

# maquila network update

December 2004, Vol. 9 No.4

Clean clothes: making  
a list and  
checking  
it twice

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FLA tells Gildan ...

## Take corrective action or be expelled

**On October 26, the Fair Labour Association (FLA) Board of Directors made a unanimous decision to terminate Gildan Activewear's membership in the Association unless the Montreal T-shirt manufacturer meets a series of conditions by the end of November.**



*Will the Fair Labor Association show Gildan the door?*

More than a year after becoming the first Canadian company to join the FLA - and three months after announcing the closure of a Honduran plant where workers had sought to form a union - Gildan is in danger of becoming the first member of the Association to be expelled for failing to comply with the FLA Standards.

In a statement posted on the company's website on October 27, Gildan promised to "continue our efforts to

comply with the requirements and to work constructively with both the FLA and other interested stakeholders."

The FLA has called on Gildan to publicly acknowledge that "there were restrictions in its El Progreso factory on workers' rights to freedom of association," and to communicate to its remaining Honduran employees the company's "commitment to their associational rights."

The company must also

provide the FLA "evidence of payment of back wages" to 39 union supporters dismissed in 2003 "from the date of dismissal through September 30, 2004, as well as severance packages based on each worker's original date of hire at the factory."

It must also offer evidence that workers and managers in its Honduran operations have completed "initial training" programs in freedom of association by non-profit monitoring organization Verité, and that the company has adopted plans for subsequent training and a plan to evaluate the effectiveness of the training.

The FLA is also demanding that Gildan correct "misrepresentations" about its compli-

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# Canadian Olympic Committee Considers Proposal for 'No Sweat' Olympics

## maquila network update

is published quarterly in English and Spanish by the Maquila Solidarity Network (MSN). The MSN includes over 400 organizations and individuals across Canada. The MSN promotes solidarity between Canadian labour, women's and social movement groups and Mexican, Central American and Asian counterparts organizing to raise standards and improve conditions in maquiladora and export processing zones. The MSN acts as the secretariat for the Ethical Trading Action Group and is active in Stop Sweatshops campaigning.

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On September 8, representatives of the Play Fair at the Olympics campaign from the Canadian Labour Congress (CLC), the Quebec Coalition Against Sweatshops, Oxfam Canada, and MSN met with Canadian Olympic Committee (COC) president Michael Chambers. The objective? To explore ways in which the COC might work with the coalition to ensure that Olympic uniforms and other Olympic-licensed clothes are made under decent working conditions.

At that meeting, CLC president Ken Georgetti and other coalition leaders asked that the COC do three things: lend public support to the adoption by the International Olympic Committee (IOC) of an international labour standards code for Olympic-licensed clothing and equipment; work with the Vancouver Organizing Committee in developing an "ethical purchasing and licensing policy" for the 2010 Olympic Winter Games; and

adopt its own ethical licensing policy to be implemented after the 2010 Olympics.

Chambers agreed to take the requests to a November 26 meeting of the COC executive committee. According to Olympian Bruce Kidd, who has been a supporter of the Play Fair at the Olympics campaign, "winning COC support for a 'No Sweat' 2010 Olympics would set an important precedent, not only for the Canadian Olympic movement, but also for other National



*ITGLWF Secretary General Neil Kearney sports a Roots Canadian team jacket ... made in Taiwan*

Olympic Committees, International Federations and Organizing Committees around the world, and the IOC itself."

Meanwhile, Play Fair at the Olympics campaigners continue their attempts to

engage with the Canadian retailer Roots, supplier of Olympic uniforms to the Canadian, US, British and Barbadian teams at the Athens games - and likely to remain a major uniform supplier for future Olympics as well.

On August 11, local campaign activists delivered thousands of postcards to store managers at Roots stores in St. John's, Halifax, Ottawa, Saskatoon, Calgary and Vancouver. On August 13, campaigners delivered another 1,300 postcards to a Toronto Roots store.

