

Welcome to the discussion series!

Part.3: Value Shift

One-Earth Fashion: how do we get there ?

An online discussion series
by **Public Eye**



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in collaboration with



 17th March, 3 PM CET

Webinar Part.3 : We need a Value Shift
from extreme inequality to equitable
business models and cooperation

→ For your questions and thoughts: use the chat and, later in the discussion part, also the «raise your hand» button.

WHY THIS REPORT?

While there is a consensus around the general direction in which the industry should go (fairer, more circular, less polluting), there is no agreement on the **scale of the changes required**.



One-Earth Fashion puts forward a positive vision for a fashion system that respects planetary boundaries, with 33 concrete transformation targets for 2030 in twelve key areas. It aims to provide food for thought and action.

FIGURE 5 – STRUCTURE OF THE REPORT

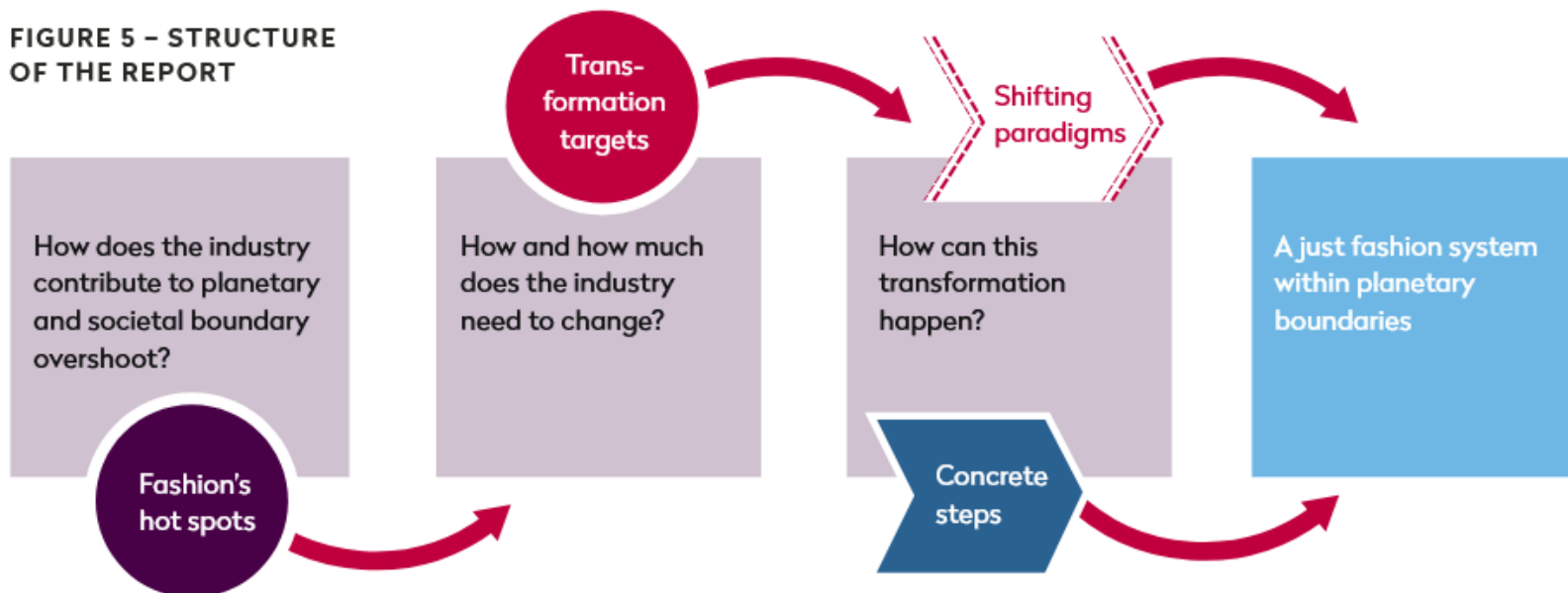
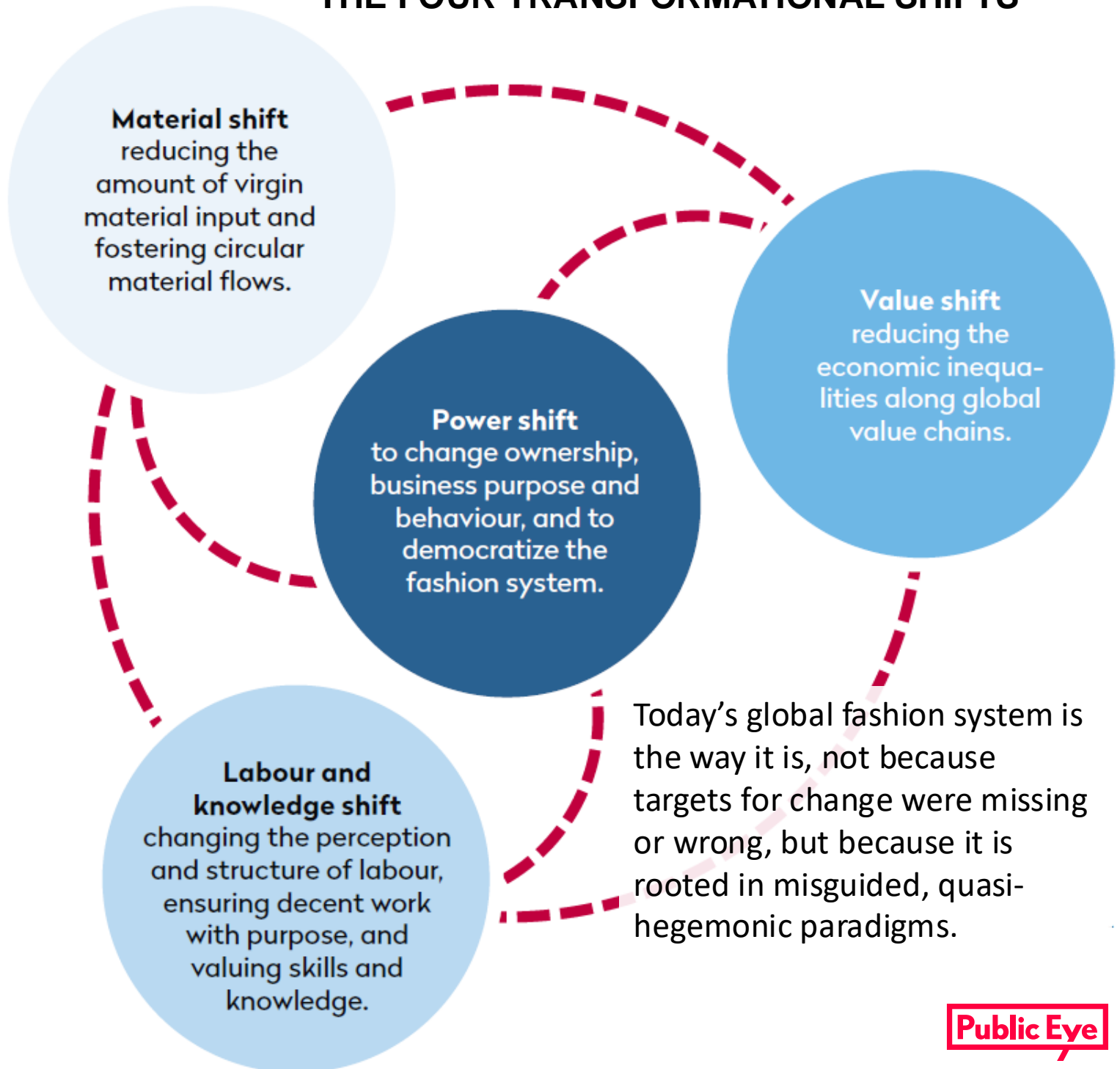


