

**maquila  
solidarity  
network**

07

**annual  
report**

- MSN coordinates collaborative action by major brands, speaking out against attacks on labour and human rights activists in the Philippines and on the need for a free and fair union representation vote in Tehuacan, Mexico.
- MSN mobilizes international solidarity for the workers at the Vaqueros Navarra jean factory in Tehuacan, Mexico who, despite harassment, mass firings and threats of a factory closure, vote to be represented by an independent union.
- The *Espacio* network in Mexico grows in size and capacity after two regional workshops coordinated by MSN.
- MSN helps create a new fund to support local labour rights work in Mexico.
- Talks between Gildan Activewear, MSN, and MSN's partner SEDEPAC result in improved severance pay, one-year health insurance coverage, and job retraining for workers left unemployed when Gildan closes two factories in Coahuila, Mexico.
- Contracted by the Fair Labor Association, MSN produces a report on the impacts on workers of the closure of the Hermosa Manufacturing facility in El Salvador.
- Campaigning and engagement by MSN and international partners convinces Wal-Mart that 117 workers fired for union activity at its Chong Won supply factory in the Philippines should be reinstated. Although the factory is later closed, the campaign sets an important precedent in getting Wal-Mart to acknowledge freedom of association violations.
- MSN assists students, teachers and administrators at Ontario Catholic school boards to continue their campaign to ensure that their school uniforms are sweat-free.
- MSN engages with municipal governments on how to implement ethical purchasing policies after the cities of Ottawa and Calgary join Vancouver and Toronto in adopting 'No Sweat' purchasing policies.
- The Vancouver Olympic Organizing Committee (VANOC) consults with MSN on a draft ethical licensing policy for the 2010 Olympics; MSN and ETAG lobby for improvements.
- MSN develops a set of corporate reporting measures, which, if adopted, would help identify how well a brand's sourcing practices align with its labour standards compliance efforts.

07

# Key accomplishments

August 2008

## Dear Friends and Supporters:

2007 was a challenging year for MSN and the many groups with whom we work closely, all of which are fighting to defend labour rights in the garment industry seemingly against all odds.

Three years after the demise of the import quota system under the Multi-Fibre Arrangement (MFA), workers continue to suffer the negative fallout from the quota phase-out. In this new free trade environment where countries and workers are being pitted against one another for investment and jobs, governments are too often less willing to enforce existing labour legislation and feel compelled to further weaken labour protections.

For that reason, much of our work in 2007 focused on challenging this race-to-the-bottom and developing alternative strategies that promote labour standards compliance. Through multi-stakeholder initiatives and less formal structures, MSN has been attempting to set an agenda for change that challenges accepted business practices and brings workers' concerns to the forefront.

Most importantly MSN has been present on the ground, where, in the midst of the post-quota restructuring of the global garment industry, garment workers continued to organize and to demand respect for their rights.

In the Philippines and Mexico, MSN collaborated with local trade unions and labour rights NGOs on focused campaigns supporting workers' right to organize and bargain collectively. MSN played a leading role in mobilizing international support for the efforts of workers in both countries to win the right to be represented by independent unions.

As we continue to move forward in implementing our ambitious 2008 program, we can look back with satisfaction at all we accomplished in 2007. At the same time, we must acknowledge that none of this would have been possible without the collaboration and solidarity of supporters and allies in Canada and in other countries.

We particularly want to acknowledge the labour rights advocacy organizations – local and national women's organizations, NGOs and unions – with whom we work most closely day to day. They are the heart and soul of the global labour rights movement. Without their frontline work, no advances on labour rights would be possible.

We hope you find MSN's 2007 Annual Report interesting and informative. As always, thank you for your ongoing support.

Sincerely,



Lynda Yanz, Coordinator

# The Maquila Solidarity Network (MSN)

is a labour and women's rights advocacy organization promoting solidarity with women's, human and labour rights, and trade union organizations working in countries around the world to improve wages and working conditions in maquiladora factories and export processing zones.

Since 1994, MSN has supported workers' struggles to improve their working conditions and quality of life and to win respect for their rights through policy advocacy, corporate campaigning and engagement, and participation in multi-stakeholder initiatives to promote improved labour practices and greater corporate accountability.

