

# Maquila Solidarity update

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## Will Wal-Mart abandon the Chong Won workers?

Eight months after receiving reports from the Philippine Workers' Assistance Center (WAC) of police assaults on striking workers and the unjust firings of two union leaders and 117 union members at its Chong Won supplier factory in the Philippines, Wal-Mart has still not taken sufficient action to rectify the situation, and could end up abandoning the Chong Won workers.

In addition to carrying out its own investigation of worker rights violations at its Chong Won Fashion supplier factory, Wal-Mart has since received reports from two other investigations verifying that the workers' rights have indeed been violated. The first report, based on an independent investigation by the Worker Rights Consortium (WRC), was submitted to Wal-Mart in December 2006.

That report documented serious worker rights abuses, including a pattern of employer interference with the workers' right to organize and bargain collectively, such as massive firings of union



supporters and the setting up of an employer-controlled organization as a substitute for the union; the hiring of hundreds of workers on short-term contracts and apprenticeship schemes to weaken the union and avoid

paying legal minimum wages and benefits; forced and excessive overtime; and collusion by factory management with police violence against workers.

● see 'Wal Mart' p.8

**Above right:**  
Chong Won strikers face an uncertain future.  
Photo: Marie Botie and Malcolm Guy

# New recommendations on corporate responsibility

A series of Canadian government-sponsored roundtables on corporate social responsibility (CSR) in the extractive industries sector (e.g. mining, oil and gas) has resulted in a set of recommendations that could raise the bar on Canadian government oversight of corporate actions.

The consensus recommendations, outlined in a report from an Advisory Group made up of industry, trade union and civil society representatives, include measures to increase industry transparency and tie government assistance to performance on human rights standards.

In many cases, the recommendations could be applicable to other sectors including the apparel and textile industries, and thereby form a useful guide to establishing a stronger regulatory regime in Canada to limit sweatshop labour abuses in apparel supply chains.

For example, the group recommends adoption of a set of standards for overseas operations based on World Bank social and environmental standards, mandatory annual public reporting on CSR based on the Global Reporting Initiative guidelines (see box), and investor disclo-

sure requirements for mutual and pension funds.

The Group proposes that company adherence to social and environmental standards be enhanced by appointing an

independent ombudsman to investigate complaints of violations. The ombudsman's findings would be reviewed by a tripartite Compliance Review Committee that would make public recommendations on steps to be taken by companies it deemed in violation of international stan-

dards. If no action were taken, the Committee could recommend withdrawal of government funding or services to the company in question.

The Canadian Network for Corporate Accountability (CNCA) organized civil society participation in the government roundtables last year. In response to the Advisory Group's report, the CNCA recommended that the CSR framework set out in the report be implemented immediately – preferably through binding legislation – and that the government go

beyond the steps outlined in the consensus document in a few areas.

“What’s useful about the recommendations is that the labour standards that Canadian mining firms are being asked to meet are firmly centred on the International Labour

Organization’s core labour standards,” said Ian Thomson, Program Coordinator for Corporate Social Responsibility of KAIROS: Canadian Ecumenical

Justice Initiatives. Thomson also pointed to the idea of an ombudsman and review committee as a model that might work in other sectors, provided they have well-defined powers and mandates enshrined in Canadian law.

“However,” he said, “some of the recommendations may be more difficult to implement in the apparel sector since the ownership structure of mining companies is more direct than apparel companies that rely on a chain of subcontractors.”

In recent years, regular human rights and environmental complaints about Canadian mining companies have brought corporate responsibility to the forefront. The Canadian roundtable process was initiated in response to a set of strong recommendations from the Parliamentary Standing Committee on Foreign Affairs and International Trade, which called for the regulation of Canadian mining companies operating abroad. ■

The Ethical Trading Action Group made a submission to the roundtables which is available at [www.maquilasolidarity.org](http://www.maquilasolidarity.org)

## About the Global Reporting Initiative

The Global Reporting Initiative (GRI) produces guidelines for corporate reporting including reporting on environmental, labour and human rights performance. The guidelines are produced through multi-stakeholder dialogue and are regularly updated. The goal of the GRI is to set common standards for transparent corporate reporting on sustainability issues so that results can be better compared between organizations. The GRI is developing a supplemental set of standards that are applicable to apparel and footwear companies.