FIGURE 7 – PATHWAYS FOR CHANGE: THE FOUR TRANSFORMATIONAL SHIFTS



TRANSFORMATIONAL TARGETS 2030

→ EXAMPLE: PAY LIVING WAGES

THE AIM: All workers across fashion's global value chains receive at least a living wage. A living wage is the basic wage earned in a regular working week (excluding special allowances, bonuses or overtime) that covers the basic needs of workers and their family and allows them to have discretionary income. Wage discrimination is eliminated, and the excessive wage inequality within companies and across value chains is reduced.



Pay living wages

- ▶ Wages of all workers increase to at least living wage levels.
- ▶ Gender pay equality is achieved.

**... along the value chain,
between companies
and economies**

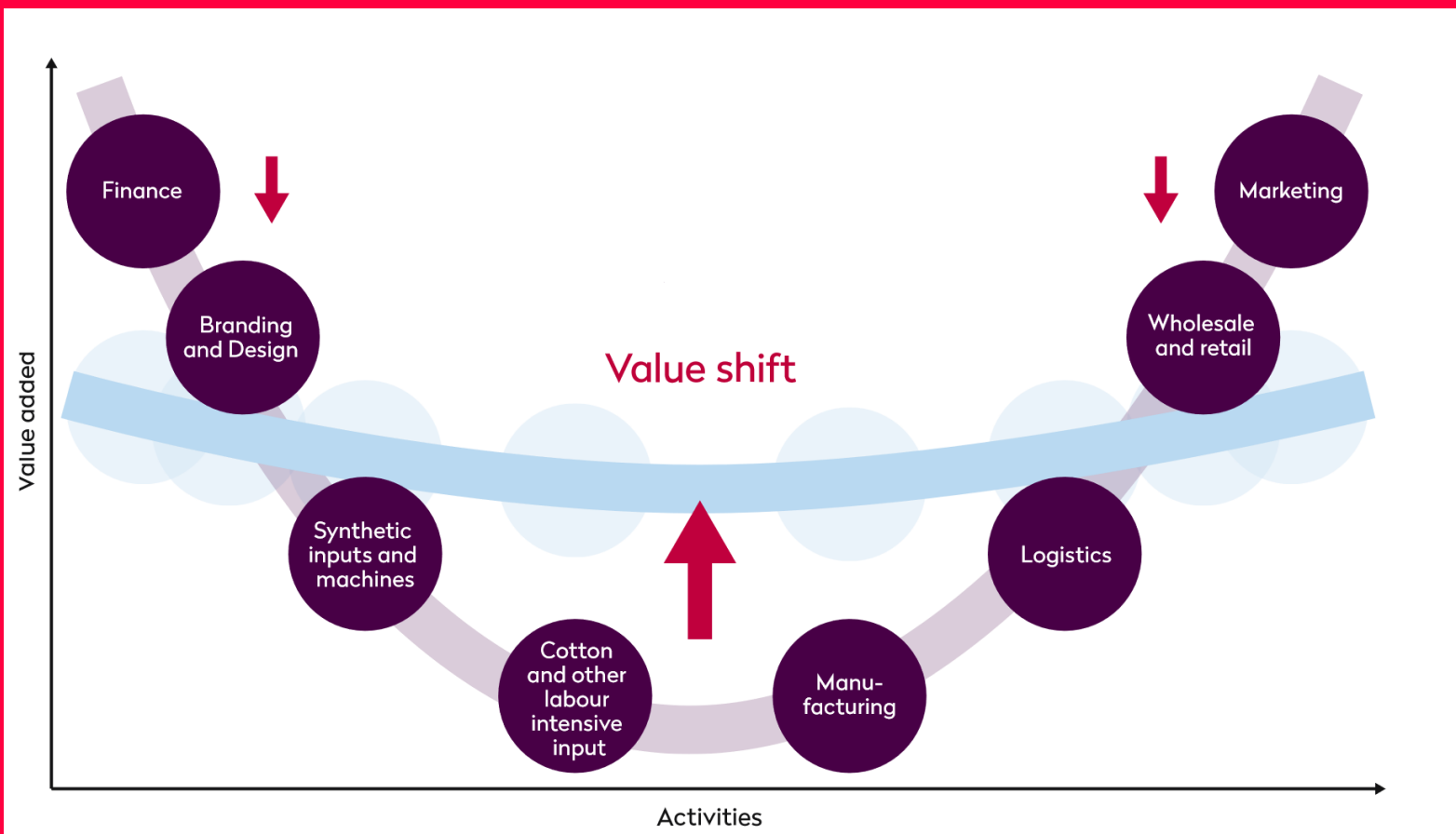
**... within companies
and economies,
between capital,
state and labour**

