Operator 7. Hydro Operator / Lab Operator 8. Winder / Motor Winder / Painter 9. Line Checker / Table Checker 10. Rafugar / Cutter / Cutting Man 11. Quality Checker / Darner / Carpenter 12. Lot Maker / LaserMachine Operator 13. Control Room Operator 14. Junior Machine Mechanic	PKR 19,776.73

SKILL LEVEL	Minimum Wage Per month
Skilled - B 1. Driver / Cook 2. Accessory O / L Operator 3. Alterman / Stain man / Remover 4. Size man / Card Filler 5. Operator all types 6. Lab Assistant / Garment Checker 7. Assistant Machine Mechanic 8. Stitcher / Stitching Machine Man	PKR 19,307.72
Semi-skilled - A 1. Assistant Fitter / Cutter / Welder / Cook 2. Button Stitcher / ButtonHolesMaker 3. Overlock Machine Operator 4. Rivet Button / CC tv Operator 5. Helper Tailor / Assistant Operator 6. Pressman / Presser / Packer / Fireman 7. Assistant Electrician / Carpenter 8. Lot Stitcher / Bundler / Label / tag Man 9. Fusingman / tracer / touchingman 10. Cut Panel Checker / Wiskerman 11. Mender / Lift Operator / Sprayman 12. Assistant Cook / Chapati Maker 13. Dryer Machine / Oven Operator 14. Chemical Store Assistant 15. Shader / Garment Grinder 16. Rubing Scrubing Man 17. Metal Detecting Man 18. Kaj Batik Machine Operator	PKR 18,487.53
Semi-skilled - B 1. Clipper / Thread Cutter / trimmer 2. Loop Cutter / Numbering Man 3. Helper not elsewhere classified 4. Security Guard / Gate Keeper 5. Mali / Office Boy / Head Waiter	PKR 18,138.00
Unskilled worker 1. Chowkidar / Watchman / Polyman 2. Trolley Man / Bundle / LineFeeder 3. Peon / Qasid / Waiter / Labour 4. Sweeper / Cleaner / House Keeper 5. Fabric Spreader / Spreaderman	PKR 17,500.00
Mutual bargaining for Supervisory Group 1. Accountant / Assistant Accountant 2. Manager / Senior Manager all types 3. Supervisor / Senior Supervisor all types 4. Officer / Assistant Officer all types 5. Office Superintendent 6. Merchandiser / Assistant Merchandiser 7. Cost and Financial Controller 8. Coordinator all 9. Incharge / Executive all types 10. Senior Accountant 11. Deputy / Assistant Manager all types 12. Chief Engineer / Engineer all types 13. Chemist / Forman / Master all types 14. Auditor / Secretary / Administrator	



APPENDIX 8: MINIMUM WAGE RATES IN SINDH

S.NO	Cotogony of Workers	Minimum Wage Rates			
	Category of Workers	Per Day	Per Month		
1.	Unskilled adult worker employed in industrial/ commercial undertakings in Sindh Province	PKR 675.00	PKR 17,500.00		
2.	Juvenile workers employed in industrial/commercial undertakings in Sindh Province	PKR.675.00	PKR 17,500.00		

APPENDIX 9: LIST OF LABOUR-RELATED LEGISLATION IN PAKISTAN IN LAST TEN YEARS

Source: ILO Natlex Pakistan

Elimination of child labour, protection of children and young persons

- 1. The Compulsory Education in the Province of Balochistan Act (Act No. V of 2014)
- 2. The Balochistan Introduction of Mother Languages as Compulsory Additional Subject at Primary Level Act (No. III of 2014)
- 3. Protection of Breast Feeding and Nutrition for Infants and Young Children Act (Act No. I of 2014
- 4. Sindh Child Marriages Restraint Act, 2013 (Act No. XV of 2014)
- 5. The Balochistan Borstal Institutions Act, 2014 (Act No. XXIII of 2014)
- 6. Punjab Free and Compulsory Education Act, 2014 (XXVI of 2014)
- 7. Sindh Bonded Labour System Abolition Act, 2015
- 8. Punjab Prohibition of Child Labour at Brick Kilns Act, 2016 (XXXVII of 2016)
- 9. Punjab Restriction on Employment of Children Act, 2016 (L of 2016)
- 10. The Balochistan Child Protection Act (Act No. VII of 2016)
- 11. The Sindh Prohibition of Employment of Children Act, 2017 (Sindh Act No. III of 2017)
- 12. The Sindh Prohibition of Corporal Punishment Act, 2016 (Sindh Act No. VII of 2017)
- 13. The Khyber Pakhtunkhwa Free Compulsory Primary and Secondary Education Act, 2017 (Act. No XII of 2017)
- 14. Punjab Bonded Labour System (Abolition) (Amendment) Bill, 2018

