

maquila network update

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DoAll Workers Await Reinstatement

As we go to press, workers at two DoAll garment factories in El Salvador are awaiting the results of an independent audit into labour practices at the factories. The audit is authorized by Liz Claiborne, a US women's wear manufacturer, which has apparel made in the larger of the two factories.

On December 12, responding to growing public pressure from groups and individuals in the US and Canada, Liz Claiborne agreed to call upon its contractor, DoAll, to reinstate 39 workers who were illegally fired for joining a union, and to mandate the Salvadoran Independent Monitoring Group (GMIES) to verify DoAll's compliance with the Liz Claiborne code of conduct and Salvadoran law.

To date, the workers have not yet been permitted to return to their jobs, but they are now being paid wages until they are reinstated. The company is insisting that they return their severance pay when they are reinstated.

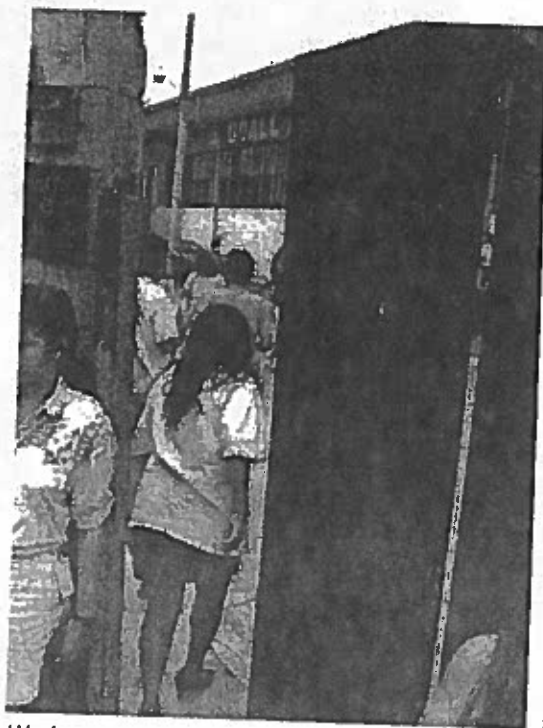
Fired for organizing

On November 28, the day they filed their application for the SETDESA union, Union President Rosa Delia Dominguez and Secretary of Organization Maria Magdalena Valladarez de Diaz were asked to sign a letter of resignation. Both refused.

Ms. Valladarez de Diaz was offered 5,000 colones (US\$575), including three years severance pay, but refused to accept the money.

In the following days, all 39 union members were fired.

In the US and Canada, solidarity groups began to



Workers entering the DoAll factory, El Salvador

mobilize support for the fired workers. Plans for holiday season leafleting of Liz Claiborne outlets were put on hold when the company agreed to take action to resolve the situation.

A history of abuses

Conditions at the DoAll factories that motivated the workers to organize are well-

known to many of us in Canada. In 1996, a CBC Fifth Estate program exposed sweatshop abuses at the DoAll factory, including forced pregnancy testing. At that time, Liz Claiborne Vice-President Roberta Karp pledged on camera that her company would not tolerate such abuses of women workers.

Four years later, Liz Claiborne continued to source from DoAll, and DoAll workers continued to suffer the same sweatshop abuses, including forced

pregnancy tests, forced and excessive hours of overtime, verbal abuse by supervisors, unreasonable production quotas, and restrictions on access to bath room facilities.

Hopefully, Roberta Karp's renewed pledge to clean up sweatshop abuses at DoAll in the year 2000 will have more positive results than her promises in 1996.

Putting Sweatshops under WRAPs

maquila network update

is published quarterly in English and Spanish by the Maquila Solidarity Network (MSN). The MSN includes over 400 organizations and individuals across Canada. The MSN promotes solidarity between Canadian labour, women's and social movement groups and Mexican, Central American and Asian counterparts organizing to raise standards and improve conditions in maquiladora and export processing zones. The MSN acts as the secretariat for the Labour Behind the Label Coalition and the Ethical Trading Action Group and is active in Stop Sweatshops campaigning.

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In January, the American Apparel Manufacturers Association (AAMA) launched a global workplace monitoring program in response to consumer concerns that US brand-name clothing is made under sweatshop conditions.

