

# International brands and local workers:

Study developed by:

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PLAT  FORMA

a mapping of the garment  
and footwear industry in  
the Republic of Moldova

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# Glossary

**Global value chain (GVC)** describes the entire spectrum of activities by companies and workers to produce a product, good or service, starting from conceptualizing it to the end and beyond. Activities include: design, production and marketing, transportation and distribution to the final buyer<sup>1</sup>. The prospects of the global value chain underline the relative value of the activities needed to bring a product or service from the incipient phase of the concept- through various production steps, involving a combination of physical transformations and contribution of various production services – until delivery to the last buyer, and final disposal after use<sup>2</sup>.

**Global supply chain** highlights the stages of production and distribution, unlike the global value chain that includes also design and branding activities that add value to a product, but do not necessarily reflect the product physical transformations<sup>3</sup>.

**Living wage** – a decent salary that has to be earned in a standard work week (not more than 48 hours) and that should allow the TAFL employee to buy food for himself/ herself and his/her family, pay the rent and medical insurance, buy clothing and footwear, cover the travel and education expenses and be able to save some money for unplanned expenses<sup>4</sup>.

**Minimum subsistence level** is the minimum volume of material goods and services required to meet primary needs, ensure the maintenance of health and sustainability of human life<sup>5</sup>.

**Multi-Fibre Agreement (MFA)** – an international agreement regulating (from 1974 to 2004) the textile and garment trade by imposing quotas.

**Agreement on Textile and Clothing (ATC)** - a transi-

tional arrangement which regulated the phasing out of MFA in the period of 1994-2004.

**Lohn Production or Outward Processing** – represent customs procedures whereby goods in free circulation in a customs territory may be temporarily exported for manufacture, processing or repair and then re-imported, being totally or partially exempted from import taxes and duties<sup>6</sup>.

**Race to the bottom** – the situation in which companies and countries are trying to compete by lowering wages and living standards for workers, while the production of goods is relocated where wages are the lowest and workers have the least rights<sup>7</sup>.

**Buyer-driven-chain** is the chain in which the retailer who purchases clothing from manufacturers has the power to dictate the replacement time, price and quality of collections<sup>8</sup>.

**Producer-driven-chain** is the chain in which the manufacturer of articles of apparel has the power to coordinate the distribution capacity of the parts and end products delivered by the subcontractors on the market.

**Fast fashion** is the phenomenon of producing and promoting cheap and disposable clothing. Today, it is a generally accepted fact that in fast fashion “fast” refers to two components of product development: rapid production and rapid response to any market signal<sup>9</sup>.

**Poverty wage** is an increasingly common term used by researchers in the field of poverty studies and wage earnings. In most cases, poverty wage is used to highlight the average wage (8 hours per day/ work) which is relatively lower or equal to the poverty line (it is set differently in different contexts/ countries).

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# List of abbreviations:

<b>APIUS</b>	Association of Employers in Light Industry
<b>ATC</b>	Agreement on Textiles and Clothing
<b>NBS</b>	National Bureau of Statistics
<b>CNSM</b>	National Trade Union Confederation of Moldova
<b>CCC</b>	Clean Clothes Campaign is a global alliance dedicated to improving the working conditions and empowering workers in the global garment and footwear industry
<b>HS</b>	Harmonized System
<b>MFA</b>	Multi- Fibre Agreement
<b>MIEPO</b>	Moldova Investment and Export Promotion Organization
<b>OEC</b>	Observatory of Economic Complexity
<b>TAFL</b>	Textile, Apparel, Footwear and Leather
<b>UIPAC</b>	Implementation Unit of the World Bank Competitiveness Improvement Project

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# Introduction

In 2014, *Clean Clothes Campaign*<sup>10</sup> (CCC) published the study ***Stitched Up: Poverty wages in the garment industry in Eastern Europe and Turkey***<sup>11</sup> (Ro) which was the first serious effort to draw attention to the poor working conditions in the garment industry in Eastern Europe. If until then the majority of consumers and public opinion, generally, associated poor labour conditions with the Eastern and Southeast Asia (especially China, Bangladesh, Pakistan), the study that has interviewed factory workers in 10 post-socialist countries, including Moldova, has shown that workers in Eastern Europe suffer from poverty (and sometimes more severe poverty) and similar working conditions to those of workers in Asian countries. Brands such as *Benetton, Max Mara, Armani, Primark* or *New Look* produce in factories located in the Republic of Moldova. Contrary to expectations, the study showed that the lowest salary of a Moldovan worker is lower than the lowest salary of a Pakistani worker, for example.

The “poverty wages” in the garment industry is just one aspect of the poor working conditions identified by the CCC in Eastern Europe. In Moldova, in particular, the study reveals also other systemic problems: over-work and unpaid work at the rate established by the law, payment of wages in the envelope, short-term contracts contrary to the legal provisions (types of contracts for the activity/ domain used for purposes other than those established by the law, predominantly in order to avoid/ reduce taxes) and the widespread fear among workers to claim their legal rights (illustrated by the modest rate of unionisation in the garment industry in Moldova - only 11 factories have trade union organizations at the moment or about 2500 people are unionised)<sup>12</sup>.

The present study is a joint effort of a group of activists, journalists and researchers<sup>13</sup>, supported by the Friedrich Ebert Foundation Moldova, whose aim was to deepen the conclusions of the CCC Report and elucidate the role of Moldova in the global garment industry. Until now, there is no clear idea about the role of Moldova and the place of the country’s garment industry in the global economy. The present study aims to enrich the

knowledge base about the brands that are producing/ have produced in Moldova in general, and to shed more light to the place that Moldova occupies in the global economy and the global garment industry, in particular. The purpose of mapping the brands producing in Moldova, but also talking with the garment workers about how they feel working for these brands proved to be quite ambitious. The data on the number and type of enterprises, the number of workers and their salary, and the brands for which they produce are often vague, contradictory or missing. The main difficulties of the research process have been the following:

- Most of the Moldovan companies involved in LOHN production with international brands choose to protect their brand names by invoking the “commercial secret”. For this reason, the information available is very poor and protected and, in principle, has been indirectly obtained.
- The companies that display the name of the foreign brands they work with do not indicate the years of collaboration. For this reason, it was difficult to determine precisely whether the collaboration continues or remained in the past.
- Very few foreign brands choose to publish the name of the Moldovan suppliers they work with.

Under these circumstances, our mapping was based on the following sources:

- a) public sources: official websites of companies, media, other mentions;
- b) the websites of brands that publish the list of their vendors;
- c) interviews and anonymous conversations with factory workers (identified directly at the factory after the end of the working day or through acquaintances, relatives, other contacts);

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- d) visits to factories' shops, showrooms, and other locations where local companies exhibit their production (the article label has been consulted and verified as being produced in Moldova by a local company under the name of foreign brands).

Often, we had to decipher the contradictory information to make some conclusions, which we are presenting in this report. However, we believe the limited information is an additional reason to insist on these topics and increase their visibility.

The study follows the structure below:

Chapter I provides the historical context of the garment industry, namely how small-scale production has

evolved into the global industry and the current Lohn production. It also looks at the marriage between the textile industry and the trends in the development of the economy and technology: globalization and relocation of production.

Chapter II presents the list of the main brands working with the Moldovan companies identified as a result of the research.

Chapter III presents some case studies based on interviews with workers from textile companies working for foreign brands. The interviews were conducted by Anastasia Nani, a journalist from the Independent Journalism Center. In order to protect the workers that have been interviewed, their names have been changed.



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# Context: Clothes – from human need to the Lohn production

Manufacturing of garments is a defining characteristic for the human being as the rationality or imagination are. Almost all cultures and civilizations use clothing and footwear.

The clothing is as old as humanity itself. The earliest article of footwear dates back to the 7<sup>th</sup> or 8<sup>th</sup> millennium BC, while the oldest garments date back to the 150,000 BC or even earlier. In a way, the production of garments has been accompanying mankind throughout its history (and according to some interpretations, it could be responsible for the Industrial Revolution initially triggered in England in the 17<sup>th</sup>-18<sup>th</sup> centuries, which later expanded in other parts of the continent and the world, giving rise to the phenomenon known as *modernity*).

The shoes and clothing are of course important today. What has changed, however, since prehistoric times when people first began to produce fabrics and process the skin of animals to get shoe leather, is that the whole process is no longer just local, nor is it done anymore only within the family or small community. On the contrary, it represents a complex, dynamic and diverse global industry that employs millions of people on all continents.

Some sources indicate that the value of the entire global clothing industry is about 3 trillion dollars (3 trillion!), which accounts for about 2% of the global gross domestic product<sup>14</sup>. The sector also employs between 60 and 75 million people globally<sup>15</sup>. In Moldova, the garment and footwear sectors are of particular importance. Although the country's image that the authorities are trying to promote abroad is that of a

wine country, Moldova exports 3 times more textile, clothing and footwear items than wine.

Apparel and footwear industries are among the most globalized industries. People, companies and markets networks (known as *Commodity/ supply chains*) are scattered all over the world, being present in both the most isolated hamlets and the most central cities. The industry combines both the most sophisticated technologies, the most recent marketing and promotion methods, and a lot of traditional manual work; bright boutiques in the most "glamorous" and expensive places of the planet, as well as dyeing factories located in the planet's poorest and most polluted corners; generously paid work for fashion designers, PR and marketing agencies, glossy patterns and magazines, as well as slavery on Uzbekistan's cotton fields, work under fierce conditions - excessive heat and humidity, physical and mental humiliation, labour insecurity in the legal and illegal workshops in Pakistan or in factories in Bangladesh (where in 2013 the largest work accident ever occurred in the textile industry as a result of the collapse of the *Rana Plaza* building that housed a textile factory producing articles for Benetton, Primark, Walmart or Mango among others. 1134 people died in that accident)<sup>16</sup>.

Any discussion of this situation of the textile and clothing industries has to take into account several other related discussions referring to certain trends in the development of the economy and technologies – globalization, on the one hand, and the technological processes such as the relocation of the accompanying production, on the other hand.

Globalization is a strongly contested paradigm in social sciences<sup>17</sup>, politics, economics, international relations and military studies. For some, it is a “natural” phenomenon that inevitably occurs and drives the latest trends in technology, management, transport and communication. For others, it is an unevenly influenced process - some key actors (large countries, multinational corporations, international institutions) have the potential to influence the course of globalization to a greater extent than other actors (smaller countries, workers, domestic workers etc.).

From the perspective of this study, we are interested in both aspects of globalization. On the one hand, developing and organising it as an economic condition “by default”, to which countries and smaller companies need to adapt in order to survive. On the other hand, within these global processes, not all actors have the same weight or equal capacity to influence the situation (some global corporations have larger operating budgets than many countries), or to generate certain tendencies that will benefit them.

Relocation of industrial production in general, and of the textile production in particular, is one of the most direct consequences of globalization. To explain it in simple terms, relocation of industrial production takes place when a company A located in a particular country decides to transfer part of the production process to another country or to several other countries.

The process became possible in the second half of the 20<sup>th</sup> century due to the progress of the communication technologies, transport, financial transactions and services, and the integration of world countries into the capitalist system. In the textile and shoe manufacturing industry relocation takes place by decoupling design, marketing and production services and by moving sequences of the article making process (sewing, attaching accessories - zippers, logos and labels, ironing and packaging) to other countries and regions. Relocation is a complex phenomenon with complex social and economic effects (from the depletion of some regions as a result of deindustrialisation to the weakening of the trade union negotiation power).

A specific case of relocation of production in the textile and footwear industry is the so-called LOHN production. The Lohn production or the *Outward Processing Trade* is one of the recent forms of international trade

that reflects the inequalities and diversification of links between and within multinational corporations and the international division of labour. The Outward Processing Trade is radically different from the traditional international trade that was based on the parity of partners (on an equal footing). In the case of the Lohn production, the parties are unequal - one party is only responsible for a small segment of the production process - usually the most labour-intensive part (assembling, etc.). From a technical point of view, Lohn means a customs procedure whereby goods can be temporarily exported for manufacturing, processing or repair, and then re-imported, being exempted from import duties.

What does the *Outward Processing Trade* mean in the textile industry, in general, and in the Moldovan one, in particular? It means that some foreign clothing brands (from Europe and elsewhere in the world) are temporarily exporting Moldovan fabrics, leather, and other textiles for processing and finishing. These brands also offer exact specifications on how Moldovan factories should assemble the final items. Subsequently, the Moldovan factories assemble the garments (adding the label “Made in Italy” or “Made in Moldova” or something else) after which they are (re) exported.

This process has to be analysed from two perspectives: horizontal (transnational, within the supply chain), and vertical (within the commodity production chain). From a transnational perspective, the brand exports certain production processes in regions/ countries where some costs are lower (especially the cost of non-automated assembly work, considered to be “flexible”, while the other costs - material, but also marketing, design- are considered to be “rigid”). The effect of this is that the governments of small countries are “forced” to keep the labour costs (both in terms of salary and labour-safety standards) as small as possible both globally and in comparison with neighbours (*race to the bottom strategy*) in order to attract “foreign investors”.

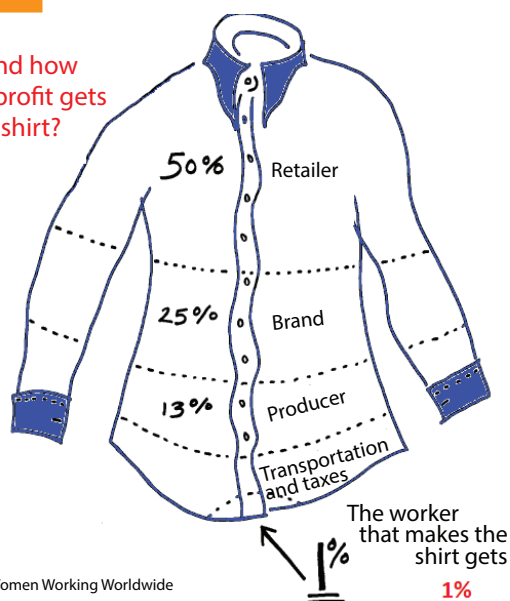
From a vertical perspective, that is from the perspective of the division of labour within the commodity value chain/ supply chain, only some processes are subject to the Lohn production- those that are historically and practically the most poorly paid, which is manufacturing, not design and marketing. For example, a group of workers from a factory in northern Moldavia calculated, based on the tariffs they are paid, that all the operations they make in order to convert



patterns into garments, including the label on which the price of 600 Euro is indicated would cost around 6-7 Euros. That is, the labour costs for the production of a garment for that brand amount to 1-1.5% of the retail price of the article (see below the chart of the Women Working Worldwide<sup>18</sup>).

