

maquila network update

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The future of
Mexico's garment
industry



PHOTO: TIE-ASIA

Bangladeshi garment workers protest against war and for the survival of their industry

Ring Shine settles — no thanks to Mark's Work Wearhouse

A settlement has been reached in a volatile dispute between workers and management at the Ring Shine Textiles factory in a Bangladeshi export processing zone in which workers were fired, charged with assault and imprisoned after a supervisor assaulted and injured workers and workers retaliated by beating the supervisor.

The agreement between Ring Shine and the Workers Representative and Welfare

Committee (WRWC) was achieved shortly after a similar agreement was signed by the company, the International Textile, Garment and Leather Workers Federation (ITGLWF), the global union for the apparel and textile sector, and Inditex Ltd (Zara), a Spanish retailer that has been a major buyer from the factory.

The ITGLWF played a crucial role in convincing Inditex and other buyers to help negotiate a fair resolution

to the dispute, as did the Clean Clothes Campaign (CCC), which coordinated an international letter-writing campaign to buyers in Europe and North America.

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In Canada, MSN collaborated with the CCC and ITGLWF in attempting to convince Mark's Work Wearhouse, a subsidiary of Canadian Tire, to join with Inditex and other North American and European buyers to pressure their common supplier to take corrective action.

While Mark's did confirm that an auditing firm had recently visited the factory at its request and had found areas of noncompliance with its code of conduct, the company was unwilling to share any information on its audit findings or corrective action plan or to work with other buyers to achieve an acceptable solution.

The Incident

On May 18, elections were held for the Workers Representative and Welfare Committee (WRWC) at the Ring Shine factory. (Although trade unions are not yet legal in Bangladesh's export processing zone, workers have the right to be represented by factory-based worker committees.)

On June 11, the Committee was granted a registration certification by the Bangladesh Export Processing Zone Authority (BEPZA), and on

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US cities go ‘No Sweat’

On September 13, the City of San Francisco Board of Supervisors unanimously approved the Sweatfree San Francisco Ordinance, which will require City contractors, subcontractors and vendors to comply with a code of conduct that includes provisions on freedom of association and collective bargaining, “abusive forms of child labour,” forced labour, discrimination, harassment and abuse, safe working conditions, and a living wage.

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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 Ethical Trading Action Group and is active in Stop Sweatshops campaigning.

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While the policy currently applies to apparel products, it could be extended to include computers and other goods purchased by the City. The Ordinance also requires public disclosure of factory locations and gives preference to fair trade and organically certified products.

The City has earmarked \$100,000 in its current budget for an additional staff person to monitor compliance with the policy and to contract a non-profit monitoring organization. The City of San Francisco spends up to \$1 billion a year on procurement of uniforms, hats, computers and other goods.

LA Contracts WRC

Meanwhile, the City of Los Angeles has provided a \$50,000 contract to the Worker Rights Consortium (WRC) to monitor compliance with its No Sweat Ordinance. According to Tom Hayden co-director of No More Sweatshops, this is the first time a North American city has contracted with an outside independent monitoring organization to review its procurement procedures.



Tom Hayden promoting No Sweat policies

The WRC is a non-profit organization created by university administrations, students and labour rights experts to assist colleges and universities in enforcing their ethical licensing policies. Currently over 140 colleges and universities are affiliated with the WRC, including four Canadian universities (McMaster, Guelph, Queen’s, and the University of Toronto).

According to Hayden, “the eventual goal is the formation of a larger municipal consortium to challenge the power of corporate sweatshops in the global marketplace.”

As of September 30, 12 major US cities and a number of smaller cities and towns have adopted No Sweat procurement policies.

Progress in Canada

To date, Vancouver is the only major Canadian city that has adopted a No Sweat procurement policy. However, a number of city councils and regional councils across Canada have approved motions to develop and implement No Sweat procurement policies, including those in Nanaimo, the Regional District of Nanaimo, Duncan, Ladysmith and North Cowichan, BC; Calgary, Alberta; Saskatoon, Saskatchewan; Toronto and Windsor, Ontario; Bathurst, New Brunswick; and Port Hawkesbury, Nova Scotia. Draft policies are currently under discussion in many of those cities.

