

maquila network update

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Gina workers resist factory closure



Left:
Gina workers protest factory closure

Below: *Gina sewing machines packed up for shipping to China.*

Surprise Announcement

On July 2, without any warning or explanation, the company began to move machinery out of the factory and ship it to another plant in Cambodia owned by the Clover Group.

Then on August 29, the production manager called workers together to inform them that the company was about to ship 620 sewing machines to China. The

workers were told that there wouldn't be any layoffs and that they would continue to be paid while waiting for work.

On August 31, 600 union members presented a letter to the Minister of Labour,

requesting his intervention to clarify the situation and help prevent mass layoffs.

On September 4, the company posted a written notice in the factory and announced over the PA system that it was going to close the factory permanently by October 31.

The reason given by the company for the closure was

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Three years ago, workers at the Gina Form Bra factory in Bangkok, Thailand won a precedent-setting victory when they turned back a two-year campaign by their employer to destroy their union.

Local organizing and a broad-based international solidarity campaign won the reinstatement of their illegally fired union leaders, an end to anti-union harassment, and the negotiation of a signed collective agreement.

MSN and other anti-sweatshop groups around the world played an important role in helping achieve the victory by convincing brand-name buyers like The Limited (Victoria's Secret) and Gap to

pressure their supplier to respect the workers' rights.

However, two Canadian companies, La Senza and Jacob, decided to cut and run from the factory rather than being part of the solution to the problem.

Since that victory, the Gina Relations Workers Union (GRWU) has been able to achieve better wages and working conditions and improved relations between workers and management.

Now, three years later, that important victory is threatened



as Gina's Hong Kong-based owner, the Clover Group, moves to close the factory and shift production to China.

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Gildan receives mixed reviews on worker rehiring

Canadian T-shirt manufacturer Gildan Activewear has received mixed reviews on its implementation of a January 2005 agreement to give first hire employment opportunities to 1,800 former employees of its Gildan El Progreso factory in Honduras who lost their jobs when the company closed the factory in August 2004.

maquila network update

is published 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 (ETAG) and is active in Stop Sweatshops campaigning.

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In the agreement between Gildan, the Worker Rights Consortium (WRC) and MSN, the company had promised to give first hire preference over other job applicants to former El Progreso employees in a new sewing factory and in its two other sewing factories in Honduras.

Gildan had also agreed to not discriminate against union supporters in hirings, and to cooperate with verification of compliance with the agreement by the Honduran Independent Monitoring Team (EMIH).

The agreement came when the company was under heavy pressure for its decision to close the factory in the midst of discussions with the Fair Labor Association (FLA) and the WRC on a corrective action plan to reinstate and compensate workers fired for union activity.

At that time, the WRC found that "the weight of the evidence argues in favor of the view that anti-union animus played at least some significant



Above: *Gildan CEO Glenn Chamandy*

role in the decision to close the factory at this time..." The FLA, for its part, threatened to terminate Gildan's membership in the Association.

Released on September 27, 2006, the second and final update on the verification of the company's compliance with the agreement reveals "that Gildan did not comply with the agreement during a key early stage of implementation, but that Gildan's compliance with the accord improved in later stages and was accompanied by other constructive measures."

EMIH's verification confirmed that "between January 2005 and April 2006, a total of 1,272 workers without former experience

with Gildan were hired, while 364 or roughly 72% of the 472 former El Progreso applicants were hired."

However, the update goes on to say, "The data indicate that, following the initial stage, compliance seems to have improved, with an increasing proportion of eligible applicants being hired each month."

The verification update, which was co-authored by EMIH, the US-based Worker Rights Consortium (WRC), and MSN, recommends that Gildan:

- Keep its hiring office in El Progreso open as a service to the community;
- Consider in any future expansion locating some production in El Progreso;
- Take steps to ensure that there is no discrimination against union members or supporters in any Gildan facilities; and
- In event of any future closures, apply the lessons from the El Progreso experience to minimize the negative impacts on workers and the community.

For more information and a copy of the final update, go to the MSN website at:
www.maquilasolidarity.org



Bangladeshi workers protest

Bangladeshi unions join forces for minimum wage increase

In the wake of massive protests and riots by tens of thousands of Bangladeshi garment workers, the country's trade unions and labour rights NGOs are joining forces to demand an increase in the minimum wage and the immediate implementation of a tripartite agreement for improved working conditions for the two million workers in the country's garment export industry.

Bangladeshi unions are calling for an increase in the basic minimum wage to 3,000 Takas (Can\$50) a month. Currently the basic minimum wage, which has not been increased since 1994, is Tk.600 (Can\$10) a month.

The wave of protests that hit the country's garment

factories in the third week of May prompted the government to reestablish the Minimum Wage Board. The Board was instructed to recommend a new pay scale for garment workers within 90 days.