**Figure 1.**

Who and how much profit gets from a shirt?



Source: Women Working Worldwide

The Outward Processing Trade illustrates the complexity of the international division of labour in neoliberal capitalism. Thus, for brands, it is no longer necessary to maintain their own factories (in fact, some brands already have no factories and subcontract most services (eg Nike, Reebok, Liz Claiborne and Gap), working with complex networks of suppliers and subcontractors. For example, the Inditex Corporation (which manages, among others, the well-known brands of Zara and Mango) is working, according to the information available on the company's official website<sup>19</sup>, with 1805 suppliers from 53 countries operating in 6959 factories. 661 suppliers and 3739 factories are located in Europe, 65 suppliers and 133 factories - in the United States of America, 1079 suppliers and 3087 factories - in Asia. In total, more than 162 thousand people are employed in the Inditex operations.

In addition to these officially integrated factories in the brand production chain, the clothing industry also has a high rate of subcontracting. Subcontracting takes place when a factory unofficially splits a brand order with another factory, workshop or domestic worker. The sub-

contracted workers are thus in a vulnerable position, often working in black for a remuneration arbitrarily established by the supplying factory. The subcontracting phenomenon has often been criticized by both the international media and NGOs that promote the rights of vulnerable workers, and some brands have stepped it up to identify subcontracting in their own production chain. *Our study shows that a considerable number of Moldovan companies, especially in the field of footwear, operate as subcontractors, most often for factories in Romania.*

Brands themselves are grouped into corporate conglomerates that manage multiple brands. Thus, the above-mentioned Spanish giant Inditex gathers under the same umbrella eight big brands: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. In this complex network the various operations are dispersed between the various levels (see Figure 5-6 below) taking place in different corners of the globe.

However, mention should be made here that the profit is distributed unevenly across the network. Most of the profit goes to the brand's countries of origin or countries where the brand operates. The smallest share of profit remains in the countries where most of the garment or shoe manufacturing work takes place.

What is the situation of Moldova in general and of the local textile and footwear industries in this context?

On the one hand, the Republic of Moldova is, of course, too small and too weak an actor to influence these developments (if we made a classification of clothing/footwear brands according to their market value<sup>20</sup>, we would find out that at least 13 of them have a value that exceeds the Gross Domestic Product of the Republic of Moldova). On the other hand, it does not relieve the authorities of the responsibility of asking themselves questions such as: How can the workers' rights and decent pay in these industries be respected? How can and should companies and factories be helped to produce their own brands? How can innovation be promoted in this sector? What is the most effective way for companies to gradually shift from foreign goods to their own brands? The following study does not provide complete answers to any of these questions (this is not its purpose) but presents the context in which these questions are to be analysed, at the level of both public policy and public discourse.

## CHAPTER I.

# TAFL<sup>21</sup> in Republic of Moldova.

## Main indicators

### **Number of registered companies**

The number of registered companies dealing with TAFL is rather difficult to estimate because the figures presented by various state institutions are different.

For example, the National Bureau of Statistics indicates, for the years 2013-2015 (the years when it collected statistics), a number that oscillates around 450 enterprises<sup>22</sup> - 467 enterprises in 2013, 450 in 2014 and 455 in 2015.

**Table 1**

### **Number of enterprises by type of activity**

	2013	2014	2015
Manufacture of textiles	74	75	83
Manufacture of apparel	256	240	253
Tanning and dressing of leather; manufacture of travel items and haberdashery, harness and footwear; preparation and dyeing of fur	71	70	61
Manufacture of footwear and leather goods, harness and other leather goods	13	13	10
Manufacture of footwear	53	52	48
<b>Total</b>	<b>467</b>	<b>450</b>	<b>455</b>

Source: National Bureau of Statistics

On the other hand, other sources indicate completely different figures. Thus, the Moldovan Investment and Export Promotion Organization (MIEPO) indicates, in the 2016-2017 edition of the general presentation of the textile industry made for investors, about 550 enterprises<sup>23</sup>, of which 356 clothing companies, 75 footwear, travel and leather goods companies and 120 textile companies. Though MIEPO uses the data provided by the National Bureau of Statistics, the organization indicates a number which is by 100 companies more than the official data of the NBS. The Association of

Employers in Light Industry (APIUS) offers a third figure for the number of companies operating in the sector - by 100 companies less - ie 350 companies<sup>24</sup>.

The State Register of Legal Entities in the Republic of Moldova, a service provided by the Public Service Agency (that merged with the former state enterprise "State Registration Chamber"), offers - on the Governmental Open Data Portal - information on the enterprises registered on the territory of the Republic of Moldova, including by type of activity. The register

contains up-to-date information (the set we refer to is dated November 20, 2017) about more than 300 thousand enterprises, including liquidated ones. The authors of the study conducted a complex search in the Register, based on several criteria. The search results indicate a total of **2519** companies active in the field of clothing and footwear production, of which **1957** - clothing manufacture and **562** - footwear manufacture. If we add the companies manufacturing textile other than apparel and the companies manufacturing leather other than footwear, the number of enterprises exceeds **4000**.

It is true that this does not necessarily mean that those companies that have declared a certain type of activity, such as garment and footwear manufacturing, carry out these activities in reality. Finally, there is another source - the Government. Since 2010, the Ministry of Economy, in order to provide facilities and develop the light industry, has been developing a list of light industry enterprises by type of services rendered on the territory of the Republic of Moldovan for the applicants for the placement of goods under the customs regime of active improvement, with zero VAT<sup>25</sup>. This list is increasing every year, the last change being made in July 2017. At present, there are 718 companies involved in the production of clothing and footwear<sup>26</sup> (712 - clothing manufacturers and 6- footwear manufacturers). Thus, according to the Ministry of Economy, in the light industry there are at least 718 companies that enjoy zero VAT.

So there are at least five different figures for the number of companies active in TAFL: **350** (APIUS), **450** (NBS), **550** (MIEPO), **718** (Ministry of Economy) and

**2519** (Company Register of Moldova).

What is the real number of TAFL companies? Which of the above figures is the correct one?

Most likely, none. The differences between estimates are so great that no figure can be accepted without serious methodological questions. It seems fair to suppose that the number of companies in the TAFL sector is more than 718 and probably less than 2519.

Any exact estimation in these conditions seems to us a hazardous guess, but we can assume that at least **1000-1500** companies are active. Since the ratio between clothing and shoe factories is 1 to 4, our estimates indicate approximately **200-300** footwear factories and **800-1000** clothing factories.

### ***Number of employees in the sector***

While the effort to estimate the number of registered textile and footwear companies faced methodological difficulties and contradictory statistical data, the objective of identifying the number of employees in the sector has proved to be as complicated. Apart from the general practice of using subcontracted workforce and short-term contracts or unofficial employment, the official data regarding the number of employees in the sector is quite inaccurate.

According to NBS<sup>27</sup>, the total number of employees in the economy is 594 219 persons, of which 99 068 persons are employed in the processing industry, out of which 78 206 persons are employed in the manufacturing industry.

**Table 2.**

### **Number of employees by economic activity, year 2016**

	<b>Both sexes</b>	<b>Women</b>	<b>Men</b>
Total INDUSTRY, of which	99068	47799	51270
PROCESSING INDUSTRY	78206	42825	35381
Manufacturing of textile	3570	2737	833
Manufacturing of apparel	14802	13368	1435
Tanning and dressing of leather; manufacture of travel items and haberdashery, harness and footwear; preparation and dyeing of fur	2917	2208	709

Source: National Bureau of Statistics

The distribution of TAFL employees is as follows:

- Manufacturing of textile - 3 570 employees, of which 76,6% are women;
- Manufacturing of apparel - 14 802 employees, of which 90% are women;
- Manufacturing of travel goods, leather goods and footwear - 2 917 of which 75,7% are women.

However, as in the case of the number of companies in the sector, NBS data should be viewed with a considerable amount of suspicion.

Another source indicating an estimated number of employees in the light industry (textile, apparel, footwear, leather and leather goods,) is MIEPO. According to the MIEPO 2015 Report<sup>28</sup>, the number of employees in the light industry is 26 000, while in the "Textiles, Apparel, Footwear and Leather Goods" Study of 2017, MIEPO shows the number of 23 000 employees in the sector, of which 14635 work in clothing factories, 3761 - in footwear and travel goods, and 4244 - in textile factories. According to the same study, 85-95% of TAFL employees are women.

The authors of this study conducted a small research and collected data on the number of employees in 50 factories from various sources (Matching Apparel Manufacturers 'Capabilities to Customers' Needs, the Light Industry of the Republic of Moldova<sup>29</sup> etc.) A

simple mathematical calculation has indicated more than **20 thousand** employees in only 50 factories that provide public information on the number of employees. This exercise allows us to say that the number of TAFL employees, as well as the number of companies working in the field, is much higher than the one indicated in the official data. Using the same rule, we can assume that the number of TAFL employees is at least double the official figures and could be estimated at **45-50 thousand** people at least.

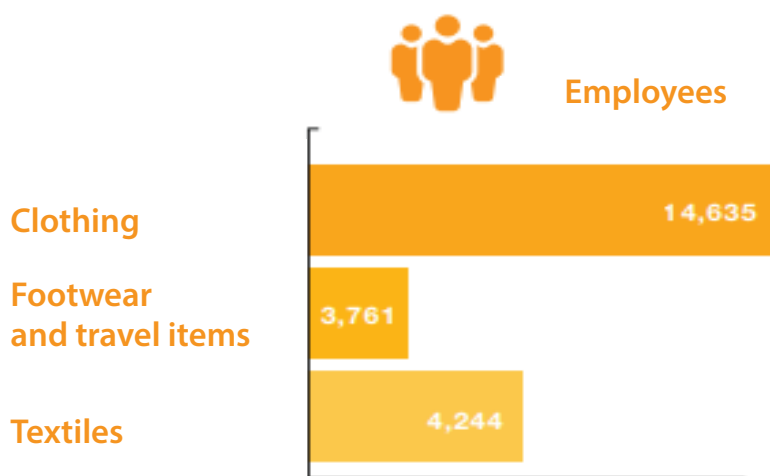
### ***Export of garment and footwear***

According to the domestic export ranking (NBS), the textile industry is ranked fourth, as follows:

1. Agricultural products – 28,23%;
2. Food and beverages - 24,56%;
3. Electronic and mechanical products - 15,67%;
4. Textiles and apparel– 8,03%.

According to data provided by the NBS<sup>30</sup>, in 2016, the country's total exports amounted to US \$2,044,610,000.76. If we add all the textile export indicators (textile, leather and fur, fabrics and clothing), the total amount of textile and garment exports in 2016 is US \$ 322,379,000.43, which accounts for 15.76% of total exports.

**Figure 2**



Source: MIEPO

**Table 3****Foreign trade by indicators, sections, year 2016, thou USD**

	2016
<b>TOTAL EXPORTS</b>	<b>2 044 610</b>
Textile fibers (except for spinned and combed wool) and their waste (unprocessed in yarn or fabrics)	788.74
Leather, other leather and processed fur	2 350.57
Yarn, woven fabrics and textiles not elsewhere specified and related products	75 270.19
Clothing and accessories	243 970.5

Source: National Bureau of Statistics

If we add shoe exports, we get 17.18% of total exports. Thus, the TAFL industry would rank third in the total exports.

**Table 4****Foreign trade, thou US dollars**

	2013	2014	2015	2016
Export				
<b>Total</b>	<b>2 428 303,0</b>	<b>2 339 529,60</b>	<b>1 966 837,20</b>	<b>2 044 610,76</b>
Garment and accessories	260 495,40	277 573,70	229 185,20	243 970,50
Footwear	37 713,00	33 504,10	23 755,70	28 907,09
Import				
<b>Total</b>	<b>5 492 393,10</b>	<b>5 316 958,00</b>	<b>3 986 820,30</b>	<b>4 020 356,96</b>
Garment and accessories	106 564,50	98 343,50	77 544,90	100 887,00
Footwear	31 243,00	27,256,10	16 895,30	24 991,21

Source: National Bureau of Statistics

*The Observatory of Economic Complexity (OEC)*<sup>31</sup>, an international trade data viewer created by the Macro Connections Group at MIT Media Lab which is a credible source, provides comprehensive data on export-import trade ratios for each country. Thanks to this tool, we can visualize the export and import profile of the textile and shoe industry, the types of textile and footwear, total exports and imports disaggregated

by HS (*harmonized system*) subclassifications as well as export destinations and import origins.

According to the OEC, the total textile exports amount to US \$ 307 million, while the imports exceed exports by US \$ 37 million<sup>32</sup>. The largest volume of exports belongs to finished garments (non-knitted suits for men and women, T-shirts, sweaters, knitted suits, non-knit-

ted coats for women and men, etc.), while from the textile category only slightly rubberised knitted textiles are exported. Quite different is the disaggregated profile by HS sub-classifications of the industry imports. Thus, while for export we have mostly finished articles of clothing, for import the textile goods of raw materials prevail (slightly rubberised knitted textiles, accessories, filament fabrics, plasticized textiles, syn-

thetic textile materials, cotton cloth, etc.). These statistical data support the UIPAC conclusions<sup>33</sup> according to which 80% of the textile goods volume is produced under Outward Processing Trade.

Below is the external trade profile of textiles from the Republic of Moldova for the year 2016, based on the data of the *Observatory of Economic Complexity*.

