afv
Aid for social protection program
Foundation Vietnam

Change lives. For good.
actionaid

STITCHING A BETTER FUTURE

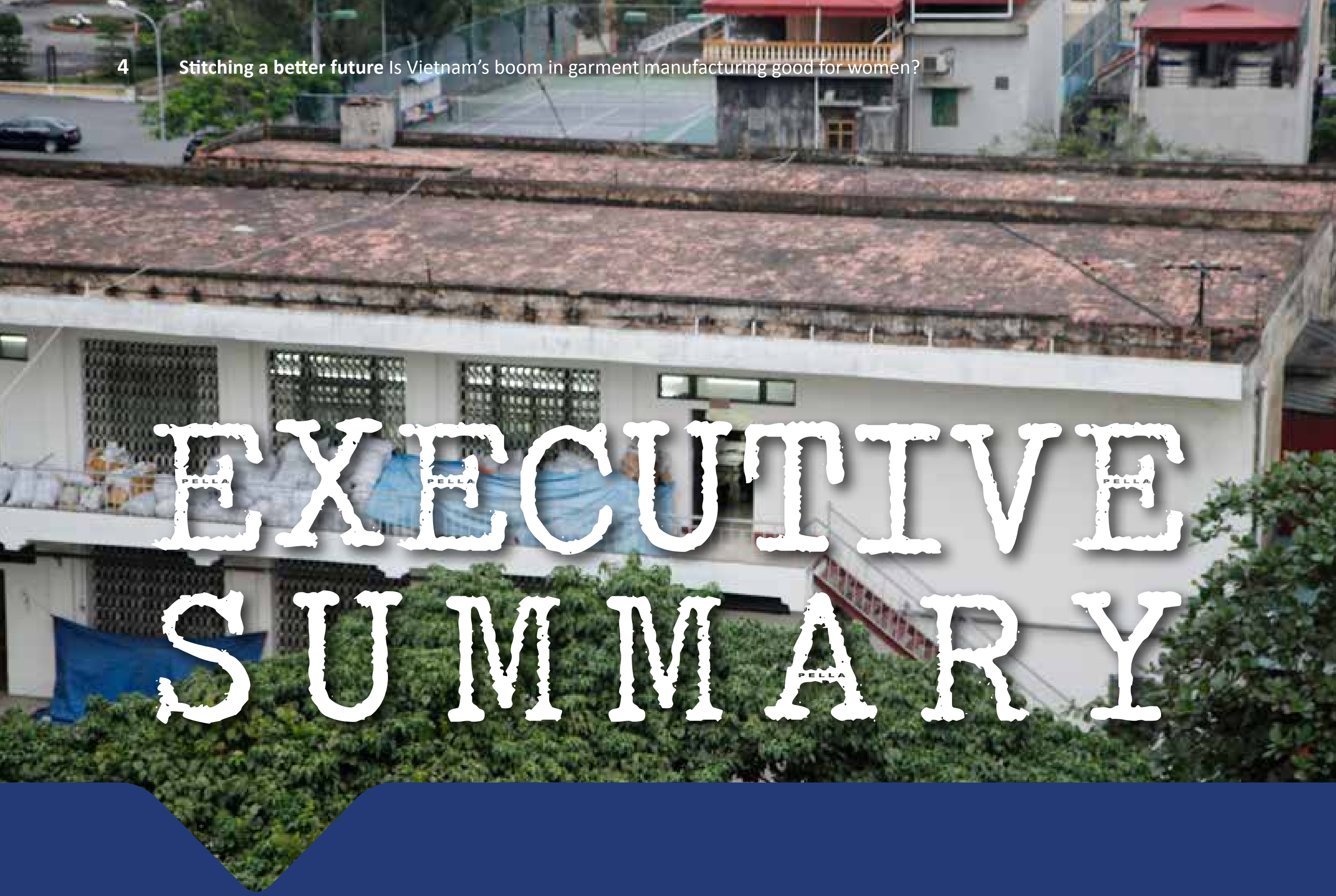
Is Vietnam's boom in garment manufacturing good for women?

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF ABBREVIATIONS

APEC	Asia Pacific Economic Cooperation
AFV	Aid for social protection program foundation in Vietnam
BWV	Better Work Vietnam
EU	European Union
FTA	Free Trade Agreement
G20	Group of 20 nations
GDP	Gross Domestic Product
GSO	General Statistics Office
ICRICT	Independent Commission for the Reform of International Corporate Taxation
ILO	International Labor Organisation
IMF	International Monetary Fund
MOLISA	Ministry of Labor, Invalids and Social Affairs
OECD	Organisation for Economic Cooperation and Development
PPP	Purchasing power parity
PwC	Pricewaterhouse Coopers
SME	Small-and-medium sized enterprise
UK	United Kingdom
UN	United Nations
UNU	United Nations University
US	United States Dollar
VASS	Vietnam Academy of Social Sciences
VCCI	Vietnam Chamber of Commerce and Industry
VGCL	Vietnam General Confederation of Labor
VND	Vietnamese Dong



EXECUTIVE SUMMARY

In recent years Vietnam has seen explosive growth in manufacturing for export, notably in the garment and textile sector. In 2016 Vietnam was the world's fifth biggest exporter of garments and textiles.[1] Exports from the sector were worth US$23.8 billion, which was equal to just over 13.5 per cent of the country's total exports and just under 12 per cent of its Gross Domestic Product (GDP).[2] This boom has created millions of jobs, particularly for Vietnamese women.

This research from ActionAid Vietnam and ActionAid UK in cooperation with Aid for social protection program foundation in Vietnam (AFV) aims to review whether the expansion of the garment and textile sector has created decent jobs for women, and whether it is producing the tax revenues needed to support public services that working women need. It is based on a field survey undertaken between 21 November and 3 December 2016 in Hanoi, Haiphong and Uong Bi involving interviews with government, civil society representatives and garment workers, as well as analysis of secondary data.

The report finds that while garment sector jobs provide welcome opportunities for regular wage employment, often they fall short of international standards of decent work.

Labour conditions for women in garment factories can be tough. Women work long hours in physically demanding conditions. Discriminatory barriers keep them in low-skilled and lower-paid positions and limit their opportunities for promotion. The sector's extensive reliance on women's labour both reflects and exploits stereotypes about "women's work" which relegate most of these workers to second-class economic status in relation to men. Workplace harassment is poorly understood and mechanisms to respond to it are not in place. Often, women do not have safe spaces in the workplace to voice their concerns and join together to campaign for better conditions.

Wages for garment workers also fall below a living wage. Garment workers earn an average of 3-5 million VND per month, based on minimum wage plus allowances, which is significantly lower than the 10.5 million per month living wage benchmark set by the Asia Floor Wage Alliance.[3] Minimum wages in Vietnam are among the lowest of all garment producing nations. A model of export manufacturing based on low-wage, low-skilled labour is unfair to women workers because their low wages, in effect, help to subsidise the profits of the global garment and textile sector which is dominated by companies based in rich countries.

Women are also expected to shoulder most of the responsibility for unpaid care in the home, a burden exacerbated by insufficient investment in public services which could relieve it. While maternity benefits are available, there is a gap in the provision of affordable childcare services for children between 6-36 months. This pushes women into a juggling act between work and family, and impacts most on migrant workers without family members to help out.

The lack of social protection is further compounded by women's short working lives. Garment and textile sector jobs overwhelmingly favour young women, with women over 35 facing limited opportunities for employment after they leave factory work. There are few opportunities for women to access technical training to move into higher-skilled roles, better paid roles or jobs in other industries, and limited access to pensions or support to start small businesses. Measures to support better labour conditions and meaningful pathways out of factory work for older women require funding from the state budget, which could in theory be funded from taxes brought in by the garment sector.

However, the current model of export manufacturing does not appear to be bringing significant tax revenue benefits to Vietnam.

ActionAid and AFV have estimated Vietnam's corporate income tax revenues from the garment and textile sector at a relatively small US$40 million per year, or around 0.1 per cent of Vietnam's tax revenues, based on 2012 data.[4] This is USD$31 million less than companies would have paid if they had paid the full rate of corporate income tax in 2012.

This "tax gap" partly reflects the effect of tax incentives, which are on offer to companies despite general doubts about their usefulness, in all countries, as a means of attracting investment. It is likely to also be due to other factors, like companies carrying forward losses from previous years. This tax gap, if collected, could have covered more than three years of the budget for implementation of the National Programme for Gender Equality 2011-2015, or paid full pensions for 19,000 garment workers for a year.

Even if the full rate of company tax had been collected, the overall revenue of garment and textile companies in Vietnam is low in budgetary terms for such a significant industry. This seems to be because low-value activities generate relatively small profit margins in Vietnam, compared to the much higher profits of global companies based in rich countries.

This model of export manufacturing is also unsustainable in the longer term. Just as investors have moved some manufacturing from China to Vietnam to exploit lower wages in the latter, so investment may move from Vietnam to other poorer developing countries in future. Trade agreements with other countries promise to open up bigger markets for Vietnam's exports but by increasing exports of low-value added goods, they could inadvertently make it harder for the country to improve the prospects of women factory workers and move up the manufacturing value chain by producing higher-quality goods which generate higher profits, wages and tax revenues.

To create a more sustainable path for the manufacturing sector which ensures decent pay and conditions for women workers, Vietnam will need to heavily promote domestic industries which add more value within the country itself while strengthening protections for women's economic and labour rights and using the tax system to raise more revenues to spend on public services that relieve the burden of unpaid domestic care for women. This requires not just supportive policy but a reassessment of widespread patriarchal social norms which, as in most countries around the world, tend to relegate women to second-class status in the economy and fail to recognise, reduce and redistribute women's unpaid labour in the home. These interventions are essential if Vietnam is to achieve "substantive equality between men and women… in opportunity, participation and benefits in the political, economic, cultural and social domains, contributing to fast and sustainable national development", an overarching target for 2020 in its National Strategy on Gender Equality.[6]

ActionAid and AFV recommend that the government of Vietnam, working with enterprises, should:

1. **Improve labour conditions for women** in garment factories, including by:
   a. Continuing to invest in increasing the number of labour inspectors and strengthening the effectiveness of the labour inspection system to ensure employers comply with rules on overtime and working conditions and avoid discrimination.
   b. Strengthening mechanisms to allow women workers to voice concerns and collectively bargain for better pay and conditions and address workplace discrimination.
2. **Increase minimum wages in line with a genuine living wage**, based on calculations used to develop the Asian Floor Wage.
3. **Improve women's access to public services, including:**
   a. Specifically monitoring and enforcing legal requirements for employers to provide kindergartens or provide subsidies for kindergarten fees.
   b. Increase funding for public kindergarten places for children aged 6-36 months to reduce women's unpaid care responsibilities.
4. **Invest in economic opportunities for women,** including:
   a. Developing a scheme to support women-owned household businesses and SMEs, to provide work options for women after factory work but before retirement (particularly women aged 35-55).
   b. Investing in vocational and tertiary training for women working in the garment sector to facilitate their entry into higher-skilled jobs.
5. **Review tax incentives for manufacturing investment**
   a. Conduct a review of the tax incentives for manufacturing investment to determine whether the economic benefits from these incentives outweigh the costs in lost revenue, and calculate a suitable adjustment to them.
   b. Phase out tax breaks on corporate profits, which have been found internationally to have a weak relationship with new investment.
   c. Require FDI companies to publish financial reports on their website detailing, at minimum, revenues earned and tax paid in Vietnam.
6. Work with and resource the Vietnam Women's Union, women's organisations, unions and wider civil society to develop women-led behaviour change **strategies for redressing gender segregation** in labour markets and the wider gender discrimination that underpins it.

