

maquila network update

Dec. 1998 Vol. 3 No.4

Coming apart at the seams

Agreement divides US Apparel Industry Partnership

A "preliminary agreement" reached in informal discussions between some NGO members of the US Apparel Industry Partnership (AIP) and major US apparel companies is dividing the anti-sweatshops movement in that country. The accord and the divisions it has caused could have important implications for the campaign in Canada for a federal task force on sweatshop abuses.



MSN picks on Nike again... page 2

On November 2, US NGOs and apparel companies released a draft charter for the creation of a Fair Labor Association which would accredit external monitors to certify apparel companies' and their overseas contractors' compliance with a Workplace Code of Conduct.







Signatories to the accord include the International Labor Rights Fund, the Lawyers Committee for Human Rights, the National Consumers League, the Robert F. Kennedy Memorial Centre for Human Rights, Business for Social Responsibility, Nike, Reebok, Liz Claiborne, Phillips-Van Heusen and other companies.

On November 4, the two labour participants in the AIP, the Union of Needletrades, Industrial and Textile

Employees (UNITE) and the Retail, Wholesale and Department Store Union (RWDSU), together with the AFL-CIO released a joint statement declaring that signing on to the agreement was "not possible at this time." The unions were joined in their opposition to the agreement by the Interfaith Centre on Corporate Responsibility (ICCR).

Negotiations between AIP members had been stalled for

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Nike responds with wage increase

but new study shows workers still can't meet basic needs



Nike's first exclusive store in Toronto was picketed on October 17 as the Maquila Solidarity Network brought its campaign for worker rights to Nike's new doorstep. Along with a Jean Chretien-masked MC, a Suharto character, a cardboard Phil Knight, and a clown (left), demonstrators used street theatre, petitions, chalk drawings and balloons to get the message about Nike sweatshops out to Nike customers.

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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 Labour Behind the Label Coalition and is active in Stop Sweatshops campaigning

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The anti-sweatshop protesters were calling on Nike to pay a living wage to its overseas contract workers, citing studies which show that despite recent increases in base wages, Nike's production workers are still unable to meet their basic needs.

Nike appears to have anticipated the October 17 day of action, which also included demonstrations in a number of U.S. cities. On October 15, Nike announced a 25% wage increase for its minimum wage factory workers in Indonesia. But the new monthly base wage rate is still significantly less than what a single worker needs to survive, according to a recent breadbasket study released by Global Exchange. The study calculates a subsistence wage for a single woman worker at 350,000 rupiah per month (equivalent to \$68.46 Canadian*). Nike's increase brings the base wage

to a total of only 250,000 rupiah (\$48.90 Cdn).

A subsistence wage as defined in the study, covers the cost of fulfilling the minimum physical needs of a single worker, including food, cooking fuel, housing, clothing, toiletries and transportation. With their purchasing power cut back due to the Asian financial crisis, Indonesian workers are having to subsist on less filling and less nutritious food. They've had to forego trips home to their families, new clothes or shoes, and recreation. In some instances they've had to withdraw brothers and sisters from school because their families can no longer afford school fees.

In contrast, last year Nike CEO Phil Knight received 5,273 times the annual pay of the average worker in a Nike shoe factory. By diverting less than 3% of its annual

advertising budget, Nike could afford to pay all of its Indonesian workers a living wage.

The fact that Nike felt the need to raise wages two days before impending demonstrations indicates that pressure on the company is working. "Consumers have made it untenable for Nike to continue to pay starvation wages to workers who make over-priced shoes," says Medea Benjamin of Global Exchange. "Nike has taken the first step, and we will pressure other companies in Indonesia to follow suit. But we will also continue to push Nike to make further increases until it reaches a living wage."