**Table 5.**

### Textile foreign trade profile in the Republic of Moldova (2016)

Textile total exports: 307 mln \$	Textile total imports: 344 mln \$
<b>Non-knitted suits for women: 12%</b> Export value: 38 mln \$ Export destination: Italy: 44% UK: 26% Germany: 13%	<b>Slightly rubberised knitted textile fabrics: 16%</b> Import value: 55.5 mln \$ Origin of import: Turkey: 52% China: 19% Italy: 18%
<b>Non-knitted suits for men: 11%</b> Export value: 34.9 mln. \$ Export destination: Italy: 27% Romania: 25% Germany: 23% Poland: 21%	<b>Other knitted accessories for clothing: 7.1%</b> Import value: 24.6 mln \$ Origin of import: Turkey: 51% Russia: 28% Italy: 17%
<b>Slightly rubberised knitted textile fabrics: 7.7%</b> Export value: 23.8 mln \$ Export destination: Belorussia: 94% UK: 3%	<b>Filament fabric: 6.9%</b> Import value: 23.6 mln \$ Origin of import: Italy: 50% Turkey: 15% China: 13%
<b>Knitted T-shirts: 6.9%</b> Export value: 21.1 mln \$ Export destination: Turkey: 52% Russia: 21% Italy: 17% UK: 7.7%	<b>Plasticised textile: 4.3%</b> Import value: 14.9 mln \$ Origin of import: Romania: 38% Italy: 13% Poland: 10% India: 7.3%
<b>Knitted sweaters: 6.6%</b> Export value: 20.2 mln \$ Export destination: Italy: 57% Russia: 18% Turkey: 9.8 % Romania: 9.4%	<b>Non-woven textiles: 3.7%</b> Import value: 12.9 mln \$ Origin of import: Serbia: 28% Italy: 25% Germany: 13%



Textile total exports: 307 mln \$	Textile total imports: 344 mln \$
<b>Knitted suits for women 5.4%</b> Export value: 16.7 mln \$ Export destination: UK: 55% Italy: 20 % Russia: 16%	<b>Synthetic textiles: 3.6%</b> Import value: 12.5 mln \$ Origin of import: China: 29% Turkey: 28% Germany: 21% UK: 19%
<b>Non-knitted coats for men: 5.4%</b> Export value: 16.7 mln \$ Export destination: Italy: 95%	<b>Other non-knitted accessories for clothing: 3.4%</b> Import value: 11.5 mln \$ Origin of import: Italy: 69% Romania: 23%
<b>Non-knitted coats for women: 5.4%</b> Export value: 16.4 mln \$ Export destination: Italy: 83% Germany: 11%	<b>Velour: 3.3%</b> Import value: 11.4 mln \$ Origin of import: Germany: 56% Italy: 13% China: 18%
<b>Non-knitted shirts for women: 4.8%</b> Export value: 14.9 mln \$ Export destination: UK: 67% Italy: 15% Turkey: 7.9%	<b>Other synthetic textile materials: 2.5%</b> Import value: 8.55 mln \$ Origin of import: China: 38% Turkey: 11% UK: 14%
<b>Knitted shirts for women: 3.6%</b> Export value: 11.1 mln \$ Export destination: UK: 81% Italy: 8.7%	<b>Synthetic cotton textile: 2.4%</b> Import value: 8.19 mln \$ Origin of import: Germany: 43% The Netherlands: 31% Italy: 12%
<b>Knitted shirts for men: 2.2%</b> Export value: 6.88 mln \$ Export destination: Turkey: 50% Italy: 40%	<b>Cotton fabric: 2.3 %</b> Import value: 8.03 mln \$ Origin of import: Italy: 41% Turkey: 24% China: 15% Uzbekistan: 12%
<b>Knitted suits for men: 1.1%</b> Export value: 3.35 mln \$ Export destination: Italy: 44% Russia: 32% Romania: 12%	<b>Mixed cotton fabric: 1.8%</b> Import value: 6.03 mln \$ Origin of import: Germany: 24% Turkey: 19% Italy: 18% The Netherlands: 13%

Textile total exports: 307 mln \$	Textile total imports: 344 mln \$
<b>Non-knitted shirts for men: 1%</b> Export value: 3.06 mln \$ Export destination: Italy: 79% Germany: 11% Poland: 6.6%	<b>Narrow fabrics: 1.7%</b> Import value: 5.74 mln \$ Origin of import: Italy: 39% Switzerland: 12% Romania: 11% Turkey: 9.4% China: 9.8%
<b>Knitted coats for women: 0.81%</b> Export value: 2.8 mln \$ Export destination: Italy: 88% Germany: 3.8% Romania: 3.6%	<b>Labels: 0.94%</b> Import value: 3.25 mln \$ Origin of import: Italy: 36% UK: 16% Turkey: 22% China: 13%

Source: The Observatory of Economic Complexity

While the textile industry imports more than it exports, the profile of the footwear industry is as follows: it is exported by \$ 1 800 000 more than it is imported.

While in the case of the textile industry, mostly finished garments are exported and textile raw material is imported, the ratio of the footwear industry is reversed. We export more than half of the total volume- 52% of footwear. Most of these pieces - 85% of them - are exported to Romania. So, the footwear factories

in Moldova are subcontracted by the footwear factories in Romania. Probably, the footwear produced in Moldova is assembled in Romania for international brands. The leather footwear is on the second place in terms of export volume, 45% of which is made for Italian brands. While Moldova exports footwear and footwear parts to Italy and Romania, it imports footwear for the domestic market largely from Turkey and China, while the footwear from Italy and Romania is imported within Lohn production.

Table 6.

## Footwear foreign trade profile in the Republic of Moldova (2016)

Footwear total exports: 29 mln \$	Footwear total imports: 27.2 mln. \$
<b>Footwear: 52%</b> Export value: 15.3 mln Export destination: Romania: 85% Italy: 13%	<b>Leather footwear: 30%</b> Import value: 8.28 mln \$ Origin of import: China: 27% Turkey: 24% Italy: 11%
<b>Leather footwear: 35%</b> Export value: 10.3 mln \$ Export destination: Italy: 45% Romania: 31% Belorussia: 19%	<b>Rubber footwear: 21%</b> Import value: 5.67 mln \$ Origin of import: China: 82% Turkey: 8.2%
<b>Textile footwear: 5.1%</b> Export value: 1.5 mln \$ Export destination: Ukraine: 21% Italy: 20% Belgium: 18% Romania: 16%	<b>Shoe parts: 18%</b> Import value: 4.77 mln \$ Origin of import: Italy: 54% Romania: 27% Ukraine: 9.1%
<b>Rubber footwear: 4.8%</b> Export value: 1.41 mln \$ Export destination: Russia: 98%	<b>Textile footwear: 16%</b> Import value: 4.36 mln \$ Origin of import: China: 66% Turkey: 10% Vietnam: 8.9%

Source: The Observatory of Economic Complexity

# Minimum wage

The minimum wage is established annually through Government Decision<sup>34</sup> and is calculated for the period May 1 of the current year - May 1 of the following year. In 2016, its value was 12,43 MDL per hour, or 2,100 MDL per month, calculated for a full work programme averaging 169 hours per month<sup>35</sup> (which was € 93.58 at the exchange rate from 1 May, 2016).

Natalia, 28, worker in a Moldovan factory

*"I come to the factory from the neighboring village. I've been working here for about two years and I receive a salary of about 3,000 MDL. I do not have children, but if I had them the expenses would be very high. At present, together with my husband who works in construction, we can afford to buy only the bare necessities."*

However, this is the gross minimum wage. The net minimum wage is determined by deducting from the amount of the gross minimum wage the amount of contributions to the pension fund (6%), health insurance (4.5%) and income tax, which varies according to personal exemptions (or the legal partner's exemptions), that can be calculated at 7%. In total, the net minimum wage is 2100 MDL minus 17.5%, which is 2100 MDL minus 367 MDL (17.5%), or 1732 MDL (which amounts to 77.18 Euro at the exchange rate from 1 May 2016).

In 2017, the gross minimum salary was 14.09 MDL per hour, or 2380 MDL per month, calculated for a full-time work programme averaging 169 hours per month<sup>36</sup> (which accounted for 113.44 Euro at the exchange rate from 1 May 2017). Using the same formula we get a minimum wage of 1963.50 MDL (which is 93.58 Euro at the rate from 1 May 2017)<sup>37</sup>.

# Average salary

The average monthly salary in the national economy in 2016 was projected at 5050 MDL per month<sup>38</sup>. The given amount was set in line with the macroeconomic indicators forecast for 2015-2018. The data of the National Bureau of Statistics indicate that the average monthly salary per economy was slightly higher - 5084.0 MDL (EUR 226.55 at the rate of 1 May 2016).

Ana, 40, worker in a Moldovan factory

*"When we get the salaries, we set aside money for the bills and food, and there is nothing left. We have a garden and land plot with vineyards. We give the grapes from the land plot to an association in the village which gives us in return grain and wheat with which we feed the poultry."*

The value of the average monthly salary in industry was 5353.7 MDL (238.57 Euro at the exchange rate from 1 May 2016), with considerable variations in the light industry sectors. It should be noted that, in general, the value of the monthly average salary in the TAFL sector is lower than the average monthly salary in the industrial sector.

Thus, in the textile manufacturing sector, the average monthly salary is 5101.8 MDL (227.35 Euro), in the apparel manufacturing sector - 4154.6 MDL (185.14 Euro) and in the footwear manufacturing sector - 4292, 4 MDL (191.28 Euro). The data is summarized in the table below.

**Table 7****Average salary, 2016**

	<b>Annual average, MDL</b>
Economic activities - total	5 084,0
Industry	5 353,7
Textile manufacturing	5 101,8
Apparel manufacturing	4 154,6
Tanning and dressing of leather; manufacture of travel and haberdashery	4 292,4

Source: National Bureau of Statistics<sup>39</sup>

According to the National Bureau of Statistics, the highest monthly average salary is registered in the production of other transport equipment sector, production of basic pharmaceutical goods and pharmaceutical preparations and production of tobacco goods. The monthly average salary in the clothing

and furniture manufacturing sectors has the lowest value. Except for the furniture manufacturing sector, the garment manufacturing sector offers the lowest value of the monthly average salary in the processing industry. The data are presented in the table below.

**Table 8****Monthly average salary per economic activity in various sectors of the processing industry in 2016, the best and the worst paid sectors.**

<b>Sector</b>	<b>Annual average, MDL</b>	<b>Annual average, Euro (at the exchange rate from 1 May 2016)</b>
The best paid sectors, industry		
Production of other transport equipment	9 975,8	444,55
Production of basic pharmaceutical goods and pharmaceutical preparations	7 680,5	342,26
Production of tobacco goods	6 763,7	301,41
The worst paid sectors		
Manufacturing of footwear	4 292,4	191,28
Manufacturing of apparel	4 154,6	185,14
Manufacturing of furniture	4 091,3	182,32

Source: National Bureau of Statistics<sup>40</sup>

The statistical data don't show whether the salaries indicated is remuneration for standard hours of work or overtime. The interviews with workers from two factories in Moldova reveal that their salaries for standard hours of work (8 hours/ day) are well below this statistic average. Only working overtime, the workers can get higher wages and most often, working overtime and sacrificing their own time is the only way to increase their income. According to all the workers interviewed, their wages vary between 1800 MDL (the lowest salary reported) and 6000 MDL (the highest salary reported, which includes overtime work) depending on the volume of the orders and thus the additional labour. The possibility of working overtime has "turned" into a widespread argument

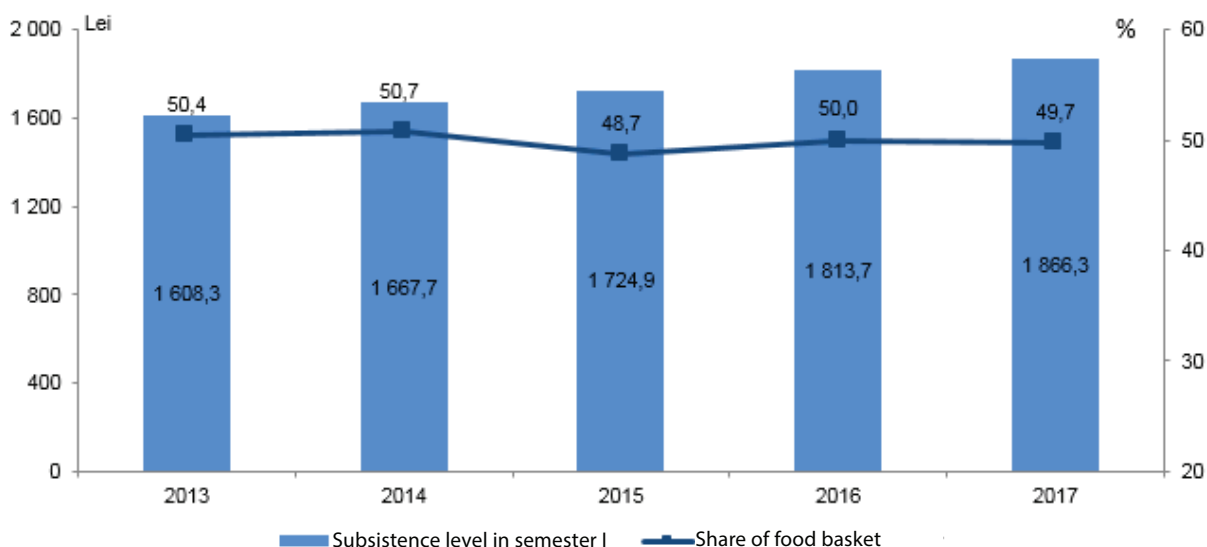
that workers can earn enough if they want it and are hardworking. In fact, the workers should be remunerated with a sufficient salary for living only for standard hours of work, ie for 8 hours a day. Also, in order to supplement their income, many workers work on their subsistence agricultural plots. *"Apart from the work at the factory, we also have a garden at home to feed the family. The garden is not big – 0,11 ha. We also have ducks and chicken. That saves us from hunger"*, says one of the interviewees. At the same factory, another worker says she gets a monthly salary of 3000 MDL (Story no.3). These personal stories reveal the real life behind the official figures, and namely, in order to compensate for insufficient wages, the workers also use other sources of income.

## Subsistence level

According to the NBS, the most recent estimate of the subsistence level for a person is the one for the first semester of 2017, which is 1866.3 MDL<sup>41</sup> (approximately 90.60 Euro on July 1, 2017). In nominal terms, the subsistence level has been constantly on the rise since 2013, when it accounted for 1608.3 MDL (in 2014 - 1667.7 MDL, in 2015 - 1724.9 MDL, in 2016

- 1813.7 MDL). Expressed in a reference currency, for example the Euro, the dynamics of the subsistence level is different from the one in the national currency - in 2013 its value was 98.18 Euro, in 2014 - 87.08 Euro, in 2015 - 81.82 Euro, in 2016 - 81.95 euro. The minimum consumption basket accounts for half of its value.

Figure 3



Source: National Bureau of Statistics



In the big cities (Chisinau and Bălți), the minimum subsistence level is 2015.6 MDL (2117.1 MDL generally for the working population, 2297.8 MDL for men and 1940.9 MDL for women). In smaller towns, the value of the subsistence level is 1836.7 MDL (1944.5 MDL for the working population, 2101.9 MDL for men and 1776.3 MDL for women). In the rural area, the minimum subsistence level is 1809.9 MDL (1926.3

MDL for the working population in general, 2088.2 MDL for men and 1740.6 MDL for women)<sup>42</sup>.