In recent years, MSN has focused much of its efforts on promoting labour rights in the garment industry – a critical sector for women in many developing countries

Our fundamental objective is to win respect for workers' rights. Our program focuses on two interconnected strategies – intensive work with partners in the South to strengthen their capacity to advance women's and workers' rights at the local level and advocacy, engagement and campaigning at the international level to hold companies and governments to account.

MSN is one of the few labour rights organizations with both a presence on the ground, working directly with local garment worker support groups, and at the international level, playing a leading role in international campaigns and facilitating North/South and South/South exchange and strategic alliances.

A critical piece of MSN's work is helping to bridge the gap between local worker rights organizations and companies and multi-stakeholder initiatives so that workers' voices can be heard at the international decision-making level.

**Right:** Maricarmen Morales from Semillas, with which MSN has launched a new labour rights fund in Mexico.



# Highlights of 2007 MSN Program

## Promoting Respect for Workers' Rights:

### Practical solutions won through engagement and campaigning

Wherever possible, MSN engages with brands, retailers and manufacturers to achieve practical solutions to worker rights violations in global supply chains. When necessary, MSN mobilizes public pressure on companies to implement changes in working conditions and labour practices in their supply factories.

## Engagement and Advocacy with Companies

In 2007, MSN assisted a number of local labour right groups in garment-producing countries to effectively engage with brands buying from those countries on specific cases of labour rights violations, plant closures and worker layoffs.

With MSN's assistance, our partner in Coahuila, Mexico, SEDEPAC (Service Development and Peace), entered into dialogue with Canadian T-shirt manufacturer, Gildan Activewear to win just compensation, transitional support and retraining for 1,300 workers who lost their jobs as a result of factory closures.

In 2007, MSN was also successful in convincing leading brands to speak out against violence and threats of violence

against labour leaders and human rights promoters, and to express their support for freedom of association.

### **Joint Brand Letter Against Anti-Union Violence – Philippines**

In response to violent attacks and death threats against striking Chong Won workers in the Philippines, MSN was successful in persuading eight major US brands sourcing clothes from that country — American Eagle Outfitters, Gap Inc., Jones Apparel Group, Liz Claiborne, Phillips-Van Heusen, Polo Ralph Lauren, VF Corporation, and Wal-Mart — to add their names to a joint public letter to the Philippine president, calling for an impartial investigation.

### **Joint Brand Letter to the Puebla State Labour Authorities – Mexico**

At MSN's urging, six US brands – Abercrombie & Fitch, American Eagle Outfitters, Express, Gap Inc., Levi Strauss and Warnaco (Calvin Klein) – signed a joint letter to the Puebla State Secretary of Labour expressing their support for a timely and free and fair union representation vote that would be “undertaken... in a manner that gives workers the ability to register their preference without fear or intimidation.”

### **Public Statement on Child Labour – India**

In November, MSN responded to a media exposé linking Gap Inc. with child labour at a

subcontract facility in India. MSN contacted Gap Inc. to hear its version of events and how it intended to address the problem, and then released a public statement calling on all companies sourcing clothes from India to take joint action to tackle this systemic issue together with local trade unions, NGOs and the Indian government.

## Corporate Campaigns

When companies refuse to engage or fail to take sufficient action, MSN mobilizes public pressure through networks in Canada and internationally to pressure retailers and brands to address serious violations of workers' rights in their supply factories.

Two high-profile corporate campaigns in which MSN played a leading role in 2007 were the Vaqueros Navarra workers' fight for an independent union and the Chong Won workers' struggle in the Philippines to win the right to bargain collectively.

### **Grupo Navarra Campaign – Tehuacan, Mexico**

In 2007, hundreds of workers at the Vaqueros Navarra blue jean factory in Tehuacan, Mexico were dismissed for speaking out against worker rights violations and seeking to be represented by an independent union. Workers were threatened that if they voted for the September 19 Union, the factory would be closed.

In collaboration with the Human and Labour Rights Commission of the Tehuacan Valley and the Authentic Labour

Front (FAT), MSN engaged with and mobilized international pressure on brands buying from the Grupo Navarra jean factories. Some of the brands collaborated on a joint investigation, while others carried out separate investigations. They confirmed that the workers' associational and other rights had been violated.