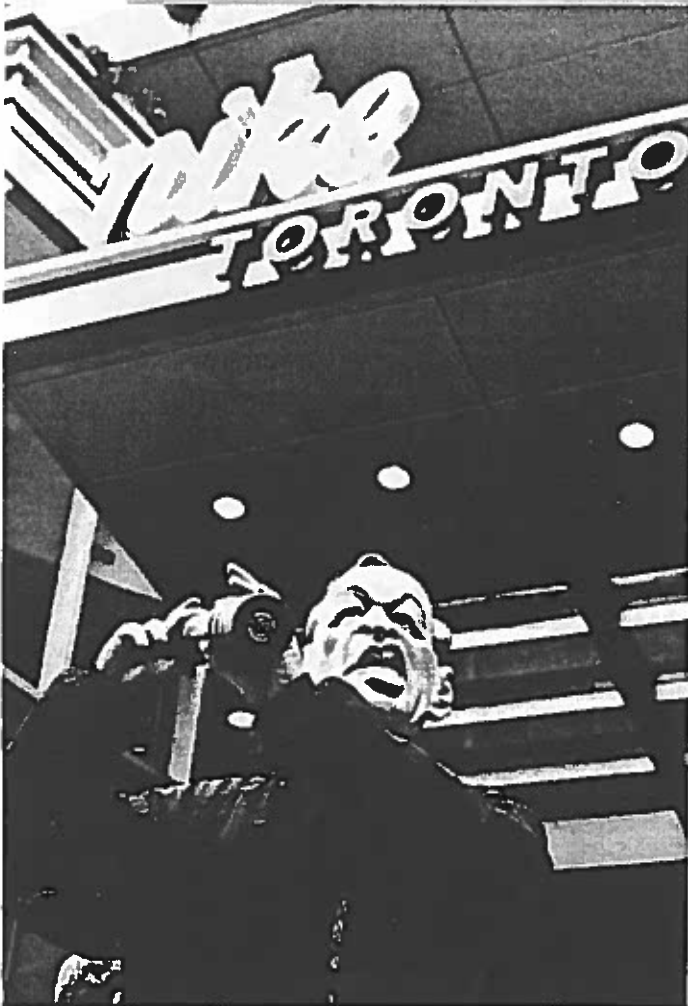
* Canadian dollar amounts are based on the exchange rate on November 4, 1998 (5112.47 Indonesian Rupiah = 1 Canadian dollar)

"But it's cheaper to live there..."

You've probably heard that response whenever you tell people Nike isn't paying its production workers a living wage. The cost of basic items is different in Indonesia, but as the following table from a September 1998 breadbasket study released by Global Exchange shows, Nike's wages aren't even sufficient to meet basic needs in Indonesia.

If you were an Indonesian worker making only 250,000 rupiah per month, which items would you do without? And how long could you do without them?

Source: "Wages and Living Expenses for Nike Workers in Indonesia", September 1998, Global Exchange. The full report is available at <http://www.globalexchange.org>