On September 14, the Board released a draft proposal to the government,

recommending that the basic minimum wage be raised in three annual stages to reach Tk.1,475 in the third year (plus 30% for house rent and Tk.200 medical allowance).

No Consensus

However, neither the employer nor union representatives on the Board are supporting the proposal.

Following the announcement, thousands of workers took to the streets in protest and there were once again violent confrontations between protesters and police. In the capital, 15 garment worker organizations held a joint rally and surrounded the office of

the Minimum Wage Board where they demanded that the Board review the proposal and warned of another wave of unrest if the minimum wage was not raised to Tk.3,000.

Blame for the failure of the Board to reach consensus on the minimum wage proposal appears to lie primarily with the factory owners, whose representatives on the Board stubbornly opposed any significant

increase, arguing that paying their workers even half the unions' demand would put them out of business.

In a September 12 article in the Bangladeshi newspaper *The Daily Star*, industry spokesperson Annisul Huq stated that garment factory owners would not be able to bear the cost of the Board's proposed increase. "[The] factory is like our child and we cannot take responsibility of killing our child," Huq was quoted as saying.


Industry backtracking

Bangladeshi unions charge that the two industry associations that represent the factory owners, the BGMEA and the BKMEA, are backtracking on the commitments made in the June 12 tripartite agreement.

In addition to an increase in the minimum wage, the 10-point agreement, also

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Closures Closures Closures



As apparel brands and retailers restructure their global supply chains after the demise of the import quota system that was established under a trade agreement called the Multi-Fibre Arrangement (MFA), MSN is receiving almost daily reports from countries around the world of factory closures and massive worker layoffs.

While brand-name companies are being lauded in the Northern media for being more socially responsible, the view from the trenches is that these same companies are failing to take responsibility for the consequences of restructuring on the workers who helped make them globally competitive.

In December 2004, as the deadline for the end of quotas approached, MSN joined with other members of a new multi-stakeholder initiative called the MFA Forum in formulating a set of responsibilities for brand buyers, manufacturers, governments, and trade unions and NGOs in the post-quota transition period. The result of those discussions, the MFA Forum's Collaborative Framework, was published in March 2005.

The Collaborative Framework is a first attempt to set out the terms for a responsible transition in the garment industry to which all buyers and manufacturers need to be held accountable.

It's time to assess what companies are doing in practice, as well as what they should be doing, to live up to their responsibilities to affected workers and communities.


**See *Proposed Program of Action: Fair Labour Practices in the Post Quota World*:
www.maquilasolidarity.org**

According to the MFA Forum Collaborative Framework, brands and retailers should:

- Where feasible, maintain current country supply base and contain consolidation in-country.
- Seek to source from countries that respect core labour standards, and work with public institutions, suppliers, trade unions and NGOs to maintain decent working conditions in current supply chains.
- Source only from suppliers who provide decent work, thus meeting buyer codes, national laws and international standards, and work with the public institutions, suppliers, trade unions and NGOs to maintain decent working conditions in current supply factories.
- Monitor supplier adherence to payment of legally required social security/pension payments.
- [Work] with suppliers to monitor adherence with national laws regarding layoffs or closing down of a facility so that workers are compensated in line with national law.
- Work with suppliers and governments to help develop a mechanism to prioritize the promotion of opportunities for employment for displaced workers in the remaining and/or new textile and garment factories.

According to the Collaborative Framework, manufacturers should:

- Provide decent work through respect for national labour standards and work with their suppliers and/or contractors to the same end.
- Where feasible, maintain current country supply base and contain consolidation in-country.
- Pay legally required social security/pension payments and ensure they are up to date.
- Ensure workers are paid their rights in layoffs according to the law.
- Promote workers' access to job banks and retraining programs if they are laid off.



What ever happened to Corporate Social Responsibility?

El Salvador: Hermosa

What responsibilities do buyers have when one of their supply factories closes and the employer fails to pay workers what they are legally entitled to?

In the case of the Hermosa factory in El Salvador, the factory owner not only failed to provide workers their legal severance pay, but also refused to pay them proper compensation for the overtime they had worked. The employer also failed to make legal contributions to the government health plan.

In the Hermosa case, brand buyers did work together to try to convince the factory owner to fulfill his legal obligations and the Salvadoran government to enforce its laws. They also encouraged the government to hold job fairs for the laid off workers.

What the brands were unwilling to do was create a fund to directly compensate the workers for the monies owed. Nor did they convince their other suppliers in El Salvador to provide jobs on a priority basis for the workers.

Thailand: Gina Form Bra

The Clover Group, a Hong Kong-based lingerie manufacturer that produces for Victoria's Secret (The Limited), Gap, La Senza, Calvin Klein (Warnaco), and Charming Shoppes, has announced it is closing its unionized Gina Form Bra factory in Thailand and shifting production to China, where independent unions are prohibited by law. It claims to be doing so because this is the "wish of the brands." Some of the brands deny that this is the case.

