


Maquila Solidarity Network




Annual Report
2008


key accomplishments 2008


 **Solidarity:** MSN supports Vaqueros Navarra workers through the completion of their difficult struggle, helping ensure they receive legal severance pay and attempting to eliminate black-listing of September 19 Union supporters. MSN convinces brands to offer to place orders in the unionized factory in order to keep it open, a positive development for the future.

 **Collaboration with Southern Partners:** MSN supports local labour rights and women's organizations in Mexico and Central America to assist them to more effectively engage with brands, manufacturers and governments on specific cases and on the broader impacts of restructuring in the garment industry.

 **Vancouver 2010 committee improves ethical policy:** MSN, ETAG and British Columbia labour organizations successfully lobby Vancouver 2010 Olympics organizers to improve their *BuySmart* ethical purchasing and licensing policy to bring it more in line with ILO standards. MSN uses the policy to pressure the New Era Cap company to respect freedom of association in its distribution centres.


 **Where's the Money for Women's Labour Rights?:** MSN maps donors supporting labour rights in Central America and Mexico and conducts interviews with key donors on their donation practices. The information is shared with southern partners as part of efforts to facilitate increased funding for women's labour rights work in the region.

 **Clearing the Hurdles sets targets:** MSN produces a major report for the international Play Fair at the Olympics campaign on labour practices in the sportswear industry, which sets specific demands and targets for sportswear brands on four critical issues: freedom of association, wages, closures and precarious employment.

 **MEC discloses factories:** After many years of lobbying by MSN and its ETAG coalition partners, Mountain Equipment Co-op (MEC) becomes the first Canadian retailer to publicly disclose the names and addresses of all its supplier factories for MEC-brand products, which will allow local worker rights advocates to investigate working conditions at those factories.

 **Labour Rights in a Changing Industry:** MSN co-sponsors a successful regional seminar in Honduras on the impacts of industry restructuring three years after the end of quotas. Labour, women's and human rights organizations from Mexico, Central and South America and the Caribbean share information and debate what strategies and alliances will most effectively promote advances on common issues such as precarious employment, health impacts of sustained work in the industry, freedom of association and closures.

 **Towards Sweat-free municipalities:** Contracted by the City of Ottawa, MSN produces a report with recommendations for effective implementation of the City's "No Sweat" ethical purchasing policy and develops a framework for collaboration among Canadian cities on a joint labour rights monitoring program.

 **Responsible Transitions:** As part of the MFA Forum Responsible Transitions working group MSN helps draft and foster agreement on the *Guidelines for Managing Responsible Transitions*, which set out steps that companies should follow to minimize negative impacts on workers and communities when layoffs and factory closures are unavoidable.

Dear Friends and Supporters:



PHOTO: COSTURERAS DE SUEÑOS

► A performance of *The Maquila Monologues*, Mexico

2008 was a year of contradictory trends in the global garment industry as companies continued to restructure their global supply chains three years after the end of the import quota system. This restructuring was accelerated by the economic crisis which took hold towards the end of the year.

On the positive side, leading brands, and even some basics manufacturers and discount chains, were more willing to discuss what steps they could take to tackle systemic issues such as the lack of freedom of association in their supply chains. Another positive development in 2008 was the greater willingness of brands and a few retailers to discuss government policy issues such as better enforcement of labour regulations. We believe this could open the door to multi-stakeholder engagement with governments to improve labour standards regulation.

On the negative side, however, intense competition on price and market share, coupled with decreased demand due to the crisis made it more difficult than ever to achieve improvements on wages and other monetary issues.

In addition, as a result of shifting orders and lower demand, brands lost some of their leverage to persuade suppliers to comply with their codes of conduct in countries in Central and South America where they were reducing orders.

As the long struggle at Vaqueros Navarra (see page 6) demonstrated, suppliers are sometimes willing to risk the end of a business relationship with a brand rather than accept a union, especially if future orders from the brand are not guaranteed.