The AAMA's Worldwide Responsible Apparel Production (WRAP) certification program is designed to compete with other US code of conduct monitoring initiatives like the Fair Labor Association (FLA), the product of the Clinton administration's anti-sweatshop task force, and the recently launched United Students Against Sweatshops' Worker Rights Consortium (WRC).

WRAP's appeal for US apparel manufacturers and retailers is in its lower workplace standards and the fact that responsibility for compliance with the WRAP Principles lies entirely with local factory owners rather than with the North American manufacturer or retailer who contracts out the manufacturing of their products.

Although they are required to pay for the system, Southern manufacturers are also attracted to WRAP, not only by the low standards, but also by the discretion they are allowed



WITH THANKS TO CHUBAWAMBA

The WRAP standards are consistently weaker than those in other multi-company codes, and seldom go beyond compliance with local labour and other legislation.

in selecting monitors. WRAP has been endorsed by maquila owners' and other export manufacturers' associations in Latin America, Asia, Africa and the Caribbean.

How does it work?

Unlike the FLA, the WRAP program will certify factories

rather than North American brands or companies. Local factory owners must seek certification and bear all the costs of the program and the external monitors they hire.

The final decision on certification of each factory is made by the WRAP Certification Board.

The Board also decides on

- continued on page 8 -

Wal-Mart in Burma

Profiting from Repression

by Ian Thomson, MSN

If you've been shopping at Wal-Mart lately, you may have been unknowingly helping to prop up one of the most repressive military regimes on the planet. Not exactly what you'd expect from a trip to the mall.

I recently picked up a long-sleeved shirt at a Toronto Wal-Mart. The Ash Creek Trading label on the shirt said, "Made in Myanmar." Myanmar is the new name for Burma. The shirt cost only \$9.99, true to Wal-Mart's slogan of offering the lowest everyday prices. But have you ever wondered how the prices at Wal-Mart get so low?

Burma's Super Sweatshops

In Burma, workers toil for 10 to 15 hours a day and only receive 8 cents an hour. According to in-country sources, 16 percent of the Burmese garment industry's profits go to purchase arms used to maintain a tight control over the population.

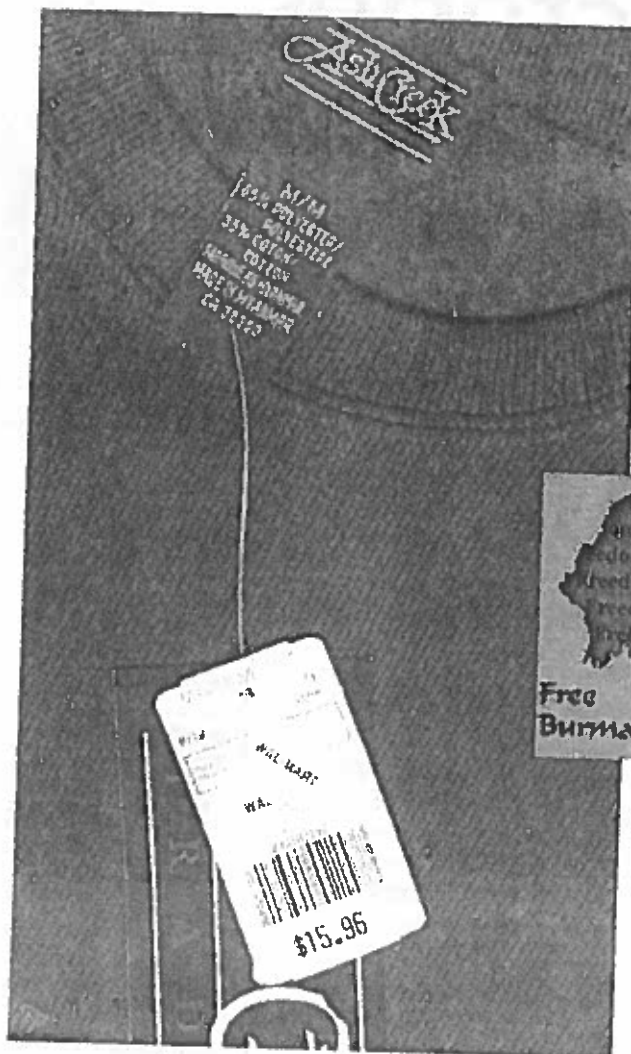
Buying apparel from Burma is a no-no that most Canadian companies understand. In a 1996 report by the Canadian Friends of Burma,

the Hudson's Bay Company was one of the retailers singled out for doing business with Burma. The Hudson's Bay orders to Burma have since ceased.