On September 16, members of the international Play Fair at the Olympics coalition released an Open Letter addressed to Roots CEO Marshall Myles, calling on his company to "meet with Canadian organizations... to discuss what steps your company could take to ensure that its Olympic uniforms and Olympic-licensed products are made under conditions that comply with the minimum labour standards of the International Labour Organization (ILO)."

Signatories to the Open Letter included the Labour Behind the Label Coalition and the Trades Union Congress of the UK, the European Clean Clothes

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# Wal-Mart wakes up to growing opposition

It would be a mistake to suggest that Wal-Mart, winner of MSN's not-so-coveted "Sweatshop Retailer of the Year" award in 2003, is in a mood to make amends to the communities and workers it has offended and exploited over the years.

But the number one employer in the United States does show signs of being aware that it isn't universally loved – and that public anger with its low-wage and squeeze-out-neighbourhood-business strategies is becoming more than a nuisance.

How else to explain reported grumbling from CEO H. Lee Scott, at a teleconference with financial publications in October, that around 10 percent of Wal-Mart's expansion projects are stymied by local opposition movements?

Then there is the 2004 Wal-Mart annual report, a document that begins with extensive employee testimonies not only about the "good" jobs the company

provides (salaries not emphasized), but with lengthy commentary on its fantastic medical benefits - even though less than 40 percent of the firm's U.S. workers have company-provided health insurance. Next come declarations of corporate determination to source from local farms and family firms and "help neighbours" address problems of poverty and illiteracy.

Even if an annual report reader knew nothing about the Wal-Mart record, he or she might draw the conclusion that here was a firm facing serious PR problems. Another hint from the official text: Scott announces in his message that part of management's incentives package is henceforth tied to meeting diversity goals. Sunny photos of multiethnic workers aside, one might wonder: has someone accused the corporation of keeping most of its plum jobs for white men?

Of course, as Scott's October observation about

community opposition suggests, Wal-Mart critics are doing more than accusing. Activist Al Norman said in October that some 16 proposed stores in the U.S. had so far been blocked in 2004 and a similar number delayed.

Meanwhile, workers and their allies are going after Wal-Mart in the courts. Already, the company faces a series of class-action suits, the best known of which is probably a case initiated in June of 2001 in which six plaintiffs assert that Wal-Mart has

systematically discriminated against female employees in matters of pay and promotion.

In June of this year, U.S. District Court Judge Martin Jenkins ruled that this class action could proceed; approximately 1.6 million current and former Wal-Mart

workers stand to benefit in the event of a victory. The Ninth Circuit Court of Appeals is expected to hear Wal-Mart's appeal of Jenkins' decision in the late winter or early spring of 2005.

Meanwhile, the latest class action in the works, according to Bama Athreya of the International Labor Rights Fund, is set to be launched on behalf of workers employed in overseas factories from which Wal-Mart sources goods. Athreya asserts that suppliers in countries such as Nicaragua, China, Swaziland and Bangladesh are in violation of Wal-Mart's own code of conduct, as well as local labour laws.

Union organizing drives in Canada have recently been in the news as well. In August, the Quebec Labour Relations Board authorized the United Food and Commercial Workers (UFCW) to represent some 150 workers at a store in Jonquière, Quebec. At



the end of September, the board ordered Wal-Mart to stop interfering with unionization efforts at its Brossard

outlet. Meanwhile, the union announced that it would be filing an application to represent workers in St. Hyacinthe, also in Quebec.

On the other hand, a drive to organize employees in Terrace, British Columbia

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**Above left:**  
Ashland, Virginia residents oppose Wal-Mart

**Above right:**  
Activist Al Norman

**Right:**  
Wal-Mart CEO H. Lee Scott

# Clean clothes: making a

**T**he promotion of ethical purchasing practices is nothing new to the anti-sweatshop movement. In recent years activists in North America have sought, with considerable success, to convince institutional buyers like municipalities, universities and school boards to adopt “No Sweat” purchasing policies to ensure that the clothes they buy are made under decent working conditions.