INTRODUCTION

In recent years Vietnam has seen explosive growth in manufacturing for export, notably in the garment and textile sector. This growth has played a part in Vietnam's impressive record of curbing poverty, which has lifted the country from low- to middle-income status. At the same time, Vietnam has committed itself to ensuring equality between men and women and has made more significant progress in doing so than some of its neighbouring countries.[8]

But although export manufacturing has created millions of jobs for Vietnamese women, there are reports of low pay, long hours, poor working conditions and limited career options for women who work in the garment and textile sector. Women are also expected to shoulder most of the responsibility for unpaid care in the home, a burden exacerbated by insufficient investment in public services which could relieve it. This briefing therefore asks - has the boom in the garment sector created decent jobs for women? And has it increased Vietnam's tax base, so that the state can provide public services to reduce women's unpaid care burden, support their education and skills training or support them after retirement?

This briefing is based on two weeks of interviews in late 2016 with women workers and managers at three garment factories in northern Vietnam, as well as interviews with current and former government officials and members of Vietnamese civil society.[9] It also draws on written sources such as existing ActionAid research and reports from international organisations. It makes recommendations for immediate improvements that could be made to ensure women have better work options within the garment and textile sector, and that the sector delivers revenue benefits for Vietnam as a whole.

A companion research report by ActionAid UK *Not Just Lip Service: Advancing women's economic justice in industrialisation* explores in more detail Vietnam's options for designing, implementing and monitoring an industrial strategy in an inclusive manner, so as to create higher-value, better-paid jobs and ensure that women's access to them is equal with men's.

BACKGROUND: the growth of the garment and textile sector in Vietnam

Vietnam has seen rapid growth in its exports since the economic reforms of the 1980s when central planning was abandoned. The government consciously applied many of the lessons from the success stories of industrialisation in East Asian countries and territories such as the Republic of Korea and Taiwan, which included exploiting the potential of regional production networks and encouraging local production so as to create demand for goods produced by domestic industry.[10]

Vietnam is distinguished from many developing countries by the sheer diversity of its exports which include motor vehicles, electronic goods and agricultural products such as coffee, as well as garments and footwear.[11] This diversity is a source of strength as the country attempts to move up the manufacturing value chain, because it widens the country's options. Manufacturing in Vietnam is characterised by a limited number of big state- and foreign-owned companies which dominate exports and a much bigger number of small private companies producing mainly for the domestic market.

Vietnam's garment and textile sector has grown very fast in recent years and is now one of the country's biggest export manufacturing industries, along with footwear, electronics and food processing.[12] In 2016 Vietnam was the world's fifth biggest exporter of garments and textiles.[13] Exports from the sector were worth US$23.8 billion, which was equal to just over 13.5 per cent of the country's total exports and just under 12 per cent of its Gross Domestic Product (GDP).[14] Most of Vietnam's garments and textiles go to the United States, followed by Europe, Japan and the Republic of Korea.[15]

The garment and textile sector worldwide has a reputation for restrictions on workers' rights and freedom of association as well as unsafe factories. The prominent role of foreign investment in the sector, and in export-oriented manufacturing in general, poses a dilemma for Vietnam, and for efforts to create more and better jobs for women, because foreign-owned companies have invested in the country mainly for its low wages and typically import their other inputs from elsewhere. A 2013 World Bank report noted that:

> *"Vietnam has not been able to advance beyond the low-value added development model whereby it provides a large pool of cheap labour, which, in combination with capital and technology from abroad, turns out cheap products for export. Without a shift toward a growth model based on productivity and competitiveness, Vietnamese labour will be condemned to low wages because, should real wages rise, production could easily be transplanted to countries where cheap labour is still readily available, such as Bangladesh or Cambodia."*[16]

The risk that Vietnam could lose manufacturing investment to countries with even lower wages is particularly true of the garment sector, where most of the work is "cut, make and trim" - in other words, making imported textiles into clothes using fairly simple tools and techniques - which is relatively easy for investors to move from one country to another. The government is aware of this risk and Vietnam's Industrial Development Strategy proposes to emphasise the development of six groups of industries, one of which is garments and textiles. For this sector, the aim of the strategy is to increase the amount of raw materials produced in Vietnam - an aim driven by the terms of Vietnam's trade agreements such as "rules of origin" (see "Trade agreements and the garment and textile sector", below) – and to produce more fashion clothing and luxury shoes.[17]

Industrial growth needs to be consistent with Vietnam's National Strategy on Gender Equality, which intends to create enabling conditions and opportunities to equally empower both men and women in politics, economics, culture and society by 2020.[18] Achieving the general aim of Vietnam's Industrial Development Strategy which is to move manufacturing up the value chain, while also achieving the aim of the National Strategy on Gender Equality, will mean redressing the problems which hamper the economic empowerment of women who are factory workers.

WOMEN IN THE GARMENT AND TEXTILE SECTOR

There are approximately 2.5 million workers in Vietnam's garment and textile sector, of whom 80 per cent are women.[19] Most of these women are in low-paid roles on the factory floor while most technical and managerial roles are occupied by men. As elsewhere in the world, younger women between the ages of 18 and 35 are favoured by the industry because they tend to have fewer care responsibilities.[21]

The garment and textile sector relies heavily on the internal migration of women workers, temporary or permanent, from other parts of Vietnam to fill its workforce. For many young women who have finished secondary school and are looking for work outside agriculture and the informal sector, the garment and textile sector provides waged work opportunities all year round. Although detailed data on women's internal migration are scarce in Vietnam, internal migration is known to play an important part in reducing poverty by creating opportunities for women from poorer areas to enter the formal work force.[22] Migration also plays an important role in reducing poverty of the worker's household of origin,[23] with women workers under greater pressure to send regular remittances to their families than men.[24] However, the problems faced by women in the manufacturing sector are proportionately more difficult for migrant workers (see below).

> *"Half of the workers have migrated here and nearly eighty per cent of them will end up settling down and staying." Union official, Haiphong.*

The garment and textile sector has opened up opportunities for women to access formal (waged) work, with garment factories now the largest provider of this work for women in the country.[25] Formal and informal work are often thought of as distinct, but in Vietnam the line between the two is blurred in the sense that both are low-paid and employment contracts, which are meant to protect formal-sector workers, are not necessarily in compliance with the law or upheld in practice.[26]

In theory, the opportunity for waged work outside the home plays a critical role in increasing women's financial autonomy and agency by providing them with greater financial independence, skills and chances for self-development. In practice, women's wages and working conditions in the sector fall short of international standards of decent work.

What is decent work?

The ILO has defined decent work as "productive work for women and men in conditions of freedom, equity, security and human dignity."[27] Decent work requires that work opportunities are productive and deliver a fair income; provide security in the workplace and social protection for workers and their families; provide prospects for personal development and encourage social integration; give people the freedom to express their concerns, to organize and to participate in decisions that affect their lives; and guarantee equal opportunities and equal treatment for all.

The ILO's decent work agenda has four integrated pillars:

- employment creation and enterprise development;
- social protection;
- standards and rights at work;
- governance and social dialogue.

In order for the decent work agenda to be met, all four pillars must be addressed in an integrated way.[28]

Research by the ILO and the World Bank's International Finance Corporation (IFC) into working conditions in 193 factories in Vietnam found that nearly half (47 per cent) of factory employment contracts failed to comply with the labour law, collective agreements and work rules.[29] A pervasive problem with the sector is low pay and long hours which arise from the need for factories to shave costs as much as possible in order to compete with factories in other Asian countries with even lower production costs than Vietnam.

Long working hours

The legal working hours in Vietnam are no more than eight hours a day or 48 hours a week, with a paid daily break of at least half an hour.[30] The ActionAid-AFV research team interviewed factory workers and managers in three locations in northern Vietnam who said that the average working day was from eight-thirty in the morning until five-thirty or sometimes six-thirty in the evening, with an hour's break for lunch. Studies of the sector have found, however, that it is common for workers to exceed Vietnam's legal overtime limit of 30 hours per month, with numerous garment companies violating this limit.[31] The ILO and IFC have found excessive overtime as the biggest challenge to workers, with 87 per cent of the factories which are part of their Better Work Vietnam project failing to comply with legal overtime limits and more than half failing to ensure that workers have at least four days' rest per month.[32] More than half of the factories were also found to have working time records that did not reflect workers' hours, for example attempting to conceal work outside regular working hours, such as on Sundays.[33] Excessive overtime can be a result of factories responding to pressure from suppliers, with factories relying on overtime to meet large orders.[34]

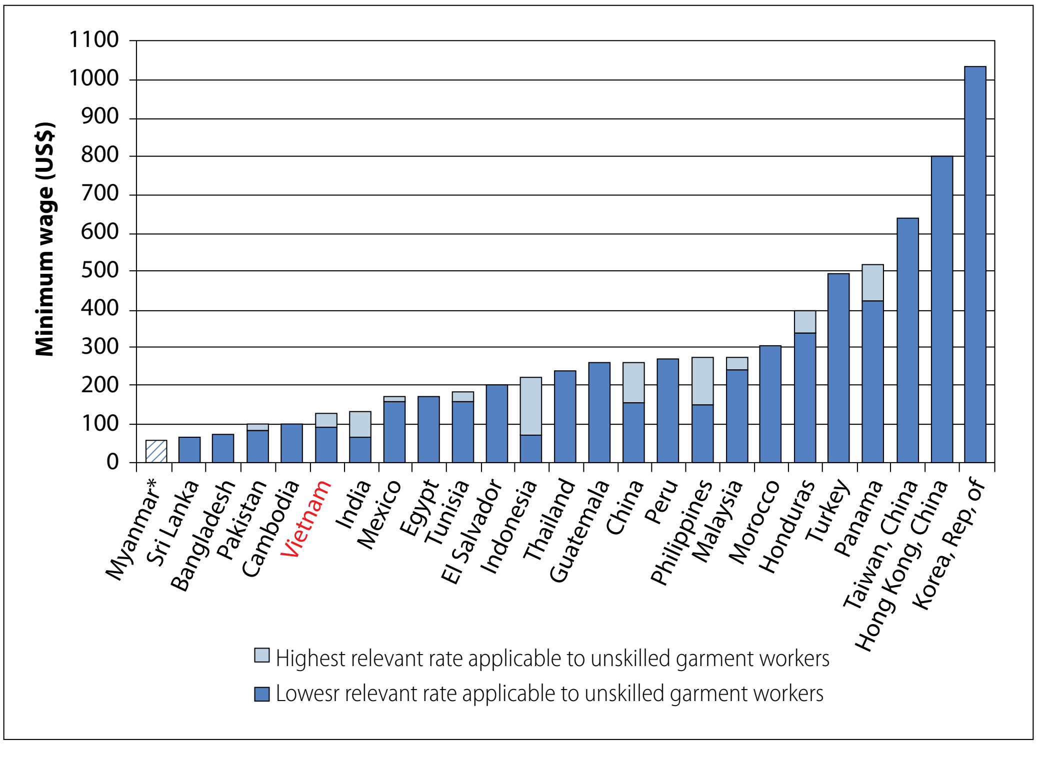
There can be some flexibility in working hours for women. One factory manager in the northern city of Uong Bi told the ActionAid-AFV research team that 90 per cent of his work force are women and to help them meet the needs of their families, the workers are able to leave at four-thirty in the afternoon to collect their children from school. They then bring their children to the factory for half an hour so that the workers can make up the lost time. Pregnant or menstruating women are also allowed to leave slightly earlier or take more breaks.[35] The ILO and IFC found that the majority of factories provided time off for breastfeeding breaks but just under 10 per cent of factories failed to. The biggest problem was the failure to allow women workers a 30-minute (paid) break during their working day.[36]

Low pay

Garment workers in Vietnam can be paid an hourly rate, but many are paid a 'piece rate' by the number of items they complete. Workers that the ActionAid-AFV research team spoke to indicated they earned an average of 3-5 million VND (US$ 132-222) a month, including allowances.[37] This is consistent with other studies of gross wages in the garment sector.[38] Although workers do not pay income tax on their monthly pay packets as they fall below the tax threshold, they are required to pay a 10.2 per cent contribution towards health insurance, social insurance and unemployment insurance (the employer's contribution is 22 per cent).[39] Union fees are an additional voluntary one per cent of employees' wages per month.[40] Health insurance payments vary, but generally cover four-fifths of the workers' health bills.[41] Working mothers often have to pay for private childcare for children under three when it is not provided by the state or factory.