**Value
redistribution ...**

**... within the labour force,
between social groups
and between workers
and managers**

THREE DIMENSIONS OF VALUE REDISTRIBUTION

ADDRESSING THE „SMILE CURVE“: REBALANCING VALUE ADDED ALONG GLOBAL FASHION VALUE CHAINS

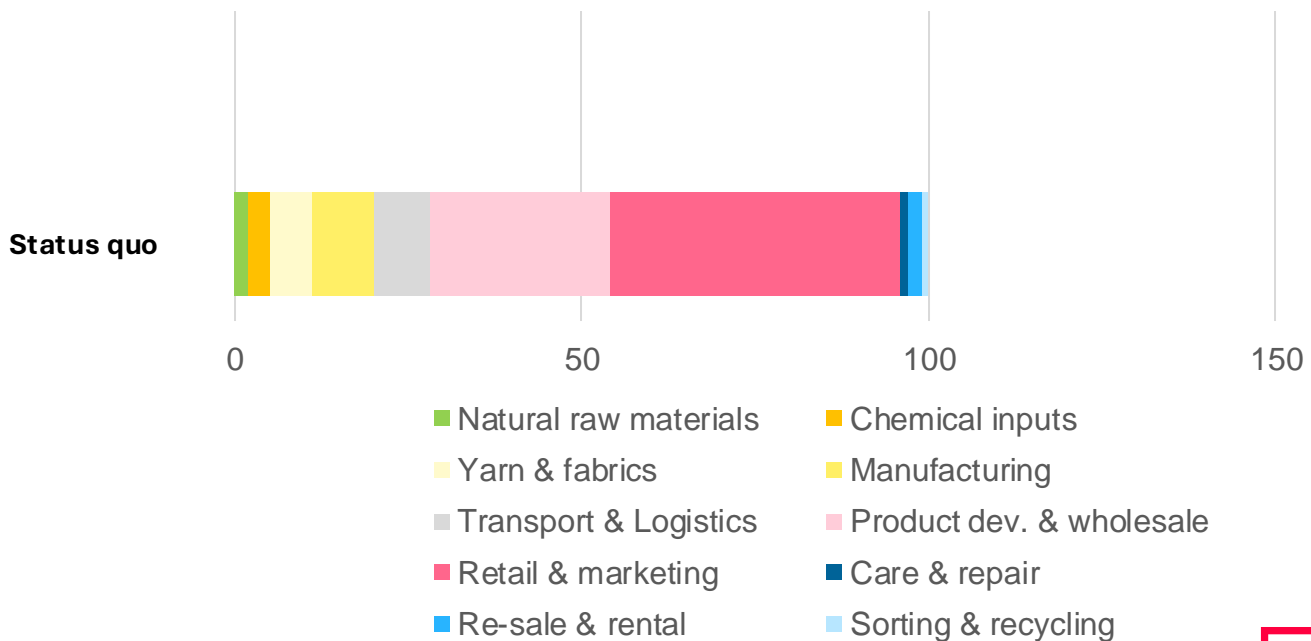


Own illustration, based on the 'smiling curve' by Stan Shih (1992)

