ARGENTINA: STATE OF INFORMAL ECONOMY WORKERS IN THE GARMENT AND FOOTWEAR SECTOR

HIGHLIGHTS FROM GLOBAL RESEARCH STUDY, 2025, HNI

A group of homeworkers from Unión de Trabajadores y Trabajadoras de la Economía Popular (The Union of Workers of the Popular Economy) in Argentina. Photo credit: UTEP.

Background	
Study location	Buenos Aires, Cordoba
HBW respondents	**60:** 26 men, 34 women, all associates of cooperatives
Product activity	Tailoring and stitching, sewing/ embellishing shoes, cutting patterns, sorting and packaging, weaving
Employment status	73% do only subcontracted work through the cooperative; 12% are purely self-employed; 15% engage in both types of work
Key Informant	Jacqueline Serrano, FECOSET, and Maite Morfu, UTEP
Organization	Federación de Costureros, Indumentaria y Textiles (FECOSET), associate of La Unión de Trabajadores y Trabajadoras de la Economía Popular (UTEP)
USD-ARS exchange rate	1 USD=Peso 919.76, average of Official and Blue dollar rate for March 2024 Sources: https://www.exchange-rates.org/ and www.ambito.com

Valued at over USD 16 billion[1], textile and apparel is a historically well-established sector in Argentina, employing the largest chunk of labour in manufacturing. Despite technological advancements and improvements in working practices[2], the sector remains one of the most labour-intensive. Employment is predominantly informal - over 70 percent - with women forming a significant proportion of the workforce[3]. Informal economy workers and their contribution is not fully reflected in official statistics.

Production is mainly targeted at the domestic market. All study respondents are associated with work cooperatives - federating under FECOSET - through which they arrange for well-equipped working spaces, as much as possible try to get work that offers fair wages, enjoy some measure of autonomy in seeking work – compared to workers operating individually – and save costs on bulk buying of raw materials, tools, and services. However, 80 per cent are migrants - an acutely marginalized group - from countries like Bolivia. All cooperative associates are considered informal workers under the law.

Persistent inflation discourages global brands from sourcing locally, while fixed monetary values such as the minimum wage lag far behind cost-of-living increases. Currency instability undermines domestic production competitiveness against imports.

[1] Ludmer, Gustavo et al. 2023. The textile-apparel industry in Argentina in the 21st century. Fundar.
[2] ILO. 2024. Forced Labour in Argentina's Garment Sector: Key Prevalence Survey Insights.
[3] Ludmer, Gustavo et al. 2023. Employment in the Apparel and Textile Industry in Argentina, Fundar.

Some other challenges that HBWs face are:

- Precarious and low earnings result from irregular work, payment delays, and low notified minimum wages that determine payment rates for informal workers too. Minimum wages have been chronically and significantly outpaced by rising inflation and severely underestimate the cover needed for life's essentials. This is confirmed by hunger reported – among 20 per cent adults and 3 per cent children in respondent families – even with 58 percent receiving food aid. Garment factories continue to pay their formal workers the minimum wage or less and, thus, are not inclined to consider additional costs on work they outsource to cooperatives. Average weekly earnings in March 2024 were ARS 70,451 (USD 76.6), just about 48 per cent of the living wages estimated by *Global Coalition for Living Wages*. Those working exclusively through the cooperative are slightly better off with earnings at 52 per cent of living wages.

- **Work is insufficient, irregular, and uncertain** forcing some cooperative associates to take jobs offering lower payment rates, in their individual capacity. Though the purely self-employed put in the maximum hours in March 2024 among all categories of respondents, they earned at the lowest rates. 85 per cent of all respondents report insufficient work as the main work-related challenge; in March 2024 the average weekly work hours clocked were slightly above 35 hours against the standard 48 hours. For the week following the survey only 30 per cent had 5 to 7 days of work; for the upcoming quarter, 58 per cent had no idea if and how much work they would have. Women were worse off than men on this account.

- **Respondents are forced to cope** through ways such as engaging in non-garment work (23 per cent), use savings, sell assets, reduce consumption, or delay medical treatment. Though many are unable to, due to inability to pay back, 42 per cent borrowed mainly from family, friends and neighbours because as informal workers it is almost impossible for them to access formal credit. Maximum numbers borrowed to cover food expenses (56 per cent) and rent and utility bills (48 per cent). At the time of the survey, average outstanding debt across all borrowers was ARS 419,500 (USD 456) equivalent to about 6 weeks of average borrower earnings in March 2024 – this was higher for women, equaling about 2 months of earnings.

- While there is **no specialized assistance for informal economy workers**, under the latest policy reforms **institutional support for informal economy workers is reducing**. In a bid to reduce government expenditure, existing public entitlements relating to food, health, retirement benefits, and social security are being withdrawn in bits and pieces making cooperative associates – individually and as worker collectives – fearful of losing more support in the future. Registration with the *monotributo* regime is not helping with any of this. This has sharply increased the vulnerability of informal workers in the sector already suffering due to low and precarious earnings. This prevents them from reaching their full productive potential.

- **In the absence of their organizations, it is unlikely that informal workers would be able to secure even basic needs**. In an unstable financial and economic environment, cooperatives strive consistently for more and better paying work, good working conditions, and other support for its associates. They also join forces with labour unions like UTEP to fight for worker rights and improve their access to entitlements.

The study recommendations to address these challenges include:

- **Recognition of informal workers** on par with formal workers to enable application of a full menu of supportive labour policies.

- **Regular counting of informal workers** through labour force surveys, census and other methods; and commission research to inform targeted interventions for informal workers.

- **Customized policies and schemes**, relating to housing including rent and utility expenses, credit, health insurance, social security and welfare, to cover informal workers, especially women, allowing them to contribute fully to the national economy.

- **Recognition and support for organizations of informal workers** to represent informal worker interests in policy formulation and implementation processes, in collective bargaining to set and upgrade minimum wages; and in identification of research issues relevant to informal workers in the garment sector. Continuation and strengthening of government support and funding programs that the FECOSET and UTEP have used in the past to support cooperatives and in organizing informal workers.

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