There is also a small but tenacious pool of individual shoppers, aided by the Internet, determined to purchase clothing produced in unionized shops and worker-owned co-operatives. But while studies such as a recently published survey of sports sock buyers in a Michigan department store suggest that a high percentage of shoppers (in this case, more than 30 percent) are willing to pay more to support better workplaces, the market remains a barely developed one.

A network of activists in the United States wants to change all that. Bjorn Claeson, the national coordinator of SweatFree Communities, personally believes that the work of clean clothes proponents would be facilitated if the movement could present buyers, institutional and individual, with an agreed-

upon list of sweat-free apparel.

Throughout the fall of 2004 representatives from groups such as the AFL-CIO, Musicians Against Sweatshops, the Worker Rights Consortium, and No Sweat (a purveyor of union-made clothing) worked on the elaboration of such a list, slated to be ready in time for the holiday season.

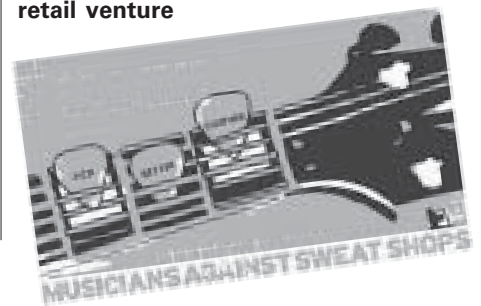
The initiative raises numerous questions: What criteria should be employed to determine “sweat-free?” Isn’t there a risk that a coalition of American unionists and activists, in seeking to create a sweat-free shopping guide, will inadvertently produce a Made-in-USA list? And should providing consumer choices figure prominently in activists’ strategies anyway?

For Claeson, buying apparel from a recommended guide is not a passive consumption strategy but “an organizing tool to strengthen worker struggles.” He means that a sweat-free list could, among other things, facilitate commercial outlets for garment producers where workers have won union representation, like Just Garments in El Salvador, or where workers have assumed control of plants, such as the Brukman suit factory in Buenos Aires.

He is also confident that



out of the present effort will emerge an international list, including production facilities from the developing world as well as North America. And on this score he is not alone: international sourcing would similarly appear to be the objective of the American No Sweat retail venture



# list, checking it twice



nosweatapparel.com, whose website includes a declaration that its “long-term” plan is to source “at least 30 per cent” of production in the United States. Not exactly a protectionist strategy!

As for criteria, list designers will admit one of two qualifications: production of clothing in a shop where an independent union is present, and manufacturing by a bona fide workers’ co-operative. A firm like American Apparel, which pays around \$8 an hour at its Los Angeles plant and promotes itself as sweat-free, won’t qualify due to its anti-union practices. According to ... of UNITE-HERE, management at the American Apparel factory in Los Angeles actively intervened to prevent a recent UNITE organizing drive from succeeding.

That might seem to resolve the matter, but simply endorsing unionized workplaces and co-ops provokes

additional questions. Those familiar with European labour relations might point out that yardsticks that include “union shop” criteria can be problematic, insofar as they potentially

fail to take into account other industrial relations models.

In numerous EU countries, sector-wide bargaining, rather than factory specific negotiation, is the practice, so that in Spain for instance a worker (member of a union or not) can be employed in a plant that has no committee or local, but he or she is nonetheless protected by a collective agreement.

“Does this mean that all Dutch workplaces are okay?” wonders Ineke Zeldenrust, a citizen of the Netherlands and a staff person with the International Clean Clothes Campaign (CCC), before answering her own question in the affirmative. “But this is because industry [in Holland] operates in a functioning legal framework,” a scenario, she notes, that doesn’t prevail in numer-

ous other countries. That said, she doesn’t “want to promote Dutch or European workplaces as sweat-

free, fair or ethical, and praise these companies for observing the bare minimum.”

Zeldenrust believes aspiring “ethical” companies should have to meet a

broad array of objective standards, which would of course include but not be limited to respecting the right of workers to freely organize and bargain collectively. What might these other criteria include? A glance at the CCC’s model code of conduct gives a hint: decent hours of work with no forced overtime; a living wage; safe and healthy working conditions, limits on labour-only subcontracting, and no child labour, forced labour, discrimination, harassment or abuse.