SHIFTING VALUE DISTRIBUTION IN FASHION VALUE CHAINS

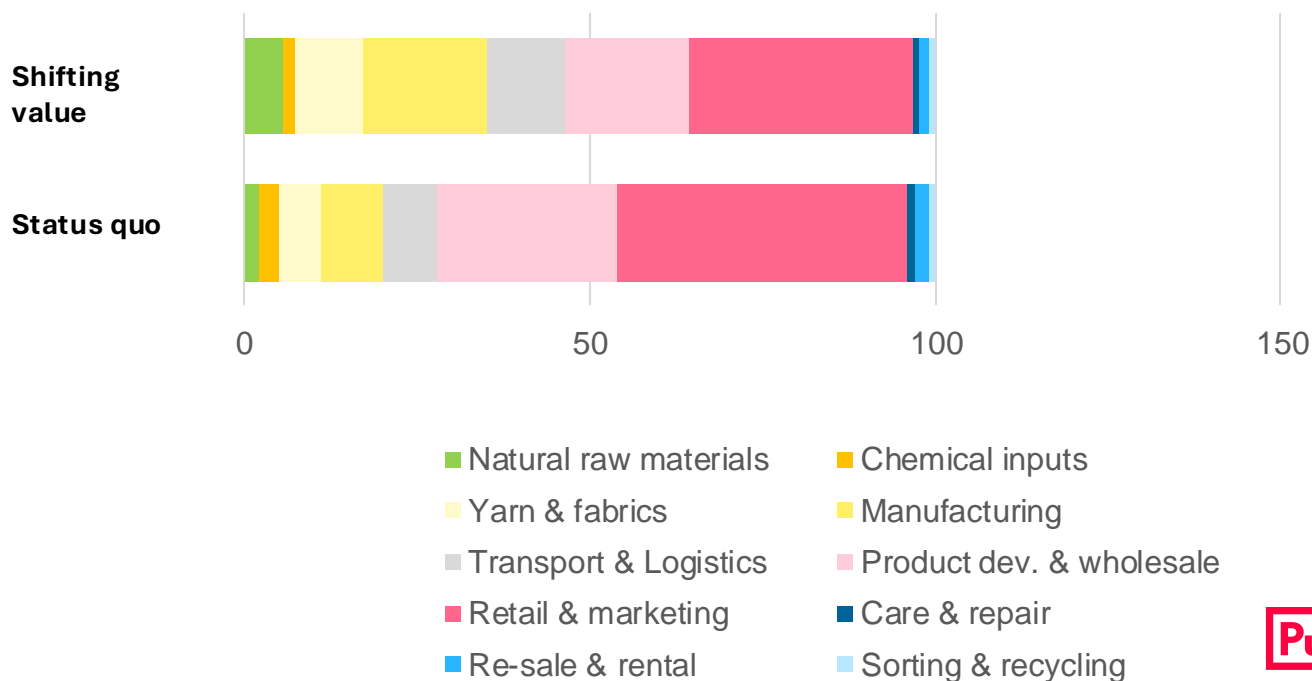
Status quo

- Most value-added is allocated at research and development, branding, and product design, marketing and retail.
- The labour-intensive steps, especially cotton growing and garment manufacturing, have the lowest value-added share.



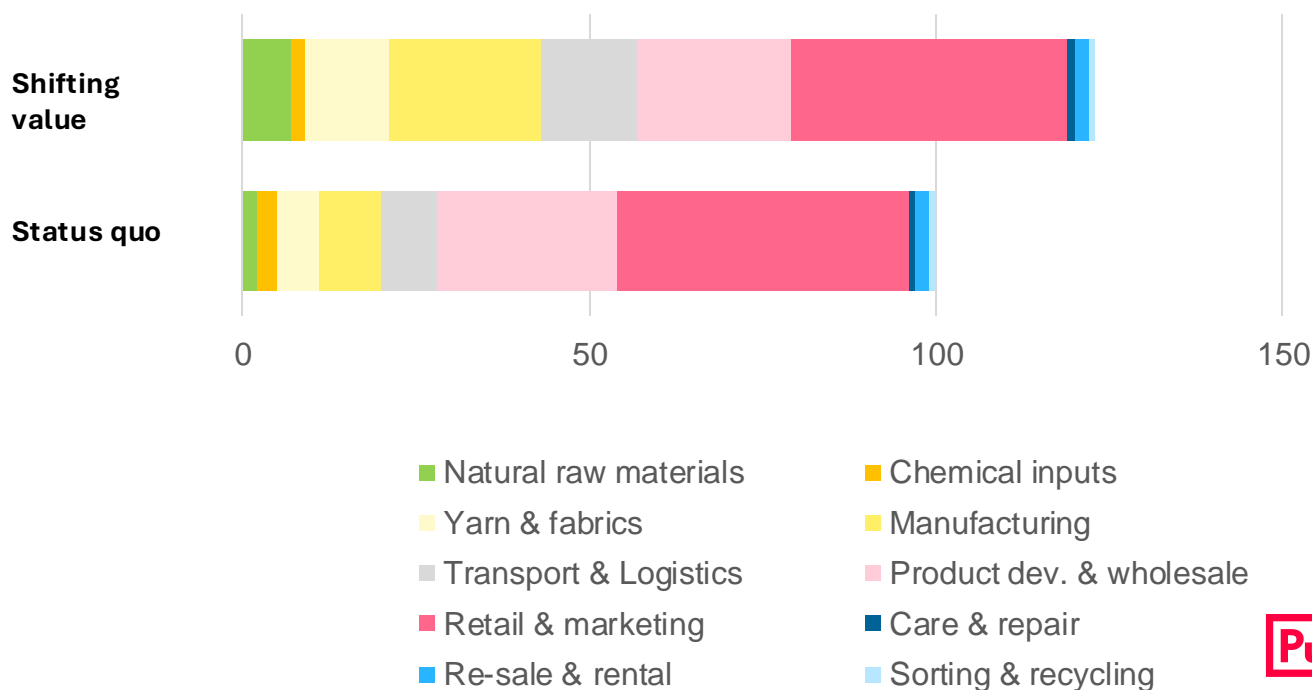
SHIFTING VALUE DISTRIBUTION IN FASHION VALUE CHAINS

- **More** value kept in **manufacturing** and **other labour-intensive** parts of the value chain
- **More** value kept in **raw material production**, especially in sustainable agriculture
- A **shrinking** value share of big **brands, retailers** and **chemical input** industry