Campaigns for municipal No Sweat procurement policies are also underway in Ottawa, Quebec City and Halifax.

Spectrum tragedy:

A wake-up call for Bangladesh's garment industry

In our July issue of the Update, we reported on the tragedy at the Spectrum/Shahriyar factory in Dhaka, Bangladesh in which at least 64 garment workers were killed – the earlier estimate was 74 – and dozens injured when the factory collapsed on April 11 at 1:00 in the morning. Had the factory collapsed during the day shift, hundreds more workers would likely have been killed.

As numerous local and international organizations have since confirmed, the Spectrum tragedy was not a natural disaster; the building collapse was entirely preventable. Poor construction practices, the negligence and greed of the factory owners, the failure of government authorities to enforce building code and safety regulations, and the apparent inability of international buyers to adequately monitor and enforce their codes of conduct were all responsible for the workers' deaths.

Within days of the tragedy, the European Clean Clothes Campaign (CCC) and the International Textile, Garment and Leather Workers Federation (ITGLWF) were mobilizing their members and networks to pressure four European retailers sourcing from the factory to take immediate action to ensure that the injured, the unemployed and

the families of the dead received adequate compensation, and that mechanisms were put in place to prevent future tragedies.

In Canada and the UK, MSN and the NGO and labour caucuses of the Ethical Trading Initiative (ETI) lobbied retailers in their respective countries to convey to their Bangladeshi suppliers and two industry associations their concerns about the general lack of safe working conditions in the country's garment export industry.

In Bangladesh, numerous protests by garment workers and relatives of those killed in the tragedy resulted in the temporary imprisonment of the owners.

Under growing pressure from the CCC and the ITGLWF, a delegation of European retailers that were sourcing from the factory went to Bangladesh in early June to investigate the situation. The mission included representatives of The Cotton Group (Belgium), Grupo Inditex (owner of the Spanish retailer, Zara), and Kardstadt Quelle (Germany). Accompanying the delegation were Neil Kearney, General Secretary of the ITGLWF, and Lakshmi Bhatia of Gap Inc., representing the UK's Ethical Trading Initiative.

The delegation's visit to Bangladesh took place almost two months after the Spectrum tragedy, yet when the buyers arrived, survivors of the building collapse had not yet received back wages owing or



Spectrum owner Shahriyar arrested

their legal severance pay, most of the injured had not received adequate medical care, and families of the dead had been offered only US\$300 compensation per family.

After meeting with injured workers, relatives of the victims and those left without work after the factory collapse, the delegation agreed on a number of measures to deal with the immediate consequences of the tragedy and to begin to address the underlying problems in the industry.

These included:

- Creation of an office on site to help compile an employee list and details on the

- dead, missing and injured;
- Establishment of a trust fund for contributions from retailers, factory owners, the industry association and the Bangladeshi government;
- An offer by Inditex to secure an independent assessment of appropriate compensation for the victims of the tragedy;
- A demand for a structural survey of all multi-story garment factories; and
- A proposal for the creation of a tripartite Economic and Social Development Committee to develop and market the industry on the basis of respect for workers' rights.

Although some of the European buyers and the Bangladeshi industry association have since offered additional compensation for the injured, the unemployed and the families of the victims, agreement on the appropriate level of compensation has not yet been reached.

In Canada, the Retail Council of Canada has informed MSN that it has shared its views on the Spectrum tragedy and safety issues in Bangladesh's garment industry with the Ministry of Labour and Employment and the Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

What lies ahead for Mexico's garment industry?



On August 18, representatives of Mexican garment manufacturing firms, the Mexican government, national and international labour organizations, leading international brands, and Mexican labour rights organizations gathered together in Mexico City to discuss the future of the country's textile and garment industry after the demise of the MFA import quota system at the end of 2004.



"We are working to build labour standards directly into our buying decisions."

Sean Ansett,
Gap Inc.