Towards the end of the year the economic crisis became the central issue as factory closures, layoffs and work stoppages devastated workers, their families and communities throughout Latin America. Although we had anticipated that by the end of 2008 the post-quota restructuring period would be nearing its end, the unanticipated global crisis will mean that factory closures, layoffs and downward pressure on wages will continue at least through the next year. Accordingly mitigating the impacts of the economic crisis on labour rights will be a central theme for MSN in 2009.

Last year was a difficult one for the groups we work with, and a challenging one for MSN. However we believe MSN did contribute to some advances and that our ongoing work with partner groups, especially in Central America and Mexico has helped lay the groundwork for more effective collaboration in the coming year. With the support of our partners in Canada and abroad in 2009 we will continue to work to improve the situation for garment workers in the midst of the current crisis.

I particularly want to acknowledge the labour rights advocacy and women's organizations with which we work closely day to day. They continue to be at the centre of the global labour rights movement and without their frontline work, MSN would not exist.

Sincerely

Lynda Yanz,
MSN Executive Director

2008 program highlights



Capacity building

and collaboration with southern partners

Throughout 2008 MSN collaborated with Mexican and Central American partners, helping them build organizational capacity and providing them with strategic support to more effectively engage with brands, manufacturers and governments on specific cases and on the broader impacts of the post-MFA transition.

► In **Mexico** MSN continued its intensive work with the women's and grassroots labour rights groups that form the **Espacio** network. Espacio members came together in Mexico City from May 28th to the 31st to discuss transitions in the garment sector, the state of labour in Mexico, and their groups' struggles and strategies. Two representatives from the **Honduran Independent Monitoring Team (EMIH)** attended to update the Espacio on changes in the industry in Central America and report on new regional efforts to combat the growth of precarious employment.

MSN joined the **International Campaign Against Protection Contracts**, a collaboration between independent Mexican unions and labour rights experts and international unions. MSN is working closely with the Mexico office of the **Friedrich Ebert Foundation** and the **AFL-CIO Solidarity Center** to raise the international profile of the campaign.

► In 2008, MSN continued its work on the **Where's the Money for Women's Labour Rights? initiative**, which aims to mobilize resources for the work being carried out by labour rights advocacy organizations in Mexico and Central America in reaction to a reduction in funding over the last number of years. MSN is collaborating with the Mexican women's fund **Semillas** and the **Central American Women's Fund** to support two special programs now providing financial support to over twenty groups in Mexico and Central America.

In July MSN and Semillas hosted a consultation in Mexico City at which MSN presented the results of research carried out with labour rights groups and donors supporting women's labour rights work in the region in order to map who's doing the work and which donors are funding economic and labour rights. Through in-depth interviews with donors and advocates MSN was able to document trends, priorities and concerns related to funding for this work.

In November, MSN convened a strategy workshop on *Where's the Money for Women's Labour Rights* at the **Association for Women in Development (AWID)**'s international forum in Cape Town, South Africa to extend the discussion on this theme from Mexico and Central America to other regions. MSN facilitated the participation of women labour rights activists from Mexico, Nicaragua and the Philippines at the workshop and in the broader forum.



► In late September MSN and the **Honduran Independent Monitoring Team** (EMIH) co-sponsored a special regional seminar¹ on **Labour Rights in a Changing Industry** to assess the impacts of industry restructuring three years after the end of the import quota system.

Approximately 60 representatives of trade union, women's, human and labour rights organizations from throughout Latin America gathered in San Pedro Sula, Honduras to share information and analysis and to identify priorities for action and debate possible strategies to challenge the negative impacts of industry restructuring. The forum provided critical insights for MSN's ongoing work in the region and helped forge practical alliances between participating groups.

► MSN **extended its network** of key contacts to include **Red Puentes**, a corporate accountability civil society network active in Argentina, Chile, Peru, El Salvador and Mexico as well as labour and human rights organizations in Argentina, Peru and Colombia. MSN also continued to work on specific cases, reinforcing and initiating ties with old and new partner groups in Asia (Philippines, Cambodia, China and Thailand).

► **Throughout the year MSN continued its effort to link Asian and Latin American labour struggles.** In July two MSN representatives travelled to China and Hong Kong to meet labour rights NGOs active in China. Our aims were to strengthen our own links with those groups, and to sharpen our understanding of how best to facilitate future Asian / Latin linkages.

