

Maquila Solidarity update

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Was the Jerzees factory closed to get rid of the union?

When is a factory closure a response to a slowing economy, and when is it a deliberate effort to eliminate a trade union? And can a closure be both?

That's what labour rights groups are debating with Russell Athletic after the company closed their Jerzees de Honduras factory at the end of January.

Until recently, the 1,800 workers at the Jerzees factory, located in Choloma, Honduras, produced fleece clothing for Russell Athletic's North American market. Last year, workers at the factory established a union. In July, they began to negotiate with Russell for a first collective agreement.

In October, mere days after reaching an impasse in negotiations, Russell announced that the Jerzees factory would be closed – allegedly as a result of a decline in demand for fleece products.

Announcement of the closure prompted complaints to both the Worker Rights Consortium (WRC), due to Russell's ethical licensing agreements with North

union and the company due to previous freedom of association violations at two of

Russell's factories in the area, including the Jerzees facility. It began a full investigation of the union's allegations that the closure was a reaction to the presence and demands of the union.

The FLA, for its part, commissioned two investigations – one to look into the company's business records at its head office to determine the legitimacy of the "business case" for closure and one, by a US-based social auditing firm called ALGI, to investigate the freedom of association

complaints on the ground in Honduras.

After local interviewees reported questionable practices by ALGI investigators, including showing up to confidential worker interviews in



Evangelina Argueta of the Honduran General Workers Confederation (CGT) represents the Jerzees workers

Photo:MSN

American universities, and the Fair Labor Association (FLA), of which Russell Athletic is a member.

Four investigations, two conclusions

The WRC had already been in close contact with both the

● see 'Russell Athletic' p.8

Christmas closure of San Pedro factory another blow to Coahuila

Did Hanesbrands negotiate first hire agreement in bad faith?

HANESBRAND'S DECEMBER 2008 closure of its garment factory in San Pedro, Coahuila left over 1,600 workers without the means to provide for their families during the holiday season. Yet it isn't just the fact of the closure that has angered workers. It is also the manner in which it took place.

In September the US basics manufacturer had announced plans to close nine factories in five countries – the US, El Salvador, Costa Rica, Honduras and Mexico. Over 8,000 employees would be left without jobs as a result. The San Pedro factory was scheduled to be closed in July of 2009.

That surprise announcement had come barely a month after unemployed workers from the previously closed Hanesbrands Madero factory, also in Coahuila, had been offered first hire opportunities at the San Pedro factory.

Then in early December Hanesbrands announced that it was moving up the closure of the San Pedro factory to the end of December, catching workers by surprise and leaving them without any time to prepare for unemployment.

MSN spoke to Eva Padilla, Coordinator of the Laguna Worker Support Centre (CETRAMAC), a Coahuila worker rights group that has worked closely with workers at both the Madero and San Pedro both of Hanesbrands' plants in the state.

Eva recounted that negotiations with Hanesbrands during the Madero factory

closure were very difficult and that very little was achieved for workers beyond the legal minimum. Beyond legally mandated severance pay, one of the few achievements from these negotiations was that workers at the Madero Plant would receive first-hire opportunities at the San Pedro factory.

"Hanesbrands didn't live up to its promise of employment," says Eva.

Only 5% of Madero workers were hired at San Pedro, Eva explained. She says some of the workers refused job offers because they were for short-term contracts of only a month or two of

work. But, because of the December factory closure, even those workers who were hired on a full-time basis ended up working for only a couple of months.

"I think that they already had a plan to close [San Pedro] and the workers were left with the consequences," she adds.

With the help of groups like CETRAMAC and MSN, workers at San Pedro were at least able to achieve full severance pay, more than workers often receive in the state of Coahuila.

"This isn't going to remedy the situation though," says Eva. "We were asking for training courses that could help workers overcome the economic crisis, courses on the use of computers and sewing machines and on [entrepreneurial opportunities like] the making of local sweets."

Despite the closures and Hanesbrands' betrayal of their trust, Eva and others at CETRAMAC are pleased with the work they and the workers did in organizing to defend their rights. They were astonished by how their efforts that began with a mere 20 workers grew to involve over 300. ■



The *Maquila Solidarity Update* is published in English and Spanish by the Maquila Solidarity Network (MSN). MSN includes over 400 organizations and individuals across Canada. MSN is a labour and women's rights advocacy organization working to improve conditions in maquiladora factories and export processing zones worldwide. MSN acts as the secretariat for Canada's Ethical Trading Action Group (ETAG).