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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## About the MFA Forum

The Multi-Fibre Arrangement (MFA) was a global trade agreement that allowed countries to negotiate quotas that limited imports of textile products. Though far from perfect, import quotas offered limited protection to garment workers in countries with higher wages and labour standards. When the agreement expired on January 1, 2005, new strategies were desperately needed to challenge the race to the bottom.

The MFA Forum was created to help fill that gap. Launched in March 2004, nine months before the death of the MFA, the MFA Forum is attempting to make respect for workers' rights a competitive advantage in the new free trade environment.

The MFA Forum's program is based on the Collaborative Framework, a set of principles for responsible actions by buyers, manufacturers, governments, trade unions and NGOs in the post-quota period. The Framework calls on all parties to reduce the potential negative impacts on workers and communities by sourcing production in countries and facilities that respect worker rights and by taking measures to improve the competitiveness of national industries in countries that stand to lose foreign investment and jobs as a result of shifting sourcing patterns.

# MFA Forum challenges the race to the bottom

On April 16-18, representatives of major international clothing brands, apparel manufacturers, governments from developing countries, trade unions, non-governmental organizations, and the International Labour Organization (ILO) came together in Toronto for the third international meeting of the MFA Forum.

MSN is one of the MFA Forum's founding organizations and acted as the local host.

This year's MFA Forum meetings drew a high-level delegation from the Kingdom of Lesotho. The Government of the small land-locked country is working with the MFA Forum to develop and promote its international garment industry as both globally competitive and respectful of workers' rights.

"Lesotho is taking the high road to competitiveness by making a serious effort to achieve and maintain compliance with international labour

standards," says Neil Kearney, General Secretary of the International Textile, Garment and Leather Workers' Federation (ITGLWF).

Also on hand were representatives of an MFA Forum-initiated project in Bangladesh to discuss ways of improving labour standards compli-

ance in that country. The Bangladesh project has brought together buyers, suppliers, trade unions, NGOs and government to discuss how to improve factory monitoring, buyer purchasing practices, wages, and factory efficiency.



**Top:** Popane Lebesa, Lesotho's Minister of Trade & Industry, with Lakshmi Bhatia, Manager, Global Partnerships for Gap Inc.

**Above:** Shirin Akhter, president of the Bangladeshi women workers' organization Karmojibi Nari.

In a country that has experienced a significant number of worker injuries and deaths due to unsafe factories, as well as a worker uprising that paralyzed the industry one year ago during a dispute about the minimum wage, the fact that the parties are able to engage in multi-stakeholder dialogue is a hopeful sign.

"Bangladesh has been an interesting case because it's actually seen a growth of trade post-MFA expiry," said Lakshmi Bhatia, Manager of Global Partnerships for Gap Inc. She notes, however, that a big part of that growth is due to the safeguards that were re-imposed on China by the US and EU. "It therefore becomes even more critical that between now and 2008 [when US safeguards on China expire] there is quick and comprehensive work done to help address some of the issues that were identified as challenges to the industry."

Recently, the Bangladesh government adopted the first minimum wage increase since

● see 'Bangladeshi wages' p.8



# ¡ESPACIO!

On March 23, representatives of 10 labour rights and women's organizations from different garment producing regions in Mexico came together for a workshop of the *Espacio de Reflexión y Alternativas para la Industria del Vestido* (Space for Reflection and Alternatives for the Garment Industry).

## Who's involved in the *Espacio*?

- MUTUAC (Women Workers United in Action)
- SEMILLAS (Mexican Society for Women's Rights)
- FAT (Authentic Labour Front)
- SEDEPAC Maquila Program, Monclova, Coahuila
- Workers' Assistance Centre, Torreon, Coahuila
- CFO (Border Workers' Committee), Coahuila
- Colectivo Raiz, Aguascalientes
- Labour and Human Rights Commission of the Tehuacan Valley, Puebla
- CEPRODEHL (Centre for the Promotion of Labour and Human Rights), Merida, Yucatan

The *Espacio* is a recently formed Mexican network, with which MSN has been working closely. It offers labour rights and women's groups a space to share experiences and build their understanding of the impacts of trade liberalization on garment workers and their communities, strengthen campaigning and advocacy skills, and develop alternative strategies.