In October, MSN invited May Wong of the Hong Kong-based labour rights NGO **Globalization Monitor** to meet with groups in Mexico and to participate in the MSN/EMIH regional seminar in Honduras

PHOTOS (clockwise from upper left):

- Betty Robles, Director of Service, Development and Peace (SEDEPAC) and Isabel Canche of the Centre for the Promotion and Defense of Human and Labour Rights (CEPRODEHL) at an Espacio meeting
- Maritza Paredes from EMIH at the Labour Rights in a Changing Industry seminar
- Cecille Tuico from Workers Assistance Centre, Philippines
- Maria Carmen Morales, Semillas



where she shared an analysis of labour rights and worker's struggles in China and introduced groups to the soon-to-be-launched **Asia Floor Wage Campaign.**

In November Cecille Tuico from the **Workers' Assistance Center** (WAC) in the Philippines joined the MSN team at the AWID meeting in Cape Town. The Philippines has been experiencing similar impacts from the end of import quotas as have Mexico and most of Central America and WAC has been attempting to develop innovative strategies to respond to the transition. MSN continues to work closely with WAC, supporting worker organizing struggles in the Philippines and opposing government repression against labour and human rights activists.



¹ For a more detailed report on the seminar, visit: www.maquilasolidarity.org/mfa3/report.

Throughout 2008 MSN participated in campaigns in support of workers' struggles at specific factories, liaising with brand buyers and governments on behalf of local partners. MSN engaged with major sports-wear brands to lobby for commitments on four critical issues: freedom of association, wages, closures and precarious employment.



PHOTO: RODRIGO HERNANDEZ, HUMAN AND LABOUR RIGHTS COMMISSION OF THE TEHUACAN VALLEY

Corporate engagement and campaigning

► In **Mexico** MSN worked closely with the **Human and Labour Rights Commission of the Tehuacan Valley** to preserve the **September 19 Union's** 2007 victory in winning title to the collective agreement at the **Vaqueros Navarra** factory in Tehuacan, Mexico. MSN was successful in convincing three major US brands to offer to place new orders with the factory in the hopes that the workers' choice would be respected. Despite those efforts, the Navarra Group closed the factory to get rid of the independent union.

Following the closure, MSN continued to support the workers by campaigning for just severance pay and for an end to blacklisting of September 19 supporters. In response to a request from the Commission and MSN, the **Worker Rights Consortium** carried out an investigation that confirmed that blacklisting of VN workers was taking place at another factory owned by the same family. The workers eventually received most of their legal severance pay, however the blacklisting continues.

► In the **Philippines**, MSN was successful in convincing three U.S. brand buyers to pressure their common supplier to respect workers' right to freedom of association. At the request of the Workers' Assistance Center (WAC) in the Philippines, MSN engaged with **Liz Claiborne**, **Ann Taylor** and **Polo Ralph Lauren** in support of workers trying to form independent unions at the **Golden Will** and **Hoffen** factories. The intervention of the brands helped create conditions which resulted in an independent union winning elections at one factory.

At WAC's request, MSN continues to engage with Ann Taylor and Polo Ralph Lauren in an attempt to ensure that the employer accepts the union and negotiates in good faith for a first collective bargaining agreement. Although freedom of association and the right to bargain collectively are technically guaranteed under Philippine labour law, in practice independent unions are rarely tolerated, particularly in the country's export processing zones.



PHOTO: JOSELITO CALUGAY, PUBLIC SERVICE ALLIANCE OF CANADA

► In **Canada** MSN was able to make use of the **Vancouver Olympics Organizing Committee's** (VANOC) Buy Smart policy – a policy that was the result of earlier campaigns by MSN and others – to pressure the **New Era Cap** company (a VANOC supplier) to cease employer interference with workers' efforts to organize a union at two of its distribution centres in Alabama. New Era had been holding "captive audience" meetings for its workers at which anti-union presentations were made.