PHOTOS: LAURACANO

The one-day conference entitled "What lies ahead for the Mexican garment and textile industry? The impact of end of the MFA on the industry and labour rights" was co-sponsored by MSN and the Mexican women's organization, MUTUAC.

The public meeting and a follow-up workshop for Mexican civil society organizations were part of a series of activities related to MSN's participation in the MFA Forum, an international multi-stakeholder initiative promoting responsible business practices and respect for workers' rights in the post-quota period.

Speakers at the public meeting included representatives of the National Chamber of the Garment Industry, the National Union of the Textile and Garment Industry of the Confederation of Mexican Workers (CTM), the

Ministry of the Economy, the International Textile, Garment and Leather Workers' Federation (ITGLWF), the MFA Forum, Nike, Gap Inc., Levi Strauss, the Central American Regional Network for Social Responsibility and Decent Work (IRSTD), and Mexican labour rights expert Arturo Alcalde.

Post-quota Mexico

Mexico is one of ten countries identified by the MFA Forum as particularly vulnerable in the post-MFA world. After three years of stiff job decline – from 2001 to 2003 a quarter of a million Mexican garment and textile workers have lost their jobs – the situation, according to official statistics, seems to have stabilized.

Still, with overall employment in the industry down by 33.6% from the peak of 2000, the new free trade

regime and anticipated shifts in global investment and sourcing patterns continue to bring fears of large-scale job losses.

"The end of the quotas system has been marked by factory closures, increased uncertainty and, downward pressure on working conditions, especially for those workers employed in smaller factories and among subcontractors," says Milisa Villaescusa of MUTUAC.

Why the end of quotas would receive national attention in Mexico is not hard to understand. With a total workforce of about 600,000 (about 20% of total manufacturing jobs), the garment industry remains one of the country's biggest employers, and in some parts of the country it is clearly the single largest source of jobs and local income.

Looking to the future

The public meeting and workshop provided Mexican civil society organizations the opportunity to question international buyers sourcing from the country about their plans for the future, as well as to debate the current and

"... standards should guarantee the respect of the universally recognized human rights at work. This could give Mexico a competitive advantage in the international competition."

Arturo Alcalde, Mexican labour rights expert

future impacts of the end of the MFA for garment workers and their communities, and to discuss possible industry survival strategies that include respect for workers' rights.

Says Sean Ansett Gap Inc.'s Global Partnerships Senior Manager: "In our recently released 2004 social responsibility report, we state that although the end of the quota system gives us more control over where we do business, we do not intend to put all of our production in one place. We believe that we need a diverse sourcing network to mitigate geo-

graphic risk, increase speed-to-market and deliver the wide variety of products we sell. We also continue to encourage garment manufacturers to work with us and with others to improve the working conditions in the factories they own, operate or contract with. In order to do that, we are working to build labour standards directly into our buying decisions."

And while the overall picture in Mexico is certainly dark – talk of Chinese competitiveness dominates the debate, there was also consensus that Mexico will remain for years to come a garment producing country.

Differing priorities

For Mexican industry leaders – like, for instance, Tony Kuri Alam, president of the National Chamber of the Garment Industry – a major preoccupation is the prevalence of illegal imports in Mexico's domestic market. By some estimates, the total volume of illegally imported garments represent more than 50% of the apparel products sold in the country.

His concern is echoed by Adolfo Gott Trujillo, general secretary of the CTM-affiliated National Union of the Textile and Garment Industry. "Mexico has suffered because of products from other countries being smuggled into the country," says Gott. "Companies and trade unions in the sector need to work together to

demonstrate to the authorities that we want to stop this smuggling."

Mexican independent unions and labour rights groups in attendance are more concerned with the situation at the factory level in the maquiladoras and other garment factories. They argue that the situation calls for a broader debate that should include issues of worker representation – in particular the transparency of collective bargaining agreements – and ways to address increasing job insecurity.

Representatives of the brands were asked to spell out their understanding of freedom of association in the Mexican context. If freedom of association does indeed appear in a company's code of conduct, they were told, considerable effort will be needed to effectively implement that provision in order to satisfy the concerns of Mexican workers.

