



Media Release, July 21, 2009: **Label STEP success story for the entire Nepalese carpet industry**

FAIR WAGES IN NEPAL

Label STEP is committed to improving the working and living conditions in the carpet industry worldwide. An important instrument thereby is the mediation between all stakeholders of the industry, as the current success proofs: All weavers in Nepal will henceforth receive fair wages.

Label STEP functions as a platform for constructive dialogue between all stakeholders of the carpet industry. More and more often, Label STEP succeeds in bringing together all parties and finding solutions for the good of the workers, but at the same time still in the interest of the carpet industry as a whole. The most recent example is a success story from Nepal, which not only presents a milestone to Label STEP but to the entire Nepalese carpet industry.

Mediation in difficult circumstances

Since the fall of the monarchy in Nepal the trade unions have gained massive influence. Their demands in favour of the workers are mostly justified, but in parts they go so far as to threaten the survival of the carpet industry, which is so utterly important for the Nepalese economy. Label STEP Nepal not only has excellent access to the weavers, the local Label STEP bureau also enjoys an excellent reputation as a serious, goal oriented and independent organization among exporters, producers, trade unions, associations and public authorities.

Under these conditions Label STEP initiated and conducted a dialog among the parties concerned in 2008. There the carpet industry, trade unions and government were able to come to a mutual agreement. The framework hence elaborated not only allows the Nepalese carpet industry to remain competitive on the global market, but also contains essential improvements for the weavers and workers.

Fair wages for all Nepalese weavers

The positive outcome of the negotiations can to a large part be ascribed to the mediation of Label STEP. That the wages of all weavers now meet the 'living wage' set by Label STEP is considered a true milestone. Notably, the new faire wage is not only paid in manufactures verified by Label STEP, but in the entire Nepalese carpet industry. This success emphasises the tremendous achievement potential of the Label STEP approach, whose positive impact reaches far beyond the circle of workers actually producing for Label STEP licensees. In other carpet producing countries Label STEP pursues similar strategies of trade dialogue, all with the objective to improve the working and living conditions of as many people in the carpet industry as possible.



Background Information:

Living Wage: Label STEP calculates how much a weaver should earn in all carpet producing areas. This salary is based on a basket of commodities and is updated regularly in order to keep track of local market prices and inflation rates. The 'living wage' covers the basic needs of a worker and his family, taking into account expenses for food, accommodation, energy, healthcare, education and savings. The calculation is based on the codex of the international organization Ethical Trade Initiative (ETI).

The new wages for Nepal's weavers vary between 69 and 86 Swiss Francs (46 and 57 Euro) per month depending on carpet quality. That's 68 to 110 % over the average income. In addition many factories offer free housing to their workers and often support them with child day care centres and other family expenses.

More Information:

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ABOUT LABEL STEP

Since January 1, 2007 Label STEP is part of the Max Havelaar Foundation (Switzerland). Label STEP is committed to improving working and living conditions in the production of handmade carpets and functions according to the principles of corporate social responsibility (CSR). The company label STEP is not awarded to single products but to entire trade companies. All handmade carpets in the assortment of a licensee have to be traded fair. Label STEP has offices in the most important carpet producing countries India, Iran, Morocco, Nepal and Pakistan; their main activity being the monitoring of working conditions at the suppliers of Label STEP licensees.

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