Generally, the monthly average salary in the garment industry exceeds by only 2.3 times the subsistence level, in the footwear manufacturing industry – by 2.36 times, and by 2.95 times in the textile industry.

## Living wage

The minimum wage is the minimum value of the salary that an employer can legally pay for workers, that is, the lowest threshold under which workers cannot sell their work. In the Republic of Moldova, in 2017, the minimum net wage (the “take-home” net wage, after paying social contributions and taxes) is 1980 MDL. Any salary lower than the minimum wage paid for a full-time job (169 hours/ month) is illegal.

The value of the minimum wage in the Republic of Moldova is justified by the calculations of the subsistence level value made by the National Bureau of Statistics. In 2017, the subsistence level in Moldova was 1866 MDL. The subsistence level is calculated on the basis of 3 needs: minimum food basket, industrial goods and services, bonuses and mandatory contributions, representing the amount calculated for a person’s livelihood for one month.

Another concept for assessing the ratio between pay and the needs of employees is the **living wage**.

Unlike the minimum wage, the living wage is calculated on the basis of the basic needs necessary for the decent life of a 4-member family, and includes the following 7 needs: food, housing (rental, maintenance), health, education, clothing, travel costs, savings (contingency).

The notion of living wage was first defined in 1919 by the International Labour Organization. In the Conventions 95 and 131 and in the Recommendations 11 and 135 on the Article 23 of the Universal Declaration on Human Rights, the International Labour Organization defines and recognizes that decent pay is a fundamental right.

Figure 4



Source: Clean Clothes Campaign<sup>43</sup>

In the Republic of Moldova, the first and the only estimate of the living wage was made by the National Confederation of Trade Unions in Moldova in 2016. The research results show that only the food basket of an adult should be 4039 MDL, which is twice as much as the current minimum wage in Moldova. It is

worth mentioning that the food basket has been calculated on the basis of the World Health Organization recommendations.

The calculations made to meet the needs of a 4-member family for one month reveal the following figures:

**Table 9**

Expenditure category	Amount, MDL
Food (of which 8,078.95 MDL for food in the house and 2,305.29 MDL for food outside the house).	10 384,24
Clothing and footwear	1 085,59
Personal hygiene	366,16
Pharmaceutical products	166,67
Articles for family use	2 122,31
Utilities	4 016,41
Apartment (purchase, mortgage, etc.)	3842,86
Travel costs	7 943,69
Different services provided to the population (telecommunications, etc.)	5 360, 98
Social insurance and medical insurance	1 000
Family holidays	333,33
Unforeseen situations	476.19
<b>TOTAL</b>	<b>37 098,89</b>

Source: CNSM

The research concludes that a budget of **37,098.89 MDL** per month is needed to ensure reasonable and decent living standards for a 4 member-family consisting of two employees and two children (considering the capital investment costs: apartment and car).

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## CHAPTER II.

# Foreign brands and local workers. Moldova's place in the global production chain

Due to the fact that the items produced by the TAFL industry are weighing very little, the transportation costs become very affordable, and this- together with the ease of distance communication and accessibility of financial services and transactions- facilitates the practice of the brands to relocate their production in the developing countries without taking into account the physical distance between the actors in the production chain. These conditions, coupled with the industry's fiscal facilities- starting with the facilities granted by the MFA agreement in 1974, continuing with the 2004 ATC Transition Regulations, and more than ever encouraged by the free trade area regulations- contributed to the vicious proliferation of the garment and footwear industry across the globe (see Inditex example above).

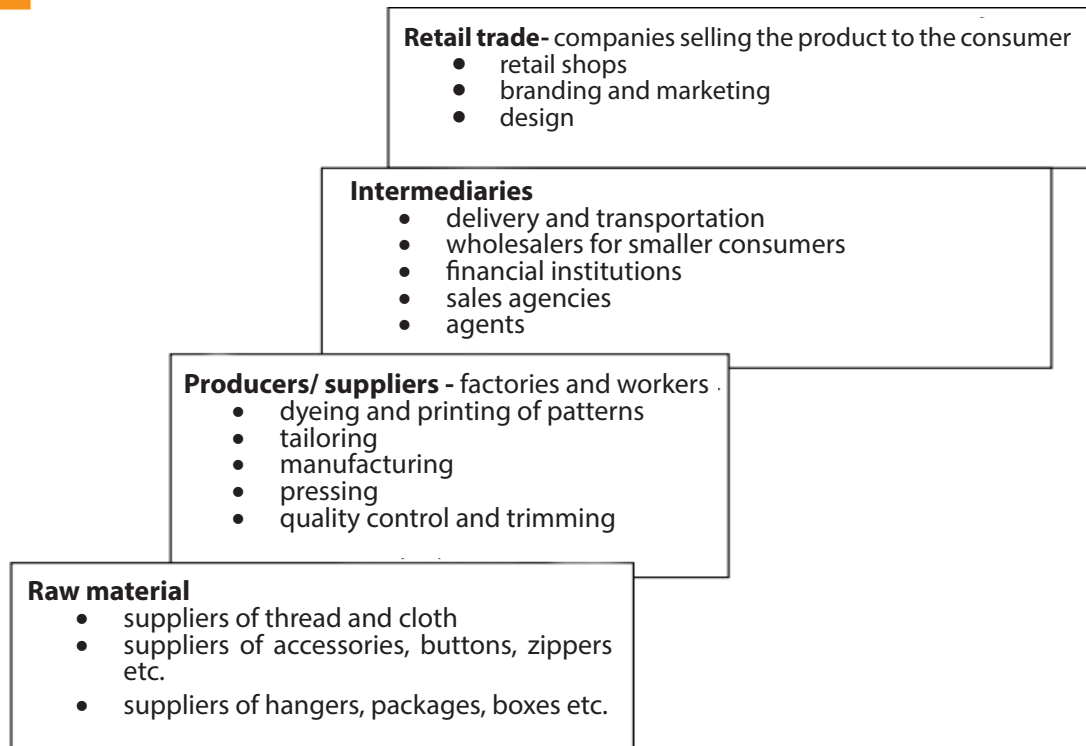
The intention of conceptualizing such a globalized and complex industry is a fairly serious theoretical challenge. An approach that attempts to capture the complexity of production chains in the TAFL industry

is illustrated in the book „*Threads of Labour: Garment Industry Supply Chains from the Workers' Perspective*”<sup>44</sup>. This structure (Figure 5) incorporates all actors of the global supply chain into four main categories, depending on the function they perform: suppliers of raw materials, producers and suppliers, intermediaries and retailers. Different roles and responsibilities intersect within each category, as illustrated in the figure below.

Elena, 52 years old

***“I've been working for the factory for 34 years. The wage? We are trying to make both ends meet. Do you know what the situation is like here? You get as much as you work. If you work overtime, you earn more. Everything depends on the orders they have.”***

**Figure 5**

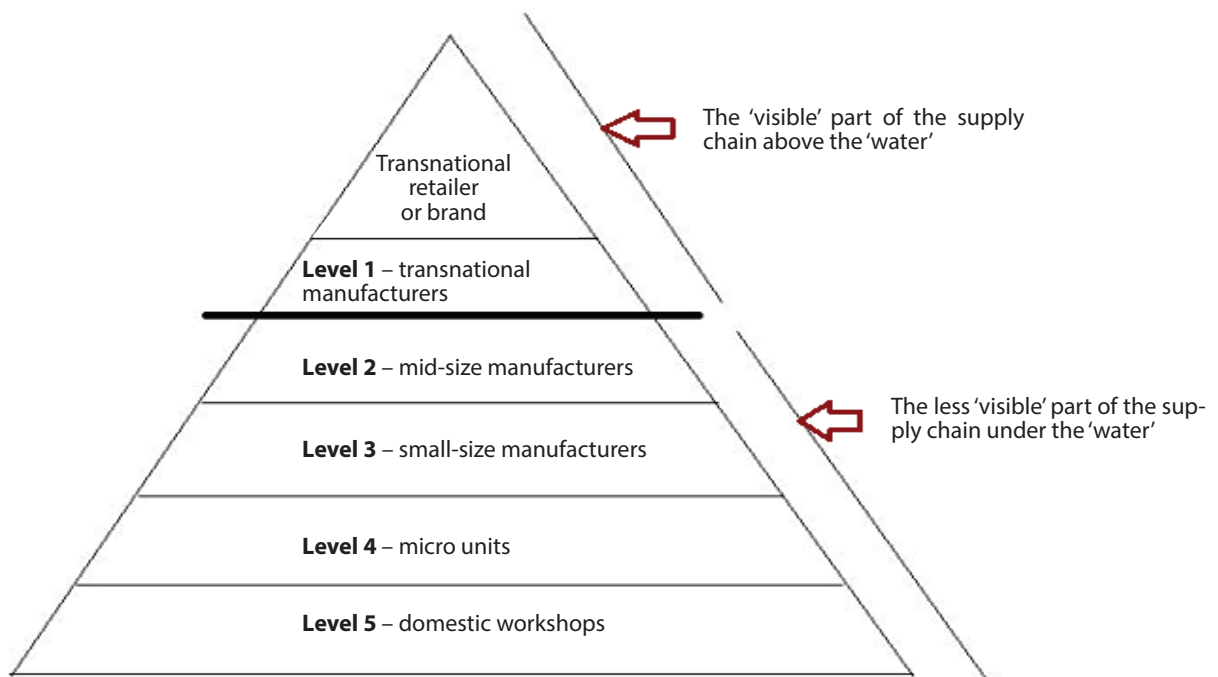


Source: Gereffi and Korzeniewicz 1994

If we aim to present the general portrait of the TAFL industry, structured in the form of a chain within which different actors are responsible for various tasks, and these actors either do not know anything about each other or have rudimentary knowledge, the visualiza-

tion of the production chain as it is presented in the figure 5 may be useful. However, for a better understanding of how the power relationship within the chain is actually structured and distributed, we think the “iceberg” model is much more convincing.

**Figure 6**



Source: Women Working Worldwide 2004

The iceberg model splits actors in the production chain into two major blocks depending on their visibility. Thus, the producers, brands and transnational retailers are on the surface, while other actors – mid-size and small-size manufacturers, micro-units and domestic workshops - are under water (Moldova is mainly under water!).

This model also has the advantage of showing the various levels of visibility of the production chain. Following well-organized media campaigns and activism, some brands have begun publishing their retailers' lists<sup>45</sup>, but usually, companies publish the names of only level 1 suppliers. As we have already mentioned, other levels (such as subcontracting) are invisible, outside the public eye, difficult to monitor and verify.

Illustration of production chains in the form of iceberg reflects the global trends of multinational corporations, which directly affect the structure of industry, on the one hand made up of anonymous suppliers and invisible workers, and on the other hand, of visible and familiar brand names and corporations. Lean-retailing, e-commerce, co-sourcing are the most widespread practices that contribute to perpetuating the "smooth" appearance of the supply chain. These practices reinforce the power of visible actors and multiply the pressure on invisible actors.

- *Lean retailing* is dictated by the imperative of fast-fashion and is the practice of rotating fashiona-

ble stocks very often. If in the past the fashion brands maintained only 8 fashion seasons, the same brands currently produce 24 different fashion seasons. To keep up with this practice, the multinational companies place orders for much smaller production quantities, but much more often than they did before, sometimes even weekly. This practice determines a type of "summer things" between brands and manufacturers, resulting in increased insecurity of workers, precariousness of labour relations and contracts in the sector.

- *E-commerce* is the practice of on-line supply with suppliers and manufacturers. This practice forces manufacturers to compete with each other to offer the most profitable price. As a rule, in order to get a Lohn contract, manufacturers cut off the price by neglecting the social benefits and decent wages.

For example, on the *casata.md* site, in the column dedicated to the profile of the Foreign Capital Enterprise "Floareana Fashion Ltd", a representative of Eurotex Ltd, places a proposal for collaboration directly in the comments section. We understand from the comment that the Romanian factory produces clothing for international brands and that it would also like to subcontract some Moldovan factories to help them process more Lohn orders. It is worth mentioning that in Romania there are online platforms specialized in negotiating and searching for Lohn type contracts.

Figure 7



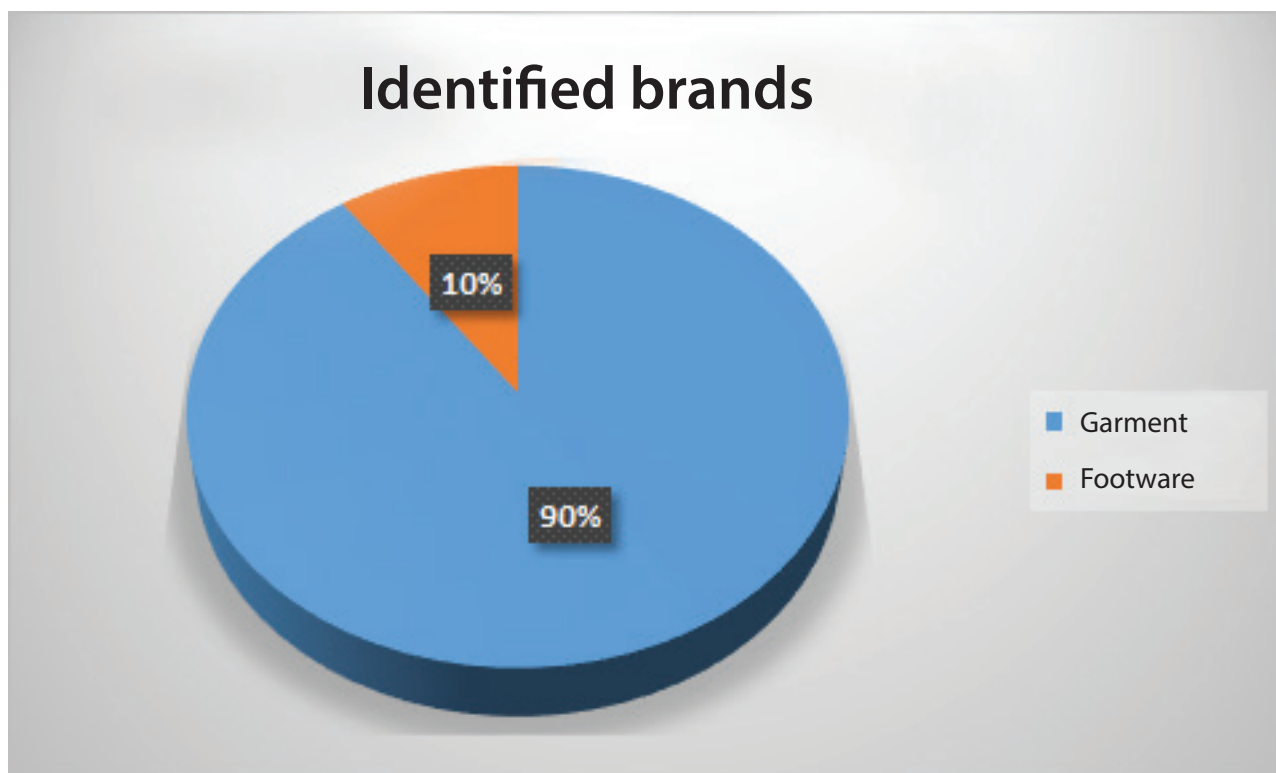
- *Co-sourcing* is the practice whereby the main contractor (the multinational brand) gives the manufacturer a very precise indication of the quality, shape, design, exact colour and even the place of origin of the fabric, zipper, buttons and other details of the final product. Unlike the Lohn production- where the brand offers all the necessary materials to make the order- co-sourcing puts this pressure on the back of the manufacturer who has to negotiate the most profitable contracts with different suppliers of textiles, zips, buttons, etc.