Workers at the Gina factory are represented by an independent union and have a signed collective agreement. Conditions at the factory and relations between management and the workers have improved considerably since a successful campaign in 2003 convinced brand buyers to pressure their supplier to respect the workers' rights.

Prior to informing its workers of the factory closure, the Clover Group began to remove machinery from the factory and ship it to factories it owns in Cambodia and China. The Thai government has now ordered it cease removing equipment and materials until it is clear workers will receive their full compensation.

Buyers are being asked to make public statements clarifying that they do not want the factory closed and production moved to China, to pressure Clover Group to keep the factory open, and to monitor the possible factory closure process.

Philippines: Chong Won Fashion

The Korean-owned Chong Won Fashion garment factory in the Philippines has been threatening workers that if they continue to support their union or take strike action buyers will cease placing orders with the factory and the factory will close.

Wal-Mart, the major buyer in the factory, is being pressured to continue placing orders with the factory, to demand that the supplier cease threatening workers with the loss of orders and employment if they support the union, and to facilitate dialogue between union and management.

Monclova, Mexico: Hanesbrands

What responsibilities do manufacturers have when they close factories and consolidate their operations?

US apparel manufacturer Hanesbrands, formally a division of Sara Lee Corp, has announced it is closing its Monclova International factory in Monclova, Coahuila, Mexico, and moving production to its "lower-cost" Caribbean and Central American facilities.

The factory is expected to close by the end of December 2006, when 1,700 workers will be out of a job.

Meanwhile, employees at another Hanesbrands factory, Madero International, in the same state are denouncing the company for increasing production quotas, which is having a negative impact on the workers' health.

Apparel factories in Mexico seldom pay workers their full severance pay or other legal benefits when factories close or workers are laid off.

news & notes



More stalling by Dole Flowers

Dole Fresh Flowers, a division of the US food giant, Dole Food Company, is once again stalling on its commitment to respect the rights of flower workers to be represented by the union of their choice at its Splendor cut flower operations in Colombia.

In April, Dole agreed to a “fair process” to determine which of two unions would represent the workers. However, rather than accepting the workers’ demand for a secret ballot vote, Dole is now backing a “census” to be carried out by the Colombian government. The workers are concerned that a census would not protect them from possible reprisals if they openly expressed their support for the independent union.

Splendor flower workers have been trying to get Dole to recognize and negotiate with their independent union, Sintrasplendor, since November 2004. Instead, the company signed a contract

with a company-friendly union, attempted to block the certification of the independent union, and fired leaders of that union.

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



Above: Colombian trade unionist Stella Orjuela at Dole headquarters in Miami.

Below: Flower workers protest on Valentines Day 2006

China & Mexico: Solidarity or Competition?

With factory closures hitting many of Mexico’s garment-producing centres, in late August MSN and the Mexican women’s group MUTUAC convened a public roundtable in Mexico City, entitled “Competition or Solidarity: The Garment Industry and Labour Rights.” The purpose of the forum was to explore where the Mexican industry and Mexican workers stand in relation to China’s rapidly expanding industry.

The roundtable was followed by a three-day workshop, “Changes and Challenges in the Garment Industry: Where Do Labour Rights Fit In?” The workshop brought together approximately 30 representatives from local labour rights groups from across Mexico that formed a network last August.

Also participating in the workshop were representatives from the Independent Monitoring Team of Honduras (EMIH) and May Wong of Hong Kong’s Asia Monitor Resource Centre (AMRC), who shared the experiences of AMRC and other NGOs promoting labour rights in China.

A special focus of the workshop was on the potential for collaboration between labour rights groups in Mexico and China. AMRC and MSN will be working together to jointly track Hong Kong-owned companies operating in Mexico and China.

A small delegation including May Wong also traveled to Tehuacán, a major jean manufacturing centre, where they met with local worker groups and the Human and Labour Rights Commission of the Tehuacán Valley.

Big changes at Wal-Mart

For Wal-Mart watchers of the world July was a big month, with the company's announcement it was closing up shop in Germany and news reports that one of its retail outlets in China had been unionized.

On July 28, the world's largest retailer announced that it would be withdrawing from the German retail market, a move that lost the company one billion dollars. Coincidentally, Germany was one of the few countries in the world where Wal-Mart "associates" were represented by unions.

The next day brought even more surprising news: after an undercover unionization drive, China's first trade union in a Wal-Mart store announced itself. By mid-August, 16 more union branches had been set up in Wal-Mart stores around the country and Wal-Mart had pledged to work towards the establishment of unions in the remaining 43 stores.

The All China Federation of Trade Unions (ACFTU), the only trade union organization permitted in China, hopes that in the near future all 30,000 Wal-Mart worker in the country will join its ranks.