When harassment and firings of supporters of the September 19 Union continued, three of the brands – American Eagle Outfitters, Gap Inc., and Warnaco – agreed to make public the key find-

ings of the joint investigation and to call for an end to the dismissals.

The union representation vote was held on November 23 under less than democratic conditions, with MSN acting as one of three election observers. Despite the threats, firings and harassment, the majority of the workers voted for the September 19 Union.

When the workers were "temporarily" laid off in December and rumours of a permanent closure continued, MSN convinced three brands to offer to place orders with the factory in an

effort to keep it open. However, the owners were so determined to prevent a union from gaining a foothold in one of their factories that they refused the orders and closed the factory in January 2008.

### **Chong Won – Cavite EPZ, Philippines**

In September 2006, MSN responded to a request from our partner group in the Philippines, the Workers' Assistance Center (WAC), to contact Wal-Mart about the unjust firings of union leaders and police attacks on protesting workers at a Wal-Mart supply factory in the Cavite Export Processing Zone.

After the workers went on strike and the violence and harassment increased, MSN, together with the US International Labor Rights Forum (ILRF), launched a public campaign to pressure Wal-Mart to put a stop to the violence, tell its supplier to reinstate fired union leaders and 117 dismissed strikers, and negotiate with the union.

The campaign continued into 2007 with the release of a Worker Rights Consortium (WRC)



investigative report verifying that the workers' associational and other rights had been violated. Although Wal-Mart did not accept the WRC findings, it commissioned another investigation, which confirmed most of the WRC's findings.

The fact that Wal-Mart did not immediately cut and run from the factory and accepted Verité's findings and recommendation that the 117 workers fired for union activity should be reinstated set an important precedent for the future. However, Wal-Mart was unwilling to provide sufficient incentives to convince the employer to accept and negotiate with the union and, as a result, the employer decided to close the factory.

The intransigence of some increasingly powerful manufacturers even where brand buyers have been willing to support freedom of association is a challenge MSN has taken up in 2008 through multi-stakeholder work and sectoral initiatives.

**Left:** Workers from Vaqueros Navarra factory, Mexico.

## Ethical Purchasing/Licensing Policies

Lobbying and policy proposals from MSN and our Canadian coalition partners in the Ethical Trading Action Group (ETAG) have helped convince a growing number of Canadian public institutions – universities, school boards, municipal and provincial governments, and other institutions – to adopt ethical licensing and/or purchasing policies to help ensure that apparel and other products that bear their name and insignia or are bulk purchased by the institution are made under decent working conditions.

### **No Sweat Campaign**

- In 2007, the City of Ottawa became the fourth major Canadian city to adopt an ethical purchasing policy, joining Vancouver, Toronto and Calgary. The City has since been in contact with MSN concerning how to effectively implement its new policy and the possibility of collaboration among cities on the implementation of No Sweat policies.

- In November 2006, the Government of Manitoba became the first Canadian provincial government to adopt an ethical purchasing policy. The policy came into effect in January 2007. MSN provided information, advice and support to both the provincial government and local organizations advocating for the policy.

- Nine Ontario Catholic school boards that had adopted No Sweat licensing policies collaborated on a pilot monitoring project, with the US-based Worker Rights Consortium (WRC) acting as the monitoring organization. The WRC carried out its first investigation into working conditions at a factory in the Dominican Republic producing for a uniform supplier contracted by some of the participating school boards.

- MSN lent its support to a growing campaign in the province of Quebec to convince universities, municipalities and the Quebec government to adopt No Sweat policies.

### **Play Fair at the Olympics Campaign**

- In response to ongoing lobbying, VANOC released a draft ethical

licensing policy for products sold in Canada bearing the Olympic logo. VANOC consulted with MSN and ETAG on the draft policy, and, on behalf of ETAG, MSN prepared a detailed submission with a number of specific recommendations to make the program more transparent, credible and effective. VANOC released an updated policy in early 2008, which included critical improvements recommended by MSN, though public reporting is still inadequate

- In June 2007, MSN coordinated the Canadian release of an international research report on conditions in Chinese factories producing Olympic-branded goods. The report, which documented child labour and other worker rights abuses, generated a storm of controversy around the world, and bolstered calls for an Olympic ethical licensing and purchasing policy.

- The Beijing and Vancouver Olympics continue to be an important focus of MSN's work in 2008.