These practices, along with other trends, and the general reluctance of brands to be responsible for workers who make clothes, turn the label into a “trade secret.” As the well-known journalist, writer and activist Naomi Klein says: “If consumer corporations used to display logos on their factory buildings in the past, many of today’s multinationals keep their location of producing their goods under “commercial secret”, which must be protected at all costs”<sup>46</sup>.

## Global brands in Moldova

The table in Appendix 1 presents the results of our attempt to map the major brands producing in Moldova. As it can be seen from the table, more than 130 clothing and textiles brands and 14 footwear brands have been identified.

Figure 8





The geographical coverage of these brands is very diverse: we have identified American, European, Russian brands, etc. The same is true for corporate diversity - most of the major global clothing brands are present in Moldova: Nike, Gap, Zara, Armani,

Figure 9

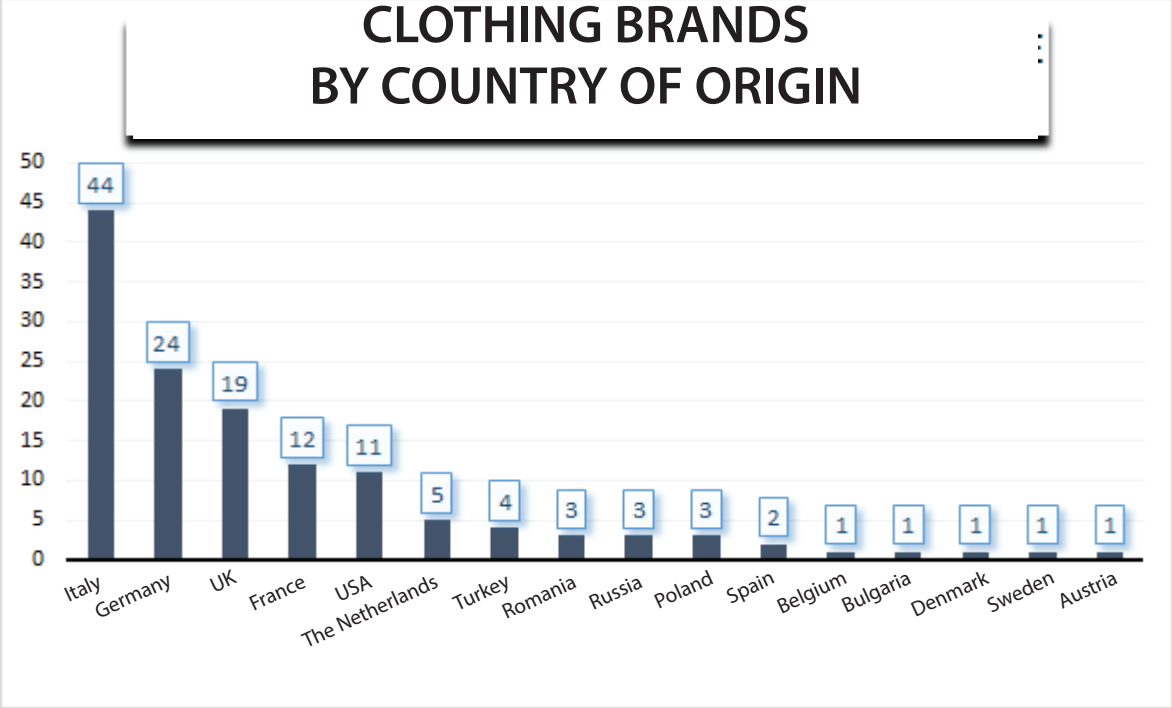
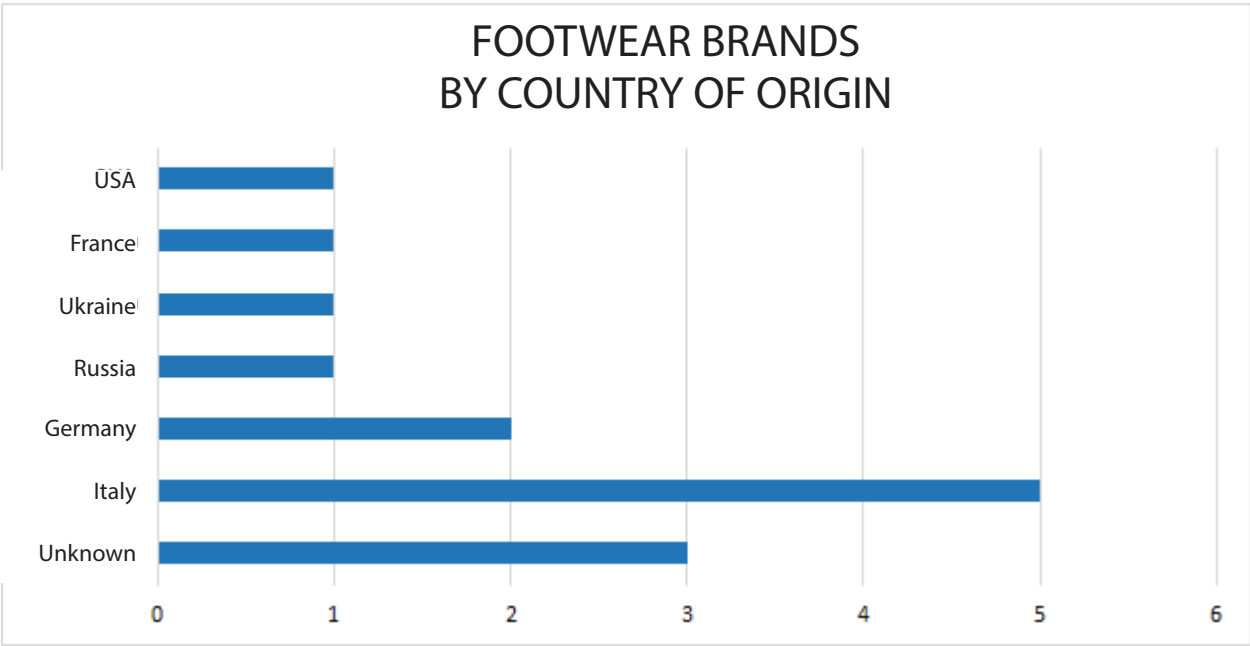


Figure 10



Some brands like Nike or Teamdress work with several local suppliers (2-3).

Figure 11

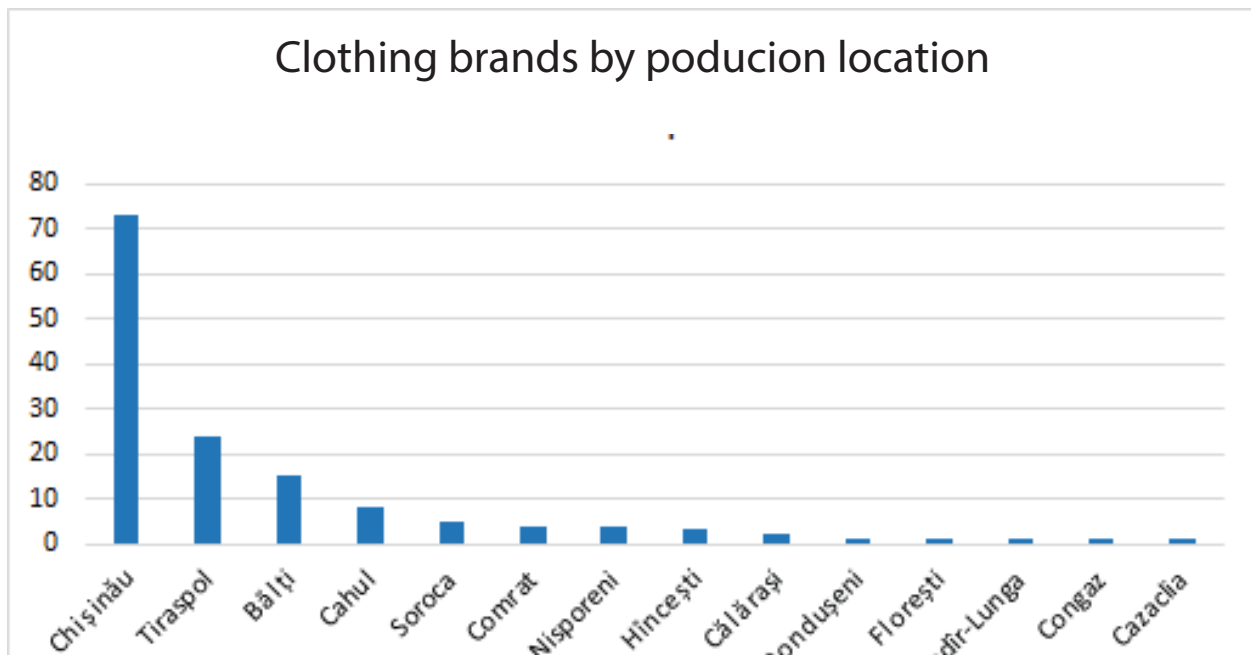


Figure 12



It's an extremely interesting thing that the fact that Transnistria is an unrecognized separatist enclave does not prevent the local companies - Odema, Tirotext, Intercentru

Lux - to collaborate with the world's most famous brands like Puma, Prada, Lacoste. This is a sign that the LOHN production exceeds the recognized political boundaries.

# Why do these companies come to Moldova?

The answer is complex. First, because many of the operational costs are lower in Moldova than in other countries in the region. Thus, the income tax for legal entities in Moldova (12%) is one of the lowest in Europe<sup>47</sup>. Also, as many foreign investors have indicated, the labour costs in Moldova are lower than in other countries in the region<sup>48</sup>. Sometimes, certain investors prefer to re-locate production units in the region. For example, this was the case of the British company

Alison Hayes which produces apparel for brands such as Primark or Debenhams, which announced in spring 2017 their intention to close a factory in Urziceni, Romania, where more than 350 workers worked, in order to come to the Republic of Moldova, where the costs are lower<sup>49</sup>.

The most important aspect, perhaps, in this context is of course the lowest wages in the region.

Country	Net minimum legal salary, EUR	Net average salary in the clothing industry, EUR
Bulgaria	139	141
Bosnia and Herzegovina	189	189
Croatia	308	378
Georgia	doesn't exist	132
Macedonia	111	175 (clothing) 159 (footwear)
<b>Moldova</b>	<b>71</b>	<b>114 (clothing) 126 (footwear)</b>
Romania	133	234 (clothing) 252 (footwear)
Slovakia	292	392 (clothing) 470 (footwear)
Turkey	252	251
Ukraine	80	145
	80	145

Source: „Stitched Up: Poverty wages in the garment industry in Eastern Europe and Turkey, Clean Cloths Campaign, 2014

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Another interesting phenomenon is that Moldova produces both for brands from developed countries (USA, EU) and countries that are also recognized as producers for big brands (Poland, Bulgaria, Turkey, Romania etc.). In this case, the strategy to relocate certain production capacities in Moldova is the desire of peripheral companies to minimize some production costs. Thus, Moldova is positioned as a double bottom end of the production chain being a producer for both well-known brands and emerging brands. Our research

has not found cases where local brands have opened production capacities in other countries.

Another argument is the geographical and economic positioning of Moldova. The country has concluded free trade agreements with several economic blocs in the West and East - with the European Union, the CIS and the Russian Federation. In this way, Moldova appears as a corridor that allows for the Western investors to access the markets in the East and vice versa.

## CHAPTER III.

# Personal stories of workers in clothing factories in Moldova

Author: Anastasia Nani

**Tatiana**, 33 years old (worker in a factory from Chisinau)

16.45. Tatiana (33 years old) hurries out of the factory door. She is heading to the house where her 12-year-old son is waiting for her. Her husband has been in Israel for almost six years. He went to earn money for an apartment in Chisinau. She stayed home to look after the baby. "In the meantime, we have bought an apartment of about 60 square meters, but my husband is still there because it's very hard here to make money for a decent living," she says.

She has been working for the factory for about eight years and her salary is now 5,000 MDL (250 euros) per month, which includes additional work. "My salary covers just the current expenses: travel costs, something to eat, bills, hygiene products such as washing powder, toothpaste, soap. Also, I give my child every day 50 MDL (2.5 euro) for pocket money for the school and there is nothing left. We manage only in conditions of strict savings," said the seamstress.

There are days when she sits in front of the sewing machine at 7.00 and sometimes gets up after 16.30, as

normally the programme starts at 7.30 and ends at 16.00. "A norm is paid with about 170 MDL. There are patterns of clothes that are difficult and in order to do the full norm we stay after work, and sometimes we come to work at 7.00. There are days when we don't manage to make a full norm, so in other days we compensate if we're lucky to get easier patterns. I'm trying not to stay too late. But there are women who come early in the morning and stay at the factory until late in the evening in order to do more work. Some come from the countryside and have a more difficult life, with no one working abroad. It would be good for the chiefs to think about us, the employees, and ease our work by reviewing the norms," says the woman.

Overtime work, according to Tatiana, is not remunerated, but rather benevolent. "When there are big orders, many seamstresses work on Saturdays. These are the conditions and the employees accept them as long as they have a stable job. How else can you earn honestly? Where else would you go if the conditions are the same?" she asks rhetorically.

What happens when a seamstress needs a day off to visit, for example, a doctor or simply stay home because she feels bad. "I usually take this day from my vacation, but if I feel sick for a longer period, I take sick leave. In these conditions the salary is minimal, about 2,500 MDL, I believe. But I tried hard not to get sick often. Today it's a luxury to stay at home," admits Tatiana.