The average take-home wages in the garment sector are slightly higher than Vietnam's minimum wage which ranges from 2.58 - 3.75 million VND (US$115-167) per month across the country's four regions.[42] Vietnam regularly raises the minimum wage but still has one of the lower wage ranges among major garment producing countries (Figure 1).[43]

Figure 1: Monthly minimum wages in the garment sector in 2014, selected countries



Source: Wages and working hours in the textiles, clothing, leather and footwear industries: Issues Paper for discussion at the Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries (2014) Geneva: ILO.

Wages in the garment sector are far below the minimum threshold for paying personal income tax, which is 9 million VND per month. They are also significantly lower than the benchmark set by the Asian Floor Wage Alliance, an international group of trade unions and labour rights activists, which is 10.5 million VND (US$467) a month.[44]

What is the Asia Floor Wage?

The Asia Floor Wage proposes a wage for garment workers across Asia that would be enough for workers to live on. It was developed by Asian unions and labour rights organisations based on surveys of workers' basic needs in India, China, Bangladesh, Indonesia and Sri Lanka. The floor wage calculates the minimum living wage, taking into account the number of family members to be supported, the basic nutritional needs of a worker and their dependents and their other basic needs including healthcare and education. The Asia Floor Wage covers the basic living costs of three consumption units, which translates to one working adult, one child-caring adult and two children, for example, or one working adult and two elderly adults.[45]

As noted earlier, the ILO's research found that complaints about wages were the cause of 41 per cent of 'wildcat' (non-unionised) strikes.[46]

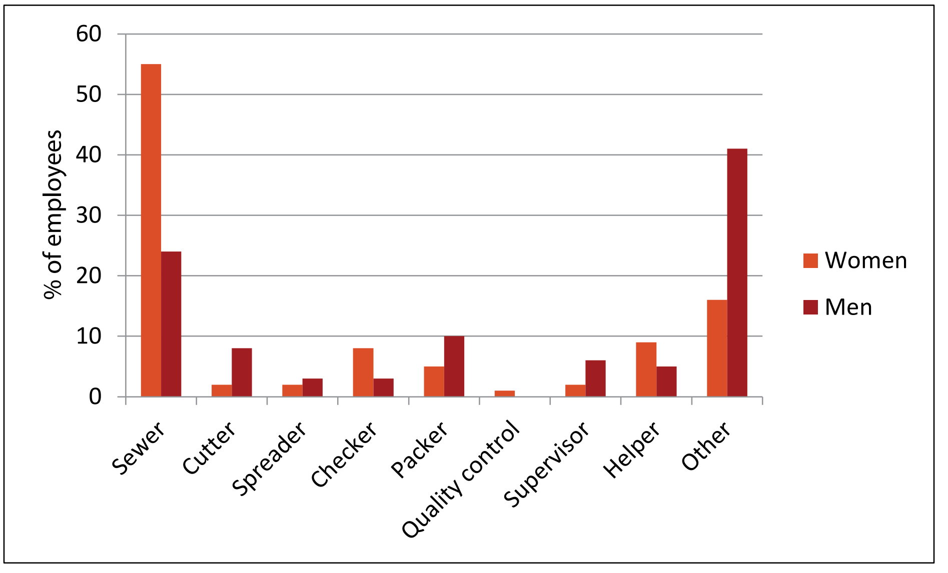
Gender stereotypes reproduced in factories

Favouring women for specific types of jobs on the basis that the work is "suited to women" is common in Vietnam.[47] Women make up about 71 per cent of waged employees in education and more than 64 per cent in health, social work and service industries such as restaurants and hotels.[48]

Women are favoured for garment factory jobs, and their low wages are justified, on the basis of cultural stereotypes about women's "patience for intricate work" and "eye for detail" which are considered to be in a woman's nature rather than a skill acquired through learning and training.[49]

One factory manager told the ActionAid-AFV research team that this type of work is "suitable for women" because it is "low intensity work" helping women "to not over-exert themselves so they are able to continue with household responsibilities at home".[50] Factory audits carried out by the Fair Wear Foundation found discrimination between men and women in terms of pay and promotion, and between local workers and internal migrant workers.[51] Male garment workers earn higher pay because they have fewer care responsibilities compared to many of the women workers. They are able to earn more by working longer hours or meet additional overtime requirements, often resulting in them being favoured for promotion opportunities.[52]

Figure 2: Gender Segregation in Factories



Source: Fontana, M and Silberman, A (2013) Better Work Discussion Series, Analysing Better Work Data from a Gender Perspective: A Preliminary Exploration of Worker Surveys with a Focus on Vietnam; Hanoi.

> *"This type of work... helps women to not over-exert themselves so they are able to continue with household responsibilities at home." Male garment factory manager, Uong Bi.*

Conditions for workers can be very restrictive. For example, according to Fair Wear Foundation's research an informant from Vietnam General Confederation of Labour said there is no formal limit of access to toilets in garment factories but workers must have permission from the supervisors to go to the toilet.[53] Sometimes to ensure the productivity of the whole lines, the supervisors do not allow workers to leave. Some garment companies also complained that workers went to the toilets too often and for too long, severely affecting production.[54] Psychological pressure and control used to limit workers' movements and access to breaks negatively affects the working environment and creates unfair treatment in employment.

Violence against women and sexual harassment

Violence against women, including sexual harassment, is not yet adequately understood or addressed in factories in Vietnam. While Vietnam lacks comprehensive data on sexual harassment in factories, a study in 2012 by the ILO and Vietnam's Ministry of Labour, Invalids and Social Affairs (MOLISA) based on focus group discussions and media analysis suggested that it was likely to be experienced predominantly by women aged between 18 and 30, that the victims usually occupied lower-ranking positions under the supervision of the perpetrator, and that Vietnamese men, and a large number of Vietnamese women, accept the premise that women are a legitimate and natural target for unwanted attention from men, which is seen as "flirting".[55] This suggests that pervasive patriarchal norms which women face throughout Vietnamese society and culture are also replicated in factories, maintaining unequal power relations between male and female workers.

What is patriarchy?

Patriarchy is a system of power which influences everything that we do. Within this universal system, men dominate women - physically, socially culturally and economically. Patriarchy plays out in the economy, society, government and community. Indeed, it is apparent in every sphere of life, giving rise to accepted discriminatory behaviours, attitudes and practices ('patriarchal norms').

The way patriarchy manifests itself in relationships, the family, community and society changes over time and by location and cultural context.[56] ActionAid and AFV believe that although the expression of patriarchy is not necessarily universal, it does have some universal results:

1. Patriarchy limits women and girls' opportunities and skews the 'playing field' in favour of men and boys. This is often expressed by feminists as 'male privilege'.
2. Men and boys can be harmed by patriarchy in multiple ways, and often the prevailing form of masculinity devalues and discriminates against forms of masculinity that are not considered acceptable or desirable (for example, gay men, men from minority ethnic communities, men with disabilities).
3. There is not only a dominant form of masculinity, but also of femininity, allowing for different gendered hierarchies to intersect with notions of age, class, race, sexual orientation, disability and caste, etc. This allows some women - usually white, heterosexual and economically privileged - to benefit from gendered hierarchies. This results in some women perpetuating these norms.

> *"Sexual harassment creates psychological anxiety and stress for [survivors] and if ignored, can result in high costs for companies through loss of productivity, low worker morale, absenteeism, and staff turnover." Anne Boyd, Vietnam Labour Law Advisor at the ILO.*[59]

Violence, including verbal and sexual harassment, undermines gender equality at work and adversely impacts the dignity and well-being of workers. It was made illegal in Vietnam in 2013, but the legislation does not clearly define the offence or prescribe specific punishments.[60] A Code of Conduct on Sexual Harassment in the Workplace was drawn up by MOLISA, Vietnam's labour union and chamber of commerce in 2015 to provide managers and workers with a clear definition of sexual harassment, but there is little evidence that women are bringing cases to court.[61]

Victims of sexual violence are legally entitled to seek support from the Women's Union or a labour union representative to lodge a complaint; however, victims may find it hard to gather sufficient evidence to show they are harassed at work.[62] Better training and information needs to be provided to trade unions and factory management to prevent sexual harassment and violence in the work place and to improve support for victims and access to redress.

> *"A challenge is that men are the authority, bosses and police, discriminating against victims ... Mass media has to help change attitudes; women's rights are human rights." Civil society representative, Hanoi.*

Representation and voice

Workers' right to form associations is protected in Vietnam's labour law.[63] Under law, all unions must be members of the Vietnam General Confederation of Labour, which is the only recognised national trade union. While workers can elect union representatives, in practice it is not uncommon for senior managers, including human resource managers, to be the elected to enterprise unions.[64] Research by the ILO and IFC also found that three-quarters of factories failed to meet legal requirements for dialogue, disciplinary and dispute procedures.[65] Management interference in union activities remains high (62 per cent of factories).[66]

According to the ILO and IFC, the garment and textile sector has been facing "a sustained and substantial wildcat strike wave for much of the past decade."[67] Approximately 20 per cent of firms experienced at least one strike in the past three years, which makes the strike rate in the sector one of the highest in the world. A detailed analysis of strikes and management responses to them found that nearly half of strikes (41 per cent) were driven by complaints about wages and the rest by a variety of problems with working conditions. Strikes typically only lasted a few days and in most cases, workers won concessions from management.[68]

MOLISA has a labour inspection system to ensure compliance with labour laws, including provisions relating to pay, overtime and mechanisms to support women. Past assessments of the system have recommended increasing the number of inspectors, providing further training for inspectors, and introducing new tools for inspectors to use.[69] In this context, there are significant obstacles to women garment workers taking collective action to enforce their rights under the labour laws, fight discriminatory hiring or promotion practices, or argue for higher pay or better conditions.

Maternity leave and childcare

One of the biggest challenges for women working long hours in the garment and textile sector is balancing their factory work with their responsibility for unpaid care work, of which they bear a disproportionate burden compared to men.[70] ActionAid and AFV's research has shown that on average Vietnamese women spend five hours every day on unpaid care work, compared to men's three hours.[71] In areas where public services are poor and not responsive to the needs of women and girls, this daily total can rise to up to nine hours.[72]

> *"Even though I share household work with my husband, I'm still the main person responsible for it." Female factory manager, Hai Phong*

The heavy burden of unpaid care borne by women workers or their female relatives reflects not only the unequal distribution of care work between women and men but also gaps in public provision of services which can relieve its burden.

The rights of women to go on maternity leave are protected in Vietnamese law. All women workers in Vietnam are entitled to up to six months of paid maternity leave, of which two months are compulsory, with 5-14 days paternity leave for male workers.[73] Women receive 100 per cent of their wages, financed by a national social security system into which they must have made contributions for six months before the birth of their child. In addition, pregnant garment workers receive protections from night-time, overtime and dangerous work and cannot be dismissed on account of their pregnancy.[74] This stipulation meets the ILO's benchmark recommendation that "women's work does not pose risks to the health of the woman and her child."[75]

However, after maternity leave ends, women face barriers to accessing childcare. The ActionAid-AFV research team interviewed many garment workers who live with relatives and rely heavily on support from mothers and mothers in-law to help with work around the home and looking after their children.