For the most part, brand spokespeople were unwilling or unable to answer questions on how they might contribute to job stability in the Mexican factories where they currently source.

Opportunities for collaboration

Despite the variety of sectors, perspectives and interests represented at the conference, there was general agreement on the need for follow-up discussion

on possible strategies for the Mexican apparel industry to survive and grow.

"To survive, the textile and garment industry in Mexico requires an agreement between business, the workers and the Mexican government on a set of new mechanisms, incorporating their diverse perspectives," says Arturo Alcalde, a Mexican labour rights specialist. "We need agreed-upon standards of corporate social responsibility and an inspection and monitoring system in order to verify its application. The standards should guarantee the respect of the universally recognized human rights at work. This could give Mexico a competitive advantage in the international competition."

The following day, participants in the civil society workshop discussed the need to look beyond their local realities and develop common proposals in order to effectively engage with industry and government at the national level. They decided to create a network of labour groups from Mexico's garment-producing centres and to collaborate on a joint research project to map changes taking place in Mexico's garment industry, including industry consolidation, factory closures, job losses, and impacts of these changes on workers and communities.



"The end of the quotas system has been marked by factories closures, increased uncertainty and downward pressure on working conditions."

Milisa Villaescusa, MUTUAC

news & notes

Class Action Against Wal-Mart

On September 13, the US-based International Labor Rights Fund (ILRF) filed a class action lawsuit against the world's largest retailer, Wal-Mart, on behalf of workers in the company's supply factories in China, Indonesia, Bangladesh, Nicaragua and Swaziland.

The suit, filed in California Superior Court in Los Angeles, alleges that Wal-Mart "fails to exercise adequate supervision of compliance with its Code of Conduct, as well as compliance with local laws and well-established international standards, such as Conventions of the ILO." It also accuses Wal-Mart of "knowingly imposing price and time requirements on suppliers that necessarily result in sweatshop conditions." The suit also alleges that Wal-Mart "knowingly misrepresented to the public the conditions under which its goods are produced. . . ."

According to the ILRF, workers producing for Wal-Mart "are routinely forced to work overtime, they are forced to work off-the-clock, they are not paid the minimum wage based on even local law, and they are denied benefits required by local law."

The suit was also filed on behalf of a group of workers employed at Ralphs and Safeway grocery stores in California, alleging that their employers forced them to accept pay and benefit concessions in order to remain competitive with Wal-Mart.

According to ILRF, a major objective of the class action suit is to require Wal-Mart to work with representatives of the Plaintiffs to develop a system that will ensure the implementation of the Wal-Mart Code of Conduct.

For more information, visit:
www.laborrights.org/.



PHOTO: UFCW

More Wal-Mart Workers Go Union

Workers at a Wal-Mart Tire & Lube Express in Cranbrook, British Columbia (BC) have voted to unionize with the United Food and Commercial Workers (UFCW), making a lie of Wal-Mart's claim that given a chance to vote, its employees will always reject union representation.

The new members of UFCW Local 1518 join workers at three certified Wal-Mart stores in Quebec who are currently involved in first contract negotiations with their employer. According to UFCW, applications for certification of two additional BC Wal-Mart stores are pending a decision of the BC Labour Relations Board.

Meanwhile, the Quebec Labour Relations Board has ruled in favour of former Wal-Mart store employees in Jonquiere, Quebec who lost their jobs when Wal-Mart decided to close the store after they formed a union. The Board found that Wal-Mart had acted illegally and had dismissed workers for engaging in union activity.

For more information, visit:
www.ufcw.ca/.

Friends in Low Places

Country music star Garth Brooks has signed a multi-year agreement with Wal-Mart to sell his music exclusively through Wal-Mart and Sam's Club outlets. Brooks is believed to be the first musical artist to chain himself and his entire musical catalogue to one retailer.

Rumours of Brooks deal with the devil emerged in June when he performed at his new employer's annual general meeting in Fayetteville, Arkansas. "It's great to work for Wal-Mart," Garth reportedly told the assembled shareholders and associates.