Because of the small wage and delayed wage payment, the factory employees tried to protest. But the attempts were modest," she recalls. "We unplugged the sewing machines and waited for the bosses to tell us when they will pay our salaries. You should understand that the salary is very small and the work is really hard and when the salaries are not paid on time it is getting very difficult for us. Our strikes do not last long, only a few minutes. The workers do not have the courage to go all the way. If you don't like it here, you can go elsewhere, where the situation is the same or maybe even worse," says the woman.

### **Tamara, 37 years old** (worker in a factory from Calarasi)

It's 17.30 and the light is still on in the production section. There are several seamstresses at the workplace by the window, trying to finish their work. They go out hurriedly then, in small groups, heading toward the bus station with quick steps. It's the time to catch the mini-bus home. Some come from villages that are miles away from Chisinau.

"Sometimes, our bosses allow us to stay longer so that we can finish the work and thus earn a salary. No one forces you to stay. Our salaries depend on the operations we make. Some are paid better, others less. If the operations are better paid they are also more difficult. It is true that if you exceed the norm, they add a little money to the salary. That's if you make 20% above the norm. Before we used to work on Saturdays. Now it does not happen so often," explains Tamara (37), a seamstress who has been working for the factory for 14 years, since before the factory reorganization.

"We don't have trade unions, but we also didn't strive to organise ourselves. What is the point of shouting and protesting if they cannot hire us elsewhere? How many organizations do you think offer jobs in our district? It's very difficult to manage with the money we earn, but we have no choice. The work doesn't scare us and we are thankful for what we are having. As long as our bosses can bring orders, we hope to have work and salaries," she says.

Her average salary is only 4,000 MDL. "In the family we are often thinking of leaving the country as most people do. I can honestly tell you that this thought has been following me continuously. We look around and realise that others succeed and do better than us. But how can we leave our children alone - one is 10 years old and the other is 16 years old? We cannot leave them so we are grateful for what

we have! I don't think there are better paid jobs in the district, even if my salary is very small. At least I'm having a stable and fix programme: from 8.00 to 17.00, and then I go home," confesses the woman.

Of the money she manages to collect together with her husband, about 3,000MDL is spent on household needs: bills, hygiene products, and something to eat. "We keep a pig, a few goats, we also have a garden where we grow cucumbers, tomatoes and other vegetables. This is how we make savings, especially in the summer. If we had to buy everything we need with the money from our salary, we wouldn't be able to afford it. Our house was built with our parents' help. Is it possible to manage otherwise in this country?" is asking rhetorically the seamstress who calculated that if her salary was twice as bigger, she would be able to improve her life.

### **Tatiana, 36 years old** (worker in a factory from Calarasi)

"I've been working for 13 years for this factory. I'm from a nearby village and I go and come from work by foot. It's not only me who does it and it takes us about half an hour to get to work. If more people are needed at work, we also work Saturday for which we get a double pay. We're happy to do it, because that means extra money. If you want to stay longer at work, that's your problem. When the factory opened, it happened that we didn't manage with the norm, but today there is no such problem.

The highest salary I got was 6,000 MDL and the lowest - about 2,000 MDL. It all depends on the orders the factory has. My husband works in the nearby town. He's a driver. We're trying to make both ends meet with the income we both have and very rarely are making savings. We are glad that both of us are working, but I calculated that if I had 10,000 MDL a month it would be better and we would be able to cover more needs. We spend around 500-600 MDL per week on food. We

have poultry and a garden near the house. Though we're not getting very much from it, it is still something.

Our two children go to school and we give them pocket money so that they can buy food at school. We buy them clothes at the beginning of the school year and also when the season changes.

It was a time when we were thinking of going abroad, but the kids were too young."



### Tamara, 50 years old (worker in a factory from Calarasi)

"The lowest salary I got here was 1,800 MDL, maybe 2,000 MDL. It doesn't happen very often. The biggest salary was up to 5,000 MDL. That meant really hard work. When it happens for the factory to have orders, we come to work earlier, so that we can earn more.

Sure, we would like to earn more. We're trying to make savings and hope things don't go worse. If I earned 5,000 MDL every month,

it would be fine, I would like it. We wouldn't be that poor.

I've been working here for 11 years. In addition to the factory work, we also have a garden at home. The garden is not big – 0,11 ha. We grow ducks and chicken. That saves us. Probably it is more difficult in this respect for those who live in apartments.

One thing I can tell you is that children are big and we find it easier

now. It is certainly more difficult for those who have little children. My husband is disabled, so the entire burden of the household lies on my shoulders.

Previously we had commissions at the factory, probably from Romania. They asked exactly the same questions you are asking. It all depends on production, orders. If there are orders, the salary gets higher.

### Victoria, 32 years old (worker in factory from Chisinau)

Victoria (changed name) is 32 years old and will soon bring her second child to the world. For several weeks, the alarm clock has no longer been waking her up in the morning to get in time to the factory in the suburb. Instead, in the 36-square-meter apartment, where four of them will soon be living, she is sitting in a corner of her kitchen at her sewing machine. She fixes zippers, trims clothes and this way she manages to earn some little money for the household needs.

Victoria came to Chisinau from a village when she was 18, and since the age of 19, after graduating from a vocational school, she has been working in the garment industry. She finished the Technological College and later she went to the university. Soon after she took an academic leave and never returned to the university.

"Why would she accept 5,000 MDL if, being diligent and skilful, she can earn 6,000 or 7,000 MDL?" (if she works overtime)

In the mid 2000es, she was hired by a factory in Chisinau and remained there until the company went through the insolvency procedure given the financial problems. Then many employees had to look for new jobs in other factories. "I got a job with another factory from which I left on maternity leave. I returned to my old job after they have called me back (some of the old founders opened a new company. They must have solved the old factory's problems. I agreed to get back to my old factory, because it was closer to home. I left with a salary of 3,500 MDL (175 euros) and returned to the old job with 4,500 - 5,000 MDL (225-250 Euros)", says the woman.

Victoria entered this industry as a seamstress and later became a tailor-modeller. "Unlike seamstresses, the tailor-modeller makes the piece of clothing from the beginning to the end. It is a sample that is sent abroad to the customer. Later on, the seamstresses make these clothes

by steps, in norms. I could have stayed in the sewing section, but it's complicated to do the same thing all the time - just pockets, or zippers, or sleeves, etc. Instead, seamstresses, if they manage to make more norms, can earn more. That's why when I left on maternity leave, they could not find a replacement. Why would they accept 5,000 MDL (250 euros) if, being diligent and skilful, you can make 6,000 or 7,000 MDL (300 or 350 Euros)?" she asks rhetorically.

#### ***"People are afraid of losing their jobs"***

The salary is small anyway, she admits, and besides, it isn't paid on time. "Many times we wanted to go on strike because of the salary! It wasn't paid on time and there wasn't a fixed date for it. In other factories where I worked the pay day was after the 15th. Here it is after the 25th. It happens, though, to be paid after the 28<sup>th</sup>-29<sup>th</sup>. It is difficult when you have loans or bills to pay, or other needs and

they don't pay you the salary on time. Very many times, the bosses wouldn't understand the employees and we would have to borrow money. That's why, very often, the people didn't want to work and made scandals," Victoria says.

The "strikes" were short and the employees didn't have the courage to go to the bitter end. "They were mumbling and grumbling, but kept silent in front of the bosses. Only two people dared to speak and the bosses didn't like them for that. That was always the situation. Our strikes lasted only for 15 minutes. The women turned off the sewing machines and did not work until the boss came and promised to pay salaries: "Come back to work!" It never happened to not get people back to work. Today people are very much afraid not to lose their jobs, therefore they are ready to bear the situation," says the woman.

***"The factory lawyer defends human rights, but I don't know whose rights he is defending"***

For the last years, the programme at the factory has become a real routine. At 7.30 she was already at work, and after 16.00 she was heading home. She had, just like other workers, a break of only 30 minutes. "We had 15 minutes for eating and another 15 minutes for resting. It's enough. We decid-

ed to take a break of only 30 minutes so that we manage with the household chores," says Victoria.

Overtime is not an exception at the factory. "When we used to have something urgent to do, the boss would tell us that we had to stay at work for an hour or an hour and a half after the working programme. Sometimes we happened to work on Saturday. In those months we happened to earn a little bit more- the extra money was up to 500 MDL (25 Euros). In the section, the seamstresses were paid based on norm. We also happened to work on public holidays such as May 1 or May 9, but only if we agreed to do so. If we worked on those days, we would take an extra day off. For example, we stayed 15 days on holidays instead of 14 days," says the young mother.

"Unions?", she looks puzzled when asked whether she has heard of such a structure, which among other things, should protect her rights. "They told us that there is a lawyer in the factory who defends the human rights, but I don't know whose rights he is defending. If something doesn't suit you, you can address that with him. He comes twice a week. I've never consulted him and I don't know of anybody who has done it. I haven't heard of anyone in the factory to have com-

plained to the bosses," confesses the woman.

***"E-he-he what expenses are awaiting us!"***

For several years, Victoria and her husband have been living in their own apartment on the outskirts of the capital. Though small, they own it. They have saved through the years to pay back their debts. They used the money from the wedding, then they took a bank loan. "My husband has a salary of 6,000 MDL. We spent it on paying back the loan, food, and bills. Only the food costs us about 600 MDL a week and we still cannot afford very much. My salary was set aside to buy something in the house. Otherwise it would have been impossible to collect money. Now it is going to be even more difficult for us as we can count only on my husband's salary. I think I'll get 1000 MDL allowance which will go entirely to the baby: for diapers and medication. E-he-he what expenses are awaiting us! The important thing is that we are not paying rent anymore and that we have now our own house," says the woman.

Victoria calculated that for a decent life in the Republic of Moldova they would need 18,000 MDL a month: 10,000 MDL to be earned by her husband and 8,000 MDL by her.

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# Conclusions and Recommendations

The study revealed that the textile, clothing and footwear industry of the Republic of Moldova is well integrated into the global commodity chains. Local factories collaborate with large international brands and are part of their production value chain.

In the TAFL industry of the Republic of Moldova there are approximately 40-50 thou workers, compared to only approx. 17 thou people officially reported. This means that the vast majority of workers work informally and there is no reliable data in this respect. Also, according to the research, the average salary in this sector is one of the lowest in the industry.

The number of enterprises in the TAFL sector is estimated at 2-3 times higher than the figures of the official statistics, TAFL being an important sector of the national economy - the third place based on the total volume of exports.

Of course, because of the methodological difficulties mentioned-above, the given research is neither complete nor exhaustive. We have every reason to believe that the figure of 150 clothing brands identified is only a small part of a larger network. A more thorough research in this regard is needed in the future.

Also, the study examines only the working conditions in the investigated factories: the stories of the workers illustrate important practices that reveal the systemic problems in the garment industry, in particular:

- Remuneration based on work norms (price per piece/ process) and not based on hours worked. This system leads to excessive overtime and to the payment for additional labour in a way that does not correspond to rates required by law;
- Poor wages for standard hours force the workers to work overtime to supplement their income;
- Internalization by many workers of the ideas of diligence and effort: those who work overtime are hardworking; those who work just eight hours are lazy;
- Additional work in the subsistence agriculture as a second job to get food and reduce costs;
- Loans from banks and friends/ relatives to cover the living expenses;
- Work abroad, often illegal and in precarious conditions, in construction or agriculture, in order to increase the income;
- Most factory workers come from nearby villages being unable to afford living costs in urban areas;
- The widespread fear among workers to demand better working conditions.

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# Recommendations

## ***For the Government***

- Design and implement support policies for TAFL local companies (including tax incentives, protectionist measures, subsidies) so that they are motivated to move gradually from Lohn-type collaborations to producing own-brand items;
- Ensure compliance with occupational safety standards, conditions and working hours, etc. in the TAFL sector.

## ***For the National Bureau of Statistics***

- Develop and introduce of a new salary calculation methodology based on the decent salary calculation mechanism (as an evaluation tool alongside the minimum consumption basket, average salary etc.). An example might be the living wage methodology proposed by the Clean Clothes Campaign<sup>50</sup>.

## ***For the Trade Unions***

- Advocacy and lobbying campaigns for adopting a living wage calculation system;
- Encourage TAFL workers to join trade union organizations, including through campaigns obliging employers to accept trade union organizations in factories;
- Promote transparency about the brands working with the Moldovan factories;
- Organize information campaigns in factories on the benefits of joining the unions;
- Establish a hotline and create a website through which workers could report violations of their constitutional right to association and of the occupational health and safety standards, poor working conditions, etc.

## ***For the workers***

- Claim the rights and report violations to competent authorities (Trade Unions, Labour Inspection, Public Health Centre, General Police Inspectorate, etc.);
- If public authorities do not take action, address the media, activists, use online tools and platforms (facebook, youtube, email, blogs, forums, etc.) to make the claims heard.

## ***For the brands/companies***

- Pay a living wage to the employees in their production chain;
- Increase transparency across the supply chain at all levels.
- For the activists/ consumers
- Avoid the brands and companies known for lack of transparency, abuse of workers' rights, etc.;
- Boycott the "fast fashion" practice;
- Support clothing and footwear recycling methods;
- Use "second hand" products and learn basic "do it yourself" (DIY) techniques;
- Put constant pressure on local companies and international brands to be transparent, respect the employees' rights, comply with the sanitary and environmental standards;
- Put constant pressure on the government to monitor the situation in TAFL, especially the observance of the labour rights.