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15 years later, NAFTA side agreement continues to fail workers

Fifteen years after the North American Free Trade Agreement came into force on January 1, 1994, there is a growing chorus of voices from all three member-nations denouncing the agreement as a failure and demanding that it be changed.

AMONG THE MOST COMMON CRITICISMS of NAFTA are that it and its supplementary labour side agreement, the North American Agreement on Labour Cooperation (NAALC), has failed to protect worker rights. Recent meetings of the three governments in Puebla, Mexico demonstrate the systemic problems with the agreement.

The meetings, held in December, were the culmination of a NAALC complaint against labour practices in Puebla State launched five years earlier by the Worker Assistance Center (CAT) of Mexico, United Students Against Sweatshops (USAS) of the United States and the Maquila Solidarity Network (MSN).

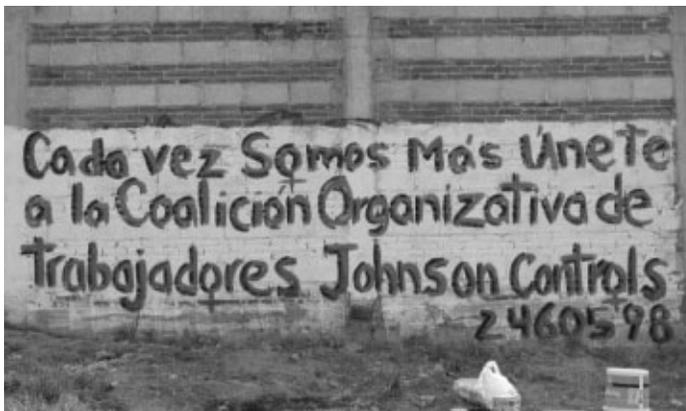
The 2003 Puebla complaint centered on worker rights violations in two garment factories, Matamoros Garment and Tarrant Ajalpan, at which workers tried to form independent unions. In both cases local conciliation and arbitration boards used arcane rules, questionable interpretations of the law and procedural delays to defeat the will of the workers and deny them their right to freedom of association.

The existence of so-called protection contracts – collective agreements with minimal protections signed by official unions without workers' knowledge or consent – at both factories, a common practice throughout Mexico, also presented a major obstacle to the workers' exercise of their rights.

These charges were not new. The failure of the Mexican government to protect workers' legal right to freely associate and

bargain collectively has been the subject of practically every complaint under the NAALC since the day it came into force.

2004 hearings held in both the US and Canada as part of the Puebla complaint found that there were continuing difficul-



Graffiti declares worker opposition to the official union at Johnson Controls

ties with the union registration process, the impartiality and independence of labour boards, workers' access to information about their collective agreements, and the protection of workers from dismissal for organizing a union. Reports from both governments recommended Ministerial Consultations to attempt to resolve the issues.

Yet four years later the three complainants in the case were conspicuously absent from the December 2008 consultations, choosing to boycott a "stakeholder" meeting convened by the three governments citing serious flaws in the NAALC process.

In a joint public statement the three groups explained that they could not participate in the so-called stakeholder consultation because "no independent Mexican trade union organizations, labour rights NGOs or credible independent experts on labour rights issues in Mexico were invited to speak at the seminar, and, with a few exceptions, independent Mexican voices were deliberately excluded..." (See the joint public statement: www.maquilasolidarity.org/issues/trade/nafta/naopuebla).

However, the fundamental problem with the NAALC is not how ministerial consultations or stakeholder meetings are organized. The real problem is that the labour side agreement complaint process lacks teeth and usually ends at the ministerial consultation stage with no binding or enforceable commitments to change offending government policies or practices.

The result is continual violations of the same labour rights, violations which are raised in repeated NAALC complaints to no avail.

MSN recently spoke to Blanca Velazquez and Ruben Ruiz of

the CAT, one of the three complainant organizations in the Puebla case, who criticized the latest NAALC meetings for not having produced any agreements to resolve the rights abuses.

The CAT is currently helping defend workers in another factory in Puebla owned by Milwaukee-based auto parts manufacturer Johnson Controls. The Johnson Controls case exhibits some of the same labour rights abuses which formed part of the Puebla complaint including the existence of a protection contract signed without worker consent. Local authorities and the official union

● see 'NAFTA' p.8

How will the economic crisis impact garment workers?