Throughout 2008 MSN engaged with Canadian retailers **Mountain Equipment Co-op** (MEC) and the **Hudson's Bay Company**, calling for increased transparency in their factory monitoring programs. In December MSN was pleased that MEC became the first Canadian retailer to publicly disclose the locations of all its supplier factories for MEC-brand products. This development makes it easier for independent groups to investigate the conditions under which the company's products are made.

► MSN has joined with a number of labour rights organizations in condemning **Russell Athletic** for closing a factory in **Honduras**, motivated, to a significant extent, by the existence of a union. MSN intervened with the US-based **Fair Labor Association** (FLA) to correct a flawed investigation of the factory closure carried out by one of its accredited auditing organizations. As a result of the criticism the FLA ordered another investigation which documented significant anti-union activity on the part of management leading up to the closure. MSN continues to work on this important campaign in 2009.

PHOTOS

- **Top left:** Workers outside the Vaqueros Navarra factory after voting for an independent union
- **Bottom left:** Workers leaving the Cavite Export Processing Zone, Philippines
- **Right:** Workers from the September 19th union in Tehuacan, Mexico

NAFTA Labour Side Agreement

In late 2008, MSN was called on to take action on an outstanding 2003 NAFTA labour side-agreement complaint that MSN, along with the Worker Assistance Centre (CAT) of Puebla and United Students Against Sweatshops (USAS) had launched in response to gross violations of freedom of association in Puebla, Mexico.

After years of inaction the three NAFTA governments agreed to hold government-to-government consultations in Puebla and a stakeholder seminar to which the three complainants were invited.

In December, MSN, the CAT and USAS released a joint public statement announcing that they would not be participating in the so-called stakeholder seminar due to its format, agenda and focus and, most importantly, the exclusion of independent Mexican unions and other key Mexican stakeholders.

On December 2, representatives of the three governments met with the CAT, MSN and the AFL-CIO Solidarity Center to discuss our objections to the seminar. At that meeting, the Canadian government announced its intention to support a technical assistance project on freedom of association in the State of Puebla.

PHOTO: RODRIGO HERNÁNDEZ, HUMAN AND LABOUR RIGHTS COMMISSION OF THE TEHUACAN VALLEY



On December 3, the CAT, MSN and the AFL-CIO held a press conference outside the hotel where the stakeholder consultation was taking place to condemn the three governments for excluding independent Mexican labour and other civil society organizations and labour rights experts from the meeting and for failing to address the substance of the complaint.

MSN has since been consulting with Mexican organizations and the Canadian National Administrative Office (NAO) on the viability of a technical assistance project on freedom of association in the State of Puebla.

For background and updates on this struggle see: www.maquilasolidarity.org/en/node/845

Ethical purchasing and licensing policies

MSN has long played a leading role in promoting ethical purchasing and licensing policies among public institutions throughout Canada. Since MSN and our coalition partners launched this initiative in 2000, “No Sweat” policies have been adopted by most major English Canadian universities, five large municipal governments, one province, the majority of Catholic school boards in Ontario, and the Vancouver Olympic Organizing Committee (VANOC).

MSN continues to press for improvements in existing policies and advises on effective policy implementation. At the same time, MSN remains a key player in mobilizing pressure in response to violations of existing ethical purchasing policies. Highlights from 2008 include:

PHOTO:

► Monina Wong of Labour Action China, spoke to the Ethical Trading Forum in Vancouver.



► In April the **Vancouver Organizing Committee (VANOC)** announced changes to its *BuySmart* ethical purchasing and licensing policy for the 2010 Vancouver Winter Olympic and Paralympics Games. VANOC’s policy – the first Olympic policy to put labour rights conditions on licensees and suppliers – was the result of years of lobbying, protest and engagement from MSN and our Canadian coalition partners in the **Ethical Trading Action Group (ETAG)**.²

Among the improvements proposed by MSN and ETAG and adopted by VANOC were changes in the hours of work provision in its code of conduct to make them more consistent with ILO Conventions, in-

clusion of off-site worker interviews in its factory auditing process, and the extension of worker rights standards in VANOC’s code for licensees to its suppliers as well.