Above: Jean Chretien spices up a protest at Nike's new Toronto store

Minimum Physical Needs for Single Male Worker per Month

Monthly rates for female workers are slightly higher due to different needs

| Need | Need per month | Price/unit | Total (Rp.) |
|--|---------------------------|------------|-------------|
| I. FOOD | | | |
| 1. Rice | 12.6 kg | 2,600 | 32,760 |
| 2. Beef | 0.75 kg | 25,000 | 18,750 |
| 3. Fish | 0.9 kg | 7,000 | 6,300 |
| 4. Dried anchovies | 1 kg | 18,000 | 18,000 |
| 5. Vegetables | 6 kg | 1,000 | 6,000 |
| 6. Fruit (bananas) | 1 hand | 4,000 | 4,000 |
| 7. Sweet potatoes | 10.8 kg | 1,800 | 19,440 |
| 8. Chile peppers | 0.3 kg | 12,000 | 3,600 |
| 9. Shallots | 0.8 kg | 9,000 | 7,200 |
| 10. Candle nuts | 0.6 kg | 6,000 | 3,600 |
| 11. Coconut meat | 1.5 kg | 6,000 | 9,000 |
| 12. Sugar | 1.5 kg | 4,000 | 6,000 |
| 13. Salt | 0.5 kg | 1,000 | 500 |
| 14. Tea | 1 packet | 4,000 | 4,000 |
| 15. Coffee | 0.3 kg | 22,000 | 6,600 |
| 16. Soybeans | 3 kg | 5,500 | 16,500 |
| | | | 162,250 |
| II. FUEL | | | |
| 1. Kerosene | 10 litres | 500 | 5,000 |
| 2. Coconut oil | 0.8 kg | 6,000 | 4,800 |
| | | | 9,800 |
| III. HOUSING/KITCHEN EQUIPMENT | | | |
| 1. rent (5 meters x 2 meters, including electricity and water) | 1 month | | 75,000 |
| 2. Bed | 1/36 th of one | 300,000 | 8,333 |
| 3. Bamboo mat | 2/12 pieces | 25,000 | 4,166 |
| 4. Pillow | 1/24 th of one | 4,000 | 166 |
| 5. Dish | 2/12 piece | 3,750 | 625 |
| 6. Drinking glass | 2/12 piece | 1,166 | 194 |
| 7. Aluminum kettle | 1/24 th piece | 60,000 | 2,500 |
| 8. Alum. Ricepot | 1/24 piece | 15,000 | 625 |
| 9. Alum. Wok | 1/24 piece | 7,500 | 312 |
| 10. Aluminum pot | 1/24 piece | 12,500 | 520 |
| 11. Spoon and fork | 2/12 pair | 2,000 | 333 |
| | | | 92,774 |
| IV. CLOTHING | | | |
| 1. Trousers | 1/12 piece | 25,000 | 4,166 |
| 2. Short-sleeved shirt | 2/12 piece | 25,000 | 4,166 |
| 3. T-shirt | 2/12 piece | 20,000 | 3,333 |
| 4. Sarong | 1/12 piece | 20,000 | 1,666 |
| 5. Underpants | 2/12 piece | 3,000 | 500 |
| 6. Towel | 1/12 piece | 15,000 | 1,250 |
| 7. Cap | 1/12 piece | 15,000 | 1,250 |
| 8. Shoes | 1/12 pair | 40,000 | 3,333 |
| 9. Sandals | 2/12 pair | 2,500 | 416 |
| 10. Laundry detergent | 4 packets | 500 | 2,000 |
| 11. Bath soap | 1.5 bars | 1,500 | 2,250 |
| | | | 24,330 |
| V. Miscellaneous (15% of the totals of I+II+III+IV) | | | |
| 1. Transportation | | | 43,373 |
| 2. Recreation | | | |
| 3. Medicines | | | |
| 4. Education/reading material | | | |
| 5. Haircut, toothbrush, toothpaste, etc. | | | |
| | | | 43,373 |
| | | | 332,527 |

What is a Living Wage?

Something new is afoot in the garment and sportshoe industries. In the past few months, sportswear giants Nike and Reebok have started competing over which company is treating its workers better.

On May 12, 1998, Nike announced plans to adopt US Occupational Safety and Health Administration (OSHA) air quality standards in all its overseas sportshoe factories, and to include NGOs in monitoring of factory conditions.

On October 8, Reebok announced it was using health and safety standards that, in many cases, were "stricter than OSHA standards." It also claimed that "the cumulative total of minimum wage increases in 1998 are greater in factories producing for Reebok than for any other athletic footwear manufacturer in Indonesia."

On October 15, Nike promised to raise base salaries for its Indonesian workers by 25%.

Wage Resistance

Despite these concessions to their critics, both Nike and Reebok have drawn the line at the demand that the sportswear giants pay their production workers a "living wage." In fact, their proudly announced wage "increases" don't even begin to make up for the drastic reduction in real wages suffered by their Indonesian contract workers as a result of the Asian financial crisis.

As Rev. David Schilling of the US Interfaith Center on Corporate Responsibility (ICCR) points out, "A factory may be clean, well organized and monitored, but unless the workers are paid a sustainable living wage, it is still a sweatshop."

Poverty wages are the fundamental issue underlying other sweatshop abuses. Even if companies improve health and safety practices and eliminate forced overtime, underpaid workers are still compelled to work excessively long and unhealthy hours just to provide the basic necessities for themselves and their families.

Significantly, the "living wage" was one of the main stumbling blocks delaying agreement in the US Apparel Industry Partnership (AIP) negotiations for a multi-company code of conduct, global monitoring and certification system.

The November 2 AIP accord, which commits companies to paying the minimum wage or prevailing industry wage, but not a living wage, has seriously divided labour, religious and NGO participants in the AIP.



An issue that has not been sufficiently explored by Northern anti-sweatshop campaigners is who should have the right to determine what is a living wage for Southern workers.



What Is a Living Wage?

Despite the resistance of North American apparel companies to the concept of a living wage, some European codes of conduct do contain provisions for a living wage.

In 1996, the International Federation of Football Associations (FIFA) agreed to a code of conduct for the production of soccer balls and other FIFA-licensed products, which includes a living wage clause.

In the Netherlands, apparel industry associations, unions and NGOs have received agreement on language in a Fair Trade Charter for Garments guaranteeing a living wage.