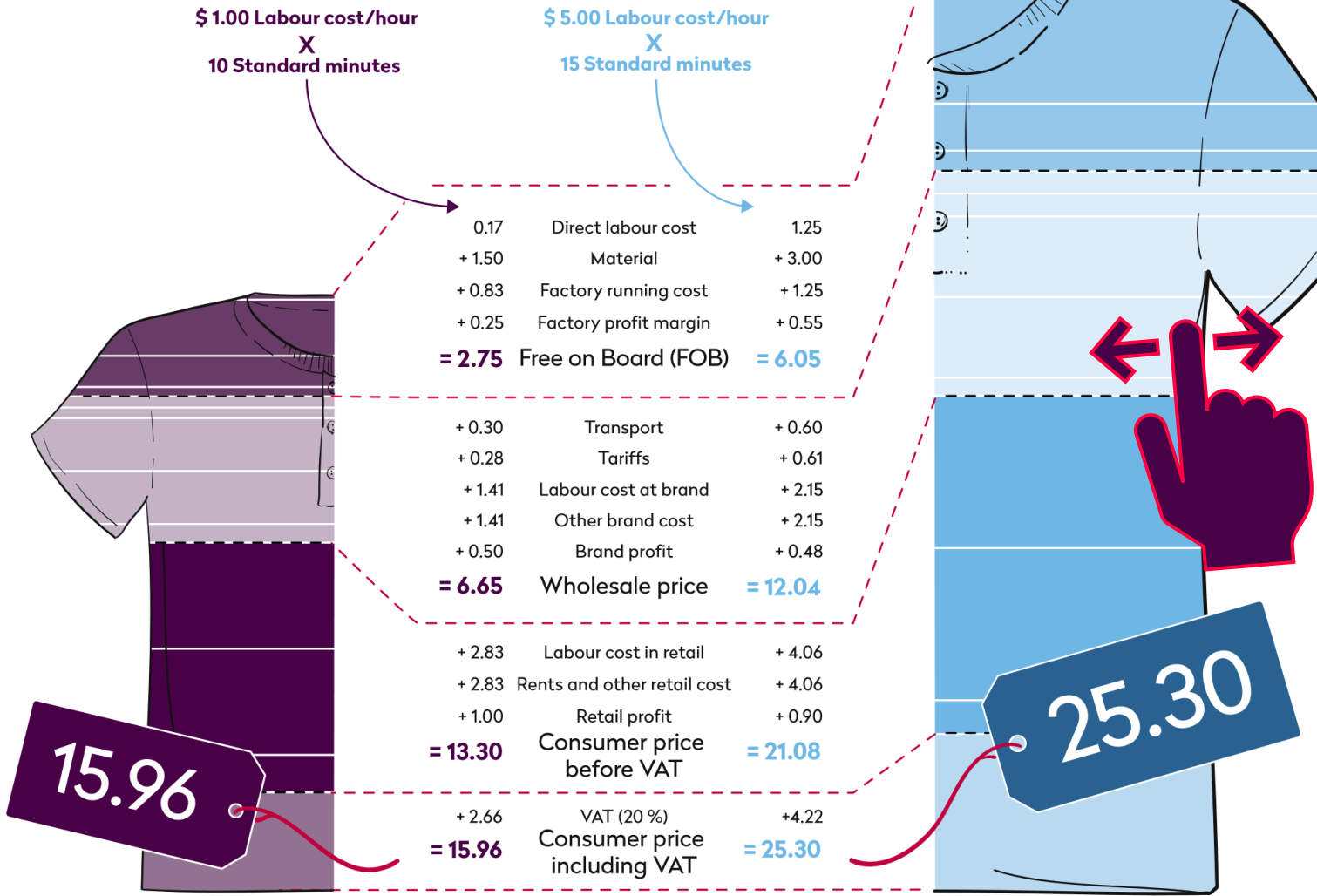
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FASHION NEEDS A RADICAL VALUE SHIFT BUT WHAT DOES THIS MEAN?