## Capacity Building, South-South Exchange and Solidarity

MSN works in partnership with Mexico and Central American labour and women's rights organizations and independent monitoring groups, carrying out joint research, developing educational materials, acting as a resource in capacity building workshops, and responding to requests for solidarity. In 2007, our work in Mexico and Central America continued to focus on the impacts of the quota phase-out on workers, communities and countries.

In Mexico, MSN has been supporting and helping to facilitate the *Espacio*, a network of national and local labour and women's rights organizations based in Mexico City and in five key garment producing centres in other parts of the country.

Through our work with the *Espacio*, MSN is helping to strengthen the capacity of local groups to respond to the negative fallout of the quota phase-out and more effectively engage with brands and their suppliers in ensuring respect for workers' rights during the post-quota transition.

- In 2007, MSN co-sponsored and helped facilitate two *Espacio* training and strategy workshops in Mexico City, the first in March and the second in August. Both included participation from partner groups in Central America. Workshop reports are posted (in Spanish) on the MSN website.

- In November, MSN facilitated the participation of five labour rights organizations from Central America and Mexico in an international forum in Bangkok, Thailand, sponsored by the European Clean Clothes Campaign, where organizations from Asia, Europe, North America and Latin America discussed possible future international campaigns.

- MSN worked with the Mexico women's fund *Semillas* to establish a new fund to support local labour rights work in Mexico. Six of the 10 groups who received funding in the first round are *Espacio* members.

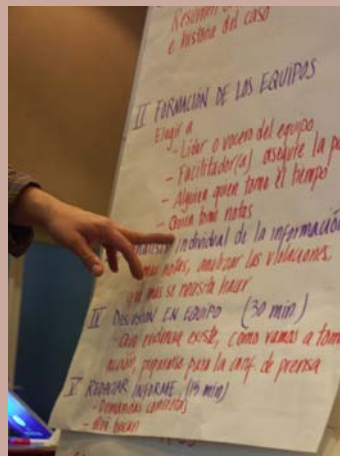
## Multi-Stakeholder Action

MSN believes that collaboration between companies, trade unions, NGOs, governments, and multi-lateral institutions through multi-stakeholder initiatives is essential to tackle systemic problems in the global

garment industry that are blocking progress on labour standards and worker rights.

In the fall of 2007, MSN developed a set of corporate reporting measures that, if adopted by brands and/or multi-stakeholder initiatives, would help identify

how well a brand's sourcing practices align with its labour standards compliance efforts. In 2008, MSN will be lobbying brands and multi-stakeholder initiatives to take up these proposals.



### MFA Forum

In 2007, MSN put substantial energy into the MFA Forum, a multi-stakeholder initiative promoting collaborative action among companies, trade unions, NGOs, governments, and multi-lateral institutions to mitigate the negative impacts of industry restructuring after the demise of the Multi-Fibre Arrangement (MFA) import quota system. MSN is represented on the Executive Committee and plays a leading role in the Americas and the Responsible Transitions working groups.

In April, MSN hosted the MFA Forum's biannual international meeting in Toronto, which brought together leading US, European and brands and retailers, trade union organizations, NGOs, and the ILO, as well as representatives of national industry associations and governments from Bangladesh and Lesotho.



# 2007 Publications

All MSN publications are available on our website in English and Spanish



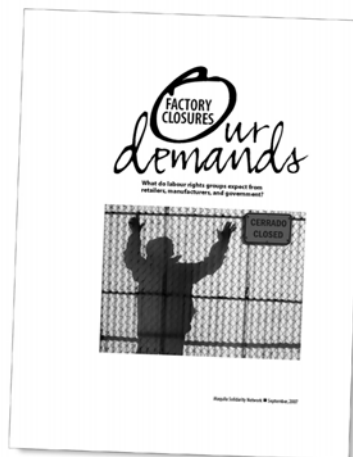
## Codes Memo

- **Codes Memo #21**, February 2007 – A review of 2006's company, civil society and multi-stakeholder efforts to go beyond the dominant social auditing model to tackle root causes of persistent labour rights violations.
- **Codes Memo #22**, December 2007 – A critical assessment of "next generation" corporate social responsibility (CSR) reporting, profiling recent CSR reports from Gap, Mountain Equipment Co-op, Nike and Wal-Mart.