Bjorn Claeson recognizes some of the ironies that arise when defining ‘sweat-free.’ Specifically, he agrees that worker co-ops, like unionized workplaces, can fail to meet some of the criteria on wages that the movement would like to demand of multinational firms.

At the Nueva Vida sewing co-op in Nicaragua, for example, before earning an income superior to colleagues in Central American sweatshops, women put in countless hours of unpaid toil in order to get their operation off the ground. So how clean are their clothes? But then Claeson offers the key objection: maybe “no sweat” is not so much about conditions as it is about workers’ power.

So will Nueva Vida’s products be on the list, version one of “a con-

stantly widening circle of conversations,” as Claeson defines the initiative? As a co-op, the enterprise certainly makes the grade. But Nueva Vida’s shirts and camisoles are sold by Maggie’s Functional Organics of Michigan. Maggie’s headline product is socks made in non-union factories. So who gets into the clean club? Just the manufacturer or the retailer who makes life possible for export-dependent Nueva Vida as well?

Bama Athreya of the International Labor Rights Fund agrees the matter isn’t clear-cut, but remains “very favourably disposed” to the project. “It is high time,” she says, that the movement be able to provide a guide for individual, conscientious consumers. “There are ways you can qualify a list,” she emphasizes, “by making it an explanatory one.”

And possibly that is what politicized shoppers need above all: information to learn the larger story behind the sweat suit.

## From left to right:

*Afghani man wearing No Sweat shirt; Assorted No Sweat products; Musicians Against Sweat Shops logo; Women from the Nueva Vida sewing cooperative, Nicaragua*



# news & notes

## No Sweat Advances

The Ontario Conference of Catholic Bishops has written to chairs and directors of separate district school boards this past August, expressing its support for ethical purchasing policies that ensure that school uniforms and other clothes are produced under decent working conditions.

The letter from the Conference's education and social affairs commissions calls such policies "an example of Catholic social teaching... applied to a real situation." By working against the exploitation of workers in Canada and abroad, youth learn that "cynicism about the state of the world is much less productive than making an effort, in any way one can, to improve it," says the letter.

In September, the Worker Rights Consortium (WRC) decided that high schools with no sweat policies can join the US-based organization that helps universities to implement their No Sweat policies. Meanwhile a proposed No Sweat policy is scheduled to be brought before Vancouver city council at the end of November.

## Bangladeshis ripped off in Namibia

Malaysian textile company Ramatex was received with open arms by the Namibian government when it set up shop in that southern African country in 2002, but not everyone who has had dealings with the company is especially happy.

In September, approximately 400 Bangladeshi workers recruited to work in the plant staged violent protests against "horrific" living conditions as well as pay and benefits that didn't measure up to what they had been



**Above:** Herbert Jauch

**Below:** Ramatex Chairman Datuk Ahmad

promised. Workers had been enticed with offers of \$120 a month plus food and board, but more than a third of their salary was then deducted to pay for their meals.

According to Herbert Jauch of the Labour Resource and Research Institute, whose organization interviewed dozens of the young Bangladeshis, the migrant workers had also paid recruiting firms the equivalent of \$3,500, often selling houses and livestock in order to finance the trip.

The price of their decision to stand up for their rights? Deportation back to Bangladesh, on the pretext that they were unskilled and hence not what the company ordered. Sixty-six other Bangladeshis, who had been in the plant for a year, were also ordered out on the grounds that they weren't productive enough.

## Sara Lee Pledges Neutrality

After a four-year battle, US-owned multinational Sara Lee has agreed to employer neutrality concerning the

right of employees at its Monclova plant in Coahuila, Mexico, to join a union of their choice.

In a letter to the Worker Rights Consortium dated October 20, the company's deputy general counsel also announced that all workers formerly employed at its Frontera plant - a facility closed by Sara Lee in the wake of widespread reports of abusive treatments of employees - may apply for work at the Monclova operation. "Sara Lee will not discriminate in hiring, firing or other personnel decisions against any job applicant or employee based on union affiliation or other lawful exercises of associational rights," writes R. Henry Kleeman.