THE FINANCIAL CRISIS is already undermining consumer confidence, driving down sales in the retail sector in Canada and the US.

Apparel sales in North American stores are declining compared to previous years, with some brands like Gap and American Eagle Outfitters reporting double-digit declines in sales during the critical December holiday shopping season.

Even most discount chains like Wal-Mart, Target and Costco saw a drop in expected sales in December 2008.

All retailers report having to slash prices considerably in order to sell anything during the pre-holiday shopping season. And the latest US customs data (for November 2008) shows a sharp decline in apparel imports is just getting underway.

So what happens to lofty ethical statements and brand codes of conduct when the going gets tough? Predictions on whether brands will pay attention to ethical considerations in sourcing are mixed.

Downloading risk

The most likely response to this crisis by apparel brands and retailers will be to attempt to download risk and costs wherever possible. For

The global financial crisis is expected to have major impacts on North American and European workers and consumers, including massive job losses and reductions in spending power. But it will have even more serious consequences for workers in the global South.

suppliers in the North and South, this will mean increased pressure to lower the price of production in an already highly competitive industry.

Faced with declining sales and growing inventory, some buyers (brands and retailers) may attempt to re-negotiate or cut orders or payments on orders mid-way through the production process.

Buyers will likely favour those “full-package” suppliers that take the risk of buying materials and carrying inventory while suppliers will be reluctant to invest in full-package facilities since this will only add to the risks they face in this difficult economic environment.

Suppliers, who will be facing their own credit crunch as well as uncertainty over future

orders, will have few choices but to download their risks to workers, demanding a flexible workforce – more precarious employment – and intensifying pressure for reductions in wages, bonuses and other financial benefits.

With the increased threat of layoffs and factory closures, workers will find it even more difficult to organize and negotiate for improvements in wages and working conditions.

Yet it is also important to remember that not all companies are doing poorly in the current climate and many larger companies can well afford to provide decent wages and working condi-

tions. In mid-January, Yeu Yuen, one of the world’s largest sports shoe and apparel manufacturers, reported a 30% increase in full year profits (to Sept 30) and a 21% increase in product turnover in the first quarter of 2009.





Carbon footprint and cheap oil

At the global level, increased price competition and falling oil prices could undermine the competitive advantage of countries with geographic proximity to the US market, such as Central

America and Mexico, and further strengthen the position of lower-cost Asia countries.

And despite growing consumer concern about carbon footprint issues, falling oil prices will make transportation costs a less important consideration in the sourcing decisions of brands and retailers.

In the new economic climate, there is a danger that price could trump environmental concerns.

Is there a future for brand CSR programs?

Some analysts fear that improving working conditions will be considered a “luxury” item by brands and that corporate social responsibility (CSR) departments will be shed while the brand focuses entirely on reducing price and financial risk.

Others note that when a brand is already struggling to survive, it cannot afford another media exposé on sweatshop abuses of workers making its products, and therefore strong CSR programs are still necessary.

Still others suggest that any advances in CSR programs in the current economic climate must be based on models that reduce costs at the same time as promoting better working conditions, such as improving productivity

through better work organization, communication and human resource management.

Pushing for worker rights improvements

While CSR professionals are often creative in articulating a “business case” for fair labour practices, labour rights activists must continue to insist that workers’ rights are not a luxury and must be respected whether or not there is an economic incentive to do so.

Most importantly, we need to articulate that in times of economic crisis, the following issues are even more fundamental for workers:

Better wages. Making the case for improvements in the legislated minimum wage and prevailing industry wage will be difficult in the current climate for obvious reasons.

However the argument needs to be made that better wages in the hands of low-income workers are the surest and most productive form of economic stimulus.

Job security. Demands for the elimination of short-term contracting will be resisted – and yet will be even more critical, so that all workers have the full legal protections that are available to permanent workers.

Transitional assistance. As manufacturers go bankrupt

and factories close, it seems even more unlikely that adequate financial provisions for severance payments or other benefits will be made. This further illustrates the need for governments and brand buyers to take proactive measures to ensure that legal obligations are met and that companies and governments provide transitional assistance for displaced workers.

A strong workers’ voice. Pressure on unions in light of increasing factory closures will be more intense than ever – either to eliminate existing unions, prevent unions from forming, or to resist worker demands in collective bargaining. Yet, when the economic crisis disproportionately hurts the poor, unions are needed more than ever to speak up for workers’ needs and interests.