For migrant women workers who have left their families in search of work and bring their children with them, the burden of unpaid care work is even greater. One union representative from a garment factory in Uong Bi talked of migrant workers having to rely on overtime to be able to afford the cost of childcare, as they had no family locally to rely on. The alternative for women would be to leave their children without childcare or rely on older children to take on a caring role, cutting short their education.[76] Migrant workers can face more difficulties accessing state-run childcare services than workers from the local area, as some childcare services give priority to students who are permanent residents of the area under Vietnam's household registration system.[77]

The limited availability of public kindergarten spaces for children under 24 months is one of the biggest barriers for garment workers returning to work after maternity leave. Despite a concerted government focus on increasing access to early childhood care and education, in practice policy and funding priorities are geared towards ensuring access for children aged 3-5 years, and only 14 per cent of children under three are enrolled in a nursery or kindergarten, less in some parts of the country.[78] This leaves a gap for women seeking support to return to work when their 6 months maternity leave has ended.

Articles 9 and 10 of Decree No 85/2015/ND-CP on policies for female employees provides that employers "are encouraged" to provide kindergartens and that "depending on specific conditions, the employer shall build up plans on assistance, establishment of kindergartens/nursery schools, or provision of subsidies on fees for kindergartens/nursery schools with cashes or items." However workers interviewed by the ActionAid-AFV research team did not have access to kindergartens and called for increased provision of in kindergarten places for children between the ages of 6 and 24 months.

Unpaid care is essential to the well-being and functioning of families, societies and economies: the value of women's unpaid care work is estimated to be around 996 trillion VND (USD$44 billion) each year, or just over 20 per cent of Vietnam's GDP.[79] However, this type of work remains largely unrecognised and invisible to policy-makers, is not included in calculations of GDP, and as a result, is overlooked in decision making and budgeting for public services like childcare.[80]

Short working life

The garment and textile sector does not provide women workers with long careers. The average worker entering the sector is between the ages of 18 and 35. The Fair Wear Foundation's audits of factories in Vietnam have found age discrimination in that factories tend to be resistant to hiring workers above the age of 30-35[81] and reports in the Vietnamese media have highlighted a trend of women being dismissed from factory work upon reaching 35.[82] Research by the ILO has also found interview processes in one factory to include asking women to take a pregnancy test: those not pregnant were hired.[83]

Women workers interviewed by the ActionAid-AFV research team in garment factories complained of back pain and problems with their eyesight after working in the job for long periods. This is due to the static nature of the tasks, the long working hours and completing intricate and detailed work under factory lighting. As a result, many of the women the research team spoke to were already planning to finish garment factory work in their early forties due to their poor health and not being able to produce the quality of work needed on time.

"I don't want to keep working as it affects my eyes". Garment worker, 46, Uong Bi

Women factory workers interviewed by the research team wanted an earlier retirement age so that they could access their full pensions before the age of 55. This preference for early access to pensions underlines that factory work is a demanding and draining occupation and many women prefer not to spend their entire working lives in it if other options are available. While factories provide opportunities for younger women, the short span of these jobs and limited other opportunities means that the state-funded social protection system is then potentially called on to support women once they can no longer work in the factory. However, as discussed below, the garment and textile sector does not offer significant tax revenues to support the national budget to meet this need.

Women also spoke of retiring from work early to look after their children or grandchildren and to use the money they had saved to open their own small business or market stall. Many said that leaving the factories before the retirement age was a worry, as they would be unable to support their families financially without looking for other work. For women in the garment sector, leaving factory work after a short time to move into the informal sector (where they are less likely to pay social insurance) could significantly reduce their pension entitlements. If women make social insurance payments for 15 years, they are entitled to 45% of their average salary on reaching retirement age. From 2018, women will need to pay into social insurance for 30 years in order to receive a 75% salary on reaching retirement age.[84] Compounding this, pensions are based on a worker's actual salary, further reducing the amount that women are eligible to receive.

> *"Women retire early so they should be promoted five years ahead of men." Female former senior tax official.*

One policy response to this problem might be to strengthen support for women-led micro-enterprises, household businesses, and SMEs to ensure that women can develop profitable and thriving small enterprises once they leave the industrial sector. A recent comprehensive study of Vietnam's household business sector found that lack of information on market opportunities, skill development opportunities, and access to credit constrain the potential of household businesses and contribute to their low profitability and high failure rate.[85] Vietnam recently passed the Law on Supporting SMEs, which gives priority for support to women-owned SMEs or businesses with more women employees.[86] However, this law has not yet taken effect and specific guidance on its implementation is still needed.

Training opportunities and personal improvement

The garment and textile sector offers little opportunity for women workers to move out of low value-added tasks into more skilled and better-paid roles, chiefly because the sector has relatively few such roles to offer. The design, marketing and distribution of garments, which generate higher wages and profits, are generally left to foreign buyers (see below).[87] Women entering the sector with higher education or training have more opportunities to move into higher-paid jobs.[88] However, lack of training and access to further education impacts women's financial position. According to the ILO and IFC study, women workers are more likely than men to be paid below the minimum wage. The study found that less-educated workers in the sector were more likely to be paid below the minimum wage than better-educated workers.[89]

Only half of women workers entering work in the garment and textile sector have finished secondary school and vocational training is in short supply.[90] The majority of workers interviewed by the ActionAid-AFV research team were provided with on-the-job training at the start of their employment.[91] Factories employ new workers at a lower wage, until they have been trained enough to produce work of the required quality, and during this probationary period workers are on reduced pay.[92] The ILO and IFC study found that almost a third of factories do not comply with limits on the period of employment for probationary workers.[93]

Women workers' biggest obstacle in accessing further training and promotion is their burden of unpaid care work which not only limits access to further education, training and full participation in the labour market[94], but also curtails their participation in public life more generally (as discussed above). However, attitudes towards women moving into higher managerial positions are also an obstacle for women in the workplace and public life. There is resistance on the part of many men to women taking up leadership positions but also among women. A study by Vietnam Women's Union found that a large number of respondents would choose men over women for managerial positions.[95]

If Vietnam is able to move up the manufacturing value chain, then there will be more demand for workers with scientific, engineering and other technical skills. Women may be at a disadvantage in qualifying for these roles on the basis of their education: in 2012, only 25 per cent of graduates in engineering, manufacturing and construction were women.[96]

TAX INCENTIVES FOR VIETNAM'S GARMENT SECTOR

The above analysis shows that while the garment and textile sector has provided large numbers of jobs for women, these jobs fall short of standards of decent work, and do not offer women sustainable, well-paid employment or a pathway to improve their livelihoods. Despite this, like other Asian countries, Vietnam has sought to draw investors to its export manufacturing industries, including the garment and textile sector, by offering tax incentives for investment and signing free trade agreements which create greater access for its exports in partner countries. Such measures cannot address (and may even deepen) the basic problem that much of Vietnam's export manufacturing is based on a low-wage, low-value-added model which relies heavily on low-paid labour, which does not create enough decent jobs for women and which is vulnerable to being undercut in any case by other developing countries with lower costs – or, in future, by automation.

Tax incentives: high costs, doubtful benefits

Despite its large size, the garment and textile sector appears to generate relatively little revenue for the Vietnamese state. This is partly because of generous tax breaks offered to companies; tax revenues may also be undermined by tax evasion and avoidance. A bigger factor, however, is that because the sector adds little value to its inputs, it is not very profitable compared to other parts of its global value chain, notably the design and marketing of garments, which are typically controlled by companies based in rich consumer countries.

Vietnam offers a variety of tax incentives to attract investment, for which garment and textile companies may be eligible. Such incentives include tax holidays - a complete exemption from paying tax on corporate profits - for certain investments for between two and four years, depending on the type and location of the investment, followed by a period of between four and nine years when the corporate income tax rate is reduced by half. Certain companies can enjoy preferential rates of between 10 or 17 per cent for long periods, while the headline rate of corporate income tax has itself been reduced from 25 per cent in 2012 to 20 per cent in 2016.[97]

The rationale for this complex and generous system of tax incentives is that it will attract more investment to Vietnam than would come otherwise. In other words, the government considers that the benefit of having more investment in Vietnam, creating economic activity and jobs, is greater than the cost in foregone tax revenues. As one government official put it to the research team: "It [the policy] is still working."[98]

Tax incentives are unlikely to have played a decisive role by themselves in attracting investment to the Vietnamese garment and textile sector, however because other Asian countries which compete with Vietnam in this sector offer similar tax breaks of their own (see Table 1 below). If an investor chooses Vietnam over another country which has similar tax breaks then it is probable that the choice was guided by other factors, such as the country's infrastructure and business climate (including low wages in the case of export manufacturing) or its geographical location and participation in free trade agreements.

Table 1: Comparison of tax rates and incentives, selected countries

	Standard corporate income tax rate (2016)	Income tax holidays for qualifying companies
Vietnam	22 per cent	Exemptions for 2-4 years, followed by reduced rates for 4-9 years.
Bangladesh	25 per cent	Two-year exemption followed by reduced tax rates for three years.[99]
Cambodia	20 per cent	Exemptions for up to six years.[100]
Myanmar	25 per cent	Discretionary exemptions for five years, which can be extended, or for up to eight years for investors in special economic zones, followed by a 50 per cent exemption for five years.

Sources: KPMG, PwC, Deloitte, Bangladesh Investment Development Authority

Governments around the world offer tax incentives in the hope of luring investment, but many experts question whether tax incentives actually justify their cost in foregone revenue. For example, a 2009 working paper from the International Monetary Fund (IMF) found that: "lower corporate income tax rates and longer tax holidays are effective in attracting FDI, but not in boosting gross private fixed capital formation or growth." The paper suggests that tax-driven investment may simply replace other forms of investment.[101]

This conclusion was endorsed by a joint report to the G20 countries by the IMF, World Bank, United Nations and the Organisation for Economic Cooperation and Development (OECD) which found that incentives "continue to undermine revenue from the [corporate income tax]."[102] Surveys of investors in developing countries have found that the tax rate is only one among many factors which they consider before making an investment and not the most important one.[103]

There is a circular logic to the proliferation of tax incentives around the world. Countries offer them to investors in the hope of gaining an advantage over their competitor countries. But if the competitor countries adopt similar tax incentives, then this advantage disappears and all countries stand to lose corporate tax revenues without necessarily attracting more investment. As the IMF's managing director Christine Lagarde put it in 2014: "The race to the bottom (on tax) by definition ends with everybody on the bottom."[104]

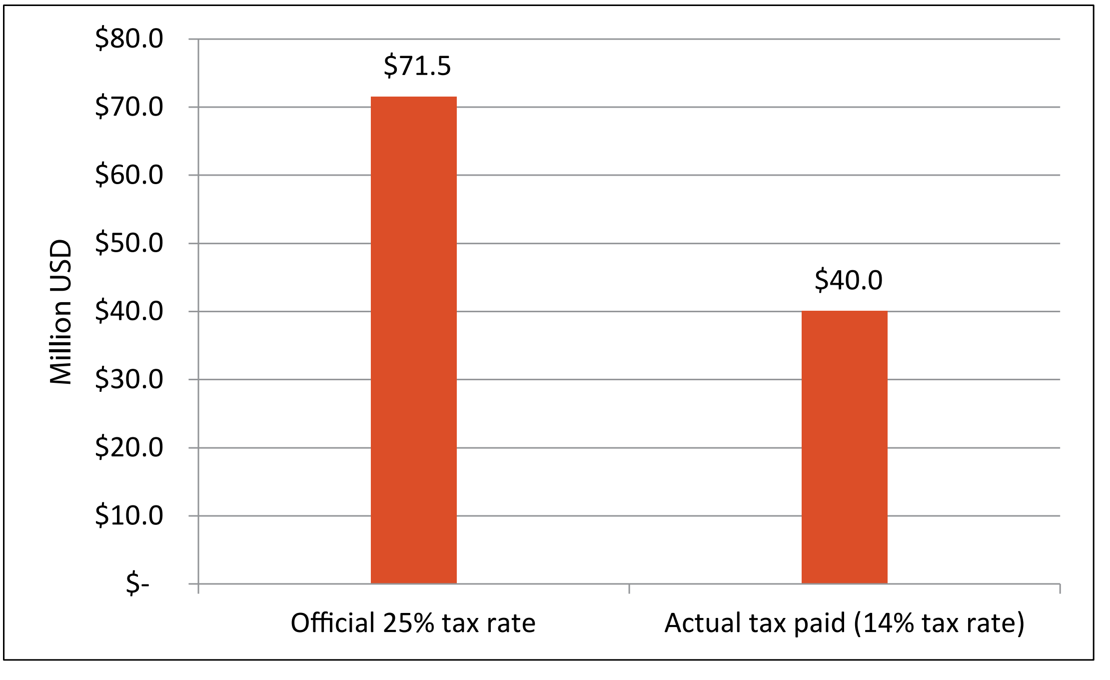
Tax incentives and Vietnam's garment and textile sector

The available evidence suggests that the revenue cost of tax incentives for textile and garment companies in Vietnam is small when compared to the country's national budget. The main reason for this small revenue cost is not an encouraging one, however: despite accounting for billions of dollars worth of exports, the sector does not appear to generate much taxable profit in Vietnam. This is because the work done in Vietnam is relatively low-skilled and adds little value, which is a fundamental problem for the industry (see below).