# ANNEXES

## Annex 1: Mapping of Clothing Brands producing in Moldova

Mapping of Clothing Brands producing in Moldova		
BRAND	FACTORY	SOURCE
Brands identified in the discussions with the factory workers		
ARENA (FR)	Foreign-Owned Enterprise PUNCT AZURIU LTD 10 Independenței Str., Dondușeni	Former employee at the factory
Brands identified based on the information provided by the factory websites		
BASLER (DE)	Joint Stock Company TRICON 20 Stefan cel Mare Str., Cahul Established in: 1966 Annual production capacity: up to 250 thou items. Employees: 600	<a href="http://www.tricon.md/en/for-partners">http://www.tricon.md/en/for-partners</a>
GERRY WEBER (DE)		
MAX&CO (IT)		
PENNY BLACK (IT)		
LUISA SPAGNOLI (IT)		
CARACTERE (IT)		
DIANA GALLES (IT)		
ELENA MIRO (IT)		
BARBOUR (UK)	Artizana SRL 13/1 Academiei Str., Chișinău <a href="http://artizanafashion.md/">http://artizanafashion.md/</a> Established in: 1997 Employees: 480 (of which 80 are subcontractors)	<a href="http://artizanafashion.md/default-en.html">http://artizanafashion.md/default-en.html</a>
STAF (IT)		
TEXAL (IT)		
Manufatture del Nord (IT)		
Mon Claire (IT)		
Trussardi (IT)		
Armani (IT)		
Teamdress (DE)		<a href="http://bevera-nord.com/%D0%BE-%D0%BD%D0%B0%D1%81/">http://bevera-nord.com/%D0%BE-%D0%BD%D0%B0%D1%81/</a>
Uniform C.S.M. Italia (IT)	Bevera Nord SRL 50 V. Stroiescu Str., Soroca <a href="http://bevera-nord.com/">http://bevera-nord.com/</a> Established in: 2003	

<b>ASPESI (IT)</b>	State Enterprise Odema 24 Lunaciarski Str., Tiraspol <a href="http://www.odema.info">www.odema.info</a> Established in: 1945 Employees: 410 (of which 70 are subcontractors)	<a href="http://odema.bizpmr.com/">http://odema.bizpmr.com/</a>
<b>CHERVO (IT)</b>		
<b>PATRIZIA PEPE (IT)</b>		
<b>BARBOUR (UK)</b>		
<b>VERSACE (IT)</b>		
<b>GEOSPIRIT (IT)</b>		
<b>CARINTHIA (AUS)</b>		
<b>DOLCE&amp;GABBANA (IT)</b>		
<b>BELSTAFF(UK)</b>		
<b>WAL_MART Stores (US)</b>	INFINITEXTIL LTD. 115 M-t Dosoftei Str., Chişinău <a href="http://www.infinittestil.com">www.infinittestil.com</a> Established in: 1999 Employees: 450 (of which 50 are subcontractors)	<a href="http://www.infinittestil.com/#enclients">http://www.infinittestil.com/#enclients</a>
<b>CHEROKEE (US)</b>		
<b>DISNEY STORES (US)</b>		
<b>CAROLE HOCHMAN Design Group (DE)</b>		
<b>TARGET Stores (US)</b>		
<b>NIKE (US)</b>		
<b>GAP (US)</b>		
<b>MERVYN'S (US)</b>		
<b>EUROPRIDE (agent for New Look, Primark, Asda)</b>		
<b>GELCO (DE)</b>		
<b>GRUPPO ARCTE (IT)</b>		
<b>VIP LINE MODE GmbH (DE)</b>		
<b>JMJ Industriel del a mode (FR)</b>		
<b>PALMERS (UK)</b>		
<b>CHAMPION EUROPE (IT)</b>		
<b>COTTON FIELD TEXTILE</b>		
<b>COMTESSA (DE)</b>		
<b>PENTEUX (UK)</b>		
<b>M&amp;S Mode Nederland (NE)</b>		
<b>VALENTIN IUDASHKIN (RU)</b>		
<b>POMPA (RU)</b>		
<b>HOLDING Centre (RU)</b>		
<b>HEMTEX (SE)</b>	State Enterprise TIROTEX Tiraspol, Industrial Unit "Octombrie" Established in: 1993	<a href="http://www.tirotex.com/news-2017_04_07.php?lang=ru">http://www.tirotex.com/news-2017_04_07.php?lang=ru</a>

Brands identified based on the labels from the factory specialised shops, other shops		
<b>PETER HAHN (UK)</b>	Trading Company PATRÎNICHİ-STIL LTD 7/1 Zelinski N. Str., Chişinău Established in: 2006	"Cosânzeana" Shop, Chişinău, 132 Ştefan cel Mare şi Sfint Str
<b>KIABI (FR)</b>		
<b>NAVIGARE (IT)</b>	Foreign-Owned Enterprise SOTEX-GRUP LTD 110 Ştefan cel Mare Str., Soroca Established in: 2011 Employees: 145 (of which 15 are subcontractors)	
<b>SCHOFFEL (UK)</b>		
<b>EXTROME (NL)</b>	Trading Company SLAVISA-P LTD ap. 35, 22 Valea Crucii Str, Chişinău Registered in: 2006	
<b>HASANOVA (UK)</b>		
<b>POTIS&amp;VERSO (PL)</b>		
<b>THOMAS RATH TOM</b>	Trading Company MILABREGA LTD	Unic Commercial Centre 8 Ştefan cel Mare şi Sfint Str., Chişinău,
<b>CATAVI (RO)</b>	CROITOR TRICOT LTD. 75/7 Alba-Iulia Str., Chişinău <a href="http://www.croitortricot.md">www.croitortricot.md</a>	
<b>Bexleys Woman (DE)</b>	Foreign-Owned Enterprise PREMIERA-DONA LTD	
<b>MAURO GRIFONI (IT)</b>	Garment factory IONEL JSC	Factory shop, Chişinău, 47 Bulgară Str
<b>PURO LINO (IT)</b>		
<b>SELECTED (DK)</b>	Garment factory IONEL JSC Established in: 1946 47 Bulgară Str., Chişinău <a href="http://www.ionel.md">www.ionel.md</a> Employees: 800 (of which 80 are subcontractors)	Zorile Commercial Centre, 8 Calea Iesilor Str.
<b>PRIMATIST MARLANE (IT)</b>		
<b>DEVRED 1902 (IT)</b>		
<b>LANIFICIO CIATTI E BARONCELLI S.P.A (IT)</b>		
<b>BRICE (FR)</b>		
<b>WOOL AND CASHMERE (UK)</b>		
<b>CELIO (FR)</b>		
<b>SAMANGE (IT)</b>	Vistline LTD. 115 Uzinelor Str, Chişinău <a href="http://www.vistline.md">www.vistline.md</a>	Zorile Commercial Centre, 8 Calea Iesilor Str.
<b>Giorgio Rotti (TR)</b>		Zity Mall
<b>Giovanni Botticelli (IT)</b>		



Brands identified based on media reports, chambers of commerce and other public information		
<b>Umlauf &amp; Klein (DE)</b>	Artizana SRL 13/1 Academiei Str., Chişinău <a href="http://artizanafashion.md/">http://artizanafashion.md/</a> Established in: 1997 Employees: 480 (of which 80 are subcontractors)	Employers' Association of Light Industry
<b>Cantex (RO)</b>		
<b>Extrome (RO)</b>		
<b>CHEVIGNON (FR)</b>		
<b>Miroglio (BG)</b>		
<b>BAYKAR (TR)</b>	AGRICOM-LUX» LTD 9/3, 114 Teilor Str., Chişinău	
<b>ROLY-POLY (TR)</b>		
<b>BRIX (TR)</b>		
<b>KEY (PL)</b>		
<b>KAPALUA (DE)</b>		
<b>KIRSTEN (DE)</b>	Î.M. BĂLŢEANCA S.A. 5 Păcii Str., Bălţi	<a href="http://esp.md/2013/03/10/ao-balteanca-dlya-tex-kto-xochet-rabotat-v-xo-roshix-usloviyax">http://esp.md/2013/03/10/ao-balteanca-dlya-tex-kto-xochet-rabotat-v-xo-roshix-usloviyax</a>
<b>STEILMANN (DE)</b>		
<b>APANAGE (DE)</b>		
<b>Marks &amp; Spencer (UK)</b>		
<b>MARCONA (DE)</b>		
<b>Dolce&amp;Gabbana (IT)</b>	Foreign-Owned Enterprise GRUPPO DUE LTD	<a href="https://www.zdg.md/editia-print/soci-al/moldovenii-imbraca-europenii">https://www.zdg.md/editia-print/soci-al/moldovenii-imbraca-europenii</a>
<b>Uniform C.S.M. Italia (IT)</b>		
<b>United Colors of Benetton (IT)</b>	MAGLIA EST Ltd 143/4 Hâncu Mihalcea Str., Hînceşti	<a href="http://mamaplus.md/posts/2988/">http://mamaplus.md/posts/2988/</a> <a href="https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi">https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi</a>
<b>Zara Inditex (ESP)</b>		
<b>Giorgio Armani (IT)</b>		
<b>ASOS (UK)</b>	PORTAVITA LTD. Established in: 2000 Employees: 300 (of which 20 are subcontractors)	<a href="https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi">https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi</a>
<b>NAF NAF (FR)</b>		
<b>PRIMARK (UK)</b>		
<b>TESCO (UK)</b>		
<b>DIDI (NE)</b>		
<b>NEW LOOK (UK)</b>		

<b>MIROGLIO GROUP (CARACTERE) (IT)</b>		<a href="http://www.germanfashion.net/downloads/seminare-downloads/220617_ak_beschaffung_und_technik_moldawien/Unterlagen-AK-Beschaffung-und-Technik-Moldawien-220617-Koeln.pdf">http://www.germanfashion.net/downloads/seminare-downloads/220617_ak_beschaffung_und_technik_moldawien/Unterlagen-AK-Beschaffung-und-Technik-Moldawien-220617-Koeln.pdf</a>
<b>NAVIGARE (IT)</b>		
<b>CALVIN KLEIN (US)</b>	Leather factory ARTIMA S.A, 6 Calea Ieșilor, Chișinău	<a href="https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi">https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi</a>
<b>VERSACE (IT)</b>		
<b>PENNY BLACK (IT)</b>		
<b>BYBLOS (IT)</b>		
<b>WAREHOUSED (UK)</b>		<a href="https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi">https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi</a>
<b>STREET ONE (DE)</b>	Odema State Enterprise, 34 Lunaciarski Str., Tiraspol <a href="http://www.odema.info">www.odema.info</a> Established in: 1945 Employees: 410 (of which 70 are subcontractors)	
<b>CALMO (IT)</b>		
<b>CANDA (BE)</b>		
<b>JUSTINA (UK)</b>		
<b>MARTINELLI (ES)</b>		
<b>PRADA (IT)</b>		<a href="https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi">https://point.md/ro/noutati/ekonomika/pochemu-armani-versace-i-benet-ton-uhodyat-iz-moldovi</a>
<b>BURBERRY (UK)</b>	Intercentre Lux LTD. 4 Cotovschi, Tiraspol 2A Lomonosov, Dubăsari <a href="http://www.centrelux.com">www.centrelux.com</a> Established in: 1992 Employees: 600	
<b>PEUTEREY (IT)</b>		
<b>CHERVO (IT)</b>		
<b>DANIEL-HECHTER (DE)</b>		
<b>PRADA (IT)</b>		<a href="http://www.corriere.it/inchieste/report-time/economia/lusso-oltre-confine/da-f436ca-61e7-11e4-8446-549e7515ac85.shtml">http://www.corriere.it/inchieste/report-time/economia/lusso-oltre-confine/da-f436ca-61e7-11e4-8446-549e7515ac85.shtml</a>
<b>MONCLER (IT)</b>		
<b>ASPESI (IT)</b>		
<b>CARVEN (FR)</b>		<a href="http://www.germanfashion.net/downloads/seminare-downloads/220617_ak_beschaffung_und_technik_moldawien/Unterlagen-AK-Beschaffung-und-Technik-Moldawien-220617-Koeln.pdf">http://www.germanfashion.net/downloads/seminare-downloads/220617_ak_beschaffung_und_technik_moldawien/Unterlagen-AK-Beschaffung-und-Technik-Moldawien-220617-Koeln.pdf</a>
<b>MAXMARA Group (IT)</b>	Î.M. MOBILE LTD. 75 Alba Iulia, Chișinău Employees: 60 (the factory has 2 subcontractors employing 10 people)	
<b>HOTEL PARTICULIER (FR)</b>		

<b>BLUE LINE PROJECT (IT)</b>	<p>IONEL S.A</p> <p>Established in: 1946</p> <p>47 Bulgară, Chişinău,  <a href="http://www.ionel.md">www.ionel.md</a></p> <p>Employees: 800 (of which 80 are subcontractors)</p>	
<b>NIGITEX (IT)</b>		
<b>UVEX (DE)</b>	<p>ECO TEXTIL GRUP LTD</p> <p>Chişinău, Alba Iulia 75  <a href="http://www.ecotextil.md">www.ecotextil.md</a></p> <p>Established in: 2000</p> <p>Employees: 150 (of which 10 are subcontractors)</p>	
<b>DE BERKEL (DE)</b>	<p>INSTACON LTD</p> <p>Alexandru cel Bun 114, Călăraşi</p> <p>Established in: 2002</p> <p>Employees: 310 (of which 10 are subcontractors)</p>	
<b>Traco Berufsmode GmbH (DE)</b>		
<b>subcontractor to a supplier of ASDA (UK)</b>	<p>LUXTORE LTD</p> <p>Chişinău, bul. Moscova 21</p> <p>Established in: 2011</p> <p>Employees: 75 (of which 10 are subcontractors)</p>	
<b>LACOSTE (FR)</b>	INTERCENTRE-LUX LTD.	
<b>CHEVIGON (FR)</b>		
<b>MAX MARA Group (Pennyblack, MAX&amp;CO., Tresophie) (IT)</b>	<p>CORALAV-LUX LTD</p> <p>59 Feroviarilor Str., Bălţi</p> <p>Established in: 2004</p> <p>Employees: 200 (of which 20 are subcontractors)</p>	
<b>MAX MARA Group (Pennyblack, MAX&amp;CO. Tresophie) (IT)</b>	<p>FASHION-TEXTIL LTD.</p> <p>39, 49/1 Lomonosov M. Str., Chişinău,</p> <p>Established in: 2011</p> <p>Employees: 45</p>	
<b>LUISA SPAGNOLI (IT)</b>		
<b>POTIS &amp; VERSO (PL)</b>	<p>Foreign-Owned Enterprise</p> <p>PREMIERA-DONA LTD</p> <p>137 Ştefan cel Mare Str., Bălţi</p> <p>Established in: 2007</p> <p>Employees: 62 (of which 17 are subcontractors)</p>	
<b>L'Âme de Femme (PL)</b>		
<b>De Berkel (Teamdress Group of Germany) (DE)</b>	<p>BECCARA</p> <p>73 Ştefan cel Mare Str., Anenii Noi, Varniţa</p> <p>Established in: 1995</p> <p>Employees: 100 (of which 5 are subcontractors)</p>	