But new research by the Friends of Burma reveals that Wal-Mart Canada and Reitmans continue to have clothes made in Burma.

In fact, Industry Canada

statistics show that garment imports from Burma have actually increased by 60 percent since the 1996 Friends of Burma study, from \$5.7 million to \$9.4 million. And if you include other sectors, the total value of imports from Burma has increased \$14 million to \$23 million. This, after the Canadian government has



Above: "Made in Myanmar" label.

encouraged companies not to do business with Burma since 1997.

The Friends of Burma call these import figures "shameful," and Canada's voluntary sanctions "extremely weak." Canadian Labour Congress President Ken Georgetti calls Burma "one big sweatshop, controlled from top to bottom by the nation's military."

Stop Business with Burma:

Burma is one country where economic sanctions are supported by the local population. The country's representative democratic movement, which was robbed of an overwhelming election victory in 1990, has called on all foreign companies to divest from the country.

So, the answer is simple. Companies like Wal-Mart need to be told . . . Don't buy there, don't invest there, don't do business with this brutal military regime.

The message to the Canadian government is even clearer, voluntary sanctions aren't working; it's time to ban all products and business with Burma.

And what about that shirt I bought at Wal-Mart? Well, my excuse is that we're using that shirt to draw public attention to the Wal-Mart/Burma connection. If you buy a shirt made in Burma, you better have a good excuse too.

Stop Sweatshops

Scorecard

Victories and Setbacks in 1999



Victories



Students Against Sweatshops

US students win university codes of conduct, requiring companies to disclose factory locations. Nike and Champion agree to disclose locations of some or all factories producing university-licensed apparel. University of Toronto students win tentative agreement on code of conduct for U of T licensed products.



Saipan Settlement

Nine US apparel companies named in class action suits for sweatshop abuses and the use of indentured labour in Saipan agree to settlement requiring independent monitoring of factory conditions. Settlement prohibits "recruitment fees" and requires payment of overtime premiums.



Kimi Workers Win Union

Workers at the Kimi maquiladora factory in Honduras win union recognition and reinstatement of fired union leaders. International solidarity delays expulsion of factory from Continental Industrial Park. The struggle continues.

Labour Rights Competition



Nike and Reebok compete on labour rights. Nike allows US health/safety critics to monitor conditions in a Vietnam factory. Reebok and the AFL-CIO's American Center for International Labor Solidarity (ACILS) co-sponsor a pilot worker-training program on freedom of association for Indonesian workers.

Liz Supports Worker Reinstatement



Holiday campaign pressures Liz Claiborne to support reinstatement of fired union members at two DoAll maquila factories in El Salvador. Liz agrees to independent assessment of labour practices at DoAll by the Salvadoran Independent Monitoring Group.

Increased Transparency



Liz Claiborne releases report on pilot monitoring project carried out by local human rights group, COVERCO, in Guatemala. Reebok releases monitoring report on conditions in Indonesian factories.



Anti-Sweatshop Bill Signed

California Governor Gary Davis signs Bill 633 requiring apparel manufacturers and retailers to pay workers the minimum wage and overtime compensation when their contractors fail to do so. Joint liability legislation is result of ten-year campaign by labour and worker advocacy groups.

MEC Wins Reform



The Nicaraguan Movement of Working and Unemployed Women - "Maria Elena Cuandra" (MEC) leads successful campaign for reform of Nicaragua's free trade zone law. MEC collects 50,000 signatures in support of bill requiring maquila companies to respect national labour code and International Labour Organization (ILO) conventions. National Assembly approves bill.



Government Convenes Code Negotiations

Canadian government responds to public pressure and convenes and facilitates negotiations between apparel industry and civil society for a Canadian base code of labour practice.