But Brooks isn't the only musical artist going corporate. Beginning August 30 and for the next 18 months, Bob Dylan's "Live at the Gaslight 1962" CD is only available at your local Starbucks outlet.

Garth may be sold at everyday low prices, but latte goes better with Bob.

Canadian Government Rejects Factory Disclosure

After a number of rounds of stakeholder consultation, policy papers and a roundtable meeting, the Canadian government has rejected a proposal from the Ethical Trading Action Group (ETAG) for changes in regulations under the Textile Labelling Act that would have required companies selling apparel products in Canada to publicly disclose the factory locations where their clothes are made.



PHOTO: K92FM.COM

The Public Policy Forum (PPF) report and recommendations from a November 2003 government-sponsored roundtable on the ETAG proposal and other policy options were finally released to the public almost one and a half years after the event.

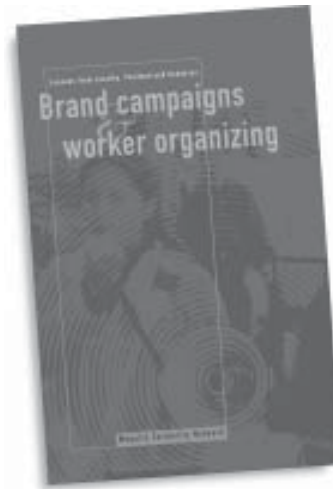
The PPF report rejects the ETAG proposal on the grounds that there wasn't multi-stakeholder consensus, that its focus on the apparel sector is too narrow, that there were alleged technical difficulties, and that the Act wasn't the appropriate tool for the policy.

However, the report suggests that the government consider other policy options that were also proposed by ETAG at the roundtable, including ethical procurement policies, preference in government financial support to companies providing evidence of CSR-related activities, and



In Memory of Angela Hale

We were saddened to learn that our friend and colleague Angela Hale, Director of Women Working Worldwide (WWW), died suddenly on Tuesday, September 6. Angela was a dedicated and tireless champion of the rights of women garment workers. She helped build direct links between grass roots women activists in various parts of the world. Her research gave voice to the women who work in the global supply chains. Angela was an inspiration to all of us at MSN. She will be greatly missed.



Brand Campaigns & Worker Organizing: Lessons from Lesotho, Thailand and Honduras

A new MSN publication, profiling three successful brand campaigns that helped defend workers' right to organize.

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trade policies and agreements that link labour standards compliance to improved access to the Canadian market.

For a copy of the report, visit:
www.competitionbureau.gc.ca/internet/index.cfm?itemID=1893&lg=e.

Dole Agrees to Talk

The multi-national food giant, Dole, has agreed to sit down and negotiate in good faith with an independent union representing workers at the company's Splendor flower plantation in Colombia concerning the workers' demands, including that Dole enter into contract negotiations with the union, Sintrasplendor.

According to the US/Labor Education in the Americas Project (US/LEAP), Dole has been engaged in a union-busting campaign ever since the cut flower workers decided to organize in late 2004. That campaign included the firing of union leaders, sponsoring a competing company-controlled union, and pressuring the Colombian government to overturn the union's legal registration.

"If the workers are successful in negotiating a collective agreement, Sintrasplendor will become the first independent union with a signed contract in Dole's cut flower operations in Colombia," says US/LEAP Executive Director Stephen Coats.

A demonstration against Dole that was scheduled to take place outside a Septem-

ber 19 benefit dinner in New York sponsored by the labour rights monitoring organization Social Accountability International (SAI) was cancelled as a result of the agreement.

For more information, visit:
www.usleap.org/.

Is Bata Factory 'Sweatfree'?

Canadian shoe manufacturer, Bata, is under increasing pressure to implement a corrective action plan to address code of conduct and legal violations at its PT Sepatu Bata TBK shoe factory in Jakarta, Indonesia. The Bata-owned factory produces all of the footwear for the US online retailer No Sweat, which markets its products as being "exploitation-free" and "union-made."