Equality of opportunity and treatment

- **15.** Protection Against the Harassment of Women at Workplace, 2010
- 16. Punjab Commission on the Status of Women Act, 2014 (Act No. I of 2014)
- 17. The Punjab Fair Representation of Women Act, 2014 (Act IV of 2014)
- 18. Khyber Pakhtunkhwa Regulation of Lady Health Workers Program and Employees (Regularization) and Standardization Act, 2014 (Act No. XXVI of 2014)
- 19. National Commission on the Status of Women Rules, 2014 (S.R.O. 959 (I)/2014)

- 20. Sindh Commission on the Status of Women Act, 2015 (Sindh Act No. XX of 2015)
- 21. The Balochistan Protection Against Harassment of Women at Workplace Act (Act No I of 2016)
- 22. Punjab Protection of Women against Violence Act, 2016 (XVI of 2016)
- 23. The Khyber Pakhtunkhwa Commission on the Status of Women Act, 2016 (Act No. XXVIII of 2016)
- **24.** Punjab Protection of Women against Violence Act, 2016 (XVI of 2016)

Conditions of employment

- 25. The Khyber Pakhtunkhwa Shops and Establishment Act, 2015 (Act No. XX of 2015)
- 26. Sindh Shops and Commercial Establishment Act, 2015 (Sindh Act No. XII of 2016)
- 27. Sindh Factories Act, 2015 (Sindh Act No. XIII of 2016)
- 28. Sindh Terms of Employment (Standing Orders) Act, 2015 (Sindh Act No. XI of 2016)
- 29. Sindh Companies Profits (Workers Participation) Act, 2015 (Sindh Act No. XVIII of 2016)
- 30. Sindh Shops and Commercial Establishment Act, 2015 (Sindh Act No.XII of 2016)
- 31. Sindh Factories Act, 2015 (Sindh Act No. XIII of 2016)

Occupational Safety and Health

- **32.** The Sindh Environmental Protection Act, 2014 (Act No. VIII of 2014)
- 33. The Building Code of Pakistan Fire Safety Provisions, 2016
- 34. The Sindh Occupational Safety and Health Act, 2017
- 35. The Punjab Occupational Safety and Health Act, 2019
- 36. Sindh Occupational Safety and Health Act, 2019

Wages

- 37. Punjab Payment of Wages (Amendment) Act, 2014 (VII of 2014)
- **38.** Sindh Minimum Wages Act, 2015 (Sindh Act No. VIII of 2016)
- **39.** The Sindh Payment of Wages Act, 2015 (Sindh Act No.VI of 2017)
- 40. The Minimum Wages Ordinance, 1961 (adapted in Punjab by 2012 Amendment Act)
- 41. Minimum Wages for Unskilled Workers (Amendment) Act, 2016 (Act No. VII of 2016)

Social security (general standards)

- **42.** The Khyber Pakhtunkhwa Deserving Widows and Special Persons Welfare Foundation Act, 2014 (Act No. VI of 2014)
- 43. Khyber Pakhtunkhwa Civil Servants Retirement Benefits and Death Compensation Act, 2014
- 44. Khyber Pakhtunkhwa Pension Fund (Amendment) Act, 2014 (Act No. XLIII of 2014)
- 45. Sindh Employees Old-Age Benefits Act, 2014 (Sindh Act No. X of 2015)
- 46. Khyber Pakhtunkhwa Health Care Commission Act, 2015 (Act No. V of 2015)
- 47. Punjab Social Protection Authority Act, 2015 (XXII of 2015)
- 48. The Sindh Workers Welfare Fund Act, 2014 (Sindh Act No. XXXIII of 2015)
- 49. The Sindh Workers Compensation Act, 2016 (Act No. VII of 2016)
- 50. The Sindh Senior Citizens Welfare Act, 2014 (Sindh Act No. XXI of 2016)
- **51.** The Sindh Employees Social Security Act, 2016 (Sindh Act No.VI of 2016)
- 52. The Sindh Employees Old-Age Benefits (Amendment) Act, 2016 (Sindh Act No. XXIII of 2016)