In May MSN participated in a University of Toronto-sponsored conference on politics and sport, in which we spoke on a panel with **Canadian Olympic Committee (COC)** CEO Chris Rudge. At that meeting, MSN was successful in gaining a public commitment from Rudge that the COC would adopt VANOC’s ethical licensing policy after the completion of the 2010 Games, and would lobby the **International Olympic Committee (IOC)** to adopt a similar policy for all Olympic Games.

► MSN produced a report in May for the **City of Ottawa** on options for fully implementing the City of Ottawa’s Ethical Purchasing Policy. The MSN report outlined options for collaboration among Canadian municipal governments on a joint monitoring initiative similar to that adopted by the Ontario Catholic school boards.

► In April the Worker Rights Consortium (WRC) released an investigative report on a Chinese factory producing socks for Ontario Catholic school uniform supplier **RJ McCarthy**. The report documented very serious worker rights violations in the factory. RJ McCarthy, which had earlier denied there were any labour violations in any of its factories, agreed to take corrective action. MSN and a coalition of teachers, students and administrators in the Ontario Catholic school board system used these revelations to push the school boards for a renewed commitment to the WRC monitoring project. That commitment was made in June.³

Play Fair Sportswear Working Group

In early 2008, MSN was contracted to write an extensive report for the **Play Fair at the Olympics** campaign on the state of labour rights in the sportswear industry. Released in April, *Clearing the Hurdles: Steps to Improving Wages and Working Conditions in the Global Sportswear Industry* identified four strategic focus areas and set out 36 demands and time-bound targets for sportswear brands, manufacturers and multi-stakeholder initiatives to meet.

In July MSN participated in “Decent Work In The Global Sporting Goods Industry - Towards Progress On Substantive Issues”, a multi-stakeholder meeting in Hong Kong hosted by the ITGLWF which brought together representatives of the major sportswear brands, global unions and many of their Asian affiliates, the Clean Clothes Campaign, and MSN in order to discuss the recommendations made in the *Clearing the Hurdles* report.

Following the July meeting, the international Play Fair Sportswear Working Group was established to conduct further work agreed upon at the meeting and to continue to pressure brands to seriously address the *Clearing the Hurdles* demands. The working group includes the ITGLWF, CCC, MSN and Oxfam Australia.

¹ For a copy of the Play Fair report and recommendations, visit:

www.maquilasolidarity.org/en/clearinghurdles

² ETAG includes the Canadian Labour Congress, UNITE-HERE, the Steelworkers Humanity Fund, the Canadian Autoworkers Social Justice Fund, KAIROS, Oxfam Canada, Ontario Secondary Teachers Federation, the Canadian Council for International Cooperation and the Maquila Solidarity Network.

³ For a copy of the report, visit:

www.workersrights.org/freports/Lianglong.asp



Multi-stakeholder action

In 2008 MSN played an active role in two multi-stakeholder initiatives, the MFA Forum and the Fair Labor Association.

▶ As part of the **MFA Forum Responsible Transitions Working Group** MSN helped draft and facilitate reaching consensus on the *Guidelines for Managing Responsible Transitions*. The *Guidelines* set out agreed steps that companies should follow when layoffs and factory closures are unavoidable in order to minimize negative impacts on workers and communities.

These steps include paying legal entitlements such as social security, pensions and severance to affected workers, providing access to job banks and retraining programmes, and offering displaced workers first hire opportunities at other factories when possible. We are now using the *Guidelines* as another tool to hold companies accountable during the economic downturn.

▶ MSN chairs the **MFA Forum Mexico Working Group**, which includes the **International Textile, Garment and Leatherworkers Federation (ITGLWF)**, **Nike**, **Adidas Group**, **Gap Inc.**, **Levi Strauss & Co.**, **Disney** and **Wal-Mart**. Over the past year, the working group has been engaging with senior government and industry representatives to advocate for stronger labour rights compliance as essential in dealing with the current crisis confronting the garment industry in Mexico.

▶ MSN has been actively involved in the **Fair Labor Association's (FLA)** review of its Code of Conduct. In May, MSN issued a detailed assessment of the FLA's current Code and put forward a number of recommendations to bring the Code in line with accepted international standards of the ILO and UN. Improving the FLA Code would set higher, enforceable standards for major players in the apparel industry to meet in the coming years on critical issues like hours of work, freedom of association, and wages.