Solidarity. In the current environment, Northern consumers, unions and labour rights activists will be tempted to shift all their attention to domestic unemployment and other local concerns. But in a global economic crisis in globalized economy, the need for international solidarity has never been greater. ■



Maquila Monologues

Theatre group merges art and activism to raise awareness of maquila workers' rights

SHORTLY AFTER CHRISTMAS 2005 Mexico City-based actress Inti Barrios was informed that her brother, labour rights activist Martin Barrios, had been jailed in their home state of Puebla for his work on behalf of local garment workers.

Inti immediately rushed to Tehuacan, Puebla where she joined hundreds of maquila workers, as well as human rights, indigenous, and independent union organizations, in a campaign to free Martin. During the following weeks Inti spent a lot of time among the maquila workers who now stood behind her brother, listening to their stories.

"When Martin was finally released on January 12, 2006 I looked for a way to give thanks to the workers and labour organizations that had stood in solidarity with him," Inti tells MSN. To do so she

resurrected a fashion show she had put on back in 2002, which explored the stories of workers who manufacture blue jeans.

"I decided to restage the show and incorporate the stories I had heard while campaigning for Martin," says Inti. She then spoke to her brother and his colleague Rodrigo Santiago Hernandez, of the Human and Labour Rights Commission of the Tehuacan Valley, about using a book they had produced with MSN on labour rights in the jeans industry in Tehuacan as the factual



background for the play.

Inti says she spent months experimenting and exploring which scenes she wanted to use, a difficult task because workers and others in the field would often plead with her to include their experiences of maquila life in the Monologues.

Eventually nine monologues were chosen; each of them unique stories about difficult aspects of maquila life, which together give an overall account

of the plight of maquila workers from various perspectives.

In September 2006, the play was workshopped at a meeting of the *Espacio*, a network of Mexican women's and labour rights groups advocating for maquila workers' rights. The audience was familiar with the topic and didn't hesitate to give their opinions about the facts being interpreted in the play.

"They also enjoyed it as a play and helped me make changes to the arrangement of the scenes," says Inti.

The full play debuted in October of 2006 in *La Capilla* theatre in Mexico City, where it was well received with record ticket sales.

FROM THE OUTSET Inti's goal has been to take the play to the major maquila zones in the country. But although she was willing to put on the performance for free, and received invitations to bring the play to many of these places, a lack of funds limited the group's travel.

Their break came last year when the group – now called *Costureras de Sueños* (Dream Weavers) – received financial support from *Semillas*, a Mexican women's fund that supports local women's and labour rights groups.

With their support, and in coordination with Socorro Chablé of the Centre for the Promotion and Defense of Labour Human Rights (CEPRODEHL) and the group *Indignación*, Inti was able to take the Monologues on a tour to the Yucatán Peninsula where a large number of maquilas operate.

"During this tour we decided to do something which we had dreamed about before but never had the opportunity to do, which was to put on the play outside of an actual maquila," recounts Inti.

A few monologues were chosen and shortened and on November 25th – the International Day for the Elimination of

Violence against Women – the play was taken to an industrial park in Merida, Yucatan.

Soon after the actresses began the performance, several maquila managers emerged, telling Inti and the group to leave and threatening to call the police. Yet after some intense negotiations the managers agreed to let the play go on, if the group promised to leave after 30 minutes.

"So we put on the play for about 40 minutes, which coincided with a shift change and lunch break for some workers," says Inti.



Nine monologues were chosen; each of them unique stories about difficult aspects of maquila life.

"Workers that came out during their lunch break saw the play and it had an immediate effect, which I thought was very positive," she says. According to Inti there seemed to be instant empathy created between the workers and the actresses.

Some workers looked on very discretely for fear of what management might think but even they eventually let loose and started laughing or shouting in agreement with the scenes they saw. In all about a hundred people saw the play.

AFTER HAVING SEEN WHAT AN immediate and strong impact the play had on workers, Inti now hopes to do this type of "theatre of intervention" in other parts of the country. She says she would like to take the play to the maquilas in Guadalajara and to maquila communities along the border, but concedes that this year the group will have to raise new funds for this to be possible since their initial funding ran out in 2008.

Plans are also afoot for Inti and another *Costureras de Sueños* member

to present two of the monologues in Managua, Nicaragua on March 8, International Women's Day, at the annual Colloquium of the Movement of Working and Unemployed Women, Maria Elena Cuadra (MEC).

