



**ASIA
FAIR
TRADE
2016**



**Non-competitive
Production**

Frans Papma

Research in Nepal

“Non-competitive production”

Background

Research outcome

Relevance for LW policies, for WFTO

Frans Papma

DAWS / Fair Trade's Finest

Back ground Nepal research

Several members of Fair Trade Group Nepal outright commercial companies ...

... but non-profit making NGOs, who support the deprived and underprevidged, and also produce handicraft products

What would it mean for them to pay LW?

6 FTG Nepal FTO's participated in research

Research outcomes

Wages

- Minimum Wage = NPR 9.400
- Actual wages = 12.500 + benefits
- Fair wage NPR 16.000 (said workers)
- Calculated Living Wage = NPR 21.500

Obligation to pay LW would impede several product lines

“Non-competitive production” - some aspects:

- Disabled workers not at normal productivity level
- Efficiency seen as conflictive with employment aims (manual sewing vs machine sewing)
- Social aspect used as a marketing strategy
- Trained workers went elsewhere for “real” jobs
- Nevertheless: in the long run non-competitive production is not sustainable, unless with donor support

Implications for LW policy

- Production with special social aims could be a justification for exemption from LW obligation
- Need to separate non-competitive and competitive within an organisation
- Link between LW payment and efficiency of production
- Possible policy approach: in special circumstances make payment of LW an option for workers, while linked to efficiency targets

Thanks for your attention!