<b>BMW (DE)</b>	CODREANCA S.A. 7 Adam G. Str., Nisporeni, Established in: 1992	<a href="https://dorinachirilov.wordpress.com/tag/sa-codreanca/">https://dorinachirilov.wordpress.com/tag/sa-codreanca/</a>
<b>RENAULT (FR)</b>		
<b>SIGGIGROUP (IT)</b>		<a href="http://www.calarasi-primaria.md/files/5481_strategia_del_calarasi_final.pdf">http://www.calarasi-primaria.md/files/5481_strategia_del_calarasi_final.pdf</a>
<b>PALMA (IT-US)</b>		
<b>TEAMDRESS (DE)</b>		
<b>BELW (NE)</b>		
<b>WOOLRICH (IT, part of ERLIVIA)</b>	Mixed Enterprise ERMO-GRUP LTD 8 Ocolirii Str., Soroca Established in: 2005	
<b>ALBERRO LA TORE (IT, Maritan)</b>	Foreign-Owned Enterprise MARITAN-SOR LTD 110 Ștefan cel Mare Str., Soroca Established in: 2006	<a href="https://itaita.ru/subscr/37770.pdf">https://itaita.ru/subscr/37770.pdf</a>
<b>MARCO FERRETTI (IT, Maritan)</b>		
<b>ANNA FIDANZA (IT, Maritan)</b>		
<b>BENNETON (IT)</b>		
<b>MAX MARA Group (IT)</b>	Trading Company RIDIAGER-SV LTD 29 Ialpugskaia Str. Established in: 2004	<a href="http://www.swedenabroad.com/en-GB/Embassies/Chisinau/Current-affairs/News/Women--catalysts-of-the-Moldovan-economy-sys/">http://www.swedenabroad.com/en-GB/Embassies/Chisinau/Current-affairs/News/Women--catalysts-of-the-Moldovan-economy-sys/</a>
<b>MIROGLIO Group (IT)</b>		
<b>GELCO GmbH&amp;Co.KG (DE)</b>		
<b>BIZNIZ (NE)</b>		
<b>LUISA SPAGNOLI (IT)</b>		<a href="http://importnet.ru/rezidenty">http://importnet.ru/rezidenty</a>
<b>SUCCES (FR)</b>		<a href="http://gagauznews.md/10325/krup-naya-tekstilnaya-kompaniya-ridia-ger-sv-namerena-otkryt-proizvodstvennyj-filial-v-chishmikioe.html">http://gagauznews.md/10325/krup-naya-tekstilnaya-kompaniya-ridia-ger-sv-namerena-otkryt-proizvodstvennyj-filial-v-chishmikioe.html</a>
<b>QUELLE (DE)</b>	State Enterprise TIROTEX	<a href="https://ru.wikipedia.org/wiki/%D0%A2%D0%B8%D1%80%D0%BE%D1%82%D0%B5%D0%BA%D1%81">https://ru.wikipedia.org/wiki/%D0%A2%D0%B8%D1%80%D0%BE%D1%82%D0%B5%D0%BA%D1%81</a>
<b>ALDI (DE)</b>		
<b>JOTEX (UK)</b>		

**Brands identified based on the lists of suppliers published on the brands' websites**

<b>C&amp;A (BE)</b>	Foreign-Owned Enterprise DANIROD LTD 26/ 3 Sarmizegetusa Str., Chişinău	<a href="http://sustainability.c-and-a.com/supplier-list/">http://sustainability.c-and-a.com/supplier-list/</a>
	Foreign-Owned Enterprise FLOREANA FASHION LTD 61 Ştefan cel Mare Str., Floreşti	
	Foreign-Owned Enterprise FLOREANA FASHION LTD Cupcini	
<b>NIKE, CONVERSE (US)</b>	FOREIGN-OWNED ENTERPRISE ASENA-TEXTIL LTD Congaz	<a href="http://manufacturingmap.nikeinc.com/">http://manufacturingmap.nikeinc.com/</a>
	FOREIGN-OWNED ENTERPRISE ASENA-TEXTIL LTD Cazaclia	
	FOREIGN-OWNED ENTERPRISE ASENA-TEXTIL LTD 42/1 Lenin Str., Ciadir Lunga	
	FOREIGN-OWNED ENTERPRISE ASENA-TEXTIL LTD Ciadir Lunga (2)	
<b>George at Asda (WALMART) (US)</b>	Foreign-Owned Enterprise FLOREANA FASHION LTD	<a href="https://direct.asda.com/george/source-dbygeorge,default.pg.html#factory-list">https://direct.asda.com/george/source-dbygeorge,default.pg.html#factory-list</a>
	TOP FASHION LTD 65 Tighina Str., Chişinău Established in: 2013	
<b>VF Corporation (US)</b>	ENNSGERN LTD 1/2 Locomotivelor Str., Bălţi	<a href="https://static1.squarespace.com/static/55649607e4b0576ead7365cd/t/5989ceabebbd1a409eca06ca/1502203566564/VF_Global_SupplierFactoryList_2017_Q2.pdf">https://static1.squarespace.com/static/55649607e4b0576ead7365cd/t/5989ceabebbd1a409eca06ca/1502203566564/VF_Global_SupplierFactoryList_2017_Q2.pdf</a>
	INTERCENTRE-LUX LTD	
	INTERCENTRE-LUX LTD. Foreign-Owned Enterprise TEXTRE LTD 58/13 Eminescu Str., Bălţi	

## Annex 2: Mapping of footwear brands producing in Moldova

Mapping of footwear brands producing in Moldova		
BRAND	FACTORY	SOURCE
Brands identified based on the labels from the factory specialised shops, other shops		
Giovani Aidini (RU)	Î.C.S. CRISTINA MOLD-ROM SIMPEX LTD. 27 Mesager, Chişinău <a href="http://www.cristina.md">www.cristina.md</a>	Footwear shop from the UNIC Commercial Centre + brand borchure
Stella Marco		
Gelsomino		
Mode Anona		
Geronea (UA)		
Seline (IT)		
Caravelle (IT)	Joint Stock Society ZORILE 8 Calea Ieşilor Str., Chişinău <a href="http://www.zorile.md">www.zorile.md</a>	Zorile Mall 8 Calea Ieşilor Str., Chişinău
GAMP (FR)		
RIEKER (DE)		
BRAKING (IT)		
NINA Collection (US)		
MELLUSO (IT)		
ROMIKA (DE)	Floare LTD 181Comunismului Str., Bender <a href="http://www.floare.com">www.floare.com</a>	
Brands identified based on media reports, chambers of commerce and other public information		
Fly Flot (IT)	Joint Stock Society ZORILE	<a href="http://arhiva.vipmagazin.md/top-branduri/111_cele_mai_indragite_branduri_in_Moldova_2012/Zorile_brand12/">http://arhiva.vipmagazin.md/top-branduri/111_cele_mai_indragite_branduri_in_Moldova_2012/Zorile_brand12/</a>

# Endnotes

- 1 The Global Value Chains Initiative, Concepts and Tools: <https://globalvaluechains.org/concept-tools>
- 2 Gary Gereffi, John Humphrey, Raphael Kaplinsky and Timothy J. Sturgeon: Introduction: Globalisation, Value Chains and Development. IDS Bulletin 32.3, 2001. <https://www.ids.ac.uk/files/dmfile/gereffietal323.pdf>
- 3 The Global Value Chains Initiative (GVCI), Concepts and Tools: <https://globalvaluechains.org/concept-tools>
- 4 <https://cleanclothes.org/livingwage>
- 5 <http://www.statistica.md/pageview.php?l=ro&id=2272&idc=302>
- 6 World Customs Organization: [http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf\\_revised\\_kyoto\\_conv/kyoto\\_new/spanf.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv/kyoto_new/spanf.aspx)
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- 8 G. Gereffi, 2001, "Shifting Governance Structures in Global Commodity Chains, With Special Reference to the Internet"
- 9 Anguelov, Nikolay. *The Dirty Side of the Garment Industry: Fast Fashion and Its Negative Impact on Environment and Society*. Boca Raton, FL: CRC Press, Taylor & Francis Group, 2016.
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- 11 <https://cleanclothes.org/resources/publications/stitched-up-1>
- 12 <https://cleanclothes.org/livingwage/europe/country-profiles/moldova/view>
- 13 Vitalie Sprinceană and Lilia Nenescu conducted the desk research and developed this study. Anastasia Nani interviewed the workers. Corina Ajder conducted the peer review of the study.
- 14 Global fashion industry statistics - International apparel. Source: <https://fashionunited.com/global-fashion-industry-statistics>
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- 16 [https://en.wikipedia.org/wiki/2013\\_Savar\\_building\\_collapse](https://en.wikipedia.org/wiki/2013_Savar_building_collapse)
- 17 Some references: Held, David, and Anthony G. McGrew, eds. *Globalization Theory: Approaches and Controversies*. Global Transformations, v. 4. Cambridge ; Malden, Mass: Polity, 2007; Michie, Jonathan. *The Handbook of Globalisation*. Cheltenham, UK; Northampton, MA: Edward Elgar, 2011; El-Ojeili, Chamsy, and Patrick Hayden. *Critical Theories of Globalization*. Basingstoke: Palgrave Macmillan, 2006; Stiglitz, Joseph E. *Globalization and Its Discontents*. 1st ed. New York: W. W. Norton, 2002.
- 18 [www.women-ww.org](http://www.women-ww.org) an international organization that assists and helps women working in international supply chains to claim their rights and obtain decent wages for their work.
- 19 <https://www.inditex.com/our-commitment-to-people/our-suppliers>
- 20 We used the data from this list: <https://fashionunited.com/i/most-valuable-fashion-brands>
- 21 For convenience, we decided to use the English acronym TAFL (Textile, Apparel, Footwear and Leather Goods) for the textile, clothing, leather, leather goods and footwear industry. Some reports and policy documents use *light industry* for the same sector.
- 22 National Bureau of Statistics. Number of enterprises and production units by type of activity (2013-2015). Source: [http://www.statistica.md/public/files/serii\\_de\\_timp/industrie/principalii\\_indicatori/14.2.xls](http://www.statistica.md/public/files/serii_de_timp/industrie/principalii_indicatori/14.2.xls)
- 23 TAFL Sector Overview, 2016-2017, p.2. Source: <http://miepo.md/sites/default/files/reports/TAFL%20sector%20overview.pdf>
- 24 [http://mbw.md/upl/upload/file/2\\_%20Marina%20LAPUSNEA-NU%20APIUS.pdf](http://mbw.md/upl/upload/file/2_%20Marina%20LAPUSNEA-NU%20APIUS.pdf)
- 25 Ministry of Economy, ORDER No. 66 from 04.05.2010 on Approval of the List of the light industry enterprises by type of services rendered on the territory of the Republic of Moldova for the applicants for the placement of goods under the customs regime of active improvement, with zero VAT. Source: <http://lex.justice.md/md/334484/>
- 26 [http://lex.justice.md/UserFiles/File/2017/mo181-189md/lista\\_66.doc](http://lex.justice.md/UserFiles/File/2017/mo181-189md/lista_66.doc)
- 27 [http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\\_03%20FM\\_SAL020/SAL020200.px/table/tableViewLayout1/?rxid=2345d98a-890b-4459-bb1f-9b565f99b3b9](http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_SAL020/SAL020200.px/table/tableViewLayout1/?rxid=2345d98a-890b-4459-bb1f-9b565f99b3b9)
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- 29 [http://ukrexport.gov.ua/i/imgsupload/file/Light\\_Industry-All\\_pages.pdf](http://ukrexport.gov.ua/i/imgsupload/file/Light_Industry-All_pages.pdf)
- 30 [http://statbank.statistica.md/pxweb/pxweb/ro/40%20Statistica%20economica/40%20Statistica%20economica\\_21%20EXT\\_EXT010\\_serii%20anuale/EXT010600.px/table/tableViewLayout1/?rxid=2345d98a-890b-4459-bb1f-9b565f99b3b9](http://statbank.statistica.md/pxweb/pxweb/ro/40%20Statistica%20economica/40%20Statistica%20economica_21%20EXT_EXT010_serii%20anuale/EXT010600.px/table/tableViewLayout1/?rxid=2345d98a-890b-4459-bb1f-9b565f99b3b9)
- 31 <https://atlas.media.mit.edu/en/profile/country/mda/#Exports>
- 32 We can see that, according to the NBS data, the exports of clothing and footwear are higher than the imports, while according to OEC data, the ratio is the opposite. This difference is explained by the different calculation methodologies used by the two institutions (OEC data uses the so-called Harmonized System, which allows for greater product and commodity decomposition, while the NBS uses a less detailed nomenclature).
- 33 Unitatea de implementarea a proiectului Băncii Mondiale de ameliorare a competitivității [https://uipac.md/uploads/0/images/large/final-report-rom\\_560be468d1810.pdf](https://uipac.md/uploads/0/images/large/final-report-rom_560be468d1810.pdf)
- 34 Government Decision No. 165 from 09.03.2010 on the minimum guaranteed wage in the real sector, amended annually. Source: <http://lex.justice.md/md/333943/>
- 35 Government Decision No. 488 from 20.04.2016 on the amendment of point 1 of the Government Decision no.165 from 9 March 2010. Source: <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=364526>
- 36 Government Decision No. 242 from 26.04.2017 on the amendment of point 1 of the Government Decision no. 165 from 9 March 2010. Source: <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=370110>
- 37 For these calculations, the currency converter of the National Bank of Moldova was used, bnm.md
- 38 <http://msmps.gov.md/ro/content/salariul-mediu-lunar-pe-economie-prognost-pentru-2016-constituie-5050-lei>
- 39 [http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala\\_03%20FM\\_SAL010\\_serii%20lunare/SAL015100.px/table/tableViewLayout1/?rxid=93c7b78c-de89-4335-ba81-c380f5419da6](http://statbank.statistica.md/pxweb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_SAL010_serii%20lunare/SAL015100.px/table/tableViewLayout1/?rxid=93c7b78c-de89-4335-ba81-c380f5419da6)
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- 43 <https://cleanclothes.org/livingwage>
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- 45 A preliminary list of brands that have made public part of their suppliers' lists can be found here: <http://fashionrevolution.org/transparency-is-trending/>
- 46 Klein N (2000) No Logo: Taking Aim at the Brand Bullies. London: Flamingo
- 47 <https://tradingeconomics.com/country-list/corporate-tax-rate?continent=europe>
- 48 Ожидается ли рассвет итальянских инвестиций в Молдове? <https://goo.gl/BaLJE2>
- 49 <https://www.profit.ro/povesti-cu-profit/retail/britanicii-de-la-alison-hayes-care-produc-in-romania-haine-pentru-retailerii-internationali-inchid-fabrica-din-urzice-ni-din-cauza-costurilor-16827841>
- 50 <https://cleanclothes.org/livingwage>



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