In the future, Inti would love to develop a global version of the play that

includes workers' stories from Central America, India, and maybe China, given that the themes are so universally applicable.

Though funding will be an issue, Inti is optimistic. She believes that the play now has a life of its own. "This year we are even invited to a festival in Puebla," she says, "the city where my brother was jailed, where we once had to sneak into the *Zocalo* (central square) to perform." ■

PHOTOS

Above left: Inti Barrios

Left: Actress Beatriz Alamo

Above: Actresses Beatriz, Abigail, Inti and Eréndira performing the Maquila Monologues

Russell Athletic closes Jerzees factory

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the factory manager's car, with the manager in tow, the local union, MSN and other labour rights organizations complained to the FLA about the manner in which ALGI conducted interviews and dealt with workers' testimonies.

In response to the complaint, the FLA launched yet another investigation to determine whether the ALGI investigation was properly conducted and to ensure that worker voices were adequately represented.

Did they or didn't they?

All three FLA investigative reports were released on January 28, two days before the factory gates were shut for good. So, in the end, was the closure the result of an economic downturn or an effort to destroy a nascent union?

Doug Cahn, the consultant hired by the FLA to look into the economic rationale, concludes that "the company is justified on the basis of the financial business case to close the Jerzees de Honduras facility based on significant, short-term cost savings."

ALGI's report goes further, saying "the closure of JDH was for economic reasons and not related to workers' associational activities."

However, Adrian Goldin, the former ILO expert contracted by the FLA to look into ALGI's methodology and conduct his own interviews with workers and management, found that "with respect to the case investigated, the closure of the factory has been deter-

mined, at least to a significant extent, by the existence and activity of the union."

Goldin also found that "the investigation report prepared by ALGI has deficiencies and methodological wants. Thus, its conclusions lack rigor, are not based on adequately-gathered evidence and lack aptness to convince."

The Goldin report documents numerous instances in which management attributed the closure to the existence and

activities of the union, instructed workers to collect signatures on anti-union petitions, and took no action when the union members and leaders were blamed for the closure and targeted with threats of physical injury and death.

This concurs with the original report by the WRC, released back in November 2008, which states that regardless of the economic rationale, a pattern of dozens of statements from supervisors and managers suggests that anti-union animus was a motivating factor in the closure.

The bottom line? It's not an either/or situation. While sluggish sales surely are an issue for the company, the balance of evidence suggests that anti-union animus was a significant factor in the company's decision to close the Jerzees factory.

As the WRC points out, closure of a recently-unionized factory will have "a severe chilling effect on the ability of

workers throughout Russell's supply chain, and the university-licensed apparel sector in this region in general, to exercise their associational rights."

What's next?

Facing growing criticism for failing to give sufficient weight to the findings and recommendations of the Goldin report, on February 12 the FLA Board of Directors issued a res-

olution calling on Russell to take nine additional remedial

actions and to meet directly with member universities, the WRC, the CGT and others to determine what additional corrective action is needed.

Meanwhile, according to

local union leader Evangelina Arugeta, union members at the Jerzees factory are now being blacklisted and denied job interviews at others factories in the area, including at factories owned by Fruit of the Loom, which also owns Russell Athletic.

"The company has the names of the union founders, the board members and the negotiating commission, and these are precisely the workers who are now being blacklisted," says Argueta.

Which begs the question of what corrective action Russell Athletic will be required to take to address its role in crushing another maquila union.

The ball is now in the courts of the FLA, the WRC, and the universities that buy Russell products. ■



Read more about the Jerzees de Honduras factory and MSN's effort to address the closure. at www.maquilasolidarity.org

'NAFTA has failed workers'

● continued from page 3

have prevented workers from even seeing the contract, while the company has fired those who inquire about it.

"In the Johnson Controls case I think we will once again go through the same flawed process that happened with this past case," explained Ruiz. "Why, because with NAALC all you get is ministerial consultations that don't have the power to economically sanction governments nor force them to resolve the problems," he said.

When asked if it was even worth pursuing another NAALC complaint in the Johnson Controls case, Ruiz said it was worth pursuing because every case that is brought under the NAALC shows its failure and helps press for a renegotiation of the agreement.

"Although we know that this complaint will follow the same failed path as previous ones it is still important to at least put the plight of the workers and the proof of labour rights abuses on the public record," added Velazquez. "We want to leave behind testimony that NAFTA has failed workers," she said. ■