The ActionAid-AFV research team set out to estimate the revenue cost of tax breaks on corporate profits for garment and textile companies, based on data from the Enterprise Census of Vietnam's General Statistics Office covering 1,868 companies which were active in 2012 (the latest year available) and made profits that year. The turnover of these companies was reported to be equivalent to US$12.13 billion in 2012, or about four-fifths of the total turnover of the sector in that year.[105]

Between them, these companies reported pre-tax profits of US$286 million and paid US$40 million in corporate income taxes, which means that their effective or cash tax rate was about 14 per cent. This is more than ten percentage points lower than the official rate of corporate income tax in Vietnam in 2012, which was 25 per cent. If these companies had paid tax at the official rate, then the government would have collected an additional US$31 million in corporate income tax in 2012. This is a significant sum though small compared to the tax revenues of Vietnam in 2012, which were about US$30 billion.[106]

Figure 3: Difference between official tax rate and actual tax paid by garment companies in 2012 (million USD)



This US$31 million "tax gap" between the official tax rate and what companies actually paid in 2012 is not likely to be entirely due to tax incentives, as companies are also allowed to reduce their tax bills by carrying forward losses from previous years. For this reason, it is likely that Vietnam would not have collected all of this "tax gap" even if there had been no tax incentives. The estimate does suggest, however that the cost of tax incentives for the sector may have been in the low tens of millions of dollars in 2012.

What does this "tax gap" mean in real terms?

Even though the revenue impact of the "tax gap" in the garment sector is relatively small overall, it could still have a significant impact.

For example, the government's budget commitment to implement the National Program on Gender Equality 2011-2015 was 955 billion VND (approximately USD$47 million based on 2011 exchange rates). The "tax gap" from the garment sector could therefore have paid for more than three years of implementation of this program, which includes measures to mainstream gender equality, promote norm and behaviour change and build capacity of key groups, such as women elected representatives.

Or, to look at it another way, the gap between the full tax rate and the amount of tax paid by garment companies in 2012 could have covered full pensions for more than 19,000 retired garment workers for a year.[107]

Although this estimated revenue cost is quite small for the sector on its own in terms of the overall national budget, the cost becomes more significant if the same estimate is extended to other export sectors in Vietnam. The garment and textile companies included in this report's calculation had a combined turnover in 2012 of US$12.15 billion, most of which was exports. In that year, Vietnam's total exports were reported to be US$114 billion. If this "tax gap" for garment and textile companies were the same for companies in all export sectors in 2012, then the gap (due in part to tax incentives) would be in the area of US$290 million. Since Vietnam's exports have increased since 2012, the hypothetical "tax gap" would be greater now than it was in that year.

This figure is purely speculative, because the "tax gap" in other sectors of export manufacturing may not have been as great as in the garment and textile sector. It does suggest that the revenue cost of corporate tax incentives in Vietnam is significant when set against the weak evidence that such incentives, in themselves, actually increase economic growth and social welfare and that they can reduce public revenues which could otherwise have been spent on public services such as those which reduce the burden of unpaid care for women workers.

It is conceivable that the revenue cost of tax breaks in Vietnam may be higher than suggested by the estimates here: ActionAid has studied official figures published by 15 other developing countries on the cost of tax breaks on corporate profits in 2012 or 2013: the average cost of such tax breaks across all countries was 0.7 per cent of GDP.[108] If tax breaks on corporate profits in Vietnam were on an equivalent scale, this would imply a revenue cost equivalent to US$1.2 billion, which is about 14 per cent of total revenues from corporate income tax and just under 14 per cent of expenditure on education and training.[109]

This estimate is hypothetical, since Vietnam does not publish estimates for the revenue cost of corporate tax incentives, but it does make the point that tax incentives may be a very expensive policy for Vietnam given widespread doubts about whether tax incentives in general are necessary or not. It is because of these doubts that the Independent Commission for the Reform of International Corporate Taxation (ICRICT), a high-level group of former policymakers, academic experts and civil society figures which is supported by ActionAid, recommends that countries should eliminate all tax breaks on profits (which have a weak relationship with new investment). Tax breaks should only be granted sparingly and transparently to relieve companies' costs, incurred in the country concerned, in creating new productive investment.[110]

The low profits of Vietnam's garment and textile companies

The data from 2012 point to another important aspect of the garment and textile sector in Vietnam: there is not much income tax revenue to be collected from the sector because it is not very profitable compared to other parts of the industry's global value chain. This has implications for women workers, which is that the sector may not be able to generate many of the higher-paid, higher-skilled jobs which could enable more Vietnamese women to enjoy decent work.

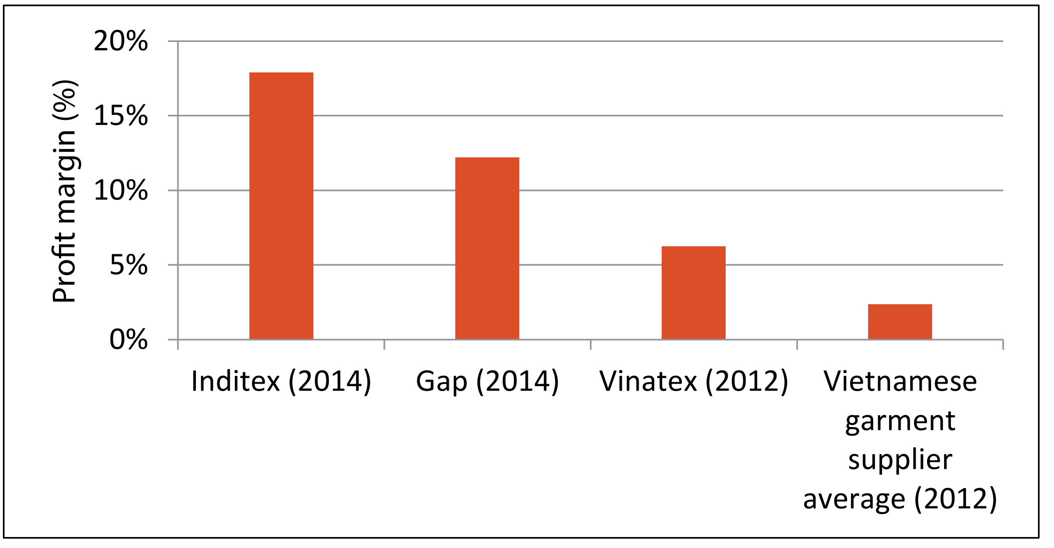
The data in the Enterprise Census suggest that the operating profits of garment and textile companies in 2012 were just over two per cent. This seems very low given that the state-controlled Vietnam National Textile and Garment Group (Vinatex), whose accounts have been independently audited, reported a pre-tax profit margin of around six per cent in 2012.[111] The low profits reported by companies in 2012 may be an indication of past losses being carried forward. It may also be an indication that some companies could be under-reporting their profits in order to illegally evade tax, for example by keeping more than one set of books. This report has no specific evidence of tax evasion in the garment and textile sector, however.

Tax evasion refers to the criminal falsification of records so as not to pay tax. Tax avoidance - that is, the use of accounting tricks which bend or stretch the law without actually breaking it, in order to shift corporate profits into a tax haven - is also known to be a problem in Vietnam and the government has made a priority of tackling it. It has been reported that the tax authorities raised an additional US$500 million in revenues in 2015 by challenging companies' transfer pricing arrangements and a new decree designed to curb abuses was adopted in February 2017.[112]

Even setting aside the possible effects of tax avoidance and evasion, the profitability of the garment and textile sector is relatively low because of its place in the global value chain for the industry: the design and marketing of clothes, and the ownership of rights to intellectual property such as brands, are much more profitable than the actual production of garments by low-skilled labour in Vietnam and its competitor countries.

Evidence for the much higher profitability of companies higher up the garment value chain can be found in the accounts of multinationals which source apparel from Vietnam, among other developing countries. The European company Inditex says that its suppliers are linked to 130 factories in Vietnam which employ 143,000 people[113] while the US clothing company Gap says that it sources from more than 120 factories in Vietnam, employing tens of thousands of people between them.[114] These two multinationals are both far more profitable than Vietnamese garment and textile companies: Inditex reported a pre-tax profit margin of 17.9 per cent in 2015 and the same the year before, while Gap reported a more modest pre-tax profit margin of 9.3 per cent in 2015 and 12.2 per cent the year before: as noted above, Vietnamese garment suppliers reported profit margins in 2012 which were half this level or lower.[115]

Figure 4: Comparing profit margins in the supply chain



Source: Inditex 2015 Annual Report; The Gap Inc 2015 Annual Report; BIDV Securities Company. Prospectus. Initial Public Offering. The Holding Company – Vietnam National Textile and Garment Group; GSO Enterprise Census.

Understanding the underlying causes of the low profits of garment companies in this sector is challenging due to limitations in reporting. A recent report by Towards Transparency Vietnam reviewed 22 multinational companies operating in Vietnam and found that 19 of these companies do not publish their key financial information relating to their business activities in Vietnam (such as revenues, capital expenditures, income before tax, tax and other community contribution).[116] Transparent country-by-country financial reporting is essential for tackling tax avoidance as well as analysing the benefits of attracting FDI.

Trade agreements and the garment and textile sector

Like many other countries, Vietnam has signed trade agreements with other countries and economic blocs which have the effect of increasing access for Vietnam's exports while opening up more of its own market to foreign goods, services and investment.

Trade agreements hold out the promise not just of greater market access for Vietnamese firms but also of greater inflows of foreign capital, management skills and technology. However, there is a risk that trade agreements could end up boosting low-skill, low value-added manufacturing exports at the expense of sectors where Vietnamese domestic firms could add more value and create higher-skilled, better-paid jobs for women workers.

A 2014 analysis of the European Union-Vietnam Free Trade Agreement (FTA), an agreement which was in the process of being finalised when this report was written, estimated that garments and footwear made in Vietnam would be the biggest gainers from this FTA.[117] Exports of garments could increase by more than 200 per cent from a 2007 baseline, second only to leather goods and far ahead of all other sectors except electronic goods. Unless productivity goes up in the garment sector, then a big increase in output must draw labour and capital away from other sectors which then grow at a smaller rate.[118]

The draft text of the EU-Vietnam FTA includes references to labour rights which could potentially have a bearing on the situation of women workers in the garment and textile industries. The two parties - that is, the European Union and Vietnam - both agree to "respect, promote and effectively implement" the ILO's fundamental principles on rights at work, including the freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour and child labour and the elimination of discrimination.[119] It is not immediately clear what the effect of these commitments might be in practice, however.