Activists Converge on Seattle

Stop Sweatshop activists bring message to world stage at Seattle World Trade Organization meetings. Labour rights now firmly on the trade agenda.

Setbacks

1. More Kathie Lee Sweatshops

Kathie Lee Gifford is caught again for sweatshop practices, this time at the Caribbean Apparel maquila factory in El Salvador. Two Caribbean Apparel workers are fired after meeting with a US student delegation. One worker is detained and interrogated by management, offered bribes, questioned about her children and forced to sign a blank piece of paper. Union organizer Giovanni Fuentes receives death threat from Caribbean Apparel's lawyer.



ermen Valedex (Factor X, Casa de la ujer), Jaime Cota (CITAC), Manuel ndragon at Seattle demonstrations

2. Made in Burma for Wal-Mart

Canadian Friends of Burma discovers Wal-Mart and Reitmans sourcing from Burma in defiance of Canadian government policy urging companies not to invest in that country. Industry Canada figures show that between 1996 and 1998, the value of apparel imported from Burma increased from \$5,700,000 to \$9,400,000.

3. Levi's Returns to China

Levi's lays off workers and closes factories in North America and Europe; resumes manufacturing in China.

4. P-VH Sheds Union

Phillips-Van Heusen closes unionized factory in Guatemala; continues to source from Central American sweatshops.

5. Nike Won't Learn

Nike is sued for violating homeworkers' rights in Australia; refuses to settle by signing Homeworker Code of Practice. Despite Nike promises, survey shows that Nike workers in Indonesia still not receiving subsistence wage.

6. Code Negotiations Stalled

Canadian code negotiations stalled; Ethical Trading Action Group (ETAG) calls on industry leaders, Hudson's Bay and Sears Canada, to support negotiation of code based on ILO conventions, with provisions for independent verification.

7. U of T Code on Hold

University of Toronto administration delays decision on code of conduct for university-licensed products; students stage sweatshop fashion show.

8. Homeworkers' Rights Violated

Toronto homework study shows majority of homeworkers surveyed still not getting minimum wage or statutory benefits. Most homeworkers interviewed no longer being given labels to sew on garments, making it impossible to determine what companies the garments are being sewn for.

9. Fire Victims Denied Compensation

Italian toy maker, Chicco, fails to provide compensation to victims of 1993 Zhili fire at toy factory in China. Company had agreed as early as 1997 to pay compensation of 300 million lira to fire victims and their families. Instead, money goes to support humanitarian projects in China.

10. GAP Rejects Settlement

Nine US apparel companies, including the GAP, Sears Roebuck, Tommy Hilfiger and Wal-Mart, refuse to settle on class action suit charging them with sweatshop abuses and the use of indentured labour in Saipan.

Who's gaining and losing in the battle for consumer confidence?

◆ Ethical Leaders:

Position vacant, applications accepted.

◆ Gaining Ethical Value:

- Liz Claiborne for COVERCO study in Guatemala; positive steps at Doall in El Salvador.
- Reebok for worker rights training in Indonesia.

◆ In Neutral:

- Hudson's Bay and Sears Canada for inaction on code negotiations after initial enthusiasm.

◆ Losing Ethical Value:

- GAP for refusing Saipan settlement.
- Phillips-Van Huesen for plant closure in Guatemala.
- Levi's for layoffs in Europe and North America, return to China.

◆ Same old, same old:

- Nike for inaction on homework violations in Australia; inadequate wages, continuing worker rights violations in Indonesia.

◆ Bottom Feeders:

- Wal-Mart for sweatshop abuses worldwide, continued sourcing from Burma, refusal to disclose factory locations, etc., etc

notes

Child Labour in Australia

The Australian Textile, Clothing and Footwear Union (TCFU) estimates that 70,000 Australian children, some as young as eight years old, are putting in after-school and weekend shifts in their parents' home-based garment production facilities. One Sydney child labourer says she started work when she was seven and was using a sewing machine when she was eight. Her family sometimes worked 24 hours a day to meet rush orders. According to Anne Delaney, the TCFU's homework coordinator, reasonable pay rates for homeworkers would largely solve Australia's garment sector child labour problem by removing the need for parents to use their children. TCFU reports homeworkers' wages are as low as \$2.00 an hour.