A model code of conduct developed by the International Confederation of Free Trade Unions (ICFTU) uses the following language on a living wage:

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

How can you calculate a living wage?

Although the calculation of a living wage in any given country is generally based on a market basket survey of the cost of goods and services necessary to meet the basic needs of a worker and his/her immediate family, there is disagreement as to what should be included in the basket and who should do the calculations.

Participants in a July 1998 Living Wage Summit in Berkeley, California defined a living wage as being "the net wage earned during a country's legal maximum work week, but not more than 48 hours, that provides for the needs of an average family unit (nutrition, clothing, health care, education, potable water, childcare, transportation, housing and energy) plus savings (10% of income)."

However, labour leaders such as Neil Kearney, General Secretary of the International Textile, Garment and Leather Workers Federation (ITGLWF), believe that less emphasis should be put on developing a universal formula for calculating a living wage and more on consulting with workers about what they think they need to provide for themselves and their families.

Kearney notes that when the ILGLWF did a detailed market basket survey in Lesotho to determine the wage increase needed for local garment workers to receive a living wage, the figure they came up with was only a fraction of a percentage different from what the local union was already demanding in contract negotiations.

Who Determines a Living Wage?

An issue that has not been sufficiently explored by Northern anti-sweatshop campaigners is who should have the right to determine what is a living wage for Southern workers. How we answer that question will have a significant impact on the right of Southern workers to bargain collectively.

If Northern "experts" involved in global monitoring and certification systems are given the power to determine what is a living wage, apparel companies will undoubtedly treat that figure as the maximum rather than the minimum wage, the ceiling rather than the floor. More importantly, why should Southern contractors bother to negotiate with their employees about wage increases if a Northern social auditing firm has already determined what is an appropriate wage?

While the call for companies to pay a living wage, by local standards, is an important and legitimate demand, ultimately it is the workers themselves who will determine what is a living wage. To do so, however, they need the right to organize and bargain collectively, without employer or government interference.

news & notes

Han Young Factory Moves to Break Union

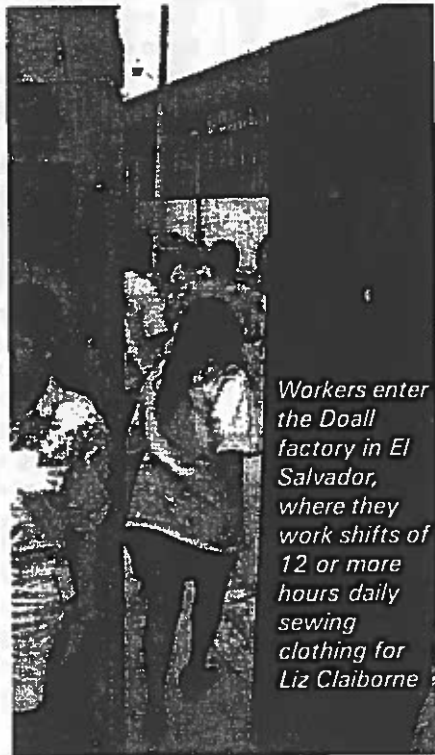
To confound organizing and solidarity further, management at the Han Young factory in Tijuana, Mexico made a midnight move of its equipment in late September. Han Young, which welds chassis for tractor trailers, is one of five factories in Tijuana producing exclusively for Hyundai. Workers who won the right to independent union affiliation in early 1998 have been on strike since May 12. For the last few months, the factory has been operating with replacement workers.

Bangladesh Garment Workers Fired at GAP Contract Factory

The National Garments Workers Federation in Bangladesh (NGWF) is denouncing working conditions at M. Hossain Garments in Bangladesh which produces for the GAP. The factory employs nearly 1000 workers, over 80 per cent of whom are women. According to the NGWF, the company is not paying the legal minimum wage. In September 42 workers were fired for union activity. The NGWF is requesting protest letters be sent to the GAP asking them to ensure that the principles outlined in their code of conduct are respected. Write:

W. Hashagen,
Vice President, the Gap,
1 Harrison Street,
San Francisco, CA 94105.

See the Urgent Action page on the MSN web-site for details.