Migrant workers

- 53. 53. Punjab Overseas Pakistanis Commission Act, 2014 (XX of 2014)
- **54.** 54. Punjab Information of Temporary Residents Act, 2015 (VIII of 2015)

Specific categories of workers

- **55.** The Sindh Civil Servants (Regularization of Adhoc Appointments) (Amendment) Act, 2014 (Act No. XII of 2014)
- 56. Balochistan Hotels and Restaurants Act, 2014 (Act No. XVII of 2014)
- 57. Sindh Civil Servants (Amendment) Act, 2014 (Act No. XIX of 2014)
- 58. Khyber Pakhtunkhwa Civil Servants Retirement Benefits and Death Compensation Act, 2014
- 59. Sindh Shops and Commercial Establishment Act, 2015 (Sindh Act No. XII of 2016)

Freedom of association, collective bargaining, and industrial relations

- 60. The Punjab Industrial Relations Act, 2010
- 61. The Sindh Industrial Relations Act, 2013
- 62. The Balochistan Industrial Relations (Amendment) Act (Act No. XV of 2015)
- 63. Alternative Dispute Resolution Act, 2017 (Act No. XX of 2017)

Elimination of forced labour

- 64. The Sindh Prohibition of Corporal Punishment Act, 2016 (Sindh Act No. VII of 2017)
- 65. The Sindh Bonded Labour System (Abolition) Act, 2015 (Sindh Act No. XX of 2016)

Employment policy, promotion of employment, and employment services

- 66. The Disabled Persons (Employment and Rehabilitation) Amendment Act, 2012
- **67.** Sindh Differently Able Persons (Employment, Rehabilitation and Welfare) Act, 2014 (Sindh Act No. XVI of 2015)

Maternity protection

- 68. Khyber Pakhtunkhwa Protection of Breast-Feeding and Child Nutrition Act, 2015 (Act No. VII of 2015)
- 69. Sindh Maternity Benefits Act, 2018

Education, vocational guidance, and training

- 70. The Karachi Institute of Technology and Entrepreneurship Act, 2015 (Sindh Act No. XXV of 2016)
- 71. The Khyber Pakhtunkwha Technical Education and Vocational Training Authority (Amendment) Act, 2017 (Act No. VI of 2017)
- **72.** The Khyber Pakhtunkhwa Free Compulsory Primary and Secondary Education Act, 2017 (Act. No XII of 2017)

General Provisions

- 73. Constitution (Twenty-second Amendment) Act, 2016 (Act No. XXV) of 2016)
- 74. Prevention of Electronic Crimes Act, 2016 (Act No. XL of 2016)
- 75. Constitution (Twenty-third Amendment) Act, 2017 (Act No. XII of 2017)
- 76. Alternative Dispute Resolution Act, 2017 (Act No. XX of 2017)



APPENDIX 10: PAKISTAN'S INTERNATIONAL RANKINGS ON VARIOUS INDICES

Ranking Body	Rank 2019/2020	Ranking Scale (best – worst possible)
UN Human Development Index	154	1 - 182
GPD Rank Minus HDI (Gross National Saving)	117 (12% of GDP)	
Industry Percentage of GDP	8.5% of GDP	
Strength of Auditing & Reporting Standards Rank	4 (Rank 111)	1-7 (Total Countries Ranked 141)
World Bank Rule of Law Index	120 (2020)	1-128
Transparency International Corruption Perceptions Index		
Rank	120 (2020)	1 - 180
Score	39	100
Gini Index (Measuring Inequality)	33.5	
Population Living Below Poverty Line (%)	24.3%	
Gender Related Development Index Rank (GDI)	133	Out of 160
Global Gender Gap Index	151	Out of 153
Wage Equality for Similar Work (Rank)	102	Out of 153
Employment in Informal Economy	71.23%	
(Harmonized Definition)	(Rank 30)	
World Bank Voice & Accountability Index	- 0.87 (2020)	-2.5 weak; +2.5 strong
Freedom House: Freedom in the World	Status: Partly Free Political Rights: 16/40 Civil Liberties: 22/60 (2020)	Free/Partly Free/Not Free
Foreign Policy: Fragile States Index	25 (2020)	178 – 1

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