The garment and textile sector is seen as one of the biggest gainers from trade agreements, but the effects will not be automatic or intermediate. If Vietnam's trading partners sign similar agreements with countries which compete with Vietnam, then the advantage of Vietnam's trade agreements will be reduced. And the effects of trade agreements do not come into immediate effect in many cases.

For example, the trade agreement between Vietnam and the European Union will phase out European tariffs on Vietnamese garments. This phasing out is not meant to happen all at once but over time, so as to give European companies time to adjust to competition from lower-cost Vietnamese products. Those garments which are less "sensitive" for the EU - in other words, garments whose import into Europe will not undercut European companies which make similar garments - will have their tariffs lifted once the agreement comes into force (which is expected to happen in 2018). However, tariffs on more "sensitive" items will be lifted over a period of up to seven years.[120]

To be able to take advantage of tariffs being lifted in key markets, the Vietnamese garment and textile sector will have to meet strict "rules of origin" in trade agreements. For example, the EU-Vietnam agreement requires that materials originate from Vietnam, from the European Union or from countries which have a free trade agreement with both (such as South Korea). Much of the yarns and fabrics used to make garments in Vietnam are from China, which would fall outside the rules of origin of the EU-Vietnam agreement.[121]

Trade agreements may create an incentive for more investment within Vietnam in the production and finishing of textiles to be used for making garments, and some of this investment is already taking place.[122] But compliance with rules of origin is likely to impose cost pressures on Vietnamese producers, which bigger companies typically owned by foreign investors or the state will be better able to meet. So too will pressures to improve the low quality of garments for export.

An effect of trade agreements could be that the very large number of small, privately-owned garment and textile companies in Vietnam is compressed into a much smaller number of big firms which find it easier to raise capital and obtain inputs which meet the rules of origin in trade agreements. Many of these bigger firms are more likely to be owned by foreign investors which send their profits abroad and may opt at some point to move their production out of Vietnam into other, poorer countries with lower wages.

Although trade agreements should open up bigger markets for Vietnamese exporters, they may end up reinforcing those low-skill, low-value sectors of export manufacturing (notably the garment sector) in which Vietnam has a comparative advantage over its trading partners. This would put more control over those sectors in the hands of foreign investors with no long-term commitment to Vietnam's development or to the creation of decent work for women.

The ActionAid-AFV research team visited one factory which is owned by the Binh Minh Joint Stock Company, which is trying to increase value-added via a Japanese-styled clothing brand called Gendai, marketed to Vietnamese consumers.[123] It will be difficult for the sector to compete internationally, however, with the much larger and better-capitalised companies which dominate clothing markets in rich countries and which have ample access to capital, technology, management and marketing skills.

Conclusion

While the garment and textile sector have boomed in Vietnam in recent years, creating jobs for women, the benefits of this boom for Vietnam's economy and for gender justice are questionable. Young women dominate the work force in the garment and textile sector. They are favoured for low-paid, low-skilled roles which require long hours and offer little opportunity to move into higher-skilled work. This is partly due to the nature of the work but also due to the subordination of women in Vietnamese society which is replicated in garment factories. Unpaid care responsibilities compound women's limited options, with women who migrate internally from other parts of Vietnam particularly affected.

At the same time, the garment and textile sector offers relatively little in terms of business profits and tax for Vietnam, bringing in only 0.1 per cent of Vietnam's overall tax revenues. Vietnam's low position in the garment supply chain contributes to this, as well as other potential factors including the role of tax incentives and potential tax avoidance mechanisms. These low tax revenues offer little assurance that state revenues from the garment sector will subsidise improved public services to support the women working within it. Instead, it is the women workers themselves who subsidize the profits of companies further up the value chain.

The government is aware of the low-value-added problem in the garment and textile sector and its Industrial Development Strategy aims to increase the production of higher-value luxury clothing and shoes. The National Strategy for Gender Equality also recognises, as does Vietnamese legislation, the need for equality between women and men in the economic sphere, as in other spheres.

A long-term industrial strategy is needed which concentrates on a limited number of sectors of manufacturing where Vietnamese domestic firms are best able to increase the value they add: ActionAid's forthcoming report, *Not Just Lip Service: Addressing Women's Rights in Industrialisation* addresses this issue further. This would enable Vietnamese firms to earn higher profits and pay higher wages to their workers, addressing one of the main challenges women workers face in export manufacturing sectors. Higher profits would also enable bigger tax payments to the state, which could then use the proceeds to provide more of those public services which help to address the causes of women's economic marginalisation.

However, implementing these aims will in practice require not just supportive legislation and policy but for the government to invest more resources in implementing and enforcing the rules and in providing public services to relieve the burden of women's unpaid care work, while also addressing deep-seated patriarchal attitudes which, in practice, too often put women in second place behind men.

In the immediate term, this report makes several recommendations to improve decent work opportunities for women from the garment sector as it is now, including improved conditions and pay, and generating more tax from this sector to pay for public services that would support women to build fulfilling careers in the industry.

Recommendations

Many positive steps have been taken to create jobs and improve conditions for women in the garment sector, and the legal framework sets out many benefits that can support women in this sector to balance paid and unpaid work. However, gaps in implementation remain.

ActionAid and AFV recommend that the government of Vietnam, working with enterprises, should:

1. **Improve labour conditions for women** in garment factories, including by:
   a. Continuing to invest in increasing the number of labour inspectors and strengthening the effectiveness of the labour inspection system to ensure employers comply with rules on overtime and working conditions and avoid discrimination.
   b. Strengthening mechanisms to allow women workers to voice concerns and collectively bargain for better pay and conditions and address workplace discrimination.
2. **Increase minimum wages in line with a genuine living wage**, based on calculations used to develop the Asian Floor Wage.
3. **Improve women's access to public services, including:**
   a. Specifically monitoring and enforcing legal requirements for employers to provide kindergartens or provide subsidies for kindergarten fees.
   b. Increase funding for public kindergarten places for children aged 6-36 months to reduce women's unpaid care responsibilities.
4. **Invest in economic opportunities for women**, including:
   a. Developing a scheme to support women-owned household businesses and SMEs, to provide work options for women after factory work but before retirement (particularly women aged 35-55).
   b. Investing in vocational and tertiary training for women working in the garment sector to facilitate their entry into higher-skilled jobs.
5. **Review tax incentives for manufacturing investment:**
   a. Conduct a review of the tax incentives for manufacturing investment to determine whether the economic benefits from these incentives outweigh the costs in lost revenue, and calculate a suitable adjustment to them.
   b. Phase out tax breaks on corporate profits, which have been found internationally to have a weak relationship with new investment.
   c. Require FDI companies to publish financial reports on their website detailing, at minimum, revenues earned and tax paid in Vietnam.
6. Work with and resource the Vietnam Women's Union, women's organisations, unions and wider civil society to develop women-led behaviour change **strategies for redressing gender segregation** in labour markets and the wider gender discrimination that underpins it.

Endnotes

1 International Trade Administration (2016). *2016 Top markets report technical textiles; country case study Vietnam*. US Department of Commerce. See: http://trade.gov/topmarkets/pdf/Textiles_Vietnam.pdf (accessed 16 November 2017).

2 General Department of Vietnam Customs (2017) *Custom statistic year book of 2016 exports (brief summary)*. See: https://www.customs.gov.vn/Lists/ThongKeHaiQuan/Attachments/1185/Niengiam%20tom%20tat%202016%20.pdf (accessed 16 November 2017).

3 Monthly pay based on ActionAid interviews with garment workers and trade union officials in Vietnam, November 2016. This is consistent with other analyses in the sector, for example, the Living Wage Report for Ho Chi Minh City which found that workers in Ho Chi Minh City earned on average 4.42 million VND per month including base rates and allowances. Asia Floor Wage Alliance (2017) 'Asia Floor Wage: What is it and why do we need one' (website) See: http://asia.floorwage.org/what (accessed 16 November 2017).

4 Based on 2012 data from GSO Enterprise Census of Vietnam; IMF (2016) *Article IV report on Vietnam. IMF Country Report No. 16/240.* IMF, Washington. Page 30, Table 3. See: https://www.imf.org/external/pubs/ft/scr/2016/cr16240.pdf (accessed 16 November 2017)

5 See, for example, Dezan Shira and Associates. *The Competitive Advantage of Manufacturing in Vietnam*. 20th March 2014. Seehttp://www.china-briefing.com/news/2014/08/20/competitive-advantages-manufacturing-vietnam.html (accessed 20 September 2017).

6 Socialist Republic of Vietnam, National Strategy on Gender Equality for the period 2011-2020 (Decision No. 2351). See: http://chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryId=30&articleId=10050924 (accessed 16 November 2017).

7 Socialist Republic of Vietnam. *Decree detailing a number of articles the Labor Code in terms of policies for female employees* (Decree No 85/2015/ND-CP). Articles 9 and 10. See: http://www.molisa.gov.vn/en/Pages/Detail-document.aspx?vID=655 (accessed 16 November 2017).

8 For example, in 2015 Vietnam was 71st on the UN's Gender Inequality Index, which measures five indicators of gender equality in health, education, work and political representation, while Thailand was 79th, the Philippines was 96th and Cambodia was 112th. See Jahan, S et al. (2016) Human Development Report 2015. UNDP, New York. Table 5. Gender Inequality Index. See:http://hdr.undp.org/sites/default/files/2015_human_development_report.pdf (accessed 16 November 2017).

9 Interviews and focus groups with women workers were conducted on factory premises in the presence of representatives from trade unions, which are state-controlled in Vietnam, and sometimes in the presence of factory managers.

10 Thoburn, J. (2009) *Vietnam as a Role Model for Development.* UNU Wider Research Paper No. 2009/30. UNU Wider, Helsinki. See: https://www.wider.unu.edu/publication/vietnam-role-model-development (accessed 16 November 2017).

11 Ibid.

12 Dam, TPN and Barbour-Lacey, E. (2015) "An introduction to Vietnam's Import and Export Industries". Vietnam Briefing, 2015. Accessible at http://www.vietnam-briefing.com/news/introduction-vietnams-export-import-industries.html/ (accessed 16 November 2017). Bui, VT (2014) *Báo Cáo Ngành Dệt May*. FPT Securities, Hanoi. See http://images1.cafef.vn/Images/Uploaded/DuLieuDownload/PhanTichBaoCao/DetMay_180414_FPTS.pdf (accessed 16 November 2017).

13 International Trade Administration (2016) *2016 Top markets report technical textiles; country case study Vietnam*. US Department of Commerce. See: http://trade.gov/topmarkets/pdf/Textiles_Vietnam.pdf (accessed 16 November 2017).

14 General Department of Vietnam Customs (2017) *Custom statistic year book of 2016 exports (brief summary)*. See: https://www.customs.gov.vn/Lists/ThongKeHaiQuan/Attachments/1185/Niengiam%20tom%20tat%202016%20.pdf (accessed 16 November 2017).

15 Vietnam News Agency. 'Local textile, garment businesses face difficulties in 2017.' Published on Ministry of Planning and Investment; News. 11th November 2016. See: http://www.mpi.gov.vn/en/Pages/tinbai.aspx?idTin=34830&idcm=92 (accessed 3 October 2017).

16 World Bank (2013). Light manufacturing in Vietnam: creating jobs and prosperity in a middle-income economy. World Bank, Washington, p.10. See: http://documents.worldbank.org/curated/en/116451468126895451/Light-manufacturing-in-Vietnam-creating-jobs-and-prosperity-in-a-middle-income-economy (accessed 3 October 2017).

17 Socialist Republic of Vietnam. Industrial Development Strategy through 2025, vision toward 2035. Decision No 879/QD-TTg of 2014. See: http://www.chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryId=30&articleId=10054959 (accessed 16 November 2017).

18 Socialist Republic of Vietnam. National Strategy on Gender Equality for the period 2011-2020 (Decision No. 2351)..

19 ILO and International Finance Corporation (IFC) World Bank Group (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report, July 2015.* ILO & IFC, Geneva. See: http://betterwork.org/global/wp-content/uploads/2015/11/BWV-8th-synthesis-report_July-2015.pdf (accessed 3 October 2017).