FIGURE 10 – VALUE REDISTRIBUTION CHANGES PRICING (IN US\$)



Standard minutes per item
+50 %

Workers' wages
+200 %

Cost of raw materials
+100 %

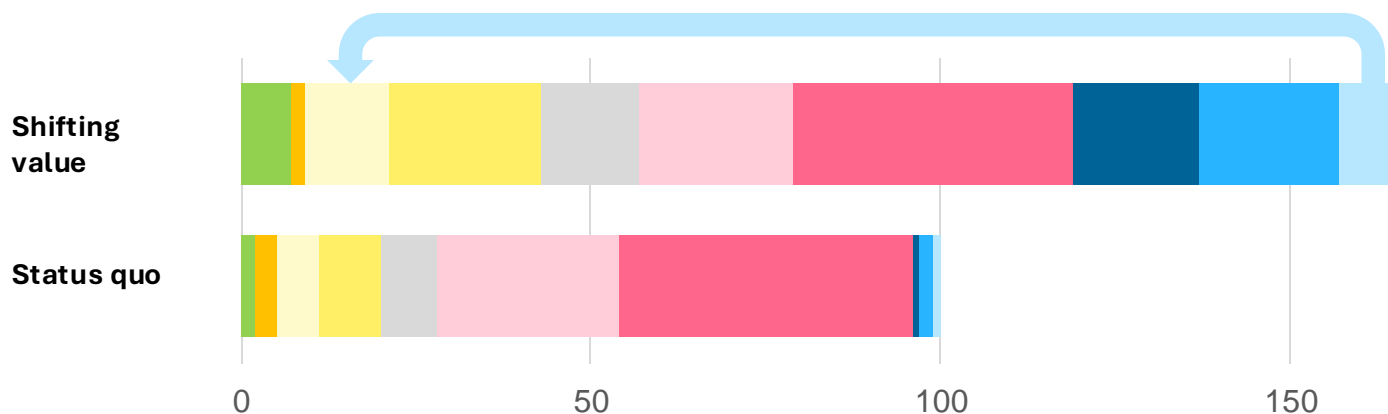
Weekly working hours (regular & overtime)
-40 %

Factory running costs
+50 %

Transport costs
+100 %

SHIFTING VALUE DISTRIBUTION IN FASHION VALUE CHAINS

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- a more **circular value logic** with more value generated from re-sale, repair, recycling



A VISION FOR WAGE JUSTICE IN GLOBAL VALUE CHAINS

As a contribution to the discussion, *One-Earth Fashion* proposes four elements:

1. a global minimum wage benchmark above living wages;
2. a benchmark for a maximum wage span across global value chains, and in consequence a limit of excessive managerial remuneration;
3. strictly non-discriminatory pay; and
4. the principle of **transparency** that would allow individuals and trade unions to identify and fight pay inequalities.

→ A just transformation of the fashion system will reduce the level of wage injustice across its value chains to a certain extent, but it can't overcome the underlying patterns of inequality that are enshrined across all economic sectors. However, it should at least alter the perception of normality and immutability of extreme income inequalities, help develop a vision for global wage justice, and pursue this objective through collective bargaining, political campaigning and regulation.

IDEA FOR REGULATION



A MINIMUM PRICE FOR GARMENT AND FOOTWEAR TRADE

To prevent predatory pricing by international buyers and to retain a greater share of value added, apparel- and footwear-exporting countries could impose minimum export prices. An example that could be adopted is the minimum export price for bananas introduced by Ecuador to prevent the retail price of a standard box of bananas from falling below the cost of production. Such an instrument has not yet been used in the fashion industry.

Of course, minimum prices for fashion items would need to be more complex and require expert guidance to account for the specifics of items and materials, but the principle would be the same: the export price of a basic T-shirt from a specific country cannot fall below a minimum price, which limits price negotiations between exporters and international buyers at the lower end.

Although in principle such price benchmarks should be set to cover at least the costs of sustainable production, including living wages, the fierce competition among producing countries would make a unilateral sharp increase difficult, especially for countries with a small global production share. Ideally, such minimum prices would be internationally coordinated and gradually increased.

The series continues!

One-Earth Fashion : how do we get there ?

A global discussion series
by **Public Eye**

on Mondays

Part 1. Material shift

20th January, 3pm CET

Part 2. Labour shift

17th February, 10am CET

Part 3. Value shift

17th March, 3pm CET

Part 4. Power shift

7th April, 10am CET

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