Sara Lee previously agreed to hire ten prominent worker activists who lost their jobs when the Frontera plant closed, re-employ 200 more at the Monclova facility and pay severance to the rest. To date, 88 former employees of the Frontera plant have been rehired at the Monclova factory on a priority basis, including three of the 10 activists.

Unresolved issues for the former Frontera workers include medical coverage for workers who suffered on-the-job injuries and maternity benefits for workers who were pregnant when the factory was closed.

## NAFTA and labour rights

On September 22, the US National Administrative Offices (NAO) issued its response to a complaint filed by Mexico's Worker Assistance Centre (CAT), United Students Against Sweatshops (USAS) and MSN under the provisions of the North American Agreement on Labour Cooperation



(NAALC), also known as the NAFTA labour side agreement.

The complaint alleged violations of Mexican labour law at two factories in the state of Puebla, including failure to pay wages owed, non-enforcement of health and safety rules, plus unjust denial of certification for independent unions.

The US response recommends ministerial consultations with the Mexican government and notes that "...the U.S. NAO cannot ignore the similarities in this case and previous submissions before it regarding denial of union registration on what seem to be hyper-technical grounds... Transparency in the union representation process, internal union democracy, responsiveness to union membership... are important issues raised in this submission which merit further consultations."

At press time, the response of the Canadian NAO had not yet been issued.

For additional information, visit: [www.maquilasolidarity.org](http://www.maquilasolidarity.org).



## J.C. Penney turns the screws

Clearly unimpressed by the Bangladeshi government's claim to speak for the nation, J.C. Penney announced last July that it would reconsider its investments in the country if Dhaka pressed a request with the WTO to review the

implications of ending garment import quotas at the end of 2004.

In an October interview with *Women's Wear Daily*, J.C. Penney purchasing president Peter McGrath argues that the quota system has "bred inefficiency." Under the new system, "sourcing will become more strategic and planned," while consolidation at the source will be the name of the game. "Retailers are forecasting an apparel world post-2005 shaped by joint ventures and super-sized factories," he adds.

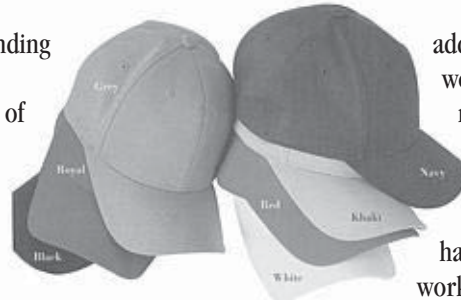
China is expected to have significant advantages in the post-quota world with its access to textiles, low labour costs and good infrastructure.

Where does this leave a country like Bangladesh, where some \$4.6 billion in clothing exports make up approximately 85 per cent of its total external sales?

## Union Busting at BJ&B

Workers at the BJ&B baseball cap factory in the Dominican Republic are fighting to save their jobs and their union. In March 2003, the workers won an historic victory when their union and factory management signed a first collective bargaining agreement.

The agreement was the culmination of a difficult two-year struggle that combined local worker organizing, campaigning by United Students Against Sweatshop (USAS) groups on a number of US campuses, and the efforts of the Fair Labor Association (FLA) and the Worker Rights Consortium (WRC) to



address complaints from workers and brand-name buyers.

However, since the agreement was signed the company has laid off 1,400 workers and has refused to implement the 10 percent wage

increase it negotiated with the union. Since January 2004, BJ&B's parent company, Yupoong, has been moving production from the unionized factory to non-union facilities in the DR and Bangladesh.

According to USAS, the closing of the BJ&B is imminent, unless the brands that buy from the company demand that production be returned to the factory. The factory produces for Nike, Reebok, US universities, the National Basketball Association, and the National Football League.