Entitled "Closures and Labour Rights Violations: How to Respond?" the March workshop explored the latest trends in Mexico's garment industry after the end of the Multi-Fibre Arrangement and

the challenges facing Mexico's labour institutions.

The groups involved in the network are facing a growing number of closures of garment factories as brands shift orders and foreign investors shift production to Central America and Asia, where labour costs are even cheaper than in Mexico. Since 2000, one third of Mexico's garment industry jobs have been lost.

Throughout Mexico, the groups report, there are not only more factory closures, but also a new flood of worker rights violations as buyers and investors shift orders and move production to other countries. Everywhere, the changes are a source of addi-

tional pressure on workers, requiring a renewed vigilance from worker rights advocates.

The workshop also included training sessions on documenting worker rights violations, making more effective use of the legal system to protect workers health and safety, and engaging with the media.

Two representatives from the Independent Monitoring Team of Honduras (EMIH) also participated in the workshop.

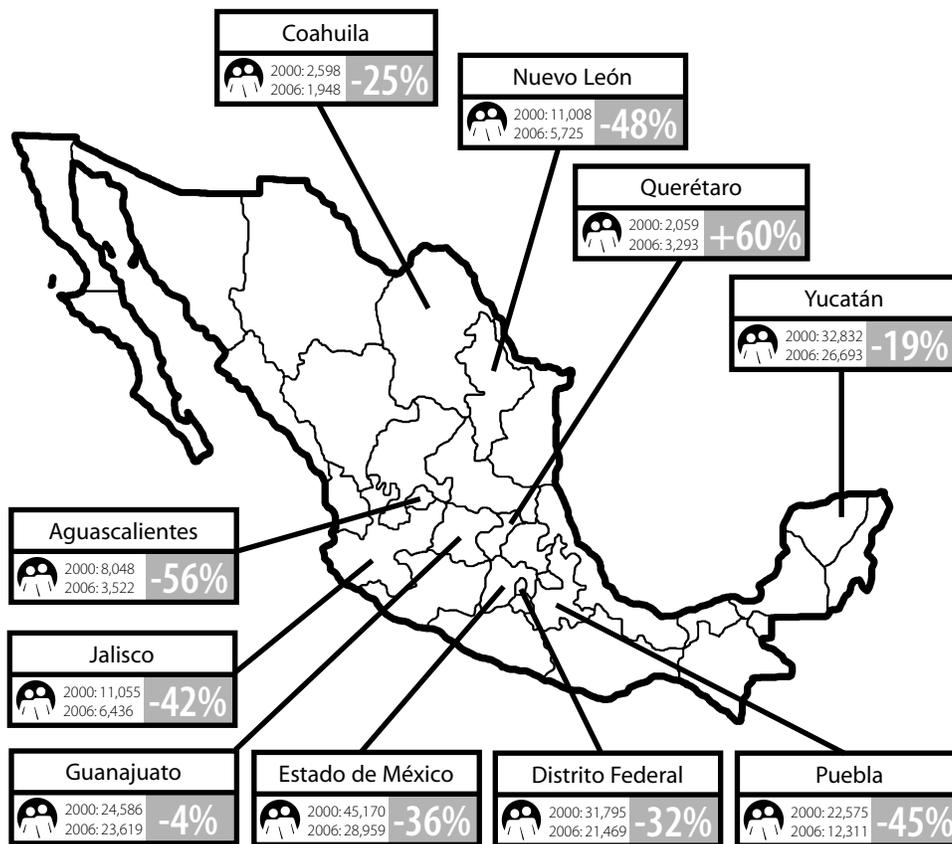


**LEFT:** Jessica Ponce (SEDEPAC) speaks to working group participants

**BELOW:** Isabel Canché and Socorro Chablé from CEPRODEHL

**BOTTOM RIGHT:** Maricarmen Morales from Semillas speaks on strategy building

**BOTTOM LEFT:** Julia Quiñónez from CFO  
Photos by Alda Escareño



Their presentation profiled recent disturbing changes in Honduran law permitting the payment of wages 20% less than the national minimum wage for maquila workers in the south of the country. The law is a misguided attempt to make Honduras competitive with Nicaragua for foreign investment.