20 Fair Wear Foundation (2015) *Vietnam country study 2015*. Fair Wear Foundation, p. 20. See: https://www.fairwear.org/wp-content/uploads/2011/12/Country-Study-Vietnam-FINAL_web.pdf

21 Kabeer, N. (2014).The rise of the female breadwinner. Reconfigurations of marriage, motherhood and masculinity in the global economy'' in New frontiers in feminist political economy. Edited by Rai, S. M. and Waylen, G. Routledge, Oxon. P. 65

22 According to Labour Force Survey from 2009, which estimated internal flows of migration (excluding short term) at 6.6 million, women dominated the flow of migration to urban areas and industrial zones. See: Pierre, G. (2011) *Recent labour market performance in Vietnam through a gender lens Working Paper, June 2011 VCGS Labour Market Performance*. Cited in World Bank (2011) *Vietnam Country Gender Assessment*. Vietnam Development Centre, Hanoi. Accessible at http://documents.worldbank.org/curated/en/894421468321306582/pdf/655010WP0P12270sessment-0Eng-0Final.pdf (3 October 2017).

23 Adams, J. R., and J. Page (2005) "Do international migration and remittances reduce poverty in developing countries?" *World Development* 33: 1645-1669. Cited in: Coxhead, I., Cuong, N. V. and Vu, L. H. (2015) *Migration in Vietnam: New Evidence from Recent Surveys. Vietnam development economics discussion paper no. 2*. World Bank, Hanoi. https://openknowledge.worldbank.org/handle/10986/23597. Pp. 2

24 Research by International Organisation of Migration (2007) cited in World Bank (2011) *Vietnam Country Gender Assessment*. Vietnam Development Centre, Hanoi, p. 70

25 ILO and IFC World Bank Group (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report*. P.7

26 Arnold, D. (2013) 'Social margins and precarious work in Vietnam', *American Behavioral Scientist* 57(4):469 See: https://www.researchgate.net/publication/258122982_Social_Margins_and_Precarious_Work_In_Vietnam (accessed 3 October 2017).

27 ILO (2007) *Toolkit for Mainstreaming Employment and Decent Work*. ILO, Geneva. See: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_172609.pdf (accessed 3 October 2017).

28 Ibid.

29 Research looked at compliance rates of 193 Better Work Factories in Vietnam. Better Work Vietnam (BWV) is a partnership between the ILO and the IFC. Launched in 2006, it aims to improve labour standards and competitiveness within global supply chains. BWV advises and monitors labour standards in 303 garment companies in both southern and northern provinces within Vietnam. BWV also works with VGCL, VCCI and MOLISA to contribute to national policy debates.

See: ILO and IFC (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report*. P.5

30 Socialist Republic of Vietnam *Labour Code 2012 (Law No. 10/2012/QH13)*. Labour – Social Affairs Publishing House. Article 104-109. See: https://www.ilo.org/dyn/natlex/docs/MONOGRAPH/91650/114939/F224084256/VNM91650.pdf (accessed 16 November 2017).

31 The current annual overtime limit for garment industry is 200 hours (which can be extended to 300 hours in special cases) or 30 hours per month. See: Fair Wear Foundation (2015) *Vietnam country study 2015*. P.3

32 ILO and IFC (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Re*port. P.26,

33 Ibid.

34 Wilshaw, R. *et al*. (2013) *Labour Rights in Unilever's supply chain, from compliance towards good practice: An Oxfam study of labour issues in Unilever's Vietnam operations and supply chain*. Oxfam, Oxford, pP. 82. See: https://www.oxfam.org/sites/www.oxfam.org/files/rr-unilever-supply-chain-labor-rights-vietnam-310113-en.pdf (accessed 3 October 2017).

35 ActionAid interview in Uong Bi, November 2016.

36 ILO and IFC (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report*. P. 25

37 ActionAid interviews with garment workers and trade union officials in Vietnam, November 2016.

38 For example, Research Centre for Employment Relations (2016) *Living Wage Report Urban Vietnam, Ho Chi Minh City with a focus on the garment industry*, Global Living Wage Coalition. See: https://www.isealalliance.org/sites/default/files/Urban_Vietnam_Living_Wage_Benchmark_Report.pdf (accessed 7 November 2017). The report found that workers in Ho Chi Minh City earned on average 4.42 million VND per month including base rates and allowances.

39 Mr. Phung Quang Huy, a representative of the Vietnam Chamber of Commerce and Industry (VCCI), told Saigon Times Online that social insurance, health insurance and unemployment insurance are now equivalent to 32.5 per cent of employees' monthly salary, the highest rate in Southeast Asia (in which employee pays 10.5 per cent; employer pays 22 per cent) See Thanh Nien News. "Vietnam stalls policy that requires workers, employers to pay more for social security". 30 December 2015. See: http://www.thanhniennews.com/business/vietnam-stalls-policy-that-requires-workers-employers-to-pay-more-for-social-security-57526.html (accessed 16 November 2017).

40 BetterWork Vietnam (2011) Guide to Vietnamese Labour Law for the garment industry. ILO and IFC, Geneva. P 16. Accessible at: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_159391.pdf (accessed 16 November 2017)

41 Socialist Republic of Vietnam. *Law on Health Insurance* (as amended in 2014) (Law No. 25/2008/QH12). Accessible at http://www.moj.gov.vn/vbpq/en/lists/vn%20bn%20php%20lut/view_detail.aspx?itemid=10507 (accessed 16 November 2017)

42 Government of Vietnam, Decree 153/2016/ND-CP (14 November 2016), available at: http://www.ilo.org/dyn/natlex/docs/ELECTRONIC/103512/125784/F-1748406472/VNM103512%20vnm.pdf

43 Data from www.wageindicator.org; based on relevant minimum wage decrees: Decree 153/2016/NĐ-CP; Decree 122/2015/ND-CP; Decree 182/2013/ND-CP

44 See: Asia Floor Wage (2017) 'Asia Floor Wage: What is it and why do we need one'. The 2017 Asia Floor Wage figure is PPP$1,181, or approximately 10.5 million VND.

45 For more information on how the living wage has been calculated see: http://asia.floorwage.org/what (accessed 16 November 2017)

46 Anner, M. (2017) *Wildcat strikes and Better Work bipartite committees in Vietnam: Toward an elect, represent, protect and empower framework*. P 26. Accessible at: https://betterwork.org/blog/portfolio/12829/ (accessed 3 October 2017)

47 ILO (2015). *Who are Viet Nam's 18 million wage workers?* ILO Country Office for Vietnam, July 2015. Hanoi: ILO. P.3. Accessible at http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_384763.pdf (accessed 3 October 2017)

48 ILO (2015). *Who are Viet Nam's 18 million wage workers?* P.3.

49 Barrientos, S. and Evers, B. (2014) 'Gendered production networks. Push and pull on corporate responsibility?' in *New frontiers in feminist political economy*, edited by Rai, S. M. and Waylen, G., Oxon: Routledge. Pp. 44.

50 Interview with garment factory manager in Vietnam. December 2016.

51 Fair Wear Foundation (2015) *Vietnam country study 2015*. P 20.

52 World Bank (2011) *Vietnam Country Gender Assessment*.

53 Fair Wear Foundation (2015) *Vietnam country study 2015*. P 17

54 Ibid.

55 MOLISA & ILO (2013). *Sexual Harassment at the Workplace in Viet Nam: An Overview of the Legal Framework*. Hanoi. Available at: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_206106.pdf (accessed 16 November 2017)

56 Sjoberg, L. (2013) *Gendering Global Conflict. Towards a Feminist Theory of War*. New York, Columbia University Press. Pp.77

57 Butler, J. (1999) *Gender Trouble*. New York: Routledge Press.

58 Kandiyoti, D. (1988) *Bargaining with Patriarchy*. United Kingdom: Gender and Society.

59 ILO Vietnam's Labour Law Advisor Anne Boyd cited in Vietnam Net Bridge (2017) 'Seeing sexual harassment for what it is', *Vietnam Net Bridge,* 14/03/2017 http://english.vietnamnet.vn/fms/society/174331/seeing-sexual-harassment-for-what-it-is.html

60 See Labour Code 2012 (Law No. 10/2012/QH13), Articles 7 and 37. Amendments to the Labour Code took effect on 1 May 2013. See: MOLISA & ILO (2013) Sexual harassment at the work place in Vietnam: An overview of the legal framework, research report, Ha Noi: MOLISA &ILO. P. 1

61 Vietnam Net Bridge (2017) 'Seeing sexual harassment for what it is', *Vietnam Net Bridge,* 14/03/2017.

62 Ibid.

63 Freedoms of association and assembly are guaranteed by the Constitution (Article 69) and legally protected in laws and by-law documents. The Government also issued Decree 45/2010/NĐ-CP of April 21st 2010 on the formation, operation and management of associations to create legal framework for citizens and organizations in Vietnam to form their associations, establish mechanisms and policies targeting the operation of the association and guarantee the freedom of association of the

citizens. See: Vietnam Government Ministry of Foreign Affairs (accessed 2017) 'Vietnam national report on the promotion and protection of human rights under the 2nd cycle universal periodic review' http://www.mofa.gov.vn/en/ctc_quocte/ptklk/nr040819162124/ns131204205453/view (accessed 3 October 2017)

64 Anner, M. (2017) *Wildcat strikes and Better Work bipartite committees in Vietnam: Toward an elect, represent, protect and empower framework*. Discussion paper, ILO and IFC: Geneva, p. 17.

65 ILO and IFC (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report*. P.5

66 ILO and IFC (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report.* P.4.

67 Anner, M. (2017) *Wildcat strikes and Better Work bipartite committees in Vietnam: Toward an elect, represent, protect and empower framework*. Discussion paper. ILO and IFC: Geneva.P 3.

68 Ibid . P.3 and pp 27-29.

69 See ILO (2012) *Technical Memorandum: Vietnam Labour Inspection Needs Assessment*, Hanoi: ILO. Accessible at http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---lab_admin/documents/publication/wcms_194431.pdf (accessed 3 October 2017), and J Wheeler and EJ Murtagh (2010) *Assessment of Vietnam's Labour Inspection System*, US Department of Labour and SIIR Vietnam. Accessible at https://www.dol.gov/ilab/reports/pdf/AssessmentVietnamLaborInspectionSystem.pdf (accessed 3 October 2017).

70 Women's burden of unpaid care work has been identified through time-use diary surveys of men and women at a household level (also including who makes decisions).

71 ActionAid (2016) *Make a house become a home*, Hanoi: ActionAid. Accessible at http://actionaid.org/sites/files/actionaid/ucw_policy_brief_-_en.pdf (accessed 16 November 2017); follow up research with the same communities three months later found that women undertook 4.5 hours per day of unpaid care work on average, while men spent 2.8 hours – however these figures were influenced by community participation in training and awareness-raising on unpaid care work. See: and Action-Aid (2017) *How much does it cost women for men to be the family's backbone?* Hanoi: ActionAid Vietnam, p 29. Accessible at: http://www.actionaid.org/vi/vietnam/publications/how-much-does-it-cost-women-men-be-familys-backbone (accessed 16 November 2017)

72 ActionAid (2016) *Make a house become a home*, Hanoi: ActionAid.

73 According to Vietnam Social Insurance Law 2014 (Law No. 58/2014/QH13) Available at: http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=&p_isn=99775&p_classification=15 (accessed 2 November 2017)

74 Socialist Republic of Vietnam, Labour Code 2012 (Law No. 10/2012/QH13), article 155.

75 ILO Convention No. 183 (2000). See: ILO (2010) *Maternity at work: A review of national legislation. Findings from the ILO database of conditions of work and employment laws*, Geneva: ILO. See:http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_124442.pdf (accessed 7 October 2017).