### BJ&B union flyer:

*I am Jenny of Plant #1 and these are my children. For their future, I support the union and you should too. Affiliate!*

# Gildan: Shape up or ship out

—continued from page 1—

ance with FLA provisions found on its website and in its communication with media outlets, and enter into constructive “discussions with Maquila Solidarity Network on issues related to Gildan’s implementation of the FLA Standards.”

The FLA declined to go to bat for another 38 employees dismissed for union organizing in the latter part of 2002 - an offence that caused the Quebec Federation of Labour’s Solidarity Fund to withdraw its investment in Gildan.

According to the FLA’s Genevieve Taft, the reason for this omission is that the 2002 firings predate Gildan’s membership in the Association. “We agreed to strike the clock from when Gildan entered the FLA,” she notes. The question of restitution to workers let go previously “wasn’t in our scope.”

The Worker Rights Consortium (WRC), which carried out a separate investigation of the alleged violations at Gildan El Progreso, found that union supporters were also unjustly fired in 2002, and called on Gildan to reinstate and fully compensate those workers as well.

The FLA and WRC investigations were

carried out in response to a third-party complaint filed by MSN, the Canadian Labour Congress (CLC), and the Independent Federation of Honduran Workers (FITH), alleging that approximately 100 workers at Gildan El Progreso had been fired for their union sympathies in 2002 and 2003.

On July 12, shortly after receiving the findings of the FLA and WRC investigations, and in the midst of discussions on corrective action, Gildan made the surprise announcement that it was closing the El Progreso factory and would give formal notice to the workers the following day. According to Taft, the potential chill effect of that decision on workers exercising their associational rights is a “big concern” for the FLA.

According to MSN Coordinator Lynda Yanz, “closing the factory in the midst of a third party complaint process was grounds enough for Gildan to be summarily expelled from the FLA.” But she adds, “We are pleased the FLA has set tough conditions [for continued membership] with a short timeline to meet those conditions. The ball is now in Gildan’s court.”

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## No Sweat Olympics

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Campaign, Global Unions, and the AFL-CIO.

In addition to calling on Roots to bring its code of conduct in line with ILO standards, the Open Letter also demanded that the company come clean on where and under what conditions its Olympic-licensed products are made.

After repeatedly asserting that all its Canadian Olympic-licensed apparel was made in Canada, Roots communications director Robert Sarner was recently forced to acknowledge that “several accessories...

and one lone clothing item in our retail collection” were made in Taiwan. MSN has also discovered that some Roots Olympic-licensed clothes bearing the British and US team logos were made in China.

The Open Letter also notes that a “Made in Canada” policy is not sufficient evidence that all Roots Olympic gear is made under decent working conditions. It asks Roots what the company is doing to ensure that its Canadian subcontract factories are complying with international minimum labour standards and provincial labour laws.

## Wal-Mart wakes up

—continued from page 3—

came up short after the B.C. Board determined that the union lacked sufficient backing to justify a vote.

Wal-Mart has responded to the union push with characteristic tactics. As the UFCW prepared to negotiate its first collective agreement at Jonquière, the company suggested that the store was no longer making money and went so far as to suggest the outlet might close if a satisfactory pact was not soon reached.

Meanwhile, a case before the Saskatchewan Court of Queen’s Bench reveals the company has other tricks up its sleeve. This past summer, the Court described Wal-Mart Canada’s constitutional challenge to Saskatchewan Trade Union Act provisions preventing employers from dissuading workers from joining a union during a membership drive as having “considerable merit.” In other words, we can expect the company to seek legal sanction for anti-union campaigns by employers during card-signing efforts - a corporate coup that would have marked effects on labour relations in Canada.

Finally, critics of the company’s international operations are pointing to its scorn for good taste and aboriginal heritage, a vice the company has been able to indulge with the collaboration of the Mexican federal district’s state government. At press time, Wal-Mart was on schedule to open a store north of the capital in Teotihuacán, within sight of the temple ruins of a pre-Aztec civilization that flourished some two thousand years ago.

Opponents of the project don’t want visitors to Teotihuacán’s pyramid-top vantage points to have to gaze down on a symbol of crass American capitalism. Authorities have told the company to make its roof an unobtrusive colour.