An audit, commissioned by No Sweat and carried out by a team of local and international labour rights experts, found evidence of gender discrimination, failure to pay the legal minimum wage to workers who don't meet production targets, and a lack of union democracy.

No Sweat has posted the audit report and Bata's response on its website and is attempting to work with the supplier to achieve remediation. MSN and a number of US-based labour rights organizations are calling on Bata to take immediate action to address the audit findings.

For a copy of the audit report, visit:
www.nosweatapparel.com/sources/PT-Sepatu-Bata.htm.

Ring Shine settlement

—continued from page 1—

July 3, it submitted its proposals for negotiation. One of the issues raised was the abusive behaviour of a supervisor, the “finishing in charge” (FIC) officer, Ms. Kim Jong Queen. Although both the BEPZA and the employer promised to deal with the problem, no disciplinary action was taken.

On July 13, Ms Jong Queen physically assaulted three workers for making mistakes in some of their work. She reportedly

grabbed one worker by the neck, causing him to fall. As he fell, he bumped into a steam iron and was burned by the scalding hot water. The supervisor then burned a female worker with the steam iron and threw a bobbin in the face of a third worker. All three were injured and had to seek medical treatment.

Enraged at what they had witnessed, some of the women workers chased Ms Jong Queen into her office where they beat her and another woman, the Production Manager, who had tried to intervene. On that same day, the company’s Administration Manager filed criminal charges against 40 workers involved in the incident.

Management’s Reaction

On July 16, when workers arrived for work, they were confronted by police, BEPZA representatives, and company-hired thugs who attempted to coerce the workers into signing statements attesting that some workers had caused damage to company property. The 60 or 70 workers who agreed to sign the statements were the only ones allowed to enter the factory.

On July 17, the WRWC met with the company and the BEPZA in an attempt to settle the dispute, while workers assembled in the factory awaited the outcome.

No resolution was reached and the workers refused to work for the remainder of the day.

As the work stoppage continued into the following days, more than 100 workers were rounded up by police in their homes and arrested, and more than 200 workers

were injured, 50 seriously, when police attacked a worker protest at the BEPZA office. In addition, some WRWC members were reportedly threatened by police that if the work

stoppage continued, they would be “killed in a cross-fire,” a term widely understood in Bangladesh to mean killed while in police custody.

On July 19, the company filed criminal charges against 12 Committee members alleging that they tried to “force” management to sign a collective bargaining agreement, and against 1,200 named and unnamed workers for “engaging in destruction of property.” The next day, the police filed additional charges against 10 workers for “conspiracy” and “plotting,” and against 12 WRWC members on bogus drug charges.

Three WRWC members who were detained by police on July 21 were held for at least 10 days and were reportedly beaten while in custody.

On July 24, workers began to return to work, but hundreds were dismissed or terminated. Most WRWC members were unable to return to work for fear of being arrested.

The Settlement

The September 7 agreement between the company and the WRWC commits the company to drop charges against named and unnamed workers, offer to reinstate all WRWC members and other workers

who were dismissed as a result of the dispute, and begin dialogue, consultation and negotiations with the WRWC.

The agreement also provides for payment of documented medical expenses incurred by workers as a result of injuries received during the course of the dispute, the establishment of a professionally staffed human resources department to handle industrial relations, the development of “a detailed protocol for the operation of a mature system of industrial relations at the company...”, and the creation of a training program for WRWC members and management personnel on their rights and responsibilities, and on good industrial relations practices.



new resources

Justice for All: The Struggle for Worker Rights in China, Justice for All Report Series, AFL-CIO Solidarity Center, 2004, 98 pp, www.solidaritycenter.org/

Monitoring Sweatshops: Workers, Consumers, and the Global Apparel Industry, Jill Esbenshade, Temple University Press, 2004, 288 pp., US\$22.95, www.temple.edu/tempress/

“‘Easy to Manage’: A Report on Chinese Toy Workers and the Responsibility of the Companies,” Kristina Bjurling, SwedWatch and the Fair Trade Centre, May 2005, 69 pp., www.swedwatch.org/swedwatch/in_english/reports