Presentations and resource materials from the workshop will be available (in Spanish) on our website shortly.

### Challenging the Brands

The March workshop focused on three current closure cases – Hanesbrands and Gildan Activewear in Coahuila, and Jordache Enterprises in Yucatan.

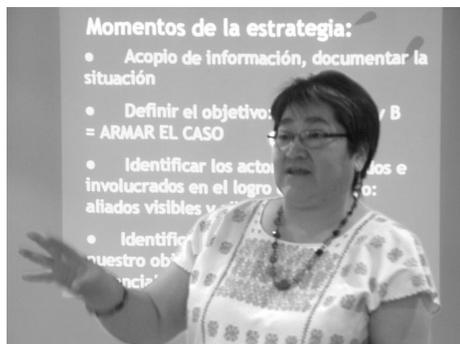
In Yucatan, approximately 1,200 workers lost their jobs when when Jordache Enterprises closed three of its five factories in late 2006. In

## Monthly Industry Survey of the Textile and Garment Sector

Source: EIM (Encuesta industrial mensual), Inegi [www.inegi.gob.mx](http://www.inegi.gob.mx)

### LEGEND

Number of workers in the textile and garment sector



Coahuila, Hanesbrands closed its largest facility in the state in December 2006. More recently Gildan Activewear closed its two Mexican facilities. (See article pages 6-7.)

As part of the follow-up to the workshop, MSN and CEPRODEHL have been in discussion with the two major

brand clients of Jordache in Mexico regarding what we believe are irresponsible practices surrounding the Jordache closures.

In Coahuila, SEDEPAC and

MSN have been lobbying Hanesbrands and Gildan Activewear to provide decent compensation, retraining and job search assistance to workers left unemployed after closures.

Following discussions taking place within the MFA Forum about issues related to

factory closures, *Espacio* members have also started developing a set of proposals to brands, manufacturers and relevant Mexican authorities on how to address this growing problem.

### A MSN office in Mexico

To better facilitate our work in Mexico, MSN now has a small office in Mexico City, in the office of Association for Women's Rights in Development (AWID). Our two part-time Mexico team members work with members of the *Espacio* on cases of factory closures in their communities. ■



# Life after the maquila

In Coahuila, Hanes and Gildan are leaving, but the pain won't go away

**"At the beginning, they give you a lot. You get things you never had before, days off, bonuses, discounts on clothes from the factory. But then you realize it won't last. Those things are slowly taken away from you, or you have to pay for them, and then one day, they disappear altogether."**

Martha, 35-year old, former Hanesbrands worker

**"The only thing you are left with is the pain."**

Marcela, 44-year old, former Hanesbrands worker

**I**N THE STATE OF COAHUILA, MEXICO, for hundreds of mostly women workers employed by leading US and Canadian clothing manufacturers Hanesbrands and Gildan Activewear, the dream of decent jobs has evaporated. For some of the workers, the dream had lasted up to fifteen years, for the youngest only a few years. For most, it is now ending with shattered illusions and a job lost.

It all started in the early nineties before the signing of the North

American Free Trade Agreement (NAFTA) between the US, Canada and Mexico and the opening in Coahuila of large garment maquiladoras. For the newcomers, Mexico was not only a (cheaper) place to base the production; it was also a growing economy and a new market.

Now, in Coahuila, the appeal of the Mexican market and labour force has faded, other free trade agreements have supplanted NAFTA, and manufacturers



In October 2006, workers being laid off by Hanesbrands in Monclova were pressured to sign documents before they were given their severance pay, asserting that they had not suffered any work-related injuries or illnesses, thereby relinquishing their right to compensation.

To make matters worse, the company was unwilling to provide its employees with documents to which they were entitled enabling them to access government health care benefits.

In response to negative media reports and pressure from MSN and SEDEPAC, Hanesbrands reportedly stopped requiring workers to sign the statements of good health.