Workers enter the Doall factory in El Salvador, where they work shifts of 12 or more hours daily sewing clothing for Liz Claiborne

PHOTO BY CHARLES KERNAGHAN

Liz Claiborne denounced

The US National Labor Committee (NLC) has denounced Liz Claiborne for sweatshop conditions by one of its contractors in El Salvador. Korean-owned Doall Enterprises operates three maquila factories, employing over 2,500 mostly women workers and has been producing for Liz Claiborne since 1992. Doall pays workers \$.84 to sew upscale suits selling for \$US194. The NLC charges "systematic and widespread violations of basic human and workers rights, including 85-92 hour work weeks, forced overtime, below subsistence wages, forced pregnancy tests and illegal firings for attempting to organize. Liz Claiborne co-chairs the White House Apparel Industry Task Force.

Levis Restructures Production from North to South

In September, Levi Strauss, the largest brand-name clothing manufacturer in the world, announced plans to close three factories in Belgium and one in France. US production of Levis jeans is also being cut back. More than 4,000 workers are being asked to stay home in December and January in Texas, Georgia, Tennessee and North Carolina. Plants are expected to reopen in February. Levis has been losing its share of the jean market to newer fashion brands such as The Gap and Tommy Hilfiger. The International Textile, Garment and Leather Workers' Federation (ITGLWF) have denounced Levis actions as anti-union, accusing Levis of closing down its European plants in order to sub-contract to cheaper countries. The ITGLWF have asked for a consultative discussion with Levis on all restructuring plans. In the US on November 5, activists staged hunger strikes in various cities to protest Levis' treatment of workers.

Bennetton Charged with Using Child Labour in Turkey

Benetton is using child labour in Turkey for the production of its garments, says a report published October 13 by a leading Italian journalist. Previously Netherlands' Clean Clothes



Campaign (CCC) researchers had documented violations of workers' rights, including forced overtime and sexual harassment, in plants that produce for Benetton in Romania and Madagascar. The CCC is calling on Benetton to improve working conditions and to assist children displaced from employment. They want Benetton to sign a code of conduct containing internationally-recognized labour standards and to accept independent monitoring of its entire production process.



Mexican organizers meet: Reyna Montero from Casa de la Mujer/Factor X [Women's Place] facilitating an afternoon discussion at a meeting of Mexican border groups involved in Maquila organizing which took place October 1-3 in Tijuana.

A First: A Street Kids Union in Mexico

A group of working street children in Guadalajara, Mexico have organized to protect their business interests. Kids who wash windshields on the city's streets have formed a union called Dignified Work, which they plan to finance with dues. The 50 children who form the union say they will not drink or take drugs while working. They will wear uniforms and carry a union membership card. *LatinAmerica Press*, September 17/98.

Students Against Sweatshops movement growing in Canada

Following the success of Students Against Sweatshops groups at Duke and other universities in the US, students in Canada are challenging their universities to adopt procurement policies requiring that all clothing licensed to bear the university name or logo or purchased in bulk meet the labour standards contained in a code of conduct.

Students Against Sweatshops - Canada (SAS-C) actions have begun or are being planned at Brock, Concordia, George Brown, McMaster, University of Guelph, University of Toronto and York. The *Guide to a Sweat-Free Campus Campaign* is now available for student activists interested in initiating campaigns on their campuses. You can order the 79 page *Guide* for \$10 (includes postage) from the Maquila Solidarity Network.

Made in Eastern Europe, Clean Clothes Campaign, 1998. 41 pps. Profiles of clothing production in Poland, Romania, and Bulgaria. ccc@xs4all.nl.

Company Codes of Conduct: What Are They? Can We Use Them? An Education Pack for Worker Activists, Women Working Worldwide, 1998. 61 pps. womenww@mcr1.poptel.org.uk.

"Special Issue on Consumer Campaigns and Homework," HomeNet, the Newsletter of the International Network for Home-based Workers, No. 10, Autumn 1998. Homenet@gn.apc.org.

We in the Zone, Women Workers in Asia's Export Processing Zones, Asia Monitor Resource Centre, 1998. 266 pps. amrc@hk.super.net.

"The Right to a Safe Workplace" is the theme of the Asian Labour Update, August 1998. amrc@hk.super.net.

Sweatshop Quandry, Corporate Responsibility on the Global Frontier, Investor Responsibility Research Centre, 1999. 594 pps. IRRIC, 1350 Connecticut Ave. NW, Washington DC 20036. 202-833-0700. \$US50.