While the state-affiliated ACFTU is not known for its independence or democratic practices, Wal-Mart's resistance to unions of all varieties reportedly forced ACFTU officials to foster on the ground organization reminiscent of more traditional union drives elsewhere in the world.

Local union officers reportedly distributed literature to raise worker consciousness, both helping local activists to mobilize fellow workers and meeting with the workers individually to convince them of the benefits of unionization.



Above: Workers producing Wal-Mart clothing at Chong Won Fashion on strike.

While this grass-roots organizing effort won't necessarily translate into democratic worker representation or collective bargaining at the workplace level, it could set an important precedent for workers in China and elsewhere.

Nothing changes at Wal-Mart

Workers producing clothes for Wal-Mart at the Korean-owned Chong Won Fashion garment factory in the Philippines are on strike protesting their employer's refusal to sit down and negotiate with their union.

On September 27, a combined force of municipal and free trade zone police and private security guards attacked the strikers who were peacefully picketing outside the factory gates as the police escorted scab replacement workers into the factory.

According to the Philippine Workers' Assistance Centre (WAC), 22 union members were injured in the attack. This was the second police assault on the picketers since workers walked off the job on September 25.

According to WAC, at least 66 workers have already been served termination notices. The free trade zone police are also reportedly blocking food supplies from reaching the striking workers in an apparent attempt to starve them out.

Although Wal-Mart carried out an audit of the factory on September 20, it failed to live up to its commitment to meet with WAC to hear its side of the story, as requested by MSN, or to put sufficient pressure on its supplier to cease all harassment, discrimination and abuse of union members.

No solution in sight for Hermosa workers

The Fair Labor Association (FLA) and the Independent Monitoring Group of El Salvador (GMIES) have released separate reports on the failure of the owners of the Hermosa garment factory in El Salvador to provide its laid-off workers their legal severance pay and other benefits owing, unpaid overtime, and health benefits.

Both reports confirm that the workers who lost their jobs when their employer closed the factory are being denied their lawful rights and benefits. The FLA investigated the case in response to a complaint filed by the German branch of the Clean Clothes Campaign (CCC), Christliche Initiative Romero (CIR).

However, the GMIES report goes further than the report from the FLA in stating that while the brand buyers have shown more interest in repairing the damage than has the government or the employer, "their good intentions are not enough."

CIR and other anti-sweatshop groups are continuing to pressure brands that have used the factory, including adidas, Nike, Russell Athletic, Reebok, Pentland, Puma, and Wal-Mart, to create a fund to compensate the workers for the monies owed, and to provide them alternative employment opportunities.

Both reports are available at:
www.fairlabor.org.

Workers struggle to raise Bangladesh wages

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committed BGMEA and BKMEA members to abide by legal requirements on overtime pay, maternity leave, freedom of association, and to drop charges against workers who participated in the protests and provide all workers appointment letters and identity cards.

More worker protests

On September 29, the unions issued a 72-hour ultimatum to the Bangladeshi government and factory owners to proclaim an acceptable minimum wage increase and implement the tripartite agreement or face more worker protests.

On September 30, violent clashes between police and garment workers broke out after hundreds of workers from the Syntax Sweater Factory blocked a highway to protest attacks by company-hired thugs against three of their coworkers who had been active in the campaign for a Tk.3000 minimum wage.

The protesters were later joined by hundreds of workers from a number of neighbouring factories in the area. Reports from the Bangladeshi media



Above and below:
Bangladeshi workers take to the streets.

indicate that two banks and a police station were attacked by the angry workers and that between 50 and 100 workers and police were injured in the clashes.

As the struggle around the minimum wage intensifies, unions and labour rights NGOs in Bangladesh are calling on their counterparts in other countries to declare their support for an immediate increase in their country's minimum wage to Tk.3,000.

To register your solidarity with the workers' campaign for a living wage, go to: www.maquilasolidarity.org

Resisting Gina closure

—continued from page 1—

that the buyers (brands and retailers using the factory) wanted them to shift production to China.

Workers fear that the company will close the factory temporarily to get rid of the union, then reopen it with new, non-union employees.

On September 6, the Minister of Labour ordered the company to stop moving its machinery or other company property until it is clear that the workers will receive all their legal rights and benefits.

Resisting the Closure

Gina workers are refusing to give up their jobs or their union without a fight. They are calling on their international supporters who helped them achieve their initial victory to once again mobilize public support and pressure on the brand buyers to ensure that the factory stays open.

Brands and retailers currently using the factory include Victoria's Secret, Calvin Klein and Charming Shoppes.

MSN has also received evidence that La Senza has continued to place orders with the Clover Group after cutting and running from the Gina factory in 2003, and that some of their products are being made in its Cambodia factory.