## Special Publications

on industry restructuring and factory closures:

- **Factory Closures: Case Studies** profiles six cases in Asia and Latin America in which trade unions and labour rights NGOs campaigned against or attempted to engage with companies and governments to prevent factory closures and/or to win just compensation and alternative employment opportunities for dismissed workers.
- **Factory Closures: Our Demands** includes a list of demands that trade unions and labour rights NGOs should make of manufacturers, retailers, brands and governments in the event of factory closures and factory exits.
- **Emergency Assistance, Redress and Prevention in the Hermosa Manufacturing Case**, documents the desperate situation of former employees of the Hermosa Manufacturing facility in El Salvador, which closed in May 2005. It identifies next steps to rectify the injustices suffered by the Hermosa workers and actions that buyers can take to prevent future "Hermosas".



- **Apparel Production in the Americas after Quotas: Lessons from the Dominican Republic**, a research paper in Spanish and English documents and analyzes the impacts of the end of quotas on the garment industry in the Dominican Republic and identifies possible survival strategies.

## MSN Newsletter and E-bulletin

In 2007, MSN continued to publish and distribute our newsletter, the **Maquila Network Update**, and launched a new E-bulletin, **The Wire**, in both Spanish and English.

## Urgent Action Alerts

Through collaboration with LabourStart.org and our counterpart organizations in other countries, MSN was able to greatly expand the number of people who received and responded to MSN's Urgent Action Alerts in 2007.

## Website Upgrading

In 2007, MSN put considerable staff time, energy and resources into revamping our website in order to make it a more useful, effective and accessible tool for campaign groups, Southern labour rights organizations, CSR and social investment organizations, researchers, and interested individuals. The new English and Spanish website was launched in May 2007. It can be accessed at: [www.maquilasolidarity.org](http://www.maquilasolidarity.org).

## Finances

Year ended December 31, 2007

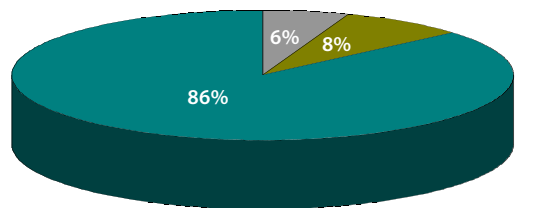
### Revenue

	2007	2006
<b>Grants</b>		
Canadian Foundations	\$20,000	\$65,000
Churches	\$42,000	\$22,500
Non-governmental organizations	\$11,000	\$17,000
European and U.S. foundations	\$297,185	\$231,799
Canadian labour funds	\$75,000	\$85,000
Canadian federal government	\$8,561	\$3,100
<b>Membership Donations</b>		
Individual	\$13,424	\$13,656
Organizational	\$20,987	\$23,322
Publication Sales	\$188	\$6,994
Consultancies	\$31,464	\$11,693
Forums	\$60,033	\$5,730
Interest and foreign exchange	\$10,088	\$9,967
<b>Total</b>	<b>\$589,930</b>	<b>\$495,581</b>

### Expenses

Office overhead	\$33,582	\$26,211
Administration and fundraising	\$46,601	\$53,665
Southern Program	\$248,390	\$229,927
Policy, Research and Analysis	\$168,330	\$120,305
Education and communication	\$94,281	\$66,467
<b>Total</b>	<b>\$591,184</b>	<b>\$496,575</b>

Breakdown of 2007 Expenses:



■ Office overhead ■ Administration and fundraising ■ Program

### MSN Board of Directors 2007

Moira Hutchinson, President  
Musonda Kidd, Secretary  
Denny Young, Treasurer  
David Mackenzie  
Melanie Oliviero  
Ann Weston

### MSN Staff 2007

Lynda Yanz, Coordinator  
Bob Jeffcott  
Anamika Mujoo Girotee  
Kevin Thomas  
Ana Enríquez (Mexico)

### Part-time:

Alda Escareño  
Aylwin Lo  
Anibal Viton (Argentina)

### Maquila Solidarity Network

606 Shaw St.  
Toronto, ON  
Canada M6G 3L6  
t: 416-532-8584

### Photos:

Pages 1, 3 and 10: Billy Alexander  
Pages 4 and 8: Alda Escareño  
Page 6: Rodrigo Santiago Hernández