Beyond McWorld, Challenging Corporate Rule, Council of Canadians and the Polaris Institute, 1998. 35 minute video highlights youth leadership in anti-corporate struggles. Just.In.Time. Productions. 416-516-2472.

Policy Options to Improve Standards for Women Garment Workers in Canada and Internationally by the Maquila Solidarity Network, 1998. 150 pps. Forthcoming from Status of Women Canada. Contact MSN.

Agreement divides Apparel Industry Partnership

—continued from pg 1—

months because of major disagreements on issues such as a living wage [See centre spread], protections for the right to organize in countries like China and Indonesia, and provisions for independent monitoring.

While the signatories to the accord call it "an important step forward in the effort to address violations of labor rights in the apparel and footwear industries worldwide," UNITE charges that the agreement is fatally flawed because, "It takes no meaningful step toward a living wage; it does not effectively address the problem of protecting the right to organize in countries where that right is systematically denied; it allows companies to pick the factories that will be inspected by monitors chosen and paid by the company and excludes up to 95% of a company's production facilities from inspection; and it creates multiple barriers to public access to information."

The implications of the accord and the split in the US anti-sweatshops movement for Canadian groups demanding a federal task force on sweatshop abuses are not yet clear. Nor is it clear whether the accord can survive without major modifications in the face of such strong opposition from major US labour and religious organizations.

The most optimistic reading of the fall-out in Canada from the AIP accord is that Canadian apparel retailers and manufacturers will feel compelled to participate in a federal task force to gain an agreement that will allow them to compete in the future with US products bearing a "sweat free" label. A more pessimistic view is that the federal

government may be more reluctant to convene a task force if it anticipates a divisive outcome.

For those of us who have been promoting a Canadian task force on sweatshop abuses, the US accord and the divisions it has provoked underline the importance of gaining consensus among labour, NGO and religious organizations before entering into any negotiations with apparel companies.

The weaknesses in the AIP accord also force us to demand negotiation of a "Made in Canada" agreement which improves on the US AIP accord by ensuring public access to information on where our clothes are made and under what conditions, real independent monitoring, and a commitment from apparel companies to cooperate with enforcement of labour legislation, as well as honouring the terms of an industry-wide code of conduct.

For a Canadian task force to be successful, Canadian apparel companies must be convinced that it will be in their interest to be able to advertise their products as made under more humane conditions than apparel sold by their US competitors.

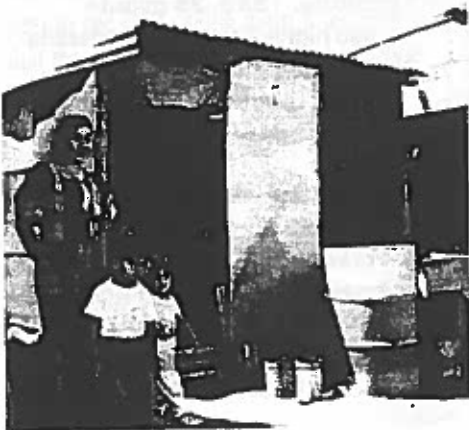
Competition about whose labour practices are superior is competition we can support.

Government Stalls on Task Force

Canadian labour, religious and human rights groups are still waiting for a response to their call for a task force on sweatshop abuses in the garment and footwear industry. In June representatives of the Labour Behind the Label Coalition presented Foreign Affairs Minister Axworthy with petitions signed by over 30,000 Canadian and endorsements from over 200 organizations. The proposal for a task force is supported by four Canadian retailers -- Dylex, Mark's Work Wearhouse, Sears Canada and the Hudson's Bay.

Don't let the government back down. Fax a holiday message to Minister Axworthy: (613) 996-3443. Urge his government to convene a task force early in the new year.

Hurricane Mitch Hits Poor the Hardest



As the holiday season approaches, our thoughts are with maquila workers and other hurricane victims in Central America. Natural disasters always hit the poor the hardest — those unable to afford adequate housing, those without savings to rebuild after the disaster.

This holiday season, please consider giving a helping hand to the poor majority of Central America by contributing to the efforts of overseas development agencies, such as OXFAM, Inter Pares, Development and Peace, and Horizons of Friendship.

In the new year, as Central Americans rebuild, join us in supporting the efforts of maquila workers to win employment with dignity. Workers paid a decent wage can afford adequate housing. They can afford to put a little money aside for the future.

Left: Housing for Guatemalan maquila workers (photo by Hannah Frisch)