Union-busting in Nicaragua

In late November/early December, workers at the Jem III garment factory staged the first legal strike in Nicaragua's maquilas. In retaliation, management has fired at least 65 workers, including all but one member of the union executive and almost every member of the union. According to Pedro Ortega, General Secretary of the Garment Workers Federation of the Sandinista Workers' Central, the union has submitted two appeals to the Ministry of Labour demanding the reinstatement of the illegally fired workers. The Jem III factory is owned by California-based JEM Sportswear, and produces clothing for Wal-Mart.



workers are rebelling

Nike Workers' Revolt

On December 16, 23,000 Nike workers at the PT Nikomas Gemilang and PT Pou Chen shoe factories in Indonesia conducted work stoppages demanding major increases in religious holiday bonuses.

On December 17, workers entered one of the factories, but refused to work. Instead, they sat down and awaited the results of negotiations with management.

On December 18, the situation became tense when members of the armed mobile brigade (part of Indonesian police force) entered the factory compound. The strike ended that evening when agreement was reached on significant increases in the holiday bonus.

On December 22, 6,000 Nike workers at the PT Astra shoe factory staged a walkout and destroyed company cars and smashed factory windows. They were also demanding increased year-end bonuses and the

democratic election of a new local union leader. The following day, management agreed to pay a holiday bonus worth two months wages.

The December strike wave underlines the growing dissatisfaction of Indonesian workers with below subsistence wages and undemocratic unions.

Nike's stock price jumps by 2 1/4 points.

Nike CEO Phil Knight's one-day gain on paper -- \$215 million.

10 times the 1999 earnings of 55,000 Indonesian Nike workers



but I'm filthy rich

Maquila Workers Poisoned

In December, when over 200 workers at the Chentex maquila in Nicaragua fell ill, choking, fainting and gasping for air, the Ministry of Labour claimed that union members had released gas in the factory, poisoning themselves. The national media ran stories claiming the women were the victims of mass hysteria, a condition common to their gender. A police investigation rejected these blame-the-victim fantasies. It condemned the overcrowding and poor ventilation in the factory. To date, no one has uncovered what chemicals or combination of chemicals actually caused the poisoning.

Struggle at Kimi Continues

In December, fifteen North American labour rights organizations, including the MSN, sent a joint letter to Ky Duk Kwon, Executive Director of the Kimi maquiladora factory in Honduras, urging his company not to close the factory to rid itself of its unionized workforce. The letter was sent in response to workers' concerns that the factory might be closed over the Christmas holidays and production moved to another location. "We believe it is important to state clearly," the letter says, "that should any company in Central America with a union close its maquila factory, only to reopen elsewhere as non-union, we will immediately initiate a joint campaign to prevent US companies from doing business with the offending factory." Jaime Rosenthal, owner of the Continental Park and candidate for president of Honduras, had earlier threatened to expel the Kimi factory from the park to keep it union-free.



Joseph Stiglitz

If the World Bank Says So ...

On January 8, the World Bank's outgoing chief economist Joseph Stiglitz stunned members of the American Economics Association by telling them workers' rights should be a central focus of development. He went on to criticize Washington policy makers for being more concerned about protecting investments in Asia than they were about the social costs of their policies.

"A standard message was to increase labour market flexibility, and the not-so-subtle subtext was to lower wages and lay off workers," said Stiglitz. "In East Asia, it was reckless lending by international banks and other financial institutions, combined with reckless borrowing by domestic financial institutions ... which may have precipitated the crisis. But the costs, in terms of soaring unemployment and plummeting wages, were borne by the workers. I believe that there is some chance that some of the disastrous economic decisions that were made in responding to the East Asian economic

crisis would not have occurred had workers had a voice in the decision making."