76 Wilshaw, R. (2010) 'Better Jobs in Better Supply Chains', *Briefing for Business No. 5*. : Oxfam International. Accessible at http://policy-practice.oxfam. Referenced in: Wilshaw, R. *et al*. (2013) *Labour Rights in Unilever's supply chain from compliance towards good practice: An Oxfam study of labour issues in Unilever's Vietnam operations and supply chain*. Accessible at https://www.oxfam.org/sites/www.oxfam.org/files/rr-unilever-supply-chain-labor-rights-vietnam-310113-en.pdf (accessed 7 October 2017)

77 While in theory it is possible for a worker who wishes to migrate to a new area to change their registration, in practice migrants can have difficulty meeting the necessary requirements for permanent registration. These requirements vary between municipalities, but can include, for example, rules about how long a person must be temporarily resident in the area, requirements for a formal lease, or requirement to rent a property of a minimum size. Migrants who move away from the rest of their family can face challenges accessing social insurance, many schools give priority to students with permanent registration, and recent legal changes aimed at giving greater access to temporary residents are inconsistently applied. See: World Bank Group and VASS (2016). *Vietnam's Household Registration System*. Hanoi: Hong Duc Publishing House, p. 11. Accessible at http://documents.worldbank.org/curated/en/158711468188364218/pdf/106381-PUB-P132640-ADD-ISBN-ON-BACK-COVER-PUBLIC.pdf (accessed 7 November 2017) and ActionAid (2011) Female and internal migration: An arduous journey for opportunities, Hanoi: ActionAid http://www.actionaid.org/sites/files/actionaid/aav_female_migrant_workers.pdf (accessed 7 November 2017). P. 68.

78 Boyd, W. and Dang Phuong, T. (2016) "Early Childhood Education in Vietnam: History and Evaluation of its Policies", in H. Li et al. (eds.), *Early Childhood Education Policies in Asia Pacific*, Education in the Asia-Pacific Region: Issues, Concerns and Prospects 35, pp. 266-272.

79 ActionAid (2016) *Make a house become a home*.P 27; and ActionAid (2017) *How much does it cost women for men to be the family's backbone?* P 29.

80 Ibid.

81 Fair Wear Foundation (2015). *Vietnam country study 2015*. P.20

82 Vietnam Investment Review (2017) *Companies warned about massive layoffs of workers over 35*, Vietnam Investment Review: http://www.vir.com.vn/companies-warned-about-massive-layoffs-of-workers-over-35.html (accessed 10 November 2017).

83 ILO (2011) *Guide to Vietnamese Labour Law for the garment industry*. P. 22 Accessible at http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_159391.pdf (accessed 7 October 2017) .

84 *Law on Social Insurance 2014*, articles 54 to 56.

85 Pasquier-Doumer, L; Oudin, X; Nguyen, T. *The Importance of Household Businesses and the Informal Sector for Inclsive Growth in Viet Nam* (2017) Hanoi: VASS and IRD.

86 Socialist Republic of Vietnam; *Law on Support to Small and Medium Enterprises* (Law no: 04/2017/QH14) https://thuvienphapluat.vn/van-ban/Doanh-nghiep/Luat-Ho-tro-doanh-nghiep-nho-va-vua-2017-320905.aspx (accessed 3 October 2017). See KPMG (2017) "National Assembly passes Law on supporting Small- and Medium sized Enterprises ("SMEs") https://home.kpmg.com/content/dam/kpmg/xx/pdf/2017/06/tnf-vietnam-jun21-2017.pdf (accessed 3 October 2017).

87 Fair Wear Foundation. *Vietnam country study 2015*

88 ILO and IFC (2013) *Gender Equality at the Workplace: Baseline Findings from Better Work Vietnam*. ILO & IFC, Hanoi. Available at: https://betterwork.org/blog/portfolio/gender-equality-findings-from-vietnam/ (accessed 16 November 2017).

89 ILO and IFC (2015) *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report*.

90 ILO(2015) *Who are Viet Nam's 18 million wage workers?* ILO, Hanoi. Available at: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_384763.pdf (accessed 16 November 2017); ActionAid Vietnam (2011) *Female and internal migration: An arduous journey for opportunities*. Pp. 26

91 This is also the case across the industry, see: ILO (2015) *Who are Viet Nam's 18 million wage workers?*

92 According to Article 28 of Vietnam's *Labour Law* 2012.

93 ILO and IFC. *Better Work Vietnam: Garment Industry 8th Compliance Synthesis Report*. P. 20

94 World Bank (2011) *Vietnam Country Gender Assessment*. Pp 21and 11

95 World Bank (2011) *Vietnam Country Gender Assessment*.

96 APEC Policy Support Unit (2015) *The APEC Women and the Economy Dashboard*. APEC; p111. Accessible at: http://publications.apec.org/publication-detail.php?pub_id=1656 (accessed 10 November 2017).

97 PwC Vietnam (2017) *Taxes on corporate income*. Accessible at http://taxsummaries.pwc.com/uk/taxsummaries/wwts.nsf/ID/Vietnam-Corporate-Taxes-on-corporate-income (accessed 16 November 2017).

98 ActionAid interview in Hanoi. November 2016.

99 Bangladesh Investment Development Authority. *Incentives*. Accessible at http://www.bida.gov.bd/site/page/aed23fd5-6e31-4d22-8920-b088f43f84b7/Fiscal-&-Non-Fiscal-Incentives (accessed 3 October 2017)

100 Deloitte (2017) *International Tax. Cambodia Highlights 2017*. Accessible at https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-cambodiahighlights-2017.pdf (accessed 3 October 2017).

101 Klemm and Van Parys (2009) *Empirical evidence on the effect of tax incentives*. IMF Working Paper.

102 *Supporting the development of more effective tax systems. A report to the G20 Working Group on Development from the IMF, OECD, UN and World Bank.* (2011) Page 19. Available at: https://www.imf.org/external/np/g20/pdf/110311.pdf (accessed 3 October 2017)

103 See ActionAid (2013) *Give Us a Break. How big companies are getting tax-free deals*. ActionAid, Johannesburg. Page 10. Available at: http://actionaid.org/zambia/publications/give-us-break-how-big-companies-are-getting-tax-free-deals (accessed 3 October 2017).

104 IMF. *The Caribbean and the IMF: Building a Partnership for the Future*. 27th June 2014.

105 Data from Enterprise Census 2012, GSO, unpublished.

106 IMF (2016) *Article IV report on Vietnam*. Page 30, Table 3.

107 Based on an average wage of 4 million VND per month gross salary, using a pension rate of 75% of salary. Budget for Gender Equality taken from: Decision No. 1241 / QD-TTg dated 22 July 2011 of the Prime Minister approving the National Program on Gender Equality 2011-2015. https://moha.gov.vn/congtaccanbonu/thongbaomoi/quye-t-di-nh-so-1241-qd-ttg-nga-y-22-thang-7-nam-2011-cu-a-thu-tuo-ng-chi-nh-phu-phe-duye-t-chuong-tri-nh-quo-c-gia-ve-bi-nh-da-ng-gio-i-2011-2015-37501.html"

108 See ActionAid (2016) *Making tax work for women's rights*. London: ActonAid. Page 6. Acessible at: https://www.actionaid.org.uk/sites/default/files/publications/actionaid_briefing_making_tax_work_for_womens_rights.pdf. The countries are Bhutan, Brazil, Costa Rica, the Dominican Republic, Ecuador, Honduras, India, Mauritius, Mexico, Morocco, Paraguay, Peru, the Philippines, Senegal and South Africa.

109 Vietnam's GDP in 2013 was US$171 billion according to the World Bank and 0.7 per cent of this figure would be US$1.2 billion. See: https://data.worldbank.org/country/vietnam (accessed 17 November 2017). The revenue and expenditure figures are calculated from Budget data from the Ministry of Finance, http://www.mof.gov.vn/webcenter/portal/btc/r/lvtc/slnsnn/slqt/slqt_chitiet?dDocName=MOFUCM100596&_afrLoop=4899242385654735#!%40%40%3F_afrLoop%3D4899242385654735%26dDocName%3DMOFUCM100596%26_adf.ctrl-state%3Dl24tyw7l2_238 (accessed 17 November 2017).

110 ICRICT. Four Ways to Tackle International Tax Competition. Page 1. Accessible at: http://www.icrict.org/taxcompetition/ ActionAid is a supporter of ICRICT and sits on its steering group.

111 BIDV Securities Company. (2014) *Prospectus. Initial Public Offering. The Holding Company – Vietnam National Textile and Garment Group*. Page 39. Table 227. Business results 2009 to 2013.

112 MNE Tax. "Vietnam publishes draft transfer pricing law to combat tax avoidance". 22nd November 2016

113 Inditex Annual Report 2015. Page 145. Available at: http://static.inditex.com/annual_report_2015/en/ (accessed 3 October 2017).

114 Gap Inc. Factory List. September 2016. Gap does not list the total number of workers in these factories but divides them into those with up to 1,000 workers, up to 5,000 workers and up to 10,000 workers.

115 For Inditex, see Inditex 2015 Annual Report, Page 170. The company reported pre-tax profits of 3.74 billion euros on net sales of 20.9 billion euros in 2015 and pre-tax profits of 3.24 billion euros on net sales of 18.12 billion euros. For Gap, see The Gap Inc 2015 Annual Report, Page 35. Accessible at: http://investors.gapinc.com/phoenix.zhtml?c=111302&p=irol-reportsAnnual Gap reported pre-tax profits of US$1.47 billion on net sales of US$15.8 billion million in 2015 and pre-tax profits of US$2.01 billion on net sales of US16.44 billion.

116 Transparency International (2016) *Corporate Transparency and Anti-Corruption Footprint Vietnam*, published on Towards Transparency Vietnam website: https://towardstransparency.vn/corporate-transparency-anti-corruption-footprint-vietnam (accessed 7 November 2017).

117 Mutrap (2014) *Sustainable Impact Assessment EU Vietnam*. 8th September 2014. P. 76. Accessible at: http://mutrap.org.vn/index.php/en/library/technical-reports/finish/13/1108 (accessed 3 October 2017)

118 Ibid. P. 51.

119 EU Vietnam Free Trade Agreement. Agreed text as of January 2016. Chapter 15. Article 3.

120 Delegation of the European Union to Vietnam. *Guide to the EU-Vietnam Free Trade Agreement*. September 2016. P 25. Accessible at http://trade.ec.europa.eu/doclib/docs/2016/june/tradoc_154622.pdf (accessed 3 October 2017)

121 Vietnam News Service, "VN Textile Industry Needs to Spin a New Yarn", 24 October 2017, available at: http://vietnamnews.vn/economy/416030/vn-textile-industry-needs-to-spin-a-new-yarn.html#qoZZBWlyukFIKrxk.97 (accessed 16 November 2017)

122 See, for example, Apparel Resources. South Korean textile company to up in Vietnam. 5th May 2017.

123 Vietnam Breaking News. *Bigamex, pride of Vietnamese fashion brands*. 8th December 2012. Accessible at: https://www.vietnambreakingnews.com/2012/12/bigamex-pride-of-vietnamese-fashion-brands/ (accessed 3 October 2017).

Written by:

Lizzie Gerrard, ActionAid UK
Diarmid O'Sullivan, ActionAid UK

Comments by:

Nguyen Phuong Thuy, ActionAid Vietnam
Nguyen Anh Duong, Central Institute of Economic Management
Fyfe Strachan, AFV

Executive Editor:

Hoang Phuong Thao, ActionAid Vietnam

ActionAid is a charitable company limited by
guarantee and registered in England and Wales
(Company number 01295174).
England and Wales charity number 274467,
Scottish charity number SC045476.

Registered Office 33-39 Bowling Green Lane,
London EC1R 0BJ.

www.actionaid.org

November 2017