Still, larger issues remain unaddressed, and Hanesbrands has so far refused to enter into a dialogue with MSN and SEDEPAC on the impact of the closure for its former workers and their communities.

like Hanesbrands and Gildan are slipping away to other shores.

Last December, in Monclova, Coahuila, 1,700 jobs were lost when Hanesbrands closed its main Mexican factory, in an apparent strategic production shift to Central America where labour costs are cheaper. Hanesbrands still employs about 3,000 people in Coahuila, workers whose future is much in doubt.

In March, it was Gildan's turn to announce, with no advance notice, that it was closing its two plants in Monclova and eliminating 1,300 jobs. The Gildan plan also included layoffs in Canada and is expected to result in US\$45 million of savings per year for the company, which is reorganizing production around manufacturing hubs at lower-cost locations in Honduras, Nicaragua, the Dominican Republic and Haiti.

Yet, these factories are not closing because their owners are facing bankruptcy, far from it. Both companies are doing extremely well. In September 2006, one month before the closure announcement, Hanesbrands reported to Wall Street a 48 percent increase in profit (\$322.5 million for the last year as part of Sara Lee).

Meanwhile, the week it announced the shutdown of its Mexico operation, Gildan registered a historical high for the value of its stock: a 20% gain of more than US\$660 million in capitalization since the beginning of the year.

True, in Coahuila, new jobs are being created, especially in the automotive sector, but for laid-off women garment workers the prospects for alternative employment are very slim.

"Let's face it: for a 44-year old woman with very little training and ten years at Hanes (or Gildan) it will be extremely hard (to find a new job)," recognizes Marcos Duran Flores, in charge of economic promotion for the State of Coahuila.

For sure, the human machine does not break down easily. Marcela, unable to sit still because her body aches so much, has worked since the age of 16. One day, at the



In March 2007, when it announced it was closing its two factories in Mexico, Gildan

Activewear proclaimed its intention to act "responsibly" by providing more support to its former workers than most apparel manufacturers in Mexico.

Unlike Hanesbrands, Gildan did dialogue with MSN and SEDEPAC, and agreed to provide some compensation above legal severance in lieu of notice, as well as access to company doctors for six months. According to Monclova news reports, Gildan is also contributing \$2,300,000 pesos (Can \$232,000) for job training.

However, to date, Gildan has not agreed to provide health insurance coverage beyond the eight weeks workers are entitled to under Mexico law. This is of particular concern to pregnant former workers and those who have suffered work-related illnesses or injuries.

Hanes factory where she has been employed for 10 years, she hurt her leg and her knee. But, even though each movement of her foot on the pedal of the sewing machine resulted in acute pain in her thigh, she did not take any time off to see the factory doctor or rest. Her older son was a student and he needed the money.

"When you work your muscles heat up; you keep going and ignore the pain,"

she explains, holding her forearm, also handicapped by repetitive stress injury. "It is when you stop that it becomes unbearable. Now, it is like if my flesh is burning under my skin," she says, stopping mid-sentence to open the bag of medicine she carries at all times.

But there is no painkiller that will bring back the moments lost. "My little one, I was never able to cuddle him," she remembers. "I cannot hug you, Mom, he would say, you are always in pain, as if you were made of glass." Still, she did it for him, she says, with the hope that "things will get better tomorrow."

Local labour rights organization SEDEPAC, MSN's partner in Monclova, estimates that the majority of the former factory workers of Hanesbrands and Gildan are women, who are the only income earners in their families.

"My husband got used to me being the only one working, and still, he would call me ignorant," recalls Marcela. "Even my sons became resentful." But now, she says, her family is behind her and tell her that she should keep fighting.

"I have learnt from all this. I have learnt that you need to always be ready, that you need to value yourself, that your dignity matters."

And, with that, she reaches for another pill. ■



## Did you notice the change?

Maquila Network Update is now Maquila Solidarity Update. Part of the Maquila Solidarity Network's family of publications, *Maquila Solidarity Update* provides you with in-depth news on anti-sweatshop campaigns and our work with partner organizations around the world. While this newsletter will be published less frequently, you can sign up to receive more frequent news updates in our e-mail publication, *Maquila Solidarity Wire* at [www.maquilasolidarity.org/en/wire/](http://www.maquilasolidarity.org/en/wire/).