Religious Leaders Demand Action

On December 20, five Canadian religious leaders released a joint open letter calling on the Hudson's Bay Company and Sears Canada to take the lead in ensuring that clothes, toys and other consumers products sold in Canada are not made under sweatshop conditions or by child labour. Leaders of the Anglican, Lutheran, Presbyterian, and United churches, and the Canadian Council for Reform Judaism urged the two retailers to "provide ethical leadership in the negotiation of a Canadian Base Code of Labour Practice that includes internationally recognized worker rights and minimum labour standards contained in International Labour Organization (ILO) conventions, and provisions for independent verification that those rights and standards are being respected." They joined with the Episcopal Commission for Social Affairs of the Canadian Conference of Catholic Bishops and hundreds of other organizations and individuals who sent similar holiday season letters to the Hudson's Bay and Sears. The Ethical Trading Action Group (ETAG) which is coordinating civil society's participation in code negotiations is calling on individuals and organizations to write to the Hudson's Bay and Sears, urging them to negotiate a code based on ILO conventions.

A 'right to work' code

continued from page 2

the terms of the certification, particularly how long it lasts (a maximum of three years, a minimum of one) based upon a "risk assessment" for the factory.

How independent is WRAP?

According to WRAP Executive Director Lawrence Doherty, the WRAP Certification Board will be "independent" of industry. But, unlike the AIP, SA8000 and the UK Ethical Trading Initiative, non-business participants are being sought after the standards and the code verification system have been determined by the AAMA.

Although the members of the Board have not yet been named, four seats will be designated for apparel manufacturers, and five seats will go to NGOs, academics, and possibly retired labour leaders.

Business for Social Responsibility reports that the Board needs the votes of six of nine member to undertake any "significant" action, giving industry representatives an effective veto. Only two of the board members are required to have no financial ties to the industry.

According to Doherty, the Board will include a former US labour leader and a former Vice-President of the AFL-CIO. However, a November 2 Business Week article quotes AAMA President Larry Martin as saying, "I doubt that we'll have unions involved, since we're management folks."

WRAP's appeal for US apparel manufacturers and retailers is in its lower workplace standards and the fact that responsibility for compliance with the WRAP Principles lies entirely with local factory owners rather than with the North American manufacturer or retailer who contracts out the manufacture of their products.

Doherty himself is being touted in WRAP literature as an "international labour, democracy and development expert." In fact, he worked as a staff person for the American Institute for Free Labor (AIFLD), the now defunct Latin America arm of the AFL-CIO, which many current US and Latin American labour leaders regard as a cold war tool of US foreign policy.

What are the standards?

The standards on compensation, for instance, require only that manufacturers pay the local minimum wage. In contrast, the FLA code requires payment of the prevailing industry wage, and the SA8000 and WRC codes require payment of a living wage.

On the key issue of freedom of association, WRAP only requires that manufacturers respect that right where it is legally recognized ("Apparel manufacturers will recognize and respect the right of employees to exercise their lawful rights of free association, including joining or not joining any association").

The last part of that clause proclaiming the right of workers to "not joining any association" is consistent with "right to work" legislation adopted by many southern US states to restrict workers' right to organize.

WRAP's standards are particularly weak on issues specific to women. In an industry which is known for abuses such as forced pregnancy testing, for instance, there is no prohibition of the practice in WRAP's standards. Nor is there mention of maternity leave or prohibition on

involuntary use of contraceptives.

Lastly, there is no mention in WRAP's program of public disclosure of factory locations, factory monitoring reports, or any other information which would allow workers, labour rights advocates or consumers to independently evaluate the effectiveness of the program.

Contracting out responsibility

For workers and Stop Sweatshops activists, the WRAP initiative is a step backward, because it absolves North American corporations of responsibility, undercuts rights and standards established in other multi-company codes and in International Labour Organization (ILO) Conventions, and maintains industry secrecy.

Unfortunately, WRAP could become the monitoring system of choice for the majority of US manufacturers, including some major brands like Sara Lee (who make Gear for Sport), Russell Athletic, Jockey International and VF Corporation.

However, while WRAP has been endorsed by Notre Dame University, it is highly unlikely that many credible NGOs or academics will jump on board.

Hopefully, Canadian retailers and manufacturers will have enough sense to steer clear of the WRAP "right to work" code.

New Resource

Codes of Conduct, Government Regulation and Worker Organizing

The first in a series of discussion papers issued by the Ethical Trading Action Group. Feb.2000, 28 pages.

Available now from the Maquila Solidarity Network.