PHOTOS:

▶ **Top:** Emelia Yanti, General Secretary of the Indonesian GSBI trade union, at a multi-stakeholder meeting in Hong Kong to discuss the *Clearing the Hurdles* report

▶ **Above:** Caitlin Morris, Compliance Director, Nike Inc., and Chair of the MFA Forum's Responsible Transitions Working Group, speaking at an ETAG Ethical Trading Forum in Vancouver

New resources

In 2008 MSN continued to produce and circulate our two regular publications in Spanish and English. We published three issues of our newsletter, the **Maquila Solidarity Update** (February, June and November); and two **Codes Memos**, *The Next Generation of CSR Reporting* (#22, December 2007) and *Who's Got the Universal Code?* (#23, April 2008).

We also circulated regular mailings of **The Wire**, our on-line electronic bulletin, to our international and Canadian networks. The

Wire highlights action campaigns, new postings on the MSN website as well as new resources produced by MSN and counterpart organizations.

Thematic Publications:

In preparation for the October regional seminar in Honduras, in September 2008 MSN published a 10-page report on *Interviews with Apparel Brands about Trends in Global Sourcing*. Based on interviews with compliance and sourcing staff from 10

major North American apparel companies, the report identifies key trends in global sourcing since the end of the import quota system, assesses possible future trends, and identifies major factors that motivate companies' sourcing decisions.⁴

Closures were a central focus of our research and writing in 2008. MSN published a final version of *Factory Closures: Our Demands*, which is being used as an educational tool by labour rights groups. Within the MFA Forum Responsible Transitions Working Group, MSN helped develop the *Guidelines for Managing Responsible Transitions*, which sets out best practices for producing and importing governments, national industry and international brands.

As part of the *Where's the Money for Women's Labour Rights?* initiative, MSN prepared several resource materials, including a mapping of labour rights groups and donors operating in Mexico and Central America, as well as two PowerPoint presentations based on in-depth interviews with groups and donors operating in Mexico and Central America on key issues.



⁴ For a copy of the report, visit: www.maquilasolidarity.org/en/node/824.

Finances

Year ended December 31, 2008

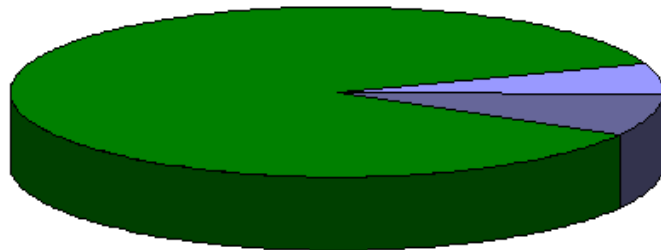
Revenue

	2008	2007
Grants		
Canadian Foundations	\$0	\$20,000
Churches	\$38,900	\$42,000
Non-governmental organizations	\$47,684	\$11,000
European and U.S. foundations	\$337,269	\$297,185
Canadian labour funds	\$91,500	\$75,000
Canadian federal government	\$0	\$8,561
Membership Donations		
Individual	\$13,565	\$13,424
Organizational	\$13,371	\$20,987
Publication Sales & Forums	\$6,562	\$60,221
Consultancies	\$21,724	\$31,464
Interest and foreign exchange	\$10,055	\$10,088
Total	\$580,630	\$589,930

Expenses

Office overhead	\$35,759	\$33,582
Administration and fundraising	\$43,562	\$46,601
Southern Program	\$270,194	\$248,390
Policy, Research and Analysis	\$144,133	\$168,330
Education and communication	\$81,832	\$94,281
Total	\$575,480	\$591,184

Breakdown of 2008 Expenses:



■ Office Overhead
 ■ Administration & Fundraising
 ■ Program

MSN Board of Directors 2008

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 Denny Young, Treasurer
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 Ann Weston

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- ▶ **Front:** Ratiporn Jantharasri, Education Officer with Thailand's Triumph Workers Union, at a Hong Kong demonstration
- ▶ **Back:** Women of the *Espacio*, Mexico