# Wal-Mart pressured to act

## ● continued from page 1

Not satisfied with the findings of the WRC investigation, Wal-Mart contracted the US monitoring organization Verité to carry out yet another investigation. When Verité's report confirmed most of the key findings of the WRC investigation, Wal-Mart initially withheld the full report, and instead released a synopsis that neglected to mention a key recommendation — the employer should negotiate with the union.

Criticized for its lack of transparency, Wal-Mart eventually released the full Verité report plus a revised Memorandum of Understanding (MOU) that was apparently submitted to factory management by Wal-Mart's New York-based supplier One Step Up.

On the positive side, the MOU requires Chong Won management to reinstate the 117 unjustly fired workers, though not the two union leaders, with full back pay. However, although the revised MOU now mentions the negotiation of a collective bargaining agreement, it does not explicitly require the employer to negotiate with the independent union as a condition of doing business with Wal-Mart.

Management's refusal to enter into negotiations with the independent union for a first collective bargaining agreement is the main reason behind the strike.

On April 13, MSN, the Philippine Workers' Assistance Center (WAC), the International Labor Rights Fund (ILRF),

United Students Against Sweatshops (USAS), and the Clean Clothes Campaign (CCC) sent a joint Open Letter to Wal-Mart urging the company to offer to place a new order with the factory under the

condition that factory management negotiate with the union to resolve the dispute and achieve a first collective bargaining agreement.

To date, Wal-Mart has failed to respond to the Open Letter. Now, eight months after the workers walked off the job to protest their employer's unwillingness to

negotiate with their union, a Department of Labor and Employment (DOLE) arbiter has ruled the strike illegal.

According to Renato Pambid, a lawyer working with WAC who recently visited

Canada to promote solidarity with the Chong Won workers, WAC is appealing the ruling and the union members will continue to picket the factory.

"We are pretty confident that this ruling will eventually be overturned at a higher level, where there are generally less biased judgments," says Pambid. "However, the legal

**Send a protest letter to Wal-Mart at:**  
[www.maquilasolidarity.org](http://www.maquilasolidarity.org)

process could take years, and the workers need action today. Wal-Mart should not think it can use this ruling as an excuse to avoid taking corrective action based on the WRC and Verité findings and recommendations."

WAC is concerned that Wal-Mart might cut and run from the factory, thereby abandoning the Chong Won workers.

MSN is also calling on two former buyers of Chong Won – Gap Inc. and Target – to publicly clarify why they left the factory and to offer to place future orders with the factory if it meets their quality standards and the employer takes corrective action to remediate the well-documented worker rights violations. ■

## Bangladeshi wages a test for the MFA Forum

### ● continued from page 3

1994, but the new minimum wage is still far below a living wage for Bangladeshi workers. Bhatia sees further increases in wages as linked to a whole host of issues including purchasing practices, prices, productivity, training, and government benefits.

"We are beginning to understand how we need to be pushing all the different buttons at the same time to reach a much more holistic, sustainable approach," says Bhatia.

Faisal Samad, Vice President of the Bangladesh Garment Manufacturers & Exporters Association, says high interest rates, high electricity bills, and low productivity restrict his members' ability to raise wages.

"When you are doing a garment costing, the wage proportion is not a huge factor," says Samad. "If other costs come down, yes, you can account for [wage increases]."

"If you compare a worker in China, or even in any other Asian country, and a worker in

Bangladesh, productivity is about 20% less than in those countries," say Samad. "So automatically if the productivity increases, which we are focusing on right now, yes, it would be transferred [to higher wages]. It would come without a question."

According to Shirin Akhter, president of the Bangladeshi women workers' organization Karmojibi Nari, Bangladeshi garment workers' real wages have decreased significantly over the past ten years and the recent increase does not begin to make up what was lost. NGO and labour participants in the Toronto meetings emphasized that in order for workers to receive a living wage, the buyers must increase the prices they pay to their suppliers, and the suppliers must guarantee that any increase will go to workers' wages.

Also attending the MFA Forum meetings in Toronto were delegates from Mexico, Central America, Europe, and the United States. ■